

ADMINISTRATIVE EXEMPTION and TRADE, TRAVEL, AND TOURISM COMMITTEE REPORT relative to a Los Angeles World Airports (LAWA) agreement with LAX Integrated Express Solutions, LLC, for the Landside Access Modernization Program's (LAMP) Automated People Mover (APM) System at Los Angeles International Airport (LAX).

Recommendations for Council action:

1. ADOPT the determination by the Board of Airport Commissioners that the proposed action is administratively exempt under the California Environmental Quality Act (CEQA) in accordance with Article II, Section 2(i) of the Los Angeles City CEQA Guidelines.
2. APPROVE the design-build-finance-operate-maintain agreement with LAX Integrated Express Solutions, LLC, for the design, construction, financing, and operations and maintenance of the LAMP APM System at LAX for a term of 30 years and for an amount not to exceed \$4,895,750,000.
3. CONCUR with the action taken by the Board of Airport Commissioners on April 5, 2018, by Resolution No. 26450 authorizing the Chief Executive Officer, LAWA, to execute the design-build-finance-operate-maintain agreement with LAX Integrated Express Solutions, LLC, for the LAMP's APM System at LAX.

Fiscal Impact Statement: The City Administrative Officer (CAO) reports that this action will not impact on the General Fund. Authorization for an allocation of \$3,842,000,000, from the LAX Revenue Fund, is being requested by LAWA from the Board of Airport Commissioners. This appropriation of capital funds will finance LAWA's milestone payments during the design and construction period, availability payments (capital component) during the contract life, certain allowances and the owner's contingency in an amount not-to-exceed \$145,700,000. The contract award complies with LAWA's adopted financial policies.

Community Impact Statement: None submitted.

**TIME LIMIT FILE – JUNE 4, 2018**

**(LAST DAY FOR COUNCIL ACTION – JUNE 1, 2018)**

## SUMMARY

In a report to the Mayor dated April 4, 2018, the CAO states that LAWA has embarked on a project to reduce traffic congestion around LAX and within the Central Terminal Area (CTA). The project includes an APM which will connect LAX to the area's regional public and private transportation system. By way of new trains and stations, the APM will move along a 2.25 mile elevated guideway taking passengers to and from LAX between six stations, the CTA, and a planned new consolidated car rental facility. Free for airport users, the APM will run every two minutes. Passengers will be able to travel to the CTA in 10 minutes.

The project will be built using a public-private partnership contracting model through which the APM will be designed, built, financed, operated, and maintained by the contractor. This process

allows public sector agencies to use private sector expertise and innovation while sharing risks and responsibilities for financing, and allows private partners to earn a reliable revenue stream, subject to performance. The \$4.9 billion project will take approximately five years to complete. The proposed agreement includes 25 years of APM operation and maintenance.

Proposals were evaluated by cost, technical expertise, and technical merit, visual appeal and user experience. According to the CAO, a scoring panel ranked LAX Integrated Express Solutions highest. The company's proposal is also lowest cost. On April 5, 2018, the Board of Airport Commissioners approved the LAWA agreement with LAX Integrated Express Solutions for the construction, maintenance, and operation of the LAX APM. The CAO concurs with this action.

At its special meeting held April 10, 2018, the Trade, Travel, and Tourism Committee discussed this matter with the General Manager, LAWA, and Department staff. Department staff stated that the APM project will connect LAX with regional rail transit. The project will improve the passenger experience and reduce traffic congestion in and outside LAX. It was stated that the agreement has incentives for the contractor to finish the project ahead of schedule as well as penalties and enforcement mechanisms for project delays and service interruptions. The APM has a 99.5 percent performance availability requirement. The bid proposed by LAX Integrated Express Solutions is 4 percent lower than the project cost estimated by LAX staff. The APM system will feature six attractive passenger stations, charging stations for electric vehicles, solar power, and water recycling for the washing of passenger carriages. Approximately \$555 million will be dedicated for certified firms and local hiring. It is estimated that the project will be complete in March, 2023.

The Trade, Travel, and Tourism Committee members expressed enthusiasm for the project noting the proposal exceeded expectations. The Committee recommended that Council authorize LAWA to execute the agreement with LAX Integrated Express Solutions for the design, construction, operation, and maintenance of the APM at LAX, as recommended by the Board of Airport Commissioners and the CAO.

Respectfully Submitted,

TRADE, TRAVEL, AND TOURISM COMMITTEE



MEMBER      VOTE

BUSCAINO: YES

BONIN: YES

KREKORIAN: ABSENT

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**-NOT OFFICIAL UNTIL COUNCIL ACTS-**