

**REPORT FROM**

**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

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Date: June 27, 2023

CAO File No. 0150-12325-0000

Council File No.

Council District: 6, 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

 *for*

Reference: Correspondence from Los Angeles World Airports Board of Airport Commissioners (Board) dated April 11, 2023 and April 19, 2023; referred by the Mayor for a report on April 11, 2023

Subject: **RESOLUTION NO. 27707 AND PROPOSED CONTRACT WITH STANDARD SIGNS INCORPORATED FOR SPECIALIZED AIRFIELD SIGNS AND REPLACEMENT PARTS AT LOS ANGELES INTERNATIONAL AIRPORT AND VAN NUYS AIRPORT**

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**RECOMMENDATION**

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) Resolution No. 27707 authorizing a proposed three-year contract with Standard Signs Incorporated to supply specialized airfield signs and replacement parts at Los Angeles International Airport and Van Nuys Airport for an amount not-to-exceed \$1,050,000;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the April 19, 2023 Board of Airport Commissioners (Board) Resolution 27707, that this action is exempt from CEQA pursuant to Article II, Section 2(f) and Article III Class 1(15) of the Los Angeles City CEQA Guidelines; and
3. Authorize the LAWA Chief Executive Officer, or designee, to execute the proposed agreement and return the Resolution to LAWA for further processing, including Council consideration.

**SUMMARY**

On April 19, 2023, the Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) adopted Resolution 27707 authorizing approval of a proposed three-year contract with Standard Signs Incorporated (Standard Signs) for the purchase of specialized airfield signs and replacement parts for the Los Angeles International Airport and Van Nuys Airport (collectively hereinafter referred to as the Airports) airfields. The total not-to-exceed compensation limit for the three-year

period is \$1,050,000. The expenditure ceiling is \$997,500 for Los Angeles International Airport (LAX) and \$52,500 for Van Nuys Airport (VNY). The current three-year contract (DA-5452) remains in force through July 9, 2023. All other terms and conditions of the contract remain unchanged. LAWA expects to execute the new contract in the third quarter of 2023.

The proposed contract has been approved as to form by the City Attorney. Pursuant to Charter Section 373 and Los Angeles Administrative Code Section 10.5, Council approval is required because the cumulative contract term exceeds three years. Our Office has reviewed the request and recommends approval.

## **BACKGROUND**

On April 19, 2023 and April 11, 2023, the Board approved Resolution 27707 and a LAWA staff report requesting approval to execute a proposed three-year contract with Standard Signs for the Lumacurve Airfield Signs and navigational sign replacement parts at the Airports. The contractor is the exclusive manufacturer and provider of the Federal Aviation Administration-approved Lumacurve Airfield Signs. Essential features of the signs are their 1) durability to withstand powerful air movement produced by jet blasts, 2) longevity, 3) ease of maintenance, upgrade, reconfiguration, and replacement, and 4) energy efficiency. The continued use of Lumacurve sign panels and replacement parts on the airfields helps to ensure that the Department maintains consistency with the Federal Aviation Administration (FAA) signage regulations.

*2020 Request for Bids/Current Contract* - In March 2020, Standard Signs was the sole responsive bidder to LAWA's Request for Bids to procure a contract for specialized airfield signs and replacement parts at the Airports. As a result, LAWA awarded a three-year contract (DA-5452) to Standard Signs and the Board subsequently approved the agreement by adopting Resolution No. 27044 on June 18, 2020. The contract was put into force on July 10, 2020 and terminates on July 9, 2023.

*Proposed Sole-Source Contract* – The Department staff indicates that Standard Signs retains proprietary rights to Lumacurve and it is the sole manufacturer and authorized provider of the FAA-approved airfield signs and replacement parts. Any unauthorized activity that violates the manufacturer's property right will result in a loss of warranty for non-compliant signs. Subsequently, LAWA determined that it is impractical to seek bids from third-party firms to manufacture the Lumacurve signs, perform maintenance and repairs, or purchase related parts because no other firms are authorized to replicate the signs or its components. Given that there are no other authorized distributors of the Lumacurve airfield signs or parts, LAWA staff concluded that conducting a competitive process for the proposed contract is not feasible. Accordingly, LAWA selected Standard Signs as the sole-qualified firm to provide the required specialized airfield signs and replacement parts at the Airports. LAWA's procurement process to award a contract to Standard Signs is consistent with the City's competitive bidding requirements pursuant to Los Angeles City Charter Section 371(e)(7) "Competitive Bidding; Competitive Sealed Proposals," and the Los Angeles Administrative Code Section 10.15(a)(7) and 10.15(a)(10), "Competitive Bids."

***Airfield Sign Standardization*** – Both Airports rely on Standard Signs as their primary navigational sign provider. A total of 676 Lumacurve signs have been installed on LAWA airfields, 576 at LAX, and 100 at VNY. There is, however, a small fraction of airfield signs produced by separate vendors, Crouse-Hinds and ADB Airfield Signs, which still remain. Once those signs reach the end of their respective lifecycle, LAWA staff will replace them with Lumacurve signs to uniform the signage at the Airports.

***Benefits of the Lumacurve Signs*** – As a result of their durability to withstand inclement weather conditions, collisions with ground support equipment, and powerful jet blasts generated by departing aircraft, Lumacurve signs are the preferred airfield signage panels at the Airports. The signs are also extensively used at other metropolitan airports, including Hartsfield Jackson Atlanta International Airport, Chicago O’Hare International Airport, Dallas/FortWorth International Airport, Boston Logan, and Denver International Airport. The modular frame of the sign is created for maximum flexibility and serviceability so that signs can be promptly rebuilt and reconfigured without interrupting airfield operations. The modular design of the signs also yield efficiencies such as the ability to use parts interchangeably for easier maintenance and upgrades, thus enabling the Department to maintain a limited range of inventory items, which ultimately reduces costs.

***Expenditures*** – The Department staff indicates that approximately 78 percent of the original contract authority has been expended. Although no signage work is scheduled during the remaining contract term, the balance of the contract authority will be used to compensate Standard Signs for ongoing maintenance, repairs, and purchasing of spare parts. The table below summarizes the contract expenditures from the execution date of the agreement through May 2023:

<b>Standard Signs – Contract No. DA-5452 Contract Authority and Expenditures</b>	
Description of Budget Activities	Amount
Original Contract Authority as of July 2020	<b>\$1,050,000</b>
Expenditures to Date:	
Fiscal Year 2020-21	(\$276,000)
Fiscal Year 2021-22	(\$243,000)
Fiscal Year 2022-23 (through April 30, 2023)	(\$288,000)
Total Contract Expenditures	<b>(\$813,000)</b>
<b>Remaining Contract Value</b> (Original Contract Authority less Total Contract Expenditures)	<b>\$237,000</b>

## **CITY COMPLIANCE**

Actions of the proposed Agreement are not subject to the City’s Standard Provisions for Ordinances and contracting, but it is subject to the City’s insurance requirements. In accordance with Charter Section 373 and Administrative Code Section 10.5(a) and 10.5(b)(2), the Contract requires Council approval because the total term of the Agreement exceeds three years. The City Attorney has reviewed and approved the proposed Contract as to form and legality.

*California Environmental Quality Act (CEQA)* – On April 11, 2023, the Board determined that the proposed contract with Standard Signs for specialized airfield signs at the Airports will not directly impact the environment and is exempt from CEQA pursuant to Article II, Section 2(f) and Article III Class 1(15) of the Los Angeles City CEQA Guidelines.

## **FISCAL IMPACT STATEMENT**

Approval of the proposed contract with Standard Signs will have no impact on the City's General Fund. Costs for the proposed contract will be recovered through landing fees, terminal rates and charges, and non-aeronautical revenues and included in LAWA's Fiscal Year 2023-24 Operating Budget in LAX and VNY Cost Centers. Funding for subsequent years, if necessary, will be requested as part of the Department's annual budget process. The actions of the proposed Agreement comply with the Los Angeles World Airports' adopted Financial Policies.

Attachment 1 – BOAC April 11, 2023 Report and April 19, 2023 Resolution

*MWS/PJH/BC/JVW:DG:10230149*