



REPORT TO THE

BOARD OF AIRPORT COMMISSIONERS

DAVID REICH

DAVID REICH (Feb 10, 2022 12:26 PST)

Reviewed by: David Reich, Deputy Executive Director

Brian C. Ostler

Brian Ostler (Feb 10, 2022 13:57 PST)

Brian C. Ostler, City Attorney

Justin Erbacci

Justin Erbacci (Feb 10, 2022 14:00 PST)

Justin Erbacci, Chief Executive Officer

Meeting Date

2/17/2022

Needs Council Approval: Y

<u>Reviewed for / by</u>	<u>Date</u>	<u>Approval Status</u>	<u>By</u>
Finance	2/2/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	1/28/2022	<input checked="" type="checkbox"/> Y	VW
Procurement	2/3/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	LK
Guest Experience	2/4/2022	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	2/1/2022	<input checked="" type="checkbox"/> Y	KC
City Attorney	2/9/2022	<input checked="" type="checkbox"/> Y	NK

SUBJECT

Request to approve Amendments to both Concession Agreement No. LAA-8562 and Ground Lease Agreement LAA-8562-1 with Authorized Taxicab Supervision, Inc., to extend their respective terms by two (2) years, covering taxicab staging and management services at 5160 West 96th Street at Los Angeles International Airport.

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
- FIND that the work can be performed more economically or feasibly by an independent contractor than by City employees.
- APPROVE the Fourth Amendment to Concession Agreement No. LAA-8562 with Authorized Taxicab Supervision as referenced in this report.
- FURTHER APPROVE the Sixth Amendment to Lease No. LAA-8562-1 with Authorized Taxicab Supervision as referenced in this report.

6. AUTHORIZE the Chief Executive Officer to execute the contract Amendments with Authorized Taxicab Supervision, Inc. after approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

To allow Authorized Taxicab Supervision, Inc. (ATS) to continue managing taxicab staging and operations at Los Angeles International Airport (LAX).

2. Prior Related Actions/History of Board Actions

- **March 7, 2011 – Resolution No. 24394 (Concession Agreement No. LAA-8562 and Ground Lease No. LAA- 8562-1)**
The Board of Airport Commissioners (Board) approved a 10-year concession agreement and ground lease with ATS for the property located at 9468 Alverstone Avenue at LAX.
- **October 1, 2015 – Resolution No. 25804 (Ground Lease No. LAA-8562-1A)**
The Board approved the First Amendment to Lease LAA-8562-1 with ATS to incorporate substitute premises arising from the relocation of the taxicab holding lot at LAX from 9468 Alverstone Avenue to 6150 West 96th Street.
- **January 14, 2016 – Resolution No. 25872 (Concession Agreement No. LAA-8562)**
The Board approved the First Amendment to Concession Agreement LAA-8562 with ATS to revise its driver penalty structure for taxicab operations at LAX.
- **December 1, 2016 – Resolution No. 26119 (Concession Agreement No. LAA-8562)**
The Board approved the Second Amendment to Concession Agreement LAA-8562 with ATS modifying its payment requirements for management of taxicab operations at LAX.
- **April 16, 2020 – Resolution No. 27002 (Ground Lease No. LAA-8562-1B)**
The Board approved a Second Amendment to restructure monthly rent for four months (March – June 2020) due to the adverse impacts of the COVID-19 pandemic.
- **September 3, 2020 – Resolution No. 27094 (Ground Lease No. 8562-1C)**
The Board approved a Third Amendment to restructure monthly rent for nine months (July 2020 – March 2021) due to the adverse impacts of the COVID-19 pandemic.
- **February 2021 – Los Angeles City Ordinance No. 186585**
Under the Mayor’s March 27, 2020 order regarding commercial leases affected by the COVID-19 pandemic, the Chief Executive Officer approved a Fourth Amendment to the Lease, extending the term by one year to March 31, 2022.
- **March 18, 2021 – Management Action (Concession Agreement No. LAA-8562 and Ground Lease No. LAA-8562-1D)**
The Los Angeles World Airports (LAWA) Chief Executive Officer approved the Third Amendment to Concession Agreement LAA-8562 and the Fifth Amendment to Ground

Lease LAA-8562-1D extending the term of each agreement by one year until March 31, 2022, and adjusting the performance-based rental rate, commencing April 1, 2021, pursuant to the authority granted to LAWA's Chief Executive Officer through the Los Angeles Administrative Code Section I 0.5 (a)(8), due to the emergency circumstances of the COVID-19 pandemic.

3. Background

Authorized Taxicab Supervision provides taxi management services at LAX, including the management of taxicab dispatch and taxicab stands in the Central Terminal Area, taxicab staging, taxicab vehicle inspections, operating the taxicab holding lot, and collecting the Airport Taxicab Rate on behalf of LAWA. Authorized Taxicab Supervision currently operates at LAX under the following two agreements:

- a. Concession Agreement No. LAA-8562, which provides for the collection of fees and management associated with taxicab dispatch and related services; and
- b. Ground Lease No. LAA-8562-1, which provides the premises needed for staging operations under the corresponding Concession Agreement.

4. Current Action/Rationale

Extending the current concession and ground lease agreements for two years allows for continuity of service while LAWA works with stakeholders to develop new policies and procedures for taxicab management to be implemented when the Automated People Mover becomes operational.

PROPOSED TERMS						
LEASE LAA-8562-1						
Description	Original Lease <i>(as modified by First Amendment)</i>	Second Amendment LAA-8562-1B	Third Amendment LAA-8562-1C	Fourth Amendment LAA-8562-1D	Fifth Amendment/Third Rent Relief Letter LAA-8562-1E	Sixth Amendment LAA-8562 <i>(Proposed)</i>
Effective Date	12/15/2015	No Change	No Change	No Change	No Change	No Change
Expiration Date	03/31/2021	No Change	No Change	03/31/2022	No Change	03/31/2024
Property Description	Land: Commercial: 108,192 SF Paving- Auto: 108,192 SF	No Change	No Change	No Change	No Change. LAWA reserves the right to reduce the premises, provided it does not impact ATS	No Change
Rental Rate	Land: Commercial: \$6.11 SF/YR Auto Parking: \$0.42 SF/YR	Land: Commercial: \$0.00 SF/YR Auto Parking: \$0.00 SF/YR	No Change	No Change	No Change	No Change
Performance Based Rent	None	\$1.00 per Taxicab Trip	July 2020 \$1.00 per Taxicab Trip August – Dec. 2020 \$1.25 per Taxicab Trip Jan 2021 – End of Term \$1.50 per Taxicab Trip	No Change	April 2021 – March 2022 \$1.00 per Taxicab Trip	None
Monthly Base Rent	\$58,875	None	\$58,875 once trips exceed 40,000 trips/month	No Change	\$58,875 on the first month that trips exceed 60,000 trips/month	\$58,875

How This Action Advances a Specific Strategic Plan Goal and Objective

This action advances this strategic goal and objective: *Deliver Facilities & Guest Experiences that are Exceptional: Develop, maintain and operate first class facilities.* This agreement gives travelers another mode of ground transportation to consider.

5. Fiscal Impact

For the prior three calendar years, ATS remitted approximately \$2.3 million in revenue to LAWA from the collection of the Airport Taxicab Rate and \$1.4 million in ground lease revenue. While the projected recovery from the impacts of COVID-19 are unknown, staff estimates the two-year period (2022-2024) may provide revenues of up to \$2.3 million from taxicab trips originating from LAX and \$1,445,445.12 million in ground lease revenue.

6. Alternatives Considered

- **Take No Action**

Failure to extend the concession agreement and ground lease will eliminate contract management of taxicab operations at LAX. Taxicabs would be required to self-manage, self-dispatch, and remit access fees directly to LAWA. Not having taxi management services may encourage an influx of illegal taxicabs that would contribute to airport congestion, negative customer service issues, and a reduction in revenues to LAWA.

APPROPRIATIONS

No appropriation of funds is required for this action.

STANDARD PROVISIONS

1. The issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article III, Class 1 (18) (c) 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 606.
4. ATS is required by contract to comply with the provisions of the Living Wage & Service Contractor Worker Retention Ordinances.
5. Procurement Services Division has reviewed this action (File # 7259) and established a 20% combined Minority/Women Business Enterprise (M/WBE) level of participation for this project. ATS committed to 1.93% M/WBE participation and has achieved 0.77% to date.
6. ATS is required by contract to comply with the provisions of the Affirmative Action Program.
7. ATS has been assigned Business Tax Registration Certificate number 820812-0001-3.
8. ATS is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. ATS has approved insurance documents, in the terms and amounts required, on file with the 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. ATS has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.

12. ATS has been determined by Public Works, Office of Contract Compliance to be in compliance with the provisions of the Equal Benefits Ordinance.
13. ATS will be required to comply with the provisions of the First Source Hiring Program for all non -trade Airport jobs.
14. ATS has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. ATS has submitted the MLO Bidder Contributions CEC Form 50 and will comply with its provisions.
16. This item is not subject to the provisions of the Iran Contracting Act.

Attachment:

- Site and Location Map