

CATEGORICAL EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to the proposed agreement with Areas USA LAX, LLC to manage and operate a Branded Coffee Food and Beverage Concession 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 agreement with Areas USA LAX, LLC.
3. CONCUR with the Board's action of January 15, 2015 by Resolution No. 25614 authorizing the Executive Director, Los Angeles World Airports (LAWA), to execute the agreement with Areas USA LAX, LLC to manage and operate a Branded Coffee Food and Beverage Concession in Terminal Four at LAX.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that LAWA indicates that approval of the proposed concession agreement with Areas USA LAX, LLC to construct and operate a new Branded Coffee, Food and Beverage concession will pay LAWA a percentage of between 16.5 and 21.5 percent of gross revenue received subject to a Minimum Annual Guarantee of \$1,000,000 not including annual increases based on the Consumer Price Index (CPI.) The net revenue increase to LAWA's operating budget as a result of the new agreement will, therefore, be a minimum of \$9,000,000 over nine years not including CPI. The nine-year agreement term will align it with the term of other LAX terminal concessions. The proposed agreement 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 agreement with Areas USA LAX, LLC to manage and operate a Branded Coffee Food and Beverage Concession in Terminal Four at LAX. LAWA is currently constructing the \$115 million multiuse, multi-purpose secure T4 Connector between Terminal Four and the Tom Bradley International Terminal at LAX. The CAO reports that LAWA indicates that certain property rights, which are part of American Airlines, Inc.'s Terminal Four 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 have also identified space that can be used by LAWA to develop a new Branded Coffee, Food and Beverage 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

A handwritten signature in blue ink, appearing to read "Sue Bunn".

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

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-