

RESOLUTION NO. 27638

WHEREAS, on recommendation of Management, there was presented for approval, Lease with Lulu's Place, Inc., a California nonprofit public benefit corporation, for term of up to fifty (50) years, for potential development of open space and recreational facilities in a portion of the Los Angeles International Airport Northside Campus Areas 1 and 2A; and

WHEREAS, planning and redevelopment of the Los Angeles International Airport (LAX) Northside began over 40 years ago when Los Angeles World Airports (LAWA) sought to address compatibility with neighborhoods to the north of said airport. In the 1970s, LAWA acquired the LAX Northside, which was once primarily a residential area, in part using Federal Aviation Administration (FAA) grants that require conversion of the project site to compatible land uses in close proximity to airport operations at LAX; and

LAX
Van Nuys
City of Los Angeles

WHEREAS, the LAX Northside area consists of approximately 340 acres and is bounded by Sepulveda Westway and Sepulveda Boulevard to the east, LAX to the south, South Pershing Drive to the west, and generally 91st Street, Westchester Avenue, and 88th Street to the north; and

Eric Garcetti
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

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

Justin Erbacci
Chief Executive Officer

WHEREAS, the LAX Northside is governed by the City of Los Angeles' land use policy and related ordinances. The LAX Plan and LAX Specific Plan, adopted by the City Council in 2015, provide the long-range land use policies and regulatory framework for determining compliance by proposed development projects. Those plans, along with the LAX Northside Design Guidelines, were approved by the Board of Airport Commissioners (Board), which also certified the Final Environmental Impact Report (EIR) for the LAX Northside Update per the California Environmental Quality Act (CEQA); and

WHEREAS, the CEQA environmental review process and analysis started in 2012, and the draft EIR was released for public comment in 2014. The EIR evaluated land uses and potential development on all areas of the LAX Northside site. The EIR analysis reviewed potential environmental impacts and developed appropriate mitigation measures to minimize impacts and ensure compatibility with the surrounding community. Said analysis covered all of the topics required under CEQA, as well as issues raised during the public comment period by individuals, organizations, and public agencies. Such issues included traffic, noise, and light pollution; and

WHEREAS, in 2019, LAWA conducted community outreach and held a collaborative design study ("charette") on the open space portion of the Northside, in anticipation of the release of a Request for Qualifications to developers to develop the "bow tie" portion of the Northside or Area 2; and

WHEREAS, in 2021, a Request for Proposals (RFP) was issued for the property referred to as the "Bow Tie Parcel" for all of Area 2 and 2A, consisting of about 70 acres to be developed for a mix of commercial and recreational uses. The report from the design charette was included in the RFP to inform developers about the community's priorities for the open space portion of the land. The winning developer would be required to contribute \$4.2 million toward the development of active recreational uses in Area 1; and

WHEREAS, two bids were received as part of the RFP process. One team included the Kimmelman Family Foundation's proposal to develop the Carol Kimmelman Athletic and Academic Campus (Lulu's Place) on the open space portion of the bow tie. Said team's proposal



also contemplated developing open space and recreational facilities separately on the surface portion of Area 1. The proposal included tennis courts, soccer and athletic fields, as well as a community garden, dog park, and other recreational facilities. While the RFP was terminated and a deal was not reached for Areas 2C, D, and E, the Kimmelman Family Foundation approached LAWA to lease Areas 2A and portions of Area 1 separately from the bow tie for the purpose of developing open space and recreational facilities; and

WHEREAS, in May 2022, the Kimmelman Family Foundation reached out to LAWA to express interest in developing open space and recreational improvements in Areas 2A, as well as a portion of Area 1, potentially including tennis, and pickleball courts, soccer fields, a community garden, sand volleyball courts, basketball courts, a multi-purpose field, a dog park, picnic areas, a children's playground, restrooms, and parking; and

WHEREAS, in July 2022, LAWA executed a right-of-entry for Lulu's Place to conduct due diligence and site exploration activities. Since June 2022, LAWA and Lulu's Place representatives have conducted community outreach on the proposal to solicit input and feedback. Briefings were conducted with many organizations including:

- Westchester Playa Neighborhood Council
- LAX Coastal Chamber of Commerce
- LAX Area Advisory Committee
- Westchester Town Center Business Improvement District
- Alliance for a Regional Solution to Airport Congestion
- Westchester Rotary Club
- Gateway to LA Airport Business Improvement District
- Westchester Streetscape Improvement Association
- Archdiocese of Los Angeles
- Westchester Community of Schools
- LMU Family of Schools
- Booth at Westchester Arts & Music Block Party
- LAX Coastal Chamber of Commerce Education Foundation
- Westchester Family YMCA
- Westchester American Youth Soccer Organization; and

WHEREAS, as a result of the input provided by the community at individual and group briefings over the last several months, the Kimmelman Family Foundation's design team incorporated this feedback into their preliminary designs. LAWA held a virtual community meeting on October 26, 2022, with over 130 registered attendees. At said meeting, LAWA and Lulu's Place representatives presented information on the Kimmelman Family Foundation's proposal and answered questions from the community. The design team highlighted several design elements responsive to the input they had received including a perimeter fence surrounding the entire site to ensure safety and security and reconfiguring and adding parking on the site. During the meeting, the community asked questions regarding security, traffic, on-site parking, operating hours, local use, the variety and number of recreational facilities, funding, lighting, noise, ongoing site maintenance, and other issues. The Kimmelman team has continued to do individual and smaller group meetings with community stakeholders to answer questions and solicit input and feedback; and

WHEREAS, the Lease represents a rare and unique opportunity for the City of Los Angeles. The Kimmelman Family Foundation's proposal is perhaps a once-in-a-generation chance to create a unique community space for the residents of the City. This includes a minimum \$65 million capital investment to build facilities such as tennis courts; soccer and athletic fields; as well as a

community garden, dog park, and other recreational facilities; the payment of fair market value to LAWA for use of the property; and bringing the resources and expertise to operate and maintain world-class facilities and programs. As such, use of competitive bidding would be undesirable, impractical or impossible, and not in the best interest of the City of Los Angeles. Due to the land uses included in the LAX Specific Plan and the location of the Argo Facility, this is the highest and best use of the land; and

WHEREAS, over the last several months, LAWA has worked to incorporate many of the issues raised by the community into the lease terms. Following is a summary of the key terms of the Lease:

Term	50 years
Effective Date	Upon execution by the Chief Executive Officer (CEO)
Delivery Date	Upon completion of Executive Director Review compliance process
Compliance Approval Process	Within one year of the Effective Date, Lessee shall complete the LAX Specific Plan Compliance Determination process for construction and operation of the Recreational Improvements and any related environmental review that may be required. This determination will include a final project scope and must come to the Board for consideration before any construction on the premises could commence.
Minimum Capital Investment	\$65 million
Operational Requirements	Must be submitted to LAWA for approval before construction commences
Operational Requirements will detail all aspects of operations and must include the following provisions:	<ul style="list-style-type: none"> • Premises may NOT be operated on a 24-hour basis • Must provide adequate off-street parking for all operations on the premises • Premises will be fenced • Premises will be secured during all non-operational hours • In addition to organized programs, community will be provided with access to open space and recreational facilities
Jet Pets	Must maintain access to Jet Pets facility
Construction Completion	Must be substantially complete within 36 months of issuance of building permits
Small Business Enterprise (SBE) Participation	Lessee to provide local, disadvantaged and small business opportunities to participate in the project including partnership opportunities. Lessee will incorporate such opportunities into the various phases of the project and provide LAWA with a subcontracting plan that identifies commitments and approach to SBE participation.

(table continued)

<p>Rent</p>	<p>Area 1 \$.075/square foot Area 2A \$.082/square foot Rent will commence at the "Rent Commencement Date" which is the Delivery Date or 6 months after the Effective Date, whichever is earlier. Fair Market Value to be adjusted by Consumer Price Index (CPI) each year There will be an assessment of Fair Market Value at year 15 and every 10 years thereafter</p>
<p>Fees</p>	<p>Prior to commencement of community recreational programs, a schedule of fees must be delivered to the CEO. Fees must be reasonable and reflect recovery of costs related to the programs. The fees schedule must be submitted annually.</p>
<p>Designated Area</p>	<p>Once final design is complete, the leased area will be finalized and any adjustment to the square footage must be within the Designated Area shown on the Lease; and</p>

WHEREAS, the City of Los Angeles Department of Sanitation (LA SAN) has leased a portion of the property in the LAX Northside Area and has constructed the Argo Drain Sub-Basin Facility (Argo Facility) on that property pursuant to the lease. The LA SAN lease contemplates that portions of the surface area overlying the Argo Facility may be used for future development of recreational facilities. Engineers and designers from the Kimmelman Family Foundation have met with LAWA and LA SAN staff over the last several months to ensure that there are no impacts to the Argo Facility. The Lease ensures that the design, construction, and operation of the recreational facilities will not impact any aspect of the Argo Facility. Further, access to the Argo Facility will be maintained including gates, parking areas and driveways, as well as hatches, valve boxes, and monitoring locations. The Lease requires the Lessee to continue to coordinate with LA SAN in the design, construction, and operation of the recreational improvements; and

WHEREAS, LAWA and Lessee intend the development and use of the premises for the proposed recreational improvements to be consistent with the LAX Northside Design Guidelines and Standards and all applicable requirements and mitigation measures the Board adopted in connection with the LAX Northside EIR. Approval of the Lease does not constitute final approval of the proposed recreational improvements and operations. All proposed recreational improvements and operations would require further review and approval by the Executive Director and the Board; and

WHEREAS, the Board previously certified the LAX Northside EIR, which evaluated recreation, open space, and community uses on the premises in 2015. The Lease requires the Lessee's proposal to comply with all applicable mitigation measures and project design features the Board adopted in connection with the LAX Northside Plan Update. In addition, the Lessee's proposal must comply with the LAX Specific Plan, the LAX Plan and all applicable LAX Design Guidelines and Standards; and

WHEREAS, within one year of the effective date of the Lease, the Lessee is required to complete, under LAWA's direction, the LAX Specific Plan Compliance determination process, pursuant to Section 7 of the LAX Specific Plan for construction and operation of the proposed uses, for consistency with applicable provisions of the LAX Plan and LAX Specific Plan, and a

determination that the environmental effects of the proposal have been assessed in compliance with CEQA. If the proposal would result in any new significant or substantially more severe environmental impacts than those disclosed in the LAX Northside EIR, additional environmental review would be required in compliance with CEQA and the National Environmental Policy Act, LAWA would direct and coordinate this process and the Lessee would be required to cooperate in the preparation of any required environmental documents. The Lessee would also be responsible for all costs associated with this process. Such analysis will include ensuring compliance with the trip caps associated with the LAX Northside Campus area, as well as ensuring that the proposal is consistent with the noise, air quality, traffic, and other areas of analysis included in the LAX Northside EIR. The final LAX Specific Plan Compliance determination would come before the Board for approval before any construction on the premises could occur. Lessee may also have to obtain any other necessary approvals from the Board and the FAA to develop the premises; and

WHEREAS, the Kimmelman Family Foundation has committed to continue to work with LAWA and the community as the design progresses and before the LAX Specific Plan Compliance determination comes to the Board for approval; and

WHEREAS, therefore, approval of the Lease would not result in any changes to the LAX Northside Plan Update or the circumstances under which it is being undertaken that would require further review under CEQA pursuant to the Public Resources Code Section 21166 and CEQA Guidelines 15162; and

WHEREAS, after the Lease is executed, the Kimmelman Family Foundation will commence the LAX Specific Plan Compliance process for construction and operation of the proposed uses, including any environmental review that is required. Further, as design progresses, the Kimmelman Family Foundation will continue to work with LAWA and the community to seek input and feedback on the proposal and to address community concerns. After this process is complete, the LAX Specific Plan Compliance determination will be returned to the Board for review and approval. Those next steps will require investment of a significant amount of funding and substantial resources by the Kimmelman Family Foundation to provide proposed improvements that are consistent with the LAX Specific Plan, the applicable LAX Northside Design Guidelines and Standards, and the LAX Northside Update EIR analysis and mitigation measures; as a result, the award of the Lease is essential in order for the Kimmelman Family Foundation to proceed with said next steps; and

WHEREAS, the project will generate lease revenue for LAWA estimated to be \$73,847 annually. The 50-year Lease is subject to CPI increases annually and will require a Fair Market Value assessment in year 15 and every 10 years thereafter. The Lessee will provide capital funding for the development of the site as well as funding for operational costs and will receive recovery-cost fees for the recreational programs; and

WHEREAS, pursuant to Public Resources Code Section 21166 and CEQA Guideline 15162, approval of the Lease does not provide for any changes to the LAX Northside Plan Update or the circumstances under which it is being undertaken that would require further review under CEQA beyond the EIR the Board had certified for the LAX Northside Plan Update (Resolution 25654 State Clearinghouse 2012041003) on March 12, 2015, and no further CEQA documentation is needed at this time; and

WHEREAS, Lulu's Place, Inc. will comply with the provisions of the Living Wage Ordinance, Affirmative Action Program, and Child Support Obligations Ordinance; and

WHEREAS, Lulu's Place, Inc. must submit a Business Tax Registration Certificate, Bidder Contributions CEC Form 55, and Bidder Contributions MLO CEC Form 50 prior to execution of the Lease; and

WHEREAS, Lulu's Place, Inc. must have approved insurance documents, in the terms and amounts required, on file with LAWA prior to execution of the Lease; and

WHEREAS, Lulu's Place, Inc. must submit the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of said program; and

WHEREAS, Lulu's Place, Inc. must be determined by Public Works, Office of Contract Compliance, with the provisions of the Equal Benefits Ordinance prior to lease execution; and

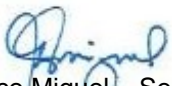
WHEREAS, Lulu's Place, Inc. will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; and

WHEREAS, the Board approved staff's recommendation to correct Charter Section 373 to Charter Section 606 in the staff report. Actions taken on this item by the Board 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 amended Staff Report; determined that, pursuant to the Public Resources Code Section 21166 and CEQA Guidelines 15162, approval of the lease does not provide for any changes to the LAX Northside Plan Update or the circumstances under which it is being undertaken that would require further review under the CEQA beyond the EIR said Board had certified for the LAX Northside Plan Update (Resolution 25654 State Clearinghouse 2012041003) on March 12, 2015 and no further CEQA documentation is needed at this time; found that, for the reasons set forth herein, pursuant to City Charter Section 371(e)(10), use of competitive bidding would be undesirable, impractical, or impossible; approved the Lease with Lulu's Place, Inc., a California nonprofit public benefit corporation, for term of up to fifty (50) years, for potential development of open space and recreational facilities in a portion of the LAX Northside Campus Areas 1 and 2A; and authorized the Chief Executive Officer, or designee, to execute said Lease with Lulu's Place, Inc., a California nonprofit public benefit corporation, after approval as to form by the City Attorney and approval by the Los Angeles City Council.

o0o

I hereby certify that this Resolution No. 27638 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, December 1, 2022.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS