

Date: 3/23/11
 Submitted in TCT Committee
 Council File No: 06-0394-52
 Item No.: 1
 Deputy: ~~Adam R. Lid~~

TRANSMITTAL		0150-09526-0000
TO Gina Marie Lindsay, Executive Director Department of Airports	DATE	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT 11
<p>Approval to Award a 10-Year Concession Agreement and Ground Lease to Authorized Taxicab Supervision, Inc. for Management of the Taxicab Operations at the Los Angeles International Airport</p> <p>Transmitted for further processing, including Council consideration. See the City Administrative Officer report attached.</p> <p>MAYOR</p>		
MAS:WDC: 10110107t		

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 22, 2011

CAO File No. 0150 09526-0000

Council File No.

Council District: 11

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Transmittal from the Department of Airports dated February 14, 2011; referred by the Mayor for report on February 15, 2011

Subject: **APPROVAL TO AWARD A 10-YEAR CONCESSION AGREEMENT AND GROUND LEASE TO AUTHORIZED TAXICAB SUPERVISION, INC. FOR MANAGEMENT OF THE TAXICAB OPERATIONS AT THE LOS ANGELES INTERNATIONAL AIRPORT**

SUMMARY

The Executive Director of the Los Angeles World Airports (LAWA; Department) requests approval to award a 10-year Concession Agreement and corresponding Ground Lease (copies attached) to Authorized Taxicab Supervision, Inc. (ATS; contractor) for the management of taxicab operations at the Los Angeles International Airport (LAX) in order to continue taxicab services originating from the airport. If approved, the proposed agreements, subject to City Attorney approval as to form, would begin April 1, 2011 and conclude March 31, 2021.

Once implemented, the proposed concession agreement and lease are estimated to increase the revenue to LAWA from taxicab operations at LAX from the current \$700,000 per year to an average of \$2.7 million per year over the 10-year term. The estimated revenue is based upon an average of 1.3 million taxicab trips per year originating from LAX, incremental increases in the per-trip Airport Taxicab Rate (ATR) paid by the contractor to LAWA over the life of the agreements, an increase in the Taxicab Services Fee (which, in turn, allows for the increase in the ATR), and lease payments for LAWA property used by the contractor. In addition to the payment of the ATR, Authorized Taxicab Supervision, Inc. will invest \$961,000 in capital improvements to the taxicab holding lot to include the following:

- Implementation of a cashless trip fee collection system
- Construction of a portable building for kiosks and training room
- Purchase and installation of CTA (Central Terminal Area) taxi stand podiums
- Construction and installation (during Year 2) of a driver restroom building
- Upgraded computer network and dispatch system
- Upgraded driver rest area
- Construction and installation (during Year 5) of a new car wash/water reclamation/vacuum system

Authorized Taxicab Supervision, Inc. has been providing taxicab management services at LAX for over 20 years as a sole source provider. For the last five years, the contractor has been operating with a no-cost lease for the 123,698 square foot "holding lot" located at 96th Street and Alverstone Avenue and a \$0.50 per-trip payment (ATR) to LAWA for each taxicab dispatched from the holding lot. The above-referenced aspects of the proposed agreements, and this report, are based upon revised information received from the Department subsequent to the initial request submittal.

BACKGROUND

Under the current taxicab management agreement that expires on March 31, 2011, the Department's revenue for calendar year 2010 was \$690,733; whereas, with the proposed Concession Agreement and Ground Lease, the first-year revenue is estimated to be \$1,808,500—a 162 percent increase—with later years' revenue averaging nearly \$3 million annually. The projected revenue comes from an increase in the amount the taxicab management company remits to LAWA from the per-cab charges it collects from taxis originating from LAX (see table below). Under Board Resolution No. 24277, approved on November 21, 2010, the Airport Taxicab Rate paid to LAWA will increase, beginning July 1, 2011, from \$0.50 to \$1.00 in order to recover the added costs associated with taxicab operations at LAX. These charges will increase incrementally from the current rate of \$0.50 per trip to \$1.70 per trip by July 1, 2013. The following table illustrates the major components of and timetable for the proposed Concession Agreement:

LAX TAXICAB OPERATIONS CONCESSION AGREEMENT				
Description	Current Terms	Proposed Terms	Number of Taxicab Trips	Projected Revenue to LAWA
Contract Period	5 Years	10 Years		
	4/1/06-3/31/11	4/1/11-3/31/21		
Cancellation Provision	30 days, either party, with or without cause	90 days by City, with or without cause		
Taxicab Services Fee (TSF)* - per trip	\$2.50	\$4.00**		
Airport Taxicab Rate (ATR) - per trip	\$0.50	\$0.50 - 4/1-6/30/11	325,000	\$162,500
		\$1.00 - 7/1/11-6/30/12	1,300,000	\$1,300,000
		\$1.35 - 7/1/12-6/30/13	1,300,000	\$1,755,000
		\$1.70 - 7/1/13-3/31/21	10,075,000	\$17,127,500
			13,000,000	\$20,345,000
*A portion is paid by ATS to LAWA as revenue				
**Years 1-3. Should the Airport Taxicab Rate (ATR) be adjusted by LAWA, ATS may request a reasonable adjustment to the TSF, subject to approval by the Executive Director				

The estimated revenue of \$20.3 million over 10 years is based upon an average of 1.3 million taxicab trips annually originating from LAX for each of the ten years covered by the proposed Concession Agreement. While this is a conservative estimate, it is consistent with the range of taxicab trips identified by LAWA for the most recent six-year period 2005 through 2010 (where there were as few as 1,293,839 trips in 2009 and as many as 1,573,020 trips in 2007, for an average of 1,433,430 trips per year).

In addition to the increased revenue from the Concession Agreement, changes to the proposed Ground Lease with ATS will add \$7.3 million over the 10-year term of the lease. When combined, the two agreements will generate an estimated \$27.6 million over 10 years for LAWA.

Increased revenue from the lease of the holding lot results from first-time charges to ATS for the land and facilities where the taxicabs are parked and dispatched. In the past, a no-cost lease was standard operating procedure for the taxicab management contract; however, upon a review of that policy by LAWA, it was decided to incorporate into the new Request for Proposal (RFP) a requirement that (1) lease payments be made by the contractor for the taxicab holding area, and (2) a significant capital investment be made by the contractor in the taxicab holding area. As such, a combined rate of \$5.42 per square foot (\$5.05 + \$0.37 = \$5.42) per year is being paid by ATS, subject to annual adjustments based upon the Consumer Price Index (but not less than two percent in any year), for the commercial land and paved auto parking totaling an estimated \$7,271,667 over 10 years (for discussion purposes, this number has been rounded to \$7.3 million).

The following table reflects the major components of the current and proposed LAX Taxicab Lease Agreement:

LAX TAXICAB OPERATIONS LEASE AGREEMENT					
Description	Current Terms		Proposed Terms		Projected Revenue to LAWA Over 10 Yrs.
Contract Period	5 Years	Rate	10 Years	Rate	
	4/1/06-3/31/11		4/1/11-3/31/21		
Cancellation Provision	30 days, either party, with or without cause		90 days, either party, without cause		
Commercial Land	123,698 SF*	\$0.00	123,698 SF	\$5.05**	\$6,246,749
Paving - Auto	123,698 SF	\$0.00	123,698 SF	\$0.37**	\$457,683
Annual Adjustments	None	None	CPI - 2% minimum		\$567,235
Annual Rent	None	\$0	\$671,000**	\$5.05 + \$0.37 x 123,698 SF	\$7,271,667
* Square feet					
**For purposes of this report, all rates are rounded					

The contractor will be required to submit to LAWA, on a weekly basis, the Airport Taxicab Rate (ATR)—starting at \$0.50 per trip until revised on July 1, 2011—for each cab dispatched from the taxicab holding lot at LAX. In addition to the ATR, the contractor will be authorized to collect a Taxicab Services Fee (TSF) from taxicab passengers as a source of revenue to offset the cost of operating at LAX. The TSF—which is currently set at \$2.50 per trip, but will likely be increased to \$4.00 per trip during the first year of the Concession Agreement—is designated as the sole means for ATS to recover costs associated with its management of the taxicab operations at LAX. As part of ATS' proposal response, the firm proposed the lowest 10-year average Taxicab Services Fee of all the responders.

Contractor Selection

Prior to the recent RFP process that resulted in the proposed Concession Agreement and Ground Lease, the Department released two earlier RFPs: one in 2007 and one in 2009. While the original May 2007 RFP—released in response to a 2007 Controller's audit questioning whether sole source contracting for taxicab operations management was in the best interest of the City—resulted in both proposals being rejected by the Board of Airport Commissioners, the Department did attempt to comply with the Controller's recommendations to change the focus of the service delivery to introduce greater competition into the selection process and place greater emphasis on contractor performance rather than simply monitor compliance. Again, in 2009, an RFP was released that was later voided upon the discovery of a flaw in the document. The third release of an RFP, in November 2010, included the requirement that the contractor: (1) operate a taxicab holding area, (2) manage taxicab dispatch, (3) manage the taxicab loading process near the airline terminals, and (4) perform taxicab vehicle inspections. It is that RFP and scope of work that was approved by the Board of Airport Commissioners and that resulted in the selection of Authorized Taxicab Supervision, Inc. for management of the LAX taxicab operations.

At the time of the award notification, a protest was filed by one of the four proposers questioning what they considered to be scoring inconsistencies by the Department's six-member selection panel. Upon a review of the City Attorney's communication to the Commissioners about the merits of the protest and consideration of the matter at the March 7, 2011 Board of Airport Commissioners meeting, the Board unanimously approved LAWA's recommendation for an award to ATS.

Alternatives to Approving the Concession Agreement and Ground Lease

According to the Department, there are two alternatives to approving the proposed Concession Agreement and Ground Lease with ATS:

- Not awarding an agreement and ground lease: since the current agreement expires on March 31, 2011, not awarding a new agreement would leave the LAX taxicab and dispatch operations without service, thus impacting LAX customers and LAWA revenue
- Negotiate a contract amendment with ATS as the current contractor: even if an agreement with more favorable terms to the Department were negotiated, LAWA would be sidestepping the competitive selection process that was discussed in the Controller's 2007 audit; likewise,

renegotiation of the current agreement would not necessarily guarantee the most competitive pricing or improve the revenue stream and customer service

Contract Duration and Compliance with City Administrative Requirements

As a consequence of the City's lack of expertise in the management of taxicab operations and the Department's Charter Section 1022 determination that these services can be more feasibly and economically performed by an independent contractor than by City employees, there have been no objections to these agreements by the affected City labor unions.

Pursuant to Charter Section 606 and the Los Angeles Administrative Code Section 10.5, the proposed Concession Agreement and Ground Lease, being that they are for a period longer than five years, must be approved by the Council. Additionally, to become effective, the City Attorney must approve both the Agreement and Lease as to form.

With respect to compliance with the CEQA (California Environmental Quality Act) guidelines, the issuance of permits, leases, and agreements granting use of an existing facility at a municipal airport involving no expansion of use is exempt from the requirements of the CEQA pursuant to Article III, Class I (18)(c) of the Los Angeles City CEQA Guidelines. Authorized Taxicab Supervision, Inc. is either in compliance with or LAWA will monitor and ensure compliance with the City's insurance requirements, the Service Contract Worker Retention and Living Wage Ordinances, Affirmative Action Program, Contractor Responsibility Program, Child Support Obligations Ordinance, Equal Benefits Ordinance, and First Source Hiring Program for all non-trade airport jobs.

A required element of City Requests for Proposal is a proposer's compliance (or a demonstrated good faith effort to comply) with the City's Minority Business Enterprises/Women Business Enterprises (MBE/WBE) participation goals for subcontracting. In the case of the taxicab operations management contract, LAWA established a 20 percent combined MBE/WBE participation goal. Compliance with the goal is (1) evaluated on a "pass/fail" basis, which takes into consideration a proposer's good faith effort to meet the established goal, rather than on a numeric scoring basis; and (2) not included as part of the overall competitive scoring process. With the taxicab operations management RFP, of the four proposers, two submitted MBE/WBE subcontracting levels below two percent (1.93 percent and 1.21 percent) that reflected the fact that both companies planned to use in-house staff for most of the labor. A third company proposed an MBE/WBE subcontracting level of 7.46 percent while the fourth company proposed a 21.53 percent participation level. The latter company, Parking Concepts, proposed 21.53 percent MBE/WBE subcontracting because it planned to form a partnership with an MBE/WBE firm to provide staffing. The remaining three firms proposed using existing in-house employees, an approach that is routine and permissible depending upon the size of the company and the experience and dependability of its workforce.

