Los Angeles
World Airports

TM

July 24, 2014

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

LAX

LA/Ontario

Van Nuys

City of Los Angeles

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

Subject: **CONSIDER AND APPROVE AN ORDINANCE TO AUTHORIZE THE USE OF COMPETITIVE SEALED PROPOSAL SELECTION PROCESS AND THE CONSTRUCTION MANAGER AT RISK ALTERNATE PROJECT DELIVERY METHOD FOR SELECT AIRFIELD CAPITAL IMPROVEMENT PROJECTS AT LOS ANGELES INTERNATIONAL AIRPORT**

RECOMMENDATION FOR CITY COUNCIL

1. ADOPT Resolution No. 25481 (attached) which was approved by the Board of Airport Commissioners at their meeting held on July 21, 2014.

2. FIND that the recommended action is exempt from the requirements of the California Environmental Quality Act as provided by Article II Section 2(m) of the Los Angeles City CEQA Guidelines.

FISCAL IMPACT STATEMENT

There is no fiscal impact to the City's General Fund as a result of this action.

Very truly yours,

Sandra J. Miller, Secretary
BOARD OF AIRPORT COMMISSIONERS

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

Los Angeles World Airports

BOARD FILE NO. 1191 x 2003

RESOLUTION NO. 25481

WHEREAS, on recommendation of Management, there was presented for approval, a Resolution requesting the Los Angeles City Council to consider and approve an ordinance to authorize the use of Competitive Sealed Proposals Selection Process and the Construction Manager at Risk alternative project delivery method for select airfield capital improvement projects at Los Angeles International Airport; and

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WHEREAS, Los Angeles World Airports (LAWA) is moving forward with significant capital improvements in all areas of the airfield at Los Angeles International Airport (LAX). These improvements include runway safety enhancements, runway, taxiway, taxilane, service roads and aircraft ramp pavement rehabilitation, aircraft maintenance and parking areas, and other critical airfield infrastructure improvements. These capital improvements are needed to enhance airfield operations and safety and to meet the latest federal design and safety standards. Additionally, this type of work is highly specialized and regulated making it critically important that contractors have the expertise and experience to carry it out in an accurate and timely manner; and

WHEREAS, most LAWA projects are procured under a process in which to the lowest responsive and responsible bidder is awarded the construction contract. However, experience and past performance is not a significant factor in the selection process. To overcome these disadvantages, City Charter Section 371(b) authorizes the use of the Competitive Sealed Proposal Selection (CSPS) process to procure contractors through a selection process which takes qualifications and experience under consideration; and

WHEREAS, most LAWA projects are delivered using the traditional Design-Bid-Build (DBB) delivery method. However, this delivery method does not allow for the construction manager to participate early in the design process which can lead to constructability issues and design changes. DBB is also less flexible than other delivery methods when it comes to mitigating operational impacts and the overall construction schedule is longer because the project has to be fully designed before any construction can begin. To overcome these disadvantages, City Charter Section 371(b) authorizes the use of the Construction Manager at Risk (CMAR) alternative delivery method for projects that require early involvement and coordination between the design and construction teams, are time-sensitive, or flexibility is needed to mitigate operational issues; and

WHEREAS, City Charter 371(b) requires that prior to using the CSPS process or the CMAR delivery method, the specific project(s) must first be approved by the City Council via an ordinance. LAWA proposes an ordinance allowing staff to use the CSPS process and CMAR delivery method for the following airfield capital improvement projects and their components at LAX:

- Runway 7R-25L Rehabilitation
- Runway 6R-24L Safety Area and Rehabilitation
- Runway 6L-24R Safety Area and Rehabilitation
- West Remain Over Night Aircraft Parking Improvements
- Secured Area Access Posts and Vehicle Checkpoints; and

WHEREAS, under the typical selection process using the DBB delivery method, LAWA hires a designer to prepare the design documents, project plans and specifications. These documents are incorporated into the Notice Inviting Bids which are issued to potential firms

for competitive bids. LAWA then conducts an administrative review of the submissions and ultimately awards a contract to the lowest responsive and responsible bidder for construction of the project. Experience and past performance are not factored into the selection under this process; and

WHEREAS, as an alternative, Los Angeles City Charter Section 371(b) authorizes the use of the CSPS process with the DBB or CMAR delivery methods. This allows LAWA to evaluate and consider not only the construction cost but also the contractors' experience, construction approach, staffing organization, resource capacity, project controls, safety and other critical criteria needed to successfully construct and implement these unique construction projects; and

WHEREAS, using the CSPS process, firms will be asked to submit proposals in two (2) separately sealed packages at the time of bid. Package No. 1 will consist of specific information for the purpose of demonstrating qualifications to perform the specified work as well as meeting LAWA's administrative requirements. Package No. 2 will consist of Proposal Cost Information; and

WHEREAS, proposals will be evaluated and scored in three (3) steps as follows:

- Step 1 will be scored as a pass/fail section and will include evaluation of the contractor's submission of minimum proposal elements. This pass/fail section will confirm the proposer's execution of all required administrative documentation and compliance with licensing and other documents required to be submitted at time of proposal. Should the proposer fail to submit and execute all required documentation and/or fails to meet the minimum requirements of Step 1, the proposer will be considered non-responsive and no further evaluation of the proposal will be considered.
- Step 2 will be an evaluation of all proposers that have passed Step 1. Proposals will be evaluated and scored based upon a predetermined and published set of qualification and scoring requirements. Qualification criteria includes, but not limited to, relevant project experience, previous performance, safety records and program, quality control program, schedule, project understanding and approach, organizational structure and personnel qualifications. This step may also include oral presentations to give proposers the opportunity to elaborate on their team's qualifications to carry out the project. Based upon the evaluation and scoring of Step 2, the proposers' will be given an efficiency score based on their response to the defined criteria.
- Step 3 will be an evaluation of the cost proposals submitted by the firms achieving a passing score in Step 2. The selection will then be based on the lowest ultimate cost formula which divides the cost proposed for the work by the efficiency points. The firm with the lowest ultimate cost to the City based on this formula will be recommended to the Board of Airport Commissioners for the contract award; and

WHEREAS, under the CMAR delivery method, LAWA hires a contractor using the CSPS process in the role of construction manager early in the design development phase to provide pre-construction services as a member of the program development team; and

WHEREAS, the CMAR delivery method allows the owner (LAWA) to maintain control of the design while having the benefit of early involvement of the builder as the design progresses. The selected CMAR assists in design review, facilitates constructability reviews, participates in design packaging phasing and scheduling decisions, cost estimating, other market analysis as appropriate, and then executes construction of the project as the general contractor. The CMAR is "at risk" to deliver the project at the agreed maximum guaranteed price; and

WHEREAS, by having the CMAR participate in the design process, LAWA gains the benefit of the firm's construction experience and knowledge resulting in a more cost effective and "constructible" design. Additionally, participation by the CMAR early in the process enhances

the ability to start work before the project is completely designed, thus shortening the overall time frame for completing the project. For example, once the "site work and grading" design is complete, the designer can issue a "site work and grading package" to the construction manager to begin bidding and construction work on that aspect of the project while the balance of the design on subsequent packages continues; and

WHEREAS, CMAR contracts are typically structured as a two-part agreement. The first part is for pre-construction services and the second part for construction services. The agreement pertaining to pre-construction services would be structured under a cost reimbursable format. The construction services agreement typically includes a Guaranteed Maximum Price negotiated with the CMAR for construction services. The CMAR will sub-contract portions of construction and may self-perform portions of the project. LAWA retains authority to limit the amount of CMAR self-performance to allow for increased participation by small, disadvantaged or local firms as subcontractors; and

WHEREAS, the CMAR delivery method was selected for the Bradley West Gates and Core Improvement, Central Terminal Area (CTA) Improvements, and Second Level Roadway Repair and New Face of the CTA projects at LAX; and

WHEREAS, this activity, proposed approval of a new ordinance does not result in impacts on the physical environment, is exempt from the requirements of the California Environmental Quality Act (CEQA) pursuant to Article II Section 2(m) 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 371(b);

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; found that use of Competitive Sealed Proposals Selection Process and Construction Manager at Risk alternative project delivery method should be authorized based on operational need, schedule and technical aspects of select airfield capital improvement projects at Los Angeles International Airport, and that awarding to the lowest responsive and responsible bidder is not practicable or advantageous; and requested the Los Angeles City Council consider and approve an ordinance allowing the Board of Airport Commissioners to authorize its Executive Director to use Competitive Sealed Proposals Selection Process and the Construction Manager at Risk alternative project delivery method for select airfield capital improvement projects at Los Angeles International Airport upon approval as to form by the City Attorney.

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I hereby certify that this Resolution No. 25481 is true and correct, as adopted by the Board of Airport Commissioners at its Regular Meeting held on Monday, July 21, 2014.

Sandra J. Miller – Secretary
BOARD OF AIRPORT COMMISSIONERS