

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

**COMMISSION AGENDA**  
**STAFF BRIEFING**

**Item No.** 7a

**Date of Meeting** January 14, 2014

**DATE:** January 8, 2014  
**TO:** Tay Yoshitani, Chief Executive Officer  
**FROM:** George England, Program Leader, Aviation Project Management Group  
Michael Ehl, Director, Aviation Operations  
Dave Soike, Director, Aviation Facilities and Capital Programs  
**SUBJECT:** 2013 Fourth Quarter Update on the Airport's NorthSTAR Program

**SYNOPSIS**

The NorthSTAR program is an outcome of the Airport Terminal Realignment Project in which Alaska Air Group (AAG) will be the only airline operating out of the North Satellite. AAG's goal is to consolidate the operations of Alaska Airlines and Horizon Airlines into the north end of the terminal facilities. The Port and AAG jointly determined that the overall scope of the NorthSTAR program should include five renovation projects whose total estimated cost has increased by \$174.5 million from \$315.6 to \$490.1 million. The increase is due to the collaborative recommendation in October to expand the North Satellite by up to 9 additional bays and to provide 20 gates; an additional 8 gates from the current 12. The Commission will be briefed on this change prior to seeking authorization for additional budget. The program, which is a collaborative effort of Port and Alaska Air Group, is now scheduled for completion in 2019. This briefing addresses progress through December 31, 2013.

The initial scope of the program was defined in a conceptual study prepared by AAG and its consultant. Working with this conceptual study, the Port and AAG are refining the scope to meet the long-term goals of the Port and AAG. In some cases, scope and budget from other parallel capital projects will be incorporated into the NorthSTAR program to ensure the compatibility of design and the efficiencies of construction. The development of the NorthSTAR program coincides with AAG's corporate rebranding efforts, long-term marketing goals, and AAG's goal of enhancing its customers' "curb to seat" experience by melding building improvements and airline services into an end product that creates a "hassle-free" and user-friendly airport environment.

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### **BACKGROUND**

The NorthSTAR program consists of five capital projects:

#### **1. CIP C800544 NorthSTAR Program**

This umbrella project is comprised of cost estimating, cost controls, scheduling and overall management support for the five capital renovation projects within the NorthSTAR program.

##### **Accomplishments**

- Continued monthly Program Status Reviews with AAG attendance.
- Programmatic Project Labor Agreement signed by Building & Trades.
- Selected Heery for construction management services, completed contract negotiations and signed contract.
- Selected Glumac for commissioning services, completed contract negotiations and signed contract.
- Updated NorthSTAR program communications plan for use by Port and AAG staff.
- Completed second quarter Commission briefing.
- Refined process to capture aeronautical vs. non-aeronautical scope transfers as part of budget reporting.
- Presented program update to the Airport Airline Affairs Committee (AAAC) and at Port/AAG Summit.

##### **Progress**

- Continuing refinements to executive decision matrix and organizational chart to reflect recent AAG organizational changes, additional staff and revised responsibilities to better support the program.
- Utilizing SharePoint for various registers, financial information and development of a Program Dashboard.
- Continuing to update overall program schedule to reflect schedule changes to each project.

##### **Issues**

- Further refinements to Program/Project specific performance metrics per request from Commission.

##### **Metrics**

- Financial performance is reflected in the program budget summary and includes:
  - Cash flow for this reporting period
  - Budget
  - Schedule in percent complete

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- Contingency remaining

### **Risks**

- Communication and coordination between multiple teams and stakeholders.
- Assure baseline schedule concurrence of all stakeholders.

<b>Estimated Budget:</b>	\$16,300,000
<b>Scheduled Project Completion:</b>	September 2019

## **2. CIP C800556 NS North Satellite (NSAT) Renovation & NSTS Lobbies**

This project includes the renovation of the North Satellite and the satellite transit system (STS) north loop stations at the Main Terminal, Concourse C, and the North Satellite. While the renovation of the STS station lobbies is relatively minor in scope, the renovation of the NSAT includes the removal of all regulated materials, the seismic reinforcement of the NSAT, the replacement of all infrastructure systems within NSAT, the expansion of NSAT by up to nine structural bays to accommodate eight additional gates, the addition of a rooftop structure for Alaska Airlines' Board Room and destination restaurant, the rebuilding of the NSAT concourse level interior, and the renovation of non-public support spaces on the ramp and STS levels. The NSAT scope will also incorporate sustainable building elements and the data/communications infrastructure to accommodate the anticipated needs of the Port, AAG and the travelling public.

### **Accomplishments**

- Developed tri-taxilane options.
- Completed the 15% conceptual design evaluating sixteen options for the renovation using criteria developed jointly by the Port and AAG, resulting in the selection of one concept to be refined during 30% design.
- Obtained concurrence with Alaska Airlines to expand the North Satellite to include eight additional gates based upon the Airport-wide Gate Utilization Study.
- Developed construction schedules to reflect impact of 2, 3, and 4 phase options, including possible expansion of NSAT.
- Completed NSAT Level-of-Service study, which is being used to refine the Concourse level floor plans.
- Executed design consultant amendments pertaining to staff changes and are negotiating the additional design fee based on the recommendation to expand the Satellite.
- Registered NSAT with USGBC for possible LEED certification depending upon which sustainable design features can be incorporated into NSAT.
- At the request of AAG, the team developed and agreed on a high-level conceptual layout for dual door boarding and completed a rough order of magnitude estimate.

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- Updated the project schedule to reflect continuing refinement of the facility program pertaining to gate utilization and the Airport-wide concessions master plan.
- The design team completed on-site investigation of existing building conditions including the tracing of electrical and low voltage cables.

### **In Progress**

- Refining North Satellite (NSAT) design to accommodate the Airport-wide Concessions Program Master Plan and better balance holdroom, concession and open space.
- Evaluating the implementation of NSAT dual door operations at AAG's request.
- Beginning negotiations with the design team for the expansion of NSAT. Continuing to develop and review construction gate phasing options based on the expansion decision with AAG.
- AAG is developing and refining innovative ways to process passengers and integrate concessions and hold room lease areas.
- Working with project sponsors to determine how to utilize technology to enhance customer experience, enhance wayfinding, and increase NSAT operational efficiencies.
- Decision pending from AAG on whether to incorporate dual door into the project.
- Preparing Majority-In-Interest ballot seeking Airline approval for the expansion.

### **Issues**

- Construction phasing options require coordination with AAG 2017 – 2022 projected gate operations.
- Procurement strategy for long-lead procurement items must be developed.

### **Risks**

- May not be able to close five gates during construction due to gate constraints and use requirements and the availability of gates Airport-wide, resulting in more than two phases, and an extension of the construction schedule.
- The existing electrical capacity may be insufficient to support the proposed NSAT improvements, thereby requiring a new electrical substation to be built.
- Level of Service (IATA) rating for passengers may be lower than what either Port or AAG would deem acceptable.
- Project schedule delayed 4 months due to the decision to expand and evaluate dual door, but are continuing to evaluate whether some time can be made up.

**Estimated Budget:** \$383,548,000

**Scheduled Project Completion:** September 2019

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### **3. CIP C800547 NS Concourse C Vertical Circulation**

This project will provide new vertical circulation cores for improved vertical circulation between the concourse and the ground levels for Alaska Airlines/Horizon Air customers at three locations on Concourse C: Gates C2, C10/C12, and C14. This work will provide covered, non-temperature controlled sloped walkways with elevator(s) between concourse and ground levels. The vertical circulation cores will consist of a light roof structure with glazed side panels to protect passengers from the weather and new door openings from the concourse to the vertical circulation cores. This project will improve passenger circulation to the aircraft from concourse to ground level on Concourse C for Horizon Air passengers.

#### **Accomplishments**

- Design complete including addressing complex construction phasing.
- Advertised for bids for construction.

#### **In Progress**

- Responding to bid-related questions from potential bidders.
- Bids due in early January.

#### **Issues**

- Construction phasing of sloped walkways to maintain airline operations during construction, and coordinate with adjacent AAG ground level walkways construction.

#### **Metrics**

- Financial performance is reflected in the program budget summary and includes approved trends and transfers, remaining contingency, expended to date and forecasted budget.
- Based on the final construction plans the following metrics will reflect the performance during construction:
  - Number of delayed bags
  - Number of delayed flights
  - Number of incidences noted in the daily safety hazard report
  - Number of customer complaints received by Alaska or the Port
  - Number of change orders processed

#### **Risks**

- Construction phasing impact on bids and construction change orders.

<b>Estimated Budget:</b>	\$19,300,000
<b>Scheduled Project Completion:</b>	April 2015

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### **4. CIP C800545 NS Main Terminal Improvements**

The Main Terminal scope begins at the departure drop-off curb and ends at the Main Terminal north STS station. Although the least defined in the NorthSTAR program, the project will reconfigure the north end of the ticket lobby, the existing airline ticket office and ticket counters, and the north checkpoint. This project will focus on the efficient movement and processing of AAG's customers through improvements to the building circulation, wayfinding, technology infrastructure, checkpoint reconfiguration, and anticipated changes in the way AAG processes arriving passengers.

#### **Accomplishments**

- Commission authorization for \$1.5 million for 30% design.

#### **In Progress**

- Developing scope for preliminary design consultant procurement.
- Preparing Majority-In-Interest ballot seeking Airline approval for the project.

#### **Issues**

- Prioritizing project scope items relative to project budget and need.
- Coordination with NSAT design concept to ensure a cohesive look/feel.
- Coordination with AAG & TSA on checkpoint 5 reconfiguration.

#### **Risks**

- Least defined scope and budget relative to the program budget.

<b>Estimated Budget:</b>	\$29,200,000
<b>Scheduled Project Completion:</b>	March 2018

### **5. CIP C800555 NS Refurbish Baggage System**

This project will refurbish the existing baggage systems in support of AAG operations on the NSAT and Concourse D. The work will extend the service life of part of the C92 baggage systems, the C88 North Satellite systems, and the C88 tunnel systems. Some of the processing and transit times may be decreased but capacity will not be increased.

The project will speed up the tunnel conveyors if this provides significant benefit, and will replace aging conveyor belts, motors, drives, and controls of the existing tunnel and North Satellite systems as required improving reliability and full functionality.

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### **Accomplishments**

- Briefed Investment Committee of project status on Nov 27, 2013 and December 11, 2013 to request approval to seek full authorization of the budget to advertise, execute construction contract, and utilize Port crews.
- Completed memo for additional Commission authorization.
- Completed independent technical 95% design review.
- Conducted second performance review with design consultant to define clear deliverables.
- Completed 100% design progress set.
- Submitted for Building Permit.
- Received AAG 100% concurrence after Steering Committee presentation on December 2, 2013.
- Executed SD1 for relocating of Baggage Service Office (BSO). Coordinating with NSAT project team.
- Recognized project expense scope and budget related to RMM efforts.

### **In Progress**

- Design team incorporating independent review into 100% design documents.
- Preparing Commission Authorization request for Jan 7, 2014.
- Continuing to work with CPO to meet bid date of January 9, 2014.
- Incorporating NorthSTAR PLA into contract documents.
- Preparing year-end financial requirements.
- C-92 Final Failure Analysis has been completed and evaluating project budget and schedule impacts.

### **Issues**

- Consultant performance has not met Port expectations and staff is concerned the current schedule to complete the bid ready final documents for advertisement will not be met. Staff is working diligently to get the Consultant to meet current schedule commitments.
- Substantial completion has been extended 26 weeks due to changes in design, Consultant performance, construction sequencing, operational constraints to construction requested by AAG, scope additions and cost increases. The Consultant has not been timely in providing supporting documentation, which has delayed negotiations of SD1-1 MOD 2 LOE.

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### **Metrics**

- Financial performance is reflected in the program budget summary and includes approved trends and transfers, remaining contingency, expended to date and forecasted budget.
- Based on the final construction plans the following metrics will reflect the performance during construction:
  - Number of system shutdowns
  - Number of operational impacts
  - Number of unplanned system downtime periods exceeding 15 minutes
  - Number of change orders processed

### **Risks**

- NSAT expansion decision may impact baggage handling system refurbishment requirements on capability to handle forecasted bag volume and speed. Evaluating mitigation options.
- TSA's re-capitalization may impact baggage project design for C92 review duration and overall project schedule.
- AAG operations require coordination with baggage handling system shutdowns. Therefore, work must be accomplished prior to Summer 2015.

<b>Estimated Budget:</b>	\$22,000,000
<b>Scheduled Project Completion:</b>	August 2015

## **6. CIP C800554 NS Concourse C & D Exterior Stairs**

This project will add exterior stairs to Concourse C and D gate lobbies to enable the aft loading and unloading of aircraft at locations identified by AAG. This is currently a prospective "status 1" project.

### **Accomplishments**

- Scoping not yet initiated.

### **In Progress**

- Nothing to report.

### **Risks**

- Safety of passengers, employees and construction crew during construction.
- Definition of contractor access and laydown areas.



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### **Issues**

- Definition of contractor access and laydown areas.
- Lack of defined scope (full complement of gates undetermined at this time).
- Agreement with AAG on cost responsibility.

<b>Estimated Budget:</b>	\$21,400,000
<b>Scheduled Project Completion:</b>	TBD

## **ATTACHMENTS TO THIS BRIEFING**

- Attachment A - Quarterly Commission Update PowerPoint

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- September 24, 2013 – The Commission received an update on the status of the NorthSTAR Program.
- June 25, 2013 – The Commission received an update on the status of the NorthSTAR Program.
- March 26, 2013 – The Commission received an update on the status of the NorthSTAR Program.
- June 26, 2012 – The Commission received a briefing on the status of the Airline Realignment Program and budget restructuring in association with the NorthSTAR Program at Seattle-Tacoma International Airport.