The Department's Procurement Services Division determined that each of the four firms had made a good faith effort to meet the subcontracting goal. In addition, LAWA explained that, since this was the first time in over 20 years that there had been an open solicitation for the taxicab management services, the opportunities for using subcontracted labor may have been over-estimated. When the proposed contract award, and this issue, were discussed in the March 7, 2011 Board of Airport

Commissioners meeting, the proposed MBE/WBE participation percentages were not discussed for the individual firms under consideration; however, the Board was advised that all proposers had demonstrated a good faith effort (a subsequent communication from the Department to the Board clarified an inadvertent misrepresentation and provided the proposed percentages of MBE/WBE participation for each proposer). On that basis, and in consideration of (1) the overall evaluations for the nine RFP scoring categories, and (2) the City Attorney's opinion as to the merits of the one proposer protest (as discussed on page four of this report), the Board approved awarding the agreement to ATS.

RECOMMENDATIONS

That the Mayor:

1. Approve, subject to City Attorney approval as to form, the proposed 10-year Concession Agreement and Ground Lease between the Los Angeles World Airports (LAWA) and Authorized Taxicab Supervision, Inc. (ATS) for the continued management of taxicab operations at the Los Angeles International Airport (LAX) beginning April 1, 2011 and concluding on March 31, 2021; and
2. Return the proposed Concession Agreement and Ground Lease to the Department for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed agreements will generate approximately \$1.8 million during the first year and an estimated \$27.6 million for LAWA over the 10-year term. Since the Los Angeles World Airports is bound only by the City Debt Management Policies, the City Financial Policies are not applicable. Approval of the proposed Concession Agreement and Ground Lease with Authorized Taxicab Supervision, Inc. will have no impact on the Department's capital budget or the City's General Fund.

Time Limit for Council Action

Pursuant to Charter Section 606, "Process for Granting Franchises, Permits, Licenses and Entering Into Leases," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," unless the Council takes action disapproving a contract that is longer than five years within 30 days after submission to Council, the contract shall be deemed approved.

MAS:WDC:10110107

Attachments



Los Angeles
World Airports

2011 FEB 15 PM 4:18
CITY ADMINISTRATIVE OFFICER

February 14, 2011

LAX
LA/Ontario
Van Nuys
City of Los Angeles
Antonio R. Villaraigosa
Mayor

The Honorable Antonio Villaraigosa
Mayor, City of Los Angeles
City Hall – Room 303
Los Angeles, CA 90012

ATTN: Pamela Finley
Legislative Coordinator

Board of Airport
Commissioners

RE: Approval to Award a 10-year Concession Agreement and Ground Lease to
Authorized Taxicab Supervision, Inc. (ATS) for the management of taxicab
operations at Los Angeles International Airport

Valeria C. Velasco
Vice President

Joseph A. Aredas
Boyd Hight
Michael A. Lawson
Fernando M. Torres-Gil
Walter Ziffen

In accordance with Executive Directive No. 4, we are transmitting three (3) copies of
the specified Board Report and proposed lease. Due to time sensitivity, this item will
be considered at the Board of Airport Commissioner's meeting on February 22, 2011
and is expected to be considered at an upcoming Trade, Commerce and Tourism
meeting in early March. City Council approval is required pursuant to Section 606 of
the City Charter.

Gina Marie Lindsey
Executive Director

Sincerely,

Gina Marie Lindsey
Executive Director

GML:MSA

Attachments

cc: Miguel A. Santana, City Administrative Officer
Attention: Andrea Mills
Mark Adams





Los Angeles World Airports

Report to the BOARD OF AIRPORT COMMISSIONERS

<p><i>Debbie Bowers</i> Approved by: Meighan Langlois, Director Landside Business Mgmt</p> <p><i>Debbie Bowers</i> Reviewed by: Debbie Bowers, Deputy Executive Director</p> <p><i>[Signature]</i> City Attorney</p> <p><i>Gina Marie Lindsey</i> Gina Marie Lindsey - Executive Director</p>	<p>Meeting Date: 3-7-11</p> <p>CAO Review: <input type="checkbox"/> Completed <input checked="" type="checkbox"/> Pending <input type="checkbox"/> N/A</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Reviewed for</th> <th>Date</th> <th>Approval Status</th> <th>By</th> </tr> </thead> <tbody> <tr> <td>Capital Budget</td> <td>2/04/11</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA</td> <td>DS</td> </tr> <tr> <td>Operating Budget</td> <td>2/08/11</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA</td> <td>RW</td> </tr> <tr> <td>CEQA</td> <td>2/8/11</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> N</td> <td>AE</td> </tr> <tr> <td>Procurement</td> <td>2/8/11</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cand</td> <td>MT</td> </tr> </tbody> </table>	Reviewed for	Date	Approval Status	By	Capital Budget	2/04/11	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS	Operating Budget	2/08/11	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW	CEQA	2/8/11	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE	Procurement	2/8/11	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cand	MT
Reviewed for	Date	Approval Status	By																		
Capital Budget	2/04/11	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS																		
Operating Budget	2/08/11	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW																		
CEQA	2/8/11	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE																		
Procurement	2/8/11	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cand	MT																		

SUBJECT: Award of Concession Agreement and Ground Lease to Authorized Taxicab Supervision, Inc.

Award of Concession Agreement and Ground Lease to Authorized Taxicab Supervision, Inc. (ATS) for the management of taxicab operations at Los Angeles International Airport. Projected revenue to Los Angeles World Airports over the 10-year term of the agreements, commencing April 1, 2011, will be approximately \$27 million.

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. FIND that the work can be performed more economically or feasibly by an Independent contractor than by City employees.
4. APPROVE the award of a Concession Agreement with Authorized Taxicab Supervision, Inc. (ATS) for the management of taxicab operations at LAX for a ten-year term.
5. APPROVE the award of a Ground Lease with Authorized Taxicab Supervision, Inc. (ATS) for the management of taxicab operations at LAX for a ten-year term.

6. AUTHORIZE the Executive Director to execute the Concession Agreement and Ground Lease upon approval as to form by the City Attorney and upon approval by the Los Angeles City Council.

DISCUSSION:

1. Executive Summary

This action will award both a Concession Agreement and Ground Lease to Authorized Taxicab Supervision, Inc. (ATS) to provide taxicab operations management services at Los Angeles International Airport (LAX) for a term of ten years. Under these agreements revenue to Los Angeles World Airports (LAWA) from taxicab operations will increase from less than \$700,000 in CY2010 to an average of \$2.7 million per year over the ten year term of the agreement.

2. Prior Related Actions

ATS currently provides taxicab management services at LAX under Agreement No. LAA-8330 as approved by the Board on February 21, 2006. The Agreement commenced April 1, 2006 and will expire March 31, 2011.

The City's Office of the Controller completed an audit of ATS in early 2007 and made the following three findings related to contractor selection and services provided:

- Sole-source contract may not be in the City's best interest
- Lack of automation results in less effective operations
- LAWA's agreement does not focus on performance based service delivery

In May 2007, LAWA responded to the LA City Controller's Office audit concerns regarding the sole-source contract awarded to ATS by releasing a Request For Proposal (RFP) for taxicab management services at LAX. LAWA received two proposals; however no superior organization or business model was identified. The Board rejected all proposals on April 7, 2008.

In March 2009, LAWA released another RFP for taxicab management services at LAX and received three proposals. Due to an increase in the Living Wage Ordinance (LWO), each proposer resubmitted the financial offer portion of their proposal taking into account the impact of the new LWO. A Notice of Proposed Award was mailed to the proposers in December 2009 with one protest subsequently received. During the protest review, staff discovered an unrelated flaw in the RFP document resulting in management's recommendation to void the RFP and reject all proposals. The Board rejected all proposals on April 19, 2010.

Under Resolution No. 24277 adopted by the Board of Airport Commissioners (Board) on November 1, 2010, the amount the taxicab management company remits to LAWA from the charges it collects per taxicab originating from LAX was increased in order to recover added costs associated with taxicab operations at LAX. This charge, called an Airport Taxicab Rate (ATR), will incrementally increase from the current rate of \$0.50 to \$1.70 per trip by July 1, 2013, as detailed in the chart in the following section.

3. Current Action

On November 9, 2010, LAWA released a third RFP that included the following taxicab management services at LAX:

- Operate a taxicab holding area
- Manage taxicab dispatch
- Manage the taxicab stands in the Central Terminal Area (CTA)
- Perform taxicab vehicle inspections

This RFP addressed all three of the Office of the Controller's audit concerns indicated in the previous section.

- The selection of a taxicab management services provider will be through a competitive bid process.
- A cashless fee collection system is listed as one of the items under the evaluation criteria of Capital Investments.
- The contract will be a concession agreement with an emphasis on performance, instead of an operating agreement.

ATS will be required to submit to LAWA the Airport Taxicab Rate (ATR), established by the Board, for each taxicab dispatched from the taxicab holding lot. ATS is authorized to collect a Taxicab Services Fee (TSF) as the sole revenue to offset the cost of operating at LAX, including but not limited to all payments to LAWA. The TSF is intended to allow ATS to recover all expenses associated with the taxicab management operations. No other source of revenue will be available to ATS. A comparison of the proposed key terms to current terms of the Concession Agreement follows:

CONCESSION AGREEMENT		
Description	Current Terms	Proposed Terms
Term:	5 Years	10 Years
Cancellation Provision:	30 days either party with or without cause	90 days by City with or without cause
Airport Taxicab Rate (ATR): (revenue to LAWA)	\$0.50 per trip	Through June 30, 2011: \$0.50 Effective July 1, 2011: \$1.00 Effective July 1, 2012: \$1.35 Effective July 1, 2013: \$1.70
Taxicab Services fee (TSF):	\$2.50 per trip	Years 1-3: \$4.00 ⁽¹⁾
⁽¹⁾ Any future changes to the ATR adopted by the Board will: 1) in the case of an increase, permit an automatic corresponding increase in the then currently approved TSF; and 2) in the case of a decrease, will require an automatic corresponding decrease in the then currently approved TSF.		

During the 10-year term, ATS will invest approximately \$961,000 in capital improvements to the taxicab holding lot including:

- Cashless trip fee collection
- Portable building for kiosks and training room
- CTA taxicab stand podiums
- Driver restroom building
- Upgraded computer network and dispatch system
- Upgrade driver rest area
- New car wash/water reclamation/vacuum system

A comparison of the proposed key terms to current terms of the Lease follows:

LEASE SUMMARY				
Description	Current Terms		Proposed Terms	
Term:	5 Years		10 Years	
Cancellation Provision:	30 days either party with or without cause		90 days either party without cause	
	SF	Rate \$	SF	Rate \$
Commercial - Land:	123,698	0	123,698	\$5.05 ⁽¹⁾
Paving – Auto	123,698	0	123,698	\$0.37 ⁽¹⁾
Annual Adjustments	None		CPI (2%)	
Annual Rent	0		\$671,000	
⁽¹⁾ For the purposes of this report the rates are rounded.				

A total of four proposals were received and all proposals were determined to be responsive to the administrative requirements. The proposals were then evaluated by a selection panel that included:

- Deputy Executive Director I
- Deputy Executive Director II
- Airport Manager III
- Senior Transportation Engineer
- Senior Management Analyst II
- Transportation Engineer Associate IV, LADOT

The evaluation criteria used to assist in evaluating the proposals is below.

CATEGORY	POINTS
1. Proposer Experience	10
2. Transition Plan	10
3. Capital Investment	10
4. Operations Plan	10
5. Customer Service Plan	15
6. Traffic Management and Mitigation	10
7. Financial Capability	10
8. Audit Controls	10
9. Price-Value of the Proposed Taxicab Services Fee	15
TOTAL:	100

Upon review of the proposals the Evaluation Panel ranked ATS the highest. The Evaluation Panel elected not to conduct interviews as they felt they had sufficient information in the proposal documents to make a recommendation.

Total revenue to LAWA from both the Concession Agreement and Ground Lease is projected to be approximately \$27 million over the ten year term of the agreements. This projection is based upon 1.3 million taxicab trips per year originating from LAX. Taxicab trips of 1.3 million is a conservative figure based upon a review of actual trips over the last six calendar years which have ranged from a low of 1,293,839 in CY2009 to a high of 1,573,020 in CY2007. The following chart details the calculation of projected revenue to LAWA.

