

0150-07828-0009

**T R A N S M I T T A L**

TO The Council	DATE 05/05/2023	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT Citywide	

**Proposed Third Amendment to Contract 128772 with Ilium Associates, Inc for transit marketing and public right of way sign posting services**

Approved and Transmitted for your consideration. See the City Administrative Officer report attached.



MAYOR  
(Chris Thompson for)

MWS:DHH:06230069t

**Report From**  
**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**  
**Analysis of Proposed Contract**  
(\$25,000 or Greater and Longer than Three Months)

To: The Mayor	Date: 03-16-23	C.D. No. Citywide	CAO File No.: 0150-07828-0009				
Contracting Department/Bureau: Department of Transportation		Contact: Kari Derderian					
Reference: Letter to the Mayor from the Department of Transportation, dated January 13, 2023; referred for report on January 24, 2023							
Purpose of Contract: To provide transit outreach and marketing and public right of way sign posting.							
Type of Contract: ( ) New contract ( x ) Amendment, Contract No. C-128772		Contract Term Dates: January 1, 2017 through June 30, 2024					
Contract/Amendment Amount: \$3,270,588							
Proposed amount \$3,270,588 + Prior award(s) \$20,142,492 = Total \$23,413,080							
Source of funds: Proposition A Local Transit Assistance Fund							
Name of Contractor: Ilium Associates, Inc.							
Address: 10900 NE 8 <sup>th</sup> Street, Suite 1495, Bellevue WA, 98004							
	Yes	No	N/A	Contractor has complied with:	Yes	No	N/A
1. Council has approved the purpose	X			8. Business Inclusion Program	X		
2. Appropriated funds are available	X			9. Equal Benefits & First Source Hiring Ordinances	X		
3. Charter Section 1022 findings completed	X			10. Contractor Responsibility Ordinance	X		
4. Proposals have been requested	X			11. Disclosure Ordinances	X		
5. Risk Management review completed	X			12. Bidder Certification CEC Form 50	X		
6. Standard Provisions for City Contracts included	X			13. Prohibited Contributors (Bidders) CEC Form 55	X		
7. Workforce that resides in the City: %				14. California Iran Contracting Act of 2010	X		

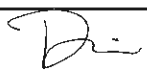
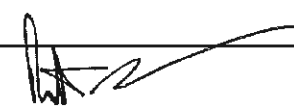
**RECOMMENDATIONS**

1. That the Mayor and Council:

Approve a proposed third amendment to Contract C-128772 with Ilium Associates, Inc. for marketing and community outreach and posting of public right of way signs in support of the City Transit Program and the 41.18 Ordinance through June 30, 2024 with a \$3,270,588 increase in the cost ceiling for a total contract ceiling of \$23,413,080.

2. That the Mayor:

Instruct the General Manager of the Department of Transportation to present future contract amendments to the Mayor two months prior to the expiration of the underlying contract if the amendment requires only Mayoral approval and four months prior to the expiration of the underlying contract if the amendment requires Council approval.

			
DHH	Analyst	0150-07828-0009	City Administrative Officer

## **SUMMARY**

The Department of Transportation (DOT) requests approval of a third amendment, reflecting a seventh year and an increase in maximum compensation of \$3,270,588 to a total maximum compensation of \$23,413,080 for Contract C-128772 with Ilium.

DOT intends to issue a new Request for Proposals (RFP) to replace the program management contract in the summer of 2022. As of March 2, 2023, the Department has a draft RFP prepared. This Office discussed the timing of the presentation of the next contract to the Mayor with DOT and recommends that the expiration date of the proposed Third Amendment be adjusted from December 31, 2023 to June 30, 2024. This will align the review process of the Mayor and this Office for the new contract to avoid peak workload associated with the preparation of the Mayor's Proposed Budget.

The DOT report provides estimated costs for the Ilium contract that expired on December 31, 2022. This Office asked DOT to update the costs with actual costs since the expiration date has passed. This Office also updated the estimated costs for the new recommended term of the contract. As a result, the cost ceiling of the Third Amendment is recommended to be \$3,270,588 instead of \$3,198,514.

The DOT request for the proposed amendment was submitted two weeks after the existing contract expired. The amendment has a ratification clause that will allow Ilium to get paid for work done prior to approval of the amendment but after the expiration of the contract. However, the City Attorney and this Office prefer to not rely on ratification clauses as it supports contract management that is less than ideal and leads to situations where the Mayor and Council are unable to fully exercise the right of approval/refusal. DOT has stated that low levels of administrative staffing have impacted the ability to amend contracts in a timely manner. While we have empathy for the staffing constraints, DOT must find a method to present contract amendments in a timely manner. Late amendments force contractors to work without a contract and accrue costs to the City prior to any Mayor and Council determination to continue the contract. This reduces the impact of the exercise of executive authority by the Mayor and Council.

The Ilium contract is funded from the City Proposition A Local Transit Assistance Fund which is considered a significantly constrained special fund at this time. The City is currently conducting a Transit Service Analysis (TSA) to determine the actual cost of transit service in comparison to incoming revenue. The TSA is expected to lead to reductions in transit expenditures based upon policy decisions made by the Mayor and Council in the near future. DOT states that the services provided by Ilium are critical services. Additionally, DOT states that the services are provided on an as-needed basis and can be curtailed to meet budgeted levels, if necessary.

The City Attorney has reviewed the proposed amendment. Ilium is in compliance with City contracting requirements. Consistent with Los Angeles Administrative Code Section 10.5, Council approval of this proposed amendment is required as the proposed term of the total agreement (including this amendment) exceeds three years.

## **FISCAL IMPACT STATEMENT**

No General Fund impact. Sufficient funds exist within the City Proposition A Local Transit Assistance Fund 2022-23 Adopted Budget to support this contract amendment. Funds supporting this contract can be reduced as necessary to accommodate potential future reductions in transit expenditures, if required.

## **FINANCIAL POLICIES STATEMENT**


The recommendation complies with City Financial Policies as sufficient appropriated funds exist to support the proposed expenditures.

*MWS:DHH:06230069*

**CITY OF LOS ANGELES**  
INTER-DEPARTMENTAL MEMORANDUM

Date: January 13, 2022

To: The Honorable Karen Bass, Mayor  
Office of the Mayor  
Attention: Heleen Ramirez, Legislative Coordinator

From: Connie Llanos, Interim General Manager   
Department of Transportation

Subject: **THIRD AMENDMENT TO AGREEMENT C-128772 BETWEEN THE LOS ANGELES DEPARTMENT OF TRANSPORTATION AND ILIUM ASSOCIATES, INC. FOR TRANSIT MARKETING CUSTOMER OUTREACH AND SUPPORT SERVICES; AND PUBLIC RIGHT OF WAY SIGN FABRICATION AND INSTALLATION SERVICES**

**SUMMARY**

The City of Los Angeles Department of Transportation (LADOT) requests authorization to execute a contract amendment with Ilium Associates, Inc. (Ilium) for the continued management of Transit Marketing Customer Outreach and Support Services for its Proposition A and C funded public transit services and projects; and the fabrication and installation of public right-of-way signs to enforce and inform the public of LAMC 41.18.

**RECOMMENDATION**

That the City Council, with the concurrence by the Mayor:

1. AUTHORIZE the LADOT General Manager to execute the Third Amendment to Agreement C-128772 with Ilium Associates, Inc.
  - APPROVE the extension of the term of the Agreement for a period of one (1) year.
  - APPROVE the increase in funding by \$3,198,514 for a total not-to-exceed amount of \$23,341,006 for Transit Marketing Customer Outreach and Support Services.
  - APPROVE the update of the Standard Provisions for City Contracts (Rev. 9/22) [v.1], addition of contracting language as required by ordinance of all City contracts, and incorporation of Attachments and Exhibits.

**BACKGROUND**

LADOT has contracted with Ilium on various transit marketing projects since the 1990s. Ilium provides marketing and customer support services for LADOT's transit operations in a variety of ways, including the design and production of schedules, maps, ads, brochures, billboards, and collateral materials; conducting market research, on-board surveys, press conferences, targeted specialized and ethnic

customer marketing; preparation of public service announcements, paid media and press releases; operation of LADOT's Customer Service Center; participation in community events designed to reach prospective riders of LADOT Transit and encourage stakeholder support of those programs; and maintenance of a strong presence on social media highlighting LADOT transit services.

LADOT's initial five-year service contract with Ilium (C-128772) to provide Transit Marketing Customer Outreach and Support Services expired on December 31, 2021. LADOT amended the contract with Ilium to extend the term of the Agreement to December 31, 2022.

On October 26, 2018, the City authorized LADOT to initiate the Transit Service Analysis Recommendation of DASH extended service hours, weekend services, and additional service to Commuter Express Route 437 (C.F. 18-0244). LADOT staff requires support in marketing, communications, and outreach efforts. The extension of the Agreement with Ilium will allow LADOT staff to focus on operational responsibilities while community engagement and information sharing can continue at the neighborhood level and with other stakeholders.

The table below outlines Transit Marketing Customer Outreach and Support Services costs to date, anticipated costs for the remainder of the fifth year, and costs for the requested month-to-month extension.

Contract Year	Actual Expenditure	Estimated Expenditure	Contract Balance
Year 1 (Jan 1, 2017 - Dec 31, 2017)	\$2,461,314		\$14,681,178
Year 2 (Jan 1, 2018 - Dec 31, 2018)	\$2,936,582		\$11,744,596
Year 3 (Jan 1, 2019 - Dec 31, 2019)	\$3,505,584		\$8,239,012
Year 4 (Jan 1, 2020 - Dec 31, 2020)	\$2,269,825		\$5,969,187
Year 5 (Jan 1, 2021 - Dec 31, 2021)	\$2,369,773		\$3,599,414
*Year 6 (Extension Period Jan 1, 2022 - Dec 31, 2022)	\$960,895	\$3,111,381	\$488,033
Year 7 (Second 12-Month Extension Period)		\$3,686,547	(\$3,198,514)

\*Anticipated Expenditures for Month-to-Month Extension: \$307,212 per month

On December 28, 2021, the City authorized LADOT to execute a second amendment to the contract with Ilium (C-128772) to add the fabrication and installation of public right-of-way signs to the scope of work of the contract. This amendment was executed as part of the City's efforts to enforce and inform the public of LAMC 41.18. The second amendment also increased funding by three million dollars (\$3,000,000) and incorporated a separate price structure for the fabrication and installation of public right-of-way signs.

## DISCUSSION

LADOT requests authorization to extend the term of the Agreement with Ilium for a period of one (1) year, for the continued operation and management of the Transit Marketing Customer Outreach and Support Services contract. The recommended contract extension allows additional time to issue new

Requests for Proposals (RFPs) to solicit contractors who will take over the scope of work currently done by Ilium, and award new contracts. Due to the breadth and complexity of the scope of work of the Transit Marketing Customer Outreach and Support Services RFP, it is to the City's benefit to break the existing mega-RFP into several separate RFPs to provide greater contracting flexibility and expand the pool of potential bidders.

LADOT is working toward releasing the RFP in the next six months. The contract amendment for a total period not-to-exceed one (1) year is a stop-gap measure to ensure uninterrupted operation and management of the Transit Marketing Customer Outreach and Support Services. This contract allows LADOT Transit to deliver vital work directly tied to the operations of LADOT Transit services, such as but not limited to; bus stop installation/maintenance, operation of the customer support center, and transit service information dissemination. Many residents who rely on essential transit services provided by LADOT Transit will be negatively impacted by the halting of the work currently performed by the Contractor.

On December 28, 2021, The Office of the City Administrative Officer (CAO) and Ilium entered into the Second Amendment to Agreement C-128772, to add an additional scope of work for the contract, the fabrication and installation of public right-of-way signs to enforce Ordinance 41.18. The Second Agreement increased funding by three million dollars (\$3,000,000) and incorporated a separate price structure for the fabrication and installation of public right-of-way signs. CAO is also working on releasing a new RFP and awarding a new contract with a suitable contractor to perform the work of fabrication and installation of public right-of-way signs.

LADOT negotiated a revised cost proposal with Ilium for the recommended not-to-exceed one (1) year contract extension for Transit Marketing Customer Outreach and Support Services. Current hourly rates increased for eleven (11) positions, President, Vice President, Senior Associate, On-Site Marketing Manager, Transit Marketing Manager, Web Designer, Senior Designer, Associate Designer, Graphic Designer, Controller, and Bookkeeper.

Effective January 1, 2023, the City shall pay the Contractor hourly rate as indicated in Exhibit A - Contractor Hourly Rate.

#### **FISCAL IMPACT**

There is no impact on the General Fund. No additional funds are requested for this amendment. There are sufficient funds budgeted for this purpose included in the City's Adopted FY 2022-23 Proposition A Local Transit Assistance (PALTA) budget, Fund No. 385, Account 94W240 - Transit Sign Production and Installation, 94W420 - Transit Store Account, and 94W442 - Marketing City Transit Program Account.

JK:ks

**THIRD AMENDMENT TO**

**AGREEMENT C-128772**

**BETWEEN**

**THE CITY OF LOS ANGELES**

**AND**

**ILIUM ASSOCIATES, INC.**

**FOR**

**TRANSIT MARKETING CUSTOMER OUTREACH AND SUPPORT SERVICES**

**AND**

**PUBLIC RIGHT-OF-WAY SIGN FABRICATION AND INSTALLATION SERVICES**



**AMENDMENT TO AGREEMENT C-128772  
BETWEEN  
THE CITY OF LOS ANGELES  
AND  
ILIUM ASSOCIATES, INC.  
FOR  
TRANSIT MARKETING CUSTOMER OUTREACH AND SUPPORT SERVICES  
AND  
PUBLIC RIGHT-OF-WAY SIGN FABRICATION AND INSTALLATION SERVICES**

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**THIS THIRD AMENDMENT** to Agreement C-128772 between the City of Los Angeles (hereinafter referred to as the “CITY”), a municipal corporation, acting by and through the Department of Transportation (hereinafter referred to as “LADOT”), and Ilium Associates, Inc., a State of Washington corporation (hereinafter referred to as “CONTRACTOR”), collectively referred to as “Parties” and individually as “Party,” is entered into with reference to the following:

**WHEREAS**, the CITY desires to continue the obtained services to provide Transit Marketing Customer Outreach and Support Services for its Proposition A and C funded public transit services and projects; and

**WHEREAS**, on August 9, 2016, LADOT issued a Request for Proposals (RFP), locally and nationally for companies interested in providing services in accordance with City Charter §372 seeking qualified contractors to perform said services; and

**WHEREAS**, the CONTRACTOR submitted a proposal (hereinafter referred to as “Proposal”), dated September 20, 2016, in response to the RFP; and

**WHEREAS**, LADOT determined that the CONTRACTOR has the management and technical expertise and other assets necessary to function as the Transit Marketing Customer Outreach and Support Services provider; and

**WHEREAS**, the Parties entered into Agreement C-128772 on January 3, 2017, wherein the CONTRACTOR agreed to provide marketing and communications consulting services; and the management and operation of Transit Customer Service Center for a term of up to five (5) years, from January 1, 2017, through December 31, 2021 (C.F. 11-1225-S1); and

**WHEREAS**, in December 2021, the Parties entered into the First Amendment to Agreement C-128772, to a) extend the term of the Agreement C-128772 on a month-to-month basis, for a period not to exceed twelve (12) months, b) increase funding by three million one hundred forty-two thousand four hundred ninety-two dollars (\$3,142,492) for a total not-to-exceed amount of seventeen million one hundred forty-two thousand four hundred ninety-two dollars (\$17,142,492), c) adjust the compensation rate, d) update the CITY’s Standard Provisions for City Contracts (Rev. 10/17) [v.3], e) add contracting language as required by ordinance of all CITY contracts, and f) incorporate Attachments and Exhibits; and

**WHEREAS**, on December 28, 2021, the Parties entered into the Second Amendment to Agreement C-128772, to a) add an additional scope of work for the contract, the fabrication and installation of public

right of way signs, b) increase funding by three million dollars (\$3,000,000), and c) incorporate a separate price structure for fabrication and installation of public right of way signs; and

**WHEREAS**, LADOT is in the process of preparing new RFPs for these services, but requires continuation of the current Agreement C-128772 until the new contract(s) can be awarded; and

**WHEREAS**, LADOT desires in this Third Amendment to Agreement C-128772, to a) extend the term of the Agreement for a period of one (1) year, b) increase funding by three million one hundred ninety-eight thousand five hundred fourteen dollars (\$3,198,514) for a total not-to-exceed amount of twenty-three million three hundred forty-one thousand six dollars (\$23,341,006), c) update the CITY's Standard Provisions for City Contracts (Rev. 9/22) [v.1], and d) add contracting language as required by ordinance of all CITY contracts; and

**NOW, THEREFORE**, in consideration of the above premises, and the mutual covenants and agreements herein contained, the Parties agree as follows:

1. **Section I. INTRODUCTION AND CONDITIONS PRECEDENT**, Subsection B.1.a Representatives of the Parties and Service of Notices, are hereby amended in its entirety to read as follows:

- a. Connie Llanos  
Interim General Manager  
Los Angeles Department of Transportation  
100 South Main Street, 10<sup>th</sup> Floor  
Los Angeles, California 90012

With copies to:

Mariana Valdivia  
Chief of Transit Programs  
Los Angeles Department of Transportation  
100 South Main Street, 10<sup>th</sup> Floor  
Los Angeles, California 90012

Notices, including invoices, related to Section III, Subsection C, LAMC 41.18 Public Right of Way Signs to:

Matthew W. Szabo  
City Administrative Officer  
200 North Main Street, Room 1500  
Los Angeles, California 90012

With copies to:

Brian Buchner  
Chief Administrative Analyst  
200 North Main Street, Room 1500  
Los Angeles, California 90012

2. **Section II, TERMS OF CONTRACT**, Subsection A.1, Contract Period, is hereby amended in its entirety, and Subsection A.7, "Ratification", is hereby added immediately following A.6 to read as follows:

1. This Agreement shall be in effect for up to seven (7) years from January 1, 2017 ("Effective Date") and will terminate on December 31, 2023.
7. **Ratification.** The Contractor may have provided prior services to the City of Los Angeles under the terms of an executed Agreement which included a requirement to adhere to the City's Standard Provisions for City Contracts. To the extent that the Contractor provided services to the City prior to the execution of this extension, and the Contractor's services were performed in accordance with the terms and conditions of this extension and the original Agreement, including the City's Standard Provisions for City Contracts, those services are hereby ratified.

3. **Section IV, COMPENSATION**, Paragraph A is hereby removed in its entirety and replaced as follows:

- A. The CONTRACTOR agrees to provide all personnel, facilities, effort, materials and equipment required to complete, to the full satisfaction of the CITY, all the work described in the RFP, Addenda, the Proposal and this Agreement; and the CITY agrees to pay the full compensation for said service, including all allowable expenses incurred and incident thereto, an estimated amount not to exceed a ceiling price of twenty million one hundred forty-two thousand four hundred ninety-two dollars (\$20,142,492) over the six (6) year term of the Agreement for Transit Marketing Customer Outreach and Support Services. This amount includes the \$3,000,000 allocated in Section D of the Second Amendment.

During the extension period, the CITY agrees to pay the CONTRACTOR an amount not to exceed three million one hundred ninety-eight thousand five hundred fourteen dollars (\$3,198,514) to a new not-to-exceed amount of twenty-three million three hundred forty-one thousand six dollars (\$23,341,006) for Transit Marketing Customer Outreach and Support Services, as well as for the assessment, design, fabrication, installation, and maintenance services of public right of way signs.

Effective January 1, 2023 the City shall pay the Contractor hourly rate as indicated in Exhibit A - Contractor Hourly Rate, which is attached hereto and made part of this Agreement.

4. Effective the date of execution of this Agreement, all references to Angela De La Rosa throughout the Agreement are hereby deleted and replaced with the following: "Robin Quintanilla and Emerson Belen".
5. Effective the date of execution of this Third Amendment, all references to Standard Provisions for City Contracts (Rev. 10/21) [v.4] throughout the Agreement are hereby deleted and replaced with the following: Standard Provisions for City Contracts (Rev. 9/22) [v.1].

6. **Section VIII, STANDARD CONTRACT PROVISIONS**, First Paragraph, is hereby amended to read as follows:  
By entering into this Agreement with the City, the CONTRACTOR agrees to abide by the Standard Provisions for City Contracts (Rev. 9/22) [v.1], attached hereto and incorporated herein as Attachment A.

7. **Section VIII, STANDARD CONTRACT PROVISIONS**, is hereby amended by adding a new subsection B, Contractor Performance Evaluation Ordinance, immediately following subsection A.5, Disclosure of Border Wall Contracting Ordinance.

At the end of this Agreement, the CITY will conduct an evaluation of the CONTRACTOR's performance. The CITY may also conduct evaluations of the CONTRACTOR's performance during the term of the Agreement. As required by Section 10.39.2 of the Los Angeles Administrative Code, evaluations will be based on a number of criteria, including the quality of the work product or service performed, the timeliness of performance, financial issues, and the expertise of personnel that the CONTRACTOR assigns to the Agreement. A CONTRACTOR who receives a "Marginal" or "Unsatisfactory" rating will be provided with a copy of the final CITY evaluation and allowed fourteen (14) calendar days to respond. The CITY will use the final CITY evaluation, and any response from the CONTRACTOR, to evaluate proposals and to conduct reference checks when awarding other personal services contracts.

8. **Section VIII, STANDARD CONTRACT PROVISIONS**, is hereby amended by adding a new subsection C, Municipal Lobbying Ordinance, immediately following subsection B, Contractor Performance Evaluation Ordinance.

The CONTRACTOR is required to comply with the disclosure requirements and prohibitions established in the Los Angeles Municipal Lobbying Ordinance if CONTRACTOR qualifies as a lobbying entity under Los Angeles Municipal Code §48.02. Agreements submitted without a completed CEC Form 50 by contractors that qualify as a lobbying entity under Los Angeles Municipal Code §48.02 may be subject to penalties, termination of Agreement, and debarment.

9. Except as herein amended, all other terms and conditions of this Agreement shall remain unchanged.

**REMAINDER OF PAGE INTENTIONALLY LEFT BLANK  
SIGNATURE PAGE FOLLOWS**

**IN WITNESS WHEREOF**, the Parties hereto have caused this Agreement to be executed by their duly authorized representatives.

**THE CITY OF LOS ANGELES**

**Ilium Associates, Inc.**

By: \_\_\_\_\_  
Connie Llanos  
Interim General Manager  
Department of Transportation

By\*: \_\_\_\_\_  
Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**APPROVED AS TO FORM:**

HYDEE FELDSTEIN SOTO, City Attorney

By\*\*: \_\_\_\_\_

By: \_\_\_\_\_  
Michael Nagle  
Deputy City Attorney

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**ATTEST:**

HOLLY L. WOLCOTT, City Clerk

By: \_\_\_\_\_

Date: \_\_\_\_\_

City Agreement Number: C-128772-3

Council File Number: 11-1225-S1, 11-1225-S2, 21-0329-S2

If Contractor is a Corporation:  
\* The signature of President, Chairman of the Board, or Vice President is required here; and  
\*\* an additional signature of Secretary, Assistant Secretary, Chief Financial Officer, or Assistant Treasurer is also required for the Corporation.

If Contractor is a Limited Liability Company:  
Unless otherwise provided, the signature of two authorized managers is required.  
Cal. Corp. Code Sections 313 & 17703.01

**THIRD AMENDMENT CONTRACT NO. C-128772**

**EXHIBIT A**

**CONTRACTOR HOURLY RATE**

<b>Ilium Associates, Inc. Contractor Hourly Rate</b>		
<b>Position</b>	<b>Current Rate</b>	<b>New Rate</b>
President	\$185.00	\$195.00
Vice President	\$185.00	\$195.00
Senior Associate	\$90.00	\$100.00
On-Site Marketing Manager	\$98.00	\$105.00
Transit Marketing Manager	\$77.50	\$90.00
Web Designer	\$150.00	\$162.50
Senior Designer	\$135.00	\$147.50
Associate Designer	\$125.00	\$135.00
Graphic Designer	\$110.00	\$120.00
Controller	\$75.00	\$85.00
Bookkeeper	\$55.00	\$65.00