

CATEGORICAL EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to the proposed sublease with American Airlines, Inc. for premises to provide space for the Terminal Four Connector and additional concessions in Terminal Four 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 sublease with American Airlines, Inc.
3. CONCUR with the Board's action of January 15, 2015 by Resolution No. 25613 authorizing the Executive Director, Los Angeles World Airports (LAWA), to execute the sublease with American Airlines, Inc. for premises to provide space for the Terminal Four Connector and additional concessions in Terminal Four at LAX.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that LAWA indicates that approval of the proposed sublease by LAWA to provide space for access to the \$115 million Terminal Four Connector and for a future Terminal Four coffee concession will result in a base rent, maintenance and operations and debt service credit to American Airlines, Inc. of approximately \$773,212 in the first year increasing to \$819,416 after nine years. LAWA further indicates that the annual credit will be \$3,039,820 in the tenth year due to a final \$2.6 million bond payment credit due American Airlines from LAWA at that time. However, additional revenue of at least \$1 million annually will be generated from the proposed new Terminal Four coffee concession over years one through nine of the sublease since the concession agreement's proposed term will be nine years. The net annual revenue increase to LAWA's operating budget as a result of the coffee concession revenue will, therefore, be a minimum of \$180,584 annually over nine years. The nine-year term of the coffee concession agreement will align it with the term of other LAX terminal concessions. The proposed sublease will have no impact on the City's General Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE - MARCH 25, 2015

(LAST DAY FOR COUNCIL ACTION - MARCH 25, 2015)

SUMMARY

At a regular meeting held on March 24, 2015, your Trade, Commerce and Tourism Committee considered a LAWA transmittal relative to the proposed sublease with American Airlines, Inc. LAWA is currently constructing the \$115 million multiuse, multi-purpose secure T4 Connector between Terminal Four and the Tom Bradley International Terminal at LAX. LAWA indicates that certain property rights, which are part of American Airlines's Terminal 4 Lease, are required by LAWA in order to join the two buildings to create a passageway to the T4 Connector. As part of the property rights acquisition, LAWA and American Airlines have also identified space that can be used by LAWA to develop a future coffee concession in Terminal Four.

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>
LABONGE:	YES
BUSCAINO:	YES
BONIN:	YES

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-