

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: January 11, 2022

CAO File No. 0150-11054-0002

Council File No.

Council District: 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer 

Reference: Communication from Los Angeles World Airports dated November 3, 2022; referred by the Mayor for a report on November 3, 2022

Subject: **PROPOSED SECOND AMENDMENT TO CONTRACT DA-5260 WITH SOLAR TURBINES, INC. FOR MAINTENANCE AND REPAIR OF TWO CO-GENERATION TURBINES AND RELATED EQUIPMENT AT LOS ANGELES WORLD AIRPORTS**

RECOMMENDATION

That the Mayor:

1. Approve a proposed Second Amendment to Contract DA-5260 with Solar Turbines, Inc., to extend the contract term by one year, providing a six-year term, with a one-year renewal option, effective February 14, 2018 through February 13, 2024, and increase the contract authority by \$3,000,000, for a total not-to-exceed \$12,227,860, to continue providing maintenance and repair of two co-generation turbines at Los Angeles International Airport, subject to City Attorney approval as to form and compliance with the City's Standard Provisions, including: Living Wage Ordinance, Affirmative Action Program, Business Tax Registration Certification, Child Support Obligations Ordinance, Contractor Responsibility Program, First Source Hiring Program, Bidder Contributions CEC Form 55, Bidder Contributions MLO CEC Form 50, and Iran Contracting Act of 2010;
2. Authorize the Chief Executive Officer of the Los Angeles World Airports to execute the proposed Second Amendment to Contract DA-5260, upon approval by the Los Angeles City Council, with the condition that prior to the execution of the Second Amendment, Solar Turbines, Inc. must:
 - a. Have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports; and
 - b. Be determined by Public Works, Office of Contract Compliance to be in full compliance with the provisions of the Equal Benefits Ordinance; and

3. Return the request to the Los Angeles World Airports for further processing, including Council consideration.

SUMMARY

The Los Angeles World Airports (LAWA; Department) Board of Airport Commissioners (BOAC; Board) requests approval to execute a proposed Second Amendment (Amendment; Agreement) to Contract DA-5260 with Solar Turbines, Inc. (Solar; Contractor), to continue providing maintenance, replacement parts, and repair of two co-generation turbines (turbines) at Los Angeles International Airport’s (LAX) Central Utility Plant (CUP). The current term of the contract expires on February 13, 2023. Approval of the proposed Amendment will extend the term by one year, resulting in a six-year term, unless the one-year renewal option is exercised (for a total of seven years), and add expenditure authority of \$3,000,000, for a total not-to-exceed \$12,227,860. The additional authority requested under the Second Amendment will be evenly divided between monthly maintenance costs and contingencies for repairs, materials, and other related expenses. The table below summarizes the intended use of the funds:

DA-5260 Contract – Cost Components (2nd Amendment)	Amount
Monthly Maintenance Services	\$1,500,000
Contingency (repairs, materials, and other related expenses)	\$1,500,000
Total	\$3,000,000

Co-generation is an efficient technology that generates electricity and heat. The technology offers increased efficiency, lower emissions, and reduced energy costs. Each of LAWA’s co-generation turbines run on natural gas and produces 4.2 megawatts of electricity to perform two specific functions: 1) generate power and 2) create steam to heat or cool various LAWA facilities, including the CUP. Energy consumption through the turbines enables LAWA to be less dependent on the City of Los Angeles Department of Water and Power (DWP) for electric services, thereby reducing stress on California’s power grid. Any excess power produced by the turbines is exported to the DWP for credit to LAWA. The Department reports that the use of the turbines saves LAWA approximately \$30,000 in daily utility costs which results in annual cost savings between \$8 million and \$10 million. LAWA reports that execution of the proposed Agreement will enable the contractor to preserve the mechanical integrity of the turbines to maintain a high level of engine performance.

LAWA will become heavily dependent on the DWP for power sources, air, and heating at various LAWA facilities without the energy generated from the turbines. Further, the use of the turbines will provide an additional cost benefit to LAWA because efficient performance of the engines eliminates the need for the Department to rely on Southern California Gas Company (SCG) to supply core gas fuel to the boilers that produce high-pressure steam. LAWA would incur costs of approximately \$3.4 million annually for the delivery of fuel services as such if the turbines were not functional.

The Department indicates that there is insufficient contract authority to cover the monthly maintenance charges through the extended period. Approximately \$626,000 of the contract authority remains as of December 2022. An increase in expenditure authority will enable LAWA to

cover ongoing and unexpected expenses for remote troubleshooting and support, monitoring and diagnostics, on-site maintenance and component replacement, various inspections, repairs, and engine exchange/overhaul. Expenditures for calendar years 2021 and 2022 were \$1,139,030 and \$4,171,646 respectively. The financial disparity between the two years is due to the engine overhauls that were completed in 2022.

With regular maintenance, turbines have an expected lifecycle of 30,000 run hours per turbine before a mechanical overhaul is required. The expected time frame it takes to accumulate 30,000 run hours is about four years. Under the First Amendment, each turbine received engine overhauls so LAWA does not anticipate risks of running into unforeseen mechanical breakdowns prior to the end of the contract term. Currently, Turbine No. 101 has zero run hours and Turbine No. 201 has 7,256 run hours.

Third-party contractors are not authorized to perform maintenance support services, or procure related equipment for the turbines because Solar has the exclusive rights to maintain the units pursuant to the Los Angeles City Charter Section 371(e)(7), "Competitive Bidding; Competitive Sealed Proposals," and the Los Angeles Administrative Code Section 10.15(a)(7), "Competitive Bids." Consequently, the Department cannot seek competitive bids from other agencies to repair the turbines or procure related equipment as a result of the units being proprietary to Solar.

Currently, LAWA is conducting research with the aim of transitioning the CUP from natural gas usage to hydrogen fuel (H2). Preliminary studies have shown that H2 is one of the leading options for storing renewable energy and achieving less direct emissions of pollutants or greenhouse gasses. The Department has also opened discussions and engaged in research with other City departments and the Alliance for Renewable Clean Energy Solutions to develop the H2 economy in California, in addition to participating in feasibility studies examining new technology using H2 and other renewable energy sources with National Renewable Energy Laboratory.

LAWA plans to release a Request for Proposals (RFP) upon determining the viability of obtaining new, sustainable, and green technology to generate the necessary power required to operate the various facilities supported by the turbines if the ongoing studies find that converting to H2 is a safe, feasible, and affordable alternative. LAWA anticipates that further research and execution of a new contract will take up to one year so the Department expects to exercise its one-year renewal option. Costs incurred under this contract will be recovered through terminal rates and charges, landing fees, and non-aeronautical revenues. Funds for subsequent years will be requested as part of LAWA's annual budget process.

The BOAC approved the proposed Second Amendment at its meeting on November 3, 2022. Actions taken on this item by the BOAC will become final pursuant to the provisions of the Los Angeles City Charter Section 373.

FISCAL IMPACT STATEMENT

Approval of the proposed Second Amendment to Contract DA-5260 with Solar Turbines, Inc. to extend the term for one year and increase the contract authority by \$3,000,000, for a total not-to-

exceed \$12,227,860 will have no impact on the City's General Fund. Funds for this Agreement is available in the Fiscal Year 2022-23 Los Angeles World Airports Operating Budget in LAX Cost Center 1150070 - Central Utility Plant, Commitment Item 520 – Contractual Services. The actions of the proposed Agreement comply with the Los Angeles World Airports' adopted Financial Policies.

MWS:DG:10230060



November 07, 2022

LAX

Van Nuys

City of Los Angeles

Eric Garcetti
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

Sean O. Burton
Gabriel L. Eshaghian
Nicholas P. Roxborough
Belinda M. Vega
Karim Webb

Justin Erbacci
Chief Executive Officer

The Honorable Eric Garcetti
Mayor, City of Los Angeles
City Hall – Room 303
Los Angeles, CA 90012

ATTN: Heleen Ramirez
Legislative Coordinator

RE: Request to approve the Second Amendment to Contract DA-5260 with Solar Turbines, Incorporated

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request to approve the Second Amendment to Contract DA-5260 with Solar Turbines, Incorporated to add contract authority in the amount of \$3,000,000, for a total contract amount not to exceed \$12,227,860, and extend the term for one year through February 13, 2024, with a one-year renewal option, for ongoing maintenance and repair of two cogeneration turbines and related equipment at Los Angeles World Airports.

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

Sincerely,

A handwritten signature in black ink, appearing to read "Justin Erbacci".

Justin Erbacci
Chief Executive Officer

JPE: MSA: MTR: KSF
Attachments





6

Report to the BOARD OF AIRPORT COMMISSIONERS

<i>R. J. Connolly</i> Approver: Richard J. Connolly, Deputy Executive Director Facilities Management Division	Meeting Date																								
	11/3/2022																								
<i>Brian C. Ostler</i> Reviewer: Brian C. Ostler, City Attorney <i>JRL</i>	Needs Council Approval: <input checked="" type="checkbox"/> Y																								
	<table border="1"> <thead> <tr> <th>Reviewed for/by</th> <th>Date</th> <th>Approval Status</th> <th>By</th> </tr> </thead> <tbody> <tr> <td>Finance</td> <td>10/19/2022</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> NA</td> <td>JS</td> </tr> <tr> <td>CEQA</td> <td>10/17/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>VW</td> </tr> <tr> <td>Procurement</td> <td>10/21/2022</td> <td><input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond</td> <td>DM</td> </tr> <tr> <td>Guest Experience</td> <td>10/24/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>TB</td> </tr> <tr> <td>Strategic Planning</td> <td>10/18/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>BHZ</td> </tr> </tbody> </table>	Reviewed for/by	Date	Approval Status	By	Finance	10/19/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS	CEQA	10/17/2022	<input checked="" type="checkbox"/> Y	VW	Procurement	10/21/2022	<input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond	DM	Guest Experience	10/24/2022	<input checked="" type="checkbox"/> Y	TB	Strategic Planning	10/18/2022	<input checked="" type="checkbox"/> Y	BHZ
Reviewed for/by	Date	Approval Status	By																						
Finance	10/19/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS																						
CEQA	10/17/2022	<input checked="" type="checkbox"/> Y	VW																						
Procurement	10/21/2022	<input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond	DM																						
Guest Experience	10/24/2022	<input checked="" type="checkbox"/> Y	TB																						
Strategic Planning	10/18/2022	<input checked="" type="checkbox"/> Y	BHZ																						
Justin Erbacci, Chief Executive Officer																									

SUBJECT

Request to approve the Second Amendment to Contract DA-5260 with Solar Turbines, Incorporated to add contract authority in the amount of \$3,000,000, for a total contract amount not to exceed \$12,227,860, and extend the term for one year through February 13, 2024, with a one-year renewal option, for ongoing maintenance and repair of two cogeneration turbines and related equipment at Los Angeles World Airports.

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f and Article III, Class 1 (2) of the Los Angeles City CEQA Guidelines.
- APPROVE the Second Amendment to Contract No. DA-5260 with Solar Turbines, Incorporated to increase the contract's authority by \$3,000,000, for a revised not-to-exceed amount of \$12,227,860, and to extend the term for one year through February 13, 2024, with a one-year renewal option.
- AUTHORIZE the Chief Executive Officer, or designee, to execute the Second Amendment to Contract No. DA-5260 after approval as to form by the City Attorney and approval of the Los Angeles City Council.

DISCUSSION

1. Purpose

The proposed action is to ensure that Los Angeles World Airports (LAWA) has a contract in place to maintain uninterrupted technical and engineering services needed to support daily operations of the Central Utility Plant (CUP) at Los Angeles International Airport (LAX).

2. Prior Related Actions/History of Board Actions

- **October 2, 2014 – Resolution No. 25532 (DA-4946)**
The Board of Airport Commissioners (Board) awarded a two-year contract to Solar Turbines, Incorporated (Solar Turbines, Inc.) for Equipment Health Management services, providing remote monitoring, preventive maintenance, and spare parts for the Central Utility Plant's (CUP) two cogeneration turbines for a not-to-exceed amount of \$552,632. The contract was due to expire on February 15, 2017.
- **January 10, 2017 – Resolution No. 26145 (DA-4946A)**
The Board approved a one-year amendment to DA-4946, adding \$298,840 to the contract for an overall adjusted amount of \$851,472. Contract DA-4946A expired February 15, 2018.
- **December 14, 2017 – Resolution No. 26395 (DA-5260)**
The Board approved a five-year sole-source contract with Solar Turbines, Inc. for a Beneficial Use Service Agreement covering the cogeneration turbines in the LAX Central Utility Plant for a not-to-exceed amount of \$7,227,860. Contract DA-5260 will expire on February 13, 2023.
- **November 4, 2021 – Resolution No. 27373 (DA-5260A)**
The Board approved the First Amendment to DA-5260 with Solar Turbines, Inc. to increase contract authority by \$2,000,000 for a new total not to exceed \$9,227,860.

3. Background

The Airport Utilities and Controls Unit of the Facilities Management Division is responsible for maintaining the equipment at the LAX CUP, including the cogeneration turbines. The turbines run on natural gas, rotate at high speeds, and perform two specific functions: generating power and creating steam.

