

**CATEGORICAL EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT** relative to amending a Los Angeles World Airports (LAWA) agreement with ABM Aviation, Inc., for the operation and management of remote employee parking lots at Los Angeles International Airport (LAX).

**Recommendations for Council action:**

1. **ADOPT** the determination by the Board of Airport Commissioners that the proposed action is categorically exempt under the California Environmental Quality Act (CEQA) in accordance with Article III Class 1(18)(c) of the Los Angeles City CEQA Guidelines.
2. **APPROVE** the First Amendment to LAWA Agreement No. DA-4891 with ABM Aviation, Inc., to add scope of services, adjust the financial terms, and increase the contract authority by \$4.6 million for the operation and management of remote employee parking lots at LAX.
3. **CONCUR** with the action taken by the Board of Airport Commissioners on October 18, 2018 by Resolution No. 26623, authorizing the Chief Executive Officer, LAWA, to execute the First Amendment to LAWA Agreement No. DA-4891 with ABM Aviation, Inc., for the operation and management of the remote employee parking lots at LAX.

**Fiscal Impact Statement:** The City Administrative Officer (CAO) reports that this action will not impact the General Fund. Approval of the First Amendment to Agreement No. DA-4891 with ABM Aviation, Inc., to adjust the scope of services and financing and increase the contract authority to add a new shuttle route for LAX employees and Metro City Bus Center passengers; add additional services for the employee Lot South, and adjust the Management Fee and Hourly Billable Rates for various services that are impacted by the LAWA's adoption of the City's Living Wage Ordinance; and, exercise an option to lease additional buses for the LAX shuttle fleet will result in additional operational costs and unforeseen cost increases amounting to \$4.6 million for the remainder of the five-year agreement term and one of the two one-year extension options. As a consequence, the required funding will be appropriated and allocated from the LAX Revenue Fund to the Fiscal Year 2018-19 LAWA Operating Budget in the Landside Management and Airport Permit Services Cost Center. Furthermore, the LAWA is requesting authority to increase the contracting authority from \$53.5 million to \$58.1 million. Costs will be recovered from the sale of employee parking permits. This amendment, and the original agreement, complies with LAWA's adopted Financial Policies.

**Community Impact Statement:** None submitted.

**TIME LIMIT FILE – DECEMBER 24, 2018**

**(LAST DAY FOR COUNCIL ACTION – DECEMBER 12, 2018)**

**SUMMARY**

In a report to the Mayor dated October 24, 2018, the CAO states that LAWA requests approval of a First Amendment to Agreement No. DA-4891 with ABM Aviation, Inc., to adjust the agreement's scope of services, financial terms, and total contract amount by \$4.6 million (from

\$53.5 million to \$58.1 million). The requested changes will provide for new employee and passenger shuttle routes, provide an option to lease additional shuttle buses to address increased airport traffic from both employees and passengers, help mitigate the effects of relocating and reconfiguring employee Lot South due to construction of the Intermodal Transportation Facility-West, and provide added employee services (e.g., guards, parking, transportation, and cleaning staff) to support the relocated Lot South. Approval of the First Amendment will also allow for increases to the contractor's management fee and hourly billable rates for parking lot staff to compensate for added costs attributable to adoption of the City's March 20, 2018, Living Wage Ordinance, and increase the contract authority over the six-year term to finance the scope of services adjustments and living wage increases.

According to the CAO, the number of aircraft passengers and aircraft movements (departures and arrivals) at LAX between 2014 and 2017 has increased by an average of 20 percent. The number of employees has also increased as has the number of employee parking permits issued. To accommodate the increased number of passengers and airport employees, LAWA may lease seven additional shuttle buses to travel between the Central Terminal Area and the employee and Green Line station lots. The extra shuttle buses should also help reduce peak period travel times.

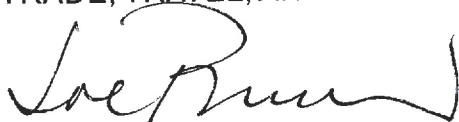
The CAO goes on to report that on April 5, 2018, the Board of Airport Commissioners approved amendments to the City's Living Wage Ordinance for contract airport employees. The effect on LAWA's contractors by an annual average rate of 8.975 percent for the next four years. Prior to the July 1, 2018, changes, the average annual Living Wage Ordinance increase was 2.4 percent. Because the extent of this increase was unforeseen at the time of ABM Aviation's March 2014 contract award, the contractor has experienced a financial impact that exceeded expectations and for which LAWA would like to rectify by increasing both the hourly billable rates and management fees.

On October 18, 2018, the Board of Airport Commissioners approved LAWA's request. The CAO concurs with this action.

At its special meeting held October 30, 2018, the Trade, Travel, and Tourism Committee recommended that Council approve the proposed amendment of LAWA's agreements with ABM Aviation, as recommended by the Board of Airport Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



| <u>MEMBER</u> | <u>VOTE</u> |
|---------------|-------------|
|---------------|-------------|

|           |     |
|-----------|-----|
| BUSCAINO: | YES |
|-----------|-----|

|        |     |
|--------|-----|
| BONIN: | YES |
|--------|-----|

|            |     |
|------------|-----|
| KREKORIAN: | YES |
|------------|-----|

jaw

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**

