



TBIT Construction News

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TBIT Project Financial Overview

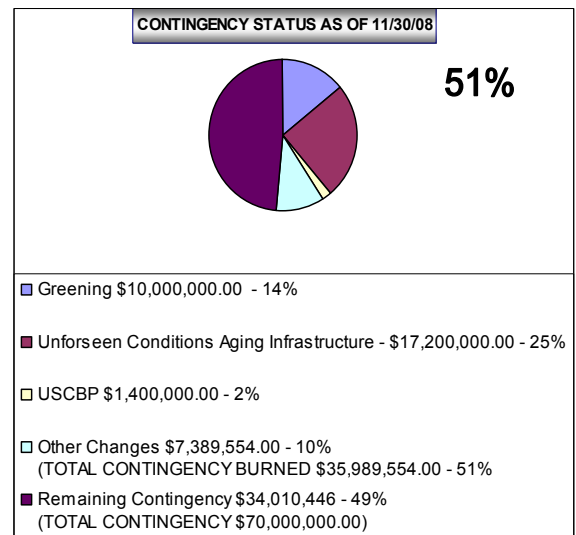
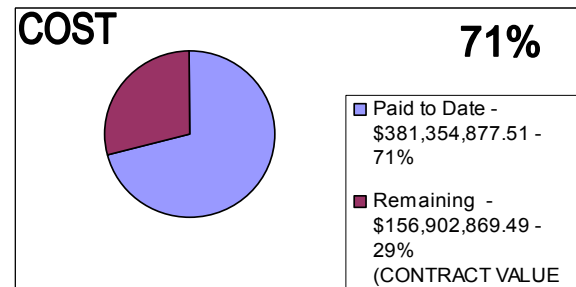
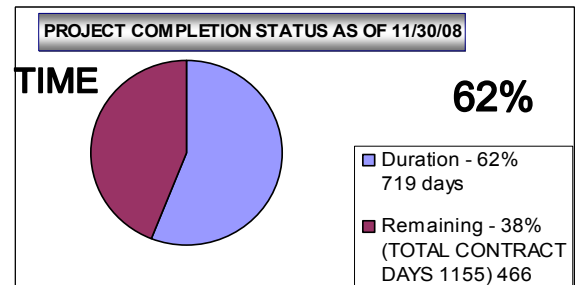
As we enter the New Year and this incredible renovation project moves into the final phases, the TBIT Project Management Team would like to share some information on how we manage the **costs** and **changes** associated with this project.

Managing the money on a project of this size is a challenge as you can imagine. To date the team has processed over **1,700 cost events** for the project. These events occur from various situations such as:

- field conditions that are associated with renovating an older terminal building,
- document corrections that occur when the plans and specifications are not clear enough to provide adequate direction to the Contractor,
- code requirements that must be met to satisfy the building codes and to pass inspection,
- owner betterments which are enhancements to the project that were not originally anticipated, but are needed.

These changes represent approximately \$7.7 million or 2% of the base project budget costs to date, and represents 10% of the contingency used to date.

In addition to the cost events noted above, the project has a significant number of **allowances** that were built into the contract which allow the team to fund work that was anticipated, but could not be clearly defined at the time of bid. The TBIT renovation contract contains over 25 of these allowances which account for \$89.2 million dollars in funding. These allowances have included such items as moving TSA equipment



Continued on Page 8

Construction Starts on Departures Lobby Phase D-5

The contractor, Clark McCarthy A Joint Venture, (CMJV) and the Project Management Team (PMT) reached agreement to suspend construction in the Departures Lobby during the holiday season.

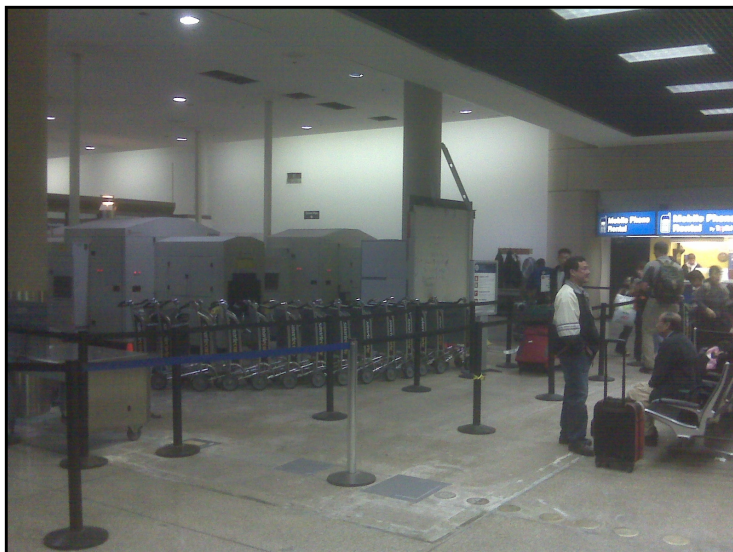
With the start of the new year, CMJV has erected the barricades around the Phase D-5 (aisle A) construction area as shown in the bottom-left photo. The contractor has also started the demolition of the old Aisle A ticket counters, backwalls, and overhead canopy as shown in the bottom-right photo.

The airline operations on Aisle A relocated across the aisle to the recently completed Phase D-4 (new A31 to A62 ticketing positions) but will still process their baggage through the construction zone to existing conveyor drops to piers 1, 2, and 3. Phase D-5 construction is scheduled to take 90 days, but the contractor has managed to shorten the durations with each succeeding phase as the trades increase their efficiency in renovating the ticketing areas.

At the completion of Phase D-5, the construction is scheduled to move directly to Phase D-6, the renovation of existing Aisle F. The contractor and PMT are currently working on phasing plans for this area since it involves the possible relocation of the Mega-Pod to allow for the most efficient renovation of the existing Aisle F. Additional information will be presented in this newsletter as phasing plans are finalized.



Arrivals Lobby Improvements for Interline Recheck Passengers



The photo on the left shows the new conditions in the Arrivals Lobby after the demolition of the “old” Public Information Office (PIO) which was being temporarily used by CBP. The telephone banks will be relocated to the elevator lobby by January 14.

The “clearing out” of this part of the Arrivals Lobby allows for a much improved queuing area for interline recheck passengers to drop-off their bags for security baggage screening by the TSA. With the introduction of dual A380 operations by Qantas, and the start of Arrivals Lobby Renovation Phase A-6, this function was very congested as passengers and meeters & greeters vied for space.

Although the work was “out-of-phase”, the contractor understood the passenger congestion and impact to customer service, and was able to expedite the demolition of the office for the holiday season in the spirit of cooperation with the PMT.

Renovation of Gates 120 & 121 Started

The contractor completed renovation work on Gates 105 & 106 at the end of the year. This was the last phase of construction on the South Concourse.

The contractor has now moved back to the North Concourse to complete the renovation of Gates 120 and 121. The photos on the right show the demolition of the Passenger Boarding Bridge (PBB) at Gate 120 and the interior barricade at Gate 120. Completion of the concourse gate renovation portion of the project is scheduled for mid-March, 2009.



South Matrix Building

The photo on the left shows the installation of the new in-line baggage screening conveyor system in the South Matrix Building (SMB). The conveyors run from the renovated Interline Recheck area to feed four in-line CTX machines prior to going to the existing Interline Baggage building on the ramp outside the new South Matrix Building.

Completion of the conveyor installation is scheduled for June 2009. This will be followed by the completion of the electrical and data work prior to the commissioning of the system. Commissioning of the system and completion of the Interline Recheck area renovation is scheduled for an operational date of September 30, 2009.



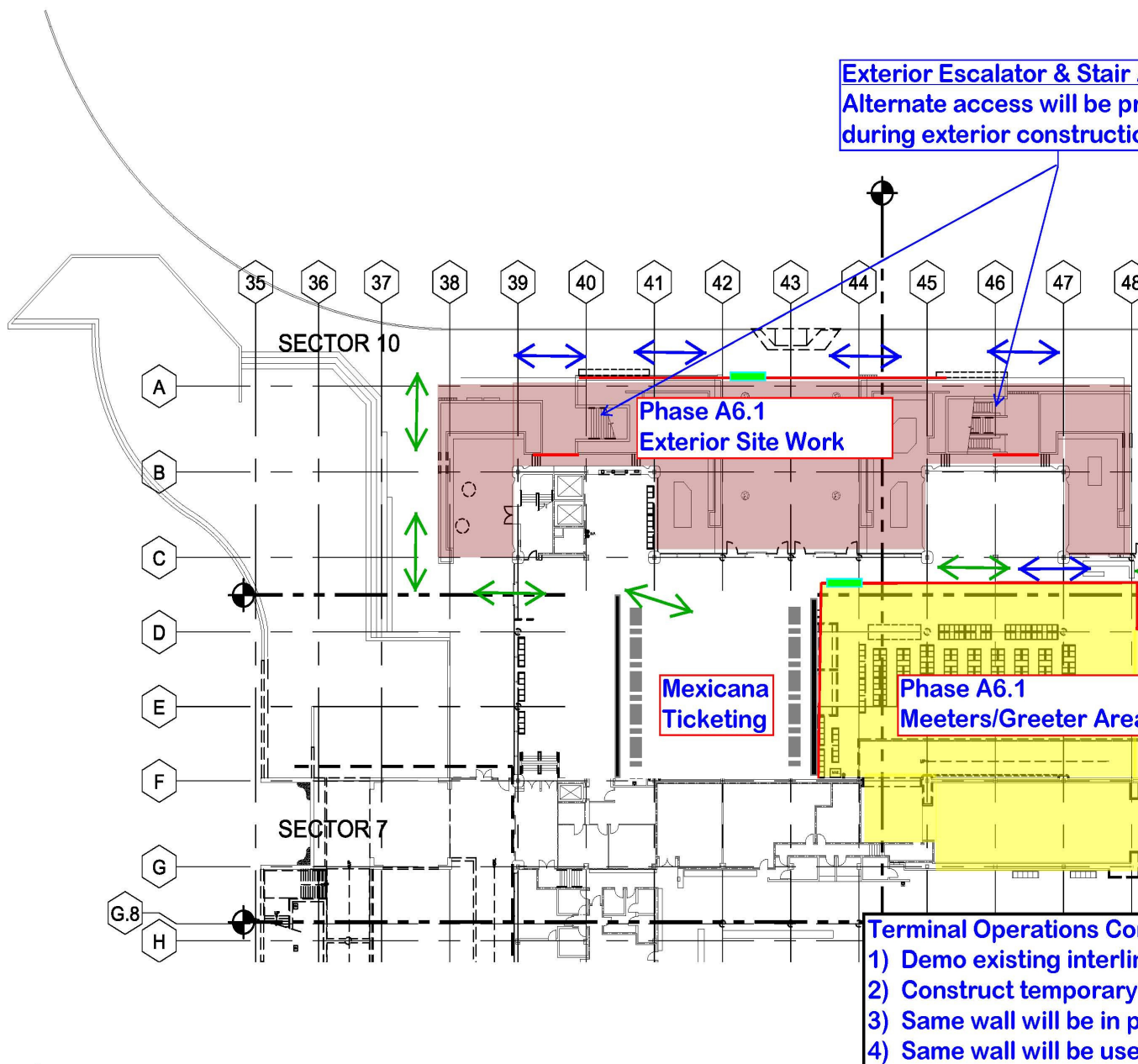
North Matrix Building

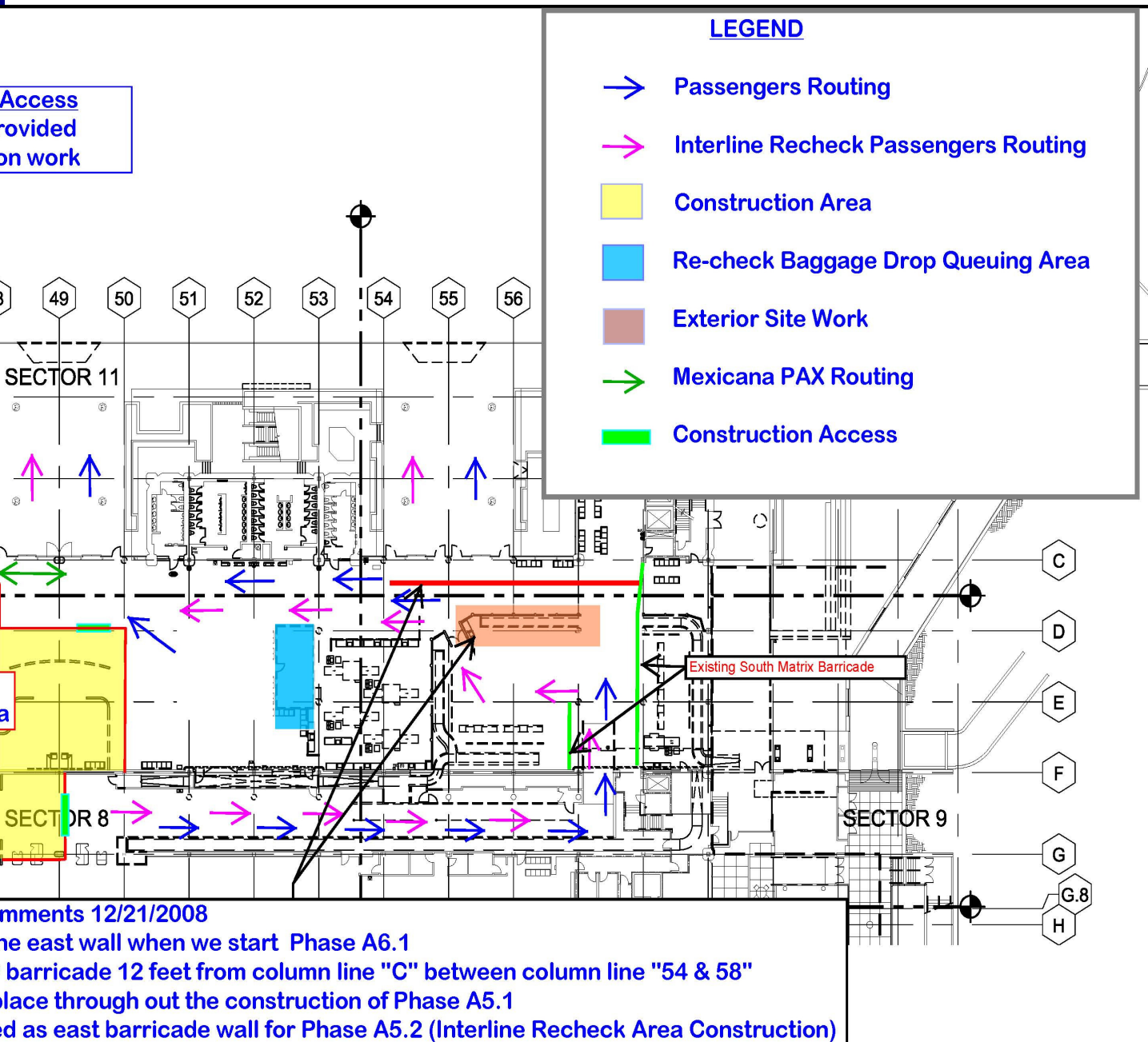
The photo on the top-left shows the progress on the installation of the trolley system in the North Matrix Building (NMB). The Trolley system will be used for the movement, removal and installation of the in-line CTX machines as required. The Trolley installation requires the addition of a lot of additional steel bracing as shown in the photo to provide stability to the machines as they are suspended from the system.

The photo on the bottom-left shows the progress on installation of the Inbound Interline Baggage conveyor at the north end of the North Matrix Building. The conveyor runs from the baggage drop-off section down the West Tug Ramp (shown) and into the Interstitial Level where it merges with the in-line screening Baggage Handling System (BHS). A similar conveyor drop-off area and conveyor feed system will also be provided at the south end of TBIT.

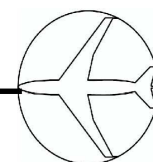


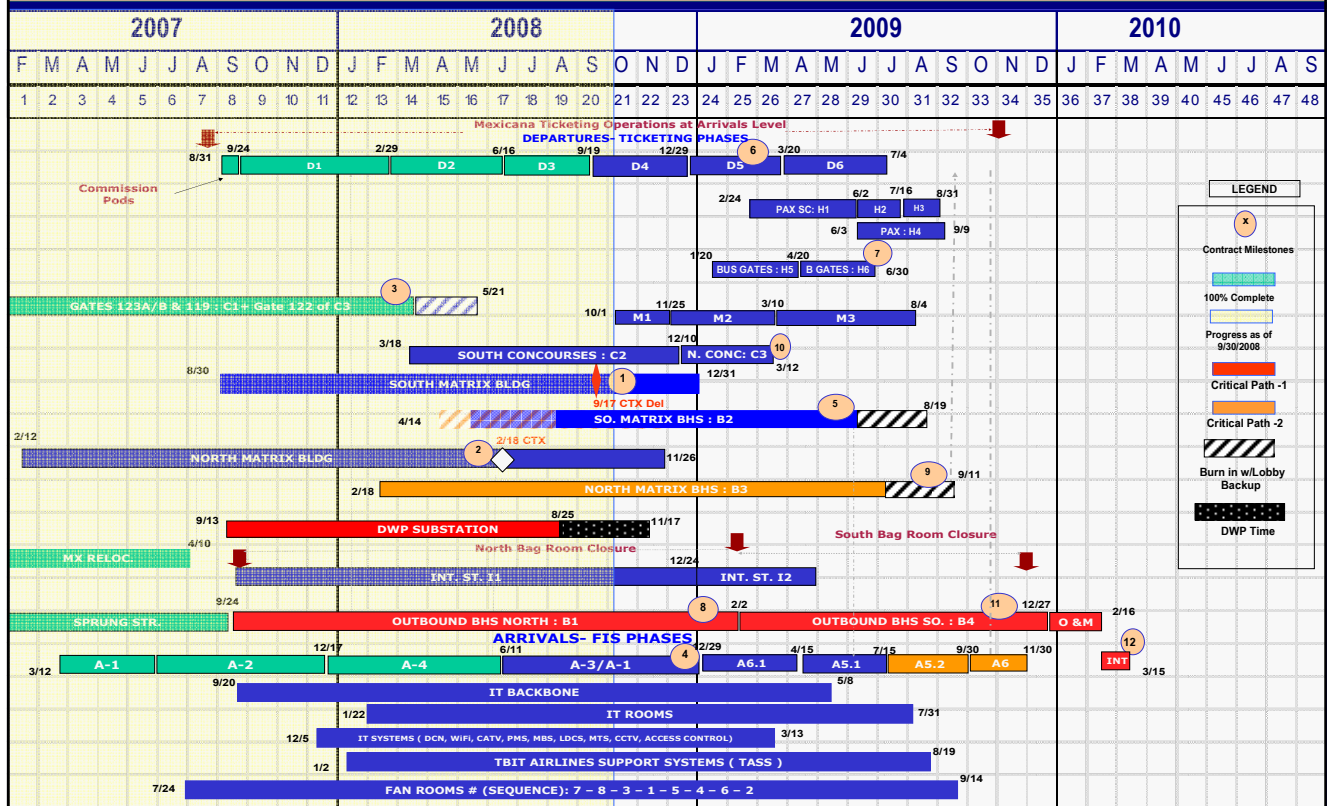
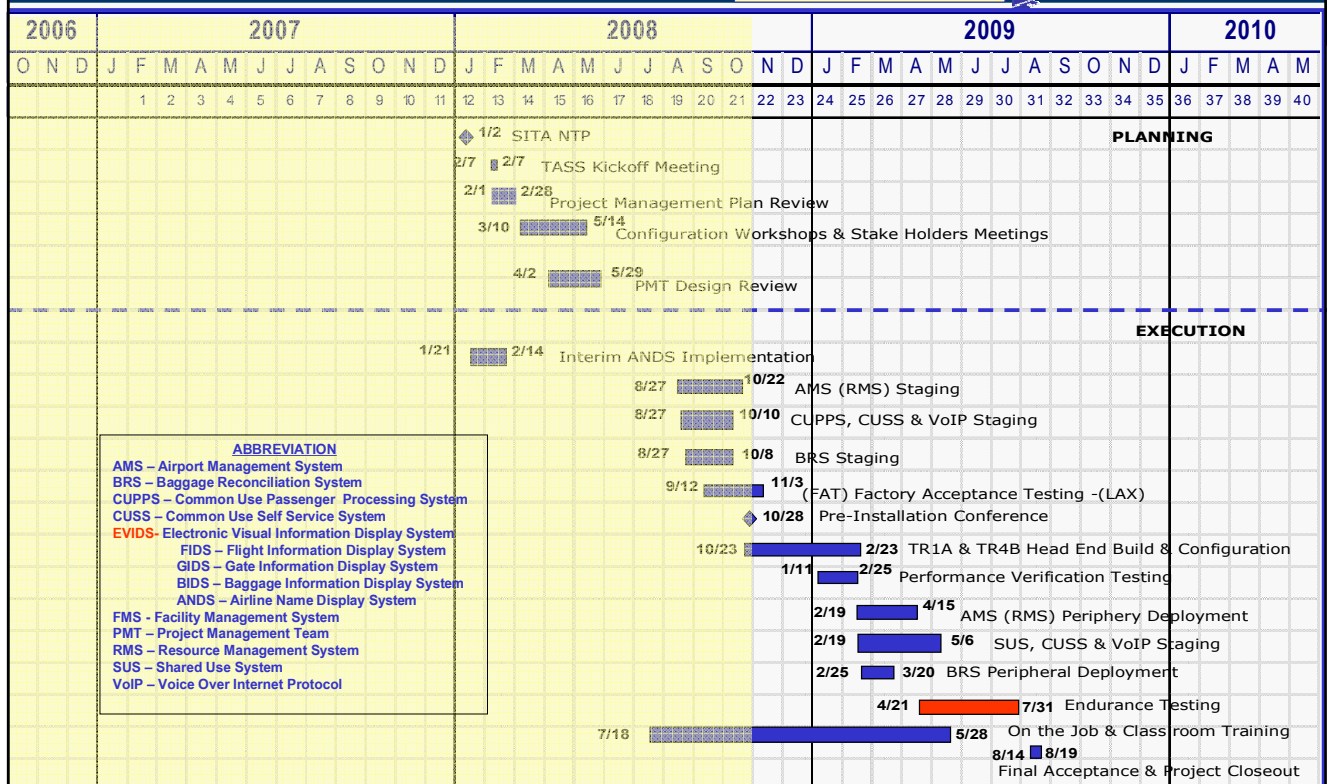
The completion of the north and south Inbound Interline Baggage drop-off points will allow the delivery and injection of interline baggage into the new BHS without having to drive into the Interstitial Level of TBIT. This feature will greatly reduce the congestion and tug traffic in the outbound baggage area for an improved working environment.





Barricade Layout Creeters Area & Exterior Site Work, Arrival Level



**Tom Bradley International Terminal
Interior Improvements and Baggage Screening Facilities**
**PROJECT MILESTONES
(With Mitigation Plan)**

**Tom Bradley International Terminal
Interior Improvements and Baggage Screening Facilities**
**TBIT - TASS
SUMMARY SCHEDULE**


Attention TBIT Airlines and Ground Handlers

TBIT West Kick Off Meeting

On Tuesday, January 13 at 1330 in the LMC conference room, there will be a TBIT West kick off meeting with the TBIT Airlines. This meeting is intended to provide the airlines with updated information on the new TBIT West Side Development program. The meeting agenda will include:

- General Project Overview
- Discussion of Schedule Milestones
- General Program Budget
- Plan Review of the New Concourses and CBP expansion
- Review and discussion of potential Airline Space requirements
- Next Steps

The process of design of the TBIT West Program will proceed very rapidly over the next three months and you will begin to see airside construction projects the first half of 2009. **This design process will have a much better outcome if the airlines are collectively engaged in the process over this time period, and are aware of the initial construction impacts to airfield operations.** With TBIT West providing totally new concourses and an expansion of the CBP area, this meeting will create the opportunity for the airlines to provide input into operational requirements that should be planned for in these new facilities, especially given the current restraints that the airlines have at TBIT today. We look forward to seeing you all there on the 13th.

TBIT West Update



In the future look to this section to bring the TBIT Airlines important information and updates regarding the status of the TBIT West Development Program.

