

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 13, 2024

CAO File No. 0150-10406-0004

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 December 7, 2023 and December 26, 2023, referred by the Mayor for a report on December 20, 2023

Subject: **RESOLUTION NO. 27857 AND PROPOSED FIFTH AMENDMENT TO CONCESSION AGREEMENT LAA-8862 WITH BOINGO WIRELESS, INC. FOR MANAGEMENT AND OPERATION OF THE WIRELESS NETWORK IN ALL TERMINALS AT LOS ANGELES INTERNATIONAL AIRPORT**

RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) proposed Resolution 27857 authorizing a proposed Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc., extending the term by 18 months, resulting in approximately \$2,054,410 in revenue for the management and operations of the Wi-Fi network in all terminals at Los Angeles International Airport;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the December 26, 2023 Board of Airport Commissioners (Board) Resolution 27857, that this action is exempt from CEQA pursuant to Article II, Section 2(f) of the Los Angeles City CEQA Guidelines; and
3. Authorize the LAWA Chief Executive Officer, or designee, to execute the proposed Fifth Amendment upon approval by the Council and approval as to form by the City Attorney.

SUMMARY

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) requested approval of its December 26, 2023 Resolution 27857 to execute a proposed Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. (Boingo). The existing concession agreement with Boingo expired on December 30, 2023. The proposed Fifth Amendment will retroactively extend the agreement for 18 months, from December 31, 2023 to June 30, 2025, bringing the total contract duration to 10 years.

This extended period will ensure the continuity of wireless services at LAX while LAWA finalizes its ongoing Request for Proposal (RFP) process to secure a new Wireless Solutions provider.

Under the amended agreement, all other terms and conditions will remain unchanged, including Boingo's base annual fee of \$524,248 and a 50 percent share of gross revenues over \$1,400,000. LAWA is expected to generate approximately \$2,054,410 in total revenue during the 18-month extension period.

The proposed lease has 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 June 4, 2015 (C.F. 15-0694), the Board authorized LAWA to enter into a seven-year Non-Exclusive Concession Agreement with Boingo that would yield estimated revenue to LAWA in the amount of \$5,900,000. From the execution date of the agreement (June 29, 2015) through the Fourth Amendment (Resolution 27505), the Board authorized a series of amendments to modify the agreement. These modifications included reducing the base annual fee, issuing credits, revising the payment terms, and augmenting the term periods. The First Amendment reduced the base annual fee and issued credits to Boingo, the Second and Third Amendments revised the payment terms, while the Fourth Amendment extended the term of the agreement by 18 months.

On December 7, 2023 and December 26, 2023, the Board approved a LAWA staff report and Resolution 27857 requesting authority to execute a proposed Fifth Amendment to Concession Agreement LAA-8862 with Boingo to manage and operate the wireless network in all terminals at Los Angeles International Airport (LAX). The proposed Fifth Amendment will extend the agreement by 18 months, establishing a new contract termination date of June 30, 2025. The amendment also stipulates that LAWA will receive annual revenue from a combination of Base Annual Fees of \$524,248 and a 50 percent share of gross revenues that exceed \$1,400,000, totaling an estimated \$2,054,410.

Necessity of a Fifth Amendment – The proposed Fifth Amendment is essential for ensuring the provision of additional time and the uninterrupted delivery of critical services related to the Wi-Fi network at the airport, while LAWA completes a competitive procurement process to select the most suitable Wireless Solutions provider.

Procurement Process Delays - LAWA's staff released an RFP for the design, deployment, optimization, monitoring, maintenance, and administration of a new LAWA-owned Wi-Fi system in November 2023. The RFP process advanced at a sluggish pace due to LAWA's strategic decision to pivot from a Prescriptive Design/Bid procurement model to an Outcome-based procurement. The Prescriptive Design/Build model restricts the contractor's ability to implement innovative solutions because they are confined by predetermined specifications. Conversely, the Outcome-based procurement strategy allows proposers to creatively meet LAWA's defined objectives,

parameters, and needs, giving contractors greater flexibility to employ innovative solutions that fit the Department's prerequisites. The new Wireless Solutions contract is expected to be awarded by September 2024.

Benefits of Changing the Procurement Model – LAWA's strategic procurement shift fosters innovation and allows the Department to leverage the expertise of contractors, leading to better solutions for the airport's evolving challenges. The new wireless infrastructure will consolidate the existing Wi-Fi networks while integrating innovative and complementary wireless technologies. Although this transition has delayed the RFP process, the long-term benefits of innovation and customized solutions are expected to outweigh the initial investment of time and resources.

Termination of the Existing Contract - The current concession agreement with Boingo will end either upon the award of a new contract and transition of operations to the new wireless solutions provider, or after 18 months, whichever of the two milestones occur first.

Addressing Gaps and Expanding Access – Despite LAWA investing nearly \$3,000,000 into its wireless network infrastructure at LAX, an independent speed study conducted by Ookla has rated the airport's current Wi-Fi connectivity as average to below average. The current Wi-Fi services provided by Boingo in airport terminals have limited coverage areas and inconsistent connectivity because of aging infrastructure and a limited number of access points, resulting in patchy service availability restricted to primary public areas. To address these deficiencies, the current Wireless Solutions RFP aims to increase the Wi-Fi signal range and strength in areas where connectivity is spotty or non-existent.

Citizen's Broadband Radio Service - The RFP requires the new concessionaire to implement a wireless system known as Citizen's Broadband Radio Service. This system operates on a shared wireless spectrum that was approved for public and commercial use by the Federal Communications Commission in 2020. Leveraging the Citizen's Broadband Radio Service will deliver more robust connectivity, enhanced broadband capabilities, and improved wireless coverage over a wider geographical area compared to traditional wireless systems.

Preparing for Increased Passenger Traffic – Reliable and extensive wireless connectivity will be essential as LAWA prepares for a significant influx of passengers during major events like the 2026 FIFA World Cup and the 2028 Summer Olympic Games hosted in Los Angeles. These high-profile global events are expected to drive a surge in air travel, resulting in heightened demand for widespread Wi-Fi access at LAX. Ensuring a dependable and expansive wireless network will be crucial to accommodate the anticipated surge in airport traffic and provide a seamless connectivity experience for the increased number of travelers.

Benefits to LAWA Stakeholders - Upgrading the wireless network using new technology, LAX stakeholders and passengers will benefit from faster internet speeds, better signal strength throughout the airport, and more dependable connections that can handle a dense concentration of users. The new system will enable LAWA to communicate directly with passengers and provide connectivity for digital marketing and guest engagement throughout the entire airport campus, from the ConRAC facility to the airport gates. This coverage expansion will provide a more reliable and

consistent W-Fi experience, which projects to increase LAWA's gross revenue share, in addition to creating new revenue-generating opportunities, such as targeted advertising and premium, high-speed Wi-Fi access as paid services.

Wi-Fi Revenue Sources and Earnings – The Department currently generates revenue from Wi-Fi services through two sources: 1) a base annual fee and 2) a 50 percent share of gross revenues above \$1,400,000. In the Fiscal Year (FY) 2022-23, LAWA received \$524,248 from base annual fees, in addition to \$993,534 as its share of gross revenues above the \$1,400,000 threshold. Combined, these two revenue sources yielded a total of \$1,517,782 for LAWA.

Revenue Decline - LAWA anticipates lower revenues from Wi-Fi services for FY 2023-24 compared to the prior fiscal year. This expected decline is attributed to ongoing reliability issues with the Wi-Fi network and decreased passenger traffic caused by the lingering effects of the COVID-19 pandemic. Revenue figures for the second half of the current fiscal year (January 2024 through June 2024) are not yet available. However, from July 2023 to December 2023, LAWA collected \$273,557 in base annual fees and \$273,688 in revenue shares, totaling \$547,245. The projected revenue for the entire 2023-24 fiscal year is \$1,346,254, representing an approximate 12.7 percent decline compared to revenue generated in the previous fiscal year.

Revenue Forecast – As passenger traffic at LAX recovers from the pandemic-related downturn, Boingo expects a resurgence in wireless usage, which projects to match or exceed pre-COVID-19 levels. This expectation is driven by the expected rebound in air travel demand and an increased reliance on reliable, high-speed connectivity services among airport visitors.

CITY COMPLIANCE

Airport Concession Disadvantaged Business Enterprise (ACDBE) Participation - The Department's Procurement Services Division staff reviewed this action (File No. 6820) and determined that no subcontracting opportunities were identified, subsequently, no mandatory ACDBE goals were established.

Charter Section 1022 – Pursuant to Charter Section 371(e)(10) and Administrative Code Section 10.15(a)(10), the actions included in this report are not subject to Charter Section 1022 competitive bidding requirements. The Board determined that the required services are professional, expert, technical, and specialized, making it more economical and feasible for independent contractors to perform the work than City employees.

California Environmental Quality Act (CEQA) – On December 7, 2023, the Board determined that the proposed Concession Agreement with Boingo will not directly impact the environment and is exempt from CEQA pursuant to Article II, section 2(f) of the Los Angeles City CEQA Guidelines.

The proposed Agreement includes provisions to ensure compliance with applicable City Ordinances, contracting, and insurance requirements. The underlying contract has been reviewed and approved as to form by the City Attorney. In accordance with Charter Section 606 and Administrative Code Section 10.5(c), the proposed Agreement requires Council approval because

the total term of the Agreement exceeds five years. Our Office recommends approval.

FISCAL IMPACT STATEMENT

Approval of the proposed Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc., for management and operation of the wireless network in all terminals at LAX will have no impact on the City's General Fund. Executing the proposed Agreement will enable Los Angeles World Airports to collect revenue estimated at \$2,054,410 over the 18-month extension period. The revenue consists of a fixed base annual fee of \$524,248 and a 50 percent share of gross revenues exceeding \$1,400,000. The base annual fees are subject to yearly rate escalations triggered by annual Consumer Price Index adjustments effective July 1st of each year. Revenues collected during the lease term will be allocated to the Los Angeles World Airports Revenue Fund. The actions of the proposed Amendment comply with Los Angeles World Airports' adopted Financial Policies.

Attachment 1 – December 7, 2023 BOAC Report and December 26, 2023 Resolution No. 27857

MWS/PJH/JVW:DLG:10240148

ATTACHMENT 1



December 7, 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 Narro
Nicholas P. Roxborough
Valeria C. Velasco

Beatrice C. Hsu
Interim Chief Executive Officer

RE: Request to approve the Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc.

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request to approve the Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. at Los Angeles International Airport and extend the term for an additional 18 months through June 30, 2025, while Los Angeles World Airports transitions to the new Wireless Solutions provider.

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

Sincerely,

A handwritten signature in black ink, appearing to be "Beatrice C. Hsu", written over a horizontal line.

Beatrice C. Hsu
Interim Chief Executive Officer

BCH:MSA:ksf





Item Number
12

Report to the BOARD OF AIRPORT COMMISSIONERS

| | | | | |
|--|--|---|------------------------|-----------|
| Approver: <u><i>Aura Moore</i></u> Aura Moore, Deputy Executive Director and Chief Information Officer | Meeting Date | | | |
| | 12/7/2023 | | | |
| Reviewer: <u><i>Brian C. Ostler</i></u> Brian C. Ostler, City Attorney | Needs Council Approval: <input checked="" type="checkbox"/> Y | | | |
| | Reviewed for/by | Date | Approval Status | By |
| Finance | 11/27/2023 | <input checked="" type="checkbox"/> Y <input type="checkbox"/> NA | JS | |
| CEQA | 11/16/2023 | <input checked="" type="checkbox"/> Y | MO | |
| Procurement | 11/16/2023 | <input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond | BG | |
| Guest Experience | 11/15/2023 | <input checked="" type="checkbox"/> Y | TB | |
| Strategic Planning | 11/21/2023 | <input checked="" type="checkbox"/> Y | BNZ | |
| <u><i>Beatrice Hsu</i></u> Beatrice Hsu, Interim Chief Executive Officer | | | | |

SUBJECT

Request to approve the Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. at Los Angeles International Airport and extend the term for an additional 18 months through June 30, 2025, while Los Angeles World Airports transitions to the new Wireless Solutions provider.

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.
3. FIND that the work can be performed more economically or feasibly by an independent contractor than by City employees.
4. FURTHER FIND that, pursuant to Los Angeles Administrative Code Section 10.15(a)(10) and Los Angeles Charter Section 371(e)(10), the services to be provided under this contract involve the performance of professional, expert, technical, and other special services such that the use of competitive bidding would be impractical and undesirable.
5. APPROVE the Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to extend the term for an additional 18 months for the management and operation of the wireless network in all terminals at Los Angeles International Airport.

6. AUTHORIZE the Interim Chief Executive Officer, or designee, to execute the Fifth Amendment after approval by the Los Angeles City Council and approval as to form by the City Attorney.

DISCUSSION

1. Purpose

The purpose of this request is to seek approval of a Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. (Boingo) to extend the term for an additional 18 months until June 2025. A Request for Proposal (RFP) for the new Wireless Solutions and Managed Services Contract was released in November 2023, and a transition period is required to ensure Wireless Services (Wi-Fi) are not interrupted at Los Angeles International Airport (LAX).

2. Prior Related Actions/History of Board Actions

- **June 4, 2015 – Resolution No. 25722**
The Board of Airport Commissioners (Board) approved the award of a seven-year, Non-Exclusive Concession Agreement to Boingo Wireless, Inc. to upgrade, manage, and operate the Wi-Fi network at LAX for estimated revenue of \$5,900,000 over the term.
- **April 20, 2017 – Resolution No. 26215 (LAA-8862A)**
The Board approved the First Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to reduce the base annual fee by \$400,000 per year and credit Boingo \$65,000 for constructing additional wireless access points to support Mobile Passport in the Tom Bradley International Terminal at LAX.
- **May 21, 2020 – Resolution No. 27023 (LAA-8862B)**
The Board approved the Second Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to allow revision of payment terms to allow Boingo to pay Los Angeles World Airports (LAWA) monthly payments of 50 percent of gross revenue for April 2020, May 2020, and June 2020 instead of the Base Annual Fee due to a decline in revenue resulting from COVID-19 travel restrictions.
- **March 4, 2021 – Resolution No. 27216 (LAA-8862C)**
The Board approved the Third Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to allow for revision of payment terms to allow Boingo to pay the lower of 40 percent of gross revenues or 1/12th of the Base Annual Fee for the rent relief period ending June 30, 2021, due to a decline in revenue resulting from COVID-19 travel restrictions.
- **June 2, 2022 – Resolution No. 27505 (LAA-8862D)**
The Board approved the Fourth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to extend the agreement by 18 months to allow LAWA to prepare and complete the RFP procurement process and ensure uninterrupted Wi-Fi service until a new agreement is awarded and executed and a new system implemented. This agreement expires on December 30, 2023.

3. Background

This Concession Agreement with Boingo was originally a seven-year agreement, first awarded in 2015. The Boingo Agreement was amended twice during the COVID-19 pandemic to adjust revenue targets for the decrease in passenger traffic. This rent relief period ended June 30, 2021. For Fiscal Year (FY) 2023, which runs from July 1, 2022, to June 30, 2023, the Boingo Concession Agreement revenue to LAWA was the following:

- A Base Annual Fee of \$524,248.
- Revenue share of 50 percent of gross revenues over \$1,400,000, which equaled \$993,534.

The total revenue collected for both elements above was \$1,476,429 for FY 2023.

Los Angeles World Airports' vision is to have ubiquitous Wi-Fi coverage across the entire airport campus, from the Consolidated Rent-A-Car Facility to the farthest terminal gate, that will benefit travelers at LAX and provide the foundational connectivity for guest engagement and a digital marketplace.

The current concession contract with Boingo is limited in connectivity and does not provide access to the entire LAX campus. Despite a nearly \$3,000,000 total investment in the wireless network at LAX by Boingo to support LAX's transformation and LAWA's vision of excellence, independent studies have rated LAX as average to below average for connectivity across large- and medium-sized airports.

To achieve the vision of a seamless guest experience for Wi-Fi coverage, LAWA released a Request for Proposals (RFP) for the design, deployment, optimization, monitoring, maintenance, and administration of a new LAWA-owned Wi-Fi system that will eventually cover all the airport facilities. The new single wireless system will unify existing Wi-Fi networks and add innovative and complimentary wireless technologies (i.e., private wireless, etc.).

In June of 2022, LAWA extended the Boingo contract to December 2023 to allow time for staff to prepare and complete this new RFP for the Wireless Solutions and Managed Services Contract (Wireless Solutions). The development of the new Wireless Solutions RFP progressed at a more tempered pace than anticipated due to adjustments in the scope of work that required wholesale changes. The approach of the procurement changed from being a prescriptive design/bid approach to being an outcome-based RFP with the objective for LAWA to provide seamless wireless connectivity for guest digital services and to support innovative technology that promotes operational efficiency for LAWA and its stakeholders.

These changes included adding in the capability for a new and important wireless system known as Citizen's Broadband Radio Service, which is anticipated to greatly enhance connectivity and efficiency for all stakeholders across the LAX campus, due to the greater coverage and reliability of this spectrum band. Adding such capabilities is a very important factor as traffic grows, as LAWA prepares for major events such as the 2028 Summer Olympics, and as LAWA becomes a smart airport that requires high-speed wireless network to support autonomous vehicles and innovations of the future.

4. Current Action/Rationale

Staff request approval of a Fifth Amendment to the Boingo contract to extend the term until June 30, 2025. Approval of this amendment will allow LAWA to complete the RFP evaluation and selection process and avoid interrupting Wi-Fi service until the new system is implemented. The current Boingo contract will be extended from December 30, 2023, for 18 months until June 30, 2025, or may terminate earlier, depending on the transition time needed for the new Wireless Solutions program to become operational.

The RFP process is anticipated to result in an award of a new Wireless Solutions contract by September 2024. Boingo will provide Wi-Fi Services to LAX's public terminal areas until the transition is complete.

The revenue projection to LAWA for Fiscal Year (FY) 2024, which runs from July 1, 2023, to June 30, 2024, is \$1,346,254. This non-aeronautical revenue forecast is conservative and is based on advertising and Passpoint service that allows AT&T and Verizon to maintain cellular service connections when passengers come to the airport. Boingo has confidence in this forecast due to the return in passenger traffic continuing to reach and exceed pre-Covid levels. If this contract goes through FY 2025, revenues are expected to be equal to or greater than FY2024.

Boingo provides Wi-Fi operations support, 24/7 network monitoring, call center support for passengers, network maintenance to restore service when needed, and wireless connectivity to stakeholders at no cost to LAWA.

Although there are no Airport Concession Disadvantaged Business Enterprise (ACDBE) goals on this contract, Boingo partners with local DBEs to provide onsite dispatched field technicians for maintenance. In addition, Boingo continues to expand its' small business partnerships that align with LAWA diversity and inclusion goals.

5. Fiscal Impact

Approval of the Fifth Amendment to Concession Agreement No. LAA-8862D will provide additional annual revenue to LAWA of approximately \$2,054,410. This includes the Base Annual Fee over the 18-month term extension and the potential revenue share of 50 percent of gross revenues over \$1,400,000.

6. Alternatives Considered

- **Take No Action**

If no action is taken, there may be an extended period where LAX does not have any working Wi-Fi in the public areas, thereby impacting travelers, tenants, and employees. This would incur significant logistical and operational challenges and would also negatively impact the guest experience for hundreds of thousands of travelers and employees; therefore, taking no action is not recommended.

7. How This Action Advances a Specific Strategic Plan Goal and Objective

This action advances this strategic goal and objective: Provide Exceptional Guest Experiences: Use digital technologies to enhance guests' journey experience. Extending the

current concession agreement ensures continuous access to free Wi-Fi service for the traveling public at LAX, an essential part of the guest experience.

APPROPRIATIONS

No appropriation of funds is required for this action.

STANDARD PROVISIONS

1. 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.
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. Boingo will comply with the provisions of the Living Wage Ordinance.
5. Procurement Services has reviewed this action (File No. 6820). No Airport Concession Disadvantaged Business Enterprise (ACDBE) goal was set for this project as no subcontracting opportunities were identified.
6. Boingo will comply with the provisions of the Affirmative Action Program.
7. Boingo has been assigned Business Tax Registration Certificate 0002274391-0001-4.
8. Boingo will comply with the provisions of the Child Support Obligations Ordinance.
9. Boingo must have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports prior to execution of the Amendment.
10. As this is a concession agreement, the City Administrative Officer has determined that this action is exempt from the provisions of Charter Section 1022 (Use of Independent Contractor).
11. Boingo has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Boingo 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 execution of the Amendment.
13. Boingo will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. Boingo has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.



December 7, 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 Narro
Nicholas P. Roxborough
Valeria C. Velasco

Beatrice C. Hsu
Interim Chief Executive Officer

RE: Request to approve the Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc.

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request to approve the Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. at Los Angeles International Airport and extend the term for an additional 18 months through June 30, 2025, while Los Angeles World Airports transitions to the new Wireless Solutions provider.

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:ksf





Item Number
12

Report to the BOARD OF AIRPORT COMMISSIONERS

| <p>Approver: <u><i>Aura Moore</i></u> Aura Moore, Deputy Executive Director and Chief Information Officer</p> <p>Reviewer: <u><i>Brian C. Ostler</i></u> Brian C. Ostler, City Attorney</p> <p><u><i>Beatrice Hsu</i></u> Beatrice Hsu, Interim Chief Executive Officer</p> | <p>Meeting Date</p> <p style="text-align: center;">12/7/2023</p> <p>Needs Council Approval: <input checked="" type="checkbox"/> Y</p> <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>11/27/2023</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> NA</td> <td>JS</td> </tr> <tr> <td>CEQA</td> <td>11/16/2023</td> <td><input checked="" type="checkbox"/> Y</td> <td>MO</td> </tr> <tr> <td>Procurement</td> <td>11/16/2023</td> <td><input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond</td> <td>BG</td> </tr> <tr> <td>Guest Experience</td> <td>11/15/2023</td> <td><input checked="" type="checkbox"/> Y</td> <td>TB</td> </tr> <tr> <td>Strategic Planning</td> <td>11/21/2023</td> <td><input checked="" type="checkbox"/> Y</td> <td>BNZ</td> </tr> </tbody> </table> | Reviewed for/by | Date | Approval Status | By | Finance | 11/27/2023 | <input checked="" type="checkbox"/> Y <input type="checkbox"/> NA | JS | CEQA | 11/16/2023 | <input checked="" type="checkbox"/> Y | MO | Procurement | 11/16/2023 | <input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond | BG | Guest Experience | 11/15/2023 | <input checked="" type="checkbox"/> Y | TB | Strategic Planning | 11/21/2023 | <input checked="" type="checkbox"/> Y | BNZ |
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SUBJECT

Request to approve the Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. at Los Angeles International Airport and extend the term for an additional 18 months through June 30, 2025, while Los Angeles World Airports transitions to the new Wireless Solutions provider.

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.
3. FIND that the work can be performed more economically or feasibly by an independent contractor than by City employees.
4. FURTHER FIND that, pursuant to Los Angeles Administrative Code Section 10.15(a)(10) and Los Angeles Charter Section 371(e)(10), the services to be provided under this contract involve the performance of professional, expert, technical, and other special services such that the use of competitive bidding would be impractical and undesirable.
5. APPROVE the Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to extend the term for an additional 18 months for the management and operation of the wireless network in all terminals at Los Angeles International Airport.

6. AUTHORIZE the Interim Chief Executive Officer, or designee, to execute the Fifth Amendment after approval by the Los Angeles City Council and approval as to form by the City Attorney.

DISCUSSION

1. Purpose

The purpose of this request is to seek approval of a Fifth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. (Boingo) to extend the term for an additional 18 months until June 2025. A Request for Proposal (RFP) for the new Wireless Solutions and Managed Services Contract was released in November 2023, and a transition period is required to ensure Wireless Services (Wi-Fi) are not interrupted at Los Angeles International Airport (LAX).

2. Prior Related Actions/History of Board Actions

- **June 4, 2015 – Resolution No. 25722**
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- **May 21, 2020 – Resolution No. 27023 (LAA-8862B)**
The Board approved the Second Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to allow revision of payment terms to allow Boingo to pay Los Angeles World Airports (LAWA) monthly payments of 50 percent of gross revenue for April 2020, May 2020, and June 2020 instead of the Base Annual Fee due to a decline in revenue resulting from COVID-19 travel restrictions.
- **March 4, 2021 – Resolution No. 27216 (LAA-8862C)**
The Board approved the Third Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to allow for revision of payment terms to allow Boingo to pay the lower of 40 percent of gross revenues or 1/12th of the Base Annual Fee for the rent relief period ending June 30, 2021, due to a decline in revenue resulting from COVID-19 travel restrictions.
- **June 2, 2022 – Resolution No. 27505 (LAA-8862D)**
The Board approved the Fourth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to extend the agreement by 18 months to allow LAWA to prepare and complete the RFP procurement process and ensure uninterrupted Wi-Fi service until a new agreement is awarded and executed and a new system implemented. This agreement expires on December 30, 2023.

3. Background

This Concession Agreement with Boingo was originally a seven-year agreement, first awarded in 2015. The Boingo Agreement was amended twice during the COVID-19 pandemic to adjust revenue targets for the decrease in passenger traffic. This rent relief period ended June 30, 2021. For Fiscal Year (FY) 2023, which runs from July 1, 2022, to June 30, 2023, the Boingo Concession Agreement revenue to LAWA was the following:

- A Base Annual Fee of \$524,248.
- Revenue share of 50 percent of gross revenues over \$1,400,000, which equaled \$993,534.

The total revenue collected for both elements above was \$1,476,429 for FY 2023.

Los Angeles World Airports' vision is to have ubiquitous Wi-Fi coverage across the entire airport campus, from the Consolidated Rent-A-Car Facility to the farthest terminal gate, that will benefit travelers at LAX and provide the foundational connectivity for guest engagement and a digital marketplace.

The current concession contract with Boingo is limited in connectivity and does not provide access to the entire LAX campus. Despite a nearly \$3,000,000 total investment in the wireless network at LAX by Boingo to support LAX's transformation and LAWA's vision of excellence, independent studies have rated LAX as average to below average for connectivity across large- and medium-sized airports.

To achieve the vision of a seamless guest experience for Wi-Fi coverage, LAWA released a Request for Proposals (RFP) for the design, deployment, optimization, monitoring, maintenance, and administration of a new LAWA-owned Wi-Fi system that will eventually cover all the airport facilities. The new single wireless system will unify existing Wi-Fi networks and add innovative and complimentary wireless technologies (i.e., private wireless, etc.).

In June of 2022, LAWA extended the Boingo contract to December 2023 to allow time for staff to prepare and complete this new RFP for the Wireless Solutions and Managed Services Contract (Wireless Solutions). The development of the new Wireless Solutions RFP progressed at a more tempered pace than anticipated due to adjustments in the scope of work that required wholesale changes. The approach of the procurement changed from being a prescriptive design/bid approach to being an outcome-based RFP with the objective for LAWA to provide seamless wireless connectivity for guest digital services and to support innovative technology that promotes operational efficiency for LAWA and its stakeholders.

These changes included adding in the capability for a new and important wireless system known as Citizen's Broadband Radio Service, which is anticipated to greatly enhance connectivity and efficiency for all stakeholders across the LAX campus, due to the greater coverage and reliability of this spectrum band. Adding such capabilities is a very important factor as traffic grows, as LAWA prepares for major events such as the 2028 Summer Olympics, and as LAWA becomes a smart airport that requires high-speed wireless network to support autonomous vehicles and innovations of the future.

4. Current Action/Rationale

Staff request approval of a Fifth Amendment to the Boingo contract to extend the term until June 30, 2025. Approval of this amendment will allow LAWA to complete the RFP evaluation and selection process and avoid interrupting Wi-Fi service until the new system is implemented. The current Boingo contract will be extended from December 30, 2023, for 18 months until June 30, 2025, or may terminate earlier, depending on the transition time needed for the new Wireless Solutions program to become operational.

The RFP process is anticipated to result in an award of a new Wireless Solutions contract by September 2024. Boingo will provide Wi-Fi Services to LAX's public terminal areas until the transition is complete.

The revenue projection to LAWA for Fiscal Year (FY) 2024, which runs from July 1, 2023, to June 30, 2024, is \$1,346,254. This non-aeronautical revenue forecast is conservative and is based on advertising and Passpoint service that allows AT&T and Verizon to maintain cellular service connections when passengers come to the airport. Boingo has confidence in this forecast due to the return in passenger traffic continuing to reach and exceed pre-Covid levels. If this contract goes through FY 2025, revenues are expected to be equal to or greater than FY2024.

Boingo provides Wi-Fi operations support, 24/7 network monitoring, call center support for passengers, network maintenance to restore service when needed, and wireless connectivity to stakeholders at no cost to LAWA.

Although there are no Airport Concession Disadvantaged Business Enterprise (ACDBE) goals on this contract, Boingo partners with local DBEs to provide onsite dispatched field technicians for maintenance. In addition, Boingo continues to expand its' small business partnerships that align with LAWA diversity and inclusion goals.

5. Fiscal Impact

Approval of the Fifth Amendment to Concession Agreement No. LAA-8862D will provide additional annual revenue to LAWA of approximately \$2,054,410. This includes the Base Annual Fee over the 18-month term extension and the potential revenue share of 50 percent of gross revenues over \$1,400,000.

6. Alternatives Considered

- **Take No Action**

If no action is taken, there may be an extended period where LAX does not have any working Wi-Fi in the public areas, thereby impacting travelers, tenants, and employees. This would incur significant logistical and operational challenges and would also negatively impact the guest experience for hundreds of thousands of travelers and employees; therefore, taking no action is not recommended.

7. How This Action Advances a Specific Strategic Plan Goal and Objective

This action advances this strategic goal and objective: Provide Exceptional Guest Experiences: Use digital technologies to enhance guests' journey experience. Extending the

current concession agreement ensures continuous access to free Wi-Fi service for the traveling public at LAX, an essential part of the guest experience.

APPROPRIATIONS

No appropriation of funds is required for this action.

STANDARD PROVISIONS

1. 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.
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. Boingo will comply with the provisions of the Living Wage Ordinance.
5. Procurement Services has reviewed this action (File No. 6820). No Airport Concession Disadvantaged Business Enterprise (ACDBE) goal was set for this project as no subcontracting opportunities were identified.
6. Boingo will comply with the provisions of the Affirmative Action Program.
7. Boingo has been assigned Business Tax Registration Certificate 0002274391-0001-4.
8. Boingo will comply with the provisions of the Child Support Obligations Ordinance.
9. Boingo must have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports prior to execution of the Amendment.
10. As this is a concession agreement, the City Administrative Officer has determined that this action is exempt from the provisions of Charter Section 1022 (Use of Independent Contractor).
11. Boingo has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Boingo 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 execution of the Amendment.
13. Boingo will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. Boingo has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.

**FIFTH AMENDMENT
TO THE NON-EXCLUSIVE CONCESSION AGREEMENT (LAA-8862)
BETWEEN THE CITY OF LOS ANGELES DEPARTMENT OF AIRPORTS
AND BOINGO WIRELESS INC.
FOR WIRELESS FIDELITY (WI-FI) INTERNET ACCESS SERVICE AT LAX**

THIS FIFTH AMENDMENT TO THE NON-EXCLUSIVE CONCESSION AGREEMENT (this “Fifth Amendment”) is made and entered into this _____ day of _____, 2023 (the “Effective Date”) between the City of Los Angeles, acting by and through its Board of Airport Commissioners (“Board”) of its Department of Airports (Los Angeles World Airports or “LAWA”), and BOINGO WIRELESS INC. “Concessionaire”).

R E C I T A L S

WHEREAS, on June 4, 2015, the Board approved the award of a seven-year, Non-Exclusive Concession Agreement to Concessionaire to upgrade, manage, and operate the Wi-Fi network at Los Angeles International Airport (“LAX”) for estimated revenue of \$5,900,000 over the term (Contract LAA-8862).

WHEREAS, on April 20, 2017, the Board approved the First Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to reduce the base annual fee by \$400,000 per year and credit Boingo \$65,000 for constructing additional wireless access points to support Mobile Passport in the Tom Bradley International Terminal at LAX (LAA-8862A).

WHEREAS, on May 21, 2020, due to a decline in revenue resulting from COVID-19 travel restrictions, the Board approved the Second Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. including revised payment terms allowing Boingo to pay Los Angeles World Airports (LAWA) monthly payments of fifty percent (50%) of gross revenue for April, May, and June 2020 instead of the Base Annual Fee. (LAA-8862B)

WHEREAS, on March 4, 2021, due to a decline in revenue resulting from COVID-19 travel restrictions, the Board approved the Third Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. including revised payment terms allowing Boingo to pay the lower of 40 percent of gross revenues or 1/12th of the Base Annual Fee for the rent relief period ending June 30, 2021. (LAA-8862C)

WHEREAS, on June 2, 2022, the Board approved the Fourth Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to extend the term until December 31, 2023, to allow LAWA to complete the RFP procurement process and ensure uninterrupted Wi-Fi service until a new agreement could be awarded and executed, and a new system implemented. (LAA-8862D)

WHEREAS, LAWA requires additional time to complete the RFP procurement process and ensure uninterrupted Wi-Fi service until a new agreement can be awarded and executed and a

new system implemented.

NOW, THEREFORE, for and in consideration of the covenants and conditions hereinafter contained to be kept and performed by the respective parties hereto, **IT IS MUTUALLY AGREED** as follows.

AMENDMENTS

Section 1. Section 2.2 Termination Date is hereby deleted in its entirety and replaced with the following:

2.2 Termination Date. The Termination Date of the Agreement is June 30, 2025, subject however, to earlier termination as provided elsewhere in this Agreement, including but not limited to, LAWA's right to unilaterally cancel the Agreement after year five subject to a buy-out of undepreciated Qualified Investments as set forth below.

Section 2. Except as amended or modified by this Fifth Amendment, the Agreement is hereby ratified and confirmed and all other terms of the Agreement shall remain in full force and effect, unaltered and unchanged by this Fifth Amendment. If there is any conflict between the provisions of this Fifth Amendment and the provisions of the Agreement, the provisions of this Fifth Amendment shall prevail. Whether or not specifically amended by this Fifth Amendment, all terms and provisions of the Agreement are amended to the extent necessary to give effect to the purpose and intent of this Fifth Amendment.

Section 3. **No Third-Party Beneficiaries.** No provisions of the Agreement or this Fifth Amendment may be amended or added to except by a written agreement signed by the Parties or their respective successors-in-interest. This Fifth Amendment is not intended to confer upon any person other than the Parties, any rights or remedies hereunder.

Section 4. **Governing Law; Interpretation.** This Fifth Amendment shall be governed by, and construed in accordance with, the laws of the State of California. The Agreement and this Fifth Amendment are subject to the provisions of the Los Angeles Administrative Code. Each Party represents and warrants that this Fifth Amendment has been negotiated and drafted at arms-length by equally sophisticated parties, and any ambiguity cannot be attributed to either Party hereto. If any provision of this Fifth Amendment, or the application thereof to any persons or circumstances, shall be invalid or unenforceable, the remainder of this Fifth Amendment shall not be affected thereby, and each provision of this Fifth Amendment shall be valid and shall be enforceable to the fullest extent permitted by law.

Section 5. **Counterparts.** This Fifth Amendment and any other document necessary for the consummation of the transaction contemplated by this Fifth 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 associated 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 agreement, 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 Fifth 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 Fifth Amendment had been delivered that had been signed using a handwritten signature. All parties to this Fifth Amendment (i) agree that an electronic signature, whether digital or encrypted, of a party to this Fifth 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 Fifth Amendment based on the foregoing forms of signature. If this Fifth 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 Fifth Amendment to be executed on its behalf by the Chief Executive Officer and Consultant has caused the same to be executed by its duly authorized officers, all as of the day and year First herein above written.

APPROVED AS TO FORM:
Haydee Feldstein Soto, City Attorney

CITY OF LOS ANGELES

Date: _____

By _____

By: _____

Chief Executive Officer

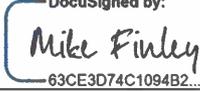
Deputy/Assistant City Attorney

Department of Airports

ATTEST:

BOINGO WIRELESS, INC.

By  _____
Secretary (Signature)

By  _____
Signature

Peter Hovenier

Mike Finley

Print Name

Print Name

[SEAL]