

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 25, 2020

CAO File No. 0150-11487-0001

Council File No.

Council District: 11

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer

Reference: Communication from the Los Angeles World Airports dated September 1, 2020; referred by the Mayor for a report on September 1, 2020

Subject: **PROPOSED FOURTH AMENDMENT TO CONTRACT NO. DA-5117 WITH SIEMENS INDUSTRY, INC. TO EXTEND THE TERM AND INCREASE THE CONTRACT AUTHORITY TO CONTINUE TECHNICAL SUPPORT AND MAINTENANCE FOR THE LOS ANGELES WORLD AIRPORTS' RESPONSE COORDINATION CENTER AND DEPARTMENT OPERATIONS CENTER**

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed Fourth Amendment to Contract DA-5117 with Siemens Industry. Inc. to extend the term by 18 months, to April 2, 2022, and increase the contract authority by \$1,264,482, for an amount not-to-exceed \$6,540,263, to continue the ongoing maintenance and technical support for the Los Angeles World Airports' (LAWA) Airport Response Coordination Center, Department Operations Center and Ramp Control Tower, subject to approval by the City Attorney as to form and compliance with the City's Standard Provisions applicable to contracts including the: Affirmative Action Program, approved insurance documents in the terms and amounts required, on file with LAWA, Bidders Contributions City Ethics Commission Form 55, Business Tax Registration Certificate, Child Support Obligations Ordinance, Contractor Responsibility Program, Contractor Worker Retention Ordinance, Equal Benefits Ordinance, First Source Hiring Program for all non-trade LAX Airport jobs, and Living Wage Ordinance;
2. Authorize the Chief Executive Officer to execute the Fourth Amendment to Contract No. DA-5117 with Siemens Industry. Inc.; and,
3. Return the proposed Fourth Amendment to the Department for further processing, including Council consideration.

SUMMARY

Siemens Industry, Inc. (Siemens) is a Munich, Germany-based firm which provides expert engineering, automation, and electrical services worldwide. In April 2016, staff from the Los Angeles World Airports (LAWA, Department) posted a Request for Proposals (RFP) on the Los Angeles Business Assistance Virtual Network for Airport Response Coordination Center (ARCC) systems operations and maintenance and support services. The two responses received by the April 7, 2016 due date were reviewed and analyzed by a five-person Evaluation Panel. Siemens was ranked highest based on the RFP criteria through the competitive bid process. The Board of Airport Commissioners (BOAC), during its August 18, 2016 meeting, approved the award to Siemens for a one-year contract (Contract) with two, one-year renewal options, in an amount not-to-exceed \$1,739,200. The services Siemens provided through the Contract were to coordinate round-the-clock support for the management of all airport operations and to integrate airport tenant and various governmental agencies' activities (e.g., logistical support, communications, and exchange of data with the United States Customs and Border Patrol and the Transportation Security Administration) at the Los Angeles International Airport (LAX). Siemens assisted LAWA staff with on-site operations support; training; on-call support; and maintenance for the ARCC systems. During the ensuing years, the approval of three amendments extended the Contract term to October 2, 2020, the current expiration date, increased the contract authority to a total not-to-exceed \$5,275,781, and included Department Operations Center (DOC) services.

Approval of the proposed Fourth Amendment (Amendment) to the Siemens Contract will ensure the continuation of ongoing maintenance and technical support for the ARCC, DOC and the Ramp Control Tower (RCT). Approving the proposed Amendment will extend the Contract term by 18 months, to April 2, 2022, increase the contract authority by \$1,264,482, to a total not-to-exceed \$6,540,263, and add services for the RCT, through Airports Operation section. A financial overview of the Siemens Contract is presented below.

• Current contract authority total	\$5,275,781
• Total expenditures to date	<u>(\$4,701,063)</u>
• Remaining contact authority	\$574,718
• Proposed Fourth Amendment costs	\$1,839,200
• Remaining contact authority	<u>(\$574,718)</u>
• Proposed contract authority increase	\$1,264,482

Costs incurred under this Contract extension will be recovered through landing fees, terminal rates and charges, and non-aeronautical revenues.

According to LAWA staff, the ARCC provides 24-hours per day, seven days per week coordination and support to manage all daily airport operations and to integrate tenant and governmental agency activities. The ARCC is staffed by employees from Department divisions (Airport Operations, Facilities Maintenance and Utilities Group, Airport Police, and Information Management &

Technology Group) and some governmental agencies, including the Transportation Security Administration. The DOC also includes staff from various departments and entities to provide response and recovery support, as needed, during airport emergencies and major incidents. The RCT staff manages scheduling of arriving and departing flights as well as aircraft movement on the Airfield Operations Area. Presently, LAWA administers at least three separate maintenance contracts for various systems, including the ARCC Operations & Maintenance support. Department staff is developing a consolidated Airport Operations Technology Managed Services RFP to reduce the cost of support services for multiple systems. Implementation of the term extension through approval of the proposed Amendment will eliminate a service gap during the RFP process to seek a contractor for a consolidated Airport Operations Technology Managed Services contract.

The Department's Procurement Services Division staff has reviewed this action (File No. 7588) and established a mandatory 10 percent Small Business Enterprise (SBE) goal for this project. Siemens has proposed a 25 percent SBE participation level and, to date, has achieved a 24.42 percent participation level.

The BOAC approved the proposed Fourth Amendment to the Siemens Contract at its meeting on September 3, 2020.

FISCAL IMPACT STATEMENT

Approval of the proposed Fourth Amendment to Contract DA-5117 with Siemens Industry. Inc. will extend the term by 18 months, to April 2, 2022, and increase the contract authority by \$1,264,482, for an amount not-to-exceed \$6,540,263, to continue the ongoing maintenance and technical support for the Los Angeles World Airports' (LAWA) Airport Response Coordination Center, Department Operations Center and Ramp Control Tower, and will have no impact on the General Fund. Funds for this contract are included in the Fiscal Year 2020-2021 Los Angeles World Airport's Operating Budget in LAX Cost Center 1170010 - IT Airport Operations, Commitment Item 520 - Contractual Services. Funding for subsequent years will be requested as part of the annual budget process. The proposed actions comply with the Department of Airports' adopted Financial Policies.

RHL:AVM:10210034