There has been a lot of discussion lately about the new TBIT West Development Program and the need to move forward at this time. These are similar issues that many airports and all airlines are currently facing given the state of global economics in general and the airline industry in particular. The following are a couple of points to note:

- Most airports will tell you that given history, while this particular downturn may be worse than others in the past, an airport must plan for the future upturn in the industry as the process of planning, design and construction, especially given environmental regulatory issues, takes years to implement a capital improvement program.
- This airport has done very little construction and a whole lot of planning for years, to the point where arguably, there is some risk of losing flights to competing airports, especially to accommodate

the next generation of aircraft. The economic impact of LAX to the LA basin is enormous, and this has the attention and support of the Mayor and the business community and consequently they have determined the importance of moving forward with modernization. While many in the airline community agree with moving forward, their mantra has been and is "but not at any cost".

- It will be important for the airlines to stay tuned to the information that they receive and pass it along so that there are few surprises as this project moves forward rapidly over the next few months. The airline community here at TBIT provides a valuable resource and input into the process, and LAXTEC is working hard to make sure it is heard.

LAWA has assembled a very qualified team, and wants to work closely with the airline community in the development of the TBIT West Program. Airline involvement is critical so that we minimize the risk of overlooking very important technical, operational or financial issues at this early stage.

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LAXTEC Corporation was formed in 1982 as a nonprofit corporation by twenty major international airlines who would occupy the new Tom Bradley International Terminal at LAX. LAXTEC's original mission was to design, finance, install, operate and maintain all passenger and aircraft support equipment at the TBIT.

On October 1, 1996, LAXTEC significantly expanded the scope of its mission by assuming the responsibilities of the Foreign Airline Operators Committee.

Today, LAXTEC Corporation is owned by the shareholder airlines (42) to represent their interests with various local, state and federal government agencies. In addition, LAXTEC maintains certain infrastructure equipment at the Tom Bradley International Terminal Building (TBIT) for the airline tenants of this facility. LAXTEC may at the request of the airlines, and upon approval by the shareholders, procure and maintain assets as a cost-effective alternative for the tenants/users of TBIT. LAXTEC Corporation and its Board of Directors delegates to the Management Council (LMC) the responsibility for the day-to-day operational issues related to the TBIT facility and the use of LAXTEC assets.

By 2006, LAXTEC had provided equipment support for nearly 650,000 flights and 111 million passengers over the past two decades. The LAXTEC Management Council (LMC) will continue to play an active and coordinated role in managing the anticipated growth of international travel at LAX, in concert with all the stakeholders in the aviation community.

Financial Overview (continued from Page 1)

relocating hidden utilities, abating potentially hazardous materials, allowed for greening the building to make the building systems more efficient and economical; providing for those often discovered unforeseen conditions; and funding for a small amount of USCBP improvements to enhance passenger processing through customs. Having these allowances allows the team the flexibility to respond quickly to release elements of the work that keep the project moving while still maintaining budget control.

The funding utilized to date from the allowance items represents approximately \$72 million or 81% of the allowance funding budgeted to date. These allowances are like a contingency built into the contract. The funding for the allowances has been approved by the Airport's Board.

In order to manage the budget for this project it takes a team of dedicated staff, from our leadership by LAWA Program Manager, Van Thompson, Parsons Program Director Mark Skjervem, oversight by Airlines Representative, Frank Clark, to a team of estimators, cost engineers and contract administrators. Through the work and dedication of this team, and a cooperative contractor we have been successful in managing the costs such that **to date we have approximately 49% of the designated contingency**

in tact with approximately 29% of the project remaining. While the pie charts show we are approximately 62% complete with the project and have expended 71% of the budget, this is simply due to the expense of building materials that have been purchased, most importantly bag system components, which are currently in storage on site, so they are available when needed.

This is good news for the TBIT project, but we can't celebrate just yet. The team will face our greatest challenges this next year as we get deeper into completing and turning on the new in-line screening baggage system, TASS, and start working in the most public of spaces in TBIT, the Arrivals Lobby area on the lower level, including the curbside, and the bus gate holdrooms.

There are more exciting improvements to come that will continue to enhance our International Terminal, and we will continue to work to make sure the project comes in on schedule within budget.

Kim R. Baker
Contracts Manager
TBIT PMT



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