

**TO THE COUNCIL OF THE  
CITY OF LOS ANGELES**

Your **TRADE, COMMERCE, AND TOURISM COMMITTEE**

**reports as follows:**

ADMINISTRATIVE EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to proposed Lease with Federal Express Corporation (FedEx) for land and aircraft maintenance buildings at 7401 World Way West at Los Angeles International Airport (LAX).

Recommendations for Council action:

1. FIND that this action, as described in the March 10, 2011 Board of Airport Commissioners (Board) report and attached to the Council file, is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III Class 1(18)(c) of the Los Angeles City CEQA Guidelines.
2. APPROVE the Lease with FedEx for land and aircraft maintenance buildings at 7401 World Way West at LAX.
3. CONCUR with the Board's action of March 7, 2011 by Resolution No. 24402 authorizing the Executive Director to execute the Lease with FedEx.

Fiscal Impact Statement: The Board reports that there is no fiscal impact to the City's General Fund as a result of approving the Lease with FedEx for land and aircraft maintenance buildings at 7401 World Way West at LAX.

Community Impact Statement: None submitted.

**TIME LIMIT FILE - APRIL 15, 2011**

**(LAST DAY FOR COUNCIL ACTION – APRIL 15, 2011)**

**SUMMARY**

On April 6, 2011, your Committee considered a March 10, 2011 Board report and Resolution No. 24402 relative to proposed Lease with FedEx for land and aircraft maintenance buildings at 7401 World Way West at LAX with a term of ten years. According to the Board, on February 6, 2006, the Board approved Lease No. LAA-8325, under Board Order No. AO-4994 (Council File No. 06-0356). The Lease commenced on February 1, 2005 and expired on January 31, 2010. FedEx has agreed to all LAWA standard terms and conditions and Fed Ex will update and upgrade the area south of the present composite shop in order to enhance operational safety and boost efficiency by erecting a new 3,600 square foot steel building; removing the four existing shipping containers; relocating the current paint shop and prep areas; and constructing a new 10,000 square foot composite shop. FedEx will complete the design, construction and installation of its improvements no later than 36 months following the commencement date of the new Lease and the improvements will be constructed at a cost of \$2 million.

The building rental rates of \$13 for the hangar space; \$9 for office/shop space; and \$7 for out-parcel and two-story space are comparable to rates charged for other similarly-situated facilities. These rates are subject to adjustments to fair market rental value on February 1, 2015, and every five years thereafter. Fed Ex has agreed to a retroactive lump sum building rental payment of \$654,164 for the period from February 1, 2010 to January 31, 2011. This amount, plus any building rent accruing from February 1, 2011 through the Lease Commencement Date will be due and payable upon Lease commencement. Finally, the Lease will generate first year annual revenue of approximately \$4,815,350 and the retroactive building rental rate will generate one-time revenue of approximately \$654,164 in this Fiscal Year. The Lease with FedEx will generate approximately \$48,153,500 in revenue to the LAWA during its ten-year term.

After further consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the Lease with FedEx. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

TRADE, COMMERCE, AND TOURISM COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
HAHN:	YES
ROSENDAHL:	YES
LABONGE:	YES

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**Not Official Until Council Acts**