

ADMINISTRATIVE EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to a Los Angeles World Airports (LAWA) Design-Build-Finance-Operate-Maintain Agreement with LA Gateway Partners for the Landside Access Modernization Program's (LAMP) Consolidated Rent-A-Car (CONRAC) Facility Project at Los Angeles International Airport (LAX).

Recommendations for Council action:

1. ADOPT the determination by the Board of Airport Commissioners that the proposed action is administratively exempt under the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(i) of the Los Angeles City CEQA Guidelines.
2. APPROVE the 28-year Design-Build-Finance-Operate-Maintain Agreement with LA Gateway Partners covering the LAMP's CONRAC Facility Project at LAX at a cost not to exceed \$2,028,302,301.
3. CONCUR with the action taken by the Board of Airport Commissioners on October 18, 2018, by Resolution No. 26617, authorizing the Chief Executive Officer, LAWA, to execute said Design-Build-Finance-Operate-Maintain Agreement with LA Gateway Partners.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that this action will not impact the General Fund. Authorization for an amount not-to-exceed of \$1,768,325,945 is requested to be appropriated and allocated from the LAX Revenue Fund to the CONRAC and other capital project elements. The Owner's Contingency amount not-to-exceed \$91,971,081 will only be used for authorized change orders. The agreement award complies with LAWA's adopted financial policies.

Community Impact Statement: None submitted.

**TIME LIMIT FILE – DECEMBER 21, 2018**

**(LAST DAY FOR COUNCIL ACTION – DECEMBER 12, 2018)**

### SUMMARY

In a report to the Mayor dated October 23, 2018, the CAO reviews LAWA's request for authority to execute a Design-Build-Finance-Operate-Maintain Agreement with LA Gateway Partners for LAMP's CONRAC Facility Project at LAX. Four applicants submitted bids for LAWA's Request for Proposals. Of the four, LA Gateway Partners was selected as the recommended developer. LA Gateway Partners submitted the second highest scoring technical proposal as well as the financial proposal with the lowest cost and below the affordability target.

According to the CAO, the 5.3 million square foot CONRACR facility will be located approximately two miles east of LAX, near the 405 Freeway and provide 24-hours-a-day service to the tenant rental car companies. It is believed that CONRAC will enhance the customer experience by facilitating a choice of rental car providers; create a welcoming location to pick up and drop off cars via easy access from major freeways; and, allow ease of transfer to the Central Terminal Area. LAWA also believes that the CONRAC project will improve air quality in the area surrounding LAX by reducing air emissions from transportation sources inasmuch fewer vehicles will be driven within the CTA.

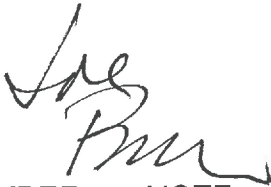
The CAO goes on to report that the responsibility to finance the CONRAC Project solely belongs to LA Gateway Partners. The proposed agreement defines the developer's right and responsibility to finance, to maintain private capital investment for, and to bear all risks of this project. Likewise, the agreement provisions limit City and LAWA responsibility and obligation for project debt.

On October 18, 2018, the Board of Airport Commissioners approved LAWA's request. The CAO concurs with this action.

At its special meeting held October 30, 2018, the Trade, Travel, and Tourism Committee discussed this matter with representatives of LAWA. LAWA staff stated the final completion date for the project is March 31, 2023. Staff touted the project's innovative flexible design that can accommodate future facility expansion or be repurposed for alternative vehicle services, as well as its connectivity with area public transit. Project design includes solar panels and other sustainability features that reduce overall energy consumption by 70%. Staff noted that finance and revenue projects are based on conservative estimates to protect the City and the Department from economic downturns. The Department has entered into agreements with other City departments to ensure permitting and other support activities required of the City are completed on a timely basis. Overall, the project will improve the customer experience at LAX by creating a unified car rental facility that will reduce traffic congestion at and around LAX, and serve the entire region. Committee recommended that Council approve LAWA's request to execute the proposed agreement with LA Gateway Partners for the CONRAC project, as recommended by the Board of Airport Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



MEMBER      VOTE

BUSCAINO: YES

BONIN: YES

KREKORIAN: YES

jaw

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**