



Los Angeles World Airports



REPORT TO THE

BOARD OF AIRPORT COMMISSIONERS

Becca Doten

Becca Doten (Sep 28, 2021 10:15 PDT)

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

Michelle D. Schwartz

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

D. Dazé

D Dazé (Sep 28, 2021 16:44 PDT)

City Attorney

Justin Erbacci

Justin Erbacci (Sep 28, 2021 16:46 PDT)

Justin Erbacci, Chief Executive Officer

Meeting Date:

10/7/2021

CAO Review:

☐ Completed
☒ Pending
☐ N/A

<u>Reviewed for</u>	<u>Date</u>	<u>Approval Status</u>	<u>By</u>
Finance	9/24/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	JS
CEQA	9/23/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	VW
Procurement	9/27/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	BG
Guest Experience	9/23/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	TB
Strategic Planning	9/23/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	KC

SUBJECT

Approve the Second Amendment to Contract DA-5245 with Los Angeles Tourism & Convention Board, for 12 months, for Air Service Marketing, Promotional, and Development Consulting Services for Los Angeles International Airport.

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. FIND that the work can be performed more economically or feasibly by an independent contractor than by City employees.
4. FURTHER 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 ongoing COVID-19 global pandemic, as well as LAWA's plan to transition some of these responsibilities to LAWA staff over the next 12-months.

5. APPROVE the Second Amendment to Contract DA-5245, to extend the contract 12 months with Los Angeles Tourism & Convention Board, for Air Service Marketing, Promotional, and Development Consulting Services for Los Angeles International Airport (LAX), with no additional contract authority required.
6. AUTHORIZE the Chief Executive Officer or designee to execute the Second Amendment to Contract DA-5245 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 Los Angeles Tourism and Convention Board by 12 months to continue its work on air service marketing, promotions, and development services for Los Angeles International Airport. The current contract has existing contract authority totaling \$1,100,000, of which \$750,000 would be available to write task orders over the 12-month extension period.

2. Prior Related Actions

- **November 19, 2020 – Resolution 27134 (DA-5245)**
The Board of Airport Commissioners approved the First Amendment to the contract, allowing for a 12-month extension of the current contract with a not-to-exceed amount of \$500,000 with no additional funds required. Contract DA-5245, as extended, expires on November 11, 2021.
- **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.
- **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

Since 2014, the Los Angeles Tourism & Convention Board has provided air service marketing, promotional, and development consulting services to LAWA. These services are critical as we work to emerge from the COVID-19 pandemic and adjust our air service marketing and development strategy to the current and future realities of international air travel.

The request is for the Board of Airport Commissions to approve the Second Amendment, extending the duration of the current contract by 12 months. 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/from LAX.
- **LAX Marketing and Promotional Services**
Marketing and promotions of LAX facilities, services, and the Capital Improvement Program to the international airline industry, international travel industry, international passengers, market research and analysis, and communications with travel industry leadership and stakeholders.
- **Marketing, Media Design, and Development**
Development, implementation, and production for LAX marketing and collateral materials such as graphics, video, and other communications tools and translation services.
- **International Trade Missions and Aviation Industry Events**
Assistance with LAWA's participation in aviation industry conferences, events, and City of Los Angeles trade missions to promote its airport system directly.

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.

Procurement Process

The current contract was implemented by way of a Request for Proposal (RFP) on April 20, 2017.

Los Angeles World Airports intended to put out an RFP in early 2020 to solicit similar services for another three-year period, but, with revised scopes of work and smaller contract amounts, we began to bring more of this work in-house for staff to manage internally. The impact of COVID-19 required the RFP process to be placed on hold, thereby requiring the first 12-month extension in 2020. Los Angeles World Airports had again intended to issue a new RFP but, with recovery from the pandemic taking longer than initially anticipated, it was determined that another 12-month extension would provide the best opportunity to issue a revised RFP for these services next year.

Fiscal Impact

Approval of this item will result in an operating expense not-to-exceed \$750,000 over the new 12-month term. This action will not increase the existing, remaining contract authority.

4. Alternatives Considered

- ***Take No Action***

Los Angeles World Airports does not have staff with the expertise, experience, or qualifications required to conduct the services being contracted. However, staff currently is working on a long-term solution that will bring more work in-house. This extension provides for time required to make this transition possible and keep a stable, consistent marketing and communications presence within the industry during this volatile time. Not awarding this contract would result in LAWA not being able to market and promote LAX facilities and services effectively in the international marketplace, impacting LAX's air service market share and revenue stream as well as the guest experience.

Staff also investigated the alternative of issuing a full new RFP to solicit bids for a potential new contract. With the current volatile situation with international travel and the uncertain future of the length and severity of the pandemic, it was determined that this was not the right time to make significant changes to our current strategy or contractors.

APPROPRIATIONS

Funds for this contract are currently available in the Fiscal Year 2021-22 Los Angeles World Airports Operating Budget in Cost Center 1220002 – Chief External Affairs, Commitment Item 524 – Advertising. 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. 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 has achieved 15.41% SBE, 0% LBE, and 0% LSBE.
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 0000901452-0001-5.
8. Los Angeles Tourism & Convention Board will comply with the provisions of the Child Support Obligations Ordinance.

9. Los Angeles Tourism & Convention Board will have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports prior to issuance of a Notice to Proceed.
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.