



REPORT TO THE BOARD OF AIRPORT COMMISSIONERS

Elias Constantinides

Approved by: Elias Constantinides, Assistant Airport Manager

David Reich

Reviewed by: David Reich, Deputy Executive Director

D. D'Ag

City Attorney

Justin Erbacci – Chief Executive Officer

Meeting Date:

4/22/2021

CAO Review:

- Completed
- Pending
- N/A

Reviewed for	Date	Approval Status	By
Finance	3/31/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	JS
CEQA	4/1/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	VW
Procurement	3/31/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	LK
Guest Experience	3/31/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	TB
Strategic Planning	3/31/2021	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA	KC

SUBJECT: Second Amendment to ABM Aviation, Inc. Agreement for Remote Employee Parking Operation and Management at Los Angeles International Airport

Amend ABM Aviation, Inc. Agreement (DA-4891) to add a month-to-month term extension, not to exceed 5 months, from August 1, 2021 through December 31, 2021, and increase contract authority by \$7.8 million, for a total contract amount not-to-exceed \$65.9 million over the 7-year, 5-month term.

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 State CEQA Guidelines Section 15061 (b) (3).
3. FIND that the work can be performed more economically or feasibly by an independent contractor than by City employees.
4. APPROVE the Second Amendment to Agreement DA-4891 with ABM Aviation, Inc. to add a month-to-month term extension, not to exceed 5 months, from August 1, 2021 through December 31, 2021, and increase contract authority by \$7.8 million, for a total contract amount not-to-exceed \$65.9 million over the 7-year, 5-month term.

5. AUTHORIZE the Chief Executive Officer to execute the Second Amendment to Agreement DA-4891 with ABM Aviation, Inc. upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION:

1. Purpose

The Second Amendment to Los Angeles International Airport (LAX) Remote Employee Parking Operation and Management Agreement with ABM Aviation, Inc. (ABM), DA-4891 ('the Agreement') seeks approval to: 1) add a month-to-month extension, not to exceed 5 months, commencing August 1, 2021 and ending no later than December 31, 2021, to allow staff ample time to finalize negotiations with the successful proposer of the recently concluded Request for Proposals (RFP) for LAX Employee Parking and Transportation Services, and complete the approval process for the award of a new agreement; and, 2) increase the contract authority by \$7.8 million to cover the costs for employee busing starting May 1st through the end of the extended term, in conjunction with the planned re-opening and relocation of LAX employees from the Central Terminal Area (CTA) garages to remote employee parking lots.

2. Prior Related Actions

- **March 18, 2014 – Resolution No. 25370**
The Board of Airport Commissioners ('Board') awarded a five-year agreement to ABM (DA-4891) commencing on July 16, 2014 to operate transportation systems and manage remote employee parking lots at LAX. The term of the Agreement includes two, one-year extension options. The initial contract authority was \$53.5 million for the entire 7-year term including option years.
- **October 18, 2018 – Board Resolution No. 26623**
The Board approved the First Amendment to ABM Agreement DA-4891 to add scope of services due to expansion of employee parking Lot South and increase contract authority by \$4.6 million, for an amount not to exceed \$58.1 million through the end of Option Year 1 (7/31/2020).
- **June 11, 2020 – Executive Director Authority**
LAWA, through Executive Director authority, exercised Option Year 2 commencing August 1, 2020 and terminating July 31, 2021, with no additional contract authority, in anticipation of new replacement agreement that was originally intended to be awarded 60 days prior to the expiration of the current term.

3. Current Action

ABM currently provides overall parking management services for LAWA's three major remote employee parking lots (hereinafter, collectively called 'Remote Employee Lots'): Employee Lot East (1,971 spaces), Lot West (1,980 spaces) and Lot South (3,100 spaces), for a combined total of 7,051 spaces (including ADA spaces). These services include web-based on-line parking permit sales, collection of parking revenue and deposit into LAWA's bank account, access control system maintenance and operation, cleaning of lots, and lot security patrols.

