



REPORT TO THE

BOARD OF AIRPORT COMMISSIONERS

Janet Hackney

Approved by: Janet Hackney, Director of Airport Administration

ROBERT FALCON

ROBERT FALCON (Oct 14, 2021 17:06 PDT)

Reviewed by: Robert Falcon, Deputy Executive Director

Brian C. Ostler

Brian Ostler (Oct 14, 2021 17:07 PDT)

City Attorney

Justin Erbacci

Justin Erbacci (Oct 14, 2021 17:33 PDT)

Justin Erbacci, Chief Executive Officer

Meeting Date:

10/21/2021

CAO Review:

- Completed
- Pending
- N/A

<u>Reviewed for</u>	<u>Date</u>	<u>Approval Status</u>	<u>By</u>
Finance	10/13/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	JS
CEQA	9/30/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	VW
Procurement	10/6/2021	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> Cond	QM
Guest Experience	10/6/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	TB
Strategic Planning	10/5/2021	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	KC

SUBJECT

Approve the Second Amendment to Contract No. DA-5132 with Lea + Elliott, Inc. for Program Management Advisory Services, to increase the contract authority by \$12,710,000, for a total contract amount of \$51,710,000, and appropriate funds in the total not-to-exceed amount of \$12,710,000.

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.f. of the Los Angeles City CEQA Guidelines.
3. APPROVE the Second Amendment to Contract No. DA-5132 with Lea + Elliott, Inc. to increase the contract authority by \$12,710,000.
4. APPROPRIATE capital funds in the not-to-exceed amount of \$12,710,000 for Program Management Advisory Services.

5. AUTHORIZE the Chief Executive Officer to execute the Second Amendment to Contract No. DA-5132 with Lea + Elliott, Inc. upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

Amend Contract No. DA-5132 with Lea + Elliott, Inc. for Program Management Advisory Services (PMAS) supporting the Capital Improvement Program (CIP) and enterprise-level initiatives at Los Angeles World Airports (LAWA). These consultant services are managed through the issuance of task orders for specific scopes of work providing technical and specialized services pertinent to the Landside Access Modernization Program (LAMP), and subject matter expertise in multiple disciplines, including financial and strategic planning, claims avoidance, stakeholder communication, and other guest experience initiatives at Los Angeles International Airport (LAX) and Van Nuys Airport (VNY).

2. Prior Related Actions

- **September 21, 2016 – Resolution No. 26073 (DA-5130, DA-5131, DA-5132, DA-5133, DA-5134, DA-5135, DA-5136, and DA-5137)**
The Board of Airport Commissioners (Board) approved the award of two, seven-year contracts to Lea + Elliott, Inc. and Jacobsen | Daniels Associates, LLC in the amounts of \$14 million and \$12 million, respectively, for PMAS to support the CIP and other LAWA initiatives. The other contracts referenced in the Board Resolution cover project management and construction management (PM/CM) services issued under the same Request for Proposals.
- **April 5, 2018 – Resolution No. 26460 (DA-5131, DA-5132, DA-5134, and DA-5135)**
The Board approved contract amendments for Lea + Elliott, Inc.; Jacobsen | Daniels Associates, LLC; and two PM/CM contracts (CMTS, LLC; and Parsons Transportation Group Inc.) bringing the total contract not-to-exceed amounts to \$39 million, \$28 million, \$8 million, and \$193 million, respectively. The Board appropriated funds in the amount of \$41 million for PMAS and \$162 million for PM/CM services, predominantly supporting LAMP, estimated through December 2020.

3. Current Action

As described in the Prior Related Actions, the Board, followed by Los Angeles City Council, approved eight contracts in 2016 to firms of varying sizes (small, medium, and large) to provide PMAS and PM/CM services to help deliver LAWA's multi-billion-dollar CIP and support other key LAWA initiatives. At the time of the award, the process was established to intermittently add contract capacity and appropriate additional funds based on needs for active projects and specific LAWA initiatives within a given time frame.

This action requests an increase to one of the two PMAS contracts. Both were previously amended in 2018, with funds being added to provide services anticipated through December 2020. Through cost savings measures implemented in response to the COVID-19 pandemic, staff has been able to extend services provided by Lea + Elliott, Inc. through December 2021. At this time, funding is sufficient to cover services provided by Jacobsen |

Daniels Associates. Staff will continue to monitor service levels and contract capacity to determine when and if additional amendments will be sought from the Board.

As LAWA continues its multi-billion-dollar CIP, the need remains to engage consulting professionals to provide specialized expertise, managed through negotiated task orders. Utilizing consultant resources creates a flexible workforce, allowing LAWA to quickly adapt and deliver projects as they move through the planning, design, construction, and closeout phases. Over 40 professional disciplines are necessary to deliver such a diverse program, and, in most cases, the City of Los Angeles does not have similar job classifications or sufficient in-house resources to support the magnitude and complexity of the CIP. Examples include expertise in baggage handling systems, rail systems, Building Information Modeling, specialty IT systems, CIP global scheduling, risk management, and claims avoidance.

The use of consultant services has contributed and continues to contribute to many of the highest-profile developments including the LAMP component projects, West Gates at Bradley (formerly Midfield Satellite Concourse), Terminal Development and Improvement Program, and various other capital projects, programs, and initiatives. Specific outcomes achieved through Lea + Elliott, Inc. and their team of sub-consultants, include:

CIP Program-Level Services

- Provided analytical support to LAWA while finalizing the launch of the 2018-2028 CIP, which defines capital improvements to be completed prior to the 2028 Olympics
- Established new program-wide risk analysis policies and reporting procedures to allow greater visibility and ability to address potential concerns before risks are realized
- Defined new capital program management and governance processes and updated CIP reporting—both internally and to key stakeholders—on status, changes, and budgets

LAMP-Specific Services

- Reviewed design submittals for Automated People Mover (APM) Vehicles, Automatic Train Control, Communications, Maintenance Equipment, and APM Operating System
- Monitored early equipment manufacturing for Operating System, including APM Vehicles, Maintenance Service vehicles, Guideway switches, Automatic Train Control Cabinets, Power Distribution switches, transformers, rectifiers, and power rails
- Monitored early installation of on-site guideway running surfaces, guide beams, and guideway switches
- Provided financial advice related to the Public-Private-Partnership structuring, procurement, Design-Build-Finance-Operate-Maintain transactions, construction claims, negotiations, and dispute resolution

Other CIP Projects and Initiatives

- Provided oversight of the Tom Bradley International Terminal West Gates concessions development strategy and implementation, including a revised Definitive Improvement Plan
- Managed construction communications and wayfinding associated with all construction activity in support of the Coordination and Logistical Management (CALM) mission.

Based upon a thorough review of active CIP projects and upcoming initiatives, staff requests Board approval of a Second Amendment to Contract No. DA-5132 with Lea + Elliott, Inc. to increase the contract authority by \$12,710,000 for PMAS services. The budget estimate is as follows:

LAMP Support Services – est. \$5,510,000

- Continue financial analysis and support for resolving construction claims on the APM and Consolidated Rent-a-Car Center projects
- Close-out remaining design elements of the Operating System, Guideway Equipment, and Power Distribution System
- Monitor manufacturing of remaining 34 APM Cars and APM Train System acceptance testing and system demonstration
- Monitor installation and acceptance testing of passenger station equipment at six stations, remaining guideway equipment, Power Distribution Equipment, communications equipment, and Automatic Train Control equipment
- Support LAWA on California Public Utilities Commission review and safety certification process

CIP Governance and Risk Reporting – est. \$2,800,000

- Provide continued support and advisory services for CIP oversight, governance, reporting, and risk management efforts, including expanded use of Active Risk Management software tools
- Update planning and delivery standards and procedures and financial modeling to determine viability of adding potential projects to the CIP

Construction Logistics and Wayfinding Support Services – est. \$1,650,000

- Continue supporting construction communications and wayfinding associated with all construction activity in support of the CALM mission
- Provide advisory services relative to safety, secured post area access, and Area/Utility Shutdowns
- Provide back-up support to LAWA sign shop through materials, supplies, fabrication, and installation of temporary and permanent wayfinding

Concessions, Commercial Development and Strategic Planning Support – est. \$1,150,000

- Recommend competitive pricing strategies and adjustments for parking and electric vehicle charging services
- Finalize Definitive Improvement Plans for concessions in Terminals 1.5, 2, and 3
- Assist with a refresh of LAWA's Strategic Plan, including an update of goals, objectives, and metrics
- Provide as-needed financial support on complex developer agreements and proposed business models for future development and initiatives

Allowance for As-Needed Services – est. \$1,500,000

- Provide funding for as-needed services to support new CIP projects and initiatives that may arise through the end of the contract term

Other Direct Costs – est. \$100,000

- Provide funding for other reimbursable costs such as copier and trailer leases, printing, equipment, mileage, travel, materials, and supplies

Approval of this request will provide contract capacity and funding for services anticipated through the contract term of January 2024. Costs will continue to be managed through the issuance of task orders based on specific scopes of work and associated fees. Labor and other direct costs will be allocated to the respective CIP projects.

