

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No.	<u>7e</u>
Date of Meeting	<u>April 26, 2016</u>

DATE: April 19, 2016
TO: Ted Fick, Chief Executive Officer
FROM: Ralph Graves, Senior Director, Capital Development
David Brush, IAF Program Leader
SUBJECT: International Arrivals Facility (IAF) 2016 Q1 Briefing
(CIP #C800583)

SYNOPSIS

The Port contracted a Design-Build team, Clark/SOM, to design and construct a new IAF at the Seattle-Tacoma International Airport (the Airport) using an alternative project delivery method, Progressive Design Build. This Commission Staff Briefing provides a three-part update on the IAF Project as of the end of the first quarter of 2016:

1. Base IAF Project Scope. The design of the IAF began in January 2016. To achieve the milestones in the Target Schedule the design-builder will develop a strategy to work within the limits of the approved \$300M funding and will begin procuring preliminary construction work and long lead-time materials and equipment during the second quarter of this year. The IAF team plans to commence negotiation of the Guaranteed Maximum Price (GMP) with the design-builder in late November and return to Commission in early 2017 to request funding authorization be increased from \$300M to \$608.4M.
2. Provisions for a new outbound baggage make-up room. As the design of the ramp level of the IAF evolved, an opportunity was discovered that would act to mitigate the current and significant shortfall in the airport's outbound baggage make-up capacity by providing space to install four baggage make-up carousels. This is an opportunity that the Baggage Optimization and IAF Teams are continuing to work together to refine and price. Since the costs associated with taking advantage of this opportunity are outside the program scope and budget of both projects, a subsequent Commission action similar to recently approved the SSAT narrowbody aircraft gate option will be forthcoming in May.
3. Create two additional international widebody "swing" gates. As international traffic at the Airport continues to grow at a record pace and as the airport continues to engage in conversations with new international entrant carriers there is a clear need to provide more international capable gates than are currently planned as part of the IAF initiative. This is an opportunity that the planners discussed during the early programming of the IAF, but work that was deferred to a future date based on the more moderate traffic growth that was known at the time. While the IAF is still in early schematic design phase it may be

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

April 19, 2016

Page 2 of 5

prudent to approve additional funding to convert two more Concourse A gates to international widebody “swing gates” capable of handling both domestic and international arriving aircraft and passengers. That conversion would increase the number of international widebody gates from 18 to 20. The IAF Team is working to refine and price this option. Since the costs associated with electing this option are outside the current program scope and budget of the IAF, a subsequent Commission action will be forthcoming in the near future.

BACKGROUND

In July 2013, the Commission approved preliminary funds to program a replacement of the existing under-sized and aging Federal Inspection Service (FIS) facility in the South Satellite (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.

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 Guaranteed Maximum Price (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, Clark/SOM 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, completing the first phase. On December 8, 2015, the Commission approved \$275.5M to amend the Design-Builder’s contract, via a planned Post-Validation Amendment and to initiate the second phase - the GMP Development Period. That Amendment was executed in January, 2016 launching the GMP Development Period and start of design. 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.

STRATEGIES AND OBJECTIVES

This project addresses three 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, be the greenest and most energy efficient port in North America, and,

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

April 19, 2016

Page 3 of 5

in the process of delivering the IAF, to provide opportunities for increased utilization of small businesses by the Port.

PROJECT DETAILS

1Q2016 Accomplishments

- Substantial advances in coordination with Customs and Board Protection (CBP) and development of an automated primary design customized for the airport
- Struck agreement with the artist, Robert Maki, on permanent relocation of the Airport's Canary II sculpture from South Ground Transportation Lot to prominent site in front of Rental Car Facility
- Engaged independent contract compliance firm
- Began negotiation to add execution of Narrow Body Configuration Project by IAF team to Clark/SOM contract
- Initiated community outreach to solicit interested small business contractors and suppliers interested in participating in delivery of this project. (Clark/SOM attended the 2016 Regional Contracting Forum (RCF) held April 5, 2016 and other events updated regularly at www.clarkseataciaf.com)

Issues

- Maintaining the necessary momentum and pace to hold to the Target Schedule within constraints of current, partial funding authorization
- Seizing the opportunity to provide domestic outbound baggage make-up area for non-IAF operations

Metrics

- Financial performance is reflected in the program budget summary (Supplement A PowerPoint) and includes:
 - Cumulative Spent against Budget – Actual \$19.4M; Budget \$608.4M
 - Cash flow for this reporting period – Actual \$6.75M; Planned \$9.7M
 - Small Contractor & Supplier (SCS)
 - * Program Management – Actual to Date 17%; SCS contract requirement 20%
 - * Design Build Team – Actual to Date 4%; SCS contract requirement 12%
 - Small Business Participation (classification includes SCS)
 - * Program Management – Actual to Date 17%; no Small Business requirement in contract
 - * Design Build Team – Actual to Date 7%; Small Business target 17.5% (based on estimated total contract volume eligible to be sub-contracted)

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

April 19, 2016

Page 4 of 5

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

- February 9, 2016 - IAF 4Q2015 Briefing
- 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.
- 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.

COMMISSION AGENDA

Ted Fick, Chief Executive Officer

April 19, 2016

Page 5 of 5

- 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.