

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: January 30, 2026

CAO File No. 0150-12557-0002

Council File No.

Council District: 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Correspondence from the Los Angeles World Airports Board of Airport Commissioners dated December 18 and 30, 2025; referred by the Mayor for a report on December 30, 2025

Subject: **RESOLUTION NO. 28287 AND PROPOSED SECOND AMENDMENT TO CONTRACT DA-5504 WITH LAZ PARKING CALIFORNIA, LLC TO EXTEND THE TERM BY NINE MONTHS AND INCREASE THE CONTRACT AUTHORITY TO A TOTAL AMOUNT NOT-TO-EXCEED \$69 MILLION FOR THE CONTINUED OPERATION AND MANAGEMENT OF TRANSPORTATION SHUTTLE SERVICES AT LOS ANGELES INTERNATIONAL AIRPORT**

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### RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) proposed Resolution No. 28287 authorizing a proposed Second Amendment to Contract DA-5504 with LAZ Parking California, LLC to continue providing the operation and management of transportation shuttle services at Los Angeles International Airport for an additional nine months on a month-to-month term, from February 1, 2026 through October 31, 2026, and increase the contract authority by \$12 million, from \$57 million to a total amount not-to-exceed \$69 million;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the December 18, 2025 Board of Airport Commissioners Resolution 28287, that this action is exempt from CEQA pursuant to Article II, Section 2(f) of the Los Angeles City CEQA Guidelines; and
3. Authorize the LAWA Chief Executive Officer, or designee, to execute the proposed Second Amendment and return the Resolution documents to LAWA for further processing, including Council consideration.

### SUMMARY

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) requests approval of its December 18, 2025 Resolution 28287, to execute a proposed Second Amendment

to Contract DA-5504 (Agreement) with LAZ Parking California, LLC (LAZ Parking), originally approved on May 14, 2021 (Resolution 27247), covering management and operation of transportation shuttle services at Los Angeles International Airport (LAX). The Agreement with LAZ Parking commenced on June 1, 2021 and will terminate on January 31, 2026. The Second Amendment will extend the term on a month-to-month basis for nine months through October 31, 2026, and increase the contract authority by \$12 million, from \$57 million to \$69 million. Augmenting the term and increasing the contract limit will enable LAZ Parking the ability to continue transportation shuttle services at LAX until the Automated People Mover (APM) is operational. LAWA states that it is probable that the APM will launch before the conclusion of this extension, however in the event it does not, they would likely return to the Board for another extension of the current services.

The proposed Second Amendment to the contract is subject to approval as to form by the City Attorney. Pursuant to Charter Section 373 and 606, as well as Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds five years. Our Office has reviewed the request and recommends approval.

## **BACKGROUND**

On April 22, 2021, through Resolution No. 27247, the Board approved the original three-year agreement with LAZ Parking, Contract DA-5504, which commenced on June 1, 2021, and terminated on May 31, 2024, with contract authority of \$34 million. Council approved the December 7, 2023 Board action (Resolution No. 27861) to authorize the First Amendment to Contract DA-5404 to extend the term by one-year to May 31, 2025, with an option to further extend the term of the contract by two four-month increments, if necessary, through January 31, 2026, in addition to increasing the contract authority by \$23 million, from \$34 million to \$57 million (CF# 24-0283).

*Shuttle Services* - The existing contract covers four distinct shuttle routes: 1) Inter-terminal airline connections (ITAC); 2) ADA on-call shuttle for terminal connections (ADA); 3) LAX Economy Parking to the Central Terminal Area (CTA); and 4) Metro C-Line (Green Line) LAX/Aviation Station to the CTA.

*Necessity of a Second Amendment* – LAWA is requesting to extend the term of the contract on a month-to-month basis until the APM becomes operational. Extending the contract term will provide flexibility to keep the shuttle services running during the transition to the train system. This allows shuttle operations to continue if the APM opening is delayed or if shuttles are still needed after the APM opens to transport passengers between Economy Parking, Metro's Airport Connector station, and the CTA. The objective is to ensure passengers can conveniently access parking, Metro, and the terminals during the transition period.

*Commissioning of the APM and Opening of the LAX Metro Transit Center Station* – The APM is expected to open in 2026, but an exact date is not set currently. The Los Angeles Metro's LAX Metro Transit Center Station is operational. Airport customers and employees use the Metro Connector shuttle service to and from the station to the CTA.

*Post APM Commissioning and Route Analysis* - Upon full functionality of the APM and the LAX Metro Transit Center Station, two of LAZ Parking’s four shuttle routes, specifically, the LAX Economy Parking and Metro Green Line, will become obsolete. Travelers on these routes will have the option to use the APM for transportation to and from LAX. There is no contingency plan in place if the APM does not fully replace the shuttles as intended, however, there will be an overlapping period of approximately 30 to 60 days where both the APM and shuttles operate concurrently. This will enable LAWA to evaluate passenger needs and address any unforeseen issues before discontinuing the shuttle routes. The ADA on-call shuttle for terminal connections will still be necessary but will have a separate contract take over this relatively small service. The necessity of the Inter-terminal airline connections is still being discussed.