Period	Concession Agreement			Ground Lease Revenue	Total Revenue
	ATR	Taxicab Trips	Revenue		
4/1/11 - 6/30/11	\$.50	325,000	\$ 162,500	\$671,000	\$1,808,500
7/1/11 - 3/31/12	\$1.00	975,000	\$ 975,000		
4/1/12 - 6/30/12	\$1.00	325,000	\$ 325,000	\$684,420	\$2,325,670
7/1/12 - 3/31/13	\$1.35	975,000	\$1,316,250		
4/1/13 - 6/30/13	\$1.35	325,000	\$ 438,750	\$698,108	\$2,794,358
7/1/13 - 3/31/14	\$1.70	975,000	\$1,657,500		
4/1/14 - 3/31/15	\$1.70	1,300,000	\$2,210,000	\$712,071	\$2,922,071
4/1/15 - 3/31/16	\$1.70	1,300,000	\$2,210,000		
4/1/16 - 3/31/17	\$1.70	1,300,000	\$2,210,000	\$726,312	\$2,936,312
4/1/17 - 3/31/18	\$1.70	1,300,000	\$2,210,000		
4/1/18 - 3/31/19	\$1.70	1,300,000	\$2,210,000	\$740,838	\$2,950,838
4/1/19 - 3/31/20	\$1.70	1,300,000	\$2,210,000		
4/1/20 - 3/31/21	\$1.70	1,300,000	\$2,210,000	\$755,655	\$2,965,655
Totals:		13,000,000	\$20,345,000	\$770,768	\$2,980,768
				\$786,183	\$2,996,183
				\$7,271,667	\$27,616,667

Staff recommends the Board award the Concession Agreement and Ground Lease to ATS for the management of taxicab operations at Los Angeles International Airport (LAX). ATS proposed a substantial capital investment of \$961,000, which includes among other items an automated cashless trip fee collection system, while having the lowest projected ten-year average Taxicab Services Fee (TSF) of the proposals.

Procurement Services has reviewed this action (File No. 4668) and established a 20% combined Minority/Women Business Enterprise level of participation for this project. Authorized Taxicab Supervision, Inc. (ATS) proposes 1.93% M/WBE total level of participation. ATS outreached to several M/WBE firms. There were 16 companies that responded and submitted an interest in partnering with ATS. Five certified M/WBE firms were selected. Other firms not selected were due to various reasons such as unfavorable location, high quotes, and non-response to ATS' request for information. Procurement Services confirms that based on documents submitted, Authorized Taxicab Supervision, Inc. has made a good faith effort to outreach to MBE/WBE/OBE subcontractors.

4. Alternatives Considered

▪ Take No Action

The current agreement expires March 31, 2011. Not awarding a contract will result in no taxicab management or dispatch at LAX. Passenger customer service and LAWA revenue will be negatively impacted.

▪ Contract Amendment

LAWA staff could negotiate a contract amendment with the current operator to maximize revenue and impose more favorable terms for LAWA. This process would, however, circumvent LAWA's competitive process and may not result in LAWA's best interest of maximizing revenue and increasing customer service.

FISCAL & ECONOMIC IMPACT STATEMENT:

Approval of this item will generate approximately \$1,808,500 during the first year and a projected 27.6 million in revenue over the ten-year term for Los Angeles World Airports (LAWA). In contrast, revenue to LAWA in CY2010 from the operation of taxicabs at LAX was \$690,733.

Approval of this action will have no impact on the Los Angeles World Airports Capital Budget.

STANDARD PROVISIONS:

1. The issuance of permits, leases and agreements granting use of an existing facility at a municipal airport involving no expansion of use is exempt from the requirements of the California Environment Quality Act pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. This Concession Agreement and Ground Lease are subject to approval 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. ATS will comply with the Service Contractor Worker Retention and/or Living Wage Ordinances.
5. Procurement Services has reviewed this action (File No.4668) and established a 20% combined Minority/Women Business Enterprise level of participation for this project. ATS proposes 1.93% combined M/WBE levels of participation. Procurement Services confirms that based on documents submitted ATS has made a good faith effort to outreach to MBE/WBE/OBE subcontractors.
6. ATS will comply with the provisions of the Affirmative Action Program.
7. ATS has been assigned Business Tax Registration Certificate No. 820812-86.
8. ATS will comply with the provisions of the Child Support Obligations Ordinance.
9. ATS has 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. ATS has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. ATS 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 contract.
13. ATS will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.