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Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:


Hans Thilenius, Deputy Executive Director
Terminal Development & Improvement Program

Reviewer:


Hector Huevo for (Oct 22, 2024 12:00 PDT)

Brian C. Ostler, City Attorney



John Ackerman, Chief Executive Officer

Meeting Date

11/7/2024

Needs Council Approval: ☒ Y

Reviewed for/by	Date	Approval Status	By
Finance	10/1/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	10/7/2024	<input checked="" type="checkbox"/> Y	VW
Procurement	10/9/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	KK
Guest Experience	10/3/2024	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	10/8/2024	<input checked="" type="checkbox"/> Y	TZ

SUBJECT

Request to adopt the following report; approve and execute the First Amendment to Contract DA-5629 with Vanderlande Industries, Inc., adding \$52,413,178, for a total contract authority of \$231,777,583, and extending the contract term by two years, from three years to five years, to provide design and construction services for the Baggage Optimization Project Phase 2 at Los Angeles International Airport; appropriate funds in the amount of \$57,444,843, which also includes an additional \$2,620,659 in project contingency and \$2,411,006 for Los Angeles World Airports' soft costs.

DISCUSSION

1. Purpose

The proposed amendment will incorporate several alternate scopes of work into the project for which design costs were included in the base contract, but construction costs were not, because the design had not progressed enough to allow pricing at the time the contract was executed.

2. Prior Related Actions/History of Board Actions

- November 17, 2016 - Resolution No. 26115 (DA-5158 and DA-5159)**

The Board of Airport Commissioners (Board) approved two Equipment Acquisition Agreements with Tom Bradley International Terminal Equipment Company (TBITEC) to acquire upgrades to the Baggage Handling System (BHS) in TBIT and the Midfield Satellite Concourse (MSC).

- **November 21, 2019 - Resolution No. 26898 (DA-5158A)**

The Board approved a First Amendment to Equipment Acquisition Agreement DA-5158 with TBITEC for minor administrative updates and revision of scope components covering acquisition of upgrades to the baggage handling systems in TBIT and the MSC.

- **September 1, 2022 - Resolution No. 27579**

The Board approved a Re-appropriation of the Capital Improvement Plan (CIP), which included \$72.3 million in appropriations for this project, for the purposes of aligning CIP appropriations project Work Breakdown Structure (WBS) accounts.

- **April 11, 2023 – Resolution No. 27714 (DA-5629)**

The Board approved the award of a three-year Design-Build Contract to Vanderlande Industries, Inc. (Vanderlande), covering design and construction of the Baggage Optimization Project (BOP) Phase 2 at Los Angeles International Airport (LAX), for cost not to exceed \$179.4 million; and appropriated \$128.5 million to include Los Angeles World Airports (LAWA) costs.

3. Background

Los Angeles World Airports began a two-phased BOP intended to replace and consolidate our Checked Bag Inspection System (CBIS) and Checked Bag Resolution Area (CBRA); provide connectivity to the newly-opened West Gates at TBIT (West Gates); and to accommodate the current and future demand loads necessary to maintain a high level of service within the affected terminals.

Phase 1 of the BOP was completed in 2021 and replaced previously existing outbound sortation and early bag storage systems in TBIT with two sortation facilities and two early bag storage facilities located at the West Gates and the North BHS (Baggage Handling System) building.

Phase 2, being performed under this contract, will replace the existing baggage screening matrices and consolidate them into one CBIS/CBRA within the existing building footprint. It will also provide ticket counter cross-over redundancy and load balancing, while providing connections to the existing outbound sortation systems constructed under Phase 1. The end result will increase the capacity of the TBIT inline CBIS to adequately process all the checked baggage generated by outbound baggage operations in TBIT and the West Gates for the next 15 years, based on passenger and baggage volume projections.

4. Current Action/Rationale

The elements that will be addressed are Operational Needs, including ticket counter, purge line, and domestic conveyors reconfiguration or additions; Operational Enhancements, including additions to both domestic and international oversize conveyors; and Baggage Capacity Resiliency, including additional capacity and redundancy and a new domestic bag carousel feed. All elements are estimated for completion by end of May 2027, thus an increase in the contract term from three years to five years is requested.

5. Fiscal Impact

The BOP Phase 2 Project is programmed in LAWA's Capital Improvement Plan (CIP), with a direct project budget of \$258.2 million, which includes hard costs, soft costs, and contingency. As the amount requested is within that amount, approval of this action will not increase the CIP construction work.

6. Alternatives Considered

- ***Take No Action***

Taking no action would reduce the capacity of the TBIT baggage handling system and decrease operational efficiency and is therefore not recommended.

APPROPRIATIONS

Staff request that funds in the not-to-exceed amount of \$57,444,843 be appropriated from the LAX Revenue Fund to WBS Element 1.17.14A-700.

STANDARD PROVISIONS

The Board is hereby requested to adopt staff's determination that this item, covering interior or exterior alterations involving remodeling or minor construction where there be negligible or no expansion of use, is exempt from the requirements of the California Environmental Quality Act (CEQA) as provided by Article III, Class 1(1) of the Los Angeles City CEQA Guidelines. Additionally, any activity (approval of bids, execution of contracts, allocation of funds, etc.) for which the underlying project has previously been evaluated for environmental significance and processed according to the requirements of CEQA is exempt from further review pursuant to Article II, Section 2.i of the Los Angeles City CEQA Guidelines. The Midfield Satellite Concourse Environmental Impact Report (EIR) was certified by the Board of Airport Commissioners for this project on July 21, 2014 (Resolution No. 25478).

The proposed document(s) is/are subject to 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.