



RESOLUTION NO. 26450

WHEREAS, on recommendation of Management, there was presented for approval, a thirty (30)-year Design-Build-Finance-Operate-Maintain Agreement with LAX Integrated Express Solutions, LLC the Recommended Developer of the Landside Access Modernization Program's Automated People Mover at Los Angeles International Airport, in the amount of \$4,895,750,000; and

LAX
Van Nuys
City of Los Angeles

Eric Garcetti
Mayor

**Board of Airport
Commissioners**

Sean O. Burton
President

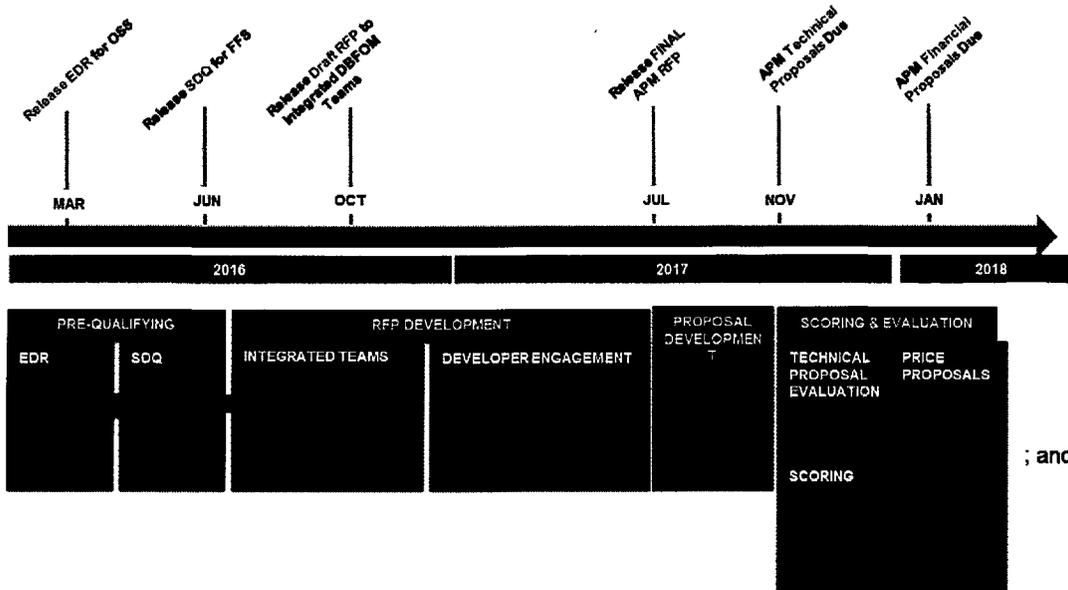
Valeria C. Velasco
Vice President

Jeffery J. Daar
Gabriel L. Eshaghian
Beatrice C. Hsu
Thomas S. Sayles
Dr. Cynthia A. Telles

Deborah Flint
Chief Executive Officer

WHEREAS, the staff recommendation of the LAX Integrated Express Solutions, LLC (LINXS) team to be the Developer to deliver the Automated People Mover (APM) Project, and today's recommendation that the Board of Airport Commissioners authorize the execution of an agreement with LINXS, are the latest steps in a rigorous, competitive selection process carried out over approximately two (2) years. This procurement process engaged some of the most innovative and respected firms in the global transportation and infrastructure delivery industries. Los Angeles World Airports (LAWA) staff have full confidence in the determination of LINXS as the Lowest Ultimate Cost Proposer; and

WHEREAS, the process to select the team to deliver the APM system began in earnest in 2016 with an eligibility determination process to identify firms capable of supplying the APM operating system (the train operating system technology and vehicles). Firms interested in supplying operating systems were asked to submit an Eligibility Determination Request (EDR). Also in 2016, LAWA conducted a separate Request for Qualifications process to identify firms qualified to deliver the APM fixed facilities (stations, train guideway, maintenance facilities, utilities, and other infrastructure related to the APM). See below graphic representing the procurement process:



WHEREAS, EDR submissions from operating system suppliers underwent rigorous technical review to ensure that their respective systems could meet the Landside Access Modernization Program's operational, safety, environmental, and other performance objectives. Staff received five (5) complete submittals from system providers. In August, 2016, LAWA staff advised the Board that four (4) suppliers were determined to be eligible to compete for the APM Project; and

WHEREAS, after two (2) sets of firms were pre-qualified, the eligible Developers and operating system suppliers were free to partner to jointly deliver the APM system as an integrated team. Of the initial shortlisted operating system suppliers and fixed facility providers, three (3) integrated teams responded to the final APM Request for Proposals (RFP), released by LAWA in July of 2017; and

WHEREAS, the final RFP established a two-step procurement process for the APM Developer which considered both the technical merits of the proposals as well as a separate cost proposal to identify the proposer presenting the Lowest Ultimate Cost to the City. The Technical proposals were received, evaluated, and scored prior to submission of the cost proposals. In addition, the final technical scores were unknown to staff until the cost proposals were received and opened. The Technical Scores accounted for 60% of the overall score, cost accounted for 40% of the overall score; and

WHEREAS, the RFP established evaluation criteria requirements related to the APM Developer's proposed technical approach. The evaluation criteria were broken down into three (3) general categories:

1. Technical Merit
2. Visual Appeal
3. User Experience; and

WHEREAS, each of the three (3) general categories was divided into subcategories. The categories and subcategories were assigned points based on the relative importance of the category with respect to the overall project. The scoring and evaluation table is presented below:

APM Scoring and Evaluation Criteria	Points
Technical Merit	4000
APM System	700
Approach to Operations and Maintenance	700
Inclusivity	600
Approach to Execution of Project Construction	500
Approach to Maintenance of Traffic/Mitigation of Construction Impacts	500
Project Safety & Security	500
Sustainability	300
Public Outreach/Stakeholder Communication	200
Architectural-Appeal	1000
Architectural Appeal of the APM Fixed Facilities	750
Vehicle Aesthetics	250
User Experience	1000
<i>Technical Points:</i>	6000
<i>Price Points (100% to team with lowest price):</i>	4000
<i>Total Available Points:</i>	10,000; and

WHEREAS, the technical proposal element of the procurement process was structured to allow classification of two (2) tiers of proposers based on their technical submittals:

Tier 1: To qualify as a Tier 1 proposer, the proposer had to achieve the following:

- A minimum score of 70% of the available points in the Technical Merit category, including 70% of each of the subcategories
- A minimum score of 40% of the available points in the User Experience category
- Staff initiated a separate Aesthetic Review process which included a series of meetings with the proposers' teams. The Aesthetic Review process was designed to ensure that each proposer's design met a minimum requirement prior to the formal proposal. Consequently, no minimum score was established for the Visual Appeal criteria.

Tier 2: Tier 2 proposers failed to meet the above requirements:

- Tier 2 proposers were not eligible to move on to the scoring round; and

WHEREAS, the Technical Proposals were evaluated by three (3) separate panels:

- Technical Review Panel
- Scoring Panel
- Executive Panel; and

WHEREAS, the Technical Review Panel was comprised of approximately seventy (70) subject matter experts organized around the evaluation criteria. The technical panel evaluated the proposals against the requirements of the RFP. Following a review of approximately thirty (30)-days, the Technical Review Panel developed a set of consensus comments which were presented to the scoring panel; and

WHEREAS, the Scoring Panel was comprised of nine (9) members, each an expert in their respective fields of transportation, infrastructure delivery, and airline operations:

APM Independent Scoring Panelists	
Deputy Chief Executive Officer	Long Beach Transit
Project Manager, Group Manager of Train Control Modernization.	San Francisco Bay Area Rapid Transit
General Manager	City of Los Angeles Department of Transportation
Deputy Executive Director, Facilities Maintenance & Utilities Group	LAWA
Deputy Executive Director, Environmental Programs	LAWA
Chief Innovation and Technology Officer	LAWA
Chief Experience Officer	LAWA
Deputy Program Manager	LAWA
Deputy Chief Executive Officer	Los Angeles County Metropolitan Transit Authority; and

WHEREAS, the Scoring Panel members reviewed each proposal independently, but were also able to request additional information from the Technical Review Panel members as needed. The Scoring Panel members' scores were averaged to determine the final technical score for each proposer. (Following completion, each individual panel member's score was delivered to the LAMP APM Procurement Manager and the City Attorney. The final scores were not known until the financial proposals were received.); and

WHEREAS, the Executive Panel was comprised of the LAWA Chief Development Officer, LAWA Chief Financial Officer, LAWA Chief Operating Officer, and the LAMP Program Executive. The Executive Panel provided oversight to ensure the evaluation and scoring process was conducted fairly and was consistent with the procurement rules set forth in the APM RFP; and

WHEREAS, the financial proposals were received following completion of the technical proposals evaluation and scoring. The financial proposals were evaluated by the Chief Financial Officer and a team of financial experts. Unlike the technical proposals, which were evaluated against the scoring criteria in the RFP, the financial proposals were evaluated against each other with the lowest financial proposal receiving 100% of the available points. Higher priced proposals were compared to the lowest price and received points proportionate to the cost differential with one exception. Price proposals exceeding a net present value of \$300 million or more above the lowest price proposal received zero price points. The \$300 million price differential threshold was incorporated into the procurement process to foster additional price competition amongst the proposers and represented 15% of LAWA's estimated design and construction cost for the project; and

WHEREAS, LAWA received technical and price proposals from three (3) developer teams: Gateway Connectors, the LAX Connecting Alliance, and LINXS. After a review of the technical and financial proposals in accordance with the criteria discussed above, the LINXS Team has been identified as the Team presenting the Lowest Ultimate Cost proposal to the City. In addition to presenting the Lowest Ultimate Cost, the LINXS team submitted the highest scoring technical proposal and the lowest price proposal.

- The LINXS Team scored highest in all three (3) major categories: Technical Merit, Visual Appeal, and User Experience.
- The LINXS Team scored first in six (6) of eleven (11) subcategories: APM Fixed Facilities, Approach to Maintenance of Traffic, Approach to Operations and Maintenance, Inclusivity, Sustainability, and User Experience.
- The LINXS Team scored no lower than second place in all other subcategories.
- The LINXS Team presented the lowest cost for both design & construction and operations & maintenance; and

WHEREAS, the key members of the LINXS Team include ACS Infrastructure Development, Inc., Balfour Beatty Investments, Inc., Bombardier Transportation (Holdings) USA Inc., Flour Enterprises, Inc. and HOCHTIEF PPP Solutions GmbH; and

WHEREAS, the key inclusivity commitments that are contractual obligations within the Design-Build-Finance-Operate-Maintain (DBFOM) Agreement, and will be integrated into the non-compliance table. If the Developer fails to meet the requirements set forth in the non-compliance table, the Developer will be subject to non-compliance points and payment deductions calibrated to each incident of non-compliance:

Project Phase	Local Hiring	Small Business Enterprise (SBE)	Local Business Enterprise (LBE)	Local, Small Business Enterprise (subset of LBE)	Disabled Veterans Business Enterprise
Design	No requirement	22%	8%	3%	3%
Construction	30% of work force	18%	7%	5%	3%
Operations & Maintenance	60% of hours worked by local workers , 10% disadvantaged, 50% from LAX impact zone	17%	10%	5%	3%; and

WHEREAS, LAWA encouraged the development team to bring forward ideas that may lower costs by allowing them to share the benefit of cost reduction ideas. Following their selection and in an effort to achieve lower costs, LINXS identified an opportunity to gain access to fully tax-exempt bond financing in place of the currently anticipated tax-exempt bond financing that would be subject to the Alternative Minimum Tax (AMT). This change in tax status for LINXS' bonds is expected to lower their expected interest rates by between 0.20% and 0.30% (often referred to as the "AMT penalty"). As the level of LAWA's future availability payments is directly impacted by the borrowing cost on the Developer's bond financing, any decrease in their financing costs would provide a benefit to LAWA by lowering the ultimate level of annual availability payments. In addition, LAWA may also benefit from sharing in a potentially lower tax liability for LINXS due to the new structure; and

WHEREAS, in order to achieve the favorable tax treatment for the Developer financing, LAWA would need to approve two (2) primary changes to the originally proposed development team structure:

