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Item Number

Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:  Emery Molnar, Deputy Executive Director Airport Development Group	Meeting Date 4/17/2025			
	Needs Council Approval: <input checked="" type="checkbox"/> Y			
	Reviewed for/by	Date	Approval Status	By
Reviewer:  Brian C. Ostler, City Attorney	Finance	3/28/2025	<input checked="" type="checkbox"/> Y <input type="checkbox"/> NA	JS
	CEQA	2/11/2025	<input checked="" type="checkbox"/> Y	VW
	Procurement	2/20/2025	<input type="checkbox"/> Y <input checked="" type="checkbox"/> Cond	KK
	Guest Experience	3/20/2025	<input checked="" type="checkbox"/> Y	TB
	Strategic Planning	2/13/2025	<input checked="" type="checkbox"/> Y	BNZ
 John Ackerman, Chief Executive Officer				

SUBJECT

Request to adopt the following report; to approve the First Amendment to Contract DA-5609 with Skanska-Flatiron, A Joint Venture, increasing the contract authority to an amount not-to-exceed \$1,472,000,000 for the Airfield Terminal Modernization Program – Roadway Improvements Project at Los Angeles International Airport; to approve the first Component Guaranteed Maximum Price for Phase 2 in the amount of \$429,900,000; and to appropriate capital funds in the not-to-exceed amount of \$561,100,000 for said phase of the project.

DISCUSSION

1. Purpose

The proposed First Amendment and approval of the first Phase 2 Component Guaranteed Maximum Price (CGMP1) enables key procurement and construction activities that are critical to major roadway segments of the Airfield and Terminal Modernization Project (ATMP) - Roadway Improvements Project at Los Angeles International Airport (LAX), in advance of the 2028 Summer Olympic and Paralympic Games.

2. Prior Related Actions/History of Board Actions

- December 15, 2022 - Resolution No. 27655 (DA-5606)**

The Board of Airport Commissioners (Board) awarded a seven-year contract to HDR Engineering, Inc. in the not-to-exceed amount of \$138.5 million and appropriated \$83.5

million to provide Project Management and Construction Management services for Projects related to the ATMP Roadway Improvements Project at LAX.

- **January 19, 2023 - Resolution No. 27668 (DA-5609)**

The Board awarded a seven-year Progressive Design-Build (DB) contract to Skanska Flatiron, A Joint Venture (SFJV), in the not-to-exceed amount of \$173.7 million, for Phase 1 of the ATMP- Roadway Improvements Project at LAX, and appropriated capital funds in the amount of \$192.2 million.

- **February 15, 2024 - Resolution No. 27906**

The Board approved a cooperative agreement between Los Angeles World Airports (LAWA) and the California Department of Transportation, and appropriated capital funds in a not-to-exceed amount of \$12 million for support and dedicated staff services from various Authorities Having Jurisdiction over ATMP - Roadway Improvements Project at LAX.

- **January 16, 2025 - Resolution No. 28088**

The Board approved and appropriated capital funds in the not-to-exceed amount of \$14 million for the cost to relocate or remove third-party owned facilities in conflicts with the ATMP – Roadway Improvements Project at LAX. The Board also authorized the Chief Executive Officer, or designee, to enter into reservation of rights agreement(s), if necessary, with all third-party facility owners to relocate underground and above ground facilities in conflicts with the ATMP – Roadway Improvements Project at LAX.

3. Background

The ATMP consists of several primary elements, including airfield improvements that would enhance operational management and safety within the north airfield, new terminal facilities that would upgrade passenger processing capabilities and enhance the passenger experience, and an improved system of roadways to better access the Central Terminal Area (CTA) and reduce congestion in and around LAX.

This project will construct a comprehensive network of roadway systems that will separate and remove airport-related (i.e., CTA-related) traffic from the local roadway system (e.g., Sepulveda Boulevard), and improve access to the CTA, LAX Economy Parking, and new Ground Transportation Center that is linked to the new Automated People Mover system.

This project is the largest and most comprehensive roadway construction undertaken at LAX since the addition to the upper-level roadways, completed nearly 40 years ago in preparation for the 1984 Summer Olympics.

Inclusivity & Workforce Development

Los Angeles World Airports established a 15 percent Disadvantaged Business Enterprise (DBE) participation goal for this project. Skanska Flatiron, A Joint Venture, is currently at 16.4 percent based on dollars paid to date for authorized task orders. This level of participation is achieved through the participation of 22 DBE firms.

Skanska Flatiron, A Joint Venture, has achieved 47.12 percent local worker participation, exceeding the Project Labor Agreement (PLA) 30 percent local worker hiring goal required for pre-construction scope of work. Female workers performed 14.24 percent of total project hours, which far exceeds the approximate three percent regional participation average.

Skanska Flatiron, A Joint Venture, actively engages in DBE outreach by engaging in 145 outreach events with LAWA, other agencies, and business and trade organizations, including the National Association of Minority Contractors, National Association of Women in Construction, Regional Hispanic Chamber of Commerce, Women's Transportation Seminar, Associated General Contractors, United Contractors, and project specific events such as LAWA's industry forums and SFJV's DBE Open House events.

Eight pre-bid meetings were held to solicit bids for Phase 2 CGMP1 work, and SFJV is tracking to meet and exceed the 15 percent DBE participation. Based on the project schedule and anticipated craft work, SFJV estimated a total of 1.9 million work hours will be performed by SFJV and its subcontractors through the project term in the table below. Local workers will perform a minimum of 30 percent of the projected hours. Skanska Flatiron, A Joint Venture, actively participates in the monthly PLA Local Labor Inclusion meetings hosted by the PLA Administrator, and quarterly HireLAX Contractor Open House events to meet and interview HireLAX graduates to perform project work. Upon award of the Phase 2 CGMP1, SFJV will have assigned local worker coordinators to ensure compliance with the PLA and local worker hiring requirements for all subcontractor tiers.

	2025	2026	2027	2028	2029	2030	Totals	
Carpenter	4,927	72,227	174,205	44,772	32,004	6,539	334,674	PRIME
Cement Mason	2,210	13,089	26,072	7,191	7,548	4,914	61,023	
Laborer	35,223	122,204	158,038	108,886	103,439	79,666	607,457	
Operator	12,522	47,353	55,647	28,755	25,145	16,861	186,283	
Teamster	988	2,327	3,211	2,236	2,206	998	11,966	
Carpenter		7,065	7,065	7,065	7,065		28,259	SUBS
Laborer	66,656	66,656	66,656	66,656	66,656	66,656	399,938	
Operator	24,570	24,570	24,570	24,570	24,570	24,570	147,420	
Electrician		5,818	11,636	11,636	17,455		46,545	
Ironworker		20,418	20,418	20,418	20,418		81,672	
Teamster	3,520	10,138	10,138	10,138	10,138		44,070	
Totals	150,616	391,865	557,657	332,323	316,643	200,204	1,949,309	

Skanska Flatiron, a Joint Venture, participates in youth Science, Technology, Engineering, Art and Mathematics (STEAM) engagement activities to expose local youth to careers in aviation-related careers.. The SFJV team members participated in the ImpactLAX Youth Program events, including Youth Summer STEAM Program, and participated in National Engineers Week. They also plan to hire a summer intern from the high school Architecture, Construction, and Engineering Students Pathway Program.

Los Angeles World Airports' Economic Impact Team (EIT) meets monthly with SFJV to monitor compliance and outcomes associated with this project. Skanska Flatiron, A Joint Venture, is working on its Inclusivity and Workforce Development Plan and will submit it to EIT for review and approval prior to the award of Phase 2 CGMP1 project work. The inclusivity plan establishes the approach, schedule, and compliance methodology to achieve the contract requirements.

4. Current Action/Rationale

Phase 1 Design of the Progressive DB contract with SFJV established the base scope and sequence for the project components of the ATMP - Roadway Improvements Project.

The Notice to Proceed was issued in May 2023 to SFJV to start Phase 1 Design of the Roadway Improvements Project. During this phase, LAWA and SFJV collaborated with various stakeholders and Agencies Having Jurisdiction, developed and agreed on design criteria, developed various roadway alignments, and progressed the full design of the preferred roadway improvements alignment. The SFJV also developed a program schedule with subcontracting and procurement strategies to provide best value to LAWA and to deliver major new roadway components prior to the 2028 Summer Olympics. In addition, staff and SFJV continuously monitor the costs and risks with the design progression. Independent estimates of 30 percent, 60 percent, and 90 percent milestones, respectively, were prepared by staff and SFJV to support key decisions.

The First Amendment establishes a not-to-exceed target value to design and construct the ATMP – Roadway Improvements Project at LAX.

Additionally, this first Phase 2 CGMP1 package is critical to meeting LAWA's goal of starting construction on the project and meeting major construction milestones. Phase 2 CGMP1 comprises multiple design units/packages that were bid out with design completion at either 60 percent or 90 percent in accordance with contract requirements. All bids for the packages were received on or before February 4, 2025. The SFJV submitted their first CGMP1 proposal on February 14, 2025. Staff reviewed and validated all the bids, negotiated with SFJV for their performed work, and reached an agreement with SFJV on the final CGMP1, which is presented for Board approval.

Phase 2 CGMP1 Scope

Phase 2 CGMP1 includes demolition, excavations, utility relocations, construction of drainage, retaining walls, bridge abutments, cast-in-drilled hole (CIDH) piles, early procurement of materials, temporary roadways, etc. Multiple packages were designed, priced, and are ready to be constructed upon Board approval.

Project Cost

The cost for Phase 2 CGMP1 is \$429.9 million. This brings the total project cost for the ATMP - Roadway Improvements Project to \$862.8 million, which includes SFJV's contract costs, LAWA's owner's contingency, and LAWA owner's soft and other associated costs.

The anticipated NTP date for Phase 2 CGMP1 will allow for the advancement of the main roadway segments into LAX prior to the 2028 Summer Olympics. Staff will return to the Board and request approval for future CGMPs for roadway construction and for appropriation of additional owner associated funds after design development for the Main Works scope is completed and CGMPs are negotiated and finalized.

5. Fiscal Impact

This project is included in LAWA's overall 2024 Investment Plan and is programmed in the Capital Improvement Plan (CIP) with a budget of \$862.8 million for Phase 1 Design and

Phase 2 Construction, which includes hard and owner-carried costs, as well as owner's contingency. As this request is within the current plans, adoption of this item will not result in an increase in the CIP.

This project is partially grant-funded by the Federal Aviation Administration's (FAA) Airport Terminal Program and Airport Infrastructure Grant under the Bipartisan Infrastructure Law, also known as Infrastructure Investment and Jobs Act. Currently, LAWA has received grant commitments in the amount of \$129.3 million and has requested additional FAA grant funding for the Phase 2 construction work.

When the completed roadway improvements are put into service, those costs that are not grant-funded will be recovered through landing fees, terminal rates and charges, and non-aeronautical revenues.

6. Alternatives Considered

- ***Take No Action***

Taking no action is not recommended. Without the commencement of Phase 2 CGMP1 of the ATMP – Roadway Improvements Project, the anticipated completion of the advancement of new roadways will be delayed beyond the date Los Angeles welcomes the 2028 Summer Olympics. With the anticipated increase in airport traffic, the ingress and egress traffic to the airport will be heavily congested, creating an unwanted and unwelcoming experience for travelers and the community.

APPROPRIATIONS

Staff request that funds, in the not-to-exceed amount of \$561,100,000, be appropriated and allocated from LAX Revenue Fund to WBS Element 1.21.24A – 700 (ATMP Roadway Improvements).

STANDARD PROVISIONS

The Board is hereby requested to adopt staff's determination that this item, involving any activity (approval of bids, execution of contracts, allocation of funds, etc.) for which the underlying project has previously been evaluated for environmental significance and processed according to the requirements of California Environmental Quality Act (CEQA) is exempt from further review pursuant to Article II, Section 2.i of the Los Angeles City CEQA Guidelines. The Airfield and Terminal Modernization Project Environmental Impact Report (EIR) was certified by the Board of Airport Commissioners for this project on October 7, 2021 (Resolution 27351) and an Addendum to the EIR was completed December 2024.

The Board is hereby further requested to authorize the Chief Executive Officer, or designee, to execute said First Amendment with Skanska-Flatiron, A Joint Venture (SFJV) subject to approval by the Los Angeles City Council and approval as to form by the City Attorney.

The Board is hereby further authorize the Chief Executive Officer, or designee, to approve and execute change orders, provided that, for prior execution of any change order in excess of \$5,000,000, the Board of Airport Commissioners shall first have reviewed and authorized the

execution thereof, and such authorization shall become final pursuant to the Charter Section 245.

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.