

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: January 11, 2024

CAO File No. 0150-10423-0007

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 January 3, 2024; referred by the Mayor for a report on December 7, 2023

Subject: **RESOLUTION NO. 27862 AND PROPOSED SECOND AMENDMENT TO SERVICE AGREEMENT DA-5495 WITH TOM BRADLEY INTERNATIONAL TERMINAL EQUIPMENT COMPANY FOR SERVICES TO AIRLINES OPERATING AT COMMON USE FACILITIES AT LOS ANGELES INTERNATIONAL AIRPORT**

RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) proposed Resolution No. 27862 authorizing a proposed Second Amendment to Service Agreement DA-5495 with Tom Bradley International Terminal Equipment Company to continue providing services, on behalf of LAWA, to airlines operating at common use facilities at Los Angeles International Airport for an additional six months from April 21, 2024 through October 20, 2024, with a six-month renewal option through April 20, 2025, and increase the contract authority by \$25 million for an amount not-to-exceed \$250 million;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the January 3, 2024 Board of Airport Commissioners (Board) Resolution 27862, 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 Interim Chief Executive Officer, or designee, to execute the proposed agreement and return the Resolution to LAWA for further processing, including Council consideration.

SUMMARY

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) requested approval of its January 3, 2024 Resolution 27862, to execute a proposed Second Amendment to Service Agreement DA-5495 (Service Agreement) with Tom Bradley International Terminal

Equipment Company (TBITEC), originally approved April 21, 2021 (Resolution No. 27228), covering management and oversight of common use facilities at LAX. The current agreement with TBITEC terminates on April 20, 2024. Approval of the proposed Second Amendment will result in a six-month term extension to October 20, 2024, plus an option to extend the term of the agreement for six months, if necessary, through April 20, 2025. The proposed amendment also includes an increase to the contract authority by \$25 million, from \$225 million to \$250 million. Augmenting the term and increasing the contract limit will enable LAWA the ability to continue management and oversight of the common use facilities at LAX and sufficient time to complete a Request for Proposal (RFP) process for a replacement contract covering these services.

The proposed Amendment to the service agreement has been approved as to form by the City Attorney. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds three years. Our Office has reviewed the request and recommends approval.

BACKGROUND

On December 7, 2023 and January 3, 2024, the Board approved Resolution 27862 and a LAWA staff report requesting authority to execute a proposed Second Amendment with TBITEC to continue providing services, on behalf of LAWA, to airlines operating at common use facilities at LAX. The amendment aims to extend the contract term by six months, setting a new contract expiration date of October 20, 2024, with a six-month option to potentially extend the contract to April 20, 2025, and increase the contract authority by \$25 million, resulting in a new contract amount not-to-exceed \$250 million over the total term.

Since 2011, TBITEC has been delivering common use services at LAX under Lease and License Agreement LAA-8600 (Resolution 24560). The responsibilities included in the agreement consists of operation and maintenance of the common use areas, including baggage handling support, crowd control, employee screening, aircraft flight gating, and other various facility support services. Throughout the lease and across several amendments, the Board has approved multiple actions, including additional equipment acquisitions, term extensions, and fee payment deferrals to mitigate challenges posed by the COVID-19 pandemic.

Airline Cost Stabilization and Recovery Plan (Plan) - In response to the pandemic, LAWA implemented the Plan in 2021. This initiative resulted in the temporary transfer of management of common use services from TBITEC to LAWA through Service Agreement DA-5495 (Resolution 27228). The primary objective of the Plan is centered on enhancing LAX's competitive position, offering relief in airline fees, aligning common costs, and achieving greater stability and predictability in the overall financial operations of LAX. The Plan's essential elements provided immediate benefits by permitting airlines to operate with reduced fees, while enabling LAWA to retain and attract airline partners, facilitating recovery and long-term growth during the financial crisis.

In 2022, LAWA completed the transition of the common use services and terminated Lease and License Agreement LAA-8600 with TBITEC on June 20, 2023. This action granted LAWA full

authority over the management of the common use areas.

Expenditures - The Department indicates that approximately 67 percent or \$151,078,030 of the appropriated \$225,000,000 contract authority has been expended through November 2023. Additionally, an estimated \$5,640,247 is projected to be expensed through December 2023. The combined expenditures exhausts nearly 70 percent or \$156,718,276 of the total contract authority. The remaining 30 percent or \$68,281,724 of the contract authority, including the proposed \$25,000,000 increase will be used towards compensating TBITEC to provide common use services for the remainder of the contract term, in addition to funding major repairs and replacing outdated aviation equipment at the airport. The table below summarizes the contract activities through December 2023 and the additional funds required to carry out the proposed Second Amendment:

Tom Bradley International Terminal Equipment Company (TBITEC) – Service Agreement DA-5495 Contract Authority and Expenditures	
Description of Budget Activities	Amount
Original Contract Authority – April 2021	\$225,000,000
Total Expenditures to Date:	
Contract Year 1 (April 21, 2021 – April 20, 2022)	(\$49,044,518)
Contract Year 2 (April 21, 2022 – April 20, 2023)	(60,008,154)
Contract Year 3 (April 21, 2023 – December 31, 2023)	(47,665,604)
Total Contract Expenditures	(\$156,718,276)
Remaining Contract Value (Original Contract Authority less Total Contract Expenditures)	\$68,281,724
Proposed Second Amendment Increase	\$25,000,000
New Funding Available (Remaining Contract Value plus Proposed Second Amendment Amount)	\$93,281,724
New Contract Authority (Original Contract Authority plus Proposed Second Amendment Increase)	\$250,000,000

Planned Projects and Major Repairs – LAWA reports that it is currently conducting major repairs, upgrades, and modernization to the aging aeronautical equipment. These projects include modifications, refurbishment, upgrades, and component replacement of various elements of the baggage handling system (BHS), passenger boarding bridges (PBB), and support of aeronautical equipment at LAX. The Department also indicates that it is developing a plan to modernize and overhaul PBBs that are 10 years or older. The goal is to upgrade the bridges with the newest technology, including improvements to hydraulics, electronics, controls, sensors HVAC, safety features, and automation. It is anticipated that the upgrades will extend the usable life of the boarding bridges by an additional 10 years. Attachment 1 to this report provides a more detailed overview of the projects currently underway as well as those planned for the near future.

Cost and Funding – Passenger traffic at the airport decreased significantly due to the pandemic. As a result, LAWA cut costs by deferring maintenance and reducing expenses for services tied to passenger levels during the initial 18 months of the contract. The reduction in expenditures, combined with the proposed \$25 million increase in contract authority through the proposed Second Amendment, will provide sufficient funds to cover planned costs through the new contract term ending April 20, 2025. LAWA projects that \$86,012,965 or nine percent of the new funding amount

will be used to cover various operational costs. The remaining \$7,268,759 will be set aside as a contingency reserve to mitigate unforeseen operational circumstances that may arise. The budget amount covering the proposed amendment is included in LAWA's Fiscal Year (FY) 2024 Operating Budget and will be requested for FY 2025 through the operating budget process. Costs will be recovered through both aeronautical and non-aeronautical rates and charges.

Request for Proposals (RFP) – Approval of the proposed Second Amendment will provide LAWA with sufficient time to finalize its pending RFP process to select a new contractor and award a replacement contract for the Management and Oversight of Common Use Facilities, Equipment, and Services at LAX. The Department commenced a competitive bidding process for a replacement contract by releasing an RFP on October 10, 2023. LAWA staff is currently reviewing and evaluating the proposals. Upon completing the assessments, LAWA will select the contractor best qualified to fulfill the scope of work outlined in the proposal by March 2024. Under the new agreement, LAWA will maintain responsibility for managing the common use services, while the new contractor will carry out the required work according to LAWA's direction. LAWA plans to return to the Board during the first quarter of 2024 to obtain the Board's recommendation and guidance on the contract award.

CITY COMPLIANCE

Small Business Enterprise (SBE), Local Business Enterprise (LBE), and Local Small Business Enterprise (LSBE) Participation – As reported by LAWA staff, this action is not subject to the provisions of the Business Enterprise programs, subsequently, no mandatory business inclusion goals were established.

California Environmental Quality Act (CEQA) – On December 7, 2023, the Board determined that the proposed Second Amendment to Service Agreement DA-5495 with Tom Bradley International Terminal Equipment Company 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 City Attorney has reviewed and approved the proposed Second Amendment. In accordance with Charter Section 373 and Administrative Code Section 10.5(a) and 10.5 (b)(2), the proposed Agreement requires Council approval because the total term of the Agreement exceeds three years. Our Office recommends approval.

FISCAL IMPACT STATEMENT

Approval of the proposed Second Amendment to Service Agreement DA-5495 with Tom Bradley International Terminal Equipment Company will provide sufficient time and contract capacity to continue common use services at LAX until a new replacement contract is awarded and the common use services are transitioned to a new service provider. The projected costs associated with the proposed Second Amendment is included in the Department's 2023-24 Operating Budget in LAX Cost Center 1160150 – Common Use Services, Commitment Item 520 – Contractual

Services. Funding for subsequent years will be requested as part of LAWA's annual budget process. The proposed amendment will increase the service agreement by \$25 million, from \$225 million to a contract limit not-to-exceed \$250 million through April 20, 2025. The recommendations in this report comply with the Los Angeles World Airports' adopted Financial Policies. Approval of the proposed amendment will have no impact on the City's General Fund.

Attachment 1 - Planned Projects and Major Repairs

Attachment 2 – December 7, 2023 BOAC Report and January 3, 2024 Resolution No. 27862

MWS/PJH/JVW:DLG:10240141

**Overview of Proposed Second Amendment Projects
Service Agreement DA-5495 with
Tom Bradley International Terminal Equipment Company**

Description of Project	Costs (Estimated)	Status	Completion Date (Estimated)
T5 BHS – Upper-Level System Replacement	\$2,100,000	Completed	Jan-2023
West Gates Concourse PBB Anti-Collision and Pre-Position Upgrades (27 PBB)	\$1,429,649	Completed	Jun-2023
T6 Gate 68B PBB – Major Repairs	\$350,000	Completed	Dec-2023
T6/T7 Baggage Claim Overhaul	\$2,200,000	In Progress	Apr-2024
TBIT West Gates Charger Upgrades – EV Charging Capability	\$200,000	In Progress	Mar-2024
T5 BHS – Major Repairs to Sortation Piers	\$1,064,799	In Progress	Jun-2024
TBIT Gate 134 Visual Docking Guidance System (VDGS) Relocation	\$435,000	In Progress	Sep-2024
VDGS Main Network Server Upgrades	\$120,000	In Planning	Sep-2024
Electronic Ground Service Equipment (EGSE) Charger Installation at West Remote Pad and T5	\$2,900,000	In Planning	Mar-2025
TBIT Inbound BHS – Upper-Level System Replacement	\$1,500,000	In Planning	TBD
T2/T1.5 BHS Induction Line Installation	\$4,500,000	In Planning	TBD
T6/T7 Inbound BHS Recontrols	\$1,700,000	In Planning	TBD
T5 Chiller System Replacement w/Point of Use PBB mounted Pre-Condition Air Units	\$8,500,000	In Planning	TBD
PBB Modernization and Overhaul at TBIT, West Remote Pad, T5, and T6	\$10,000,000	In Planning	TBD



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 for approval of the Second Amendment to Agreement DA-5495 with the Tom Bradley International Terminal Equipment Company

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request for approval of the Second Amendment to Agreement DA-5495 with the Tom Bradley International Terminal Equipment Company to extend the contract term by six months for a new contract expiration date of October 20, 2024, with a six-month extension option that may extend the contract to April 20, 2025, and increase the contract authority by \$25,000,000, for a new total contract amount not to exceed \$250,000,000 over the total term.

City Council approval is required pursuant to Section 373 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





17

Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:

Michael R. Christensen
Chief Operations & Maintenance Officer

Reviewer:

Brian C. Ostler, City Attorney

Beatrice Hsu, Interim Chief Executive Officer

Meeting Date

12/7/2023

Needs Council Approval: ☒ Y

Reviewed for/by	Date	Approval Status	By
Finance	10/27/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	10/25/2023	<input checked="" type="checkbox"/> Y	MO
Procurement	10/30/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	BG
Guest Experience	11/1/2023	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	10/19/2023	<input checked="" type="checkbox"/> Y	BNZ

SUBJECT

Request for approval of the Second Amendment to Agreement DA-5495 with the Tom Bradley International Terminal Equipment Company to extend the contract term by six months for a new contract expiration date of October 20, 2024, with a six-month extension option that may extend the contract to April 20, 2025, and increase the contract authority by \$25,000,000, for a new total contract amount not to exceed \$250,000,000 over the total term.

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. APPROVE the Second Amendment to Agreement DA-5495 with the Tom Bradley International Terminal Equipment Company to extend the contract term by six months for a new contract expiration date of October 20, 2024, with a six-month extension option that may extend the contract to April 20, 2025, and increase the contract authority by \$25,000,000, for a new total contract amount not to exceed \$250,000,000 over the total term.
4. AUTHORIZE the Interim Chief Executive Officer, or designee, to execute the Second Amendment upon approval by the Los Angeles City Council and approval as to form by the City Attorney.

DISCUSSION

1. Purpose

The Second Amendment will extend the current contract term by six months, with a six-month extension option, and increase the contract authority by \$25,000,000, for a new total contract amount not to exceed \$250,000,000 over the total term, with the Tom Bradley International Terminal Equipment Company (TBITEC) for the provision of services, on behalf of the Los Angeles World Airports (LAWA), to airlines operating at common use facilities at Los Angeles International Airport (LAX). The Second Amendment will provide sufficient time to complete the Request for Proposal (RFP) for the Management and Oversight of Common Use Facilities, Equipment, and Services for LAWA currently in process, award a replacement contract, and strategically transition the common use services to the new service provider.

2. Prior Related Actions/History of Board Actions

- **August 15, 2011 – Resolution No. 24560 (LAA-8600)**
The Board of Airport Commissioners (Board) approved a five-year Lease and License Agreement with TBITEC to maintain aeronautical equipment in Tom Bradley International Terminal (TBIT).
- **May 7, 2013 – Resolution No. 25119 (LAA-8600A)**
The Board approved the First Amendment to the Lease and License Agreement with TBITEC to extend the term from five to ten years and add premises and aeronautical equipment in Terminal 2 (T2).
- **May 21, 2015 – Resolution No. 25699 (LAA-8600B)**
The Board approved the Second Amendment to the Lease and License Agreement with TBITEC to extend the term to add premises and aeronautical equipment in Terminal 3 (T3).
- **November 16, 2016 – Resolution No. 26114 (LAA-8600)**
The Board approved the Amended and Restated Lease and License Agreement with TBITEC to extend the term through September 15, 2025, with an option to extend through December 31, 2030, and update certain lease provisions, adjust premises, and add aeronautical equipment.
- **November 17, 2016 – Resolution No. 26115 (DA-5158, DA-5159)**
The Board approved two Equipment Acquisition Agreements with TBITEC for the acquisition of baggage handling systems in TBIT and the Midfield Satellite Concourse (MSC) in amounts not to exceed \$185,000,000 and \$75,000,000, respectively.
- **October 18, 2018 – Resolution No. 26620 (DA-5323)**
The Board approved an Equipment Acquisition Agreement with TBITEC to acquire Common Use Bag Drop equipment upon installation and completion of the pilot testing period to monitor the effectiveness of the equipment installed in the TBIT Ticket Lobby.

- **November 7, 2019 – Resolution No. 26898 (DA-5158A)**
The Board approved a First Amendment to Equipment Acquisition Agreement DA-5158 with TBITEC for minor administrative updates and revision of scope components covering acquisition of upgrades to the baggage handling systems in TBIT and the MSC.
- **December 19, 2019 – Resolution No. 26923 (NBL-4348A)**
The Board approved the Blanket Authority to enter into binding rate agreements with airlines and LAWA-approved airline consortiums using passenger terminals at LAX, with the term expiring on December 31, 2032.
- **March 5, 2020 – Resolution No. 26973 (DA-5323A)**
The Board approved a First Amendment to the Equipment Acquisition Agreement DA-5323 with TBITEC to extend the term until December 31, 2020, and to add warranty information.
- **April 9, 2020 – Resolution No. 26994 (NBL-4348B)**
The Board approved an extension of the deadline to July 31, 2020, for airlines and LAWA-approved airline consortiums using passenger terminals at LAX to execute and deliver the Amended and Restated Rate Agreement.
- **April 9, 2020 – Resolution No. 26996**
The Board approved deferral of fee payment for the months of April and May 2020 under Non-Exclusive Air Carrier Operating Permits and Terminal Lease and License Agreement for LAX passenger air carriers and existing airline consortiums that sign and return a Letter Agreement by April 30, 2020.
- **April 16, 2020 – Resolution No. 27006**
The Board approved an amendment to Resolution No. 26996 which extends the deadline to submit the Letter Agreement until May 31, 2020, and further updates the initial list of leases eligible for the rent deferral program.
- **June 18, 2020 – Resolution No. 27071 (DA-5458)**
The Board approved an Equipment Acquisition Agreement with TBITEC covering the cost of installation of the Terminal 5 (T5) Baggage Handling System Upper-Level Controls System for an amount not to exceed \$2,074,936.
- **April 21, 2021 – Resolution No. 27228 (DA-5495)**
The Board awarded a three-year service agreement with TBITEC covering, on behalf of LAWA, services to airlines operating at common use facilities at LAX for an amount not to exceed \$225,000,000 over the term of the contract.
- **June 17, 2021 – Resolution No. 27292**
The Board authorized a Direct Expenditure of up to \$4,203,028.76 to pay TBITEC for start-up costs associated with the West Gates at TBIT (West Gates) (formerly known as the Midfield Satellite Concourse) and Terminal 1.5 (T1.5), rendered under Service Agreement DA-5495.

- **July 13, 2023 – Resolution No. 27778 (DA-5495A)**

The Board approved the First Amendment to Contract DA-5495 with TBITEC for the provision of services, on behalf of LAWA, to airlines operating at common use facilities at LAX, to incorporate necessary elements and contractual requirements that pertain to the delivery of services that previously were contained in the canceled Lease and License Agreement LAA-8600 with TBITEC.

3. Background

In 2011, the Board approved Lease and License Agreement LAA-8600, between the City of Los Angeles (City) and the airline consortium TBITEC, a California not-for-profit company that was specifically formed and established by LAX member airlines for the purpose of designing, constructing, installing, operating, maintaining, and financing select airline equipment, systems, and services at designated LAX terminals and facilities. This agreement granted TBITEC the right, responsibility, and privilege to maintain, operate, and provide common use services, including baggage handling support, crowd control, employee screening, aircraft flight gating, and other operational facility support services.

Through the following consecutive years, the Board approved additional actions that included: (a) equipment acquisition agreements for modernization and installation of baggage systems at TBIT, West Gates, and T5; (b) extended the term of LAA-8600, through September 15, 2025, increasing the area of responsibility to the West Gates, T1.5, and T5; and (c) deferred fee payments owed to LAWA and extended deadlines for airlines and LAWA-approved airline consortiums using passenger terminals at LAX to execute and deliver the Amended and Restated Rate Agreement to help mitigate negative impacts of the COVID-19 pandemic.

In 2021, LAWA implemented an Airline Cost Stabilization and Recovery Plan (Plan) aimed at managing rates and charges at LAX to further help mitigate the negative impacts of the COVID-19 pandemic on the airport and airline operations and finances. The key objectives of the Plan were to: (a) make rates and charges at LAX more competitive, (b) mitigate the increase in rates and charges for airlines due to reduced activity, (c) harmonize common use costs across the airport, and (d) achieve stability in LAX's financial operations.

The Plan allowed LAWA to transition the management of common use services from TBITEC to LAWA, through a temporary sole source service agreement with TBITEC (DA-5495), who would provide common use services on LAWA's behalf until a competitive solicitation of the common use services was completed to replace the temporary service agreement. This transition in operating models gave LAWA greater control over management of the services, performance, costs, and rate setting, and the ability to implement market competitive rates for common use facilities at LAX. In addition, LAWA streamlined the baggage system and other common use cost rates paid by common use airlines.

In 2022, LAWA completed the full transition in operating models for the management of common use services, and effective June 20, 2023, terminated the Lease and License Agreement, LAA-8600, after providing TBITEC with the contractually required 180-day advanced written notice of the termination.

The current service agreement, DA-5495, encompasses over 30 separate areas of responsibility pertaining to the management and oversight of common use facilities,

equipment and services, including common use hold rooms and equipment, baggage handling systems, passenger boarding bridges (PBB), PBB aeronautical support equipment, and facility support services, and for administering, designing, financing, installing, and maintaining these systems and services in common use terminals at LAX. The services are provided by 45 approved subcontractors and 66 suppliers on LAWA's behalf.

During the first year of the service agreement, the slow recovery of passenger traffic to pre-pandemic levels allowed LAWA to manage expenses and defer planned maintenance, since many of the services directly correlate with passenger activities. During the second year of the service agreement, the expenses steadily increased 22.4% versus the previous year, as traffic increased. Now, during the third year of the agreement, passenger traffic has rebounded to 2019 levels in T1.5, T5, TBIT, and West Gates Concourse, requiring the increase of maintenance and repair services, passenger services, and the completion of previously deferred maintenance. As a result, the projected expenditures are now on pace to meet the budget plan for the year. In addition, new services and activities were added during the current contract year, including the activation of service in T2, the addition of common use equipment maintenance and repair in Terminal 6 (T6), the implementation of an employee screening program mandated by the Transportation Security Administration, and major repairs of the aging aeronautical equipment at various common use locations.

The original budget plan estimated that expenses would approximate \$75,000,000 annually for a three-year amount not-to-exceed \$225,000,000. The actual expenses incurred under this agreement are summarized below.

BUDGET	DETAILS	EXPLANATION
Contract Year 1 - 4/21/2021 - 4/20/2022		
\$49,044,518 (Actuals) \$4.1M/month average	Expenses reduced to align with passenger volume	<ul style="list-style-type: none"> • Passenger volume remained 36.9% below 2019 levels at CU facilities • Major maintenance overhauls deferred
Contract Year 2 - 4/21/2022 – 4/20/2023		
\$60,008,154 (Actuals) \$5.0M/month average	<u>Existing CU Services</u> \$59,163,191.74 (Actuals)	<ul style="list-style-type: none"> • Passenger volume recovered but remained 6.9% under 2019 levels at CU facilities • The passenger recovery was a 21.9% increase over the first contract year level, reflecting a \$10M increase from Year 1 to Year 2. • Implemented contractual increases and Living Wage increases July 2022
	<u>New CU Locations and Services</u> \$844,962.26 (Actual)	<ul style="list-style-type: none"> • Initiated CU Manager on Duty function in the Airport Response Coordination Center to improve interagency coordination.

Contract Year 3 - 4/21/2023 – 4/20/2024		
\$74,151,331 (Projected) \$6.2M/month average	<u>Existing CU Services</u> \$68,500,891 (Projected)	<ul style="list-style-type: none"> • Passenger volume is projected to exceed 2019 pax levels by 2.8% at CU facilities • Implemented contractual increases and Living Wage increases
	<u>New CU Locations and Services</u> \$2,950,440 (Projected)	<ul style="list-style-type: none"> • Added employee screening program – Aug 2023 • Activated T2 common use facilities – November 2023 • Assumed responsibility for additional T6 common use equipment and services – October 2023
	<u>Aeronautical Equipment Repairs</u> \$2,700,000 (Projected)	<ul style="list-style-type: none"> • T6/T7 Federal Inspection Service (FIS) facility inbound baggage system repair project • Gate 68B Passenger Boarding Bridge repairs
Contract Year 4 - 4/21/2024 – 4/20/2025		
Proposed Six-Month Extension 4/21/2024 – 10/20/2024 \$39,585,976.71 (Projected) \$6.6M/month average	\$36,647,976.10 (Projected)	<ul style="list-style-type: none"> • Estimate City Council approval of new contract by September 2024 • Yearly contractual and living wage increases
	<u>Aeronautical Equipment Repairs</u> \$2,938,000 (Projected)	<ul style="list-style-type: none"> • T5 baggage system repairs of 8 piers • Start PBB repair program for T6, T5, and TBIT (Project in development)
Proposed Six-Month Renewal Option 10/21/2024 – 4/20/2025 \$19,792,988.35 (Projected) \$3.3M/month average	\$18,323,988.35 (Projected)	<ul style="list-style-type: none"> • Transition period between TBITEC and new contractor to be determined. • Potential construction expenses to relocate TBITEC to new office spaces.
	<u>Aeronautical Equipment Repairs</u> \$1,469,000 (Projected)	<ul style="list-style-type: none"> • Continuation and turnover of contractual year 4 aeronautical repairs to new CU provider.

4. Current Action/Rationale

Los Angeles World Airports staff recommend Board approval to extend the contract term of DA-5495 by six-months, with a six-month renewal option, and to increase the contract authority by \$25,000,000, to provide sufficient time for the award of a successor common

use services agreement and to allow for a transition period between the current provider and the future selected provider without compromising service performance levels.

On October 10, 2023, LAWA staff released an RFP for the Management and Oversight of Common Use Facilities, Equipment, and Services at LAX, to complete the final component of the Plan requiring the replacement of the temporary sole source service agreement with TBITEC, to a permanent service agreement. This procurement has been in process for over one year, and LAWA staff expect to present a recommendation to the Board for a contract award by March 2024.

Additionally, due to the anticipated term length, this Second Amendment and the new contract will require approval by the Los Angeles City Council per Los Angeles Charter Section 373. Staff recommend extending the existing TBITEC contract, until the RFP process can be completed, and a new contract approved by the Board and City Council. As this common use services contract is complex, staff request the Board to approve the additional time to account for any administrative delays that may occur within the contract approval and the transition process of the common use services. Under the current contract terms, the contract may be terminated at any time without penalty to the City.

The anticipated timeline for the completion of the new contractor selection is as follows: (1) a vendor will be selected and recommended for award of contract to the Board by March 2024; (2) the Board-approved contract will be forwarded to City Council for approval; (3) upon Council approval, which may be by September 2024, a phased contract transition period will begin from TBITEC to the selected common use services contractor. Currently approval from the City Council can be in excess of 6 months. It is essential to extend the term of the current agreement beyond the current expiration date to allow enough time to complete the steps above. The six-month renewal option provides for a sufficient contract term in the event of any unforeseen delays in the approval and transition process.

5. Fiscal Impact

Costs incurred under this contract will be recovered through both aeronautical and non-aeronautical rates and charges. The current contract with TBITEC (DA-5495) has a total contract authority of \$225,000,000, and 59.5 percent of the total contract authority has been utilized for expenses incurred through the end of August 2023. The total invoiced amount through the end of August 2023. The total projected costs through the entire term of this agreement are \$242,582,968. Furthermore, the requested contract authority includes funding of \$7,417,031.94, to account for: (1) major repairs, upgrades, and modernization of aging aeronautical equipment; (2) additional common use services required by any unforeseen operational circumstance; and (3) any contract transition costs to a new common use provider if required.

Approval of this item will increase the contract authority by \$25,000,000 for a not-to-exceed amount of \$250,000,000 over the term.

6. Alternatives Considered

- ***Take No Action***

Taking no action is not recommended as it would result in the disruption of common use services for airlines operating at common use facilities at LAX which would trigger flight cancelations and impact service levels for LAX airlines and traveling guests.

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

This action advances this strategic goal and objective: Build and Operate Facilities to Meet Evolving Demand: Manage and operate facilities effectively. The proposed amendment will ensure uninterrupted services for airlines operating at common use facilities and would allow for a smooth transition to the new service provider.

APPROPRIATIONS

Funds for this contract are available in the Fiscal Year 2023-2024 Los Angeles World Airports Operating Budget in LAX Cost Center 1160150 – Common Use Services, 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. TBITEC is required by contract to comply with the provisions of the Living Wage / Worker Retention Ordinances.
5. This action is not subject to the Business Enterprise (BE) Programs.
6. TBITEC is required by contract to comply with the provisions of the Affirmative Action Program.
7. TBITEC has been assigned Business Tax Registration Certificate number 0000224444-0001-7.
8. TBITEC is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. TBITEC has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
11. TBITEC has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.

12. TBITEC has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance.
13. TBITEC will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. TBITEC has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. TBITEC has submitted the MLO Bidder Contributions CEC Form 50 and will comply with its provisions.
16. TBITEC will comply with the provisions of the Iran Contracting Act.

January 3, 2024

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

Subject: Second Amendment to Agreement DA-5495 with Tom Bradley International Terminal Equipment Company

LAX
Van Nuys
City of Los Angeles

Karen Bass
Mayor

Board of Airport
Commissioners

Karim Webb
President

Matthew M. Johnson
Vice President

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

Beatrice C. Hsu
Interim Chief Executive Officer

Pursuant to Section 373 of the City Charter, enclosed for your approval is the Second Amendment to Agreement DA-5495 with Tom Bradley International Terminal Equipment Company that was approved by the Board of Airport Commissioners at its December 7, 2023 meeting. There is no impact to the General Fund.

RECOMMENDATIONS FOR CITY COUNCIL:

1. Adopt the determination by said Board that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines; and
2. Approve the Second Amendment to Agreement DA-5495 with Tom Bradley International Terminal Equipment Company, to extend the term through October 20, 2024, with a six (6)-month extension option, and increase the contract authority by \$25,000,000, for new total not to exceed \$250,000,000, covering provision of services, on behalf of Los Angeles World Airports, to airlines operating at common use facilities at Los Angeles International Airport; and
3. Concur with said Board's action on December 7, 2023, by Resolution 27862, authorizing the Interim Chief Executive Officer, or designee, of Los Angeles World Airports to execute said Second Amendment to Agreement DA-5495 with Tom Bradley International Terminal Equipment Company.

Very truly yours,



Grace Miguel, Commission Executive Assistant II
BOARD OF AIRPORT COMMISSIONERS

Enclosures

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



RESOLUTION NO. 27862

WHEREAS, on recommendation of Management, there was presented for approval, Second Amendment to Agreement DA-5495 with Tom Bradley International Terminal Equipment Company to extend the term through October 20, 2024, with a six (6)-month extension option, and increase the contract authority by \$25,000,000, for new total not to exceed \$250,000,000, covering provision of services, on behalf of Los Angeles World Airports, to airlines operating at common use facilities at Los Angeles International Airport; and

WHEREAS, under its previous Lease and License Agreement LAA-8600, which was approved by the Board of Airport Commissioners (Board) in 2011, Tom Bradley International Terminal Equipment Company (TBITEC) was granted the right, responsibility, and privilege to maintain, operate, and provide common use services, including baggage handling support, crowd control, employee screening, aircraft flight gating, and other operational facility support services at Los Angeles International Airport (LAX); and

WHEREAS, in 2021, Los Angeles World Airports (LAWA) implemented an Airline Cost Stabilization and Recovery Plan (Plan) aimed at managing rates and charges at LAX to further help mitigate the negative impacts of the COVID-19 pandemic on the airport and airline operations and finances. The key objectives of the Plan were to: (a) make rates and charges at LAX more competitive, (b) mitigate the increase in rates and charges for airlines due to reduced activity, (c) harmonize common use costs across the airport, and (d) achieve stability in LAX's financial operations; and

WHEREAS, the Plan allowed LAWA to transition the management of common use services from TBITEC to LAWA, through a temporary sole source service agreement with TBITEC (DA-5495). TBITEC would provide common use services on LAWA's behalf until a competitive solicitation of the common use services was completed to replace the temporary service agreement. Such transition in operating models gave LAWA greater control over management of the services, performance, costs, and rate setting, and the ability to implement market competitive rates for common use facilities at LAX. In addition, LAWA streamlined the baggage system and other common use cost rates paid by common use airlines; and

WHEREAS, in 2022, LAWA completed the full transition in operating models for the management of common use services and, effective June 20, 2023, terminated said Lease and License Agreement LAA-8600 after providing TBITEC with the contractually required 180-day advanced written notice of the termination; and

WHEREAS, the current service agreement, DA-5495, encompasses over 30 separate areas of responsibility pertaining to management and oversight of common use facilities, equipment and services, including common use hold rooms and equipment, baggage handling systems, passenger boarding bridges (PBB), PBB aeronautical support equipment, and facility support services, and for administering, designing, financing, installing, and maintaining those systems and services in common use terminals at LAX. The services are provided by 45 approved subcontractors and 66 suppliers on LAWA's behalf; and

WHEREAS, during the first year of the service agreement, the slow recovery of passenger traffic to pre-pandemic levels allowed LAWA to manage expenses and defer planned maintenance, since many of the services directly correlate with passenger activities. During the second year of the service agreement, the expenses steadily increased 22.4% versus the previous year, as traffic increased. Now, during the third year of the agreement, passenger traffic has rebounded to 2019 levels in Terminal (T) 1.5, T5, Tom Bradley International Terminal (TBIT), and West Gates



Concourse, requiring increase of maintenance and repair services, passenger services, and completion of previously deferred maintenance. As a result, the projected expenditures are now on pace to meet the budget plan for the year. In addition, new services and activities were added during the current contract year, including activation of service in T2, addition of common use equipment maintenance and repair in T6, implementation of an employee screening program mandated by the Transportation Security Administration, and major repairs of the aging aeronautical equipment at various common use locations; and

WHEREAS, the original budget plan estimated that expenses would approximate \$75,000,000 annually for a three (3)-year total not to exceed \$225,000,000. Following is a summary of the actual expenses incurred under the agreement:

Budget	Details	Explanation
<i>Contract Year 1: 4/21/2021 – 4/20/2022</i>		
\$49,044,518 (Actuals) \$4.1M/month average	Expenses reduced to align with passenger volume	<ul style="list-style-type: none"> Passenger volume remained 36.9% below 2019 levels at common use facilities Major maintenance overhauls deferred
<i>Contract Year 2: 4/21/2022 – 4/20/2023</i>		
\$60,008,154 (Actuals) \$5.0M/month average	<u>Existing Common Use Services</u> \$59,163,191.74 (Actuals)	<ul style="list-style-type: none"> Passenger volume recovered but remained 6.9% under 2019 levels at common use facilities The passenger recovery was a 21.9% increase over the first contract year level, reflecting a \$10M increase from Year 1 to Year 2. Implemented contractual increases and Living Wage increases July 2022
	<u>New Common Use Locations and Services</u> \$844,962.26 (Actuals)	<ul style="list-style-type: none"> Initiated Common Use Manager on Duty function in the Airport Response Coordination Center to improve interagency coordination.
<i>Contract Year 3: 4/21/2023 – 4/20/2024</i>		
\$74,151,331 (Projected) \$6.2M/month average	<u>Existing Common Use Services</u> \$68,500,891 (Projected)	<ul style="list-style-type: none"> Passenger volume is projected to exceed 2019 pax levels by 2.8% at common use facilities Implemented contractual increases and Living Wage increases
	<u>New Common Use Locations and Services</u> \$2,950,440 (Projected)	<ul style="list-style-type: none"> Added employee screening program – Aug 2023 Activated T2 common use facilities – November 2023 Assumed responsibility for additional T6 common use equipment and services – October 2023
	<u>Aeronautical Equipment Repairs</u> \$2,700,000 (Projected)	<ul style="list-style-type: none"> T6/T7 Federal Inspection Service facility inbound baggage system repair project Gate 68B PBB repairs

(table continued)

Budget	Details	Explanation
<i>Contract Year 4: 4/21/2024 – 4/20/2025</i>		
Six-Month Extension 4/21/2024 – 10/20/2024	\$36,647,976.10 (Projected)	<ul style="list-style-type: none"> • Estimate City Council approval of new contract by September 2024 • Yearly contractual and living wage increases
\$39,585,976.71 (Projected)	<u>Aeronautical Equipment Repairs</u>	<ul style="list-style-type: none"> • T5 baggage system repairs of 8 piers • Start PBB repair program for T6, T5, and TBIT (Project in development)
\$6.6M/month average		
	\$2,938,000 (Projected)	
Six-Month Renewal Option 10/21/2024 – 4/20/2025	\$18,323,988.35 (Projected)	<ul style="list-style-type: none"> • Transition period between TBITEC and new contractor to be determined • Potential construction expenses to relocate TBITEC to new office spaces
\$19,792,988.35 (Projected)	<u>Aeronautical Equipment Repairs</u>	<ul style="list-style-type: none"> • Continuation and turnover of contractual year 4 aeronautical repairs to new common use provider; and
\$3.3M/month average		
	\$1,469,000 (Projected)	

WHEREAS, the Second Amendment will provide sufficient time for award of a successor common use services agreement and to allow for a transition period between the current provider and the future selected provider without compromising service performance levels; and

WHEREAS, in October 2023, LAWA released a Request for Proposals (RFP) for management and oversight of common use facilities, equipment, and services at LAX, to complete the final component of the Plan requiring replacement of the temporary sole source service agreement with TBITEC, to a permanent service agreement; and

WHEREAS, additionally, due to the anticipated term length, the Second Amendment and the new contract will require approval by the Los Angeles City Council per Los Angeles Charter Section 373. As the common use services contract is complex, the additional time will account for any administrative delays that may occur within the contract approval and the transition process of the common use services. Under the current contract terms, the contract may be terminated at any time without penalty to the City; and

WHEREAS, the anticipated timeline for completion of the new contractor selection is as follows: (1) a vendor will be selected and recommended for award of contract to the Board by March 2024; (2) the Board-approved contract will be forwarded to City Council for approval; (3) upon Council approval, which may be by September 2024, a phased contract transition period will begin from TBITEC to the selected common use services contractor. It is essential to extend the term of the current agreement to allow enough time to complete the above-mentioned steps. The six (6)-month renewal option provides for a sufficient contract term in the event of any unforeseen delays in the approval and transition process; and

WHEREAS, the current agreement with TBITEC (DA-5495) has a total contract authority of \$225,000,000, and 59.5% of the total contract authority has been utilized for expenses incurred through the end of August 2023. The total projected costs through the entire term of the agreement is \$242,582,968. Furthermore, the requested contract authority includes funding of \$7,417,031.94,

to account for: (1) major repairs, upgrades, and modernization of aging aeronautical equipment; (2) additional common use services required by any unforeseen operational circumstance; and (3) any contract transition costs to a new common use provider if required; and

WHEREAS, funds for the agreement are available in the Fiscal Year 2023-2024 LAWA Operating Budget in LAX Cost Center 1160150 – Common Use Services, Commitment Item 520 – Contractual Services. Funding for subsequent years will be requested as part of the annual budget process; and

WHEREAS, 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

WHEREAS, TBITEC is required by contract to comply with the provisions of the Living Wage/Worker Retention Ordinances; and

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

WHEREAS, TBITEC has been assigned Business Tax Registration Certificate 0000224444-0001-7; and

WHEREAS, TBITEC is required by contract to comply with the provisions of the Child Support Obligations Ordinance; and

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

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

WHEREAS, TBITEC has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance; and

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

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

WHEREAS, TBITEC has submitted the MLO Bidder Contributions CEC Form 50, and will comply with its provisions; and

WHEREAS, TBITEC will comply with the provisions of the Iran Contracting Act; and

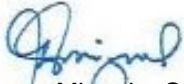
WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 373;

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; approved the Second Amendment to Agreement DA-5495 with Tom Bradley International Terminal Equipment Company to extend the term through October 20, 2024, with a six (6)-month extension option, and increase

the contract authority by \$25,000,000, for new total not to exceed \$250,000,000, covering provision of services, on behalf of Los Angeles World Airports, to airlines operating at common use facilities at Los Angeles International Airport; and authorized the Interim Chief Executive Officer, or designee, to execute said Second Amendment to Agreement DA-5495 with Tom Bradley International Terminal Equipment Company after approval by the Los Angeles City Council and approval as to form by the City Attorney.

o0o

I hereby certify that this Resolution No. 27862 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, December 7, 2023.

A handwritten signature in blue ink, appearing to read "Grace Miguel", is positioned above the printed name.

Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS

**SECOND AMENDMENT TO AGREEMENT NO. DA-5495 BETWEEN THE
CITY OF LOS ANGELES AND TOM BRADLEY INTERNATIONAL
TERMINAL EQUIPMENT COMPANY FOR PROVIDING EQUIPMENT
MAINTENANCE SERVICES AT LOS ANGELES INTERNATIONAL AIRPORT**

THIS SECOND AMENDMENT TO AGREEMENT NO. DA-5495 ("Second Amendment") is made and entered into this ____ day of _____, 2023, by and between the CITY OF LOS ANGELES, a municipal corporation, acting by order of and through the Board of Airport Commissioners ("Board") of the Department of Airports ("City" or "LAWA") and Tom Bradley International Terminal Equipment Company ("TBITEC") for providing equipment maintenance services at Los Angeles International Airport ("Airport" or "LAX"). TBITEC and City are each a "Party" to this Agreement, and collectively are referred to herein as "Parties."

R E C I T A L S

- A. TBITEC and City entered into that certain Los Angeles International Airport Tom Bradley International Terminal Equipment Company Lease and License Agreement LAA-8600 dated September 16, 2011 (the "Original Agreement"), in which TBITEC leased from City, and City leased to TBITEC, certain space in the Tom Bradley International Terminal ("TBIT") of the Airport and licensed to TBITEC Aeronautical Equipment (as defined in the Original Agreement), for the purpose of operation and maintenance for the benefit of Member Air Carriers and Non-Member Air Carriers. The Original Agreement was amended by that certain First Amendment to the Los Angeles International Airport Tom Bradley International Terminal Equipment Company Lease and License Agreement dated June 27, 2013 ("First Amendment"), in which City leased to TBITEC, certain space in Terminal 2 ("T2") and other airport areas and licensed to TBITEC additional Aeronautical Equipment. The Original Agreement was amended further by that certain Second Amendment dated July 9, 2015 ("Second Amendment"), in which City leased to TBITEC certain space in Terminal 3 ("T3") and other airport areas and licensed to TBITEC additional Aeronautical Equipment, for the purpose of providing services as further described therein. The Original Agreement as amended and modified by the First Amendment and the Second Amendment is referred to herein as the "Prior Agreement".
- B. TBITEC and City amended and restated the Prior Agreement in the Amended and Restated Lease and License Agreement dated January 26, 2017 in order for TBITEC to lease, operate, and maintain certain space and license City-owned equipment at the Airport in TBIT, TBIT North, West, and East Tunnels ("TBIT Tunnels"), the Midfield Satellite Concourse ("MSC") and Terminal 5 ("First Amended and Restated Agreement").
- C. City and TBITEC amended and restated the First Amended and Restated Agreement in the Second Amended and Restated Lease and License Agreement No. LAA-8600 ("Second Amended and Restated Agreement"), effective May 3, 2021, under which TBITEC leased, operates, and maintains certain space and

licenses City-owned equipment at the Airport in the TBIT Tunnels, the MSC, the Terminal 5 baggage handling system, and the North Baggage Handling System Building. The Second Amended and Restated Agreement removed the majority of premises and airline equipment TBITEC leased and licensed from City and effectively transferred the majority of the operation and maintenance obligations of Agreement No. LAA-8600 to Agreement No. DA-5495 dated April 21, 2021 between the City of Los Angeles and Tom Bradley International Terminal Equipment Company for providing Equipment Maintenance Services at Los Angeles International Airport, as amended by the First Amendment to Agreement No. DA-5495A dated August 10, 2023 (collectively, the "Agreement"). Effective April 21, 2021, the Agreement replaced the Second Amended and Restated Agreement with regard to the majority of TBITEC's role in operating and maintaining the aeronautical equipment, systems, facilities, and services.

- D. The Second Amended and Restated Agreement terminated effective as of June 20, 2023.
- E. The Parties desire to amend the provisions of the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby mutually agree that the Agreement shall BE AMENDED AS FOLLOWS:

Section 1. Section 1.1 of the Agreement shall be deleted and replaced with the following:

"This Agreement shall commence on April 21, 2021 ("Commencement Date") and shall terminate on October 20, 2024, unless earlier terminated pursuant to the terms of this Agreement; provided, however, City shall have the option to extend this Agreement for an additional six (6) months to a period ending on April 20, 2025, with such option to be exercised in the sole discretion of the Chief Executive Officer."

Section 2. Subsection 1.2 of the Agreement shall be deleted and replaced with the following:

"Upon the termination or expiration of this Agreement as set forth herein, or upon City's notice to TBITEC that it will reduce one or more Services, TBITEC and City shall cooperate to facilitate an orderly and uninterrupted transition of the responsibilities hereunder to City, or to another provider of Services of the type required under this Agreement. TBITEC shall be required to assist in the transition of Services, which transition may occur in phases based on subcontractors, terminals, services, or by some other plan to minimize service disruptions set forth by LAWA. TBITEC shall assist the City and new service provider for a period up to one-hundred eighty (180) days from the commencement date of the contract by the new service provider. TBITEC shall account to

City for all matters outstanding with respect to this Agreement in accordance with this Section 1.2 and City shall promptly remit to TBITEC all amounts due to TBITEC from City which are payable pursuant to this Agreement through the completion of the duties of TBITEC set forth herein. TBITEC shall comply with all reasonable requests and requirements of City in connection with such termination or expiration, and in furtherance of that end, TBITEC shall deliver to City the following:"

Section 3. The first sentence of Section 5.1 of the Agreement shall be deleted and replaced with the following:

"The compensation to TBITEC shall not to exceed Two Hundred and Fifty Million Dollars (\$250,000,000) for the term of the Agreement."

Section 4. This Second 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 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 Second 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 Second Amendment had been delivered that had been signed using a handwritten signature. All parties to this Second Amendment (i) agree that an electronic signature, whether digital or encrypted, of a party to this Second 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 Second Amendment based on the foregoing forms of signature. If this Second 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.

[The Remainder Of This Page Was Intentionally Left Blank]

APPROVED AS TO FORM:
HYDEE FELDSTEIN SOTO,
City Attorney

Date: _____

By: _____

Deputy/Assistant City Attorney

CITY OF LOS ANGELES

By _____

Beatrice C. Hsu
Interim Chief Executive Officer
Department of Airports

By _____

Chief Financial Officer

ATTEST:

**TOM BRADLEY INTERNATIONAL
TERMINAL EQUIPMENT COMPANY**

By 
Secretary (Signature)

David Thomas
Print Name

[SEAL]

By 
Signature

Sheila O'Neil
Print Name