

ADMINISTRATIVE EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to the Second Letter Agreements for the Los Angeles World Airports (LAWA) Concessionaire Relief Program to amend various concession agreements at Los Angeles International Airport (LAX).

Recommendations for Council action:

1. ADOPT the determination by the Board of Airport Commissioners (BOAC) that the proposed action is administratively exempt under the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. APPROVE the Second Letter Agreements for LAWA's Concessionaire Relief Program amending various concession agreements at LAX, approving contract amendments for the concessionaires listed in Attachment Nos. 1, 2, and 3 of the LAWA report to the BOAC, excluding HMS Host Corporation Contracts LAA-8586 and LAA-8587.
3. DISAPPROVE HMS Host Corporation Contracts LAA-8586 and LAA-8587 and REQUEST the BOAC, in conjunction with the Bureau of Contract Administration (BCA), to confirm that HMS Host Corporation has fully corrected Living Wage Ordinance (LWO) violations, and can continue to remain in compliance with the terms of the LWO, before sending the matter back to Council for further consideration.
4. CONCUR with the action taken by the BOAC on October 1, 2020, by Resolution No. 27118, as amended above, authorizing the Chief Executive Officer, LAWA, or designee, to execute the Second Letter Agreements, excluding the Second Letter Agreements for HMS Host Corporation Contracts LAA-8586 and LAA-8587.

Fiscal Impact Statement: The BOAC reports that this action will not impact the General Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE – NOVEMBER 5, 2020

(LAST DAY FOR COUNCIL ACTION – NOVEMBER 4, 2020)

SUMMARY

On October 1, 2020, BOAC approved the Second Letter Agreements for LAWA's Concessionaire Relief Program amending various concession agreements at LAX. LAWA reports that the Second Letter Agreements will abate or adjust the Minimum Annual Guarantee through June 30, 2021 for the individual concession agreements; defer storage rent through December 31, 2020, and allow payback of deferred storage rent to commence January 1, 2021 for the individual concession agreements; extend the current expiration dates of the respective individual In-Terminal Concession Agreements and Terminal Media Operator Agreement by 24 months; and, authorize the Department to have two consecutive 12-month options to delay the required mid-term refurbishment dates for the respective individual In-Terminal Concession

Agreements if necessary.

At its meeting held October 20, 2020, the Trade, Travel, and Tourism Committee discussed this matter with the Chief Executive Officer, LAWA, and with representatives of BCA and the City Attorney. During the public comment period, service workers and labor advocates urged the Committee to disapprove the proposed HMS Host Corporation contract amendments. It was stated that HMS Host has withheld pay from employees previously laid off in violation of the City's LWO. Speakers stated that employees were owed pay for accrued vacation hours at the time they were laid off. Speakers went on to state that it was not fair that HMS Host receive the benefit of rent relief while it withheld payment from workers. Those speakers in favor of the contract amendments stated that the program provides rent relief – not cash – to the concessionaires. The rent relief is badly needed by these businesses to continue operating during the economic crisis caused by the pandemic and to repay debt.

Trade, Travel, and Tourism Committee members expressed support for the workers and for the concessionaires at LAX. Councilmember Bonin expressed frustration with HMS Host's treatment of its workers. BCA stated that HMS Host submitted documents one day prior to this meeting to verify its compliance with the LWO. BCA will need two to four weeks to audit the documents to ensure HMS Host has corrected any LWO violations. The representative of the City Attorney stated that Council has the authority to approve or disapprove any number of proposed contract amendments. If an affirmative action to disapprove a contract is not taken prior to the deadline for Council to act, the contract will be deemed approved.

The Trade, Travel, and Tourism Committee recommended that Council approve the recommendations above relative to this matter, as recommended by BOAC, as amended to exclude approval for the two HMS Host contracts listed above. Committee further recommended that Council request the BOAC, and in conjunction with the BCA, confirm that HMS Host Corporation has fully corrected LWO violations, and can continue to remain in compliance with the terms of the LWO, before sending the matter back to Council for further consideration.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
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BUSCAINO:	YES
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BONIN:	YES
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KREKORIAN:	YES
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-NOT OFFICIAL UNTIL COUNCIL ACTS-