

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

ACTION ITEM

Item No. 6b

Date of Meeting May 28, 2013

DATE: May 17, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: Ralph Graves, Managing Director, Capital Development Division
Janice Zahn, Assistant Director of Engineering, Construction Services
George England, Program Leader, Aviation Project Management Group
SUBJECT: North SeaTac Airport Renovation Program (NorthSTAR) (CIP #C800544)

Amount of This Request:	\$0	Source of Funds:	N/A
Est. State and Local Taxes:	\$0	Est. Jobs Created:	N/A
Est. Total Project Cost:	\$300,000,000		

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to execute separate service agreements for Construction Management Services and Commissioning Services, of approximate values of \$10 million and \$1.5 million, respectively, for the NorthSTAR Program at Seattle-Tacoma International Airport. No funding is associated with this authorization request.

SYNOPSIS:

On April 10, 2012, the Commission authorized the Chief Executive Officer to execute consulting contracts for design/construction support services (designer support during construction) and program management services. The Port has entered into a Program and Project Management and Project Controls contract with Jacobs Project Management Company and the project is underway. The Port would now like to advertise and enter into a construction management services contract and a commissioning services contract for the NorthSTAR program.

BACKGROUND:

The NorthSTAR program is an outcome of the Airport Terminal Realignment Project where Alaska Air Group (AAG) will be the only airline operating out of the North Satellite at the end of the project. As such, Alaska decided to relocate most of its operations to the North Satellite (NS) to improve its "Curb to Seat" experience. To meet AAG's requirements, the Port and Alaska jointly determined that the north end of the Airport required renovation from the curbside of the Main Terminal to and including the entire North Satellite. The NorthSTAR program consists of six capital projects as follows:

- CIP #C800544 NS NorthSTAR Program (Management)

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- CIP #C800545 NS Main Terminal Improvements
- CIP #C800547 NS Concourse C Vertical Circulation
- CIP #C800554 NS Exterior Stairs Concourse C & D (Prospective Project)
- CIP #C800555 NS Refurbish Baggage Systems
- CIP #C800556 NS Renovation & Train Station Lobbies (NSAT)

The cost of the NorthSTAR program is estimated at approximately \$300 million. The North Satellite and portions of the Main Terminal to be renovated were built over 40 years ago and now require modernization. This includes renewal or replacement of basic mechanical, electrical, communications, heating/ventilation/air conditioning (HVAC) and plumbing systems along with seismic upgrades. The Commission has authorized design for three of the projects: North Satellite Renovation & NSTS Lobbies, Concourse C Vertical Circulation, and Refurbish Baggage projects. The Main Terminal Improvements and the Exterior Stairs Concourse C & D projects will and may, respectively, be authorized for design later in 2013. Construction will begin with Concourse C Vertical Circulation and the Refurbish Baggage System projects toward the end of 2013 and extend through 2019 with completion of the North Satellite and Main Terminal projects.

There is insufficient capacity with our existing in-house staff to support both the NorthSTAR suite of projects and the other major construction projects within the approved capital budget. To support the construction management of these projects, the strategy is to utilize a mix of in-house Port staff and outside consultants. A request for proposal (RFP) will be used to execute one service agreement specific to the NorthSTAR program having an approximate value of \$10,000,000. The strategy for commissioning services at the Port of Seattle has been to contract with consultants because of the specialty expertise required and contract durations. Due to lack of available in-house expertise, a consultant is necessary to independently validate certification process results. An RFP will be used to execute one program-specific service agreement having an approximate value of \$1,500,000.

Service directives will be issued to perform specific scopes of work after staff has received project funding authorization.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

The construction management services contract will provide consultants to support Port staff in the administration and management of the construction contracts. Port employees will have the lead on the management of these construction projects with supplemental resources from this consultant contract. Scope of work will include construction management, design reviews, scheduling, estimating, constructability, value engineering and claims support.

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The commissioning services contract will provide consultants to support the Program and Port staff. This will include design review, value engineering review, coordination with design and construction consultants, writing and reviewing contract specifications, developing the commissioning plan, executing the commissioning plan, supporting bid and construction phases of projects, performing and observing commissioning activities, coordinating and observing training, reviewing O&M manuals, and completing a commissioning report. It may also include services to support third-party certification for sustainability (LEED, Energy Star, etc.) if the project pursues certification.

Schedule:

Commission Authorization	May 2013
Advertise Request For Proposal:	June 2013
Short list and interview	August 2013
Complete negotiations:	September 2013
Contract executed:	October 2013

FINANCIAL IMPLICATIONS:

Source of Funds:

There is no funding request associated with this authorization. Individual service directives will be executed to authorize the consultant to perform any specific work on the contract against previous and future authorizations for the NorthSTAR program and each project within the program.

TRIPLE BOTTOM LINE SUMMARY:

This consultant contract will create opportunities for small businesses participation.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1: Use our existing IDIQ construction/commissioning consulting contracts to provide support for the NorthSTAR project. This approach was used on the recently completed Rental Car Facility Program. The main problem with this method was that the contracts ran out half way through the project. The consultants had to leave the project and new consultants came in to replace them. This resulted in loss of project knowledge and inefficiencies. The Port incurred retraining costs for the new consultants that were brought in to replace the old ones. This alternative does not provide sufficient flexibility to support the NorthSTAR project if the scope of work and/or duration changes significantly during design. This alternative is not recommended.

Alternative 2: Hire additional Port employees under limited duration positions to provide construction management or commissioning services specifically for the six-year duration of the NorthSTAR Program. There is some additional cost to the Port to hire and release these hires. There could be difficulty in finding qualified applicants willing to be hired under a limited

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duration position as it is less desirable than full-time and specific to commissioning the specialty nature of the work. This alternative is not recommended.

Alternative 3: Proceed with advertising, negotiating and entering into consulting contracts for construction management services and commissioning services for the NorthSTAR program that would provide support for all projects within the program. This would result in the most efficient and cost effective use of consultants to provide the services required and ensure consistency in managing the construction and the commissioning of projects. **This alternative is recommended.**

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- April 9, 2013 – Commission authorized entry into a Project Labor Agreement for the NorthSTAR program.
- March 26, 2013 – Commission briefing update of the NorthSTAR program.
- November 6, 2012 – Commission authorized \$3,760,000 for the design of the NorthSTAR Refurbish Baggage System project.
- November 6, 2012 – Commission authorized \$2,775,000 for the design of the NorthSTAR Concourse C Vertical Circulation project.
- July 27, 2012 - Commission authorized \$32,000,000 for the design of the NorthSTAR North Satellite Renovation and NSTS Lobbies project.
- June 26, 2012 – Commission briefing on and update of the NorthSTAR program.
- April 4, 2012 – authorizations for the North Sea-Tac Airport Renovations (NorthSTAR) program for: 1) preliminary project funding; 2) execute consulting contracts for design/construction support services and program management services; and 3) use of Port crews and consultants to conduct regulated materials management surveys and field support services for preliminary project planning tasks.