

RESOLUTION NO. 27821

WHEREAS, on recommendation of Management, there was presented for approval, Third Amendment to Contract DA-5260 with Solar Turbines, Incorporated to exercise the first one (1)-year renewal option, add a second one (1)-year renewal option, and increase the contract authority by \$1,000,000, for new total not to exceed \$13,227,860, covering ongoing maintenance and repair of two (2) cogeneration turbines and related equipment at Los Angeles International Airport; and

WHEREAS, in March 2014, two (2) natural gas cogeneration turbines of Solar Turbines, Incorporated (Solar Turbines) were installed in the Central Utility Plant (CUP) as part of the competitively bid CUP Project. Each of those units produce 4.2 megawatts of electricity that power the CUP, certain Central Terminal Area (CTA) parking structures, and traffic signals. Power produced that exceeds the above requirements is exported back to the City of Los Angeles Department of Water and Power for which credit is received. The cogeneration turbines also produce steam used to drive turbine-based chillers that provide chilled water for cooling all existing terminals, the Administration East building, and the Theme Building; and

WHEREAS, Facilities Management Division's Airport Utilities and Controls Unit (AUCU) is responsible for maintaining the equipment at the Los Angeles International Airport (LAX) CUP, including the cogeneration turbines, to keep LAX in compliance with Los Angeles County Health Department Standards and Regulations by providing hot water and space heating and cooling in the LAX CTA (terminals, Administration East) providing a healthy and safe guest experience. As Solar Turbines was determined to be the sole manufacturer of the installed turbines and since the company has not (a) recognized any third party as authorized to repair or overhaul the turbines or (b) licensed its intellectual property relative to the turbines to any third party, AUCU is obliged to continue its working relationship with Solar Turbines until another Request for Proposals (RFP) is released. Without the contract in place, LAWA risks not having the only authorized provider of warranted and certified overhauls, rebuilds, and repairs available to maintain the equipment; and

WHEREAS, the contract with Solar Turbines does not have sufficient authority to continue necessary maintenance while a new competitive procurement process is conducted. Staff need additional time to conduct the procurement. The Third Amendment will not only allow for an additional term but will provide the full authority needed as well. Solar Turbines will continue to provide service under the terms of the contract, which include an annual escalation rate of up to 6%. The increase in authority of \$1,000,000 will cover monthly maintenance services that total \$840,000 and provide a contingency amount of \$160,000 for repairs, materials, and other related costs through the end of the contract extension; and

WHEREAS, the Solar Turbines-installed equipment has a manufacturer's recommended lifecycle of 30,000 hours or five (5) years, and the two (2) turbines will need to be replaced in 2026. Staff are drafting a scope of work (SOW) for an RFP to potentially replace the current cogeneration turbines installed at the LAX CUP. However, during this time, new technology has emerged such as hydrogen-capable turbines, which would also require a change in the way the machines are serviced. Therefore, staff decided to take the time to conduct additional research and determine the viability of using newer, green technologies. Once said research is completed and a resulting new SOW and corresponding RFP process are completed, staff will request the Board of Airport Commissioners to approve a new contract. Staff estimate that the procurement process will be complete by approximately Spring 2025; and



WHEREAS, funds for the contract are available in the Fiscal Year 2023-2024 LAWA Operating Budget in LAX Cost Center 1150070 – CUP, Commitment Item 520 – Contractual Services. 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. In addition, operation, repair, maintenance, or minor alteration of existing facilities of both investor and publicly-owned utilities, electrical power, natural gas, sewage, water, telephone, and mechanical systems serving existing facilities, including alterations to accommodate a specific use, is exempt from CEQA requirements pursuant to Article III, Class 1 (2); and

WHEREAS, Solar Turbines is required to comply with the provisions of the Living Wage/Worker Retention Ordinances; and

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

WHEREAS, Solar Turbines has been assigned Business Tax Registration Certificate 0002747073-0001-1; and

WHEREAS, Solar Turbines is required by contract to comply with the provisions of the Child Support Obligations Ordinance; and

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

WHEREAS, pursuant to Charter Section 1022, staff determined that the work specified on the contract can be performed more feasibly or economically by an Independent Contractor than by City employees; and

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

WHEREAS, Solar Turbines has been determined by Public Works, Office of Contract Compliance to be in full compliance with the provisions of the Equal Benefits Ordinance; and

WHEREAS, Solar Turbines will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; and

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

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

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

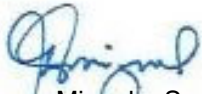
WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 373;

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 and Article III, Class 1 (2) of the Los Angeles City CEQA Guidelines; found that the work can be performed more economically or feasibly by an independent contractor than by City employees; approved the Third Amendment to Contract DA-5260 with Solar Turbines, Incorporated to exercise the first one (1)-year renewal option, add a second one (1)-year renewal option, and increase the contract authority by \$1,000,000, for new total not to exceed \$13,227,860, covering ongoing maintenance and repair of two (2) cogeneration turbines and related equipment at Los Angeles International Airport; and authorized the Interim Chief Executive Officer, or designee, to execute said Third Amendment to Contract DA-5260 with Solar Turbines, Incorporated after approval by the Los Angeles City Council and approval as to form by the City Attorney.

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I hereby certify that this Resolution No. 27821 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, October 19, 2023.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS