

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 18, 2022

CAO File No. 0150-11487-0002

Council File No. 19-1116

Council District: 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer 

Reference: Communication from Los Angeles World Airports dated March 14, 2022; referred by the Mayor for a report on March 14, 2022

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

RECOMMENDATION

That the Mayor:

1. Approve the proposed Fifth Amendment to Contract No. DA-5117 with Siemens Industry, Inc., to extend the term by 18-months, to September 2, 2023, and increase the contract authority by \$1,317,079, for an amount not-to-exceed \$7,857,342, to continue the ongoing maintenance and technical support for the Los Angeles World Airports' Airport Response Coordination Center, Department Operations Center, and Ramp Control Tower, subject to City Attorney approval as to form and compliance with the City's Standard Provisions, including the: Living Wage / Service Contractor Worker Retention Ordinances, Affirmative Action Program, Business Tax Registration Certification, Child Support Obligations Ordinance, Contractor Responsibility Program, First Source Hiring Program, Bidder Contributions CEC Form 55, MLO Bidder Contributions CEC Form 50, and Iran Contracting Act of 2010;
2. Authorize the Chief Executive Officer to execute the proposed Fifth Amendment to Contract No. DA-5117 with Siemens Industry, Inc., upon approval by the Los Angeles City Council, and prior to the execution of the Fifth Amendment, Siemens Industry, Inc. must:
 - a. Have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports; and

- b. Be determined by Public Works, Office of Contract Compliance to be in full 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 proposed Fifth Amendment to Contract No. DA-5117 (Contract) with Siemens Industry, Inc. to extend the contract term by 18-months, to September 2, 2023, increase the contract authority by \$1,317,079, to a total not-to-exceed \$7,857,342, to continue technical operations support, maintenance, and system enhancements for the Airport Response Coordination Center (ARCC), Department Operations Center (DOC), and Ramp Control Tower at Los Angeles International Airport (LAX).

Siemens Industry, Inc. (Siemens) is a Munich, Germany-based firm that 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) for the Airport Response Coordination Center (ARCC) systems operations and maintenance and support services. The two responses received by the April 7, 2016 deadline were reviewed and analyzed by a five-person Evaluation Panel. Siemens was the highest-ranked proposer based on the RFP criteria described in the competitive bid process. On August 18, 2016, the Board of Airport Commissioners (BOAC) approved the award of Contract No. DA-5117 (Contract) to Siemens for one year with two one-year options, in an amount not-to-exceed \$1,739,200.

During the term, Siemens coordinated round-the-clock support for the management of all airport operations and integrated airport tenants and various government agencies' activities, such as logistical support, communications, and exchange of data with the United States Customs and Border Patrol, and Transportation Security Administration at the Los Angeles International Airport (LAX). Siemens assisted LAWA staff with on-site operations to support training, on-call support, and maintenance for the ARCC systems. During the ensuing years, the approval of four amendments extended the Contract term to April 2, 2022, increased the contract authority to a total not-to-exceed \$6,540,263, and expanded its services to include the Department Operations Center (DOC) and the Ramp Control Tower (RCT). A financial overview of the Contract is shown in the table below.

Current Contract Authority	\$6,540,263
Total Expenditures to date	(\$6,065,342)
Remaining Contract Authority	\$474,921
Proposed Fifth Amendment Costs	\$1,792,000
Remaining Contract Authority	\$474,921
Proposed Contract Authority Increase	\$1,317,079

The core function of each operation center is summarized below:

- Airport Response Coordination Center (ARCC) - provides 24-hours per day, seven days per week coordination and support to manage all daily airport operations and integrate tenant and governmental agency activities. The ARCC is staffed by employees from various LAWA divisions (Airport Operations, Facilities Maintenance and Utilities Group, Airport Police, and Information Management Technology Group) and some governmental agencies, such as Transportation Security Administration;
- Department Operations Center (DOC) – provides response and recovery support during major incidents and airport emergencies. The DOC also includes staff from various departments and entities to provide response and recovery support as needed during emergencies and major incidents; and
- Ramp Control Tower (RCT) – staff manages the scheduling of arriving and departing flights as well as aircraft movement in 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 IT Managed Services Request for Proposal (RFP) to reduce the cost of support services for the multiple systems. Implementation of the term extension through approval of the proposed Amendment will prevent a service gap during the RFP process. This approach will allow LAWA the necessary time to seek and award a replacement contractor for the existing IT Managed Services contract. RFP specifications are currently being modified with an anticipated release in July 2022 and a contract is expected to be awarded no later than July 2023. According to the contract, this Fifth Amendment may be terminated with or without cause, upon giving Siemens thirty days advance notice. Subsequent execution of a new consolidated IT Managed Services contract will necessitate the cancellation of the current contract with Siemens. Approval of the proposed Fifth Amendment will permit Siemens to continue maintenance and technical support for the ARCC, DOC, and the RCT.

LAWA's Procurement Services staff has reviewed the proposed action (File No. 7588) and established a mandatory 10 percent Small Business Enterprise (SBE) goal for this project. As reported by LAWA staff, Siemens proposed a 25 percent SBE participation and has achieved 24.7 percent.

The BOAC approved the proposed First Amendment at its meeting on March 17, 2022. 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 Contract No. DA-5117 with Siemens Industry, Inc. to extend the term by 18-months, to September 2, 2023, and increase the contract authority by \$1,317,079, for an amount not-to-exceed \$7,857,342, to continue ongoing maintenance and technical support for the Los Angeles World Airports' Airport Response Coordination Center, Department Operations Center, and Ramp Control Tower will have no impact on the City's General Fund. Costs incurred under this contract will be recovered through landing fees, terminal rates and charges, and non-aeronautical revenues. Funding for this contract is included in the FY 2022-23 Los Angeles World Airport's annual operating budget in LAX Cost Center 1170010 - IT Airport Operations, Commitment Item 520 – Contractual Services, and Commitment Item 522 - Materials and Supplies. Funding for subsequent years will be requested as part of the annual budget process. The proposed actions of the Fifth Amendment comply with LAWA's adopted Financial Policies.

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