



**RESOLUTION NO. 26583**

BE IT RESOLVED that the Board of Airport Commissioners on recommendation of Management, approved award of individual Concession and Lease Agreements to [i] Avis Budget Car Rental, LLC; [ii] Enterprise Rent-A-Car Company of Los Angeles, LLC; [iii] The Hertz Corporation; [iv] Fox Rent A Car, Inc.; [v] Advantage Opco, LLC dba Advantage Rent A Car; [vi] DR Car Rental, Inc.; and [vii] Sixt Rent a Car, LLC covering operation of rental car concessions and lease of certain space in the Consolidated Rental Car facility at Los Angeles International Airport (LAX), as referenced in the Board-adopted staff report attached hereto and made part hereof; and

**LAX**  
**Van Nuys**  
**City of Los Angeles**

BE IT FURTHER RESOLVED that said Board authorized the Chief Executive Officer to execute said seven (7) Concession and Lease Agreements after approval as to form by the City Attorney and approval by the Los Angeles City Council; and

Eric Garcetti  
Mayor  
**Board of Airport  
Commissioners**

BE IT FURTHER RESOLVED that the Board further approved appropriation and allocation of up to \$30,000,000, from the LAX Revenue Fund to WBS Element 1.15.07.700 ConRAC, for funding of tenant improvements in the Consolidated Rental Car facility by rental car companies executing such Concession and Lease Agreements, and further authorize the Chief Executive Officer to release tenant improvement funds in accordance with the terms of such Concession and Lease Agreements; and

Sean O. Burton  
President  
Valeria C. Velasco  
Vice President  
Jeffery J. Daar  
Gabriel L. Eshaghian  
Beatrice C. Hsu  
Thomas S. Sayles  
Dr. Cynthia A. Telles  
Deborah Flint  
Chief Executive Officer

BE IT FURTHER RESOLVED that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II Section 2(i) of the Los Angeles City CEQA Guidelines. The Los Angeles International Airport (LAX) Landside Access Modernization Program (LAMP) Environmental Impact Report (EIR) [ENV-2016-3391-EIR] was certified by the Board for this Project on March 2, 2017 (Resolution 26185), and certified and adopted by the Los Angeles City Council on June 7, 2017. This action is within the scope of that certified EIR and does not include any changes to the LAX LAMP project that would require further review under CEQA pursuant to Public Resources Code § 21166 and CEQA Guidelines § 15162; and

BE IT FURTHER RESOLVED that actions taken on this item by the Board will become final pursuant to the provisions of Los Angeles City Charter Section 606.

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I hereby certify that this Resolution No. 26583 is true and correct, as adopted by the Board of Airport Commissioners at its Special Session held on Thursday, August 16, 2018.

Grace Miguel Secretary  
BOARD OF AIRPORT COMMISSIONERS





Los Angeles World Airports

# REPORT TO THE

# BOARD OF AIRPORT COMMISSIONERS

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Page

*[Signature]*  
Approved by: Marisa Katnich – Director, Strategic Commercial Management

*[Signature]*  
Reviewed by: Samson Mengistu, Chief Operating Officer

*[Signature]*  
City Attorney

*[Signature]*  
Deborah Flint – Chief Executive Officer

Meeting Date:

8/16/2018

CAO Review:

- Completed
- Pending
- N/A

Reviewed for	Date	Approval Status	By
Finance	8/3/18	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	NEO
CEQA	8/2/18	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	8/2/18	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> Cond	MJ
Guest Experience	8/2/18	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	BY
Strategic Planning	8/1/18	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	KV

## **SUBJECT: Award of Seven Concession and Lease Agreements for the Consolidated Rental Car Facility at Los Angeles International Airport**

Award of seven agreements for the operation of a rental car concession and the lease of certain space at the Consolidated Rental Car facility 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 II, Section 2.i. of the Los Angeles City CEQA Guidelines. The LAX Landside Access Modernization Program Environmental Impact Report (EIR) [ENV-2016-3391-EIR] was certified by Board of Airport Commissioners for this Project on March 2, 2017 (Resolution 26185), and certified and adopted by the Los Angeles City Council on June 7, 2017. The action requested here is within the scope of that certified EIR and does not include any changes to the LAX LAMP project that would require further review under CEQA pursuant to Public Resources Code § 21166 and CEQA Guidelines § 15162.
3. APPROVE the award of a Concession and Lease Agreement to Avis Budget Car Rental, LLC; Enterprise Rent-A-Car Company of Los Angeles, LLC; The Hertz Corporation; Fox Rent A Car, Inc.; Advantage Opco, LLC dba Advantage Rent A Car; DR Car Rental, Inc.;

and Sixt Rent a Car, LLC, for the operation of a rental car concession and the lease of certain space in the Consolidated Rental Car facility at Los Angeles International Airport.

4. APPROPRIATE up to \$30 million for the funding of tenant improvements in the Consolidated Rental Car facility by rental car companies executing the Concession and Lease Agreement, and authorize the Chief Executive Officer to release tenant improvement funds in accordance with the terms of the Concession and Lease Agreement.
5. AUTHORIZE the Chief Executive Officer to execute the Concession and Lease Agreement subject to approval as to form by the City Attorney and upon approval by the Los Angeles City Council.

### **DISCUSSION:**

#### **1. Purpose**

To enable rental car companies to occupy and operate from the planned Consolidated Rental Car (ConRAC) facility at Los Angeles International Airport (LAX).

#### **2. Prior Related Actions**

- **March 2, 2017 – Resolution No. 26185**  
The Board of Airport Commissioners certified the Final Environmental Impact Report for the LAX Landside Access Modernization Program, which includes construction and operation of the ConRAC. Subsequently, on June 7, 2017, the Los Angeles City Council affirmed the Board's actions on the LAX Landside Access Modernization Program and certified the EIR for the LAX Landside Access Modernization Program.
- **October 5, 2017 – Resolution No. 26357**  
The Board of Airport Commissioners (Board) authorized the collection of a Customer Facility Charge (CFC) of \$7.50 per day for the first 5 days of each car rental contract, which was effective on January 1, 2018, and to collect a \$9.00 CFC rate per day for the first 5 days of each rental car contract starting the first day of the month following commencement of rental car services to the public in the ConRAC, or such other earlier day if the Board determines that it is in the best interest of the ConRAC and the automated people mover (APM) system projects to collect the increased CFC daily rate of \$9.00 earlier.

#### **3. Current Action**

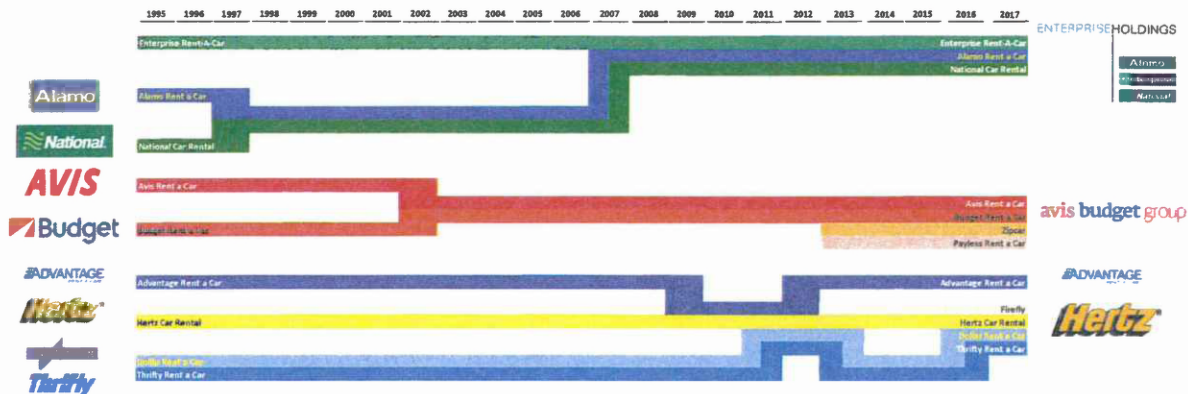
Approval of this action will authorize Los Angeles World Airports (LAWA) to enter into a Concession and Lease Agreement (Agreement) with the following rental car companies (Concessionaires):

Concessionaire	Affiliated Brands
Avis Budget Car Rental, LLC	Avis Budget Zip Car
Enterprise Rent-A-Car Company of Los Angeles, LLC	Enterprise Alamo National
The Hertz Corporation	Hertz Thrifty Dollar
Fox Rent A Car, Inc.	Fox
DR Car Rental, Inc.	Payless
Sixt Rent a Car, LLC	Sixt
Advantage Opco, LLC	Advantage EZ

