



Item Number
12
Page

Report to the BOARD OF AIRPORT COMMISSIONERS

R. J. Connolly
Approver: _____
Richard J. Connolly, Deputy Executive Director
Facilities Management Division

Brian C. Ostler
Reviewer: _____
Brian C. Ostler, City Attorney

Justin Erbacci

Justin Erbacci (Sep 15, 2023 10:08 PDT)

Justin Erbacci, Chief Executive Officer

Meeting Date
9/21/2023

Needs Council Approval: Y

Reviewed for/by	Date	Approval Status	By
Finance	9/12/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	9/12/2023	<input checked="" type="checkbox"/> Y	VW
Procurement	9/7/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	SGL
Guest Experience	9/7/2023	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	9/6/2023	<input checked="" type="checkbox"/> Y	BNZ

SUBJECT

Request to approve the Second Amendment to Contract DA-5343 with Herc Rentals Inc. to increase the contract authority of \$6,650,000 by \$6,750,000, for a new total contract amount not to exceed \$13,400,000, and to extend the term of the contract from March 31, 2024, to October 31, 2027, covering rental of vehicles and specialized equipment for use at Los Angeles International Airport and Van Nuys Airport

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
- APPROVE the Second Amendment to Contract DA-5343 with Herc Rentals Inc. to increase the contract authority of \$6,650,000 by \$6,750,000, for a new total contract amount not to exceed \$13,400,000, and to extend the term of the contract from March 31, 2024 to October 31, 2027.
- AUTHORIZE the Chief Executive Officer, or designee, to execute the amendment after approval as to form by the City Attorney and approval of the Los Angeles City Council.

DISCUSSION

1. Purpose

The purpose of the requested action is to amend the contract between the Los Angeles World Airports (LAWA) and Herc Rentals Inc. (Herc), which LAWA uses to rent vehicles and specialized equipment for use at Los Angeles International Airport (LAX) and Van Nuys (VNY) Airport. The proposed amendment will increase the current contract's authority by \$6,750,000 and extend the term by 43 months. The Facilities Management Division (FMD) uses rented equipment, as necessary, to supplement LAWA equipment when LAWA equipment is inoperative or when specialized equipment is needed to perform essential functions without LAWA incurring the long-term cost of ownership.

2. Prior Related Actions/History of Board Actions

- **February 21, 2019 – Resolution No. 26707 (DA-5343)**

The Board of Airport Commissioners (Board) approved joining US Communities (now Omnia Partners) Contract No. 2019000318 to award a five-year contract to Herc Rentals Inc. for the rental of construction equipment and related products and services for an amount not to exceed \$4,150,000 at LAX and VNY. The Los Angeles City Council approved Contract DA-5343 on March 26, 2019. This contract will expire on March 25, 2024.

- **January 7, 2021 – Resolution No. 27185 (DA-5343A)**

The Board approved the First Amendment to Contract DA-5343 with Herc Rentals Inc. to increase the contract authority by \$2,500,000, for a new total not-to-exceed amount of \$6,650,000 for rental of construction equipment at LAX and VNY.

3. Background

The FMD maintains public areas, buildings, mechanical infrastructure, roadways, and airfields at LAX and VNY using LAWA-owned equipment and equipment rented from the current vendor, Herc. Examples of rented equipment may include asphalt compaction rollers, motor graders, wheeled loaders, tracked dozers, dump trucks, power generators, aerial lifts, work platforms, and other miscellaneous construction equipment. Rented equipment supplements LAWA equipment, allows access to specialized equipment in a timely manner to prevent schedule and flight delays or runway and gate closures, saves on operating costs attributable to idle equipment or cost of ownership, and is used when LAWA equipment is unavailable.

Various units within FMD rent equipment from Herc, including Air Conditioning, Plumbing, Electric, Window Cleaning, Concrete, and Custodial shops. The work performed by these units include conducting maintenance and repairs, Los Angeles Fire Department Chief's Regulation 4 testing, paving, cleaning, high dusting, and other tasks.

