



# REPORT TO THE

## BOARD OF AIRPORT COMMISSIONERS

ELIAS CONSTANTINIDES

ELIAS CONSTANTINIDES (Sep 9, 2021 14:53 PDT)

Approved by: Elias Constantinides, Asst. Airport Manager

*DAVID REICH*

DAVID REICH (Sep 9, 2021 15:42 PDT)

Reviewed by: David Reich, Deputy Executive Director

*D. Dazé*

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City Attorney

*JUSTIN ERBACCI*

Justin Erbacci (Sep 9, 2021 15:47 PDT)

Justin Erbacci, Chief Executive Officer

Meeting Date:

9/14/2021 10:00 AM

CAO Review:

- Completed
- Pending
- N/A

Reviewed for	Date	Approval Status	By
Finance	8/20/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	JS
CEQA	6/28/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	VW
Procurement	6/21/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	QM
Guest Experience	8/23/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	TB
Strategic Planning	8/20/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	TS

### SUBJECT

Award of contract to ABM Aviation, Inc. to manage and operate remote employee parking lots and provide employee transportation services at Los Angeles International Airport, for a ten-year term and total contract amount not to exceed \$160,000,000.

### 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 II, Section 2.f. of the Los Angeles City CEQA Guidelines and 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 of Los Angeles (City) employees.
4. FURTHER FIND that the Request for Proposal process used in this competitive process satisfies requirements of Administrative Code Section 10.17 and is compatible with the City's interests.

5. FURTHER FIND that ABM Aviation, Inc. is responsive and responsible, that entering into this agreement is in the best interest of the City, and waive any informality in the proposal.
6. APPROVE the award of a ten-year contract to ABM Aviation, Inc. to manage and operate the remote employee parking lots and provide related transportation services at Los Angeles International Airport, for a ten-year term and a total amount not to exceed \$160,000,000.
7. AUTHORIZE the Chief Executive Officer to execute the contract with ABM Aviation, Inc. after approval as to form by the City Attorney and approval by the Los Angeles City Council.

## DISCUSSION

### 1. Purpose

To enter into an agreement with ABM Aviation, Inc. (ABM, contractor) to manage and operate the remote employee parking lots at Los Angeles International Airport (LAX), and provide courtesy shuttle services for LAX employees and the public between the remote employee parking lots, LAX City Bus Center, and LAX Central Terminal Area (CTA).

### 2. Prior Related Actions

- **March 18, 2014 – Board Resolution No. 25370**  
The Board of Airport Commissioners (Board) awarded a five-year agreement with two one-year extensions for a not-to-exceed amount of \$53,500,000 to ABM Parking Services, Inc. (DA-4891) to manage remote employee parking lots and provide related transportation services, including shuttle service between the LAX Central Terminal Area and Metro's Green Line Aviation Station. The contract commenced July 16, 2014, and terminates July 31, 2021.
- **April 21, 2016 – Board Resolution No. 25949**  
The Board awarded a six-year agreement with four one-year extension options to Swissport SA, LLC (DA-5075) for LAX shuttle bus maintenance, repair, fueling, and cleaning services at LAX. The contract commenced July 1, 2016, and will expire June 30, 2022. The contract may be terminated for convenience with 90-days prior written notice issued by the Los Angeles World Airports (LAWA, Department).
- **October 18, 2018 – Board Resolution No. 26623**  
The Board approved the First Amendment to ABM Agreement DA-4891 to add a scope of services due to expansion of Employee Lot South, adjust the financial terms due to cost of living adjustments, and increase contract authority to a not-to-exceed amount of \$58,100,000, for the continued management and operation of remote employee parking and transportation services at LAX for the remaining term of the Agreement and through the end of Option Year 1.
- **June 11, 2020 – CEO Authority**  
Los Angeles World Airports, through the Chief Executive Officer (CEO), exercised the final Option Year 2 of the ABM Agreement DA-4891 for employee parking and transportation without further contract authority. Option Year 2 commenced August 1, 2020, and terminates July 31, 2021.

- **April 22, 2021 – Board Resolution No. 27246 (DA-4891B)**

The Board approved a 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 the contract authority by \$7,800,000, for a new total not-to-exceed amount of \$65,900,000, covering operation and management of remote employee parking and employee shuttle services at Los Angeles International Airport.

### **3. Current Action**

The current action requests Board approval to award a new contract to ABM to manage and operate LAX remote employee parking lots, and provide employee transportation services, for an amount not to exceed \$160,000,000 over a ten-year term. The new contract will require ABM to provide oversight of and parking management for LAWA's three remote employee parking lots (Employee Lot East, Employee Lot West, and Employee Lot South) and ancillary employee parking lots located at various LAX locations (i.e., Lot A, Air Freight #8, Imperial Cargo Complex, Imperial Terminal, and the Recreational Vehicle Lot), as shown in Attachment A. Parking 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, ABM is required to procure new buses to replace LAWA's aging bus fleet. The ABM bus fleet proposal includes procurement of 22 new Carbon Neutral Gas (CNG) buses and eleven new electric buses, in compliance with the California Air Resource Board (CARB) zero-emission airport shuttle (ZEAS) vehicle requirements for 33 percent electric vehicle (EV) replacements by December 31, 2027. Under the new agreement, ABM will also be required to maintain its own shuttle bus fleet, including repairs, cleaning, and fueling of the buses.

#### Background

Currently, LAWA provides remote parking for LAX employees through an agreement (DA-4891) with the incumbent parking operator (ABM), who primarily is responsible for managing and operating the remote employee parking lots, with a combined total of 7,000 parking spaces. ABM also manages other LAWA-controlled remote employee parking lots (ancillary lots) which include more than 1,000 additional employee parking spaces at various LAX locations.

The LAX employees who wish to park in the remote employee lots, can purchase employee parking permits via an on-line website. Gross parking revenue is assessed the City Occupancy Tax at ten percent, and LAWA receives net parking revenue, which was \$12,100,000 in FY19 and \$12,600,000 in FY20. The LAX employees who park in the remote employee lots work for airlines, concessionaires, other tenants and service providers, and Transportation Security Administration employees.

The contractor also operates an employee courtesy shuttle bus service with three main routes between the remote employee lots and the CTA, seven days a week. In addition, the employee Lot South shuttle route picks up passengers at the LAX City Bus Center on 98<sup>th</sup> Street for LAX-bound passenger transfers from several city transit buses.

In order to provide staff time to complete the Request for Proposals (RFP) process and obtain approvals for a new Remote Employee Parking and Transportation agreement, the Board and City Council recently approved a Second Amendment with ABM (Resolution No. 27246) to extend the current term through December 31, 2021, on a month-to-month basis, and increase contract authority by \$7,800,000, for a total not-to-exceed amount of \$65,900,000. Los Angeles World Airports will terminate this existing agreement with ABM once the new agreement is approved.

***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: Upgrade every element of the guest experience by providing improved parking amenities and first-class courtesy bus service for airport employees as part of the overall Strategic Mobility Plan.

***Procurement Process***

In order to minimize the risk to LAWA, the strategy and approach for the procurement process was to shift the ownership of and responsibility to acquire and maintain new buses to the successful proposer. The strategy also included an opportunity for proposers to provide a bus charging solution for Electric Vehicle (EV) buses and comply with California Air Resources Board-Zero Emission Airport Shuttle (CARB-ZEAS) vehicle requirements.

On November 17, 2020, LAWA released an RFP for qualified firms to provide the following scope of services:

**(1) Parking Management and Operations**

- Operate and provide complete parking management services, including day-to-day operations of LAX Employee Parking Lots
- Manage parking permit sales, including revenue control and collection
- Perform data analytics and reporting, as required by LAWA
- Ensure lot security and employee safety

**(2) Access Control System (ACS)**

- Perform required maintenance of the employee parking Access Control System and conduct repairs, as necessary, including repairs for the RV Lot gate
- Provide opportunity to upgrade existing ACS with smart parking technology solutions and to introduce smart technology in the ancillary lots

**(3) Transportation**

- Provide related transportation service for employees and the public to support the following distinct shuttle routes to the CTA: Lot East route, Lot West route, and Lot South/LAX City Bus Center route
- Acquire new buses to replace LAX legacy CNG bus fleet, which complies with LAWA Alternative Fuel Program and new CARB-ZEAS regulations

(4) Bus Maintenance and Associated Services

- Perform required preventive bus maintenance and repair, towing, fueling, cleaning, washing, fumigation, and disinfection services
- Identify and provide the necessary bus maintenance and repair facility (within 20 miles from LAX) and CNG fuel facility (within five miles)
- Identify and provide the required infrastructure and facility for electric bus maintenance, repair, and charging station (within 20 miles)
- Identify an off-site bus washing and cleaning facility (within ten miles)

(5) Parking Lot Cleaning and Janitorial Services

- Provide routine janitorial, cleaning, and other auxiliary services to remote employee and ancillary parking lots
- Procure, maintain, and provide services to all portable restrooms in remote lots (West, East, and South), RV lot, and other ancillary lots

