

**ADMINISTRATIVE EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT** relative to a Los Angeles World Airports (LAWA) contract with Solar Turbines, Inc., for the operation of the Central Utility Plant's two solar co-generation units at Los Angeles International Airport (LAX).

Recommendations for Council action:

1. **ADOPT** the determination by the Board of Airport Commissioners that the proposed action is administratively exempt under the California Environmental Quality Act (CEQA) in accordance with Article III Class 1(18)(c) of the Los Angeles City CEQA Guidelines.
2. **APPROVE** the five-year contract with Solar Turbines, Inc., for the operation of the Central Utility Plant's two solar co-generation units at LAX for an amount not-to-exceed \$7,227,860.
3. **CONCUR** with the action taken by the Board of Airport Commissioners on December 14, 2017 by Resolution No. 26395 authorizing the Chief Executive Officer, LAWA, to execute the contract with Solar Turbines, Inc., for the operation of the Central Utility Plant's two solar co-generation units at LAX.

**Fiscal Impact Statement:** The City Administrative Officer (CAO) reports that this action will not impact the General Fund. Partial funding for the contract is available in the Fiscal Year 2017-18 LAWA Operating Budget in LAX Cost Center No. 11500070 - Central Utility Plant, Commitment Item 520 - Contractual Services. Additional funds in an amount of \$260,000 will be appropriated and allocated from the LAX Revenue Fund to the same cost center. Funding for subsequent years will be requested through the annual budget process. The contract complies with LAWA's adopted financial policies.

**Community Impact Statement:** None submitted.

**TIME LIMIT FILE – FEBRUARY 26, 2018**

**(LAST DAY FOR COUNCIL ACTION – FEBRUARY 23, 2018)**

**SUMMARY**

In a report to the Mayor dated January 31, 2018, the CAO states that LAWA requests authority to execute a five-year contract with Solar Turbines, Inc., for the operation of the Central Utility Plant's two solar co-generation units at LAX. According to the CAO, in March 2014, two new natural gas co-generation turbines were installed by Solar Turbines, Inc. The co-generation turbines each produce 4.2 megawatts of electricity from natural gas to power the Central Utility Plant, most of the Central Terminal Area parking structures, lighting, and traffic signals. Additionally, these co-generation turbines use exhaust gases to heat the air going into the combustion cycle and also heat water. Solar Turbine's co-generation turbine system is proprietary and as such, no third party contractors are authorized to work on the system. The current contract expires February 14, 2018.

The CAO goes on to report that LAWA anticipates a need for a more complete service package

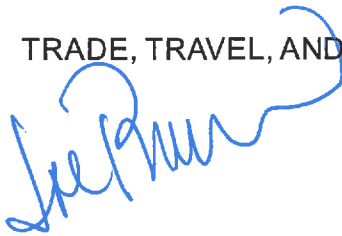
because, by March 2018, it is expected that the four year old turbine units will have over 24,000 hours of combined run-time. The co-generation turbines no longer are under warranty. The proposed contract is the most appropriate selection for the Central Utility Plant's intended operation over the next five years. In addition to monitoring and maintenance, the contract's scope of work includes a complete overhaul of both turbines.

On December 14, 2017, the Board of Airport Commissioners approved LAWA's request. The CAO concurs with this action.

At its meeting held February 6, 2018, the Trade, Travel, and Tourism Committee recommended that Council approve the contract with Solar Turbines, Inc., as recommended by the Board of Airport Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



<u>MEMBER</u>	<u>VOTE</u>
BUSCAINO:	YES
BONIN:	YES
KREKORIAN:	ABSENT

jaw

**-NOT OFFICIAL UNTIL COUNCIL ACTS-**