

RESOLUTION NO. 27362

WHEREAS, on recommendation of Management, there was presented for approval, Amendment to the ten (10) Rental Car Concession Agreements at Los Angeles International Airport that are listed in the summary exhibit attached hereto and made part hereof, to update the provisions related to, and establish consistency for, the calculation of the Minimum Annual Guarantee rent; and

LAX
Van Nuys
City of Los Angeles
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Board of Airport Commissioners
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Vice President
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Dr. Cynthia A. Telles
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Justin Erbacci
Chief Executive Officer

WHEREAS, the rental car concession agreements require rent payments in an amount equal to the greater of Concession Fees calculated at 10% of total gross revenue, or a Minimum Annual Guarantee (MAG) rent. The MAG is calculated annually as the greater of 90% of the prior period twelve (12) months' Concession Fee or \$730,000. The decline in passenger traffic due to COVID-19 significantly reduced concession sales and prompted the Board of Airport Commissioners to authorize Los Angeles World Airports (LAWA) to temporarily waive the MAG rent requirement through June 30, 2021. During said period, the rental car concessions continued to pay the Concession Fee; and

WHEREAS, as the waiver of MAG rent expired on June 30, 2021, the rental car concessions reverted back to paying the greater of the Concession Fee or MAG amounts effective July 1, 2021. Since the MAG has been suspended for the past fourteen (14) months, a new MAG is being established for each rental car agreement; and

WHEREAS, the rental car concession agreements require that the MAG rent be reset annually using a twelve (12)-month period that is based on the date each agreement was executed. Because the agreements were not all executed at the same time, the twelve (12)-month periods used to establish each rental car concession's MAG are different. This anomaly results in a different basis period being used to reset the MAG rent, which each rental car concession was to begin paying on July 1, 2021, and as such is inconsistent with LAWA's intent to treat all concessionaires equally; and

WHEREAS, the Amendment will establish the same twelve (12)-month period to calculate all ten (10) rental car concessions' MAG amounts, and will create a level basis for all rental car concessionaires. The change also improves the recalculation process by providing advance notice of the new amounts rather than the current system, which applies the amounts retroactively. All other terms of the agreements remain unchanged. Following are the change details:

Effective Date	July 1, 2021
Reset of MAG	MAG to be calculated based on the twelve (12)-month period March 1, 2020 through February 28, 2021
Future Year MAG Calculation	Future year MAGs are to be recalculated annually based on revenue reports submitted for the previous twelve (12)-month period (beginning on the first day of March through the last day of February the following year); and

WHEREAS, this action, as a continuing administrative activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines; and

WHEREAS, the Concessionaires are required by contract to comply with the provisions of the Living Wage and Service Contractor Worker Retention Ordinances; and



WHEREAS, Procurement Services Division has reviewed this action (File 6985) and established a 3.5% Airport Concessions Disadvantaged Business Enterprise goal for the agreements. The Concessionaires have committed to 3.5% participation. In federal Fiscal Year 2020, the Concessionaires achieved:

Alamo Rental (US) LLC	1.21%
Avis Rent A Car System LLC	1.74%
Budget Rent A Car System Inc.	1.75%
DTG Operations Inc. dba Dollar Rent A Car	0.19%
Enterprise Rent-A-Car Company of Los Angeles LLC	6.49%
Fox Rent A Car Inc.	8.20%
Hertz Corporation	0.07%
National Rental (US) LLC	18.70%
Sixt Rent A Car LLC	0.57%
DTG Operations Inc. dba Thrifty Car Rental	0.06%; and

WHEREAS, the Concessionaires are required by contract to comply with the provisions of the Affirmative Action Program; and

WHEREAS, the Concessionaires have each been assigned a Business Tax Registration Certificate number; and

WHEREAS, the Concessionaires are required by contract to comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, the Concessionaires have approved insurance documents, in the terms and amounts required, on file with LAWA; and

WHEREAS, the Concessionaires have submitted the Contractor Responsibility Program Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, the Concessionaires 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 their respective Amendment; and

WHEREAS, the Concessionaires will be required to comply with the provisions of the First Source Hiring Program for all non-trade Los Angeles International Airport jobs; and

WHEREAS, the Concessionaires will comply with the provisions of the Bidder Contributions CEC Form 55; and

WHEREAS, the Concessionaires will comply with the provisions of the MLO Bidder Contributions CEC Form 50; and

WHEREAS, 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;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines; approved the Seventh

Amendment to Concession Agreements LAA-8136 with Hertz Corporation, LAA-8137 with Avis Rent A Car System LLC, LAA-8138 with Budget Rent A Car System Inc., LAA-8139 with Alamo Rental (US) LLC, LAA-8140 with National Rental (US) LLC, LAA-8141 with DTG Operations Inc. dba Dollar Rent A Car, LAA-8142 with Enterprise Rent-A-Car Company of Los Angeles LLC, LAA-8143 with Fox Rent A Car Inc., and LAA-8144 with DTG Operations Inc. dba Thrifty Car Rental; further approved the Fourth Amendment to Concession Agreement LAA-8870 with Sixt Rent A Car LLC; and authorized the Chief Executive Officer to execute the Amendment to said ten (10) Concession Agreements after approval as to form by the City Attorney and approval by the Los Angeles City Council.

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I hereby certify that this Resolution No. 27362 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, October 21, 2021.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS

Attachment:
- Rental Car Concession Agreement Summary Exhibit