



15  
Item Number

## Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:

  
Samantha Bricker (Jun 8, 2023 16:20 PDT)

Dave Jones, Deputy Executive Director  
Commercial Development Division

Reviewer:



Brian C. Ostler, City Attorney

  
Justin Erbacci (Jun 8, 2023 17:06 PDT)

Justin Erbacci, Chief Executive Officer

### Meeting Date

6/15/2023

Needs Council Approval: ☒ Y

Reviewed for/by	Date	Approval Status	By
Finance	6/5/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	6/1/2023	<input checked="" type="checkbox"/> Y	MO
Procurement	6/1/2023	<input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond	BG
Guest Experience	5/31/2023	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	5/31/2023	<input checked="" type="checkbox"/> Y	BNZ

### SUBJECT

Request to approve the proposed Fourth Amendment to the Terminal Facilities Lease and License Agreement with Alaska Airlines, Inc. (LAA-8581) to provide rent credits, not to exceed \$2,913,000, over the term of the Lease for costs associated with the use of the Alaska Airlines leased baggage system by common use airlines located in Terminal 6 at Los Angeles International Airport.

### RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE 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.
3. APPROVE the proposed Fourth Amendment to the Terminal Facilities Lease and License Agreement LAA-8581.
4. FURTHER APPROVE authority to issue rent credits in an amount not to exceed \$2,913,000 over the remaining term of Terminal Facilities Lease and License Agreement LAA-8581.
5. AUTHORIZE the Chief Executive Officer, or designee, to execute the proposed Fourth Amendment to the Terminal Facility Lease and License Agreement LAA-8581, after approval as to form by the City Attorney and approval by the Los Angeles City Council.

## DISCUSSION

### 1. Purpose

Staff request approval of the proposed amendment to provide rent credits to Alaska Airlines, Inc. up to \$2,913,000 through January 1, 2028, for the costs incurred operating and maintaining portions of the baggage system in Terminal 6 that are used by common use airlines. Approval of this action, and two other simultaneous requests to amend Southwest Airlines' Lease and Air Canada's Lease, is a critical component for Los Angeles World Airports (LAWA) to implement a single common use gate charge at Los Angeles International Airport (LAX).

### 2. Prior Related Actions/History of Board Actions

- **April 4, 2011 – Resolution No. 24421 (LAA-8581)**  
The Board of Airport Commissioners (Board) approved a Reimbursement Agreement with Alaska Airlines, Inc. for up to 75 percent of approved design and construction costs associated with an inline Checked Baggage Inspection System (CBIS) Project in Terminal 6 at LAX. Concurrent with the Reimbursement Agreement, the Board approved a Settlement Agreement to settle finally and completely disputes in LAX III, and to enter into a new Terminal Space Lease and License Agreement with Alaska for space in Terminal 6 to accommodate terminal renovations, including implementing a CBIS.
- **April 4, 2011 – Resolution No. 24422 (LAA-8581)**  
The Board approved a 10-year Terminal Space Lease and License Agreement (Lease) with Alaska in Terminal 6 at LAX. Concurrent with the Lease, the Board approved funding in the amount of \$271,000,000 for Terminal 6 renovations.
- **December 1, 2016 – Resolution No. 26117 (LAA-8819 – LAA-8745)**  
The Board approved the Consent to Assignment from Virgin to Alaska Air Group, Inc. and Alpine Acquisition Corporation covering Lease LAA-8819 and Non-Exclusive Air Carrier Operating Permit LAA-8745 in Terminal 3 at LAX.
- **May 2, 2019 – Resolution No. 26757 (LAA-8581A)**  
The Board approved the Amended and Restated Terminal Facility Lease and License Agreement with Alaska Airlines, Inc. covering space in Terminal 6 at LAX.
- **April 9, 2020 – Resolution No. 26995 (LAA-8581B)**  
The Board approved the Passenger Airline Relief Program that defers payment of terminal use fees and suspends all gate utilization calculations and/or requirements under the Los Angeles International Airport Passenger Terminal Tariff for the months of March and April 2020.
- **October 1, 2020 – Resolution No. 27116 (LAA-8581C)**  
The Board approved appropriation and allocation of \$202,500,000 to purchase airline renovations and \$22,500,000 to purchase terminal renovations, including interest during construction, pursuant to Lease LAA-8581.

### **3. Background**

Airlines operating at LAX pay for use of terminal facilities pursuant to the rates and charges methodology under the Los Angeles International Airport Passenger Terminal Tariff (the "Rate Methodology") approved by the Board. The Rate Methodology provides a square foot rate Terminal Building Charge for demised premises and sets common use rates for common use areas and equipment, such as common use check-in counters, baggage claim areas, outbound baggage systems, common use hold rooms and associated aeronautical equipment.

Airlines that lease entire terminals at LAX, pay for all terminal space in their lease at the square foot rate Terminal Building Charge, and therefore do not pay common use rates in their leaseholds, except when they use common use facilities in addition to their leasehold space. Los Angeles World Airports maintains the common use equipment at the Tom Bradley International Terminal, which is used by most common use airlines. However, there is a small amount of equipment that is used by common use airlines that operate from Terminal 6 and Terminal 1 that currently is maintained by Air Canada, Alaska Airlines, and Southwest Airlines. Therefore, common use airlines that operate in Terminal 6 and Terminal 1 pay some fees to LAWA, and also pay fees to Air Canada, Alaska Airlines, or Southwest Airlines to cover costs they incur maintaining and operating parts of the baggage system equipment in Terminal 6 and Terminal 1. Therefore, common use charges vary by terminal and common use airlines utilizing different terminal facilities pay different rates depending on the location where they operate.

### **4. Current Action/Rationale**

Los Angeles World Airports' terminal rate structure intends that common use airlines will pay a uniform common use rate for use of terminal gates and common equipment, such as the baggage handling system, regardless of the terminal in which they operate. To establish a uniform common use rate, LAWA proposes to transfer all costs for maintaining common use equipment to LAWA. To accomplish this, LAWA proposes to amend the Air Canada Lease, the Alaska Airlines Lease, and the Southwest Airlines Lease simultaneously to provide rent credits equal to the costs they incur operating and maintaining the common use portions of the baggage system in Terminal 6 and Terminal 1. As a result, the common use airlines will pay LAWA the full common use charge and no longer pay Air Canada, Alaska Airlines, and Southwest Airlines a portion of the common use fee.

To confirm the cost that needs to be transferred to LAWA, at the beginning of each fiscal year, Air Canada, Alaska Airlines, and Southwest Airlines will submit to LAWA the annual budget to operate and maintain their respective baggage handling systems. Allowable costs will include all fees incurred operating and maintaining the system, the cost to lease the baggage handling space, and overhead costs (not to exceed 10 percent). Los Angeles World Airports will review and approve the operations and maintenance budgets and determine the amount attributable to common use fees. Based on this calculation, LAWA will issue annual rent credits in 12 monthly installments to Air Canada, Alaska Airlines, and Southwest Airlines. Los Angeles World Airports will annually reconcile actual costs against the annual budget costs. Any variance between budget and actual expenditures will be corrected the following year through adjustment to the annual rent credit LAWA provides to these airlines.

Based on the specific equipment maintained by Alaska Airlines, LAWA and Alaska Airlines estimate the total rent credits needed to cover the cost incurred by common use airlines over the term of the lease will be \$2,913,000. Therefore, the proposed amendment will provide up to \$2,913,000 in rent credits to Alaska Airlines.

***How This Action Advances a Specific Strategic Plan Goal and Objective***

This action advances this strategic goal and objective: *Sustain a Strong Business: Diversify and grow revenue sources, and manage costs*. The proposed amendment will allow LAWA to retain control of rate setting for the common use airlines at LAX, to harmonize the common use rates across all facilities, and to apply mitigation measures as part of the Airline Cost Stabilization and Recovery Plan. Establishing equalized common use rates facilitates the relocation of airlines from terminal-to-terminal that enables growth in aviation activity.

**5. Fiscal Impact**

Approval of this amendment will result in an authority not to exceed \$2,913,000 of rent credits over the remaining term of the lease. Alaska rent credits will be recovered through the uniform common use baggage claim and outbound system fees, where applicable.

**6. Alternatives Considered**

- ***Take No Action***  
Alternatives were not considered because the baggage system that is used by the common use airlines is located in Alaska Airlines' Demised Premises. Therefore, appropriating funds for the Alaska demised premises and operations and maintenance costs on behalf of the common use carriers for continued operations from Terminal 6 is necessary.

**APPROPRIATIONS**

No appropriation of funds is required for this action.

**STANDARD PROVISIONS**

1. The 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.
2. The proposed document(s) is/are subject to approval as to form by the City Attorney.
3. 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.
4. Alaska Airlines, Inc. will comply with the provisions of the Living Wage/Worker Retention Ordinances.
5. Leases are not subject to the SBE/LBE/LSBE/DVBE Programs.

6. Alaska Airlines, Inc. will comply with the provisions of the Affirmative Action Program.
7. Alaska Airlines, Inc. has been assigned Business Tax Registration Certificate number 0002604073-0001-9.
8. Alaska Airlines, Inc. will comply with the provisions of the Child Support Obligations Ordinance.
9. Alaska Airlines, Inc. has approved insurances, in the terms and amounts required, on file with Los Angeles World Airports.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
11. Alaska Airlines, Inc. has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and complies with the provisions of Contractor Responsibility Program.
12. Alaska Airlines, Inc. must be determined by Public Works, Office of Contract Compliance, with the provisions of the Equal Benefits Ordinance prior to execution of the Lease Agreement.
13. Alaska Airlines, Inc. will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs.
14. This action is not subject to the provisions of Bidder Contributions CEC Form 55.
15. Alaska Airlines, Inc. must submit the MLO CEC Form 50 prior to execution of the Lease Agreement.
16. This action is not subject to the provisions of the Iran Contracting Act.

**FOURTH AMENDMENT  
TO  
THE TERMINAL FACILITIES LEASE AND LICENSE AGREEMENT**

THIS FOURTH AMENDMENT TO THE TERMINAL FACILITIES LEASE AND LICENSE AGREEMENT (this "Fourth Amendment") is made as of \_\_\_\_\_, 2023 ("Execution Date") between the CITY OF LOS ANGELES, acting by and through the Board of Airport Commissioners of its Department of Airports, as landlord and licensor (the "Landlord"), and ALASKA AIRLINES, INC. , as tenant and licensee (the "Tenant") and shall be effective on the last day of the month following Los Angeles City Council approval of this Fourth Amendment.

**RECITALS**

WHEREAS, the Tenant and the Landlord entered into a Terminal Facilities Lease and License Agreement (LAA-8581), as amended, for space in Terminal 6 (the "Alaska Lease"); and

WHEREAS, the Tenant currently provides maintenance and operating services for certain of the Landlord's equipment located inside the Tenant's Demised Premises which equipment is used for the Tenant's operations as well as other airlines as outlined in the Scope of Work attached hereto as Schedule 3-A; and

WHEREAS, the parties agree the Tenant should continue providing the Services as the equipment is primarily located inside its Demised Premises, and because the Services for leased equipment used by common use airlines, the Landlord should compensate the Tenant for providing such services to other airlines and directly charge the airlines utilizing such common use equipment.

NOW, THEREFORE, in consideration of the mutual agreements contained in this Fourth Amendment, the Landlord and the Tenant agree with each other as follows (certain terms used in this Fourth Amendment and not defined elsewhere in the text of this Fourth Amendment, are used with the meanings specified in the Alaska Lease):

1. A new Section 1.2.1(a) shall be added to the Alaska Lease after Section 1.2.1 as follows:

“(a) On the Fourth Amendment Effective Date, the Demised Premises as described and delineated in Exhibit A shall be replaced with the amended Exhibit A attached to the Fourth Amendment to the Lease.”

2. Section 1.2.2 of the Alaska Lease shall be amended and restated in its entirety as follows:

“1.2.2. Following the completion of the Terminal Renovations, modification(s) of the Demised Premises may be made by the CEO by an amendment to Exhibit A, subject



to City Attorney approval as to form, with an appropriate adjustment in rental charges without the prior approval or later ratification by the Board or the City Council.”

3. Section 4.10.2 of the Alaska Lease shall be amended and restated in its entirety as follows:

“4.10.2. Tenant’s Records. The Landlord’s accurate calculation of the Base Rent, additional rent, the verification of the Tenant’s expenses under Section 10.1.4 [common use equipment maintenance and operation and custodial services], the verification of the Tenant’s gate utilization and the accurate payment of the Percentage Rent are dependent upon receiving from the Tenant timely and accurate information regarding the Tenant’s operations, including the number of passengers using the Terminal to enplane onto or deplane from flights operated by the Tenant. The Tenant will promptly and periodically (but not less frequently than monthly) provide to the Landlord sufficient information about the Tenant’s operations as the Landlord may find reasonably necessary or useful in calculating the Base Rent, the Common Use Equipment M&O Fee, the Percentage Rent and gate utilization and the Tenant will keep books and records sufficient for the purpose of substantiating the Tenant’s operations information for auditing purposes. The Tenant also agrees to provide copies of invoices and other documentation verifying all of the costs of the Terminal Renovations if the Landlord requests such documentation. The Landlord may from time to time, but no more often than once during any calendar year, examine (and, in the course of such examination, may copy) and audit the Tenant’s books and records for the purpose of verifying the Tenant’s operations information. The expense of any such examination or audit shall be borne by the Landlord, provided that if the Tenant’s books and records are not made available to the Landlord at a location within 50 miles from the Airport, the Tenant will reimburse the Landlord the reasonable out-of-pocket costs incurred by the Landlord in inspecting the Tenant’s books and records, including travel, lodging and subsistence costs. Except to the extent necessary to substantiate charges to other tenants of the Terminal, the Landlord will keep all information obtained from the Tenant’s books and records confidential, and the Landlord will use good faith efforts to cause the Landlord’s agents and employees to keep all information obtained from the Tenant’s books and records confidential.”

4. A new Section 10.1.4 shall be added to the Alaska Lease after Section 10.1.3 as follows:

“10.1.4. Services for Common Use Equipment.

10.1.4.1. With respect to maintenance and operating services (each a “Service” and collectively the “Services”) for certain of the Landlord’s equipment located inside the Tenant’s Demised Premises which equipment is used for the Tenant’s operations as well as other airlines as outlined in the Scope of Work attached hereto as Schedule 3-A (“Scope of Work”). It is expressly understood and agreed that the Tenant shall perform, or cause its approved subcontractors to perform, all incidental work required to satisfactorily perform the Services,

including work not specifically defined or described in Schedule 3-A attached hereto in order to fulfil the intent of Schedule 3-A attached hereto. All such incidental work shall not be considered extra work for which additional compensation can be claimed by the Tenant.

10.1.4.2. The Tenant's performance of the Services shall conform to the highest level of industry standards, performance specifications, service level agreement or other standards for the performance of similar services as set forth by the Landlord.

10.1.4.3. The Tenant may be required to submit maintenance records and schedules to the Landlord in such form and frequency as determined by the CEO.

10.1.4.4. The Tenant will be obligated to participate in the process that may be established by the Landlord to coordinate with common use airlines in Terminal 6 and the Landlord on the operation and maintenance of aeronautical equipment at the Airport and the Tenant's performance of the Services.

10.1.4.5. If subcontractors require space at the Airport to perform the Services required under this Section 10.1.4, and such space requirement is approved by the CEO, then such subcontractors shall occupy space under the terms of a separate agreement with the Landlord. However, the Tenant can provide space at the Airport within Alaska's Demised Premises under this Lease for subcontractors to perform the Services. Neither the Tenant nor its subcontractors shall receive any reimbursement for the costs incurred for the use of space by subcontractors at the Airport. Instead the costs for space that are applicable to perform the Services under this Lease shall be included in the amounts the Tenant invoices the Landlord pursuant to Section 10.1.4.7 hereof.

10.1.4.6. Schedule 3-B attached hereto lists the Tenant's current subcontracts related to maintenance and operating services under this Lease. The Tenant may only change the hourly rates under the subcontracts with prior written approval by the CEO, not to be unreasonably withheld, conditioned or delayed. The Tenant may, with prior written approval by the CEO, not to be unreasonably withheld, enter into additional subcontracts to perform portions of the Services. The Tenant's request for entering into a new subcontract shall be submitted in writing to the Landlord at least sixty (60) days prior to execution that describes the scope of work to be contracted, the name of the proposed subcontractor and the proposed total price or hourly rates for the subcontractor's services. The Tenant shall remain solely responsible to Landlord for the quality and performance of all subcontractors' services. The Tenant may, upon advance written notice to Landlord, extend, terminate and replace the services of any subcontractor, subject in all cases to the prior written approval of the CEO, not to be unreasonably withheld, conditioned or delayed. Every subcontract or agreement of any kind entered into between the Tenant and any subcontractor shall contain, or subcontractor shall otherwise provide in a form acceptable to the City Attorney,



appropriate language whereby subcontractor, without creating any contractual obligation on the part of the Landlord to the subcontractor or anyone working under contract to subcontractor, accepts and agrees to be bound by the obligations of this Lease pertaining to indemnification, insurance, accounting records, and audit, and agrees to include in its contracts with its subcontractors a contingent assignment of its contract to the Landlord, or its designee, effective only upon written acceptance by the Landlord or its designee. The Tenant shall use reasonable commercial efforts to obtain at least three (3) bids in a subcontractor procurement process and will include this information in its approval request to the CEO for hiring a subcontractor.

10.1.4.7. Subject to Section 10.1.4 hereof, the compensation to the Tenant for the Services shall not exceed Two Million Nine Hundred Thirteen Thousand Dollars (\$2,913,000) for the term of the Lease. The Landlord shall pay the Tenant for its performance under this Section 10.1.4 in rental credits ("Common Use Equipment M&O Fee") in accordance with the process outlined in the Invoicing for Payment of Services attached hereto as Schedule 3-C and the Budget Schedule attached hereto as Schedule 3-D, which Budget Schedule will be updated for each Lease Year in accordance with Schedule 3-D. The Tenant and the Landlord shall use its best efforts to monitor the invoices as compared to the Budget Schedule and take appropriate action, as necessary.

10.1.4.8. As more particularly described in Schedule 3-C, based on the Lease Year Budget Schedule which includes the proposed cost for the Services for a 12 month period ("Lease Year Services Budgeted Cost"), the Landlord shall pay to the Tenant every month a Common Use Equipment M&O Fee that is 1/12 of the pro rata share of the Lease Year Services Budgeted Cost. At the end of Lease Year, the Tenant shall provide the total 12-month actual out of pocket costs incurred to provide the Services ("Actual Expenses") for the applicable Lease Year period. In addition, the Tenant must submit all supporting documentation/backup for both the Tenant and its subcontractors, including, but not limited to: subcontractor invoices with all supporting backup, employee time sheets, part purchase and receipt logs and invoices, and proof of payments to subcontractors. Within 60 days of the close of the Lease Year, the Landlord shall recalculate the Common Use Equipment M&O Fee on the basis of Actual Expenses incurred after reviewing supporting documentation and shall determine the amount of any overpayment (debit) or underpayment (credit) due to or from the Landlord. Any resulting credit will be issued to the Tenant, and any resulting debit will be invoiced to and payable by the Tenant.

10.1.4.9. The Tenant shall not include in the Actual Expenses Services deemed unsatisfactory by the Landlord. The CEO shall make the final determination as to when Services or any part thereof have been satisfactorily performed or completed to justify inclusion in the Actual Expenses under this Section 10.1.4. If the CEO reasonably determines that a Service has not been satisfactorily performed or completed, the CEO shall provide a written notice to the Tenant of such determination. Upon receipt of such written notice, the Tenant and

the Landlord shall work together to find a mutually agreeable solution such that the CEO will be able to determine that such Service has been satisfactorily performed or completed. If the Tenant and the Landlord are unable to find a mutually agreeable solution, the CEO shall make the final determination as to how such Service can be satisfactorily performed or completed.

10.1.4.10. If a necessary change causes an increase in the Scope of Work or the Services, the Parties shall agree upon additional compensation, if any, to be paid to the Tenant therefor, and this Lease shall be amended, in writing, prior to the performance by the Tenant of said increased Scope of Work or Service, subject to approval by the Board and City Council.

10.1.4.11. The Tenant shall not include in the Actual Expenses any amount that the Tenant does not intend to pay to a subcontractor because of a dispute or for any other reason. The Tenant shall perform a complete and thorough review of the supporting documentation for the Actual Expenses for accuracy and completeness prior to submitting to the Landlord. The submittal of the supporting documentation for the Actual Expenses constitute a representation by the Tenant to the Landlord that to the Tenant's actual knowledge, after due inquiry and investigation, the Services covered by the request have been performed and the costs were incurred in accordance with the applicable requirements of this Lease.

10.1.4.12. In the event of any good faith dispute as to whether a particular payment or a portion of a particular payment is owed or not owed by the Landlord to the Tenant under this Section 10.1.4, the Landlord shall have the right to do either of the following: (i) make all or part of such disputed payment to the Tenant without prejudice to Landlord's right to contest the amount so paid; or (ii) withhold all or a portion of such disputed payment. In either case, Landlord shall so notify the Tenant in writing of the reasons therefor. From and after the Tenant's receipt of such notice, the Landlord and the Tenant shall use their good faith efforts to resolve their dispute as quickly as practicable under the circumstances. If the Landlord has given such notice, the Tenant shall not be entitled to terminate this Lease or suspend its Services hereunder on account of such non-payment, provided Landlord remits to the Tenant all undisputed sums. If Landlord chooses to withhold payments under Clause (ii) above and if it is subsequently determined that Landlord owes an additional payment to the Tenant, the Landlord shall pay such amount to the Tenant. If Landlord chooses to proceed under Clause (i) above and it is subsequently determined that Landlord overpaid the Tenant, the Tenant shall refund to Landlord the amount of such overpayment.

10.1.4.13. The Tenant agrees to offer the Landlord any discount terms that are offered to the Tenant's best customers for the Services to be provided herein, and apply such discount to payments made under this Section 10.1.4 which meet the discount terms."

5. The following new definition shall be added to Section 25 of the Alaska Lease as follows:

"Fourth Amendment Effective Date" means the date the Fourth Amendment to the Lease is effective.

6. Miscellaneous.

6.1. It is understood and agreed by and between the parties that, except as specifically provided herein, this Fourth Amendment shall not, in any manner, alter, change, modify or affect any of the rights, privileges, duties or obligations of either of the parties under the Alaska Lease and except as expressly amended herein, all of the terms, covenants and conditions of the Alaska Lease shall remain in full force and effect.

6.2. This Fourth Amendment shall be binding upon the parties hereto and their respective heirs, personal representatives, successors and assigns.

6.3. This Fourth Amendment and any other document necessary for the consummation of the transaction contemplated by this Fourth Amendment may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one document, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Fourth Amendment and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this document had been delivered that had been signed using a handwritten signature. All parties to this Fourth Amendment (i) agree that an electronic signature, whether digital or encrypted, of a party to this Fourth Amendment to authenticate this writing and to have the same force and effect as a manual signature; (ii) intend to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this Fourth Amendment based on the foregoing forms of signature. If this Fourth Amendment has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and the California Uniform Electronic Transactions Act ("UETA") (California Civil Code §1633.1 et seq.), that a signature by facsimile, e-

mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

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[signature page follows]

IN WITNESS WHEREOF, the parties hereto have executed this Fourth Amendment by their duly authorized officers the day and year first hereinabove written.

**CITY OF LOS ANGELES,**  
A MUNICIPAL CORPORATION

**ALASKA AIRLINES, INC.**

Date: \_\_\_\_\_

Date: 5/26/23

By: \_\_\_\_\_

Chief Executive Officer  
Department of Airports

By: [Signature]  
Name: Shane Jones  
Title: VP - Real Estate

**APPROVED AS TO FORM:**

Hydee Feldstein Soto, City Attorney

**ATTEST:**

Date: \_\_\_\_\_

Date: 5/26/23

By: \_\_\_\_\_

Deputy/Assistant City Attorney

By: [Signature]  
Name: JOOST VLEK  
Title: AIRPORT AFFAIRS DIRECTOR

*[Signature Page to Fourth Amendment to Terminal Facilities Lease and License Agreement]*



## SCOPE OF WORK

### Schedule 3-A

#### OVERVIEW:

This exhibit begins with a summary of the services that Alaska Airlines, Inc ("Alaska") shall provide through its employees or through approved Service Providers on behalf of Los Angeles World Airports ("LAWA") pursuant to the Agreement between the City of Los Angeles and Alaska for Providing Equipment Maintenance Services at Los Angeles International Airport ("Agreement").

The section entitled "Subcontractor Services Provided" in this exhibit is intended to be a summary of the scope contained in the Alaska contracts listed in the table below. All work performed must adhere to the standards of those contracts and the terms of this Agreement. Alaska shall be and remain solely responsible to LAWA for the quality and performance of all subcontractors' services.

#### ALASKA MANAGEMENT OBLIGATIONS:

Alaska will provide the services to LAWA as defined in this Scope of Work. Alaska will provide these services by means of procurement of subcontracted service providers who will be subsequently managed by Alaska. These service providers and their scopes are listed and defined below. Alaska shall procure these service providers in accordance with LAWA's guidelines, and in compliance with all applicable local and federal regulations, via a competitive bid process in which all elements of scope, staffing, pricing, compliance, performance, and management will be evaluated. Alaska will assume responsibility for oversight and management of all such subcontracted service providers and will govern all elements of contract execution including the operational and financial performance of each party.

They subcontracted service providers will report to Alaska's General Manager.

#### SUBCONTRACTOR SERVICES PROVIDERS:

##### A-1 BROCK SOLUTIONS

Terminals	Alaska Contract #	Effective date	End date
Terminal 6	QTL10800	June 8, 2022	June 8, 2027
<b>Scope Summary –</b> <ul style="list-style-type: none"><li>- All upper-level systems and lower-level systems</li></ul> <b>Overview of Support Services</b> <p>Brock Solutions' Support service offerings include elements in each of the following key areas, many of which are part of the Information Technology Infrastructure Library (ITIL) service management framework:</p> <ul style="list-style-type: none"><li>- Incident management</li><li>- Cybersecurity and IT management</li><li>- Monitoring and live analytics</li><li>- Reporting</li><li>- Change management</li><li>- Life cycle management</li><li>- Onsite support services</li></ul> <b>Service included</b> <ul style="list-style-type: none"><li>- 24/7 Help Desk – access</li><li>- Support portal and telephone access</li><li>- Guaranteed response times</li><li>- Remote troubleshooting</li><li>- Root cause analysis and hot fixes</li><li>- Incident reporting</li><li>- Patching services</li></ul>			

- AV updates
- Proactive operational health checks (annually)
- Annual disaster recovery validation
- Follow customer and/or Brock change management procedures

**A-2 DAIFUKI (ELITE LINE SERVICES)**

Terminals	Alaska Contract #	Effective date	End date
Terminal 6	DAIFUKU (Elite Line Services) / Amendment 12-0001-03	4/1/2019	4/1/2024
<b>Scope O&amp;M on checked baggage inspection system (CBIS), baggage handling systems (BHS), and related systems</b> <ul style="list-style-type: none"> <li>- Operations and maintenance for T6 baggage handling systems, sort piers, bag claim, carousels, oversize belts</li> <li>- Supply, maintain and operate upper-level controls system and associated servers, computers, components and technical support services for baggage handling systems</li> <li>- Configure and maintain a computerized maintenance system (CMMS) for parts and labor</li> <li>- Procure and maintain a parts inventory for all contracted equipment</li> </ul>			

**A-3 AVAIRPROS SERVICES – GENERAL MANAGER (LAX6)**

Terminals	Alaska Contract #	Effective date	End date
Terminal 6	03052020	10/20/2022	10/20/2027
<b>Scope Summary –</b> <ul style="list-style-type: none"> <li>- Management of all maintenance contracts</li> </ul>			

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**SCOPE OF SERVICES  
SUMMARY**

## Approved Service Providers

[illegible]

## **SCHEDULE 3-C**

### **Invoicing for Payment for Services**

#### **Overview**

[AIRLINE] must submit to the City a request for payment on a monthly basis for Services rendered and expenses incurred and paid by [AIRLINE] in the performance of the obligations of this Agreement during that month. City will pay [AIRLINE] monthly (i) the amounts [AIRLINE] paid approved Subcontractors for the work invoiced by approved Subcontractors and (ii) overhead(a) expenses in the amount of [\$\_\_\_\_] per month during the first 12 months of the Agreement.

Overhead for each subsequent 12 month period will be established using an annual budget and prior year reconciliation process, where [AIRLINE] will submit to the City a draft budget 45 days ahead of the end of the contract year that will be reviewed by the City, further modified by [AIRLINE] to address any comments, and approved by the City. In addition, the prior 12 month overhead amount will be reconciled to the budget by the City based on [AIRLINE'S] actual expenses and variances will be corrected by adjusting the following year overhead expense amount. Notwithstanding the above, [AIRLINE'S] overhead may not exceed ten percent (10%) of [AIRLINE] actual direct expenses billed to the City unless approved by the City.

#### **Note:**

(a) [AIRLINE] overhead means the reasonable general and administrative overhead costs of [AIRLINE] in connection with this agreement, including the following: (i) labor costs of [AIRLINE] employees (including salaries, wages, bonuses, medical, fringe benefits, severance and sick day payments and social security and payroll taxes) except for labor of [AIRLINE] employees providing direct services to LAWA pursuant to the Scope of Work (Attachment A-I); (ii) [AIRLINE'S] cost of general corporate administration, if any, including the cost of administrative office equipment, office utilities, permits, licenses, professional accounting and auditing services, professional legal services incurred in the ordinary course of business (which does not include any litigation costs against City or other extraordinary legal costs), state and federal income, business and franchise taxes; and (iii) insurance premiums payments in connection with this agreement.

**SCHEDULE [3-C.1]**  
**[AIRLINE] Service Invoice Summary**  
For [Month, Year]

**Bill To:**

Los Angeles World Airports  
1 World Way , 2nd Floor  
Los Angeles, CA 90045  
Attn: [NAME]

**Remit To:**

[AIRLINE]  
FILE [TBD]  
Los Angeles, CA 90074-6416  
Attn: [NAME]

Invoice No.: [#]

Invoice Date: [MONTH/DAY/YEAR]

Category	Support Page(s)	[Calc]	Amount
<b>Service Vendor A</b>			
<b>Outbound Baggage System</b>			
Fixed Costs	Wk. 1		\$ 50,000.00
Time and Materials	Wk. 2		150,000.00
Parts	Wk. 3		11,500.00
Other Reimbursements <sup>(a)</sup>	Wk. 4		5,000.00
<b>Total Outbound Baggage System</b>		<b>[A]</b>	<b>\$ 216,500.00</b>
<b>Baggage Claim</b>			
Fixed Costs			\$ 50,000.00
Time and Materials			30,000.00
Parts			-
Other Reimbursements <sup>(a)</sup>			-
<b>Baggage Claim System</b>		<b>[B]</b>	<b>\$ 80,000.00</b>
<b>Passenger Boarding Bridges</b>			
Fixed Costs			\$ 50,000.00
Time and Materials			-
Parts			20,000.00
Other Reimbursements <sup>(a)</sup>			-
<b>Total Passenger Boarding Bridges</b>		<b>[C]</b>	<b>\$ 70,000.00</b>
<b>Total Service Vendor A</b>		<b>[D=A+B+C]</b>	<b>\$ 366,500.00</b>
<b>Service Vendor B</b>			
<b>Outbound Baggage System</b>			
Fixed Costs			\$ 50,000.00
Time and Materials			-
Parts			10,000.00
Other Reimbursements <sup>(a)</sup>			-
<b>Total Outbound Baggage System</b>		<b>[E]</b>	<b>\$ 60,000.00</b>



**SCHEDULE [3-C.1]**  
**[AIRLINE] Service Invoice Summary**  
For [Month, Year]

**Bill To:**

Los Angeles World Airports  
1 World Way , 2nd Floor  
Los Angeles, CA 90045  
Attn: [NAME]

**Remit To:**

[AIRLINE]  
FILE [TBD]  
Los Angeles, CA 90074-6416  
Attn: [NAME]

Invoice No.: [#]

Invoice Date: [MONTH/DAY/YEAR]

Category	Support Page(s)	[Calc]	Amount
<b>Passenger Boarding Bridges</b>			
Fixed Costs			\$ 50,000.00
Time and Materials			-
Parts			20,000.00
Other Reimbursements <sup>(a)</sup>			-
<b>Total Passenger Boarding Bridges</b>		<b>[F]</b>	<b>\$ 70,000.00</b>
<b>Total Service Vendor B</b>		<b>[G=E+F]</b>	<b>\$ 130,000.00</b>
<b>Total Monthly Invoice</b>		<b>[H=D+G]</b>	<b>\$ 496,500.00</b>
Prior Cumulative Total		<b>[I]</b>	<b>\$ 500,000.00</b>
<b>New Cumulative Total</b>		<b>[J=H+I]</b>	<b>\$ 996,500.00</b>

I certify under penalty of perjury under the laws of the State of California that to the best of my knowledge and belief, the above bill/invoice is just, true and correct according to the terms of this contract, and that payment therefore has not been received.

**[Name - Signature - Date]**

**Note:**

(a) Other Reimbursements represents any other expensive or service that is eligible and approved pursuant to this agreement.

