



Los Angeles World Airports

# REPORT TO THE



Item Number

## BOARD OF AIRPORT COMMISSIONERS

*Becca Doten*

Approved by: Becca Doten, Deputy Executive Director, Public and Government Affairs

*Michelle D. Schwartz*

Reviewed by: Michelle Schwartz, Chief Corporate Strategy and Affairs Officer

*D. Dyj*

City Attorney

*Justin Erbacher*

Justin Erbacher, Chief Executive Officer

Meeting Date:

11/19/2020

CAO Review:

- Completed
- Pending
- N/A

Reviewed for	Date	Approval Status	By
Finance	10/19/2020	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	CI
CEQA	10/20/2020	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	VW
Procurement	10/22/2020	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	QM
Guest Experience	10/21/2020	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	BY
Strategic Planning	10/8/2020	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	KC

### **SUBJECT: First Amendment to Contract DA-5245 with Los Angeles Tourism & Convention Board for Air Service Marketing, Promotional and Development Consulting Services for Los Angeles International Airport**

Approve the First Amendment to Contract DA-5245, to extend the contract twelve (12) months, with Los Angeles Tourism & Convention Board for Air Service Marketing, Promotional and Development Consulting Services for Los Angeles International Airport (LAX) for a total not-to-exceed contract amount of \$500,000 for the extension term.

### **RECOMMENDATIONS:**

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is administratively 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. FIND that, pursuant to Charter Sections 371 and 372, obtaining competitive proposals for this work is not reasonably practicable and compatible with the City's interest due to the current COVID-19 local emergency and plan to transition responsibilities to airport staff.
5. APPROVE the First Amendment to Contract DA-5245, to extend the contract twelve (12) months with Los Angeles Tourism & Convention Board for Air Service Marketing, Promotional and Development Consulting Services for Los Angeles International Airport without increasing the contract authority amount.
6. AUTHORIZE the Executive Director or designee to execute the First Amendment after approval as to form by the City Attorney and approval by the Los Angeles City Council.

### **DISCUSSION:**

#### **1. Purpose**

Los Angeles World Airports (LAWA) seeks to extend the contract with the Los Angeles Tourism and Convention Board by twelve (12) months, to continue its work with air service marketing, promotions and development consulting services for Los Angeles International Airport. The primary goal is to maintain international air service market share and improve the guest experience by providing air service to primary and secondary international markets currently at reduced levels due to COVID-19 or those key markets not served or underserved by LAX.

#### **2. Prior Related Actions**

- **October 5, 2017 – Resolution 26358 (DA-5245)**  
The Board of Airport Commissioners awarded a three-year contract to Los Angeles Tourism & Convention Board for air service marketing, promotional and development consulting services for a not-to-exceed amount of \$6,000,000. Contract DA-5245 expires on November 11, 2020.
- **November 6, 2014 – Resolution 25547 (DA-4952)**  
The Board of Airport Commissioners awarded a three-year contract to Los Angeles Tourism & Convention Board for air service marketing, promotional and development consulting services for a not-to-exceed amount of \$6,000,000. Contract DA-4952 expired on November 11, 2017.

#### **3. Current Action**

The impact of COVID-19 and the historic decline in passenger travel has created a renewed emphasis on providing marketing support for developing new international routes and for air service development for both new and returning routes. The next twelve months will be vital to our efforts to bring back air service and travelers, especially to and from international destinations.

The Los Angeles Tourism & Convention Board has provided these services to LAWA since 2014, under two three-year contracts. The current contract is set to expire November 11, 2020.

This twelve month extension allows for the continuation of our air service development initiatives during this key time in our history, with no additional contract authority amount required. During

the extension period, LAWA intends to develop internal capabilities to bring more of the work in-house and write a new RFP for a future, smaller contract.

The request is for the approval of the First Amendment to Contract DA-5245, to extend the contract twelve months, without increasing contract authority amount. The current three year contract has a cumulative unspent balance of \$2,037,469.48 and an unspent balance in the current fiscal year of \$1,592,104.00, which is available to write task orders against over the twelve month extension period. The general scope of services remains the same. Task orders will be written as needed defining the tasks required from the contractor during the extension, with a large emphasis on air service recovery. Tasks will fall under the following elements:

#### **Marketing and Promoting LAX Air Service**

Activities to develop and promote new passenger and cargo air service and maintain air service market share, with an emphasis on international air service to LAX.

#### **LAX Marketing and Promotional Services**

Marketing and promotions of LAX Facilities, Services, and Capital Improvement Program (CIP) to the International Airline Industry, International Travel Industry, International Passengers, market research and analysis, and communications with travel industry leadership and stakeholders.

#### **International Trade Missions and Aviation Industry Events**

Assist with LAWA's participation in aviation industry conferences, events and City of Los Angeles trade missions to directly promote its airport system.

#### **Marketing, Media Design and Development**

Development, implementation and production of LAX marketing and collateral materials such as graphics, video and other communications tools and translation services.

#### ***How this action advances a specific strategic plan goal and objective***

This action advances this strategic goal and objective: *Sustain a Strong Business: Diversify and grow revenue sources, and manage costs.* Maintaining a diverse group of airlines and ensuring growth in new and underserved markets, while also building a recovery plan that brings back lost or reduced service, will have a primary impact on LAWA's revenue and long-term stability. Marketing the LAX destination abroad to airlines and other industry actors will also contribute to LAWA's growth and sustainability. This is even more important as we work towards recovering from the COVID-19 pandemic.

#### ***Procurement Process***

The current contract was obtained by following the procurement procedures for a Request for Proposal on April 20, 2017.

LAWA intended to put out an RFP in early 2020 to solicit similar services for another three-year period, but with a revised scope of work and smaller contract amount as we begin to bring more of this work in-house for staff to manage internally. The impacts of COVID-19 required the RFP process to be placed on hold, thereby requiring this twelve month extension to continue with the required work and create the new RFP process.

### ***Action Requested***

Approve the First Amendment to Contract DA-5245, to extend the contract twelve (12) months with the Los Angeles Tourism & Convention Board for air service marketing, promotional and development consulting services, with no increase in contract authority amount.

### ***Fiscal Impact***

Approval of this item will result in no additional impact on the operating budget since it extends the term of the contract without further increasing the contract authority amount. The funds come from the unspent amount of the first contract and the extension provides for a not-to-exceed amount of \$500,000 during the extension period.

### **4. Alternatives Considered**

- ***Take No Action***

Currently, LAWA does not have in-house staff with the expertise, experience or qualifications required to conduct the services being contracted out. However, staff currently is working on a long-term solution that will allow more of this work to be completed by staff. This extension provides for time required to make this transition possible. Not awarding this contract would result in LAWA not being able to effectively market and promote LAX facilities and services in the international marketplace, impacting LAX's air service market share and revenue stream as well as the guest experience.

### **APPROPRIATIONS:**

Funds for this contract are available in the FY2020-21 Los Angeles World Airports Operating Budget in LAX Cost Center 52418. Funding for the following fiscal year will be requested through the annual budget process.

### **STANDARD PROVISIONS:**

1. This item, as a continuing administrative, maintenance and personnel-related activity, is administratively exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines.
2. This 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. Los Angeles Tourism & Convention Board will comply with the provisions of the Living Wage Ordinance.
5. Procurement Services has reviewed this action (File No. 8165) and set mandatory goals of 10% Small Business Enterprise (SBE), 3% Local Business Enterprise (LBE), and 2% Local Small Business Enterprise (as a subset to LBE goal). Los Angeles Tourism & Convention Board committed to 13% SBE, 3% LBE, and 3% LSBE participation and have achieved 7.89% SBE, 0% LBE, and 0% LSBE to date.

6. Los Angeles Tourism & Convention Board will comply with the provisions of the Affirmative Action Program.
7. Los Angeles Tourism & Convention Board has been assigned Business Tax Registration Certificate number 00009010452-0001-5.
8. Los Angeles Tourism & Convention Board will comply with the provisions of the Child Support Obligations Ordinance.
9. Los Angeles Tourism & Convention Board has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. Pursuant to Charter Section 1022, staff determined the work specified on the proposed contract can be performed more feasibly or economically by an Independent Contractor than by City employees.
11. Los Angeles Tourism & Convention Board has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Los Angeles Tourism & Convention Board has been determined by Public Works, Office of Contract Compliance to be in full compliance with the provisions of the Equal Benefits Ordinance.
13. Los Angeles Tourism & Convention Board will comply with the provisions of the First Source Hiring Program for all non-trade Airport jobs.
14. Los Angeles Tourism & Convention Board has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. Los Angeles Tourism & Convention Board will comply with the Iran Contracting Act of 2010.