



RESOLUTION NO. 27490

WHEREAS, on recommendation of Management, there was presented for approval, First Amendment to Contract DA-5365 with Airport Van Rental Inc. dba AVR Vanpool to extend the term by two (2) years and increase the vehicle lease rate by 18% per unit, covering operation of the existing fleet of commuter vans of Los Angeles World Airports; and

LAX

Van Nuys

City of Los Angeles

Eric Garcetti  
Mayor

Board of Airport  
Commissioners

Beatrice C. Hsu  
President

Valeria C. Velasco  
Vice President

Sean O. Burton  
Gabriel L. Eshaghian  
Nicholas P. Roxborough  
Belinda M. Vega  
Karim Webb

Justin Erbacci  
Chief Executive Officer

WHEREAS, Los Angeles World Airports (LAWA) administers an Employee Commute Reduction Program (ECRP), which includes the vanpool, transit, carpool, and bicycle programs; the pilot telecommute program; and compressed work week schedules (9/80 and 4/10), all to reduce employee commute trips. The ECRP is part of the LAWA employee benefits program. The vanpool program assists in LAWA's compliance with South Coast Air Quality Management District Rule 2202, which requires companies to reduce emissions from employee commute vehicles. Under said rule, LAWA is required to reduce one-third of its peak-hour employee vehicle commute trips or use the equivalent Mobile Source Emission Reduction Credits, which can be purchased through an environmental brokerage service. LAWA has achieved compliance with Rule 2202 for 16 consecutive years, and is designated a Best Workplace for Commuters; and

WHEREAS, the LAWA Rideshare Program contributes to trip reduction goals under the Landside Access Modernization Program (LAMP) Mitigation Monitoring Reporting Program MM-ST (LAMP)-6. It also supports the mobility and transit initiatives of the Mayor's Executive Directive 25 and Los Angeles' New Green Deal, and it contributes toward reducing greenhouse gas emissions to 40% below 1990 levels by 2030 as outlined in California State Assembly Bill 32, the Global Warming Solutions Act. In 2021, LAWA launched commuteLAX, a transportation management organization for the Los Angeles International Airport (LAX) campus with the specific goal of reducing dependency on single-occupancy vehicle travel generated by employees; and

WHEREAS, LAWA currently operates a fleet of 67 vanpools, which consists of seven-passenger Chrysler Pacifica Hybrids and eight-passenger Ford Transit vans. LAWA's Vanpool Program costs include vehicle leasing, fuel, and administrative costs of staff salaries and benefits. Those costs are offset by revenue from the airport's participation in the Metro Vanpool Subsidy Program, a federally-funded grant program that provides up to a \$600 per month subsidy for qualifying vans, and fare revenue collected from the participants via a pre-tax payroll deduction; and

WHEREAS, LAWA is not competitively bidding the contract at this time because current supply chain issues in the automotive industry would likely result in even higher cost increases, particularly for such a short term, if vehicles could be secured at all. The existing vanpool contract, established in 2019, was for a three (3)-year term in hopes that the automotive industry would have an all-electric van option by 2022. However, as of now, the industry has not produced a widely, commercially available electric vehicle passenger van.<sup>1</sup> The industry is further facing supply chain issues that are making it difficult for one to purchase a single vehicle of any kind, much less a fleet of vehicles. Establishment of a new vanpool contract requires a new fleet of vans, which are scarce. Staff believes that releasing a Request for Bids (RFB) for a new fleet this year would garner few, if any, bidders. This would not only impact LAWA's ability to deliver a program, but would also impact other City departments that piggyback off of the LAWA contract; and

<sup>1</sup> Ford has begun selling an E-Transit version (advertised 120mph per charge) of its transit vans in 2022. For now, the E-Transit is only available as a cargo van, and an after-market conversion to a passenger configuration is not practical. Providing two (2) more years in the existing contract will provide ample time for LAWA to put together an RFB for electric vans and may also result in more choice in the market.



WHEREAS, Contract DA-5365 with Airport Van Rental Inc. dba AVR Vanpool expires on June 30, 2022. Extending the contract term by two (2) years would allow for the automotive supply chain to recover, which is anticipated to occur during the extended term; and

WHEREAS, the current vendor is experiencing increased operating costs due to inflation driven by scarcity of parts and macroeconomic factors, and is requesting an 18% increase in the current vehicle lease rate. Following is a comparison of its operating costs in 2019 versus 2022, and the previous versus new rates:

| Annual Cost Per Vehicle | 2019     | 2022       | % Change |
|-------------------------|----------|------------|----------|
| Vehicle Insurance       | \$500.00 | \$1,300.00 | 160%     |
| Maintenance - PM        | \$300.00 | \$ 420.00  | 40%      |
| Maintenance - Tires     | \$520.00 | \$ 900.00  | 73%      |
| Maintenance - Other     | \$360.00 | \$ 600.00  | 67%      |
| Body Damage Repair      | \$600.00 | \$1,450.00 | 142%     |
| Transportation / Towing | \$ 65.00 | \$ 165.00  | 154%     |
| Fuel for Operation      | \$210.00 | \$ 360.00  | 71%      |

| Vehicle Count |                 | Previous Monthly Rates |          |              | 18% Lease Rate Increase |          |                   |
|---------------|-----------------|------------------------|----------|--------------|-------------------------|----------|-------------------|
| Vans          | Model           | Lease Rate             | Subsidy  | Balance      | Lease Rate              | Subsidy  | Balance           |
| 45            | Pacifica Hybrid | \$1,200.00             | \$600.00 | \$ 27,000.00 | \$1,416.00              | \$600.00 | \$ 36,720.00      |
| 22            | Transit         | \$1,130.00             | \$565.00 | \$ 12,430.00 | \$1,333.40              | \$600.00 | \$ 16,134.80      |
| 67            |                 |                        | Invoice  | \$ 39,430.00 |                         | Invoice  | \$ 52,854.80      |
|               |                 | Annual Program Cost    |          | \$473,160.00 | Annual Program Cost     |          | \$634,257.60; and |

WHEREAS, funding for the contract are currently available in the Fiscal Year 2021-2022 LAWA Operating Budget in Cost Center 1230029 – Rideshare Section, Commitment Item 525 – Other Operating Expenses. Funding for subsequent years will be requested as part of the annual budget process; 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, AVR Vanpool will comply with the provisions of the Living Wage Ordinance; and

WHEREAS, AVR Vanpool will comply with the provisions of the Affirmative Action Program; and

WHEREAS, AVR Vanpool has been assigned Business Tax Registration Certificate 0002313894-0001-9; and

WHEREAS, AVR Vanpool will comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, AVR Vanpool has approved insurance documents, in the terms and amounts required, on file with LAWA; and

WHEREAS, AVR Vanpool has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, AVR Vanpool must be determined by Public Works, Office of Contract Compliance, to be in full compliance with the provisions of the Equal Benefits Ordinance, prior to contract amendment; and

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

WHEREAS, AVR Vanpool has submitted the Bidder Contributions CEC Form 55, and will comply with its provisions; and

WHEREAS, AVR Vanpool has submitted the Municipal Lobbying Ordinance CEC Form 50, and will comply with its provisions; and

WHEREAS, AVR Vanpool has submitted the Iran Contracting Act of 2010 Affidavit and will comply with its provisions; 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 373;

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; found that the work can be performed more economically or feasibly by an independent contractor than by City employees; approved the First Amendment to Contract DA-5365 with Airport Van Rental Inc. dba AVR Vanpool to extend the term by two (2) years and increase the vehicle lease rate by 18% per unit, covering operation of the existing fleet of commuter vans of Los Angeles World Airports; and authorized the Chief Executive Officer, or designee, to execute said First Amendment to Contract DA-5365 with Airport Van Rental Inc. dba AVR Vanpool after approval as to form by the City Attorney and approval by the Los Angeles City Council.

o0o

I hereby certify that this Resolution No. 27490 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, May 19, 2022.



Grace Miguel – Secretary  
BOARD OF AIRPORT COMMISSIONERS