

**Report to the
BOARD OF AIRPORT COMMISSIONERS**

Approver:



Dave Jones, Deputy Executive Director
Commercial Development

Reviewer:

Hector Huezo for

Hector Huezo for (Oct 24, 2024 14:30 PDT)

Brian C. Ostler, City Attorney

John Ackerman

John Ackerman, Chief Executive Officer

Meeting Date

11/7/2024

Needs Council Approval: Y

Reviewed for/by	Date	Approval Status	By
Finance	9/27/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	9/27/2024	<input checked="" type="checkbox"/> Y	VW
Procurement	10/8/2024	<input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond	BG
Guest Experience	10/2/2024	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	10/7/2024	<input checked="" type="checkbox"/> Y	TZ

SUBJECT

Request to adopt the following report; approve and execute three Operating Agreements with Current Energy, LLC for the potential development and operation of rooftop and parking canopy solar at 7800 Woodley Avenue, 7610 Woodley Avenue, and 16461 Sherman Way at Van Nuys Airport, that may generate approximately \$7,000,000 in revenue over the 20-year term of the agreements; and approve the assignment of each of the three Operating Agreements from Current Energy, LLC to a single-purpose entity affiliate of Current Energy, LLC.

DISCUSSION

1. Purpose

This action will provide the ability for the Los Angeles World Airports (LAWA) to execute operating agreements for up to three potential sites to install rooftop and parking canopy solar facilities at Van Nuys Airport (VNY). Further, the assignment of each of the three Operating Agreements to a different Current Energy, LLC affiliate would allow each assignee to secure the funding for the proposed solar development at each potential solar site.

2. Prior Related Actions/History of Board Actions

None.

3. Background

To support LAWA's Sustainability Action Plan and increase revenue at VNY, LAWA staff evaluated sites suitable for solar installations.

4. Current Action/Rationale

The proposed agreements would provide Current Energy with the right to develop and operate solar facilities with varying kilowatt capacities for up to 20 years. Pursuant to the proposed agreements, Current Energy must secure all environmental approvals required under the California Environmental Quality Act and National Environmental Policy Act, regulatory permitting, a commitment from the Los Angeles Department of Water and Power (LADWP) to purchase the solar energy, then install the solar facility and commence commercial operations within 24 months from the delivery date of each potential site.

If Current Energy is unable to secure all required entitlements and commitments from LADWP required to achieve commercial operations within 24 months from the site delivery dates, then the proposed agreements would terminate, or may be extended, at LAWA's discretion.

In addition, each of the three Operating Agreements would be assigned from Current Energy to an affiliate, as listed below.

- 7800 Woodley Avenue = Current Energy --> 7800 Woodley FIT, LLC
- 16461 Sherman Way = Current Energy --> Aviation Plaza FIT, LLC
- 7610 Woodley Avenue = Current Energy --> Flyaway FIT, LLC

This action also requests the Board to find that the RFP process used in this competitive award process satisfies the requirements of Administrative Code Section 10.17 and is compatible with the City's interests; and further find that Current Energy, LLC is responsive and responsible, that entering into these three Operating Agreements is in the City's best interest, and that any informality in the proposal should be waived.

5. Selection Process

In May 2022, LAWA released an RFP for access to potential solar sites at Van Nuys Airport. Nine proposals were received, and Current Energy was identified as the successful bidder.

Current Energy has committed to exceeding the required seven percent SBE requirement and would be utilizing two subcontractors: 1) Morgner Technology Management, dba Morgner Construction Management, a highly certified enterprise (WBE, SBE, DBE, MBE, LGBTQ, LSBE, LBE) in Los Angeles, and 2) Argubright Construction Inc. (ACI), a General Contractor and Airport Concession Disadvantaged Business Enterprise with over 40 years in aviation construction.

6. Fiscal Impact

Once commercial operations commence, Current Energy will pay LAWA an annual rent based on the greater of proposed fees (real property site location fee) or operating payment calculations (from the sale of energy to LADWP) for each operational site. Below is the estimated annual revenue for each potential site:

- 7800 Woodley Avenue: Fees – \$81,373 or Estimated Operating Payment – \$206,866
- 16461 Sherman Way: Fees – \$5,182 or Estimated Operating Payment – \$9,188
- 7610 Woodley Avenue: Fees – \$121,377 or Estimated Operating Payment – \$131,622

Approval of the proposed Operating Agreements would provide LAWA with up to an estimated \$7 million in revenue over the 20-year term of the Agreements.

7. Alternatives Considered

- ***Take No Action***

Taking no action is not recommended, as it will delay achieving some of the specified goals outlined in LAWA's Sustainability Action Plan regarding the production of renewable energy and a potential reduction in LAWA's carbon footprint. It will also delay the opportunity cost associated with not establishing the expected revenue to LAWA from the sale of electricity generated from the proposed solar facilities to the local electrical grid.

APPROPRIATIONS

No appropriation of funds is required for this action.

STANDARD PROVISIONS

The Board is hereby requested to adopt the staff's determination that this item, involving 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 CEQA requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines. In addition, the installation of a solar energy system on the roof of an existing building or in an existing parking lot is exempt from the requirements of the CEQA pursuant to Section 21080.35 of the Public Resources Code.

The proposed document(s) is/are subject to approval as to form by the City Attorney.

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.