

0150-12335-0000

T R A N S M I T T A L

TO Justin Erbacci, Chief Executive Officer Department of Airports	DATE 09/01/2023	COUNCIL FILE NO.
FROM The Mayor	COUNCIL DISTRICT 6, 11	

Proposed Contract with Sully-Miller Contracting Company dba Blue Diamond Materials for the Supply and Delivery of Hot Mix Asphalt at Los Angeles International Airport and Van Nuys Airport

Transmitted for further processing, including Council consideration. See the City Administrative Officer report attached.



MAYOR

(Chris Thompson for)

MWS/PJH/JVW:DG:10230148t

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: June 13, 2023

CAO File No. 0150-12335-0000

Council File No.

Council District: 6, 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Correspondence from Los Angeles World Airports Board of Airport Commissioners (Board) dated March 16, 2023 and April 3, 2023; referred by the Mayor for a report on March 16, 2023

Subject: **RESOLUTION NO. 27700 AND PROPOSED CONTRACT WITH SULLY-MILLER CONTRACTING COMPANY DBA BLUE DIAMOND MATERIALS FOR THE SUPPLY AND DELIVERY OF HOT MIX ASPHALT AT LOS ANGELES INTERNATIONAL AIRPORT AND VAN NUYS AIRPORT**

RECOMMENDATION

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) Resolution No. 27700 authorizing a proposed five-year contract with Sully-Miller Contracting Company dba Blue Diamond Materials for the supply and delivery of hot mix asphalt at Los Angeles International Airport and Van Nuys Airport for an amount not-to-exceed \$15 million;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the April 3, 2023 Board of Airport Commissioners (Board) Resolution 27700, that this action is exempt from CEQA pursuant to Article III, Class 1(3) and Article II, Section 2(f) 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

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) requested approval of its April 3, 2023 Resolution 27700 authorizing a proposed five-year contract (Agreement) with Sully-Miller Contracting Company dba Blue Diamond Materials (Sully-Miller) to supply and deliver hot mix asphalt at Los Angeles International Airport and Van Nuys Airport (collectively hereinafter referred to as the Airports) for an amount not-to-exceed \$15 million. Over

the term of the contract, it is estimated that Los Angeles International Airport (LAX) will be compensated at a rate of \$2,800,000 per year (\$14 million over the five-year period) and Van Nuys Airport (VNY) at a rate of \$200,000 per year (\$1 million over the five-year period).

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 3, 2023 and March 16, 2023, the Board approved Resolution 27700 and a LAWA staff report requesting approval to execute a proposed five-year contract with Sully-Miller, a long-time supplier of asphalt materials for Southern California highway and airfield projects, for the supply and delivery of hot mix asphalt at the Airports. Given that the former contract (DA-5181) with Sully-Miller expired on July 13, 2022, LAWA has been securing hot mix asphalt through Emergency Purchase Orders (EPO) as a mechanism to secure essential materials to ensure that the Airports maintain safety compliance with the Federal Aviation Administration (FAA) pavement regulations. The Department reports that EPO expenses to date are \$300,000 and an additional \$81,000 of emergency purchases may be required to fund two pending airport asphalt initiatives prior to the execution of the proposed contract. The impending pavement projects consist of the Aircraft Taxiway C5 -Vehicle Service Road Crossing Project and the Taxiway D9 North of C5 - Vehicle Service Road E Project, for \$25,000 and \$56,000, respectively.

LAWA's Facility Management Division (FMD) is responsible for the maintenance and repair of over 40 million square feet of asphalt pavement and manages the inspection, rating, maintenance, and replacement of paved surfaces in and around the Airports. In accordance with FAA Part 139 requirements, all airports must maintain and properly repair the pavement of each runway, taxiway, loading ramp, and parking area in all airports that are available for air carrier use. If the FAA concludes that the Airports fail to meet the federal guideline, the FAA may take administrative actions to limit the areas where air carriers can operate on the airfield or impose punitive damages for each day that the Airports are non-compliant. As such, the FMD must position its operations to take prompt actions to make certain that roadway safety conditions are satisfied and federal regulatory policies are upheld. Consequently, LAWA is requesting authorization to secure a contract with Sully-Miller to support this critical service.