Each turbine in the Central Utility Plant can produce a maximum output of 4.2 megawatts or 4,200 kilowatts of electricity, and this electricity is used to power various LAX parking structures, traffic signals, and the Central Utility Plant equipment, specifically five electric chiller machines and water circulating pumps. Any excess power produced is exported to the City of Los Angeles, Department of Water and Power (LADWP) for credit to LAWA. The turbines also create steam through exhaust heat, which is used for heating and cooling in central terminal area buildings, the Administration East building, and the LAX Theme Building.

4. Current Action/Rationale

The current contract with Solar Turbines, Inc. does not have sufficient authority to continue necessary maintenance while a new competitive procurement process is conducted. Solar Turbines, Inc. will continue to provide service under the terms of the current contract, which include an annual escalation rate of up to six percent. The requested increase in authority of \$3,000,000 will cover monthly maintenance services in the amount of \$1,500,000 and provides a contingency amount of \$1,500,000 for repairs, materials, and other related costs through the end of the requested contract extension.

Los Angeles World Airports staff was working on a scope of work (SOW) for a Request for Proposal (RFP) to replace the current cogeneration turbines installed at the LAX CUP. However, during this time, new technology has emerged that might change these combustion turbine generators, which would require a change in the way these machines are serviced. This new technology would allow for more environmentally friendly, greener power generation. Therefore, staff decided to take the time to conduct additional research and determine the viability of using newer, green technologies. Once this research, a resulting new SOW and a corresponding RFP process are completed, staff will come to the Board for approval of a new contract.

5. Fiscal Impact

Costs incurred under this contract will be recovered mainly through terminal rates and charges, landing fees, and non-aeronautical revenues. The use of the cogeneration turbines saves LAWA an estimate of \$30,000 in utility costs daily by not having to purchase additional electricity from LADWP. Since the current contract's inception, approximately \$8,386,735, or 91 percent, of the contract authority has been invoiced to date, equivalent to \$152,486 per month.

6. Alternatives Considered

- ***Conduct New Competitive Bid Process***

Staff is preparing to conduct a new competitive RFP process to seek options for new sustainable and green cogeneration turbine technology for the CUP. Research conducted by LAWA Tiger Team staff has shown this to be a potentially feasible solution to help LAWA reduce its carbon footprint by incorporating the latest compressed gas turbine technology. This process may take up to one year to obtain a new contract, and, if new turbines are procured, it will take additional time for installation. In the meantime, this amendment will ensure that LAWA can maintain the current turbines in a safe and efficient manner.

- ***Take No Action***

If this amendment is not approved, then Solar Turbines, Inc. will not be able to perform the required maintenance on the turbines before the authority runs out. Los Angeles World Airports would then have to pay the LADWP for power to maintain air conditioning and heating for all terminals and other facilities.

APPROPRIATIONS

Funds for this contract are available in the Fiscal Year 2022-23 Los Angeles World Airports Operating Budget in LAX Cost Center 1150070 – Central Utility Plant, Commitment Item 520 – Contractual Services. Funding for subsequent years will be requested as part of the annual operating budget process.

STANDARD PROVISIONS

1. This item, as a continuing administrative, maintenance and personnel-related activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines. In addition, operation, repair, maintenance or minor alteration of existing facilities of both investor and publicly owned utilities, electrical power, natural gas, sewage, water, telephone, and mechanical systems serving existing facilities, including alterations to accommodate a specific use, is exempt from CEQA requirements pursuant to Article III, Class 1 (2).
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. Solar Turbines, Inc. is required by contract to comply with the provisions of the Living Wage Ordinance.
5. This action is not subject to the provisions of the SBE/LBE/LSBE/DVBE Program.
6. Solar Turbines, Inc. is required by contract to comply with the provisions of the Affirmative Action Program.
7. Solar Turbines, Inc. has been assigned Business Tax Registration Certificate No. 0002747073-0001-1.
8. Solar Turbines, Inc. is required by contract to comply with the provisions of the Child Support Obligation Ordinance.
9. Solar Turbines, Inc. has approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports.
10. Pursuant to Charter Section 1022, staff determined the work specified in this contract can be performed more feasibly and economically by Independent Contractors than by City employees.
11. Solar Turbines, Inc. has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Solar Turbines, Inc. must be determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the Contract Amendment.
13. Solar Turbines, Inc. will be required to comply with the provisions of the First Source Hiring Program for all non -trade LAX Airport jobs.