Additionally, FMD rents alternative-fueled equipment whenever feasible, including electric- and battery-powered equipment, to minimize environmental impacts. Such equipment includes scissor lifts, boom lifts, and floor scrubbers.

Herc also provides LAWA staff with training on the safe use of specialty equipment.

The Fleet Management unit of FMD is responsible for procuring, acquiring, and maintaining LAWA's equipment and vehicle fleet. Many specialty equipment pieces are in short supply and not available for purchase due to lingering supply chain issues stemming from the COVID-19 pandemic or from the high demand for this type of equipment that exists nationwide. The lead time to receive delivery of purchased vehicles or equipment may be up to 24 months from the date of order. To meet short-term or urgent equipment needs, it may be more practical or cost-effective to rent equipment than to purchase it. The Fleet Management staff regularly assesses LAWA's overall equipment needs and will determine when it becomes more advantageous to LAWA to purchase equipment rather than rent.

The current contract was established when LAWA joined US Communities (now Omnia Partners) Contract No. 2019000318 with Herc for the rental of construction equipment and related products and services. Omnia Partners is a cooperative contracting organization that coordinates the solicitation of contracts for government agencies. Due to the high volume of participants within this type of government cooperative, agencies typically take advantage of significant price discounts and increased product availability.

When Omnia Partners initiates a competitive proposal/bid for a new contract, they designate one of their more than 86,000 member entities to be the lead agency and awarding body. In this case for equipment rentals, the City of Charlotte, North Carolina was the lead agency. The City of Charlotte conducted a competitive Request for Proposals process, awarded the contract to Herc on September 24, 2018, and executed Contract No. 2019000318 (Charlotte Contract) on November 1, 2018.

The Charlotte Contract began with a five-year term and two two-year renewal options. After receiving both Board and City Council approval, LAWA staff executed Contract DA-5343 with Herc on March 26, 2019.

4. Current Action/Rationale

The City of Charlotte exercised the first two-year renewal option to the Charlotte Contract on December 21, 2022, which extended its contract term to October 31, 2025. The Charlotte Contract has a second two-year renewal option that would extend its term to October 31, 2027.

The proposed Second Amendment to LAWA Contract DA-5343 (LAWA Contract) will extend its term to match the Charlotte Contract expiration date of October 31, 2027, if the City of Charlotte exercises the second two-year renewal option. This will effectively extend the LAWA contract from five years to eight years and seven months and increase the current contract authority of \$6,650,000 to \$13,400,000.

To-date, LAWA has expended \$6,529,165 (98.2 percent) of the DA-5343 contract authority. The FMD's average monthly spend rate since the LAWA Contract began in March 2019 is \$125,546. At this rate, FMD projects LAWA would spend an additional \$6,277,318 through the October 31, 2027 term end date. The FMD requests an extra \$6,750,000 in contract authority to cover this projection and any unanticipated rental expenses.

Furthermore, FMD has added, or will assume, new facility maintenance responsibilities for the Landside Access Modernization Program, including LAX Economy Parking,

Consolidated Rent-A-Car Facility; Airport Police Facility, and projects related to the upcoming Concourse 0 and Terminal 9 facilities. Having access to equipment rentals through this contract will help FMD to properly maintain these facilities.

As it relates to rental equipment, LAWA receives a significant benefit from the long-term contract with Herc Rentals Inc. due to the terms of the cooperative agreement. Although equipment rental costs have increased approximately 15.2 percent since the LAWA contract began (primarily due to an increase in nationwide demand for rental equipment and rising fuel costs), the purchasing power of Omnia Partners allows Herc to continue providing their equipment at a substantial discount from their base prices. These discounts are locked in for the term of the City of Charlotte Contract.

Herc offers daily, weekly, and monthly rentals, and the discounts vary by equipment rented and for each rental period as follows:

- Daily: 12 – 45 percent
- Weekly: 11 – 50 percent
- Monthly: 15 – 60 percent

Herc has consistently provided LAWA with quality equipment. They are a certified Local Business Enterprise with the City of Los Angeles, with at least 50 percent of its full-time employees working within Los Angeles County.

5. Fiscal Impact

The costs related to the LAWA contract will be recovered through terminal rates and charges. To-date, LAWA has spent \$6,529,165 (98.2 percent) under the LAWA contract.

In addition, Herc offers a volume incentive rebates to their customers based on annual expenditures. To-date, LAWA has received a total of \$134,998 in rebates.

6. Alternatives Considered

- ***Take No Action***

Without the extension of Contract DA-5343 and the requested increase to the LAWA contract authority, LAWA would be without additional equipment needed for larger, future projects and current projects that involve repair of runways, taxiways, central terminal area access roads, and airfield vehicle service roads, which would lead to Federal Aviation Administration Part 139 violations.

- ***Purchase Equipment***

Rental equipment is used to supplement the existing fleet of equipment and vehicles that LAWA has purchased and owns. If there is a specialized piece of equipment that is needed for a specific job or project, it is more cost effective to rent it than to purchase it for a short duration of time. If the required piece of equipment becomes needed on a more regular basis, LAWA will consider the option of purchasing vs renting. Factored into this is the up-front cost, ongoing maintenance costs, and any certification cost that may be required for each piece of equipment. These costs are covered on a rental.

Renting is also used when a LAWA owned piece of equipment is out of service, and it would impact the completion of a project or emergency repair in a timely manner. As the airport continues to expand, renting equipment is a cost-effective way to help maintain our facilities as it may take two to three years to purchase a piece of equipment.

APPROPRIATIONS

Funds for this contract are available in the Fiscal Year 2023-2024 Los Angeles World Airports Operating Budget in LAX Cost Center 1150063 – Facilities & Technical Services, LAX Cost Center 1150042 – LAX Airside Maintenance & Repair and VNY Cost Center 1400003 – VNY Construction & Maintenance Services, Commitment Item 522 – Materials and Supplies. Funding for subsequent years will be requested as part of the annual budget process.

STANDARD PROVISIONS

1. This item, as a continuing administrative, maintenance and personnel-related activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. The proposed document(s) is/are subject to approval as to form by the City Attorney.
3. 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.
4. This action is not subject to the provisions of the Living Wage/Worker Retention Ordinances.
5. This action is not subject to the provisions of the Business Enterprise (BE) Programs.
6. Herc Rentals Inc. is required by contract to comply with the provisions of the Affirmative Action Program.
7. Herc Rentals Inc. has been assigned Business Tax Registration Certificate number 0000756631-0003-3.
8. Herc Rentals Inc. will comply with the provisions of the Child Support Obligations Ordinance.
9. Herc Rentals Inc. has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. This action is not subject to the provisions of Charter Section 1022, (Use of Independent Contractor).
11. Herc Rentals Inc. has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Herc Rentals Inc. will comply with the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.

14. Herc Rentals Inc. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. Herc Rentals Inc. submitted the Municipal Lobbying Ordinance CEC Form 50 and will comply with its provisions.
16. Herc Rentals Inc. will comply with the provisions of the Iran Contracting Act.

**SECOND AMENDMENT TO CONTRACT DA-5343 BETWEEN
CITY OF LOS ANGELES AND HERC RENTALS, INC., FOR EQUIPMENT
RENTALS AND RELATED PRODUCTS AND SERVICES
FOR LOS ANGELES WORLD AIRPORTS**

This Second Amendment to Contract ("Second Amendment") is made and entered into as of _____, 2023 by and between the CITY OF LOS ANGELES, a municipal corporation and charter city (acting for its Department of Airports, also known as "Los Angeles World Airports") and HERC RENTALS, INC., a Delaware corporation with its principal place of business in Bonita Springs, Florida and with, for purposes of this contract, its local office located in Carson, California ("Contractor"). City and the Contractor are collectively referred to as the "Parties."

RECITALS

WHEREAS, in 2019 City and Contractor entered into contract DA-5343 ("Contract") pursuant to which Contractor makes available to Los Angeles World Airports certain Equipment Rentals and Sales and Related Products and Services on the same terms and prices as the City of Charlotte, U.S. Communities Contract, Contract No. 2019 000318 (the "Charlotte U.S. Communities Contract"). The effective date of the Contract was April 1, 2019, the Contract's original Not to Exceed Amount was Four Million, One Hundred Fifty Thousand Dollars (\$4,150,000) and the original term of the Contract was for a period not to exceed five (5) years;

WHEREAS, in 2021 City and Contractor entered into a First Amendment to Contract which increased the Not to Exceed Amount (from \$4,150,000 to \$6,650,000) and added a new section to allow the execution by means of electronic signatures; and

WHEREAS, the Charlotte U.S. Communities Contract/Contract No. 2019 000318 has periodically been revised to, among other things, incorporate updated equipment lists, update gold and platinum pricing schedules, add and modify terms and incorporate certain other changes. Presently the Charlotte U.S. Communities Contract/Contract No. 2019 000318 is on its Eighth Amendment. The Eighth Amendment, which is dated December 21, 2022 and consists of 178 pages, among other things, extended the term of the Charlotte U.S. Communities Contract by the first of two (2) two-year renewal periods (to October 31, 2025), incorporated an updated equipment rental list, incorporated gold and platinum pricing schedules, and updated New and Used Equipment Purchase Options. (The Eighth Amendment to the Charlotte U.S. Communities Contract/Contract No. 2019 000318 is hereby incorporated by reference.); and

WHEREAS, the Parties now desire to enter into a Second Amendment to amend Contract DA-5343 to: 1) increase the Not to Exceed amount from Six Million, Six Hundred Fifty Thousand Dollars (\$6,650,000) to Thirteen Million, Four Hundred Thousand Dollars (\$13,400,000); and 2) to extend the maximum duration of the Contract from March 31, 2024 to potentially as late as October 31, 2027.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree to amend the Contract as follows:

AMENDMENT

1. TERM OF CONTRACT.

Section 1.1 is amended and restated in its entirety to read as follows:

“1.1 The Term of this Contract commenced on the Effective Date of April 1, 2019 and, notwithstanding any after provision herein, shall expire no later than October 31, 2027 provided the second of the two-year options of the Charlotte U.S. Communities Contract has been exercised extending the term of the Charlotte U.S. Communities Contract to October 31, 2027. In the event that the second of the two-year renewal options has not been exercised, then the term of this Contract shall expire no later than October 31, 2025. In any event, this Contract is subject to earlier termination pursuant to the terms of this Contract. City may terminate this Contract, with or without cause, upon giving the Contractor a sixty (60) day advance written notice or as otherwise provided herein.”

2. PAYMENT.

Section 2.2. is amended and restated in its entirety to read: “2.2. The total amount payable for this Contract shall not exceed Thirteen Million, Four Hundred Thousand Dollars (\$13,400,000) for the term of this Contract.”

3. FULL FORCE AND EFFECT.

In the event of a conflict between the Second Amendment, on the one hand, and the Contract and the First Amendment to Contract, on the other hand, the Second Amendment shall control. All other terms and conditions of the Contract and First Amendment not expressly amended herein shall remain in full force and effect.

IN WITNESS WHEREOF, the Parties have caused this Second Amendment to be executed, by their respective authorized signatories, all as of the day and year first hereinabove

written.

APPROVED AS TO FORM:
HYDEE FELDSTEIN SOTO,
City Attorney

CITY OF LOS ANGELES

Date: _____

Date: _____

By: _____
Deputy City Attorney

By: _____
Justin Erbacci
Chief Executive Officer

REVIEWED:

By: _____
Chief Financial Officer
Deputy Executive Director
Department of Airports

HERC RENTALS, INC.

By: Jason Oosterbeek
Jason Oosterbeek (Aug 11, 2023 08:16 EDT)
Signature

By: Derek Lively
Derek Lively (Aug 11, 2023 09:43 EDT)
Signature

Jason Oosterbeek
Print Name

Derek Lively
Print Name

Vice President
Print Title

Assistant Secretary
Print Title