

RESOLUTION NO. 27207

WHEREAS, on recommendation of Management, there was presented for approval, Award of three (3)-year Contract to Moss Adams LLP, with two (2) one-year extension options, covering external auditing services for Los Angeles World Airports, for cost not to exceed \$1,500,000 over the entire term including possible extensions; and

LAX  
Van Nuys  
City of Los Angeles

Eric Garcetti  
Mayor

Board of Airport  
Commissioners

Sean O. Burton  
President

Valeria C. Velasco  
Vice President

Gabriel L. Eshaghian  
Beatrice C. Hsu  
Nicholas P. Roxborough  
Dr. Cynthia A. Telles  
Karim Webb

Justin Erbacci  
Chief Executive Officer

WHEREAS, Los Angeles World Airports (LAWA) is an independent, financially self-sufficient department of the City of Los Angeles that prepares its own financial statements. In accordance with Section 362 of the City Charter, an independent certified public accounting firm must annually audit the financial position, revenues and expenses of LAWA. In addition, it also is a mandatory requirement that an external auditor audits LAWA's financial statements in conformity with auditing standards generally accepted in the United States, and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, in order to comply with the continuing disclosures of the Bond Indentures; and

WHEREAS, eight (8) firms responded to the Request for Proposals (RFP) for said services:

- BDO USA, LLP
- Crowe LLP
- Eide Bailly LLP
- Macias Gini & O'Connell LLP
- Moss Adams LLP
- Plante Moran PLLC
- RSM US LLP
- The Pun Group LLP; and

WHEREAS, evaluation of the proposals was based on the following criteria:

Quality and responsiveness	15 points
Experience and qualification	25 points
Knowledge of Airport Challenges	25 points
Prior Engagements and Peer Review	10 points
Costs	25 points
Total	100 points; and

WHEREAS, the RFP Evaluation Committee determined Moss Adams LLP to be the successful proposer. The ranking of the proposers was as follows:

1. Moss Adams LLP
2. Macias Gini & O'Connell LLP
3. Crowe LLP ; Plante & Moran PLLC (both firms ranked the same); and

WHEREAS, Moss Adams LLP addressed each component outlined in the RFP, and provided an accurate description of their audit approaches and actions, including timelines and action plan for the audit services. The firm brings years of experience of providing accounting and auditing services to government entities such as LAWA, Port of Seattle (including SeaTac International Airport), Southern California Regional Rail Authority, Alameda Corridor Transportation Authority,



and Port of Portland (including Portland International Airport). It is a firm with local presence and national involvement; and

WHEREAS, the total cost of the Contract is analyzed as below

	Three (3)-year	Four (4)-year	Five (5)-year
Audit Services	\$ 620,965	\$ 839,885	\$ 1,067,490
Consulting Services			
• Due diligence work related	45,000	60,000	75,000
• Anticipated due diligence	18,000	24,000	30,000
• Arbitrage rebate	18,000	24,000	30,000
• Other consulting services	150,000	200,000	250,000
• Audit related to State of California requirement for Customer Facility Charge at Los Angeles International Airport (LAX)	28,506	38,008	47,510
Total Contract Amount	\$ 880,471	\$ 1,185,893	\$ 1,500,000; and

WHEREAS, assuming all term extension options are exercised, the contract amount of \$1,067,490 will be for auditing services and the remaining contract amount of \$432,510 will be for consulting services on an as needed basis. Consulting services require authorization from LAWA's Chief Financial Officer; and

WHEREAS, the average projected annual cost of the financial audit is 3% higher than the actual average annual cost of the previous contract to accommodate additional audit work to be performed relating to the upcoming new Governmental Accounting Standards Board (GASB) statements, such as GASB 87 Leases; and

WHEREAS, funding for the first year of the Contract has been requested in the Fiscal Year 2020-2021 LAWA Operating Budget in LAX Cost Center 1190041 – Financial Reporting & Audit Division, Commitment Item 520 – Contractual Services. Funding for subsequent fiscal years will be requested as part of the Department's annual budget process; and

WHEREAS, this action, as a continuing administrative activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines; and

WHEREAS, Moss Adams LLP will comply with the provisions of the Living Wage Ordinance; and

WHEREAS, Procurement Services has reviewed this action (File 9337) and established mandatory goals of 10% Small Business Enterprise (SBE) and 5% Local Business Enterprise (LBE). Moss Adams LLP committed to 18% SBE and 18% LBE participation; and

WHEREAS, Moss Adams LLP will comply with the provisions of the Affirmative Action Program; and

WHEREAS, Moss Adams LLP has been assigned Business Tax Registration Certificate 0000854155-0001-2; and

WHEREAS, Moss Adams LLP will comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, Moss Adams LLP will have approved insurance documents, in the terms and amounts required, on file with LAWA prior to issuance of a Notice to Proceed; and

WHEREAS, pursuant to Charter Section 1022, staff determined that the work specified on the Contract can be performed more feasibly or economically by an Independent Contractor than by City employees; and

WHEREAS, Moss Adams LLP has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance, and will comply with the provisions of said program; and

WHEREAS, Moss Adams LLP must be determined by Public Works, Office of Contract Compliance, to be in full compliance with the provisions of the Equal Benefits Ordinance prior to execution of the Contract; and

WHEREAS, Moss Adams LLP is required to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; and

WHEREAS, Moss Adams LLP has submitted the Bidder Contributions CEC Form 55, and will comply with its 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 II, Section 2.f. of the Los Angeles City CEQA Guidelines; found that the work can be performed more economically or feasibly by an independent contractor than by City employees; approved Award of three (3)-year Contract to Moss Adams LLP, with two (2) one-year extension options, covering external auditing services for Los Angeles World Airports, for cost not to exceed \$1,500,000 over the entire term including possible extensions; and authorized the Chief Executive Officer to execute said Contract with Moss Adams LLP 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. 27207 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, February 18, 2021.



Grace Miguel – Secretary  
BOARD OF AIRPORT COMMISSIONERS