

ADMINISTRATIVE EXEMPTION and ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE REPORT relative to proposed lease between the Los Angeles World Airports (LAWA) and the Bureau of Sanitation (BOS) for the development of the Argo Drain Sub-Basin Storm Water Facility on five acres of land owned by the LAWA.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. ADOPT the determination of the Board of Airport Commissioners (Board) that the proposed lease with the BOS for the development of the Argo Drain Sub-basin Storm Water Facility on five acres of land owned by the LAWA is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article II Section 2(l) of the Los Angeles CEQA Guidelines.
2. APPROVE the updated 50-year lease with the BOS for the Argo Drain Sub-Basin Storm Water Facility at Los Angeles International Airport (LAX).
3. CONCUR with the Board's action of June 14, 2018 by Resolution 26515 authorizing the Chief Executive Officer, Los Angeles World Airports, to execute the Updated 50-year Lease to reflect an increase in LAWA's capital participation for total contribution of \$14,777,862 with the BOS for the Argo Drain Sub-Basin Storm Water Facility at LAX.
4. FIND that a proposed lease term of 50 years would be in the best interest of the City.
5. AUTHORIZE the Board of Public Works, on behalf of the BOS, and Board to execute a proposed 50-year lease agreement, attached to the Council file, between the BOS and LAWA for the construction, operation and maintenance of the Argo Drain Sub-basin Storm Water Facility on five acres of land owned by the LAWA, subject to the review and approval of the City Attorney as to form and legality.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that both the BOS and LAWA anticipate that the cost of the lease will be fully offset by LAWA's costs, comprised of half of the operation and maintenance (O&M) costs and the costs associated with the Imperial Drainage Basin project, which diverts stormwater runoff to the BOS's Hyperion Treatment Plant. These associated costs include the annual Sewer Service Charges (SSC), Significant Industrial User (SIU) Fee, and Inspection and Control (IC) Fee.

The BOS will inherently bear an estimated total cost of \$794,000 per year within the Stormwater Pollution Abatement (SPA) Fund. This cost consists of the annual O&M costs for the Argo Drain Facility (\$511,291) and the SSC, SIU Fee, and IC Fee that the SPA Fund has to reimburse to the Sewer Construction and Maintenance Fund for the rent offsets. The SPA Fund, which carries a structural deficit, is currently being subsidized by the City General Fund. Therefore, if BOS's costs are not offset by corresponding reductions in the SPA Fund in future years, the City General Fund will be impacted. Should the BOS elect to sublease the surface area, it may generate revenue to either fully or partially offset the costs associated with the lease. The total cost of the Argo Drain Facility project is fully funded by Proposition O General Obligation Bond funds and LAWA. The proposed Lease agreement complies with the adopted Financial

Policies.

Community Impact Statement: None submitted.

TIME LIMIT FILE - JULY 16, 2018
(LAST DAY FOR COUNCIL ACTION - JULY 3, 2018)
(TEN VOTES REQUIRED)

Summary:

On March 20, 2018, your Committee considered a February 23, 2018 CAO report relative to proposed lease between the LAWA and BOS for the development of the Argo Drain Sub-basin Storm Water Facility on five acres of land owned by the LAWA. According to the CAO, in accordance with Executive Directives 3 and 4, the BPW, on behalf of the BOS and LAWA, are requesting to execute the proposed Lease for the Bureau to construct, operate, and maintain the Argo Drain Sub-Basin Storm Water Facility (Argo Drain Facility) on approximately five acres of LAWA property, located north of Westchester Parkway, between Falmouth Avenue and Pershing Drive. The term of the Lease will be effective for 50 years upon the date of execution or until termination by LAWA with 24-months advance written notice. The Lease was approved by the Board and the BPW on October 5, 2017 and November 8, 2017, respectively.

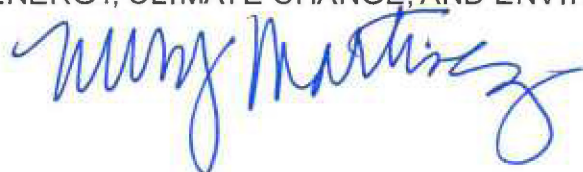
The BOS and LAWA are required to comply with the Federal Clean Water Act requirements regarding the discharges of pollutants into receiving water bodies, as well as those administered through the National Pollutant Discharge Elimination System Municipal Separate Storm Sewer System Permit (MS4 permit). The LAWA is also subject to more restrictive regulations required by the Industrial General Permit for stormwater-related discharges from industrial areas of LAWA. In 2015, the BOS and LAWA entered into a Memorandum of Understanding for LAWA to contribute approximately \$2.74 million towards the cost of preparing the design and environmental documents for the Argo Drain Facility and the Imperial Drainage Basin projects. These projects will mutually benefit both parties as it will allow each agency to meet their compliance requirements. After consideration and having provided an opportunity for public comment, the Committee moved to continue this matter pending receipt of formal ratification by the Board.

Subsequently, on June 19, 2018, the Committee further considered this matter along with June 14, 2018 CAO and June 14, 2018 Board reports and Resolution No. 26515.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the lease between the BOS and LAWA as detailed in the February 23, 2018 CAO report and the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

ENERGY, CLIMATE CHANGE, AND ENVIRONMENTAL JUSTICE COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
MARTINEZ:	YES
KORETZ:	YES
KREKORIAN:	YES
CEDILLO:	YES
O'FARRELL:	YES

ARL
6/19/18

-NOT OFFICIAL UNTIL COUNCIL ACTS-