

CATEGORICAL EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to the Second Amendment to Lease No. LAA-8757 with Southwest Airlines Company covering additional operations space at Los Angeles International Airport (LAX).

Recommendations for Council action:

ADOPT the determination by the Board of Airport Commissioners 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.

APPROVE the Second Amendment to Lease No. LAA-8757 with Southwest Airlines Company covering additional operations space by 48,557 square feet at LAX, and to add additional space if a new facility Terminal 1.5 is built adjacent to Terminal 1.

CONCUR with the action taken by the Board of Airport Commissioners on July 13, 2017 by Resolution No. 26289 authorizing the Chief Executive Officer, Los Angeles World Airports (LAWA), to execute the Second Amendment to Lease No. LAA-8757 with Southwest Airlines Company covering additional operations space at LAX.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that this action will not impact the General Fund. The Amendment will retain the lease expiration date of June 30, 2024 and will provide at least an additional 164,152 square feet of space for Southwest Airlines to operate in Terminal 1 at LAX. Annual revenue generated through the lease will increase by approximately \$8.3 million, to an estimated \$28,135,653. It is anticipated that total revenue in an amount of approximately \$96,250,000 will be generated during the remaining term of Lease LAA-8757. The project complies with LAWA's adopted financial policies.

Community Impact Statement: None submitted.

TIME LIMIT FILE – SEPTEMBER 14, 2017

(LAST DAY FOR COUNCIL ACTION – SEPTEMBER 8, 2017)

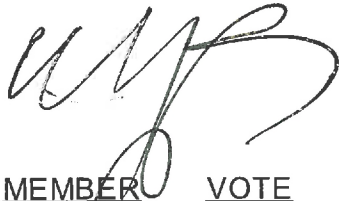
SUMMARY

In a report to the Mayor dated August 18, 2017, the CAO discusses the proposed Second Amendment to Lease No. LAA-8757 with Southwest Airlines Company covering additional operations space at LAX. According to the CAO, Southwest Airlines began international flight service at LAX in February 2016. However since there are no Federal Inspection Service (FIS) capable gates or facilities in T1, the Southwest passengers initially used FIS facilities in Terminal 2 and later to in the Tom Bradley International Terminal. The proposed Second Amendment will provide additional space for Southwest. Pursuant to the Amendment, operations space will increase from 115,595 square feet to a total of 164,152 square feet, and possibly to 187,261 square feet when the new facility Terminal 1.5 area is considered. On Jul 13, 2017, the Board of Airport Commissioners approved the proposed lease amendment. The CAO concurs with this action.

At its meeting held September 5, 2017, the Trade, Travel, and Tourism Committee recommended that Council approved the proposed lease amendment, as recommended by the Board of Airport Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



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

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-NOT OFFICIAL UNTIL COUNCIL ACTS-