

Los Angeles
World Airports

June 11, 2014

The Honorable City Council
of the City of Los Angeles
City Hall, Room 395
Los Angeles, CA 90012

Subject: **APPROVAL OF EQUIPMENT ACQUISITION AGREEMENT WITH TOM
BRADLEY INTERNATIONAL TERMINAL EQUIPMENT COMPANY**

LAX
LA/Ontario
Van Nuys
City of Los Angeles

In accordance with Section 373 of the City Charter, the Board of Airport Commissioners transmits for your approval the Equipment Acquisition Agreement with Tom Bradley International Terminal Equipment Company to acquire upgrades to the baggage handling system in Tom Bradley International Terminal at Los Angeles International Airport.

RECOMMENDATION FOR CITY COUNCIL

Eric Garcetti
Mayor
Board of Airport
Commissioners
Sean O. Burton
President
Valeria C. Velasco
Vice President
Gabriel L. Eshaghian
Jackie Goldberg
Beatrice C. Hsu
Matthew M. Johnson
Dr. Cynthia A. Telles
Gina Marie Lindsey
Executive Director

1. APPROVE the Equipment Acquisition Agreement with Tom Bradley International Terminal Equipment Company (TBITEC).
2. CONCUR in the Board's action authorizing the Executive Director to execute the Equipment Acquisition Agreement with TBITEC.
3. FIND 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.

The Board of Airport Commissioners, at their meeting held on May 19, 2014, by Resolution No. 25413 approved the Equipment Acquisition Agreement with TBITEC subject to the approval of your Honorable Body is attached.

There is no impact on the General Fund.

CONCLUSION

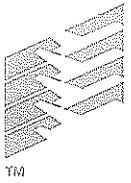
Please return the attached Equipment Acquisition Agreement with TBITEC to the Department of Airports' Board Office after City Council approval and Certification of that approval.

Very truly yours,

Sandra J. Miller – Commission Executive Assistant II
BOARD OF AIRPORT COMMISSIONERS

- cc: Trade, Commerce and Tourism Committee
 Councilmember LaBonge, E-file
 Councilmember Bonin, E-file
 Councilmember Buscaino, E-file
 CAO (Airport Analyst), E-file
 CLA (Airport Analyst), E-file
 City Clerk's Office, Enc. (one original)





RESOLUTION NO. 25413

WHEREAS, on recommendation of Management, there was presented for approval, an Equipment Acquisition Agreement with Tom Bradley International Terminal Equipment Corporation in an amount not to exceed \$49,750,000 to acquire upgrades to the baggage handling system in Tom Bradley International Terminal at Los Angeles International Airport; said Agreement will terminate upon Los Angeles World Airports' acquisition of the Tom Bradley International Terminal baggage system equipment installation or termination of the Tom Bradley International Terminal Equipment Corporation Terminal Lease and License Agreement, whichever occurs first; and

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WHEREAS, Section 8.03(b) of the TBITEC Terminal Lease and License Agreement allows LAWA, subject to Board of Airport Commissioners approval, to acquire equipment that TBITEC purchases and installs because improvements may have a useful life that will extend far beyond the term of the TBITEC Lease and therefore cannot be fully amortized by TBITEC. As required by the TBITEC Terminal Lease and License Agreement, TBITEC has submitted and the Executive Director has approved an Equipment Assessment and Replacement Plan that includes the TBIT upgrades to the baggage system in TBIT; and

WHEREAS, the outbound baggage handling system in Tom Bradley International Terminal (TBIT) includes baggage conveyors, inline Explosive Detection Screening (EDS) machines, and optical scanning controls that sort checked baggage for loading onto outbound aircraft. The TBIT baggage system can currently process up to 1,800 bags per hour, but the baggage system will need to process approximately 2,800 bags per hour to support eighteen (18) fully operational gates in TBIT. During peak periods, up to 1,000 bags miss departing aircraft and airlines may delay departures to wait for bags to be screened and processed. Left bags and delayed flights will cause customer service and operational challenges and may cause downstream impacts to subsequent arriving and departing flights. As the airlines' consortium operator, Tom Bradley International Terminal Equipment Corporation (TBITEC) has proposed to design and install certain new outbound baggage components and system controls; and

WHEREAS, TBITEC leases, operates, and maintains the TBIT baggage system pursuant to the TBITEC Lease and License Agreement. TBITEC has maximized the capacity of the baggage system by implementing operating rules that reduce stress on the system by spacing input to the system which prevents overload and baggage jams and increases hourly throughput. To increase the bag processing capacity, TBITEC and Los Angeles World Airports (LAWA) secured new EDS machines from the Transportation Security Administration (TSA). TBITEC also designed a more efficient conveyor system to feed the new EDS machines that will expand the baggage system processing capacity from 1,800 to 2,800 bags per hour; and

WHEREAS, managing the upgrade of an operational baggage handling system while keeping it functional is complicated and poses operational risks for the TBIT airlines. Multiple sections of the system will be taken out of service to upgrade components and allow for baggage belt conveyors to be replaced and rerouted. To allow the airlines to control the impacts of upgrading the baggage handling system while continuing to operate it, the airlines will provide additional baggage handling staff to be managed by TBITEC; and

WHEREAS, TBITEC has competitively bid the work in accordance with the TBITEC Lease and License Agreement and will require its general contractor to sign the Letter of Assent to LAWA's Project Labor Agreement. TBITEC estimates the project component costs including contingency will not exceed \$49,750,000, as follows:



Component	Estimated Cost
Mechanical Conveyor Components	\$21,396,000
Electrical Conveyor Components	9,889,000
Controls Replacement	9,374,000
Project Management/CA Services	4,406,000
Contingency	2,249,000
Delivery Financing	2,436,000
<i>Total:</i>	\$49,750,000; and

WHEREAS, the Equipment Acquisition Agreement allows TBITEC to finance purchase and installation of the new equipment and provides TBITEC the right to assign to an approved lender LAWA's payment for acquisition of the completed installation of equipment with the prior written consent of the Executive Director; and

WHEREAS, the issuance of permits, leases, agreements, gate and space assignments, and renewals, amendments or extensions thereof, or other entitlements granting use of existing airport facilities or its operations 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; and

WHEREAS, actions taken on this item by the Board of Airport Commissioners will become final pursuant to the provisions of Los Angeles City Charter Section 373;

NOW, THEREFORE, BE IT RESOLVED that the Board of Airport Commissioners determined that this action is exempt from the California Environmental Quality Act requirements; adopted the Staff Report; approved the Equipment Acquisition Agreement with Tom Bradley International Terminal Equipment Corporation in an amount not to exceed \$49,750,000; authorized the Executive Director to execute the Equipment Acquisition Agreement with Tom Bradley International Terminal Equipment Corporation upon approval as to form by the City Attorney and upon approval by the Los Angeles City Council; and further approved funds in the not-to-exceed amount of \$49,750,000 be appropriated and allocated from the LAX Revenue Fund to Work Breakdown Structure Element 1.14.08-700 as may be required.

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I hereby certify that this Resolution No. 25413 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Monday, May 19, 2014.



Sandra J. Miller – Secretary
BOARD OF AIRPORT COMMISSIONERS