14. Solar Turbines, Inc. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. Solar Turbines, Inc. has submitted the Bidder Contributions MLO CEC Form 50 and will comply with its provisions.
16. Solar Turbines, Inc. will comply with the provisions of the Iran Contracting Act.

**SECOND AMENDMENT TO BENEFICIAL USE SERVICE AGREEMENT/
CONTRACT NUMBER DA-5260 BETWEEN THE CITY OF LOS ANGELES
AND SOLAR TURBINES INCORPORATED**

This **SECOND AMENDMENT TO BENEFICIAL USE SERVICE AGREEMENT/** CONTRACT NUMBER DA-5260 (“Amendment”) is made and entered into as of this ____ day of _____, 202_ by and between the **CITY OF LOS ANGELES** ("City"), a municipal corporation, acting by order of and through its Board of Airport Commissioners (the "Board") of the Department of Airports (“Department” or “LAWA”) and **SOLAR TURBINES INCORPORATED** ("Contractor").

RECITALS

WHEREAS, City and Contractor entered into Los Angeles World Airports Beneficial Use Service Agreement/Contract Number DA-5260 (the “Contract”) to provide maintenance coordination/planning, remote trouble shooting and support, Remote Monitoring & Diagnostics, on-site maintenance and component replacement, scheduled maintenance inspections, replacement parts and repairs, generator inspections and engine exchange/overhaul for the two (2) co-generation turbines in the Airport Utilities Control Unit at Los Angeles International Airport on February 14, 2018; and

WHEREAS, the original funding for the Contract was for an amount not to exceed Seven Million Two Hundred Twenty Seven Thousand Eight Hundred Sixty and 00/100 Dollars (\$7,227,860.00); and

WHEREAS, the Contract was amended on February 17, 2022 to add funding in the amount of Two Million and 00/100 Dollars (\$2,000,000.00) for an amended overall Contract amount not to exceed Nine Million Two Hundred Twenty Seven Thousand Eight Hundred Sixty and 00/100 Dollars (\$9,277,860.00); and

WHEREAS, the Contract was also amended to add Equal Benefits Ordinance and Iran Contracting Act of 2010 provisions to the Administrative Requirements of the Contract; and

WHEREAS, City wishes to increase the term of the Contract for one (1) year through February 13, 2024, with a single one (1) year renewal option, which will require the approval of both the Board and the Los Angeles City Council; and

WHEREAS, City also wishes to increase the not-to-exceed amount of the Contract from Nine Million Two Hundred Twenty Seven Thousand Eight Hundred Sixty and 00/100 Dollars (\$9,277,860.00) to Twelve Million Two Hundred Twenty Seven Thousand Eight Hundred Sixty and 00/100 Dollars (\$12,277,860.00); and

NOW, THEREFORE, in consideration of the premises and of the terms, covenants and conditions hereinafter contained to be kept and performed by the respective parties hereto, the parties do mutually agree that the Contract is HEREBY AMENDED AS FOLLOWS:

AMENDMENT

Amendment Section 1. Section 1.2 of the Contract titled “TERM” shall be amended and restated in its entirety as follow:

The term (“Term”) of this Agreement shall be for a period of seventy-two (72) months beginning on February 14, 2018, with a one (1) year renewal option thereafter, subject, however, to earlier termination as hereinafter specified in Section 4.5, “Termination.”

Amendment Section 2. Section 1.5 of the Contract titled “PRICING” shall be amended and restated in its entirety as follows:

Solar shall charge, and Customer shall pay, the prices and rates stated in Section 3.0 , ‘*Pricing and Commercial Considerations*’, but in no event, shall the total not-to-exceed amount of this contract exceed \$12,227,860.00.

Amendment Section 3. Except as specifically provided herein, this Amendment shall not in any manner alter, change, modify, or affect any of the rights, privileges, duties, or obligations of either of the parties hereto, under, or by reason of said Contract, as amended.

Execution. This Amendment and any other document necessary for the consummation of the transaction contemplated by this Amendment may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one Amendment, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile

signatures, may be used in connection with the execution of this Amendment and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Amendment had been delivered that had been signed using a handwritten signature. All parties to this Amendment (i) agree that an electronic signature, whether digital or encrypted, of a party to this Amendment is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this Amendment based on the foregoing forms of signature. If this Amendment has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 (“E-SIGN”) and the California Uniform Electronic Transactions Act (“UETA”) (California Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

[Remainder of This Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, City has caused this Amendment to be executed, by the CEO, and Contractor has caused the same to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first hereinabove written.

