

Item #1

**Guiding Concepts and Principles for Negotiations Related to Potential Divestiture of ONT**

RESOLUTION OF THE DEPARTMENT OF AIRPORTS OF THE CITY OF LOS ANGELES ESTABLISHING GUIDING CONCEPTS AND PRINCIPLES FOR THE POTENTIAL DIVESTITURE OF LA/ONTARIO INTERNATIONAL AIRPORT

WHEREAS, On October 18, 1967, at the request of the City of Ontario ("Ontario"), the City of Los Angeles ("City"), through its Department of Airports (the "Department" or "LAWA"), and Ontario entered into a Joint Powers Agreement ("JPA") to give the Department the power to manage, operate and control the Ontario International Airport ("ONT") to leverage the Department's resources and airport management expertise for the benefit of air service in the region; and

WHEREAS, under the JPA, the Department paid Ontario \$7 million in 1967 for the land at ONT and to refund certain outstanding airport revenue bonds issued by Ontario; and

WHEREAS, on June 19, 1985, the Department obtained title to ONT with additional land acquisitions thereafter; and

WHEREAS, since 1967, the Department has invested over \$560 million to make capital improvements at ONT including a \$270 million project that included two new terminals, a new ground transportation center, an additional parking lot, a new roadway system and improvements to the airfield that opened in 1998; and

WHEREAS, the Department financed some of the costs of this project with \$128 million in Passenger Facility Charges ("PFCs") collected from passengers at LAX and \$123 million in airport revenue bonds issued by the Department; and

WHEREAS, passenger traffic at ONT grew from 400,000 in 1967 to 7.2 million in 2007, a 7.5% average annual increase in passenger traffic over the four decade period; and

WHEREAS, airline bankruptcies, rising fuel costs and the recent economic recession have caused airlines to focus more on managing capacity, increasing fares and reducing flights at medium-hub airports, such as ONT, which, among other factors, have contributed to a decrease in passenger

traffic at ONT in each of the past five years resulting in a traffic level of 4.4 million passengers in Fiscal year 2012; and

WHEREAS, in an effort to reduce the downturn in passenger demand at ONT, the Department has reduced expenses at ONT by 26% and reduced employee headcount there from 430 to 245 since 2008; and

WHEREAS the Mayor of Los Angeles and the Board of Airport Commissioners have long supported the concept of regionalizing air service in Southern California, and control of LAX and ONT in a single-owner airport system has been seen as the best means to foster regionalization; and

WHEREAS, separate management of ONT might better promote regionalization in the Los Angeles region given the airline industry's lower growth and cost-focused trends in an era of economic uncertainty; and

WHEREAS, in December 2011 Ontario made a financial offer to the City through LAWA for Ontario to obtain control of ONT, which included a \$50 million payment to the City's General Fund among other things; and

WHEREAS, on March 20, 2012 the Trade, Commerce and Tourism ("TCT") Committee of the Los Angeles City Council ("City Council") approved motions directing the City Administrative Officer ("CAO") to (1) develop alternatives for increasing passenger traffic at ONT, (2) determine the fair market value of ONT, and (3) determine a process by which the sale or transfer of the ONT to Ontario could occur; and

WHEREAS, in August of 2012, interested parties in the Inland Empire, including the City of Ontario and San Bernardino County, took actions to commence formation of the Ontario International Airport Authority; and

WHEREAS, on September 21, 2012 the CAO issued a report recommending (1) the City decline Ontario's offer to acquire ONT from LAWA pursuant to the terms proposed by Ontario, and (2) the CAO facilitate negotiations between LAWA and the primary stakeholders in the Inland Empire to determine the best ownership and management alternative for ONT; and

WHEREAS, payments to the City's General Fund arising from the transfer of ONT would be prohibited outside of the FAA's Privatization Pilot Program, as such payments would be a violation of the City's federal Grant Assurances and FAA's Policies and Procedures Concerning the Use of Airport Revenue; and

WHEREAS, on October 10, 2012, the Los Angeles City Council adopted the CAO's recommendations and approved a resolution requesting that the CAO and LAWA report back to the Council with alternatives that will provide greater coordination, including changes in aviation facilities governance, for aviation services in the region with specific goals for regional aviation, traffic mitigation, air quality, employment, and economic development; and

NOW, THEREFORE, BE IT RESOLVED the BOAC hereby directs the Executive Director to make efforts by April 1, 2013 to negotiate a Letter of Intent (LOI) between LAWA and the Ontario International Airport Authority (OIAA) establishing terms, consistent with the guiding principles listed below, that would result in LAWA divesting of ONT through a sale to OIAA, recognizing the BOAC has not to date endorsed any sale of ONT but seeks to initiate actions consistent with the recommendations of the CAO and City Council.

**Section 1. Ongoing Stewardship of ONT.**

Any potential new owner of ONT must provide reasonable assurance that ONT will continue to operate as a commercial service airport free of operating restrictions in the future. Any potential new owner must also demonstrate creditworthiness and future financial self-sustainability prior to acquisition of ONT.

**Section 2. Protection of LAWA's Financial Interests.**

Divestiture of ONT should not result in forgone value to LAWA when compared with divesting to another party or divesting at another time in the future, should not reduce or impair LAWA's financial capabilities, and must enhance, to the maximum extent feasible, LAWA's capacity to implement needed capital improvements at other LAWA facilities. After acquisition of ONT by a new owner sale, responsibility for underwriting operating cost or any other financial obligations of ONT shall not in any way be borne by the City or LAWA.

**Section 3. City Employees.**

Adequate measures shall be taken during the course of the negotiations to provide opportunities and protections for City employees at ONT. The parties shall make all reasonable efforts to ensure that any adverse effects of divestiture on current City employees are minimized.

#### **Section 4. Incremental Sale Process.**

Approvals related to potential divestiture should be secured incrementally and the following four step process is envisioned:

- Step 1 – LOI development and approval by the Board and OIAA Board
- Step 2 – Complete contractual documents and secure all required local and FAA approvals for the divestiture
- Step 3 – Fulfill closing conditions
- Step 4 – Sale closing

#### **Section 5. Issues to be addressed in the Comprehensive Letter of Intent.**

Any LOI to be presented by the Executive Director to the Board for approval should, at a minimum, address the following issues:

- a) Obligations for continuing use of property as a commercial service airport;
- b) Prohibitions on operating restrictions after sale;
- c) Minimum requirements for purchaser as responsible owner and operator of ONT;
- d) Down payment and closing compensation to LAWA upon closing of sale;
- e) Opportunities and protections for City employees at ONT;
- f) Funding for City employee transition costs borne by LAWA and the City;
- g) Reimbursement of LAWA costs incurred to facilitate a potential sale process;
- h) Process for airline and other aviation stakeholder consultation;
- i) Indemnification of LAWA and City;
- j) Role of LAWA, if any, in providing transitional management service to the OIAA after closing;
- k) Inventory of required approvals (including FAA approval) and a schedule for gaining such approvals; and Closing conditions to be met to complete sale after gaining required approvals.

**Section 6. Updates to the Board.**

The Executive Director shall provide updates to BOAC regarding negotiations related to the proposed sale of ONT no less frequently than monthly.



# Report to the BOARD OF AIRPORT COMMISSIONERS

*[Signature]*  
Approved by: Intissar Durham, Chief Airports Engineer

*[Signature]*  
Reviewed by: Roger A. Johnson, Deputy Executive Director

*[Signature]*  
City Attorney

*[Signature]*  
Gina Marie Lindsey - Executive Director

Meeting Date:

**December 17, 2012**

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	11/30/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	12/03/12	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA	RW
CEQA	11/14/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	11/29/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	JPA

**SUBJECT: Award Construction Manager at Risk/Design-Build Construction Contract to Turner Construction Company**

Staff requests authorization to award a three-year, Construction Manager at Risk/Design-Build contract to Turner Construction Company for Construction of Central Terminal Area Improvements at Los Angeles International Airport.

**RECOMMENDATIONS:**

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- 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.
- FIND that this procurement process is in compliance with Los Angeles City Ordinance No. 182086, as an award to the lowest responsive and reasonable bidder for Construction of Central Terminal Area (CTA) Improvements at Los Angeles International Airport is not practical or advantageous.
- APPROVE the award of a three-year construction contract to Turner Construction Company for the project entitled "Construction of Central Terminal Area Improvements" at Los Angeles International Airport in the amount of \$300,000,000 which is subject to change order authority.
- APPROVE a budgeted owner's contingency in the amount of \$75,000,000 for this project. This contingency can only be utilized through change orders authorized by the Executive Director or the Board as outlined in this Board action.

6. AUTHORIZE the Executive Director to approve and execute change orders and revisions to Component Guaranteed Maximum Prices under the contract up to the budgeted owner's contingency amount of \$75,000,000, not to exceed 10% of the currently Board-approved aggregate guaranteed maximum price, provided that prior to execution of any change order in excess of \$1 million, Board shall first have reviewed and authorized the execution thereof, and such authorization shall have become final pursuant to Charter Section 245.
7. APPROPRIATE capital funds in the amount of \$3,500,000 for this project. Additional appropriations will be requested using a Component Guaranteed Maximum Price process.
8. AUTHORIZE the Executive Director to execute the contract with Turner Construction Company upon its approval as to form by the City Attorney.

## **DISCUSSION:**

### **1. Executive Summary**

Staff recommends the Board of Airport Commissioners award a three-year construction contract to Turner Construction Company (Turner) for the project entitled, "Construction of Central Terminal Area (CTA) Improvements" at Los Angeles International Airport (LAX), in the not-to-exceed amount of \$300,000,000. This project is required to upgrade the existing terminals' infrastructure for systems reliability and efficiency, support the Concessions Redevelopment Program, enhance customer service and convenience, and address building and fire code compliance issues.

Under the terms of this contract, Turner will construct improvements under either a Construction Manager at Risk (CMAR) or Design-Build project delivery method. Staff will periodically return to the Board to request funds for various component work packages, or Component Guaranteed Maximum Prices (CGMPs), that will be competitively bid by Turner.

At this time, staff requests the Board appropriate capital funds in the initial amount of \$3,500,000 for mobilization and pre-construction services for Turner and for support services provided by other City agencies and Los Angeles World Airports (LAWA) required to deliver this project.

### **2. Prior Related Actions**

The Board, by Resolution No. 24565 dated September 19, 2011, approved the use of alternate project delivery methods for improvement projects in the CTA at LAX. This action authorized staff to request a City Ordinance to use CMAR or Design-Build contracts for select capital improvement projects at Terminals 1, 2 and 3 and critical terminal infrastructure projects in Terminals 4 through 8 and components thereof at LAX, pursuant to City Charter Section 371(b). The Board amended Resolution No. 24565 on November 7, 2011 to add the Midfield Satellite Concourse to the list of projects to be considered for an Alternate Project Delivery Method.

On March 7, 2012, the City Council approved Ordinance No. 182086, authorizing an Alternate Project Delivery Method for the projects mentioned above, including the Midfield Satellite Concourse, by Council File No. 11-1804.

On June 18, 2012, the Board authorized the Executive Director to advertise and release a Request for Proposals (RFP) using Competitive Sealed Proposals to procure a Construction Manager at Risk and Design-Build firm to construct select capital improvement projects within the CTA at LAX (Resolution Number 24822).

### 3. Current Action

Staff requests the Board award a three-year contract to Turner to provide critical construction services at LAX. Approval of this contract will provide LAWA a much needed tool to support the Concessions Redevelopment Program, perform infrastructure and systems upgrades, and correct code deficiencies in the existing passenger terminals.

#### **Scope of Work**

LAWA staff identified a number of high priority terminal and infrastructure improvements, detailed in Attachment – A, requiring implementation over the three-year term of the proposed contract. A significant amount of the work will correct infrastructure and code deficiencies and support the on-going concessions development and other terminal improvement projects. The nature of the work demands a quick response to ensure critical infrastructure work stays on schedule with minimum interruption to terminal operations. Components of the project include:

- New security screening checkpoints
- Baggage claim area improvements and inline baggage screening
- Secure passenger-connections between terminals
- Security, systems and utilities enhancements and upgrades
- Architectural and aesthetic modifications to modernize the terminals

LAWA estimates a projected construction value of \$300,000,000 for improvements that will be executed over the next three years. Some of the first anticipated work packages to be completed under this contract include, but are not limited to:

- Terminal 2 Renovation to include 400Hz and electrical upgrades, relocation of Explosive Detection Systems (EDS), baggage and ticketing improvements, and security checkpoint enhancements
- Terminal 6 Renovation to upgrade the electrical systems
- Terminal 7 Renovation to include public restroom and Americans with Disabilities Act (ADA) enhancements
- Main Point of Entry (MPOE) IT Room Expansions in Terminals 1 to 8

#### Pre-Construction Services

Under the proposed contract, Turner will provide three full-time, key personnel identified as a Construction Manager, Scheduler, and Estimator. These personnel will be on-site and dedicated to the project to provide support, project interface, and coordination of pre-construction services including but not limited to:

- Design and constructability reviews
- Cost estimating
- Project scheduling and phasing
- Permitting
- Development of work packages and Component Guaranteed Maximum Prices (CGMPs)

Staff will evaluate the CGMPs to ensure compliance with contract requirements and overall project budget. The CGMPs will then be presented to the Board for appropriation of funding.

### Construction Services

The anticipated work packages, or CGMPs, will span all terminals at LAX. LAWA estimates a projected construction value of \$300,000,000 for improvements that will be executed over the next three years. Some of the first anticipated work packages to be completed under this contract include, but are not limited to:

- *Terminal 2 Renovation – estimated \$90 million*  
This will be a terminal renovation that includes upgrading the 400Hz power system for the aircraft gates, upgrading the electrical power distribution which was originally installed in the 1980's, removing existing Explosive Detection Systems (EDS) machines from the ticket lobby and adding higher speed EDS machines in a newly constructed Checked Baggage Resolution Area located on the apron, modifying the baggage conveyor system, improving the ticketing area and baggage claim areas, replacing wayfinding and signage throughout the Terminal, and installing passenger loading bridges that will be salvaged from the existing Tom Bradley International Terminal. Also included are restroom enhancements: renovating all finishes (floors, walls, ceilings) and replacing fixtures (toilets, sinks, and urinals), doors, lighting, mirrors, partitions, dispensers, etc., plumbing and electrical work.
- *Terminal 6 Electrical Upgrades – estimated \$23 million*  
This scope involves upgrading the electrical distribution system, originally installed in the 1970's, in approximately 20 electrical and equipment rooms where the electrical distribution panels are located.
- *Tom Bradley International Terminal Baggage Handling System Reconfiguration – estimated \$25 million*  
This work package enhances and modifies the existing TBIT In-line Baggage Handling System (BHS) to provide better processing and increased throughput to better accommodate peak hour baggage demand. This will be accomplished by revamping the existing layout to provide a larger BHS Checked Baggage Inspection Room.
- *IT Room Expansions in Terminals – estimated \$23 million*  
This scope implements 25 new IT rooms in the Terminals to provide a permanent space for the new security network and house the next generation of IT application servers, and other IT support equipment, in industry standard, secure spaces.

The proposed contract requires Turner to competitively bid at least 90% of the scope of work to a minimum of three bidders. In the event Turner obtains fewer than three bids, Turner is required to provide LAWA with a written description of its efforts to obtain competition and, any justification to proceed to award the subcontract with fewer than three bids.

Turner will commit to completing each work package for a guaranteed maximum price, or CGMP, negotiated with LAWA. LAWA is only obligated to pay the actual cost of work not to exceed the CGMP for that package. Each CGMP will be additive resulting in an "aggregate" Guaranteed Maximum Price for all scope of work for which funds have been appropriated to date within the contract amount of \$300,000,000 which is subject to change order authority.

A project contingency is necessary to address unforeseen conditions and components of work that are not contained in the CGMP. LAWA therefore requests a budgeted owner's contingency of

\$75,000,000, which represents 25% of the estimated \$300,000,000 construction budget, for the CTA Improvements project.

Pursuant to Charter Section 376, staff requests the Board authorize the Executive Director to approve and execute change orders under this contract, and to expend funds, up to the budgeted owner's contingency amount of \$75,000,000.

**Procurement Process**

On July 12, 2012, LAWA released an RFP using Competitive Sealed Proposals to procure a firm for Construction Services, including Construction Manager at Risk and Design-Build for Construction Services for select Capital Improvement Projects within the CTA at LAX. The procurement outlined was a three-step process identified below:

- 1) Administrative/Technical Proposal – Firms were required to submit Administrative Requirements Forms which were evaluated on a Pass/Fail basis and a Technical Proposal which was reviewed and evaluated based upon established criteria outlined in the RFP and identified below:

<b>TECHNICAL PROPOSAL</b> (Summary Weighted Criteria)	
Criteria Description	Criteria Weight
<b>Experience</b>	<b>10%</b>
<ul style="list-style-type: none"> <li>• Airport Experience – 5%               <ul style="list-style-type: none"> <li>○ LARRS &amp; LADBS</li> <li>○ Deferred Permits</li> <li>○ Existing Relationships with LA County Subcontractors</li> </ul> </li> <li>• CMAR &amp; Design/Build Experience – 5%</li> </ul>	
<b>Understanding</b>	<b>20%</b>
<ul style="list-style-type: none"> <li>• Approach/Objectives/Constraints – 10%</li> <li>• Issue Identification – 5%</li> <li>• Schedule – Efficiency – 5%</li> </ul>	
<b>Team and Organization</b>	<b>10%</b>
<ul style="list-style-type: none"> <li>• JV or Prime/Subcontractor Co-Location – 3%</li> <li>• Responsibility between Designer &amp; Builder – 2%</li> <li>• Subcontractor Involvement – 3%</li> <li>• BIM/Shop Drawings – 2%</li> </ul>	
<b>TOTAL</b>	<b>40%</b>

The Technical Proposal score represents a possible maximum score of 40 points out of 100 points possible.

- 2) Interview – The top five firms were then invited to participate in an interview based upon their performance in the technical proposals. The interview scoring criteria is below:

<b>INTERVIEW</b> (Summary Weighted Criteria)	
<b>Criteria Description</b>	<b>Criteria Weight</b>
<b>Clarity of Approach</b>	<b>30%</b>
• Understanding of Design – 10%	
• Procurement – 5%	
• Construction – 5%	
• Quality Control – 5%, and	
• Safety – 5%	
Identification of Challenges and Risks – with solution analysis	<b>15%</b>
Project Team Members – interaction and roles	<b>10%</b>
Overall Presentation Quality & Interface with LAWA	<b>5%</b>
<b>TOTAL</b>	<b>60%</b>

The Interview score represents a possible maximum score of 60 points out of 100 points possible total score.

- 3) Fee Proposal – The top three firms were invited to submit a Fee Proposal based upon the combined Administrative/Technical Proposal and Interview evaluation scores.

LAWA received 7 proposals on August 23, 2012 from the following firms:

- Clark/McCarthy, A Joint Venture
- Gilbane/W.E. O’Neil
- Hensel Phelps Construction
- Kiewit Infrastructure West Company
- Skanska USA Building, Inc.
- Turner Construction Company
- Walsh Construction Company

Procurement Services Division reviewed the administrative documents submitted by the seven firms and determined that all were in compliance with LAWA and City of Los Angeles administrative requirements.

The selection panel, listed below, reviewed and evaluated the proposals using the Technical Proposal scoring criteria in the RFP.

- Deputy Executive Director – Facilities Management Group
- Chief Airports Engineer – Airports Development Group
- Civil Engineer – Airports Development Group
- Chief of Airport Planning II – Capital Programming and Planning
- Director of Capital Development and Budget
- Terminals Element Manager (Non-voting) – Airports Development Group

The panelists interviewed the top five proposers on October 16 through October 18, 2012 based upon their technical proposal to further evaluate the firm’s experience, understanding of the project, capabilities, team make-up, and accomplishments. Based upon on these calculations, the following firms were interviewed:

- Clark/McCarthy, A Joint Venture
- Hensel Phelps Construction
- Skanska USA Building, Inc.
- Turner Construction Company
- Walsh Construction Company

The Interview score was then added to the Technical score to arrive at each proposer combined total score. The combined total score of each Proposer was converted to Efficiency Points by converting the score to a percentage. After tabulation of the combined Technical and Interview scores the top three scoring firms were invited to submit their fee proposal. Those firms were:

- Clark/McCarthy, A Joint Venture
- Hensel Phelps Construction
- Turner Construction Company

These three firms submitted their Fee Proposal on November 8, 2012. Staff then calculated the "Ultimate Cost" in accordance with the RFP using the following formula:

$$\frac{\text{NTE Value} + (\text{NTE} \times \text{Proposer's Fee \%})}{\text{Proposer's Efficiency Points}} = \text{Proposer's "Ultimate Cost"}$$

Staff reviewed the improvements listed in Attachment – A, and established a NTE Contract Value of \$300,000,000 based upon the work packages that will be ready for execution within the next three years. Staff then applied the proposer's fee and efficiency points, the combined percentage based on the first two steps of the selection process, to determine the proposer's "Ultimate Cost." Listed below are the final rankings of the firms:

Ranking	Firm	Proposer's Ultimate Cost
1	Turner Construction Company	\$ 328,104,925
2	Clark/McCarthy, A Joint Venture	\$ 335,967,742
3	Hensel Phelps Construction	\$ 364,764,706

#### Total Project Cost

The overall total budget for this project is \$456,000,000, which includes the cost of the construction contract, also known as hard costs, project contingency, and associated soft costs for consultant construction support, and LAWA and City support services (inspection, survey, testing, permits and general administration).

Staff requests a 25% project contingency to address any changed conditions and/or the potential need for contractor acceleration necessary to maintain the aggressive project schedule negotiated with the tenants.

Project costs are estimated as follows:

Cost of Construction:

Turner Construction Company	\$	300,000,000
Total Hard Costs:	\$	300,000,000

Project Soft Costs:

Design and Construction Administration	\$	36,000,000
Project Management Services	\$	33,000,000
City Services & Supplies (Inspection, Testing, etc.)	\$	12,000,000
Total Soft Costs:	\$	81,000,000

Project Contingency:

25% of the Construction	\$	75,000,000
-------------------------	----	------------

**TOTAL PROJECT COST** \$ **456,000,000**

At this time, staff requests appropriation of funds in the not-to-exceed amount of \$1,500,000 to the Turner contract to cover the salaries of the three, full-time, key personnel for a period of one year. Staff will return to the Board with each CGMP requesting additional appropriations specific to the component work package.

In addition to funds for Turner, delivery of this project requires support from other City departments, LAWA staff and outside consultants for services to include, but not limited to, inspection, survey, testing, equipment, materials, permits, plan checks, and general administration. Staff requests appropriation of capital funds in the amount of \$2,000,000 for LAWA support, City services, and project-related equipment and materials required to complete the project. Additional appropriation of funds will be requested incrementally as part of the CGMP process.

**TOTAL REQUESTED APPROPRIATION:** \$ **3,500,000**

Requested Board Action

Staff requests award of a \$300,000,000, three-year contract to Turner Construction Company for the project entitled, "Construction of select Capital Improvement Projects within the Central Terminal Area" at LAX, and requests appropriation of \$3,500,000 in capital funds for this project.

**4. Alternatives Considered**

▪ ***Defer the Project***

LAWA could defer this action. However, these component work packages are a high priority to enable various concession and terminal area upgrades and/or code compliance. Continued deferral of the work would perpetuate poor terminal performance and unsatisfactory customer service.

▪ ***Use Design-Bid-Build***

Staff considered using the traditional project delivery method of design-bid-build. However, using the CMAR/DB alternate delivery methods provides LAWA with a more expedient tool to

procure each work package, based upon the contractor's competitive bid process, as each scope of work is defined. As a number of these component packages are critical to code compliance, revenue generation, and efficient operations within each terminal, timely completion of the work is essential.

### **FISCAL & ECONOMIC IMPACT STATEMENT:**

It is requested that a three year contract in the amount of \$300,000,000 be awarded to Turner Construction Company for the construction of various capital projects in the Central Terminal Area at LAX. Staff requests funds for this project be appropriated and allocated in the not-to-exceed amount of \$3,500,000 from the LAX Airport Revenue Fund to WBS Element 1.12.24-700 (Terminal 2 Renovations), 1.13.12-700 (Terminal 7 Renovations) and other Board approved Capital Projects and their respective WBS elements as may be required. Additional appropriation and allocation of funds will be requested incrementally as part of the Construction Manager at Risk/Design-Build process.

### **STANDARD PROVISIONS:**

1. This action, as a continuing administrative and personnel-related activities, is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. This item is 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 245.
4. Turner Construction Company will comply with the provisions of the Living Wage Ordinance for the design phase of this contract.
5. Procurement Services has reviewed this action (File No. 5786) and established a 15% combined Minority/Women Business Enterprise level of participation for the Construction Phase and established a 0% combined Minority/Women Business Enterprise level of participation for the pre-construction phase of this project. Turner Construction Company will submit participation percentage prior to beginning of construction phase. Procurement Services will review the documents submitted by Turner Construction Company at that time.
6. Turner Construction Company will comply with the provisions of the Affirmative Action Program.
7. Turner Construction Company has been assigned Business Tax Registration Certificate No. 0000702096-0001-1.
8. Turner Construction Company will comply with the provisions of the Child Support Obligations Ordinance.
9. Turner Construction Company must have approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports prior to the issuance of a Notice to Proceed.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).

11. Turner Construction Company has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Turner Construction Company 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 contract.
13. Turner Construction Company will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. Turner Construction Company will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.

## ATTACHMENT – A

### Terminal 1 Improvement Project

- In-line Baggage Screening
- Ticket Lobby Renovations
- New West Passenger Screening Check Point
- Secure Connector to Terminal 2
- Replacement of Hot and Chilled Waterlines
- New West Baggage Claim Area
- Electrical Panels and Distribution Upgrades
- Heating, Ventilation and Cooling Upgrades
- New Ceilings, Lighting, and Flooring
- Plumbing Upgrades
- Fire/Life/Safety and Sprinkler System upgrades
- Restroom Replacement and Upgrades
- Concession Infrastructure Upgrades
- Seismic Upgrades
- New Vertical Circulation
- New Office and Airline Areas
- Special Systems Upgrades
- Exterior Enhancements
- Enabling Projects
- Curbside Improvements
- Pedestrian Bridge Replacement
- ADA Upgrades
- Boarding Bridge Replacements
- Roof Repair and Replacement
- Window and Exterior Wall Repair and Replacements
- Security Enhancements
- New Telecom Rooms and Infrastructure
- ACAMS/CCTV
- Paging Systems Replacement

## ATTACHMENT – A

### Terminal 2 Improvement Project

- In-line Baggage Screening
- Ticket Lobby Renovations
- New East Ticket Lobby
- New East Passenger Screening Check Point
- Secure Connector to Terminal
- Replacement of Hot and Chilled Waterlines
- New East Baggage Claim Area and Arrivals Upgrades
- Electrical Panels and Distribution Upgrades
- Electrical Switchgear Upgrades
- Heating, Ventilation and Cooling Upgrades
- New Ceilings, Lighting, and Flooring Upgrades
- Plumbing Upgrades
- Fire/Life/Safety & Sprinkler System Upgrades
- Restroom Replacement and Upgrades
- Concession Infrastructure Upgrades
- Seismic Upgrades
- New Vertical Circulation
- New Office and Airline areas
- US Customs and Border Protection Facility Upgrades
- Special Systems Upgrades
- Exterior Enhancements
- Enabling Projects
- Curbside Improvements
- Pedestrian Bridge Replacement
- ADA Upgrades
- Boarding Bridge Replacements
- Roof Repair and Replacement
- Window and Exterior Wall Repair and Replacements
- Security Improvements
- New Telecom Rooms and Infrastructure
- ACAMS/CCTV
- Paging System Replacement

## ATTACHMENT – A

### Terminal 3 Improvement Project

- Ticket Lobby Renovations
- Screening Check Point Improvements
- Secure Connector to Terminal 2
- Replacement of Hot and Chilled Waterlines
- Baggage Claim Area and Arrivals Upgrades
- Electrical Panels and Distribution Upgrades
- Electrical Switchgear Upgrades
- Heating, Ventilation and Cooling Upgrades
- New Ceilings, Lighting, and Flooring
- Plumbing Upgrades
- Fire/Life/Safety and Sprinkler System Upgrades
- Restroom Replacement and Upgrades
- Concession Infrastructure Upgrades
- Seismic Upgrades
- New Vertical Circulation
- New office and Airline Areas
- Special Systems Upgrades
- Exterior Enhancements
- Enabling Projects
- Curbside Improvements
- Pedestrian Bridge Replacement
- ADA Upgrades
- Boarding Bridge Replacements
- Roof Repair and Replacement
- Window and Exterior Wall Repair and Replacements
- Security Improvements
- New Telecom Rooms and Infrastructure
- ACAMS/CCTV
- Paging

## ATTACHMENT – A

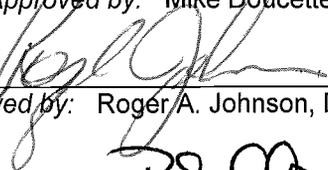
### Critical Terminal Infrastructure (Terminals 4-8)

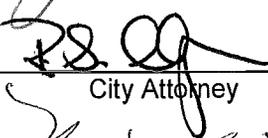
- Replacement of Hot and Chilled Waterlines
- Electrical Panels and Distribution Upgrades
- Electrical Switchgear Upgrades
- Heating, Ventilation and Cooling Upgrades
- New Ceilings, Lighting, and Flooring
- Plumbing Upgrades
- Fire/Life/Safety and Sprinkler System Upgrades
- Restroom Replacement and Upgrades
- Concession Infrastructure Upgrades
- Seismic Upgrades
- Special Systems Upgrades
- Exterior Enhancements
- Curbside Improvements
- ADA Upgrades
- Boarding Bridge Replacements
- Roof Repair and Replacement
- Security Improvements
- New Telecom Rooms and Infrastructure
- ACAMS/CCTV
- Paging Systems Upgrades

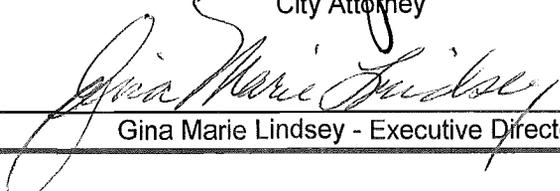


# Report to the BOARD OF AIRPORT COMMISSIONERS

  
 Approved by: Mike Doucette, Element Manager

  
 Reviewed by: Roger A. Johnson, Deputy Executive Director

  
 City Attorney

  
 Gina Marie Lindsey - Executive Director

Meeting Date:

**December 17, 2012**

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	12/6/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	12/15/12	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA	RW
CEQA	11/26/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	12/6/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	NT

**SUBJECT: Approve Bradley West Gates Component Guaranteed Maximum Price Revision to Contract No. DA-4337 with Walsh Austin Joint Venture**

Airports Development Group staff requests approval of a Component Guaranteed Maximum Price revision and appropriation of funds to Contract No. DA-4337 with Walsh Austin Joint Venture for the "Bradley West Gates" project at Los Angeles International Airport in the not-to-exceed amount of \$14,300,000.

**RECOMMENDATIONS:**

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE 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.
- APPROVE the CGMP revisions to Contract No. DA-4337 with Walsh Austin Joint Venture required to complete the work for the "Bradley West Gates" project at Los Angeles International Airport in the not-to-exceed amount of \$14,300,000.
- APPROPRIATE capital funds in the amount of \$14,300,000 for this CGMP revision.
- AUTHORIZE the Executive Director to execute the CGMP revision for this work.

**DISCUSSION:**

**1. Executive Summary**

Airports Development Group (ADG) staff requests the Board approve a Component Guaranteed Maximum Price (CGMP) revision to Contract No. DA-4337 for costs associated with the tenant interior fitout on Level 3 of the Bradley West North and South Concourses, the electrical retrofit of Gate 123, and the electrical and information technology (IT) infrastructure of the Integrated Environmental Media System (IEMS). This CGMP revision is for a not-to-exceed amount of \$14,300,000 which is available within the Board- and City Council-approved contract amount of \$690,560,000. Staff also requests the Board appropriate capital funds in the amount of \$14,300,000 for this work.

**2. Prior Related Actions**

On April 21, 2009, the Los Angeles World Airports (LAWA) Board awarded Contract No. DA-4337 to Walsh Austin Joint Venture (WAJV) for pre-construction services and construction of the Bradley West Gates project using a Construction Manager at Risk construction delivery methodology. At the time of award, the Board authorized only the pre-construction services task for a period of one year and a not-to-exceed amount of \$10,978,000. The contract was approved by the Los Angeles City Council on June 3, 2009 by Council File No. 09-1079.

On October 19, 2009 the Board exercised the contract's Construction Services Option which extended the contract term from one year to a period ending December 31, 2014 and established a contract amount of \$545,550,000 with a budgeted owner's contingency of \$61,410,000 subject to change order authority.

On June 20, 2011 the Board approved the second amendment to add the East Aprons scope of work, to increase the upper limit of the contract by \$76,000,000 from \$545,550,000 to \$621,550,000 which is subject to change order authority, and to increase the budgeted owner's contingency by \$7,600,000 from \$61,410,000 to \$69,010,000. The amendment was approved by the Los Angeles City Council on July 12, 2011 by Council File No. 09-1079-S1.

The original contract and amendments approved to date are summarized below:

Contract Amount	\$ 10,978,000
First Amendment	534,572,000
Second Amendment	<u>76,000,000</u>
<b>Subtotal</b>	<b>\$ 621,550,000</b>
Owner's Contingency	<u>69,010,000</u>
<b>TOTAL</b>	<b>\$ 690,560,000</b>

To date, the Board has appropriated a total of \$642,256,343 to fund the construction budget for the Bradley West Gates project. This appropriation provides for the following:

CGMPs 1-15	\$ 510,855,987
CGMP Revisions	62,390,356
Owner's Contingency	<u>69,010,000</u>
<b>TOTAL</b>	<b>\$ 642,256,343</b>

The following lists the current cumulative approved changes by category for contract DA-4337:

<b>Change Order Type</b>	<b>Total Approved Changes as of November 30, 2012</b>	<b>% of Contract Value \$621.55M</b>
Design Evolution	\$ 31,925,860	5.14%
Document Correction	32,604,484	5.25%
Field Conditions	12,148,514	1.95%
Owner Betterment	14,422,132	2.32%
Code/Third Party Requirement	2,597,546	0.42%
<b>TOTAL</b>	<b>\$ 93,698,536</b>	<b>15.07%</b>

### 3. Current Action

ADG staff requests approval of a CGMP revision in the not-to-exceed amount of \$14,300,000 for work associated with the Bradley West Gates project as follows:

- Level 3 Tenant Interior Fitout – The scope of this revision provides basic finishes to tenant spaces that were originally constructed to a core-and-shell level. The finishes include architectural wall separations of the spaces with ceiling and wall finishes. This change provides IT infrastructure, electrical distribution and panels, and extension of the mechanical systems into individual tenant spaces. This will provide tenant spaces that are basic move-in condition on the ramp level. This work was originally intended to be completed by the individual tenants. However, staff determined that having each tenant hire its own firm and associated subcontractors would present too many logistical challenges for WJAV to complete the Bradley West project on schedule. Instead, the cost for this work, performed by WJAV's subcontractors, will be incorporated into the tenant rates and charges. This revision is for an amount not to exceed \$6,500,000.
- Gate 123 Electrical Cutover – The scope of this revision provides electrical retrofit for the Gate 122/123 complex. The work includes extending power through the Bradley West North Concourse, across the connector building and out to Gate 123. This includes electrical conductors, electrical busway, switchboards, panel boards and all associated architectural and structural modifications for a complete installation. This work was originally intended to be completed during the demolition of the existing concourses.

Currently, the loading bridges for Gates 119 through 123 are powered through conduit located in the interface between the existing South Concourse and Core Building. Relocating loading bridge power is required as an enabling project to allow for demolition of the South Concourse. Additionally, the Interim West Bus Terminal (IWBT) and Gate 123 building area, now powered through the existing North Concourse, needs to be cutover to the new North Concourse for supply of permanent power.

The original construction schedule called for concurrent demolition of the North and South Concourses. Due to growth in international demand since the inception of this project, ADG, in consultation with LAX Airport Operations, evaluated the construction impacts on aircraft gating including American Airlines operations which will be temporarily displaced due to the C-10 taxiway reconstruction that will occur as part of the South Concourse demolition. Staff determined that concurrent demolition is no longer a viable option as this approach would exceed the capacity of the remote gates.

This determination resulted in a construction re-phasing sequence whereby the South Concourse will be demolished prior to the North Concourse. The sequencing change requires the acceleration of work to provide permanent electrical power to Gate 123 and temporary power to the loading bridges at Gates 119, 120, and 121.

The proposed CGMP revision is for an amount not to exceed \$4,300,000 which was included in the original Bradley West Renovation budget but was never appropriated by the Board. This work must be performed now, through the WAJV contract, to provide power cutover for the IWBT and Gate 123 hold area from the new North Concourse. Additionally, the revision provides for a change in construction sequencing to allow continued operation of Gates 119, 120, and 121 on the existing North Concourse during the 12-month South Concourse demolition. As the work is needed now to ensure sufficient gate operations during the demolition phase, staff requests full appropriation of \$4,300,000 for this work.

- IEMS Electrical/IT Infrastructure – The new scope presented in this CGMP revision provides electrical and IT infrastructure necessary for the IEMS system in the North and South Concourses. The IEMS system was not contemplated when the original contract was awarded but became an integral part of the design for Bradley West. When staff originally introduced the IEMS program to the Board in June 2011 its installation was limited to the Central Core building. Subsequently IEMS components have been extended into the North and South Concourses.

This work includes electrical panel boards, transformers, conduits and conductors to power IEMS features. This work also includes IT conduits and fiberoptic cabling that will run from the Mechanical Equipment Room (MER), control center for the IEMS in the Bradley West Core, and distribute IEMS data throughout the North and South Concourses. This revision is for an amount not to exceed \$3,500,000.

In total, this CGMP revision is for a not-to-exceed amount of \$14,300,000. This is work which is not included in the \$642,256,343 Bradley West Gates construction budget appropriated to date by the Board. As such, additional funding is required.

Scope of Work	Not-to-Exceed Amount
Level 3 Tenant Interior Fitout	\$ 6,500,000
Gate 123 Electrical Cutover	\$ 4,300,000
IEMS Electrical/IT Infrastructure	\$ 3,500,000
<b>Total CGMP Revision</b>	<b>\$ 14,300,000</b>

Requested Board Action

Staff requests the Board approve this CGMP revision and appropriate capital funds in the not-to-exceed amount of \$14,300,000 for this work.

#### 4. Alternatives Considered

▪ **Issue a Separate Request for Bids**

Staff considered issuing a new Request for Bids for this additional scope of work. Reviewing the time impacts this would have on delivering the Bradley West Gates project, staff determined issuing a new procurement would not be a viable option.

#### **FISCAL & ECONOMIC IMPACT STATEMENT:**

"Bradley West Gates" is a Board-approved capital project at LAX. Staff requests funding in the not-to-exceed amount of \$14,300,000 be appropriated and allocated from the LAX Revenue Fund to WBS Element 1.08.10-700 (Bradley West) as required. This action has no impact on the Los Angeles World Airports Operating Budget.

#### **STANDARD PROVISIONS:**

1. The execution of contracts 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. A project-level tiered EIR was prepared for the Bradley West project and certified by the Board of Airport Commissioners for this project on September 21, 2009 (Resolution No. 23891).
2. The underlying contract was approved as to form by the City Attorney.
3. Action taken on this item by the Board will become final pursuant to the provisions of the Los Angeles City Charter Section 245.
4. This action is not subject to the provisions of the Service Contractor Worker Retention and Living Wage Ordinances.
5. Procurement Services reviewed this item and established a 20% combined Minority/Women Business Enterprise (M/WBE) level of participation for the Pre-Construction Services and established a 14% combined M/WBE level of participation for the Construction Services of this contract. WAJV committed to 20% M/WBE level of participation for Pre-Construction Services and 14% M/WBE level of participation for Construction Services and has achieved 29.18% combined M/WBE for Pre-Construction Services and 18.77% for Construction Services.
6. This action is not subject to the provisions of the Affirmative Action Program.
7. This action does not require a Business Tax Registration Certificate.
8. This action is not subject to the provisions of the Child Support Obligations Ordinance.
9. This action is not subject to the insurance requirements of the Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).

11. This action is not subject to the provisions of the Contractor Responsibility Program.
12. This action is not subject to the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. This action is not subject to the provisions of Bidder Contributions CEC Form 55.



# Report to the BOARD OF AIRPORT COMMISSIONERS

*Selena Birk*  
Approved by: Selena Birk, Airport Manager

*Jacqueline Yaft*  
Reviewed by: Jacqueline Yaft, Deputy Executive Director

*D. Timothy B.*  
City Attorney

*Gina Marie Lindsey*  
Gina Marie Lindsey - Executive Director

Meeting Date:

**December 17, 2012**

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	11/27/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	11/30/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	11/20/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	12/04/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MT

**SUBJECT: One-year extension of Contract DA 4403 with Gateway Frontline Services, Inc. to operate the Charter Lot Ticket Booth at Los Angeles International Airport.**

Approve a one-year extension of Contract DA 4403 with Gateway Frontline Services, Inc., to operate the Charter Lot Ticket Booth at Los Angeles International Airport for an amount not to exceed \$295,285.

**RECOMMENDATIONS:**

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(3) of the Los Angeles City CEQA Guidelines.
- Approve a one-year extension of Contract DA 4403 with Gateway Frontline Services, Inc., to continue to provide for the operation of the Charter Lot Ticket Booth at Los Angeles International Airport.
- Authorize the Executive Director to execute the one-year extension upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

## **DISCUSSION:**

### **1. Executive Summary**

Staff seeks approval for a one-year extension of Contract DA 4403 with Gateway Frontline Services, Inc., for an amount not to exceed \$295,285, to operate the Charter Lot Ticket Booth at Los Angeles International Airport (LAX). Gateway issues trip tickets and collects trip fees for authorized commercial vehicles entering the Central Terminal Area (CTA).

### **2. Prior Related Actions**

On February 1, 2010, LAWA entered into a three-year contract (DA 4403) with Gateway Frontline Services, Inc. to provide Booth operations. This contract expires December 31, 2012.

### **3. Current Action**

Staff requests Board of Airport Commissioners (BOAC) approval of a one-year extension of Contract DA 4403 with Gateway Frontline Services, for an amount not to exceed \$295,285. Gateway Frontline Services has been satisfactory in the delivery of their services to LAWA.

During the extension period, staff will explore various options for operating the Booth, including determining which portion of the work is most appropriate to bid out. The one-year extension will provide staff time to complete this analysis.

### **4. Alternatives Considered**

#### **▪ *Staff the Booth with City employees***

LAWA could operate the Booth using City personnel at a higher cost than the current contractor. The current operator provides Booth attendants at the level of a Civil Service Clerk classification.

#### **▪ *Close the Booth***

Contract DA 4403 expires on December 31, 2012. If the contract extension is not approved, the Booth will remain closed until a replacement contract is in place. The Booth collects an average of \$6,500 per day for LAWA. Closing the Booth during the time it takes to obtain a replacement contract would result in a net loss of approximately \$195,000 per month.

## **FISCAL & ECONOMIC IMPACT STATEMENT:**

Funds for this contract are available in the Fiscal Year 2012-13 Los Angeles World Airports Operating Budget in LAX Cost Center 1160007 – Ground Transportation Services, Commitment Item 520 – Contractual Services. Funding for subsequent years will be requested as part of the annual budget process.

## **STANDARD PROVISIONS:**

1. Operation, repair, maintenance or minor alteration of existing parking lots is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(3) of the Los Angeles City CEQA Guidelines.
2. This Amendment is 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. Gateway Frontline Services is required by contract to comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. Procurement Services Division has reviewed this action (File #6058) and established a 20% combined Minority/Women Business Enterprise (M/WBE) level of participation for this project. Gateway Frontline Services committed to 6.12% M/WBE level of participation and has achieved 5.66% to date.
6. Gateway Frontline Services is required by contract to comply with the provisions of the Affirmative Action Program.
7. Gateway Frontline Services has been assigned Business Tax Registration Certificate number 0002354772.
8. Gateway Frontline Services is required by contract to comply with the provisions of the Child Support Obligations Ordinance.
9. Gateway Frontline Services has approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports.
10. Pursuant to Charter Section 1022, staff determined the work specified on the proposed contract can be performed more feasibly or economically by an Independent Contractor than by City employees.
11. Gateway Frontline Services has submitted the Contractor Responsibility Program Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Gateway Frontline Services 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 Amendment.
13. Gateway Frontline Services will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. Gateway Frontline Services must submit the Bidder Contributions CEC Form 55 and comply with its provisions prior to execution of the Amendment.

## SUB-CONTRACTOR UTILIZATION STATUS

DOUBLE-CLICK HERE TO INSERT SUBJECT/PROGRAM

BOARD REPORT SUBJECT/PROGRAM

INSERT PRIME CONTRACTOR HERE

PRIME CONTRACTOR

Sub-Contractor Information	Status Participation		Proposed % Level of Participation	Amt (\$) to-date (Invoiced/Gross Receipts)	% Utilized to-date	Brief Description of Project Services
	Yes (Profile Information)*	No				
<i>Name</i> Becnel Uniforms <i>Address</i> 758 S. San Pedro Street <i>City/State/Zip</i> Los Angeles, CA 90014 <i>Contact Name/No.</i> 213-623-4522 / Sue Becnel	<i>Group:</i> WBE <i>Ethnicity:</i> Caucasian <i>Gender:</i> Female <i>NAICS:</i>		0.12%	\$3,886.35	0.66%	Uniform Services
<i>Name</i> Charlie Chan Printing <i>Address</i> 7402 Sunset Blvd. <i>City/State/Zip</i> Los Angeles, CA 90046 <i>Contact Name/No.</i> 323-850-5407 / Maureen Swinton	<i>Group:</i> MBE <i>Ethnicity:</i> Asian <i>Gender:</i> Male <i>NAICS:</i>		6%	\$28,646.41	4.85%	Printing Services
<i>Name</i> Customer Service Experts <i>Address</i> 2901 Riva Trace Parkway, Suite 100 <i>City/State/Zip</i> Annapolis, MD 21401 <i>Contact Name/No.</i> 410-897-8459, ext. 14 / Patrick Marron	<i>Group:</i> DBE <i>Ethnicity:</i> Caucasian <i>Gender:</i> Female <i>NAICS:</i>		0%	\$7,533.32	1.28%	Customer Service Evaluators
<i>Name</i> Amrani Construction <i>Address</i> 5723 Aura Avenue <i>City/State/Zip</i> Tarzana, CA 91356 <i>Contact Name/No.</i> 818-339-9820 / Jonathan Amrani	<i>Group:</i> OBE <i>Ethnicity:</i> Indian <i>Gender:</i> Male <i>NAICS:</i>		0%	\$4,766.68	0.81%	General Contractor
<i>Name</i> <i>Address</i> <i>City/State/Zip</i> <i>Contact Name/No.</i>	<i>Group:</i> <i>Ethnicity:</i> <i>Gender:</i> <i>NAICS:</i>					
<i>Name</i> <i>Address</i> <i>City/State/Zip</i> <i>Contact Name/No.</i>	<i>Group:</i> <i>Ethnicity:</i> <i>Gender:</i> <i>NAICS:</i>					
<i>Name</i> <i>Address</i> <i>City/State/Zip</i> <i>Contact Name/No.</i>	<i>Group:</i> <i>Ethnicity:</i> <i>Gender:</i> <i>NAICS:</i>					

NOTE THAT THIS FORM MUST BE SIGNED BY THE PRIME CONTRACTOR

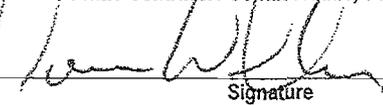
**\* Profile Information:**

Use appropriate classification from list below:

- \* Group - MBE, WBE, DBE, OBE, ACDBE
- \* Ethnicity - Asian, Black, Caucasian, Hispanic, Native American
- \* Gender - Female, Male
- \* NAICS - North American Industry Classification System

Sunfa A. Williams, swilliams@gatewaygroupone.com

Prime Contractor Contact Name, Tel No./Email



Signature



# Report to the BOARD OF AIRPORT COMMISSIONERS

Approved by: Dave Jones - Terminals Business Management

Reviewed by: Debbie Bowers - Deputy Executive Director

Timothy B. [Signature]  
City Attorney

Gina Marie Lindsey  
Gina Marie Lindsey - Executive Director

Meeting Date:

December 17, 2012

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	10/02/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	10/01/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	10/01/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	10/03/12	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> Cond	JPA

**SUBJECT: New Premier Passenger Lounge Space Lease with Korean Air Lines Co.**

Approval of a new ten-year Premier Passenger Lounge Space Lease with Korean Air Lines Co. in Tom Bradley International Terminal at Los Angeles International Airport that will generate approximately \$1,100,000 in revenue in the first year, and approximately \$11,000,000 over the ten-year term.

**RECOMMENDATIONS:**

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(18)(c) of the Los Angeles City CEQA Guidelines.
- APPROVE the proposed new Premier Passenger Lounge Space Lease with Korean Air Lines Co. in Tom Bradley International Terminal at Los Angeles International Airport that will generate approximately \$1,100,000 in revenue in the first, year and approximately \$11,000,000 over the ten-year term.
- AUTHORIZE the Executive Director or her designee to execute new Premier Passenger Lounge Space Lease with Korean Air Lines Co. in Tom Bradley International Terminal at Los Angeles International Airport, subject to approval as to form by the City Attorney and upon approval by the City of Los Angeles City Council.

## **DISCUSSION:**

### **1. Executive Summary**

Staff requests the Board of Airport Commissioners (Board) approve a proposed new ten-year Lounge Lease with Korean Air Lines Co. (Korean) that will generate approximately \$1,100,000 in revenue the first year and approximately \$11,000,000 over the ten-year term. Modernization of the new Tom Bradley International Terminal (TBIT) at Los Angeles International Airport (LAX) requires Los Angeles World Airports (LAWA) to create new premium passenger lounge space. To accommodate redesign of the passenger screening areas in TBIT, LAWA exercised its contractual right to terminate the existing TBIT Lounge Lease with Korean effective December 31, 2012. Korean will build out, and operate on behalf of Skyteam Alliance, new space in TBIT for its future premium passenger lounges occupying a total of 14,203 square feet.

### **2. Prior Related Actions**

On April 3, 2006 the Board approved a ten-year lease (LAA-8351) with Korean for development and operation of a premier lounge in TBIT (Board Order No. AO-5007). The lease was entered into on May 16, 2006 with an effective date of January 9, 2007 and an expiration date of July 8, 2017.

### **3. Current Action**

#### Term:

The proposed Lounge Lease commences upon full execution after the Lounge Lease is approved by the City Council and executed by LAWA and will terminate ten years from the Rent Commencement Date.

#### Demised Premises and Lounge Space Improvements:

The proposed Lounge Lease requires Korean to make improvements in the Demised Premises. At Tenant's sole cost and expense, the Tenant is required to make permanent Capital Improvements in the Demised Premises (Lounge Improvements) in a dollar amount no less than \$400 per square foot. The total space of Demised Premises for Korean Lounge is approximately 14,208 square feet, resulting in minimum Lounge Improvements of approximately \$5.7 million.

#### Terminal Buildings Charge:

From the Rent Commencement Date to the end of the Term, the Tenant will pay to the Landlord a "Terminal Buildings Charge" for the use of the Demised Premises in accordance with the Rates and Charges for the Use of Terminal Facilities at LAX.

#### Rent Commencement Date:

Rent Commencement Date is defined as the earlier of: (1) the day after the Tenant completes its Lounge Improvements, or (2) 250 days from the date that Demised Premises are delivered by Landlord subject to the commencement of passenger operations in the Terminal Core.

Percentage Rent:

The proposed Lounge Lease requires the Tenant pay as additional rent, if any, a percentage of the Tenant's gross receipts, from the direct sale in the Lounge of goods and services to the Tenant's passengers and invitees.

Lounge Improvement Recovery Fee (LIRF):

To accommodate the expansion and redesign of the passenger screening areas, LAWA exercised its contractual right to terminate four existing lounge leases in TBIT effective December 31, 2012. The four Lounge leaseholds subject to the early termination are 1) Korean, 2) LAX Shared Use Lounge Company LLC (LAXSUL), 3) Deutsche Lufthansa AG (Lufthansa), and 4) Qantas Airways Limited. The early termination of these Lounge Leases triggers a requirement that LAWA reimburse these tenants for the unamortized costs associated with capital improvements made to improve their leaseholds; LAWA will pay a collective reimbursement in the amount of \$12,742,614. To recover this cost, commencing on July 1, 2013, and continuing through the end of the Term, all future TBIT lounge tenants will pay a monthly lounge improvement recovery fee (LIRF) in the amount of \$20.21 per square foot per year. The monthly assessed LIRF for Korean is approximately \$23,929.

Performance Guaranty:

The proposed Lounge Lease requires the Tenant to provide an irrevocable bank letter of credit as security deposit in an amount three times the sum of the amount of the initial estimated monthly installments of the Terminal Buildings Charge due to LAWA.

The following is a summary in table format of the proposed Lease:

<b><u>Korean Lounge Lease</u></b>	
Term	10 years from Rent Commencement Date
Lease Commencement	Lease Execution
Rent Commencement	Earlier of: (1) the day after the Completion Date, or (2) 250 days from the Delivery Date of the Demised Premises
Estimated Demised Premises	14,208 Est. sq ft
Expiration	10 years from Rent Commencement Date
<b><u>Minimum Lounge Capital Investment Required</u></b>	\$5,683,200
<b><u>Projected Lease Revenue</u></b>	
Terminal Buildings Charge / sq ft / year	\$75 *
Estimated Monthly Rent	\$88,800
Estimated Annual Rent	\$1,065,600
Estimated Rent over Ten Year Term	\$10,656,000
<b><u>Lounge Investment Recovery Fee (LIRF)</u></b>	
LIRF / sq ft / year	\$20.21
LIRF Monthly Assessment	\$23,928.64
* The calendar year 2013 Terminal Buildings Rate of \$75 is contingent upon tenant signing a Rate Agreement; otherwise the Terminal Buildings Rate adopted by the Board for the Tariff applies.	

Staff requests the Board approve and authorize the Executive Director to execute the proposed new Lounge Lease with Korean subject to approval as to form by City Attorney and upon approval by the City of Los Angeles City Council.

#### 4. Alternatives Considered

- **Take no action**  
Without new Lounge Leases, airlines will not make the required investment to create new premium passenger lounges, which would be a detriment to airlines with premium passengers expecting this amenity.

#### **FISCAL & ECONOMIC IMPACT STATEMENT:**

The proposed Premier Passenger Lounge Space Lease with Korean in Tom Bradley International Terminal at Los Angeles International Airport, which will generate approximately \$1,100,000 in revenue in the first year, and approximately \$11,000,000 over the ten-year term. The projected revenue is based on the assumption that the Tenant will sign the rate agreement.

**STANDARD PROVISIONS:**

1. Issuance of permits, leases, agreements, berth and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of the following existing facilities and land and water use areas involving negligible or no expansion of use and/or alteration or modification of the facilities or its operations beyond that previously existing or permitted is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(18)(c) of the Los Angeles City CEQA Guidelines.
2. This lease is 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 606.
4. Korean Airlines Co. will comply with the provisions of the Living Wage/Service Contractor Worker Retention Ordinances
5. The Small Business Enterprise Program does not apply to leases.
6. Korean Airlines Co. will comply with the provisions of the Affirmative Action Program.
7. Korean Airlines Co. is not required to obtain a Business Tax Registration Certificate for this Lease Agreement.
8. Korean Airlines Co. will comply with the provisions of the Child Support Obligations Ordinance.
9. Korean Airlines Co. has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. Korean Airlines Co. must submit the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of the Contractor Responsibility Program.
12. Korean Airlines Co. must be determined by Public Works, Office of Contract Compliance, with the provisions of the Equal Benefits Ordinance prior to execution of the Lease Agreement.
13. Korean Airlines Co. will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. This action is not subject to the provisions of Bidder Contributions CEC Form 55.



# Report to the BOARD OF AIRPORT COMMISSIONERS

Approved by: Ramon Olivares, Director, Leasing and Development

Reviewed by: Debbie Bowers, Executive Director

Timothy J. [Signature]  
City Attorney

Gina Marie Lindsey  
Gina Marie Lindsey - Executive Director

Meeting Date:

**December 17, 2012**

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	11/15/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	11/19/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	11/14/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	11/30/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MT

**SUBJECT: Approval of Lease and Rental Rates for Warehouse Facility at 6060 Avion Drive**

Approval of a five-year Lease with Delta Air Lines, Inc., and approval of rental rates for building located at 6060 Avion Drive at Los Angeles International Airport that will generate approximately \$249,554 in annual revenue and \$1,247,772 over the five-year term.

**RECOMMENDATION:**

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 III Class 1(18)(c) of the Los Angeles City CEQA Guidelines.
3. APPROVE rental rates for the 6060 Avion Drive warehouse building as referenced in this report.
4. APPROVE the Lease between the City of Los Angeles and Delta Air Lines, Inc.
5. AUTHORIZE the Executive Director to execute the Lease, after approval as to form by the City Attorney.

## **DISCUSSION:**

### **1. Executive Summary**

Staff requests the Board of Airport Commissioners (Board) approve a five-year Lease with Delta Air Lines, Inc. (Delta) and rental rates for warehouse space located at 6060 Avion Drive. The proposed Lease will generate \$249,554 in annual revenue and approximately \$1,247,772 over the five-year term.

### **2. Prior Related Actions**

On March 7, 2005, the Board approved Lease No. LAA-8257 with Delta for maintenance facilities covering approximately 24 acres of land including a maintenance hangar, ground service equipment buildings, and a warehouse/storage building. The Lease commenced on July 1, 2003 and expired on June 30, 2008.

In May of 2009, Los Angeles World Airports (LAWA) consented to a Notice of Partial Leasehold Surrender allowing Delta to vacate 65,929 square feet (SF) of the warehouse/storage building, thus providing LAWA space for records retention and storage.

On May 21, 2012, the Board approved Lease No. LAA-8636 with Delta for maintenance facilities covering approximately 21 acres of land including a maintenance hangar and ground service equipment buildings. The Lease commenced on August 31, 2012 and will terminate on August 30, 2017.

### **3. Current Action**

The proposed Lease includes 38,393 SF of warehouse/storage space inside a six-story 104,434 SF building for Delta to provide storage for cabin service equipment and supplies connected to their passenger operations at LAX. Most of the remainder of the building is controlled by LAWA and used for records retention and storage; 112 SF is used by another tenant (ARINC). The proposed building rates will be applicable for the entire building.

The proposed Lease provides that on July 1 of 2013 – 2016, the rental rate will be subject to a CPI adjustment; on July 1, 2017, the rate will be subject to a market adjustment. The rates were derived from appraisals and accepted by Delta. Delta agrees to all LAWA standard lease terms and provisions. Delta will be responsible for all maintenance and utilities for their proportionate share of the warehouse building.

The table below provides a summary of key elements of the current and proposed Leases.

Lease Summary		
Term:	Current:	Proposed:
Commencement	July 1, 2003	Effective Date
Expiration	June 30, 2008	5 yrs from execution by ED
Cancellation Provision	Upon default	30 Days
Demised Premises:		
Warehouse Space (Basement, 2 <sup>nd</sup> Flr and portions of 1 <sup>st</sup> Flr)	38,505 SF	38,393 SF * (Change in SF to take effect on June 1, 2012)
Rent:		
Warehouse Space	\$2.16278 SF/YR	June 1, 2012 - Dec. 31, 2012 \$4.00 SF/YR Jan. 1, 2013 - \$6.50 SF/YR
Annual Rent:	\$83,277.84	\$249,554.50**

\*112 sq ft from 2<sup>nd</sup> Flr of premises will be deducted effective June 1, 2012.

\*\* Total for January 1, 2013 – December 31, 2013

Staff requests that the Board approve the proposed Lease and building rental rates and authorize the Executive Director to execute the Lease after approval as to form by the City Attorney.

#### 4. Alternatives Considered

- **Leasing the premises to a different tenant**

Leasing the premises to a different tenant is not recommended. Delta is an airline tenant that has remained in good standing at LAX.

- **Not leasing the premises**

Not leasing the premises would be an option if LAWA needed to use the facility for its own purposes. At this time, LAWA does not have a need for the facility and an earlier termination provision enables LAWA to retain flexibility with respect to any possible future use.

## **FISCAL & ECONOMIC IMPACT STATEMENT:**

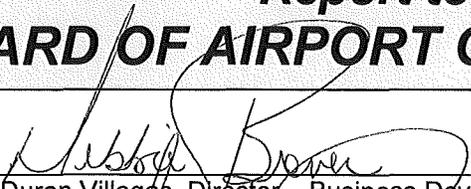
Approval of this item will generate approximately \$1,247,772 in gross revenue, exclusive of rental adjustments, for Los Angeles World Airports during its five-year term.

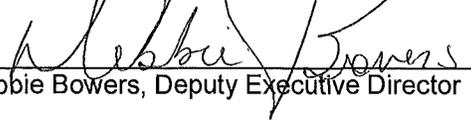
## **STANDARD PROVISIONS:**

1. The issuance of permits, leases and agreements granting use of an existing facility is exempt from the requirements of the California Environmental Quality Act pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. This Lease is subject to approval as to form by the City Attorney.
3. Action taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of the Los Angeles City Charter, Section 245.
4. Delta will be subject to the provisions of the Service Contractor Worker Retention and Living Wage Ordinances.
5. The Small Business Enterprise Program does not apply to leases.
6. Delta will comply with the provisions of the Affirmative Action Program.
7. Delta has been assigned Business Tax Registration Certificate number 0000323933-0001-8.
8. Delta will comply with the provisions of the Child Support Obligations Ordinance.
9. Delta has approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. Delta must submit the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of the Contractor Responsibility Program prior to execution of the Lease Agreement.
12. Delta 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 Lease Agreement.
13. Delta will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. This action is not subject to the provisions of the Bidder Contributions CEC Form 55.

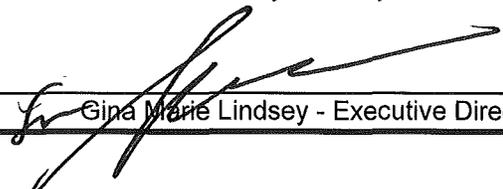


# Report to the BOARD OF AIRPORT COMMISSIONERS

Approved by:  Duran Villegas, Director – Business Development

Reviewed by:  Debbie Bowers, Deputy Executive Director

City Attorney

  
Gina Marie Lindsey - Executive Director

Meeting Date:

December 17, 2012

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	11/27/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	11/27/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	11/27/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	11/28/12	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> Cond	JPA

**SUBJECT:** Approval of a Lease and Rental Rates for Clay Lacy Aviation, Inc. at Van Nuys Airport, (VNA-2935)

Approval of a Lease with Clay Lacy Aviation, Inc., and approval of building rental rates located at 7435 Valjean Avenue at Van Nuys Airport that will generate approximately \$1,032,038 in annual revenue in the first year of the extension term and approximately \$15,480,565 over the initial fifteen-years of the initial extension term.

**RECOMMENDATION:**

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III Class 1(18)(c) of the Los Angeles City CEQA Guidelines.
- APPROVE building rental rates for the facility located at 7435 Valjean Avenue as referenced in this report.
- APPROVE a Lease between the City of Los Angeles and Clay Lacy Aviation, Inc.
- AUTHORIZE the Executive Director to execute a Lease for Clay Lacy Aviation, Inc. subject to approval as to form by the City Attorney and upon approval by the Los Angeles City Council.

## **DISCUSSION:**

### **1. Executive Summary**

Staff requests the Board of Airport Commissioners (Board) approve a Lease with Clay Lacy Aviation, Inc. (Clay Lacy) and rental rates for the premises located at Valjean Avenue at Van Nuys Airport (VNY). The proposed Lease is forecasted to generate approximately \$1,032,038 in annual revenue in the first year of the extension term, and approximately \$15,480,565 over the initial fifteen-years of the extension term.

### **2. Prior Related Actions**

On March 18, 1981, Clay Lacy Aviation, Inc. entered into a Ground Lease No. VNA-2935 for 3.4725 acres of aviation land in order to construct, operate and maintain a hangar and office facility in connection with the business of providing jet charter services, sales, and related activities.

On April 25, 1984, the Board approved the First Amendment to Lease No. VNA-2935 increasing the area of the site from 3.4725 acres to 8.0767 acres and extended the expiration date from March 18, 2001 to August 31, 2014. Clay Lacy was subject to a facilities use charge for the "Pre-1984 Facilities" commencing April 1, 2001 in the same manner as if such facilities use charge were rent. Title to improvements built after 1984 will revert to Los Angeles World Airports (LAWA) when the Lease expires on August 30, 2014.

On October 10, 1984, the Board consented to the Assignment to Ralph W. Kiewit, Jr., a portion (easterly one half of Parcel 2) of the property leased to Clay Lacy under Lease No. VNA-2935. Upon construction of a 24,000 square foot hangar together with automobile and aircraft parking areas, Kiewit agreed to sublease the improvements to Clay Lacy. The Lease and Consent to Sublease will both expire on August 30, 2014.

On January 8, 2007, the Board approved the Second Amendment to the Lease authorizing a five-year Repayment Plan to pay the retroactive rent for the retroactive periods 1995 – 2005 over a 5-year period at 5% interest. The amendment also added current administrative requirements to the Lease.

On May 16, 2011, the Board approved the aeronautical land rental rates at VNY for the 2010 through 2015 Periodic Adjustment period.

### **3. Current Action**

Clay Lacy is a Fixed Base Operator (FBO) at VNY. Though operationally constrained by the size of the current leased premises, Clay Lacy is among the most productive FBOs at VNY, as measured by fuel flow fees to LAWA. LAWA finds Clay Lacy's operation at VNY to be unique, both in terms of total financial returns to LAWA arising from the operation and the active customer base brought to VNY by this business's operation. Approving this Lease will allow LAWA to realize the ongoing financial benefits of Clay Lacy's tenancy and, to continue to promote FBO competition at VNY on an uninterrupted basis.

As part of considering the Lease, LAWA sought to increase current revenue while preserving airport development flexibility. The proposed Lease modifies the premises by (1) adding adjacent vacant premises immediately and (2) reserving the right to materially reduce the newly configured premises in the future when airfield improvements are expected to warrant such a change (See Attachment 1). In particular:

- Staff determined the adjacent parcel is of insufficient size and has too many future uncertainties to be commercially beneficial for development on a stand-alone basis. Incorporating the long-vacant adjacent parcel into the premises is (1) the best use for the vacant parcel and (2) through the Lease would most rapidly generate revenue for LAWA.

In addition, future airfield improvements may reduce the vacant parcel's size further than today's available area, making its viability as an isolated parcel questionable, at best.

- Additionally, as part of the recent primary runway reconstruction and rehabilitation project, the runway redundancy shortfalls of Runway 16L/34R (and its associated taxiways) became evident. As a result, the proposed Lease allows LAWA to delete from the premises all areas necessary for potential future airfield improvements that would allow Runway 16L/23R to operate more efficiently as a redundant runway for most aircraft using VNY.

### Extension Options

The Lease commits to an initial term of approximately 16 years and 8 months (Initial Term), which would expire on August 30, 2029. Thereafter, the Lease includes three successive extension options that, when exercised altogether, could potentially extend the Initial Term's expiration date by 15 additional years.

- The first five-year extension option (Extension Option A) is based upon Clay Lacy's early construction completion of all required improvements and fulfillment of the minimum investment requirement (\$10 million) by June 30, 2017. If exercised, Extension Option A would extend the Lease expiration date to August 30, 2034.
- The second five-year extension option (Extension Option B) is based upon Clay Lacy's fuel flow generation that exceeds the Average Monthly Fuel Flow Requirement of 21,000 gallons of jet fuel sold per acre for a consecutive 36-month period. If exercised, Extension Option B would extend the Lease expiration date to August 30, 2039, assuming Extension Option A had been exercised.
- The third five-year extension option (Extension Option C), which would require future Board approval, is conditional and requires Clay Lacy's completion of a mid-term facility reinvestment of no less than \$2 million by December 31, 2029. If exercised, Extension Option C extends the Lease expiration date to August 30, 2044. If the Board does not approve an extension of the term to August 30, 2044, LAWA will be required to make a termination payment for the residual value of improvements made by Clay Lacy.

### Development Requirements

Clay Lacy is required to secure all required development approvals such as all necessary aviation development designs, studies and investigations, and securing all governmental approvals, including the California Environmental Quality Act (CEQA) required for development. Clay Lacy is also responsible to present a plan to LAWA that improves the entire property resulting in "Full Site Build-out," appropriate public area landscaping on its leased premises, and the costs associated with compliance with all City "T" Conditions. The Lease prohibits vertical construction in areas that may be deleted from the premises and made available for potential future airfield improvements.

### Minimum Investment Requirement

Under the Lease, Clay Lacy must invest a minimum of \$10 million prior to June 30, 2018. If Clay Lacy fails to invest a minimum of \$2 million by June 30, 2018, Clay Lacy would be in default. If Clay Lacy invests more than \$4 million but less than \$10 million by June 30, 2018, Clay Lacy is required to pay LAWA the difference of \$10 million minus the actual investment amount as facility rent. To the extent "Full Site Build-out" does not require a minimum of \$10 million, LAWA-approved capital improvements to existing facilities may qualify as part of the Minimum

Investment Requirement. LAWA previously approved ramp improvements of approximately \$500,000, which when completed, would be credited against the total Minimum Investment Requirement.

### Assignment Fees

The Lease includes LAWA's standard lease assignment language. However, recognizing the existing Lease limits LAWA's rights for any assignment that would occur prior to the currently scheduled expiration date, the Lease provides for a one-time permission for the tenant to request assignment on different terms. Specifically, if the Lease is assigned to named parties (i.e., parties disclosed as having an interest in acquiring Clay Lacy's business and which acquisition may require Lease assignment) prior to December 31, 2012, a one-time assignment fee of \$1.48 million would be due LAWA.

### Rental Rates

The following rental rates are derived from appraisals and are accepted by Clay Lacy. For existing buildings, effective February 15, 2010, the rates are as follows:

- Hangar and Office space at \$4.74 per square foot per year (PSFPY)  
The net retroactive building rental amount of \$15,387 for the period from February 15, 2010 through December 31, 2012 is due and payable upon the Board's approval of the rates.

For buildings reverting to LAWA effective September 1, 2014, the rates are as follows:

- Eastern Hangar at \$6.47 PSFPY
- Western Hangar at \$6.47 PSFPY
- Northern Hangar at \$5.14 PSFPY

Under the terms of the Lease, on July 1 of each year when the five-year Periodic Adjustment is not scheduled, building and land rents are subject to CPI adjustments, which rates of adjustment are subject to negotiated floor and ceiling limitations.

On July 1, 2015, and every five years thereafter, the land rental rate is subject to a Periodic Adjustment to fair market rental value (the readjustment to fair market rental value could result in the rent being lower than the previous year's rent).

On July 1, 2020, and every five years thereafter, the building rental rates are subject to a Periodic Adjustment to fair market rental value.

### Airport Deficit Recovery Program

The Lease includes LAWA's standard Van Nuys Airport Deficit Recovery Program (DRP) provision. Under the DRP and subject to limitations, certain annual deficits with respect to the operation of the Airport may be allocated to and recovered from tenants at the Airport. If the DRP is activated by the Board, the DRP rates will be applicable to Clay Lacy under the terms of the Lease.

Clay Lacy agrees to all LAWA standard lease terms and provisions. The table below provides a summary of key elements of the current lease and proposed Lease.

Lease Summary		
Term:	Current:	Proposed:
Commencement	March 18, 1981	Execution by Executive Director
Expiration	August 30, 2014	Initial Term is 16 years and 8 months
Cancellation Provision	None	Terminate for Failure to invest
<b>Demised Premises:</b>		
<u>Land</u>		
Clay Lacy	Parcel 1 @ 3.4725 acres	Combine existing Parcels 1, 2 and 2E (8.0767 acres) with an adjacent vacant parcel (5.7491 acres) for a total of 13.8258 acres.
	Parcel 2 @ 2.4950 acres	
Ralph Kiewit Jr.	<u>Parcel 2E @ 2.1092 acres</u> 8.0767 acres	
<u>Existing Facilities</u>		
Hangar/ Office Space	28,125 square feet	28,818 square feet (per 2010 appraisal)
<u>Reverting Facilities</u>		
	<u>None</u>	<u>Effective August 31, 2014</u>
Eastern Hangar	0 square feet	24,500 square feet
Western Hangar	0 square feet	32,200 square feet
Northern Hangar	0 square feet	10,290 square feet
<b>Rent:</b>		
<u>Land</u>		
Clay Lacy	\$32,670 Per Acre Per Year	No Change
Ralph Kiewit Jr.	\$32,670 Per Acre Per Year	No Change
<u>Existing Buildings</u>		
Hangar/Office Space	\$4.55 SF/YR	\$4.74 SF/YR
<u>Reverting Buildings</u>		
	<u>None</u>	<u>Effective August 31, 2014</u>
Eastern hangar	\$0	\$6.47 SF/YR
Western Hangar	\$0	\$6.47 SF/YR
Northern Hangar	\$0	\$5.14 SF/YR
<b>Annual Rent:</b>	\$391,835	\$588,286
		<u>Effective August 31, 2014</u> \$1,032,038

Staff requests that the Board approve the proposed Lease and building rental rates and authorize the Executive Director to execute the Lease after approval as to form by the City Attorney.

#### 4. Alternatives Considered

- **Allow the current Lease to expire and solicit a replacement tenant for the site.**

Staff finds that extending the existing Lease with a tenant that (1) remains in good standing at VNY and (2) provides ongoing operation and financial benefits to LAWA is in LAWA's best interest. Additionally, staff does not believe that terms from a replacement tenant are likely to be better for LAWA than the terms negotiated in the proposed Lease.

- **Not leasing the premises**

Not leasing the premises would be an option if LAWA needed to use the vacant parcel for its own purposes. At this time, LAWA does not have a need for the vacant parcel. However, the proposed Lease enables LAWA to consolidate the two aforementioned parcels and begin charging and collecting rent on the vacant parcel.

### **FISCAL & ECONOMIC IMPACT STATEMENT:**

Approval of this item will result in approximately \$10 million in capital investment by Clay Lacy and generate approximately \$1,032,038 in annual revenue in the first year of the extension term and approximately \$15,480,565 over the initial fifteen-years of the extension term.

### **STANDARD PROVISIONS:**

1. The issuance of permits, leases and agreements granting use of an existing facility is exempt from the requirements of the California Environmental Quality Act pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. This Lease is subject to approval as to form by the City Attorney.
3. Action taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of the Los Angeles City Charter, Section 606.
4. Clay Lacy, Inc. is required by lease agreement to comply with the provisions of the Service Contractor Worker Retention and/or Living Wage Ordinance.
5. The Small Business Enterprise Program does not apply to leases.
6. Clay Lacy, Inc. is required by lease agreement to comply with the provisions of the Affirmative Action Program.
7. Clay Lacy, Inc. has been assigned Business Tax Registration Certificate No. 0000848399-0001-4
8. Clay Lacy, Inc. is required by lease agreement to comply with the provisions of the Child Support Obligations Ordinance.
9. Clay Lacy, Inc. has approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
11. Clay Lacy, Inc. must submit the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of the Contractor Responsibility Program.
12. Clay Lacy, Inc. must be determined by Public Works, Office of Contract Compliance, with the provisions of the Equal Benefits Ordinance prior to execution of the Lease Agreement.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. Clay Lacy, Inc. must submit the Bidder Contributions CEC Form 55 and will comply with its provisions.



# Report to the BOARD OF AIRPORT COMMISSIONERS

*Denise Sample*  
 Approved by: Denise Sample - Managing Director

*Debbie Bowers*  
 Reviewed by: Debbie Bowers - Deputy Executive Director

*Timothy J. ...*  
 City Attorney

*Gina Marie Lindsey*  
 Gina Marie Lindsey - Executive Director

Meeting Date:  
**December 17, 2012**

CAO Review:     Completed  
                            Pending  
                            N/A

Reviewed for	Date	Approval Status	By
Capital Budget	10/23/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	10/24/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	10/23/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	10/29/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	JPA

**SUBJECT: Amended and Reinstated Concession Agreement with Delaware North Companies Travel Hospitality Services, Inc.**

Approval of the Amended and Reinstated Concession Agreement with Delaware North Companies Travel Hospitality Services, Inc. for a term of two years with three one-year options for concession services at Los Angeles International Airport, which will generate a minimum of \$1.65 million in revenue the first year.

**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 III, Class 1(18)(c) of the Los Angeles City CEQA Guidelines.
3. APPROVE the proposed Amended and Reinstated Concession Agreement with Delaware North Companies Travel Hospitality Services, Inc. which will generate a minimum of \$1.65 million in revenue the first year.
4. AUTHORIZE the Executive Director or her designee to execute the proposed Amended and Reinstated Concession Agreement with Delaware North Companies Travel Hospitality Services, Inc., at Los Angeles International Airport upon approval as to form by the City Attorney and upon approval by the Los Angeles City Council.

