

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: November 28, 2023

CAO File No. 0150-07139-0006

Council File No.

Council District: 6, 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Correspondence from the Los Angeles World Airports Board of Airport Commissioners (Board) dated September 21, 2023 and October 2, 2023; referred by the Mayor for a report on September 21, 2023

Subject: **RESOLUTION NO. 27810 AND PROPOSED SECOND AMENDMENT TO CONTRACT DA-5343 WITH HERC RENTALS, INC. FOR RENTAL OF VEHICLES AND SPECIALIZED EQUIPMENT FOR USE AT LOS ANGELES INTERNATIONAL AIRPORT AND VAN NUYS AIRPORT**

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### RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) proposed Resolution No. 27810 authorizing a Second Amendment to DA-5343 with Herc Rentals, Inc. to add funding of \$6,750,000 for a new total not-to-exceed contract amount of \$13,400,000, and extend the term from March 31, 2024 to October 31, 2027, to cover vehicle and specialized equipment rental services for use at Los Angeles International Airport and Van Nuys Airport;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the October 2, 2023 Board of Airport Commissioners (Board) Resolution 27810, that this action is exempt from CEQA pursuant to Article II, Section 2(f) of the Los Angeles City CEQA Guidelines; and
3. Authorize the LAWA Interim Chief Executive Officer, or designee, to execute the proposed agreement and return the Resolution documents to LAWA for further processing, including Council consideration.

### SUMMARY

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) requested approval of its October 2, 2023 Resolution 27810, to execute a proposed Second Amendment to Contract DA-5343 (Agreement) with Herc Rentals, Inc. (Herc). The original Agreement with Herc was approved by the Council on March 26, 2019 (C.F. 19-0224) for rental of specialized equipment and related products at Los Angeles International Airport and Van Nuys Airport (collectively known

as the Airports). The Second Amendment will extend the contract term by 43 months, from March 31, 2024 to October 31, 2027, and increase the contract limit by \$6,750,000, from \$6,650,000 to \$13,400,000. The current contract was executed on March 26, 2019 and terminates on March 25, 2024.

The existing LAWA-owned specialized fleet is not sufficient to meet all the equipment needs for the large-scale construction initiatives currently underway at the Airports. Extending the contract term and increasing the contract authority enables Herc to continue supplying the necessary resources that LAWA lacks, allowing critical airport projects to move forward without disruptions or delays.

The proposed Amendment to the contract has been approved as to form by the City Attorney. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds three years. Our Office has reviewed the request and recommends approval.

## **BACKGROUND**

On February 21, 2019, the LAWA Board adopted Resolution 26707, authorizing LAWA's participation in a cooperative agreement with the Omnia Partners contract (formerly known as US Communities; Contract No. 2019000318) for rental equipment and various services. This allowed LAWA to enter into a five-year, \$4,150,000 contract with Herc Rentals to provide construction equipment rentals and related services to support Airport initiatives. The Board later adopted Resolution 27185 approving a First Amendment to increase the contract authority by \$2,500,000, for a new contract limit of \$6,650,000. The Department indicates that approval of the proposed Second Amendment is necessary to ensure there are adequate rental resources available for substantial construction initiatives underway at the Airports.

On September 21, 2023 and October 2, 2023, the Board approved a LAWA staff report and Resolution 27810 authorizing a proposed Second Amendment to Contract DA-5343 with Herc. The purpose of amending the existing Agreement is to allow LAWA's Facility Management Division (FMD) to continue renting equipment from Herc to fill gaps when LAWA equipment is inoperable or specialized vehicles are required for essential airport functions. The Second Amendment will extend the contract term by 43 months, to October 31, 2027, and increase the contract authority by \$6,750,000, bringing the total not-to-exceed amount to \$13,400,000. The additional funding and term flexibility will ensure that LAWA can continue procuring essential rental equipment on an as-needed basis to prevent project disruptions at the Airports. The Department further indicates that without approval of the proposed Second Amendment, LAWA risks non-compliance with the Federal Aviation Administration Part 139 safety standards for certified airports.

*Cooperative Agreement* – Omnia Partners is a procurement cooperative that serves as an essential facilitator for government agencies seeking contractual agreements. The master agreement between Omnia Partners and Herc Rentals enables participating agencies, including LAWA to establish subordinate rental contracts directly with Herc. Cooperative agreements as such takes the initiative in soliciting and streamlining contracts, ensuring that various government entities can access competitive and beneficial arrangements with suppliers. On November 1, 2018, the US

Communities awarded Contract No. 2019000318 to Herc Rentals Inc. Recognizing the advantages of being part of this cooperative endeavor, LAWA joined the cooperative agreement by formalizing a contract with Herc on March 26, 2019, to leverage the collective strength and resources of Omnia Partners and its network of member agencies. The current Agreement between LAWA and Herc expires on March 25, 2024, or upon expiration of the primary contract between Omnia Partners and Herc, whichever of the two milestones occur first. The master agreement between Omnia Partners and Herc is set to expire on October 31, 2027, which is in alignment with the expiration date requested in LAWA's proposed Second Amendment. According to the terms and conditions of the lease, LAWA's subordinate rental contract with Herc cannot legally exceed the lifespan of the Omnia Partners-Herc master agreement.

*Costs of Equipment* - Equipment rental costs from Herc have increased approximately 15 percent since LAWA first contracted with them, however, the purchasing power of Omnia Partners enables Herc to offer rental equipment at significantly lower prices compared to an individual LAWA-procured contract for large volumes of equipment. Despite the 15 percent increase, utilizing the Omnia Partners cooperative contract allows LAWA to realize substantial cost savings on essential rental equipment from Herc. As a result, LAWA continues to secure advantageous pricing and terms for equipment rentals, which also encompass discounts from the base prices. The discounts vary based on the length of the rental period, which include:

- Daily rental discounts ranging from 12 percent to 45 percent
- Weekly rental discounts ranging from 11 percent to 50 percent
- Monthly rental discounts ranging from 15 percent to 60 percent

The distribution of percentage discounts are contingent on the specific type of equipment being rented and the length of the rental period. This tiered discount structure features more substantial discounts for extended rental durations, enabling LAWA to optimize savings for both immediate and prolonged rental scenarios.

*Financial Benefits of Renting Versus Owning* - Renting equipment from Herc provides additional benefits beyond supplementing LAWA's fleet. It allows the Department to avoid substantial long-term costs associated with purchasing and owning capital equipment, some of which may be underutilized by remaining idle without consistent use overtime. By utilizing Herc's rental services rather than procuring new equipment, LAWA can access specialized vehicles when needed. Renting specialized equipment on an as-needed basis allows LAWA to maintain the Airports infrastructure without incurring excessive capital costs associated with ownership. This approach provides access to an expanded equipment fleet when required, while avoiding overhead expenses related to owning and storing the equipment long-term.

*Type of Equipment Used* - LAWA's FMD relies on rented equipment to maintain airport public spaces, buildings, mechanical infrastructure, roadways, and airfields. Examples of rented equipment used by FMD include asphalt compaction rollers, motor graders, wheeled loaders, tracked dozers, dump trucks, aerial lifts, work platforms, and other miscellaneous construction equipment.

*Cost and Funding* – The Department indicates that nearly 99 percent or \$6,552,502 of the appropriated \$6,650,000 contract authority has been expended. The remaining one percent balance of \$97,498 will be used to compensate Herc for outstanding rental expenses incurred in October and November of 2023 that have not yet been invoiced. The table below summarizes the contract activities through September 2023 and the additional funds required to carry out the Second Amendment:

<b>Herc Rentals, Inc. – Contract No. DA-5343 Contract Authority and Expenditures</b>	
Description of Budget Activities	Amount
Original Contract Authority - February 2019	\$4,150,000
<u>First Amendment Funding Increase – January 2021</u>	<u>2,500,000</u>
<b>Current Contract Value</b>	<b>\$6,650,000</b>
Total Expenditures to Date:	
Contract Year 1 (March 2019 – March 2020)	(\$2,881,673)
Contract Year 2 (March 2020 – March 2021)	(1,304,678)
Contract Year 3 (March 2021 – March 2022)	(931,021)
Contract Year 4 (March 2022 – March 2023)	(1,076,959)
<u>Contract Year 5 (March 2023 – September 2023)</u>	<u>(358,171)</u>
<b>Total Contract Expenditures</b>	<b>(\$6,550,502)</b>
Remaining Contract Value (Current Contract Value less Total Contract Expenditures)	<b>\$97,498</b>
Proposed Second Amendment	\$6,750,000
<b>New Funding Available</b> (Remaining Contract Value plus Proposed Second Amendment Amount)	<b>\$6,847,498</b>
<b>New Contract Authority</b> (Current Contract Value plus New Funding Available)	<b>\$13,400,000</b>

**CITY COMPLIANCE**

*Small Business Enterprise (SBE), Local Business Enterprise (LBE), and Local Small Business Enterprise (LSBE) Participation* – As reported by LAWA staff, this action is not subject to the provisions of the Business Enterprise programs, subsequently, no mandatory business inclusions goals were established.