In addition to managing the employee parking lots, ABM also provides courtesy transportation services for employees to these lots using a LAWA-owned shuttle bus fleet, which is comprised of forty-two (42), 35-ft. Compressed Natural Gas (CNG) buses that service the following routes:

- Lot East Route – multiple stops in Employee Lot East, Lot South, and CTA north terminals (T1-T3), including Tom Bradley International Terminal (TBIT);
- Lot West Route – multiple stops in Employee Lot West, Lot South, and CTA south terminals (T4-T7);
- Lot South/City Bus Center Route – multiple stops in Lot South, LAX City Bus Center and all CTA terminals (T1-T7);
- Green Line Route - shuttles run in tandem with Metro Green Line schedule, between Metro Green Line - Aviation Station and the CTA. The Green Line shuttle stops at all CTA terminals (T1-T7). The Green Line route is included as part of this extension for only one month. Future service will be provided in the new agreement commencing June 1, 2021 (separate BOAC item).

In April 2020, following the State and City ‘Stay-at-Home’ mandate due to the COVID-19 pandemic, LAWA ordered the closure of all remote employee parking lots and relocated about 14,000 employees to CTA parking garages and the Park One parking lot. LAWA also halted employee shuttle bus service on the Lot East and Lot West routes. LAWA achieved overall cost savings through these efforts, offset somewhat by the need to provide more buses on the City Bus Center and Green Line routes to maintain service with lower passenger capacity per bus due to social distancing.

In June 2020, LAWA, through Executive Director authority, exercised Option Year 2 of the contract commencing August 1, 2020 and terminating July 31, 2021, with no additional contract authority. LAWA had remaining authority at the time and anticipated the replacement agreement to be in place by May 1, 2021.

Reopening Plan - Repopulation of Remote Employee Lots

With the recent increase in passenger levels, LAWA already is experiencing full CTA parking garages at peak times and has moved some employees and contractors out of the CTA parking garages back to the employee lots. However, these moves have been limited by the lack of busing capacity. With an anticipated continued increase in air travel through the summer, it is expected that parking demand in the CTA will continue to rise. While LAWA had planned for a gradual return of LAX employees from the CTA garages to the employee parking lots, it appears that employees will have to return to the employee parking lots sooner than anticipated and more employee busing also will have to resume earlier than planned.

LAWA plans to move 9,000 employees from CTA garages to the remote employee lots in phases beginning in May through the end of October 2021, with about 5,000 employees moving out of the CTA between May and July 2021. This move requires re-activating fifteen buses in addition to the already existing nine buses used for the Lot South/City Bus Center route, for a total of 24 buses that will provide shuttle bus services for LAX employees.

LAWA conducted a Request for Proposals (RFP) for LAX Employee Parking and Transportation Services to replace the existing services after the current agreement expires on July 31, 2021. The RFP process is in its final stages, but there is a chance that final Board and City Council approvals of a new agreement may not be completed by then. Thus, in order to ensure continuation of these services until the new agreement can be approved, LAWA is seeking an extension of the existing contract term, on a month-to-month basis, for a period of time not to

exceed five months. LAWA also will need to increase the contract authority by \$7.8 million to facilitate this extension. Extending the term of the existing agreement gives LAWA sufficient opportunity to negotiate a new ten-year contract with the successful proposer of the recently concluded RFP and complete the approval process for the award of a new agreement. The additional contract authority is required to cover the whole of the additional term, if necessary, but also to provide funding immediately to continue and increase busing service from the remote parking lots to accommodate about 9,000 LAX employees who are relocating from the CTA garages to the remote parking lots beginning May 2021.

Revenue and Expenses

The table below shows historical revenue and expenses. Revenue is generated by LAX employee parking permit sales. Expenses include the ABM management fee, and hourly billable rates for parking staff, transportation and cleaning services. These expense figures exclude bus repair and maintenance costs (performed through a separate service agreement with Swissport, LLC), and the actual cost of fuel. Bus maintenance costs for Fiscal Year 2019 were \$3,000,000, inclusive of management fees, parts and labor.

Table 2. Revenue and Expenses

	Revenue (After Tax)	Expenses
FY14-15	\$10,319,954	\$7,046,601
FY15-16	\$12,247,133	\$8,392,797
FY16-17	\$10,637,248	\$8,154,980
FY17-18	\$11,196,758	\$8,323,673
FY18-19	\$12,089,688	\$9,183,948
FY19-20	\$12,648,992	\$10,904,557
FY20-21 YTD *	\$5,569,793	\$4,485,515
TOTAL	\$74,709,565	\$56,492,072

**(Note: Revenue as reported by ABM. Expenses derived from SAP. FY20-21 YTD numbers current as of Feb. 2021 data.)*

Anticipated Costs and Additional Contract Authority

To ensure the timely and successful re-opening of the employee lots, and to continue to maintain COVID-19 social distancing, additional shuttle service will need to be added through the extended term, and thus, the Agreement will require additional contract authority of \$7.8 million. If social distancing measures are lifted, LAWA would achieve a savings of up to \$4 million, or \$571K per month, through the term of the extended agreement.

The following table shows a calculation summary of the additional \$7.8 million contract authority request. It also shows required contract authority on a month-to-month basis in the event that the Agreement is terminated earlier than December 31, 2021, contingent upon the award of the new LAX Employee Parking and Transportation Agreement. Staff is targeting a July 1 start date for the new agreement, depending on negotiations and final LA City Council approval.

Additional Contract Authority Calculation Summary

CONTRACT AUTHORITY SUMMARY:	Expenses	Authority Running Balance	Required Additional Contract Authority (rounded-off, in Millions)
Contract Authority		\$ 58,100,000	
YTD Expenses (7/2014 thru 02/2021)	\$ 56,492,072	\$ 1,607,928	
Projected Expenditures:			
March - July 2021	\$ 4,152,562	\$ (2,544,634)	2.5
Aug-21	\$ 1,046,189	\$ (3,590,822)	3.6
Sep-21	\$ 1,046,189	\$ (4,637,011)	4.6
Oct-21	\$ 1,046,189	\$ (5,683,199)	5.7
Nov-21	\$ 1,046,189	\$ (6,729,388)	6.7
Dec-21	\$ 1,046,189	\$ (7,775,576)	7.8

The increase in contract authority will enable LAWA to provide transportation service from the remote lots for employees returning to work, without any gaps before the new agreement takes place.

Action Requested

Approve the Second Amendment to Agreement DA-4891 with ABM Aviation, Inc. to add a month-to-month term extension, not to exceed five months, from August 1, 2021 through December 31, 2021, and increase contract authority by \$7.8 million, for a total contract amount not-to-exceed \$65.9 million over the 7-year, 5-month term.

Fiscal Impact

Approval of this item will increase contract authority by \$7,800,000, for a new not-to-exceed amount of \$65,900,000 over the 7-year, 5-month term.

4. Alternatives Considered

- Retain LAX employee parking in the CTA garages and discontinue Green Line and City Bus Center routes in May 2021. This alternative will impact service levels to the public and employees alike and will result in LAWA losing revenue.

APPROPRIATIONS:

Funds for this contract are currently available in the Fiscal Year 2020-2021 Los Angeles World Airports Operating Budget in LAX Cost Center 2001509 – LND Employee Parking Lots, Commitment Item 520 – Operations Contracts. Funding for subsequent years will be requested as part of the annual budget process.

STANDARD PROVISIONS:

1. The activity is exempt from California Environmental Quality Act (CEQA) requirements pursuant to State CEQA Guidelines Section 15061 (b) (3).
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 373.
4. ABM Aviation, Inc. is required by contract to comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. Procurement Services reviewed this action (File No. 6225) and established a goal of 10% Airport Concessions Disadvantaged Business Enterprise (ACDBE). ABM Aviation, Inc. proposed 11.38% ACDBE participation and has achieved 11.70% to date.
6. ABM Aviation, Inc. is required by contract to comply with the provisions of the Affirmative Action Program.
7. ABM Aviation, Inc. has been assigned Business Tax Registration Certificate No. 0000682409-0001-1.
8. ABM Aviation, Inc. is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. ABM Aviation, Inc. 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. ABM Aviation, Inc. has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. ABM Aviation, Inc. has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance.
13. ABM Aviation, Inc. will be required to comply with the provisions of the First Source Hiring Program for all non-trade Airport jobs.
14. ABM Aviation, Inc. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. ABM Aviation, Inc. has submitted the MLO Bidder Contributions CEC Form 50 and will comply with its provisions.
16. ABM Aviation, Inc. will comply with the provisions of the Iran Contracting Act.