FAA Airport Standard Pavement Specifications – It is important to note that airfields at major airports such as LAX require a stronger asphalt mixture than what is used on highways in order to endure the stresses generated by large aircraft. In addition, the demands on the airfield asphalt and the requirements for its safety and longevity necessitate a focus on quality and durability. As a result, pavements must be designed in such a way that it can bear heavy loads, without failure, imposed by the aircraft. The proposed contract calls for what is known as P401 mix, which consists of a mixture of mineral aggregate and asphalt cement binders specified by the FAA for airfield operating areas. The P401 mix is found to be an ideal asphalt mixture because of its ability to cool down quickly, allowing for minimal roadway closure times, and the durability to withstand heavy

loads from frequent aircraft movement on paved surfaces throughout the airfield, in addition to its consistency with certain asphalt specifications involving compaction, thermal expansion, resistance to oxidation and fuel spills, cracking, and overall surface degradation. Accordingly, the P401 mix is required and used for resurfacing taxiways, runway safety areas, parking lots, and streets in and around the Airports.

Competitive Process for Hot Mix Asphalt – LAWA staff began working to procure a new hot mix asphalt contract in October 2021, approximately eight months ahead of the contract termination date. Because of unforeseen delays, the existing contract with Sully-Miller expired before a new contract could be executed. On October 2, 2022, LAWA staff issued a Request for Bid (RFB) seeking a qualified contractor to supply and deliver the designated P401 asphalt mix. As indicated in the RFB, all hot mix asphalt must fulfill FAA requirements consisting of the time and temperature in which the asphalt is delivered and applied. To achieve this objective, the asphalt plant of all bidders is required to be located within a 20-mile radius of the delivery site (Airports) to ensure that the asphalt mix is within the specified minimum temperature of 300 degrees Fahrenheit and each of its delivery trucks must be insulated to maintain the mix at the appropriate temperature.

Because of the FAA-regulated criteria and narrow contract specifications, only one of 24 vendors that viewed the RFB responded to the proposal. Sully-Miller was the sole responsive bidder that demonstrated the qualifications and competencies to perform the services included in the RFB. The contractor has two custom asphalt mixing plants that produce the P401 mix within the required boundaries specified in the RFB. One plant is located in the City of Inglewood, which is three-and-one-half miles from LAX and the other plant is in Sun Valley, eight miles from VNY. To investigate further, LAWA staff performed an independent cost analysis and found that the pricing proposed by Sully-Miller is consistent with other companies, and often lower, for similar services. The Department determined that the contractor met the RFB requirements and demonstrated the necessary experience to deliver the specifications described in the proposal. LAWA reported that it will execute the proposed contract with Sully-Miller upon Council consideration and approval.

Target Project Schedule – LAWA's FMD forecasts that Sully-Miller and LAWA will collaborate to deliver a total of 18 airside pavement initiatives through the term of the proposed Agreement, consisting of eight projects at LAX and 10 projects at VNY. The combined asphalt areas scheduled for resurfacing or replacement is approximately 2,684,749 square feet, using nearly 100,000 tons of asphalt (Attachment 1).

Given that the planned projects over the five-year term account for approximately \$12,200,000 of the contract budget, a balance of \$2,800,000 remains. The residual contract authority will be used for expenses related to maintenance, stand-by time, oil index corrections, emergency repairs, and off-hour periods. LAWA indicates that many of the asphalt paving projects are completed during weekends or non-standard work hours to avoid operational impacts at the Airports. To compensate the contractor for discharging services during off-hour periods, the contract authority will be expensed at a rate of eight percent above the bid price for work performed after hours and Saturdays, 12 percent above the bid price for Sundays, and 15 percent above the bid price for holidays.

CITY COMPLIANCE

The City Attorney has reviewed the proposed contract as to form and legality. The proposed Agreement includes provisions to ensure compliance with applicable City Ordinances, contracting, and 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 Department's Procurement Services Division staff reviewed this action (File No. 10288) and determined that no subcontracting opportunities were identified, subsequently, no mandatory Business Inclusion goals were established.

California Environmental Quality Act (CEQA) – On March 16, 2023, the Board determined that the proposed contract with Sully-Miller Contracting Company dba Blue Diamond Materials for the supply and delivery of hot mix asphalt at Los Angeles International Airport and Van Nuys Airport will not directly impact the environment, will not constitute a project, and is exempt from CEQA pursuant to Article III, Class 1(3) and Article II, Section 2(f) of the Los Angeles City CEQA Guidelines.

FISCAL IMPACT STATEMENT

Approval of the proposed five-year contract for the supply and delivery of hot mix asphalt with Sully-Miller Contracting Company dba Blue Diamond Materials will have no impact on the City's General Fund. Costs associated with the proposed contract are included in LAWA's 2022-23 Operating Budget in LAX Cost Center 1150045 – Asphalt Paving & Construction Unit and VNY Cost Center 1400003 - VNY Maintenance Service, Commitment item 522 - Materials and Supplies. Accordingly, approval of the proposed contract will not result in a net increase to the programmed CIP budget. The actions of the proposed Agreement comply with the Los Angeles World Airports' adopted Financial Policies.

Attachment 1 – Planned Asphalt Projects at LAX and Van Nuys through FY 2023-28
Attachment 2 - March 16, 2023 BOAC Report and April 3, 2023 Resolution No. 27700

**Planned Asphalt Projects at Los Angeles International Airport and Van Nuys
Airport through FY 2023-28**

Los Angeles International Airport

Proposed Contract with Sully-Miller Contracting Co. dba Blue Diamond Materials Scheduled Airside Asphalt Paving Projects at LAX			
Fiscal Year	Airside Project	Area (Square Feet)	Asphalt Tonnage
2023-24	Taxi-Lane C-6	217,495	8,156
2023-24	Taxi-Lane D-7	105,624	3,960
2024-25	Taxi-Lane D-9	137,316	5,149
2024-25	Taxi-Lane C-7	199,173	7,468
2024-25	Taxiway B	160,836	6,031
2025-26	Taxiway D	525,406	19,702
2026-27	Taxiway A	799,677	29,987
2027-28	Taxiway E	395,722	14,839
Total	8	2,541,249	95,292

Van Nuys Airport

Proposed Contract with Sully-Miller Contracting Co. dba Blue Diamond Materials Scheduled Airside Asphalt Paving Projects at VNY			
Fiscal Year	Airside Project	Area (Square Feet)	Asphalt Tonnage
2023-24	Taxi-Lane A-4 Phase 1	15,000	400
2023-24	Taxi-Lane A-4 Phase 2	12,000	300
2024-25	*VSR A	20,000	800
2024-25	VSR A at A6	18,500	600
2025-26	VSR C N/O *RW 16L	14,000	400
2025-26	VSR B	13,700	350
2026-27	VSR B at B3	11,000	320
2026-27	VSR B at BB	10,700	300
2026-27	VSR A at A6	1,200	50
2027-28	Landside Daily Dr.	27,400	850
Total	10	143,500	4,370

*Abbreviated terms:

VSR – Vehicle Service Road

RW - Runway

Total Asphalt Area – 2,684,749

Total Asphalt Tons – 99,662

March 28, 2023

The Honorable Karen Bass
Mayor, City of Los Angeles
City Hall – Room 303
Los Angeles, CA 90012

ATTN: Heleen Ramirez, Legislative Coordinator
ATTN: Thomas Arechiga, Deputy Legislative Coordinator

LAX

Van Nuys

City of Los Angeles

Karen Bass
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

Gabriel L. Eshaghian
Matthew M. Johnson
Nicholas P. Roxborough
Belinda M. Vega
Karim Webb

Justin Erbacci
Chief Executive Officer

RE: Staff requests authority to award a five-year contract to Sully-Miller Contracting Company dba Blue Diamond Materials

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the approval of the Staff requests authority to award a five-year contract to Sully-Miller Contracting Company dba Blue Diamond Materials, for the supply and delivery of hot mix asphalt, for an amount not to exceed \$15,000,000.

City Council approval is required pursuant to Section 373 of the Los Angeles City Charter.

Sincerely,



Justin Erbacci
Chief Executive Officer

JPE:MSA:ksf
Attachments





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Report to the BOARD OF AIRPORT COMMISSIONERS

R. J. Connolly
Approver: _____
Richard J. Connolly, Deputy Executive Director
Facilities Management Division

Brian C. Ostler
Reviewer: _____
Brian C. Ostler, City Attorney

Justin Erbacci

Justin Erbacci (Mar 10, 2023 10:11 PST)
Justin Erbacci, Chief Executive Officer

Meeting Date
3/16/2023

Needs Council Approval: Y

Reviewed for/by	Date	Approval Status	By
Finance	2/22/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	2/13/2023	<input checked="" type="checkbox"/> Y	bms
Procurement	2/16/2023	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	SGL
Guest Experience	2/22/2023	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	2/21/2023	<input checked="" type="checkbox"/> Y	BNZ

SUBJECT

Staff requests authority to award a five-year contract to Sully-Miller Contracting Company dba Blue Diamond Materials, for the supply and delivery of hot mix asphalt, for an amount not to exceed \$15,000,000.

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 III, Class 1(3) and Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
3. APPROVE the award of a contract to Sully-Miller Contracting Company dba Blue Diamond Materials.
4. AUTHORIZE the Chief Executive Officer, or designee, to execute the contract upon approval as to form by the City Attorney and approval of the Los Angeles City Council.

DISCUSSION

1. Purpose

This action will establish a five-year contract for the supply and delivery of hot asphalt mixes at Los Angeles International (LAX) and Van Nuys (VNY) Airports for the operation, repair, maintenance or minor alteration of existing streets, parking lots, aircraft parking areas, runways, and taxiways. The asphalt mixes purchased through the requested contract will allow Los Angeles World Airports (LAWA) employees to replace immediately any damaged or deteriorated airfield surfaces as they are identified, especially if the surfaces are critical to safe aircraft movement and for compliance with the Federal Aviation Administration's (FAA's) Code of Federal Regulations Part 139.

2. Prior Related Actions/History of Board Actions

- **May 2, 2011 – Resolution No. 24439 (DA-4612)**

The Board of Airport Commissioners (Board) awarded a three-year contract to Sully-Miller Contracting Company, dba Blue Diamond Materials, for an amount not to exceed \$7,500,000 for hot asphalt mixes at LAX. This contract expired on July 13, 2014.

- **June 2, 2014 – Resolution No. 25421 (DA-4911)**

The Board awarded a three-year contract to Sully-Miller Contracting Company, dba Blue Diamond Materials, for an amount not to exceed \$7,500,000 for hot asphalt mixes at LAX and VNY. This contract expired on July 13, 2017.

- **April 6, 2017 – Resolution No. 26203 (DA-5181)**

The Board awarded a five-year contract to Sully-Miller Contracting Company, dba Blue Diamond Materials, for an amount not to exceed \$8,660,000 for hot asphalt mixes at LAX and VNY. This contract expired on July 13, 2022.

3. Background

Los Angeles World Airports Facilities Management Division (FMD) is responsible for the maintenance and repair of over 40,000,000 square feet of asphalt pavement. This area is divided between airside and landside locations and includes taxiways, runway safety areas, parking lots, and streets in and around LAX and VNY. Proper asphalt maintenance is essential to public safety, and deferral of this maintenance can result in early pavement failure, produce foreign object debris, or create ruts that can cause unsafe landings and takeoffs or damage vehicles and aircraft.

The airport environment is unique in its asphalt pavement needs due to the weight requirements of runways and taxiways, skid resistance, and surface water drainage. As a result of these unique conditions, LAWA sets out specific criteria, regulated by the FAA, that establish minimum standards for safety and operations. Some of these criteria include the types of asphalt mix needed, time, and the temperature in which the asphalt is delivered and applied.

Most repaving projects in the airport environment require extensive planning and preparation with both internal and external stakeholders to minimize operational impacts. Staff from

LAWA's airside and landside operations, engineering, and maintenance divisions meet monthly at the Airport Pavement Management System (APMS) working group to plan the scope of work, develop engineering plans, and schedule all airside and landside asphalt projects. Once the projects are identified, the group meets with the FAA air traffic control tower to identify the need for aircraft movement area closures or restrictions and sets a schedule. After the projects are scheduled, staff meets with all tenants and airlines to notify them of upcoming work and communicates the closed areas and project steps. The project steps may include removing the existing surface layer to a uniform thickness, transporting asphalt millings to temporary storage laydown, cleaning the intended area, applying a coat of asphalt emulsion, and/or delivering new hot mix asphalt material.

Additionally, LAWA manages the inspection, rating, maintenance, and replacement of paved surfaces utilizing an APMS to rate and plan the repairs and replacement schedule to meet FAA Part 139 requirements. All asphalt needs to be quality tested, and material testing is required for all airfield pavement projects per Federal Aviation Regulation FAA Advisory Circular 150/5370-10G. According to FAA regulations, all LAWA asphalt pavement projects will need to be tested for strict adherence to the American Society for Testing and Materials standards.

Paved surfaces must be maintained to Part 139 specification. The pavement must be repaired or replaced when: 1) pavement begins to break apart; 2) uneven surfaces exist; 3) potholes develop as asphalt deteriorates due to heavy load; 4) water damage occurs; and 5) pavement reaches the end of its lifecycle. The FAA ensures that airports with Airport Operating Certificates are meeting the pavement requirements of Part 139 by having annual inspections or unannounced inspections. If the FAA finds that an airport is not meeting its obligations, it often imposes an administrative action and/or a financial penalty for each day the airport continues to violate a Part 139 requirement. In extreme cases, the FAA might revoke the airport's certificate or limit the areas of an airport where air carriers can land or takeoff. To continue meeting FAA obligations since the expiration of the prior contract, LAWA FMD staff has purchased hot asphalt mix by means of Emergency Purchase Orders expending \$300,000 to-date.

4. Current Action/Rationale

During the prior five-year asphalt supply and delivery contract, LAWA deferred the maintenance of non-critical pavement projects, including Transportation Network Company (TNC) and South Parking Lot repairs, as part of cost-saving measures. At this time, LAWA needs to address areas where there is a potential for pavement failure, repair roadways that have been damaged by recent weather events and maintain paved locations that are newly assigned to LAWA. The LAWA FMD staff expects to repair or replace over 2,500,000 square feet of asphalt using over 95,000 asphalt tonnage during this contract. In addition, LAWA recently acquired a new profiler, specialized equipment for removing asphalt and concrete, that will allow staff to prepare more surface area for asphalt, resulting in the acceleration of project schedules so that more projects can be completed within the term of this contract. Due to the higher material and delivery costs, the fluctuating costs of crude oil, the need to complete deferred maintenance projects, the addition of roadways that must be maintained, and the ability to complete projects more efficiently due to new equipment, LAWA staff request a higher contract authority than what was used under the prior contract.

5. Selection Process

On October 6, 2022, staff posted Request for Bids (RFB) No. #121-078 on the Regional Alliance Marketplace (www.RAMPIa.org) website for the supply and delivery of hot asphalt mixes.

The RFB had an original closing date of November 10, 2022. Staff amended the Specifications to adjust the formula for the Oil Price Index, which determines the pricing for Asphalt Mixes. Staff posted Addendum No. 1 and the RFB closed on November 17, 2022. Staff received one bid from Blue Diamond Materials, dba Sully-Miller Contracting Company.

COMPANY NAME	BID	LBPP DISCOUNT	EVALUATION BID AMOUNT
Sully-Miller Contracting Company dba Blue Diamond Materials	\$2,619,000	(\$209,520)	\$2,409,480

Contract specifications were narrowed due to the FAA regulated criteria of type of asphalt mix needed, time and temperature in which the asphalt is delivered and applied. Asphalt mixes are fundamental to the timely completion of projects. In order to meet the temperature application requirements of hot asphalt, defined as no less than 300 degrees Fahrenheit, LAWA staff included a requirement in the Request for Bids that the vendor's plant(s) must be no more than 20 miles from the delivery site to the airports. Asphalt mixes must maintain the constant temperature as stated above, and the delivery trucks must be insulated to maintain the mix at the appropriate temperature. Any deliveries made from locations outside of the 20-mile limit would not be able to maintain the correct temperature due to the anticipated travel time; consequently, the asphalt could not be used. Up to 17 different types of asphalt mixes are used across the airport and on the streets and parking lots that LAWA is responsible for maintaining. The amount of material needed will vary based on the size and scope of a project, but may require an uninterrupted supply and delivery of up to 500 tons per hour of hot asphalt mixes.

Staff determined that Sully-Miller Contracting Company dba Blue Diamond Materials was the sole responsive bidder and met all LAWA requirements. Sully-Miller Contracting Company dba Blue Diamond Materials has a plant located 3.4 miles from LAX in the City of Inglewood, and a plant in Sun Valley that is 8.0 miles from VNY, which produce the designated P401 mix, and can will allow for the delivery of hot asphalt mix within the required temperature range. Staff also researched cost estimates of similar work performed at locations in and around LAWA and determined that the pricing proposed by Sully-Miller Contracting Company dba Blue Diamond Materials is comparable, and often lower, for similar services.

Twenty-four different vendors viewed the RFB. Following the close of the RFB, staff contacted other vendors who viewed it on RAMPIa.org, to ask why they did not submit a bid, and two vendors responded. Victory Resources stated that they lacked the proper trucking equipment to perform the services LAWA needs, and, as a delivery company only, could not produce the asphalt mixes as required in the Specifications. Vulcan Materials Company explained that they were interested in submitting a bid, but their plant was not located within the 20-mile radius as stated in the specification.

6. Fiscal Impact

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

Under the prior contract No. DA-5181 with Sully-Miller, LAWA expended \$7,747,209.68, or 89.5 percent of the contract's authority. Contract DA-5181 expired on July 13, 2022. Pricing for asphalt mixes under the prior contract was approximately \$62 per ton. Due to rising costs of raw materials since the onset of the COVID-19 pandemic, pricing for asphalt mixes is now approximately \$90 per ton. Delivery costs have increased from \$9.50 per ton to \$16 per ton.

Pricing for asphalt is determined by a formula that combines the bid amount for the asphalt mixes, an industry-standard oil index adjustment, the delivery cost, and labor cost for standing/working time. The oil index adjustment is updated each month, and all suppliers must use the same rate. The amount that LAWA will pay for asphalt will therefore fluctuate month over month based on the price of crude oil. Costs have increased for weekends and after-hour projects, and many of the asphalt paving projects are completed during weekends or off-hours, based on operational needs.

7. Alternatives Considered

- **Take No Action**

If this item were deferred, LAWA would lack the means to procure asphalt mixes needed to maintain, repair, and reconstruct runways, taxiways, service roads, surface streets, parking lots, and other paved areas which could lead to regulatory code violations and unsafe conditions.

- **Direct Award**

Staff contemplated direct award to Sully Miller Contracting Company, dba Blue Diamond Materials, the incumbent vendor, as their plants are local to both Van Nuys Airport and Los Angeles International Airport. However, since other vendors can provide similar services, staff proceeded with a competitive bid process.

APPROPRIATIONS

Funds for this contract are available in the Fiscal Year 2022–2023 Los Angeles World Airports Operating Budget in LAX Cost Center 1150045 – Asphalt Paving & Construction Unit and VNY Cost Center 1400003 – VNY Maintenance Service, 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, and consists of the operation, repair, maintenance or minor alteration of existing streets, parking lots, aircraft parking areas, runways and taxiways, which is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, 2f and Article III, Class 1 (3) 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/Service Contractor Worker Retention Ordinances.
5. Procurement Services has reviewed this action (File No. 10288). No mandatory Small Enterprise goal for this project has been established, as no subcontracting opportunities were identified.
6. Sully-Miller Contracting Company dba Blue Diamond Materials will comply with the provisions of the Affirmative Action Program.
7. Sully-Miller Contracting Company dba Blue Diamond Materials has been assigned a Business Tax Registration Certificate Number 0000940327-001-7.
8. Sully-Miller Contracting Company dba Blue Diamond Materials will comply with the provisions of the Child Support Obligations Ordinance.
9. Sully-Miller Contracting Company dba Blue Diamond Materials 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. Sully-Miller Contracting Company dba Blue Diamond Materials has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Sully-Miller Contracting Company dba Blue Diamond Materials 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. Sully-Miller Contracting Company dba Blue Diamond Materials has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. Sully-Miller Contracting Company dba Blue Diamond Materials has submitted the Municipal Lobbying Ordinance CEC Form 50 and will comply with its provisions.
16. Sully-Miller Contracting Company dba Blue Diamond Materials has submitted the Iran Contracting Affidavit and will comply with its provisions.



April 3, 2023

The Honorable City Council
of the City of Los Angeles
(via email)

Subject: Contract with Sully-Miller Contracting Company dba Blue Diamond Materials

Pursuant to Section 373 of the City Charter, enclosed for your approval is a five (5)-year Contract with Sully-Miller Contracting Company dba Blue Diamond Materials that was approved by the Board of Airport Commissioners at its March 16, 2023 meeting. There is no impact to the General Fund.

LAX
Van Nuys
City of Los Angeles

RECOMMENDATIONS FOR CITY COUNCIL:

Karen Bass
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

Gabriel L. Eshaghian
Matthew M. Johnson
Nicholas P. Roxborough
Belinda M. Vega
Karim Webb

Justin Erbacci
Chief Executive Officer

1. Adopt the determination by said Board that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(3) and Article II, Section 2.f of the Los Angeles City CEQA Guidelines; and
2. Approve the five (5)-year Contract with Sully-Miller Contracting Company dba Blue Diamond Materials covering supply and delivery of hot mix asphalt for Los Angeles International Airport and Van Nuys Airport, for cost not to exceed \$15,000,000; and
3. Concur with said Board's action on March 16, 2023, by Resolution 27700, authorizing the Chief Executive Officer, or designee, of Los Angeles World Airports to execute said five (5)-year Contract with Sully-Miller Contracting Company dba Blue Diamond Materials.

Very truly yours,

Grace Miguel, Commission Executive Assistant II
BOARD OF AIRPORT COMMISSIONERS

Enclosures

- cc: Trade, Travel and Tourism Committee
Councilmember Park, e-file
Councilmember McOsker, e-file
Councilmember Soto-Martinez, e-file
CAO (Airport Analyst), e-file
CLA (Airport Analyst), e-file
City Clerk's Office, e-file



RESOLUTION NO. 27700

WHEREAS, on recommendation of Management, there was presented for approval, Award of five (5)-year Contract to Sully-Miller Contracting Company dba Blue Diamond Materials covering supply and delivery of hot mix asphalt for Los Angeles International Airport and Van Nuys Airport, for cost not to exceed \$15,000,000; and

WHEREAS, Los Angeles World Airports (LAWA) Facilities Management Division (FMD) is responsible for maintenance and repair of over 40,000,000 square feet of asphalt pavement. The area is divided between airside and landside locations and includes taxiways, runway safety areas, parking lots, and streets in and around Los Angeles International Airport (LAX) and Van Nuys Airport (VNY). Proper asphalt maintenance is essential to public safety, and deferral of this maintenance can result in early pavement failure, produce foreign object debris, or create ruts that can cause unsafe landings and takeoffs or damage vehicles and aircraft; and

LAX

Van Nuys

City of Los Angeles

Karen Bass
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

Gabriel L. Eshaghian
Matthew M. Johnson
Nicholas P. Roxborough
Belinda M. Vega
Karim Webb

Justin Erbacci
Chief Executive Officer

WHEREAS, the airport environment is unique in its asphalt pavement needs due to the weight requirements of runways and taxiways, skid resistance, and surface water drainage. As a result of those unique conditions, LAWA sets out specific criteria, regulated by the Federal Aviation Administration (FAA), that establish minimum standards for safety and operations. Some of those criteria include the types of asphalt mix needed, time, and the temperature in which the asphalt is delivered and applied; and

WHEREAS, most repaving projects in the airport environment require extensive planning and preparation with both internal and external stakeholders to minimize operational impacts. Staff from LAWA's airside and landside operations, engineering, and maintenance divisions meet monthly at the Airport Pavement Management System (APMS) working group to plan the scope of work, develop engineering plans, and schedule all airside and landside asphalt projects. Once the projects are identified, the group meets with the FAA air traffic control tower to identify the need for aircraft movement area closures or restrictions and sets a schedule. After the projects are scheduled, staff meets with all tenants and airlines to notify them of upcoming work and communicates the closed areas and project steps. The project steps may include removing the existing surface layer to a uniform thickness, transporting asphalt millings to temporary storage laydown, cleaning the intended area, applying a coat of asphalt emulsion, and/or delivering new hot mix asphalt material; and

WHEREAS, additionally, LAWA manages inspection, rating, maintenance, and replacement of paved surfaces utilizing an APMS to rate and plan the repairs and replacement schedule to meet FAA Part 139 requirements. All asphalt needs to be quality-tested, and material testing is required for all airfield pavement projects per FAA Advisory Circular 150/5370-10G. According to FAA regulations, all LAWA asphalt pavement projects will need to be tested for strict adherence to the American Society for Testing and Materials standards; and

WHEREAS, paved surfaces must be maintained to Part 139 specification. The pavement must be repaired or replaced when: [1] pavement begins to break apart, [2] uneven surfaces exist, [3] potholes develop as asphalt deteriorates due to heavy load; [4] water damage occurs; and [5] pavement reaches the end of its lifecycle. The FAA ensures that airports with Airport Operating Certificates are meeting the pavement requirements of Part 139 by having annual inspections or unannounced inspections. If the FAA finds that an airport is not meeting its obligations, it often imposes an administrative action and/or a financial penalty for each day the airport continues to violate a Part 139 requirement. In extreme cases, the FAA might revoke the airport's certificate or limit the areas of an airport where air carriers can land or takeoff. To continue meeting FAA



obligations since expiration of the prior contract, LAWA FMD has purchased hot asphalt mix by means of emergency purchase orders expending \$300,000 to date; and

WHEREAS, during the prior five (5)-year asphalt supply and delivery contract, LAWA deferred maintenance of non-critical pavement projects, including transportation network company and south parking lot repairs, as part of cost-saving measures. At this time, LAWA needs to address areas where there is a potential for pavement failure, repair roadways that have been damaged by recent weather events and maintain paved locations that are newly assigned to LAWA. FMD expects to repair or replace over 2,500,000 square feet of asphalt using over 95,000 asphalt tonnage during the new contract. In addition, LAWA recently acquired a new profiler, specialized equipment for removing asphalt and concrete, that will allow staff to prepare more surface area for asphalt, resulting in the acceleration of project schedules so that more projects can be completed within the term of the new contract. Due to the higher material and delivery costs, the fluctuating costs of crude oil, the need to complete deferred maintenance projects, the addition of roadways that must be maintained, and the ability to complete projects more efficiently due to new equipment, staff requested a higher contract authority than what was used under the prior contract; and

