

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No. 7a
Date of Meeting February 25, 2014

DATE: February 19, 2014
TO: Tay Yoshitani, Chief Executive Officer
FROM: Elizabeth Leavitt, Director, Aviation Planning & Environmental Programs
Wayne Grotheer, Director, Aviation Project Management Group
Michael Ehl, Director, Airport Operations
SUBJECT: Briefing for Sea-Tac International Airport International Arrivals Facility (IAF) program (C800583)

SYNOPSIS

Replacing Seattle-Tacoma International Airport's existing over-burdened Federal Inspection Services (FIS) facility with a modern and efficient International Arrivals Facility is a critical part of realizing the Port Commission's Century Agenda objective to make the Airport the West Coast "Gateway of Choice" for international travel.

This briefing updates the Commission on current progress made on the IAF program and outlines our next steps to move forward towards advertisement for a design-build team.

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 identified the Seattle-Tacoma International Airport as 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.

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 to process passengers in summer

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2014 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 recommended replacing the current aging facility with a new International Arrivals Facility that will serve the traveling public well into the future.

Staff briefed the Commission last year on utilization of the Sustainable Airport Master Plan consultant to complete project planning and definition for the IAF program. Completion of this early planning work is critical to providing adequate information to potential design build firms and for completion of environmental review under the National and State Environmental Policy Acts. Environmental review of the IAF will be completed after the project planning and definition is completed. Future Commission authorization requests will include a request to modify the Sustainable Airport Master Plan contract with Leigh Fisher Associates (LFA) to allow completion of the IAF planning necessary for development of the program's technical criteria. .

Future requests will also include Commission authorization to negotiate and enter into a Project Labor Agreement (PLA) for the IAF program major construction contracts to ensure labor harmony, a quality labor force, and a safe and uniform working environment. A PLA will minimize jurisdictional disputes and provide insurance to minimize the potential for lost revenue, increased costs, operational impacts, and construction schedule impacts related to labor disputes or issues. Essentially all crafts will perform work on the program, given the size of this program and varied scopes of work. Due to the length of the program's construction, every collective bargaining agreement associated with these crafts will expire before completion of the program, creating the potential for labor-related delays.

PROJECT STATUS

The Port has expended approximately \$180,000 of the \$3.5 million project funding authorized by the Port Commission on July 16, 2013. The final planning and analyses for project definition are quickly getting underway with the recent assignment of staff and addition of consultants dedicated to the project. The rate of spending will increase significantly beginning February 2014.

Accomplishments:

- Selected an IAF option consisting of one facility for processing arriving international passengers, located adjacent to and on the landside of Concourse A.
- Agreed to recommend building the IAF Facility and the connector under a single design-build contract.
- Completed design-build delivery method training for project and construction management staff resulting in nine individuals fully trained.

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- Selected AECOM for program and project management consultant services, negotiated service agreement; and started services provided under the first service directive.
- Received Commission approval to execute separate service agreements for construction management; special testing, inspection and investigations; surveying and locating; and safety services.
- Awarded service agreement for procurement support of alternative project delivery.
- Received approval from state Capital Projects Advisory Review Board - Project Review Committee for the Port to be a certified owner in design-build procurement methodology.

In Progress:

- Development of staffing plan for project and construction management
- Development of staffing plan for support of IAF for internal Port stakeholders and design reviewers.
- Definition of project planning needs including passenger and aircraft activities, airline gating, Federal Inspection Services (FIS) and Customs and Border Protection (CBP) requirements, and south ground transportation needs while construction is underway.
- Overall project schedule is being updated and refined.
- Development of trending procedures to capture scope changes and identify risks.
- Definition and development of technical criteria for procurement of design-build team.
- Selection and hiring of new Port Capital Program Leader.
- Determination of whether the connector from the South Satellite to the IAF will be a tunnel or bridge; its size and location.

March 11, 2014 Commission Authorization Requests:

- Authorize additional project funding.
- Allow the Sustainable Airport Master Planning consultant to complete planning and project definition tasks necessary for the development of the IAF technical criteria.
- Advertise for qualifications and proposals from design/build teams.
- Enter into a project labor agreement.
- Procure the connector and the IAF facility together in a single price-factors design/build contract.

Future IAF Commission Authorization Requests:

- Authorization to award contract to D/B team for predesign/validation
- Authorization to begin design and construction; following validation of scope, cost and schedule

PROJECT JUSTIFICATION AND DETAILS

The Airport's current international arrivals facility in the South Satellite, including FIS facilities, opened in 1973 and has seen only minimal overall facility changes since that time, apart from an expansion in the mid-1980s that increased capacity to 1,200 arriving passengers per hour.

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Although the international arrivals facility has not grown significantly over the years, the Airport's international air service has grown significantly and continues to grow at a rapid pace, especially during the mid-day peak. The Airport expects announcements of new international service in 2014. However, the peaking nature of airline schedules is even more of a challenge than increased traffic volume. Airlines that depart airports in Europe and Asia for West Coast gateway airports, such as Sea-Tac, typically arrive at mid-day, resulting in congested arrival facilities. This congestion has caused capacity problems in the existing FIS today and has discouraged some airlines from scheduling additional arrivals during the mid-day.

In summer 2014 scheduled flight activity will exceed the capacity of the existing facility. This will require aircraft to be serviced on remote parking areas, and passengers will have to be bused to and from the terminal. This will lead to connection times longer than the currently published 90 minutes to connect between international and domestic flights. Such alternate procedures as remote parking operations, implemented in conjunction with Customs and Border Protection (CBP), Airport Operations, and the airlines to optimize the capacity of the current facility, are not anticipated to keep pace with projected growth. Increased connection times risk potential loss of market share to other West Coast airports with more modern IAF facilities.

The Airport's current 40-year old FIS facility has surpassed its design life and needs to be renewed to meet the Port's ambitious Century Agenda goals to remain competitive with other West Coast airports.

Project Objectives

Project objectives for a new international arrivals facility include:

- Accommodate current international travel growth, meet future needs, and be competitive.
- Incorporate current CBP passenger processing procedures and standards.
- Replace aging facilities and improve the international travelers' experience at the Airport.

Scope of Work

This program's full scope of work is still being defined, but the largest individual project will be construction of a new IAF facility adjacent and connected to Concourse A. The final decision on whether the connector to the South Satellite will be a bridge or a tunnel is targeted for spring 2014.

Schedule

Advertise for consultant program management services	Completed
Award consultant program management services contract	Completed
State of WA Project Review Committee approval of alternative contracting	Completed
Commission authorization to procure design/build team	1 st Qtr 2014
Begin quarterly Commission program updates	2 nd Qtr 2014

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Project definition complete	2 nd Qtr 2014
Price Factors D/B RFQ & RFP Advertised	3 rd Qtr 2014
Price Factors D/B Team Selected	4 th Qtr 2014
Commission authorization to award D/B contract, begin Predesign work	1 st Qtr 2015
Commission Authorization to begin Design and Construction (following D/B team cost and schedule validation)	2 nd Qtr 2015
Construction Complete	2 nd Qtr 2018

FINANCIAL IMPLICATIONS

<i>Budget/Authorization Summary</i>	Capital	Expense	Total Project
Original Budget (Phase I)	\$316,000,000	\$0	\$316,000,000
Previous Authorizations	\$3,500,000	\$0	\$3,500,000
Pending request for authorization	\$15,400,000	\$0	\$15,400,000
Total Authorizations, including pending request	\$18,900,000	\$0	\$18,900,000
Remaining budget to be authorized	TBD	TBD	TBD
Total Estimated Project Cost	Approximately \$316 million	TBD	Approximately \$316 million

The preliminary budget estimate for the first phase of a two -phase facility is \$316 million. This is a rough estimate that will be refined as the project planning and definition moved forward.

ATTACHMENTS TO THIS REQUEST

- PowerPoint presentation.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- November 19, 2013 – International Arrivals Facility Construction Management, testing and inspection; surveying and locating and safety service agreements.
- 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.
- February 2, 2010 – Briefing on South Satellite Passenger Growth and Facility Considerations, Delta’s Proposed Airline Lounge and Other Possible Future Aviation Projects.