*Shuttle Trips Per Day* – Ridership on the four shuttle routes fluctuate daily based on factors such as the season, day of the week, and other considerations. LAWA estimates that 595 total shuttle trips would be eliminated across the existing shuttle routes. Among these routes, the Economy Parking shuttle has the highest utilization, conducting 240 round trips per day for airline passengers, followed by Metro Connector with 198, ADA Shuttle with 90, and Inter-terminal airline connections with 67. The elimination of these shuttle trips is expected to significantly decrease traffic and contribute to a reduction in greenhouse gas emissions.

*Employee Wages* - The proposed Second Amendment with LAZ Parking includes annual budget adjustments to wages and operations. The goal is to retain shuttle drivers as well as cleaning and fueling staff by ensuring competitive pay, while maintaining consistent service levels. Table 1 below summarizes the existing wage rates and the proposed wage adjustments for LAZ Parking employees as detailed in the Second Amendment:

<b>Table 1: LAZ Parking California, LLC – Contract DA-5504 Employee Wage Rates</b>				
<b>Employee Classification</b>	<b>Hourly Wage Rate</b>	<b>Wage Rate After Salary Increase</b>	<b>September 2025 Living Wage Ordinance (LWO) Increase</b>	<b>July 2026 LWO Increase</b>
Management	\$42.30	\$44.20	\$46.19	\$47.58
Driver:				
Metro / ITAC / ADA	\$49.37	\$51.26	\$55.63	\$57.30
LAX Economy Parking	\$40.36	\$49.20	\$53.37	\$54.97
Cleaning / Fueling	\$35.50	\$38.00	\$39.71	\$40.90
Security	\$24.20	\$24.20	N/A	N/A

*Employee Impacts* – The discontinuation of the shuttle lines once the APM is operational will negatively impact the drivers staffing those shuttles, in addition to cleaning and fueling staff. It is difficult to assess the hiring landscape for these positions after the service routes are phased out. While the affected staff may potentially stay employed by transitioning to a different role with LAZ Parking, the guarantee of such an outcome is uncertain.

*Funding and Spending Schedule* – Table 2 below provides a detailed list of actual and anticipated expenditures by fiscal year from 2021-22 through 2026-27. A total of \$52,760,454 has been expended to date, with \$4,239,546 remaining under the current authority. The remaining contract authority, including the proposed \$12 million increase, will be used toward compensating LAZ Parking to provide operation and management of shuttle transportation services at LAX.

<b>Table 2: LAZ Parking California, LLC – Contract DA-5504 Total Funding Authority, Expended, and Remaining Funds</b>				
<b>Fiscal Year</b>	<b>Expenditures</b>	<b>Unspent Authority Remaining</b>	<b>Proposed 2<sup>nd</sup> Amendment</b>	<b>Total Authority</b>
2021-22	\$7,724,730			\$7,724,730
2022-23	\$10,424,907			\$10,424,907
2023-24	\$11,205,123			\$11,205,123
2024-25	\$14,510,814			\$14,510,814
2025-26	\$8,894,880	\$4,239,546		\$13,134,426
2026-27			\$12,000,000	\$12,000,000
<b>Totals</b>	<b>\$52,760,454</b>	<b>\$4,239,546</b>	<b>\$12,000,000</b>	<b>\$69,000,000</b>

*Alternatives Considered* – If the amendment is not approved or no action is taken, there will be no service beginning on February 1, 2026 for LAX shuttle service for Inter-terminal Connector, Metro Connector, LAX Economy Parking, and ADA Shuttle lines. Lack of these services would greatly impact guest experience and remove a necessary and familiar transportation option for airport users.

**CITY COMPLIANCE**

*Airport Concession Disadvantaged Business Enterprise (ACDBE) Participation* - The Department’s Procurement Services Division staff reviewed this action (File No. 9579) and set a 10 percent goal for ACDBE participation. While LAWA was tracking this goal, LAZ maintained compliance. The U.S. Department of Transportation made an Interim Final Rule on October 3, 2025 that no longer permits LAWA to track or report ACDBE goals.

*California Environmental Quality Act (CEQA)* – On December 18, 2025, the Board determined that the proposed Second Amendment to Contract DA-5504 with LAZ Parking for management and operations of transportation shuttle services at LAX will not directly impact the environment and is exempt from CEQA pursuant to Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

The proposed Agreement includes provisions to ensure compliance with applicable City Ordinances, contracting, and insurance requirements. The proposed Second Amendment to Contract DA-5504 is subject to approval as to form by the City Attorney. In accordance with Charter Section 373 and 606, as well as Administrative Code Section 10.5(a) and 10.5 (b)(2), the proposed Agreement requires Council approval because the total term of the Agreement exceeds five years. Our Office has reviewed the request and recommends approval.

## **FISCAL IMPACT STATEMENT**

Approval of the proposed Second Amendment to Contract DA-5504 with LAZ Parking California, LLC will have no impact on the City's General Fund. The proposed Amendment will increase the contract by \$12 million, from \$57 million to \$69 million through October 31, 2026. The project costs are included in the Department's Fiscal Year (FY) 2025-26 and proposed FY 2026-27 Los Angeles World Airports Operating Budget in 520160 Operations Contracts, Cost Center 2001059 LND Economy Parking Lot. The recommendations in this report comply with the Los Angeles World Airports' adopted Financial Policies.

Attachment 1 – Board of Airport Commissioners Reports dated December 18 and 30, 2025, Resolution No. 28287, and proposed Second Amendment to Contract DA-5504

*MWS/JWW/JVW:JAS:10260099*