

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No. 7b

Date of Meeting August 19, 2014

DATE: August 11, 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: 2014 Second Quarter Update on the Airport's NorthSTAR Program

SYNOPSIS

The NorthSTAR program is an outcome of Alaska Air Group's (AAG's) goal to concentrate and consolidate the operations of Alaska Airlines and Horizon Airlines at the north end terminal facilities of the airport. AAG developed the overall scope of the NorthSTAR program that includes five renovation projects. The program, which is a collaborative effort of the Port and Alaska Air Group, is now scheduled for completion in 2020. This briefing addresses progress through June 30, 2014.

During the 15% conceptual design phase, both the Port and AAG collaboratively concluded that the north satellite requires renovation, infrastructure upgrades, and expansion to improve customer service by obtaining reasonable level of services and to balance holdrooms, concessions, and circulation space to meet the overall program vision. Staff briefed the airlines on May 28, 2014, at the quarterly Airport Airline Affairs Committee (AAAC) meeting that a ballot would be submitted through the Majority-In-Interest process seeking airline approval for the expansion of the North Satellite by up to 9 additional bays, to provide an additional 5 gates from the current program's planned 15 for a total of 20 gates and the associated additional budget. Ballots were sent out in early June with the airlines votes anticipated to be due July 7, 2014. Staff then began preparing two Commission memos for a July 22, 2014, briefing on the expansion, the increased budget, the decision to use General Contractor/Construction Manager contracting approach and for a July 29, 2014, Commission authorization request. This action was deferred until August 5, 2014, when the Commission authorized the request.

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. AAG's desired program compliments the Airport's own desire for improved traveler experience and customer service goals within the Airport.

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BACKGROUND

The NorthSTAR program consists of one programmatic capital project and five capital construction projects:

1. CIP C800544 NorthSTAR Program Management & Controls

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

- Finalized AAG program lead transition with Greg Smith.
- Completed first quarter 2014 Commission briefing.

Progress

- Aviation programmatic linkages coordination reviews underway to assure airport-wide gate availability is not compromised during construction.
- Continuing update to overall program master schedule to reflect schedule changes to each project.

Issues

- Tracking programmatic cost impacts due to current progress delays on specific NorthSTAR projects.

Metrics

- Financial performance is reflected in the program budget summary and includes:
 - Cash flow for this reporting period – Actual \$261k; Planned \$438k
 - Budget – Actual \$15.4M; Forecast \$15.4M
 - Contingency remaining - Actual \$4.36M; Forecast \$0.84M (inclusive of Management Reserve)
 - SCS Participation (Program Mgmt) Actual 33.1%; Planned 27.0%

Risks

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

Estimated Budget: \$15,400,000

Scheduled Project Completion: July 2020

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

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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, seismic reinforcement of the NSAT, replacement of all infrastructure systems within the NSAT, possible expansion of the NSAT by nine structural bays to accommodate 5 additional gates as recommended by staff with AAG's support, the addition of a rooftop structure for Alaska Airlines' Board Room and a 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. The airlines were briefed in May and a Majority In Interest was prepared and submitted in June for airline approval by July 7, 2014. On July 22 and 29, 2014, staff intends to brief the Commission then seek their authorization for the recommended expansion, the associated additional budget and additional design after an anticipated favorable Majority-In-Interest vote by the airlines.

Accomplishments

- Completed analysis of the STS North Loop passenger capacity, showing the system can handle the expansion.
- MII ballot completed for NSAT and submitted to the airlines for approval.
- MII ballot distributed inclusive of expansion and aft boarding/deplaning scopes.
- Completed BNP analysis of future NSAT baggage system capacity.
- Presented NSAT to the Architectural Review Committee.
- Preliminarily determined that baggage handling expansion is required as part of North Satellite Renovation to support airline operations during construction.

In Progress

- In July 2014, staff intends to brief the Commission then seek their authorization for the expansion, the associated additional budget, and additional design after anticipating a favorable Majority In Interest vote by the airlines.
- Gate utilization and availability during construction is being evaluated.
- Sustainability analysis is being finalized for presentation to Port and AAG Steering committees.
- Analysis of aircraft layouts and ground equipment at NSAT gates is being completed by AAG and the Port.
- The pursuit of LEED certification is being evaluated.
- Preparation for additional scope and budget approval process for baggage handling expansion is being developed.

Issues

- Current forecasted construction completion date is Q1 2020 based upon facility expansion.
- Procurement strategy for long-lead procurement items must be developed.

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- Currently scheduled to seek Commission authorization on July 29, 2014, for the expansion of the satellite and inclusion of aft boarding/deplaning.
- Currently scheduled for AAAC presentation for baggage handling expansion on August 21, 2014

Metrics

- Financial performance is reflected in the program budget summary and includes:
 - Cash flow for this reporting period – Actual \$1.0M; Planned \$1.6M
 - Contingency remaining Actual \$42.6M; Forecast \$40.7M
 - SCS Participation (Design) Actual 25.6%; Planned 6.0%

Risks

- Inadequate existing electrical and mechanical infrastructure to support facility expansion.
- Mitigation of the existing 400Hz motor generators may increase costs.
- Baggage handling system refurbishment requirement may be impacted by expansion decision.

Current Estimated Budget:	\$208,409,801
Pending Estimated Budget:	\$399,732,944
Scheduled Project Completion:	July 2020

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, and C16. 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

- Forma Construction began construction activity. Grade Beams installed at C2 and C16, elevator pit excavated at C2, and excavation started at C10.
- Project schedule rebaselined after receipt and acceptance of Forma Construction schedule.
- Temporary walkways installed at all three locations by AAG/PCL.
- Steel structure for new AAG ground level walkway completed at C2.
- eGSE chargers removed from C2 and design at 90% for relocation.
- Investment Committee approved replacement of exterior wall panels at PLB doors and removal of unused exterior gate signs.

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- Underground grease interceptor piping scope and funds transferred into the project due to similar work and to minimize disruption to airline.
- 60% technical review complete for C Concourse Employee Space (AAG tenant project).

In Progress

- Construction activity proceeding at all 3 locations.
- Finalizing plans for directional static signage.

Issues

- None.

Metrics

- Financial performance is reflected in the program budget summary.
- Based on the final construction plans, the following metrics will reflect the performance during construction:
 - Number of delayed outbound bags – Actual 0; Planned 0
 - Number of delayed outbound flights – Actual 0; Planned 0
 - Number of safety hazard report incidences – Actual 1; Planned 0
 - Number of customer complaints received – Actual 0; Planned <5/mo.
 - SCS Participation (Design) Actual 31.8%; Planned 34.9%
 - SCS Participation (Const) Actual 0%; Planned 6.0%

Risks

- Unforeseen underground utilities.

Estimated Budget: \$18,600,000

Scheduled Project Completion: April 2015

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 element of 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

- Selected Landrum & Brown for facility determination analysis.

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In Progress

- Contract paperwork submitted and rate analysis is underway.

Issues

- Coordination with NSAT design concept to ensure a cohesive look/feel.
- Coordination with AAG & TSA on security checkpoint 5 reconfiguration.
- Coordination with upcoming Sustainable Master Plan and Terminal Development Strategy.

Metrics

- TBD

Risks

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

Estimated Budget:	\$29,200,000
Scheduled Project Completion:	September 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.

Accomplishments

- Infrastructure for virtual servers was completed in Main Terminal to support baggage control system.
- Construction contract awarded to MD Moore. First construction meetings held.
- Central Equipment Room power under construction by PCS for Main Baggage Controls.
- Construction of NSAT Tunnel completed by PCS.

In Progress

- Responding to contractor requests for information and reviewing submittals.
- Closing out existing consultant service directives and negotiating for construction support.
- Began work resolving Motor Control Panel (MCP) issue raised by contractor.

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Issues

- Design consultant performance resulted in schedule delays to overall project, prompting closer scrutiny of deliverables for quality and design intent.
- Motor Control Panel room may need to be relocated to avoid future conflict with seismic improvements to the North Satellite.

Metrics

- Financial performance is reflected in the program budget summary.
- Based on the final construction plans the following metrics will reflect the performance during construction:
 - Number of system shutdowns – Actual 1; Planned 10
 - Number of operational impacts – Actual 0; Planned 0
 - Number of unplanned system downtime periods exceeding 15 minutes – Actual 0; Planned 0
 - Number of construction change orders processed – Actual 0; Planned 0
 - Project contingency remaining Actual \$4.5M; Planned \$1.3M
 - SCS Participation (Design) Actual 19.0%; Planned 14.3%
 - SCS Participation (Const) Actual 0%; Planned 5.0%

Risks

- NSAT expansion decision may impact baggage handling system refurbishment requirements as to capability to handle forecasted bag volume and speed. Evaluating mitigation options.
- TSA baggage optimization may have impacts to overall project schedule and scope.

Estimated Budget: \$21,502,500

Scheduled Project Completion: May 2015

6. CIP C800554 NS Concourse C & D Exterior Stairs

This project, if approved, would 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

- None.

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.

Estimated Budget:	\$21,400,000
Scheduled Project Completion:	TBD

ATTACHMENTS TO THIS BRIEFING

- Attachment A - Quarterly Commission Update PowerPoint

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- July 22, 2014 – The Commission received a briefing on the North Satellite expansion.
- May 27, 2014 – The Commission received an update on the status of the NorthSTAR Program.
- January 14, 2014 – The Commission received an update on the status of the NorthSTAR Program.
- 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.