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CATEGORICAL EXEMPTION and INNOVATION, GRANTS, TECHNOLOGY, COMMERCE AND TRADE COMMITTEE REPORT relative to the seven-year Non-Exclusive Concession Agreement with Smarte Carte, Inc., covering luggage cart services 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 seven-year Non-Exclusive Concession Agreement with Smarte Carte, Inc., with three one-year extension options, covering luggage cart services at LAX.
3. CONCUR with the Board's action of August 4, 2016 by Resolution No. 26047 authorizing the Chief Executive Officer, Los Angeles World Airports (LAWA), to execute the seven-year Non-Exclusive Concession Agreement with Smarte Carte, Inc., with three one-year extension options, covering luggage cart services at LAX.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that the proposed Concession Agreement requires LAWA to pay \$4 million annually to Smarte Carte, Inc., which allows for the provision of free luggage carts to arriving international passengers at LAX. LAWA further indicates that one-half of this amount will be recovered through the Federal Inspection Services fees charged to international airlines operating at LAX. The remaining cost of providing luggage cart service will be significantly offset by receipt of \$1.5 million annually in concession fees from Smarte Carte, Inc., which includes a \$200,000 minimum annual guarantee. The annual cost of providing this service will, therefore, be \$500,000. Funds for the proposed agreement are available in LAWA's Fiscal Year 2016-17 Operating Budget in LAX Cost Center 1180018 - Concessions Development, Commitment Item 520 - Contractual Services. The proposed Concession Agreement will have no impact on the City's General Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE – SEPTEMBER 25, 2016

(LAST DAY FOR COUNCIL ACTION – SEPTEMBER 23, 2016)

SUMMARY

At the meeting held on September 6, 2016, your Innovation, Grants, Technology, Commerce and Trade Committee considered a LAWA transmittal relative to the seven-year Non-Exclusive Concession Agreement with Smarte Carte, Inc., covering luggage cart services at LAX. The CAO reports that Smarte Carte, Inc. currently has the exclusive right to operate and maintain luggage carts at both LAX and Los Angeles/Ontario International Airport (LA/ONT) under a concession agreement that expires on October 31, 2016. The continuation of luggage cart services at LAX and LA/ONT after October 31 requires the execution of new, separate agreements for each location that provide for the continuation of this service as well as the

pending transfer of ownership of LA/ONT to the Ontario International Airport Authority in the near future. 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,

INNOVATION, GRANTS, TECHNOLOGY, COMMERCE AND TRADE COMMITTEE

A handwritten signature in blue ink, appearing to read "Ed Blumenthal", is written over the committee name.

<u>MEMBER</u>	<u>VOTE</u>
BLUMENFIELD:	YES
BONIN:	ABSENT
KREKORIAN:	YES
BUSCAINO:	YES
MARTINEZ:	ABSENT

ME

-NOT OFFICIAL UNTIL COUNCIL ACTS-