

RESOLUTION NO. 27626

WHEREAS, on recommendation of Management, there was presented for approval, request for Los Angeles City Council (City Council) to amend Subsection (c) of Section 10.1.1 of the Los Angeles Administrative Code, allowing the Board of Airport Commissioners (Board) to authorize the Chief Executive Officer (CEO)/General Manager (GM) to contract on behalf of Los Angeles World Airports (LAWA, Department) for [i] professional, scientific, expert, or technical services; [ii] goods, materials, supplies, or equipment; and [iii] non-professional services, in an amount not to exceed \$500,000 per year, up to three (3) years, for a total contract amount of \$1,500,000. If City Council agrees to amend Subsection (c), City Council should also consider amending Subsection (a) so that there is consistency between Sections (a) and (c) as to the dollar limit and term limit of contracts that can be approved by LAWA's CEO/GM; and

LAX

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Justin Erbacci
Chief Executive Officer

WHEREAS, on recommendation by Management, there was also presented for approval, request for City Council to amend Subsection (f) of Section 10.15 of the Los Angeles Administrative Code, allowing the Board to authorize use of the Competitive Sealed Proposal Selection Process (CSPSP) to deliver capital improvements or other construction projects at LAWA; and

WHEREAS, raising the dollar threshold and term for contracts awarded under the CEO's authority would allow LAWA to process certain contracts faster and more efficiently and would also allow LAWA greater flexibility in utilizing the services of experts to assist in various strategic objectives of the Department. It would also enable LAWA's management to expedite the processing of routine contracts to meet the day-to-day maintenance and operational needs of Los Angeles International Airport and Van Nuys Airport; and

WHEREAS, allowing for CSPSP provides LAWA with an ability to take advantage of the full benefits of alternate methods of construction for its capital projects, namely the inherent time savings involved. This will also allow LAWA to consider more factors in its selection of a contractor to deliver construction projects at LAWA. The complexity of the projects and the impact that they have on the community and the traveling public require LAWA to be prudent in selecting the most experienced and qualified contractor, providing the best value to the City of Los Angeles in delivering projects; and

WHEREAS, the current contract authority for LAWA's CEO/GM has been stagnant since 2012. The request to expand the CEO's contract authority is based on the large number of contracts awarded each year, the number of Board items undertaken by staff leading to longer procurement completion times, as well as the difficulty in getting timely City Council approval. In addition, given the rise in the Consumer Price Index over the last ten (10) years, the actual buying power with \$150,000 is far less today than it was in 2012; and

WHEREAS, from Fiscal Year 2018 to Fiscal Year 2022, the Board approved an average of 61 contracts annually, of which, approximately 23 contracts were valued at under \$1,000,000. More specifically, many of the contracts within the proposed threshold, \$500,000 per year for up to three (3) years or \$1,500,000, are approved by the Board on consent. In 2021, 18 such contracts went to the Board with 15 being approved on consent. So far in 2022, 12 of the 19 contracts meeting that threshold have been approved on consent. Increasing the CEO's contract authority to \$500,000 annually, would mean approximately 15 - 20 contracts would be approved at the CEO's level, thereby reducing the amount of time writing, scheduling, and going through the Board approval process; and



WHEREAS, the CSPSP allows LAWA to consider other factors in addition to price when making a contract award. Those factors may include items such as relevant experience, key personnel, approach to the project scope, and other pertinent details required to best assess the quality and fitness of the proposer to deliver the project. Due to the complex nature of projects related to LAWA's capital improvements, LAWA has procured 10 of its last 14 construction projects using the CSPSP. This method has allowed LAWA to select the most qualified and experienced proposers to deliver its projects. The CSPSP is often utilized at LAWA with Alternative Delivery Methods (Construction Manager-at-Risk, Design/Build, Public-Private-Partnership, etc.) on construction projects. As LAWA has moved to almost exclusively delivering its capital improvements utilizing those methods, it is of critical importance that staff be able to consider the aspects cited above, in addition to price, when determining a proposer's ability to successfully complete a project, especially under an alternative delivery approach. Amending the Administrative Code to allow LAWA to select contractors based on the CSPSP will create significant time savings and will allow LAWA to realize the full benefits of engaging alternative delivery approaches; and

WHEREAS, the approval process to establish an ordinance to utilize CSPSP can take as long as six months. This added time negatively impacts LAWA's timeframes for delivering its capital improvements, and largely eliminates the time savings sought by LAWA's use of alternative construction methods. LAWA has seen a steady rise in its requests for ordinances to utilize CSPSP on capital projects. From 2008 to 2012, LAWA requested one (1) ordinance. From 2012 to 2015, it requested two (2) ordinances, and from 2015 to 2021, LAWA requested six (6) ordinances, doubling its combined requests from the previous years. Considering the time each of those ordinances adds to a program, the change can hand significant time back to LAWA staff and the projects. Amending the Administrative Code to allow LAWA to utilize the CSPSP in relation to capital improvements or other construction-related projects provides significant time savings and remains in line with how LAWA has delivered those projects in recent history; and

WHEREAS, currently, the procurement process, even for smaller contracts, normally takes at least six (6) months and the Board approval process adds at least 30 to 45 days to the procurement cycle. Staffing shortages throughout the Department have contributed to further delays in the procurement and approval process. Increasing the CEO's contract authority would substantially reduce both procurement and approval times, allowing staff to focus on larger contracts and enable LAWA to manage its staffing resources more efficiently and effectively. Providing the CEO/GM with increased contract authority will improve the contract approval process by increasing the speed at which smaller, routine, and/or sole-source contracts (government-fees for example) get approved and implemented, and by reducing the number of workdays needed to bring a contract to the Board, thereby allowing the Department to continue operations more efficiently without work interruptions or slow-downs; and

WHEREAS, LAWA is required by Ordinance 181967 to submit a quarterly report to the Board identifying all contracts, including the dollar value involved in each contract authorized by the CEO/GM, and to make each report available to the public. This requirement would remain in place if the CEO's contract authority were increased; and

WHEREAS, this action, as a continuing administrative activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines; and

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners adopted the Staff Report; determined 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; approved the request for Los Angeles City Council to amend Subsection (c) of Section 10.1.1 of the Los Angeles Administrative Code, allowing the Board of Airport Commissioners to authorize the Chief Executive

Officer/General Manager to contract on behalf of Los Angeles World Airports for [i] professional, scientific, expert, or technical services; [ii] goods, materials, supplies, or equipment; and [iii] non-professional services, in an amount not to exceed \$500,000 per year, up to three (3) years, for a total contract amount of \$1,500,000, whereas, if Los Angeles City Council agrees to amend Subsection (c), the Los Angeles City Council should also consider amending Subsection (a) so that there is consistency between Sections (a) and (c) as to the dollar limit and term limit of contracts that can be approved by the Chief Executive Officer/General Manager of Los Angeles World Airports; and further approved the request for Los Angeles City Council to amend Subsection (f) of Section 10.15 of the Los Angeles Administrative Code, allowing the Board of Airport Commissioners to authorize use of the Competitive Sealed Proposal Selection Process to deliver capital improvements or other construction projects at Los Angeles World Airports.

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I hereby certify that this Resolution No. 27626 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, November 17, 2022.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS