



City of Long Beach

Working Together to Serve

Memorandum

Date: September 11, 2017

To: Patrick H. West, City Manager *T.M.L.*

From: Jess L. Romo, Director, Long Beach Airport *JLR*

For: Mayor and Members of the City Council

Subject: Long Beach Airport Terminal Area Project Update

This memo is intended to provide the Mayor and City Council with an update on the planned improvements to enhance the customer experience at Long Beach Airport (Airport). Staff and consultants have engaged in a planning effort to analyze and identify various improvements to the passenger terminal area to enhance the level of service for passengers and visitors to the Airport. The scope of this study has primarily focused on the pre-security areas of the Terminal building and does not contemplate improvements to the passenger concourse and holdroom areas, including aircraft parking positions. The sole airfield component contemplated under this project is a baggage make-up unit, which provides for handling checked baggage on outbound flights.

The proposed improvements comprise an area of approximately 25,000 square feet (SF) and will remain within the City Council-approved limit of 89,995 SF, consistent with Final Environmental Impact Report (FEIR) 37-03 (Resolution No. Res-06-0056). These improvements are intended to enhance the passenger experience, improve the functionality and aesthetics of the Airport, and do not increase capacity beyond that which exists under current conditions.

Background

In 2006, the City Council certified FEIR 37-03, which addressed the Terminal Area Improvement Project (TAIP). FEIR 37-03 identified that the TAIP would be phased based on service priorities and funding availability. The original scope and objective of the TAIP provided for passenger terminal facilities to accommodate the minimum number of flights allowed under the Noise Ordinance and the number of passengers served by those flights. The FEIR analyzed 102,850 SF, and the City Council initially approved a total of 97,545 SF of terminal area on June 20, 2006 (Resolution No. RES-06-0056). The City Council continued discussions regarding the appropriate size, scope, and implementation of the project and thereafter reduced the initial authorization of the TAIP on April 24, 2007, as noted below. The final scope identified the following development limits, which are to incorporate existing and "to be constructed" elements:

- Terminal Area Facilities – 89,995 SF
- Airline Passenger Gates – 11
- Aircraft Parking Positions – 12
- Vehicular Parking – 5,586 spaces

To date, TAIP Phase I has been completed. Elements included in FEIR 37-03, but not implemented in Phase I, will be constructed in the second phase of TAIP (Phase II).

Phase I Improvements to the Terminal Area

Phase I of the TAIP focused on post-security improvements, including a new Transportation Security Administration (TSA) passenger Security Screening facility, passenger concourse, restrooms and concession areas. The concourse is comprised of 11 holdroom areas and passenger gates and an aircraft apron containing 11 of the 12 approved aircraft parking positions. Phase I also included the construction of Parking Structure B and the adjoining surface lot. Completed Phase I Improvements include the following:

- Passenger Concourse and Security Screening Checkpoint – 41,299 SF
- Airline Passenger Gates – 11
- Aircraft Parking Positions – 11
- Parking Structure B and Surface Lot – 2,421 spaces

The new Passenger Concourse went into service December 12, 2012, and has garnered worldwide recognition along with multiple awards for the City of Long Beach. Parking Structure B opened July 14, 2011. Improvements to Parking Structure A, while originally scoped to be part of Phase II, were accelerated due to immediate structural issues with the existing elevator tower. Parking Structure A is on schedule to reopen before the Thanksgiving holiday.

Phase II Improvements to the Terminal Area

Phase II of the TAIP will include the following components:

- Construction of an approximately 11,000 SF ticketing lobby, airline ticket office and check-in facility located to the south of the existing Terminal building;
- Construction of an approximately 6,200 SF replacement TSA in-line baggage screening facility;
- Development of a consolidated baggage claim and relocation of a baggage make-up unit;
- Relocation of rental car customer transaction services to the existing Terminal building;
- Various ground transportation improvements to better accommodate commercial ground transportation operators, including but not limited to taxis, hotel shuttles, door-to-door shuttles, buses and Transportation Network Companies, such as Uber and Lyft;
- Redevelopment and enhancement of the existing public meet-and-greet plaza located immediately west of the Terminal building. This will include new hardscaped and landscaped areas, and pre-security concession areas;
- Construction of new pre-security restrooms; and
- Upgrades to the existing Terminal building including HVAC, electrical, mechanical, and structural improvements. Interior renovations for waiting areas during inclement weather are also included.

Each of the proposed components under Phase II has been evaluated to ensure consistency with the parameters provided in FEIR 37-03. Based on this analysis, the City of Long Beach can reasonably rely on FEIR 37-03 as the basis for compliance with the California Environmental Quality Act (CEQA). However, an addendum to FEIR 37-03 is required to document modifications in the project description, specifically, the design configuration and space allocation. Section 15164 of the State CEQA Guidelines, allows for the preparation of an addendum to a previously certified EIR if some changes or additions are necessary, but the changes do not result in new significant effects.

Therefore, Phase II may be approved as being within the scope of the project addressed in FEIR 37-03, with a revised description of certain project elements addressed in an addendum to FEIR 37-03. This evaluation assumes implementation of applicable project design features, standard conditions, and mitigation measures from FEIR 37-03. An addendum does not require a public circulation period.

Design-Build Construction

Design-Build is a delivery methodology whereby the owner contracts with a single entity to provide both design and construction services. The owner works with the architect and contractor to establish a Guaranteed Maximum Price (GMP) within a pre-established budget to deliver the desired project. Design-Build is characterized by high levels of collaboration between the design and construction disciplines, and shifts project risk to the Design-Build entity.

Based on the complex nature of the Phase II improvements, the project will be designed and constructed utilizing the Design-Build construction method. The Design-Builder will be selected based on qualifications submitted in response to a Request for Proposals (RFP) for Design-Build Services. It is anticipated that the RFP will be released in Fall 2017, and a contract will be brought forth for City Council approval in the first quarter of 2018.

State law recognizes airports and runways as types of fee-producing infrastructure projects suitable for Design-Build Construction. The Design-Builder, in collaboration with Airport staff, will be tasked with developing an operationally uncomplicated, energy-efficient, value-driven design within an overall plan that can be constructed in multiple stages. The office of the City Attorney has opined that the Phase II improvements are eligible for the Design-Build delivery method.

The Phase II improvements are anticipated to be completed within five years. Accordingly, the Airport will seek a Design-Build contract for a similar duration. It is the Airport's intent to award a contract for the entire Phase II scope of work. The initial contract authorization is anticipated to include design and preconstruction services to be issued on a task order basis. Contract amendments will establish the negotiated lump sum or GMP as each component progresses from preconstruction to construction and will be executed contingent upon available funding, at the sole discretion of the City.

Phase II Sustainability

Phase II will be designed and constructed to meet the highest attainable standards for energy efficiency and environmental design. This approach will be implemented across the various design features of the project, and precise methods will be determined through the design process. New buildings will be LEED-certified where applicable and in accordance with the City's Green Building Policy for Municipal Projects.

Phase II Funding

Phase II financing will be achieved through various funding sources. The available funding sources identified thus far include federal grants, Passenger Facility Charges, Customer Facility Charges, TSA grants, Airport cash and Airport revenue bonds. Consistent with Airport's long-term financial plan to fund new projects on a pay-as-you-go basis, Airport revenue bonds will not be utilized.

Key considerations in identifying appropriate funding sources for Phase II are:

- Rough Order of Magnitude project cost of \$65 to \$75 million;
- Pay-as-you-go (no debt financing);
- Strong passenger activity levels;
- Strong revenue streams (airline, indirect airline and other non-airline);
- Maintaining the Airport's long-standing financial targets, including 1.5 times debt service coverage, minimum 365 days' cash on hand, minimum \$5 million Passenger Facility Charges fund balance, and competitive airline partner cost;
- Continued availability of federal grant funds;
- Inclusion of both entitlements and discretionary funding (Airport Improvement Program); and
- Maintenance and Operations cost increases of three percent annually.

Final disposition of funding sources and considerations will be examined throughout the duration of the project to ensure the long-term health of the Airport Enterprise Fund, and will be closely coordinated with the City's Financial Management Department.

If you have any questions or require additional information, please contact me at (562) 570-2605.

JR:AT:SL:KM

CC: CHARLES PARKIN, CITY ATTORNEY
LAURA L. DOUD, CITY AUDITOR
TOM MODICA, ASSISTANT CITY MANAGER
KEVIN J. JACKSON, DEPUTY CITY MANAGER
REBECCA JIMENEZ, ASSISTANT TO THE CITY MANAGER