

RESOLUTION NO. 27459

WHEREAS, on recommendation of Management, there was presented for approval, Third Amendment to Lease and Non-Exclusive Right-of-Way License Agreement LAA-5316 with LAXFuel Corporation to reduce the demised premises and reimburse said corporation for up to \$4,000,000 for initial project costs associated with work required to accommodate construction of the Taxiway D Project at Los Angeles International Airport, and appropriation of the same amount for said reimbursement; and

LAX  
Van Nuys  
City of Los Angeles

Eric Garcetti  
Mayor

Board of Airport  
Commissioners

Beatrice C. Hsu  
President

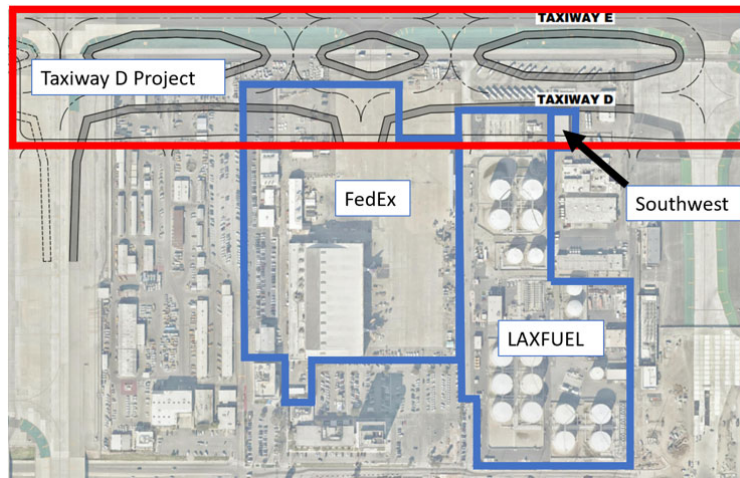
Valeria C. Velasco  
Vice President

Sean O. Burton  
Gabriel L. Eshaghian  
Nicholas P. Roxborough  
Belinda M. Vega  
Karim Webb

Justin Erbacci  
Chief Executive Officer

WHEREAS, LAXFuel Corporation (LAXFuel) is an airline fuel consortium comprised of 65 domestic and international carriers at Los Angeles International Airport (LAX). In 1987, Los Angeles World Airports (LAWA) and LAXFuel entered into a 44-year lease for approximately 715,000 square feet of land at 9900 LAXFuel Road, Los Angeles CA 90045 at LAX. The site is improved with fuel system infrastructure, including fuel storage tanks, distribution piping, other equipment and materials, and appurtenances related to fueling systems; and

WHEREAS, as part of the Airfield and Terminal Modernization Program (ATMP), LAWA will be making several airfield improvements at LAX. One of the key improvements is the extension of Taxiway D, which will improve operational management of aircraft movements in the north airfield. The Taxiway D project, tentatively scheduled to commence in the summer of 2022, will impact several tenant leaseholds, including Southwest Airlines Co.'s ground service equipment maintenance facility, LAXFuel's aircraft fueling facility, and FedEx's aircraft maintenance facility, as illustrated below; and



WHEREAS, the Taxiway D project requires that LAWA take back approximately 65,500 square feet of LAXFuel's leased premises. To maintain fueling operations, the premises and equipment must be reconfigured. LAXFuel has determined that it must demolish, reconfigure, and relocate its fuel truck loading racks, realign connections and fuel distribution piping in the reduced premises, and create new areas for storage of equipment and materials. LAWA and LAXFUEL worked collaboratively to develop a plan that will allow LAWA to take possession of the required premises in the timeframe needed and reimburse LAXFuel for its cost to relocate equipment and maintain operations; and

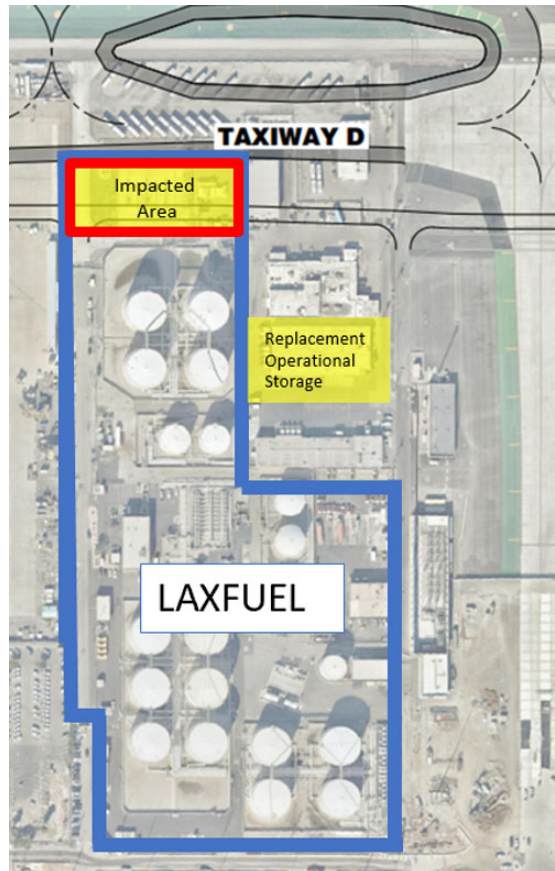


WHEREAS, LAXFuel's cost estimate to perform the required work is \$23,000,000. However, this cost must be further refined as the project advances through design and permitting phase. Therefore, LAWA and LAXFuel have agreed to provide only the initial funding in the amount of \$4,000,000 to allow LAXFuel to complete the full design and permitting for the required work, determine additional space that may be needed, and confirm the total project cost estimate. The \$4,000,000 will be for LAXFuel's actual costs for project design and permitting, equipment, and other items (valves and actuators, pumps, tanks, specialty control components, and control systems) that must be purchased now to ensure the LAXFuel site reconfiguration is completed in a timely manner without negatively affecting LAWA's Taxiway D Project schedule.

Design	\$ 1,250,000
Permitting	250,000
Prefabricate HCTS/Load Rack	2,500,000
<b>Total of Initial Project Design and Permitting</b>	<b>\$ 4,000,000; and</b>

WHEREAS, LAWA expects to return to the Board of Airport Commissioners in the third quarter of 2022 to request a subsequent appropriation for the costs of the remaining construction work after LAXFuel finalizes the design and the total costs of the relocation work is confirmed; and

WHEREAS, pursuant to the Third Amendment, LAXFuel's premises will be reduced by 65,500 square feet to provide LAWA the land needed for the Taxiway D extension. The following figure depicts the reconfiguration of LAXFuel's premises and highlights additional space that may be provided in the future through a subsequent amendment or separate agreement; and



WHEREAS, following is a summary of the general terms of the Third Amendment:

	Prior	New
Expiration Date	December 21, 2031	no change
Premises	714,998 square feet surface 329,980 square feet subsurface	649,658 square feet surface no change  <i>Note: Area identified as "replacement operational storage" will be issued under a separate subsequent lease and/or amendment</i>
Annual Land Rental Rate	\$3.44/square foot/year for surface area \$2.30/square foot/year for subsurface area	no change to rental rate structure/methodology; specific rates are pending reset in accordance with existing lease provisions
Annual Rent	\$3,218,547	\$2,993,778
Required Tenant Improvements	n/a	LAXFuel to complete all design, engineering, plans, permitting, construction of new facilities, and necessary demolition
Reimbursement	n/a	LAWA to reimburse up to \$4,000,000 for eligible project costs
Bidding and Self-Performance of Work	n/a	Competitive bids are required for performance of work unless otherwise justified. Self-performance of project components requires prior approval by LAWA
Targeted Schedule	n/a	Construction completion and LAXFuel's vacation of the impacted premises: July 2023; and

WHEREAS, any activity (approval of bids, execution of contracts, allocation of funds, etc.) for which the underlying project has previously been evaluated for environmental significance and processed according to the requirements of the California Environmental Quality Act (CEQA) is exempt from further review pursuant to Article II, Section 2.i. of the Los Angeles City CEQA Guidelines. The ATMP Environmental Impact Report was certified by the Board of Airport Commissioners on October 7, 2021 (Resolution 27351); and

WHEREAS, LAXFuel will comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances, Affirmative Action Program, and Child Support Obligations Ordinance; and

WHEREAS, LAXFuel is assigned Business Tax Registration Certificate 0000854988-0001-2; and

WHEREAS, LAXFuel has approved insurance documents, in the terms and amounts required, on file with LAWA; and

WHEREAS, LAXFuel must submit the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of said program; and

WHEREAS, LAXFuel must be determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the Third Amendment; and

WHEREAS, LAXFuel will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; and

WHEREAS, LAXFuel must submit the Bidder Contributions CEC Form 55 prior to execution of the Third Amendment; and

WHEREAS, LAXFuel must submit the MLO Bidder Contributions CEC Form 50 prior to execution of the Third Amendment; and

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined that this action is exempt from the California Environmental Quality Act pursuant to Article II, Section 2.i. of the Los Angeles City CEQA Guidelines; approved the Third Amendment to Lease and Non-Exclusive Right-of-Way License Agreement LAA-5316 with LAXFuel Corporation to reduce the demised premises and reimburse said corporation for up to \$4,000,000 for initial project costs associated with work required to accommodate construction of the Taxiway D Project at Los Angeles International Airport; authorized the Chief Executive Officer to execute said Third Amendment to Lease and Non-Exclusive Right-of-Way License Agreement LAA-5316 with LAXFuel Corporation after approval as to form by the City Attorney and approval by the Los Angeles City Council; and further approved appropriation of not to exceed \$4,000,000, to be provided from the LAX Revenue Fund to WBS 1.22.12A-700 (ATMP Airfield Program), for the LAXFuel Load Rack Relocation Project, whereas said appropriation excludes Los Angeles World Airports overhead and program services costs needed to administer and manage the Capital Improvement Plan that are appropriated separately by the Board.

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I hereby certify that this Resolution No. 27459 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, March 17, 2022.



Grace Miguel – Secretary  
BOARD OF AIRPORT COMMISSIONERS