

REPORT FROM

OFFICE OF THE CITY ADMINISTRATIVE OFFICER

Date: September 22, 2020

CAO File No. 0150-11751-0000
Council File No.
Council District: 11

To: The Mayor

From: Richard H. Llewellyn, Jr., City Administrative Officer 

Reference: Communication from the Los Angeles World Airports dated September 1, 2020; referred by the Mayor for a report on September 1, 2020

Subject: APPROVAL OF AN AWARD OF A FIVE-YEAR CONTRACT TO SKANSKA USA CIVIL WEST CALIFORNIA DISTRICT, INC. FOR THE DESIGN AND CONSTRUCTION OF THE LANDSIDE ACCESS MODERNIZATION PROGRAM, ROADWAYS, UTILITIES AND ENABLING PROJECT AT LOS ANGELES INTERNATIONAL AIRPORT

RECOMMENDATIONS

That the Mayor:

1. Approve the award of a five-year contract (Contract) to Skanska USA Civil West California District, Inc. for the design and construction of the Landside Access Modernization Program, Roadways, Utilities and Enabling Project at Los Angeles International Airport, for an amount not-to-exceed \$334,900,000, subject to approval by the City Attorney as to form and compliance with the City's Standard Provisions applicable to contracts including the: Affirmative Action Program, Bidders Contributions City Ethics Commission Form 55, Business Tax Registration Certificate, Child Support Obligations Ordinance, Contractor Responsibility Program, Iran Contracting Act of 2010 Affidavit, Living Wage Ordinance, and Worker Retention Ordinance;
2. Authorize the Chief Executive Officer to execute the proposed Contract, upon approval by the Los Angeles City Council and, (1) prior to issuance of a Notice to Proceed, must have approved insurance documents, in the terms and amounts required, on file with the Los Angeles World Airports, and (2) prior to execution of the Contract, must be determined by the Public Works, Office of Contract Compliance to be in compliance with the provisions of the Equal Benefits Ordinance; and,
3. Return the request to the Los Angeles World Airports for further processing, including Council consideration.

SUMMARY

In response to an April 2015 request by the Board of Airport Commissioners (BOAC), the Los Angeles City Council approved an ordinance to allow the use of Alternate Project Delivery Methods and Competitive Sealed Proposal Selection (CSPS) process for the delivery of select Capital Improvement Projects (CIP) related to the Landside Access Modernization Program (LAMP) at Los Angeles International Airport (LAX). The Los Angeles World Airports (LAWA, Department) has opted to use alternate methods and the CSPS process for Design-Build (DB), Design-Build-Finance-Operate and Maintain (DBFOM), and Construction Manager at Risk (CMAR) contracts. Through LAMP, the Department has embarked upon a massive, multi-year project to reduce traffic congestion around LAX and within the Central Terminal Area (CTA). Other City Departments are working with LAWA to enhance the traveler experience, provide reliable commute methods to and from LAX, and give customers time-certain access to terminals through its LAMP undertaking. The June 2020 Newsletter, *Future of LAX*, reported, "Construction for the \$5.5 billion LAMP, which includes an Automated People Mover (APM) train system, a Consolidated Rent-A-Car Facility (ConRAC), two Intermodal Transportation Facilities and roadway improvements, has been nonstop." In the same Newsletter, the Department announced, "After three years of critical infrastructure work, the LAWA Utilities and LAMP Enabling Project (LULEP) wrapped up in May, completing 38 projects that were vital to moving the future of LAX forward".

As the LULEP phase successfully met its goals and objectives, the next phase of work for enabling LAMP projects is the Roadways, Utilities and Enabling project (RUE) which will:

- Focus on high priority projects necessary to support the APM, ConRAC and Intermodal Transportation Facility West (ITFW), and
- Address several Capital Improvement Plan (CIP) utility projects that are within the LAMP footprint, or provide a utility service to one of the LAMP efforts.

The BOAC authorized the release of a Request for Proposal (RFP) to seek qualified DB firms that could submit proposals to provide comprehensive engineering, design, pre -construction, and construction services for the LAMP RUE Projects. In the ensuing month of January 2020, an informational session to gather feedback from the industry on the approach to the project was attended by 80 guests. After the RFP for the RUE Projects was posted on the Los Angeles Business Assistance Virtual Network website, on February 12, 2020, the LAWA held a pre-proposal conference which had 80 attendees. The Department received two proposals for the RFP by the May 5, 2020 due date. Both proposers were examined through the competitive selection process that included a review of the (a) Administrative Requirements documents submitted by Procurement Services Division staff, and (b) Written Proposals (Cost and Technical Proposals) by an Evaluation Team of five members, according to RFP criteria. Additionally, the competitive selection method included Interviews held in June 2020, via Webex, by the Evaluation Team.

Skanska USA Civil West California District, Inc. (Skanska), having the lowest ultimate cost and an experienced and qualified team with an understanding and an ability to handle complex project interactions according to the Evaluation Team, was awarded the five-year DB contract (Contract) in the amount not-to-exceed \$334,900,000 for design and construction services for RUE Project at

LAX. The RUE Project consists of multiple, individual projects that have been advanced by LAWA: 16 projects are categorized as Design-Build Scoping Packages, with a minimum of 30 percent design completed, and three projects are categorized as Ready to Issue Permit Construction Package, with 100 percent design completed.

An overview of the total estimated RUE Project Costs, of \$432,478,220, is presented as follows.

Construction Costs:

Base Construction Contract - (Skanska Contract)	\$297,900,000
Additional Gap Projects allowance - (Skanska Contract)	\$37,000,000
Other Construction - (DWP)	\$750,000
City and Other Agency Services	<u>\$19,005,000</u>
Total Hard Costs – Construction Costs:	\$354,655,000

Project Soft Costs:

(includes project controls, project management and construction management, inspection, design and construction administration)

\$42,075,220

Project Contingency:

(12 percent of the Base Construction Contract)

\$35,748,000

Total Estimated RUE Project Costs:

\$432,478,220

Department staff reports the total CIP budget amount associated with the scope of the RUE Project is \$432,478,220, and includes the Skanska Contract total amount not-to-exceed of \$334,900,000. The RUE Project estimated budget total is contained within the \$761.2 million amount programmed and reserved in the LAWA 10-year CIP. Thus, approval of the Skanska Contract represents no net increase to the overall programmed CIP budget. In addition, approval of the proposed actions includes an appropriation of capital funds in the amount of \$333,648,000 for the RUE Project and a budgeted owner's contingency in the amount of \$35,748,000. Costs incurred under the Skanska Contract will be capitalized and when projects are put in service, those costs will be recovered through landing fees and terminal rates and charges and non-aeronautical revenues.

The Department's Procurement Services Division staff has reviewed this action (File No. 9286) and established the following mandatory participation goals: 20 percent Small Business Enterprise (SBE), seven percent Local Business Enterprise (LBE), three percent Local Small Business Enterprise (LSBE), and three percent Disabled Veterans Business Enterprise (DVBE). Skanska has committed to the stated goals of 20 percent SBE, seven percent LBE, three percent LSBE, and three percent DVBE participation levels.

The BOAC approved the award of the Skanska Contract at its meeting on September 3, 2020.

FISCAL IMPACT STATEMENT

Approval to award a five-year contract to Skanska USA Civil West California District, Inc. will provide for the design and construction of the Landside Access Modernization Program, Roadways, Utilities and Enabling Project at Los Angeles International Airport (LAX), for an amount not-to-exceed \$334,900,000, and will have no impact on the General Fund. Funds for this project be appropriated and allocated in the not-to-exceed amount of \$333,648,000 from the LAX Revenue Fund to Work Breakdown Structure (WBS) Element 1.17.16A-700 and other Board of Airport Commissioners approved WBS numbers as may be required. The proposed actions comply with the Department of Airports' adopted Financial Policies.

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