



AGENDA STAFF REPORT

ASR Control 20-000194

MEETING DATE: 03/24/20

LEGAL ENTITY TAKING ACTION: Board of Supervisors

BOARD OF SUPERVISORS DISTRICT(S): 2

SUBMITTING AGENCY/DEPARTMENT: John Wayne Airport (Approved)

DEPARTMENT CONTACT PERSON(S): Barry A. Rondinella (949) 252-5183
Dave Pfeiffer (949) 252-5291

SUBJECT: Approve Extension of Parking Facilities and Valet Parking Operating Agreement

CEO CONCUR
Pending Review

COUNTY COUNSEL REVIEW
Approved Agreement to Form

CLERK OF THE BOARD
Discussion
3 Votes Board Majority

Budgeted: Yes

Current Year Cost: \$1,068,289

Annual Cost:
FY 2020-21 \$6,409,730
FY 2021-22 \$5,341,441

Staffing Impact: No

of Positions:

Sole Source: No

Current Fiscal Year Revenue: N/A

Funding Source: Airport Operating Fund 280:100% **County Audit in last 3 years:** No

Prior Board Action: 11/20/2018 #31, 02/28/2017 #17

RECOMMENDED ACTION(S):

Approve and execute the Second Amendment to extend the Parking Facilities and Valet Parking Operating Agreement with LAZ Parking California, LLC by two additional years effective May 1, 2020, through April 30, 2022, at a total estimated cost of \$12,819,460.

SUMMARY:

Approving and executing the Second Amendment to the Parking Facilities and Valet Parking Operating Agreement with LAZ Parking California, LLC, will support John Wayne Airport in the management and operation of the self-parking and valet parking facilities and the management and operation of traffic control in the designated Transportation Network Companies pick-up areas.

BACKGROUND INFORMATION:

On February 28, 2017, the Board of Supervisors (Board) approved the Operating Agreement with LAZ Parking California, LLC (LAZ) for the parking facilities and valet parking operations and management at John Wayne Airport (JWA). The Operating Agreement commenced on May 1, 2017, and expires on April 30, 2020, with two additional one-year options to extend.

On November 20, 2018, the Board approved the First Amendment to the Operating Agreement with LAZ for the management and operation of traffic control in the newly designated Transportation Network

Companies (TNC) pick-up areas. The new services required an annual increase of \$606,000, which consisted of \$593,000 in additional staffing and \$13,000 in extra ticket stock.

Current Contract

The term of the Operating Agreement is three years commencing on May 1, 2017, and expiring on April 30, 2020. The Operating Agreement provides for two one-year extensions.

JWA pays an annual amount of \$3,836,900 for parking facilities operation and management, and \$606,000 for management and operation of traffic control in the designated TNC pick-up areas. In addition, JWA pays 32.5 percent of gross receipts from valet parking, estimated to be \$1,219,871 annually, plus 92 percent of gross receipts from car wash and detail that is estimated to be \$267,059 annually.

JWA seeks Board approval to extend the Operating Agreement by two years so that the agreement will not expire until April 30, 2022. Although the annual cost starting in Year 4 will increase by \$479,900, extending the agreement for two years versus one year will result in a cost savings of \$89,271. The total annual cost to JWA for the operation and management of the parking facilities, valet parking and TNC pick-up areas at JWA is estimated to be \$6,409,730. Additionally, extending the Operating Agreement to maintain a seasoned service provider will avoid the downtime of a transitional period, ensuring a continued superior guest experience at JWA.

Since May 2017, JWA has tracked/logged LAZ's staffing of plaza supervisors, office staff and cashiers through the Skidata system, on-site physical checks and by reviewing submitted invoices, time cards and TNC traffic directors. The results of these checks have shown that LAZ has satisfactorily complied with the requirements of the Contract with only occasional minor issues observed.

LAZ's performance has been confirmed as at least satisfactory. JWA has verified that there are no concerns that must be addressed with respect to the Contractor's ownership/name, litigation status or conflicts with County interest.

The total amount paid to LAZ shall be increased during the extension term as follows:

Period of Contract	Operating Parking and TNC Area Management
May 1, 2020 to April 30, 2021	\$4,922,800
May 1, 2021 to April 30, 2022	\$4,922,800

The contract with LAZ does not currently include subcontractors or pass through to other providers. See Attachment C for the Contract Summary Form.

Compliance with CEQA: The proposed project was previously determined to be Categorically Exempt from the California Environmental Quality Act pursuant to Section 15301 (Class 1) of the CEQA Guidelines, which provides for the exemption of the operation and management of existing parking facilities on February 28, 2017, when it was originally approved.

FINANCIAL IMPACT:

Appropriations for this Operating Agreement are included in the FY 2019-20 Budget for Airport Operating Fund 280 and will be included in the budgeting process for future years.

JWA will pay an annual amount of \$4,922,800 for the management and operation of the parking facilities and TNC pick-up areas. In addition, JWA will pay 32.5 percent of gross receipts from valet parking, which is estimated to be \$1,219,871 annually, plus 92 percent of gross receipts from car wash and detail, estimated to be \$267,059. The total annual cost to JWA for the operation and management of the parking facilities and valet parking at JWA is estimated to be \$6,409,730.

The Operating Agreement contains language that allows JWA to reduce or terminate the agreement, reduce the level of services and/or renegotiate the level of services to be provided.

STAFFING IMPACT:

N/A

ATTACHMENT(S):

Attachment A - Second Amendment to Parking Facilities and Valet Parking Operating Agreement (PM 1121-0400-0028)

Attachment B - Contract Summary Form



**JOHN WAYNE AIRPORT
SECOND AMENDMENT TO PARKING FACILITIES
AND VALET PARKING OPERATING AGREEMENT**



**SECOND AMENDMENT TO PARKING FACILITIES
AND VALET PARKING OPERATING AGREEMENT**

Dated: _____

Between

COUNTY OF ORANGE

and

LAZ PARKING CALIFORNIA, LLC
OPERATOR



**JOHN WAYNE AIRPORT
SECOND AMENDMENT TO PARKING FACILITIES
AND VALET PARKING OPERATING AGREEMENT**

THIS SECOND AMENDMENT TO PARKING FACILITIES AND VALET PARKING OPERATING AGREEMENT ("Amendment") is made and entered into this ___ day of _____, 20___, by and between the COUNTY OF ORANGE, a political subdivision of the State of California ("COUNTY"), and LAZ PARKING CALIFORNIA, LLC, ("OPERATOR").

RECITALS

WHEREAS, COUNTY, through its Board of Supervisors, is the owner and airport proprietor of John Wayne Airport ("JWA" or "the Airport"), located in the County of Orange, State of California, and operates and maintains the Airport as a governmental function for the primary purpose of providing air transportation to the public; and

WHEREAS, COUNTY and OPERATOR entered into the PARKING FACILITIES AND VALET PARKING OPERATING AGREEMENT ("Agreement") dated February 17, 2017, to provide parking management services and valet parking services, including car wash and detail for valet-parked vehicles, for passengers and employees at the Airport; and

WHEREAS, COUNTY and OPERATOR entered into the FIRST AMENDMENT TO PARKING FACILITIES AND VALET PARKING AGREEMENT on November 20, 2018, amending the Agreement to expand the OPERATOR's scope of services to assist with traffic control and vehicle flow in the Transportation Network Companies ("TNC") pick-up areas located in the parking facilities; and

WHEREAS, COUNTY and OPERATOR desire to extend the term of the Agreement for a period of two years.

NOW, THEREFORE, in consideration of the promises and the mutual covenants hereinafter contained to be observed and performed by the respective parties hereto, COUNTY and OPERATOR agree to amend Articles I, IV, V, Exhibits A and B to the Agreement as follows:

1. Article II, Section 2.01 Term of Agreement, is hereby deleted in its entirety and replaced with the following:

SECTION 2.01 TERM OF AGREEMENT

This Agreement shall commence upon the signing of the Agreement by COUNTY. The term of this Agreement shall be five (5) years, commencing on May 1, 2017.

