



RESOLUTION NO. 26852

WHEREAS, on recommendation of Management, there was presented for approval, First Amendment to Contract DA-5262 with Austin Commercial, LP for amount of \$61,869,876 and Guaranteed Maximum Price for amount of \$398,400,876, covering the Terminal Cores and Automated People Mover Interface Project; appropriation of not to exceed \$343,840,876; and disbursement of up to \$3,400,000 for Convenience Termination Payments to Unibail-Rodamco-Westfield Airports, LLC for locations in the Tom Bradley International Terminal at Los Angeles International Airport; and

LAX

Van Nuys

City of Los Angeles

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Mayor

Board of Airport
Commissioners

Sean O. Burton
President

Valeria C. Velasco
Vice President

Gabriel L. Eshaghian
Beatrice C. Hsu
Nicholas P. Roxborough
Dr. Cynthia A. Telles

Deborah Flint
Chief Executive Officer

WHEREAS, the Landside Access Modernization Program (LAMP) consists of several primary components. At the centerpiece of the program is the Automated People Mover (APM) system, which will provide free, fast, convenient, and reliable 24-hour access to the Central Terminal Area (CTA) for passengers and employees. To facilitate access from the APM into the terminals, the Cores scope was developed. The Tom Bradley International Terminal (TBIT), Terminal 5.5 (T5.5) and Terminal 7 (T7) Core was developed as one program to be delivered by Los Angeles World Airports (LAWA). The vertical circulation "cores" consists of elevators, escalators and stairs that connect passengers from the new APM stations and walkways into the existing TBIT and Terminal 5 (T5) and Terminal 6 (T6), and an upgrade of the existing vertical circulation at T7. The project will also provide interior commercial space to offer revenue generating opportunities and enhance the functional capacities of the terminals; and

WHEREAS, the program scope includes design, demolition, construction and commissioning of two (2) new building additions at TBIT (TBIT Core), T6 (T5.5 Core), and vertical conveyance at T7 (T7 Core). The Terminal Cores and Automated People Mover Interface Project (TCAPM) will design and build new tenant and facility support spaces for relocation of existing airline functions, electrical rooms, baggage conveyance and information technology (IT) rooms. Detailed phasing and logistics plans have been developed in collaboration with stakeholders to ensure minimum impacts to existing operations, passenger flow and traffic impacts in the CTA.

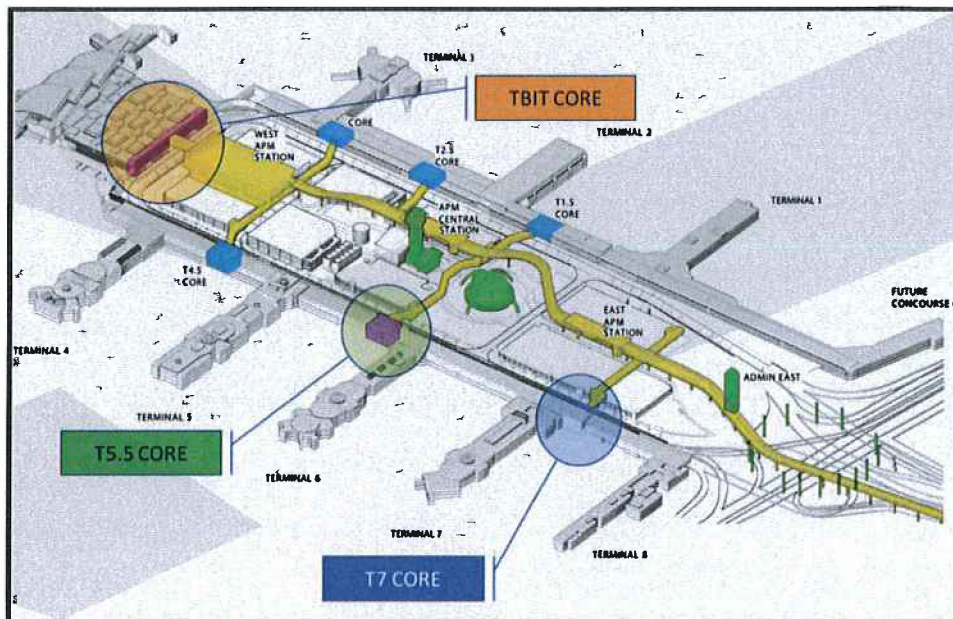


Exhibit 1: TCAPM Project Locations



TBIT Core

The purpose of the TBIT Core is to provide the last point of connection for the APM system at the West Station, as well as to create a more consistent international passenger experience between the terminals, including a more unified visual identity to the CTA. The TBIT Core is oriented for easy travel, with vertical conveyances connecting departures, arrivals, APM levels and office spaces.

Departing passengers will walk off the APM West Station Pedestrian Walkway and be greeted by the iconic Tom Bradley Bust in a three story open atrium full of natural light. From the pedestrian level, passengers will have an elevated view of the ticketing level. Their view will orientate them to their surroundings and provide wayfinding, flight information and vertical conveyance. In the future, ticketing kiosks and self-service baggage drops will be available. Other customers that need to check in at the TBIT ticket counters will utilize the vertical circulation of the Core to reach Level 1 and go to the ticket counters and use the self-service baggage drops.

The TBIT Core Base Building includes design and construction of 137,000 square feet of new building addition to the front of TBIT, including:

- Relocation of Existing Tenants – U.S. Customs Service-Customs and Border Patrol (CBP) Public Information Office, LAWA Information, International Currency Exchange, etc.
- Selective Demolition of the Existing TBIT Façade and Entrance Structures
- Relocation and Addition of New Utilities
- Construction of Vertical Circulation – 8 elevators, 4 sets of escalators, 2 sets of stairs
- New Tenant Spaces – 4,200 square feet
- Passenger Convenience Areas – 8 sets restrooms, flight information kiosks, circulation space, etc.
- APM Interface – structural supports, architectural interface, etc.
- Other/Miscellaneous Space – IT rooms, electrical rooms, new utilities, main terminal entrances.

Staff will begin the acquisition process of the tenant improvements that will be displaced by construction of the TBIT Core project. Two (2) tenants are affected by this action, 7-Eleven and Angeleno, which are part of the Terminal Concessions Management (TCM)-1 Agreement with Unibail-Rodamco-Westfield Airports, LLC (URW).

To terminate the impacted locations, staff must disperse Convenience Termination Payments, as provided and calculated under Sections 9.2.1 (a)-(d) of the TCM-1 Agreement directly to URW. LAWA may remove areas from the TCM-1 Agreement upon 180-day notice and subject to making the required Convenience Termination Payment. Such payment is conditioned upon execution and delivery to the City of a general release of claims. Based on the expected termination dates, staff estimates the following Convenience Termination Payment amounts, which will be specifically stated in the "Release of Claims with Respect to Termination for Convenience" for the respective Terminated Premises:

| Terminal | Unit | Square Footage | Concept(s) | Operator / Concessionaire | Agreement | Convenience Termination Date | Total Amount of Convenience Termination Payment (not to exceed) |
|------------------------|------|----------------|---------------|-----------------------------|-----------|------------------------------|---|
| TCM-1 Agreement | | | | | | | |
| TBIT | T03 | 773 | Angeleno News | HG-Magic-Concourse TBIT JV | TCM-1 | 8/31/2019 | \$825,147 |
| | T85 | 1,693 | 7-Eleven | LS and Partners at LAX, LLC | TCM-1 | 7/31/2019 | \$2,529,593 |
| | | 2,466 | | | | TOTAL | \$3,354,741 |

T5.5 Core

The T5.5 Core is the passenger connection point between the APM and T5 and T6. Arriving from the APM walkway, guests are greeted with a double-height space when they enter the Core and can take a ramp down to enter the Security Screening Checkpoint at T6 or take the vertical circulation to either ticketing or arrivals to walk over to T5. The vertical core is oriented for easy wayfinding, with escalators and elevators to speed transit between the departures, arrivals, and APM Levels.

The T5.5 Core Base Building will include design and construction of 92,000 square feet of new building including, but not limited to:

- Design and Construction of Temporary Baggage Service Offices and Arrivals Areas for Temporary Airline Relocation
- Refurbishment of Existing Baggage Handling Equipment
- Demolition of Parking Garage 6 (P6) Pedestrian Bridge and Existing Building
- Construction of New Building on an Expanded Footprint
- Installation of New Vertical Circulation (Elevators, Escalators, Stairs)
- New Tenant Spaces – Baggage Service Offices, Baggage Handling System, Claim Devices and Support Areas
- Passenger Convenience Areas – Restrooms, Circulation Space, etc.
- APM Interface – Structural Support, Architectural Interface, etc.
- Demolition and Restoration of Airfield Paving – Taxilane Alley
- Other/Miscellaneous – IT rooms, electrical rooms, new utilities, canopies and facade, demolition of the existing P6 pedestrian bridge, etc.

T7 Core

The T7 Core project will enhance vertical circulation and passenger flow between the APM, Parking Structure 7 and T7. The primary scope of the work is to retrofit an existing exterior escalator and add a new interior escalator; both serving passenger flows from Level 2 to Level 3. With the exception of additional square footage at the escalator landing at Level 3, no new area is being added to T7; and

WHEREAS, during Phase 1, three (3) opportunities to create new revenue and improve operations were developed and analyzed. Return on investment and Internal Rate of Return (IRR), as well as operational improvement analysis, were performed and lead to determination to invest capital funds. The opportunities identified are as follows:

- TBIT Core – Level 5, Additional Airline Office Space

The decision to include this additional scope of work was driven by the need to provide office space for relocation of offices that will be displaced with future modifications to TBIT that will improve passenger flow and increase the guest experience. This additional new scope will provide a floorplate at Level 5, adding functional elements such as restrooms, electrical/IT rooms, stairwells, elevator access, and providing approximately 24,000 sf of leasable office space. The estimated annual revenue for the new space is based on current tenant lease needs as well as space demand due to the relocation of tenant; LAWA expects the space to reach annual revenue of \$2,600,000.

- TBIT Core – Modified Egress

This scope of work will facilitate the Modified Egress process initiated by CBP to increase the throughput of arriving passengers. Completion of this work will coincide with the opening of the Midfield Satellite Concourse next year to provide the needed capacity for increased

passenger load. With the implementation of this scope of work, staff has the opportunity to develop a future state CBP facility and further enhance the guest experience by facilitating CBP's ability to increase the processing of arriving international passengers. The Federal Inspection Service Facility in TBIT was designed and constructed to satisfy CBP's legacy processes. The implementation of Modified Egress will also allow for future federal funding towards innovative projects that will enhance security and the guest experience. However, the budget does not anticipate additional requirements that CBP may impose at a later time.

• T5.5 Core – Level 4, Pre-Screening New Tenant Space

The decision to pursue this additional scope of work was based on a global comparison of the additional amount and type of space LAMP and other terminal programs will provide and a review of current and future space needs. As the design and pricing of this work advanced, it became more evident that the benefit of the added space outweighed the cost.

The T5.5 Core design alternate is an additional 7,800 square feet of office shell space. Functional elements include restrooms, stairwells, elevator access, and office shell space. The shell space will have points of connection for mechanical, electrical, fire protection, fire alarm, and related building services. Addition of the level will provide pre-security space that tenants can lease. Based on current terminal rental rates, the projected demand for the space, and budgeted buildout costs, LAWA estimates an IRR of 10%. The cost per square foot for this space is around \$560/square foot; and

WHEREAS, on January 18, 2018, the Board of Airport Commissioners (Board) approved a five (5)-year, two (2)-phased design-build contract to Austin Commercial, LP (Austin) that included comprehensive engineering, design, preconstruction, construction and commissioning services for the TCAPM for cost not to exceed \$336,531,000, and appropriated funds in the amount of \$95,000,000 for Phase 1 of the contract. The Board directed staff to return for approval of the Guaranteed Maximum Price (GMP) once the 60% design was received and negotiated in order to appropriate the remaining funds and execute Phase 2 of the contract; and

WHEREAS, Austin has completed the 60% design deliverable and submitted a GMP proposal for Phase 2 of the contract. In addition, they began the trade partner buyout process and developed the GMP proposal from competitive bids and estimates from key trade partners, which represents approximately 85% of the direct cost of work in the GMP proposal. Some bids and proposals received were higher than the program estimate due to unexpected increases in the construction market. The table below depicts some of the major variances and reasons for price increases:

| Scope | Variance | Identified Impacts |
|-------------------------|--------------|---|
| Civil/Utilities | \$ 6.7M | • Replacement of storm water and sanitary sewer piping required by stakeholders |
| Geotechnical/Structural | \$10.3M | • High pricing due to market saturation • Deep foundation enhancements required by LADBS |
| Enclosures | \$ 3.7M | • High pricing of curtainwall systems due to market saturation |
| Electrical | \$ 7.4M | • High pricing due to market saturation |
| Interiors | \$ 4.9M | • High pricing due to market saturation |
| Total | \$33.0M; and | |

WHEREAS, these and other additional escalation costs need to be added to the Design Build Base Contract with Austin via the First Amendment. The following costs for the additional scope

items mentioned above also need to be added to the Design Build Base Contract with Austin via the First Amendment:

| Additional Scope | T5.5 Core Level 4 | TBIT Cores Level 5 | TBIT Modified Egress | Total |
|-----------------------|-------------------|--------------------|----------------------|-------------------|
| Design-Build Contract | \$3,510,842 | \$23,897,652 | \$1,504,529 | \$28,913,023; and |

WHEREAS, the Board did not approve staff's proposed Owner's Contingency of \$40,480,000, thereby amending the total program budget stated in the board report to \$473,146,876. This amount includes the revised Design Build contract with Austin (with the escalation cost increases and additional scope items), construction support services, owner contingency, and staffing and support services (soft costs) as follows:

| | | |
|--|-----------------------------|---------------------|
| <u>Design Build Base Contract</u> | | \$ 336,531,000 |
| • First Amendment | | 61,869,876 |
| | GMP Total | \$ 398,400,876 |
| <u>Construction Support Services</u> | | |
| • Interdepartmental Orders | | 5,570,000 |
| | Total Construction Cost | \$ 403,970,876 |
| Owner Contingency | | 10,000,000 |
| Staffing and Support Services (Soft Costs) | | 59,176,000 |
| | Total Project Budget | \$ 473,146,876 |
| <u>Prior Board Appropriations</u> | | |
| • Phase 1 Design-Build Contract | | \$ 95,000,000 |
| • Interdepartmental Orders | | 6,731,000 |
| • Project Contingency | | 10,000,000 |
| • Staffing and Support Services | | 17,575,000 |
| | Total Prior Appropriations | \$ 129,306,000 |
| Current Appropriation | | 343,840,876 |
| | Total Project Appropriation | \$ 473,146,876; and |

WHEREAS, 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 LAMP Environmental Impact Report was certified by the Board for this project on March 2, 2017 (Resolution 26185). The current action does not include any changes to the LAX LAMP project that would require further review under CEQA pursuant to Public Resources Code §21166 and CEQA Guidelines §15162; and

WHEREAS, Austin is required by contract to comply with the provisions of the Living Wage and Service Contractor Worker Retention Ordinances and the Labor Code of the State of California; and

WHEREAS, Procurement Services Division has reviewed action (File 8148) and established a mandatory 20% Small Business Enterprise (SBE), 7% Local Business Enterprise (LBE), 5% Local Small Business Enterprise (LSBE), and 3% Disabled Veteran Business Enterprise (DVBE) goals for this project. Austin committed to 20% SBE, 7% LBE, 5% LSBE, and 3% DVBE participation and has achieved 19.78% SBE, 39.43% LBE, 8.09% LSBE, and 0.083% DVBE to date; and

WHEREAS, Austin is required by contract to comply with the provisions of the Affirmative Action Program; and

WHEREAS, Austin has been assigned Business Tax Registration Certificate 0002056400-0001-6; and

WHEREAS, Austin is required by contract to comply with the provisions of the Child Support Obligations Ordinance; and

WHEREAS, Austin has approved insurance documents, in the terms and amounts required, on file with LAWA; and

WHEREAS, pursuant to Charter Section 1022, staff determined the work specified on the contract can be performed more feasibly and economically by Independent Contractors than by City employees; and

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

WHEREAS, Austin must be determined by Public Works, Office of Contract Compliance, to be in compliance with the provisions of the Equal Benefits Ordinance prior to execution of the First Amendment; and

WHEREAS, Austin will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX jobs; and

WHEREAS, Austin has submitted the Bidder Contributions CEC 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 adopted the Amended Staff Report; determined that this action is administratively exempt from CEQA pursuant to Article II, Section 2.i of the Los Angeles City CEQA Guidelines; found that the performance of Austin Commercial is satisfactory for Phase 1 of the project and the Guaranteed Maximum Price proposal submitted by Austin Commercial for the Phase 2 of the Terminal Cores and Automated People Mover Interface Project at Los Angeles International Airport is acceptable; approved the First Amendment to Contract DA-5262 with Austin Commercial, LP for amount of \$61,869,876; further approved the Guaranteed Maximum Price for amount of \$398,400,876, which includes \$369,487,853 for base buildings and \$28,913,023 for the three (3) additional scopes of work for Phase 2 of the Terminal Cores and Automated People Mover Interface Project; authorized the Chief Executive Officer to prepare, enter into and execute an appropriate "Release of Claims with Respect to Termination for Convenience" regarding Unibail-Rodamco-Westfield Airports, LLC Terminated Premises, as defined and outlined herein, and to issue Convenience Termination Payments contemplated in the Unibail-Rodamco-Westfield Airports, LLC Agreement as defined and outlined herein, and as calculated under Sections 9.2.1 (a)-(d) of the Unibail-Rodamco-Westfield Airports, LLC Agreement; further authorized the Chief Executive Officer to execute said First Amendment to Contract DA-5262 with Austin Commercial, LP after approval as to form by the City Attorney and approval by the Los Angeles City Council; and further approved appropriation and allocation of not to exceed \$343,840,876, for completion of the Terminal Cores and Automated People Mover Interface Project, from the LAX Revenue fund to 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 and further authorize the Chief Executive Officer to disburse a not-to-exceed amount of \$3,400,000 from Owner's Contingency for the concessions related convenience termination payments.

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I hereby certify that this Resolution No. 26852 is true and correct, as adopted by the Board of Airport Commissioners at its Special Meeting held on Tuesday, September 10, 2019.

A handwritten signature in blue ink, appearing to read "Grace Miguel", is positioned above the printed name.

Grace Miguel - Secretary
BOARD OF AIRPORT COMMISSIONERS