WHEREAS, LAWA received one (1) bid, as detailed below, from Sully-Miller Contracting Company dba Blue Diamond Materials, to Request for Bids (RFB) 121-078 for supply and delivery of hot asphalt mixes:

Company	Bid	LBPP Discount	Evaluation Bid Amount
Blue Diamond Materials	\$2,619,000	(\$209,520)	\$2,409,480; and

* LBPP = Local Business Preference Program

WHEREAS, contract specifications were narrowed due to the FAA-regulated criteria of type of asphalt mix needed, time and temperature in which asphalt is delivered and applied. Asphalt mixes are fundamental to the timely completion of projects. In order to meet the temperature application requirements of hot asphalt, defined as no less than 300 degrees Fahrenheit, LAWA included a requirement in the RFB that the vendor’s plant(s) must be no more than 20 miles from the delivery site to the airports. Asphalt mixes must maintain the constant temperature as stated above, and the delivery trucks must be insulated to maintain the mix at the appropriate temperature. Any deliveries made from locations outside of the 20-mile limit would not be able to maintain the correct temperature due to the anticipated travel time; consequently, the asphalt could not be used. Up to 17 different types of asphalt mixes are used across the airport and on the streets and parking lots that LAWA is responsible for maintaining. The amount of material needed will vary based on the size and scope of a project, but may require an uninterrupted supply and delivery of up to 500 tons per hour of hot asphalt mixes; and

WHEREAS, staff determined that Blue Diamond Materials was the sole responsive bidder and met all LAWA requirements. The firm has a plant located 3.4 miles from LAX in the City of Inglewood and a plant in Sun Valley that is 8 miles from VNY that produce the designated P401 mix and can will allow for delivery of hot asphalt mix within the required temperature range. Staff also researched cost estimates of similar work performed at locations in and around LAWA and determined that the pricing proposed by Blue Diamond Materials is comparable, and often lower, for similar services; and

WHEREAS, funds for the Contract are available in the Fiscal Year 2022–2023 LAWA Operating Budget in LAX Cost Center 1150045 – Asphalt Paving & Construction Unit and VNY Cost Center 1400003 – VNY Maintenance Service, Commitment item 522 – Materials and Supplies. Funding for subsequent years will be requested as part of the annual budget process; and

WHEREAS, this item, as a continuing administrative, maintenance and personnel-related activity, and consists of the operation, repair, maintenance or minor alteration of existing streets, parking lots, aircraft parking areas, runways and taxiways, which is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, 2.f and Article III, Class 1 (3) of the Los Angeles City CEQA Guidelines; and

WHEREAS, Blue Diamond Materials will comply with the provisions of the Affirmative Action Program and Child Support Obligations Ordinance; and

WHEREAS, Blue Diamond Materials has been assigned Business Tax Registration Certificate 0000940327-001-7; and

WHEREAS, Blue Diamond Materials has approved insurance documents, in the terms and amounts required, on file with LAWA; and

WHEREAS, Blue Diamond Materials has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, Blue Diamond Materials has been determined by Public Works, Office of Contract Compliance to be in full compliance with the provisions of the Equal Benefits Ordinance; and

WHEREAS, Blue Diamond Materials has submitted the Bidder Contributions CEC Form 55, Municipal Lobbying Ordinance CEC Form 50 and Iran Contracting Affidavit, and will comply with their provisions; and

WHEREAS, 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;

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 III, Class 1(3) and Article II, Section 2.f of the Los Angeles City CEQA Guidelines; approved Award of five (5)-year Contract to Sully-Miller Contracting Company dba Blue Diamond Materials covering supply and delivery of hot mix asphalt for Los Angeles International Airport and Van Nuys Airport, for cost not to exceed \$15,000,000; and authorized the Chief Executive Officer, or designee, to execute said Contract with Sully-Miller Contracting Company dba Blue Diamond Materials after approval as to form by the City Attorney and approval by the Los Angeles City Council.

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I hereby certify that this Resolution No. 27700 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, March 16, 2023.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS