

RESOLUTION NO. 27282

WHEREAS, on recommendation of Management, there was presented for approval, Second Amendment to Terminal Facility Lease & License Agreement LAA-8965 with Air Canada to extend the term by two (2) years, covering space in Terminal 6 at Los Angeles International Airport; and

WHEREAS, Air Canada moved to Terminal 6 in May 2017 as part of the airline relocation project that moved 27 airlines between Terminals 2, 3, 5 and 6, and the Tom Bradley International Terminal at Los Angeles International Airport (LAX). Air Canada's Terminal 6 Lease was negotiated as a replacement to the leased space Air Canada occupied in Terminal 2 that was terminated early to accommodate the relocation. As part of the negotiation for the replacement lease, Los Angeles World Airports (LAWA) leased Air Canada approximately 29,000 square feet of space in Terminal 6 (Lease LAA-8965), including a new premium passenger lounge, through June 30, 2021, which was the end date of the original Terminal 2 lease; and

WHEREAS, Terminal 6 currently has 13 gates, two of which are leased by Air Canada. Alaska Airlines leases ten of the remaining gates, and the final gate is a common use gate controlled by LAWA, to which Air Canada has rights for two daily preferential wide-body flights. Maintaining Air Canada's operations in Terminal 6 for the next two years is beneficial because there currently are no alternative gates and passenger processing facilities that can accommodate Air Canada's pre-COVID-19 flight activity. Extending the term of the lease until June 30, 2023 will not interfere with any plans for the leases in adjacent terminals, and will allow for continuity of Air Canada's operations in Terminal 6 through the scheduled completion of the Terminal 6 renovation project. At that point, LAWA will reassess the capacity in the terminals at LAX to determine the best options for Air Canada's operations; and

WHEREAS, the two (2)-year extension will also provide additional time for Air Canada to install a dedicated vertical circulation path for passengers to reach the Air Canada premium passenger lounge, which is located one level above the concourse/holdroom passenger level. Passengers currently access the premium passenger lounge through a single elevator that is also the service elevator for deliveries and supplies to the terminal concessionaires and facilities maintenance providers. Air Canada has designed plans to install a dedicated passenger elevator and staircase that will provide more appropriate access to the premium passenger lounge. However, Air Canada deferred the project due to the impacts of COVID-19. Extending the term of the lease will provide Air Canada the necessary time to reconsider the investment; and

WHEREAS, the rent will be based on the terms of the Rate Agreement, to which Air Canada is a signatory. Following are the highlights of LAA-8965 terms; all other terms remain unchanged:

	Current	Amendment
Term:		
Commencement Date	May 17, 2017	July 1, 2021
Expiration Date	June 30, 2021	June 30, 2023
Demised Premises:	29,094 square feet	no change
Preferential Gates	2	no change
Preferential Flights	2	no change
Rent:		
Space Rental Rate	\$171.40/square foot/year	\$224.32/square foot/year
Annual Space Rent (est.)	\$4,986,700	\$6,526,400; and



WHEREAS, issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; and

WHEREAS, Air Canada is required to comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances, Affirmative Action Program, and Child Support Obligations Ordinance; and

WHEREAS, Air Canada has been assigned Business Tax Registration Certificate 0002762201-0001-0; and

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

WHEREAS, Air Canada has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, Air Canada must be determined by the Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the lease agreement; and

WHEREAS, Air Canada will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; 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 (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; approved the Second Amendment to Terminal Facility Lease & License Agreement LAA-8965 with Air Canada to extend the term by two (2) years, covering space in Terminal 6 at Los Angeles International Airport; and authorized the Chief Executive Officer to execute said Second Amendment to Terminal Facility Lease & License Agreement LAA-8965 with Air Canada after approval as to form by the City Attorney and approval by the Los Angeles City Council.

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I hereby certify that this Resolution No. 27282 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, June 17, 2021.


Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS