

Item No.	7a_attach
Date of Meeting	August 9, 2016

Sea-Tac International Airport



NorthSTAR Program

**Program Commission Second Quarter 2016 Update
and North Satellite Project Update**



NorthSTAR Program

The **North Sea-Tac Airport Renovation** (NorthSTAR) Program is being planned and delivered in collaboration with Alaska Airlines to better serve passengers and improve operational efficiency. This program consists of renovating and expanding the north satellite, improving the north main terminal, refurbishing the north satellite baggage system, and new exterior walkways, stairs and elevators at Concourse C.

Purpose:

- Improve the travel experience from airport drop-off to flight departure and working environment for employees

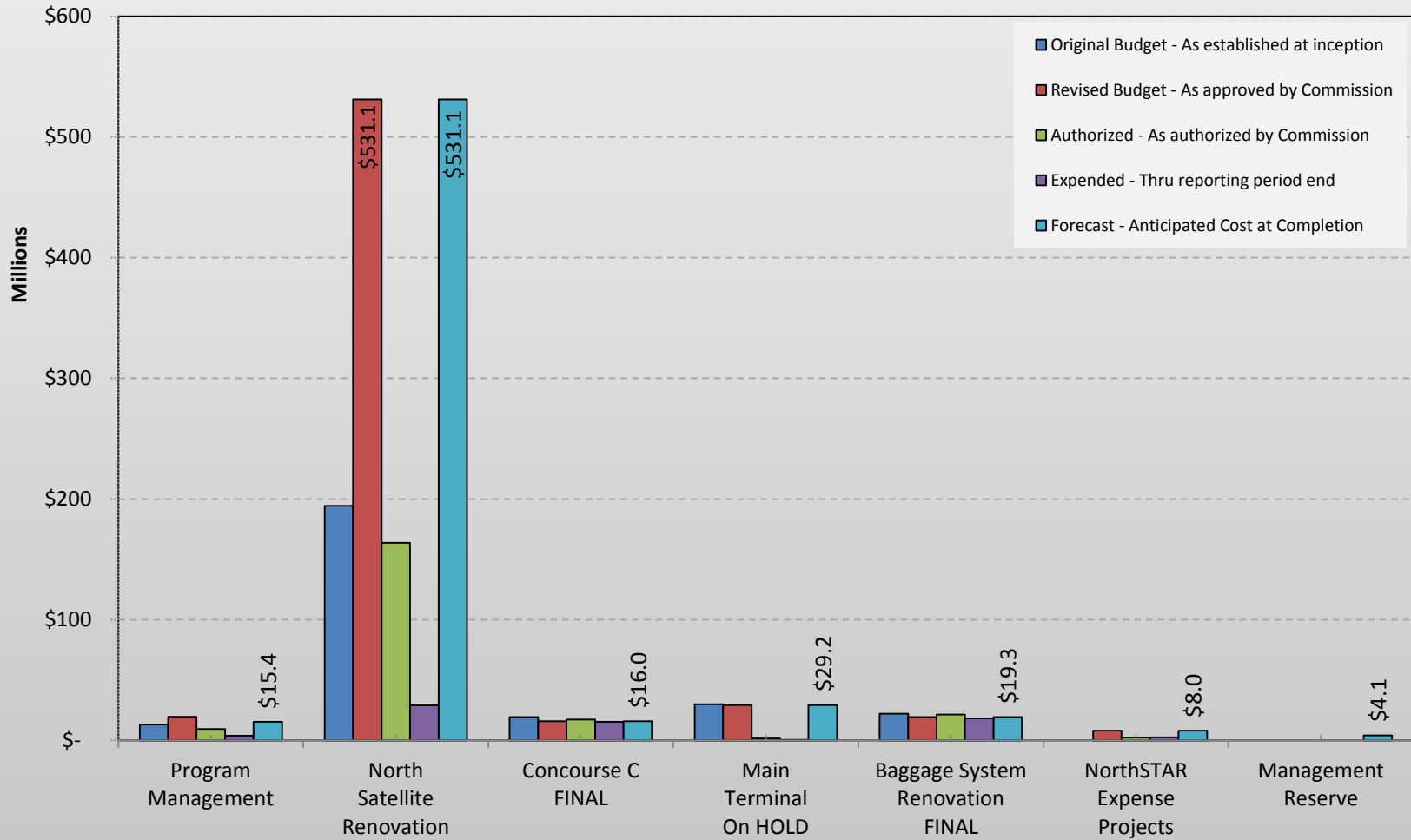
Outcome:

- Facility modernization; seismic reinforcement; enhanced traveler amenities; new contact gates; long-term energy savings; and operational efficiencies

Mission Statement

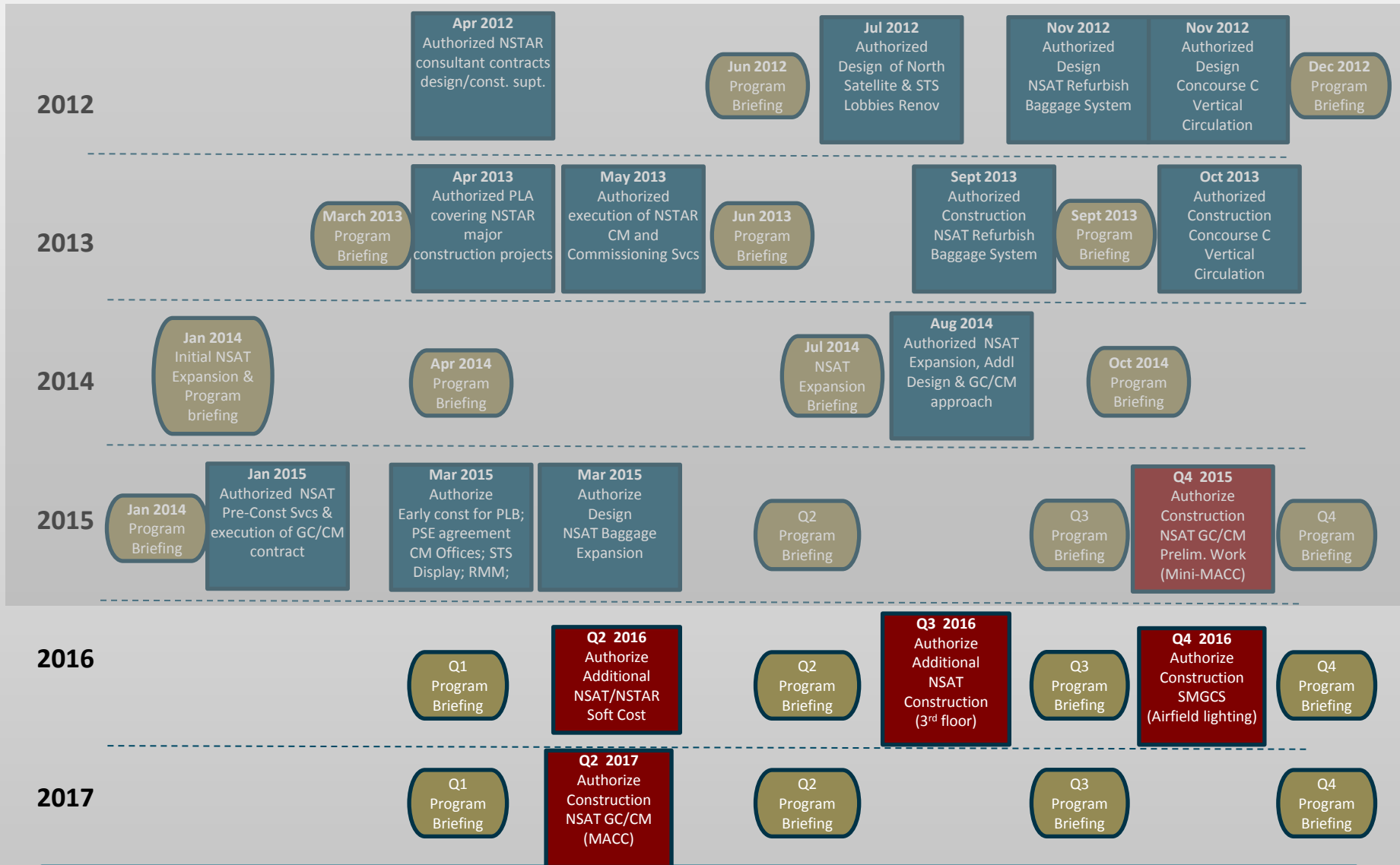
Approved Program: \$623M

NorthSTAR Program Overall Budget



Q2 2016 – North Satellite Revised Budget Approved

NorthSTAR Program Commission Action



Commission Schedule – Past & Future

NorthSTAR Program Management

CIP: C800554 – NorthSTAR Program Management

 Project Status Good

Purpose:

- Overall management of the program; programmatic oversight, coordination and controls for consistency; support between stakeholders and projects; and efficient and successful execution of the entire program’s objectives

Accomplishments:

- Received additional Program Management authorization 5/24/16

Metrics:

Project Metrics	Budget/ Planned	Actual
Overall Schedule Progress	43%	43%
SCS Participation (Program Management)	27.0%	23.1%*

* denotes % of Prime Contractor Budget to date.

Financial Metrics	Budget/ Planned	Actual	Remaining
Estimated Total Costs *	\$19.5M	\$3.8M	\$15.7M
Estimated Contingency (including Mgmt Reserve)	\$0.94M		\$6.8M
Q2 Cashflow	\$140k	\$193k	

* Contingency included

Q2 2016 Status – Program Management

NSAT Renovation & NSTS Lobbies

CIP: C800556 - NSAT Renovation & NSTS Lobbies

 Project Status Good

Purpose:

- Renovate and expand the satellite, including infrastructure, seismic reinforcement, gate relocations, north loop Satellite Transit System station (NSTS) lobbies, and new penthouse shell
- Provide improved travel experience for customers, improved working environment for employees and long-term energy savings and operational efficiencies

Accomplishments:

- Received Commission Approval for \$121.2M increased scope and additional authorization for \$6M design and overall project support services
- **CONSTRUCTION BEGAN** on Preliminary Work Package 1
- Received and began review of Preliminary Work Package 2 – 90% submittal
- Conducted critical Decision Analysis for NSAT 3rd floor plan to accommodate the Signature Restaurant, adding 3,000 SF to the Alaska Boardroom and future growth that meets original program requirements. Results in a \$7M budget increase no schedule delay.
- Interior design concepts and materials approved by AAG and Port Senior Management
- Completed PFC strategy analysis for NSAT with AV/Finance

North Satellite – Accomplishments

NSAT Renovation & NSTS Lobbies

NSAT 3rd Floor Plan Redesign Cost Impact

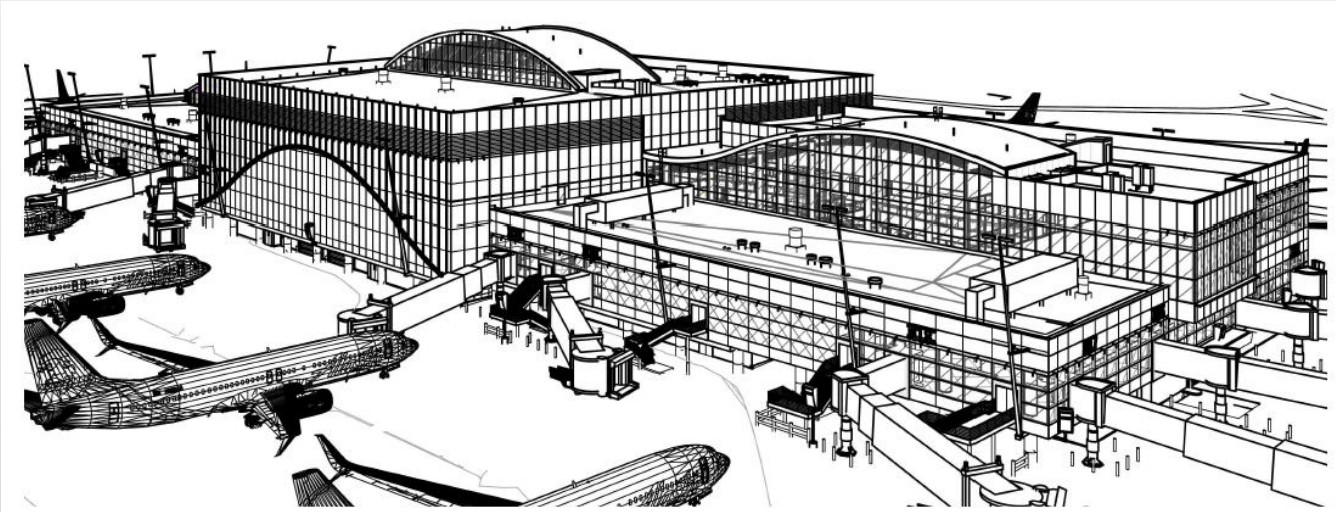
- Initial very preliminary cost impact - \$16M based upon 22 week delay assuming day for day impact for redesign, bid packages, bidding and construction start (@\$500k/week) plus \$5M additional capital construction costs
- Refined schedule analysis to eliminate any schedule delay by resequencing bid packages. Net result is an estimated \$7M budget construction cost increase for a revised forecasted project budget of \$538.1M capital costs.

Revenue Benefit= \$1,310,000/yr. additional

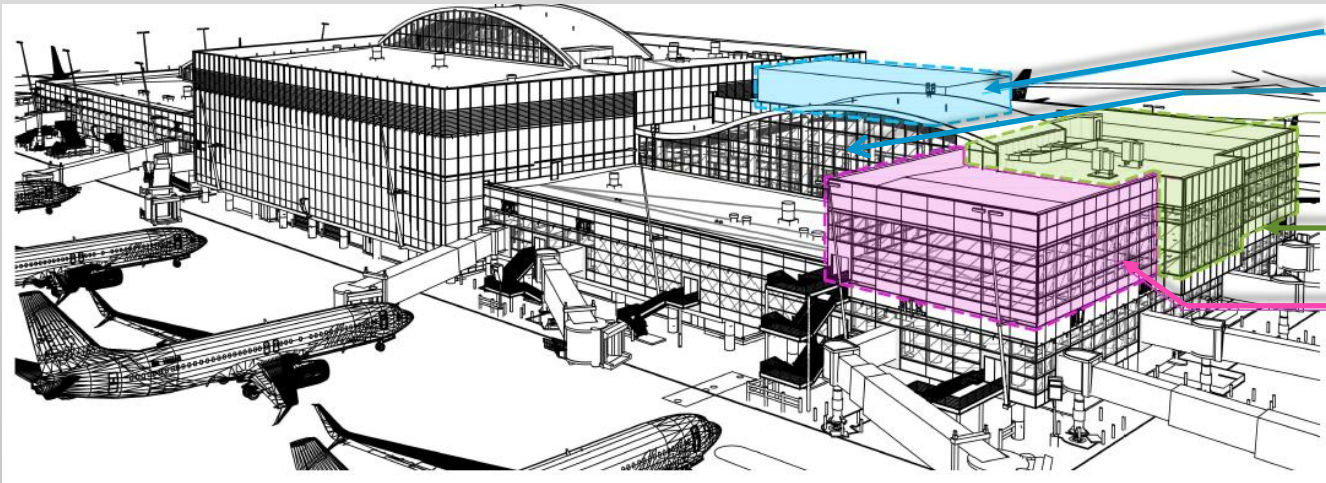
- Added 4,485 sf AAG Boardroom = \$785,000/year
- Added 3,000 sf future leasable space (prev. Mech. Rm) = \$525,000/year
- Straight-line Return on Investment of this option is 5.4 years

North Satellite – NSAT 3rd Floor Plan Redesign Impacts

NSAT Renovation & NSTS Lobbies



Option 6 – Third Level Plan
Current Design



- New Mechanical Penthouse
- Recapture space for Port on Third Floor under New Mechanical Penthouse
- Current Boardroom
- Boardroom Expansion

Option 6 – Third Level Plan
Expand Boardroom East Over Roof

North Satellite – NSAT 3rd Floor Plan Redesign Impacts

NSAT Renovation & NSTS Lobbies

Progress:

- Resolving last 60% design comments concerning holdroom Level of Service (LOS) during construction by refining transition from Phase I to Phase II construction
- Finalizing approval of 3rd floor redesign and AAG’s Boardroom layout per Decision Analysis
- Finalizing early procurement of copper wire based on commodity price to achieve cost savings
- Entire team refining critical path schedule, contract requirements, bid package scopes of work and construction phasing for Preliminary Work Package 2 and Base Building packages
- Revised cost estimate reconciliation process using lessons learned from 60% design effort

ID	Task Name	Start	Finish	2016				2017				2018				2019				2020				2021
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
1	Commission Authorization Preliminary Work	12/8/2015	12/8/2015	◆																				
2	100% Design - Prelim Work Pkg #1	3/4/2016	3/4/2016	◆																				
3	100% Design - Prelim Work Pkg #2	6/3/2016	6/3/2016	◆																				
4	100% Design - Base Building	3/15/2017	3/15/2017	◆																				
5	Commission Authorization - SMGCS	11/22/2016	11/22/2016	◆																				
6	Commission Authorization - MACC	3/30/2017	3/30/2017	◆																				
7	Construction - Prelim Work Pkg #1	6/28/2016	3/1/2017	<div style="background-color: blue; width: 100%; height: 10px; margin-bottom: 5px;"></div> PLB Relocation																				
8	Construction - Prelim Work Pkg #2	12/19/2016	4/24/2018	<div style="background-color: blue; width: 100%; height: 10px; margin-bottom: 5px;"></div> Mass Excavation for Expansion / Utility Reroute / Structural Steel																				
9	Construction - Base Building Phase 1	4/6/2018	6/18/2019	<div style="background-color: blue; width: 100%; height: 10px; margin-bottom: 5px;"></div> Phase 1 - Expansion Buildout																				
10	Construction - Base Building Phase 2	6/18/2019	4/19/2021	<div style="background-color: blue; width: 100%; height: 10px; margin-bottom: 5px;"></div> Phase 2 - Building Renovation																				

North Satellite – Progress & Schedule

NSAT Renovation & NSTS Lobbies

Metrics:

Financial Metrics	Budget/ Planned	Actual	Remaining
Estimated Total Costs (including Contingency)	\$531.1M	\$31.4M	\$499.7M
Estimated Contingency	\$38.5M		\$28.3M
Q1 Cashflow	\$3.7M	\$6.0M	

Participation Metrics	Planned	Actual
SCS Participation (Design)	3.3%	2.1%
SBE Participation (Construction)	38.19% ¹	0% *
SCS Participation (Construction)	6.79% ¹	0% *
WMBE Participation (Const.)	4.65% ¹	0% *
Apprenticeship Utilization	15.0%	0.0% *
Minority Utilization	15.0%	0.0% *
Women Utilization	10.0%	0.0% *
Preferred Entry Apprentices	1 in 5	0 *

¹ Represents SCS participation for PWP#1 effort Only

* No Information available yet – Too early to report

Project Metrics	Budget/ Planned	Actual
Overall Schedule Progress	9%	5%
Delayed Outbound Bags	0	0
Delayed Outbound Flights	0	0
Safety Hazard Reports (Level 2+)	0	0
Customer Complaints Rec'd	< 5 / mo	0
Construction Change Orders Processed	0	0

North Satellite - Q2 2016 Metrics

NSAT Renovation & NSTS Lobbies



Demolition of ramp



Fuel pit install at N9

North Satellite – Construction Photos

NSAT Renovation & NSTS Lobbies

Issues:

- AAG submitted letter identifying issues requiring resolution for concurrence - 17 gates during NSAT construction; Approval of revised Boardroom; LOS during construction
- Final definition and agreement continues for AAG “betterments” (cost sharing items), including budget quantification

Risks:

- Budget growth due bid results during the aggressive construction market, limited resource availability and lack of interest
- Cost and schedule impacts of needed terminal/airside modifications to transition from Phase I to Phase II construction to minimize impacts to level of service and operations
- Accommodating further AAG requests for changes or detailed analysis that impacts design and construction schedule
- Impacts accommodating the number of operating gates (12 vs 14) in Phase 2
- Resolution of open issues that impact final design and construction
- Dropping copper commodity pricing after early purchase reduces potential cost savings