

TRANSMITTAL

0150-10180-0001

TO Deborah Flint, Chief Executive Officer Department of Airports	DATE OCT 25 2018	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 11	

**Approval of First Amendment to Operating Agreement DA-4891 with
ABM Aviation, Inc. for Management and Operation of Remote Employee
Parking Lots and Shuttles at the Los Angeles International Airport**

Transmitted for further processing, including Council consideration. See the
City Administrative Officer report attached.


MAYOR

Ana Guerrero

RHL:WDC: 10180040t

CAO 649-d

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: October 24, 2018

CAO File No. 0150-10180-0001

Council File No.

Council District: 11

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Communication from the Department of Airports dated October 22, 2018; referred by the Mayor for report on October 23, 2018

Subject: **PROPOSED FIRST AMENDMENT TO OPERATING AGREEMENT DA-4891 WITH ABM AVIATION, INC. FOR MANAGEMENT AND OPERATION OF REMOTE EMPLOYEE PARKING LOTS AND SHUTTLES AT THE LOS ANGELES INTERNATIONAL AIRPORT**

RECOMMENDATIONS

That the Mayor:

1. Approve, subject to City Attorney approval as to form, the proposed First Amendment to Agreement DA-4891 between the Los Angeles World Airports and ABM Aviation, Inc. to adjust the scope of services and financing and increase the contract authority by \$4.6 million, from \$53.5 million to \$58.1 million, over a six-year term to (a) add a new shuttle route for LAX employees and Metro City Bus Center passengers; (b) 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 Department's adoption of the City's Living Wage Ordinance; and (c) exercise an option to lease additional buses for the LAX shuttle fleet, subject to compliance with the City's Standard Provisions for Contracting, including the Living Wage/Service Contractor Worker Retention Ordinances, Affirmative Action Program, Child Support Obligations Ordinance, Contractor Responsibility Program, Equal Benefits Ordinance, First Source Hiring Program for all non-trade LAX Airport jobs, and the Bidders Contributions CEC (City Ethics Commission) Form 55;
2. Authorize the Chief Executive Officer of the Los Angeles World Airports to execute the proposed First Amendment with ABM Aviation, Inc.; and,
3. Return the First Amendment to the Los Angeles World Airports for further processing, including Council consideration.

SUMMARY

The Chief Executive Officer of the Los Angeles World Airports (LAWA; Department) requests approval of a First Amendment to Agreement DA-4891 with ABM Aviation, Inc. (ABM Aviation; contractor) that will adjust the Agreement's scope of services, financial terms, and total contract

amount. 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 (part of the Landside Access Modernization Program - LAMP), 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 (LWO), and increase the contract authority by \$4.6 million (from \$53.5 million to \$58.1 million) over the six-year term to finance the scope of services adjustments and living wage increases.

The existing agreement (five years plus two one-year extension options for a total of seven years) will expire on July 16, 2021 (To accommodate the development of a Request for Proposal, LAWA plans to exercise one rather than both one-year extension options resulting in a six-year term.) The agreement includes: (1) transportation and parking management services for the employee lots located at LAX, (2) courtesy shuttles for LAX employees, and (3) shuttles between Metro's light rail Green Line station and the Central Terminal Area (CTA).

The three remote employee parking lots—Lot East, Lot West, and Lot South—have, for some time, been at full capacity during peak periods (summer and holidays), which has affected neighborhood parking around LAX. As part of the LAMP project, Lot South was recently relocated to a portion of the Public Economy Parking Lot C. As a consequence, the Department is proposing to renovate and re-activate Lot E at Aviation Blvd. and 111th Street in anticipation of an early 2019 opening to assist the public with parking. The lot is expected to contain up to 2,734 parking spaces.

Due to an average 20 percent increase in the number of aircraft passengers and aircraft movements (departures and arrivals) at LAX between 2014 and 2017, the number of employees has increased as has the number of employee parking permits issued. To accommodate the increased number of passengers and airport employees, the Department is considering leasing seven additional shuttle buses to travel between the CTA and the employee and Green Line station lots. The extra shuttle buses should also help reduce peak period travel times.

On April 5, 2018, amendments to the City's Living Wage Ordinance were approved by the Board of Airport Commissioners (Board) for application to contract airport employees. The effect on LAWA's contractors is to increase the hourly wage and health benefits by an average of 13.8 percent the first year—from \$12.08 to \$13.75 per hour—effective July 1, 2018, 10.9 percent the second year, 8.2 percent the third year, etc., with an overall, four-year average annual increase of 8.975 percent. Prior to the July 1, 2018 changes, the average annual LWO increase was 2.4 percent.

Because the extent of this wage 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 the Department would like to rectify by increasing both the hourly billable rates and management fees for contract DA-4891. The increases will affect approximately 170 employees.

The additional operational costs, plus unforeseen cost increases attributable to adoption of the amended LWO for the remainder of the term ending July 16, 2021, are \$4,537,827. For the purpose

of budgeting, the Department has rounded that amount to \$4,600,000.

The First Amendment was approved by the Board of Airport Commissioners at its meeting of October 18, 2018.

FISCAL IMPACT STATEMENT

Approval of the First Amendment to Agreement DA-4891 with ABM Aviation, Inc. to adjust the scope of services and financing and increase the contract authority to (a) add a new shuttle route for LAX employees and Metro City Bus Center passengers; (b) 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 Department's adoption of the City's Living Wage Ordinance; and (c) 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 Department is requesting authority from the Board of Airport Commissioners 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 the Department of Airports' adopted Financial Policies. Approval of the proposed First Amendment will have no impact on the City's General Fund.

RHL:WDC:10180040