



Recommendation for Action

File #: 23-3191, **Agenda Item #:** 78.

10/19/2023

Posting Language

Authorize negotiation and execution of a contract for facility management and labor services for the South Terminal at the Austin-Bergstrom International Airport with ClearedDirect LLC, for the term of November 1, 2023, through December 31, 2025, in an amount not to exceed \$9,009,375.

Lead Department

Financial Services Department.

Managing Department(s)

Department of Aviation.

Fiscal Note

Funding in the amount of \$3,720,000 is available in the Fiscal Year 2023-2024 Operating Budget of the Department of Aviation. Funding for the remaining contract term is contingent upon available funding in future budgets.

Prior Council Action:

On June 1, 2023, City Council approved a settlement in the amount of \$88,000,000 in City of Austin v. Lonestar Holdings, LLC, Cause No. C-1-PB-22-001462 in the Travis County District Court, and Lonestar Holdings, LLC v. City of Austin, Cause No. 1:22-cv-00770, in the United States District Court for the Western Division, Austin, Texas.

Council Committee, Boards and Commission Action:

October 11, 2023 -Airport Advisory Commission.

Additional Backup Information:

ClearedDirect LLC has provided these management and labor services at the South Terminal for over five years; their knowledge and established presence at the South Terminal will facilitate a seamless transition of airline and passenger service operations of the South Terminal facility. As part of the transition of operations to the City under the settlement agreement with Lonestar, Lonestar will assign to the City all of its contractual rights under contracts with its contractors, which include ClearedDirect, LLC. The Department of Aviation desires to assume the contract with ClearedDirect with certain modifications to conform with the City standards, including the City's Living Wage Program.

These services are critical to efficient transition of management and operation of the South Terminal to the City on November 1, 2023, and will insure the continued successful operation of the South Terminal for the term of the contract. If the City does not assume the ClearedDirect contract, it will lead to an immediate stoppage of facility management and operations at the South Terminal potentially having a direct impact to airport/airline operations and passenger services. Any interruption of operations will adversely impact airport and airline revenues.