

**REPORT FROM**

**OFFICE OF THE CITY ADMINISTRATIVE OFFICER**

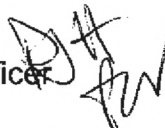
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Date: October 25, 2019

CAO File No. 0150-11072-0001  
Council File No. 18-0083  
Council District: 11

To: The Mayor  
The City Council

From: Richard H. Llewellyn, Jr., City Administrative Officer



Reference: Communication from the Department of Airports dated September 6, 2019; referred by the Mayor for a report on September 6, 2019

Subject: **PROPOSED FIRST AMENDMENT TO CONTRACT NO. DA-5262 WITH AUSTIN COMMERCIAL, LP FOR TERMINAL CORES AND AUTOMATED PEOPLE MOVER INTERFACE PROJECT AT THE LOS ANGELES INTERNATIONAL AIRPORT**

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**RECOMMENDATIONS**

That the Mayor and City Council:

1. Approve the proposed First Amendment (Amendment) to Contract No. DA-5262 (Contract) with Austin Commercial, LP (Austin) for the Terminal Cores and Automated People (TCAPM) Interface Project for an amount of \$61,869,876, which provides for the Guaranteed Maximum Price in an amount of \$398,400,876 for the Austin contract; and authorize the Chief Executive Officer to approve and execute change orders to the Contract up to the budgeted Owner Contingency amount of \$41,876,000, subject to City Attorney approval as to form and compliance with the City's Standard Provisions, including the: Affirmative Action Program, Bidder Contributions CEC (City Ethics Commission) Form 55, Business Tax Registration Certification, Child Support Obligations Ordinance, City approved insurance documents, Contractor Responsibility Program, Contractor Responsibility Program Pledge of Compliance, Equal Benefits Ordinance, First Source Hiring Program, Labor Code of the State of California, Living Wage Ordinance, and Service Contractor Worker Retention Ordinance;
2. Authorize the Chief Executive Officer to execute the proposed Amendment; and,
3. Return the request to the Los Angeles World Airports for further processing.

## **SUMMARY**

### **Background**

The Los Angeles World Airports (LAWA, Department) embarked upon an extensive program, including capital improvements projects, to help alleviate traffic and relieve congestion in and around the Los Angeles International Airport (LAX). Referred to as LAMP, the Landside Access Modernization Program will provide a more predictable and reliable commute to and from LAX for travelers and commuters, and will ease vehicle crowding for those who reside in or commute to neighboring communities. A primary component of LAMP is an Automated People Mover (APM) system. Once implemented, the APM will be a free, fast, convenient and reliable 24-hour system to transport passengers to the Central Terminal Area (CTA) at LAX. By way of new trains and stations, the APM will move along a 2.25 mile elevated guideway between six stations, inside and outside of the CTA, and to ConRAC, a new consolidated Rent-A-Car facility (a LAMP project).

### **Austin Commercial, LP - Contract Overview**

The Board of Airport Commissioners (BOAC) awarded a five-year, two-phase Design-Build contract to Austin Commercial, LP (Austin), on January 18, 2018, for the Terminal Cores and APM Interface Project (TCAPM), for an amount not-to-exceed \$336,531,000. Approved by the City Council on February 28, 2018, the TCAPM will enable LAX passengers coming from and going to the APM stations and pedestrian walkways to pass through, go to, or come from the Tom Bradley International Terminal and Terminals 5-7 (C.F. No.18-0083). The program scope includes design, demolition, construction and commissioning of two new buildings and a vertical conveyance, as noted below.

- TBIT (Tom Bradley International Terminal) Core, will be a new building addition to the front of the existing Tom Bradley International Terminal, to provide the last point of connection for the APM system at the West Station, oriented for easy travel, with vertical conveyances connecting departures, arrivals, APM Levels and office spaces.
- Terminal 5.5 (T5.5) Core, will be a new building to service as a passenger connection point between the APM and Terminals 5 and 6. Passengers inside T5.5 Core will be able to take a ramp down to enter Terminal 6 Security Screening Check Point, or take the vertical circulation to ticketing or arrivals areas, or walk to Terminal 5.
- Terminal 7 (T7) Core, will enhance the vertical circulation and passenger flow between the APM, Parking Structure No. 7 and T7 by retrofitting an existing exterior escalator, and adding a new interior escalator.

The new “core” structures will contain vertical circulation (elevators, escalators and stairs), and one or more of the following: new and relocated spaces for tenants; offices; passenger convenience areas; kiosks; LAWA administrative/operations and airlines operations areas, i.e., electrical,

baggage conveyance, and information technology rooms; US Customs Service-Customs and Border Patrol (CBP) Public Information Office; structural supports for the future walkways in vertical passenger circulation “cores”; and, other designated areas.

In addition to approving the five-year Austin contract, the BOAC approved an appropriation of \$95,000,000 for Phase 1 of the contract. The Design-Build Austin contract, for \$336,531,000, is one component of the TCAPM project program budget. The other components are: Construction Support Services, Owner Contingency and Staffing and City Support Services (soft costs). In January 2018, the original TCAPM budget was \$456,000,000.

During the January 18, 2018 meeting, the BOAC directed Department staff to return for approval of the Guaranteed Maximum Price (GMP) once the 60 percent design was received and negotiated in order to appropriate the remaining funds and to execute Phase 2 (construction) of the contract. The GMP is Austin contract budget amount. Thus, during Phase 1, Austin contractors, LAWA employees and stakeholders collaborated and used innovative management practices to prepare program milestones and key decisions, as well as design, engineering, and pre-construction services. Staff also reports opportunities to improve operations and to create new revenue options were researched, analyzed and identified during Phase 1.

#### **Austin Contract No. DA-5262 (Contract) - Proposed First Amendment**

When Department staff returned to the BOAC, after Austin completed over 60 percent of the design, the BOAC approved a proposed First Amendment to the Austin Contract during its meeting on September 10, 2019. The First Amendment increased the total Austin contract by \$61,869,876, thereby revising the Austin contract total budget to an amount not-to-exceed \$398,400,876, which is the GMP.

The proposed new funding of \$61,869,876 will capture costs of \$32,956,853 for unexpected increases in the construction market, and \$28,913,023 for additional scope of work services. The areas of unexpected construction market increases summarized by staff are: (1) civil / utilities, replacement of storm water and sanitary sewer piping required by stakeholders; (2) geotechnical / structural, deep foundation enhancements required by the Department of Building and Safety; (3) enclosures; (4) electrical; and, (5) interiors. There are three locations where funding for additional scope of work will be directed: T5.5 Core, Level 4; TBIT Core, Level 5; and, TBIT Modified Egress.

#### **Terminal Cores and APM Interface Project (TCAPM) Program Budget**

On September 10, 2019, and on October 10, 2019, the BOAC took various actions which impacted the total TCAPM project program budget. The table below summarizes the TCAPM project program budget.

	<b>Modified Budget, October 2019</b>	<b>Revised Budget, September 2019</b>	<b>Original Budget, January 2018</b>
Austin Design-Build Contract	\$336,531,000	\$336,531,000	\$336,531,000
Proposed First Amendment	\$61,869,876	\$61,869,876	
<b>Total, Austin Contract (GMP)</b>	<b>\$398,400,876</b>	<b>\$398,400,876</b>	
Construction Support Services	\$5,570,000	\$5,570,000	\$6,731,000
<b>Total Construction Cost</b>	<b>\$403,970,876</b>	<b>\$403,970,876</b>	<b>\$343,262,000</b>
Owner Contingency	\$41,876,000	\$50,480,000	\$50,480,000
Staffing and Support Services	\$59,176,000	\$59,176,000	\$62,258,000
<b>Total TCAPM Budget</b>	<b>\$505,022,876</b>	<b>\$513,626,876</b>	<b>\$456,000,000</b>

The Austin contract is one component of the overall TCAPM project. Key actions taken by the BOAC, during those meetings on September 10, 2019 and October 10, 2019, are highlighted as follows.

- Approved \$61,869,876 for the proposed First Amendment to the Austin Contract;
- Approved \$398,400,876 for the Guaranteed Maximum Price (total Austin Contract cost);
- Decreased the Owner Contingency budget component to \$41,876,000;
- Approved \$505,022,876 for the total modified TCAPM project program budget

In addition, the BOAC authorized the LAWA Chief Executive Officer, or her designee, to disburse up to \$3,400,000 for Convenience Termination Payments to Unibail-Rodamco-Westfield Airports, LLC (URW Airports, LLC). In accordance with the Department's Terminal Concession Management (TCM)-1 Agreement with URW Airports, this action will enable LAWA to acquire tenant improvements from 7-Eleven and Angeleno, which are concessionaires that will be displaced by the TBIT Core construction. Also, to effectuate the TCAPM project program budget, the BOAC approved the following appropriations: \$129,306,000 in January 2018; \$343,840,876 in September 2019 and \$31,876,000 in October 2019. This totals \$505,022,876.

The Department's Procurement Services staff reviewed the proposed actions (File No. 8148) and established the following four mandatory participation goals for this project: 20 percent Small Business Enterprise (SBE); seven percent Local Business Enterprise (LBE); five percent Local Small Business Enterprise (LSBE); and three percent Disabled Veteran Business Enterprise (DVBE). Austin Commercial, LP has committed to the stated mandatory participation goals and, to date, has achieved: 19.78 percent SBE; 39.43 percent VBE; 8.03 percent LSBE; and, 0.083 percent DVBE.

## **FISCAL IMPACT STATEMENT**

Approval of the following actions will have no impact on the General Fund: (1) the proposed First Amendment to Contract No. DA-5262 (Contract) with Austin Commercial, LP (Austin) for an amount of \$61,869,876, for the Terminal Cores and Automated People (TCAPM) Interface Project at Los Angeles International Airport; (2) the Guaranteed Maximum Price for Austin Contract, in an amount of \$398,400,876; (3) authorization for the Chief Executive Officer to disburse up to \$3,400,000 for Convenience Termination Payments; and, (4) the provision of budgeted Owner Contingency funds in an amount of \$41,876,000. Funds in an amount not-to-exceed \$375,716,876 are to be appropriated and allocated from the LAX Revenue Fund to Work Breakdown Structure (WBS) Element 1.17.03A-700 (TBIT Core and APM Interface) and other Board-approved capital projects and their respective WBS elements as may be required. The proposed actions comply with the Department of Airports' adopted Financial Policies.

*RHL:AVM:10200037*