

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: June 05, 2023

CAO File No. 0150-12346-0000

Council File No.

Council District: 11

To: The Mayor

From: Matthew W. Szabo,  City Administrative Officer

Reference: Correspondence from Los Angeles World Airports Board of Airport Commissioners (Board) dated April 11, 2023 and April 19, 2023; referred by the Mayor for a report on April 11, 2023

Subject: **RESOLUTION NO. 27709 AND PROPOSED THIRD AMENDMENT TO NON-EXCLUSIVE SPACE USE LICENSE AGREEMENT LAA-9095 WITH ALCLEAR, LLC TO ALLOW PASSENGER ENROLLMENT IN THE TRANSPORTATION SECURITY ADMINISTRATION'S PRECHECK PROGRAM AT LOS ANGELES INTERNATIONAL AIRPORT**

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### RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) proposed Resolution No. 27709 authorizing approval of the proposed Third Amendment to Non-Exclusive Space Use License Agreement LAA-9095 with Alclear, LLC allowing the contractor to enroll passengers in the Transportation Security Administration's PreCheck program at Los Angeles International Airport;
2. Adopt the April 19, 2023 Board of Airport Commissioners (Board) Findings, that this action is not a project as defined by the California Environmental Quality Act (CEQA) and is exempt from CEQA pursuant to Article II, Section 2(f) of the Los Angeles City CEQA Guidelines; and
3. Authorize the LAWA Chief Executive Officer, or designee, to execute the proposed agreement and return the Resolution to LAWA for further processing, including Council consideration.

### SUMMARY

On April 11, 2023, the Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) adopted Resolution No. 27709 authorizing approval of a proposed Third Amendment to Non-Exclusive Space Use License Agreement (NELA) LAA-9095 with Alclear, LLC (Clear) to enroll passengers into a secondary traveler screening program known as the Transportation Security Administration (TSA) PreCheck program. The initial five-year agreement with Clear was originally

approved on April 1, 2020 (C.F. 20-0322) granting the contractor authority to operate and maintain an expedited identity traveler screening program at Los Angeles International Airport (LAX). Clear's identity screening is electronically performed through kiosk pods deployed throughout each terminal of LAX, speeding up the passage of verified travelers through security checkpoints. The term of the contract expires on March 31, 2027.

The proposed Amendment to the NELA has been approved as to form by the City Attorney. Pursuant to Charter Section 606 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative term of the NELA exceeds five years. Our Office has reviewed the request and recommends approval.

## **BACKGROUND**

Clear has been providing expedited security screening through biometric identity verification (fingerprint or eye-scanning) instead of through government-issued photo identification at LAX since April 1, 2020. As part of COVID-19 relief efforts, the term of the contract was augmented through a Letter of Agreement on December 18, 2020, adding two additional years, and establishing a termination date of March 31, 2027.

The contractor's Transportation Security Administration-approved biometric verification service has scanning kiosks on the ticketing and security screening levels of each terminal throughout LAX. The Clear kiosks are programmed to use fingerprint and iris identification to confirm a traveler's identity, thereby eliminating the need for physical identity verification at TSA checkpoints. Following identity verification, travelers stand in specific lines (Clear Lanes) and are escorted to the physical screening area by a Clear ambassador. The operating hours of the automated devices are consistent with the TSA passenger screening checkpoints, which are contingent upon airline flight schedules.

On April 19, 2023 and April 11, 2023, the Board approved Resolution 27709 and a LAWA staff report requesting approval to execute a proposed Third Amendment to Clear's NELA to allow Clear to expand its identity screening service program to include passenger enrollment into the TSA PreCheck program. The TSA PreCheck program is a trusted traveler program administered by the U.S. Department of Homeland Security TSA, which permits selected, low-risk travelers to receive expedited physical screening for domestic and select international flights. The TSA PreCheck program allows passengers to pass through security checkpoints without the need to remove shoes, belts, or jackets from their person or laptops and liquids from their bags. Enrollment into the TSA PreCheck program is currently available at LAX, however, passenger enrollment services are constrained by the limited number of locations (Terminal 1 only), appointment times, and hours of operation.

*Approval of the Third Amendment* will permit Clear to expand its services to offer two distinct programs consisting of Clear Identity Check and TSA PreCheck enrollment. Clear plans to dedicate one location in each terminal of the airport to support TSA PreCheck enrollment. This approach will enhance the traveler experience, expedite identity and physical security screening, and speed up low-risk passenger entry into the airport.

*The costs of the proposed service* is the same cost that is charged if passengers enrolled at a physical TSA office. Enrollment in the TSA PreCheck program using the Clear kiosks is not expected to affect revenue to LAWA as the secondary service fees are passed through to TSA.

## **CITY COMPLIANCE**

The City Attorney has reviewed the proposed Third Amendment as to form and legality. The proposed Third Amendment includes provisions to ensure compliance with applicable City Ordinances, contracting, and insurance requirements. In accordance with Charter Section 606 and Administrative Code Section 10.5(c), the Agreement requires Council approval because the total term of the Agreement exceeds five years.

*California Environmental Quality Act (CEQA)* – On April 11, 2023, the Board determined that the proposed contract with Alclear, LLC to enroll passengers in the Transportation Security Administration’s PreCheck program at Los Angeles International Airport will not directly impact the environment and is exempt from CEQA pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.

## **FISCAL IMPACT STATEMENT**

Approval of the proposed Third Amendment to Non-Exclusive Space Use License Agreement LAA-9095 with Alclear, LLC is an administrative change and will have no impact on the City’s General Fund. While the proposed Amendment offers more locations for passengers to enroll in TSA’s PreCheck program, it is not expected to affect LAWA’s revenue received from the Clear NELA. Alclear, LLC will continue to pay LAWA the greater of a Minimum Annual Guarantee of \$2.7 million or a percentage of rents equal to 12.5 percent of annual revenue from subscriptions of people who live within a 100-mile radius of LAX, excluding San Diego. The actions of the proposed Agreement comply with the Los Angeles World Airports’ adopted Financial Policies.

Attachment 1 – BOAC April 11, 2023 and April 19, 2023 Resolution