### Background

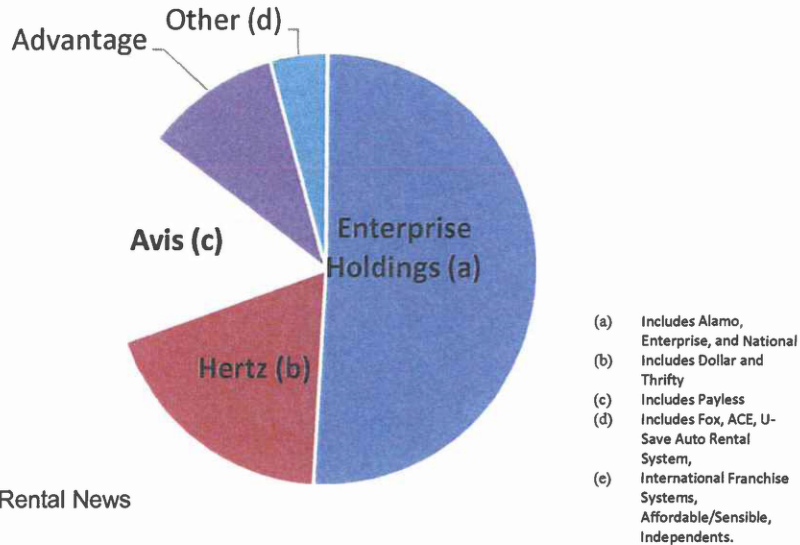
The rental car industry has been characterized by dramatic consolidation. In 1995 there were 8 national companies and by 2017 these 8 independent companies consolidated to just 4. The consolidated companies have maintained many of the pre-consolidation brands in order to target different market segments (premium, economy, etc.)

Beginning in the mid 2000's, new business models such as car sharing (Zipcar, Turo), and app enabled ride-booking (Uber, Lyft) began to challenge the traditional rental car companies. To varying degrees the big three (Enterprise, Avis/Budget, Hertz) have embraced these new models.



In 2017, four parent companies (Enterprise, Hertz, Avis, Advantage) made up 97% of the U.S. rental car market, as shown below:

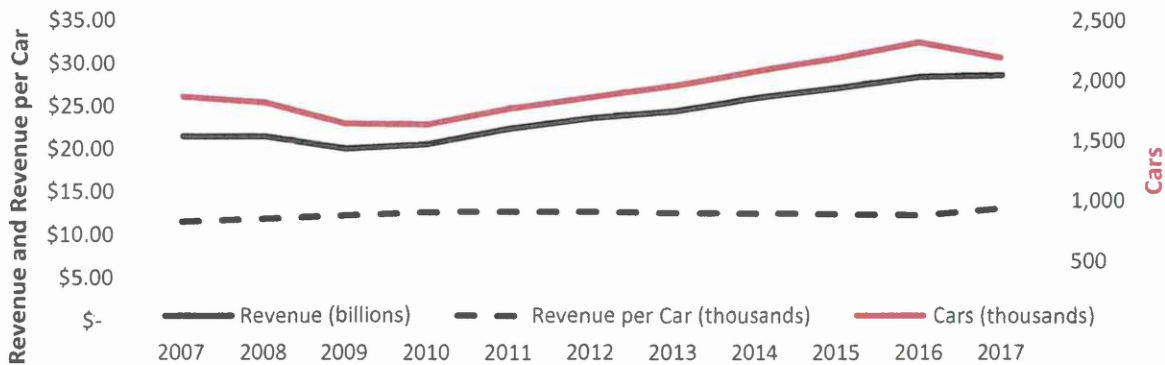
**2017 Industry Revenue Market Share by Company**



Source: Auto Rental News

From 2010-2016 the rental car industry has increased revenue by increasing fleet size. Over this period revenue per car remained relatively flat. 2017 was the first year since the great recession where the number of cars decreased, while revenue per car increased.

**US Rental Car Market Revenue, Cars, and Revenue per Car**



Source: Auto Rental News

**ConRAC**

To increase operational efficiency and improve customer service, many airports have built or are planning to build a ConRAC. To date, 13 of the top 15 U.S. airports have either opened or are in pre-development stages of constructing a ConRAC. San Francisco International Airport is considering a new consolidated rental car facility; Newark Liberty International Airport is studying the potential for a new ConRAC.

The following reasons support the business case for the new ConRAC and Agreement at LAX:

- LAX is the second-largest rental car airport market in the U.S., behind Orlando International Airport.
- Southern California represents the largest rental car market in the world.
- LAX rental car companies rent an average of 267,000 vehicles every month.
- Elimination of rental car shuttles in the CTA will decrease curbside activity, which will reduce traffic congestion, provide time-certain access for customers and improve the guest experience for the traveling public.
- Rental car privilege fees paid to LAWA represents the second largest source of non-airline revenues at LAX (behind public parking revenues), based on actual FY 2017 results.
- The Agreement will increase total rental car revenues paid to LAWA and provides the basis for the construction and financing of the ConRAC and a portion of the annual operating and capital costs of the APM.
- The Agreement allows LAWA to adapt to changes in the rental car business including accommodating new and emerging vehicle types (i.e. autonomous vehicles), and redesignating Vehicle Storage Area (VSA) space.

From 2014 through 2016, LAWA staff met with the LAX rental car industry to discuss the preferred design of the ConRAC, the ConRAC facility requirements, and the business terms that were ultimately documented in a Memorandum of Understanding (MOU), executed with rental car company concessionaires in early 2017. The MOU is the basis for the proposed Agreement.

Certain background information on the ConRAC, the MOU, and certain key terms and conditions of the proposed Agreement are provided below.

**ConRAC Facility and Operation:** The ConRAC will improve the rental car customer experience and day-to-day operations of the rental car companies. Rental car company specific facilities are currently spread out across over 20 locations east of the Airport. A single, centralized facility will greatly improve efficiency of operations. It is also projected to substantially improve traffic flow in the Central Terminal Area (CTA) and surrounding roads by eliminating all rental car company shuttle buses using the CTA as all rental car customers will use the APM system.

- **Improved Guest Experience** – The ConRAC will provide an enhanced customer experience in a safe, easy-to-find consolidated location conveniently linked to the CTA by the APM system.
- **Improved Traffic Flow** – The ConRAC is expected to eliminate approximately 3,000 daily rental car shuttle trips on city streets and CTA roadways. In addition, because the ConRAC will consolidate the main operations of each company onto one site, the number of vehicle miles required to process return vehicles to be fueled and washed or sent to storage will be greatly reduced.

The improved traffic flow is expected to greatly improve overall guest satisfaction. An analysis of thousands of social media and Airport Service Quality comments confirms that traffic remains one of the greatest areas of concern for LAX guests.

Specific to rental cars, the main issues identified in the analysis are rental car shuttle wait times and transit times between the rental car lots and the airport, both caused primarily by traffic congestion at LAX

- **Operational Efficiencies** – Rental car companies within the same brand family will be able to improve operational efficiency and reduce costs by sharing space, resources, and transportation, and accommodate all operations and forecast growth within the same secure area.

The ConRAC is expected to include the following:



Area	Stalls	% of ConRAC Area
Ready/Return Area	6,600	39%
Vehicle Storage Area	10,000	32%
Quick Turnaround Area (e.g. fueling, maintenance)		17%
ConRAC Employee/Visitor Parking	1,175	6%
Customer Service Building	-	6%
<b>Total</b>	<b>17,775</b>	<b>100%</b>

The size of the ConRAC to be developed was based on input from the LAX rental car industry and is closely tied to passenger demand and growth, generally correlated with rental car activity, reaching 95 million annual passengers (MAP). The rate of growth in rental car company activity from the start of the ConRAC planning process to 95 MAP was projected at approximately 3% per year, resulting in a projected 11.0 million transaction days in FY 2018 which ended up the same as actual FY18 transaction days of 11.0 million. Transaction days are defined as the number of days that a car has been rented under a contract between a rental car company and a customer. Under California law, a CFC can only be charged per transaction day up to a 5-day maximum.



To confirm understanding of the industry and validate projections, LAWA held C-Suite level meetings with representatives of the three largest rental car brand families at LAX to assess their long-term outlook of the rental car industry. All three stressed a viewpoint that the core strength of the rental car industry today lies in fleet management. The companies expect this to be the key to preserving the prosperity of their business and will allow them to adapt to the near certain shifts to occur in the U.S. mobility over the next 15-25 years. Each expressed optimism as to the future of their industry. Moreover, for the prospects of success and growth at LAX itself as a result of the improved customer experience which the ConRAC will bring. Meanwhile, the industry itself is showing signs of futureproofing in response to the emergence of alternative mobility platforms, in some cases through partnerships or direct investment, and otherwise through open competition.

### ***Terms of the proposed Agreement***

Key provisions of the proposed Agreement are summarized below.



## **Term**

- 20 years from the ConRAC Date of Beneficial Occupancy (DBO) unless extended by 5 years by LAWA option or automatic trigger or terminated early.
- 5 year extension
  - LAWA Option – Prior to the 15th anniversary of the DBO, LAWA may exercise an option to extend the agreement by 5 years.
  - Automatic Extension – If LAWA does not exercise its option, there is an one-time automatic 5-year extension if by the 15<sup>th</sup> Anniversary of the DBO total transaction days in the preceding 12 month period exceed 19.9 million (if in 2038 or before).
- Early Termination - LAWA can terminate the proposed Agreement if LAWA has not provided notice of ConRAC construction commencement by December 31, 2021, or the State of California suspends or terminates or otherwise regulates and limits LAWA's authority to set and or collect CFCs

## **Use Rights**

- Concessionaires will have the right to operate from the ConRAC on a nonexclusive basis to provide rental car services for which a CFC can be lawfully charged.

