

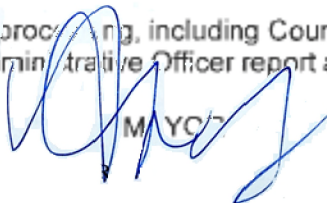
0150-09432-0001

TRANSMITTAL

| | | |
|--|---|-------------------------|
| TO Deborah Flint, Executive Director Department of Airports | DATE 3/11/16 | COUNCIL FILE NO. |
| FROM The Mayor | COUNCIL DISTRICT City of Palmdale | |

Request to Approve the First Amendment to Contract DA-4567 with ABM Facility Services, Inc. for Property Management and Maintenance Services at the Department of Airports' Palmdale Regional Airport Landholdings

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



(Ana Guerrero)

MAS:WDC: 10160062f

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: March 11, 2016

CAO File No.: 0150-09432-0001

Council File No.:

Council District: City of Palmdale

To: The Mayor

From: Miguel A. Santana, City Administrative Officer



Reference: Communication from the Department of Airports dated February 2, 2016; referred by the Mayor for report on February 8, 2016

Subject: **REQUEST TO APPROVE A FIRST AMENDMENT TO CONTRACT WITH ABM FACILITY SERVICES, INC. FOR PROPERTY MANAGEMENT AND MAINTENANCE SERVICES AT PALMDALE AIRPORT**

SUMMARY

The Executive Director of the Los Angeles World Airports (LAWA; Department) requests authority to execute a First Amendment to Contract DA-4567 with ABM Facility Services, Inc. (ABM Facility Services; contractor) for property management and maintenance services at the Department's Palmdale Airport landholdings. The proposed Amendment will extend the current five-year term by nine months to December 31, 2016, at an additional not-to-exceed cost of \$1,875,000, to allow the contractor to continue providing services while the Department finalizes and implements a new competitive process for the selection of a contractor for management of the airport property.

The property, adjacent to the former Palmdale Regional Airport, consists of a combination of land and buildings located 72 miles northeast of the Los Angeles International Airport. While the Department surrendered its FAA (Federal Aviation Administration) certification to operate the facility as a regional airport in 2009, LAWA is in the process of developing a Master Plan to help guide airport land use and development decisions through 2030.

The property for which the Department is responsible consists of approximately 19 buildings (or a portion thereof) on two landholdings on what is termed "Site 9" and "Non-Site 9," that, combined, equal 233,695 square feet of space. The combined acreage of the two landholdings maintained by LAWA—and therefore subject to the property management and maintenance agreement—is approximately 13,038 acres. The entirety of the Department-owned land at this site is 17,500 acres. The difference of 4,462 acres is for leased space where the lessee has responsibility for the management and maintenance of the property.

The existing ABM Facility Services property management contract requires the contractor to conduct routine and scheduled repair work and preventive maintenance on the facilities, lighting, mechanical equipment, fire and utilities systems, and roadways located on the airport property; inspections of gates, fences, private roads, parking areas, ditches, and stormwater ponds; and

emergency repairs. Also required is deterrence and control of illegal dumping, as well as preparation and submission of reports to LAWA and the affected regulatory agencies.

The First Amendment between LAWA and ABM Facility Services was approved by the Board of Airport Commissioners (Board) at its meeting of February 3, 2016.

City Council approval of the proposed Amendment is required in accordance with Charter Section 373, "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," in that the cumulative period of the contract exceeds three years. Additionally, to become effective, the City Attorney must approve the Amendment as to form. The above-referenced aspects of the First Amendment, and this report, are based upon revised information received from the Department subsequent to the initial request submittal.

Background and Contract Terms

The current contract with ABM Facility Services, obtained through a competitive process, is in its fifth year as a result of an original three-year term that began on April 1, 2011, and a Board-approved two-year extension option that extended the expiration date to March 31, 2016. The annual cost to LAWA for the property management contract is approximately \$208,333 per month—the same monthly rate that applies to the proposed term extension.

In anticipation of the March 31, 2016 contract expiration date, the Department released a Request for Proposals (RFP) in October 2015. Of the seven companies that indicated an interest in providing property management and maintenance services for the airport facilities, none submitted proposals by the December 11, 2015 deadline. The reasons given by the seven interested companies for non-submission ranged from "too busy with other projects and competitive processes" to "unable to allocate proper resources to develop a response" to "unclear about what LAWA's expectations are for the property." As to the latter reason for not submitting a proposal, the Department indicates that no questions about expectations were posed by potential service providers.

In an effort to improve the competitive process and increase interest by potential service providers, LAWA is soliciting suggestions from experienced industrial facility maintenance companies in preparation for releasing a new RFP on March 18, 2016, with proposals due on April 29, 2016. By extending the existing contract with ABM Facility Services for an additional nine months beyond the March 2016 expiration, it will afford the Department sufficient time to revise, finalize, and release the RFP; make the selection; and execute a contract before the new December 31, 2016 deadline.

Prior to the selection of ABM Facility Services (formerly Linc Facility Services, LLC) in December 2010, LAWA's Palmdale Airport landholdings were managed by Department staff. In 2010, it was determined that hiring a contractor to manage the maintenance functions would be desirable since doing so would:

- o Allow Department maintenance staff from the Palmdale Airport to be reassigned to priority projects at the Los Angeles International Airport

- o Result in a minimum 10 percent cost savings to LAWA
- o Result in additional cost savings and efficiencies (beyond the minimum 10 percent) depending upon the contractor’s flexibility in assigning staff to a facility whose tenant base--and therefore, maintenance requirements--fluctuates

The primary elements of the contract, as well as a comparison of the prior and proposed terms, are reflected in the following table:

| SUMMARY - FIRST AMENDMENT TO CONTRACT WITH ABM FACILITY SERVICES, INC. PALMDALE LANDHOLDINGS | | | | |
|---|--------------------------------|--|---|--|
| Description | Prior Terms | No-to-Exceed Annual and Total Cost | Proposed Terms | Cost of Extension and Total Cost |
| Contract Period | 5 Years* 4/1/11 - 3/31/16 | \$2,500,000 | 5 Years* Nine Months 4/1/11 - 12/31/16 | \$1,875,000 |
| Total | | \$12,500,000 | | \$14,375,000 |
| Termination Provision | 30 days with written notice | | 30 days with written notice | |
| Buildings | | | | |
| Site 9 | 220,495 SF | | 220,495 SF | |
| Non-Site 9 | 13,200 SF | | 13,200 SF | |
| Total | 233,695 SF | | 233,695 SF | |
| Land | | | | |
| Site 9 | 286 Acres | | 286 Acres | |
| Non-Site 9 | 12,752 Acres | | 12,752 Acres | |
| Total | 13,038 Acres | | 13,038 Acres | |

*Three years with one two-year extension option for a total of five years

Whereas budgeted funds have remained constant at \$1,225,000 for the past three fiscal years, approximate expenditures have varied as follows: FY2014: \$1,191,242; FY2015: \$995,415; and FY2016 (to date): \$354,765.

Alternatives to the Proposed First Amendment

The Department advises that there are no viable alternatives to extending the current contract with ABM Facility Services for nine months as proposed. By continuing the contract, it will allow LAWA sufficient time to modify, finalize, and release the RFP; select a contractor; and execute a contract before the December 31, 2016 extension expires.

Compliance with City Administrative Requirements

The Department’s Charter Section 1022 (“Use of Independent Contractors”) determination was that these services can be more feasibly and economically performed by an independent contractor

than by City employees. As such, there have been no objections to the original agreement or proposed Amendment by the City's labor unions.

With respect to CEQA (California Environmental Quality Act) compliance, the issuance of permits, leases, agreements, renewals, or amendments granting use of an existing facility involving no expansion of use at a municipal airport is exempt from the requirements of the CEQA pursuant to Article III, Class 1(18)(c) of the Los Angeles City CEQA Guidelines. The proposed contract amendment extends the current term but without any expansion of use.

The contractor is required to comply with the following Standard Provisions for City Contracts: the Living Wage Ordinance, Affirmative Action Program, Child Support Obligations Ordinance, Contractor Responsibility Program, and the Bidder Contributions CEC (City Ethics Commission) Form 55 pertaining to the City's contract bidder campaign contribution and fundraising restrictions. Additionally, the Department of Public Works, Office of Contract Compliance, must determine that ABM Facility Services is in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the Amendment.

The contractor is not subject to the provisions of the First Source Hiring Program for all non-trade airport jobs. While the original contract contained a 10 percent combined M/WBE (Minority/Women Business Enterprise) level of participation requirement, the contractor (at the time, Linc Facility Services) proposed a 25 percent participation level for security patrols. When the contract negotiations were finalized, the security patrol services were eliminated (the only other subcontracting opportunities were for on-call, as-needed services) resulting in a revised scope of work and a zero percentage subcontracting participation level. As required, ABM Facility Services has the approved insurance, in the terms and amounts required by LAWA, on file with the Department.

City Council approval of the proposed First Amendment pursuant to the provisions contained in Charter Section 373, "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," in that the contract will exceed three years. Additionally, to become effective, the City Attorney must approve the Amendment as to form.

RECOMMENDATIONS

That the Mayor:

1. Approve the proposed First Amendment to Contract DA-4567 between the Los Angeles World Airports and ABM Facility Services, Inc. extending the current contract term by nine months to December 31, 2016, at an additional not-to-exceed cost of \$1,875,000, to continue property management and maintenance services at the Department's Palmdale Airport landholdings to allow time for a new competitive contractor selection process to be completed, subject to City Attorney approval as to form and compliance with the City's Standard Provisions for Contracts including the Living Wage Ordinance, Affirmative Action Program, Child Support Obligations Ordinance, Contractor Responsibility Program, Bidder Contributions CEC Form 55

pertaining to the City's contract bidder campaign contribution and fundraising, and the provisions of the Equal Benefits Ordinance;

2. Authorize the Executive Director to execute the First Amendment to Contract DA-4567; and
3. Return the proposed Amendment to the Los Angeles World Airports for further processing, including Council consideration.

FISCAL IMPACT STATEMENT

Approval of the proposed First Amendment between the Los Angeles World Airports (LAWA) and ABM Facility Services, Inc. for property management and maintenance services at the Department's Palmdale Airport landholdings will have no impact on the City's General Fund or the Department's Capital Budget. Funding for the contract is available in LAWA's Fiscal Year 2015-16 Operating Budget in Cost Center 1500005 – PMD (Palmdale Airport) Asset Management, Commitment Item 520 – Contractual Services. Funding for future years will be requested through the annual budget process. The proposed First Amendment and the underlying contract comply with the Los Angeles World Airports' adopted Financial Policies.

Time Limit for Council Action

In accordance with Charter Section 373, "Long Term Contracts Approved by Council," and the Los Angeles Administrative Code Section 10.5, "Limitation and Power to Make Contracts," the proposed contract amendment must be approved by the Council before it can become effective. Unless the Council takes action disapproving a contract that is longer than three years within 60 days after submission to Council, the contract will be deemed approved.