

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No.	<u>7a</u>
Date of Meeting	<u>June 10, 2014</u>

DATE: June 3, 2014
TO: Tay Yoshitani, Chief Executive Officer
FROM: Michael Ehl, Director, Airport Operations
Wayne Grotheer, Director, Aviation Project Management Group
SUBJECT: Update and 2014 First Quarter Report on the Airport's International Arrivals Facility Program

SYNOPSIS

The Port Commission was most recently briefed on April 22, 2014, about the Airport's continuing growth in international air traffic and the need to replace the current 40-year old Federal Inspections Services (FIS) facility. The existing 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.

Port staff is currently moving forward with development of a capital program utilizing the alternative contracting method known as progressive design-build project delivery to replace the existing FIS facility with a new International Arrivals Facility (IAF) located landside of Concourse A. The purpose of this presentation is to respond to questions raised during the May 6, 2014, IAF Project Delivery briefing and to present a quarterly update (first quarter 2014) on the IAF program.

BACKGROUND

The Port Commission was previously briefed 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 establishing 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 show 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 FIS facility is located below grade at the South Satellite and has had only one expansion since it opened 41 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

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

June 3, 2014

Page 2 of 3

growth, but it has led to congestion in the over-burdened facility. The Airport's international arrivals facility at the South Satellite, including the FIS, will exceed capacity to process passengers in summer 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. Minimal interim improvements are underway now to mitigate poor conditions in the existing aging facility. However, staff recommends that the current facility be replaced with a new International Arrivals Facility that will serve the traveling public well into the future.

This program's scope includes construction of a new International Arrivals Facility landside of Concourse A to replace the existing facility at the South Satellite. This project will also construct a secure international corridor at Concourse A for arriving international flights and a connector between the new facility and the existing international corridor at the South Satellite.

Port staff gave a comprehensive presentation to the Commission on May 6, 2014, about the Progressive Design-Build (PDB) project delivery method, discussing the mechanics of PDB projects, and how using PDB will contribute to the success of the IAF program. Consultants on the IAF team with PDB experience presented lessons learned from other airport projects built using this method and described national trends towards increased use of alternative contracting methods, such as progressive design-build, for their large capital projects.

The Commission asked staff to follow up with additional information about; (1) what operational performance criteria are included in the IAF program that will be communicated to the shortlisted design-build teams, (2) a Commission Communication and Engagement Plan for the IAF program, and (3) how the previously presented lessons learned will be incorporated into the IAF program, including any modifications that may be needed to existing Port policy and procedure to leverage the best management practices of progressive design-build.

The accompanying PowerPoint and verbal presentation provides Port staff responses to these inquiries and also provides a quarterly update on the IAF program's accomplishments, in-progress tasks, issues, and risks for the first quarter of 2014.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

June 3, 2014

Page 3 of 3

IAF Metrics

Q1 2014 cash flow:

- Actual - \$152,571
- Planned - \$1,850,000

Actual expended to-date through Q1 2014: \$ 281,000

Commission authorizations: \$8,500,000

Schedule % complete:

- Actual - 4%
- Planned - 4%

Estimated Budget: Phase 1: \$316,000,000
Phase 2: \$ 28,000,000
\$344,000,000

Scheduled Project Completion: 2018

ATTACHMENTS TO THIS BRIEFING

- Computer slide presentation.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- May 6, 2014 – IAF Project Delivery Briefing.
- April 22, 2014 – Capital Program Briefing.
- March 11, 2014 – IAF Master Planning authorization.
- February 25, 2014 – IAF Program Briefing.
- 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.