## **APM Use Requirement**

- Starting on ConRAC DBO, Concessionaires will be required to use the APM system and will no longer be allowed to use their own transportation system, a third party system, or rental vehicles to pick up or drop off ConRAC customers in the CTA.

## **Monetary Obligations to LAWA**

From ConRAC DBO, the Concessionaires will be required to pay LAWA:

1. **Concession Fees:** Greater of 10% of gross revenue or minimum annual guarantee (MAG). The MAG will be the greater of the base of \$730,000, subject to minimum annual increase of 2% starting in the second year or 9% of the prior year gross revenue.
2. **Land Rent:** Rent equal to the Land Rent Rate multiplied by the approximate 2.9 million square feet of the ConRAC site. The initial annual Land Rent is estimated at \$24 million based on the presumed footprint of the facility and projected Land Rent rate at DBO. The Land Rent rate will be adjusted annually based on the Consumer Price Index (CPI), but no less than 2.0% in any year. Further, the Land Rent rate will be adjusted every five years based on the appraised fair market value of the land.
3. **APM Payment:** Common use transportation system (CTS) contributions which will be used to pay up to 41% of operating and capital costs associated with the APM.

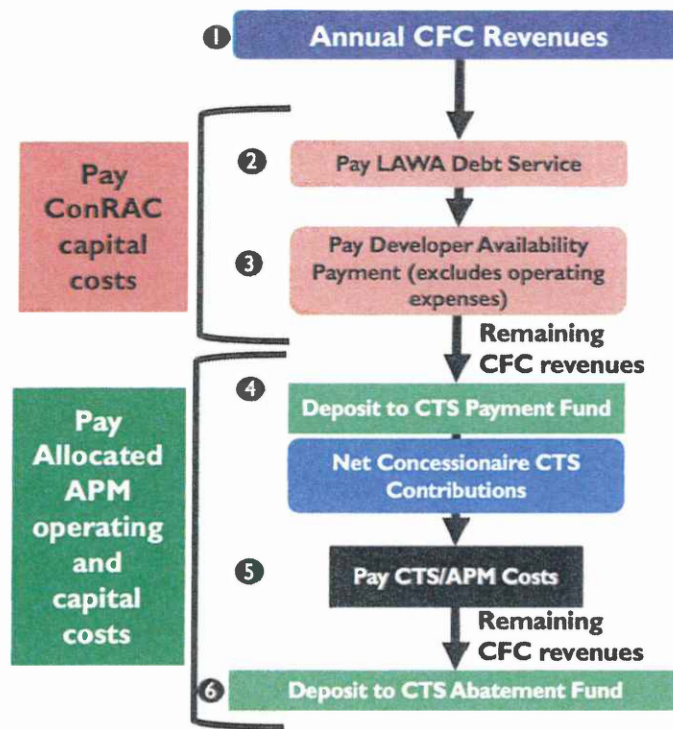
4. Operation and Maintenance (O&M) Fee: O&M fee to recover the costs associated with operating and maintaining the facility including ConRAC developer O&M expenses plus LAWA O&M expenses attributable to the facility.
5. Tenant Improvement Rent: Concessionaires can elect to use a pro-rata share of up to \$30-million of LAWA funding for tenant improvements in the ConRAC. Concessionaires that use this funding agree to pay tenant improvement rent to LAWA, including interest.
6. VSA Rent: If LAWA decides to recapture a portion of the VSA Space and the Concessionaires decide to void LAWA's right of recapture by paying the then-current Land Rent Rate to lease such space.
7. Facility Renewal Recovery Rent. Rent to recover any major maintenance costs on the ConRAC that are not otherwise paid by CFC revenues.

### **CFC Collection**

Concessionaires will be required to collect and remit to LAWA an annual CFC that is established by the Board, which is currently set by the Board at \$7.50 per rental car transaction day (up to a 5 day maximum amount under California legislation), but would increase to \$9.00 per rental car transaction day (up to a 5 day maximum amount under California legislation) upon ConRAC DBO. Annual CFC revenues collected prior to the ConRAC DBO will be used to make milestone payments to the ConRAC Developer. Following ConRAC DBO, CFC revenues will be used to pay annual capital costs of the ConRAC and to pay certain operating and capital APM system costs.

### **Flow of Funds**

The Agreements provide for the following (1) the priority for using annual CFC revenues to pay certain costs of the ConRAC and the APM system and (2) the ability of the Concessionaires to participate in the abatement of certain annual APM costs that are CFC-eligible. Provided below is an illustration as to the use of CFC revenues to pay ConRAC costs and the use of remaining CFC revenues plus Concessionaire CTS contributions to pay APM costs.



**Abatement of Certain Concessionaire Costs**

ConRAC Concessionaires will receive an abatement of their CTS contributions from CFC revenues equal to the following amounts:

- Scheduled abatements. A total of approximately \$115 million of scheduled abatements will be applied to ConRAC Concessionaires during the first 10 years from ConRAC DBO.
- Additional, performance-based abatements. Starting in year 2 from ConRAC DBO, additional abatements, if any, are equal to 73% of remaining CFC revenues after first paying annual ConRAC capital costs and with CTS Contributions, paying up to 41% of annual APM operating and capital costs. The additional abatement is performance-based, meaning that it only occurs if annual CFC revenues and CTS contributions exceed the annual costs described in this paragraph. The additional abatement to the Concessionaires is not a fixed, scheduled amount, nor is it a guarantee to the Concessionaires.

**Redesignation of Vehicle Storage Area**

LAWA may opt to remove VSA Space from the Concessionaire’s use and convert it to other non-rental car uses, in varying intervals and increments if 1) CFC revenues are not sufficient to pay annual ConRAC capital costs (i.e. ConRAC Developer availability payments plus bond debt service) and up to 41% of APM operating and capital costs and (2) if actual rental car transaction days are less than a certain minimum number of transaction days, as described below:

Redesignation	Effective Date	TransactionThreshold	Action
Option 1	Anytime following the 4th anniversary of the latter of ConRAC or APM DBO	Total number of transaction days for three consecutive years is less than 11.4 million	LAWA may remove up to 1/3 of the VSA Space (a total of 10% of the ConRAC)
Option 2	Anytime following the 6th anniversary of the latter of ConRAC or APM DBO	Total number of transaction days for three consecutive years is less than 11.2 million	LAWA may remove up to 2/3 of the VSA Space (a total of 20% of the ConRAC)
Option 3	Anytime following the 8 <sup>th</sup> anniversary of the latter of ConRAC or APM DBO	Total number of transaction days for two consecutive years is less than 9 million	LAWA may remove up to 100% of the VSA Space (a total of 30% of the ConRAC)

The average annual rates of growth from the actual number of FY 2018 transaction days of 10.9 million to each of the transaction day triggers listed above is equal to the following: 0.4% per year increase for Option 1, 0.2% per year increase for Option 2, and (1.3%) per year decrease for Option 3.

#### **Maintenance and Repair of ConRAC**

The ConRAC Developer, acting through LAWA, will maintain and repair the ConRAC pursuant to the agreement between LAWA and the ConRAC Developer, with costs recovered through the O&M Fee. In general, tenants are responsible for janitorial in their customer service counters and offices, maintenance of tenant installed WiFi in areas designated in the Agreement, maintenance of vehicle security systems, maintenance of CCTV, and waste management (recyclable waste and hazardous waste removal).

#### **New Concessionaires**

Starting after the 5th year from ConRAC DBO, LAWA may add new rental car companies to the ConRAC and ConRAC space will be reallocated to accommodate such new Concessionaires. Any rental car company added to the ConRAC in the future would be required to sign the Agreement and would become a Concessionaire.

#### **Future LAX Ground Transportation Policy**

LAWA will meet and confer with the Concessionaires at least twice during the preparation of a LAX ground transportation policy regarding access to the ConRAC, the intermodal facility (west), and the CTA by ground transportation providers other than the Concessionaires. In the Agreement, ground transportation providers include, but are not limited to, transportation network companies, hotel/motel and parking courtesy shuttle buses, and charter vehicles.

Subject to Board approval, LAWA will impose certain regulations and fees on all rental car companies that do not operate from the ConRAC, including, but not limited to, the payment of the CFC, restrictions on access to LAX areas other than the ConRAC, and the payment to LAWA of an industry-standard privilege fee charged as a percentage of gross revenues.

#### **Procurement Process**

LAWA staff is conducting a three-phase competitive process in connection with awarding the Agreements. This action concludes Phase 1 of the process described below.

### Phase 1

Each rental car company executing the referenced MOU by the MOU availability expiration date will be: 1) invited to designate its preferred floor level for ConRAC operations; the designation opportunity will be done in sequence based on 2016 gross revenue market share of brands and brand families and later subject to the terms of the Agreement; and 2) offered a final Agreement .

Those rental car companies that execute the Agreement during Phase 1 will not be required to participate in Phase 2 or Phase 3 of the competitive process.

### Phases 2 and 3

There are two subsequent competitive processes (i.e. Phase 2 and 3) available to those that seek to operate from the ConRAC but did not participate in Phase 1. The agreement made available to proposers participating in Phase 2 and 3 will be identical to the Agreement. Availability of agreements would be limited to the maximum number of additional companies that can be accommodated in the ConRAC.

