



REPORT TO THE BOARD OF AIRPORT COMMISSIONERS

Ramon Olivares
Approved by: Ramon Olivares, Director of Leasing and Development

Debbie Bowers
Reviewed by: Debbie Bowers, Deputy Executive Director

Timothy J. [Signature]
City Attorney

Gina Marie Lindsey
Gina Marie Lindsey - Executive Director

Meeting Date:

12/18/2014

CAO Review: Completed
 Pending
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	11/5/2014	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	11/4/2014	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	12/6/2013	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	ES
Procurement	12/11/2013	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MT

SUBJECT: Five-Year Non-Exclusive Pipeline Right-of-Way License Agreement with ExxonMobil Oil Corporation

Approve the five-year Non-Exclusive Pipeline Right-of-Way License Agreement with ExxonMobil Oil Corporation covering 31,434 square feet of land for an eight-inch diameter sub-surface pipeline and appurtenant surface facilities at Los Angeles International Airport that will generate approximately \$54,066 in revenue the first year and approximately \$270,330 over the five-year term.

RECOMMENDATIONS:

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
3. APPROVE the five-year Non-Exclusive Pipeline Right-of-Way License Agreement with ExxonMobil Oil Corporation.
4. AUTHORIZE the Executive Director to execute the five-year Non-Exclusive Pipeline Right-of-Way License Agreement after approval as to form by the City Attorney.

DISCUSSION:

1. Purpose

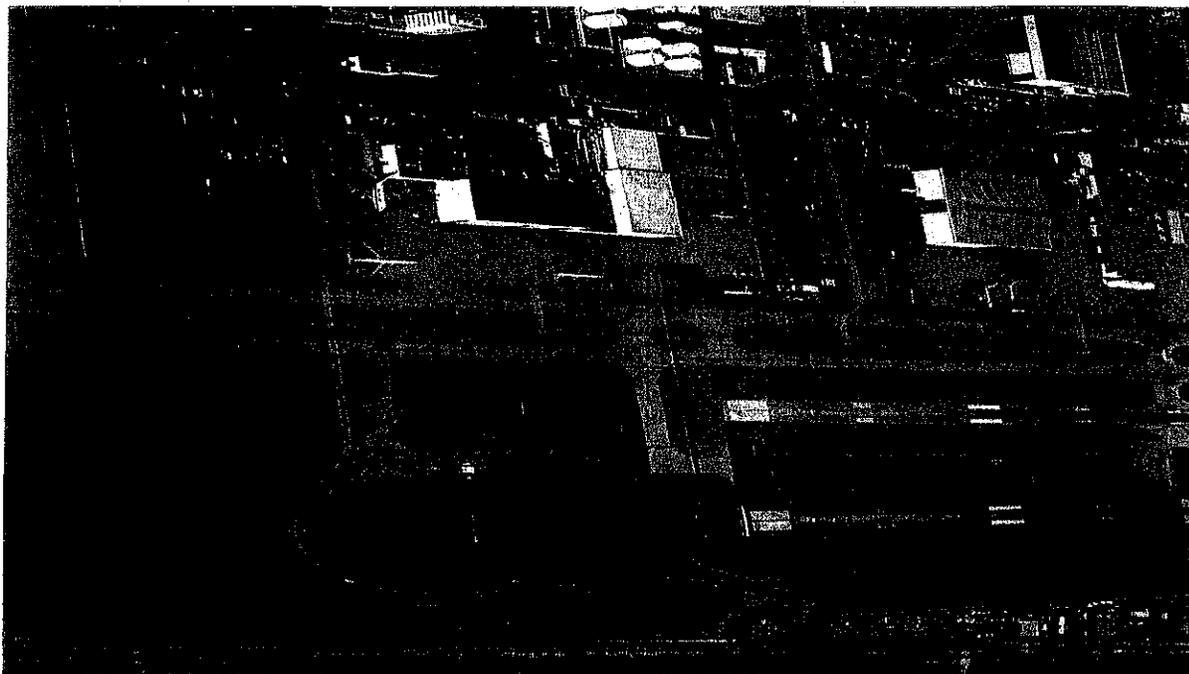
To provide airlines access to jet fuel, as provided by one of the major oil companies, ExxonMobil Oil Corporation (ExxonMobil).

2. Prior Related Actions

- June 16, 2003 – Board Order No. 4865
The Board of Airport Commissioners (Board) approved a Consent to name change on License Agreement LAA-7728 from Mobil Oil Corporation to ExxonMobil Oil Corporation. This name change did not transfer or change ExxonMobil's business structure, ownership, control, or management. This action did not impact the terms of the License.

3. Current Action

ExxonMobil occupies 31,434 square feet of subsurface land for an eight-inch diameter pipeline with a few appurtenant surface facilities at Los Angeles International Airport (LAX) under a non-terminal Use Terms and Conditions (UTC) occupancy permit. The UTC was issued to ExxonMobil pending ExxonMobil's execution of a license agreement which ExxonMobil has now executed. Prior to the execution of the UTC, ExxonMobil operated under NBL-3672 until February 28, 2014. As depicted below, the pipeline extends from Imperial Highway to the bulk fuel storage area on World Way West.



The below table reflects key terms of the proposed License:

<u>LICENSE SUMMARY</u>		
	Current (UTC)	Proposed
Term	Month-to-month	5 years
Commencement/Effective Date	March 1, 2014	Upon Execution by the Executive Director
Expiration	Upon effective date of successor license agreement	Five years from Effective Date
Cancellation Provision	30-day written notice	30-day written notice
Demised Premises	31,434 Square Feet (SF)	31,434 Square Feet (SF)
Rental Rate	\$1.72/SF/YR	\$1.72/SF/YR*
Annual Rate	\$54,066	\$54,066
Annual Adjustment	Based on the Consumer Price Index	Based on the Consumer Price Index with a 2% minimum increase

*Rate is based on an independent third party appraisal and is the current Board approved rate under Resolution No. 24389. Rates are rounded.

Action Requested

Staff requests the Board approve the License with ExxonMobil and authorize the Executive Director to execute the License after approval as to form by the City Attorney.

Fiscal Impact

Approval of this License will generate approximately \$54,066 in revenue the first year and approximately \$270,330, exclusive of annual adjustments, over its five-year term.

4. Alternatives Considered

- ***Take No Action***

Taking no action is not recommended. Approval of the proposed License will enable ExxonMobil to continue operation of their fuel delivery pipeline at LAX for use by the airlines.

APPROPRIATIONS:

Approval of this action will have no impact on LAWA's Capital or Operating Budgets and no appropriation is requested.

STANDARD PROVISIONS:

1. The issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations involving negligible or no expansion of use and/or alteration or modification of the facilities or its operations beyond that previously existing or permitted is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. This item is subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606.
4. This action is not subject to the provisions of the Service Contract Worker Retention and Living Wage Ordinances.
5. This action is not subject to the provisions of the Small Business Enterprise Program.
6. ExxonMobil must comply with the provisions of the Affirmative Action Program.
7. ExxonMobil has been assigned Business Tax Registration Certificate number 0000754300-0007-1.
8. This action is not subject to the provisions of the Child Support Obligations Ordinance.
9. ExxonMobil has approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airport.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of independent contractors).
11. This action is not subject to the provisions of the Contractor Responsibility Program.
12. This action is exempt from the provisions of the Equal Benefits Ordinance, Section 10.8.2.1(i)(1)(g) – Essential Services.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. ExxonMobil must submit the Bidder Contributions CEC Form 55 and comply with its provisions prior to execution of the permit.