

CATEGORICAL EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to the proposed first amendment to the concession agreement with DFS Group L.P. for duty free merchandise at Los Angeles International Airport (LAX).

Recommendations for Council action:

1. ADOPT the determination by the Board of Airport Commissioners (Board) that the proposed action is exempt under the California Environmental Quality Act (CEQA) as provided in Article III Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. APPROVE the first amendment with DFS Group L.P.
3. CONCUR with the Board's action of January 15, 2015 by Resolution No. 25617 authorizing the Executive Director, Los Angeles World Airports (LAWA), to execute the first amendment to the concession agreement with DFS Group L.P. for duty free merchandise at LAX.

Fiscal Impact Statement: The City Administrative Officer reports that approval of the proposed first amendment will result in a minimum of \$33 million in additional revenue for LAWA over the one-year extension term. No appropriation of LAWA capital or operating funds is required for the proposed contract term extension. The underlying agreement, and the first amendment, comply with LAWA's adopted Financial Policies. Approval of the proposed amendment with the DFS Group L.P. will have no impact on the City's General Fund.

Community Impact Statement: None submitted.

**TIME LIMIT FILE - MARCH 4, 2015**

**(LAST DAY FOR COUNCIL ACTION - MARCH 4, 2015)**

SUMMARY

At a special meeting held on February 10, 2015, your Trade, Commerce and Tourism Committee considered a LAWA transmittal relative to the first amendment to a concession agreement with DFS Group L.P., a subsidiary of LVMH Moet Hennessy Louis Vuitton, based in Los Angeles, for the operation and management of duty free concessions at LAX, extending the current 10-year term (with three one-year options) by one year for a total of 11 years (with three additional one-year options).

An opportunity for public comment was held. After a brief discussion, the Committee moved to approve the recommendations contained in the transmittal. This matter is now forwarded to the Council for its consideration.

Respectfully Submitted,

TRADE, COMMERCE, AND TOURISM COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
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LABONGE:	YES
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BUSCAINO:	YES
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BONIN:	YES
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ME

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**