



Report to the
BOARD OF AIRPORT COMMISSIONERS
Meeting Date: 7/9/2026

14

Approved by:	Douglas Webster Chief Operations & Maintenance Officer	
ITEM TYPE	☒ Award ☐ Amendment ☐ Appropriation ☐ Policy/Program ☐ Other	
SUBJECT	Request to adopt the following report and to approve the award of a five-year contract with Solar Turbines Incorporated to provide service, maintenance, and repairs for two Mercury 50 Gas Turbines located at the Central Utility Plant at Los Angeles International Airport, for an overall amount not to exceed \$16,000,000.	

☒ Item REQUIRES City Council Approval. ☐ Item is subject only to STANDARD REVIEW by the City Council.

DISCUSSION

1. Background and Necessity of Requested Action

12-14-2017	Resolution #26395 (DA-5260)	Award
Established a five-year sole-source contract with Solar Turbines for a Beneficial Use Service Agreement covering the cogeneration turbines in the LAX Central Utility Plant for a not-to-exceed amount of \$7.2 million. Contract with DA-5260 was set to expire on February 13, 2023.		
11-04-2021	Resolution #27373 (DA-5260A)	First Amendment
Approved the First Amendment to Contract DA-5260 with Solar Turbines to increase contract authority by \$2 million for a new not-to-exceed amount of \$9.2 million.		
11-03-2022	Resolution #27618 (DA-5260B)	Second Amendment
Approved the Second Amendment to Contract DA-5260 with Solar Turbines to increase the contract authority by \$3 million for a new not-to-exceed amount of \$12.2 million and extend the term through February 13, 2024, with a one-year renewal option.		
02-08-2024	Resolution #27821 (DA-5260C)	Third Amendment
Approved the Third Amendment to Contract DA-5260 with Solar Turbines to increase the contract authority by \$1 million for new not-to-exceed amount of \$13.2 million and exercised the one-year renewal option to extend the term through February 13, 2025, add a second one-year renewal option, covering ongoing maintenance and repair of two cogeneration turbines and related equipment for LAWA.		

08-06-2024	---	Renewal Option
Los Angeles World Airports exercised the second one-year renewal option under the Third Amendment to Contract DA-5260, extending the contract term to February 13, 2026.		

The proposed contract with Solar Turbines Incorporated will provide monthly maintenance services and labor for two Solar Mercury 50 Gas Turbines located at the Central Utility Plant (CUP) at Los Angeles International Airport (LAX).

In March 2014, two Solar Mercury 50 Gas Turbines natural gas cogeneration turbines were installed in the CUP as part of the competitively bid CUP project. Each of these units produces 4.2 megawatts of electricity that power the CUP, certain Central Terminal Area (CTA) parking structures, and traffic signals. The turbines are also power chillers that provide cooling to all existing terminals, the Clifton A. Moore Administration Building, and the Theme Building. Any power produced that exceeds the above requirements is exported back to the City of Los Angeles Department of Water and Power (LADWP) for which LAWA receives credit. From January 2024 to September 2025, LADWP issued \$330,950 in credits to LAWA.

Currently, there are no personnel certified to service and repair the Mercury-50 turbines other than Solar-certified mechanics. The Facilities Management Division requires a service agreement for LAWA's solar turbines to ensure their optimal performance and reliability. This agreement will cover maintenance coordination, remote troubleshooting and support, onsite maintenance, component replacement, and scheduled inspections.

BUSA + Additional Scope Requested (Estimated 2026 Pricing*)

Anticipated utilization throughout the term of the 5-year contract

Year	Estimated Cost	Description
BENEFICIAL USE SERVICE AGREEMENT (BUSA)		
5-Year	\$4,865,910.78	BUSA
ADDITIONAL SCOPE REQUESTED		
2027	\$338,559.03	Oil Change / Cleaning
2027	\$363,664.29	Turbine Removal & Install / Overhaul
2027	\$4,360,200.00	Turbine Overhaul
As Needed	\$3,306,249.74	Recuperator Assembly
As Needed	\$363,664.29	Recuperator Removal & Installation
As Needed	\$1,116,160.06	Generator Major Repair
As Needed	\$94,932.46	Medium Voltage Electrical Support
Term Total	\$14,809,340.65	

* The prices listed, excluding the BUSA amount, do not include annual escalation fees, which will range between 2% and 6%, based on Bureau of Labor Statistics indices.

** The additional scope pricing applies only if these services are utilized.

If a new contract is not approved, LAWA may have to take the turbines out of service and purchase additional electricity from LADWP to maintain air conditioning and heating for all relevant facilities. However, while power can be imported from LADWP, it will not be sufficient to support heating loads without the operation of both CoGen units. The two turbines are essential for meeting the thermal energy demands of the CUP, and their absence would significantly impact LAWA's ability to maintain adequate heating across its facilities.

2. **Selection Process:** ☐ Competitive process. ☒ Other process. ☐ Not applicable.

This contract was awarded through a non-competitive sole source procurement. The selection was based on the vendor's unique qualifications, proprietary capabilities, and/or continuity of service that could not be reasonably replicated through a competitive process.

Prior contracts for the maintenance of the turbines were established as sole source contracts directly with Solar Turbines since it would not be practical or feasible to seek alternate providers of this service. Solar Turbines manufactured the installed turbines, and the company has neither recognized any third party as authorized to repair or overhaul these turbines nor licensed their intellectual property relative to these turbines to any third party.

☒ Request to find that Charter Sec. 1022 is applicable to this action.

There is no alternative party to perform the necessary work on said equipment/system.

3. **Fiscal Impact:** ☐ None. ☐ Revenue generation. ☒ Cost/cost recovery. ☐ Other.

Costs incurred under this contract will be recovered through the terminal rates and charges, landing fees, and non-aeronautical revenues. The use of the cogeneration turbines saves LAWA an estimated \$45,000 in utility costs daily by not having to purchase additional electricity from LADWP.

4. **Alternative Actions:** ☐ Alternatives considered. ☒ No alternatives considered.

APPROPRIATIONS

☐ Appropriation required. ☐ No appropriation required. ☒ Funding is available.

Funds for this contract are available in the Fiscal Year 2025-2026 Los Angeles World Airports Operating Budget in Cost Center 1150070 – Central Utility Plant, Commitment Item 520 – Contractual Services. Funding for subsequent years will be requested as part of the annual budget process.

INCLUSIVITY & IMPACT

☐ Goals/requirements identified. ☒ No goals/requirements stipulated. ☐ N/A or other.

Solar Turbines is the original equipment manufacturer and the only authorized provider of specialized parts, service, and maintenance for the equipment currently in use. Their direct involvement is essential to ensure system compatibility, maintain warranty coverage, and avoid operational disruptions.

PROVISIONS

The Chief Executive Officer has approved this item.

The Board of Airport Commissioners is hereby requested to adopt staff's determination that the requested action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.

The Board is hereby further requested to find that this action is exempt from the competitive bid process requirements per Los Angeles City Charter Section 371(e)(7) and Administrative Code Section 10.15(a)(810) in that, under the circumstances, competitive bidding would be undesirable because Solar Turbines is the manufacturer of the Mercury Turbines and only their certified technicians are trained to perform maintenance or repair services to the manufacturer's specifications

The Board is hereby further requested to authorize the Chief Executive Officer, or designee, to execute the contract with Solar Turbines, subject to approval by the Los Angeles City Council and approval as to form by the City Attorney.

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.