

Communication from Public

Name:

Date Submitted: 06/24/2022 08:34 AM

Council File No: 22-0673

Comments for Public Posting: Dear President Martinez and Honorable Councilmembers: Our firm represents Alliance Ground International, Inc. (“AGI”), which provides airline cargo handling services throughout the country. At Los Angeles International Airport (“LAX”), AGI has provided cargo handling services since 2013 and presently is working in seven different carrier facilities at the airport. On behalf of AGI, we wish to express concern regarding the recent lease extension approved by the Los Angeles World Airports (“LAWA”) Board of Airport Commissioners (“LAWA Board”) for the property located at 5781 West Imperial Highway (“Property”) in the Imperial Cargo Complex at LAX (“Lease Extension”). The current lease for the Property has been in place since 1984 (“Lease”). Even though the Lease has been in place for 38 years, this extension was not subject to a Request for Proposals (“RFP”) or other public review process and opportunity to bid. AGI believes LAWA and the City are missing an important opportunity to ensure the most favorable and market-tested terms in favor of the City and to improve cargo handling services at LAX through the competitive procurement of these services. As brief background, on November 4, 2018, the existing Lease with Swissport Cargo Services, LP (“Swissport”) expired and went to a month-to-month status. In anticipation of the Lease’s expiration, LAWA staff initiated a competitive process by issuing a RFP on June 27, 2018. On September 13, 2018, LAWA received two proposals for the Property, and LAWA staff then recommended award of a lease to Worldwide Flight Services, Inc. (“WFS”). However, subsequent to issuance of the Notice of Intent to Award, LAWA staff received a protest regarding the proposed award to WFS. The protest questioned the proper notarization of WFS’s proposal bond as well as WFS’s compliance with RFP requirements associated with its proposed investment in facility improvements. Following receipt of the protest and consultation with the City Attorney, LAWA staff advised that the proposals received for the Property would be rejected. Instead, LAWA staff recommended conducting a new competitive procurement process for the Property. Thereafter, the LAWA Board approved a one-year lease with Swissport for the Property on May 16, 2019 (Lease LAA-9065) in order to allow staff to re-procure the Property. On April 14, 2022, instead of re-procuring the Property,

the LAWA Board approved a new 30-month Lease Extension with Swissport, which increases the original lease term to more than 40 years. We previously expressed our concern about the Lease Extension before the City Council's Travel, Trade and Tourism Subcommittee on June 14, 2022. It is unclear why the Lease Extension was not subject to LAWA's RFP process, as Los Angeles Municipal Code section 10.17 states in pertinent part "competitive proposals ... shall be obtained as far as reasonably practicable and compatible with the City's interests." (Emphasis added.) This important concession to the private sector meets LAWA's criteria for competitive bids. As recently stated in LAWA's Request for Industry Comment for the Cargo Modernization at LAX, LAWA "seeks to transform LAX's cargo facilities into state-of-the-art facilities that will meet the region's projected cargo demand while incorporating advanced innovative technologies for design, operations, congestion improvement, security, and sustainability." Obtaining cargo handling services through a competitive contracting process is a key way to achieve these objectives and transform LAX's cargo facilities. It is through the competitive procurement of these services that LAWA and the City can best ensure its cargo modernization goals to optimize land use efficiency, enable exceptional cargo facilities with top-tier experience and technology, promote sustainability, and achieve enhanced airport revenues at LAX. Instead, in this instance, the LAWA Board awarded the new Lease Extension to the previous lessee without evaluating the potential for other cargo handlers to provide superior and more cost-effective services. AGI has been waiting ten years for the opportunity to compete for cargo facilities at LAX. Without a RFP process, competitors cannot present qualifications and alternative cost structures to LAWA and the City. This is especially relevant as LAWA and the City envision modernizing cargo operations and these types of opportunities may be more frequent in the near future. As such, we strongly urge the City Council reject this Lease Extension and have LAWA to do the right thing by issuing an RFP for the Property. Very truly yours, Alfred Fraijo Jr. for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP

June 24, 2022

File Number: 80WV-344462

VIA ELECTRONIC MAIL

City Council
c/o Office of the City Clerk
City of Los Angeles
200 North Spring Street, Room 340
Los Angeles, CA 90012
E-Mail: cityclerk@lacity.org

Re: Approval of Lease at 5781 West Imperial Highway at Los Angeles International Airport
(Council File No. 22-0673)

Dear President Martinez and Honorable Councilmembers:

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As brief background, on November 4, 2018, the existing Lease with Swissport Cargo Services, LP ("Swissport") expired and went to a month-to-month status. In anticipation of the Lease's expiration, LAWA staff initiated a competitive process by issuing a RFP on June 27, 2018. On September 13, 2018, LAWA received two proposals for the Property, and LAWA staff then recommended award of a lease to Worldwide Flight Services, Inc. ("WFS"). However, subsequent to issuance of the Notice of Intent to Award, LAWA staff received a protest regarding the proposed award to WFS. The protest questioned the proper notarization of WFS's proposal bond as well as WFS's compliance with RFP requirements associated with its proposed investment in facility improvements. Following receipt of the protest and consultation with the City Attorney, LAWA staff advised that the proposals received for the Property would be rejected. Instead, LAWA staff recommended conducting a new competitive procurement process for the Property. Thereafter, the LAWA Board approved a one-year lease with

Swissport for the Property on May 16, 2019 (Lease LAA-9065) in order to allow staff to re-procure the Property. On April 14, 2022, instead of re-procuring the Property, the LAWA Board approved a new 30-month Lease Extension with Swissport, which increases the original lease term to more than 40 years. We previously expressed our concern about the Lease Extension before the City Council's Travel, Trade and Tourism Subcommittee on June 14, 2022.

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"competitive proposals ... shall be obtained as far as reasonably practicable and compatible with the City's interests."

(Emphasis added.) This important concession to the private sector meets LAWA's criteria for competitive bids.

As recently stated in LAWA's Request for Industry Comment for the Cargo Modernization at LAX, LAWA "seeks to transform LAX's cargo facilities into state-of-the-art facilities that will meet the region's projected cargo demand while incorporating advanced innovative technologies for design, operations, congestion improvement, security, and sustainability." Obtaining cargo handling services through a competitive contracting process is a key way to achieve these objectives and transform LAX's cargo facilities. It is through the competitive procurement of these services that LAWA and the City can best ensure its cargo modernization goals to optimize land use efficiency, enable exceptional cargo facilities with top-tier experience and technology, promote sustainability, and achieve enhanced airport revenues at LAX.

Instead, in this instance, the LAWA Board awarded the new Lease Extension to the previous lessee without evaluating the potential for other cargo handlers to provide superior and more cost-effective services. AGI has been waiting ten years for the opportunity to compete for cargo facilities at LAX. Without a RFP process, competitors cannot present qualifications and alternative cost structures to LAWA and the City. This is especially relevant as LAWA and the City envision modernizing cargo operations and these types of opportunities may be more frequent in the near future. As such, we strongly urge the City Council reject this Lease Extension and have LAWA to do the right thing by issuing an RFP for the Property.

Very truly yours,



Alfred Fraijo Jr.
for SHEPPARD, MULLIN, RICHTER & HAMPTON LLP