



Los Angeles World Airports

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REPORT TO THE BOARD OF AIRPORT COMMISSIONERS

RICHARD CONNOLLY

Reviewed by: Richard J. Connolly, Deputy Executive Director
Facilities Management Division

Brian C. Ostler

Brian C. Ostler, City Attorney

Justin Erbacci

Justin Erbacci (May 12, 2022 10:53 PDT)

Justin Erbacci, Chief Executive Officer

Meeting Date

5/19/2022

Needs Council Approval: ☒ Y

<u>Reviewed for / by</u>	<u>Date</u>	<u>Approval Status</u>	<u>By</u>
Finance	4/15/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	4/14/2022	<input checked="" type="checkbox"/> Y	VW
Procurement	4/21/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	LK
Guest Experience	4/20/2022	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	4/18/2022	<input checked="" type="checkbox"/> Y	KC
City Attorney	4/26/2022	<input checked="" type="checkbox"/> Y	JL

SUBJECT

Staff requests the approval of the Second Amendment to Contract No. DA-5324 with Veritiv Operating Company for the supply and delivery of custodial supplies, to extend the contract term by six months to April 19, 2023, and increase the contract authority by \$2,188,908, for a revised not-to-exceed authority of \$12,099,333.

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. of the Los Angeles City CEQA Guidelines.
3. APPROVE the Second Amendment to Contract No. DA-5324 with Veritiv Operating Company to extend the contract term by six months to April 19, 2023, and increase the contract authority by \$2,188,908, for the supply and delivery of custodial supplies for Los Angeles International Airport and Van Nuys Airport.
4. AUTHORIZE the Chief Executive Officer, or designee, to execute the Second Amendment after approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

This extension is necessary to allow Los Angeles World Airports to continue purchasing essential cleaning, disinfecting, and custodial supplies for Los Angeles International Airport (LAX) and Van Nuys Airport (VNY) facilities. This contract will ensure the continued supply and delivery of paper products, general cleaning chemicals and supplies, and 3M brand-specific products, including cleaning agents used to sanitize Los Angeles World Airports (LAWA) terminals and office buildings. This is especially critical during the COVID-19 pandemic.

2. Prior Related Actions/History of Board Actions

- **October 18, 2018 – Resolution No. 26621 (DA-5324)**

The Los Angeles World Airports Board of Airport Commissioners (Board) approved the award of a three-year contract to Veritiv Operating Company for the supply and delivery of custodial paper products, general cleaning chemicals and supplies, and custodial 3M products for LAX and VNY, for an amount not to exceed \$9,910,425. This contract was to expire on October 19, 2021.

- **March 18, 2021 – Resolution No. 27218 (DA-5324A)**

The Board approved the First Amendment to Contract No. DA-5324 with Veritiv Operating Company for the supply and delivery of custodial paper products, general cleaning chemicals and supplies, and custodial 3M products for LAX and VNY. The amendment extended the contract's term by one year to October 19, 2022.

3. Background

The Facilities Management Division (FMD) is responsible for maintaining all Los Angeles World Airports physical assets at LAX and VNY and for ensuring a clean and healthy environment for our guests. The FMD procures custodial products and supplies for use in the maintenance of all terminals and administrative buildings as part of LAWA's ongoing custodial cleaning program at LAX and VNY. Los Angeles World Airports awarded Contract No. DA-5324 to Veritiv Operating Company, following a competitively bid procurement, for the supply and delivery of custodial paper products, general cleaning chemicals and supplies, and custodial 3M brand-specific products. Contract No. DA-5324 expires on October 19, 2022.

Currently, staff are preparing a Request for Bids to conduct a competitive selection for successor contracts for a variety of custodial supplies and services.

4. Current Action/Rationale

Due to the COVID-19 pandemic that began in Fiscal Year (FY) 2019-20, FMD has increased its spending on cleaning and disinfecting supplies to help mitigate the pandemic's effects. In addition, due to the current economic environment, rising prices due to inflation, and increased passenger traffic, LAWA is experiencing a higher level of spending on custodial supplies.

The FMD already has spent 93.1 percent (or \$9,231,322) of the current contract's \$9,910,425 authority to date, leaving an available balance of \$679,103. Staff projects that, at the current

spend rate, FMD will exhaust the contract's authority by mid-July 2022. It is imperative that LAWA have sufficient contract authority to continue purchasing these essential cleaning products. In addition, FMD will need a six-month contract extension to allow staff additional time to complete a competitive bid process for a replacement contract. If FMD awards the replacement contract before the requested end date of April 19, 2023, then FMD will terminate the current contract once the new contract is executed.

The current average spend rate on this contract for FY21-22 is approximately \$237,000/month. This amount will increase due to the anticipated continued increase in passengers. In addition, LAWA staff recently have started servicing new facilities, such as the Intermodal Transportation Facility West, Terminal 1.5, Tom Bradley International Terminal North Core, and the Terminal 2 Headhouse that opened this month. Therefore, FMD estimates it will have a supplies spend rate of \$250,000 for the remaining contract term due to the passenger increase, plus the extra six months of the requested extension. This would result in a total need of \$2,868,011 for supplies. Deducting the remaining contract authority of \$679,103 from this amount results in an additional need of \$2,188,908 in contract authority. Therefore, FMD requests to increase the contract's authority by \$2,188,908. This should be sufficient to cover the remainder of the contract term, including the requested six-month extension. This request does not require the allocation of funds and is only for an amendment to the contract authority.

The following table shows expenditures and projections by fiscal year:

Previous Expenditures By Fiscal Year	
Fiscal Year	\$ Amount Expended
2018-19	\$2,276,506
2019-20	\$2,655,129
2020-21	\$1,980,791
2021-22 (through 5/5/2022)	\$2,318,896
Total	\$9,231,322
Projected Expenditures From 5/6/22 Through Proposed Contract End Date of 4/19/23	
2021-22 5/6/22-6/30/22	\$459,677
2022-23 7/1/22-4/19/23	\$2,408,333
Projected Total	\$2,868,011
Contract Authority	
Balance Available	\$679,103
Projected Expenditures from 5/6/22 through 4/19/23	\$2,868,011
Additonal Contract Authority Needed	\$2,188,908

5. Fiscal Impact

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

6. Alternatives Considered

- ***Deferral***

Deferring this item would impact the ability to purchase custodial products necessary for the cleaning and sanitizing of the airports, and are essential to the health and safety of the traveling public, LAWA employees, airline employees, concessionaires, and other airport workers. Due to the current health and safety issues related to the COVID-19 pandemic, custodial products and cleaning supplies are even more critical to LAWA.

APPROPRIATIONS

Funds for this contract are currently available in the Fiscal Year 2021-2022 Los Angeles World Airports Operating Budget in LAX Cost Centers 1150026 – Terminal Services; 1150063 – Facilities & Technical Services; 1230012 – Warehouse & Stores; 2001209 – VNY LND FlyAway Operations; and VNY Cost Center 1400003 – Construction & Maintenance Services, Commitment Item 522 – Materials and Supplies. 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.
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. This action is not subject to the provisions of the Living Wage/Worker Retention Ordinances.
5. Procurement Services has reviewed this action (File No. 10043651). No mandatory Small Business Enterprise, Local Business Enterprise/Local Small Business Enterprise, and Disabled Veterans goals were set for this project, as no subcontracting opportunities were identified.
6. Veritiv Operating Company is required by contract to comply with the provisions of the Affirmative Action Program.
7. Veritiv Operating Company has been assigned Business Tax Registration Certificate number 0002710318-0002-5.

8. Veritiv Operating Company is required by contract with the provisions of the Child Support Obligations Ordinance.
9. Veritiv Operating Company has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractor).
11. Veritiv Operating Company has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Veritiv Operating Company has been determined by Public Works, Office of Contract Compliance to be in full compliance with the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. Veritiv Operating Company has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. Veritiv Operating Company has submitted the MLO Bidder Contributions CEC Form 50 and will comply with its provisions.
16. Veritiv Operating Company will comply with the provisions of the Iran Contracting Act.

**SECOND AMENDMENT TO CONTRACT NUMBER DA-5324
BETWEEN THE CITY OF LOS ANGELES AND VERITIV OPERATING COMPANY
FOR THE SUPPLY AND DELIVERY OF CUSTODIAL SUPPLIES AT
LOS ANGELES INTERNATIONAL AIRPORT AND VAN NUYS AIRPORT**

This **SECOND AMENDMENT TO CONTRACT NUMBER DA-5324** (“Amendment”) is made and entered into as of this ____ day of _____, 2022 by and between the **CITY OF LOS ANGELES** ("City"), a municipal corporation, acting by order of and through its Board of Airport Commissioners (the "Board") of the Department of Airports (“Department” or “LAWA”) and **VERITIV OPERATING COMPANY** ("Contractor").

RECITALS

WHEREAS, City and Contractor entered into Los Angeles World Airports Contract Number DA-5324 (the “Contract”) for the supply and delivery of custodial paper products, general cleaning chemicals, and custodial 3M products for use at Los Angeles International Airport and Van Nuys Airport with an effective date of October 20, 2018; and

WHEREAS, on March 18, 2021, the Contract was amended to extend the term by one (1) year until October 19, 2022;

WHEREAS, City wishes to amend the Contract to extend the term by six (6) months until April 19, 2023, and increase the not-to-exceed amount from Nine Million Nine Hundred Ten Thousand Four Hundred Twenty-Five and 00/100 Dollars (\$9,910,425.00) to Twelve Million Ninety Nine Thousand Three Hundred Thirty-Three and 00/100 Dollars (\$12,099,333.00); and

NOW, THEREFORE, in consideration of the premises and of the terms, covenants and conditions hereinafter contained to be kept and performed by the respective parties hereto, the parties do mutually agree that the Contract is HEREBY AMENDED AS FOLLOWS:

AMENDMENT

Amendment Section 1. Section 3.1 of the Contract shall be amended and restated in its entirety as follows:

3.1 Notwithstanding any other provision in this Contract, the term of this Contract shall commence in October 20, 2018, and shall expire no later than four (4) years and six (6) months thereafter (the "Term"); subject, however, to prior termination as provided herein.

Amendment Section 2. The first sentence of Section 4.1 of the Contract shall be amended and restated in its entirety as follows:

4.1 For all products and services rendered, for all costs, direct or indirect, and for all expenses incurred by Contractor pursuant to this Contract, the City shall pay Contractor an amount not to exceed Twelve Million Ninety Nine Thousand Three Hundred Thirty-Three and 00/100 Dollars (\$12,099,333.00).

Amendment Section 3. The Contract shall be amended to add the following new Section 28.0:

Section 28.0 Iran Contracting Act, 2010. In accordance with California Public Contract Code Sections 2200-2208, contractors entering into or renewing contracts with City for goods or services estimated at one million dollars (\$1,000,000) or more are required to complete, sign and submit the Iran Contracting Act of 2010 Compliance Affidavit ("Affidavit"). Contractor's compliance with the terms of the Iran Contracting Act of 2010 is made a requirement and condition of this Contract.

Amendment Section 4. Except as specifically provided herein, this Amendment shall not in any manner alter, change, modify, or affect any of the rights, privileges, duties, or obligations of either of the parties hereto, under, or by reason of said Contract, as amended.

Execution. This Amendment and any other document necessary for the consummation of the transaction contemplated by this Amendment may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one Amendment, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile signatures, may be used in connection with the execution of this Amendment and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF

format shall be legal and binding and shall have the same full force and effect as if a paper original of this Amendment had been delivered that had been signed using a handwritten signature. All parties to this Amendment (i) agree that an electronic signature, whether digital or encrypted, of a party to this Amendment is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this based Amendment on the foregoing forms of signature. If this Amendment has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 (“E-SIGN”) and the California Uniform Electronic Transactions Act (“UETA”) (California Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

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IN WITNESS WHEREOF, City has caused this Amendment to be executed, by the Chief Executive Officer, and Contractor has caused the same to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first hereinabove written.

APPROVED AS TO FORM:
MICHAEL N. FEUER
City Attorney

CITY OF LOS ANGELES

Date: _____

By: _____
Chief Executive Officer
Department of Airports

By: _____
Deputy City Attorney

By: _____
Chief Financial Officer
Deputy Executive Director
Department of Airports

ATTEST:

**VERITIV OPERATING
COMPANY**

By: David Garland
David Garland (May 10, 2022 07:57 PDT)
Signature (Secretary)
David Garland

Print Name

By: Lisa Dillon
Lisa Dillon (May 10, 2022 09:26 PDT)
Signature
Lisa Dillon

Print Name

Regional Vice President Sales

Print Title

[SEAL]

IRAN CONTRACTING ACT OF 2010 COMPLIANCE AFFIDAVIT

(California Public Contract Code Sections 2200-2208)

The California Legislature adopted the Iran Contracting Act of 2010 to respond to policies of Iran in a uniform fashion (PCC § 2201(q)). The Iran Contracting Act prohibits bidders engaged in investment activities in Iran from bidding on, submitting proposals for, or entering into or renewing contracts with public entities for goods and services of one million dollars (\$1,000,000) or more (PCC § 2203(a)). A bidder who "engages in investment activities in Iran" is defined as either:

1. A bidder providing goods or services of twenty million dollars (\$20,000,000) or more in the energy sector of Iran, including provision of oil or liquefied natural gas tankers, or products used to construct or maintain pipelines used to transport oil or liquefied natural gas, for the energy sector of Iran; **or**
2. A bidder that is a financial institution (as that term is defined in 50 U.S.C. § 1701) that extends twenty million dollars (\$20,000,000) or more in credit to another person, for 45 days or more, if that person will use the credit to provide goods or services in the energy sector in Iran and is identified on a list created by the California Department of General Services (DGS) pursuant to PCC § 2203(b) as a person engaging in the investment activities in Iran.

The bidder shall certify that at the time of submitting a bid for new contract or renewal of an existing contract, the bidder is **not** identified on the DGS list of ineligible businesses or persons and that the bidder is **not** engaged in investment activities in Iran in violation of the Iran Contracting Act of 2010.

California law establishes penalties for providing false certifications, including civil penalties equal to the greater of \$250,000 or twice the amount of the contract for which the false certification was made; contract termination; and three-year ineligibility to bid on contracts (PCC § 2205).

To comply with the Iran Contracting Act of 2010, the bidder shall provide its vendor or financial institution name, and City Business Tax Registration Certificate (BTRC) if available, in completing ONE of the options shown below.

OPTION #1: CERTIFICATION

I, the official named below, certify that I am duly authorized to execute this certification on behalf of the bidder or financial institution identified below, and that the bidder or financial institution identified below is **not** on the current DGS list of persons engaged in investment activities in Iran and is **not** a financial institution extending twenty million dollars (\$20,000,000) or more in credit to another person or vendor, for 45 days or more, if that other person or vendor will use the credit to provide goods or services in the energy sector in Iran and is identified on the current DSG list of persons engaged in investment activities in Iran.

Vendor Name/Financial Institution (printed) <i>Veritas operation Company</i>		BTRC (or n/a) <i>80922903</i>
By (Authorized Signature) <i>[Signature]</i>		
Print Name and Title of Person Signing <i>David Garland Acct Manager</i>		
Date Executed	City Approval (Signature)	(Print Name)

OPTION #2: EXEMPTION

Pursuant to PCC § 2203(c) and (d), a public entity may permit a bidder or financial institution engaged in investment activities in Iran, on a case-by-case basis, to be eligible for, or to bid on, submit a proposal for, or enter into, or renew, a contract for goods and services. If the bidder or financial institution identified below has obtained an exemption from the certification requirement under the Iran Contracting Act of 2010, the bidder or financial institution shall complete and sign below and attach documentation demonstrating the exemption approval.

Vendor Name/Financial Institution (printed)		BTRC (or n/a)
By (Authorized Signature)		
Print Name and Title of Person Signing		
Date Executed	City Approval (Signature)	(Print Name)