**Worksheet 1**  
**Fixed Invoice Summary**  
For [Month, Year]

**Bill To:**

[AIRLINE]

FILE [TBD]

Los Angeles, CA 90074-6416

Attn: [NAME]

**Remit To:**

Vendor A

[ADDRESS]

[CITY/STATE/ZIP]

Attn: [NAME]

Invoice No.: [#]

Invoice Date: [MONTH/DAY/YEAR]

Description Item	Month	Agreement #	Notes	Total
Monthly Fee per Agreement	[Month]	[1234]		\$ 50,000.00
				-
				-
				-
<b>Total Costs</b>				<b>\$ 50,000.00</b>

I certify under penalty of perjury under the laws of the State of California that to the best of my knowledge and belief, the above bill/invoice is just, true and correct according to the terms of this contract, and that payment therefore has not been received.

[Name - Signature - Date]

**Worksheet 2**  
**Time and Materials Invoice Summary**  
For [Month, Year]

**Bill To:**

[AIRLINE]

FILE [TBD]

Los Angeles, CA 90074-6416

Attn: [NAME]

**Remit To:**

Vendor A

[ADDRESS]

[CITY/STATE/ZIP]

Attn: [NAME]

Invoice No.: [#]

Invoice Date: [MONTH/DAY/YEAR]

Worker	Position	Grade #	Hourly Wage	Hours Per Timesheet	Total
A	Supervisor	824	\$ 110.00	160.00	\$ 17,600.00
B	Supervisor	824	110.00	160.00	17,600.00
C	Mechanic	610	45.00	120.00	5,400.00
D	Mechanic	611	47.00	140.00	6,580.00
E	Mechanic	611	47.00	120.00	5,640.00
F	Mechanic	611	47.00	120.00	5,640.00
G	Mechanic	611	47.00	130.00	6,110.00
H	Mechanic	611	47.00	140.00	6,580.00
I	Mechanic	611	47.00	160.00	7,520.00
J	Mechanic	611	47.00	140.00	6,580.00
K	Mechanic	611	47.00	160.00	7,520.00
L	Mechanic	611	47.00	140.00	6,580.00
M	Mechanic	611	47.00	160.00	7,520.00
N	Specialist	710	61.00	160.00	9,760.00
O	Specialist	711	62.00	150.00	9,300.00
P	Specialist	712	63.00	150.00	9,450.00
Q	Specialist	709	60.00	161.00	9,660.00
R	Specialist	711	62.00	80.00	4,960.00
<b>Total Costs</b>					<b>\$ 150,000.00</b>

I certify under penalty of perjury under the laws of the State of California that to the best of my knowledge and belief, the above bill/invoice is just, true and correct according to the terms of this contract, and that payment therefore has not been received.

[Name - Signature - Date]

**Worksheet 2a**  
**Time Sheet Example**  
For [Month, Year]

**Worker**

Name: A  
Position Supervisor  
Pay Grade # 824  
Hourly Wage \$ 110.00 [Per Approved Hourly Rates]

Day	Notes	Hourly Wage	Hours	Total
1		\$ 110.00	8.00	\$ 880.00
2		110.00	8.00	880.00
3		110.00	8.00	880.00
4		110.00	8.00	880.00
5		110.00	8.00	880.00
6		110.00		-
7		110.00		-
8		110.00	8.00	880.00
9		110.00	8.00	880.00
10		110.00	8.00	880.00
11		110.00	8.00	880.00
12		110.00	8.00	880.00
13		110.00		-
14		110.00		-
15		110.00	8.00	880.00
16		110.00	8.00	880.00
17		110.00	8.00	880.00
18		110.00	8.00	880.00
19		110.00	8.00	880.00
20		110.00		-
21		110.00		-
22		110.00	8.00	880.00
23		110.00	8.00	880.00
24		110.00	8.00	880.00
25		110.00	8.00	880.00
26		110.00	8.00	880.00
27		110.00		-
28		110.00		-
<b>Totals</b>			<b>160.00</b>	<b>\$ 17,600.00</b>

**Worksheet 3**  
**Parts Invoice Summary**  
For [Month, Year]

**Bill To:**

[AIRLINE]

FILE [TBD]

Los Angeles, CA 90074-6416

Attn: [NAME]

**Remit To:**

Vendor A

[ADDRESS]

[CITY/STATE/ZIP]

Attn: [NAME]

Invoice No.: [#]

Invoice Date: [MONTH/DAY/YEAR]

Description Item	Vendor	Quantity	Note	Cost Per Item	Total
ICS Bins	ABC	50	Replacement	\$ 100.00	\$ 5,000.00
Conveyor Belt	XYZ	1	Replacement #	5,000.00	5,000.00
				-	-
				-	-
				-	-
<b>Total Costs</b>					<b>\$ 10,000.00</b>
<b>Parts Mark-Up</b>				<b>15%</b>	<b>1,500.00</b>

**Total Costs with Mark-Up** **\$ 11,500.00**

I certify under penalty of perjury under the laws of the State of California that to the best of my knowledge and belief, the above bill/invoice is just, true and correct according to the terms of this contract, and that payment therefore has not been received.

[Name - Signature - Date]



**Worksheet 3a**  
**Parts Invoice/Receipt Summary**  
For [Month, Year]

**Bill To:**

Vendor A  
[ADDRESS]  
[CITY/STATE/ZIP]  
Attn: [NAME]

**Remit To:**

ABC  
[ADDRESS]  
[CITY/STATE/ZIP]  
Attn: [NAME]

Invoice No.: [#]  
Invoice Date: [MONTH/DAY/YEAR]

Description Item	Quantity	Back Order	Shipped	Cost Per Item		Total	
ICS Bins	50	0	50	\$	100.00	\$	5,000.00
					-		-
					-		-
					-		-
					-		-
Total Costs						\$	5,000.00

RECEIVED DATE [MONTH/DATE/YEAR] [EMPLOYEE]

**Worksheet 4**  
**Other Service Invoice Summary**  
For [Month, Year]

**Bill To:**

[AIRLINE]

FILE [TBD]

Los Angeles, CA 90074-6416

Attn: [NAME]

**Remit To:**

Vendor A

[ADDRESS]

[CITY/STATE/ZIP]

Attn: [NAME]

Invoice No.: [#]

Invoice Date: [MONTH/DAY/YEAR]

Description Item	Quantity	Note	Cost Per Item	Total
Special Equipment Rental	1	4 Days	\$ 1,000.00	\$ 4,000.00
Sublet Repair	1	5 hours	200.00	1,000.00
			-	-
			-	-
			-	-
<b>Total Costs</b>				<b>\$ 5,000.00</b>

I certify under penalty of perjury under the laws of the State of California that to the best of my knowledge and belief, the above bill/invoice is just, true and correct according to the terms of this contract, and that payment therefore has not been received.

[Name - Signature - Date]

**SCHEDULE 3-D**  
**Budget Schedule**

Table 1  
**ILLUSTRATIVE ALASKA AIRLINES NOT TO EXCEED CREDIT CALCULATION FOR TERMINAL 6**  
 Los Angeles International Airport

	<b>Projected FY 2023</b>
<b>TERMINAL FACILITIES LEASE AMENDMENT</b>	
<b>Baggage system costs</b>	
Common use outbound baggage system costs (a)	\$245,000
Common use inbound baggage system costs (b)	48,000
<b>Total</b>	<b>\$293,000</b>
Overhead expense estimate (c)	29,000
<b>Costs allocated to CU airlines including overhead expense estimate</b>	<b>\$322,000</b>

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(a) See Table 2.

(b) See Table 3.

(c) Overhead expenses will be reconciled by the City based on Alaska Airlines' actual expenses and variances to budget will be corrected by adjusting the following year overhead expense amount. Notwithstanding the above, Alaska Airlines' overhead may not exceed 10% of Alaska Airlines' actual direct expenses billed to the City.

Table 2  
ILLUSTRATIVE OUTBOUND BAGGAGE ALLOCATIONS IN TERMINAL 6 - ALASKA AIRLINES  
Los Angeles International Airport

	Ref.	Projected FY 2023
<b>Outbound baggage system space costs</b>		
Terminal Buildings Rate	[A]	\$226.33
Outbound baggage space (a)	[B]	29,152
<b>Total</b>	[C=A*B]	<b>\$6,598,000</b>
<b>Outbound baggage system O&amp;M costs (b)</b>		
	[D]	1,531,000
<b>Total outbound baggage system costs</b>	[E=C+D]	<b>\$8,129,000</b>
<b>% of outbound baggage system costs allocated on a:</b>		
Fixed basis (c)	[F]	10.0%
Variable basis (c)	[G]	90.0%
<b>Total</b>		<b>100.0%</b>
<b>Outbound baggage system costs allocated on a:</b>		
Fixed basis	[H=E*F]	\$812,900
Variable basis	[I=E*G]	7,316,100
<b>Total</b>		<b>\$8,129,000</b>
<b>Gates in Terminal 6</b>		
Common use gates	[J]	1
Leasing airline gates	[K]	12
<b>Total</b>	[L=J+K]	<b>13</b>
<i>CU gates as % of total Terminal 6 gates</i>	[M=J/L]	7.7%
<i>Leasing airlines gates as % of total Terminal 6 gates</i>	[N=K/L]	92.3%
<b>Outbound bags (d)</b>		
CU airlines	[O]	44,000
Leasing airlines	[P]	1,727,000
<b>Total</b>	[Q=O+P]	<b>1,771,000</b>
<i>CU Airlines % of Terminal 6 outbound bags</i>	[R=O/Q]	2.5%
<i>Other airlines % of Terminal 6 outbound bags</i>	[S=P/Q]	97.5%
<b>Outbound baggage system costs allocated to CU airlines and credited to Alaska</b>		
Fixed basis	[T=H*M]	\$63,000
Variable basis	[U=I*R]	182,000
<b>Total</b>	[V=T+U]	<b>\$245,000</b>

(a) See Table 4.

(b) Annual amount provided by Alaska Airlines for CY 2019 escalated based on Bureau of Labor Statistics consumer price index for all urban consumers (CPI-U) from December 2019 through June 2022, accessed November 2, 2022. See Table 5.

(c) Assumes 10% of outbound baggage system costs are fixed and 90% of outbound baggage system costs are variable.

(d) See Table 7.



Table 3  
ILLUSTRATIVE INBOUND BAGGAGE ALLOCATIONS IN TERMINAL 6 - ALASKA AIRLINES  
Los Angeles International Airport

	Ref.	Projected FY 2023
<b>Inbound baggage system space costs</b>		
Terminal Buildings Rate	[A]	\$226.33
Inbound baggage space (a)	[B]	11,018
<b>Total</b>	[C=A*B]	<b>\$2,494,000</b>
<b>Inbound baggage system O&amp;M costs (b)</b>		
	[D]	108,000
<b>Total inbound baggage system costs</b>	[E=C+D]	<b>\$2,602,000</b>
<b>% of inbound baggage system costs allocated on a:</b>		
Fixed basis (c)	[F]	10.0%
Variable basis (c)	[G]	90.0%
<b>Total</b>		<b>100.0%</b>
<b>Inbound baggage system costs allocated on a:</b>		
Fixed basis	[H=E*F]	\$260,200
Variable basis	[I=E*G]	2,341,800
<b>Total</b>		<b>\$2,602,000</b>
<b>Gates in Terminal 6</b>		
Common use gates	[J]	1
Leasing airline gates	[K]	12
<b>Total</b>	[L=J+K]	<b>13</b>
<i>CU gates as % of total Terminal 6 gates</i>	[M=J/L]	7.7%
<i>Leasing airlines gates as % of total Terminal 6 gates</i>	[N=K/L]	92.3%
<b>Domestic deplaned passengers (d)</b>		
CU airlines	[O]	42,000
Leasing airlines	[P]	3,502,000
<b>Total</b>	[Q=O+P]	<b>3,544,000</b>
<i>CU Airlines % of Terminal 6 domestic deplaned passengers</i>	[R=O/Q]	1.2%
<i>Other airlines % of Terminal 6 domestic deplaned passengers</i>	[S=P/Q]	98.8%
<b>Inbound baggage system costs allocated to CU airlines and credited to Alaska</b>		
Fixed basis	[T=H*M]	\$20,000
Variable basis	[U=I*R]	28,000
<b>Total</b>	[V=T+U]	<b>\$48,000</b>

(a) See Table 4.

(b) Annual amount provided by Alaska Airlines for CY 2019 escalated based on Bureau of Labor Statistics consumer price index for all urban consumers (CPI-U) from December 2019 through June 2022, accessed November 2, 2022. See Table 6.

(c) Assumes 10% of outbound baggage system costs are fixed and 90% of outbound baggage system costs are variable.

(d) For illustrative purposes, domestic deplaned passengers assumed to be equal to enplaned passengers. See Table 8.

Table 4  
**ILLUSTRATIVE TERMINAL 6 BAGGAGE SPACE**  
 Los Angeles International Airport

	<b>Projected FY 2023</b>
<b>ALASKA AIRLINES</b>	
<b>Inbound baggage space (a)</b>	
Sheet A02-10-6B1 - part 1	5,029
Sheet A02-10-6B1 - part 2	805
Sheet A02-10-6A - carousel 2 area	5,184
<b>Total</b>	<b>11,018</b>
<b>Outbound baggage space</b>	
Sheet 6 space 30	200
Sheet 6 space 49	2,387
Sheet 6 space 63	929
Sheet 7 space 2	9,571
Sheet 7 space 17	4,489
Sheet 7 space 6	650
Sheet 7 space 9	10,926
<b>Total</b>	<b>29,152</b>
<b>Alaska Airlines total</b>	<b>40,170</b>
<b>AIR CANADA</b>	
<b>Inbound baggage space (a)</b>	
Sheet A02-10-6A - carousel 1 area	5,715
<b>Air Canada total</b>	<b>5,715</b>
<b>Baggage space total</b>	<b>45,885</b>

Source: LAWA Terminal 6 leased space drawing 20130006, dated 9/12/2013.

(a) Updated based on construction drawings dated 6/17/2019.

Table 5  
**ILLUSTRATIVE TERMINAL 6 OUTBOUND BAGGAGE HANDLING SYSTEM O&M EXPENSES**  
Los Angeles International Airport

	<u>Actual CY 2019 (a)</u>	<u>CPI-U escalation (b)</u>	<u>Projected FY 2023</u>
Outbound baggage handling system (BHS)	\$1,328,029	15.3%	\$1,531,000

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(a) Provided by Alaska Airlines, 11/26/2022.

(b) Escalated based on Bureau of Labor Statistics consumer price index for all urban consumers (CPI-U) from December 2019 through June 2022, accessed November 2, 2022.

Table 6  
**ILLUSTRATIVE TERMINAL 6 INBOUND BAGGAGE HANDLING SYSTEM O&M EXPENSES**  
Los Angeles International Airport

	Ref.	Actual CY 2019	CPI-U escalation (a)	Projected FY 2023
Inbound baggage handling system (BHS) O&M expenses (b)	[A]	\$141,813	15.3%	\$164,000
<b>T6 inbound baggage space (c)</b>				
Alaska Airlines	[B]	11,018		11,018
Air Canada	[C]	5,715		5,715
<b>Total</b>	<b>[D=B+C]</b>	<b>16,733</b>		<b>16,733</b>
<b>% of T6 inbound baggage space by airline</b>				
Alaska Airlines	[E=B/D]	65.8%		65.8%
Air Canada	[F=C/D]	34.2%		34.2%
<b>Portion of inbound BHS O&amp;M expenses allocable by airline</b>				
Alaska Airlines	[G=A*E]	\$93,378		\$108,000
Air Canada	[H=A*F]	48,435		56,000
<b>Total</b>	<b>[=G+H]</b>	<b>\$141,813</b>		<b>\$164,000</b>

(a) Escalated based on Bureau of Labor Statistics consumer price index for all urban consumers (CPI-U) from December 2019 through June 2022, accessed November 2, 2022.

(b) CY 2019 O&M expenses provided by Alaska Airlines, 11/26/2022.

(c) See Table 4.

Table 7  
**ILLUSTRATIVE TERMINAL 6 OUTBOUND BAGGAGE SYSTEM BAG COUNTS**  
 Los Angeles International Airport  
 Fiscal Years

	<u>Actual</u>	<u>Projected</u>
	<u>FY 2019</u>	<u>FY 2023</u>
Enplaned passengers	44,207,464	39,235,000
<i>% of FY 2019</i>		<i>88.8%</i>
<b>Leasing airlines bags (a)</b>		
Air Canada	438,481	389,000
Alaska Airlines	1,507,421	1,338,000
<b>Total</b>	<b>1,945,902</b>	<b>1,727,000</b>
<i>% of total</i>	<i>95.1%</i>	<i>97.5%</i>
Common use airlines bags (b)	99,517	44,000
<i>% of total</i>	<i>4.9%</i>	<i>2.5%</i>
<b>Total bags</b>	<b>2,045,419</b>	<b>1,771,000</b>

Source: FY 2019 outbound bag counts provided by Alaska Airlines.

- (a) Assumes the number of leasing airline bags in FY 2023 relative to FY 2019 will equal the projected number of enplaned passengers in FY 2023 relative to FY 2019.
- (b) Assumes Terminal 6 CU airlines bags in FY 2023 equal to half the percentage of CU airlines bags to total Terminal 6 bags in FY 2019.

Table 8  
**ILLUSTRATIVE TERMINAL 6 ENPLANED PASSENGERS**  
Los Angeles International Airport

	Actual	Projected
	FY 2019	FY 2023
<b>Terminal 6 enplaned passengers</b>		
Common use airlines (a)	99,907	42,000
<i>% of total (a)</i>	2.4%	1.2%
Leasing airlines	4,116,414	3,502,000
<i>% of total</i>	97.6%	98.8%
<b>Total terminal 6 enplaned passengers (b)</b>	<b>4,216,321</b>	<b>3,544,000</b>

- 
- (a) Assumes CU airlines will use T6 in FY 2023 equal to half the percentage of CU airlines enplaned passengers to total Terminal 6 enplaned passengers in FY 2019.
- (b) Terminal 6 enplaned passengers projected based on the same growth in enplaned passengers as total LAX enplaned passengers for FY 2023.

# AS/LAWA Terminal 6 Lease

## Exhibit A

Sheet	Space	Area Description	Square Footage
2	21	Baggage Service Office	553
2	43	Oversized Bag Claim	380
4	4, 5, 6 & 32	Virgin Village	4,198
4	10	Hollywood Room	463
4	Part of 15	Storage Room	225
4	16	Storage Room	858
4	19	Locker Room	536
4	20	Menzies	635
4	21	Ramp Offices	8,540
4	22	IT Room	180
4	29	Quiet Room	306
4	30	Ramp Space	305
4	51	Ramp Operations Office	1,663
4	54 & 55	Tech Operations	2,073
4	56	Ramp Office	395
4	69, 70, 71, & 37	Above Wing Suite	1,298
5	4	ATO	159
5	7	ATO	1,044
5	Part of 25	Ticket Counters	832
5	Part of 39	ATO	312
6	1	West Ticketing - Ticket Counter	1,023
6	2	West Ticketing - Ticket Counter	1,023
6	22	ATO	591
6	30	Baggage Conveyor	200
6	49	Bag Conveyor	2,387
7	2	Outbound Bag Makeup	9,571
7	6	Bag Control Room	650
7	Part of 9	Airline Bag Matrix	10,926
7	Part of 9	Storage	167
7	16	Storage and Lockers	888
7	17	Outbound Bag Makeup	4,489
8	10	Ramp Storage	132
8	17	Ramp Storage	627
8	22	Ramp Office	2,598
8	24	Ramp Storage	137
8	31	Ramp Office	842
11	14	Gates 61 & 63 Holdroom	4,641
11	17	Gates 60 & 62 Holdroom	5,023
12	10	Unaccompanied Minors Room	544
12	15	Gate 65A Holdroom	2,417
12	27	Gate 64A Holdroom	2,088
12	46	Gate 64B Holdroom	717
12	52	Gate 65B Holdroom	1,921
13	8	Gate 66 Holdroom	4,239
13	16	Gates 67 & 69A	8,478
14	3	Radio Room	112
14	4	Board Room Lounge	104
14	9	Antenna System	102
14	22	Board Room Lounge	4,666
2	47	Baggage Service Office	265 (a)
2	50	Baggage Claim - Custodial	8025 (a)
A02-10-6A	Construction drawing	BSO Office	705 (b)
A02-10-6A	Construction drawing	Baggage claim area	5184 (b)
A02-10-6B1	Construction drawing	Baggage claim area	5029 (b)
A02-10-6B1	Construction drawing	Baggage claim area	805 (b)

(a) Space billed through 12/31/2023.

(b) Space billed beginning 1/1/2024.