

W 8/24

CATEGORICAL EXEMPTION and INNOVATION, GRANTS, TECHNOLOGY, COMMERCE AND TRADE COMMITTEE REPORT relative to the Terminal Facilities Lease and License Agreement with Delta Air Lines, Inc. (Delta) to enable relocation to Terminals 2 and 3 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 Terminal Facilities Lease and License Agreement with Delta to enable relocation to Terminals 2 and 3 at LAX.
3. CONCUR with the Board's action of July 20, 2016 by Resolution No. 26030 authorizing the Chief Executive Officer, Los Angeles World Airports (LAWA), to execute the Terminal Facilities Lease and License Agreement with Delta to enable relocation to Terminals 2 and 3 at LAX.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that approval of the proposed Terminal Facilities Lease and License Agreement with Delta will result in first-year lease revenue to LAWA of \$4.9 million; approximately \$1.66 billion in lease revenue to LAWA over the 10-year period following completion of Delta's Terminals 2 and 3 construction; a minimum of \$1 billion in combined proprietary and non-proprietary renovations made by Delta to Terminals 2, 3, and related areas at LAX; and a not-to-exceed amount of \$462.6 million in combined rental credits and cash paid to Delta by LAWA for acquisition of Delta's non-proprietary improvements to Terminals 2 and 3. As a consequence of the above, LAWA is requesting that the Board appropriate and allocate a not-to-exceed amount of \$462.6 million from the LAX Revenue Fund to WBS (Work Breakdown Structure or cost center) Element 1.16.17-700 (Terminals 2 and 3 Renovations) and other related WBS Elements, as needed, to purchase from Delta certain renovations to Terminals 2 and 3 and others as specified in the Terminal Facilities Lease and License Agreement. This project and the proposed agreement comply with LAWA's adopted Financial Policies. Approval of the lease and License Agreement will have no impact on the City's General Fund.

Community Impact Statement: None submitted.

**TIME LIMIT FILE – SEPTEMBER 1, 2016**

**(LAST DAY FOR COUNCIL ACTION – AUGUST 31, 2016)**

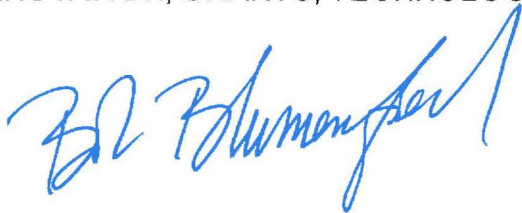
SUMMARY

At the meeting held on August 16, 2016, your Innovation, Grants, Technology, Commerce and Trade Committee considered a LAWA transmittal relative to authority to execute a Terminal Facilities Lease and License Agreement with Delta for the lease and use of space in Terminals 2 and 3 at LAX. The principle purpose for the proposed agreement is to provide (1) for the

relocation of Delta from its current space in Terminals 5 and 6 to Terminals 2 and 3 no sooner than May 2017 and for the lease of space in Terminals 2 and 3, and (2) a non-exclusive license to use the terminals' common use and public areas. The Delta relocation is subject to the airline's successfully relocating other affected airlines from Terminals 2 and 3 to the vacated Terminals 5 and 6 and to the Tom Bradley International Terminal. Delta's current lease for space in Terminals 5 and 6 will conclude on the date that the airline completes its relocation to Terminals 2 and 3 while the new lease will conclude on April 30, 2039, unless terminated earlier as provided for in the agreement. 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



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

ME

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**