

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No. 7c

Date of Meeting February 9, 2015

DATE: February 1, 2016
TO: Ted Fick, 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: Q4 2015 NorthSTAR Program and North Satellite Project Briefing

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. The NorthSTAR program includes four renovation projects. The program, which is a collaborative effort of the Port and AAG, was defined in a conceptual study prepared by AAG and its consultant in 2011. Working with this conceptual study, the Port and AAG refined the scope to meet the long-term goals of both the Port and AAG. In some cases, scope and budget from other parallel capital projects have been incorporated into the NorthSTAR program to ensure compatibility of design and efficiencies of construction. The revised scope meets the Airport and AAG goals for improved traveler experience and customer service.

On December 8, 2015, the Commission approved \$98.1M for preliminary work on the North Satellite (NSAT) Renovations and Expansion project. The 90% design is underway, but the schedule is experiencing further delays due to continued changes or deferred decisions. The final project cost estimate remains a concern, but the entire project team will continue collaborating on reducing the estimate to the extent feasible. Value engineering items are being incorporated into the design and will be reflected in the 90% design. The entire team will continue looking for additional value engineering savings to reduce costs. Port staff continues working with AAG to detail out systematic work sequencing and phasing to minimize relocation of gates and aircraft positions and impact on AAG operations. This refinement effort has further delayed the 90% design for the Preliminary Work Package 1 and construction.

The program is currently scheduled for completion in 2020. This briefing addresses progress on the program and each project through December 31, 2015.

BACKGROUND

The following is a summary of accomplishments, progress, issues, metrics and risks specific to the NorthSTAR programmatic capital project and each of the four capital construction projects:

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1. CIP C800544 NorthSTAR Program Management & Controls

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

Accomplishments

- Transferred \$750,000 from management reserve for continued program management support

Progress

- Continued update of overall program master schedule with changes to each project schedule in design/construction

Issues

- Budget implications of AAG's decisions are being refined as part of the ongoing 90% design effort

Metrics

- Financial performance is reflected in the program budget summary (Supplement A PowerPoint) and includes:
 - Cumulative Spent against Budget – Actual \$3.4M; Budget \$19.5M
 - Overall Schedule Progress – Actual 43%; Planned 52%
 - Cash flow for this reporting period – Actual \$181k; Planned \$236k
 - Contingency remaining - Forecast \$5.2M; Budget \$0.94M (inclusive of Management Reserve)
 - Small Contractor Supplier (SCS) Participation (Program Mgmt.) Actual 20.8%; Planned 27.0%

Risks

- Communication and coordination between multiple teams, stakeholders and people
- Further budget implications and schedule delays due to Port and AAG decisions

Current Capital Budget: \$19,514,150 *
(*Includes program management reserve)

Scheduled Project Completion: December 2020

2. CIP C800556 NorthSTAR North Satellite (NSAT) Renovation & North Satellite Transit System (NSTS) Lobbies

This project is the largest within the overall program and includes the renovation of the North Satellite (NSAT) 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 NSAT renovation is significant and includes expansion of the NSAT to improve customer service and provide a balance of holdrooms, concessions, and circulation space to meet the

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overall program vision. The scope includes; the removal of all regulated materials, seismic reinforcement of the NSAT, replacement of all infrastructure systems within the NSAT, expansion of the NSAT by nine structural bays to accommodate 5 additional gates, the addition of a rooftop structure for Alaska Airlines' Boardroom 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 and communications infrastructure to accommodate the anticipated needs of the Port, AAG and the travelling public.

Accomplishments

- Commission approved \$98.1M to proceed with preliminary construction packages in preparation for the North Satellite expansion effort. Project components include preparatory work to relocate a minimal number of passenger loading bridges, aircraft positions, and fuel hydrant pits and site utilities, selective demolition and construction of weatherproof building enclosures, construction of stairs and walkways to ground board aircraft, and purchase of the structural steel, vertical circulation components, major electrical and mechanical equipment, fuel hydrants and other long-lead items.
- Received confirmation from the Airport Director and key sponsors to incorporate most Value Engineering items with design impacts. The value engineering effort consists of 46 items that could potentially reduce net costs by \$20 million with a 3-month impact to the schedule.
- Refined Preliminary work and Phase 1 construction phasing to minimize aircraft position changes, fuel hydrant pit relocations and impact to AAG's operations.
- Resolved AAG's design concerns about holdroom capacity, level of service (LOS) and blended concession seating.
- Divided Preliminary Work into two packages with Package 1 addressing Passenger Loading Bridge relocation, aircraft positions, fuel hydrant pits and site utilities. 100% design submittal for Package 1 due January 2016 with construction beginning end of Q1 2016. Package 2 addressing selective demolition and construction of weatherproof building enclosures, stairs and walkways to ground boarded aircraft and long lead item procurement will complete design in June 2016 and begin construction in Q3 2016.

In Progress

- Creating step-by-step construction phasing plan for Preliminary Work Package 1
- Proceeding with 90% design for the 2-phased Base Building construction due in Q4 2016.
- Continuing to resolve AAG 60% design comments and remaining holdroom LOS concerns.
- Refining space allocation for AAG's Boardroom affected by value engineering. North end building envelope requiring more detailed analysis to gain final AAG concurrence.
- Resolution of 60% design comments from Port stakeholders.
- Port and GC/CM discussing contract requirements, refining bid package scopes of work, and finalizing construction phasing in preparation to begin work.

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Issues

- AAG submitted letter identifying issues requiring resolution for concurrence.
- Final definition and agreement required of AAG “betterments” (cost sharing items), including budget quantification.

Metrics

- Financial performance is reflected in the program budget summary (attachment A) and includes:
 - Cumulative Spent against Budget – Actual \$21.8M; Budget \$415.9M
 - Overall Schedule Progress – Actual 5%; Planned 9%
 - Cash flow for this reporting period – Actual \$3.9M; Planned \$5.8M
 - Contingency remaining Forecast \$35.1M; Budget \$40.7M
 - SCS Participation (Design) Actual 1.7%; Planned 3.3%
 - Apprenticeship Utilization – Actual 0% * ; Goal 15%

* No information available yet – too early to report

Risks

- Final reconciliation of the revised final project cost estimate with Contractor.
- Implementing final construction phasing plan and terminal/airside modifications prior to construction that minimizes impacts to customer’s level of service, maintains operating gates, operational effectiveness, schedule impacts and construction cost.
- Continued analysis of Phase 2 to increase number of operating gates.
- AAG request for MII Ballot on budget increase.
- Resolution of AAG & Port 60% design comments, which request design and/or scope changes.
- Impact of the aggressive construction market on cost and availability of materials and work force.

Current Capital Budget:	\$415,812,944
Estimated Expense Budget:	\$5,800,000
Scheduled Project Completion:	December 2020

3. CIP C800547 NorthSTAR Concourse C Vertical Circulation - Complete

4. CIP C800545 NorthSTAR Main Terminal Improvements – On Hold

Current Capital Budget:	\$29,200,000
Scheduled Project Completion:	TBD

5. CIP C800555 NorthSTAR Refurbish Baggage System - Complete

6. CIP C800554 NorthSTAR Concourse C & D Exterior Stairs - Deleted

ATTACHMENTS TO THIS BRIEFING

- Attachment A - Quarterly Commission Update PowerPoint

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

North Sea-Tac Airport Renovations (NorthSTAR) (CIP #C800544)

- November 24, 2015 – NorthSTAR Program status update
- July 14, 2015 – NorthSTAR Program status update
- April 28, 2015 – NorthSTAR Program status update
- January 27, 2015 – NorthSTAR Program status update
- October 28, 2014 - NorthSTAR Program status update.
- August 19, 2014 - NorthSTAR Program status update.
- May 27, 2014 – NorthSTAR Program status update.
- January 14, 2014 – NorthSTAR Program status update.
- September 24, 2013 – NorthSTAR Program status update.
- June 25, 2013 –NorthSTAR Program status update.
- April 9, 2013 – The Commission authorized the Chief Executive Officer to enter into a project labor agreement covering the NorthSTAR program’s five major construction projects.
- March 26, 2013 –NorthSTAR Program status update.
- 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.
- April 4, 2012 – Authorizations for the North Sea-Tac Airport Renovations program for: 1) preliminary project funding; 2) execution of consulting contracts for design/construction support services and project management services; and 3) use of Port crews and consultants to conduct regulated materials management surveys and field support services for preliminary project planning tasks.

North Satellite Renovation & North Satellite Transit Station Lobbies (CIP #C800556)

- December 8, 2015 – The Commission authorized \$98,100,000 for the following:
 - Additional Pre-Construction services (\$1,200,000)
 - Construction auditing services
 - Preliminary Construction work
- March 28, 2015 – The Commission authorized three NSAT related items:
 - Expand the baggage handling system increasing the project scope for \$14,400,000 and \$1,954,000 to complete the design.
 - Entering into a developer agreement with Puget Sound Energy and \$200,000 in reimbursement for the design and construction of underground gas infrastructure.
 - \$5,300,000 to
 - Prepare four locations to accommodate temporary passenger loading bridges, to construct temporary construction offices.
 - To complete construction of a Satellite Transit System (STS) North loop Dynamic Display system.
 - \$600,000 in expense funds for regulated materials management for AAG’s tenant improvement project.
 - Approval to use Port crew labor and small works contractors to complete early project work.

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- August 5, 2014 – The Commission authorized expansion of the NSAT, \$191,323,143 budget increase, \$15,717,800 to complete the design, execute amendments to existing consulting contracts; execute future consulting contracts and use of and to advertise for General Contractor/Construction Manager (GC/CM) alternative public works contractor.
- July 22, 2014 - NSAT Expansion Briefing
- April 16, 2014 – Seattle-Tacoma International Airport Capital Program - Briefing
- January 14, 2014 –NSAT expansion briefing.
- May 28, 2013, Commission authorized the execution of separate service agreements for Construction Management Services and Commissioning Services, of approximate values of \$10 million and \$1.5 million.
- December 11, 2012 – The Commission was briefed on the Vertical Conveyance Modernization Project Aero Phases 1 and 2 and the possibility of adding the specified elevators and escalators to the NorthSTAR program.
- July 24, 2012 - Commission authorized \$32,000,000 for the design of the NorthSTAR NSAT Renovation and NSTS Lobbies project.
- April 10, 2012 - The Commission authorized the execution of consultant contracts for design and construction support services; program management services; and the completion of site surveys for regulated materials management, for \$1,200,000.

NorthSTAR Concourse C Vertical Circulation Project (CIP #C800547)

- October 22, 2013 – Commission authorized \$16,145,000 for advertising for bids, executing a major construction contract, executing a tenant reimbursement agreement with Alaska Air Group, using Port crews to provide construction services for the Concourse C Vertical Circulation.
- November 6, 2012 – Commission authorized the design for the 1:20 sloped walkways and elevator(s) at Gates C2, C10-12, and C14 on Concourse C.

NorthSTAR North Main Terminal Improvements Project (CIP #C800545)

- December 3, 2013 – Commission authorized \$1,500,000 for preliminary engineering up to 30% design.

North Satellite Refurbish Baggage System Project (CIP#C800555)

- September 24, 2013 – The Commission authorized staff to: (1) advertise, award, and execute a major public works contract for the construction of the North Satellite Refurbish Baggage System Project; and (2) authorize the use of Port crews.
- July 12, 2013 – The Commission was notified of 1 added scope item and 2 scope items moved into the scope previously identified as suggested scope.
- November 6, 2012 – The Commission authorized staff to prepare design documents and use Port crews to support site investigation needed to develop the contract documents, for \$3,760,000.