

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 6d  
**Date of Meeting** November 19, 2013

**DATE:** November 11, 2013  
**TO:** Tay Yoshitani, Chief Executive Officer  
**FROM:** Ralph Graves, Managing Director, Capital Development Division  
Janice Zahn, Assistant Director of Engineering, Construction Services  
Alfred Moreno, Program Leader, Aviation Project Management Group  
**SUBJECT:** Seattle-Tacoma International Airport International Arrivals Facility (IAF) service agreements (CIP #C800583)

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to execute separate service agreements for construction management; special testing, inspection, and investigation; surveying and locating; and safety services, with approximate values of \$18 million, \$2.1 million, \$500,000, and \$500,000, respectively, for the International Arrivals Facility at Seattle-Tacoma International Airport. No funding is associated with this authorization request.

**SYNOPSIS**

The Airport's current international arrivals facility, including Federal Inspection Services (FIS), is located below grade at the South Satellite and has had only one expansion since it opened 40 years ago in 1973. International travel through the Airport has increased significantly since 2004 and a substantial number of these international air travelers arrive during the mid-day peak. The Port welcomes this growth, but it has led to congestion in the over-burdened facility. The Airport's international arrivals facility will exceed capacity within five years in many areas such as gates, immigration inspection, baggage claim, security checkpoint, and the satellite transit system train.

An overloaded international arrivals facility will have a detrimental effect on connecting times between international and domestic flights that could place the airport at a competitive disadvantage. As such, Port staff recommends replacing the current aging facility with a new International Arrivals Facility that will serve the traveling public well into the future.

This request provides for important construction management and other supporting services to facilitate the International Arrivals Facility (IAF) construction program, the cost of which is estimated at approximately \$316 million.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

November 11, 2013

Page 2 of 5

### **BACKGROUND**

The Port Commission was briefed on July 9, 2013, about the Airport's nearly 65-year history of service as the Pacific Northwest's preeminent gateway for international air service to many important international markets. In 2012, the Port Commission included making the Seattle-Tacoma International Airport the West Coast "Gateway of Choice" for international travel as a key strategic objective in the Port's Century Agenda. International flights, and their connecting domestic flights, provide significant economic benefit to the Port and the region as a whole. Studies at other airports have shown that the economic benefits of a new international flight extend far beyond those for the flight activity itself via higher concessions and other passenger related revenues, plus increased foreign direct investment and exports of goods and services.

Development of a capital program to replace the current IAF requires significant resources. There are several initial tasks to complete even though some project definition questions are still being resolved. Beginning these procurements of necessary consultant service agreement contracts now will allow us to proceed rapidly with implementation when these questions are resolved. The project team will return to request further Commission authorization for design of project elements and procurement of design services and construction.

### **REQUEST JUSTIFICATION AND DETAILS**

As stated in the authorization materials for the Commission meeting of July 23, 2013, construction services associated with the project will require consultant support. There is insufficient capacity with our existing in-house staff to support both the IAF projects and the other major construction projects within the approved capital budget. To support the construction management, special testing and inspection, surveying and locating, and safety of these projects, the strategy is to use a mix of in-house Port staff and outside consultants.

Service directives will be issued to perform specific scopes of work after staff has received project funding authorization. The current IDIQ contracts for these construction management services were executed to support all capital projects with the exception of Northstar and International Arrivals Facility. Project acquisition teams determined the overall scope and length of these two projects warranted their own project specific service agreements.

#### ***Request Objectives***

Four requests for proposal (RFPs) will be used to execute four separate service agreements specific to the IAF program's construction as follows:

- Construction Management Services for an approximate value of \$18,000,000;
- Special Testing, Inspection, and Investigation for an approximate value of \$2,100,000;
- Construction Surveying and Locating for an approximate value of \$500,000; and
- Construction Safety Services for an approximate value of \$500,000.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

November 11, 2013

Page 3 of 5

### ***Scope of Work***

There are two distinct projects within the IAF Program; the new IAF structure with modifications to Concourse A and the installation of a “connector” passageway between the South Satellite and Concourse A. Construction management support for the IAF structure and Concourse A will start in early planning and the development of the Design/Build team’s two-step selection process including 1) request for qualifications and 2) request for proposal. The construction management team will also participate in identifying the procurement strategy for the “connector” passageway.

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

Special testing, inspection and investigation, construction surveying and locating, and safety services will be required once construction begins sometime in 2015 or 2016 depending on design progression.

### ***Schedule***

#### **Construction Management**

Commission authorization	November 2013
Advertise request for proposal	January 2014
Short list and interview	March 2014
Complete negotiations	April 2014
Contract executed	May 2014

#### **Special Testing, Inspection and Investigation, Surveying/Locating, and Safety Services**

Commission authorization	November 2013
Advertise request for proposal	January 2015
Short list and interview	March 2015
Complete negotiations	April 2015
Contract executed	May 2015

## **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 IAF program and each project within the program.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

November 11, 2013

Page 4 of 5

### **TRIPLE BOTTOM LINE**

The requesting department representative will work with the Office of Social Responsibility (OSR) to determine small business participation opportunities, in accordance with small business Resolution No. 3618.

### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

Alternative 1: Use our existing IDIQ construction/commissioning consulting contracts to provide support for IAF projects. 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 IAF 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 five-year duration of the IAF 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 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, surveying and locating and safety services for the IAF 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. This alternative is recommended.

### **ATTACHMENTS TO THIS REQUEST**

- None.

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- July 23, 2013 – International Arrivals Facility Project & Program Support; and Price Factor Design Build Methodology authorization.
- July 9, 2013 – Sea-Tac Airport International Arrivals Facility Briefing.
- July 9, 2013 – Alternative Public Works Contracting Briefing.
- April 9, 2013 – Sea-Tac Airport International Arrivals Facility Briefing.
- June 26, 2012 – Briefing on Airport Terminal Development Challenges at Seattle-Tacoma International Airport.
- June 14, 2011 – International Air Service Growth and Future Facility briefing.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

November 11, 2013

Page 5 of 5

- February 2, 2010 – Briefing on South Satellite Passenger Growth and Facility Considerations, Delta's Proposed Airline Lounge and Other Possible Future Aviation Projects.