The Department received three proposals on February 4, 2021, from the following companies:

1. ABM Aviation, Inc.
2. LAZ Parking California, LLC
3. Zero Trans

A five-member LAWA evaluation panel evaluated the proposals:

The evaluation criteria used for the RFP consisted of seven categories, totaling 100 points, as follows:

Criterion	Criteria Description	Points
1	EXECUTIVE SUMMARY, UNDERSTANDING OF THE ASSIGNMENT, AND FINANCIAL CAPABILITY	Pass/Fail
2	METHODOLOGY AND APPROACH FOR PARKING MANAGEMENT AND OPERATIONS PLAN	20
3	ACCESS CONTROL SYSTEM MAINTENANCE AND SMART PARKING SOLUTION PLAN	10
4	TRANSPORTATION PLAN	20
5	TEAM ORGANIZATION AND EXPERIENCE	10
6	INCLUSIVITY PLAN	10
7	COST PROPOSAL (All inclusive: Operator Fee and all other reimbursable expenses)	30
<b>Total Possible Points</b>		<b>100</b>
Proposal Part Two – Administrative Requirements		Pass/Fail

Proposer interviews were conducted on March 1, 2021. Subsequently, proposers were given the opportunity to submit their best and final offer (BAFO) based upon a set of assumptions that would allow for the accurate comparison of pricing across proposers' bids. The BAFOs were received on March 10, 2021.

The evaluation panel submitted the following final scores on March 16, 2021:

<b>Proposer</b>	<b>Final Ranking</b>
ABM Aviation, Inc.	1
LAZ Parking California, LLC	2
ZeroTrans	3

Based upon the final score results, LAWA selected ABM and negotiated a single contract to perform the scope of work described in the RFP. The contractor was determined to be the successful technical proposer for the scope of services required and had the most favorable cost proposal and hourly blended rates for staff positions. In addition, ABM proposed to enhance the employee/guest experience by cross-training their staff to ensure adequate coverage at all times and to use available technology to better manage the operation. ABM Aviation, Inc. has significant airport and LAX transportation experience as they currently manage LAX and VNY's Smart Parking Program and serve as the incumbent operator for LAX Remote Employee Parking and Transportation services. ABM Aviation, Inc. has a strong local presence and demonstrates proven success with recruitment and retention. ABM Aviation, Inc. has committed to an ACDBE inclusivity goal of 12.93 percent, which exceeds the ten percent requirement set forth in the RFP.

#### Proposed Contract

The proposed agreement with ABM provides for a ten-year contract for operations and management of remote employee parking and transportation services, allowing ample time to spread out the investment in buses for this operation.

As a result of the contract negotiations process, ABM is expected to comply with the following contract terms and provisions:

1. Term: Ten years, commencing September 1, 2021.
2. Parking Management: Provide parking lot management, which includes (a) maintenance of the parking access control system, providing LAWA with parking activity and management reports; and (b) managing employee parking permit/access card sales, and routine cleaning and janitorial services at all Employee and Ancillary Lots.
3. New Bus Acquisition: As required in the RFP, ABM initially will lease 31 buses from LAWA for the first nine months of Year 1 operations, until they receive delivery of their new bus fleet composed of 22 new CNG buses and 11 EV buses (total = 33 buses) by April 2022.
4. EV Infrastructure: ABM Aviation, Inc. will provide the EV charging infrastructure and install bus chargers in one of the remote employee parking lots (exact location to be identified in ABM Business and Operations Plan).
5. Bus Maintenance: Perform required preventive bus maintenance, repair, towing, fueling, cleaning, washing, fumigation, and disinfection services. The contractor will assume all bus repair and maintenance and perform this work either on their own or through a third party of their choice. The requirement for ABM to provide the bus fleet and maintenance

removes these responsibilities and oversight needs from LAWA. In addition, this will ensure consistent levels of service by having ABM as the primary responsible party and single point of contact to provide the bus fleet and to ensure the buses are operational.

#### Compensation to ABM

The contract entered into by and between LAWA and ABM is a reimbursable agreement; therefore, there is no management fee. Payments will be made to ABM for qualified reimbursable expenses under the following categories:

1. Labor Cost (On-Site Staff) – The Labor Cost will be determined based upon a formula consisting of a “blended” hourly rate multiplied by the number of monthly service hours (Labor Cost = Hourly Rate x Service Hours) applicable to each rate category for qualified positions (i.e., operations managers, transportation staff, parking field staff, cleaning staff, bus fuelers and cleaners, and security guards).
2. Bus Costs – Direct reimbursement of qualified bus expenses for the following categories:
  - a) Fixed Costs (flat monthly rate) – bus purchase or lease, preventive maintenance and repairs, bus equipment, technology/software), vehicle insurance, other fees and licenses
  - b) Non-Fixed Costs (variable rates) – fuel, bus cleaning and washing services
3. Other Qualified Reimbursable Expenses:
  - a) Modular office
  - b) Facility maintenance and operations expenses
  - c) Access Control System solutions, equipment, upgrade, and third-party integration with LAWA systems
  - d) Finance and credit card processing fees
  - e) Bank service fees
4. Operator Fee – A single, monthly fee that covers Operator’s profit only.

The contract cost for the ten-year term is \$159,700,000, an amount that was negotiated between LAWA staff and ABM.

#### Capital Expense

Los Angeles World Airports will not incur any capital expenses associated with this contract. All capital expenses will be borne by ABM for the acquisition of the new bus fleet and other acquired assets, including the infrastructure required to charge EV buses.

#### City’s Right to Purchase Vehicles at Term Expiration

ABM Aviation, Inc. shall ensure to provide the City the opportunity to take ownership of the buses in the event of early termination or contract expiration.

#### Termination Payment Provision

The City will pay the Contractor a “Convenience Termination Payment” should City terminate the Agreement prior to the expiration date of the contract. The Convenience

Termination Payment shall consist of 1) an amount equal to the outstanding actual bus lease payment costs and Electric Vehicle (EV) charger infrastructure costs owed by the City as reflected in the Business & Operations Plan (which total \$19,164,087 over the 10-year term for the buses and \$614,300 for the EV charger infrastructure) and 2) the contractor's shut down expenses of a not-to-exceed amount of \$250,000. LAWA will also have the option to take ownership of the buses upon such early termination and will own the charging infrastructure. If leasing the buses, ABM will ensure the ability to transfer ownership to LAWA by demonstrating proof of a buy-out provision in their lease. In the event LAWA elects to acquire the buses, there will be no additional cost to LAWA beyond the Convenience Termination Payment.

### ***Fiscal Impact***

Approving the proposed contract with ABM will result in \$160,000,000 in operating expenses over the ten-year term, which will be budgeted annually as part of the fiscal year budget.

## **4. Alternatives Considered**

- ***Take No Action***

Taking no action would result in LAWA having to use its aging fleet of busses with no contract authority left under the existing maintenance agreement with Swissport (DA-5075), which expires June 30, 2022. The Department also would lose the opportunity to have its legacy buses replaced with newer buses. Operations may be impacted, with older buses requiring more frequent maintenance and repairs.

- ***Extend Current Agreements with ABM (DA-4891) and Swissport (DA-5075)***

Los Angeles World Airports could negotiate and amend the current expiring contract with ABM, but it would require approval for additional contract authority to compensate ABM for the lease of new buses and continued management and operation of employee parking and shuttle bus services. Similarly, LAWA would need to amend the agreement with Swissport for additional contract authority to continue bus maintenance services.

## **APPROPRIATIONS**

Funds for this contract are available in the Fiscal Year 2021-22 Los Angeles World Airports Operating Budget in LAX Cost Center 2001509 – LND Employee Parking Lots, Commitment Item 520 – Contractual Services. Funding for subsequent fiscal years will be requested as part of the annual budget process.

## **STANDARD PROVISIONS**

1. This item, as a continuing administrative, maintenance and personnel-related 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, the activity is exempt from CEQA requirements pursuant to State CEQA Guidelines Section 15061 (b) (3).
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 373.



4. ABM Aviation, Inc. will comply the provisions of the Living Wage Ordinance.
5. Procurement Services has reviewed this action (File No.9579) and established 10% Airport Concessions Disadvantaged Business Enterprise goal. ABM Aviation, Inc. proposed 12.9% ACDBE participation.
6. ABM Aviation, Inc. will comply with the provisions of the Affirmative Action Program.
7. ABM Aviation, Inc. has been assigned Business Tax Registration Certificate number 0000682409-001-1.
8. ABM Aviation, Inc. will 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 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 full compliance with the provisions of the Equal Benefits Ordinance.
13. ABM Aviation, Inc. will comply with the provisions of the First Source Hiring Program.
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 Municipal Lobbying Ordinance CEC Form 50 and will comply with its provisions.
16. ABM Aviation, Inc. will comply with the provisions of the Iran Contracting Act.

***Attachment***

**(A) LAX Remote Employee Parking Facilities**



*For illustrative purposes only.  
Note: Areas not drawn to scale.*