

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No. 7a

Date of Meeting August 19, 2014

DATE: August 12, 2014
TO: Tay Yoshitani, Chief Executive Officer
FROM: Wayne Grotheer, Director, Aviation Project Management Group
Michael Ehl, Director, Aviation Operations
Dave Soike, Director, Aviation Facilities and Capital Programs
SUBJECT: 2014 Second Quarter Update on the Airport's International Arrivals Facility (IAF) Program

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 second quarter 2014 progress made on the IAF program and outlines our next steps to move forward towards award of a contract to a design-build team.

BACKGROUND

Description of Project:

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 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 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 growth, but it has led to congestion in the over-

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burdened facility. The Airport's international arrivals facility has exceeded capacity to efficiently process passengers in many areas such as gates, immigration inspection, baggage claim, security checkpoint, and the satellite transit system train.

An overloaded international arrivals facility has a detrimental effect upon impressions of airlines who may want to add service to Seattle, passenger experience, and connecting times between international and domestic flights that place the Airport at a competitive disadvantage. Minimal interim improvements are underway now to mitigate poor conditions in the existing aging facility, until the new International Arrivals Facility is built.

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 bridge connector for passengers between the new facility and the existing international corridor at the South Satellite.

The IAF program's accomplishments, in progress tasks, issues and risks for the second quarter of 2014 are enumerated in the slide presentation that accompanies this memo.

BUDGET AND SCHEDULE METRICS

Note that the scope, schedule and cost of the project as it is currently defined are in the process of being analyzed by three independent teams of cost estimators and schedulers. On completion of that validation, the teams will be brought together to collaboratively reconcile their individual reports. The resulting, tested scope, schedule and cost report will be presented to the Commission in October as the final budget and estimated duration to complete the project. Therefore, the figures presented below do not vary substantially from those reported in our Q1 2014 briefing.

Cash Flow:

- Q2 2014 Spending
 - Actual - \$1,411,000
 - Planned - \$1,242,000
- Actual total expended through Q2 2014 - \$1,691,000

Commission Authorizations:

- Through Q2 2014 - \$8,500,000

Estimated Budget:

- Phase 1: \$316,000,000
- Phase 2: \$ 28,000,000
\$344,000,000

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Schedule Percent Complete:

- Actual - 9%
- Planned - 10%

Scheduled Project Completion:

- Completion currently estimated to occur in 2018

ATTACHMENTS TO THIS BRIEFING

- Attachment A – IAF Quarterly Commission Update PowerPoint

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- August 5, 2014 – IAF RFQ Advertisement.
- July 22, 2014 – IAF Progress Briefing.
- June 10, 2014 – IAF Update and Quarterly Briefing.
- 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.