2. Article II, Section 2.02, Option to Extend Term, is hereby deleted in its entirety.

3. Article IV, Fees Paid to Operator shall be amended to increase the fees as follows:

For the period commencing May 1, 2020, through April 30, 2021, the fees paid to OPERATOR for Parking Facilities Operation and Traffic Control and Passenger Experience in the TNC Areas shall be Four Million Nine Hundred Twenty-Two Thousand Eight Hundred Dollars (\$4,922,800).



**JOHN WAYNE AIRPORT
SECOND AMENDMENT TO PARKING FACILITIES
AND VALET PARKING OPERATING AGREEMENT**

For the period commencing May 1, 2021, through April 30, 2022, the fees paid to OPERATOR for Parking Facilities Operation and Traffic Control and Passenger Experience in the TNC Areas shall be Four Million Nine Hundred Twenty-Two Thousand Eight Hundred Dollars (\$4,922,800).

4. Page 2 of 2 of Exhibit A, Operating Area Description, Valet Parking shall be replaced with Exhibit A attached hereto and incorporated herein by this reference.
5. Page 2 of 2 of Exhibit B, Map of Operating Area, Valet Parking shall be replaced with Exhibit B attached hereto and incorporated herein by this reference.

[Signature Page Follows.]



**JOHN WAYNE AIRPORT
SECOND AMENDMENT TO PARKING FACILITIES
AND VALET PARKING OPERATING AGREEMENT**


IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the day and year first above written.

Operator:
LAZ Parking California, LLC.

By: _____

APPROVED AS TO FORM:
County Counsel

By: _____

By:  _____

APPROVED AS TO AUDIT AND ACCOUNTING:
Audit-Controller

By: _____

RECOMMENDED FOR APPROVAL:
John Wayne Airport

By: _____
Barry A. Rondinella
Airport Director

Signed and certified that a copy of this document has been delivered to the Chair of the Board per G.C. Sec. 25103, Reso 79-1535
Attest:

COUNTY OF ORANGE:

By: _____
Chairwoman of the Board of Supervisors
County of Orange, California



**JOHN WAYNE AIRPORT
SECOND AMENDMENT TO PARKING FACILITIES
AND VALET PARKING OPERATING AGREEMENT**

**EXHIBIT A
OPERATING AREA DESCRIPTION**

Valet Parking

All Operating Area shown on the Location Map marked Exhibit B attached hereto and made a part hereof, being those certain areas designated as:

Valet Vehicle Drop-Off and Pick-Up Area located adjacent to the curb between Terminals A and B, and in front of Terminal C on the Departure Level. Each area contains space for three (3) lanes of twenty-five (25) cars each, for a maximum total of 150 vehicles. Each area includes a cashier kiosk provided by COUNTY.

Valet Parking Area containing approximately 140,684 square feet and located on Level 5 of Parking Structure C.

All of which are situated within the John Wayne Airport Terminal complex at 18601 Airport Way, in the City of Santa Ana, County of Orange, State of California, and located in Lots 132 and 135 of Block 7 of the Irvine subdivision, per map recorded in Book 1, Page 33 of Miscellaneous Maps, in the office of the County Recorder of Orange County, together with the right of ingress and egress thereto.

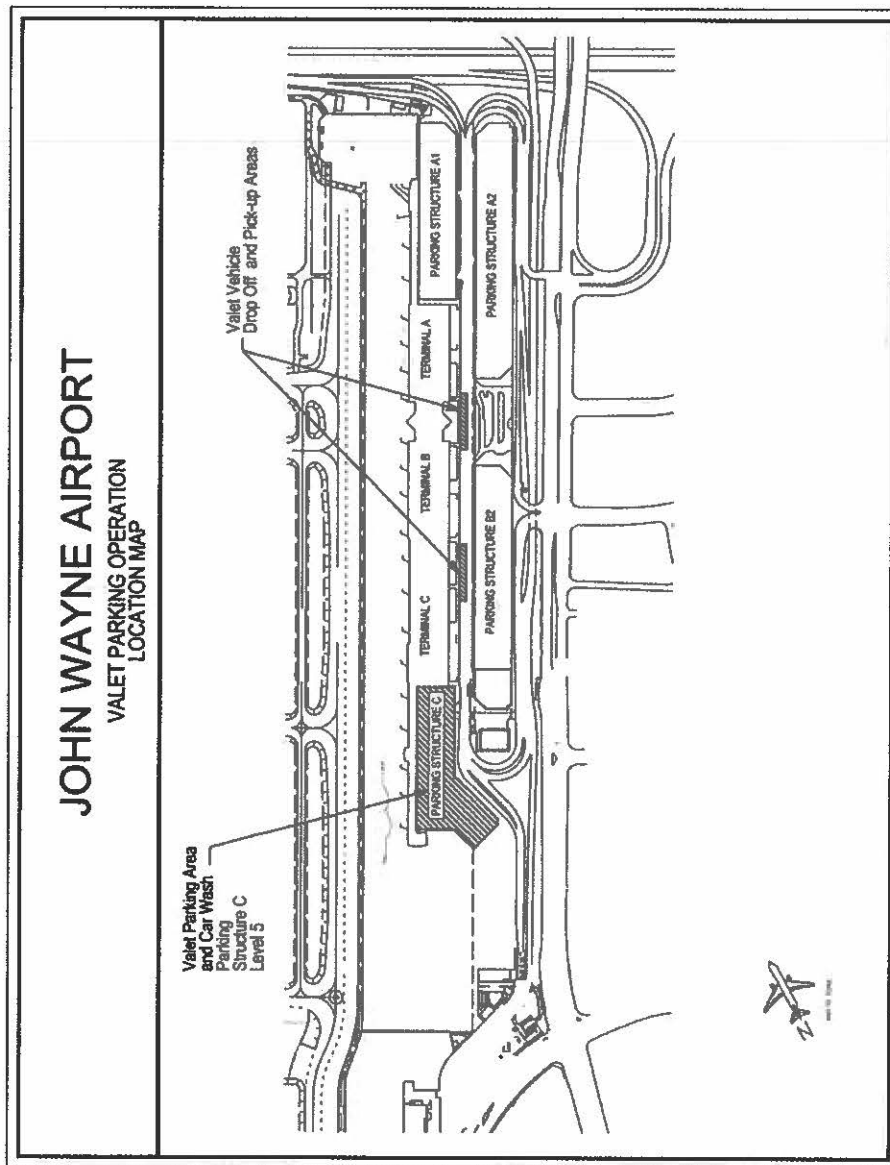
All square foot measurements and space counts are approximate and subject to change.



JOHN WAYNE AIRPORT SECOND AMENDMENT TO PARKING FACILITIES AND VALET PARKING OPERATING AGREEMENT

EXHIBIT B MAP OF OPERATING AREA

Valet Parking



Contract Summary Form

LAZ Parking California, LLC

SUMMARY OF SIGNIFICANT CHANGES

1. Costs: increase of \$479,900 annually. Page 2 and 3.
2. Term: extending two one year options at the same time. Page 2.

SUBCONTRACTORS

This contract does not currently include subcontractors or pass through to other providers.

CONTRACT OPERATING EXPENSES

Fees Paid To Operator: COUNTY will pay the following fees in accordance with the provisions of this Operating Agreement based upon contractor's performance of the requested services as described in Operational Requirement. Fees shall be paid to the contractor as described in ARTICLE IV, Section 4.01. Subsections A and B.

DESCRIPTION	UNIT	COST
(C) Annual CONTRACT amount	Year	\$4,316,800
Transportation Network Companies Area Management	Year	\$606,000
Extended contract amount	Year	\$4,922,800
CONTRACT TWO YEAR EXTENSION AMOUNT		\$9,845,600

Security deposit for Parking operations equal to 4 times the average daily receipts. Security deposit for Valet operations equal to 9 times the average daily receipts. Section 4.09.

Appropriations for this contract are included in the FY 2019-20 Budget and will be included in the budgeting process for future years.

Administrative and/or indirect costs are included in the contract.