

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: January 30, 2023

CAO File No. 0150-12253-0000

Council File No. 20-1395-S1

Council District: 6, 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Communication from the Los Angeles World Airports dated December 15, 2022 and January 4, 2023; referred by the Mayor for a report on December 15, 2022

Subject: **PROPOSED FIRST AMENDMENT TO CONTRACT DA-5466 WITH ABM AVIATION, INC. TO INCREASE THE CONTRACT AUTHORITY AND THE ALLOWABLE CAPITAL EXPENDITURES FOR ADDITIONAL WORK ASSOCIATED WITH THE SMART PARKING INFRASTRUCTURE SYSTEM AND GARAGE IMPROVEMENTS AT LOS ANGELES INTERNATIONAL AIRPORT**

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### RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA; Department) Resolution No. 27657 authorizing a proposed First Amendment to Contract DA-5466 with ABM Aviation, Inc. to increase the contract limit by \$15,616,336, for a total not-to-exceed \$318,880,974, and increase the authorized capital expenditures by \$20,616,336 to support additional tasks above the base Scope of Work (SOW) associated with the Smart Parking infrastructure system and garage improvements at Los Angeles International Airport (LAX); and,
2. Authorize the Chief Executive Officer of the Los Angeles World Airports to execute the proposed First Amendment to Contract DA-5466 and return the Resolution documents to LAWA for further processing, including Council consideration.

### SUMMARY

The LAWA Board of Airports Commissioners (BOAC; Board) requests approval to execute a proposed First Amendment (Amendment) to Contract DA-5466 (Contract; Agreement) with ABM Aviation, Inc. (ABM; Contractor), to continue providing Smart Parking services at LAX and Van Nuys Airport (VNY) and implement enhancements above the base SOW to the Smart Parking infrastructure system at the Central Terminal Area (CTA) garages, Economy Parking facility, and Intermodal Transportation Facility – West (ITF-West) at LAX. The current seven year contract became effective on January 1, 2021 and expires on December 31, 2027. Approval of the proposed Agreement will augment the contract amount by \$15,616,336 for a total not-to-exceed

\$318,880,974, and increase the allowable capital expenditures by \$20,616,336.

## **BACKGROUND**

On December 15, 2022, the BOAC approved a LAWA staff report and request for approval to execute a First Amendment with ABM Aviation, Inc. to address increased costs for tasks performed beyond the original base scope associated with the Smart Parking infrastructure system and garage enhancements at LAX. LAWA will compensate ABM for these improvements, up to a not-to-exceed amount of \$15,616,336 and increase the authorized capital expenditures by \$20,616,336. Except for this provision change, all other terms and conditions to the Contract will remain in effect, including the term, which is valid through December 31, 2027. The new total overall Contract amount is \$318,880,974.

*Smart Parking* is an automated parking strategy that uses software and digital devices such as sensors and video hardware to detect vacant parking spaces in certain areas. This automation service is designed to improve parking facilities through advanced technology and develop new products with marketing strategies promoting modernized facilities and revenue management methods to maximize earnings across all parking garages at the CTA, Economy Parking facility, ITF-W, and VNY parking facility. Implementing smart technology will help LAWA enhance operational efficiency by simplifying traffic flow, reducing the time searching for parking space, and minimizing greenhouse gas emissions while maximizing parking revenue. A key feature associated with Smart Parking is the ability for the technology to centralize all parking data from each parking facility to a single point of control. This allows simultaneous electronic monitoring and management of LAWA parking facilities from an independent network, in which real-time data can be obtained and analyzed.

*Contract Scope* - Under the conditions of the original Agreement, ABM will improve LAWA's IT infrastructure and implement several new technologies to modernize various LAWA parking garages to create sustainable revenue growth opportunities and improve guest experience. More specifically, ABM is required to:

1. Operate and maintain LAWA's online booking system (flylax.com) to allow guests to make space reservations in garages, valet services, and EV charging stations;
2. Develop system enhancements to LAWA's Parking Access and Revenue Control System (PARCS) to allow a contactless entry/exit;
3. Implement a time-savings Parking Guidance System (PGS) to enable guests to be directed to an open parking space versus driving around looking for availability, contactless entry and exit points through the parking facilities, and real-time occupancy information that is visibly displayed at each parking facility entry;
4. Convert 10 percent (approximately 1,260 spaces) of available parking spaces across all parking facilities at LAX to build-out infrastructure and install EV charging stations; and

5. Paint and restripe the garages, repair the asphalt, change the egress plan for lane modifications, and update the signage and wayfinding.

*Economic Benefit* - Parking revenue is a major source of LAWA's non-aeronautical revenue. Calendar years 2020, 2021, 2022 have combined to produce approximately \$240.7 million in parking fees and electric vehicle (EV) charging. The projected revenue paid to LAWA over the seven-year term is \$1.336 billion compared to the initial revenue estimation of \$950 million.

*Increased Field Activity* - ABM has made significant infrastructure improvements to the Smart Parking project but it has been hindered from completing necessary enhancements to consistently advance the initiative. The original timeline for the Contractor to implement the facility improvements was 10 months from the contract award date. In January 2021, various unforeseen factors compelled ABM to shift its approach, schedule, and methodology to finish the Smart Parking project. The Contractor modified its scope of work to accommodate the sooner than expected passenger recovery, increased traffic congestion, and temporary relocation of LAX employees from remote employee parking lots to the CTA parking garages. ABM altered its approach by closing individual garage levels rather than shutting down entire structures to accommodate the traveling public, LAX employees, and guests. As a result, numerous components of the project such as labor cost, Automatic Speech Recognition (ASR) development, employment gaps, materials, and pricing were affected. As many as 35 new construction and technology jobs were added by ABM or its subcontractors to safely accommodate the shifts to the SOW while the parking facilities were being transformed.

*Updated Project Cost and Funding* – Unexpected costs related to LAMP interface issues, phasing modifications, ITF-West design changes, development of an Emergency Egress Plan to fulfill Los Angeles Department of Building and Safety requirements, and other unforeseen repairs resulted in an increase to the capital budget. The proposed increase of allowable capital expenditures of \$20,616,336 will cover pending ABM invoices for the additional work beyond the base SOW. Of the total authorized increase, LAWA only intends to use \$15,616,336 because ABM achieved an operating expense savings of \$5,000,000 due to improved efficiencies. LAWA does not foresee a request for a Second Amendment because the result of the efficiency gains enabled ABM to complete 85 percent of the project. The new total overall contract authority is \$318,880,974.

LAWA indicates that there is insufficient contract authority to cover the required expenditures through the end of the contract term. An increase in contract authority is necessary to cover outstanding invoices for the additional work performed, forthcoming work above the original contract scope, and the other related projected expenses. The table below summarizes the contract activities from the execution date through November 2022:

Contract and Contractor	Original Contract Authority	Task Orders Issued	Remaining Balance	Proposed Amendment Increase	New Contract Authority
DA-5466, ABM Aviation, Inc.	\$303,264,638	\$94,233,628	\$209,031,010	\$15,616,336	\$318,880,974

\*Note – The listed expenditures are actual payments applied for services rendered, but do not include outstanding obligations for services performed.

Costs associated with LAX Smart Parking Infrastructure Project are programmed in Los Angeles World Airports' 2018 Capital Improvement Program (CIP) with a direct budget of \$41,554,345, while funds associated with the First Amendment are budgeted in LAWA's 2022 CIP. The combined direct capital costs for the project totals \$62,170,681. Costs will continue to be managed through the issuance of task orders based on associated fees, specific scopes of work, in addition to work required beyond the original plan.

## **CITY COMPLIANCE**

The City Attorney has reviewed and approved the proposed First Amendment as to form and legality. The proposed First Amendment and Agreement include provisions to ensure compliance with applicable City Ordinances, contracting, and insurance requirements. In accordance with Charter Section 373 and Administrative Code Section 10.5(a) and 10.5(b)(2), the Amendment and Agreement requires Council approval because the total term of the Agreement exceeds three years. The Department's Procurement Services Division staff has reviewed this action (File No. 9289) and established a mandatory 10 percent Airport Concession Disadvantaged Business Enterprise Program (ACDBE) participation. ABM Aviation, Inc. proposed 13.66 percent ACDBE participation and has achieved 13.32 percent to date.

## **FISCAL IMPACT STATEMENT**

Approval of the proposed First Amendment to Contract DA-5466 with ABM Aviation, Inc. to increase the contract authority by \$15,616,336, for a total not-to-exceed \$318,880,974, and increase the capital expenditures by \$20,616,336 will have no impact on the City's General Fund. LAWA staff request that capital funds for the proposed Amendment are appropriated from the LAX Revenue Fund to WBS Element 1.20.08-700 (Smart Parking System Infrastructure - LAX). The actions of the proposed Agreement comply with the Los Angeles World Airports' adopted Financial Policies.

Attachment 1 – BOAC December 15, 2022 Report and January 4, 2023 Resolution No. 27657



December 15, 2022

The Honorable Karen Bass  
Mayor, City of Los Angeles  
City Hall – Room 303  
Los Angeles, CA 90012

ATTN: Heleen Ramirez  
Legislative Coordinator

LAX

Van Nuys

City of Los Angeles

Karen Bass  
Mayor

Board of Airport  
Commissioners

Beatrice C. Hsu  
President

Valeria C. Velasco  
Vice President

Gabriel L. Eshaghian  
Nicholas P. Roxborough  
Belinda M. Vega  
Karim Webb

Justin Erbacci  
Chief Executive Officer

RE: Request to approve the First Amendment to Smart Parking Contract DA-5466 with ABM Aviation, Inc.

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request to approve the First Amendment to Smart Parking Contract DA-5466 with ABM Aviation, Inc. to increase contract authority by \$15,616,336, for a total not-to-exceed amount of \$318,880,974, and to increase the amount of allowable capital expenditures by \$20,616,336 for additional work performed or to be performed by ABM Aviation, Inc. above its base scope of work associated with Smart Parking infrastructure system and garage improvements at Los Angeles International Airport, Central Terminal Area parking facilities and the Economy Parking facility.

City Council approval is required pursuant to Section 373 of the Los Angeles City Charter.

Sincerely,

Justin Erbacci  
Chief Executive Officer

JPE:MSA:KSF  
Attachments





## Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:

David Reich, Deputy Executive Director  
Mobility Planning and Strategy

Reviewer:

Brian C. Ostler, City Attorney *LTn*

Justin Erbacci (Dec 9, 2022 15:23 CST)

Justin Erbacci, Chief Executive Officer

### Meeting Date

12/15/2022

Needs Council Approval: ☒ Y

Reviewed for/by	Date	Approval Status	By
Finance	12/8/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	NEO
CEQA	11/9/2022	<input checked="" type="checkbox"/> Y	JO
Procurement	11/10/2022	<input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond	LK
Guest Experience	12/1/2022	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	10/14/2022	<input checked="" type="checkbox"/> Y	BNZ

### SUBJECT

Request to approve the First Amendment to Smart Parking Contract DA-5466 with ABM Aviation, Inc. to increase contract authority by \$15,616,336, for a total not-to-exceed amount of \$318,880,974, and to increase the amount of allowable capital expenditures by \$20,616,336 for additional work performed or to be performed by ABM Aviation, Inc. above its base scope of work associated with Smart Parking infrastructure system and garage improvements at Los Angeles International Airport, Central Terminal Area parking facilities and the Economy Parking facility.

### 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 and Article III, Class 1 (1) 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. APPROVE the First Amendment to Smart Parking Contract DA-5466 with ABM Aviation, Inc. to increase contract authority by \$15,616,336, for a total not-to-exceed amount of \$318,880,974, and increase the amount of allowable capital expenditures by \$20,616,336 for additional work performed or to be performed by ABM Aviation, Inc. above its base

scope of work associated with Smart Parking infrastructure system and garage improvements at Los Angeles International Airport, Central Terminal Area parking facilities and the Economy Parking facility.

5. AUTHORIZE the Chief Executive Officer, or designee, to execute the First Amendment to Contract DA-5466 with ABM Aviation, Inc. after approval as to form by the City Attorney and approval by the Los Angeles City Council.

## DISCUSSION

### 1. Purpose

Staff requests approval to amend the Smart Parking Contract DA-5466 with ABM Aviation, Inc. (ABM) to increase contract authority by \$15,616,336, for a total not-to-exceed amount of \$318,880,974, and increase the amount of allowable capital expenditures by \$20,616,336.<sup>1</sup>

The increase in allowable capital expenditures is needed due to: (1) a change to the approach, schedule, and methodology of the delivery of the Smart Parking improvements resulting from the earlier than expected return of vehicle volumes as the pandemic receded; (2) added scope, including improved technology functionality and civil changes that improved the guest experience; and (3) unexpected costs related to Landside Access Modernization Program (LAMP) interface issues and unknown conditions in the garages. As a result of these changes, LAWA has been able to serve the travelling public during the improvement phases of the project by keeping as many parking spaces open as possible, maximizing revenue generation, and maintaining project mobilization, while minimizing impacts to operations. The business case for the project actually has become more robust since original approval, with forecasted revenues over the life of the project now estimated at \$1,336,000,000, compared to \$950,000,000 when the Board approved the project in October 2020.

### 2. Prior Related Actions/History of Board Actions

- **October 15, 2020 – Resolution No. 27128**

The Board of Airport Commissioners (Board) awarded a seven-year agreement with two one-year extension options to ABM (DA-5466) commencing on January 1, 2021, to provide Smart Parking services at LAX and the Van Nuys FlyAway parking facility for an initial contract amount not to exceed \$303,264,638, which includes \$43,263,630 (hard and soft costs) in appropriations for Smart Parking improvements (i.e., parking systems, Electric Vehicle charging and P7 repair). The portion of the Smart Parking improvements appropriation dedicated to LAX was \$41,554,345. The agreement included facility management, improvements, and implementation of Smart Parking solutions.

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<sup>1</sup> ABM has achieved approximately \$5 million in savings from operating expenses due to improved efficiencies. As such, staff is only requesting \$15.6 million additional contract authority from the required amount of \$20.6 million approved costs.

### 3. Background

#### Smart Parking Solution

The Smart Parking agreement with ABM includes the management of parking facilities and implementation of Smart Parking improvements. The objective of Smart Parking is two-fold: 1) the creation of a first-of-its-kind, best-in class airport parking experience, and 2) enhancement of value for LAWA including higher revenue, lower costs, and more sustainability through the availability of electrical vehicle charging. Los Angeles World Airports' Smart Parking solution is an integrated platform that centralizes all the parking data from all the parking facilities and existing parking subsystems into a single point of control. This integration provides flexibility, allowing real-time data to guide decision and policy making that may be implemented in the field, and provides dynamic pricing strategies at each parking facility to improve financial performance.

Smart Parking enhancements include facility improvements, modern IT infrastructure, new technology, and new products and services, all with marketing strategies and branding. This has resulted in maximizing parking revenues while providing a positive customer service experience. Guests today can pre-book parking, have a choice of parking products such as valet parking and premium parking (closest to terminal building), and may charge their electric vehicle using one of the soon-to-be 1,260 electric vehicle charging stations in the Central Terminal Area parking garages and LAX Economy parking facility. Other features of Smart Parking include Parking Guidance Systems (PGS) to allow guests to be directed to an open parking space versus driving around looking for availability, contactless entry and exit at the parking facilities, and real-time occupancy information that is visibly displayed at each parking facility entry.

At the time of contract award in October 2020, ABM and LAWA staff forecasted approximately \$950,000,000 in revenue over the seven-year term of the contract. The current revenue forecast for the term is \$1,336,000,000. This increase is due to success of yield management pricing enabled by Smart Parking's reservation system and enhancements in the passenger experience that enabled the increase of the drive-up rate.

#### Changes in Approach, Schedule, and Methodology of the Delivery of the Smart Parking improvements

The Smart Parking solution required ABM's initial Request for Proposal timeline to implement and make all facility improvements within 10 months of contract award. ABM's original scope was based upon closing an entire garage and completing renovations and installations in a single mobilization for each garage. However, unforeseen conditions, code requirements and owner betterments, and revisions to zones and phases in construction scheduling caused ABM to have to modify its scope of work. Sooner-than-expected COVID-19 passenger recovery, unexpected traffic congestion caused by an increase in the number of people parking, and the temporary relocation of LAX employees from remote employee lots to the CTA parking garages, all resulted in LAWA asking ABM to change its approach to the implementation plan and schedule. As such, ABM could not close each parking facility as initially planned to make Smart Parking improvements; rather, levels in each garage in the CTA had to be closed to allow for the facility improvement rollout; and, at times, a few garages were closed on a reduced timeline to complete these improvements. These changes required additional resources (i.e., time and labor) to ensure passengers could



safely park while a parking facility was transformed with the Smart Parking improvements. Specifically, ABM had to employ significantly more staffing and materials for traffic control, including flaggers, fencing, signage, and vehicle relocation services.

A positive element to the return of passengers and the change in project implementation schedule was an increase in revenue, despite operational challenges with Smart Parking improvements and Automated People Mover (APM) construction by LINXS. By keeping the garages open, LAWA was able to generate approximately \$15 million in incremental revenues.

#### Added Scope that Improved the Guest Experience

Throughout construction, the LAWA team made dynamic changes (by testing and learning) to the initial scope that resulted in the enhanced value of Smart Parking. A key component of the Smart Parking project is the Information Technology (IT) infrastructure that supports the online reservation system, parking lot management, and other Smart Parking applications. The original plan was to build this out on LAWA's existing Information Technology (IT) network, but staff and ABM determined that to meet the customer's expectations it would be necessary to build out the system on an independent network. To build the network required pulling new fiber and/or terminating existing dark fiber to connect all the parking garages and upgrading network equipment including switches, racks, and firewalls. As one example, this work improved the functionality of the reservation system where staff now has the capability to make real time changes to a customer's reservation.

In addition, staff and ABM determined that several civil modifications were needed in the garages to ensure better vehicle and pedestrian flow, both now and in anticipation of the APM. One example is in P7 where entry islands were extended to provide vehicles easier access and wayfinding to enter Premium or Valet parking areas.

#### Unexpected Costs Related to Landside Access Modernization Program (LAMP) interface Issues and Unknown Conditions

ABM was required to share the same workspace with LAMP contractors LINXS and Swinerton for Smart Parking improvements, and in some cases had to delay Smart Parking work to allow LINXS or Swinerton to complete their work. This had an impact on ABM labor costs, ASR development, additional personnel to control traffic, material and equipment pricing, and work schedule. Some scope gaps required different approaches by ABM and additional materials to complete their tasks. In addition, during the installation and construction, ABM encountered numerous unknown conditions in various CTA garages, including, in some cases, inconsistencies with as-built drawings, and deteriorated asphalt, concrete, and expansion joints. These impacts and others resulted in the following additional scope of work above ABM's original base scope:

- ITF West design changes that included the exclusion of exposed conduits by utilizing the installed conduits in the slab originally intended for Electric Vehicle Charging Stalls, resulting in re-distribution of power and communications throughout the parking facility in addition to the striping and painting to maintain an ADA-compliant facility.
- Development of an Emergency Egress Plan per Los Angeles Department of Building and Safety (LADBS) requirements in order for garages to be brought up to modern standards for evacuation and other emergency needs.

- Additional Work which resulted from unknown conditions leading to modifications of certain Smart Parking improvements such as concrete repair, asphalt repairs, expansion joint repairs, striping paint removal, modifying PGS track design due to lower ceilings in some garages.

#### Approved Costs and Additional Contract Authority

In order to compensate ABM for additional work over its base scope of work for capital improvements, staff has received several invoice packages from ABM. Staff has reviewed ABM's invoices and discussed the additional work in depth with ABM staff. The LAWA team recommends compensation to ABM for a total not-to-exceed amount of \$20,616,336.

The following summary shows calculations for approved costs and the resultant new CAPEX budget amount, and request for additional contract authority:

#### A. New CAPEX Budget

Base Scope (LAX/VNY)	: \$42,115,629
Approved Costs	: <u>\$20,616,336</u>
New CAPEX Amount	: \$62,731,965

#### B. Additional Contract Authority

Original Approved Amount	: \$303,264,638
Additional Contract Amount*	: <u>\$ 15,616,336</u>
New Contract Authority	: \$318,880,974

\*Note: ABM has achieved approximately \$5 million in savings from operating expenses due to improved efficiencies. As such, staff is only requesting \$15.6 million additional contract authority from the required amount of \$20.6 million approved costs.

#### **4. Current Action/Rationale**

This Request for Compensation is required to facilitate the Smart Parking solution for completed work at LAX CTA parking garages and ITF-W Economy Parking lot.

#### ***How This Action Advances a Specific Strategic Plan Goal and Objective***

This action advances this strategic goal and objective: *Sustain a Strong Business: Operate sustainably – balancing economic, social and environmental responsibilities.* The integration and implementation of Smart Parking improvements under the agreement with ABM supports revenue strategy and fiscal performance, as well as minimizing emissions and supporting the necessity and demand for EV infrastructure at LAX.

#### **5. Fiscal Impact**

The LAX Smart Parking System Infrastructure Project is programmed in LAWA's 2018 Capital Improvement Program (CIP) with a budget of \$41,554,345, which includes hard costs, soft costs, and project contingency. With the approval of this item, the budget associated with this project will be increased by \$20,616,336, bringing the total direct cost for the project to \$62,170,681. The increase, however, will be budgeted in LAWA's 2022 CIP.

## **6. Alternatives Considered**

There are no alternatives due to majority of the projects have been completed.

## **APPROPRIATIONS**

Staff requests additional funds be appropriated and allocated in the amount of \$20,616,336 from the LAX Revenue Fund to WBS Element 1.20.08-700 (Smart Parking System Infrastructure – LAX).

## **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. In addition, interior or exterior alterations involving remodeling or minor construction where there will be negligible or no expansion of use is categorically exempt from CEQA requirements pursuant to Article III, Class 1 (1) 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. ABM Aviation, Inc. is required by contract to comply with the Service Contractor Worker Retention and/or Living Wage Ordinance.
5. Procurement Services reviewed this action (File No. 9289) and established a goal of 10% Airport Concessions Disadvantaged Business Enterprise Program participation. ABM Aviation Inc. proposed 13.66% ACDBE participation and has achieved 13.32% to-date.
6. ABM Aviation, Inc. is required by contract to comply with the provisions of the Affirmative Action Program.
7. ABM Aviation, Inc. has been assigned Business Tax Registration Certificate No. 0000682409-0001-1.
8. ABM Aviation, Inc. is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. ABM Aviation, Inc. has approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
11. ABM Aviation, Inc. has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. ABM Aviation, Inc. has been determined by Public Works, Office of Contract Compliance, to be in full compliance with the provisions of the Equal Benefits Ordinance.
13. ABM Aviation, Inc. is required by contract to comply with the provisions of the First Source Hiring Program.

14. ABM Aviation, Inc. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. ABM Aviation, Inc. has submitted the MLO Bidder Contributions CEC Form 50 and will comply with its provisions.
16. ABM Aviation, Inc. is required by contract to comply with the provisions of the Iran Contracting Act.

January 4, 2023

The Honorable City Council  
of the City of Los Angeles  
City Hall, Room 395  
Los Angeles, CA 90012

*Subject:* First Amendment to Contract DA-5466 with ABM Aviation, Inc.

**LAX**

**Van Nuys**

**City of Los Angeles**

Karen Bass  
Mayor

**Board of Airport  
Commissioners**

Beatrice C. Hsu  
President

Valeria C. Velasco  
Vice President

Gabriel L. Eshaghian  
Nicholas P. Roxborough  
Belinda M. Vega  
Karim Webb

Justin Erbacci  
Chief Executive Officer

Pursuant to Section 373 of the City Charter, enclosed for your approval is the First Amendment to Contract DA-5466 with ABM Aviation, Inc. that was approved by the Board of Airport Commissioners at its December 15, 2022 meeting. There is no impact to the General Fund.

**RECOMMENDATIONS FOR CITY COUNCIL:**

1. Adopt the determination by said Board that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f and Article III, Class 1(1) of the Los Angeles City CEQA Guidelines; and
2. Approve the First Amendment to Contract DA-5466 with ABM Aviation, Inc., to increase the contract authority by \$15,616,336, for new total not to exceed \$318,880,974, and to increase the amount of allowable capital expenditures by \$20,616,336 for additional work performed or to be performed by said firm above its base scope of work associated with Smart Parking infrastructure system and garage improvements at Los Angeles International Airport Central Terminal Area parking facilities and Economy Parking facility; and
3. Concur with said Board's action on December 15, 2022, by Resolution 27657, authorizing the Chief Executive Officer, or designee, of Los Angeles World Airports to execute said First Amendment to Contract DA-5466 with ABM Aviation, Inc.

Very truly yours,



Misha McConnell, Commission Executive Assistant I  
BOARD OF AIRPORT COMMISSIONERS

Enclosures

cc: Trade, Travel and Tourism Committee  
Councilmember Park, e-file  
Councilmember McOsker, e-file  
Councilmember Soto-Martinez, e-file  
CAO (Airport Analyst), e-file  
CLA (Airport Analyst), e-file  
City Clerk's Office, e-file



RESOLUTION NO. 27657

WHEREAS, on recommendation of Management, there was presented for approval, First Amendment to Contract DA-5466 with ABM Aviation, Inc. to increase the contract authority by \$15,616,336, for new total not to exceed \$318,880,974, and to increase the amount of allowable capital expenditures by \$20,616,336 for additional work performed or to be performed by said firm above its base scope of work associated with Smart Parking infrastructure system and garage improvements at Los Angeles International Airport Central Terminal Area parking facilities and Economy Parking facility; and

**LAX**

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Justin Erbacci  
Chief Executive Officer

WHEREAS, the Smart Parking contract with ABM Aviation, Inc. (ABM) includes management of parking facilities and implementation of Smart Parking improvements. The objective of Smart Parking is two-fold: [1] creation of a first of its kind, best in class airport parking experience, and [2] enhancement of value for Los Angeles World Airports (LAWA) including higher revenue, lower costs, and more sustainability through availability of electrical vehicle charging. LAWA's Smart Parking solution is an integrated platform that centralizes all parking data from all the parking facilities and existing parking subsystems into a single point of control. Said integration provides flexibility, allowing real-time data to guide decision and policy making that may be implemented in the field, and provides dynamic pricing strategies at each parking facility to improve financial performance; and

WHEREAS, Smart Parking enhancements include facility improvements, modern information technology (IT) infrastructure, new technology, and new products and services, all with marketing strategies and branding. That has resulted in maximizing parking revenues while providing a positive customer service experience. Guests can pre-book parking, have a choice of parking products such as valet parking and premium parking (closest to terminal building), and may charge their electric vehicle using one of the soon-to-be 1,260 electric vehicle charging stations in the Central Terminal Area (CTA) parking garages and Los Angeles International Airport (LAX) Economy Parking facility. Other features of Smart Parking include Parking Guidance Systems (PGS) to allow guests to be directed to an open parking space versus driving around looking for availability, contactless entry and exit at the parking facilities, and real-time occupancy information that is visibly displayed at each parking facility entry; and

WHEREAS, at the time of contract award in October 2020, ABM and LAWA staff forecasted approximately \$950,000,000 in revenue over the seven (7)-year term of the contract. The current revenue forecast for the term is \$1,336,000,000. Said increase is due to success of yield management pricing enabled by Smart Parking's reservation system and enhancements in the passenger experience that enabled the increase of the drive-up rate; and

WHEREAS, the Smart Parking solution required ABM's initial Request for Proposals timeline to implement and make all facility improvements within ten (10) months of contract award. ABM's original scope was based upon closing an entire garage and completing renovations and installations in a single mobilization for each garage. However, unforeseen conditions, code requirements and owner betterments, and revisions to zones and phases in construction scheduling caused ABM to have to modify its scope of work. Sooner-than-expected COVID-19 passenger recovery, unexpected traffic congestion caused by an increase in the number of people parking, and the temporary relocation of LAX employees from remote employee lots to the CTA parking garages, all resulted in LAWA asking ABM to change its approach to the implementation plan and schedule. As such, ABM could not close each parking facility as initially



planned to make Smart Parking improvements; rather, levels in each garage in the CTA had to be closed to allow for the facility improvement rollout; and, at times, a few garages were closed on a reduced timeline to complete those improvements. Those changes required additional resources (i.e., time and labor) to ensure passengers could safely park while a parking facility was transformed with the Smart Parking improvements. Specifically, ABM had to employ significantly more staffing and materials for traffic control, including flaggers, fencing, signage, and vehicle relocation services; and

WHEREAS, a positive element to the return of passengers and the change in project implementation schedule was an increase in revenue. By keeping the garages open, LAWA was able to generate approximately \$15,000,000 in incremental revenues; and

WHEREAS, throughout construction, the LAWA team made dynamic changes (by testing and learning) to the initial scope that resulted in the enhanced value of Smart Parking. A key component of the Smart Parking project is the IT infrastructure that supports the online reservation system, parking lot management, and other Smart Parking applications. The original plan was to build it out on LAWA's existing IT network, but LAWA and ABM determined that, to meet customer's expectations, it would be necessary to build out the system on an independent network. To build the network required pulling new fiber and/or terminating existing dark fiber to connect all the parking garages and upgrading network equipment including switches, racks, and firewalls. As one example, the work improved the functionality of the reservation system where staff now has the capability to make real time changes to a customer's reservation; and

WHEREAS, in addition, LAWA and ABM determined that several civil modifications were needed in the garages to ensure better vehicle and pedestrian flow, both now and in anticipation of the APM. One example is in Parking Structure 7 where entry islands were extended to provide vehicles easier access and wayfinding to enter premium or valet parking areas; and

WHEREAS, ABM was required to share the same workspace with Landside Access Modernization Program (LAMP) contractors LINXS and Swinerton for Smart Parking improvements, and in some cases had to delay Smart Parking work to allow LINXS or Swinerton to complete their work. This had an impact on ABM labor costs, ASR development, additional personnel to control traffic, material and equipment pricing, and work schedule. Some scope gaps required different approaches by ABM and additional materials to complete its tasks. In addition, during installation and construction, ABM encountered numerous unknown conditions in various CTA garages, including, in some cases, inconsistencies with as-built drawings, and deteriorated asphalt, concrete, and expansion joints. Those impacts and others resulted in the following additional scope of work above ABM's original base scope:

- Intermodal Transportation Facility West design changes that included exclusion of exposed conduits by utilizing the installed conduits in the slab originally intended for Electric Vehicle Charging Stalls, resulting in re-distribution of power and communications throughout the parking facility in addition to the striping and painting to maintain an Americans with Disabilities Act-compliant facility.
- Development of an Emergency Egress Plan per Los Angeles Department of Building and Safety requirements in order for garages to be brought up to modern standards for evacuation and other emergency needs.
- Additional work which resulted from unknown conditions leading to modifications of certain Smart Parking improvements such as concrete repair, asphalt repairs, expansion joint repairs, striping paint removal, modifying PGS track design due to lower ceilings in some garages; and

WHEREAS, in order to compensate ABM for additional work over its base scope of work for capital improvements, LAWA has reviewed ABM's invoices and discussed the additional work in

depth with ABM staff. The LAWA team recommended compensation to ABM for not to exceed \$20,616,336; and

WHEREAS, the following summarizes calculations for approved costs and the resultant new capital expenditures (CAPEX) budget amount, and additional contract authority:

<u>A. New CAPEX Budget</u>	
Base Scope (LAX/Van Nuys Airport)	\$42,115,629
Approved Costs	<u>20,616,336</u>
New CAPEX Amount	\$62,731,965
<u>B. Additional Contract Authority</u>	
Original Approved Amount	\$303,264,638
Additional Contract Amount*	<u>15,616,336</u>
New Contract Authority	\$318,880,974; and

*\*ABM has achieved approximately \$5 million in savings from operating expenses due to improved efficiencies. As such, staff had requested only \$15.6 million additional contract authority from the required amount of \$20.6 million approved costs.*

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. In addition, interior or exterior alterations involving remodeling or minor construction where there will be negligible or no expansion of use is categorically exempt from CEQA requirements pursuant to Article III, Class 1 (1) of the Los Angeles City CEQA Guidelines; and

WHEREAS, ABM is required by contract to comply with the Service Contractor Worker Retention and/or Living Wage Ordinance; and

WHEREAS, Procurement Services reviewed this action (File 9289) and established a goal of 10% Airport Concessions Disadvantaged Business Enterprise (ACDBE) Program participation. ABM proposed 13.66% ACDBE participation and has achieved 13.32% to date; and

WHEREAS, ABM is required by contract to comply with the provisions of the Affirmative Action Program; and

WHEREAS, ABM is assigned Business Tax Registration Certificate 0000682409-0001-1; and

WHEREAS, ABM is required by contract to comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, ABM has approved insurance documents, in the terms and amounts required, on file with LAWA; and

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

WHEREAS, ABM 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, ABM is required by contract to comply with the provisions of the First Source Hiring Program and the Iran Contracting Act; and



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

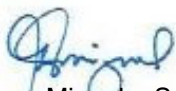
WHEREAS, ABM has submitted the MLO Bidder Contributions CEC Form 50, and will comply with its provisions; and

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 and Article III, Class 1 (1) of the Los Angeles City CEQA Guidelines; found that the work can be performed more economically or feasibly by an independent contractor than by City employees; approved the First Amendment to Contract DA-5466 with ABM Aviation, Inc. to increase the contract authority by \$15,616,336, for new total not to exceed \$318,880,974, and to increase the amount of allowable capital expenditures by \$20,616,336 for additional work performed or to be performed by said firm above its base scope of work associated with Smart Parking infrastructure system and garage improvements at Los Angeles International Airport Central Terminal Area parking facilities and Economy Parking facility; authorized the Chief Executive Officer, or designee, to execute said First Amendment to Contract DA-5466 with ABM Aviation, Inc. after approval as to form by the City Attorney and approval by the Los Angeles City Council; and further approved appropriation and allocation of not to exceed \$20,616,336 from the LAX Revenue Fund to WBS Element 1.20.08-700 (Smart Parking System Infrastructure – LAX).

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I hereby certify that this Resolution No. 27657 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, December 15, 2022.



Grace Miguel – Secretary  
BOARD OF AIRPORT COMMISSIONERS

## **First Amendment to LAX-VNY Smart Parking Operation and Management Agreement DA-5466**

This First Amendment to LAX-VNY Smart Parking Operation and Management Agreement DA-5466 (this “**First Amendment**”) is made and entered into as of the 8 day of December, 2022 by and between CITY OF LOS ANGELES, a California municipal corporation, acting by order of and through its Board of Airport Commissioners (“**City**”), and ABM AVIATION, INC., a Georgia corporation (“**Operator**”).

### **RECITALS**

A. City and Operator entered into that certain LAX-VNY Smart Parking Operation and Management Agreement DA-5466 (the “**Original Agreement**”) dated December 9, 2020, whereby Operator (i) manages and operates existing and future parking facilities at Los Angeles International Airport (**LAX**) and Van Nuys Airport (**VNY**), (ii) provides a commercial operator function to ensure the maximization of parking revenue potential at these Airports, and (iii) recommend upgrades and/or replacements to the parking access and revenue control systems (“**PARCS**”) and other parking-related products and services at the Airports and to provide services in connection with the implementation, maintenance and operation thereof. The Original Agreement, as amended by this First Amendment, is herein referred to, collectively, as the “**Agreement**.”

B. By this First Amendment, City and Operator desire to increase the CAPEX Approved Costs for the Second Year of the Term and to otherwise amend the Agreement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants contained herein, and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Operator agree as follows:

### **AGREEMENT**

1. **Capitalized Terms.** Unless otherwise defined herein, the capitalized terms used in this First Amendment shall have the same respective meanings ascribed to such terms in the Agreement.

2. **Adjustments for Changes to Scope of Services; Compensation to Operator.** In accordance with Section 3.4.1 of the Agreement, City and Operator acknowledge and agree that those Items set forth in **Exhibit F-1**, attached hereto and incorporated by reference herein, are additions, deletions, modifications, or changes to the Scope of Services for LAX and/or Facilities at LAX that are not accounted for in the applicable Approved Annual Budget. To compensate Operator for Operator’s performance of those Items shown in **Exhibit F-1**, City shall pay Operator the Total Agreed Amount set forth in **Exhibit F-1** and City shall increase the CAPEX Approved Costs by that same amount for the applicable Approved Annual Budget. Operator hereby agrees and acknowledges that i) the Total Agreed Amount is the entire and all-inclusive compensation owed to Operator for all costs and expenses incurred related to Operator’s performance of those Items in **Exhibit F-1**, ii) the Operator Margin of three percent (3%) set forth in Section 3.5 of the Agreement is included in the Total Agreed Amount, and iii) any and all project management fees (equal to five percent (5%) of the Total Agreed Amount) arising from Operator’s performance of the Items listed in **Exhibit F-1** is included in the Total Agreed Amount. Operator acknowledges that Operator shall be solely responsible and liable to

pay for any and all costs related to its performance of the Items in Exhibit F-1 that are in excess of the Total Agreed Amount.

3. Estoppel. Operator warrants, represents and certifies to City that as of the date of this First Amendment: (a) City is not in default under the Agreement; and (b) Operator does not have any defenses or offsets to performance of its obligations under the Agreement as and when the same becomes due.

4. Attorneys' Fees. In the event either party should commence an action to enforce any provisions of this First Amendment, then all reasonable costs and expenses incurred by the prevailing party therein, including attorneys' fees, experts' and arbitrators' fees and costs, shall be paid by the other party, which obligation on the part of the other shall be deemed to have accrued on the date of the commencement of such action and shall be enforceable whether or not the action is prosecuted to judgment. This provision with respect to attorneys' fees shall be severable from all other provisions of this First Amendment, shall survive any judgment, and shall not be deemed merged into the judgment.

5. Electronic Signature. The Agreement and any other document necessary for the consummation of the transaction contemplated by the Agreement may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one agreement, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Contract and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Contract had been delivered that had been signed using a handwritten signature. All parties to this Contract (i) agree that an electronic signature, whether digital or encrypted, of a party to this Contract is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this Contract based on the foregoing forms of signature. If this Contract has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 ("**E-SIGN**") and the California Uniform Electronic Transactions Act ("**UETA**") (California Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

6. Agreement in Full Force. Except as amended and modified as set forth in this First Amendment, the terms and provisions of the Agreement remain the same and in full force and effect. Operator ratifies the Agreement, as amended hereby.

[Remainder of this Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, City and Operator have caused this First Amendment to be executed as of the date first above written.

"City:"


CITY OF LOS ANGELES,  
a California municipal corporation, acting by  
order of and through its Board of Airport  
Commissioners

By: \_\_\_\_\_

Name: Justin Erbacci, Chief Executive Officer

"Operator:"

ABM AVIATION, INC., a Georgia corporation

By: 

Name: Steven Aiello

Title: SVP, Landside Operations

By: 

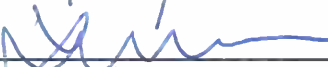
Name: Sean Bromfield

Title: President, ABM Aviation, Inc.

APPROVED AS TO FORM:

Hydee Feldstein Soto  
~~Michael N. Feuer~~, City Attorney

Date: 1/4/23

By:   
Deputy/Assistant City Attorney

**Exhibit F-1**  
**Approved Costs**

Item #	Subject	Facility	Work Description	Total Agreed Amount (\$ Cost)
001	Smart Parking Independent Network	CTA Garages- Smart Parking Network	IT infrastructure upgrades to support independent Smart Parking network. This is a change from original plan to operate on LAWA network. Fully independent network included fiber cabling between each garage including terminations, jumper cables, enclosures, switches, and firewalls along with the installation of such items	\$ 3,196,955
002	ITF-W EV Improvements	Intermodal Transportation Facility West (LAX Economy Parking)	Relocation of EV charging stations to use building existing infrastructure (electrical rooms) and meet code requirements that differed from original designs	\$ 2,000,478
003	Flagger and Schedule Changes	CTA Garages	Revised original phasing and mobilization from full garage closures to partial closures which required additional flaggers, fencing, ASR development, towing, planning, and coordination for P1, P2A, P2B, P4, P5, P6, P7 and Economy Lot.	\$ 5,559,791
004	ITF-W Fiber Upgrades	Intermodal Transportation Facility West (LAX Economy Parking)	Upgrade network infrastructure from CAT6 cabling installed by prior contractor to fiber optic cable to improve parking system transaction performance.	\$ 220,968
005	Thermo Paint Removal and All Striping Removal	CTA Garages	Pre-existing striping in P1, P2A, P2B, P4, P5, P6 where several layers of thick paint and some areas had thermal bounded polymer which required additional work to remove.	\$ 698,567
006	Egress Plans for CTA	CTA Garages	Egress plans for the parking garages were required for permitting purposes and LAWA did not have these documents. As a result, ABM was required to hire an engineering firm to produce egress plans to accompany their submission of permit requests.	\$ 102,394
007	P7 Waterproofing Spall	CTA Garages	Repair the damaged concrete within Garage P7, Level 3 caused by wear and tear from years of weather erosion and vehicle traffic.	\$ 361,058
008	P7 Expedited Painting	CTA Garages	LAWA requested expedited work to complete painting in P7 to reopen to the public ahead of original schedule.	\$ 68,250
009	Additional Civil Engineering Work	CTA Garages	Additional engineering work that was required for the completion of this project to deconflict interface issues with APM contractor. Example: re-design P2a exit plaza, P2b valet exit, etc.	\$ 1,228,502
010	Schedule/Expanded Scope/Unknown Work Conditions	CTA Garages	Additional work consisted of: 1) asphalt work was required due to deteriorated asphalt base 2) painting was split in phases that required additional crews; 3) P1 electrical room required infrastructure improvements to meet LADBS code, and 4) wheel stops and bump bars were procured to enhance safety and security	\$ 1,966,544
011	PGS Redesign	CTA Garages	Re-designed and multiple changes to the PGS system driven by mitigation efforts to reduce system damage. Typical installations would have the sensor modules on a flat channel throughout the drive lanes. Due to variations in garage levels heights, the system was redesigned to move the channel up, with the structural supports.	\$ 2,889,508
012	Changes to PARCs installation	CTA Garages	Multiple changes were encountered with the installation of the PARC's system related to mitigation with APM work, unknown work conditions due to existing infrastructure and general changes to the original designs. This cost also included new rate digital signage at all entry lanes versus using static signage.	\$ 1,724,918
013	Integration Platform	CTA Garages	Additional functionality and more development costs were needed due to LAWA requirements and operational needs. This included LAWA's system verification (Okta) and other improvements.	\$ 178,402
014	P3 Future Work	CTA Garages	Future work pending submittal review to complete P3 Garage Improvements that include removal of striping and island modifications at the entries.	\$ 420,000
<b>Total</b>				<b>\$ 20,616,336</b>

CAPEX Approved Cost    \$    20,616,336