

RESOLUTION NO. 27680

WHEREAS, on recommendation of Management, there was presented for approval, Third Amendment to Contract DA-5262 with Austin Commercial, LP to add funding of \$43,000,000 to settle outstanding disputed change requests and extend the term to September 26, 2024, covering the Terminal Cores and Automated People Mover Interface Project at Los Angeles International Airport; and appropriation of \$35,000,000; and

WHEREAS, the Terminal Cores and Automated People Mover (APM) Interface Project will support the Landside Access Modernization Program (LAMP) by designing and constructing new facilities with vertical circulation "cores" (i.e., elevators, escalators, stairs, and circulation areas) to connect passengers from the new APM stations and pedestrian walkways to:

LAX

Van Nuys

City of Los Angeles

Karen Bass
Mayor

Board of Airport
Commissioners

Beatrice C. Hsu
President

Valeria C. Velasco
Vice President

Gabriel L. Eshaghian
Matthew M. Johnson
Nicholas P. Roxborough
Belinda M. Vega
Karim Webb

Justin Erbacci
Chief Executive Officer

- a) Tom Bradley International Terminal (TBIT)
- b) Terminals 5 and 6
- c) Terminal 7; and

WHEREAS, the project delivery method is a design-build (DB) process that included two (2) phases of previous Board of Airport Commissioners (Board) action approvals:

- a) Phase 1 (January 18, 2018) for design, site investigations, preconstruction, cost estimating efforts, enabling work and early work (foundations, underground utility and some steel procurement)
- b) Phase 2 (September 10, 2019) for all the trade construction and general conditions/general requirements work; and

WHEREAS, the sum of said two (2) phases defined the final DB Guaranteed Maximum Price (GMP) for the work as originally defined in the Basis of Design documents of Los Angeles World Airports (LAWA); and

WHEREAS, since the Phase 2 Board action, LAWA issued multiple change orders via Board actions and Chief Executive Officer authorizations in the amount of \$16,780,785 for varying items. Those have been related to categories ranging from scope betterment at LAWA's request to unforeseen field conditions that needed to be addressed. The change orders have been funded from existing program contingency, with the exception of Change Order 5 for the work to add a Central Terminal Area (CTA) loop fire water line that was needed to go underneath the building for which new money was appropriated; and

WHEREAS, the Third Amendment covers all direct and indirect costs and extends the term to September 26, 2024, with a revised project substantial completion date of November 10, 2023. It covers three (3) major categories:

A. site condition challenges due to operational and physical constraints

The contract covered Terminal 7, Terminal 5.5 and TBIT. The TBIT project site is a significantly constrained construction site due to limited access to the construction site, which is reachable only through the front door of TBIT. Thus, much of the work to get materials and machinery to the site can only be done when most passenger activity has ended for the day in TBIT. As a result, the ability for Austin Commercial, LP (Austin) to bring in materials and equipment and perform work was significantly impacted by irregular airline operational changes that would occur such as delayed international arrivals, traffic congestion, passenger/pedestrian management, etc. Austin's ability to access the site was also impacted by the multiple remobilizations that were required due to changes in surrounding interdependency projects



(e.g., APM pedestrian bridge work, Terminal 3 and Terminal 4 projects, etc.), loss of laydown areas due to bussing operations, and other events. The accumulation of said operational impacts created a significant impact on the project. The original budget for the project did account for some operational impacts, but the magnitude and number of interruptions could not have been easily anticipated.

B. scope changes requested after the GMP was defined in September 2019

In anticipation of the APM operational opening, the construction contractor proceeded with the project based on the 60% design. After 60% design, specific areas of the project scope were re-examined and direction was given to the construction contractor to make enhancements or owner betterments. Those enhancements include the following scope:

- Enhanced facade: The facade was changed to a monolithic seamless glass wall and glass added to the north and south facades. The glass has a reflective coating that helps regulate the passage of solar radiation and works to lower heat gain, lower energy costs and reduce the need for artificial lighting, as well as block harmful ultraviolet rays. The facade enhancement also included new overhangs at the roofline and at the pedestrian level to further articulate the area as an entry point into TBIT.
- Redesign to the Tom Bradley Bust Monument Area: A grander multistory volume space was created that more appropriately accommodates the bust monument by carving out the floors above, impacting already purchased materials such as steel.
- Rearrangement and Addition of the Fifth Floor: A fifth floor was added to the project, providing approximately 30,000 square feet of area, taking advantage of the opportunity to create 19,000 square feet of gross leasable area in a high demand location. The restrooms were moved on the fifth floor to provide a more flexible and contiguous leasable area. This will lead to additional lease revenue.

LAWA assumed that those changes could be covered by exiting contingencies. Austin tried to do the work within its budgeted contingencies, but due to the magnitude of said site conditions, COVID impacts, and re-ordering of materials after fabrication was released, there was not enough budget to cover all of those costs. This was not discovered until late in the project and it was confirmed that the changes were not considered during the original Basis of Design.

