

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 22, 2022

CAO File No. 0150-11796-0002

Council File No. 21-0076

Council District: 6, 11

To: The Mayor

From: Matthew W. Szabo,  City Administrative Officer

Reference: Communication from the Department of Airports dated December 20, 2021; referred by the Mayor for a report on December 20, 2021

Subject: **PROPOSED FIFTH AMENDMENT TO CONTRACT DA-5250 WITH DEMETRIOU, DEL GUERCIO, SPRINGER & FRANCIS, LLP FOR REAL ESTATE LEGAL SERVICES**

RECOMMENDATION

That the Mayor:

1. Approve a proposed Fifth Amendment to Contract DA-5250 with Demetriou, Del Guercio, Springer & Francis, LLP to increase the contract authority by \$290,000 to \$1,465,000 for real estate legal services, subject to City Attorney approval as to form and compliance with the City's Standard Provisions, including the: City Charter Section 609(e) and related ordinances, Living Wage Ordinance, Affirmative Action Program, Business Tax Registration Certification, Child Support Obligations Ordinance, Contractor Responsibility Program, First Source Hiring Program, Bidder Contributions City Ethics Commission Form 50, and Bidder Contributions City Ethics Commission Form 55;
2. Authorize the Chief Executive Officer to execute the proposed Fifth Amendment to Contract DA-5250, upon approval by the Los Angeles City Council, and prior to the execution of the proposed Fifth Amendment, Demetriou, Del Guercio, Springer & Francis, LLP must:
 - a. Have approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports; and
 - b. Be determined by the Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance; and
3. Return the request to the Los Angeles World Airports for further processing, including Council consideration.

SUMMARY

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (BOAC) requests approval of a Fifth Amendment to Contract DA-5250 with the law firm Demetriou, Del Guercio, Springer & Francis, LLP (Firm) to increase the contract authority by \$290,000 to \$1,465,000 for real estate legal services. In February 2021, the BOAC approved a Fourth Amendment to extend Contract DA-5250 by six months to April 22, 2022.

To date, the BOAC has awarded one contract and approved four subsequent amendments to the contract between LAWA and the Firm. From the original Contract through its Fourth Amendment, the Firm has represented and assisted LAWA and the City Attorney in numerous real estate-related matters, including the Flying Food Group litigation, development of the Consolidated Rent-a-Car contract, Manchester Square, and leases for non-LAWA tenants at the LAWA-owned Skyview Office complex. The Firm has also assisted with rent relief amendments for multiple leases and concession agreements at Los Angeles International Airport (LAX) and Van Nuys Airport (VNY), as well as the LAX Northside Request for Proposal (RFP).

This Firm is currently representing LAWA against claims produced by the National Aeronautics and Space Administration (NASA), in which NASA seeks over \$8 million in damages based on several allegations, including breach of contract and breach of Implied Covenant of Quiet Enjoyment (a covenant promises that the grantee or the tenant of an estate in real property will be able to possess the premises in peace, without disturbance by hostile claimants). A nine-hour mediation session was held on March 8, 2022 and ensuing sessions will resume in approximately six months.

Due to the prolonged litigation with NASA, LAWA requires assistance with the Northside Development Project Request for Proposal (RFP) process, including drafting the lease agreement, assisting with rental rate adjustments, and advising on real property matters. LAWA released the RFP and responding bids were received the week of February 28, 2022. Presently, the Department is in the process of evaluating the proposals to select the most favorable set of real estate attorney contracts. Upon conclusion of the RFP process, it is anticipated that the request for a new contract will go before the Board at its first meeting in April 2022, and the BOAC will approve a new contract for outside counsel to provide real estate legal services.

LAWA reports that approximately \$15,297 remains in the Firm's contract authority and approval of the proposed Fifth Amendment will provide the necessary funding to retain the Firm's services while the contract extension will yield sufficient time to carry out the RFP process.

The BOAC approved the proposed Fifth Amendment at its meeting on December 16, 2021. Actions taken on this item by the BOAC will become final pursuant to the provisions of Los Angeles City Charter Section 373.

FISCAL IMPACT STATEMENT

Approval of the proposed Fifth Amendment to Contract DA-5250 with Demetriou, Del Guercio, Springer & Francis, LLP for real estate legal services will have no impact on the General Fund. Funds for this amendment are currently available in the Fiscal Year 2021-22 Los Angeles World Airports Operating Budget in Cost Center 1110004 – Legal Services Division, Commitment Item 520 – Contractual Services. Funds for subsequent years will be requested as part of the annual budget process. The proposed Fifth Amendment complies with the Department’s adopted Financial Policies.

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