

RESOLUTION NO. 27128

WHEREAS, on recommendation of Management, there was presented for approval, Award of seven (7)-year Contract to ABM Aviation Inc., with two (2) one-year extension options, covering smart parking services at Los Angeles International Airport and Van Nuys Airport, for cost not to exceed \$303,264,638; and

LAX

Van Nuys

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Chief Executive Officer

WHEREAS, parking revenue is a major component of non-aeronautical revenue for Los Angeles World Airports (LAWA), contributing approximately \$108 million in Calendar Year 2019. However, infrastructure to support parking operations has not been updated in several years, which has hindered LAWA's ability to implement innovations that will improve guest experience and generate additional revenue for LAWA. Parking services at Los Angeles International Airport (LAX) and Van Nuys Airport (VNY) currently do not offer services that are now commonly featured in other large parking facilities, such as valet, parking reservations, vacancy notification, and electric vehicle (EV) charging. In addition, LAWA has multiple agreements to manage parking services at LAX and VNY that limits the ability to create a consistent parking experience and implement innovations across multiple facilities; and

WHEREAS, to improve guest experience and drive greater revenue, LAWA developed a new Smart Parking initiative to modernize parking services at LAX and VNY. This initiative will promote use of integrated and modern infrastructure and information technology (IT) systems, develop new products with marketing strategies and branding, and utilize commercial and revenue management methods to maximize revenue across all the garages in the Central Terminal Area (CTA), the new Intermodal Transportation Facility – West (ITF-W), and parking facility at VNY; and

WHEREAS, after staff had developed the new Smart Parking concept and approach, a Request for Proposals (RFP) was released to find a partner to provide these innovative parking services. The new parking solutions and services will greatly enhance customer experience and provide LAWA with further revenue benefits. Following are the key points included in the solicitation for the new parking services operator:

- Guidance/wayfinding signage – Guidance and wayfinding on roadways approaching the airport, at the entrance of garages, and on each floor, identifying available parking with indicators above each parking spot.
- Automated parking infrastructure – Automated gates and contactless payment functionality, automated license plate readers, credit card and bar code readers, and pay-on-foot machines. The parking garage will be mainly a cashless operation with use of technology to recognize a license plate and automatically process payment and control egress.
- Enhanced user experience – Enable guests to easily and conveniently find the best value and parking product. Allows guests to pre-book parking online, choose a parking garage, and designate a specific space.
- Valet parking – Available as a premium product and reservations may be booked online. Due to COVID-19 impacts, this service is not anticipated to be available in the initial year of operation and will begin once a certain level of parking demand has been achieved.
- Operational improvements – Increased accountability of parking space occupancy and thus greater availability of parking spaces, improved traffic flow into and out of the parking lots, and reduced traffic congestion around LAWA parking lots.



- Enhanced revenue – Enhanced revenue through more efficient use of parking spaces and ability to dynamically change pricing to optimize revenue during peak and off-peak periods (e.g. weekend discounts), and integration of price premium offerings for high-demand parking spaces or for underutilized spaces.
- EV charging – This product was included to provide a fully integrated offering to the customer and to achieve LAWA's sustainability objectives to promote use of EVs. This will provide guests the option to reserve EV parking online and allow LAWA to generate revenue from EV chargers. Customers will be able to pay their EV fees through a one-step payment process for parking that includes EV charges within the parking rate, avoiding a separate payment step. EV charging eventually will be available in valet parking areas as well.

By offering the EV charging capabilities, LAWA will:

- develop the largest integrated EV installation in any US airport;
- electrify 10% of parking spaces in the Central Terminal Area (CTA) and ITF-W by installing more than 1,250 Level 2 chargers;
- reduce ongoing expense of the existing units to LAWA that do not include a channel to recover costs;
- maintain on-site staff to maintain, repair, and clean to assure customer satisfaction;
- provide a world-class experience for EV customers in both premium and general parking; and;
- introduce new technology that supports integration of collection and reporting of EV payments through the parking access and revenue control system (PARCS) and parking guidance system (PGS); and

WHEREAS, to fully implement those innovations, the new contractor will be required to:

- 1) Develop, operate and maintain an online booking system that will allow reservations in specific garages, areas and spaces in a garage, valet services and amenities like EV charging;
- 2) Make enhancements to LAWA's PARCS to allow for frictionless entry and exit, where guest experience will be completely touchless, paperless and payments will be automatically made from the guests' credit or debit card;
- 3) Implement a PGS that will guide guests to a specific premium space in a parking facility, saving the time it takes to park and reducing Green House gases; and
- 4) Convert 10% (approximately 1,260 spaces) of the available parking spaces across all parking facilities at LAX to enable EV charging. This will create a new revenue-based business model for EV charging where guests will pay for charging their EVs, generating approximately \$31.5 million in gross revenue over the term of the contract; and

WHEREAS, management of data will be integrated into a cloud-based data analytic platform to provide operational insights, that will become the cornerstone of the LAWA Mobility-as-a-Service Strategy. Data will support analytical forecasting and benchmark critical elements of parking and traffic levels. Data will be used to operate LAX more efficiently and effectively by forecasting peak periods and number of vehicles using LAX at any given time period; and

WHEREAS, three (3) proposals were received in response to the RFP:

- ABM Aviation Inc.
- Imperial/Reef Parking
- LAZ Parking; and

WHEREAS, following are the criteria and weight used for said RFP:

Evaluation Criteria		
Proposal Part A – Written Proposal		Weight
Criterion 1.	Ability to deliver on RFP Business Functionality	50
Criterion 2.	Ability to deliver on RFP Technical Solution	15
Criterion 3.	Ability to deliver on Proposal	10
Criterion 4.	Cost, Revenue Proposal & Financial Capacity	20
Criterion 5.	Inclusivity Plan	5
RFP Evaluation Total		100
Proposal Part B – Administrative Requirements		Pass / Fail; and

WHEREAS, the final overall rankings were:

Rank	Proposer
1	ABM Aviation Inc.
2	Imperial/Reef Parking
3	LAZ Parking; and

WHEREAS, ABM Aviation Inc. was determined to be the successful proposer for the scope of services required. Key elements of its proposal that stood apart from the other proposers were its technology solutions that offered true contactless, touchless access and increased functionalities, including one-step payment for parking and EV charging. Additionally, ABM Aviation Inc. has committed to an Airport Concessions Disadvantaged Business Enterprise (ACDBE) inclusivity goal of 13.66%, which exceeds the 10% requirement set forth in the RFP; and

WHEREAS, Smart Parking is a service contract that creates, implements and maintains eleven (11) parking products by the selected operator, ABM Aviation Inc. In collaboration with LAWA, ABM Aviation Inc. will provide all the customary parking operation functions (fee collection, customer service, etc.) but will also maximize parking revenue with new options, improvements in guest experience and commercial yield management that identifies and markets the appropriate parking product to the prospective guest driving to the LAX or VNY facilities; and

WHEREAS, the Contract also includes full management of the PARCS and PGS components being installed in the ITF-W. The capital expenses do not include capital costs for the ITF-W installation, but do include the cost for full integration of ITF-W into the contractor's overall responsibility upon its completion in Summer 2021; and

WHEREAS, ABM Aviation Inc. will be responsible for parking operator services, including:

- basic parking operator and management services of all existing CTA parking lots, VNY parking, and the ITF-W facility
- on-line reservation system
- valet parking solution
- payment systems & interfaces upgrades
- EV parking/charging in the ITF-W and all CTA garages
- Integration with ITF-W
- parking guidance system/wayfinder solution, with ParkSol in the CTA and Park Assist in ITF-W
- capital improvements – redesign of CTA entryways for license plate recognition (LPR)
- IT Integration, with partner Accenture
- CTA parking lot improvements – painting, striping, and slurry and seal ground floors
- additional scope for Parking Structure 7 (P7) – repair expansion joints and waterproof top level using waterproof coating
- PARCS services with HUB Technology; and

WHEREAS, the revenues from parking services have historically exceeded the cost to operate and maintain the parking operations. LAWA believes that the new contract with new innovations will drive additional revenues as outlined below. The following table provides a snapshot for the next seven (7) years, where the “Current Parking Products” is a projection over the contract term (and includes an assumption for the ITF-W) to show what would be the gross revenue and income LAWA could expect by continuing with the current parking program, and the “Proposed Smart Parking Products” is a similar projection over that same period, matching the same footprint.

	Current Parking Products	Proposed Smart Parking Products
Total Revenue	\$ 647,047,709	\$ 948,729,441
Total Operating Expense	(224,048,836)	(261,149,009)
Total Income	\$ 422,998,872	\$ 687,580,432
Additional Capital Investment	-	(43,263,630)
Internal Rate of Return	-	27.4%
Net Present Value	-	\$ 64,616,069; and

Note: Operating expenses include costs associated with parking management contract only, and do not include expenses such as LAWA personnel or credit card processing fee.

WHEREAS, to implement the Smart Parking improvements, LAWA will make a capital investment not to exceed \$43,263,630 including - the EV charging solutions and contingency, necessary improvements to P7 and contingency, and installation of the new parking systems and automated parking controls, PGS by space, digital signage, minor civil works to improve capture of license plates (LPR) and provide contactless entry and exit, repainting the interior of the garages to improve aesthetics and lighting, and improvements to the network systems for increased reliability and performance.

EV charging Hard Costs Subtotal and Contingency	\$ 21,940,619
P7 repair Hard Costs Subtotal and Contingency	3,063,500
Parking Systems Hard Costs Subtotal and Contingency	18,259,511
Total Appropriation	\$ 43,263,630; and

WHEREAS, these capital expenses initially were meant to be borne by the parking service provider, but after further analysis it was determined to be better financially for LAWA to fund them as part of LAWA's Capital Improvement Program (CIP). Thus, LAWA will fund majority of the capital expenses as part of the initial year of startup costs to avoid unnecessary finance costs, allow for depreciation, and provide more contract control; and

WHEREAS, the project impacts LAWA's ten (10)-year CIP in three (3) areas:

- First, the scope of work provided by ABM Aviation Inc. includes immediate repairs and waterproofing of P7. The budget needed for this effort totals approximately \$3,160,975, of which \$2,785,000 is for hard costs, \$97,475 in LAWA soft costs, and \$278,500 for LAWA contingency. The CIP has already programmed budget for this effort as part of the Parking Structure Drainage and Expansion Joint Repair Phase 3 Project, which includes P7 and has a direct budget of \$6.22 million. Since the amount of funding is below the total programmed budget, this scope of work will result in no net increase on the CIP.
- Second, while Smart Parking is addressed in the CIP, the budget for that effort is being utilized to install the parking system in the ITF-West. Consequently, approval of the Contract will increase the total programmed portion of the CIP by \$19,742,490. That estimate consists of

\$17,394,264 for hard costs, \$608,799 for LAWA soft costs, and \$1,739,426 for LAWA contingency. These capital costs initially were intended to be borne by the parking services operator, but after further analysis it was determined to be better financially for LAWA to fund these improvements as part of the CIP. This additional capital outlay will be recovered through parking revenue and has a very high return on investment.

- Third, the EV charging element of the Contract is not currently included in the programmed CIP. As a result, approval of the Contract will increase the total programmed portion of the CIP by \$24,902,602. That budget consists of \$21,940,619 in hard costs, \$767,922 in LAWA soft costs, and \$2,194,062 for LAWA contingency. Providing EV charging is a critical part of meeting LAWA's and the City of Los Angeles' sustainability objectives and will help meet the goals in LAWA's Sustainability Action Plan. The capital costs for EV charger installation initially were intended to be borne by the EV provider. But after further analysis it was determined to be better financially for LAWA to fund these costs as part of the CIP. This additional capital outlay will be recovered through EV charger fees and has a very high return on investment; and

WHEREAS, funds for the Contract for Fiscal Year 2020/2021 are in LAX Cost Centers 2001061-69 1240005 – Landside Management and Airport Permit Services, Commitment Item 520 – Contractual Services. Funding for subsequent fiscal years will be requested as part of the annual budget process; and

WHEREAS, this action, as a continuing administrative activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2(f) of the Los Angeles City CEQA Guidelines. Also, this action, as a minor construction activity where there will be no expansion of use, is categorically exempt pursuant to Article III, Class 1 (1) of the Los Angeles City CEQA Guidelines; and

WHEREAS, ABM Aviation Inc. will comply with the Service Contractor Worker Retention and/or Living Wage Ordinance; and

WHEREAS, Procurement Services reviewed this action (File 9289) and established a goal of 10% ACDBE Program participation. ABM Aviation Inc. proposes 13.66% ACDBE participation; and

WHEREAS, ABM Aviation Inc. will comply with the provisions of the Affirmative Action Program, the Child Support Obligations Ordinance, and the First Source Hiring Program; and

WHEREAS, ABM Aviation Inc. has been assigned Business Tax Registration Certificate 0000682409-0001-1; and

WHEREAS, ABM Aviation Inc. has approved insurance documents, in the terms and amounts required, on file with LAWA; and

WHEREAS, ABM Aviation Inc. has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance, and will comply with the provisions of the program; and

WHEREAS, ABM Aviation Inc. has been determined by Public Works, Office of Contract Compliance, to be in full compliance with the provisions of the Equal Benefits Ordinance; and

WHEREAS, ABM Aviation Inc. has submitted the Bidder Contributions CEC Form 55, and will comply with its provisions; and

WHEREAS, ABM Aviation Inc. has submitted the Iran Contracting Act of 2010 Affidavit; 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 III, Class 1(1) and Article II, Section 2(f) of the Los Angeles City CEQA Guidelines; found that the work can be performed more economically or feasibly by an independent contractor than by City employees; further found that the Request for Proposals process used in the competitive process satisfies requirements of Administrative Code Section 10.17 and is compatible with City's interests; approved Award of seven (7)-year Contract to ABM Aviation Inc., with two (2) one-year extension options, covering smart parking services at Los Angeles International Airport and Van Nuys Airport, for cost not to exceed \$303,264,638; authorized the Chief Executive Officer to execute said Contract with ABM Aviation Inc. after approval as to form by the City Attorney and approval by the Los Angeles City Council; and further approved appropriation of \$43,263,630 in capital funds to fund hard costs and contingencies identified for the three Capital Improvement Program elements described herein.

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I hereby certify that this Resolution No. 27128 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Thursday, October 15, 2020.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS