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Report to the BOARD OF AIRPORT COMMISSIONERS

Hans Thilenius
 Approver: Hans Thilenius (Nov 22, 2022 16:14 PST)
 Hans Thilenius, Deputy Executive Director
 Terminal Development and Improvement Program

Brian C. Ostler
 Reviewer: Brian C. Ostler, City Attorney EGR

Justin Erbacci
Justin Erbacci (Nov 22, 2022 18:52 PST)
 Justin Erbacci, Chief Executive Officer

Meeting Date
 12/1/2022

Needs Council Approval: Y

Reviewed for/by	Date	Approval Status	By
Finance	11/18/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
CEQA	11/7/2022	<input checked="" type="checkbox"/> Y	JO
Procurement	11/10/2022	<input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond	LK
Guest Experience	11/9/2022	<input checked="" type="checkbox"/> Y	TB
Strategic Planning	11/15/2022	<input checked="" type="checkbox"/> Y	BNZ

SUBJECT

Request to approve the First Amendment for Reimbursement Agreement DA-5455 with Delta Air Lines, Inc. (which provides additional electrical capacity to Terminal 3 and power redundancy to the north terminals at Los Angeles International Airport, which include Terminal 1 and the future Terminal 1 Extension, Terminal 1.5, Terminal 2, Terminal 3, and the Tom Bradley International Terminal Connector) to extend the term by one year to July 14, 2024 (currently through July 14, 2023), with no change to the guaranteed maximum reimbursement amount.

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 and Article III, Class 1 (2) of the Los Angeles City CEQA Guidelines.
- APPROVE the First Amendment to Reimbursement Agreement DA-5455 with Delta Air Lines, Inc.
- AUTHORIZE the Chief Executive Officer, or designee, to execute the First Amendment to Reimbursement Agreement DA-5455 with Delta Airlines, Inc., upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

The purpose of this project is to replace 60+ year old underground electrical infrastructure in order to provide power capacity and redundancy by means of two directional pathways to all northside terminals, resulting in a highly reliable, flexible, and resilient utility-side electrical system. The time extension is required to extend the contract term beyond the original completion date for reasons described in Section 4.0 below.

2. Prior Related Actions/History of Board Actions

- **June 18, 2020 – Resolution No. 27051 (DA-5455)**

The Board of Airport Commissioners (Board) approved a Reimbursable Agreement with Delta Air Lines, Inc. (Delta) to provide additional electrical capacity to Terminal 3 (T3) and power redundancy to the north terminals, which include Terminal 1 and the future Terminal 1 Extension, Terminal 1.5, Terminal 2 (T2), T3, and the Tom Bradley International Terminal Connector, at Los Angeles International Airport (LAX), for cost of \$21,519,000; and appropriated \$23,205,051 to include soft costs.

3. Background

Los Angeles World Airports (LAWA) has embarked on infrastructure improvements to the northside of the Central Terminal Area (CTA). As part of these improvements, Delta is renovating portions of T2 and rebuilding T3.

Currently, the northside terminals are fed from the east side of the LAX campus, from two Los Angeles Department of Water and Power (LADWP) circuits originating from LADWP Receiving Station-N. After consultation with LADWP regarding LAX's future utility requirements, LADWP advised that future projects will require additional electrical power.

To address this need for additional power and desired resiliency for LAWA's planned northside terminal development projects, new power circuits need to be installed from the west side of the LAX campus, which originates from the new LADWP Receiving Station-X.

To accomplish this, staff negotiated an agreement with Delta to provide the design, construction, and project management services to implement this needed electrical infrastructure that serves the northside terminals. Delta was in the best position to perform this work because they were the contractor performing the T2/T3 Delta Sky Way Project which incorporated the same footprint of project site as this electrical infrastructure project, specifically during the gate closures around terminal 3 where this electrical work is located.

4. Current Action/Rationale

The baseline schedule for this project is linked to the baseline schedule for the T2/T3 Delta Sky Way project, which began work in the second quarter of 2021 and is scheduled to finish in the first quarter of 2024. It was noted in the original Board action authorizing this agreement that LAWA and Delta were analyzing ways to accelerate the T2/T3 Delta Sky Way project in response to the downturn in flights due to the COVID-19 pandemic, which may result in adjustments to these dates.

Los Angeles World Airports and Delta were able to accelerate the completion of the T2/T3 Delta Sky Way project by approximately 18 months by vacating T3 and consolidating operations to T2, thereby allowing the complete demolition and reconstruction of most of T3 without any impact to passengers.

The acceleration of T3 work required the construction of temporary trailers to accommodate contractor and airline support staff. These trailers (yellow box in Figure 1) were in the direct path of the trench required to be constructed by this project, causing a pause in the work (shown in red in Figure 1). As such, the current schedule for completing the project is approaching the original contract expiration date of July 14, 2023.

The final activity of the project will be performed by LADWP (under this contract), which includes cable installation. The scheduling of this activity is under LADWP's control, and the time extension of this contract provides a sufficient buffer to allow LADWP staff to complete their work.

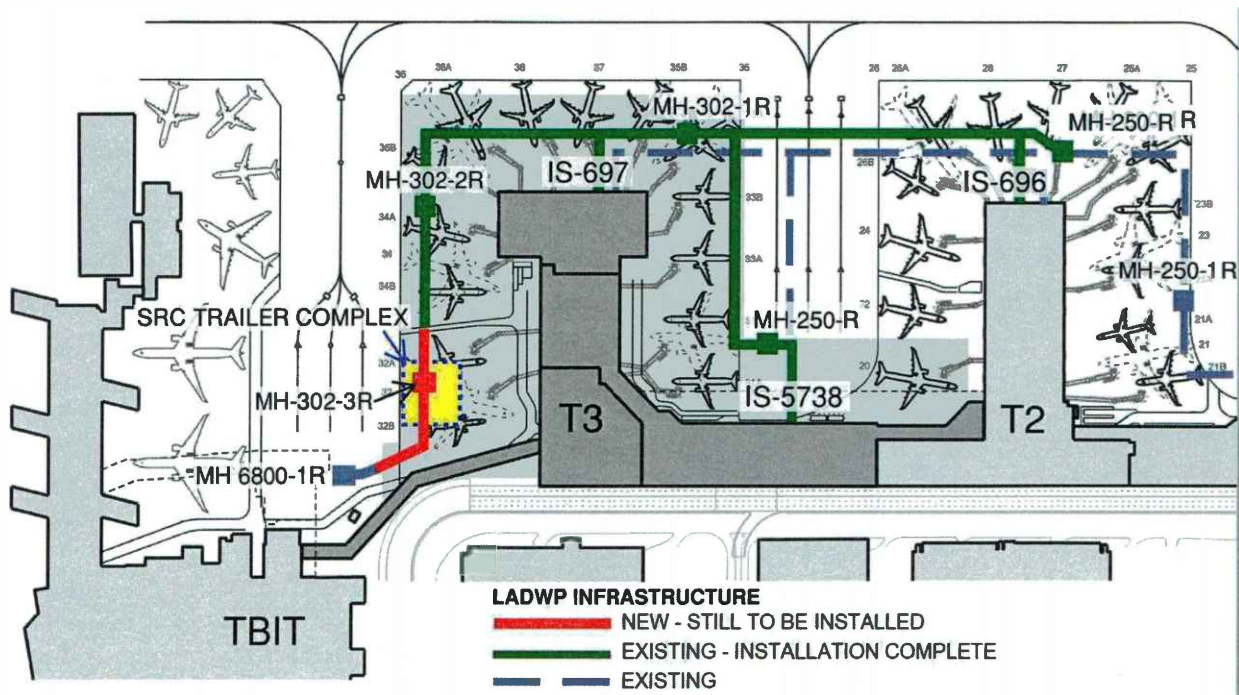


Figure 1

How This Action Advances a Specific Strategic Plan Goal and Objective

This action advances this strategic goal and objective: *Sustain a Strong Business: Operate sustainably – balancing economic, social and environmental responsibilities.* The existing LADWP infrastructure is inadequate to meet future power demands. The new infrastructure will accommodate northside terminal expansions and increase power capacity, redundancy, and reliability.

5. Fiscal Impact

The North Terminal Power Upgrade and Redundancy Project is programmed in LAWA's 2018 Capital Improvement Plan (CIP), with a direct project budget of \$22,581,000, which

includes hard and soft costs. As the proposed action does not modify the budget, approval of this item will result in no net increase to the CIP.

6. Alternatives Considered

- **Take No Action**

Taking no action risks the contract terminating prior to the completion of the work and thereby removing the mechanism required to reimburse Delta for the remaining costs related to the project, including payment to the LADWP for their critical portion of the work.

APPROPRIATIONS

No appropriation of funds is required for this action.

STANDARD PROVISIONS

1. This action, as a continuing administrative activity, is exempt from California Environmental Quality Act (CEQA) requirements pursuant to Article II, Section 2.f of the Los Angeles City CEQA Guidelines. In addition, the operation, repair, maintenance or minor alteration of existing facilities of both investor and publicly owned utilities, electrical power and mechanical systems serving existing facilities are categorically exempt from CEQA requirements pursuant to Article III, Class 1 (2) 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 373.
4. This action is not subject to the provisions of the Living Wage/Service Contractor Worker Retention Ordinances.
5. This action is not subject to the provisions of the Business Enterprise (BE) Programs.
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 number.
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 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.

15. This action is not subject to the provisions of MLO Bidder Contributions CEC Form 50.

16. This action is not subject to the provisions of the Iran Contracting Act.

FIRST AMENDMENT TO CONTRACT DA-5455 BETWEEN THE CITY OF LOS ANGELES AND DELTA AIR LINES, INC. FOR REIMBURSEMENT OF COSTS ASSOCIATED WITH THE DESIGN AND CONSTRUCTION OF POWER REDUNDANCY UPGRADES FOR TERMINALS 2 & 3 AT LOS ANGELES INTERNATIONAL AIRPORT

THIS FIRST AMENDMENT TO CONTRACT NO. DA-5455, (the "First Amendment"), is made and entered into this _____ day of _____, 20____, by and between the CITY OF LOS ANGELES, a municipal corporation, ("City") acting by order of and through its Board of Airport Commissioners ("Board") and DELTA AIR LINES, INC. ("Delta").

RECITALS

WHEREAS, City's Department of Airports known formally as Los Angeles World Airports ("LAWA") is responsible for the management and administration of this Contract; and

WHEREAS, the Board awarded Contract No. DA-5455, for reimbursement of costs associated with the design and construction of "Power Redundancy Upgrades for Terminals 2 & 3" (hereinafter referred to as "Project");

WHEREAS, the original term of the Contract No. DA-5455 was for three (3) years, expiring no later than the third anniversary date of the Notice to Proceed, issued on July, 15, 2020;

WHEREAS, the Parties desire now to extend the term of the Contract No. DA-5455 by one (1) year;

NOW, THEREFORE, in consideration of the promises, and of the terms, covenants, and conditions hereinafter contained to be kept and performed by the respective parties hereto, IT IS MUTUALLY AGREED that Contract DA-5455 be further amended as follows:

Amendment Section 1. Section 3.0 of Contract No. DA-5455 is amended and restated in its entirety to read:

Section 3.0 Term. This Agreement shall commence upon the City's issuance of Notice to Proceed with the Work and shall be Substantially Complete by September 29, 2023; however, in no event shall the term of this Agreement extend past July 15, 2024, four (4) years after the Notice to Proceed, unless amended, subject to earlier termination as provided in Section 16.0 of this Agreement.

Amendment Section 2. It is understood and agreed by and between the parties hereto that, except as specifically provided herein, this First Amendment shall not, in any manner, alter, change, modify, or affect any of the rights, privileges, duties, or obligations of either of the parties hereto, under or by reason of said Contract No. DA-5455, as amended.

IN WITNESS WHEREOF, the parties hereto have made and executed this First Amendment on the day and year first above written.

APPROVED AS TO FORM:
Michael N. Feuer
City Attorney

CITY OF LOS ANGELES

Date: _____

By _____
Chief Executive Officer
Los Angeles World Airports

By: _____
Deputy City Attorney

By _____
Chief Financial Officer
Los Angeles World Airports

ATTEST:

DELTA AIR LINES, INC

By Alan T. Russell
Assistant Secretary (Signature)

By: [Signature]
Signature

Alan T. Russell
Print Name

K. Mark Pearson
Vice President - Corporate Real Estate
Print Title