1. LINXS would introduce a not-for-profit entity into their structure through assignment of the DBFOM agreement to the entity. All currently anticipated responsibilities and requirements of the existing DBFOM agreement, other than certain obligations with respect to the financing of the Project, would be performed by LINXS through a qualified management agreement between the LINXS team and the not-for-profit entity. The not-for-profit, rather than LINXS, would arrange the anticipated conduit financing under the more favorable tax treatment.
2. To comply with certain restrictions on not-for-profit corporations and maintain the same level of contributed capital to the project, the anticipated Developer equity contributions would be replaced by a requirement that the Equity Members of LINXS purchase debt subordinate to the publicly issued bonds and bank financing. The change in capital contribution from equity to subordinated debt would not change the LINXS team's capital at risk nor their contractual responsibilities as outlined in the DBFOM agreement; and

WHEREAS, LINXS and LAWA are still developing and reviewing the agreements between parties under the proposed structure to assure they are acceptable to LAWA. The existing DBFOM agreement allows for such a structure, which option may be activated at the Board of Airport Commissioners' discretion through their approval of an assignment of the DBFOM agreement to the not-for-profit entity following their review of the final structure and benefit sharing arrangement between LAWA and LINXS. LAWA requests the City Council delegate to LAWA's Board the authority to approve or disapprove the assignment of the DBFOM agreement to the not-for-profit entity, provided that the assignment terms are consistent with the terms set forth in the Council-approved DBFOM Agreement. Should LAWA's Board, for any reason, decide not to approve an assignment for this purpose, the existing team structure and financing plan would move forward as originally proposed with no additional cost to LAWA; and

WHEREAS, under the DBFOM agreement, LAWA is expected to retain certain obligations and certain risks. The most significant of these may include, but may not be limited to: 1) upward adjustment to the availability payment stream proposed by the Developer based on changes in market based financing rates included in the proposal through the date of financial close (expected in June 2018) – if municipal rate indexes increase, the level of LAWA's initial availability payment will increase to account for the Developer's increased cost of financing, 2) LAWA must provide the Developer access to certain properties and facilities on dates specified in the agreement or may be required to pay costs associated with resulting delays, 3) if the Developer experiences delays caused by LAWA's lack of performance of any of its obligations, LAWA will be responsible for additional financing and direct costs incurred by the Developer in constructing the project, 4) should the Developer default on the agreement after financial close, LAWA will be responsible for up to 80% of the outstanding debt issued by the Developer (but not for repayment of the Developer's equity investment); and

WHEREAS, any activity (approval of bids, execution of contracts, allocation of funds, etc.) for which the underlying project has been previously evaluated for environmental significance and processed according to the requirements of the California Environmental Quality Act (CEQA) is exempt from further review pursuant to Article II Section 2(i) of the Los Angeles City CEQA Guidelines. The LAMP Environmental Impact Report was certified by the Board of Airport Commissioners for this project on March 2, 2017 by Resolution 26185; and

WHEREAS, LINXS will comply with the applicable provisions of the Living Wage Ordinance and the Labor Code of the State of California (Prevailing Wage); and

WHEREAS, Procurement Services Division has reviewed this action (File 10042939):

APM Established Goals:

	Design Phase	Construction Phase	Operations and Maintenance
Small Business Enterprise	22%	18%	17%
Local Business Enterprise (LBE)	8%	7%	10%
Local Small Business Enterprise (a subset of LBE)	3%	3%	5%
Disabled Veterans Business Enterprise	3%	3%	3%

LINXS Pledges:

	Design Phase	Construction Phase	Operations and Maintenance
Small Business Enterprise	22%	18%	17%
Local Business Enterprise (LBE)	8%	7%	10%
Local Small Business Enterprise (a subset of LBE)	3%	5%	5%
Disabled Veterans Business Enterprise	3%	3%	3%; and

WHEREAS, LINXS will comply with the provisions of the Affirmative Action Program; and

WHEREAS, LINXS must obtain a Business Tax Registration Certificate prior to submission of first invoice; and

WHEREAS, LINXS will comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, LINXS 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 the work specified on the contract can be performed more feasibly or economically by an independent contractor than by City employees; and

