

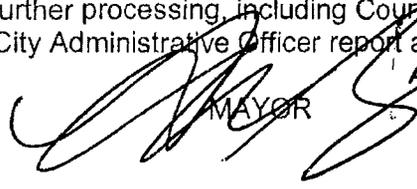
0150-10406-0001

TRANSMITTAL

TO Deborah Flint, Chief Executive Officer Department of Airports	DATE MAY 12 2017	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 11	

**Request to Approve the First Amendment to a Concession Agreement
With Boingo Wireless, Inc. for Wi-Fi Services at the
Los Angeles International Airport**

Transmitted for further processing, including Council consideration. See the
City Administrative Officer report attached.


MAYOR Antonio Guerrero

RHL:WDC: 101701221

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 12, 2017

CAO File No. 0150-10406-0001

Council File No.

Council District: 11

To: The Mayor

From: Richard H. Llewellyn, Jr., Interim City Administrative Officer

Reference: Transmittal from the Los Angeles World Airports dated April 17, 2017; referred by the Mayor for report on April 19, 2017

Subject: **REQUEST TO APPROVE THE FIRST AMENDMENT TO A CONCESSION AGREEMENT WITH BOINGO WIRELESS, INC. FOR WI-FI SERVICES AT THE LOS ANGELES INTERNATIONAL AIRPORT**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed First Amendment to Concession Agreement LAA-8862 between the Los Angeles World Airports and Boingo Wireless, Inc. to modify the method used for airport passenger connectivity to the free Wi-Fi service, reduce the base annual fee paid by Boingo Wireless to the Los Angeles World Airports from \$816,000 to \$416,000 per year, and provide Boingo Wireless with a one-time \$65,000 credit for constructing 12 additional Wireless Access Points in the Tom Bradley International Terminal's Federal Inspection Service area, subject to City Attorney approval and the contractor's compliance with the following Standard Provisions for City contracts: the Living Wage Ordinance, Affirmative Action Program, Child Support Obligations Ordinance, Contractor Responsibility Program, Equal Benefits Ordinance, First Source Hiring Program for all non-trade LAX airport jobs, and the Bidders Contributions CEC (City Ethics Commission) Form 55;
2. Authorize the Chief Executive Officer of the Los Angeles World Airports to execute the proposed First Amendment with Boingo Wireless, Inc.; and
3. Return the Amendment to the Department for further processing, including Council consideration.

SUMMARY

The current Los Angeles International Airport (LAX) Wi-Fi service model consists of a free unlimited access tier with ads up to 30 seconds, a paid unlimited access tier, and a pay-as-you-go service tier. Feedback from airport customers indicates that access to the free Wi-Fi service is too complex. To address that concern, the Los Angeles World Airports (LAWA; Department) proposes to have its Wi-Fi contractor, Boingo Wireless, Inc. (Boingo Wireless; contractor) further simplify the connection process by

reducing the current four-to-seven-clicks process to just one click. The remaining two tiers, accessed from the airport's restricted access page, consist of the paid "Boingo Unlimited" and "Boingo AsYouGo," and will essentially remain unchanged with a \$4.98 per-month fee and a \$7.95 per-24-hours fee, respectively. Eliminating the requirement that a Boingo Wireless application be downloaded in order to access the free Wi-Fi service tier is also being proposed.

In addition to connection improvements affecting all of the airport's passenger terminals, the Department proposes to improve wireless access for the Customs and Border Protection's (CBP) Mobile Passport application that LAWA will be piloting, which allows submission of passport and customs information using smartphones, in order to reduce the wait time for passengers processing through customs and immigration in the Tom Bradley International Terminal (TBIT). To facilitate the pilot project, Boingo Wireless will install 12 new access points in the Federal Inspection Service area passenger arrival corridors. An increase in overall Wi-Fi speed, from 5 mbps to 20 mbps, is also a feature of the planned system enhancements.

To enable the proposed improvements to Wi-Fi access at LAX, the Chief Executive Officer of LAWA requests approval to execute a First Amendment to the concession agreement with Boingo Wireless.

While the current agreement's seven-year term will not change, the base annual fee paid to LAWA by Boingo Wireless will change in the form of a reduction from the current \$816,000 to \$416,000 to compensate the contractor for lost revenue attributable to the expansion of free LAX Wi-Fi and a reduction in the advertising revenue that accompanied the downloading of ads and/or sponsorship messages as part of the current free Wi-Fi service. In addition to the annual fee reduction, LAWA proposes to credit Boingo Wireless \$65,000 as a one-time reimbursement for the installation of 12 additional wireless access points in the TBIT bus terminal hallways for the CBP's Mobile Passport application. The overall reduction in the annual base revenue paid to LAWA for the remainder of the Boingo Wireless contract—a period of five and one-half years—will be approximately \$2.2 million.

The original contract with Boingo Wireless resulted from a competitive process begun in November 2014 that resulted in one proposal being submitted. The proposed First Amendment was approved by the Board of Airport Commissioners at its meeting of April 20, 2017.

FISCAL IMPACT STATEMENT

Approval of the First Amendment will have no impact on the City's General Fund. It will, however, result in a decrease of \$400,000 in the base annual fee payment by Boingo Wireless to the Los Angeles World Airports for a total of \$2,200,000 over the five and one-half years remaining on the contract term. Additionally, there will be a one-time \$65,000 credit to Boingo Wireless for the company's installation of additional wireless access points in the Tom Bradley International Terminal's Federal Inspection Service area. This project complies with the Department of Airports' adopted Financial Policies.