



RESOLUTION NO. 27513

LAX

Van Nuys

City of Los Angeles

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Chief Executive Officer

WHEREAS, on recommendation of Management, there was presented for approval, First Amendment to Contract DA-4999 with Pacific Coast Sightseeing Tours & Charters, Inc. to amend the financial terms, increase the contract authority by \$5,200,000, for new total not to exceed \$81,400,000, and extend the term through October 31, 2022, covering provision of the downtown Los Angeles Union Station and Van Nuys FlyAway bus service for Los Angeles World Airports; and

WHEREAS, the Los Angeles International Airport (LAX) FlyAway buses provide scheduled ground transportation service to the traveling community and employees from Van Nuys and downtown Los Angeles Union Station. The FlyAway Program's use of high occupancy vehicles mitigates traffic impacts in and around LAX and helps to reduce greenhouse gases; and

WHEREAS, implemented in 1975, the FlyAway bus service has been successful in its current form of first-come, first-served, fixed route scheduled bus service. The modernization of LAX also demands the next generation of the FlyAway Program. The FlyAway Program will be modernized to integrate new customer-centric technology, enhance operations, improve guest experience, and be flexible to respond to new transit options; and

WHEREAS, procurement for new service is being concluded and negotiations with the highest ranking proposer are nearly complete, with a staff recommendation for award of the new contract expected shortly. In addition to the need to secure Board of Airport Commissioners and Los Angeles City Council approvals, the operator needs time to ensure it has the fleet, drivers, and processes in place to provide service as required by Los Angeles World Airports (LAWA) under the terms of the new contract; and

WHEREAS, the Amendment for a short extension of the contract with Pacific Coast Sightseeing Tours & Charters, Inc. (Pacific Coast) will provide sufficient start-up and transition period for the operations under a new contract; and

WHEREAS, due the short nature of the extension and the current challenge for operators to hire and retain bus drivers, LAWA will need to pay Pacific Coast a higher fee from what was set out in the contract seven years ago. The Trip Fee under the extended contract will be higher than previously assessed under the contract, but it is offset partially by a lower Monthly Management Fee. The costs in the Amendment are restructured to be consistent with the latest Request for Proposals cost form for FlyAway. The expense for procurement and maintenance of FlyAway buses, temporary buses and support vehicles is moved from the Monthly Management Fee into the route Trip Fee. This fee structure better accounts for the vehicle and staff costs of adding and removing trips for both the contractor and LAWA; and

WHEREAS, the overall monthly expense of the four-month contract extension is approximately 67% higher per month than under the existing contract, owing to the short-term nature of the extension and the following industry conditions:

- Recurring retention and recruiting bonuses for local drivers, maintenance, operations and local management staff, necessary because of the state of the current labor market and the short term of the extension;
- Increases in benefits plan aimed at stemming local labor shortage;
- Increases in the City's Living Wage Ordinance requirements effective July 1, 2022;



- The need to procure subcontracted drivers outside the local market to augment ongoing efforts to recruit, train and retain drivers on a short-term basis;
- Persistent inflationary cost pressure on maintenance parts and transportation; recurring operating expense; and

WHEREAS, the Amendment also provides for LAWA to reimburse Pacific Coast fuel costs based on the weekly average of diesel fuel costs in California as reported by the US Energy Information Administration. Costs will be based on 6.03 miles per gallon and live miles per trip to/from Van Nuys at 23.5 miles and Union Station at 20.2 miles; and

WHEREAS, the contract expenditures for the extended term are projected as follows:

	Jul 1-10	Jul 11-31	Aug-22	Sep-22	Oct-22	Total
Total Current Financial Terms*	292,128	613,470	905,598	893,632	905,598	\$3,610,425
Proposed Financial Terms	292,128	958,059	1,414,278	1,381,178	1,414,278	\$5,459,921
Fuel Reimbursement		104,847	154,773	149,781	154,773	\$ 564,174
Total under Proposed	292,128	1,062,906	1,569,051	1,530,959	1,569,051	\$6,024,095
<i>Difference:</i>						\$2,413,670; and

** Because the existing contract will expire, there are no fees to compare other than a hypothetical comparison against the terms of the existing contract were it not to terminate*

WHEREAS, the additional contract authority of \$5.2 million is needed for the management and trips fees; remaining authority exists in the contract to cover the fuel reimbursement estimate plus the contingency of any fuel price increases; and

WHEREAS, following are the FlyAway Program revenues and expenses:

All Routes	Ridership	Revenues	Expense
Fiscal Year 2019	1,919,822	\$16,436,707	\$ 16,286,351
Fiscal Year 2020	1,498,884	\$12,460,418	\$ 15,557,576
Fiscal Year 2021	544,115	\$ 4,471,000	\$ 12,143,860
Fiscal Year 2022*	940,123	\$ 8,168,697	\$ 11,258,178
Fiscal Year 2023^	410,333	\$ 3,200,000	\$ 6,845,563; and

**Actuals year-to-date through March 2022, projected through June 2022.*

^Projected July-October 2022; ridership and revenue calculated as historic percentage of enplaned passengers multiplied by historic average revenue/passenger; LAWA Finance projects 33 million annual enplaned passengers for the total of Fiscal Year 2023. Expense also includes historic 12% of budget for maintenance and security of the Van Nuys Terminal. Projection assumes no fare change.

WHEREAS, the FlyAway Program overall ridership recovery from the COVID pandemic is at 49% of Fiscal Year 2019 levels, which include the discontinued Hollywood and Long Beach routes. Recovery on the Union Station and Van Nuys routes is at 72.3% of Fiscal Year 2019 levels; and

WHEREAS, funding for the contract is available in the Fiscal Year 2022-2023 LAWA Operating Budget in LAX Cost Center 2001187 – LND Union Station FlyAway and 2001209 – VNY LND FlyAway Operations, Commitment Item 520 – Contractual Services; 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, Pacific Coast will comply with the provisions of the Living Wage/Worker Retention Ordinances; and

WHEREAS, Procurement Services has reviewed this action (File 6906) and established a mandatory 15% Small Business Enterprise (SBE) participation for the project. Pacific Coast has committed to an overall 18.06% SBE participation. To date, Pacific Coast has achieved 20.728% of SBE participation; and

WHEREAS, Pacific Coast will comply with the provisions of the Affirmative Action Program; and

WHEREAS, Pacific Coast has been assigned Business Tax Registration Certificate 0002626523-0001-9; and

WHEREAS, Pacific Coast will comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, Pacific Coast has approved insurance documents, in the terms and amounts required, on file with LAWA; 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, Pacific Coast has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, Pacific Coast must be determined by Public Works, Office of Contract Compliance, to be in full compliance with the provisions of the Equal Benefits Ordinance prior to execution of the contract amendment; and

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

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

WHEREAS, Pacific Coast has submitted the Municipal Lobbying Ordinance 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. 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; approved the First Amendment to Contract DA-4999 with Pacific Coast Sightseeing Tours & Charters, Inc. to amend the financial terms, increase the contract authority by \$5,200,000, for new total not to exceed \$81,400,000, and extend the term through October 31, 2022, covering provision of the downtown Los Angeles Union

Station and Van Nuys FlyAway bus service for Los Angeles World Airports; and authorized the Chief Executive Officer, or designee, to execute said First Amendment to Contract DA-4999 with Pacific Coast Sightseeing Tours & Charters, Inc. 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. 27513 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, June 2, 2022.

A handwritten signature in blue ink, appearing to read "Grace Miguel", is positioned above the printed name.

Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS