



Los Angeles World Airports

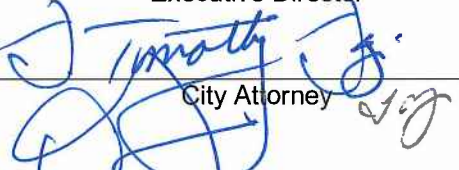
REPORT TO THE

BOARD OF AIRPORT COMMISSIONERS

Item Number
7


Approved by: Merida Esguerra-Olivares, Director of Finance


Reviewed by: Ryan Yakubik, Chief Financial Officer, Deputy
Executive Director


City Attorney


Deborah Flint – Chief Executive Officer

Meeting Date:

5/16/2019

CAO Review:

☐ Completed
☐ Pending
☐ N/A

Reviewed for	Date	Approval Status	By
Finance	5/1/2019	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	4/25/2019	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	PI
Procurement	5/1/2019	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MJ
Guest Experience	5/1/2019	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	BY
Strategic Planning	4/25/2019	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	KV

SUBJECT: Award Contract to WJ Advisors LLC and Unison Consulting, Inc.

Award two separate three-year contracts to WJ Advisors LLC and Unison Consulting, Inc. for \$1,500,000 and \$500,000, respectively, for a total amount not to exceed \$2,000,000 for Financial Consulting Services at Los Angeles International Airport and Van Nuys Airport.

RECOMMENDATIONS:

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that this action is administratively exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
3. FIND that the work can be performed more economically or feasibly by an independent contractor than by City employees.
4. APPROVE three-year contracts to WJ Advisors LLC and Unison Consulting, Inc., for \$1,500,000 and \$500,000, respectively, for a total amount not to exceed \$2,000,000 for Financial Consulting Services at Los Angeles International Airport and Van Nuys Airport.
5. AUTHORIZE the Chief Executive Officer or her designee to execute the contracts with WJ Advisors LLC and Unison Consulting, Inc., upon approval as to form by the City Attorney.

DISCUSSION:

1. Purpose

Staff requests the Board of Airport Commissioners (Board) approve the award of three-year contracts to WJ Advisors LLC and Unison Consulting, Inc. to provide financial consulting services at Los Angeles International Airport (LAX) and Van Nuys Airport (VNY). Financial consultants are utilized by staff to help ensure LAWA's positive financial position given the various on-going capital projects at LAX.

2. Prior Related Actions

- January 17, 2019 – Resolution No. 26676
First Amendment to Contract DA-5236 with WJ Advisors, LLC to increase the contract authority by \$300,000 for a total cost not to exceed \$1,300,000 for as-needed Financial Consulting Services for Los Angeles World Airports.
- September 7, 2017 – Resolution No. 26329
Award two separate three-year contracts DA-5236 to WJ Advisors LLC and DA-5237 to LeighFisher Inc., for \$1,000,000 each and a total amount not to exceed \$2,000,000 for Financial Consulting Services at Los Angeles International Airport and Van Nuys Airport.

3. Current Action

Approve two separate three-year contracts to WJ Advisors LLC (WJA) and Unison Consulting (Unison) for as-needed Financial Consulting Services at LAX and VNY for a total amount not to exceed \$2,000,000.

LAWA's financing and capital improvement programs continue to increase in scope, scale and complexity. Staff therefore requires continued access to a deep bench of aviation consulting talent to support the capital program while preserving LAWA's financial position. The procurement of these proposed contracts was aimed at providing LAWA certain flexibility on on-call contracts to cover unanticipated disruptions in the services of any of the contractors.

Scope of Work

The scope of the proposed contracts includes services in the following areas of Finance:

- Airline Rates & Charges Analysis & Support
- Feasibility Report in Support of Bond Issuances
- Capital Improvement Program (CIP) Analysis
- Development of Financial Plan to Support Cash Flow
- Financial Analysis in Support of the ConRAC
- Passenger Facility Charge (PFC) Application Preparation
- Airport Improvement Program and Other Grant Applications

How this action advances a specific strategic plan goal and objective

This action advances this strategic goal and objective: *Sustain a Strong Business: Diversify and grow revenue sources, and manage costs.* The Financial Consulting Services contract is used on an as-needed basis by the Finance Group to increase revenue from existing sources, including aeronautical rates and charges such as landing fees and terminal charges, as well as and ground transportation fees. The contract is also used to evaluate and implement innovative commercial programs, such as ConRAC, concession and other real estate activities.

Procurement Process

On March 11, 2019, LAWA released a Request for Proposals (RFP) for Financial Consulting Services at LAX and VNY on the Los Angeles Business Assistance Virtual Network (LABAVN).

On April 8, 2019, LAWA received two responsive written proposals from the following firms (in alphabetical order):

1. Unison Consulting, Inc.
2. WJ Advisors LLC

An Evaluation Panel reviewed and evaluated the proposals. The panel included the following LAWA staff:

- Deputy Executive Director II, Planning & Development Group
- Executive Assistant Airports, Commercial Development Group
- Executive Assistant Airports, Finance Group
- Financial Manager II, Finance Group

As contained in the RFP, the following criteria were applied in the proposal evaluation:

1. Experience of Firm/Assigned Personnel – 25%
2. Rates and Charges Support – 15%
3. Feasibility and Financial Modeling - 15%
4. Other Airport-Related Financial Services – 15%
5. Fee Schedule – 30%
6. Compliance with Administrative Requirements: Pass/Fail

Procurement Services Division (PSD) reviewed all the administrative requirements submitted by the proposers and determined that both proposers passed the Administrative Review, Small Business Enterprise (SBE) Review, Local Business Enterprise (LBE) Review, and Disabled Veterans Business Enterprise (DVBE) Review. Proposers either matched or exceeded LAWA's 5% goal for the SBE Mandatory Participation Level, 3% goal for the LBE Mandatory Participation Level, and 2% DVBE Mandatory Participation Level.

The proposals were reviewed by the Evaluation Panel. The evaluation process consisted of evaluations of the written proposals graded on a 100-point scale. Staff also conducted

reference checks which both proposers passed. After the panel's review and recommendations, the following rankings were established:

Proposers	Rank
WJ Advisors LLC	1
Unison Consulting, Inc.	2

Both WJA and Unison offer expertise in developing and maintaining rates and charges, and other specialized skills in the areas of grant and PFC applications, capital improvement program feasibility and analysis (e.g. ConRAC studies), and benefit-cost analysis of projects included in grant applications.

WJA has proven technical proficiency in support of LAWA's current rates and charges, bond and overall financial program. WJA's experience with other large hub airports undergoing significant capital improvement programs, including JFK and LGD, made its proposal the best overall value to LAWA.

Staff plans to utilize Unison in areas of PFC and AIP grant applications. Unison may also be assigned technical support on research and analysis related to performance metrics.

Action Requested

Staff requests the Board approve three-year separate contracts with WJA and Unison for \$1,500,000 and \$500,000, respectively, for a total amount not-to-exceed \$2,000,000 and authorize the Chief Executive Officer or her designee to execute the financial consulting contracts, upon approval as to form by the City Attorney.

Fiscal Impact

The costs incurred under these contracts will be recovered from the airlines as part of the operating expenses or capital charges included in the annual LAX Landing Fee and/or Terminal Rates.

4. Alternatives Considered

- **No Feasible Alternative**

The work involved in the financial consulting services contracts requires experience and specialized skills in various areas of Finance which the two consultants above can readily provide. Also, feasibility reports used in bond offering documents must be prepared by third parties.

APPROPRIATIONS:

Funds for this contract are requested for the FY2019-20 LAWA Operating Budget in LAX Cost Center 1190034 – Rates & Charges Section, Commitment Item 520 – Contractual Services, or they may be provided through other Board appropriations. Funding for subsequent years will be requested as part of the annual budget process.

STANDARD PROVISIONS:

1. This item, as a continuing administrative, maintenance and personnel-related activity, is administratively exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. This 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 245.
4. Unison Consulting and W J Advisors will comply with the provisions of the Living Wage Ordinance.
5. Procurement Services reviewed this action (File No. 8972) and established mandatory goals of 5% SBE, 3% LBE, and 2% DVBE. Unison Consulting committed to 100% SBE, 6% LBE, and 4% DVBE and W J Advisors committed to 100% SBE, 3% LBE, and 2% DVBE.
6. Unison Consulting and W J Advisors will comply with the provisions of the Affirmative Action Program.
7. Unison Consulting has been assigned Business Tax Registration Certificate number 0002550616-0001-7. W J Advisors has been assigned Business Tax Registration Certificate number 0002767429-0001-6.
8. Unison Consulting and W J Advisors will comply with the provisions of the Child Support Obligations Ordinance.
9. Unison Consulting and W J Advisors have 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 on the proposed contract can be performed more feasibly or economically by an Independent Contractor than by City employees.
11. Unison Consulting and W J Advisors have submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Unison Consulting and W J Advisors has been determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance.
13. The selected Unison Consulting and W J Advisors will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. Unison Consulting and W J Advisors have submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.