

**Report to the
BOARD OF AIRPORT COMMISSIONERS**

<p><i>Douglas G Webster</i> <u>Douglas G Webster (Jul 27, 2022 15:50 PDT)</u> Approver: Douglas G. Webster Deputy Executive Director, Operations</p>	<p><u>Meeting Date</u> 8/4/2022</p>			
	<p>Needs Council Approval: <input checked="" type="checkbox"/> Y</p>			
<p><i>Brian C. Oestler</i> Reviewer: Brian C. Ostler, City Attorney <i>JRL</i></p> <p><i>Justin Erbacci</i> <u>Justin Erbacci (Jul 27, 2022 18:51 PDT)</u> Justin Erbacci, Chief Executive Officer</p>	<u>Reviewed for / by</u>	<u>Date</u>	<u>Approval Status</u>	<u>By</u>
	Finance	7/8/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
	CEQA	6/30/2022	<input checked="" type="checkbox"/> Y	VW
	Procurement	7/19/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	QM
	Guest Experience	7/7/2022	<input checked="" type="checkbox"/> Y	TB
	Strategic Planning	7/21/2022	<input checked="" type="checkbox"/> Y	BNZ

SUBJECT

Staff requests the Board of Airport Commissioners approve the Second Amendment to Contract DA-5382 with LAZ Parking California, LLC to extend the term by 18 months, with a six-month extension option, for a new contract expiration date of October 28, 2024, and increase the contract authority by \$4,550,000, for a total not-to-exceed amount of \$70,050,000 over the five-year term.

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 II, Section 2.f. of the Los Angeles City CEQA Guidelines.
- APPROVE the Second Amendment to Contract DA-5382 with LAZ Parking California, LLC to extend the term by 18 months, with a six-month extension option, for a new contract expiration date of October 28, 2024, and increase the contract authority by \$4,550,000, for a total not-to-exceed amount of \$70,050,000 over the five-year term.
- AUTHORIZE the Chief Executive Officer, or designee, to execute the Second Amendment upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

The Second Amendment will maintain the current scope of work and extend the current contract term by 18 months, with a six-month extension option, increase the contract authority with LAZ Parking California, LLC, and adjust the annual allowable increase for operational and maintenance staff, for the operation and management of the Taxi and Ride App Pick-Up Lot, also known as “LAXit,” at Los Angeles International Airport (LAX), in order to continue service until it is relocated after the Automated People Mover (APM) is operational.

2. Prior Related Actions/History of Board Actions

- **August 1, 2019 – Resolution No. 26827 (DA-5382)**
The Board of Airport Commissioners (Board) awarded a three-year contract to LAZ Parking California, LLC covering shuttle operations and management and related services for LAXit, at Los Angeles International Airport, for a cost not to exceed \$65,500,000. In addition, the Board authorized the appropriation of \$12,475,318 for purchase of the remaining trolleys to be used at said lot.
- **September 3, 2020 – Resolution No. 27100 (DA-5382A)**
The Board authorized the First Amendment to Contract DA-5382 with LAZ Parking California, LLC to revise the management and shuttle maintenance fee schedules and allow the Chief Executive Officer, or designee, to issue related task orders to mitigate unforeseen conditions, including lease of additional shuttles, if needed, covering LAXit at Los Angeles International Airport.
- **January 6, 2022 – Resolution No. 27413 (DA-5382 & DA-5504)**
The Board approved the Consent to Recapitalization and Change in Business Structure of Contracts DA-5382 and DA-5504 with LAZ Parking California, LLC. LAZ Parking California, LLC recapitalized their assets resulting in a change of control of their LLC. Following the consummation of the recapitalization, the main stakeholder will be AMF Oscar Investments LLC.

3. Current Action/Rationale

LAZ Parking California, LLC currently provides operation and management services at LAXit. All passenger pick-ups for Uber, Lyft, Opoli, and taxis are conducted from the LAXit lot. The service also includes maintenance of the lot, administration, and related services.

In addition, LAZ Parking California, LLC also provides courtesy transportation services for passengers to LAXit using both a leased and LAWA-owned shuttle bus fleet, which is composed of seventeen 40-ft. and four 60-ft compressed natural gas (CNG)-powered buses that service all the terminals. Service includes maintenance of the shuttle fleet. These courtesy shuttles operate 24 hours a day throughout the year.

Since October 28, 2019, LAXit helped to reduce traffic in the Central Terminal Area (CTA) by consolidating taxi and rideshare pick-up at one central location and away from the terminal curb space. LAXit is a traffic mitigation measure in the CTA as work continues on the \$15.1-billion capital improvement and modernization program.

The current contract with LAZ Parking will expire on October 28, 2022. Staff requests approval to extend the contract term until Taxi and Ride App Pick-Up operations can be relocated when the APM is operational. The amendment will add eighteen (18) months, with one extension option of six (6) months, and a new expiration date of October 28, 2024.

On September 4, 2020, the Board approved the First Amendment to revise the LAZ Parking California, LLC's management and shuttle maintenance fee schedules for LAXit. With continued uncertainty regarding the COVID-19 pandemic, staff recommends maintaining the current variable fee structure to match the level of activity anticipated at LAXit. The Management fee increased from contract year 2 to year 3 by 3.8 percent; the same rate is applied for contract years 4 and 5.

Management Fee – Year 4 (November 2022 – October 2023)

LAXit Passenger Volume	<50%	50%	65%	80%	>90%
Management Fee	\$130,029	\$167,042	\$217,155	\$267,268	\$307,870

Management Fee – Year 5 (November 2023 – October 2024)

LAXit Passenger Volume	<50%	50%	65%	80%	>90%
Management Fee	\$134,970	\$173,390	\$225,407	\$277,425	\$319,569

Activity each month will be compared to a daily average base of 16,500 vehicles, which was the anticipated monthly vehicle average of LAXit operation pre-COVID-19. Activity for the four (4) months of pre-COVID-19 operation ranged from a daily average of 16,432 to 17,724 vehicles per day. The daily average in year 2021 was 7,946 vehicles per day. The daily average in year 2022 year-to-date is 10,625 vehicles per day.

The management fee schedule for all years includes insurance for ten shuttles. For additional shuttles required and authorized by LAWA, the management fee will be increased by the cost of insurance for each additional shuttle (currently \$6,500/year).

Additionally, the amendment will adjust and reduce the annual salary rate of increase for contract years 4 and 5 as noted in the table below. This adjustment aligns with the salary rate increases included in other related agreements with similar services and job classifications.

Description	Year 1 Hourly Rate	Year 2 Hourly Rate	Year 3 Hourly Rate	Year 4 Hourly Rate	Year 5 Hourly Rate
Transportation Staff	\$40.93	\$42.92	\$45.98	\$48.05	\$50.21
% Increase		4.86%	7.13%	4.50%	4.50%
Lot & Stop Staff	\$30.75	\$34.50	\$38.00	\$39.71	\$41.50
% Increase		12.20%	10.14%	4.50%	4.50%
Cleaning & Maintenance Staff	\$30.75	\$34.50	\$38.00	\$39.71	\$41.50
% Increase		12.20%	10.14%	4.50%	4.50%

The actual cost of the services through June 2022 is \$33,354,981.27, which is 50.9% of the current contract authority. Due to the reduced operations during the pandemic, there is residual

contract authority available from the original authorization. Because of this, the incremental authorization requirement is only \$4,550,000, for a total amount not to exceed \$70,050,000 over the total five-year contract to cover the expense of the contract extension.

How This Action Advances a Specific Strategic Plan Goal and Objective

This action advances this strategic goal and objective: Innovate to Enhance Security, Efficiency and Effectiveness: Reinvent processes to improve focus and increase speed. The LAXit service, provided under this contract, delivers easier access into, out of and around LAX by reducing CTA roadway and curbside congestion in an innovative way that keeps the airport moving. Metrics used to measure the program's success will be the amount of traffic in the CTA throughput which includes the time to drive the upper and lower CTA roadways, unit of traffic flow and travel speed.

4. Fiscal Impact

Approval of this item will increase the contract authority by \$4,550,000 for a not-to-exceed amount of \$70,050,000 over the five-year term.

5. Alternatives Considered

- ***Take No Action***

Taking no action would result in the closure of LAXit operations at the end of the current contract term and a return of rideshare and taxi pickups to the CTA. This alternative will increase traffic congestion in the CTA roadway and impact service levels for passengers and employees alike.

APPROPRIATIONS

Funds for this contract are available in the Fiscal Year 2022-2023 Los Angeles World Airports Operating Budget in LAX Cost Center 1160051 – Landside Operations, Commitment Item 520 – Contractual Services. Funding for subsequent 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.
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. LAZ Parking California, LLC. is required by contract to comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. Procurement Services reviewed this action (File No. 9027) and established a goal of 5 percent Airport Concessions Disadvantaged Business Enterprise (ACDBE). LAZ Parking California,

LLC proposed 5.1 percent ACDBE participation and has achieved 12.9% ACDBE participation, to date.

6. LAZ Parking California, LLC is required by contract to comply with the provisions of the Affirmative Action Program.
7. LAZ Parking California, LLC has been assigned Business Tax Registration Certificate No.0002517570-0019-1.
8. LAZ Parking California, LLC is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. LAZ Parking California, LLC have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports prior to execution of the contract amendment.
10. Pursuant to Charter Section 1022, staff determined that the work specified in the proposed contract can be performed more feasibly or economically by an Independent contractor than by City employees.
11. LAZ Parking California, LLC has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. LAZ Parking California, LLC have been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance.
13. LAZ Parking California, LLC will be required to comply with the provisions of the First Source Hiring Program for all non-trade Airport jobs.
14. LAZ Parking California, LLC has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. LAZ Parking California, LLC has submitted the Municipal Lobbying Ordinance CEC Form 50 and will comply with its provisions.
16. This action is not subject to the provisions of the Iran Contracting Ordinance.

**SECOND AMENDMENT TO CONTRACT NUMBER DA-5382
BETWEEN THE CITY OF LOS ANGELES AND LAZ PARKING CALIFORNIA, LLC
FOR LOS ANGELES INTERNATIONAL AIRPORT TAXI AND RIDE APP PICKUP
LOT AND SHUTTLE, OPERATIONS, MANAGEMENT AND RELATED SERVICES**

This **SECOND AMENDMENT TO CONTRACT NUMBER DA-5382** ("Amendment") is made and entered into as of this ____ day of _____, 2022 at Los Angeles, California by and between the **CITY OF LOS ANGELES**, a municipal corporation and charter city (the "City"), acting by order of and through its Board of Airport Commissioners (the "Board") of the Department of Airports (also known as Los Angeles World Airports or "LAWA") and **LAZ PARKING CALIFORNIA, LLC** ("LAZ"). In this Amendment, LAWA and LAZ may be referred to individually as "Party" and collectively as the "Parties."

RECITALS

WHEREAS, City and LAZ entered into Los Angeles World Airports Contract Number DA-5382 (the "Agreement") for the operation and management of the Taxi and Ride App Pickup Lot and Shuttle at Los Angeles International Airport on August 13, 2019; and

WHEREAS, on September 3, 2020, the Agreement was amended to revise the management and shuttle maintenance and fee schedules and allow the Chief Executive Officer of LAWA, or his or her designee ("CEO"), to issue related task orders to mitigate operational unforeseen conditions including the lease of additional shuttle buses, if needed, to cover the Taxi and Ride App Pickup Lot; and

WHEREAS, the City wishes to amend the Agreement to extend the term eighteen (18) months with an option to extend an additional six (6) months, not to exceed a total of twenty-four (24) months; and

WHEREAS, the City also wishes to increase the not-to-exceed amount of the Agreement from Sixty Five Million Five Hundred Thousand and 00/100 Dollars (\$65,500,000.00) to Seventy Million Fifty Thousand and 00/100 Dollars (\$70,050,000.00); and

NOW, THEREFORE, in consideration of the premises and of the terms, covenants and conditions hereinafter contained to be kept and performed by the respective parties hereto, the parties do mutually agree that the Agreement is **HEREBY AMENDED AS FOLLOWS**:

AMENDMENT

Amendment Section 1. Section 1.1 under "Section 1 – TERM OF AGREEMENT" is amended, and restated as follows:

1.1 Term

1.1.1 Notwithstanding any other provision contained herein, the term of this Agreement (the "Term") shall commence upon the City's issuance of a Notice to Proceed, and shall expire no later than four (4) years and six (6) months thereafter ("Expiration Date"), unless terminated earlier or extended in accordance with the terms of this Agreement.

1.1.2 The CEO shall have the right (acting in the CEO's sole and absolute discretion) to extend the Term for up to an additional six (6) months by providing written notice of such election to extend not less than thirty (30) calendar days prior to the date that such extension period would commence.

Amendment Section 2. Section 4.1 under "Section 4 – COMPENSATION" is amended, and restated as follows:

4.1 Operator's Compensation

The compensation to Operator shall not exceed Seventy Million Fifty Thousand and Fifty and 00/100 Dollars (\$70,050,000.00) for the term of this Agreement. LAWA shall pay Operator for its performance under this Agreement as set forth in the Fee Schedule, which is attached hereto as Exhibit C. The stated amounts set forth in Exhibit C are deemed to include all provisions for Operator's compensation for the services under this Agreement including, without limitation, travel costs, fringe benefits, all out of pocket expenses, and overhead costs, except as otherwise specified in Section 4 of this Agreement.

Amendment Section 3. Section (2) of the Fee Schedule titled "Monthly Operational Expenses include pre-approval hours for Transportation, Lot and Stop, and Cleaning & Maintenance Staff" is amended, and restated as follows:

DESCRIPTION	Year 1 HOURLY RATE	Year 2 HOURLY RATE	Year 3 HOURLY RATE	Year 4 HOURLY RATE	Year 5 HOURLY RATE
Transportation Staff	\$40.93	\$42.92	\$45.98	\$48.05	\$50.21
Lot & Stop Staff	\$30.75	\$34.50	\$38.00	\$39.71	\$41.50
Cleaning & Maintenance Staff	\$30.75	\$34.50	\$38.00	\$39.71	\$41.50

Amendment Section 4. Except as specifically provided herein, this Amendment shall not in any manner alter, change, modify, or affect any of the rights, privileges, duties, or obligations of either of the parties hereto, under, or by reason of said Agreement, as amended.

Execution. This Amendment and any other document necessary for the consummation of the transaction contemplated by this Amendment may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one Amendment, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Amendment and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Amendment had been delivered that had been signed using a handwritten signature. All parties to this Amendment (i) agree that an electronic signature, whether digital or encrypted, of a party to this Amendment is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this based Amendment on the foregoing forms of signature. If this Amendment has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("E-SIGN") and the California Uniform Electronic Transactions Act ("UETA") (California Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

IN WITNESS WHEREOF, City has caused this Amendment to be executed, by the Chief Executive Officer, and LAZ has caused the same to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first hereinabove written.

APPROVED AS TO FORM:
MICHAEL N. FEUER
City Attorney

CITY OF LOS ANGELES

Date: _____


By: _____
Chief Executive Officer
Department of Airports

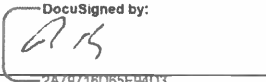
By: _____
Deputy City Attorney

By: _____
Chief Financial Officer
Deputy Executive Director
Department of Airports

ATTEST:

**LAZ PARKING CALIFORNIA,
LLC**

By: 
Signature (Secretary) Glenn T. Terk
Print Name

By: 
Signature
Michael Kuziak
Print Name

[SEAL]

Chief Operating Officer
Print Title