

# REPORT TO THE BOARD OF AIRPORT COMMISSIONERS

RICHARD CONNOLLY

Approved by: Richard J. Connolly, Director  
Facilities Management Division



Reviewed by: Michael R. Christensen  
Deputy Executive Director



City Attorney



Justin Erbacci, Chief Executive Officer

Meeting Date:

1/7/2021

CAO Review:

Completed  
 Pending  
 N/A

<u>Reviewed for</u>	<u>Date</u>	<u>Approval Status</u>	<u>By</u>
Finance	12/22/2020	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	CI
CEQA	12/22/2020	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	VW
Procurement	12/21/2020	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MJ
Guest Experience	12/23/2020	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	TB
Strategic Planning	12/23/2020	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA	KC

**SUBJECT: Approve First Amendment to Contract No. DA-5343 with Herc Rentals Inc.**

Staff recommends the Board of Airport Commissioners approve the First Amendment to Contract No. DA-5343 with Herc Rentals Inc. to increase the contract authority of \$4,150,000 by \$2,500,000, for a new total contract amount not to exceed \$6,650,000.

**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 First Amendment to Contract No. DA-5343 with Herc Rentals Inc. to increase the contract authority of \$4,150,000 by \$2,500,000, for a new total contract amount not to exceed \$6,650,000.
- Authorize the Chief Executive Officer to execute the amendment after approval as to form by the City Attorney and approval by the Los Angeles City Council.

## **DISCUSSION:**

### **1. Purpose**

To amend contract No. DA-5343 with Herc Rentals Inc. for the rental of specialized equipment and related products and increase the contract authority by \$2,500,000 for a total not-to-exceed amount of \$6,650,000. LAWA's Facilities Management Division uses owned and rented equipment to maintain public areas, buildings, mechanical infrastructure, roadways and airfields at Los Angeles International Airport (LAX) and Van Nuys (VNY) Airport. Rented equipment is necessary to supplement LAWA equipment, to use when LAWA equipment is inoperative, or when specialized equipment is required to perform essential functions without the long-term cost of ownership. Recently, LAWA experienced an unexpected need for an increase in authority due to large paving projects, deferred maintenance and unforeseen occurrences.

### **2. Prior Related Actions**

- **February 19, 2014 - Resolution No. 25341 (DA-4883)**  
The Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) approved a three-year contract with United Rentals Inc. for rental of construction equipment and heavy-duty trucks for \$2,505,000 at LAX, Ontario (ONT) and VNY. The contract was terminated when DA-4945 with Hertz Equipment Rental Corporation was executed on October 2, 2014.
- **October 2, 2014 – Resolution No. 25528 (DA-4945)**  
The Board approved joining the Department of General Services Contract No. 59592 (based on US Communities Contract No. 31172-3) for a three-year contract with Hertz Equipment Rental Corporation for rental of construction equipment and heavy-duty trucks for \$2,505,000 at LAX, ONT, and VNY.
- **July 26, 2016 – LAWA's Chief Executive Officer (CEO) executed a Consent to Assignment to change the vendor name under Contract No. DA-4945 from Hertz Equipment Rental Corporation to Herc Rentals Inc.**
- **November 21, 2017 – Resolution No. 26340 (DA-4945A)**  
The Board approved the first amendment to Contract No. DA-4945 with Herc Rentals Inc., extending the term of the contract to March 31, 2019 and increasing the contract authority from \$2,505,000 to \$4,075,000.
- **February 21, 2019 – Resolution No. 26707 (DA-5343)**  
The Board approved joining US Communities (now Omnia Partners) Contract No. 2019000318 for a five-year contract with Herc Rentals Inc. for rental of construction equipment and related products and services for \$4,150,000 at LAX and VNY.

### **3. Current Action**

LAWA's Facilities Management Division maintains public areas, buildings, mechanical infrastructure, roadways and airfields at LAX and VNY, using equipment rented from the current vendor, Herc Rentals Inc. Equipment may include asphalt compaction rollers, motor graders, wheeled loaders, tracked dozers, dump trucks, 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 from idle equipment or cost of ownership, and is used to when LAWA equipment is unavailable.

Recent, unforeseen occurrences such as power resiliency contingencies and newly scheduled pavement projects, have resulted in a greater than expected use of the current contract authority.

- In June 2019, power outages occurred within the Central Terminal Area (CTA), which required the rental of three (3) commercial size generators and cables from Herc Rentals Inc. for a monthly fee of \$79,470.72. The Facilities Management Division purchased cables and generators in October 2019. The generators were not delivered until the end of June 2020. The Facilities Management Division spent a total amount of \$1,214,714 on commercial generators and cables. This unforeseen expenditure equates to approximately 30% of the current contract authority.
- Due to the deferral of critical pavement repairs and the assignment of three large-scale pavement projects, continued rental of specialized equipment is necessary to complete capital pavement projects, extend the life of taxiways and runways, and preserve the safety of these areas. Portions of these projects will be funded through the capital budget.
- Dump trucks, asphalt rollers, and water trucks have been rented at a more frequent rate due to the airfield pavement repair projects that have taken place over the past 20 months.
- Specialized boom lifts that meet terminal floor load requirements (track drive versus wheel drive) have been repeatedly rented to maintain/repair light fixtures and fire dampers where maintenance had previously been deferred. These lifts cost approximately \$9,400 per month.

Preventative maintenance work remains a priority, and it is anticipated Facilities Management Division shops will continue to take advantage of the reduced passenger loads to more efficiently perform this work. Specialized equipment plays a key role in this effort which would be significantly impacted if the ability to rent was not available. Increasing the authority of this contract allows Facilities Management Division shops to continue to rent construction and other specialized equipment needed to complete current and planned maintenance assignments through contract end in March 2024.

### ***Procurement Process***

Omnia Partners (formerly US Communities) is a purchasing cooperative that solicits contracts for governmental agencies. US Communities competitively bid and awarded Contract No. 2019000318 to Herc Rentals Inc. on November 1, 2018. The Omnia Partners contract has a five-year term with two, two-year renewal options. After receiving both Board and City Council approval, LAWA executed Contract No. DA-5343 on April 1, 2019. This contract expires no later than March 31, 2024, or when the Omnia Partners contract expires, whichever occurs first.

Herc Rentals Inc. is a certified Local Business Enterprise. The purchasing power of Omnia Partners allows Herc Rentals Inc. to provide rental equipment at a substantially lower price than an individually procured contract for this magnitude of items. Pricing for the rentals is locked in for the term of the contract unless Herc Rentals Inc. can provide justification for raising prices. A five-year term versus a three-year contract provides a larger overall savings to LAWA for rental equipment.

***Action Requested***

Staff requests the Board of Airport Commissioners approve the First Amendment to Contract No. DA-5343 with Herc Rental, Inc. to increase the original contract authority of \$4,150,000 by \$2,500,000, for a new total contract amount not to exceed \$6,650,000.

***Fiscal Impact***

Approval of this item will result in an increase to the contract authority by \$2,500,000, for a new total contract authority not to exceed \$6,650,000.

**4. Alternatives Considered**

• ***Take No Action***

If this item is deferred, staff anticipates that the remaining authority will reach its limit before the contract expires in 2024, and Facilities Management Division will be unable to rent specialized equipment for construction projects throughout LAX such as aerial lifts, small generators, and water pumps.

**APPROPRIATIONS:**

Funds for this contract are included in the Fiscal Year 2020-21 Los Angeles World Airports Operating Budget in LAX Cost Center 1150045 – Asphalt Paving Crew. 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. This 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. Procurement Services reviewed this action (File 10044293). No mandatory Small Business Enterprise, Local Business Enterprise, Local/Small Business Enterprise, and Disabled Veterans Business Enterprise goals were set for this project, as no subcontracting opportunities were identified. However, Herc Rentals Inc. is a certified LBE firm and is credited with 100% LBE participation.

6. Herc Rentals Inc. will 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. will have 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. has submitted an Iran Contracting Act of 2010 Compliance Affidavit and will comply with the terms of the Iran Contracting Act.