*California Environmental Quality Act (CEQA)* – On September 21, 2023, the Board determined that the proposed Second Amendment with Herc Rentals, Inc. covering rental equipment services at Los Angeles International Airport and Van Nuys Airport will not directly impact the environment and is exempt from CEQA pursuant to Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

The proposed Agreement includes provisions to ensure compliance with applicable City Ordinances, contracting, and insurance requirements. The City Attorney has reviewed and approved the proposed Agreement. In accordance with Charter Section 373 and Administrative Code Section 10.5(a) and 10.5 (b)(2), the proposed Agreement requires Council approval because the total term of the Agreement exceeds three years. Our Office recommends approval.

## **FISCAL IMPACT STATEMENT**

Approval of the proposed Second Amendment to Contract DA-5343 with Herc Rentals, Inc. to extend the term by 43 months and increase the contract authority by \$6,750,000 will have no impact on the City's General Fund. Funds for the proposed Agreement are available in the Fiscal Year 2023-24 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 Supplies. Funding for subsequent years will be requested as part of LAWA's annual budget process. The actions of the proposed Agreement comply with the Los Angeles World Airports' Adopted Financial Policies.

Attachment 1 – September 21, 2023 BOAC Report and October 2, 2023 Resolution No.27810

*MWS/PJH/ECG/JVW:DLG:10240116*

 <p><b>Report to the</b> <b>BOARD OF AIRPORT COMMISSIONERS</b></p>		<div style="border: 1px solid black; padding: 5px; display: inline-block;"> <span style="font-size: 2em; color: blue;">12</span>  <small>Item Number</small>  <small>here</small> </div>																							
<p><i>R. J. Connolly</i>                  Approver: _____                  Richard J. Connolly, Deputy Executive Director                  Facilities Management Division</p> <p><i>Brian C. Ostler</i>                  Reviewer: _____                  Brian C. Ostler, City Attorney</p> <p><i>Justin Erbacci</i>                  _____                  Justin Erbacci (Sep 15, 2023 10:08 PDT)                  _____                  Justin Erbacci, Chief Executive Officer</p>	<p><b>Meeting Date</b> 9/21/2023</p> <p><b>Needs Council Approval:</b> <input checked="" type="checkbox"/> Y</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th>Reviewed for/by</th> <th>Date</th> <th>Approval Status</th> <th>By</th> </tr> </thead> <tbody> <tr> <td>Finance</td> <td>9/12/2023</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> NA</td> <td>JS</td> </tr> <tr> <td>CEQA</td> <td>9/12/2023</td> <td><input checked="" type="checkbox"/> Y</td> <td>VW</td> </tr> <tr> <td>Procurement</td> <td>9/7/2023</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond</td> <td>SGL</td> </tr> <tr> <td>Guest Experience</td> <td>9/7/2023</td> <td><input checked="" type="checkbox"/> Y</td> <td>TB</td> </tr> <tr> <td>Strategic Planning</td> <td>9/6/2023</td> <td><input checked="" type="checkbox"/> Y</td> <td>BNZ</td> </tr> </tbody> </table>	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
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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:

1. ADOPT the Staff Report.
2. 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.
3. 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.
4. 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.

October 2, 2023

The Honorable City Council  
of the City of Los Angeles  
(via email)

*Subject:* Second Amendment to Contract DA-5343 with Herc Rentals Inc.

Pursuant to Section 373 of the City Charter, enclosed for your approval is the Second Amendment to Contract DA-5343 with Herc Rentals Inc. that was approved by the Board of Airport Commissioners at its September 21, 2023 meeting. There is no impact to the General Fund.

LAX

Van Nuys

City of Los Angeles

Karen Bass  
Mayor

Board of Airport  
Commissioners

Karim Webb  
President

Matthew M. Johnson  
Vice President

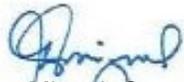
Vanessa Aramayo  
Courtney La Bau  
Victor Narro  
Nicholas P. Roxborough  
Valeria C. Velasco

Justin Erbacci  
Chief Executive Officer

**RECOMMENDATIONS FOR CITY COUNCIL:**

1. Adopt the determination by said Board 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; and
2. Approve the Second Amendment to Contract DA-5343 with Herc Rentals Inc, to increase the contract authority to new total not to exceed \$13,400,000, and extend the term through October 31, 2027, covering rental of vehicles and specialized equipment for use at Los Angeles International Airport and Van Nuys Airport; and
3. Concur with said Board's action on September 21, 2023, by Resolution 27810, authorizing the Chief Executive Officer, or designee, of Los Angeles World Airports to execute said Second Amendment to Contract DA-5343 with Herc Rentals Inc.

Very truly yours,



Grace Miguel, Commission Executive Assistant II  
BOARD OF AIRPORT COMMISSIONERS

Enclosures

cc: Trade, Travel and Tourism Committee  
Councilmember Park, e-file  
Councilmember McOsker, e-file  
Councilmember Soto-Martinez, e-file  
CAO (Airport Analyst), e-file  
CLA (Airport Analyst), e-file  
City Clerk's Office, e-file



RESOLUTION NO. 27810

WHEREAS, on recommendation of Management, there was presented for approval, Second Amendment to Contract DA-5343 with Herc Rentals Inc. to increase the contract authority to new total not to exceed \$13,400,000 and extend the term through October 31, 2027, covering rental of vehicles and specialized equipment for use at Los Angeles International Airport and Van Nuys Airport; and

WHEREAS, the Los Angeles World Airports (LAWA) Facilities Management Division (FMD) maintains public areas, buildings, mechanical infrastructure, roadways, and airfields at Los Angeles International Airport (LAX) and Van Nuys Airport (VNY) using LAWA-owned equipment and equipment rented from Herc Rentals Inc. (Herc) under its contract with LAWA. 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; and

LAX

Van Nuys

City of Los Angeles

Karen Bass  
Mayor

Board of Airport  
Commissioners

Karim Webb  
President

Matthew M. Johnson  
Vice President

Vanessa Aramayo  
Courtney La Bau  
Victor Naro  
Nicholas P. Roxborough  
Valeria C. Velasco

Justin Erbacci  
Chief Executive Officer

WHEREAS, 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 the 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 for LAWA to rent equipment than to purchase it. FMD staff regularly assess LAWA's overall equipment needs and will determine when it becomes more advantageous for LAWA to purchase equipment rather than rent; and

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

WHEREAS, 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; and

WHEREAS, Herc also provides LAWA staff with training on safe use of specialty equipment; and

WHEREAS, Contract DA-5343 was established when LAWA joined US Communities (now Omnia Partners) Contract 2019000318 with Herc for rental of construction equipment and related products and services. A member entity of Omnia Partners, the City of Charlotte, North Carolina was the lead agency and awarding body for said Omnia Partners contract, which began with a five (5)-year term and two (2) two-year renewal options. The City of Charlotte exercised the first renewal option to said Omnia Partners contract that extended the term to October 31, 2025. The contract has a second renewal option that would extend its term to October 31, 2027; and

WHEREAS, the Second Amendment to Contract DA-5343 will extend LAWA's contract term to match the Omnia Partners contract expiration date of October 31, 2027, if the City of Charlotte exercises the second renewal option; and



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

WHEREAS, 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 the contract will help FMD properly maintain the facilities; and

WHEREAS, as it relates to rental equipment, LAWA receives a significant benefit from the long-term contract with Herc due to the terms of the cooperative agreement. Although equipment rental costs have increased approximately 15.2% 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 its equipment at a substantial discount from its base prices. Those discounts are locked in for the term of the Omnia Partners contract; and

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

- Daily: 12 – 45%
- Weekly: 11 – 50%
- Monthly: 15 – 60%; and

WHEREAS, Herc has consistently provided LAWA with quality equipment. It is a certified Local Business Enterprise with the City of Los Angeles, with at least 50% of its full-time employees working within Los Angeles County; and

WHEREAS, funds for the contract are available in the Fiscal Year 2023-2024 LAWA 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; in Commitment Item 522 – Materials and Supplies. Funding for subsequent years will be requested as part of the annual budget process; and

WHEREAS, 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; and

WHEREAS, Herc is required by contract to comply with the provisions of the Affirmative Action Program; and

WHEREAS, Herc is assigned Business Tax Registration Certificate 0000756631-0003-3; and

WHEREAS, Herc will comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, Herc has approved insurance documents, in the terms and amounts required, on file with LAWA; and

WHEREAS, Herc has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, Herc will comply with the provisions of the Equal Benefits Ordinance; and

WHEREAS, Herc has submitted the Bidder Contributions CEC Form 55, and will comply with its provisions; and

WHEREAS, Herc submitted the Municipal Lobbying Ordinance CEC Form 50, and will comply with its provisions; and

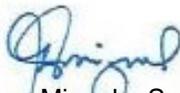
WHEREAS, Herc will comply with the provisions of the Iran Contracting Act; and

WHEREAS, 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;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined 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; approved the Second Amendment to Contract DA-5343 with Herc Rentals Inc. to increase the contract authority to new total not to exceed \$13,400,000 and extend the term through October 31, 2027, covering rental of vehicles and specialized equipment for use at Los Angeles International Airport and Van Nuys Airport; and authorized the Chief Executive Officer, or designee, to execute said Second Amendment to Contract DA-5343 with Herc Rentals Inc. after approval as to form by the City Attorney and approval by the Los Angeles City Council.

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I hereby certify that this Resolution No. 27810 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, September 21, 2023.



Grace Miguel – Secretary  
BOARD OF AIRPORT COMMISSIONERS

**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