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

WHEREAS, LINXS must be determined by the 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, LINXS is required to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; and

WHEREAS, LINXS has submitted the Bidder Contributions City Ethics Commission 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 determined that this action is exempt from the California Environmental Quality Act requirements; adopted the Staff Report; found that this action is part of the procurement process in compliance with Los Angeles City Ordinance Nos. 183585, 184936 and 184937, passed on May 27, 2015 and May 19, 2017 allowing Los Angeles World Airports to use the competitive sealed proposal selection process as provided herein and the Construction Manager at Risk, Design-Build, or Design-Build-Finance-Operate and Maintain alternative project delivery methods for the following projects, or any combination thereof: Automated People Mover (APM), Consolidated Rent-A-Car, Multi-Modal facilities, Central Terminal Area Parking Structures, pedestrian walkways, and a comprehensive set of roadway improvements. It also includes their components and integration into facilities and operations at Los Angeles International Airport (LAX); further found that the proposal of LAX Integrated Express Solutions, LLC represents the lowest ultimate cost (as defined in Charter Section 371) to the City than any other responsive proposal submitted; approved the Design-Build-Finance-Operate-Maintain Agreement and related ancillary agreements, including the Direct Agreement and IP Material Access Agreement with LAX Integrated Express Solutions, LLC, the Recommended Developer for the Landside Access Modernization Program (LAMP) APM at LAX in amount of \$4,895,750,000; further approved a budgeted owner's contingency in the amount of \$145,700,000, which can only be utilized through change orders authorized by the Chief Executive Officer or the Board; authorized the Chief Executive Officer, pursuant to Charter Section 376, to approve and execute change orders to the contract up to the budgeted owner's contingency of \$145,700,000 provided that prior to execution of any change order in excess of \$5,000,000, the Board of Airport Commissioners shall first have reviewed and authorized execution thereof, and such authorization shall have become final pursuant to Charter Section 245; appropriated and allocated capital funds in the amount of \$3,842,000,000 from the LAX Revenue Fund to Work Breakdown Structure Element 1.15.08A-700 APM System for the APM Design-Build-Finance-Operate-Maintain Agreement, the appropriations are inclusive of LAWA's milestone payments during the design and construction period, availability payments (capital component) during the life of the Design-Build-Finance-Operate-Maintain Agreement, certain allowances and LAWA's owner's contingency for the project; and further authorized the Chief Executive Officer to execute the Design-Build-Finance-Operate-Maintain Agreement and related ancillary agreements, including the Direct Agreement and IP Material Access Agreement with LAX Integrated Express Solutions, LLC, the Recommended Developer for the LAMP APM at LAX, upon approval as to form by the City Attorney and upon approval by the City Council; and further adopted the Board of Airport Commissioners' Resolution 26451 to comply with Los Angeles City Charter Section 609.

o0o

I hereby certify that this Resolution No. 26450 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, April 5, 2018.



Sandra J. Miller – Secretary
BOARD OF AIRPORT COMMISSIONERS



RESOLUTION NO. 26451

RESOLUTION OF THE DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES APPROVING THE FORM OF A DESIGN-BUILD-FINANCE-OPERATE-MAINTAIN AGREEMENT AND AUTHORIZING THE DEPARTMENT TO APPROPRIATE FUNDS AND INCUR REVENUE OBLIGATIONS NOT TO EXCEED \$3.85 BILLION IN CONNECTION WITH THE AUTOMATED PEOPLE MOVER PROJECT AT LOS ANGELES INTERNATIONAL AIRPORT, AND AUTHORIZING AND DIRECTING CERTAIN ACTIONS WITH RESPECT THERETO

LAX

Van Nuys

City of Los Angeles

Eric Garcetti
Mayor

**Board of Airport
Commissioners**

Sean O. Burton
President

Valeria C. Velasco
Vice President

Jeffery J. Daar
Gabriel L. Eshaghian
Beatrice C. Hsu
Thomas S. Sayles
Dr. Cynthia A. Telles

Deborah Flint
Chief Executive Officer

WHEREAS, the Department of Airports of The City of Los Angeles, California (the "Department"), by action of the Board of Airport Commissioners (the "Board"), approved and authorized the issuance of a Request for Proposals (as amended, the "RFP") for the procurement of a developer to design, build, finance, operate and maintain the Automated People Mover at Los Angeles International Airport (the "Project"); and

WHEREAS, through the RFP process, the Department determined that LAX Integrated Express Solutions, LLC ("LINXS") provided the best proposal to design, build, finance, operate and maintain the Project; and

WHEREAS, the Department has determined that it is in its best interest to enter into a thirty (30)-year Design-Build-Finance-Operate-Maintain Agreement (the "Agreement") with LINXS, pursuant to which the Department and LINXS will agree as to how the Project will be designed, built, financed, operated and maintained; and

WHEREAS, there has been presented to the Board a form of the Agreement, which Agreement may be modified and amended to reflect the various terms agreed to by the Department and LINXS up to and including the financial close as provided for under the Agreement; and

WHEREAS, pursuant to the Agreement, the Department will agree to make certain payments (including, but not limited to, milestone and availability payments) to LINXS (or its assignee) over the term of the Agreement in an amount not to exceed \$3.85 billion; and

WHEREAS, the Department is authorized under Section 609 of the Charter of the City of Los Angeles and the Procedural Ordinance related thereto (Section 11.28.1 *et seq.* of the Los Angeles Administrative Code) (collectively the "Charter"), with the consent of the City Council of the City of Los Angeles (the "City Council") and the Mayor of the City of Los Angeles (the "Mayor"), to incur revenue obligations, such as the payments due under the Agreement, payable from the Los Angeles International Airport ("LAX") Revenue Account of the Airport Revenue Fund in accordance with the provisions of the Charter;

NOW, THEREFORE, in accordance with the provisions of Section 609 of the Charter of the City of Los Angeles, the Board of Airport Commissioners of the Department hereby resolves as follows:

Section 1. Authorization of Agreement. The form of the Agreement presented to this meeting is hereby approved substantially in the form now before this meeting, and the Chief Executive Officer of the Department, including any person serving in an acting or interim capacity or any written designee of the Chief Executive Officer (collectively, "Designated Officer"), for and in the name and on behalf of the Department, is hereby authorized,



empowered and directed to execute, acknowledge and deliver the Agreement, including counterparts thereof. The Agreement, as executed and delivered, shall be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be approved by the Designated Officer; the execution thereof shall constitute conclusive evidence of the Board's approval of any and all changes or revisions therein from the form of the Agreement now before this meeting; and from and after the execution and delivery of the Agreement, the officers, agents and employees of the Department are hereby authorized, empowered and directed to do all such acts and things and to execute all such documents as may be necessary to carry out and comply with the provisions of the Agreement.

Section 2. Approval of LINXS. The Board hereby approves the selection and appointment of LINXS as the Developer under the hereinabove approved Agreement.

Section 3. Term of the Agreement. The term of the Agreement shall be no longer than thirty (30) years following the date of financial close as provided for under the Agreement.

Section 4. Authorization of Payment Obligations. The Board hereby authorizes the Department pursuant to the Charter to incur revenue obligations to make milestone and availability payments (the "Payment Obligations") to LINXS (or its assignee) pursuant to the terms of the Agreement in an amount not to exceed \$3.85 billion.

Section 5. Payable From Airport Revenue Fund. The Payment Obligations shall be payable by the Department from the LAX Revenue Account of the Airport Revenue Fund in accordance with the Charter and shall have such priority on the moneys in the LAX Revenue Account of the Airport Revenue Fund as shall be set forth in the Agreement.

Section 6. California Environmental Quality Act. Determine that this action is exempt from the California Environmental Quality Act ("CEQA") pursuant to Article II Section 2(i) of the Los Angeles City CEQA Guidelines.

Section 7. Effective Date. This Resolution shall take effect upon approval by the Mayor and City Council in the manner and at the time set forth in the Charter, including Section 11.28.1 *et seq.* of the Los Angeles Administrative Code.

o0o

I hereby certify that this Resolution No. 26451 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, April 5, 2018.



Sandra J. Miller – Secretary
BOARD OF AIRPORT COMMISSIONERS