APPROVED AS TO FORM:
Michael N. Feuer,
City Attorney

CITY OF LOS ANGELES

Date: _____

By: _____
Chief Executive Officer
Department of Airports

By: _____
Deputy City Attorney

By: _____
Chief Financial Officer
Deputy Executive Director
Department of Airports

ATTEST:

SOLAR TURBINES INCORPORATED

By: Wendy Hager
Signature

By: Dustin Smith
Signature
DocuSigned by:
0CB5890B817E40A

Wendy Hager
Print Name

Dustin Smith
Print Name

Assistant Secretary
Print Title

Director, CS sales
Print Title





November 10, 2022

The Honorable City Council
of the City of Los Angeles
City Hall, Room 395
Los Angeles, CA 90012

Subject: Second Amendment to Contract DA-5260 with Solar Turbines Incorporated

Pursuant to Section 373 of the City Charter, enclosed for your approval is the Second Amendment to Contract DA-5260 with Solar Turbines Incorporated that was approved by the Board of Airport Commissioners at its November 3, 2022 meeting. There is no impact to the General Fund.

LAX

Van Nuys

City of Los Angeles

Eric Garcetti
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

Sean O. Burton
Gabriel L. Eshaghian
Nicholas P. Roxborough
Belinda M. Vega
Karim Webb

Justin Erbacci
Chief Executive Officer

RECOMMENDATIONS FOR CITY COUNCIL:

1. Adopt the determination by said Board that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f and Article III, Class 1 (2) of the Los Angeles City CEQA Guidelines; and
2. Approve the Second Amendment to Contract DA-5260 with Solar Turbines Incorporated to increase the contract authority by \$3,000,000, for new total not to exceed \$12,227,860, and extend the term through February 13, 2024, with a one (1)-year renewal option, covering ongoing maintenance and repair of two (2) cogeneration turbines and related equipment for Los Angeles World Airports; and
3. Concur with said Board's action on November 3, 2022, by Resolution 27618, authorizing the Chief Executive Officer, or designee, of Los Angeles World Airports to execute said Second Amendment to Contract DA-5260 with Solar Turbines Incorporated.

Very truly yours,

Grace Miguel, Commission Executive Assistant II
BOARD OF AIRPORT COMMISSIONERS

Enclosures

cc: Trade, Travel and Tourism Committee
Councilmember Buscaino, e-file
Councilmember Bonin, e-file
Councilmember Lee, e-file
CAO (Airport Analyst), e-file
CLA (Airport Analyst), e-file
City Clerk's Office, e-file



RESOLUTION NO. 27618

WHEREAS, on recommendation of Management, there was presented for approval, Second Amendment to Contract DA-5260 with Solar Turbines Incorporated to increase the contract authority by \$3,000,000, for new total not to exceed \$12,227,860, and extend the term through February 13, 2024, with a one (1)-year renewal option, covering ongoing maintenance and repair of two (2) cogeneration turbines and related equipment for Los Angeles World Airports; and

WHEREAS, the cogeneration turbines run on natural gas, rotate at high speeds, and perform two (2) specific functions: generating power and creating steam. Each turbine in the Central Utility Plant (CUP) can produce a maximum output of 4.2 megawatts or 4,200 kilowatts of electricity, which is used to power various Los Angeles International Airport (LAX) parking structures, traffic signals, and the CUP equipment, specifically five (5) electric chiller machines and water circulating pumps. Any excess power produced is exported to the City of Los Angeles Department of Water and Power for credit to Los Angeles World Airports (LAWA). The turbines also create steam through exhaust heat, which is used for heating and cooling in central terminal area buildings, the Administration East building, and the LAX Theme Building; and

LAX

Van Nuys

City of Los Angeles

Eric Garcetti
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

Sean O. Burton
Gabriel L. Eshaghian
Nicholas P. Roxborough
Belinda M. Vega
Karim Webb

Justin Erbacci
Chief Executive Officer

WHEREAS, the contract with Solar Turbines Incorporated (Solar Turbines) does not have sufficient authority to continue necessary maintenance while a new competitive procurement process is conducted. The terms of the contract include an annual escalation rate of up to 6%. The \$3,000,000 increase in authority will cover monthly maintenance services in the amount of \$1,500,000 and provides a contingency amount of \$1,500,000 for repairs, materials, and other related costs through the end of the contract extension; and

