

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: December 18, 2023

CAO File No. 0150-12524-0000

Council File No.

Council District: 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer 

Reference: Correspondence from the Los Angeles World Airports Board of Airport Commissioners (Board) dated October 19, 2023 and November 1, 2023; referred by the Mayor for a report on October 19, 2023

Subject: **RESOLUTION NO. 28717 AND PROPOSED AMENDMENTS TO 10 RENTAL CAR CONCESSION AGREEMENTS AT LOS ANGELES INTERNATIONAL AIRPORT**

RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) Resolution No. 28717 authorizing a proposed eighth amendment to nine existing non-exclusive rental car concession agreements at Los Angeles International Airport: 1) LAA-8136 with Hertz Corporation; 2) LAA-8137 with Avis Rent A Car System, Inc.; 3) LAA-8138 with Budget Rent A Car System, Inc.; 4) LAA-8139 with Alamo Rental (US), LLC; 5) LAA-8140 with National Rental (US), LLC; 6) LAA-8141 with DTG Operations, Inc. dba Dollar Rent A Car; 7) LAA-8142 with Enterprise Rent-A-Car Company of Los Angeles, LLC; 8) LAA-8143 with Fox Rent A Car, Inc.; 9) LAA-8144 with DTG Operations, Inc. dba Thrifty Car Rental; and further approve, 10) Fifth Amendment to LAA-8870 with Sixth Rent A Car, LLC, to extend the respective terms for one year, to January 30, 2025, with an option to further extend the terms for six months, to July 30, 2025. The 10 Concessionaire Rental Car Agencies contribute approximately 96 percent of all gross revenues from rental car operations at LAWA and it is anticipated that this metric will remain consistent throughout the duration of the extended period;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the November 1, 2023 Board of Airport Commissioners (Board) Resolution 27817, that this action is exempt from the CEQA pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; and
3. Authorize the LAWA Interim Chief Executive Officer, or designee, to execute the proposed agreement and return the Resolution to LAWA for further processing, including Council consideration.

SUMMARY

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) requested approval of its November 1, 2023 Resolution 27817 authorizing amendments to 10 existing non-exclusive rental car concession agreements with on-airport rental car companies operating at LAX. The rental car agencies include Hertz Corporation; Avis Rent A Car System, LLC; Budget Rent A Car System, Inc.; Alamo Rental, LLC; National Rental, LLC; DTG Operations, Inc. dba Dollar Rent A Car; Enterprise Rent-A-Car Company of Los Angeles, LLC; Fox Rent A Car, Inc.; DTG Operations, Inc. dba Thrifty Car Rental; and Sixt Rent A Car, LLC (collectively, on-airport rental car companies).

Each of the existing non-exclusive rental car concession agreements terminate on January 30, 2024. Amending the agreements will enable LAWA the ability to extend the respective leases for a total of one year, terminating on the earlier of the Beneficial Occupancy Date, which is the point at which the Consolidated Rental-A-Car (ConRAC) facility becomes fully operational, or on January 30, 2025, whichever of the two milestones occur first. The proposed amendment also includes an option to extend the term of each lease for six months, if necessary through July 30, 2025. Authorizing the proposed extensions will allow the Department to continue generating ongoing revenue through rental car concession fees and Customer Facility Charges. Additionally, the proposed amendments will enable the on-airport rental car companies to continue utilizing their current concession spaces through the transition to the new ConRAC facility.

The proposed lease amendments have been approved as to form by the City Attorney. Pursuant to Charter Section 606 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds five years. Our Office has reviewed the request and recommends approval.

BACKGROUND

On October 19, 2023 and November 1, 2023, the Board approved a LAWA staff report and Resolution 27817 requesting authority to execute amendments to 10 existing non-exclusive rental car concession agreements with on-airport rental car companies that currently operate rental facilities near LAX. The amendments consist of a 12-month extension, and a six-month option to extend the term, if necessary, enabling the rental car companies to continue operations at their respective sites until the ConRAC facility is completed and operational. The current agreements are set to expire concurrently on January 30, 2024.

Modifications to the Agreements - The Board originally approved the award of concession agreements between LAWA and 10 rental car companies for a five year term in January 2003 through Board Order A0-4844. Each of the executed agreements was assigned a common commencement date of February 1, 2003. The Board subsequently approved seven amendments which encompassed diverse changes, such as multiple term extensions, the addition of more on-airport rental car concession agreements, and the implementation of relief measures for

concessionaires in response to the challenges posed by the COVID-19 pandemic.

On-Airport Automobile Rental Concessions - The term “on-airport” specifically refers to the concession rights granted to rental car companies to operate courtesy shuttle services within the Central Terminal Area (CTA) at LAX. The rental car facilities for the on-airport rental car companies are located beyond the LAX boundaries, however, shuttle operations within the CTA are permitted for on-airport rental car concessionaires. This enables the concessionaires to transport its airport customers to designated off-site rental facilities in accordance with the existing on-airport concession agreements.

Amending the Rental Car Concession Leases - The key provision of the proposed amendments seek to extend the term of each rental car concession agreement by up to one year, to January 31, 2025, plus a six-month extension option. Approval of the proposed term extensions will provide a contractual bridge that facilitates the transition of on-airport rental car companies to the ConRAC. The extension ensures continuity for the rental car services until the relocation process to the ConRAC is finalized. Additionally, it will prevent disruptions to the rental car companies’ courtesy shuttle services within the LAX Central Terminal Area (CTA).

Target Beneficial Occupancy Date – The date of beneficial occupancy represents the time when an agency can take possession of or start using a facility for its intended purposes. The ConRAC is expected to commence operations on either the beneficial occupancy date or before the proposed term expiration date on January 30, 2025, depending on which date occurs first. Upon the opening of the ConRAC, the existing on-airport non-exclusive concession agreements will terminate, and the commencement of the succeeding concession lease agreements (C.F. 18-0811) which govern the terms and operations at the ConRAC will be initiated.

Opening of the ConRAC Facility – The ConRAC facility is designed to consolidate the majority of the rental car companies around LAX into a single location away from the Central Terminal Area (CTA), however, the opening of the ConRAC is contingent on the Automated People Mover (APM) becoming operational. LAWA reports that the APM is scheduled for substantial completion in June 2024. Once the APM is operational, linking the ConRAC facility with the CTA, the ConRAC facility can then open. The Department expects passenger service for the APM to become available between the second and third quarters of 2024. Based on the projected timeline, it is anticipated that the ConRAC facility can initiate rental car operations in late 2024 or early 2025.

Revenue to LAWA - Extending the on-airport rental car concession agreements will allow LAWA to avoid financial impacts by retaining the authority to continue collecting revenue from the existing rental car concession fees and Customer Facility Charges (CFC). The combined financial earnings of the on-airport rental car companies account for approximately 96 percent of the total gross revenues derived from rental car operations at LAX. Under the payment structure of the lease agreements, the rental car concessionaires are obligated to pay the higher amount of the two options indicated below as their Minimum Annual Guarantee:

- Option 1 – Ninety percent of ten percent of the gross revenue of the concessionaire and its affiliate(s) from rental car operations under any Airport agreement from March of the previous year through February of the current year
- Option 2 – A fixed amount of \$730,000

The Department is currently unable to estimate the total concession fee and CFC revenue that will be collected during the proposed extended period because there is no definitive timetable for the ConRAC’s Date of Beneficial Occupancy.

