

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"> <li>• Passenger volume remained 36.9% below 2019 levels at common use facilities</li> <li>• Major maintenance overhauls deferred</li> </ul>
<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"> <li>• Passenger volume recovered but remained 6.9% under 2019 levels at common use facilities</li> <li>• The passenger recovery was a 21.9% increase over the first contract year level, reflecting a \$10M increase from Year 1 to Year 2.</li> <li>• Implemented contractual increases and Living Wage increases July 2022</li> </ul>
	<u>New Common Use Locations and Services</u>  \$844,962.26 (Actuals)	<ul style="list-style-type: none"> <li>• Initiated Common Use Manager on Duty function in the Airport Response Coordination Center to improve interagency coordination.</li> </ul>
<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"> <li>• Passenger volume is projected to exceed 2019 pax levels by 2.8% at common use facilities</li> <li>• Implemented contractual increases and Living Wage increases</li> </ul>
	<u>New Common Use Locations and Services</u>  \$2,950,440 (Projected)	<ul style="list-style-type: none"> <li>• Added employee screening program – Aug 2023</li> <li>• Activated T2 common use facilities – November 2023</li> <li>• Assumed responsibility for additional T6 common use equipment and services – October 2023</li> </ul>
	<u>Aeronautical Equipment Repairs</u>  \$2,700,000 (Projected)	<ul style="list-style-type: none"> <li>• T6/T7 Federal Inspection Service facility inbound baggage system repair project</li> <li>• Gate 68B PBB repairs</li> </ul>

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

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

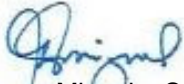
WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 373;

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