



**Commissioners**

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**APPROVED MINUTES  
COMMISSION REGULAR MEETING JULY 9, 2013**

The Port of Seattle Commission met in a regular meeting Tuesday, July 9, 2013, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire were present. Commissioner Creighton participated by telephone.

**1. CALL TO ORDER**

The regular meeting was called to order at 12:02 p.m. by Tom Albro, Commission President.

**2. EXECUTIVE SESSION pursuant to RCW 42.30.110**

The regular meeting was immediately recessed to an executive session estimated to last approximately one hour to discuss matters relating to legal risk and potential litigation.

At 1:05 p.m., the Commission Clerk announced on behalf of the Commission President that the executive session would be extended until 1:15 p.m. to finish consideration of the matters previously announced.

Following the executive session, which lasted approximately 70 minutes, the regular meeting reconvened in open public session at 1:23 p.m.

**PLEDGE OF ALLEGIANCE**

**3. APPROVAL OF MINUTES**

Minutes available for approval are included in the Unanimous Consent Calendar.

**4. SPECIAL ORDER OF BUSINESS**

None.

**5. UNANIMOUS CONSENT CALENDAR**

*[Clerk's Note: Items on the Unanimous Consent Calendar are considered routine and are not individually discussed. Port Commissioners receive the request documents prior to the meeting and may remove items from the Consent Calendar for separate discussion and vote in accordance with Commission bylaws.]*

- 5a. Approval of the minutes of the June 4, 2013, regular meeting.
- 5b. Approval of the [claims and obligations](#) of the period June 1, 2013, through June 30, 2013, including accounts payable checks nos. 813518 through 814501 in the amount of \$26,072,127.34 and payroll checks nos. P-174607 through P-174765 in the amount of \$7,853,872.06 for a fund total of \$33,925,999.40.
- 5c. Authorization for the Chief Executive Officer to complete design for the rehabilitation of 100 feet of the Shilshole Bay Marina Central Seawall for an amount not to exceed \$202,000. The total project cost is approximately \$901,000.

Request document(s) provided by Darlene Robertson, Director, Harbor Services, Real Estate Division; Tracy McKendry, Senior Manager, Recreational Boating Facilities; and Mark Longridge, Capital Project Manager, Capital Development Division:

- Commission agenda [memorandum](#) dated July 1, 2013.
- [Presentation slides](#).

- 5d. Authorization to (1) proceed with the Marine Energy Efficiency Project; (2) spend up to \$100,000 for an energy audit for the project; and (3) for the Chief Executive Officer to advertise and execute an energy savings performance-based contract, as defined in Chapter 39.35A RCW.

Request document(s) provided by Joe McWilliams, Managing Director, Real Estate, and Paul Meyer, Manager, Seaport Environmental:

- Commission agenda [memorandum](#) dated June 28, 2013.

- 5e. Authorization for the Chief Executive Officer to execute a contract to provide elevator and escalator maintenance and repair services at the Seattle-Tacoma International Airport for up to five years in an amount not to exceed \$15,000,000.

Request document(s) provided by John Christianson, General Manager Aviation Maintenance:

- Commission agenda [memorandum](#) dated June 28, 2013.

- 5f. Authorization for the Chief Executive Officer to authorize design of the Airport Fiber to Backstands project and the purchase of supporting technology and equipment. This authorization is for \$789,000 out of a total estimated project cost of \$3,284,000.

Request document(s) provided by Michael Ehl, Director, Airport Operations, and Wayne Grotheer, Director, Aviation Project Management:

- Commission agenda [memorandum](#) dated June 28, 2013.

- 5g. Authorization for the Chief Executive Officer to proceed with design and preparation of construction documents for the Fishermen's Terminal C-2 Nordby Building HVAC and Roof Replacement Project for an estimated cost of \$223,000, bringing the current authorization for this project to \$298,000 for a total estimated project cost of \$2,001,000.

Request document(s) provided by Rod Jackson, Capital Project Manager, Capital Development, and Rebecca Schwan, Real Estate Manager, Portfolio and Asset Management:

- Commission agenda [memorandum](#) dated July 1, 2013.

**5h. Authorization for the Chief Executive Officer to execute an indefinite delivery, indefinite quantity contract for survey and mapping services totaling \$300,000 with a contract ordering period of three years, in support of various programs at the Port of Seattle. There is no budget request associated with this authorization.**

Request document(s) provided by Tina Soike, Director, Engineering Services, and Garry Ensley, Manager, Survey and Mapping Services:

- Commission agenda [memorandum](#) dated June 26, 2013.

**Motion for approval of consent items 5a, 5b, 5c, 5d, 5e, 5f, 5g, and 5h – Bryant**

**Second – Gregoire**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Bryant, Creighton, Gregoire (5)**

### **PUBLIC TESTIMONY**

As noted on the agenda, public comment was received from the following individual(s):

- Brenda NNambi, Director, Office of Equal Opportunity for the Washington Department of Transportation (WSDOT). Ms. NNambi commented on the importance and quality of the disparity study conducted by BBC Research and Consulting for WSDOT. She described the role of the disparity study in bolstering WSDOT's defense of its Disadvantaged Business Enterprise program that required race- and gender-conscious programs. Without the disparity study, WSDOT would have had to implement a completely race- and gender-neutral program.
- Leslie Jones, Director of Diversity Programs for Sound Transit. Ms. Jones commented on Sound Transit's disparity study conducted by BBC Research and Consulting in coordination with its study for WSDOT.
- Darin Lang, President, ATZ Inc. Mr. Lang spoke in support of agenda items 6d and 6e, relating to a lease and improvements at the Doug Fox Parking Lot with ATZ Inc. He noted his intention to divest his interest in ShuttlePark2 and clarified that neither he nor anyone related to him would have an interest in ShuttlePark2, which competes with the Doug Fox Lot. He described the challenges facing competitiveness of the lot and encouraged adoption of the lease and provision of infrastructure and signage improvements at the site. Mr. Lang submitted letters from ATZ on this subject dated May 28, 2013 and July 2, 2013. Copies of the letters are, by reference, made a part of these minutes, are marked [Exhibit A](#) and [Exhibit B](#), respectively, and are available for inspection in Port offices.

**6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS**

- 6a. Request the Commission to (1) enable sole-source selection of BBC Research and Consulting to conduct a disparity study of Port contracting by exercising the Commission's authority under RCW 53.19.020(5); and (2) authorize the Chief Executive Officer to enter into a consulting contract with BBC to conduct the study for an amount not to exceed \$300,000.**

Request document(s) provided by Ralph Graves, Managing Director, Capital Development, and Luis Navarro, Director, Office of Social Responsibility:

- Commission agenda [memorandum](#) dated June 28, 2013.

Presenter(s): Mr. Navarro and Mian Rice, Small Business Program Manager.

The Commission received a presentation that included the following relevant information:

- The Office of Social Responsibility (OSR) is responsible for implementation and tracking of the Port's small business programs. This includes work to achieve the Century Agenda goal of 40 percent spending with qualified small business firms on Port-procured construction services and goods and services. OSR also implements the federal Disadvantaged Business Enterprise (DBE) program for the Port. The federal DBE program is regulated by the U.S. Department of Transportation (U.S. DOT) and Port participation is required for recipients of funding from the U.S. DOT.
- Title 49, Part 26, Code of Federal Regulations (CFR) governs the DBE program and requires the Port to ensure access to DBE firms and provide support to DBE and non-DBE firms applying for Port contracts. Less than ten percent of projects at the Port are federally assisted.
- In addition, OSR manages the implementation and tracking of the Port's Small Contractors and Suppliers program. OSR tracks participation in Port contracting and procurement of all other small businesses that are within the U.S. Small Business Administration's size standards.
- In 2012, 35 percent of Port spending on Port-procured construction services and goods and services was with qualified small businesses.
- The Port does not have reliable data on which segments of the small business community fail to benefit from Port contracts in proportion to their availability or benefit disproportionately well from Port contracts relative to their availability. Participation by women- and minority-owned businesses is of particular interest. A disparity study will provide statistically sound data to provide this information.
- The main purpose for the Port to conduct a disparity study is to inform and modify if necessary the Port's DBE program and the existing small business program outreach effort relating to underutilized women- and minority-owned businesses.
- The use of race-conscious remedies for any disparity or discrimination that might be revealed by a disparity study will be limited to federally funded contracts. All other locally funded contracts and procurements are subject to the provisions of Initiative 200. Passed in 1998, Initiative 200 prohibits government entities in Washington from discriminating or granting preferential treatment based on race, sex, color, ethnicity, or national origin.

- The disparity study methodology was described. It will focus on construction and construction-related professional services. Federally funded and locally funded contracts will be reviewed. Results will inform implementation of appropriate measures in the Port's DBE and small business programs.
- A disparity study typically costs about \$500,000 to \$1,000,000. Leveraging the data already collected for WSDOT and Sound Transit by BBC Research and Consulting will reduce the cost considerably. The study is expected to take ten months to complete from the date of execution of a contract.
- Staff is requesting \$300,000 for the disparity study. Since the item was not included in the 2013 budget, funds are requested for this use from contingency funding. Costs incurred in 2014 will be budgeted in the Office of Social Responsibility.

In response to Commissioner Albro, Mr. Navarro reported that ethnicity in contracting is not currently tracked in the Port's small business program, although the ability to do so exists. He noted that tracking relies on the information provided by consultants and prime contractors about subcontractors. Commissioner Albro commented on the importance of collecting this information in order to measure progress in encouraging suppliers of all types to participate in Port contracts.

In response to Commissioner Albro, Mr. Navarro noted that the scope of a disparity study conducted relative to CFR 49 Part 26, relating to construction-related contracts, does not include the particular analysis required under CFR 49 Part 23, which covers Airport concessions. Mr. Rice added that there would be a different methodology for analyzing Airport concessions. Commissioner Albro requested information about expanding the disparity study scope to include analysis of Airport concessions. Commissioner Gregoire noted the difference in scope, and asked for additional information on what the scope would be for a disparity study that takes into consideration Airport concessions.

In response to Commissioner Creighton, Mr. Navarro confirmed that construction-related contracts port-wide, including at the Airport and Seaport, would be included in the disparity study.

**Motion for approval of item 6a – Gregoire**

**Second – Bowman**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Bryant, Creighton, Gregoire (5)**

**6b. Authorization for the Chief Executive Officer to execute a contract with Northwest Center, consistent with RCW 39.23, to provide janitorial services at Pier 69, for a total amount of \$1,017,125, for a five-year term.**

Request document(s) provided by Joe McWilliams, Managing Director, Real Estate Division, and Ralph Graves, Managing Director, Capital Development Division:

- Commission agenda [memorandum](#) dated June 28, 2013.

Presenter(s): Nick Milos, Manager, Corporate Facilities.

The Commission received a presentation that included the following relevant information:

- RCW 39.23 encourages purchase by municipalities of services from sheltered workshops, which serve handicapped and disadvantaged workers.
- Northwest Center is a sheltered workshop that has provided janitorial services at Pier 69 since 2008.
- Competitively bidding the contract and using Port labor were also considered as alternatives to contracting with the Northwest Center. Contracting with Northwest Center was determined by staff as a means of providing cost-effective janitorial services while also providing workforce development consistent with the mission of the Northwest Center.
- Northwest Center was founded in 1965 and provides workforce opportunities for adults with developmental disabilities.
- Services purchased with sheltered workshops by municipalities must be at fair market price. Northwest Center has disclosed its detailed pricing model in the process of establishing fair market value. This model includes prevailing wages, benefits, and overhead expenses.
- Past janitorial services from the Northwest Center have been exceptional.

**Motion for approval of item 6b – Bryant**

**Second – Gregoire**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Bryant, Gregoire (4)**

**Absent for the vote: Creighton**

**6c. Authorization for the Chief Executive Officer to prepare design and construction bid documents for the replacement of approximately 70,100 square feet of roof systems located on the Concourse D of the terminal building at Seattle-Tacoma International Airport for an amount not to exceed \$530,000 of a total estimated project cost of \$3,727,000.**

Request document(s) provided by Wayne Grotheer, Director, Aviation Project Management Group, and David Soike, Director, Aviation Facilities and Capital Program:

- Commission agenda [memorandum](#) dated June 28, 2013.
- Passenger terminal [diagram](#).
- [Presentation slides](#).

Presenter(s): Mr. Soike and Mr. Grotheer.

The Commission received a presentation that included the following relevant information:

- There are multiple roofing systems on different parts of the Airport.
- Despite 10-to-15-year warranties, staff works to extend the life of roofing systems through thorough routine inspection. The roofing systems to be replaced are currently about 20-25 years old.

- The budget anticipated for the work a year ago will not cover the construction cost due to assumptions in the prior bids on which cost forecasts were based. Instead of work over large open areas of roof as in prior bids, the systems currently planned for replacement have multiple obstructions including pre-conditioned air conduit, skylights, and other obstructions common on the D Concourse.
- Another factor affecting increased cost is the need to install fixed safety ladders for access on the roof at Concourse D.
- Work on roofs on Concourse C will encounter similar obstructions as on Concourse D. The budget for this work, which will not be scheduled for a couple of years, will be adjusted ahead of time to reflect the different conditions.
- Opportunities for energy efficiency arising during the design phase will be considered.

**Motion for approval of item 6c – Gregoire**

**Second – Bowman**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Bryant, Creighton, Gregoire (5)**

**6d. Authorization for the Chief Executive Officer to execute a lease substantially as drafted in Exhibit 1 with ATZ Inc. for a term of five years, with two five-year extension options upon mutual agreement, for operation of the parking facility commonly known as the Doug Fox Parking Lot located north of South 170<sup>th</sup> Street and east of the Northern Airport Expressway in the City of SeaTac.**

*[Clerk's Note: This item was previously considered as agenda item 6a on June 4, 2013, at which time further consideration and final action were deferred.]*

Request document(s) provided by James R. Schone, Director, Aviation Business Development, and Jeff Wolf, Manager, Aviation Business Development and Analysis:

- Commission agenda [memorandum](#) dated July 2, 2013.
- Draft lease and concession [agreement](#).
- [Presentation slides](#).

Presenter(s): Mr. Schone and Mr. Wolf.

The Commission received a presentation that included the following relevant information:

- Important components of the lease include a term of five years with two five-year options; minimum annual guaranteed revenue to the Port beginning at \$1.5 million and increasing to \$2.8 million in the second year; inclusion of a concession fee beginning at 55 percent and increasing in the second year to 63 percent; assessment of a shuttle trip fee for shuttles bringing passengers from the lot to the terminal that is bundled into the concession fee and not separately assessed; and inclusion of a clause preventing the operator from owning or operating a competing lot within three miles of the facility or the Airport.
- Anticipated revenue from the lease is dependent on approval of the improvements described in agenda item 6e.

**Responses to questions asked during the presentation of June 4, 2013:**

- The request for proposal was advertised broadly in June 2012 in prominent local publications and industry-specific publications.
- Staff analysis indicated the best return to the Port if the facility was operated by a private entity.
- Six firms responded with questions or attendance at the pre-proposal conference. Of these six, only ATZ currently operates a competing facility with three miles of the Doug Fox Lot.
- The three-mile radius was selected for the area in which the operator could not have a competing financial interest based on the radius in which competing firms currently operate parking and shuttle services to the Airport. The purpose of the non-competition clause was intended to ensure that the operator would have the best interest of the Doug Fox Lot and its concessions revenue to the Port as a priority.
- Two proposals were submitted in response to the request for proposal, and only one of these met the minimum financial return to the Port identified in the request for proposal.
- During the past two years, occasionally similar requests for proposal have received only two or three responders.
- The best near-term alternative uses for the Doug Fox Lot site are for a hotel or air-crew lodging facility combined with office space and parking.
- As noted in public testimony, Darin Lang has agreed in writing to divest himself of interest in ATZ competitor ShuttlePark2, in accordance with the non-competition clause of the lease agreement.

Commissioner Gregoire noted that it is not common for the Port to receive only one eligible bid during a request-for-proposal process, as demonstrated by its occurrence only 14 times out of 162 contract solicitations in 2012. Commissioner Bowman noted her interest in providing opportunities for multiple businesses to bid on Port contracts.

**Motion for approval of item 6d – Gregoire**

**Second – Bowman**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Bryant, Creighton, Gregoire (5)**

- 6e. Authorization for the Chief Executive Officer to: (1) advertise, award, and execute a major public works contract for the construction of the Doug Fox Parking Lot Service Upgrades Project in the amount of \$3,322,000 for construction, construction management, project management, and other soft costs; and (2) execute a Developer Extension Agreement with the Valley View Sewer District to connect to a sewer pipeline within the South 170<sup>th</sup> Street right-of-way. This amount is in addition to \$1,796,000 previously authorized for a total project cost of \$5,118,000.**

*[Clerk's Note: This item was previously considered as agenda item 6b on June 4, 2013, at which time further consideration and final action were deferred.]*



Request document(s) provided by James R. Schone, Director, Aviation Business Development, and George England, Program Leader, Aviation Project Management:

- Commission agenda [memorandum](#) dated July 1, 2013.
- [Presentation slides](#).

There was no presentation at this time. The Port Commissioners received a presentation on the request during its consideration on June 4, 2013, and the request documents were distributed for review prior to the meeting of July 9, 2013.

**Motion for approval of item 6e – Bowman**

**Second – Gregoire**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Bryant, Creighton, Gregoire (5)**

**7. STAFF BRIEFINGS**

**7a. Update on Planning for the Sea-Tac Airport International Arrivals Facility.**

Presentation document(s) provided by Elizabeth Leavitt, Director Aviation Planning and Environmental Programs, and Wayne Grotheer, Director Aviation Project Management:

- Commission agenda [memorandum](#) dated June 28, 2013.
- [Presentation slides](#).

Presenter(s): Ms. Leavitt, Mr. Grotheer, and Borgan Anderson, Senior Manager, Aviation Finance and Budget.

The Commission received a presentation that included the following relevant information:

- Century Agenda objectives supported by a new International Arrivals facility were noted.
- International passengers at the Airport are expected to grow 3.5 percent annually, higher than the expected growth in domestic passengers. There are currently 18 non-stop intercontinental service locations served by flights from the Airport. International passengers have increased 54 percent since 2004, and growth of passengers during the midday peak is 116 percent.
- The existing arrivals facility is outdated and remote, provides a poor customer experience, and has reached its passenger capacity. Passengers have to be held on board aircraft or in a secured corridor on an increasing basis due to capacity issues at the current arrivals facility.
- Delays in processing international passengers affect domestic flights, since many international passengers connect to domestic flights after their arrival at the Airport.
- Seattle-Tacoma International Airport lags behind West-Coast competitors, such as Vancouver International Airport, Los Angeles International Airport, and San Francisco International Airport, which have made or are preparing to make improvements to their international arrivals facilities that threaten Seattle's market share. In particular,

Vancouver, B.C., has a ten-year, \$1.8 billion strategy to target U.S. passengers bound for international destinations.

- Problems anticipated without construction of an improved arrivals facility include additional passengers held on board aircraft, the need to bus passengers from remote hardstands, backups at primary Customs checkpoints, lack of baggage claim capacity, exceeding checkpoint queue space, exceeding satellite transit system capacity, missed connections for international passengers to domestic flights, and increased aircraft towing for aircraft that arrive and depart from different gates.
- There is a need for modest improvements to the existing facility during construction of a new facility, together with design and planning of a new facility with the goal of completion in 2018. Planning steps for a new facility were summarized.
- Short-term improvements for the existing arrivals facility were summarized, including reconfiguring checkpoints, additional elevators, improved way-finding, and modifications to the public address system.
- Staff is working closely with Delta Air Lines and the Airport/Airline Affairs Committee in early planning for the new International Arrivals Facility.
- Options for configuration of a new International Arrivals Facility were presented. All options were contemplated to include gates for 17 wide-body aircraft and initial throughput of 1,800 passengers per hour growing to peak-hour throughput of 2,600 passengers per peak hour over a 20-year period.
- The options were narrowed from four to two possibilities in April 2013. Option 1 includes arrivals of international flights on the South Satellite and Concourse A, connected by a bridge or tunnel, and processing of international passengers in facilities on Concourse A. Option 4 includes arrivals of international flights on the South Satellite and Concourse A, connected by a bridge or tunnel, and dual processing of passengers in facilities on Concourse A and at the South Satellite.
- Option 1 is estimated to cost between \$250 million and \$300 million.
- Option 4 is estimated to cost between \$335 million and \$405 million.
- Common to either option is a large new facility adjacent to Concourse A. Construction of either option is a multi-year project requiring assembly of a major capital project team.
- Resources will be needed for program and project management, similar to the NorthSTAR program.
- A variety of funding sources will be identified for the project, which will be a separate cost center.
- The preliminary project schedule begins after July project authorization with project planning and definition in 2013, additional authorization for building design in early 2014, project design in 2014 and 2015, construction authorization in 2015, and construction between 2015 and 2018.
- The July authorization request will cover initial project funding, alternative project delivery, and procurement of program and project management support.
- Additional remaining steps include state approval of the alternative project delivery method, recommendation of a preferred alternative, and environmental review.
- The costs for the new facility will be charged to the airlines that use it. Costs funded through passenger facility charges or grants are not recovered from the airlines.

Commissioner Bryant noted that adequate staffing by Customs and Border Protection also affects the capacity of the International Arrivals Facility. Commissioner Gregoire requested more information on the Airport's ranking with Customs and Border Protection for receipt of additional staffing or other resources that would affect international passenger throughput.

Commissioner Creighton requested staff consider a panel on lessons learned by other airports building new international arrivals facilities to inform the Port's project.

Commissioner Albro noted the importance to business, universities, and tourism of the International Arrivals Facility. He asked that design of the facility be driven by factors that improve the Airport's competitiveness with other international airports.

#### **7b. Briefing on Alternative Public Works Contracting.**

Presentation document(s) provided by Ralph Graves, Managing Director, Capital Development Division:

- Commission agenda [memorandum](#) dated June 27, 2013.
- Project delivery method [charts](#).
- [Presentation slides](#).

Presenter(s): Mr. Graves.

The Commission received a presentation that included the following relevant information:

##### **Design/Bid/Build**

- The majority of Port construction projects are accomplished using a traditional and well-recognized design/bid/build methodology in which an owner contracts for design and preparation of construction documents. Following design, general contractors bid to build the project. Often, the lowest bidder is awarded the contract and builds the project with assistance from subcontractors and suppliers.
- Advantages to the design/bid/build method include that it is common and well understood and that it is often less expensive to prepare a lump-sum bid than a proposal package common to other project delivery methods. Responsibility or responsiveness criteria are used more to filter out contractors lacking qualifications to successfully perform the work than to establish the bid with the best value.
- Multiple procurements and selection of a separate designer and contractor tend to lengthen the schedule of work under design/bid/build methodology. The builder does not participate in the project design, so the builder's expertise is lacking from the design phase. Errors and omissions in design become the risk of the owner.
- Other project delivery methods are available under state law.

##### **General Contractor/Construction Manager**

- In the general contractor/construction manager methodology, the owner contracts for design and proceeds to obtain a general contractor at an earlier stage based primarily on qualifications. The general contractor functions in this model as an additional consultant on design of the project. Near the end of design, the owner and general contractor

negotiate to establish a maximum allowable construction cost. The risk for costs above this threshold is assumed by the general contractor. Subcontracts are then competitively bid. Under this methodology, some construction activities may commence prior to completion of design.

- The relationship of builder to designer is similar in general contractor/construction manager methodology to design/bid/build methodology. Risks for errors and omissions are borne by the owner.

#### **Lump-Sum Design/Build**

- The lump-sum design/build methodology involves an owner beginning very preliminary design, usually about 15 percent, and then issuing a request for proposal. A team of designer and builder bid to complete design and construct the project for a lump sum. Construction of some aspects of the project may commence prior to completion of design.
- Lump-sum design/build involves a single procurement and provides more opportunity to expedite the project than general contractor/construction manager methodology. The value of the lump-sum bid is usually dependent on the expectation of being able to work quickly to complete the project.
- A risk to the owner in this method is that design changes will extend the performance period of the contract and cost the owner significantly more than the lump sum that was bid by the design/build team.

#### **Price-Factors Design/Build**

- In 2013, the Washington Legislature renewed the authority to use alternative contracting methods and introduced an alternative new to the state of Washington referred to here as price-factors design/build.
- In the price-factors design/build methodology, the design/build team may be hired prior to establishing the complete lump-sum cost of the project. The team is selected based on qualifications, best value, and price factors such as profit/overhead rates and general conditions work. In this methodology, a project can be expedited and be bid with even less design than in the lump-sum design/build methodology. It can potentially reduce the risk of bidding for a lump sum on a project with only 15-percent design completed. Of the four methods, this one has the greatest potential to compress the design and construction schedule for a project.
- Price-factors design/build involves negotiation focused on estimating costs, but provides less price risk for the builder and more opportunity for the owner to guide design.
- Price-factors design/build methodology is new to Washington state, but has been practiced elsewhere.

#### **General Information on Alternative Project Delivery**

- The appropriateness of a particular project delivery method is dependent on differing priorities and types of projects.
- Examples of design/build and general contractor/construction manager approaches to Port projects over the years were provided for reference.
- Federal funding may attach conditions to an alternative project delivery method.

- Use of alternative project delivery methods requires approval by a state project review committee or certification to perform projects using alternative methods.
- Due to the importance of scheduling in the International Arrivals Facility project, staff recommends using price-factors design/build methodology as a project delivery method. Other factors considered were cost, quality and aesthetics, implementation risks, and stakeholder involvement.
- Statistics on cost growth using the price-factors design/build methodology are ambiguous.
- There is a risk in not appropriately outlining the contract terms. Staff intends to use consultants and leverage experience with the elevators/escalators project to mitigate this risk. Another risk is in changes to design.
- On July 23, 2013, staff plans to request authorization to use price-factors design/build methodology to build the new International Arrivals Facility.

Commissioner Albro emphasized the need to use the process that results in the most productive facility, rather than focus strictly on schedule.

**8. NEW BUSINESS**

None.

**9. POLICY ROUNDTABLE**

None.

**10. ADJOURNMENT**

There being no further business, the regular meeting was adjourned at 3:10 p.m.

Bill Bryant  
Assistant Secretary  
Minutes approved: August 6, 2013.