



Approved by:	Doug Webster Chief Operations & Maintenance Officer Operations & Maintenance	
ITEM TYPE	<input type="checkbox"/> Award <input checked="" type="checkbox"/> Amendment <input type="checkbox"/> Appropriation <input type="checkbox"/> Policy/Program <input type="checkbox"/> Other	
SUBJECT	Request to adopt the following report and approve the Second Amendment to Service Agreement 4700002281 with Merchant Aviation to extend term by an additional three years, for a new expiration date of October 5, 2029, and add an additional \$650,400 in contract authority, for a new not-to-exceed amount of \$1,250,400, covering professional and expert air service development consulting services for Los Angeles World Airports	

Item REQUIRES City Council Approval. Item is subject only to STANDARD REVIEW by the City Council.

DISCUSSION

1. Background and Necessity of Requested Action

10-06-2023	Service Agreement 4700002281	Service Agreement
Established a service agreement with Merchant Aviation (Merchant) under Chief Executive Officer authority, for twelve months and for an amount not to exceed \$150,000.		
07-18-2024	Resolution #27987 (SA-4700002281)	First Amendment
Approved authority increases by \$450,000, for a new overall amount not to exceed \$600,000, and extending contract through October 5, 2026.		

The proposed amendment will allow Merchant to continue providing expert, professional, and technical air service development consulting services to Los Angeles World Airports (LAWA), greatly increasing the chances of obtaining new routes and keeping LAWA competitive when airlines consider changes to their networks.

Merchant is a full-service aviation consulting firm specializing in airport development and capital improvement programs. The firm provides strategic planning, design, construction, operational, and financial advisory services aimed at improving passenger experience,

operational efficiency, capacity management, and revenue performance. Its principals have experience working at more than 50 airports worldwide.

Extending the contract with Merchant will help LAWA stay proactive in air service development by understanding the air travel market, maintaining existing routes, identifying potential new routes, and marketing Los Angeles International Airport (LAX) to selected airlines.

To date, Merchant has:

- Conducted an analysis of LAX transfer passengers and identified opportunities to expand transfer business.
- Assisted LAWA staff at the *Routes World* conferences in 2023, 2024, and 2025.
- Represented LAWA at the *Routes Americas* conference in 2024 and assisted LAWA staff at the *Routes Americas* 2025 conference.
- Provided supportive documents to LAWA for presentations to airlines.
- Identified new, unserved and priority underserved markets for LAX.
- Analyzed and recommended changes to the LAX Airline Service Incentive Program.
- Developed a comprehensive air service development strategy for LAX.

If the proposed amendment is not approved, LAWA will be unable to effectively analyze air service trends and impacts; develop presentations for prospective new airlines to establish service at LAX; and to identify new airlines with great potential for successful new routes to LAX's priority international markets. Los Angeles World Airports does not currently have staff with the experience, expertise or qualifications required to conduct the services provided by Merchant.

2. **Selection Process:** Competitive process. Other process. Not applicable.

In 2023, a competitive solicitation for an air service development consultant was publicly advertised. Four proposals were submitted in response. After evaluation of all proposals, Merchant was determined to be the successful bidder based on their experience and value.

Request to find that Charter Sec. 1022 is applicable to this action.

Los Angeles World Airports does not currently have staff with the experience, expertise or qualifications required to conduct the services provided by Merchant, who can perform these services more economically or feasibly than employees.

3. **Fiscal Impact:** None. Revenue generation. Cost/cost recovery. Other.

Costs incurred under this contract will be recovered through terminal rates and charges.

4. **Alternative Actions:** Alternatives considered. No alternatives considered.

APPROPRIATIONS

Appropriation required. No appropriation required. Funding is available.

Funds for this contract are available in the Fiscal Year 2025-2026 LAWA Operating Budget in Cost Center 1160149 – Air Service and Business Development, Commitment Item 520 – Contractual Services. Funding for subsequent years will be requested as part of the annual budget process.

INCLUSIVITY & IMPACT

Goals/requirements identified. No goals/requirements stipulated. N/A or other.

PROVISIONS

The Chief Executive Officer has approved this item.

The Board of Airport Commissioners is hereby requested to adopt staff's determination that the requested action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.

The Board is hereby further requested to authorize the Chief Executive Officer, or designee, to execute said amendment with Merchant Aviation, subject to approval as to form by the City Attorney and approval by the Los Angeles City Council.

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.