

RESOLUTION NO. 27216

WHEREAS, on recommendation of Management, there was presented for approval, Third Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to allow for revision of payment terms due to decline in revenue resulting from COVID-19 travel restrictions, covering Wi-Fi concession at Los Angeles International Airport; and

WHEREAS, the concession agreement (LAA-8862) with Boingo Wireless, Inc. (Boingo) covers upgrade, management and operation of the Wi-Fi network at Los Angeles International Airport (LAX). The concession agreement allowed Boingo to require guests to view a short advertisement to gain access to free Wi-Fi, or pay a fee to access faster speed Wi-Fi. In return, Boingo would pay to Los Angeles World Airports (LAWA):

- Base Annual Fee – \$800,000 escalated annually by the current Department of Labor Consumer Price Index or 2%, whichever is greater; and,
- Additional Annual Contingent Fee – 50% of the annual gross revenue from advertising or membership fees exceeding \$1.4 million each year; and

WHEREAS, in addition, Boingo would upgrade the airport's Wi-Fi network with an expected capital investment of \$1.5 million over the term of the agreement; and

WHEREAS, on April 20, 2017, the concession agreement was amended to accommodate improvements to the Wi-Fi program, including faster connectivity and introduction of the Mobile Passport program to reduce international arrival immigration queue times. In exchange for said improvements, Boingo payments to LAWA were adjusted as follows:

- Base Annual Fee – \$416,000 escalated annually by the current Consumer Price Index or 2%, whichever is greater
- Additional Annual Contingent Fee – no change (50% of gross revenue over \$1.4 million)
- Credit of \$65,000 to previous year's rent to pay for twelve (12) additional access points to support the Mobile Passport Program; and

WHEREAS, the significant decline in passenger volume as a result of COVID-19 has resulted in decreased advertising and membership revenue. On May 21, 2020, the Board of Airport Commissioners approved a rent relief for Boingo that allowed a waiver of Base Annual Fee payments and payment of 50% of gross revenue, only over the period April 1 – June 30, 2020; and

WHEREAS, due to continued impacts of the pandemic on passenger activity, Boingo requested an extension to rent relief terms to offset the continued losses in revenue, with an additional reduction to contingent rent from 50% to 25%. Based on review of actual sales from July 1, 2020 and discussions with Boingo representatives, however, staff recommended that monthly rent be the lower of 40% of gross revenues or 1/12th of the Base Annual Fee for the rent relief period. To receive said rent relief, Boingo will have to comply with the following:

- a) comply with all applicable City Ordinances;
- b) commit to re-employ laid-off staff in direct proportion to increases in sales during the recovery period so that on a quarterly basis, employment numbers increase in proportion to sales increases, using December 2019 payroll levels and sales as the basis of full employment/sales;
- c) have all accounts receivable status current;
- d) have fully funded Faithful Performance Guarantees (FPGs) and agree that LAWA can draw down on the FPGs if concessionaire misses any payments; and,
- e) demonstrate that Boingo is not entitled to any business interruption insurance benefits that are redundant to the program; and



WHEREAS, this action, as a continuing administrative activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines; and

WHEREAS, Boingo is required by contract to comply with the provisions of the Living Wage Ordinance, Affirmative Action Program, and Child Support Obligations Ordinance; and

WHEREAS, Boingo is assigned Business Tax Registration Certificate 0002274391-0001; and

WHEREAS, Boingo must have approved insurance documents, in the terms and amounts required, on file with LAWA prior to amendment; and

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

WHEREAS, 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 contract execution; and

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

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

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 606;

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 Third Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. to allow for revision of payment terms due to decline in revenue resulting from COVID-19 travel restrictions, covering Wi-Fi concession at Los Angeles International Airport; authorized the Chief Executive Officer to revise Concession Agreement LAA-8862 and implement a temporary policy to forbear on implementing default provisions related to payments for Boingo Wireless, Inc.; and further authorized the Chief Executive Officer, or designee, to execute said Third Amendment to Concession Agreement LAA-8862 with Boingo Wireless, Inc. after approval as to form by the City Attorney and approval by the Los Angeles City Council.

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I hereby certify that this Resolution No. 27216 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, March 4, 2021.

  
Grace Miguel – Secretary  
BOARD OF AIRPORT COMMISSIONERS