

Amended at the meeting  
- refer to meeting video  
or minutes

Los Angeles World Airports		Item Number																								
<b>REPORT TO THE BOARD OF AIRPORT COMMISSIONERS</b>																										
<i>Hans Thilenius</i> Approved by: Hans Thilenius, Deputy Executive Director <i>[Signature]</i> Reviewed by: Bernardo Gogna, Chief Development Officer <i>D. Dy</i> <i>[Signature]</i> City Attorney Justin Erbacci, Chief Executive Officer		<u>Meeting Date:</u> 4/1/2021  <u>CAO Review:</u> <input type="checkbox"/> Completed <input type="checkbox"/> Pending <input checked="" type="checkbox"/> N/A <table border="1"><thead><tr><th>Reviewed for</th><th>Date</th><th>Approval Status</th><th>By</th></tr></thead><tbody><tr><td>Finance</td><td>3/22/2021</td><td><input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA</td><td>JS</td></tr><tr><td>CEQA</td><td>3/18/2021</td><td><input checked="" type="checkbox"/> Y <input type="checkbox"/> N</td><td>VW</td></tr><tr><td>Procurement</td><td>3/17/2021</td><td><input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond</td><td>LK</td></tr><tr><td>Guest Experience</td><td>3/22/2021</td><td><input checked="" type="checkbox"/> Y <input type="checkbox"/> N</td><td>TB</td></tr><tr><td>Strategic Planning</td><td>3/16/2021</td><td><input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA</td><td>KC</td></tr></tbody></table>	Reviewed for	Date	Approval Status	By	Finance	3/22/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	JS	CEQA	3/18/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	VW	Procurement	3/17/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	LK	Guest Experience	3/22/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	TB	Strategic Planning	3/16/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	KC
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**SUBJECT: Approve the Reimbursable Agreement with American Airlines, Inc. to provide additional electrical capacity to Terminal 4 and power redundancy to the south terminals, and to provide a high-pressure fire water loop around Terminal 4.**

Approve the Reimbursable Agreement with American Airlines, Inc. to provide additional electrical capacity to Terminal 4 and power redundancy to the south terminals, and provide a high-pressure fire water loop around Terminal 4, at Los Angeles International Airport; appropriate funds in the amount of \$38,559,605, and approve the project baseline budget of \$42,379,200.

**RECOMMENDATIONS:**

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. 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.
3. FIND that, pursuant to Charter Section 371 (e)(10), and based upon the cost and operational benefits set forth in this board report, the use of competitive bidding for work described herein would be undesirable, impractical or impossible.

4. APPROVE Reimbursable Agreement with American Airlines, Inc. to provide design, construction and project management services for electrical and fire water infrastructure improvements in the amount of \$38,559,605.
5. FURTHER APPROVE the project baseline budget of \$42,379,200 to include Los Angeles World Airports' costs.
6. APPROPRIATE funds in the amount of \$38,559,605.
7. AUTHORIZE the Chief Executive Officer to execute the Reimbursable Agreement with American Airlines, Inc., upon approval as to form by the City Attorney.

### **DISCUSSION:**

#### **1. Purpose**

Los Angeles World Airports (LAWA) has embarked on infrastructural improvements to the south side of the Central Terminal Area (CTA). As part of those improvements, American Airlines, Inc. (American) is renovating portions of Terminal 5 (T5) and rebuilding portions of Terminal 4 (T4). Another part of these improvements includes the upgrade of electrical infrastructure that will provide additional power and redundancy to T4 and all south side terminals, and a new underground fire water loop to provide high-pressure fire water around T4. The electric and fire water infrastructure will be constructed in the same area where the T4 and T5 project work will be undertaken.

Therefore, staff determined that it is more feasible for American to provide the design, construction and project management services to perform the upgrade of the electrical and fire water infrastructure as part of its T4/T5 improvement project. The purpose of the proposed Reimbursable Agreement is to compensate American for these additional improvements.

#### **2. Prior Related Actions**

- **July 11, 2018 - Board Resolution No. 26548 (Lease No. LAA-9037)**  
The Board approved a Terminal Facilities Lease and License Agreement with American for space in T4 and T5 (Lease) to enable American to renovate its existing premises and adjacent areas, incorporate construction of a Terminal Vertical Core between T4 and T5 to connect the terminals to the Automated People Mover, and to provide the potential for future improvements.
- **April 09, 2020 - Board Resolution No. 26996 (Lease No. LAA-9037A)**  
The Board approved deferral of the payment of terminal rental, terminal use and airfield fees under Non -Exclusive Air Carrier Operating Permits and Terminal Lease and License Agreements, due in the months of April and May 2020, and authorized LAWA to implement a Temporary Passenger Airline Relief Program. This was the First Amendment to Lease LAA-9037.

- **April 16, 2020 - Board Resolution No. 27006 (Lease No. LAA-9037A)**  
The Board extended the deadline to execute the amendment previously approved on April 9, 2020 pursuant to Resolution No. 26996, to defer the payment of terminal rental, terminal use and airfield fees under Non-Exclusive Air Carrier Operating Permits and Terminal Lease and License Agreements.
- **September 3, 2020 – Board Resolution No. 27101 (Lease No. LAA-9037B)**  
The Board approved the Second Amendment to Terminal Facilities Lease and License Agreement No. LAA-9037 with American covering administrative updates covering space in T4 and T5 at Los Angeles International Airport (LAX), authorized the Chief Executive Officer to exercise the option to purchase non-proprietary terminal renovations with cash payments instead of rent credits as provided in the Terminal Facilities Lease and License Agreement; and approved adjustment of prior funding appropriation to acquire minimum investment requirement projects.

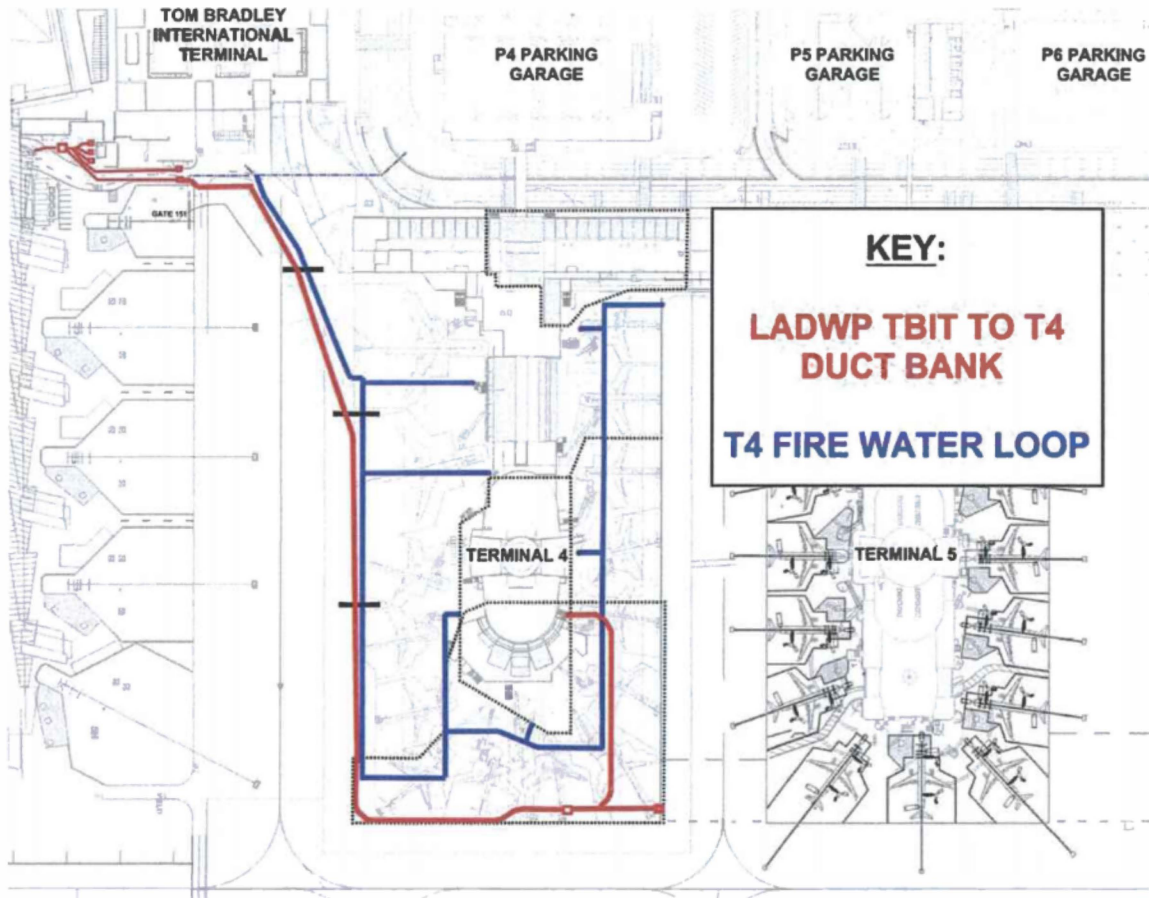
### 3. Current Action

The proposed Reimbursable Agreement was negotiated to have American provide the design, construction, and project management services to improve the electrical and fire water infrastructure servicing the south side terminals. The infrastructural improvements allow LAWA staff to take advantage of the gate closures and associated airside area closures already scheduled to facilitate the new apron paving and underground utilities scope that is part of the planned T4/T5 American modernization project.

The scope of work includes:

- New underground Los Angeles Department of Water and Power (LADWP) infrastructure, which includes a new ductbank, manholes and associated feeders along the western edge and perimeter of the T4 apron. This installation will occur in segments, following the gate closures which are part of the T4/T5 American Modernization project, and will connect the existing Tom Bradley International Terminal (TBIT) power systems to existing T4 power systems. This allows LADWP flexibility and capacity to engineer and configure utility-side power to the Industrial Station serving the south side terminals and will include a cut-over to the future Receiving Station-X. This agreement includes LADWP costs to install feeders in the new ductbank and provide equipment to connect power to the Terminal 4 facility.
- New T4 Fire Water loop includes the installation of a new high-pressure fire water loop around T4 which will meet Los Angeles Fire Departments' requirement of providing 12,000 gallons per minute (gpm). Staff has chosen to take advantage of the T4/T5 American Modernization project's apron removal to replace the fire water line and achieve Los Angeles Fire Department compliance. In addition, a connection feed will be provided to facilitate future connection to T5. This upgrade is part of LAWA's overall strategy to transition the airport's campus up to these high-pressure requirements.

The scope of work is depicted in the illustration below:



*Proposed Scope of Work*

#### **Total Project Budget**

<b>Component</b>	<b>Amount</b>
Reimbursable Agreement	\$38,559,605
LAWA Direct Costs: Project Controls, Program and Construction Management, Project Support, Inspection Services, Other Agencies (9.9%)	\$3,819,595
<b>Project Baseline Budget</b>	<b>\$42,379,200</b>

#### **Schedule**

The baseline schedule for this project is linked to the baseline schedule for the T4/T5 American modernization project and assumes starting the electrical and fire water work in the 3<sup>rd</sup> quarter of 2021, and finishing the electrical work in the 2<sup>nd</sup> quarter of 2024, and the fire water work in the 1<sup>st</sup> quarter of 2028. It should be noted that it is more feasible to have the work completed during the concurrent T4/T5 American modernization project, rather

than a later time when the operational impacts and costs would be greater and involve removing newly installed concrete pavement.

***How this action advances a specific strategic plan goal and objective***

This action advances this strategic goal and objective: *Sustain a Strong Business: Operate sustainability – balancing economic, social and environmental responsibilities.* The existing LADWP infrastructure is inadequate to meet future power and fire water demands and requirements. The new infrastructure will accommodate southside terminal expansions and increase power and fire water capacity, redundancy, and reliability.

***Action Requested***

Staff requests the Board approve a Reimbursable Agreement with American to provide additional electrical capacity to T4, and power redundancy to the south terminals, as well as a new fire water loop to meet LAFD requirements.

***Fiscal Impact***

The South Terminal Power Upgrade and Redundancy / Terminal 4 Fire Water Loop Project is included in LAWA's 10 Year Capital Improvement Plan (CIP), with a direct budget of \$43,379,200, which includes direct project hard costs, soft costs, and contingency. As the action requests appropriations and authority within the amount programmed for the project in the CIP, the adoption of this item will result in no net increase to the CIP.

Costs incurred under this project will be capitalized, and when the project is put in service, those costs will be recovered through landing fees and terminal rates and charges, as well as through non-aeronautical revenues.

**4. Alternatives Considered**

- ***Take No Action***

Taking no action will miss an opportunity to take advantage of the gate closures and associated airside area closures already planned to facilitate the new apron paving and underground utilities scope that is part of the T4/T5 American Modernization project. In addition, taking no action would impair the ability to energize the southside expansion projects already underway and other future planned south side development.

- ***LAWA Solicit Bids for this Work***

Staff considered issuing bids to complete this construction work, however, deemed it was more practical, efficient, and advantageous to have American complete the work. With the T4/T5 American Modernization project performing other construction activities during this time, it was determined to be less impactful to airport operations and more optimal to have a single source of responsibility.

**APPROPRIATIONS:**

Staff requests that funds for this Reimbursable Agreement be appropriated and allocated in the not to exceed amount of \$38,559,605 from LAX Revenue Funds to WBS Element 1.21.19A-700 (South Terminal Power Upgrade and Redundancy / Terminal 4 Fire Water Loop Project) as may be required. The balance of the Project Baseline Budget previously was appropriated under Professional Services contracts.

**STANDARD PROVISIONS:**

1. 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 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 underlying project was previously evaluated for environmental significance by Negative Declaration and was adopted by the Board of Airport Commissioners for this project on September 3, 2020 (Resolution 27101).
2. This proposed document(s) is/are subject to approval as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 245.
4. This action is not subject to the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. This action is not subject to the provisions of the Business Enterprise (BE) Programs.
6. This action is not subject to the provisions of the Affirmative Action Program.
7. This action does not require a Business Tax Registration Certificate number.
8. This action is not subject to the provisions of the Child Support Obligations Ordinance.
9. This action is not subject to the insurance requirements of the Los Angeles World Airports.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
11. This action is not subject to the provisions of the Contractor Responsibility Program.
12. This action is not subject to the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. This action is not subject to the provisions of Bidder Contributions CEC Form 55.
15. This action is not subject to the provisions of MLO Form 50.
16. This action is not subject to the provisions of the Iran Contracting Act.