

SETTLEMENT AGREEMENT CONCERNING THE LOS ANGELES INTERNATIONAL AIRPORT

History of LAX Master Plan

For more than ten years, the City of Los Angeles has been planning for a massive, multi-billion dollar expansion of LAX that would relieve current congestion and accommodate future demand. The plan has changed considerably over time, including a dramatic change overseen by Mayor Hahn to address security-related concerns after the September 11, 2001 terrorist attacks. The proposed expansion generated considerable opposition from neighboring communities, environmental advocates and other interest groups. During his campaign, Mayor Villaraigosa expressed concern about the proposed expansion plan.

The Los Angeles City Council approved the LAX Master Plan in December 2004. At the same time, Los Angeles signed a “Community Benefits Agreement” with a coalition of interest groups known as the LAX Coalition for Economic, Environmental and Educational Justice. The Community Benefits Agreement requires Los Angeles to spend approximately \$500 million on mitigation measures in the surrounding community. In January 2005, several local governments and interest groups (not parties to the Community Benefits Agreement) filed suit first in state and later in federal court challenging the Master Plan.

The FAA approved the LAX Master Plan in May 2005. Los Angeles immediately took steps to implement the first phase of the Plan: reconfiguring the south airfield. In October 2005, the FAA committed to provide a \$39 million grant for the south airfield project, contingent on the outcome of environmental review and other approvals.

In December 2005, the City and plaintiffs in the pending lawsuits (Los Angeles County, El Segundo, Inglewood, Culver City, and the Alliance for a Regional Solution to Airport Congestion) announced a comprehensive settlement. On December 13, 2005, the FAA issued an advisory opinion finding no objection to several key elements of the settlement agreement. The settlement was in addition to the previous settlement regarding mitigation measures.

Summary of the LAX Settlement Agreement

1. Plaintiffs will dismiss all pending litigation over the LAX Master Plan.
2. Los Angeles will discontinue use of 10 existing passenger gates, at a rate of 2 gates per year starting in 2010. The gates need not be torn down and can be used in certain circumstances. For example, Los Angeles can use all 163 gates so long as the total passenger level is less than 75 million annual passengers.
3. Los Angeles will reconsider so-called “yellow light projects,” including the Ground Transportation Center in Manchester Square; reconfiguration of Terminals 1, 2, and 3; and reconfiguration of the north airfield. Los Angeles can proceed with “green light” projects, including reconfiguring the south airfield.

4. Los Angeles will initiate the LAX Specific Plan Amendment Study Process to reconsider the “yellow light projects.” That process is supposed to begin within six months and an initial phase is supposed to be completed in about 2 years. The Agreement contains a number of procedural requirements that are designed to allow for community participation. The neighboring cities are part of a Specific Plan Amendment Process Advisory Committee.
5. Los Angeles will convene a regional airport working group to pursue regional distribution of air traffic and will develop a plan for encouraging growth at Ontario and Palmdale Airports.
6. Los Angeles will stop requiring that property owners sign an aviation easement in exchange for sound insulation.
7. Los Angeles will spend approximately \$266 million over 10 years in surrounding neighborhoods for noise, air and traffic mitigation and other projects. The identified mitigation measures include several measures contained in the Community Benefits Agreement.
8. The Agreement expires on December 31, 2015; however, the commitment on discontinuing use of 10 passenger gates does not expire until December 31, 2020.

Open Questions and Unresolved Issues

- a. How long will it take for the parties to agree on a revised Master Plan? What will the final Plan look like?
- b. Considering that neither the Master Plan nor settlement agreement contain a passenger cap, will LAX reach a capacity limit at 78.9 million annual passengers, as intended, or will it exceed this level of traffic? What will happen if (or when) traffic exceeds that level?
- c. The FAA approved the original Master Plan but has not approved the settlement agreement (with the exception of a few key provisions concerning the number of gates). Will the FAA approve a new plan for expansion of LAX? What about the proposed mitigation projects in surrounding neighborhoods in the agreement?
- d. Will Los Angeles be able to develop a feasible plan for increasing use of Ontario and Palmdale Airports?

Issues to Consider for the City of Burbank and the Bob Hope Airport

- i. The regional working group may recommend increased use of Bob Hope Airport to accommodate a greater share of regional traffic. The group specifically may recommend that the Airport Authority make improvements at the Airport to accommodate the increased use. This may conflict with the Development Agreement between Burbank and the Airport Authority approved in Spring 2005. Regardless of the working group’s recommendations, designing LAX to accommodate no more than 78.9 million annual

passengers may induce increased use of Bob Hope Airport, considering that regional demand is predicted to far exceed this level. No effort has been initiated to consider how the Agreement and LAX Master Plan might affect traffic at the Bob Hope Airport.

ii. It is possible that the Agreement constitutes a precedent for local solutions that can be applied to a small or large degree at other airports such as the Bob Hope Airport. On the other hand, it is possible that the Agreement truly is unique to LAX, considering LAX's importance to the national air transportation system and the long duration of controversy over the Master Plan. In the event that elements of the Agreement could be applied elsewhere, there are several items that might be employed to resolve certain controversies at the Bob Hope Airport.

- The Agreement (and the Community Benefits Agreement) eliminates the requirement that property owners must issue an avigation easement in order to receive sound insulation. This has been an issue in Burbank and other communities. While it has been standard practice for airports to require avigation easements, the Agreement may provide an argument that these easements are not essential.
- Los Angeles made several key concessions, and the FAA has, at least preliminarily, accepted these concessions in light of the overall benefits conferred by the Agreement. Balancing airport capital needs against community concerns often is critical to effective compromise solutions. In some instances, a successful agreement means that the airport operator achieves something less than full expansion and the community receives significant mitigation. The FAA has historically been unwilling to consider compromises between airports and communities that result in constraints on airport growth. If the Agreement represents new FAA policy (which is not at all clear), it may suggest increased FAA flexibility to balance local and air transportation needs.
- One of the concessions made by Los Angeles is to increase coordination with and participation by surrounding communities in, for example, decisions about the "yellow light projects" and implementation of the Agreement. Most airport operators are reluctant to cede any level of control (political, policy, legal) over an airport to outside groups. Successful resolution may necessitate ceding some level of control and adopting a more inclusive approach to operating an airport. The Agreement may prove to be a model for regional cooperation in airport planning that could have implications for planning at the Bob Hope Airport.