CITY COMPLIANCE

Airport Concession Disadvantages Business Enterprise (ACDBE) Participation - The Department’s Procurement Services Division staff reviewed this action (File No. 6985) and established a required Airport Concession Disadvantages Business Enterprise participation goal of three and one half percent for each of the 10 on-airport rental car companies. As reported by LAWA staff, rental car companies nationwide are facing challenges in achieving ACDBE goals because of the scarcity of qualified providers. The achieved participation levels for the 10 rental car concessionaires are displayed in the table below:

| Business Enterprise Participation Levels | |
|---|---------------------|
| Rental Car Concessionaire Company | Achieved SBE |
| Hertz Corporation | 0.07% |
| Avis Rent A Car System, LLC | 5.58% |
| Budget Rent A Car System, Inc. | 4.37% |
| Alamo Rental (US), LLC | 3.26% |
| National Rental (US), LLC | 4.23% |
| DTG Operations, Inc. dba Dollar Rent A Car | 0.02% |
| Enterprise Rent-A-Car Company of Los Angeles, LLC | 2.98% |
| Fox Rent A Car, Inc. | 8.32% |
| DTG Operations, Inc. dba Thrifty Car Rental | 0% |
| Sixt Rent A Car, LLC | 4.91% |

California Environmental Quality Act (CEQA) – On October 19, 2023, the Board determined that approval of the proposed 10 rental car concession agreements will not directly impact the environment and is exempt from CEQA pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.

The proposed amendments include provisions to ensure compliance with applicable City Ordinances, contracting, and insurance requirements. The City Attorney has reviewed and approved the proposed amendments. In accordance with Charter Section 606 and Administrative Code Section 10.5(c), the Agreement requires Council approval because the total cumulative term of the Agreement exceeds five years. Our Office recommends approval.

FISCAL IMPACT STATEMENT

The Los Angeles World Airports indicates that the proposed rental car concession agreements with the 10 on-airport rental car companies identified herein, to continue rental car operations in and around the Los Angeles International Airport (LAX) campus, will have no impact on the City's General Fund. The rental car concessionaires will continue to pay LAWA monthly rent through their respective lease agreements until the earlier of the ConRAC's Date of Beneficial Occupancy or January 30, 2025. No appropriation is required for the proposed actions. Revenues collected during the lease term will be remitted to the Los Angeles World Airports Revenue Fund. The actions of the proposed rental car concession agreements comply with the Los Angeles World Airports' adopted Financial Policies.

Attachment 1 – October 19, 2023 BOAC Report and November 1, 2023 Resolution No. 28717

MWS/PJH/JVW:DLG:10240118



October 24, 2023

The Honorable Karen Bass
Mayor, City of Los Angeles
City Hall – Room 303
Los Angeles, CA 90012

ATTN: Heleen Ramirez, Legislative Coordinator
ATTN: Thomas Arechiga, Deputy Legislative Coordinator

LAX

Van Nuys

City of Los Angeles

Karen Bass
Mayor

Board of Airport
Commissioners

Karim Webb
President

Matthew M. Johnson
Vice President

Vanessa Aramayo
Courtney La Bau
Victor Naro
Nicholas P. Roxborough
Valeria C. Velasco

Beatrice C. Hsu
Interim Chief Executive Officer

RE: Request to approve the proposed Amendments to certain ten Rental Car
Concession Agreements

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified
board report for the request to approve the proposed Amendments to certain ten Rental
Car Concession Agreements at Los Angeles International Airport to extend the term for
12 months, with one six-month option.

City Council approval is required pursuant to Section 606 of the Los Angeles
City Charter.

Sincerely,

Beatrice C. Hsu
Interim Chief Executive Officer



BCH:MSA:kfs





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Report to the BOARD OF AIRPORT COMMISSIONERS

| Approver:  Dave Jones (Oct 13, 2023 08:01 PDT) Dave Jones, Deputy Executive Director Commercial Development Division | Meeting Date 10/19/2023 | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|---|-----------------|------|-----------------|----|---------|-----------|---|----|------|-----------|---------------------------------------|----|-------------|-----------|---|----|------------------|-----------|---------------------------------------|----|--------------------|-----------|---------------------------------------|-----|
| | Needs Council Approval: <input checked="" type="checkbox"/> Y | | | | | | | | | | | | | | | | | | | | | | | | | |
| Reviewer:  Brian C. Ostler, City Attorney | <table border="1"> <thead> <tr> <th>Reviewed for/by</th> <th>Date</th> <th>Approval Status</th> <th>By</th> </tr> </thead> <tbody> <tr> <td>Finance</td> <td>10/2/2023</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> NA</td> <td>JS</td> </tr> <tr> <td>CEQA</td> <td>10/2/2023</td> <td><input checked="" type="checkbox"/> Y</td> <td>MO</td> </tr> <tr> <td>Procurement</td> <td>10/2/2023</td> <td><input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond</td> <td>BG</td> </tr> <tr> <td>Guest Experience</td> <td>10/3/2023</td> <td><input checked="" type="checkbox"/> Y</td> <td>TB</td> </tr> <tr> <td>Strategic Planning</td> <td>10/2/2023</td> <td><input checked="" type="checkbox"/> Y</td> <td>BNZ</td> </tr> </tbody> </table> | | Reviewed for/by | Date | Approval Status | By | Finance | 10/2/2023 | <input checked="" type="checkbox"/> Y <input type="checkbox"/> NA | JS | CEQA | 10/2/2023 | <input checked="" type="checkbox"/> Y | MO | Procurement | 10/2/2023 | <input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond | BG | Guest Experience | 10/3/2023 | <input checked="" type="checkbox"/> Y | TB | Strategic Planning | 10/2/2023 | <input checked="" type="checkbox"/> Y | BNZ |
| | Reviewed for/by | Date | Approval Status | By | | | | | | | | | | | | | | | | | | | | | | |
| Finance | 10/2/2023 | <input checked="" type="checkbox"/> Y <input type="checkbox"/> NA | JS | | | | | | | | | | | | | | | | | | | | | | | |
| CEQA | 10/2/2023 | <input checked="" type="checkbox"/> Y | MO | | | | | | | | | | | | | | | | | | | | | | | |
| Procurement | 10/2/2023 | <input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond | BG | | | | | | | | | | | | | | | | | | | | | | | |
| Guest Experience | 10/3/2023 | <input checked="" type="checkbox"/> Y | TB | | | | | | | | | | | | | | | | | | | | | | | |
| Strategic Planning | 10/2/2023 | <input checked="" type="checkbox"/> Y | BNZ | | | | | | | | | | | | | | | | | | | | | | | |
|  Beatrice Hsu, Interim Chief Executive Officer | | | | | | | | | | | | | | | | | | | | | | | | | | |

SUBJECT

Request to approve the proposed Amendments to certain ten Rental Car Concession Agreements at Los Angeles International Airport to extend the term for 12 months, with one six-month option.

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- 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.
- APPROVE the Eighth Amendments to the following nine concession agreements: the Hertz Corporation (LAA-8136); Avis Rent-A-Car System, LLC (LAA-8137); Budget Rent-A-Car System, Inc. (LAA-8138); Alamo Rental (US) LLC (LAA-8139); National Rental (US) LLC (LAA-8140); DTG Operations, Inc. dba Dollar Rent-A-Car (LAA-8141); Enterprise Rent-A-Car Company of Los Angeles, LLC (LAA-8142); Fox Rent-A-Car, Inc. (LAA-8143); and DTG Operations, Inc. dba Thrifty Car Rental (LAA-8144); and the Fifth Amendment to concession agreement with Sixt Rent-A-Car, LLC (LAA-8870), as referenced in the report. Altogether, there are 10 concession agreements to be amended.
- AUTHORIZE the Interim Chief Executive Officer, or designee, to execute the amendments after approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

Staff requests approval of the proposed amendments to the Rental Car (RAC) Concession Agreements (on-airport RACs) at Los Angeles International Airport (LAX) to extend the contract term to allow the on-airport RACs to continue to operate until each RAC commences operation in the new Consolidated Rent-A-Car Facility (ConRAC).

2. Prior Related Actions/History of Board Actions

- **January 21, 2003 – Board Order No. A0-4844**
The Board of Airport Commissioners (Board) approved award of concession agreements between Los Angeles World Airports (LAWA) and 10 rental car companies at Los Angeles International Airport as follows: Avis Rent-A-Car System, LLC (f/k/a Avis Rent-A-Car System, Inc.) (LAA-8137); Alamo Rental (US), LLC (f/k/a Alamo Rental [US] Inc. and Alamo Rent-A-Car LLC) (LAA-8139); Budget Rent-A-Car System, Inc. (LAA-8138); National Rental (US) LLC (f/k/a National Rental [US] Inc. and National Car Rental System, Inc.) (LAA- 8140); DTG Operations, Inc. dba Dollar Rent-A-Car (LAA-8141); DTG Operations, Inc. dba Thrifty Car Rental (assignees to T.C.R.L.P.'s agreement) (LAA-8144); Enterprise Rent-A-Car Company of Los Angeles, LLC (LAA-8142); The Hertz Corporation (LAA-8136); Fox Rent-A-Car, Inc. (LAA-8143); and Simply Wheelz, LLC dba Advantage Rent-A-Car (assignee to Coast Leasing Corp.'s agreement) (LAA-8145) commencing February 1, 2003, and expiring on January 31, 2008.
- **December 3, 2007 – Board Order No. A0-5090**
The Board approved the First Amendment to extend the term of the agreements to January 31, 2010, and add additional provisions.
- **December 21, 2009 – Board Order No. A0-5153**
The Board approved the Second Amendment to extend the terms of the agreements, as amended, to January 31, 2015, and add additional provisions.
- **January 15, 2015 – Resolution No. 25615**
The Board approved a Third Amendment to 10 existing RAC concession agreements to extend the term of the agreements through January 31, 2018, plus two one-year extension options exercisable by Los Angeles World Airports.
- **July 16, 2015 – Resolution No. 25760**
The Board approved award of concession agreements to DR Car Rental, Inc.; Midway Rent-A-Car, Inc.; and Sixt Rent-A-Car, LLC expiring on January 31, 2018, with two one-year extension options exercisable by Los Angeles World Airports for operation of rental car concessions.
- **November 21, 2019 – Resolution No. 26889**
The Board approved amendments to 10 concession agreements to extend the term for up to four years and update provisions.
- **April 16, 2020 – Resolution No. 27003**
The Board approved the First Letter Agreements for the Concessionaire Relief

Program amending concession agreements.

- **October 21, 2020 – Resolution No. 27118**
The Board approved the Second Letter Agreements for the Concessionaire Relief Program amending concession agreements.
- **December 3, 2021 – Resolution No. 27362**
The Board approved the Seventh Amendments to the following nine concession agreements: the Hertz Corporation (LAA-8136); Avis Rent-A-Car System, LLC (LAA-8137); Budget Rent-A-Car System, Inc. (LAA-8138); Alamo Rental (US) LLC (LAA-8139); National Rental (US) LLC (LAA-8140); DTG Operations, Inc. dba Dollar Rent-A-Car (LAA-8141); Enterprise Rent-A-Car Company of Los Angeles, LLC (LAA-8142); Fox Rent-A-Car, Inc. (LAA-8143); and DTG Operations, Inc. dba Thrifty Car Rental (LAA-8144); and the Fifth Amendment to concession agreement with Sixt Rent-A-Car, LLC (LAA-8870) to establish a consistent period to recalculate the Minimum Annual Guarantee amounts and sustainably reintroduce Minimum Annual Guarantee rent provisions.

3. Background

There are two types of rental car agreements at LAX: (a) Non-Exclusive Concession Agreements, which authorize on-airport RACs (Avis/Budget, Hertz/Dollar/Thrifty, Enterprise/Alamo/National, Fox, and Sixt) to transport their customers to and from their locations and the Central Terminal Area (CTA) with their company shuttles; and (b) Non-Exclusive License Agreements (NELA), which authorize off-airport rental car companies to operate at LAX, but require these companies to pick up their customers from the Remote Rental Car Depot located on Century Boulevard, approximately 0.9 miles east of the CTA.

There are currently 10 active on-airport RAC Non-Exclusive Concession Agreements. The agreements were extended in 2019 to terminate on the earlier of (a) the ConRAC Date of Beneficial Occupancy (DBO) or (b) January 30, 2024. At the time these agreements were extended, it was believed that the ConRAC would be open before January 30, 2024.

4. Current Action/Rationale

The opening of the ConRAC has been delayed beyond January 30, 2024. Therefore, the existing Non-Exclusive Concession Agreements will expire prior to the opening of the ConRAC. To allow on-airport RACs to continue their current operations until they relocate to the new ConRAC, staff propose amending the Non-Exclusive Concession Agreements to terminate on the earlier of (a) the ConRAC Date of Beneficial Occupancy or (b) January 30, 2025, with one six-month extension option.

Upon opening of the ConRAC, the existing on-airport Non-Exclusive Concession Agreements will terminate, and the new Concession and Lease Agreements, which were executed in 2018, will commence. These new Concession and Lease Agreements govern all lease and concession terms for operations in the new ConRAC.

How This Action Advances a Specific Strategic Plan Goal and Objective

This action advances this strategic goal and objective: *Deliver Facilities & Guest Experiences that are Exceptional: Plan collaboratively to improve guest services while*

delivering capital improvements. This action will ensure rental car services remain available without interruption to all airport guests until the ConRAC DBO is reached while continuing to provide a dependable source of revenue to LAWA.

5. Fiscal Impact

The 10 Concessionaire RACs currently account for approximately 96 percent of all rental car gross revenues at LAWA and are estimated to generate similar metrics for the duration of the one-year extension.

6. Alternatives Considered

- **Take No Action**

Taking no action would result in the rental car concession agreements terminating prior to ConRAC DBO, creating a gap in contract coverage for rental car services to be provided to airport guests, and negatively impacting the guest experience.

APPROPRIATIONS

No appropriation of funds is required for this action.

STANDARD PROVISIONS

1. The issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. The 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. Concessionaires are required by contract to comply with the provisions of the Living Wage Service Contractor Worker Retention Ordinances.
5. Procurement Services Division has reviewed this action (File #6985) and established a 3.4 percent Airport Concessions Disadvantages Business Enterprise (ACDBE) goal for these contracts.
6. Concessionaires are required by contract to comply with the provisions of the Affirmative Action Program.
7. Concessionaires have been assigned a Business Tax Registration Certificate number.
8. Concessionaires are required by contract to comply with the provisions of the Child Support Obligations Ordinance.



November 1, 2023

The Honorable City Council
of the City of Los Angeles
(via email)

Subject: Amendments to certain ten (10) Concession Agreements with Rental Car Companies, to extend the term by twelve (12) months, with a six (6)-month extension option, covering rental car services at Los Angeles International Airport

LAX

Van Nuys

City of Los Angeles

Karen Bass
Mayor

Board of Airport
Commissioners

Karim Webb
President

Matthew M. Johnson
Vice President

Vanessa Aramayo
Courtney La Bau
Victor Narro
Nicholas P. Roxborough
Valeria C. Velasco

Beatrice C. Hsu
Interim Chief Executive Officer

Pursuant to Section 606 of the City Charter, enclosed for your approval are the Amendments to the following (10) concession agreements:

- [i] LAA-8136 with Hertz Corporation
- [ii] LAA-8137 with Avis Rent A Car System LLC
- [iii] LAA-8138 with Budget Rent A Car System Inc.
- [iv] LAA-8139 with Alamo Rental (US) LLC
- [v] LAA-8140 with National Rental (US) LLC
- [vi] LAA-8141 with DTG Operations Inc. dba Dollar Rent A Car
- [vii] LAA-8142 with Enterprise Rent-A-Car Company of Los Angeles LLC
- [viii] LAA-8143 with Fox Rent A Car Inc.
- [ix] LAA-8144 with DTG Operations Inc. dba Thrifty Car Rental
- [x] LAA-8870 with Sixt Rent A Car LLC

Said Amendments were approved by the Board of Airport Commissioners at its October 19, 2023 meeting. There is no impact to the General Fund.

RECOMMENDATIONS FOR CITY COUNCIL:

1. Adopt the determination by said Board 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; and
2. Approve the Eighth 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 approve the Fifth Amendment to Concession Agreement LAA-8870 with Sixt Rent A Car LLC, to extend the term by twelve (12) months, with a six (6)-month extension option, covering rental car services at Los Angeles International Airport; and



3. Concur with said Board's action on October 19, 2023, by Resolution 27817, authorizing the Interim Chief Executive Officer, or designee, of Los Angeles World Airports to execute the Amendments to said ten (10) Concession Agreements with Rental Car Companies.

Very truly yours,



Grace Miguel, Commission Executive Assistant II
BOARD OF AIRPORT COMMISSIONERS

Enclosures

cc: Trade, Travel and Tourism Committee
Councilmember Park, e-file
Councilmember McOsker, e-file
Councilmember Soto-Martinez, e-file
CAO (Airport Analyst), e-file
CLA (Airport Analyst), e-file
City Clerk's Office, e-file

RESOLUTION NO. 27817

WHEREAS, on recommendation of Management, there was presented for approval, Amendments to certain ten (10) Concession Agreements with rental car companies to extend the term by twelve (12) months, with a six (6)-month extension option, covering rental car services at Los Angeles International Airport; and

WHEREAS, there are two (2) types of rental car agreements at Los Angeles International Airport (LAX) — (a) Non-Exclusive Concession Agreements, which authorize on-airport rental car companies (RACs), i.e., Avis, Budget, Hertz, Dollar, Thrifty, Enterprise, Alamo, National, Fox, and Sixt, to transport their customers between their locations and the Central Terminal Area (CTA) with their company shuttles; and (b) Non-Exclusive License Agreements, which authorize off-airport RACs to operate at LAX, but require the companies to pick up their customers from the Remote Rental Car Depot, which is located on Century Boulevard and is approximately 0.9 miles east of the CTA; and

WHEREAS, there are currently ten (10) active on-airport RAC Non-Exclusive Concession Agreements. The agreements were extended in 2019 to terminate on the earlier of (a) the Consolidated Rent-A-Car Facility (ConRAC) Date of Beneficial Occupancy (DBO) or (b) January 30, 2024. At the time the agreements were extended, it was believed that the ConRAC would be open before January 30, 2024; and

WHEREAS, the opening of the ConRAC has been delayed beyond January 30, 2024. Therefore, the existing Non-Exclusive Concession Agreements will expire prior to the opening of the ConRAC. To allow on-airport RACs to continue their current operations until they relocate to the new ConRAC, staff proposed amending the Non-Exclusive Concession Agreements to terminate on the earlier of (a) the ConRAC DBO or (b) January 30, 2025, with a six (6)-month extension option; and

WHEREAS, upon opening of the ConRAC, the existing on-airport Non-Exclusive Concession Agreements will terminate, and the new Concession and Lease Agreements, which were executed in 2018, will commence. The new Concession and Lease Agreements govern all lease and concession terms for operations in the new ConRAC; and

WHEREAS, issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; and

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

WHEREAS, Procurement Services Division has reviewed this action (File 6985) and established a 3.4% Airport Concessions Disadvantaged Business Enterprise goal for the agreements; and

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

WHEREAS, each Concessionaire has 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 must have approved insurance documents, in the terms and amounts required, on file with LAWA prior to execution of the Amendments; 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 have been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance; and

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

WHEREAS, the Concessionaires will comply with the provisions of the Bidder Contributions CEC Form 55 and 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 III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines; approved the Eighth 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 Fifth Amendment to Concession Agreement LAA-8870 with Sixt Rent A Car LLC; and authorized the Interim Chief Executive Officer, or designee, to execute the Amendment to said ten (10) Concession Agreements after approval by the Los Angeles City Council and approval as to form by the City Attorney.

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I hereby certify that this Resolution No. 27817 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, October 19, 2023.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS