

REPORT FROM

## OFFICE OF THE CITY ADMINISTRATIVE OFFICER

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Date: May 31, 2023

CAO File No. 0220-06085-0001

Council File No. 22-1463

Council District: 6, 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer



Reference: Correspondence from Los Angeles World Airports Board of Airport Commissioners (Board) dated November 17, 2022 and November 18, 2022; referred by the Mayor for a report on November 17, 2022

Subject: **RESOLUTION NO. 27626 AND PROPOSED REQUEST TO AMEND LOS ANGELES ADMINISTRATIVE CODE SECTION 10.15(F) TO ALLOW THE BOARD OF AIRPORT COMMISSIONERS TO AUTHORIZE USE OF THE COMPETITIVE SEALED PROPOSAL SELECTION PROCESS TO DELIVER CAPITAL IMPROVEMENTS OR OTHER CONSTRUCTION PROJECTS AT LOS ANGELES WORLD AIRPORTS**

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### RECOMMENDATION

That the Mayor:

1. Approve the Los Angeles World Airports proposed Resolution No. 27626 requesting consideration and approval by the Los Angeles City Council to amend the Los Angeles Administrative Code (LAAC) Subsection (f) of Section 10.15, allowing the Board of Airport Commissioners (Board) to authorize the use of the Competitive Sealed Proposal Selection Process to deliver capital improvements or other construction related projects at Los Angeles World Airports;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the November 18, 2023 Board Resolution 27626, that this action is exempt from CEQA pursuant to Article II, Section 2(f) of the Los Angeles City CEQA Guidelines; and
3. Authorize the LAWA Chief Executive Officer, or designee, to execute the proposed amendment and return the Resolution to LAWA for further processing, including Council consideration.

### SUMMARY

The Los Angeles World Airports (LAWA) Board of Airport Commissioners (Board) requested consideration and adoption of Resolution No. 27626 by ordinance, requesting the Los Angeles City

Council (Council) to amend the Los Angeles Administrative Code (LAAC) Section 10.15(f). Approval of the proposed resolution and adoption of the ordinance will permit LAWA to award contracts using the Competitive Sealed Proposal Selection Process (CSPSP) with negotiations and allow the Department to apply alternative project delivery methods to facilitate various capital improvement projects at LAWA.

The proposed language amendment to the LAAC has been approved by the City Attorney. Pursuant to the LAAC Section 371(b), Council approval is required because any administrative and procedural ordinance adding to or amending the LAAC requires Council authorization. Our Office has reviewed the request and recommends approval.

## **BACKGROUND**

On November 17, 2022, the Board approved Resolution 27626, a LAWA staff report, and a proposed Ordinance, requesting the Council to amend two sections of LAAC. At the direct request of LAWA, this report addresses *only* the request to amend Subsection (f) of Section 10.15, to authorize the utilization of the CSPSP to deliver capital improvements and other construction projects at LAWA. The proposed amendment will serve as a mitigation strategy to reduce the timeline associated with the traditional procurement method for capital construction projects and enable LAWA to evaluate alternative project delivery methods, other critical factors, in addition to price, without considerable time lapses resulting from the ordinance process.

*Alternative Delivery Methods and Competitive Sealed Proposal Selection Process* – LAWA reports employing alternative project delivery methods such as Design-Build, Construction Manager-at-Risk, and Public-Private-Partnership on construction projects generally reduces the level of risk, strengthens management control, and affects the ultimate project value. LAWA indicates that alternative delivery methods are critical for achieving timely completion of various projects, in addition to (1) obtaining sufficient resources or expertise beyond LAWA’s capabilities, (2) accelerating project schedules by concurrently performing design, engineering, management, and construction activities, and (3) expanding collaboration efforts with vendors on design challenges.

LAWA asserts that the CSPSP with negotiations is necessary to allow the Department to obtain the best value procurement for capital improvement projects. The technical details and complexities of capital projects make it impractical to write distinct specifications, advertise, open bids publicly, and award a contract without any clarifications, changes, or negotiations in an expedited manner. LAWA is seeking to modify the current competitive bidding process for capital initiatives by issuing Request for Proposals (RFP) to a list of pre-qualified contractors on a task order basis, subject to approval by the Board. The RFP evaluation criteria may include different factors such as relevant experience, qualifications, approach, risk assessment, schedule, evidence of bonding capability, a listing of subcontractors, and a demonstrated financial ability to complete the work. Upon receiving RFP submissions, LAWA will evaluate the proposals, select an appropriate alternative delivery method, and award a contractor based on the proposer’s ability to effectively perform the scope of work while providing LAWA with the most favorable outcome.

*Disadvantages of the Traditional RFP Selection Process* - In contrast to the CSPSP and alternative methods described, the City's standard "traditional" procurement procedures primarily emphasizes cost, without considering other essential elements, which can potentially lead to lengthier project delivery times, higher probability of project re-designs, and various change orders. According to the Department, costs and other equally important factors should play a significant role in the selection process. Charter Section 371(b) was implemented to allow departments to use the CSPSP to resolve such matters, however, the use of the CSPSP for capital construction projects requires ordinance approval with each occurrence, which significantly delays the procurement process.

*CSPSP Project Successes* - There has been a gradual rise in requests for ordinances utilizing the CSPSP to the extent that the vast majority of LAWA's recent construction project awards have almost exclusively utilized this practice. Council has authorized ordinances for the use of alternative delivery methods for nine LAWA construction projects since 2008. Further, the Department has procured 10 of its last 14 construction projects through alternative measures. The latest is Ordinance 187476 for the Airfield and Terminal Modernization Project (ATMP) at Los Angeles International Airport (LAX) in 2022. The ordinance went to the Board in December 2021, approved by Council in April 2022, and put into force by LAWA in June 2022. The time-lapse from Board consideration through the effective date of the ordinance took over six months, not including conceptualizing, planning, and staff time. Consequently, a considerable amount of the ATMP procurement process was suspended while waiting on the required administrative proceedings.

*Benefits of the Amendment* - Consistent with Charter Section 371(b), deviations from the City of Los Angeles' traditional open and competitive bidding process is permitted when justified by the type of project and approved by the contracting authority. The proposed policy change will enhance procurement efficiencies by allowing the Department to streamline certain construction projects by minimizing the number of ordinance requests to be considered by the Board, Trade, Travel and Tourism Committee, and Council. Employing alternative techniques in place of the traditional RFP process for capital construction projects, LAWA asserts that it can (1) accelerate the competitive selection process, (2) expedite design and construction with efficiencies to address the complexities and future needs of the capital improvements, (3) shorten the project schedule duration, (4) benefit from best practices, (5) achieve cost savings, and (6) reduce potential risks.

## **CITY COMPLIANCE**

The City Attorney has reviewed and approved the proposed request as to form and legality. The proposed action is an administrative activity and is therefore exempt from the City's Standard Provisions for Ordinances, contracting, and insurance requirements. The proposed amendment to the Los Angeles Administrative Code (LAAC) Section 10.15(f) complies with City requirements for competitive bids, sealed proposals, and other essential project delivery systems and safeguards. Pursuant to the LAAC Section 371(b), adoption of such ordinance by the Council is required.

## **FISCAL IMPACT STATEMENT**

Approval to amend the Los Angeles Administrative Code Section 10.15(f) will have no impact on the City's General Fund or Los Angeles World Airports' Operating or Capital budgets since there is no appropriation of funds required. There is no quantifiable estimate of direct, measurable, or economic impact resulting from the Council's approval of the proposed ordinance. There is, however, the potential for cost avoidance from the reduced risk of change orders resulting from design, construction, phasing, and work schedule conflicts. Further, a shortened project schedule may result in additional cost savings. The recommendations in this report comply with the Los Angeles World Airports' Financial Policies.

Attachment 1 - BOAC November 17, 2022 Report and November 18, 2022 Resolution No. 27626  
Attachment 2 – Ordinance

*MWS/PJH/JVW:DG:10230114*



March 03, 2023

The Honorable Karen Bass  
Mayor, City of Los Angeles  
City Hall – Room 303  
Los Angeles, CA 90012

ATTN: Heleen Ramirez, Legislative Coordinator  
ATTN: Thomas Arechiga, Deputy Legislative Coordinator

LAX

Van Nuys

City of Los Angeles

Karen Bass  
Mayor

Board of Airport  
Commissioners

Beatrice C. Hsu  
President

Valeria C. Velasco  
Vice President

Gabriel L. Eshaghian  
Matthew M. Johnson  
Nicholas P. Roxborough  
Belinda M. Vega  
Karim Webb

Justin Erbacci  
Chief Executive Officer

RE: Request Ordinance for Increased CEO Authority to use alternative delivery methods

In accordance with Executive Directive No. 4, we are transmitting a copy of the specified board report for the request for approval to ask the City Council to amend Subsection (f) of Section 10.15 of the Los Angeles Administrative Code, allowing the Board of Airport Commissioners to authorize the use of the Competitive Sealed Proposal Selection Process (CSPSP) to deliver capital improvements or other construction projects at Los Angeles World Airports.

City Council approval is required insofar as the action requires approval of an Ordinance.

Sincerely,

Justin Erbacci  
Chief Executive Officer

JPE:MSA:GYS:ksf  
Attachments





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Item Number  
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# Report to the BOARD OF AIRPORT COMMISSIONERS

Approver: <u></u> Samantha Bricker (Nov 9, 2022 14:53 PST) Samantha Bricker Chief Sustainability and Revenue Management Officer	<b>Meeting Date</b> 11/17/2022																									
	Needs Council Approval: <input checked="" type="checkbox"/> Y																									
Reviewer: <u></u> Brian C. Ostler, City Attorney <i>LTm</i>	<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>11/3/2022</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> NA</td> <td>JS</td> </tr> <tr> <td>CEQA</td> <td>11/2/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>JO</td> </tr> <tr> <td>Procurement</td> <td>11/1/2022</td> <td><input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond</td> <td>BG</td> </tr> <tr> <td>Guest Experience</td> <td>11/3/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>TB</td> </tr> <tr> <td>Strategic Planning</td> <td>11/1/2022</td> <td><input checked="" type="checkbox"/> Y</td> <td>BNZ</td> </tr> </tbody> </table>		Reviewed for/by	Date	Approval Status	By	Finance	11/3/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS	CEQA	11/2/2022	<input checked="" type="checkbox"/> Y	JO	Procurement	11/1/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	BG	Guest Experience	11/3/2022	<input checked="" type="checkbox"/> Y	TB	Strategic Planning	11/1/2022	<input checked="" type="checkbox"/> Y	BNZ
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Strategic Planning	11/1/2022	<input checked="" type="checkbox"/> Y	BNZ																							
<u></u> Justin Erbacci (Nov 9, 2022 16:21 PST) Justin Erbacci, Chief Executive Officer																										

## SUBJECT

Request for approval to ask the City Council to amend the Los Angeles Administrative Code to increase the Chief Executive Officer's/General Manager's authority to award contracts for a not-to-exceed term of three years for i) professional, scientific, expert, or technical services; ii) goods, materials, supplies, or equipment; and iii) non-professional services, in an amount not to exceed \$500,000 annually, up to three years; and to allow Los Angeles World Airports to utilize the Competitive Sealed Proposal Selection Process to deliver capital improvements and other construction related projects.

## 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 of the Los Angeles City CEQA Guidelines.
- FURTHER ADOPT a Resolution requesting the Los Angeles City Council to consider amending Subsection (c) of Section 10.1.1 of the Los Angeles Administrative Code, allowing the Board of Airport Commissioners to authorize its Chief Executive Officer (CEO)/General Manager (GM) to contract on behalf of the Los Angeles World Airports for i) professional, scientific, expert, or technical services; ii) goods, materials, supplies, or equipment; and iii) non-professional services, in an amount not to exceed \$500,000 per year, up to three years,

for a total contract amount of \$1.5 million. If City Council agrees to amend Subsection (c), City Council also should consider amending Subsection (a) so that there is consistency between Sections (a) and (c) as to the dollar limit and term limit of contracts that can be approved by LAWA's CEO/GM.

4. FURTHER ADOPT a Resolution requesting the Los Angeles City Council to consider amending Subsection (f) of Section 10.15 of the Los Angeles Administrative Code, allowing the Board of Airport Commissioners to authorize the use of the Competitive Sealed Proposal Selection Process (CSPSP) to deliver capital improvements or other construction projects at Los Angeles World Airport

## DISCUSSION

### 1. Purpose

Los Angeles World Airports management requests to increase the Chief Executive Officer's/General Manager's contract authority under Subsection(c) of Section 10.1.1 of the Los Angeles Administrative Code, to allow Los Angeles World Airports (LAWA, Department) to procure professional services, goods, equipment, and non-professional services more efficiently; and to amend Subsection (f) of Section 10.15 to allow the use of CSPSP on capital improvements or other construction projects at LAWA. These changes in policy will allow the Department to continue operations without work interruptions or slow-downs and redirect staff to work on the more complex, multi-faceted, multi-year contracts.

### 2. Prior Related Actions/History of Board Actions

- **December 17, 2007 – Resolution No. 23477**

The Board of Airport Commissioners (Board) approved an increase to LAWA's Executive Director's contracting authority from \$100,00 to \$150,000 in accordance with Ordinance No. 173186 enacted by the Los Angeles City Council on April 11, 2000.

- **December 6, 2010 – Resolution No. 24316**

The Board recommended to the Los Angeles City Council to amend the Los Angeles Administrative Code Section 10.1.1 subsection (a) by ordinance such that the Board may authorize its Executive Director to contract on behalf of the Department where the contract does not obligate the City for a longer period of time than three years and the contract does not involve consideration reasonably valued in excess of \$150,000 annually.

- **January 23, 2012 – Resolution No. 24697**

The Board approved a recommendation to amend Resolution No. 23477 to delegate multi-year contracting authority to the Executive Director under the following conditions: (1) the contract is not for personal services; (2) the contract does not obligate the City of Los Angeles for a term longer than three years, including all extensions, renewals, and amendments; and (3) the contract does not involve consideration reasonably valued in excess of \$150,000 annually.



### **3. Background**

The current contract authorization to purchase goods for the Chief Executive Officer (CEO)/General Manager (GM) of LAWA is described in Subsection (c) of Section 10.1.1 of the Los Angeles Administrative Code and enacted by Ordinance No.181967, as adopted by the Los Angeles City Council on December 16, 2011, and approved by the Board of Airport Commissioners by Resolution No. 24697 as discussed above. Subsection (c) applies to the Harbor Department (Port of Los Angeles), and the Airport Department (LAWA), but not the Department of Water and Power (LADWP).

In 2018, the Los Angeles City Council approved Ordinance No.185471, which amended Subsection (d) of Section 10.1.1 of the Administrative Code for the Department of Water and Power (LADWP Board) to increase the contracting authority of the General Manager for certain non-professional service contracts from \$150,000 to \$5,000,000 annually, for up to three years.

The Ordinance also added Sections (e) and (f) to Section 10.5 of the Administrative Code and amended Subsection (f) of Section 10.15. These changes allow LADWP's Board to approve contracts for up to five years, under a Charter Section 245 process, or up to ten years if the item is highly specialized equipment or sole source software; and to utilize the CSPSP for highly specialized equipment. Currently LAWA's Board can only approve contracts up to three years under a Charter Section 245 process, and LAWA can only utilize a CSPSP process for non-professional services through the approval of an Ordinance.

### **4. Current Action/Rationale**

#### **Current Procurement Environment**

Management requests the Board approve a recommendation to request the City Council increase the CEO/GM's contract authority from \$150,000 per year to \$500,000 per year for professional services, goods, equipment, and non-professional services; and to allow LAWA to utilize the CSPSP to deliver capital improvements or other construction projects at Los Angeles World Airports.

As discussed above, the current contract authority for LAWA's CEO/GM has been stagnant since 2012. The request to expand the CEO's contract authority is based on the large number of contracts awarded each year, the number of Board items undertaken by staff leading to longer procurement completion times, as well as the difficulty in getting timely City Council approval. In addition, given the rise in the Consumer Price Index over the last ten years, the actual buying power with \$150,000 is far less today than it was in 2012.

From FY2018 to FY2022, the Board approved an average of 61 contracts annually. Of those, approximately 23 contracts were valued at under \$1 million. More specifically, many of the contracts within the proposed threshold, \$500,000 per year for up to three years or \$1.5 million, are approved by the Board on consent. In 2021, 18 such contracts went to the Board with 15 being approved on consent. So far in 2022, 12 of the 19 contracts meeting this threshold have been approved on consent. Increasing the CEO's contract authority to \$500,000 annually, would mean approximately 15 - 20 contracts would be approved at the CEO's level, thereby reducing the amount of time writing, scheduling, and going through the Board approval process.

The CSPSP allows LAWA to consider other factors in addition to price when making a contract award. Those factors may include items such as relevant experience, key personnel, approach to the project scope, and other pertinent details required to best assess the quality and fitness of



the proposer to deliver the project. Due to the complex nature of projects related to LAWA's Capital Improvements, LAWA has procured 10 of its last 14 construction projects using the CSPSP. This method has allowed LAWA to select the most qualified and experienced proposers to deliver its projects. The CSPSP often is utilized at LAWA with Alternative Delivery Methods (Construction Manager-at-Risk, Design/Build, Public-Private-Partnership, etc.) on construction projects. As LAWA has moved to almost exclusively delivering its capital improvements utilizing these methods, it is of critical importance that Staff be able to consider the aspects cited above, in addition to price, when determining a Proposer's ability to successfully complete a project, especially under an alternate delivery approach. Amending the Administrative Code to allow LAWA to select Contractors based on the CSPSP will create significant time savings and will allow LAWA to realize the full benefits of engaging alternate delivery approaches. The ordinance process currently required for LAWA's uses of the CSPSP adds significant time to the process. In the most recent example, an ordinance to allow CSPSP on the Airfield and Terminal Modernization Projects, the Board approved the action in December 2021, however, the ordinance was not official until June 2022 because it had to be approved by the City Council. During this period LAWA could not award a contract using the CSPSP. LAWA has seen a steady rise in its requests for ordinances to utilize CSPSP on capital projects. From 2008 to 2012, LAWA requested 1 ordinance. From 2012 to 2015, it requested 2 ordinances, and from 2015 to 2021 LAWA requested 6 ordinances, doubling its combined requests from the previous years. Considering the time each of these ordinances adds to a program this change can hand significant time back to LAWA staff and the projects.

Currently, the procurement process, even for smaller contracts, normally takes at least six months and the Board approval process adds at least 30 to 45 days to the procurement cycle. Staffing shortages throughout the Department have contributed to further delays in the procurement and approval process. Increasing the CEO's contract authority would substantially reduce both procurement and approval times, allowing staff to focus on larger contracts and enable LAWA to manage its staffing resources more efficiently and effectively. Providing the CEO/GM with increased contract authority will improve the contract approval process by increasing the speed at which smaller, routine, and/or sole-source contracts (government-fees for example) get approved and implemented, and by reducing the number of workdays needed to bring a contract to the Board, thereby allowing the Department to continue operations more efficiently without work interruptions or slow-downs.

As stated, the approval process to establish an ordinance to utilize CSPSP can take as long as six months. This added time negatively impacts LAWA's timeframes for delivering its capital improvements, and largely eliminates the time savings sought by LAWA's use of alternate construction methods. Amending the Administrative Code to allow LAWA to utilize the CSPSP in relation to Capital Improvements or other construction related projects provides significant time savings and remains in line with how LAWA has delivered these projects in recent history.

As noted above, another proprietary department, LADWP, already has received approval to expand the General Manager's contract authority threshold for certain goods, technical systems, and specialized sole-source items to \$5 million a year; and to allow for the use of CSPSP for highly specialized equipment. Increasing the CEO's/GM's contract authority and allowing for the use of CSPSP would follow best practices established by other proprietary departments in the City and industry standards for the delivery of capital programs.

### **Accountability Measures**

Los Angeles World Airports currently is required by Ordinance No. 181967 to submit a quarterly report to the Board identifying all contracts, including the dollar value involved in each contract

authorized by the CEO/GM, and to make each report available to the public. This requirement would remain in place if the CEO's/GM's contract authority were increased.

LAWA is evaluating current internal controls to ensure the CEO/GM-approved contracts are fully documented, are recorded systematically, and have the same oversight as Board-approved reports and contracts.

### **Recommended Action**

Management recommends increasing the CEO's/GM's contract authority under Section 10.1.1, and amending Section 10.15 of the Administrative Code to include:

- Contracts for i) professional, scientific, expert, or technical services; ii) goods, materials, supplies, or equipment; and iii) non-professional services, from \$150,000 to \$500,000 per year, up to three years, for a total value of \$1,500,000. If City Council agrees to amend Subsection (c), City Council also should consider amending Subsection (a) so that there is consistency between Subsections (a) and (c) as to the dollar limit and term limit of contracts that can be approved by LAWA's CEO/GM.
- The use of the CSPSP to select contractors to deliver construction projects related to capital projects and other improvements at LAWA.

Raising the dollar threshold and term for contracts awarded under the CEO's authority, would allow LAWA to process certain contracts faster and more efficiently. This would allow LAWA greater flexibility in utilizing the services of experts to assist in various strategic objectives of the Department. It also would enable LAWA's management to expedite the processing of routine contracts to meet the day-to-day maintenance and operational needs of Los Angeles International and Van Nuys Airports. Examples of such contracts include airfield lighting and repair parts, airfield traffic marking paint, plumbing supplies, as well as services such as tree trimming, Heating/Ventilation/Air Conditioning repair, telecommunications equipment, and government services and fees.

Allowing for CSPSP provides LAWA with an ability to take advantage of the full benefits of alternate methods of construction for its capital projects, namely the inherent time savings involved. This also will allow LAWA to consider more factors in its selection of a contractor to deliver construction projects at LAWA. The complexity of the projects and the impact that they have on the community and the traveling public require LAWA to be prudent in selecting the most experienced and qualified contractor, providing the best value to the City in delivering projects.

### ***How This Action Advances a Specific Strategic Plan Goal and Objective***

This action advances this strategic goal and objective: *Innovate to Enhance Security, Efficiency & Effectiveness: Reinvent processes to improve focus and increase speed.* The proposed policy change will allow the Department to process contracts faster and implement policies more efficiently.

## **5. Fiscal Impact**

Adopting this recommendation will save time in the award of contracts and will result in staff efficiencies throughout the Department. Reducing the number of contracts that go to the Board will save approximately 30-45 workdays per contract, while increasing the speed at which smaller, sole-source, and/or routine contracts move to the execution stage. LAWA will also be in a position to enter into bridge contracts for shorter time frames, which will allow staff to

concentrate on preparing larger-valued procurements. Additional focus on the larger value procurements will benefit LAWA and the bidding public and put LAWA in a better position when bringing those contracts forward for Board and Council approval.

## **6. Alternatives Considered**

- ***Take No Action***

If the Board does not request the recommended change to the Administrative Code to expand the CEO's contract authority, the processing of contracts needed to meet LAWA administrative, maintenance, and operational requirements will continue to be affected by slow-downs and exposed to stop-gap situations, thereby creating uncertainty among vendors and increased workloads for a reduced staff.

## **APPROPRIATIONS**

No appropriation of funds is required for this action.

## **STANDARD PROVISIONS**

1. 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.
2. The City Attorney has reviewed this item.
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. This action is not subject to the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. This action is not subject to the provisions of the Business Enterprise (BE) Programs.
6. This action is not subject to the provisions of the Affirmative Action Program.
7. This action does not require a Business Tax Registration Certificate number.
8. This action is not subject to the provisions of the Child Support Obligations Ordinance.
9. This action is not subject to the insurance requirements of the Los Angeles World Airports.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
11. This action is not subject to the provisions of the Contractor Responsibility Program.
12. This action is not subject to the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.

14. This action is not subject to the provisions of Bidder Contributions CEC Form 55.
15. This action is not subject to the provisions of MLO Bidder Contributions CEC Form 50.
16. This action is not subject to the provisions of the Iran Contracting Act.

November 18, 2022

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

**Subject:** Amend Subsection (c) of Section 10.1.1 of the Los Angeles Administrative Code, and consider amending Subsection (a); and  
Amend Subsection (f) of Section 10.15 of the Los Angeles Administrative Code

Enclosed for your adoption is Resolution 27626 that was approved by the Board of Airport Commissioners at its November 17, 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

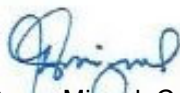
Gabriel L. Eshaghian  
Nicholas P. Roxborough  
Belinda M. Vega  
Karim Webb

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 of the Los Angeles City CEQA Guidelines; and
2. Adopt Resolution 27626, requesting the Los Angeles City Council to:
  - a) Amend Subsection (c) of Section 10.1.1 of the Los Angeles Administrative Code, allowing the Board of Airport Commissioners to authorize the Chief Executive Officer/General Manager to contract on behalf of Los Angeles World Airports for [i] professional, scientific, expert, or technical services; [ii] goods, materials, supplies, or equipment; and [iii] non-professional services, in an amount not to exceed \$500,000 per year, up to three (3) years, for a total contract amount of \$1,500,000. If Los Angeles City Council agrees to amend Subsection (c), Los Angeles City Council should also consider amending Subsection (a) so that there is consistency between Sections (a) and (c) as to the dollar limit and term limit of contracts that can be approved by the Chief Executive Officer/General Manager of Los Angeles World Airports; and
  - b) Amend Subsection (f) of Section 10.15 of the Los Angeles Administrative Code, allowing the Board of Airport Commissioners to authorize use of the Competitive Sealed Proposal Selection Process to deliver capital improvements or other construction projects at Los Angeles World Airports.

Very truly yours,



Grace Miguel, Commission Executive Assistant II  
BOARD OF AIRPORT COMMISSIONERS

Enclosure

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. 27626

WHEREAS, on recommendation of Management, there was presented for approval, request for Los Angeles City Council (City Council) to amend Subsection (c) of Section 10.1.1 of the Los Angeles Administrative Code, allowing the Board of Airport Commissioners (Board) to authorize the Chief Executive Officer (CEO)/General Manager (GM) to contract on behalf of Los Angeles World Airports (LAWA, Department) for [i] professional, scientific, expert, or technical services; [ii] goods, materials, supplies, or equipment; and [iii] non-professional services, in an amount not to exceed \$500,000 per year, up to three (3) years, for a total contract amount of \$1,500,000. If City Council agrees to amend Subsection (c), City Council should also consider amending Subsection (a) so that there is consistency between Sections (a) and (c) as to the dollar limit and term limit of contracts that can be approved by LAWA's CEO/GM; and

LAX

Van Nuys

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Eric Garcetti  
Mayor

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Commissioners

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President

Valeria C. Velasco  
Vice President

Gabriel L. Eshaghian  
Nicholas P. Roxborough  
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Karim Webb

Justin Erbacci  
Chief Executive Officer

WHEREAS, on recommendation by Management, there was also presented for approval, request for City Council to amend Subsection (f) of Section 10.15 of the Los Angeles Administrative Code, allowing the Board to authorize use of the Competitive Sealed Proposal Selection Process (CSPSP) to deliver capital improvements or other construction projects at LAWA; and

WHEREAS, raising the dollar threshold and term for contracts awarded under the CEO's authority would allow LAWA to process certain contracts faster and more efficiently and would also allow LAWA greater flexibility in utilizing the services of experts to assist in various strategic objectives of the Department. It would also enable LAWA's management to expedite the processing of routine contracts to meet the day-to-day maintenance and operational needs of Los Angeles International Airport and Van Nuys Airport; and

WHEREAS, allowing for CSPSP provides LAWA with an ability to take advantage of the full benefits of alternate methods of construction for its capital projects, namely the inherent time savings involved. This will also allow LAWA to consider more factors in its selection of a contractor to deliver construction projects at LAWA. The complexity of the projects and the impact that they have on the community and the traveling public require LAWA to be prudent in selecting the most experienced and qualified contractor, providing the best value to the City of Los Angeles in delivering projects; and

WHEREAS, the current contract authority for LAWA's CEO/GM has been stagnant since 2012. The request to expand the CEO's contract authority is based on the large number of contracts awarded each year, the number of Board items undertaken by staff leading to longer procurement completion times, as well as the difficulty in getting timely City Council approval. In addition, given the rise in the Consumer Price Index over the last ten (10) years, the actual buying power with \$150,000 is far less today than it was in 2012; and

WHEREAS, from Fiscal Year 2018 to Fiscal Year 2022, the Board approved an average of 61 contracts annually, of which, approximately 23 contracts were valued at under \$1,000,000. More specifically, many of the contracts within the proposed threshold, \$500,000 per year for up to three (3) years or \$1,500,000, are approved by the Board on consent. In 2021, 18 such contracts went to the Board with 15 being approved on consent. So far in 2022, 12 of the 19 contracts meeting that threshold have been approved on consent. Increasing the CEO's contract authority to \$500,000 annually, would mean approximately 15 - 20 contracts would be approved at the CEO's level, thereby reducing the amount of time writing, scheduling, and going through the Board approval process; and





WHEREAS, the CSPSP allows LAWA to consider other factors in addition to price when making a contract award. Those factors may include items such as relevant experience, key personnel, approach to the project scope, and other pertinent details required to best assess the quality and fitness of the proposer to deliver the project. Due to the complex nature of projects related to LAWA's capital improvements, LAWA has procured 10 of its last 14 construction projects using the CSPSP. This method has allowed LAWA to select the most qualified and experienced proposers to deliver its projects. The CSPSP is often utilized at LAWA with Alternative Delivery Methods (Construction Manager-at-Risk, Design/Build, Public-Private-Partnership, etc.) on construction projects. As LAWA has moved to almost exclusively delivering its capital improvements utilizing those methods, it is of critical importance that staff be able to consider the aspects cited above, in addition to price, when determining a proposer's ability to successfully complete a project, especially under an alternative delivery approach. Amending the Administrative Code to allow LAWA to select contractors based on the CSPSP will create significant time savings and will allow LAWA to realize the full benefits of engaging alternative delivery approaches; and

WHEREAS, the approval process to establish an ordinance to utilize CSPSP can take as long as six months. This added time negatively impacts LAWA's timeframes for delivering its capital improvements, and largely eliminates the time savings sought by LAWA's use of alternative construction methods. LAWA has seen a steady rise in its requests for ordinances to utilize CSPSP on capital projects. From 2008 to 2012, LAWA requested one (1) ordinance. From 2012 to 2015, it requested two (2) ordinances, and from 2015 to 2021, LAWA requested six (6) ordinances, doubling its combined requests from the previous years. Considering the time each of those ordinances adds to a program, the change can hand significant time back to LAWA staff and the projects. Amending the Administrative Code to allow LAWA to utilize the CSPSP in relation to capital improvements or other construction-related projects provides significant time savings and remains in line with how LAWA has delivered those projects in recent history; and

WHEREAS, currently, the procurement process, even for smaller contracts, normally takes at least six (6) months and the Board approval process adds at least 30 to 45 days to the procurement cycle. Staffing shortages throughout the Department have contributed to further delays in the procurement and approval process. Increasing the CEO's contract authority would substantially reduce both procurement and approval times, allowing staff to focus on larger contracts and enable LAWA to manage its staffing resources more efficiently and effectively. Providing the CEO/GM with increased contract authority will improve the contract approval process by increasing the speed at which smaller, routine, and/or sole-source contracts (government-fees for example) get approved and implemented, and by reducing the number of workdays needed to bring a contract to the Board, thereby allowing the Department to continue operations more efficiently without work interruptions or slow-downs; and

WHEREAS, LAWA is required by Ordinance 181967 to submit a quarterly report to the Board identifying all contracts, including the dollar value involved in each contract authorized by the CEO/GM, and to make each report available to the public. This requirement would remain in place if the CEO's contract authority were increased; 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

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; approved the request for Los Angeles City Council to amend Subsection (c) of Section 10.1.1 of the Los Angeles Administrative Code, allowing the Board of Airport Commissioners to authorize the Chief Executive



Officer/General Manager to contract on behalf of Los Angeles World Airports for [i] professional, scientific, expert, or technical services; [ii] goods, materials, supplies, or equipment; and [iii] non-professional services, in an amount not to exceed \$500,000 per year, up to three (3) years, for a total contract amount of \$1,500,000, whereas, if Los Angeles City Council agrees to amend Subsection (c), the Los Angeles City Council should also consider amending Subsection (a) so that there is consistency between Sections (a) and (c) as to the dollar limit and term limit of contracts that can be approved by the Chief Executive Officer/General Manager of Los Angeles World Airports; and further approved the request for Los Angeles City Council to amend Subsection (f) of Section 10.15 of the Los Angeles Administrative Code, allowing the Board of Airport Commissioners to authorize use of the Competitive Sealed Proposal Selection Process to deliver capital improvements or other construction projects at Los Angeles World Airports.

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I hereby certify that this Resolution No. 27626 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, November 17, 2022.



Grace Miguel – Secretary  
BOARD OF AIRPORT COMMISSIONERS

**ORDINANCE NO. \_\_\_\_\_**

An ordinance amending Section 10.15(f) of the Los Angeles Administrative Code to allow LAWA to engage in the competitive sealed proposal method for capital improvements and other construction projects.

Section 1. Subsection (f) of Section 10.15 of the City of Los Angeles Administrative Code is amended to read as follows:

At the time specified for opening said bids or proposals, or at any time to which the matter thereafter may be continued for report, the contract shall be awarded to the lowest responsible bidder providing satisfactory security for its performance. That determination may be based on the lowest ultimate cost of the materials, supplies and/or services in place and use; and where the same are to constitute a part of a larger project or undertaking, consideration may be given to the effect on the aggregate ultimate cost of such project or undertaking. In addition, irrespective of provisions of this subsection requiring award to the lowest responsible bidder, a bid preference can be allowed in the letting of contracts for California or Los Angeles County firms and, in addition, the bid specifications can provide for a domestic content requirement; the extent and nature of such bid preference, domestic content requirement and any standards, definitions and policies for their implementation shall be provided for by ordinance adopted by the Council and, as to those departments which exercise independent control over their expenditures of funds, by adoption by such departments of policies consonant with any such ordinance.

As an alternative to an award to the lowest responsible bidder, a contract can be let pursuant to a competitive sealed proposal method permitting negotiations, in accordance with the following requirements, conditions and limitations:

- (1) To acquire the following items or services:
  - (a) telecommunications devices, systems or services;
  - (b) automated systems, or the computers on which they are automated;
  - (c) services related to the automation of systems or the computers on which they are automated, including computer software;
  - (d) highly specialized equipment for the DWP used for water and power generation, transmission and distribution, including, but not limited to, large gas turbines, switchgear, emission controls and other equipment where the technical complexities of such equipment require that factors in addition to price be taken into consideration.
  - (f) capital improvements or other construction projects for the Department of Airports where the complexities of the project require that factors in addition to price be taken into consideration.

Section 2. The City Clerk shall certify to the passage of this ordinance and have it published in accordance with Council policy, either in a daily newspaper circulated in the City of Los Angeles or by posting for ten days in three public places in the City of Los Angeles: one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall; one copy on the bulletin board located at the Main Street entrance to the Los Angeles City Hall East; and one copy on the bulletin board located at the Temple Street entrance to the Los Angeles County Hall of Records.

I hereby certify that this ordinance was passed by the Council of the City of Los Angeles, at its meeting of \_\_\_\_\_.

HOLLY WOLCOTT, City Clerk

By \_\_\_\_\_ Deputy

Approved \_\_\_\_\_

\_\_\_\_\_  
Mayor

Approved as to Form and Legality

HYDEE FELDSTEIN SOTO, City Attorney

By \_\_\_\_\_

Date \_\_\_\_\_