



Report to the BOARD OF AIRPORT COMMISSIONERS

Approver:


Hans Thilenius, Deputy Executive Director
Terminal Development & Improvement Program

Reviewer:



Brian C. Ostler, City Attorney



John Ackerman, Chief Executive Officer

Meeting Date

8/15/2024

Needs Council Approval: ☒ Y

| Reviewed for/by | Date | Approval Status | By |
|--------------------|-----------|---|-----|
| Finance | 7/17/2024 | <input checked="" type="checkbox"/> Y <input type="checkbox"/> NA | JS |
| CEQA | 7/12/2024 | <input checked="" type="checkbox"/> Y | VW |
| Procurement | 7/17/2024 | <input checked="" type="checkbox"/> Y <input type="checkbox"/> Cond | BG |
| Guest Experience | 7/15/2024 | <input checked="" type="checkbox"/> Y | TB |
| Strategic Planning | 7/15/2024 | <input checked="" type="checkbox"/> Y | BNZ |

SUBJECT

Request to approve the Second Amendment to Contract DA-5569 with W.E. O'Neil Construction Co. of California for the Midfield Satellite Concourse South Project at Los Angeles International Airport to increase the contract amount by \$11,283,165, for the new total not-to-exceed amount of \$335,703,433, and extend the contract term through August 9, 2027; approve a change order in the amount of \$1,657,360 for added construction services; and authorize the appropriation of new funds in the amount of \$15,800,000.

RECOMMENDATIONS

Management RECOMMENDS that the Board of Airport Commissioners:

1. ADOPT the Staff Report.
2. DETERMINE that 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 the 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 Midfield Satellite Concourse Environmental Impact Report (EIR) was certified by the Board of Airport Commissioners for this project on July 21, 2014 (Resolution No. 25478).
3. APPROVE the Second Amendment to Contract DA-5569 with W.E. O'Neil Construction Co. of California to increase the contract amount by \$11,283,165, for the new total not-to-exceed

amount of \$335,703,433, for the Midfield Satellite Concourse South Project at Los Angeles International Airport and to extend the contract term through August 9, 2027.

4. FURTHER APPROVE a change order to Contract DA-5569 with W.E. O'Neil Construction Co. of California in the amount of \$1,657,360 funded from contingency.
5. APPROPRIATE funds in the amount of \$15,800,000 to the Midfield Satellite Concourse South Project, which includes \$11,283,165 for the Second Amendment to Contract DA-5569, \$2,574,360 in additional contingency, and \$1,942,475 in other Los Angeles World Airports costs.
6. AUTHORIZE the Chief Executive Officer, or designee, to approve and execute change orders, up to a budgeted Owner's contingency of \$23,989,477 provided that prior to execution of any change order in excess of \$500,000, the Board of Airport Commissioners shall have reviewed and authorized the execution thereof, and such authorization shall become final pursuant to City Charter Section 245.
7. FURTHER AUTHORIZE the Chief Executive Officer, or designee, to execute the Second upon approval as to form by the City Attorney and approval by the Los Angeles City Council.

DISCUSSION

1. Purpose

The Second Amendment to Contract DA-5569 with W.E. O'Neil Construction Co. of California (W.E. O'Neil) is for construction services for the Midfield Satellite Concourse (MSC) South Project at Los Angeles International Airport (LAX), which will serve as the extension of the West Gates at Tom Bradley International Terminal (West Gates) and will provide eight new Aircraft Design Group III gates upon completion.

2. Prior Related Actions/History of Board Actions

- **January 6, 2022 – Resolution No. 27419**

The Board of Airport Commissioners (Board) approved and appropriated funds to Contract DA-5462 with Skanska USA Civil West California District, Inc. (Skanska) in the not-to-exceed amount of \$9.7 million for relocation of Taxiway C12 at LAX.

- **July 21, 2022 - Resolution No. 27547 (DA-5569)**

The Board approved the award of three-year contract to W.E. O'Neil covering construction of the MSC South Project at LAX, for cost not to exceed \$85.9 million, and appropriated capital funds of \$105.9 million for said project that includes preconstruction, long-lead procurement, enabling and construction services, and Los Angeles World Airports' (LAWA) costs.

- **September 1, 2022 - Resolution No. 27579**

The Board re-appropriated funds for the MSC South Project, based on the Capital Improvement Plan (CIP) direct budget for the project, of \$127.6 million.

- **June 15, 2023 – Resolution No. 27764 (DA-5569A)**

The Board approved the First Amendment to Contract DA-5569 to increase the contract amount by \$238.5 million, for new total of \$324.4 million, covering construction services for the MSC South Project at LAX; and appropriated of \$277.6 million for said project.

3. Background

Los Angeles World Airports is in the midst of a multi-billion-dollar modernization program for LAX. This overall LAWA program includes terminal renovations and modernizations, and airside improvements. This project is for the new MSC South facility, which will contain eight Aircraft Design Group III contact gates and is located just south of the previously completed MSC North facility as part of the West Gates.

4. Current Action/Rationale

New Scope – Apron Level Airline Spaces Buildout

The apron level spaces were originally contemplated as a grey-shell buildout. This buildout creates a modern operational swing space for temporary airline relocation without compromising customer experience. This action is for assistance with design and for construction services of these spaces, and ancillary needs to support both ground support equipment and operations.

Revised Schedule

- a) Due to the complexity and uniqueness of this program, additional time was needed to address Los Angeles Department of Building and Safety code compliance issues with the reviewers. This created a 62-day compensable delay for the contractor and a new Substantial Completion date of October 10, 2025.
- b) With the new substantial completion date of October 10, 2025, and subsequent close-out activities, the requested amendment provides sufficient time for close out and any other potential additions to the project.

Budget Impact

The requested addition to the W. E. O'Neil construction contract authority will provide an allowance for the design assistance and construction of the space described above, as well as an allowance for the construction of the ancillary ground support equipment and associated infrastructure.

5. Fiscal Impact

The MSC South Project is programmed in LAWA's 2022 CIP, with a direct budget of \$420,949,078, which includes hard costs, owner-carried costs, and contingency. As the appropriations and contract authority requested in this report are within the total direct budget, approval of this item will result in no net increase to the CIP.

6. Alternatives Considered

- ***Take No Action***

Taking no action would jeopardize the current construction schedule impacting the final project budget and would prevent the addition of new scope necessary to prepare the facility for planned tenants.

APPROPRIATIONS

Staff request that capital funds for this project be appropriated and allocated in the not-to-exceed amount of \$15,800,000 from the LAX Revenue Fund to WBS Element 1.18.39A-700 (Midfield Satellite Concourse - South).

STANDARD PROVISIONS

The underlying contract was approved as to form by the City Attorney.

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.