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Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:

Douglas Webster
Chief Operations & Maintenance Officer

Reviewer:

Hector Huevo for
Hector Huevo for (Oct 22, 2024 12:04 PDT)

Brian C. Ostler, City Attorney

John Ackerman, Chief Executive Officer

Meeting Date

11/7/2024

Needs Council Approval: ☒ Y

Reviewed for/by	Date	Approval Status	By
Finance	9/27/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	10/7/2024	<input checked="" type="checkbox"/> Y	VW
Procurement	10/8/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	BB
Guest Experience	10/2/2024	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	10/8/2024	<input checked="" type="checkbox"/> Y	TZ

SUBJECT

Request to adopt the following report and approve the award and execution of a five-year contract with one, five-year renewal option to the Tom Bradley International Terminal Equipment Company, dba LAXTEC for the management and oversight of common use facilities, equipment, and services for Los Angeles World Airports, for an overall amount not to exceed \$750,000,000 over the total term.

DISCUSSION

1. Purpose

The proposed award will establish a contract with the Tom Bradley International Terminal Equipment Company (TBITEC), dba LAXTEC for the complete management and oversight of common use facilities, equipment, and services for Los Angeles World Airports (LAWA).

2. Prior Related Actions/History of Board Actions

- **April 21, 2021 – Resolution No. 27228 (DA-5495)**

The Board of Airport Commissioners (Board) awarded a three-year service agreement with TBITEC covering, on behalf of LAWA, services to airlines operating at common use facilities at Los Angeles International Airport (LAX) for an amount not to exceed \$225 million over the term of the contract.

- **June 17, 2021 – Resolution No. 27292**

The Board authorized a Direct Expenditure of up to \$4.2 million to pay TBITEC for start-up costs associated with the West Gates at TBIT and Terminal 1.5, 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 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.

- **December 7, 2023 – Resolution No. 27862 (DA-5495B)**

The Board approved the Second Amendment to Contract DA-5495 with TBITEC 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 million, for a new total contract amount not to exceed \$250 million over the total term.

3. Background

Terminals and facilities at LAX are either leased to tenants to manage and maintain or are LAWA's responsibility to maintain. If LAWA maintains, the facilities and equipment are available for use to multiple airlines and tenants and are referred to as common use facilities. Examples of common use facilities include the Tom Bradley International Terminal and Terminal 5. Examples of non-common use facilities would be the terminals leased to American, Southwest, and United Airlines.

In common use facilities, LAWA is responsible for managing and maintaining passenger hold rooms and processing equipment, baggage handling systems, passenger boarding bridges (PBB), PBB aeronautical support equipment, facility support services, and other such areas and systems at LAX.

Prior to 2021, common use facilities were managed through a Lease and License Agreement with an airline consortium they established known as TBITEC. In 2021, LAWA implemented an Airline Cost Stabilization and Recovery Plan (Plan) aimed at managing rates and charges at LAX to help mitigate the negative impacts of the COVID-19 pandemic. Under this Plan, LAWA issued a temporary sole source common use services agreement to TBITEC, DA-5495, pending the issuance of a competitive procurement. The last pending component of the Plan is to award a new contract for the services to replace the temporary agreement, DA-5495, which we are bringing through this action to the Board.

4. Current Action/Rationale

Under the current contractual arrangement, LAWA staff have greater control over the management of common use (CU) services, performance levels, costs, and CU rate setting. The requested contract would provide LAWA with a professional, qualified, experienced, reputable, and proven company to lead and manage CU services at LAWA-managed facilities over an extended term.

The contractual terms of the proposed contract with TBITEC include ambitious requirements to ensure that small, local, and other types of business are included as participants in this opportunity. During the first two years of the contract term, TBITEC must perform a full analysis of the existing subcontractors, types of services provided, service levels, and develop a strategic and phased procurement plan that includes a mandatory business enterprise (BE) program requirement of 25 percent. TBITEC will be able to combine different XBE categories, including Small Business Enterprise, Local Business Enterprise (LBE), Local Small Business Enterprise, and Disabled Veterans Business Enterprise firms, to reach the XBE requirement. In addition, LAWA will partner with TBITEC to target additional XBE participation of 10 percent from Minority Business Enterprise, Women Business Enterprise, and Lesbian/Gay/Bisexual/Transgender Business Enterprise businesses by Year 5 of the new contract.

5. Selection Process

In October 2023, LAWA posted a Request for Proposal on the Regional Alliance Marketplace for Procurement website to establish a contract for the Management and Oversight of Common Use Facilities, Equipment, and Services for LAWA at LAX.

Two companies submitted a proposal by the due date, and TBITEC was determined to be the most responsive and responsible bidder. TBITEC is also the incumbent. TBITEC is a not-for-profit airline consortium established by LAX airlines for the sole purpose of managing and overseeing the management, maintenance, and operation of common use services since 1984, and submitted a proposal that included a management and oversight team comprised of 100 percent certified LBE subcontractors.

6. Fiscal Impact

Costs incurred under this contract are recovered through terminal rates and charges. Approximately 78 percent of the current \$250 million contract authority has been utilized for expenses incurred through the end of August 2024.

APPROPRIATIONS

Funds for this contract are available in the Fiscal Year 2024-2025 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

The Board is hereby requested to adopt staff's determination that 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.

The underlying contract was approved as to form by the City Attorney.

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.