Staff may return to the Board to seek contract amendments and appropriations for the remaining contract years for PM/CM and Project Controls services, authorized under a separate Board Resolution, as needed.

How this action advances a specific strategic plan goal and objective

This action advances this strategic goal and objective: *Deliver Facilities & Guest Experiences that are Exceptional: Develop, maintain and operate first class facilities.* This action amends the contract authority and appropriation to complete vital improvements to LAWA's infrastructure and physical assets at LAX and VNY. The expertise and services provided will ensure that the CIP will improve the passenger experience, increase operational efficiency, reduce traffic congestion, and provide other benefits to our surrounding communities.

Fiscal Impact

Costs associated with this requested Board action are included in LAWA's 10-Year CIP, either directly associated with individual projects or program-wide services used to support the delivery of the entire program. As such, the approval of this action will result in no net increase to the programmed CIP budget.

These contracts also support LAWA's Executive Management and other non-capital initiatives, such as Guest Experience and Innovation Hangar, to streamline processes and gain operational efficiencies. The budget amounts for these items are included within LAWA's FY22 operating budget and will be requested for subsequent years through the operating budget process. Costs incurred to the CIP or operating budget will be recovered through landing fees, terminal rates and charges, and non-aeronautical revenues.

To mitigate the economic impacts of the COVID-19 pandemic, staff continues a thorough review process with LAWA executives and project managers to identify opportunities for cost savings while still delivering the critical developments and programs. Since March 2020, several resources have been reduced or paused, and tasks deemed less pertinent in the current environment have been scaled back or paused. Overall, LAWA paused 23 percent of consultant services with an estimated savings of \$18.5 million per year. All cost savings measures are continuously monitored to assess any adverse impacts on project delivery and our business partners.

4. Alternatives Considered

• ***Take No Action***

The Board could defer this item or not appropriate funds to continue these services. However, this would severely impair staff's ability to deliver LAWA's CIP. Los Angeles World Airports does not have sufficient in-house resources to provide the necessary support and would have an adverse impact to operations, project costs, and construction schedules.

APPROPRIATIONS

Staff requests funds in the not-to-exceed amount of \$12,710,000 be appropriated and allocated for Program Management Advisory Services and transferred from the LAX and VNY Revenue Funds to WBS Elements 1.15.08A-700 (Automated People Mover), 1.15.07A-700 (Consolidated Rent-A-Car), 1.18.32-700 (Receiving Station - X), 3.20.01A-701 (VNY Runway 16L-34R Reconstruction and Runway 16R-34L Slurry Seal) projects and other Board-approved capital projects and their respective WBS elements as may be required.

STANDARD PROVISIONS

1. This item, as a continuing administrative, maintenance and personnel-related activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f. of the Los Angeles City CEQA Guidelines.
2. The 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 373.
4. Lea + Elliott, Inc., is required by contract to comply with the provisions of the Living Wage Ordinance.
5. Procurement Services has reviewed this action (File No. 10040789) and established a mandatory 20 percent SBE goal for this project. Lea + Elliott, Inc. committed to 20 percent SBE participation and has achieved 63.6 percent SBE participation.
6. Lea + Elliott, Inc., is required by contract to comply with the provisions of the Affirmative Action Program.
7. Lea + Elliott, Inc. has been assigned Business Tax Registration Certificate No. 0000178833 -0001 -7.
8. Lea + Elliott, Inc. is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. Lea + Elliott, Inc. has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. Pursuant to Charter Section 1022, staff determined the work specified on this contract can be performed more feasibly and economically by Independent Contractors than by City employees.
11. Lea + Elliott, Inc. has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.

12. Lea + Elliott, Inc. must be determined by Public Works, Office of Contract Compliance, to be in full compliance with the provisions of the Equal Benefits Ordinance prior to executing the contract amendment.
13. Lea + Elliott, Inc. is required by contract to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. Lea + Elliott, Inc. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.
15. Lea + Elliott, Inc. has submitted the Municipal Lobbying Ordinance CEC Form 50 and will comply with its provisions.
16. This action is not subject to the Iran Contracting Act of 2010.