### ***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 Agreements will (1) enable the financing and construction of the ConRAC, (2) enhance the customer experience at LAX by providing a higher degree of customer service for passengers returning or picking up a rental car at LAX, (3) mitigate vehicle congestion and traffic in the CTA, (4) pay a portion of annual operating and capital costs for the APM system, and (5) increase total LAX revenues starting at ConRAC DBO.

### ***Action Requested***

Staff requests the Board 1) approve the Agreements and authorize the Chief Executive Officer to execute the Agreements after approval as to form by the City Attorney and upon approval of the Los Angeles City Council; and 2) appropriate up to \$30 million for the funding of tenant improvements in the ConRAC by Concessionaires and authorize the Chief Executive Officer to release tenant improvement funds in accordance with the terms of the Agreements.

### ***Fiscal Impact***

LAX's existing rental car concession agreement includes a concession fee of 10% of gross rental car revenue. Preliminary LAX revenue generated in FY 2018 is estimated at \$84.2 million, a 3.7% decrease from actual FY 2017 revenue of \$87.4 million.

Approval of the Agreements will include the same concession fee of 10% of gross rental car revenue as the existing rental car concession agreement. In addition to the continued receipt of rental car concession fees, the Agreement would generate the following additional revenues: 1) Land Rent; 2) CTS Contributions; and 3) ConRAC O&M Fees. The total revenue generated from ConRAC DBO through the last year of the Agreement (approximately 25-years), excluding O&M costs passed on to the ConRAC Concessionaires, is estimated at approximately \$2.4 billion, including \$1.5 billion of CTS Contributions and \$903.0 million of Land Rent payments.

### CFCs

In addition to the new revenue generated above, the ConRAC Concessionaires will continue to collect and remit CFC collections to LAWA for the payment of annual ConRAC capital costs and a share of annual APM operating and capital costs. Annual CFC revenues for FY 2019, based on the current \$7.50 per day rate (up to a 5-day maximum), are currently estimated at \$77.1 million. Considering the Board approved future increase in the CFC daily rate to \$9.00 per day (up to a 5-day maximum), CFC revenues from FY 2019 through the last year of the Agreement (2048) are estimated at approximately \$3 billion. CFC collections through the end of FY 2018 (unaudited) of approximately \$ 322.4 million plus future annual CFC revenues are expected to pay for 100% of the ConRAC's annual capital costs. Remaining CFC revenues after paying annual ConRAC capital costs plus annual ConRAC Concessionaire CTS contributions are expected to pay for approximately 32% of total APM system operating and capital costs.

As part of the initial planning forecast included in the MOU, annual transactions were assumed to grow at compounded rate of 3% per year, resulting in approximately 15.7 million annual transaction days by FY 2030. For purposes of financial forecasting to be used for future debt issuance, LAWA assumed a more conservative growth rate in transaction days of 0.6% compounded annually per year resulting in approximately 11.2 million annual transaction days by FY 2030, which is 29% less than the initial planning forecast. LAWA's more conservative forecast will still provide for payment of all capital costs of the ConRAC and approximately 32% of annual APM capital and operating costs.

After application of further stress tests, LAWA estimates that transaction days could decline by an additional 34% by FY 2030 and still provide sufficient revenue to meet the financial obligations of the ConRAC facility and up to 20% APM, capital and operating costs.

#### **4. Alternatives Considered**

- ***Take No Action***

This action is not recommended as it would result in no agreements for the use of the future ConRAC and jeopardize funding for the ConRAC and a portion of the operating and capital costs of the APM system.

### **APPROPRIATIONS:**

Staff requests funds in the amount not to exceed \$30 million be appropriated and allocated from the LAX Revenue Fund to WBS Element 1.15.07-700 ConRAC.

### **STANDARD PROVISIONS:**

1. Any activity (approval of bids, execution of contracts, allocation of funds, etc.) for which the underlying project has been previously been evaluated for environmental significance and processed according to the requirements of the California Environmental Quality Act (CEQA) is exempt from further review pursuant to Article II, Section 2.i of the Los Angeles City CEQA Guidelines. Construction and operation of the ConRAC was previously evaluated for environmental significance in the LAX Landside Access Modernization Program EIR, ENV-2016-3391-EIR, adopted by BOAC on March 2, 2017 (Resolution No. 26185), and certified and adopted by City Council on June 7, 2017. The action requested

here is also within the scope of the certified LAX Landside Access Modernization Program EIR and does not include any changes to that project that would require further review under CEQA pursuant to Public Resources Code § 21166 and CEQA Guidelines § 15162.

2. This 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. Avis Budget Car Rental, LLC; Enterprise Rent-A-Car Company of Los Angeles, LLC; The Hertz Corporation; Fox Rent A Car, Inc.; Advantage Opco, LLC dba Advantage Rent A Car; DR Car Rental, Inc.; and Sixt Rent a Car, LLC will comply with the provisions of the Living Wage Ordinance.
5. Procurement Services reviewed this action (File No. 8465) and established a goal of 3.1% Airport Concessions Disadvantaged Business Enterprise Program participation. Avis Budget Car Rental, LLC; Enterprise Rent-A-Car Company of Los Angeles, LLC; The Hertz Corporation; FOX Rent A Car, Inc.; and DR Car Rental, Inc. all proposed 3.1% ACDBE participation. Sixt Rent a Car, LLC proposed 3.5% ACDBE participation. Advantage Opco, LLC dba Advantage Rent A Car proposed 3.5% ACDBE participation.
6. Avis Budget Car Rental, LLC; Enterprise Rent-A-Car Company of Los Angeles, LLC; The Hertz Corporation; Fox Rent A Car, Inc.; Advantage Opco, LLC dba Advantage Rent A Car; DR Car Rental, Inc.; and Sixt Rent a Car, LLC will comply with the provisions of the Affirmative Action Program.
7. Avis Budget Car Rental, LLC has been assigned Business Tax Registration Certificate No. 0000111734-0001-4. Enterprise Rent-A-Car Company of Los Angeles, LLC has been assigned Business Tax Registration Certificate No. 0000231236-0001-1. The Hertz Corporation has been assigned Business Tax Registration Certificate No. 0000492872-0049-7. Fox Rent A Car, Inc has been assigned Business Tax Registration Certificate No. 0000798025-0001-2. Advantage Opco, LLC dba Advantage Rent A Car has been assigned Business Tax Registration Certificate No. 0002450210-0001-1. DR Car Rental, Inc has been assigned Business Tax Registration Certificate No. 0002839860-0001-3. Sixt Rent a Car, LLC has been assigned Business Tax Registration Certificate No. 0002756404-0001-2.
8. Avis Budget Car Rental, LLC; Enterprise Rent-A-Car Company of Los Angeles, LLC; The Hertz Corporation; Fox Rent A Car, Inc.; Advantage Opco, LLC dba Advantage Rent A Car; DR Car Rental, Inc.; and Sixt Rent a Car, LLC will comply with the provisions of the Child Support Obligations Ordinance.
9. Avis Budget Car Rental; Enterprise Rent-A-Car Company of Los Angeles, LLC; The Hertz Corporation; and Advantage Opco, LLC dba Advantage Rent A Car must have approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports prior to the issuance of a Notice to Proceed. Fox Rent A Car, Inc; DR Car Rental, Inc; and Sixt Rent a Car, LLC have approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports.
10. Pursuant to Charter Section 1022, staff determined the work specified on the proposed contract can be performed more feasibly or economically by an Independent Contractor than

by City employees

11. Avis Budget Car Rental, LLC; Enterprise Rent-A-Car Company of Los Angeles, LLC; The Hertz Corporation; Fox Rent A Car, Inc.; DR Car Rental, Inc.; and Sixt Rent a Car, LLC have submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program. Advantage Opco, LLC dba Advantage Rent A Car must submit the Contractor Responsibility Program Questionnaire and Pledge of Compliance and must comply with the provisions of the Contractor Responsibility Program.
12. Avis Budget Car Rental, LLC; Enterprise Rent-A-Car Company of Los Angeles, LLC; The Hertz Corporation; Fox Rent A Car, Inc.; DR Car Rental, Inc.; and Sixt Rent a Car, LLC have been determined by Public Works, Office of Contract Compliance, to be in full compliance with the provisions of the Equal Benefits Ordinance. Advantage Opco, LLC dba Advantage Rent A Car must be determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the contract.
13. Avis Budget Car Rental, LLC; Enterprise Rent-A-Car Company of Los Angeles, LLC; The Hertz Corporation; Fox Rent A Car, Inc.; Advantage Opco, LLC dba Advantage Rent A Car; DR Car Rental, Inc.; and Sixt Rent a Car, LLC will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. Avis Budget Car Rental, LLC; Enterprise Rent-A-Car Company of Los Angeles, LLC; The Hertz Corporation; Fox Rent A Car, Inc.; DR Car Rental, Inc.; and Sixt Rent a Car, LLC have submitted the Bidder Contributions CEC Form 55 and will comply with its provisions. Advantage Opco, LLC dba Advantage Rent A Car must submit the Bidder Contributions CEC Form 55 and must comply with its provisions.