

LAWWA
LOS ANGELES WORLD AIRPORTS

LAX

VNY

LAX Certified Service Provider Program Updates

August 16, 2023

Certified Service Provider Program (CSPP) Updates

Background

- Non-Exclusive License Agreement (NELA) Program
- In 2012, the Board approved the CSPP to establish minimum requirements, qualifications, and training standards for companies providing services most impactful to airport safety and security on airfield and in terminals.
- Since 2014, over 130 Certified Service Provider License Agreements (CSPLAs) issued, \$3.9 million generated in annual revenue, with 77 active Certified Service Providers (CSPs or Licensees) operating at LAX.

- Companies are issued a CSPLA or NELA based on service type:

CSPP-Regulated Services	NELA-Regulated Services
Aircraft Cabin Cleaning	Delivery
Aircraft Line Maintenance	IT & Communications
Cargo Handling	Non-Aeronautical Maintenance
Food Services	Professional
Into-Plane Fueling	
Passenger	
Ramp	
Security	
Terminal	

- The CSPP has been updated several times over the years to incorporate changes including Living Wage Ordinance (LWO), Emergency Preparedness Training (EPT), Worker Retention Ordinance (WRO), and Labor Harmony.
- Revenue earned covers all costs of the program

Certified Service Provider Program (CSPP) Updates

Key Updates per Board Resolution No. 27777

- 1) Established Monetary Fines for Licensees at Elevated Levels of Enforcement (Notice of Investigation Level 1, 2, or 3)
 - New penalties per citation
 - Higher monthly rate schedule

- 2) Updated Administrative Processes to
 - Adjust minimum experience requirements
 - Set penalty points for administrative violations
 - Establish a new hearing process
 - Tighten subcontracting requirements
 - Create new monthly revenue bands for companies generating over \$30M annually at LAX
 - Establish new processing fee for CSPLA Amendments

- 3) Adopted Standards from the LAWA/SEIU-USWW MOU Settlement Regarding Compliance with
 - Emergency Preparedness Training
 - Living Wage Ordinance
 - Working Retention Ordinance

Certified Service Provider Program (CSPP) Updates

CSPP Notice of Investigation (NOI) Adjudication Process

- Effective September 1, 2023, the CSPP penalty points assessed to all CSPs with a NOI status will be **reset to zero**
- CSPs currently at NOI Level 1, 2, or 3 projected to exceed 10% of its employee badge count in penalty points within the 90-day period will be charged a fine based on the CSPP NOI Monetary Fine Structure
- CSPs projected not to exceed 10% of its employee badge count in penalty points will not be charged a fine
- CSP must remain under the 10% threshold over a 12-month period to have its NOI status removed

CSPP NOI Contracting Limitations

- CSPs reaching a NOI Level 2 status shall:
 - Not be authorized to add any new service contract(s) to expand LAX operations
- CSPs reaching a NOI Level 3 status shall:
 - Not be authorized to add any new service contract(s) to expand LAX operations, and
 - LAWA reserves the right to issue a CSPLA with a reduced term length for companies at Level 3

Certified Service Provider Program (CSPP) Updates

New NOI Monetary Fine Structure

- CSPs reaching any NOI status shall be subject to a progressive monetary fine structure for each citation issued or major violation committed by a CSP employee or CSP at LAX:

Fine Amount			
Type	Level 1	Level 2	Level 3
Per Citation	\$500	\$1,000	\$2,000
Per Major Violation	\$1,000	\$2,000	\$3,000

NOI Faithful Performance Guarantee (FPG) & Monthly Fee Increase

- CSPs reaching any NOI status shall be subject to an increase in FPG and monthly fee payments to LAWA:

Increased Amount			
Type	Level 1	Level 2	Level 3
Monthly Fee	30%	60%	100%
FPG	6 Months of Monthly Fees		

LAWA's NOI monetary fines will only be charged to the CSP and not to the employee

Certified Service Provider Program (CSPP) Updates

Updated CSPP Monthly Fee Schedule

- Gross Revenue Bands (J – M) added for companies grossing **over \$30 million** in annual revenue for LAX operations

Gross Revenue Band	Annual Gross Revenue	Monthly Fee Due to LAWA				
		FY 2022	FY 2023	FY 2024	FY 2025	FY 2026
A	\$0 - \$249,999	\$ 155	\$ 160	\$ 165	\$ 170	\$ 175
B	\$250,000 - \$999,999	\$ 650	\$ 670	\$ 690	\$ 710	\$ 730
C	\$1,000,000 - \$1,999,999	\$ 1,550	\$ 1,600	\$ 1,650	\$ 1,700	\$ 1,750
D	\$2,000,000 - \$3,999,999	\$ 3,100	\$ 3,200	\$ 3,300	\$ 3,400	\$ 3,500
E	\$4,000,000 - \$5,999,999	\$ 5,150	\$ 5,300	\$ 5,460	\$ 5,630	\$ 5,800
F	\$6,000,000 - \$7,999,999	\$ 7,420	\$ 7,650	\$ 7,880	\$ 8,120	\$ 8,370
G	\$8,000,000 - \$9,999,999	\$ 8,350	\$ 8,600	\$ 8,860	\$ 9,130	\$ 9,400
H	\$10,000,000 - \$19,999,999	\$ 10,000	\$ 10,300	\$ 10,610	\$ 10,930	\$ 11,260
I	\$20,000,000 - \$29,999,999	\$ 15,000	\$ 15,450	\$ 15,920	\$ 16,400	\$ 16,900
J*	\$30,000,000 - \$39,999,999			\$ 21,000	\$ 21,630	\$ 22,280
K*	\$40,000,000 - \$49,999,999			\$ 27,300	\$ 28,120	\$ 28,970
L*	\$50,000,000 - \$59,999,999			\$ 35,500	\$ 36,570	\$ 37,670
M*	\$60,000,000+			\$ 46,150	\$ 47,540	\$ 48,970

*Effective September 1, 2023.

CSPLA Application & Amendment Processing Fees

- \$1,500** Non-Refundable Application Fee
- \$1,500** Non-Refundable Processing Fee to amend CSPLA to provide any service(s) beyond scope of License classification
- \$500** Non-Refundable Processing Fee to amend CSPLA to provide any service(s) currently authorized within scope of License classification

Certified Service Provider Program (CSPP) Updates

Updated CSPP Subcontracting Limitations

- CSPs subcontracting other CSPs to perform services for their customers must have the demonstrated capacity and experience to perform the subcontracted services **themselves** at LAX.
- All CSP subcontracted services delivered must address operational service needs, and not be leveraged to generate additional revenue on airport property (i.e., all payments for the service provided must pass through to the subcontractor).
- Continues to allow airlines with no local management to select any CSP, consultant, or other designated personnel to serve as their liaison/Station Manager to assist with LAX operations.
- Supports LAWA's Business Inclusivity Programs (ACDBE, SLB, SBE, DVBE, etc.) by providing more parity and opportunities for small and local businesses to compete for potential business at LAX.

Updated Contract Verification Requirements

- New & existing CSPs shall submit a fully executed copy of the service contract between Licensee and LAX customer(s), without redaction of any section of the contract.
- All documents in LAWA's possession are subject to a California Public Records Act (CPRA) request. CSPs are responsible for protecting the release of any documents identified as confidential/proprietary upon notification from LAWA.

Operational Plan

- CSPLA applicants and existing CSPs shall submit an Operational Plan to LAWA describing the nature of its business, including its capacity, experience, and qualifications to provide any new and/or expansion of requested service(s) at LAX.

Certified Service Provider Program (CSPP) Updates

Updated Experience & Capacity Requirements

- To strengthen minimum standards, and support small and local businesses, the list of CSPP-regulated services were updated to reclassify existing and establish new service categories:

CORE	LIMITED
Aircraft Line Maintenance	Aircraft Cabin Cleaning
Aircraft Food Services	Cargo Screening (new)
Airfield Transportation (new)	Terminal
Baggage Management*	
Cargo Handling	
Into-Plane Fueling	
Ramp	
Security	
Wheelchair Services*	

**Passenger Services Category unbundled.*

- CSPs must demonstrate successful operating experience and capacity for at least 3 of the last 5 years at a large hub airport to perform any Core Service(s) at LAX.
- CSPs must demonstrate capacity and qualifications to perform any Limited Service(s) at LAX.

Certified Service Provider Program (CSPP) Updates

CSPP Administrative Violations & Penalty-Point Process

- CSPs violating CSPP administrative requirement shall be subject to one penalty-point per infraction. Violations include but are not limited to:
 - Providing services to LAX customer(s) not authorized per approved CSPLA Exhibit A – Scope of Services
 - Not reporting revenue received from LAX Customer(s) on Monthly Accounting Report
 - Operating at LAX without approved insurance (lapses in insurance coverage)
 - Expired FPG Letter of Credit

CSPP Administrative Hearing

- CSPs may be subject to an Administrative Hearing for any material changes to its CSPLA with LAWA. CSPs may also request an Administrative Hearing to contest any monetary fine imposed by LAWA.
- Serious violations of LAX Rules and Regulations that may result in LAWA conducting an automatic Administrative Hearing, include but are not limited to:
 - Multiple violations of employees operating on the airfield without required credentials.
 - Multiple instances of employees using airport-issued security credentials for unauthorized and/or unintended purposes
 - CSPs abusing its restricted access to operate at LAX without authorization through its CSPLA

Certified Service Provider Program (CSPP) Updates

Operational Plan

- CSPLA applicants shall submit an Operational Plan to LAWA describing the nature of its business, including its capacity, experience, and qualifications to provide the requested service(s) safely and effectively at LAX. LAWA may require an existing CSP to submit an Operational Plan if requested to expand its operations at LAX

Updated Non-LAWA Agency Violations Report

- CSPs must submit a Non-LAWA Agency Violations (NLAV) Report for any violation(s) confirmed by California Division of Occupational Safety and Health (Cal-OSHA) or any other non-LAWA regulatory agency, within 30 business days of receiving a notice. CSPs are required to submit an annual NLAV report verifying that there were no violations confirmed by any non-LAWA regulatory agency during the past 12 months, by January 31st

Foreign Object Debris (FOD) Prevention Plan

- All airfield CSPs shall develop and implement a FOD plan that identifies a process to dispose of all FOD in the receptacles identified by LAWA or LAX customer(s) and shall use its best endeavors to ensure that the Apron is always kept clean and tidy. All FOD plans must be submitted and approved by LAWA Airport Operations

California Secretary of State (CSS) Filings

- CSPs shall notify LAWA of any changes to its CSS status within 21 business days and shall ensure all corporate documents and/or articles of incorporation on file with LAWA are consistent with its CSS filing.

Certified Service Provider Program (CSPP) Updates

Adopt Standards from the LAWA/SEIU-USWW MOU Settlement

▪ Enhanced Oversight of EPT

- LAWA shall conduct regular inspection of CSP's EPT syllabi, records of completion, and lists of employees on payroll
- A training syllabus and evidence of a proper training plan are required prior to training badged employees at LAX
- LAWA shall conduct an automatic CSPP NOI meeting due to non-compliance with EPT requirements

▪ New Employer Orientation Program

- LAWA shall conduct annual virtual orientations to ensure all CSP employees are educated on LAX pertinent rules, regulations, and ordinances (first one held on 3/30/2023)
- BCA shall provide education, outreach, and information on LWO and WRO
- All companies obtaining new CSPLAs within past year or who are in the application process are required to attend

▪ Consequences for Labor Violations

- Any CSP confirmed violation of labor law or regulation affecting an LAX employee or group of employees, fully adjudicated by a court or regulatory agency (and made known to LAWA), will result in a Warning Notice.
- Two such violations within one year will result in a Notice of Non-Compliance.
- Three such violations within one year will result in a Notice of Investigation.
- LAWA may act sooner per BCA recommendations to terminate CSP's License for labor violations.

Certified Service Provider Program (CSPP) Updates

QUESTIONS?

Certified Service Provider Program (CSPP) Updates

For more information, please visit the CSPP Website

www.lawa.org/cspp

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