WHEREAS, LAWA was working on a scope of work (SOW) for a Request for Proposals (RFP) to replace the current cogeneration turbines installed at the LAX CUP. However, during this time, new technology has emerged that might change the combustion turbine generators, which would require a change in the way the machines are serviced. Said new technology would allow for more environmentally friendly, greener power generation. Therefore, staff decided to take the time to conduct additional research and determine the viability of using newer, green technologies. Once the research, a resulting new SOW, and a corresponding RFP process are completed, the Board of Airport Commissioners will be requested to approve a new contract; and

WHEREAS, funds for the contract are available in the Fiscal Year 2022-2023 LAWA Operating Budget in LAX Cost Center 1150070 – Central Utility Plant, Commitment Item 520 – Contractual Services. Funding for subsequent years will be requested as part of the annual operating budget process; and

WHEREAS, this item, as a continuing administrative, maintenance and personnel-related activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines. In addition, operation, repair, maintenance or minor alteration of existing facilities of both investor and publicly owned utilities, electrical power, natural gas, sewage, water, telephone, and mechanical systems serving existing facilities, including alterations to accommodate a specific use, is exempt from CEQA requirements pursuant to Article III, Class 1 (2); and

WHEREAS, Solar Turbines is required by contract to comply with the provisions of the Living Wage Ordinance, Affirmative Action Program, and Child Support Obligation Ordinance; and

WHEREAS, Solar Turbines has been assigned Business Tax Registration Certificate 0002747073-0001-1; and



WHEREAS, Solar Turbines has approved insurance documents, in the terms and amounts required, on file with LAWA; and

WHEREAS, pursuant to Charter Section 1022, staff determined that the work specified in the contract can be performed more feasibly and economically by Independent Contractors than by City employees; and

WHEREAS, Solar Turbines has submitted the Contractor Responsibility Program Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, Solar Turbines must be determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the Second Amendment; and

WHEREAS, Solar Turbines will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; and

WHEREAS, Solar Turbines has submitted the Bidder Contributions CEC Form 55 and Bidder Contributions MLO CEC Form 50, and will comply with their provisions; and

WHEREAS, Solar Turbines will comply with the provisions of the Iran Contracting Act; 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 II, Section 2.f and Article III, Class 1 (2) of the Los Angeles City CEQA Guidelines; approved the Second Amendment to Contract DA-5260 with Solar Turbines Incorporated to increase the contract authority by \$3,000,000, for new total not to exceed \$12,227,860, and extend the term through February 13, 2024, with a one (1)-year renewal option, covering ongoing maintenance and repair of two (2) cogeneration turbines and related equipment for Los Angeles World Airports; and authorized the Chief Executive Officer, or designee, to execute said Second Amendment to Contract DA-5260 with Solar Turbines Incorporated after approval as to form by the City Attorney and approval by the Los Angeles City Council.

o0o

I hereby certify that this Resolution No. 27618 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, November 3, 2022.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS

**SECOND AMENDMENT TO BENEFICIAL USE SERVICE AGREEMENT/
CONTRACT NUMBER DA-5260 BETWEEN THE CITY OF LOS ANGELES
AND SOLAR TURBINES INCORPORATED**

This **SECOND AMENDMENT TO BENEFICIAL USE SERVICE AGREEMENT/** CONTRACT NUMBER DA-5260 (“Amendment”) is made and entered into as of this ____ day of _____, 202_ by and between the **CITY OF LOS ANGELES** ("City"), a municipal corporation, acting by order of and through its Board of Airport Commissioners (the "Board") of the Department of Airports (“Department” or “LAWA”) and **SOLAR TURBINES INCORPORATED** ("Contractor").

RECITALS

WHEREAS, City and Contractor entered into Los Angeles World Airports Beneficial Use Service Agreement/Contract Number DA-5260 (the “Contract”) to provide maintenance coordination/planning, remote trouble shooting and support, Remote Monitoring & Diagnostics, on-site maintenance and component replacement, scheduled maintenance inspections, replacement parts and repairs, generator inspections and engine exchange/overhaul for the two (2) co-generation turbines in the Airport Utilities Control Unit at Los Angeles International Airport on February 14, 2018; and

WHEREAS, the original funding for the Contract was for an amount not to exceed Seven Million Two Hundred Twenty Seven Thousand Eight Hundred Sixty and 00/100 Dollars (\$7,227,860.00); and

WHEREAS, the Contract was amended on February 17, 2022 to add funding in the amount of Two Million and 00/100 Dollars (\$2,000,000.00) for an amended overall Contract amount not to exceed Nine Million Two Hundred Twenty Seven Thousand Eight Hundred Sixty and 00/100 Dollars (\$9,277,860.00); and

WHEREAS, the Contract was also amended to add Equal Benefits Ordinance and Iran Contracting Act of 2010 provisions to the Administrative Requirements of the Contract; and

WHEREAS, City wishes to increase the term of the Contract for one (1) year through February 13, 2024, with a single one (1) year renewal option, which will require the approval of both the Board and the Los Angeles City Council; and

WHEREAS, City also wishes to increase the not-to-exceed amount of the Contract from Nine Million Two Hundred Twenty Seven Thousand Eight Hundred Sixty and 00/100 Dollars (\$9,277,860.00) to Twelve Million Two Hundred Twenty Seven Thousand Eight Hundred Sixty and 00/100 Dollars (\$12,277,860.00); and

NOW, THEREFORE, in consideration of the premises and of the terms, covenants and conditions hereinafter contained to be kept and performed by the respective parties hereto, the parties do mutually agree that the Contract is HEREBY AMENDED AS FOLLOWS:

AMENDMENT

Amendment Section 1. Section 1.2 of the Contract titled “TERM” shall be amended and restated in its entirety as follow:

The term (“Term”) of this Agreement shall be for a period of seventy-two (72) months beginning on February 14, 2018, with a one (1) year renewal option thereafter, subject, however, to earlier termination as hereinafter specified in Section 4.5, “Termination.”

Amendment Section 2. Section 1.5 of the Contract titled “PRICING” shall be amended and restated in its entirety as follows:

Solar shall charge, and Customer shall pay, the prices and rates stated in Section 3.0 , ‘*Pricing and Commercial Considerations*’, but in no event, shall the total not-to-exceed amount of this contract exceed \$12,227,860.00.

Amendment Section 3. Except as specifically provided herein, this Amendment shall not in any manner alter, change, modify, or affect any of the rights, privileges, duties, or obligations of either of the parties hereto, under, or by reason of said Contract, as amended.

Execution. This Amendment and any other document necessary for the consummation of the transaction contemplated by this Amendment may be executed in counterparts, including counterparts that are manually executed and counterparts that are in the form of electronic records and are electronically executed. An electronic signature means a signature that is executed by symbol attached to or logically associate with a record and adopted by a party with the intent to sign such record, including facsimile or e-mail signatures. All executed counterparts shall constitute one Amendment, and each counterpart shall be deemed an original. The parties hereby acknowledge and agree that electronic records and electronic signatures, as well as facsimile

signatures, may be used in connection with the execution of this Amendment and electronic signatures, facsimile signatures or signatures transmitted by electronic mail in so-called PDF format shall be legal and binding and shall have the same full force and effect as if a paper original of this Amendment had been delivered that had been signed using a handwritten signature. All parties to this Amendment (i) agree that an electronic signature, whether digital or encrypted, of a party to this Amendment is intended to authenticate this writing and to have the same force and effect as a manual signature; (ii) intended to be bound by the signatures (whether original, faxed, or electronic) on any document sent or delivered by facsimile or electronic mail or other electronic means; (iii) are aware that the other party(ies) will rely on such signatures; and, (iv) hereby waive any defenses to the enforcement of the terms of this Amendment based on the foregoing forms of signature. If this Amendment has been executed by electronic signature, all parties executing this document are expressly consenting, under the United States Federal Electronic Signatures in Global and National Commerce Act of 2000 (“E-SIGN”) and the California Uniform Electronic Transactions Act (“UETA”) (California Civil Code §1633.1 et seq.), that a signature by fax, e-mail, or other electronic means shall constitute an Electronic Signature to an Electronic Record under both E-SIGN and UETA with respect to this specific transaction.

[Remainder of This Page Intentionally Left Blank; Signature Page Follows]

IN WITNESS WHEREOF, City has caused this Amendment to be executed, by the CEO, and Contractor has caused the same to be executed by its duly authorized officers and its corporate seal to be hereunto affixed, all as of the day and year first hereinabove written.

APPROVED AS TO FORM:
Michael N. Feuer,
City Attorney

CITY OF LOS ANGELES

Date: _____

By: _____
Chief Executive Officer
Department of Airports

By: _____
Deputy City Attorney

By: _____
Chief Financial Officer
Deputy Executive Director
Department of Airports

ATTEST:

SOLAR TURBINES INCORPORATED

By: Wendy Hager
Signature

By: Dustin Smith
Signature
DocuSigned by:
0CB5890B817E40A

Wendy Hager
Print Name

Dustin Smith
Print Name

Assistant Secretary
Print Title

Director, CS sales
Print Title

