

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No.	<u>7d</u>
Date of Meeting	<u>February 9, 2016</u>

DATE: January 5, 2016
TO: Ted Fick, Chief Executive Officer
FROM: Ralph Graves, Senior Director, Capital Development
David Brush, IAF Program Leader
SUBJECT: International Arrivals Facility (IAF) 4Q2015 Briefing
(CIP #C800583)

SYNOPSIS

The Port contracted a Design-Build team to design and construct a new IAF at the Seattle-Tacoma International Airport using Progressive Design Build as the delivery method.

On November 17, 2015, the 120-day IAF Validation Period ended marking the completion of the first phase of the three-part Design-Build Contract. At that time, the Design-Builder delivered three key deliverables: the Early Schematic Design that evolved from numerous concept options studied by the Design-Builder while working to find one that best satisfied the project requirements as set forth in the Project Definition Document (PDD); a Target Schedule; and a Target Budget (for design and construction). On December 8, 2015, the Commission approved \$275.5M for the IAF Program which permitted design to commence. The Design-Builder's contract was amended on January 4, 2016, and the contract entered the second of the Design-Build Contract's three phases - the Guaranteed Maximum Price (GMP) Development Period, which will include preliminary construction packages and procurement of long lead-time materials/systems.

The new IAF is currently scheduled to be operational in late 2019. This briefing addresses progress on the program through December 31, 2015.

BACKGROUND

In July 2013, the Commission approved preliminary funds to program a replacement of the existing under-sized and aging FIS facility in the SSAT with a new IAF that will serve the Airport well into the future and facilitate the Port's Century Agenda objective to make the Airport the West Coast "Gateway of Choice" for international travel. The Commission also authorized use of an alternative project delivery method called Progressive Design Build for the IAF program. This method is newly available for use by public agencies in Washington State and allows the Port to select a design-build team based mainly on their qualifications with competitive pricing on certain commercial terms (e.g., fee, insurance, bond) as an additional selection factor.

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The Port contracted with Clark/SOM as the Design-Builder to undertake and successfully deliver this project. The contract with Clark/SOM is a phased contract covering three distinct periods: the Validation Period, the GMP Development Period (including some preliminary base building construction e.g., site utilities and footings and the purchase of long lead items e.g., steel), and the GMP Execution Period (full build).

On November 17, 2015, the IAF Design-Builder delivered the Target Budget and Target Schedule, the two critical Validation Period deliverables, along with the many other reports and plans required under the terms of the contract. A planned Post-Validation Amendment was negotiated in December and the Design-Builder has now advanced to the GMP Development Period during which design commences and certain preliminary construction work proceeds. During this period, the Design-Builder will continue to work to improve on the Target Budget and Target Schedule in order to establish the GMP. That GMP will cap the Port's cost for this critical project while the IAF team continues work to deliver the maximum value - i.e., to meet the Port's quality and timeliness requirements – at or below that cap. The GMP will be negotiated between the IAF team and the DB at approximately 60% overall design, when both parties agree that the risks and opportunities presented by this project have been sufficiently identified and addressed.

STRATEGIES AND OBJECTIVES

This project addresses two strategic objectives of the Port's Century Agenda: to advance this region as a leading tourism destination and business gateway by making Seattle-Tacoma International Airport the West Coast "Gateway of Choice" for international travel and, in the process of delivering the IAF, to provide opportunities for increased utilization of small businesses by the Port.

PROJECT DETAILS

4Q2015 Accomplishments

- Completed 120 day Validation Period
- Established Target Budget, Target Schedule and Early Schematic Design
- Executed Partnering Charter between Design Builder and Port's IAF team
- Executed Independent Commissioning Agent Contract to support next phase
- Selected Port representative for Dispute Resolution Board (DRB)
- Negotiated Post-Validation Amendment

Issues

- Preliminary construction and long lead time materials/systems procurement cannot begin until March 6, 2016, the expiration of the 180 day hold period resulting from MII Rejection of this project.

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Metrics

- Financial performance is reflected in the program budget summary (Supplement A PowerPoint) and includes:
 - Cumulative Spent against Budget – Actual \$12.5M; Budget \$608.4M
 - Cash flow for this reporting period – Actual \$2M; Planned \$6.2M
 - Small Contractor & Supplier (SCS)
 - * Program Management – Actual to Date 16%; SCS contract requirement 20%
 - * Design Build Team – Actual to Date 3%; SCS contract requirement 12%
 - Small Business Participation (classification includes SCS)
 - * Program Management – Actual to Date 16%; no Small Business requirement in contract
 - * Design Build Team – Actual to Date 6%; Small Business target 17.5% (based on estimated total contract volume eligible to be sub-contracted)

Risks

- Market timing – completing long lead-time material and systems procurement packages ahead of other major construction projects in the region

ATTACHMENTS TO THIS BRIEFING

- Computer slide presentation.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- December 8, 2015 - IAF Guaranteed Maximum Price (GMP) Development Period Authorization (presented in combination with NSAT authorization request).
- November 10, 2015 – IAF Update.
- August 11, 2015 – Special Meeting, Roundtable with Airline Representatives.
- July 28, 2015 – IAF Forum.
- July 14, 2015 - IAF Forum.
- June 23, 2015 – Authorization to Execute a Design-Build Contract.
- May 26, 2015 – IAF Preliminary Funding Plan Motion.
- April 28, 2015 - Service Agreement for Commissioning Services.
- April 28, 2015 – Request Authorization to Execute Lease Agreement with SEATAC VENTURES 2010 LLC for International Arrivals Facility (IAF) Program Management Office Space near Sea-Tac International Airport.
- February 24, 2015 – Service Agreement for IAF Consultant Program Leader.
- January 27, 2015 – IAF Funding Plan.
- January 27, 2015 – IAF RFP Advertisement.

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- January 13, 2015 – IAF Update.
- December 2, 2014 – IAF Scope and Budget Update.
- October 28, 2014 – IAF Q3 Quarterly Briefing.
- August 19, 2014 – IAF Q2 Quarterly Briefing.
- 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.