

TRANSPORTATION COMMITTEE REPORT relative to proposed Third Amendment to Contract No. C-128772) with Ilium Associates, Inc. (Ilium) for transit marketing, customer outreach, and support services.

1. APPROVE the Third Amendment to Contract No. C-128772 with Ilium for marketing and community outreach and posting of public right of way signs in support of the City Transit Program and Ordinance 41.18 through June 30, 2024 with a \$3,270,588 increase in the cost ceiling for a total contract ceiling of \$23,413,080.
2. INSTRUCT the General Manager, Los Angeles Department of Transportation to:
 - a. 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.
 - b. Report within 60 days in regard to the status of the Request for Proposals to replace the program management contract as detailed in the March 16, 2023 City Administrative Officer (CAO) report, attached to the Council File.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that there is 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 CAO reports that the recommendations comply with the City's Financial Policies in that sufficient budgeted funds are available to support proposed expenditures.

Community Impact Statement: None submitted.

TIME LIMIT FILE – JULY 24, 2023

(LAST DAY FOR COUNCIL ACTION – JULY 5, 2023)

Summary:

On June 14, 2023, your Committee considered a March 16, 2023 CAO report relative to proposed Third Amendment to Contract No. C-128772) with Ilium for transit marketing, customer outreach, and support services. According to the CAO, the LADOT 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 LADOT has a draft RFP prepared. The CAO has discussed the timing of the presentation of the next contract to the Mayor with

LADOT 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 LADOT report provides estimated costs for the Ilium contract that expired on December 31, 2022. The CAO has asked the LADOT to update the costs with actual costs since the expiration date has passed and the CAO has 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 LADOT 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 the CAO 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. The LADOT 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, the LADOT 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. The LADOT states that the services provided by Ilium are critical services. Also, the LADOT states that the services are provided on an as-needed basis and can be curtailed to meet budgeted levels, if necessary. After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the CAO report, as amended. This matter is now submitted to Council for its consideration.

Respectfully Submitted,
Transportation Committee

COUNCILMEMBER VOTE

HUTT: YES
PARK: YES
HERNANDEZ: YES
RAMAN: YES
YAROSLAVSKY: YES

ARL
6/14/23

-NOT OFFICIAL UNTIL COUNCIL ACTS-