



Los Angeles World Airports

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REPORT TO THE BOARD OF AIRPORT COMMISSIONERS

RICHARD CONNOLLY

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

Michael R. Christensen

Reviewed by: Michael R. Christensen, Deputy Executive Director

Brian C. Ostler

Brian Ostler (Oct 29, 2021 15:05 PDT)

Justin Erbacci

Justin Erbacci (Oct 29, 2021 15:09 PDT)

Justin Erbacci, Chief Executive Officer

Meeting Date:

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CAO Review:

☐ Completed
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<u>Reviewed for</u>	<u>Date</u>	<u>Approval Status</u>	<u>By</u>
Finance	10/27/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	JS
CEQA	10/18/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	VW
Procurement	10/19/2021	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> Cond	BG
Guest Experience	10/22/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	TB
Strategic Planning	10/20/2021	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA	KC

SUBJECT

Staff is recommending the Board of Airport Commissioners approve the First Amendment to Contract DA-5260 with Solar Turbines, Inc., to increase the contract authority by \$2,000,000, to a new not-to-exceed amount of \$9,227,860, for the maintenance and repair of co-generation turbines at the Los Angeles International Airport Central Utility Plant, and approve the appropriation of \$4,826,921 from the Capital Improvement Plan budget for the overhaul of two turbines at the Central Utility Plant.

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. and Article III, Class 1 (2) of the Los Angeles City CEQA Guidelines.
3. FIND that the work can be performed more economically or feasibly by an independent contractor than by City employees.

4. APPROVE the First Amendment to Contract DA-5260 with Solar Turbines, Inc., to increase the contract authority by \$2,000,000, for co-generation turbines for the Airport Utilities Control Unit at Los Angeles International Airport, for an amount not to exceed \$9,227,860.
5. APPROPRIATE \$4,826,921 from the Capital Improvement Plan budget to Work Breakdown Structure number 1.21.21A-700.
6. AUTHORIZE the Chief Executive Officer to execute the contract amendment after approval as to form by the City Attorney and after approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

The amendment to Contract DA-5260 with Solar Turbines, Inc. proposes to increase the contract authority by \$2,000,000, for a new not-to-exceed amount of \$9,227,860. The increase in authority will include spending for maintenance, diagnostic, monitoring, inspection, and repair services for the co-generation turbines installed in the Central Utility Plant at Los Angeles International Airport (LAX).

2. Prior Related Actions

- **October 2, 2014 – Resolution No. 25532 (DA-4946)**

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) awarded a two-year contract to Solar Turbines, Inc. for Equipment Health Management (EHM) services, providing remote monitoring, preventive maintenance, and spare parts for the Central Utility Plant's (CUP) two co-generation turbines for a not-to-exceed amount of \$552,632. The contract was to expire on February 15, 2017.

- **January 10, 2017 – Resolution No. 26145 (DA-4946A)**

The Board approved a one-year amendment to DA-4946, adding \$298,840 to the contract for an overall adjusted amount of \$851,472. Contract DA-4946A expired February 15, 2018.

- **February 14, 2018 – Resolution No. 26395 (DA-5260)**

The Board approved a five-year sole-source contract with Solar Turbines, Inc. for a Beneficial Use Service Agreement covering the co-generation turbines in the Los Angeles International Airport Central Utility Plant for a not-to-exceed amount of \$7,227,860. Contract DA-5260 will expire on February 13, 2023.

3. Current Action

The Airport Utilities and Controls Unit staff are responsible for maintaining the equipment at the LAX Central Utility Plant, including the co-generation turbines. The turbines run on natural gas, rotate at high speeds and perform two specific functions: generating power and creating steam.

Each turbine in the Central Utility Plant can produce a maximum output of 4.2 megawatts or 4,200 kilowatts of electricity, and this electricity is used to power various LAX parking structures, traffic signals, and the Central Utility Plant equipment, specifically five electric chiller machines and water circulating pumps. Any excess power produced is exported, for credit, back to City of Los Angeles Department of Water and Power (LADWP). The turbines

also create steam through exhaust heat, which is used for heating and cooling in central terminal area buildings, the Administration East building, and the LAX Theme Building.

In March 2014, two Solar Turbines, Inc. natural gas co-generation turbines were installed in the LAX Central Utility Plant as part of the competitively-bid Automated Utilities Control Unit Project. The turbines are now due for a complete overhaul due to their age and level of wear. Solar Turbines, Inc. will perform the turbine overhaul at the Central Utility Plant as a Capital Improvement Project funded for \$4,826,921. Facilities Management Division staff will have Solar Turbines, Inc. perform the overhaul services under contract DA-5260, however, the contract does not have enough remaining authority (only \$4,141,257 remaining) to complete the necessary maintenance. The requested increase in authority of \$2,000,000 will cover the \$685,664 capital shortfall and leave a balance authority of \$1,314,336 to perform the remaining monthly maintenance services under the current contract.

Fiscal Impact

Costs incurred under this contract will be recovered mainly through terminal rates and charges, landing fees, and non-aeronautical revenues. The budget for the balance of the overhaul services is programmed in LAWA's 10-year Capital Improvement Plan (CIP), with a direct budget of \$4,848,521, which includes hard costs, soft costs, and contingency. Since the requested amount of capital budget is below this amount, the adoption of this report will result in no net increase to the CIP.

The Turbine Engines save LAWA an estimate of \$30,000 in utility costs daily by not having to purchase electricity from LADWP.

4. Alternatives Considered

- ***Take No Action***

If this amendment is not approved, then Solar Turbines, Inc. will not be able to perform the full scope of the project before the authority runs out. Additionally, the two co-generation turbines will have exceeded their lifecycles of 30,000 run hours. Los Angeles World Airports would then have to pay the LADWP for power to maintain air conditioning and heating for all terminals and other facilities.

APPROPRIATIONS

Staff requests appropriations from the General Revenue fund to the WBS 1.21.21A 700 AUCU/CUP Combustion Turbine General Overhaul Project in the amount of \$4,826,921.

Funding for the additional maintenance services under this contract is available in the Fiscal Year 2021-22 Los Angeles World Airports Operating Budget in LAX Cost Center 1150070 – Central Utility Plant, Commitment Item 520 – Contractual Services. 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. 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).

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. Solar Turbines, Inc. is required by contract to comply with the provisions of the Living Wage Ordinance.
5. This action is not subject to the provisions of the SBE/LBE/LSBE/DVBE Program.
6. Solar Turbines, Inc. is required by contract to comply with the provisions of the Affirmative Action Program.
7. Solar Turbines, Inc. has been assigned Business Tax Registration Certificate No. 0002747073-0001-1.
8. Solar Turbines, Inc. is required by contract to comply with the provisions of the Child Support Obligation Ordinance.
9. Solar Turbines, Inc. has approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports.
10. Pursuant to Charter Section 1022, staff determined the work specified in this contract can be performed more feasibly and economically by Independent Contractors than by City employees.
11. Solar Turbines, Inc. has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Solar Turbines, Inc. must be determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the Contract Amendment.
13. Solar Turbines, Inc. will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. Solar Turbines, Inc. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. Solar Turbines, Inc. has submitted the Bidder Contributions MLO CEC Form 50 and will comply with its provisions.
16. Solar Turbines, Inc. will comply with the provisions of the Iran Contracting Act.