



Item Number  
**7**

## Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:

  
Jacob Adams (Jun 28, 2024 10:35 PDT)

Jake Adams, Deputy Executive Director  
Landside Access Modernization Program

Reviewer:



Brian C. Ostler, City Attorney



John Ackerman, Chief Executive Officer

Meeting Date

7/18/2024

Needs Council Approval: ☒ Y

Reviewed for/by	Date	Approval Status	By
Finance	6/24/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	6/10/2024	<input checked="" type="checkbox"/> Y	VW
Procurement	5/29/2024	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	BG
Guest Experience	6/3/2024	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	6/21/2024	<input checked="" type="checkbox"/> Y	BNZ

### SUBJECT

Request to approve the Second Amendment to Contract DA-5322 with Los Angeles Gateway Partners for the Landside Access Modernization Program's Consolidated Rent-A-Car Facility Project at Los Angeles International Airport, to close out existing project allowances, credit back cost savings in the not-to-exceed amount of \$9,714,543, and repurpose the same amount to the Owner's Project Contingency.

### RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that any activity for which the underlying project has previously been 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 Landside Access Modernization Program Environmental Impact Report (EIR) was certified by the Board of Airport Commissioners for this project on March 2, 2017 (Resolution 26185).
3. APPROVE the Second Amendment to Contract DA-5322 with Los Angeles Gateway Partners to close out existing project allowances and credit back cost savings in the not-to-exceed amount of \$9,714,543.
4. FURTHER APPROVE a repurposing of credit allowance funds in the not-to-exceed amount of \$9,714,543 to the Owner's Project Contingency. This contingency can only be utilized

through change orders authorized by the Chief Executive Officer, or designee, or the Board of Airport Commissioners as outlined below.

5. AUTHORIZE the Chief Executive Officer, or designee, to execute the Second Amendment after approval as to form by the City Attorney and approval by the Los Angeles City Council.

## **DISCUSSION**

### **1. Purpose**

The requested action will close out several existing project allowances, credit back costs, and further approve the repurposing of these funds to the Owner's Project Contingency to be utilized for project closeout and changes.

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

- **October 18, 2018 – Resolution No. 26617 and 26618 (DA-5322)**

The Board of Airport Commissioners (Board) approved authorization to execute a 28-year Design-Build-Finance-Operate-Maintain (DBFOM) agreement and related ancillary agreement with Los Angeles Gateway Partners (LAGP) in the amount of \$2.03 billion.

- **February 3, 2022 – Resolution No. 27423 (DA-5322)**

The Board approved an appropriation of capital funds to Contract DA-5322 with LAGP in the amount of \$37.8 million to replenish the Owner's Project Contingency for the Landside Access Modernization Program's (LAMP) Consolidated Rent-a-Car Center (ConRAC) Facility Project at Los Angeles International Airport (LAX).

- **April 4, 2024 – Resolution No. 27933 (DA-5322A)**

The Board approved a replenishment of the Owner's Project Contingency amount of \$6.9 million, with reimbursed funds received from the Los Angeles Unified School District and the Los Angeles Department of Water and Power to Contract DA-5322 with LAGP for LAMP's ConRAC Facility Project at LAX.

### **3. Background**

Construction of the ConRAC project commenced in October 2019, and the base building construction was completed on schedule in March 2023. At this time, LAGP has substantially completed the surrounding roadway construction, and the rental car companies are well underway with construction of their tenant improvements. Tenant operations are expected to commence at the ConRAC this summer, and staff have begun the closeout process for the design and construction phases of the project.

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

Staff are requesting that the project contingency for the ConRAC project be replenished by repurposing the Design and Construction allowance savings of \$9.7 million. This action will allow staff to continue to resolve various changes and relief events as a part of the project closeout process.

## 5. Fiscal Impact

The ConRAC Facility Project is programmed into LAWA's 10-Year Capital Improvement Plan (CIP) with a direct project budget of \$1,461,875,432, which includes hard costs, direct soft costs, project contingency, and developer-funded improvements. There will be no net increase to the CIP with the approval of this amendment. Additionally, as this item is a reimbursement, it will not result in an increase to the programmed ConRAC Facility budget.

Costs incurred through this contract will be capitalized, and, when projects are put in service, those costs will be recovered through landing fees, terminal rates and charges, and non-aeronautical revenues.

LA Gateway Partners has committed to, and achieved to date, the following goals:

	Design			Construction			Ops & Maint	
	Goal	Committed	Achieved	Goal	Committed	Achieved	Goal	Committed
SBE	18%	18%	13.72%	22%	22%	26.62%	20%	20%
LBE	5%	50%	52.57%	8%	20%	38.67%	7%	7%
LSBE	3%	10%	9.00%	5%	5%	14.74%	5%	5%
DVBE	3%	5%	2.45%	5%	5%	8.49%	3%	3%

## 6. Alternatives Considered

- **Take No Action**

If no action is taken to replenish the Owner's Project Contingency with the reimbursed funds as described above, the project may not have sufficient contingency to complete the closeout.

## APPROPRIATIONS

No appropriations are required for this item.

## STANDARD PROVISIONS

The City Attorney has approved this item.

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.