Each one of those items was reviewed by LAWLA's estimating group for cost validation. And the project management team verified documents that the work was excluded from the original GMP.

C. extension of schedule, some of which is compensable due to the above conditions

All the above-mentioned items had an impact on the original schedule of the project. There were also impacts to the schedule that were COVID-19 driven, as the tight project site limited concurrent work activities. When key equipment or crane operators called in sick due to COVID, it often impacted the ability of the whole team to perform their work that day.

To resolve the sum of all those issues, LAWLA agreed that the total project substantial completion should be moved from May 31, 2022 to November 10, 2023. Of this adjustment, slightly less than half of the time delay is considered excusable and compensable, while the remaining is excusable but not compensable. With the movement of the end date, the contractual Liquidated Damages would commence on November 11, 2023, if the project is not substantially complete at that time (should there be no additional owner-driven impacts); and

WHEREAS, since the beginning of the project (2019), Austin has been performing the work in a very safe manner. It is well below the national average for Total Recordable Incident Rates, Lost

Time Incident Rates, and Days Away Restriction Transfer metrics. LAWA's goals are much stricter and are within the acceptable range of achieving them; and

WHEREAS, the project is targeting LEED silver. Sustainable scope included a dual pipe reclaimed water system, LED lights and lighting controls; and

WHEREAS, Austin is performing 14% above the project's XBE goal, with 39% represented by local businesses. It has had 28% local higher participation, of which 7 are graduates from HireLAX. To date, there have been 3,147 craft workers on the project; and

WHEREAS, the Third Amendment amount of \$43,000,000 will be for reconciliation of the above-stated change items, which shall be funded partially from the existing owner contingency (\$8,000,000) and the balance from newly-appropriated monies. Following is the contract value summary:

Original GMP Phase 1 & 2 Contract Value (includes Amendments 1 & 2)	\$399,068,325
Authorized Cumulative Change Orders to Date	16,780,785
Current Contract Value through Change Order 47	\$415,849,110
Amendment 3 (aka Change Order 48)	43,000,000
Revised Contract Value to Austin	\$458,849,110; and

WHEREAS, following is the program contingency summary:

Approved Project Contingency	\$ 41,876,000
Authorized Cumulative Change Orders to date to Austin	(16,780,785)
TBIT Concessionaire Buyout (Seven-Eleven)	(3,314,487)
Other	(334,984)
LA General Services and Interdepartmental Orders	(473,664)
Current Project Contingency	20,972,080
Amendment 3 (use of existing Owner Contingency funds)	(8,000,000)
Amendment 3 (use of newly appropriated funds)	35M new funds
Remaining Project Contingency	\$ 12,972,080; and

WHEREAS, following is a summary of the varying types of categories of all the changes to date:

	Original GMP	CO 1-47	CO 48 Amendment 3	Total
0. Original Contract Value	\$399,068,325			\$399,068,325
1. Site Conditions		\$ 1,435,400	\$ 9,000,000	\$ 10,435,400
2. GMP Clarifications		3,099,112	9,000,000	\$ 12,099,112
3. Document Corrections		1,235,546	-	\$ 1,235,546
4. COVID-related		2,102,730	-	\$ 2,102,730
5. Owner Betterment		8,907,998	25,000,000	\$ 33,907,998
	\$399,068,325	\$16,780,785	\$43,000,000	\$458,849,110; 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 the project on March 2, 2017 (Resolution 26185); 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 has reviewed this 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 the project. Austin committed to said goals, and has achieved 29.2% SBE, 39.1% LBE, 19.4% LSBE, and 4.9% DVBE to date; and

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

WHEREAS, Austin is 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 that 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 said program; and

WHEREAS, Austin has been determined by Public Works, Office of Contract Compliance to be in compliance with the provisions of the Equal Benefits Ordinance; and

WHEREAS, Austin is required by contract to comply with the provisions of the First Source Hiring Program for all non-trade Los Angeles International Airport jobs; and

WHEREAS, Austin has submitted the Bidder Contributions CEC Form 55, and will comply with its provisions; and

WHEREAS, Austin has submitted the MLO Bidder Contributions CEC Form 50, and will comply with its provisions; and

WHEREAS, Austin is required by contract to comply with the provisions of the Iran Contracting Act; 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 Staff Report; determined 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; find that the work can be performed more economically or feasibly by an independent contractor than by City employees; approved the Third Amendment to Contract DA-5262 with Austin Commercial, LP covering the Terminal Cores and Automated People Mover Interface Project at Los Angeles International Airport to add funding of \$43,000,000 to settle outstanding disputed change requests and extend the term to September 26, 2024; further approved appropriation and allocation of not to exceed \$35,000,000 from the LAX Revenue fund to WBS Element 1.17.03A-700 (TBIT Core and APM Interface); and authorized the Chief Executive Officer, or designee, to execute said Third 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.

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I hereby certify that this Resolution No. 27680 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Thursday, February 16, 2023.



Grace Miguel – Secretary
BOARD OF AIRPORT COMMISSIONERS