

RESOLUTION NO. 27536

WHEREAS, on recommendation of Management, there was presented for approval, Award of five (5)-year Contract to 9139249 Canada Inc. dba Bus.com covering operation and management of FlyAway service for Los Angeles International Airport, for cost not to exceed \$95,760,000; and

WHEREAS, the Los Angeles International Airport (LAX) FlyAway Program commenced in 1975 offering direct scheduled service seven days a week between the LAX terminals and Van Nuys. Between 2006 and 2015, in compliance with the Stipulated Settlement Agreement, eight additional sites were implemented: Hollywood, Irvine, La Brea, Long Beach, Orange Line Santa Monica, Union Station, and Westwood. Due to low ridership, routes were cancelled resulting in four remaining routes in early 2020 (Hollywood, Long Beach, Union Station, and Van Nuys); and

LAX

Van Nuys

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WHEREAS, in Calendar Year (CY) 2019, before the COVID-19 pandemic, 1,970,802 passengers were transported on the FlyAway buses. Following are the route statistics:

| Route         | CY 2019<br>Total Ridership Data | Daily Average Rider<br>per trip |
|---------------|---------------------------------|---------------------------------|
| Van Nuys      | 1,175,940                       | 28                              |
| Union Station | 632,789                         | 19                              |
| Long Beach    | 43,018                          | 3                               |
| Hollywood     | 119,055                         | 9; and                          |

WHEREAS, the Hollywood and Long Beach routes were suspended due to COVID-19, and the operating agreement with MV Transportation for said two routes expired on December 30, 2020. The operating agreement with Pacific Coast Sightseeing Tours & Charters, Inc. for the Van Nuys and Union Station routes was recently extended to October 31, 2022; and

WHEREAS, currently, the FlyAway service is operating 24-hours a day, every day of the year, with 128 daily trips to Van Nuys and 80 daily trips to Union Station. The CY 2022 FlyAway Program ridership through the end of March was 267,625, which is 49% of Fiscal Year (FY) 2019 levels; however, in FY 2019, the Hollywood and Long Beach routes were still active. Recovery of the ridership specifically on the Union Station and Van Nuys routes is at 72.3% of FY 2019 levels.

| Route         | CY 2022<br>Total Ridership Data <sup>1</sup> | Daily Average Rider<br>per trip |
|---------------|--|---------------------------------|
| Van Nuys      | 344,027                                      | 20                              |
| Union Station | 177,293                                      | 15; and                         |

<sup>1</sup>Data through May 2022

WHEREAS, the components for solicitation for the FlyAway service were developed to include recommendations from an industry FlyAway modernization workshop in 2019, a February 2020 Motion from the City's Transportation, Trade and Tourism Council Committee, and submissions from a September 2021 Request for Information that informed Los Angeles World Airports (LAWA) about the vendor landscape for LAWA's development of a more innovative, flexible service model for the FlyAway; and

WHEREAS, a Request for Proposals (RFP) for operation and management of the LAX FlyAway was issued on January 15, 2021. Based upon the questions received from potential proposers, the RFP was cancelled to clarify and refine the proposal requirements; and



WHEREAS, an RFP for said service was reissued on August 8, 2021. The reissued RFP reflected input from industry and other stakeholders received after cancellation of the January 15, 2021 RFP. The required responses were to address customer-centric technology and analytics capabilities, management and operations of fixed-route scheduled service, capabilities to analyze and implement new routes and service models, and the ability to leverage technology and data to maximize efficiency and address customer needs. In short, LAWA was looking for an operator that could integrate new technologies with existing operations to make the journey from purchasing a ticket to riding the bus more seamless. LAWA also wanted an operator that reliably could run the current scheduled service from Van Nuys and Union Station, while having the flexibility and initiative to propose new routes and on-demand service where appropriate. The pre-proposal conference on August 17, 2021 was attended by more than 75 individuals. LAWA received five (5) proposals on November 12, 2021; and

WHEREAS, the LAWA evaluation panel reviewed the proposals, conducted proposer interviews, and performed an evaluation based on the following criteria and weight:

| Part One: The Proposal Criteria   | Weight         |
|---|----------------|
| Methodology and Approach <ul style="list-style-type: none"> <li>• Customer-Centric Technology and Analytics Capabilities</li> <li>• Management and Operations of Fixed-Route Scheduled Service</li> </ul> | 50             |
| Team Organization and Experience  | 15             |
| Inclusivity Plan  | 10             |
| Cost Proposal (Technology and Analytics, Management and Operations of Fixed-Route Scheduled Service)  | 25             |
| Total   | 100            |
| Part Two: Administrative Requirements   | Pass/Fail; and |

WHEREAS, Bus.com was determined to be the successful proposer for the scope of services required and included a favorable cost proposal. The firm has solid transportation experience and has developed an existing network of transportation partners to enable it to provide the services that are consistent with LAWA’s vision for an enhanced FlyAway service. Bus.com and its partners have experience providing on-line booking, 24/7 customer support, and other required functionality desired by LAWA. The result is an operator that effectively can run the Van Nuys and Union Station routes and improve the experience through a state-of-the-art website/application for ticketing and other customer services. Bus.com will also provide improved backend data analytics to better meet passenger demand and reduce leave behinds on the routes. Finally, while the scope of services does not currently contain new routes, Bus.com is required to provide proposals for service, upon staff’s request, including on-demand where most appropriate; and

WHEREAS, the new contract with Bus.com will integrate state-of-the-art technology to improve customer experience and operational efficiency in a cost-effective manner, provide continued service at Van Nuys and Union Station, be flexible to serve changing passenger demands, allow for implementation of new routes and enable Los Angeles World Airports (LAWA) to introduce new service models; and

WHEREAS, under the terms of the contract, Bus.com will be required to:

- a. Provide a technology solution that includes a customer-facing, user-friendly platform for FlyAway customers that offers a consistent, seamless interface. This automated platform or application will include the ability for passengers to buy and download tickets, reserve space or specific seats, get route information, track buses, enable customer loyalty program management, provide feedback and comments, as well as other features that will help customers with their journey. This platform will be Americans with Disabilities Act-compliant

and will adhere to LAWA's information security requirements. The platform will have the capability to integrate with third parties such as airlines. Bus.com has partnered with leaders in transportation technology innovation, Masabi, Transloc, and Tixora, to configure a FlyAway specific solution utilizing their off-the-shelf software and hardware solutions. The configuring and customization of the online website and application is less risky than a custom development and expected to be ready by contract start date.

- b. Acquire a new vehicle fleet to provide service on the Union Station and Van Nuys routes and ensure its availability and operation to fully support passenger demand throughout the term of the contract at agreed service levels. All vehicles will comply with the LAX Alternative Fuel Vehicle Program and be equipped with the latest GPS vehicle tracking systems to provide LAWA and the public real-time updates.
- c. Operate and manage the Union Station and Van Nuys FlyAway routes.
- d. Perform all required fleet preventative maintenance, repair, towing, fueling, cleaning, washing, fumigation, and disinfection services.
- e. Analyze data to recommend adjustments to operation of the existing routes to improve efficiency and meet customer needs.
- f. Analyze data to recommend new routes, assess innovative delivery methods, and recommend future routes.
- g. Identify other solutions that could add value to LAWA and the FlyAway brand.
- h. Upon LAWA's request, provide a price proposal and accompanying financial model for new service route(s) and operational delivery models; and

WHEREAS, the contract will provide LAWA with the ability and flexibility to work with Bus.com to adjust shuttle service levels throughout the year to match demand through real time monitoring and seasonal planning. A contract term of five (5) years also provides LAWA with the flexibility to respond and adapt to impacts once the Automated People Mover is operational and to reassess the long-term need for shuttle transportation services; and

WHEREAS, LAWA is committed to transitioning FlyAway and all shuttle bus services at the airport to electric or zero emission. However, electrifying the Van Nuys and Union Station routes at this time is challenging. Election of a five (5)-year contract for the FlyAway, rather than a longer seven- or ten-year term, reflects staff's belief that by the time of the next contract (to commence at the end of 2027) a full electric fleet will be feasible on the two routes, which will enable an all-zero emission fleet for the Olympics in 2028. LAWA will pilot buses on the routes during the five (5)-year period and will build up electric charger infrastructure to facilitate operations; and

WHEREAS, there are several reasons for the difficulty of electrifying the Van Nuys and Union Station routes at this time. Buses reach capacity on both routes at peak. For that reason, a large 50+ passenger capacity vehicle with luggage stowed under the cabin, categorized as an over-the-road coach bus, is the preferred type for these routes. Smaller vehicles and lower speed transit buses are readily available in an electric version. As the procurement effort began, however, few manufacturers were offering electric coaches. More models are starting to become available, but they lack the luggage capacity of the lower compartments in existing coach buses. On a route with a high demand for luggage capacity like FlyAway, this might force the operator to configure the passenger cabin with less seats to fit baggage at the back of the bus. This would create a "seat penalty" in which the operator would have to transport less passengers per bus, leading to reduced revenue, but also to poorer service as more passengers would be left behind at the curb. Moreover, the Van Nuys and Union Station routes are 47 miles and 40.4 miles roundtrip respectively and the operations run 24 hours, meaning battery range remains a risk factor. Current models typically have advertised ranges of 170 miles to 230 miles per charge with charging times of 4-6 hours using a 150 kW/h charger. In current usage, a FlyAway bus may make as many as eight (8) round trips

in a day with multiple stops in the central terminal area. Additional buses would be required to cover for charging time while sustaining the same level of service; and

WHEREAS, LAWA will use the five (5)-year bridge contract to pilot electric vehicles on the Van Nuys and Union Station routes. LAWA is actively pursuing procurement of zero emissions buses that can be provided to multiple LAX shuttle lines and has negotiated a clause in this contract that will require the operator to pilot buses on the Van Nuys and Union Station routes as LAWA provides them. LAWA will work with Bus.com to study usage of the FlyAway to see where perhaps smaller electric buses can augment service. In addition, LAWA will pilot an over the road coach bus during the course of the contract. Finally, LAWA will require that any new FlyAway routes, if less than 15 miles round trip, be serviced by electric vehicles; and

WHEREAS, following are the contract expenditures, which include a 5% contingency for flexibility to add trips and features allowed within the scope of services; expense of funds must be pre-approved by LAWA:

| <i>(In thousands)</i>     | Year 1   | Year 2   | Year 3   | Year 4   | Year 5         | Total         |
|---------------------------|----------|----------|----------|----------|----------------|---------------|
| Operations Management Fee | \$ 1,864 | \$ 1,073 | \$ 1,111 | \$ 1,151 | \$ 1,194       | \$ 6,391      |
| Trip Fees                 | 12,849   | 13,154   | 13,458   | 13,762   | 14,067         | 67,287        |
| Technology Management Fee | 1,107    | 172      | 177      | 182      | 187            | 1,823         |
| Reimbursables*            | 2,551    | 2,807    | 2,907    | 3,014    | 3,125          | 14,401        |
| Education Initiatives     | 298      | 250      | 250      | 250      | 250            | 1,298         |
| Annual Total              | \$18,669 | \$17,456 | \$17,903 | \$18,359 | \$18,823       | \$91,200      |
|                           |          |          |          |          | 5% contingency | 4,560         |
|                           |          |          |          |          | Grand Total    | \$95,760; and |

\*Reimbursables include merchant fees and fuel.

WHEREAS, the FlyAway Program revenues and expenses are conservatively estimated to be as follows:

| All Routes           | Ridership <sup>2</sup> | Revenues <sup>4</sup> | Expense <sup>5</sup> |
|----------------------|------------------------|-----------------------|----------------------|
| FY 2020              | 1,498,884              | \$12,460,418          | \$14,121,755         |
| FY 2021              | 544,115                | \$4,471,000           | \$10,359,005         |
| FY 2022 <sup>3</sup> | 1,336,534              | \$11,590,241          | \$10,114,825         |
| FY 2023              | 1,297,491              | \$10,120,430          | \$19,752,000         |
| FY 2024              | 1,633,320              | \$12,739,896          | \$18,437,000         |
| FY 2025              | 1,740,765              | \$13,577,967          | \$18,907,000         |
| FY 2026              | 1,771,068              | \$13,814,330          | \$19,385,000         |
| FY 2027              | 1,801,956              | \$14,055,257          | \$19,872,000; and    |

<sup>2</sup> Projected ridership based on historic percent of FlyAway ridership (3.9%) of LAX enplaned passengers and projected LAX enplaned passengers.

<sup>3</sup> Actuals year-to-date through May 2022, projected through June 2022, trending approximately 5.0% of previously FY 2022 projected enplanements.

<sup>4</sup> Projected revenues based on current fare of \$9.75 one way; regular, employee and child ridership results in average revenue/passenger of \$7.80.

<sup>5</sup> Expense include Metro lease for Union Station. It does not include Van Nuys Terminal facilities operations expense.

WHEREAS, by projecting ridership based only on organic LAX passenger growth and keeping the fare static, the foregoing table is very conservative. Staff and Bus.com are instituting initiatives to increase ridership with FlyAway program enhancements and increased marketing. Staff will also conduct a fare review as only a modest increase has the potential to offset the FlyAway program expense; and

WHEREAS, funds for the contract are available in FY2022-2023 LAWA Operating Budget in LAX Cost Center 2001187 – LND Union Station FlyAway, Cost Center 2001209 – VNY LND FlyAway Operations; Commitment Item 520 – Contractual Services. Funding for subsequent years will be requested as part of the annual budget process; and

WHEREAS, 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. And, the activity is exempt from CEQA requirements pursuant to State CEQA Guidelines Section 15061 (b)(3); and

WHEREAS, Bus.com will comply with the provisions of the Living Wage Ordinance; and

WHEREAS, Procurement Services has reviewed this action (File 9684) and established mandatory goals of 10% Small Business Enterprise (SBE), 3% Local Business Enterprise (LBE), 2% Local Small Business Enterprise (LSBE), and 1% Disabled Veteran Business Enterprise (DVBE). Bus.com committed to 36.4% SBE, 3.1% LBE, 3.1% LSBE, and 1.33% DVBE; and

WHEREAS, Bus.com will comply with the provisions of the Affirmative Action Program; and

WHEREAS, Bus.com is assigned Business Tax Registration Certificate 000324284-0001-1; and

WHEREAS, Bus.com will comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, Bus.com must have approved insurance documents, in the terms and amounts required, on file with LAWA prior to issuance of a Notice to Proceed; and

WHEREAS, pursuant to Charter Section 1022, staff determined that the work specified in the contract can be performed more feasibly or economically by an Independent Contractor than by City employees; and

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

WHEREAS, Bus.com has been determined by Public Works, Office of Contract Compliance, to be in full compliance with the provisions of the Equal Benefits Ordinance; and

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

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

WHEREAS, Bus.com has submitted the MLO Bidder Contributions CEC Form 50, and will comply with its provisions; and

WHEREAS, Bus.com has submitted the Iran Contracting Act, 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 373;

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 and State CEQA Guidelines Section 15061 (b)(3); found that the work can be performed more economically or feasibly by an independent contractor than by City employees; further found that the Request for Proposals process used in this competitive process satisfies requirements of Administrative Code Section 10.17 and is compatible with City interests; approved Award of five (5)-year Contract to 9139249 Canada Inc. dba Bus.com covering operation and management of FlyAway service for Los Angeles International Airport, for cost not to exceed \$95,760,000; and authorized the Chief Executive Officer, or designee, to execute said Contract with 9139249 Canada Inc. dba Bus.com 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. 27536 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, July 7, 2022.



Grace Miguel – Secretary  
BOARD OF AIRPORT COMMISSIONERS