

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: May 26, 2023

CAO File No. 0150-12345-0000

Council File No.

Council District: 11

To: The Mayor

From: Matthew W. Szabo, City Administrative Officer

Reference: Correspondence from the Los Angeles World Airports dated April 19, 2023, referred by the Mayor for a report on May 5, 2023

Subject: **PROPOSED FIRST AMENDMENT TO REIMBURSEMENT AGREEMENT DA-5510 BETWEEN LOS ANGELES WORLD AIRPORTS AND AMERICAN AIRLINES, INC. TO SUPPORT THE CELLULAR DISTRIBUTED ANTENNA SYSTEMS INITIATIVE IN TERMINAL 4 AT LOS ANGELES INTERNATIONAL AIRPORT**

RECOMMENDATIONS

That the Mayor:

1. Approve Los Angeles World Airports (LAWA) Board Resolution No. 27713 authorizing a proposed First Amendment to Reimbursement Agreement No. DA-5510 with American Airlines increasing the amount by \$4,682,396 to \$4,915,435 and extending the term by three years through June 29, 2027, to support the Distributed Antenna Systems Initiative in Terminal 4 at Los Angeles International Airport;
2. Adopt the California Environmental Quality Act (CEQA) determinations of the April 11, 2023, Board of Airport Commissioners Resolution 27713, that this action is exempt from CEQA pursuant to State CEQA Guidelines Article II, Section 2.i of the Los Angeles City CEQA Guidelines; and
3. Return the Resolution documents to the Los Angeles World Airports for further processing, including Council consideration.

SUMMARY

Terminals 4 and 5 at Los Angeles International Airport (LAX) are home to American Airlines (American) and are undergoing a \$1.6 billion modernization slated to be completed in 2027. On April 11, 2023, the Board of Airport Commissioners (Board) adopted Resolution No. 27713 authorizing approval of a proposed First Amendment to Reimbursement Agreement DA-5510 with American increasing the maximum amount by \$4,682,396 to \$4,915,435 and extending the term by three years through June 29, 2027. The initial Reimbursement Agreement with American was only for the design and construction of the Distributed Antenna System (DAS) in the Terminal 4.5 Vertical Circulation Core. The proposed Amendment will facilitate the design and installation of additional infrastructure for the DAS in the new Terminal 4 concourse and the headhouse of Terminal 4 concurrent with the next phase of scheduled construction.

Normally all facilities required for the installation of the DAS base infrastructure is the sole responsibility of the cellular service providers as has been the case in Terminals 1, 7 and 8. However, since the Terminals 4 and 5 are undergoing construction for scheduled modernization, it is more efficient and cost effective to accomplish the work required for the DAS installation in connection with this work. The cellular service providers will fully reimburse Los Angeles World Airports (LAWA, Department) for these additional costs in accordance with the Master Cost Reimbursement Agreement.

The proposed Amendment has been approved as to form by the City Attorney. Pursuant to Charter Section 373, Council Approval is required because the cumulative contract term exceeds three years. Our office has reviewed the request and recommends approval.

BACKGROUND

Cellular communications at LAX have been inconsistent when guests attempt to use cellular networks for their voice and data communication requirements. In March 2018, the Board approved Non-Exclusive License Agreements with the four major cellular service providers (Verizon, AT&T, Sprint-now part of T-Mobile, and T-Mobile) that enabled them to implement the needed infrastructure at LAX to improve cellular coverage. The terms of the License Agreements state that the service providers would install any infrastructure required at LAX to improve cellular coverage and pay for the design, construction, operation, and maintenance.

Terminals 4 and 5 at LAX are currently undergoing a \$1.6 billion phased modernization scheduled for completion in 2027. American is currently in the construction stage that involves reconstructing the Terminal 4 Headhouse and Concourse at LAX. Therefore, instead of the cellular providers installing the infrastructure in these areas after American completes the construction, the cellular providers and LAWA staff determined that it is more expedient, customer friendly, and cost effective to install the DAS and supporting infrastructure during the reconstruction of Terminal 4.

The scope of the work required includes design, construction, and project management resources necessary for: (1) two new DAS rooms including power, lighting, air conditioning, fire protection systems, and access control for cell carriers; (2) multiple vertical conduit paths for floor-to-floor distribution; and (3) wall and floor penetrations for support of the cellular antennas. The cell carriers will remain responsible for all of the cabling and antenna installation, which will occur during the end of the construction phase.

The \$4,682,396 cost of the First Amendment is fully reimbursable to LAWA by the cellular carriers under the Master Cost Reimbursement Agreement Resolution No. 26870, via Task Order 4.1. The Department has reached agreement with the three major cellular service providers (Verizon, AT&T, and T-Mobile) on Task Order 4.1 which is being routed for execution by the providers prior to consideration by the Board. Should the carriers not follow through on their financial commitments, LAWA has the right to cancel all work to avoid financial exposure.

In recommending that infrastructure for the DAS be installed in conjunction with the current modernization of Terminal 4, the Department indicates that the cellular carriers would have to retrofit the facilities at a later date. Such an approach will impact the operation of the facilities and cause potential structural issues due to concrete slab penetrations, require demolition and rework, as well as additional construction impacts and costs.

CITY COMPLIANCE

Council Approval – As a long-term contract exceeding three years, the proposed Hensel Phelps Agreement requires Council approval pursuant to Charter Section 373 and Administrative Code Section 10.5.

City Attorney Review and Approval – The City Attorney has reviewed and approved the proposed Contract as to form.

California Environmental Quality Act (CEQA) – The Department has determined that the First Amendment to the Reimbursement Agreement is exempt from further review under the California Environmental Quality Act pursuant to Article II, Section 2.i of the Los Angeles City CEQA Guidelines since the underlying project (Landside Access Modernization Program) has been evaluated for significance and processed in accordance with the requirements of CEQA and is, therefore, exempt from further review. The Department further indicates that the Terminal 4 Modernization Project was evaluated for environmental significance which led to the adoption of a Negative Declaration by the Board.

FISCAL IMPACT STATEMENT

The Department reports that the American Airlines Terminal 4/5 Modernization Project is included in the Los Angeles World Airports' 2018 and 2022 Capital Improvement Programs with a combined budget of \$1,651,310,000. The Department further indicates that the \$4,682,396 cost associated with the First Amendment to Reimbursement Agreement No. DA-5510 with American Airlines for the Distributed Antenna Systems Project in Terminal 4 are fully reimbursable by the various cellular service providers. Funding within the project's existing soft cost budget has sufficient resources to accommodate oversight of the work. The proposed First Amendment to the Reimbursement Agreement will, therefore, not increase the cost of the Department's Capital Improvement Programs. The recommendations in this report comply with the Los Angeles World Airports' Financial Policies. Approval of the proposed Amendment will have no impact on the City General Fund.

Attachment 1 – April 14, 2023 Board Report and Resolution No. 27713

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