

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**STAFF BRIEFING**

**Item No.** 7a  
**Date of Meeting** June 28, 2016

**DATE:** June 20, 2016  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Ralph Graves, Senior Director, Capital Development  
David Brush, IAF Program Leader  
**SUBJECT:** Two Additional International Aircraft Gates at International Arrivals Facility (IAF) to Meet Continuing Rapid Growth  
(CIP #C800583)

**SYNOPSIS**

This briefing provides definition as to why additional international capable aircraft gates are necessary and explains that need with respect to current, existing year over year record growth, and anticipated continuing future growth.

On April 26, staff briefed the Commission that 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 Phase I of the IAF project. During the early programming of the IAF, planners discussed the timing associated with maximizing the number of international widebody gates, but deferred the additional two gates to a future date based on the more moderate traffic growth known at that time.

During the April 26 briefing, staff proposed that while the IAF is still in early schematic design phase, it would be prudent to approve additional funding to convert the two Phase II 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.

Early execution of this Phase 2 work will accomplish the following objectives:

- Provide two additional needed widebody, FIS connected gates faster than alternatives
- Reduce risk of market volatility and escalation impacting price
- Take advantage of resources already mobilized for the IAF project and reduce future Phase 2 work
- Enhance opportunity to coordinate construction sequencing with on-going operations and minimize disruption
- Ensure uniformity in design (if built under a separate contract at a later date, there is no guarantee that the same design team would be involved)

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Staff will return on July 12 to confirm their recommended solution to address this urgent need, confirm their \$41 million estimated cost to implement solution and request authorization to increase the total IAF cost from \$608,365,000 to \$649,365,000 and approval to add the early execution of this Phase II scope to the design-build contract.

## **BACKGROUND**

Air carrier service at the Airport has experienced tremendous growth. In 2011, the Airport had 14 international services. By the end of this year, that number will be 22. Furthermore, existing services on British Airways, Condor, EVA, Emirates, and Icelandair have all increased their frequencies – and therefore their facility needs – since 2013, with Emirates alone doubling their schedule to two daily flights.

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, 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 \$275.5 million 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.

## **ATTACHMENTS TO THIS REQUEST**

- Computer slide presentation.

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- May 10, 2016 – Plan of Finance Update briefing.
- April 26, 2016 – IAF 1Q2016 Briefing.
- February 9, 2016 - IAF 4Q2015 Briefing.

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- 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.
- 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.