

CATEGORICAL EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to the Second Amended & Restated Los Angeles World Airports (LAWA) Terminal Facilities Lease and License Agreement with the Tom Bradley International Terminal Equipment Company.

Recommendations for Council action:

1. ADOPT the determination by the Board of Airport Commissioners (BOAC) that the proposed action is categorically exempt under the California Environmental Quality Act (CEQA) in accordance with Article III, Class 1 (18) (c) of the Los Angeles City CEQA Guidelines.
2. APPROVE the Second Amended & Restated Terminal Facilities Lease and License Agreement LAA- 8600 with Tom Bradley International Terminal Equipment Company, to modify the agreement's premises, term, and responsibilities at Los Angeles International Airport.
3. CONCUR with the action taken by the BOAC on March 18, 2021, by Resolution No. 27227, authorizing the Chief Executive Officer, LAWA, or designee, to execute the Second Amended & Restated Terminal Facilities Lease and License Agreement LAA-8600 with Tom Bradley International Terminal Equipment Company.

Fiscal Impact Statement: The BOAC reports that this action will not impact the General Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE – MAY 17, 2021

(LAST DAY FOR COUNCIL ACTION – MAY 12, 2021)

SUMMARY

In a report to BOAC dated March 18, 2021, LAWA requests approval of the Second Amended and Restated Terminal Facilities Lease and License Agreement LAA-8600, to modify the premises, term, and responsibilities of the Tom Bradley International Terminal Equipment Company. According to LAWA,

The Tom Bradley International Terminal Equipment Company is responsible for maintaining aeronautical equipment and spaces, and charges the airlines that use these facilities and equipment to recover the costs to lease and maintain the space and equipment in each location. The Tom Bradley International Terminal Equipment Company uses a cost recovery methodology in order to cover the cost of maintaining the equipment that is calculated by allocating costs by facility. With the substantial

decline in traffic due to COVID-19, the costs that the Tom Bradley International Terminal Equipment Company charges per usage/operation have increased significantly. Tom Bradley International Terminal Equipment Company cannot absorb operational costs when traffic decreases. Therefore, Tom Bradley International Terminal Equipment Company must impose higher fees per operation/use on airlines that do operate, which make the costs for those airlines to operate at Los Angeles International Airport much higher, and may cause Los Angeles World Airports to lose business.

LAWA desires to retain control of the aeronautical services provided by the Tom Bradley International Terminal Equipment Company in order to implement market competitive charges for those services paid by common-use/international airlines. To achieve this objective and shift control of the rate setting, LAWA proposes to switch from leasing these spaces and assigning maintenance to the consortium, to a service where LAWA assumes control of providing these services, and also for setting the rate for operation and maintenance costs. This accomplish two goals; first, it will create a true common use rate across the airport facility so that all common users pay the same rates regardless of the location of their operation; and, second, it will provide LAWA greater control for rate setting.

To implement this solution, LAWA recommends approval of the Second Amended & Restated Terminal Facilities Lease and License Agreement with the Tom Bradley International Terminal Equipment Company, to remove premises and remove all airline equipment, including passenger boarding bridges, baggage handling systems, and other common use equipment in the Tom Bradley International Terminal, Midfield Satellite Concourse, and Terminal 5. Removing this space and aeronautical equipment from the lease will revert billing for premises use and operation and maintenance of equipment to LAWA to charge the common use airlines directly for use of these spaces and equipment.

On March 18, 2021, BOAC approved LAWA's Second Amended & Restated Terminal Facilities Lease and License Agreement with the Tom Bradley International Terminal Equipment Company

At its meeting held April 27, 2021, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed lease amendment, as recommended by BOAC.

<u>MEMBER</u>	<u>VOTE</u>
BUSCAINO:	YES
BONIN:	ABSENT
LEE:	YES

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Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



- NOT OFFICIAL UNTIL COUNCIL ACTS -