

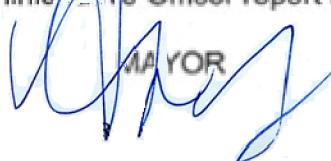
0150-10808-0001

TRANSMITTAL

TO Deborah Flint, Chief Executive Officer Department of Airports	DATE 4/12/18	COUNCIL FILE NO.
FROM The Mayor		COUNCIL DISTRICT 6, 11

Request to Execute Four Contract Amendments to Increase the Contract Authority for Program Management Support and Advisory Services and Project/Construction Management Services in Support of Los Angeles World Airports' Capital Improvement Projects

Transmitted for further processing, including Council consideration. See the City Adminis/~~the~~ Officer report attached.



A handwritten signature in blue ink, appearing to read "Ana Guerrero". Below the signature, the word "MAYOR" is printed in capital letters.

(Ana Guerrero) for

RHL:WDC: 101800801

CAO 649-d

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

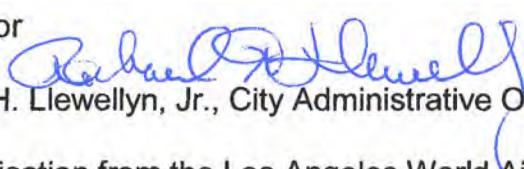
Date: April 12, 2018

CAO File No. 0150-10808-0001

Council File No.

Council District: 6, 11

To: The Mayor



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

Reference: Communication from the Los Angeles World Airports dated April 5, 2018; referred by the Mayor for report on April 5, 2018

Subject: **REQUEST TO EXECUTE FOUR CONTRACT AMENDMENTS TO INCREASE THE CONTRACT AUTHORITY FOR PROGRAM MANAGEMENT SUPPORT AND ADVISORY SERVICES AND PROJECT/CONSTRUCTION MANAGEMENT SERVICES IN SUPPORT OF LOS ANGELES WORLD AIRPORTS' CAPITAL IMPROVEMENT PROJECTS**

RECOMMENDATIONS

That the Mayor:

1. Approve First Amendments to two contracts for Program Management and Advisory Services with Lea + Elliot, Inc. (No. 5132) and Jacobsen | Daniels Associates, LLC (No. 5134) to increase the contracting authority by \$25,000,000 and \$16,000,000, respectively; and two contracts for Project Management and Construction Management Services with CMTS, LLC (No. 5131) and Parsons Transportation Group Inc. (No. 5135) to increase the contracting authority by \$4,000,000 and \$158,000,000, respectively; for capital improvement projects at the Los Angeles International and Van Nuys Airports, subject to City Attorney approval as to form and compliance with the City's Standard Provisions for Contracting, including the Living Wage Ordinance; Affirmative Action Program; Child Support Obligations Ordinance; Contractor Responsibility Program; First Source Hiring Program for all non-trade airport jobs; and the Bidder Contributions CEC (City Ethics Commission) Form 55 pertaining to the City's contract bidder campaign contribution and fundraising restrictions;
2. Authorize the Chief Executive Officer of the Los Angeles World Airports to execute the proposed First Amendments; and,
3. Return the four Amendments to the Department for further processing, including Council consideration.

SUMMARY

The Los Angeles International Airport (LAX) has planned for or is in the process of constructing capital improvements in excess of \$14 billion. In addition to the LAWA-directed improvements, significant terminal upgrades are being made and financed by major airlines and tenants. The Department advises that its need for experienced program, project, and construction managers to assist LAWA staff within a flexible, scalable staffing framework is essential for the successful completion of the Airport Capital Improvement Plan (Plan) and Airport Improvement Program (Program). To that end, the Chief Executive Officer of the Los Angeles World Airports (LAWA; Department) requests approval to execute four contract amendments to increase the combined expenditure authority by \$203,000,000, from a combined total of \$65,000,000 to \$268,000,000 for the seven-year contract terms as follows:

Contractor	Original Appropriation	Proposed Increase	Revised Total
Lea + Elliot, Inc.	\$14,000,000	\$ 25,000,000	\$ 39,000,000
Jacobsen Daniels Assoc	\$12,000,000	\$ 16,000,000	\$ 28,000,000
CMTS, LLC	\$ 4,000,000	\$ 4,000,000	\$ 8,000,000
Parsons Trans. Group	<u>\$35,000,000</u>	<u>\$158,000,000</u>	<u>\$193,000,000</u>
	\$65,000,000	\$203,000,000	\$268,000,000

The four contracts provide for as-needed program management support and advisory services and project/construction management services for capital improvement projects at both LAX and Van Nuys Airport that include the Landside Access Modernization Program (LAMP), Airline/Tenant Improvement Program, and the Capital Improvement Program (e.g., Midfield Satellite Concourse; Terminal Cores and Automated People Mover Interface; Security Bollards Design, Fabrication, and Installation; Airport Police Facility; etc.).

In November 2016, the City Council approved eight contracts for as-needed program management and construction management support and advisory services for the Airport Capital Improvement Plan and Airport Improvement Program. The original contract amounts and appropriations were for two of the contracts' seven years. Future funding was subject to further definition of the Plan's and Program's scope and reassessment of the need for program and project management staff support for the remaining years of the term and a return to the Board of Airport Commissioners (Board), after two years, for additional appropriations. Earlier than expected, as a result of an accelerated spend rate for unanticipated activities and a determination that professional consulting services continue to be needed to augment in-house staff, the Department is requesting additional funding for two and a half years (for a total of four years) by way of the proposed four amendments.

The Department's \$65,000,000 initial appropriation was based upon a limited scope. As discussed with the Board of Airport Commissioners (Board) when the original contracts were executed, LAWA could not, at that stage, adequately determine (1) the degree to which in-depth support was required, (2) the complexity of the various interrelated projects, and (3) the challenge of aligning its goals with the strategic objectives and resource requirements. As such, at the time of initial Board consideration, LAWA staff discussed their intent to return for additional term,

appropriation, and contracting authority after re-assessing the forecasted staffing needs. The Department's request for a \$203,000,000 increase in the expenditure authority is, therefore, a reflection of a more detailed, accurate, up-to-date forecast of work through 2020 and the resources required to complete that forecasted work.

The remaining four contractors—Berg & Associates, Inc.; Simpson & Simpson Management Consulting; Inc., Vanir | ASL, LLC; and Jacobs Project Management Co.—have sufficient funding capacity to continue their services until a later date. Department staff will return to the Board and Council in the next few months with contract amendments to increase contracting authority for these remaining contractors.

The four proposed contract amendments were approved by the Board at its meeting of April 5, 2018.

FISCAL IMPACT STATEMENT

Approval of the four proposed First Amendments will have no impact on the General Fund. Appropriations in the amount of \$203,000,000 are being requested from the Board of Airport Commissioners for the increased contracting authority. Funding will come from the LAX and Van Nuys Airport Revenue Funds and related Operational Cost Centers. Contract expenditures will be capitalized and, when individual projects are put in service, costs will be allocated across the associated cost centers; costs will then be recovered from landing fees, terminal rates and charges, and non-aeronautical revenues (e.g., concessions, parking lot revenue, etc.).

The Department's executive management team and, to some degree, other non-capital projects may also be supported by the underlying contracts and proposed amendments. In such instances, funding may come from the Department's Operating Budget within various cost centers. These costs will be recovered from landing fees, terminal rates and charges, and non-aeronautical revenues. This project complies with the Department of Airports' adopted Financial Policies.

RHL:WDC:10180080