## **DISCUSSION:**

### **1. Executive Summary**

Staff requests the Board of Airport Commissioners (Board) approve the Amended and Reinstated Concession Agreement (Agreement) with Delaware North Companies Travel Hospitality Services, Inc. (DNC). This Agreement is necessary in order to ensure continuous concession service in Terminals 1, 2, 3, 6, and Tom Bradley International Terminal (TBIT) as the concessions operations in those terminals transition to the Terminal Commercial Manager (TCM) and in Terminals 4, 5, 7, and 8, while concession redevelopment activities are in progress. Approval of this Agreement will result in a minimum revenue to Los Angeles World Airports (LAWA) of \$1.65 million in revenue the first year.

### **2. Prior Related Actions**

On March 24, 1995 the City entered into Concession Agreement LAA-7472 with DNC to provide concession service at Los Angeles International Airport (LAX). On February 17, 2009 under Board Order AO-5113 the Board approved the Fifth Amendment to extend the Agreement for two years, expiring on December 31, 2012.

### **3. Current Action**

LAWA is undergoing major efforts to update and revitalize concessions operations at LAX including implementing TCM operations in Terminals 1, 2, 3, 6, and TBIT and redeveloping concessions in Terminals 4, 5, 7, and 8. Concession development under the TCM will be phased over the next two years. Redevelopment activities in Terminals 4, 5, 7, and 8 are ongoing with completion anticipated in 2013. During the development phase, existing concessions will remain open to ensure continuity of service. DNC currently has locations in Terminals 1, 2, TBIT and the Theme Building. This Agreement will provide the authority to maintain the current level of service as LAWA works towards building a world class concession program. Under the Agreement, LAWA may recapture space with a 60-day written notice.

Key Components of this Amendment are:

#### Term of Concession Agreement

Two years plus three one-year extension options. The two-year term will commence on January 1, 2013.

#### Minimum Annual Guarantee (MAG) and Percentage Rent

The MAG will remain at the current level, allocated to each unit except the Encounter Restaurant, based on current sales. As locations are recaptured for transition, the MAG will be adjusted on a pro-rated basis. The Encounter Restaurant has a flat MAG of \$100,000 per year, with no percentage rent.

The percentage rent for all locations except for the Encounter restaurant is calculated by multiplying a) 14.5% times the gross sales of food and non-alcoholic beverages plus b) 21.5% times the gross sales of alcoholic beverages. However, DNC may deduct \$43,800 per month from the Daily Grill gross sales of food and non-alcoholic beverages prior to applying the 14.5% for the percentage rent calculation.

Exemption from Non-Exclusive License Agreement Fee

Vendors delivering to concessionaires will be exempt from paying the 10% fee required by LAWA for companies that obtain a Non-Exclusive License Agreement.

Termination Clause

LAWA may recapture any of the locations in this Agreement upon 60 days written notice. The Encounter Restaurant automatically expires on December 31, 2013.

Staff requests that the Board approve the proposed Agreement which DNC, subject to approval as to form by City Attorney and approval by the Los Angeles City Council.

**4. Alternatives Considered**

▪ ***Transfer operation of these locations to the TCM***

LAWA considered transferring operation of DNC's locations in Terminals 1, 2, TBIT and the Theme Building to the TCM. Under the TCM agreement (LAA-8613), the TCM may enter into temporary or interim concession agreements with existing concessionaires prior to commencement of TCM activities. The focus for the TCM at this time needs to remain on the TBIT spaces.

**FISCAL & ECONOMIC IMPACT STATEMENT:**

Approval of the Agreement will generate annual revenue of \$1.65 million for LAWA in the first year.

**STANDARD PROVISIONS:**

1. The issuance of leases, agreements, amendments, and extensions thereof or other entitlements granting use of an existing facility at a municipal airport involving no expansion of use are exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(18)(c) of the Los Angeles City CEQA Guidelines.
2. Execute these amendments after approval as to form by 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 606.
4. DNC is required by contract to comply with the provisions of the Living Wage Ordinance.
5. Procurement Services reviewed this action (File No. 5976) and established a goal of 21% Airport Concessions Disadvantaged Business Enterprise Program participation. DNC proposed 7% ACDBE participation. DNC has achieved 5.97% ACDBE participation to date.
6. DNC is required by contract to comply with the provisions of the Affirmative Action Program.
7. DNC has been assigned Business Tax Registration Certificate No. 000021 8205-0001-3.
8. DNC is required by contract to comply with the provisions of the Child Support Obligations Ordinance.

9. DNC must have approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports prior to execution of the Amendment.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
11. DNC must submit the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of the Contractor Responsibility Program.
12. DNC has been determined by Public Works, Office of Contract Compliance to be in compliance with the provisions of the Equal Benefits Ordinance.
13. DNC will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. DNC must submit the Bidder Contributions CEC Form 55 and comply with its provisions.
15. DNC will be required to comply with the Labor Peace Agreement.



# Report to the BOARD OF AIRPORT COMMISSIONERS

*Paul Andre*  
Approved by: Paul Andre, Property Manager

*Debbie Bowers*  
Reviewed by: Debbie Bowers, Deputy Executive Director

*Timothy J. [Signature]*  
City Attorney

*Gina Marie Lindsey*  
Gina Marie Lindsey - Executive Director

Meeting Date:

December 17, 2012

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	12/06/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	12/12/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	12/06/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	12/04/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	JPA

**SUBJECT: Approval of Building and Land Rental Rates at Van Nuys Airport**

Approval of new Van Nuys Airport building and land rental rates that will replace certain tenants' existing building and land rental rates as previously approved by the Board of Airport Commissioners.

**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 III, Class 1 (31) of the Los Angeles City CEQA Guidelines.
3. APPROVE the new Building and Land Rental Rates at Van Nuys Airport that will be used for the Periodic Adjustment of building rental rates for certain tenants as referenced within this report.
4. AUTHORIZE the Executive Director to adjust and apply the new Building and Land Rental Rates to existing and future leases as applicable.

## **DISCUSSION:**

### **1. Executive Summary**

In accordance with the Los Angeles City Charter, Los Angeles City assets under lease are subject to periodic adjustments at no greater than five-year intervals. Staff procured building appraisals for certain tenants at Van Nuys Airport (VNY) in the fall of 2011 and presented those appraisals to the tenants in early 2012. After the tenants reviewed the Los Angeles World Airports (LAWA) appraisals they decided to procure their own appraisals through a single appraiser. LAWA received those results in September 2012 and subsequently offered the VNY tenants a building and land rental rate counter-offer between the two appraisals. Staff requests the Board approve the proposed building and land rental rates as applicable to the tenants referenced in this report.

### **2. Prior Related Actions**

On May 16, 2011, under Resolution No. 24463, the Board approved aeronautical land rental rates for certain tenants at VNY. The updated rates replaced existing aeronautical land rental rates previously approved by the Board under individual lease agreements, and established aeronautical land rental rates for new leases at VNY.

### **3. Current Action**

In accordance with the Los Angeles City Charter 607(b) and LAWA Leasing Policy, Los Angeles City assets under lease are subject to periodic adjustment at no greater than five-year intervals.

At the Van Nuys Airport Association's (VNAA) request, staff met with the VNAA in October 2010 to discuss the periodic land rental rate adjustment process with airport tenants. At that meeting, staff stated their desire to avoid expensive and potentially divisive independent appraisals with each VNY tenant, preferring instead to work with the VNY tenants toward a unified schedule of land rates that would result in a more level playing field for businesses at VNY. Staff and the VNAA members agreed that building rental rates would be adjusted subsequent to the land rental rate adjustment.

In September 2011, staff arranged for site inspections of VNY tenants' buildings and land in order to have them appraised for the 2010 building periodic rate adjustment. Appraisal drafts were supplied by the appraiser in December 2011. The appraisals were reviewed and then distributed to the tenants in January 2012. VNY tenants later responded through the VNAA that they would procure their own appraisals after rejecting the LAWA appraisal results.

In October 2012, staff received appraisals from the VNY tenants. After review, staff made counter-offers to the VNY tenants. The building rental rates offered are in between the LAWA and VNY tenants' appraisals conclusions. Of those given an offer, the following have agreed upon a building or land rental rate as referenced in the exhibit below:

**Exhibit - Summary of Proposed VNY Land and Building Rates**

Current Tenant Name	Lease No.	Building Type	Bldg Area/sf	Land Area/ac	2010 Rental Rate Per Year	Proposed Rental Rate Per Year	Proposed Annual Rent	Total Change Due to Proposed Periodic Adjustment*
National Helicopter Service and Engineering	VNA-7770	n/a	n/a	1.50	\$ 19,402.10	\$ 24,725.00	\$ 37,087.50	\$ 23,450.88
Castle & Cooke Aviation Services LLC	VNA-8514	Hangar	20,000	-	\$ 6.85	\$ 5.75	\$ 115,000.00	\$ (56,331.51)
Signature Flight Support Corp.	VNA-7156	Hangar	12,130	-	\$ 5.19	\$ 5.20	\$ 63,076.00	\$ 463.07
Aerolease West LLC	VNA-8368A	Hangar T-Hangar	99,000 67,578	- -	\$ 6.32 \$ 2.95	\$ 5.75 \$ 2.95	\$ 569,250.00 \$ 199,355.10	\$ (141,749.87) \$ (9.96)
Basenet LLC	VNA-4282	Hangar/Ofc	13,392	-	\$ 4.91	\$ 4.77	\$ 63,879.84	\$ (5,388.64)

\* Total calculation is based upon each tenant's lease Periodic Adjustment Date (2/15/2010 or 7/1/2010) until Dec. 30 2012.

Staff recommends the Board approve the five-year schedule for the VNY building and land rental rates as prescribed, and authorize the Executive Director to adjust and apply the recommended building rental rates for tenants who have agreed to the schedule.

**4. Alternatives Considered**

▪ **Not adjust the Van Nuys Airport Building and Land Rental Rates**

Rental rate adjustment is mandated by the Los Angeles City Charter under Section 607 and 632. Postponing or delaying of the building and land rental adjustment will result in financial loss to LAWA, and non-compliance with the City Charter. The affected tenants will not have the ability to budget into the future accordingly without knowledge of what the building and land rental rates will be.

▪ **Continue with the Appraisal Process**

LAWA had the option to proceed with a "tie-breaker" appraisal rather than negotiating the rental rate adjustments. Procuring the third appraisal would result in further costs incurred by both sides, further delays in resolving the rental rate adjustment process and no guarantee that an amicable resolution would be obtained.

**FISCAL & ECONOMIC IMPACT STATEMENT:**

Adjustment of the current Van Nuys Airport building and land rental rates will reduce the total annual revenue for the named tenants to approximately \$1,047,648 during the first fiscal year or approximately \$5.23 million over the next five years, excluding subsequent annual Consumer Price Index or mid-term Producer Price Index adjustments. Retroactive rent owed tenants will be approximately \$179,566.

**STANDARD PROVISIONS:**

1. The establishment or modification of any rate, fee or charge for the use of existing municipal facilities and services involving negligible or no expansion of use is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article III, Class 1(31) of the Los Angeles City CEQA Guidelines.
2. This action is not a contract, and therefore not 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 245.
4. This action is not subject to the provisions of the Service Contractor Worker Retention and Living Wage Ordinances.
5. This action is not subject to the provisions of the Small Business Enterprise Program.
6. This action is not subject to the provisions of the Affirmative Action Program.
7. This action does not require a Business Tax Registration Certificate.
8. This action is not subject to the provisions of the Child Support Obligations Ordinance.
9. This action is not subject to the insurance requirements of the Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. This action is not subject to the provisions of the Contractor Responsibility Program.
12. This action is not subject to the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. This action is not subject to the provisions of Bidder Contributions CEC Form 55.



# Report to the BOARD OF AIRPORT COMMISSIONERS

*[Signature]*  
 Approved by: Denise Sample, Managing Director

*[Signature]*  
 Reviewed by: Debbie Bowers, Deputy Executive Director

*[Signature]*  
 City Attorney

*[Signature]*  
 Gina Marie Lindsey - Executive Director

*[Handwritten: Full]*

Meeting Date:  
**December 17, 2012**

CAO Review:     Completed  
                            Pending  
                            N/A

Reviewed for	Date	Approval Status	By
Capital Budget	11/16/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	11/16/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	11/14/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	12/04/12	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> Cond	MT

**SUBJECT: Authorization to join the U.S. Communities Purchase Agreement No. 4400003402 with Haworth, Inc.**

Authorize the Executive Director to join U.S. Communities Purchase Agreement No. 4400003402 with Haworth, Inc. to purchase office furniture and services for Los Angeles World Airports for one year with two one-year extensions for a total not to exceed \$2,235,000.

**RECOMMENDATIONS:**

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- 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.
- FIND that the work can be performed more economically or feasibly by independent contractors than by City employees.
- AUTHORIZE the Executive Director to join U.S. Communities Purchase Agreement No. 4400003402 with Haworth, Inc., to purchase office furniture and ancillary services at Los Angeles World Airports for an amount not to exceed \$2,235,000 for the period of January 1, 2013 through December 31, 2016.
- APPROPRIATE funds in the amount not to exceed \$2,235,000 as funds become available through the annual budget.

6. AUTHORIZE the Executive Director to execute a Contract with Haworth, Inc., after approval as to form by the City Attorney.

## **DISCUSSION:**

### **1. Executive Summary**

Staff requests the Board of Airport Commissioners (Board) authorize the Executive Director to join Purchasing Agreement No. 4400003402 with Haworth, Inc., under the U.S. Communities Government Purchasing Alliance (U.S. Communities) contract, to purchase office furniture and services for one year with two one-year extensions, with a total not-to-exceed amount of \$2,235,000. Over 50% of this amount is for furniture for Customs and Border Patrol (CBP) in the new federal inspection facilities in the Tom Bradley International Terminal (TBIT), for which Los Angeles World Airports (LAWA) is required to provide furniture under federal regulations.

### **2. Prior Related Actions**

On February 9, 2009 by Resolution No. 23718, the Board authorized LAWA to join the U.S. Communities Purchase Agreement No. 878957-20 and to contract with Unisource Solutions, Inc. (Unisource) to purchase furniture and provide ancillary services for an amount not to exceed \$262,000.

Since 2009, the Board authorized three amendments to Contract No. DA-4327 to continue these services. The First Amendment, approved on June 7, 2010, increased the contract amount by \$200,000 for a total of \$462,500. The Second Amendment, approved on August 1, 2011, authorized an additional \$300,000 for a total contract value of \$762,500. The Third Amendment, approved on August 6, 2012, increased the contract amount by \$525,000 for a total contract value of \$1,287,500. The current contract is due to expire on December 31, 2012. U.S. Communities is a nationwide strategic sourcing program developed and designed by public purchasing professionals for use by governmental agencies and public-benefit nonprofits throughout the United States. An important feature of this purchasing program is the pricing commitment agreement made by the program suppliers. U.S. Communities solicited 308 firms to bid on the sale of furniture and 22 firms responded. Of the 22 firms, U.S. Communities selected three firms to be awarded contracts: Haworth, Inc., Knoll, Inc. and Herman Miller, Inc.

### **3. Current Action**

LAWA staff request this new contract to provide LAWA with tools to meet its needs for office furniture and services. The contract will be used for the Security Badging Office renovation project and in responding to other furniture and space planning requests from various LAWA divisions. In addition, the contract will allow LAWA to procure, deliver, and assemble office furniture for the new CBP areas in the Tom Bradley International Terminal (TBIT). Haworth has been LAWA's furniture provider under the current U.S. Communities contract with Unisource. The current contract expires on December 31, 2012.

The table below provides a summary of the proposed contract:

Project	Cost
CBP new space in TBIT	\$1,015,000
Security Badging Office	\$100,000
Space Planning Budget for FY 12/13 - 15/16	\$1,120,000
Total	\$2,235,000

Staff requests the Board approve Contract DA- with Haworth, Inc. for \$2,235,000 and appropriate funds in this amount as they become available in succeeding fiscal years.

#### 4. Alternatives Considered

- **Issue a Request for Bids**

Staff considered issuing a Request for Bids (RFB); however, the time to develop an RFB and award a new contract would not meet the scheduled opening of the Bradley West project.

#### **FISCAL & ECONOMIC IMPACT STATEMENT:**

Staff requests a total allocation of funds in the not-to-exceed amount of \$2,235,000 for this contract. Staff anticipates capital expenditures of \$1,015,000 will be allocated to WBS Element 1.08.10-700 (Bradley West) and \$100,000 will be allocated to WBS Element 1.12.05-700 (Credentialing System Project). However, these estimates for Bradley West and the Credentialing System Project may be revised in the future if funds from this contract are allocated to other Capital Projects and their respective WBS elements although total capital expenditures from this contract may not exceed \$1,115,000.

Funds for non-capital purchases are currently available in the FY2012-13 Los Angeles World Airports Operating Budget in LAX Cost Center 1150008 – Space Planning, Commitment Item 522 – Materials and Supplies. Funding for subsequent fiscal years will be requested as part of the annual budget process.

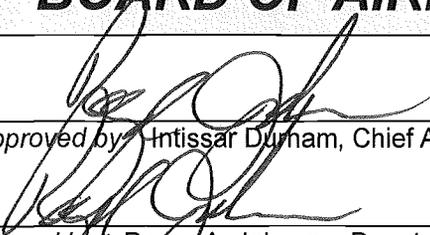
#### **STANDARD PROVISIONS:**

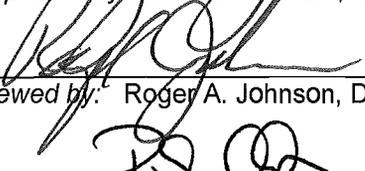
1. This action, as a continuing administrative activity, is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. The underlying contract was approved as to form by the City Attorney.
3. Actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 245.

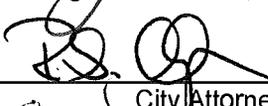
4. This action is statutorily exempt from the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. U.S. Communities does not have a mandatory Small Business Enterprise (SBE) Program or similar outreach program, and therefore, no SBE participation levels were set for this project. Further, Procurement Services has reviewed this action (File No.6048) and confirmed there are no SBE levels of participation for this project, as no subcontracting opportunities were identified.
6. Haworth will comply with the provisions of the Affirmative Action Program.
7. Haworth must submit a Business Tax Registration Certificate number prior to execution of the contract.
8. Haworth will comply with the provisions of the Child Support Obligations Ordinance.
9. Haworth must have approved insurance documents, in the terms and amounts required, on file with Los Angeles World Airports prior to execution of the contact.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
11. Haworth must submit the Contractor Responsibility Program Questionnaire and Pledge of Compliance and comply with the provisions of the Contractor Responsibility Program prior to execution of the contract.
12. This action is not subject to the provisions of the Equal Benefits Ordinance, pursuant to Los Angeles Administrative Code Section 10.8.2.1(i)(1)(h) – Bulk Purchasing Arrangements through U.S. Communities.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. Haworth must submit the Bidder Contributions CEC Form 55 and comply with its provisions prior to execution of the contract.

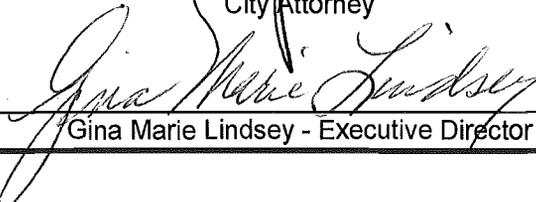


# Report to the BOARD OF AIRPORT COMMISSIONERS

Approved by:   
Antissar Durnham, Chief Airports Engineer

Reviewed by:   
Roger A. Johnson, Deputy Executive Director

  
City Attorney

  
Gina Marie Lindsey - Executive Director

Meeting Date:

December 17, 2012

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	12/03/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	12/03/12	<input type="checkbox"/> Y <input type="checkbox"/> N <input checked="" type="checkbox"/> NA	RW
CEQA	11/26/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	11/21/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	TS

**SUBJECT: Award of Construction Contract to Asbestos Instant Response, Inc. for the Manchester Square and Belford Demolition Project**

Award a construction contract in the amount of \$789,500 to Asbestos Instant Response, Inc. for the "Manchester Square and Belford Demolition" project at Los Angeles International Airport, and appropriate capital funds in the not-to-exceed amount of \$1,047,925 for this project.

**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(i) of the Los Angeles City CEQA Guidelines.
3. APPROVE the award of a construction contract to Asbestos Instant Response, Inc., the lowest responsive and responsible bidder, for the "Manchester Square and Belford Demolition" project at Los Angeles International Airport in the amount of \$789,500.
4. APPROPRIATE capital funds in the not-to-exceed amount of \$1,047,925 for this project.
5. AUTHORIZE the Executive Director to execute the contract with Asbestos Instant Response, Inc. upon its approval as to form by the City Attorney.

## **DISCUSSION:**

### **1. Executive Summary**

Staff requests award of a \$789,500 construction contract to Asbestos Instant Response, Inc., the lowest responsive and responsible bidder, for the "Manchester Square and Belford Demolition" project at Los Angeles International Airport (LAX), and requests appropriation of \$1,047,925 in capital funds for this project.

This demolition project project is part of the Manchester Square and Belford Voluntary Residential Acquisition and Relocation Program (VRAR) at LAX. The VRAR program assists residential property owners who voluntarily request that Los Angeles World Airports (LAWA) acquire their single and multi-family properties. Dwellings acquired through the VRAR program are then demolished to eliminate the potential for trespassing and vandalism. A total of 17 LAWA-owned properties in the Manchester Square and Belford communities east of LAX will be demolished as part of this construction package.

### **2. Prior Related Actions**

A mitigated Negative Declaration was prepared for the Manchester Square and Airport/Belford Area Voluntary Acquisition Project and approved by the Board on July 18, 2000.

On March 5, 2012 by Resolution No. 24727, the Board approved the request by LAWA to issue a Notice Inviting Bids for demolition of 17 properties in the Manchester Square and Belford areas near LAX.

### **3. Current Action**

There are currently 17 properties in the Manchester Square and Belford communities that LAWA acquired through the VRAR program and designated for demolition. Attachment "A" represents a list of these properties, including addresses, area, and lot sizes, and Attachment "B" depicts the general location of these properties. The scope of this demolition project includes:

- Obtain necessary permits
- Install temporary fencing
- Conduct hazardous material survey and abatement
- Demolish existing structures
- Properly dispose of demolition debris including the recycling of salvageable materials
- Grade, irrigate, landscape and fence permanent sites, as needed

This project was advertised for bids on August 12, 2012 and six bids were received on October 10, 2012. The bids, which will expire on January 8, 2013, are as follows:

	<b>CONTRACTOR</b>	<b>BID AMOUNT</b>
1	Asbestos Instant Response, Inc	\$ 789,500
2	Unlimited Environmental, Inc.	\$ 885,000
3	National Demolition Contractors	\$ 927,555
4	Interior Demolition, Inc.	\$ 941,048
5	American Wrecking, Inc.	\$ 964,500
6	E. Avico, Inc.	\$ 1,093,000

Administrative Review

LAWA's Procurement Services Division conducted a review of the two lowest bids and found both to be in compliance with the City of Los Angeles's administrative requirements. Procurement Services established a 10% Minority/Women Business Enterprise (M/WBE) level of participation for this project. Asbestos Instant Response, Inc., proposes 3.27% combined M/WBE participation from firms certified by the City of Los Angeles. Asbestos Instant Response, Inc., sent subcontracting outreach letters to six M/WBE firms. Only three firms expressed interest and subsequently were all selected. Based on documents submitted, Procurement Services determined that Asbestos Instant Response, Inc. is a responsive bidder and passed the good faith effort review for outreach to MBE/WBE/OBE subcontractors.

Total Project Cost:

The Engineer's construction cost estimate for this project was \$1,400,000. Asbestos Instant Response's bid is 44% below the Engineer's estimate. The variance is due in part to an overall competitive bid environment, as evidenced in the six bids received, and competitive pricing of equipment rental and dumping fees in comparison to the more conservative Engineer's estimate.

The overall total budget for this project is \$1,304,925 which includes the cost of the construction contract and surveys, also known as hard costs. The total requested appropriation includes construction contingency, and associated soft costs for LAWA and City support services. Staff is requesting a 15% construction contingency rather than the typical 10% for flat work to address any unknown and unforeseen hazardous material abatement and demolition. Total project costs are estimated as follows:

Cost of Construction

Construction Contract	\$	789,500
HazMat Survey	\$	85,000
<b>Total Hard Cost:</b>	<b>\$</b>	<b>874,500</b>

Project Soft Costs:

Design and Construction Administration	\$	50,000
Project Management Services	\$	172,000
City Services and Supplies (inspection, testing, etc.)	\$	90,000
<b>Total Soft Cost:</b>	<b>\$</b>	<b>312,000</b>

Project Contingency:

15% of the Construction	\$	118,425
-------------------------	----	---------

**Total Project Cost: \$ 1,304,925**

Prior Appropriated Project Cost:

HazMat Survey	\$	85,000
Project Management Services	\$	172,000
<b>Total Prior Appropriation:</b>	<b>\$</b>	<b>257,000</b>

**Total Requested Appropriation: \$ 1,047,925**

Requested Board Action

Staff recommends award of this construction contract to Asbestos Instant Response, Inc., the lowest responsive and responsible bidder, and requests authorization for the Executive Director to execute this contract for "Manchester Square and Belford Demolition" project at Los Angeles International Airport. Staff also requests appropriation of funds in the amount of \$1,047,925.

**4. Alternatives Considered**

▪ ***Defer or Eliminate the Project***

Staff considered deferring or eliminating the project, however the properties included in this bid must be demolished as soon as possible to eliminate the potential for trespassing and vandalism.

▪ ***Use Existing LAWA Staff***

Staff considered using existing LAWA Facilities Construction Services staff to perform all required construction services on the project. However, they do not have the staffing resources needed to execute this project due to its size, complexity and expedited schedule. Staff determined that the work can be performed more economically or feasibly by an independent contractor specializing in demolition and construction.

**FISCAL & ECONOMIC IMPACT STATEMENT:**

The Manchester Square and Belford Demolition project is an approved capital project at LAX. Staff requests appropriation and allocation of funds in the not-to-exceed amount of \$1,047,925 from the LAX Airport Revenue Fund to WBS Element 1.12.17-700 (Manchester Square/Belford Demolition) as may be required.

**STANDARD PROVISIONS:**

1. Any activity for which the underlying project has previously been evaluated for environmental significance is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.i of the Los Angeles City CEQA Guidelines. A Mitigated Negative Declaration was prepared for the Manchester Square and Airport/Belford Area Voluntary Acquisition Project and approved by the Board of Airport Commissioners on July 18, 2000.
2. This construction contract will be approved 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 245.
4. This action is statutorily exempt from the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. Procurement Services has reviewed this action (File No. 10033552) and established a 10% combined Minority/Women Business Enterprise level of participation for this project. Asbestos Instant Response, Inc. proposes 3.27% combined M/WBE levels of participation. Procurement Services confirms that based on documents submitted Asbestos Instant Response, Inc. has made a good faith effort to outreach to MBE/WBE/OBE subcontractors.
6. Asbestos Instant Response, Inc. will comply with the provisions of the Affirmative Action

Program.

7. Asbestos Instant Response, Inc. must obtain a Business Tax Registration Certificate Number prior to execution of the contract.
8. Asbestos Instant Response, Inc. will comply with the provisions of the Child Support Obligations Ordinance.
9. Asbestos Instant Response, Inc. must have approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports prior to the issuance of a Notice to Proceed.
10. This action is not subject to the provisions of Charter Section 1022 (use of independent contractors).
11. Asbestos Instant Response, Inc. has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. Asbestos Instant Response, Inc. 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 contract.
13. Asbestos Instant Response, Inc. will be required to comply with the provisions of the First Source Hiring Program for all non-trade LAX Airport jobs.
14. Asbestos Instant Response, Inc. has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.

## SUBCONTRACTOR PARTICIPATION PLAN

Project Title: Manchester Square and Belford Demolition

BIDDER/PROPOSER COMPANY INFORMATION		PROFILE INFORMATION		BID/PROPOSAL AMOUNT		DESCRIPTION OF PROJECT SERVICES	
NAME: Asbestos Instant Response, Inc		GROUP: SBE		\$ 789,500.00		ENVIRONMENTAL SOLUTIONS & DEMOLITION	
ADDRESS: 3517 W. Washington Blvd.		ETHNICITY:					
CITY/STATE/ZIP: Los Angeles, CA 90018		GENDER: Male					
CONTACT NAME: Gabriel Cristofaro		CERTIFYING AGENCY:					
TELEPHONE NO./EMAIL: (323) 733-0508 gabriel@airinc.ws		State of CA				NAICS: 238910, 562910	
SUBCONTRACTOR/SUBLESSEE COMPANY INFORMATION		PROFILE INFORMATION		\$ PROPOSED	% PROPOSED	DESCRIPTION OF PROJECT SERVICES	
NAME: EMS Laboratories		GROUP: SBE, WBE		\$ 6,000		Laboratory Analysis	
ADDRESS: 117 W. Bellevue Dr.		ETHNICITY: Caucasian					
CITY/STATE/ZIP: Pasadena, CA 91105		GENDER: Woman				0.76 %	
CONTACT NAME: Bernadine Kolk		CERTIFYING AGENCY:					
TELEPHONE NO./EMAIL: (626) 568-4065		State of CA				NAICS: 541380	
NAME: Total Equipment Rental, Inc		GROUP: SBE, WBE		\$ 15,000		Equipment Rental	
ADDRESS: 2828 East Spring St		ETHNICITY: Caucasian					
CITY/STATE/ZIP: Long Beach, CA 90806		GENDER: Woman				1.90 %	
CONTACT NAME: Vic		CERTIFYING AGENCY:					
TELEPHONE NO./EMAIL: (562) 595-6555		State of CA				NAICS: 221015, 221017	
NAME: Micron Environmental Labs		GROUP: SBE, MBE		\$ 4,800		Laboratory Analysis	
ADDRESS: 3567 Lexington Ave.		ETHNICITY: Male					
CITY/STATE/ZIP: El Monte, CA 91731		GENDER: Hispanic				0.61 %	
CONTACT NAME: Daniel Gamez		CERTIFYING AGENCY:					
TELEPHONE NO./EMAIL: (626) 454-4782		State of CA				NAICS: 541380	
NAME:		GROUP:					
ADDRESS:		ETHNICITY:					
CITY/STATE/ZIP:		GENDER:					
CONTACT NAME:		CERTIFYING AGENCY:					
TELEPHONE NO./EMAIL:						NAICS:	
NAME:		GROUP:					
ADDRESS:		ETHNICITY:					
CITY/STATE/ZIP:		GENDER:					
CONTACT NAME:		CERTIFYING AGENCY:					
TELEPHONE NO./EMAIL:						NAICS:	
NAME:		GROUP:					
ADDRESS:		ETHNICITY:					
CITY/STATE/ZIP:		GENDER:					
CONTACT NAME:		CERTIFYING AGENCY:					
TELEPHONE NO./EMAIL:						NAICS:	

## SUBCONTRACTOR PARTICIPATION PLAN

SUBCONTRACTOR/SUBLESSEE COMPANY INFORMATION	PROFILE INFORMATION	\$ PROPOSED	% PROPOSED	DESCRIPTION OF PROJECT SERVICES
NAME:	GROUP:			
ADDRESS:	ETHNICITY:			
CITY/STATE/ZIP:	GENDER:			
CONTACT NAME:	CERTIFYING AGENCY:			
TELEPHONE NO./EMAIL:				
NAME:	GROUP:			NAICS:
ADDRESS:	ETHNICITY:			
CITY/STATE/ZIP:	GENDER:			
CONTACT NAME:	CERTIFYING AGENCY:			
TELEPHONE NO./EMAIL:				
NAME:	GROUP:			
ADDRESS:	ETHNICITY:			
CITY/STATE/ZIP:	GENDER:			
CONTACT NAME:	CERTIFYING AGENCY:			
TELEPHONE NO./EMAIL:				
NAME:	GROUP:			NAICS:
ADDRESS:	ETHNICITY:			
CITY/STATE/ZIP:	GENDER:			
CONTACT NAME:	CERTIFYING AGENCY:			
TELEPHONE NO./EMAIL:				
NAME:	GROUP:			
ADDRESS:	ETHNICITY:			
CITY/STATE/ZIP:	GENDER:			
CONTACT NAME:	CERTIFYING AGENCY:			
TELEPHONE NO./EMAIL:				
NAME:	GROUP:			NAICS:
ADDRESS:	ETHNICITY:			
CITY/STATE/ZIP:	GENDER:			
CONTACT NAME:	CERTIFYING AGENCY:			
TELEPHONE NO./EMAIL:				
NAME:	GROUP:			
ADDRESS:	ETHNICITY:			
CITY/STATE/ZIP:	GENDER:			
CONTACT NAME:	CERTIFYING AGENCY:			
TELEPHONE NO./EMAIL:				
NAME:	GROUP:			NAICS:
ADDRESS:	ETHNICITY:			
CITY/STATE/ZIP:	GENDER:			
CONTACT NAME:	CERTIFYING AGENCY:			
TELEPHONE NO./EMAIL:				

*I certify under the penalty of perjury that the information contained on this form is true and correct and that the firms listed are the subcontractors/sublessees that will be utilized if this contract is awarded to the above prime. I agree to comply with any applicable Good Faith Effort provisions for substitutions and I further understand and agree that any and all changes or substitutions must be authorized by LAWA Procurement Services prior to their implementation.*

Participation Level proposed by Bidder/Proposer

3.27 %

Anticipated Level of Participation stated in the Request for Bid/Proposal: \_\_\_\_\_ %

- M/WBE  
 DBE  
 ACDBE

SIGNATURE

10/22/2012

DATE

Gabriel Cristofaro

CEO

323-733-0508

NAME

TITLE

PHONE



# Report to the BOARD OF AIRPORT COMMISSIONERS

Approved by: Jeffrey C. Smith, Chief Airports Engineer

Reviewed by: David V. Shuter, Deputy Executive Director

City Attorney

Gina Marie Lindsey - Executive Director

Meeting Date:

December 17, 2012

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	11/20/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	11/19/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	11/16/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	11/29/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MT

**SUBJECT: Experimental Contract Demand Service Agreement**

Authorization to enter into a three-year Experimental Contract Demand Service Agreement between Los Angeles World Airports and Los Angeles Department of Water and Power to buy electrical service at a discounted rate at Los Angeles International Airport

**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 entering into a three-year Experimental Contract Demand Service Agreement between Los Angeles World Airports and Los Angeles Department of Water and Power to buy electrical service at a discounted rate at Los Angeles International Airport.
4. Authorize the Executive Director to enter into the service agreement after approval as to form by the City Attorney.

**DISCUSSION:**

**1. Executive Summary**

Staff requests authority to enter into a three-year Experimental Contract Demand Service Agreement between Los Angeles World Airports (LAWA) and Los Angeles Department of Water and Power (LADWP) to buy electrical service at a discounted rate at Los Angeles International Airport (LAX).

**2. Prior Related Actions**

No prior related actions by the Board of Airport Commissioners.

**3. Current Action**

LADWP is the sole electric utility provider at LAX. LAWA's electrical usage at LAX is recorded through over 100 metered locations and the commercial billing rates that LADWP charges LAWA are based on demand and consumption patterns.

LADWP's Experimental Contract Demand program provides incentive to high-volume customers to consume electricity at a steady rate thereby reducing the number of spikes, and thus reducing peak electrical demand. A meter's load factor indicates how steadily the customer consumes electricity. LADWP encourages customers to maintain steady usage thereby reducing peak demand.

To qualify for LADWP's Experimental Contract Demand program, a metered location must average a minimum consumption of 500,000 kilowatts (kWh) per month and have a minimum load factor of 70%. Currently, LAWA has the following six metered locations that meet the program requirements at LAX:

<b>Service Address</b>	<b>Meter Number</b>
Terminal 1 – 100 World Way	PMY2V231-1081
Central Utility Plant – 267 World Way	APMV3525-77
380 World Way – Tom Bradley International Terminal	PMY2V231-1083
380 World Way – Tom Bradley International Terminal	PMY2V231-1084
550 World Way – Terminal 5	1APMYVL231-2403
700 World Way – Terminal 7	1APMYV229-3273

By entering into the requested Experimental Contract Demand Service Agreement, staff estimates that LAWA will save approximately \$136,000 per year or \$408,000 over the three-year term. Once LAWA enters into the requested agreement if LAWA should fall below the criteria to qualify for the discounted rate, LAWA would pay the current non-discounted rate.

Staff requests that the Board authorize the Executive Director to execute a three-year Experimental Contract Demand Service Agreement with LADWP to buy electrical service at a discounted rate at LAX.

**4. Alternatives Considered**

▪ **Maintain Current Electric Rates**

If this item were eliminated, LAWA would continue to buy electrical service at the current rate at LAX. However, doing so would result in a lost opportunity to reduce energy costs without reducing service.

**FISCAL & ECONOMIC IMPACT STATEMENT:**

Approval of this item is an administrative action which has the potential of reducing currently budgeted and future electricity costs over the next three years.

**STANDARD PROVISIONS:**

1. This action, as a continuing administrative activity, is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. The City Attorney will approve this item as to form.
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 245.
4. This action is not subject to the provisions of the Service Contractor Worker Retention and Living Wage Ordinances.
5. This action is not subject to the provisions of the SBE Program.
6. This action is not subject to the provisions of the Affirmative Action Program.
7. This action does not require a Business Tax Registration Certificate.
8. This action is not subject to the provisions of the Child Support Obligations Ordinance.
9. This action is not subject to the insurance requirements of the Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. This action is not subject to the provisions of the Contractor Responsibility Program.
12. This action is not subject to the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. This action is not subject to the provisions of Bidder Contributions CEC Form 55.



# Report to the BOARD OF AIRPORT COMMISSIONERS

Approved by: Ralph G. Morones  
Director of Maintenance Services Division

Reviewed by: David V. Shuter, Deputy Executive Director

*D. Timothy J.*  
City Attorney

*Gina Marie Lindsey*  
Gina Marie Lindsey - Executive Director

Meeting Date:

December 17, 2012

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	11/15/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	12/05/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	11/16/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	11/30/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	TH

**SUBJECT: Join General Services Administration Contract No.GS-075-390M and Award a Contract to Lenco Industries, Inc. dba Lenco Armored Vehicles**

Authorization to join General Services Administration Contract No.GS-075-390M and to award a contract to Lenco Industries, Inc. dba Lenco Armored Vehicles for one tactical rescue vehicle for the Airport Police Division for an amount not to exceed \$430,030 at Los Angeles International Airport. This purchase is pursuant to grant monies available through the Urban Area Security Initiative (UASI) federal grant program.

**RECOMMENDATIONS:**

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- 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.
- APPROVE joining General Services Administration Contract No. GS-075-390M and awarding a contract to Lenco Industries, Inc. dba Lenco Armored Vehicles for one tactical rescue vehicle for the Airport Police Division for an amount not to exceed \$430,030 for use at Los Angeles International Airport.
- AUTHORIZE the Executive Director to execute the contract after approval as to form by the City Attorney.

## **DISCUSSION:**

### **1. Executive Summary**

Staff requests authority to join General Services Administration (GSA) Contract No.GS-075-390M and to award a contract to Lenco Industries, Inc. dba Lenco Armored Vehicles for one tactical rescue vehicle for an amount not to exceed \$430,030 at Los Angeles International Airport (LAX). Upon receiving approval from the Los Angeles World Airports (LAWA) Board of Airport Commissioners, staff will purchase one tactical rescue vehicle using funds from LAWA's Budget for Fiscal Year 2012-13. Once purchased, the Airport Police Division will request complete reimbursement for the purchase from the Urban Areas Security Initiative (UASI) federal grant program.

### **2. Prior Related Actions**

There are no prior related Board actions.

### **3. Current Action**

The purchase of an armored tactical rescue vehicle is necessary to enable police special operations and tactical teams, including the Los Angeles Police Department's Special Weapons and Tactics (SWAT) unit, to respond effectively to aircraft incidents and attacks against airport facilities. For example, an armored vehicle is necessary to safely approach a hijacked aircraft on the airfield and deploy police personnel for a rescue attempt or to take other necessary action. In addition, an armored tactical vehicle will enable specially trained officers to engage armed attackers, rescue injured passengers and hostages, and protect officers deployed during a coordinated terrorist attack. The requested vehicle is interoperable with other armored vehicles used by the City and other mutual aid agencies and will enable joint tactical teams to operate using familiar equipment and tactics.

Staff recommends that the Board authorize the Executive Director to join GSA Contract GS-075-390M and to award a contract to Lenco Industries, Inc. dba Lenco Armored Vehicles for one tactical rescue vehicle for an amount not to exceed \$430,030 at LAX.

### **4. Alternatives Considered**

#### **▪ Issue a bid**

Staff considered proceeding with LAWA's bid process to purchase a tactical rescue vehicle for LAX. However, GSA Contract GS-075-390M with Lenco Industries, Inc. dba Lenco Armored Vehicles was established through a competitive process. Since Contract GS-075-390M meets LAWA's need to purchase a tactical rescue vehicle, staff determined that instead of embarking on a redundant process, the effort to award a contract for a tactical rescue vehicle could be expedited and leveraged by joining GSA Contract GS-075-390M.

## **FISCAL & ECONOMIC IMPACT STATEMENT:**

Funds for this purchase are included in the Fiscal Year 2012-13 Los Angeles World Airports Budget in LAX Cost Center 1150042 – Facilities Repair & Maintenance-Field, Commitment Item 104 – Assets. Upon completion of the purchase, the Airport Police Division will request reimbursement from the Urban Areas Security Initiative (UASI) federal grant program.

## **STANDARD PROVISIONS:**

1. This action, as a continuing administrative activity, is exempt from the requirements of the California Environmental Quality Act as provided by Article II, Section 2.f of the Los Angeles City CEQA Guidelines.

2. City Attorney will approve this contract as to form.
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 245.
4. This action is statutorily exempt from the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. United States General Services Administration does not have an M/WBE program or similar outreach program, and therefore, no M/WBE participation levels were set for this project. Further, Procurement Services has reviewed this action (File No. 10034710) and confirmed there are no specific Minority/Women Business Enterprise levels of participation for this project, as no subcontracting opportunities were identified.
6. Lenco Industries, Inc. dba Lenco Armored Vehicles will comply with the provisions of the Affirmative Action Program.
7. Lenco Industries, Inc. dba Lenco Armored Vehicles has been assigned Business Tax Registration Certificate No. 237260-300016.
8. Lenco Industries, Inc. dba Lenco Armored Vehicles will comply with the provisions of the Child Support Obligations Ordinance.
9. This action is not subject to the insurance requirements of the City of Los Angeles.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
11. Lenco Industries, Inc. dba Lenco Armored Vehicles has submitted the Contractor Responsibility Program Questionnaire and Pledge of Compliance and will comply with the provisions of the Contractor Responsibility Program.
12. This action is not subject to the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. Lenco Industries, Inc. dba Lenco Armored Vehicles has submitted the Bidder Contributions CEC Form 55 and will comply with its provisions.



# Report to the BOARD OF AIRPORT COMMISSIONERS

Approved by: Jeffrey C. Smith  
Chief Airports Engineer

Reviewed by: David V. Shuter, Deputy Executive Director

City Attorney

Gina Marie Lindsey - Executive Director

Meeting Date:

December 17, 2012

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	08/28/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	08/28/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	08/29/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	08/30/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	TH

**SUBJECT: Approval of pre-qualified firms for the Utility Management Program**

Approve list of pre-qualified professional consulting firms for the Utility Management Program at Los Angeles International Airport

**RECOMMENDATIONS:**

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE that this action as a continuing administrative activity is exempt from the California Environmental Quality Act (CEQA) as provided by Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
- APPROVE the list of pre-qualified professional consulting firms for the Utility Management Program at Los Angeles International Airport.
- AUTHORIZE the Executive Director to release Request for Proposals to the firms on the qualified list for the Los Angeles International Airport Utility Management Program.

## **DISCUSSION:**

### **1. Executive Summary**

Staff requests approval of pre-qualified professional consulting firms for the Utility Management Program at Los Angeles International Airport (LAX). These firms, when approved, will be sent Requests For Proposals (RFP).

The primary objective of the Los Angeles World Airport's (LAWA) Utility Management Program is to consolidate utility administration and oversight, to include ensuring efficient usage, for electrical/power, chilled water, hot water, natural gas, water, storm water, sanitary sewer, and aviation fuel. Specific goals include reducing the total cost of ownership of utilities by minimizing waste, operational costs and fees. An on-site Utility Manager will assist LAWA in further developing the programmatic goals and objectives and will be relied upon to evaluate and negotiate utility rate structures, communicate to stakeholders, and train LAWA staff.

Key aspects of the program include: conducting utility audits (paper and physical analysis of LAWA's facilities and equipment); recommending software to compile all utility data (e.g. invoices, usage, fees) into a single location in order to better monitor and project utility usage and to ensure the fair distribution of costs; evaluating and enhancing LAWA's metering efforts; determining cost savings of resource reduction programs (including water and air emissions); and evaluating the return-on-investment of new technologies and alternate resources.

### **2. Prior Related Actions**

There are no prior related LAWA Board of Airport Commissioners actions.

### **3. Current Action**

LAWA's Engineering and Facilities Management Division (EFMD) seeks a contract with one or more qualified consultants to provide guidance and recommendations for LAWA's management of utilities (e.g. electrical, natural gas, water, storm water, sanitary sewer, and aviation fuel) emphasizing sound business and economic models, sustainability and energy conservation.

On April 26, 2012, staff posted a Request for Qualifications (RFQ) for public review on the City of Los Angeles website [www.labavn.org](http://www.labavn.org). The informational session held on May 23, 2012 was attended by fifteen companies and another eight companies participated via teleconference. LAWA received Statement of Qualifications (SOQs) from a total of nine interested teams. Procurement Services staff reviewed the Administrative Requirements submitted with the SOQs and determined that all nine proposers passed.

SOQs were evaluated by a panel consisting of the following LAWA staff:

- Deputy Executive Director, Facilities Management Group
- Chief of Airport Planning, Facilities Planning Division
- Director of Capital Development and Budget, Finance and Budget Division
- Assistant Chief Airports Engineer, Engineering and Facilities Management Division
- Property Manager III, Commercial Development Group

The panel evaluated the SOQs according to the following evaluation criteria:

<b>Criteria</b>	<b>Maximum Points</b>
Utility Management and Consulting Experience	35
Utilities Consulting Experience	25
Team Composition	20
County and City of Los Angeles Experience	10
Available Resources/Capacity	10
<b>Total Maximum Points</b>	<b>100</b>

Following the review of the SOQs, the evaluation panel determined that seven proposer teams were qualified to proceed to the Request for Proposals (RFP) Phase for Utility Management and two proposer teams were not qualified as follows (in alphabetical order):

**Qualified**

Ameresco  
HNTB  
LeighFisher  
Noresco Holdings  
Power-Tech Engineers  
RetroCom Energy Strategies  
Veolia Energy

**Not Qualified**

Efficiency Energy  
Utility Audit

The seven firms listed as qualified, demonstrated sufficient experience in utility management, including administration, regulation, licensing and operation of utilities, financial planning, budgeting, records management, and strategic and business process improvement. These firms assembled strong teams across multiple disciplines and demonstrated ample availability of resources and capacity to execute the Utility Management Program in a timely and efficient fashion. Upon approval of the qualified list, LAWA intends to issue RFPs to all seven firms.

The Utility Management tasks include but are not limited to:

- Formulate and recommend new business procedures to reduce utility use/cost and negotiate most favorable rates with utility providers (public and private)
- Develop and administer strategic initiatives and programs relating to energy management and reducing energy consumption
- Develop and implement methodology to quantify cost savings resulting from improved LAWA operations and facilities efficiencies, including but not limited to energy conservation, water efficiencies, emission control, and resource reduction
- Evaluate state-of-the-art energy saving devices and provide cost/benefit studies and recommendations regarding the use or installation of these devices
- Provide an individual to serve as "Utilities Manager" who will remain on-site for the period of the contract or until an individual within LAWA can be developed to fill the role
- Develop and implement methodology for LAWA to efficiently and economically own, operate, appropriately monitor usage of, and recoup costs for providing power via the 34.5kV electrical system. This would be a phased transition of LAWA responsibilities
- Train LAWA personnel in Utility Management Best Practices.

Staff requests that the Board approve the list of qualified professional consulting firms for the Utility Management Program at LAX.

#### **4. Alternatives Considered**

▪ **Use LAWA or other City personnel**

LAWA does not have available staffing resources for this Program and LAWA does not possess all of the requisite technical competencies and tools required to complete the research and analysis for this Program. Pursuant to City Charter § 1022, LAWA's Procurement Services Division completed a review of available resources to determine if other City of Los Angeles Departments could perform the required work and determined that other City Departments did not have the necessary resources to assist LAWA with this Program.

▪ **Do not implement the Utility Management Program**

Not implementing the Utility Management Program would hinder the development of utility management best practices for increasing operational efficiency and decreasing utility cost and significantly delay the development of a new business model necessary for the management of the 34.5kV electrical system.

**FISCAL & ECONOMIC IMPACT STATEMENT:**

Approval of this item is an administrative action and will have no fiscal impact on the Fiscal Year 2012-13, Los Angeles World Airports Operating Budget. Funding for contracts awarded pursuant to future RFP(s), will be identified at the time of contract award.

**STANDARD PROVISIONS:**

1. Continuing administrative and personnel-related activities are exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. This action will be approved 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 245.
4. Selected Proposers will be subject to the provisions of the Living Wage Ordinance.
5. Procurement Services will review this action for anticipated MBE/WBE/DBE participation as appropriate for each specific project resulting from this Request for Qualifications.
6. Selected Proposers will be subject to the provisions of the Affirmative Action Program.
7. Selected Proposers must provide a Business Tax Registration Certificate Number prior to execution of any contract.
8. Selected Proposers will be subject to the provisions of the Child Support Obligations Ordinance.
9. Selected Proposers will be subject to the insurance requirements of Los Angeles World Airports.
10. Pursuant to City Charter § 1022, LAWA's Procurement Services Division completed a review of available resources to determine if other City of Los Angeles Departments could perform the work required for this project and determined that other City Departments did not have the necessary resources to assist LAWA with this project.
11. Selected Proposers will be subject to the provisions of the Contractor Responsibility Program.
12. Selected Proposers will be subject to the provisions of the Equal Benefits Ordinance.
13. Selected Proposers will be subject to the provisions of the First Source Hiring Program.
14. Selected Proposers will be subject to the provisions of the Bidder Contributions CEC Form 55.



# Report to the BOARD OF AIRPORT COMMISSIONERS

Approved by Patrick Gannon, Chief of Airport Police

Reviewed by: Arif Alikhan, Deputy Executive Director

City Attorney

Gina Marie Lindsey - Executive Director

Meeting Date:

**December 17, 2012**

CAO Review:

<input type="checkbox"/>	Completed
<input type="checkbox"/>	Pending
<input checked="" type="checkbox"/>	N/A

Reviewed for	Date	Approval Status	By
Capital Budget	11/29/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	12/5/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	EW
CEQA	12/03/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	11/29/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MT

## **SUBJECT: Asset Forfeiture Expenditure**

Authorization to use existing asset forfeiture monies seized and distributed in accordance with the Equitable Sharing Agreement and Certification program with the U.S. Departments of Justice and Treasury for the purchase of 10 new vehicles to be used by Airport Police Detectives assigned to the LAWA/LAPD Joint Crime Suppression Task Force, the Drug Enforcement Agency (DEA) Task Force, and the Immigration and Customs Enforcement (ICE) Task Force.

## **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 request to use existing asset forfeiture monies seized and distributed in accordance with the Equitable Sharing Agreement and Certification program with the US Departments of Justice and Treasury for the purchase of 10 new vehicles to be used by Airport Police Detectives assigned to the LAWA/LAPD Joint Crime Suppression Task Force, the DEA Task Force, and the ICE Task Force.
4. AUTHORIZE the Executive Director to expend funds located in the Special Fund created through the adoption of Resolution No. 23865 for law enforcement expenses, supplies, equipment and training upon approval as to form by the City Attorney.

## **DISCUSSION:**

### **1. Executive Summary**

Airport Police Division is currently in the middle of a vehicle replacement program to upgrade and replace vehicles in the patrol fleet. This vehicle replacement plan does not cover vehicles used by Airport Police detectives assigned to crime, narcotics and customs violation task forces. These detectives conduct undercover operations and other crime suppression functions that require unmarked police vehicles. Nevertheless, these undercover operations are in need of vehicles to support their continued efforts. Over the past three years, several hundreds of thousands of dollars have been seized due to the work of the officers assigned to these task forces. The seized funds reside in a Special Fund set up for Los Angeles World Airports (LAWA), Airport Police Division through the adoption of Resolution No. 23865 in June 2009. Based on the parameters set forth by the U.S. Departments of Justice and Treasury regarding use of these seized funds, purchasing vehicles for use by these detectives is permissible. Staff requests the Board of Airport Commissioner (BOAC) to authorize the Executive Director to expend these seized funds to purchase 10 vehicles for use by the detectives assigned to these task forces, at a total cost of \$334,551.

### **2. Prior Related Actions**

In June 2009, the BOAC adopted Resolution No. 23955 authorizing establishment of a Special Fund for asset forfeiture distributions to the Airport Police Division at LAX. Since the fund's establishment, \$866,023 has been deposited as a result of asset forfeiture distributions. To date, Airport Police has not expended any of these funds.

### **3. Current Action**

The Drug Enforcement Agency (DEA) and Immigration and Customs Enforcement (ICE) joint law enforcement task forces have been very successful in the reduction and abatement of criminal activity at Los Angeles International Airport (LAX). Likewise, several hundreds of thousands of dollars have been seized and distributed in accordance with the Equitable Sharing Agreement and Certification program with the U.S. Departments of Justice and Treasury. These funds must be used exclusively for law enforcement expenses, supplies, equipment and training in accordance with U.S. Department of Justice guidelines.

LAX undercover operations are in need of vehicles to support their efforts. New vehicles in support of this operation are not included in the three-year patrol vehicle replacement program. In 2010, the Joint LAX-Los Angeles Police Department (LAPD) Crime Task Force was increased by six officers without purchasing vehicles to support the additional staff. At the time, LAPD loaned vehicles to Airport Police Detectives, but these vehicles have been called back to meet minimum deployment needs at LAPD. As a result, there are insufficient vehicles available for staff to perform their duties on a daily basis.

BOAC approval of this item will allow Airport Police Detectives to have the resources necessary to conduct their duties efficiently and safely. Use of these vehicles for the task force operations will enable further crime prevention and suppression.

#### 4. Alternatives Considered

##### ▪ *Purchase New Vehicles through LAWA's Budget Process*

One of the principal reasons for participating in the Equitable Sharing Agreement and Certification Program was to have the ability to finance law enforcement equipment, training, and vehicles. Funds are available in the Special Fund to make these much-needed and permitted purchases. Additionally, the federally-mandated deadline to use these funds is in early 2013.

#### **FISCAL & ECONOMIC IMPACT STATEMENT:**

The full cost of the vehicles along with police accessories are listed below. Currently, the balance in the LAX Special Fund is \$866,023.

MODEL	COST	ACCESSORIES	COST W/TAX	QUANTITY	TOTAL W/TAX
Ford Edge	\$30,190	\$2,400	\$35,442	4	\$141,768
Honda Accord	\$27,380	\$2,400	\$32,386	3	\$97,158
Toyota Camry	\$26,910	\$2,400	\$31,875	3	\$95,625
<b>TOTAL</b>				<b>10</b>	<b>\$334,551</b>

These items are not included in the Fiscal Year 2012-13 Los Angeles World Airports Budget.

#### **STANDARD PROVISIONS:**

1. This action, as a continuing administrative activity, is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. This item is 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 245.
4. This item is not subject to the provisions of the Living Wage/Service Contract Worker retention Ordinances.
5. This action is not subject to the provisions of SBE Program.
6. This action is not subject to the provisions of the Affirmative Action Program.
7. This action does not require a Business Tax Registration Certification.
8. This action is not subject to the provisions of the Child Support Obligations Ordinances.
9. This action is not subject to the insurance requirements of the City of Los Angeles.

11. This action is not subject to the provisions of the Contractor Responsibility Program.
12. This action is not subject to the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. This action is not subject to the provisions of Bidder Contributions CEC Form 55.



# Report to the BOARD OF AIRPORT COMMISSIONERS

Approved by: Patrick Gannon, Chief of Airport Police

Reviewed by: Arif/Alikhan, Deputy Executive Director

City Attorney

Gina Marie Lindsey - Executive Director

Meeting Date:

December 17, 2012

CAO Review:

Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	12/04/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	12/4/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	12/03/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	12/04/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	MT

**SUBJECT: Travel Authority**

Travel authorization request for Los Angeles Police Department Officer Pete Phergsangngam representing the LAX Canine Unit, for an amount not to exceed \$2,550 to cover use of a rental car for twelve weeks, to attend the Transportation Security Administration National Explosives Detection Canine Handler course held at Lackland Air Force Base, San Antonio, Texas from January 2 through March 15, 2013.

**RECOMMENDATIONS:**

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- 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.
- APPROVE the funding for one employee of the Los Angeles Police Department to attend the TSA National Explosives Detection Canine Handler course in San Antonio, Texas for a twelve-week training period January 2 through March 15, 2013 for an amount not to exceed \$2,550.
- AUTHORIZE the Executive Director to approve the travel request and pay the related expenses.

## **DISCUSSION:**

### **1. Executive Summary**

Staff requests funding and approval to send Los Angeles Police Department (LAPD) Officer Pete Phergsangngam, representing the Los Angeles International Airport (LAX) Canine Unit, to the Transportation Security Administration (TSA) National Explosives Detection Canine Handler course at Lackland Air Force Base, San Antonio, Texas. The travel authority is for use of a rental car during the twelve-week training period. All other costs are paid by the TSA.

### **2. Prior Related Actions**

The Bomb Detection Canine Unit was established at LAX in March 1997 under the Federal Aviation Administration (FAA) Canine Explosives Detection Team Program, through a Cooperative Agreement between the FAA, Los Angeles World Airports (LAWA) and the LAPD. The program was then transferred from the FAA to the newly created TSA, which provides partial reimbursement for program participants. The LAPD provides criminal law enforcement including bomb squad response activities at LAX and is assigned TSA Bomb Detection Canine Teams designated for use by LAWA.

### **3. Current Action**

Staff recommends approval to send LAPD Officer Pete Phergsangngam to the National Explosives Detection Canine Handler course held at Lackland Air Force Base, San Antonio, Texas for a twelve-week training period anticipated January 2 through March 15, 2013. Training includes picking up the Officer's canine partner and evaluation by TSA staff for team compatibility. Upon completion of the training, Officer Phergsangngam will return to LAX for certification.

Lackland Air Force Base in San Antonio is the TSA's sole training facility for the National Explosives Canine Handler Course. LAWA seeks authority to send the canine handler to the aforementioned class beginning January 2, 2013. The travel authority is necessary to fund his use of a rental car during the twelve-week assignment. The costs for airfare, food, lodging and the training are paid for by the TSA.

### **4. Alternatives Considered**

#### **▪ *Alternate training for LAPD Officer Phergsangngam***

The TSA determines the training and Annual Program Review schedule. LAWA's agreement with the TSA requires our cooperation in sending the participating officer to San Antonio, Texas when training is scheduled. Allocation of training opportunities is limited and as Lackland Air Force Base is the sole TSA-certified training facility in the nation, we should take advantage of this open slot in their schedule. Maintaining a contingent of TSA-certified explosive detection canines at LAX is imperative

## **FISCAL & ECONOMIC IMPACT STATEMENT:**

The total cost of sending LAPD Officer Phergsangngam is estimated at \$2,550 for car rental and fuel. The cost of airfare, housing, and meals will be provided by the TSA.

Funds for this travel are available in the Fiscal Year 2012-13 Los Angeles World Airports Operating Budget in LAX Cost Center 1160076 – Canine Unit, Commitment Item 521- Administrative Services.

**STANDARD PROVISIONS:**

1. This action, as a continuing administrative activity, is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines.
2. This action does not require City Attorney approval.
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 245.
4. This action is not subject to the provisions of the Service Contractor Worker Retention and Living Wage Ordinances.
5. This action is not subject to the provisions of the SBE Program.
6. This action is not subject to the provisions of the Affirmative Action Program.
7. This action does not require a Business Tax Registration Certificate.
8. This action is not subject to the provisions of the Child Support Obligations Ordinance.
9. This action is not subject to the insurance requirements of the Los Angeles World Airports.
10. This action is not subject to the provisions of City Charter Section 1022 (Use of Independent Contractors).
11. This action is not subject to the provisions of the Contractor Responsibility Program.
12. This action is not subject to the provisions of the Equal Benefits Ordinance.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. This action is not subject to the provisions of Bidder Contributions CEC Form 55.

**PERSONAL EXPENSE STATEMENT**

(REV. 06/09)

**ITEM # 18**

(1) TRAVEL AUTHORITY (TL) NO. 165178		COST CENTER 1120001		(30) DEPARTMENT ACCOUNTING USE ONLY					
(2) EMPLOYEE Gina Marie Lindsey		PHONE NUMBER 424-646-6250							
(3) DIVISION Administration		(4) POSITION Executive Director		CASH ADVANCES			YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>		
(5) DESTINATION Calgary & Montreal, Canada				DEMAND NO.		DEMAND DATE			
(6) DATES OF TRIP FROM 9/8/2012 TO 9/12/2012				Account No. 1120001	Receipt No.	Receipt Date			
(7) FISCAL YEAR 2012-2013	(9) LOCATION / DESCRIPTION WHERE EXPENSES WERE INCURRED/ BRIEF DESCRIPTION OF EXPENSE (MUST BE ITEMIZED PER DAY)			(10) LODGING	(11) MEALS AND INCIDENTALS	(12) Airfare	(13) MISC. EXP.	(14) TOTAL	
(8) DATE (MM/DD)									
Sep 8-12	Airfare LAX - Calgary - Montreal - Calgary - LAX			\$ -	\$ -	\$ 1,721.56 1961.56	\$ -	\$ 1,721.56 1961.56	
Sep-8	Currency Exchange - Travelex Canada Limited (\$7.95 CDN)			\$ -	\$ -	\$ -	\$ 8.11	\$ 8.11	
Sept 8-9	Hotel Stay - Hotel Arts (\$718.35 CDN + 22.19 US Foreign Transaction Fee from VISA) 2 @ 313.23 cad =			\$ 739.81 639.87	\$ -	\$ -	\$ 22.19	\$ 762.00 662.06	
Sep-8	Taxi			\$ -	\$ -	\$ -	\$ 40.00	\$ 40.00	
<b>(15) SUBTOTALS</b>				\$ 639.81	\$ -	\$ 1,961.56	\$ 70.30	\$ 2,531.67	
				<b>(16) CLAIM TOTAL, this page</b>					\$ 2,671.73
(31) Accounting Notes		CONTROLLER'S APPROVAL		(17) TOTAL FROM PAGE 1					\$ 2,531.67
Posted 9/9 B/L 9/10 B/L 9/11 B/L   11/20/12				(18) TOTAL FROM PAGE 2					\$ 1,961.95 <del>1,975.14</del>
				(19) TOTAL EXPENSES					\$ 4,506.81
				(20) LESS OTHER EXPENSES PAID BY CITY					4,536.68
				(21) CASH ADVANCE					\$ 2,575.12
				(22) AIRFARE PAID BY CITY					\$ 1,961.56 <del>1,721.56</del>
				(23) TOTAL OTHER EXPENSES PAID BY CITY					\$ 1,721.56
				(24) / TOTAL DUE TO EMPLOYEE					\$ 2,575.12 <del>2,785.25</del>
I HEREBY CERTIFY that the above is a true statement of the travel expenses incurred by me in accordance with travel policies and procedures in the service of the CITY OF LOS ANGELES. I further certify that the above expenses were necessary in connection with the performance of my duties.									
(25) CLAIMANT'S SIGNATURE Gina Marie Lindsey			(26) DATE (mm/dd/yy) 10/21/12		(27) SIGNATURE OF APPROVING AUTHORITY 			(28) DATE (mm/dd/yy) 10-23-12	
(29) Remarks / Comments:									



**PERSONAL EXPENSE STATEMENT**

(REV. 06/09)

**ITEM # 19**

<b>(1) TRAVEL AUTHORITY (TL) NO.</b> 1651701		<b>COST CENTER</b> 112000	(30) DEPARTMENT ACCOUNTING USE ONLY			
<b>(2) EMPLOYEE</b> Gina Marie Lindsey		<b>PHONE NUMBER</b> 424-646-6250				
<b>(3) DIVISION</b> Administration	<b>(4) POSITION</b> Executive Director		<b>CASH ADVANCES</b>			YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
<b>(5) DESTINATION</b> Memphis, TN			<b>DEMAND NO.</b>		<b>DEMAND DATE</b>	
<b>(6) DATES OF TRIP</b> FROM 5/8/2012 TO 5/9/2012			<b>Account No.</b> 112000	<b>Receipt No.</b> 263184	<b>Receipt Date</b> 5/24/12	
<b>(7) FISCAL YEAR</b> 2012	<b>(9) LOCATION / DESCRIPTION</b> WHERE EXPENSES WERE INCURRED/ BRIEF DESCRIPTION OF EXPENSE (MUST BE ITEMIZED PER DAY)		<b>(10)</b> LODGING	<b>(11)</b> MEALS AND INCIDENTALS	<b>(12)</b> Airfare	<b>(13)</b> MISC. EXP.
<b>(8) DATE (MM/DD)</b>						<b>(14)</b> TOTAL
May 8-9, 2012	Airfare from LAX to Memphis - Memphis to LAX (Management Advisory Council will cover only the government rate of \$626.00 for this travel)		\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ 1,522.90	\$ (626.00) \$ 896.90
	ALL OTHERS EXPENSES COVERED BY MANAGEMENT ADVISORY COUNCIL		\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -
<b>(15) SUBTOTALS</b>			\$ -	\$ -	\$ 1,522.90	\$ (626.00) \$ 896.90
					<b>(16) CLAIM TOTAL, this page</b> \$ 896.90	
<b>(31) Accounting Notes</b>	<b>CONTROLLER'S APPROVAL</b>	<b>(17) TOTAL FROM PAGE 1</b>				\$ 896.90
<i>Resub.</i>     	   <i>gml</i>  12/5/12	<b>(18) TOTAL FROM PAGE 2</b>				\$ -
		<b>(19) TOTAL EXPENSES</b>				\$ 896.90
		<b>(20) LESS OTHER EXPENSES PAID BY CITY</b>				
		<b>(21) CASH ADVANCE</b>				\$ <i>0</i> ✓
		<b>(22) AIRFARE PAID BY CITY</b>				\$ 1,522.90 ✓
		<b>(23) TOTAL OTHER EXPENSES PAID BY CITY</b>				\$ 1,522.90
		<b>(24) (TOTAL DUE TO THE CITY) / TOTAL DUE TO EMPLOYEE</b>				\$ (626.00)
I HEREBY CERTIFY that the above is a true statement of the travel expenses incurred by me in accordance with travel policies and procedures in the service of the CITY OF LOS ANGELES. I further certify that the above expenses were necessary in connection with the performance of my duties.						
<b>(25) CLAIMANT'S SIGNATURE</b> <i>Gina Marie Lindsey</i>		<b>(26) DATE (mm/dd/yy)</b> 5/16/12		<b>(27) SIGNATURE OF APPROVING AUTHORITY</b> <i>Susan Morgan</i>		<b>(28) DATE (mm/dd/yy)</b> 5/22/12
<b>(29) Remarks / Comments:</b>						

**PERSONAL EXPENSE STATEMENT**

(REV. 06/09)

*Item #20*

<b>(1) TRAVEL AUTHORITY (TL) NO.</b> <i>1651821</i>		<b>COST CENTER</b> <i>1120001</i>	(30) DEPARTMENT ACCOUNTING USE ONLY				
<b>(2) EMPLOYEE</b> Gina Marie Lindsey		<b>PHONE NUMBER</b> 424-646-6250					
<b>(3) DIVISION</b> Administration	<b>(4) POSITION</b> Executive Director		<b>CASH ADVANCES</b>			YES <input type="checkbox"/>	NO <input checked="" type="checkbox"/>
<b>(5) DESTINATION</b> Washington, DC (MAC)			<b>DEMAND NO.</b>		<b>DEMAND DATE</b>		
<b>(6) DATES OF TRIP</b> FROM <i>10/16/2012</i> TO <i>10/17/2012</i>			<b>Account No.</b> <i>1120001</i>	<b>Receipt No.</b> <i>272144</i>	<b>Receipt Date</b> <i>12/5/12</i>		
<b>(7) FISCAL YEAR</b> 2012-2013	<b>(9) LOCATION / DESCRIPTION</b> WHERE EXPENSES WERE INCURRED/ <b>(8) DATE (MM/DD)</b> BRIEF DESCRIPTION OF EXPENSE (MUST BE ITEMIZED PER DAY)		<b>(10)</b>	<b>(11)</b>	<b>(12)</b>	<b>(13)</b>	<b>(14)</b>
			<b>LODGING</b>	<b>MEALS AND INCIDENTALS</b>	<b>Airfare</b>	<b>MISC. EXP.</b>	<b>TOTAL</b>
Oct 16-17, 2012	Airfare from LAX to DC - DC to LAX (Reimbursement to LAWA from the Management Advisory Council)		\$ -	\$ -	\$ (1,154.60)	\$ -	\$ (1,154.60)
	ALL OTHER EXPENSES COVERED BY THE MANAGEMENT ADVISORY COUNCIL		\$ -	\$ -	\$ <i>1154.60</i>	\$ -	\$ <i>1154.60</i>
			\$ -	\$ -	\$ -	\$ -	\$ -
			\$ -	\$ -	\$ -	\$ -	\$ -
<b>(15) SUBTOTALS</b>			\$ -	\$ -	\$ (1,154.60)	\$ -	\$ (1,154.60)
<b>(16) CLAIM TOTAL, this page</b>						\$ (1,154.60)	
<b>(31) Accounting Notes</b>	CONTROLLER'S APPROVAL  <i>[Signature]</i>  <i>12/10/12</i>	<b>(17) TOTAL FROM PAGE 1</b>					\$ (1,154.60)
<i>Posted:</i>		<b>(18) TOTAL FROM PAGE 2</b>					\$ -
		<b>(19) TOTAL EXPENSES</b>					\$ (1,154.60)
		<b>(20) LESS OTHER EXPENSES PAID BY CITY</b>					
		<b>(21) CASH ADVANCE</b>					\$ -
		<b>(22) AIRFARE PAID BY CITY</b>					\$ <i>1154.60</i>
<b>(23) TOTAL OTHER EXPENSES PAID BY CITY</b>					\$ -		
<b>(24) (TOTAL DUE TO THE CITY) / TOTAL DUE TO EMPLOYEE</b>					\$ (1,154.60)		
I HEREBY CERTIFY that the above is a true statement of the travel expenses incurred by me in accordance with travel policies and procedures in the service of the CITY OF LOS ANGELES. I further certify that the above expenses were necessary in connection with the performance of my duties.							
<b>(25) CLAIMANT'S SIGNATURE</b> <i>Gina Marie Lindsey</i>		<b>(26) DATE (mm/dd/yy)</b> <i>11/21/12</i>		<b>(27) SIGNATURE OF APPROVING AUTHORITY</b> <i>[Signature]</i>		<b>(28) DATE (mm/dd/yy)</b> <i>11/30/12</i>	
<b>(29) Remarks / Comments:</b>							



Item Number  
**21**

# Report to the BOARD OF AIRPORT COMMISSIONERS

*[Signature]*  
Approved by: Duran Villegas, Director – Business Development

*[Signature]*  
Reviewed by: Debbie Bowers, Deputy Executive Director

*[Signature]*  
City Attorney

*[Signature]*  
Gina Marie Lindsey - Executive Director

Meeting Date:

**December 17, 2012**

CAO Review:  Completed  
 Pending  
 N/A

Reviewed for	Date	Approval Status	By
Capital Budget	12/14/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	DS
Operating Budget	12/14/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> NA	RW
CEQA	12/14/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N	AE
Procurement	12/14/12	<input checked="" type="checkbox"/> Y <input type="checkbox"/> N <input type="checkbox"/> Cond	AL

**SUBJECT:** Approval of a Consent to Assignment of Parcel 2E under Van Nuys Airport Lease No. (VNA-2935)

Consent to Assignment of Parcel 2E from Ralph W. Kiewit, Jr. to Clay Lacy Aviation, Inc., under Van Nuys Airport Lease No. VNA-2935.

**RECOMMENDATION:**

Management RECOMMENDS that the Board of Airport Commissioners:

- ADOPT the Staff Report.
- DETERMINE that this action is exempt from the California Environmental Quality Act (CEQA) pursuant to Article III Class 1(18)(c) of the Los Angeles City CEQA Guidelines.
- APPROVE a Consent to Assignment of Parcel 2E between Ralph W. Kiewit, Jr. and Clay Lacy Aviation, Inc.
- AUTHORIZE the Executive Director to execute, after approval as to form by the City Attorney, a written consent to the assignment of Parcel 2E between Ralph W. Kiewit, Jr. and Clay Lacy Aviation, Inc.

## **DISCUSSION:**

### **1. Executive Summary**

Staff requests the Board of Airport Commissioners (Board) approve a Consent to Assignment under Lease No. VNA-2935 (Consent), from Ralph W. Kiewit, Jr. to Clay Lacy Aviation, Inc. (Clay Lacy), at Van Nuys Airport (VNY).

### **2. Prior Related Actions**

On March 18, 1981, Clay Lacy entered into Ground Lease No. VNA-2935 (Lease) for 3.4725 acres of aviation land in order to construct, operate and maintain a hangar and office facility in connection with the business of providing jet charter services, sales, and related activities.

On April 25, 1984, the Board approved the First Amendment to the Lease increasing the area of the site from 3.4725 acres to 8.0767 acres and extended the expiration date from March 18, 2001 to August 31, 2014. Clay Lacy was subject to a facilities use charge for the "Pre-1984 Facilities" commencing April 1, 2001, in the same manner as if such facilities use charge was rent. Title to improvements built after 1984 will revert to Los Angeles World Airports (LAWA) when the Lease expires on August 30, 2014.

On October 10, 1984, the Board consented to the Assignment to Ralph W. Kiewit, Jr., a portion (easterly one half of Parcel 2) of the property leased to Clay Lacy under the Lease. After construction of a 24,000 square foot hangar together with automobile and aircraft parking areas, Kiewit agreed to sublease the improvements to Clay Lacy. The Lease and Consent to Sublease will both expire on August 30, 2014.

On January 8, 2007, the Board approved the Second Amendment to the Lease authorizing a five-year Repayment Plan to pay the retroactive rent for the retroactive periods 1995 – 2005 over a 5-year period at 5% interest. The amendment also added current administrative requirements to the Lease.

### **3. Current Action**

In 1985, Clay Lacy Assigned a portion of property (Parcel 2E) under the Lease to Ralph W. Kiewit, Jr. for the purposes of constructing the above referenced improvements and subleasing such improvements back to Clay Lacy. The current action would permit Ralph W. Kiewit, Jr. to re-assign Parcel 2E back to Clay Lacy since all the required improvements were previously completed and the sublease between Ralph W. Kiewit Jr. and Clay Lacy is nearing the end of its term. Furthermore, the current action would facilitate Clay Lacy's ability to improve Parcel 2E as part of any future improvements under the Lease.

### **4. Alternatives Considered**

Under Section 13 of the Lease, the Board must approve any assignment under the Lease. As this item is an administrative action and has no fiscal impact to LAWA, no other alternatives were considered.

## **FISCAL & ECONOMIC IMPACT STATEMENT:**

Approval of this item is an administrative action and will have no fiscal impact on the Los Angeles World Airports Operating or Capital Budget.

**STANDARD PROVISIONS:**

1. The issuance of permits, leases and agreements granting use of an existing facility is exempt from the requirements of the California Environmental Quality Act pursuant to Article III, Class 1 (18)(c) of the Los Angeles City CEQA Guidelines.
2. This Consent to Assignment is subject to approval as to form by the City Attorney.
3. Action taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of the Los Angeles City Charter, Section 606.
4. Clay Lacy, Inc. will comply with the provisions of the Service Contractor Worker Retention and/or Living Wage Ordinance.
5. The Small Business Enterprise Program does not apply to leases.
6. Clay Lacy, Inc. will comply with the provisions of the Affirmative Action Program.
7. Clay Lacy, Inc. has been assigned Business Tax Registration Certificate No. 0000848399-0001-4.
8. Clay Lacy, Inc. will comply with the provisions of the Child Support Obligations Ordinance.
9. Clay Lacy, Inc. has approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports.
10. This action is not subject to the provisions of Charter Section 1022 (Use of Independent Contractors).
11. Clay Lacy, Inc. must submit the Contractor Responsibility Program Pledge of Compliance and comply with the provisions of the Contractor Responsibility Program.
12. Clay Lacy, Inc. 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 Consent to Assignment.
13. This action is not subject to the provisions of the First Source Hiring Program.
14. Clay Lacy, Inc. must submit the Bidder Contributions CEC Form 55 and comply with its provisions prior to execution of the Consent to Assignment.