

**TO THE COUNCIL OF THE
CITY OF LOS ANGELES**

Your **TRADE, COMMERCE, AND TOURISM COMMITTEE**

report as follows:

ADMINISTRATIVE EXEMPTION and TRADE, COMMERCE, AND TOURISM COMMITTEE REPORT relative to proposed contract with Clark/McCarthy Joint Venture (Clark/McCarthy) for Design-Build services in connection with the Central Utility Plant (CUP) Replacement Project at Los Angeles International Airport (LAX).

Recommendations for Council action:

1. FIND that this action, as described in the December 7, 2010 Corrected Board of Airport Commissioners (Board) report and attached to the Council file, is exempt from the California Environmental Quality Act (CEQA) pursuant to Article II, Section 2(i) of the Los Angeles City CEQA Guidelines.
2. APPROVE the contract with Clark/McCarthy for Design-Build services in connection with the CUP Replacement Project at LAX for a term of five years and contract amount of \$271,519,000.
3. CONCUR with the Board's action of November 15, 2010 by Resolution No. 24281 authorizing the Executive Director to execute the contract with Clark/McCarthy.

Fiscal Impact Statement: The City Administrative Officer reports that approval of the proposed contract with Clark/McCarthy will have no Impact on the General Fund. Los Angeles World Airport (LAWA) staff notes that utilizing the Design-Build process is an expeditious delivery method for the complex CUP Replacement Project, to strive for the likelihood of a successful, timely project completion with minimum inconvenience to the traveling public and day-to-day airport operations and which will replace an existing CUP that no longer is able to fulfill current heating and cooling demands and does not have the capacity to meet increased demands that are anticipated as the expansion and modernization of LAX continues. The proposed capital funds appropriation request of \$374,900,874 will be allocated from the LAX Airport Revenue Fund, designated Elements as required. Since the LAWA is only bound by the City Debt Management Policies, the City Financial Policies are not applicable.

Community Impact Statement: None submitted.

TIME LIMIT FILE - JANUARY 16, 2011

(LAST DAY FOR COUNCIL ACTION – JANUARY 14, 2011)

SUMMARY

On December 15, 2010, your Committee considered a December 7, 2010 Corrected Board report, September 3, 2010 CAO report and Resolution No. 24281 relative to proposed contract with Clark/McCarthy for Design-Build services in connection with the CUP Replacement Project at LAX. According to the CAO, this project is one component of the larger, Master Plan effort at

LAX. The LAX Master Plan was approved by Council in December 2004 and by the Federal Aviation Administration (FAA) in May 2005. The existing CUP, which has been operating for almost 50 years, provides heating and cooling for passenger terminals and other facilities within the Central Terminal Area (CTA) at LAX. LAWA staff explains the existing CUP is no longer able to fulfill current heating and cooling demands and does not have the capacity to meet increased demands that are anticipated as the expansion and modernization of LAX continues.

The proposed Project is to design and construct a CUP replacement facility, provide required chillers, generators, pumps and other necessary equipment, replace the chilled and hot water service lines and other utilities, construct a thermal energy storage facility and other facilities and demolish the existing CUP and its ancillary structures. The replacement facility will provide double the capacity of the existing facility. Clark/McCarthy, the proposed contractor, was selected through a competitive process in accordance with Ordinance No. 180,311 (Council File No. 08-2827). The purpose of this Ordinance is to establish criteria for the letting of Design-Build contracts between LAWA and the successful Contractor for the CUP. In addition, the Ordinance states "it is crucial to the operations of LAX that the aging heating and cooling infrastructure be replaced and the Central Utility Plant Project be expedited..."

The proposed Clark/McCarthy contract has a five-year term and establishes a contract expenditure amount of \$271,519,000, which is subject to change order modifications. In addition, it sets a budgeted owner's (contract) contingency of \$54,303,800 and requires Executive Director or Board signature authority for approval and execution of change orders. Additionally, the proposed contract provides for the Department to appropriate capital funds in the amount of \$374,900,874 to finance LAWA support, support services from other City Departments, project-related materials and other equipment. LAWA staff expects a total CUP Project cost of approximately \$426.5 million which includes the proposed Clark/McCarthy contract, contingencies and other supporting services and materials.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the contact with Clark/McCarthy as detailed in the December 7, 2010 Corrected Board report and detailed in the above recommendations. This matter is now forwarded to the Council for its consideration.

Respectfully submitted,

TRADE, COMMERCE, AND TOURISM COMMITTEE

<u>MEMBER</u>	<u>VOTE</u>
HAHN:	YES
ROSENDAHL:	YES
LABONGE:	YES

ARL
12/15/10
CD 11
08-2827-s1_rpt_tct_12-15-10

Not Official Until Council Acts