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LAX's Makeover Inspires Airport Changes Around the Country.

Los Angeles is spending billions to revamp its airport. The move is spurring other cities to make similar investments.

Twenty miles from downtown Los Angeles, squeezed between the Pacific Ocean and one of Southern California's busiest freeways, sits 3,400 acres of bare pavement and neglected jet-age architecture that make up Los Angeles International Airport. These features are the first glimpse travelers get of a city with lofty aspirations. It's not a pretty sight.

For decades, LAX has been known for crowded gates, drab terminals, scarce amenities and ungodly traffic. It's a place that international visitors and lifelong Angelenos alike avoid if at all possible. That's a troubling prospect for a region that thrives on tourism, international trade with Asia and Latin America, and industries such as defense and aerospace manufacturing that are heavily intertwined with global travel.

"There is no calling card like it to people who will invest, who will travel, who will study in your city than an airport," says Los Angeles Mayor Eric Garcetti. "It is the first taste, the last taste, the first view, the last view. If you're greeted with traffic, cigarette smoke, honking cars, people giving tickets and gridlock, you'll say, 'Oh, I guess this is what L.A. is like.'" That's not the impression the mayor wishes to leave. Garcetti wants to refashion the airport around enhanced customer experiences that could put LAX in the top tier of airports globally, right next to Hong Kong, Munich, Seoul, Singapore and Tokyo. It is an incredibly ambitious goal, considering LAX ranks near the bottom of the world's 100 biggest airports in passenger satisfaction. Nevertheless, Garcetti is undertaking a near-total transformation of the much-maligned but vital facility.

The first step in the process was a complete overhaul of LAX's Tom Bradley International Terminal, a job which was finished three years ago. The revamped terminal includes 18 gates, half of which can handle the massive double-decker Airbus A380 jets, and a great hall the size of three football fields. The jagged roof, meant to evoke the waves of the Pacific Ocean, reaches heights of up to 110 feet. That allows arriving passengers to look out onto the light-bathed space from glass-enclosed passageways below as they travel to customs. In the great hall, huge LED screens project images of California scenery and digital art, as well as the usual advertisements and flight information. Passengers can while away their time at upscale shops including Armani and Porsche, or eat at one of 20 restaurants that run the gamut from KFC to a steakhouse with $51 ribeyes.

The last time LAX updated its international terminal was when the city hosted the 1984 Summer Olympic Games. By the time the torch is lit for the 2024 Olympics, which L.A. hopes to host, almost every corner of the airport is expected to be upgraded. The ongoing $14 billion plan includes expanding the international terminal, remodeling all the other terminals, potentially adding new domestic concourses, finishing up runway work, introducing more efficient security checkpoints, installing new baggage carousels, consolidating rental car facilities, building new parking structures and finally, after decades of promises, connecting LAX to L.A. Metro's growing light rail network.

Los Angeles will have plenty of competition as it tries to build the best airport in the United States. After years of coping with cost-conscious airlines and accommodating ever-changing security processes, U.S. airports are turning their focus back to improving their product. Overall spending on airport capital improvements is expected to reach $13 billion a year by 2019, a 30 percent increase compared to the previous five-year period.

From LAX and San Francisco to New York and Atlanta, airport authorities hope better facilities can attract new customers, provide for bigger aircraft and shore up their bottom lines. And, if all goes according to plan, perhaps the remade airports will even boost the fortunes of the regions they serve.

Unlike other major airports, LAX is not dominated by any single airline. Each of the four major U.S. carriers claims at least one terminal there, but none has more than a fifth of the airport's traffic. Still, LAX is being buffeted by the forces of consolidation that have reshaped the airline industry over the last two decades. Until recently, those forces have pushed terminal modernization and other airport improvements far down on the list of airline priorities.

The carriers shoulder the bulk of the cost of running airports, by renting terminal space and by paying weight-based landing fees for incoming flights. But the carriers also have a lot of say over infrastructure improvements. If they choose to, they can block new construction. Or they can cooperate and, as with many of the LAX improvements, even provide the initial money to pay for big projects (which the airport will pay back over time).

Since the turn of this century, airlines have had to contend with two recessions and sky-high oil prices. Bankruptcies and mergers have left four dominant domestic airlines: American, Delta, United and Southwest. As the airlines have tried to climb back to solvency, they've focused on becoming more efficient. One result of that has been further concentration of flights to major hubs such as Atlanta, Chicago, Dallas and Los Angeles.

But it's not flight destinations that have forced airlines and airports to take a new look at their facilities: It's the way flights are operated. To save money on their two biggest expenses — labor and fuel — airlines are flying bigger, fuller planes, but fewer of them. So a city that once had three flights a day to its hub airport, served by 50-seat regional jets, might now have only two flights a day on larger aircraft. The arrangement helps the airline save money on jet fuel, pilots and baggage handlers. In many cases, though, the airlines have also trimmed the excess capacity that they once provided in hopes of gaining a competitive advantage. With so much consolidation in the industry, they face less competition from one another. There's no sense losing money on empty seats, so the airlines are basically scheduling only flights they can fill.

Airlines might have been expected to increase the number of flights with the steep drop in oil prices over the last couple of years, but this has not happened. One reason, says Earl Heffintrayer, lead airport analyst for Moody's Investors Service, is a worsening pilot shortage caused by increased training requirements for new co-pilots and the mandatory retirement of baby boomer pilots at age 65. "If you have a limited supply of pilots, you want to fly them on larger planes. Smaller planes are the ones that are falling out, because you can make more money on the bigger ones," Heffintrayer says.

What all this means is that many larger airports, including LAX, are handling more passengers than ever, even though they have fewer flights going in and out than they did before the Great Recession or even before the 2001 terrorist attacks.

As a result, many of their existing gates are now inadequate. If a waiting room that was designed to

accommodate 50-seat shuttles now suddenly starts handling 70- or 110-seat jets, there aren't enough places for people to sit with their carry-on baggage. Boarding lines spill beyond the gate area. Waiting times increase for nearby bathrooms and restaurants. The consequence is that many airports are having to remodel their terminals to handle the more concentrated bunches of passengers.

They are also adding new gates. "The capital improvements we saw over the last four to five years have been fixing existing facilities, making them look more modern and having a better passenger experience," Heffintrayer says. "The next wave of capital, which is really looking to take off next year, is going to start with gate expansions. We're seeing a real change in what airports are spending their money on going into the next year."

Although many of the improvements were in the works for years, the recent financial strength of the airline industry is also fueling the building spree, says Khalid Usman, a vice president with the consulting firm Oliver Wyman who has worked on airport renovations. "In 2015, the U.S. airline industry's combined profitability was $25 billion. That's historically the highest number we've ever seen in the entire history of U.S. aviation," says Usman. "That kind of profit is unknown in this type of industry. If you look at the prior 17 years [combined], that was actually negative $32 billion. It's an industry that is very cyclical."

With the return of airline profitability, San Francisco International Airport, which has seen more than a 50 percent annual traffic increase over the last nine years, has launched a five-year, $5.7 billion plan for adding and refurbishing gates, consolidating rental car facilities and extending its AirTrain. Atlanta's Hartsfield-Jackson International, the busiest passenger airport in the world, is planning for more growth with a $6 billion effort that will add 15 gates, renovate parking garages and remodel its concourses to bring more sunlight into the buildings. Charlotte Douglas International Airport in North Carolina, which is also benefiting from surging traffic, is building nine new gates along with an expanded pre-security lobby, a new runway and a new traffic control tower.

For Los Angeles, the catalyst for the recent wave of upgrades was the arrival of the Airbus A380 in 2007. Nearly 100 Southern California suppliers contributed to the construction of the world's largest jumbo jet, which is as tall as an eight-story building and has wings 260 feet across. Despite an early commitment to LAX, Airbus later said the A380 would make its U.S. debut at John F. Kennedy International Airport in New York City. Los Angeles protested, and Airbus settled on a compromise: Two A380s touched down simultaneously at JFK and at LAX.

But LAX didn't have any good place to put the A380s once they landed. LAX crews were able to widen taxiways and make other improvements to the airfield to handle the jet's size, but there was nowhere to park them at the terminals. Because the double-decker planes are so big, they require three jet bridges for passengers to board or disembark. The large wingspans also require a lot of space between gates. So the new jets had to park at remote gates at a far corner of the airfield. "A passenger is getting on an A380 in Dubai or Abu Dhabi in what could be a 'gold-plated' boarding bridge," says Roger Johnson, the LAX official overseeing the physical improvements to the airport. "Then at LAX, they arrive in a concrete bunker, walk onto a concrete ramp and get onto a bus to get to a tunnel. That was one of the driving forces behind the Tom Bradley International Terminal."

The stakes were high. Los Angeles' economic development agency concluded in 2007 that the A380 and Boeing's Dreamliner 787 were "competitive threats" to the entire region. Airlines operating the 550-seat A380s would send the jets to airports that could handle them. Meanwhile, the fuel efficiency of Boeing's new long-haul jet, which carries half the passengers of the A380, could make it easier for overseas flights to skip over LAX completely. That was especially bad news, because overseas flights are highly lucrative. The economic development agency estimated that scheduling

one daily transoceanic flight to LAX in 2006 generated $156 million in wages and added $623 million a year to the region's economic output. "Southern California," the agency concluded, "can ill afford to lose the competition for overseas routes."

Luckily for Los Angeles, the A380 arrived at about the same time the airport settled long-disputed lawsuits over its master plan. Finally, the airport could start building. The first task was replacing most of the international terminal.

Garcetti now uses the new international terminal as a selling point to lure even more international flights to LAX. "We would fall all over ourselves to bring a company that would produce $300 million a year here. It'd be all over the news," Garcetti says. "But people forget that one flight is worth about $1 billion a year." Airlines seem to like L.A.'s pitch. LAX now handles more A380 flights (14 a day) than any other airport in this country. It is the only U.S. airport with three daily nonstop flights to and from China. And LAX has surpassed its rival JFK in connections to Asia, with 207 flights a week as of last year, compared to 121 for the New York airport.

Many of the flashy features in the Tom Bradley International Terminal are being included in renovations to the airport's other terminals. They aren't just designed to show off. Most of them have practical purposes as well.

As part of United Airlines' renovation of its terminal at LAX, it is including "smart lanes" at its TSA security checkpoint. United is taking a page out of the playbook of Delta, which first tested the idea in Atlanta. With smart lanes, passengers each get their own counter space, side-by-side with those of other passengers, to load their items into bins. The system allows people to go at their own pace, because they're not stuck in line behind someone who might be slower. United officials say the smart lanes will reduce security wait times by 25 percent.

LAX is also one of a few dozen airports currently working with U.S. Customs and Border Protection to use technology to speed up the process of clearing customs. The automated passport control system lets arriving passengers use kiosks for their initial screening.

Airport managers hope better use of technology, among many other things, will help boost the customer experience. Last year, LAX trailed only LaGuardia and Newark airports in J.D. Power's rankings for lowest customer satisfaction among U.S. airports. Mike Taylor, a J.D. Power airport analyst, says technology is one way to make customers happier. "The highest-rated portion of the airport experience is check-in," he says, "because it's become more and more automated over the years."

But terminal improvements can only go so far in making customers happier. Only 30 percent of passengers' satisfaction is associated with the structure itself. "A new building will not solve all of your problems," Taylor says. "It won't solve all your problems because the same traffic pattern is present when you step outside the building, the same congestion." The frustration with getting in and out of airports is only getting worse as airports become more crowded.

That's what the next phase of LAX's improvements is meant to address.

LAX is the third-busiest airport for passengers in the country, but that doesn't tell the whole story. Atlanta and Chicago's O'Hare airports handle more people, but many of them simply pass through as they transfer to other flights. LAX, on the other hand, is the top airport in the country for starting and ending trips. In other words, it has to get more passengers in and out than any comparable facility in the country.

The traffic problems at LAX are made worse by the fact that just about the only way to get to the terminals is with a car, bus or van, and all of those vehicles follow the same double-decker road in a U-shape past all nine terminals. Forty percent of the vehicles are commercial shuttles for hotels, rental car agencies or parking lot operators. One trip around the loop can easily take more than half an hour.

The growing popularity of air travel is making the traffic worse. Vehicles made more than 90,000 trips a day through LAX's main terminal loop this summer, and that number grew to nearly 95,000 on holiday weekends. "It's reached a state where it's untenable," says Deborah Flint, the CEO of Los Angeles World Airports, the agency that runs LAX. "The only real, effective option is to bring the mass transit connections to the airport."

So Los Angeles is joining a growing list of cities building new rail connections to their airports. Denver; Oakland, Calif.; Phoenix; and Washington, D.C.'s Dulles Airport all either completed rail connections recently or are building them now. Garcetti says one reason he pushed to bring in Flint, who previously led the Oakland Airport, and L.A. Metro CEO Phillip Washington, who headed Denver's transit system, is that both had experience creating rail connections to their respective airports.

LAX's rail connection will be especially ambitious, because it depends on both the construction of an automated "people-mover" train at the airport and the completion of a new north-south light rail route by L.A. Metro.

The 2.25-mile people-mover route would run down the center of the U-shaped terminal area, so passengers from both sides would be able to cross over pedestrian bridges to get on at one of three stations. The free trains would arrive every two minutes.

The automated people-mover trains would stop at an intermodal center, which would have parking and shuttle services. It would be convenient to reach by car. But drivers could turn around or park before they get trapped in traffic near the terminals. Once they're at the facility, passengers would be able to check in, print their boarding passes and get information before they catch the people-mover to the terminals. From the intermodal center, the people-mover would then go to the Metro station, which would also offer several bus connections. Work is already halfway completed on the 8.5-mile rail line, which is part of a much larger Metro expansion effort that began in 2008. The first trains are scheduled to start running along the Crenshaw/LAX line in 2019.

Finally, nine minutes after leaving the first station, the people-mover would stop at a consolidated rental car facility, which would bring some two dozen of LAX's far-flung rental car lots under one roof. Both the automated people-mover and the rental car facility would be operated as public-private partnerships.

The overarching idea of the $5 billion project is to move as much traffic as possible away from the central terminal area. Just relocating the commercial shuttles to one of the intermodal facilities could have a huge impact, since they make up so much of the traffic that circles the terminals now. Rental car companies alone currently account for 3,200 shuttle trips a day around the loop, which would be eliminated.

Giving passengers transportation options is key to attracting the most desirable customers, especially those coming from overseas. "International passengers — there were over 20 million of them [at LAX] last year — expect an international city gateway that is connected to many different transportation options," says Flint. "It's par for the course for a major city like Los Angeles."

For Garcetti, who has made infrastructure projects big and small a major focus of his administration, there is also an element of pride at stake in connecting LAX to a rail line, something that's been promised for generations. "When I was campaigning and saying I would, after 50 years of talk, finally bring public transportation to the airport, it was an applause line from the furthest point away from the airport in the city to the next-door neighbors," he says. "It's not only an amenity, it's a symbol of what we couldn't do and we wondered if we ever would do. Are we capable of big projects? Are we capable of building again? That was a core part of our identity, but it was slipping through our fingers. I think this is a way of solidifying that."

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