

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4f
Date of Meeting September 13, 2016

DATE: September 2, 2016
TO: Ted Fick, Chief Executive Officer
FROM: Ralph Graves, Senior Director, Capital Development
David Brush, IAF Program Leader
SUBJECT: International Arrivals Facility (IAF) Authorization to Execute FAA
Reimbursement Agreement
(CIP #C800583)

Amount of This Request:	\$0
Est. Total Project Cost:	\$649,365,000
Est. State and Local Taxes:	\$46,829,500

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute a Reimbursement Agreement between the Federal Aviation Administration (FAA) and the Port of Seattle. Reimbursement to the FAA under this agreement is estimated at \$396,248.

SYNOPSIS

Existing FAA Fiber Optic Transmission System (FOTS) cables located in the South Ground Transportation (GT) Lot must be relocated to accommodate the new International Arrivals Facility (IAF). This Agreement provides reimbursement to the FAA for their required oversight during design, construction, activation and acceptance of the relocation of FAA infrastructure.

Costs associated with relocation of the FAA FOTS new ductbank and fiber optic cable are included in the IAF Target Budget and the current authorization. The FAA has estimated costs associated with the Agreement at \$396,248. They require prepayment of the full amount and will return any funds not used.

BACKGROUND

Work to refine IAF's design continued throughout spring of 2016. As part of this design refinement the Design-Builder identified the FAA FOTS (Fiber Optic transmission System) housed in the communications ductbank as infrastructure that would need to be relocated. The Airport and FAA came to an agreement to relocate the FOTS cable.

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The Project team met with the FAA to discuss the relocation of the ductbank housing the FAA FOTS. The FAA agreed to allow the Port to relocate the ductbank as part of the IAF project. The FAA indicated that it required oversight of all aspects of the design and would be providing full time inspection of the ductbank and fiber installation activities through activation of the new fiber optic cable.

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 submitted the validation deliverables. One of the deliverables, the Initial Basis of Design Documents, included the development of an early schematic design. In the development of this design the Design-Builder identified existing underground utilities within the foot print of the structure that would require relocation to facilitate construction. On December 8, 2015, the Commission approved \$275.5 million for the program 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.

PROJECT JUSTIFICATION AND DETAILS

This request addresses authorization to execute the Reimbursement Agreement between the FAA and the Port which provides a payment mechanism for FAA to perform required oversight, activation and acceptance of the new FOTS route.

Project Objectives

Existing FAA fiber optic cable in the South GT lot along Concourse A must be relocated to accommodate the new IAF building.

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- Multiple IAF foundation design alternatives were evaluated. The lowest cost alternative was chosen and requires the relocation of the fiber optic cable.
- FAA approval is required for any change to the FAA FOTS.

Scope of Work

The design, relocation and activation of the ductbank is included in the scope of work to be performed under the contract with the IAF Design- Build team.

This authorization permits execution of a Reimbursement Agreement between the FAA and the Port and provides a payment mechanism for the FAA to perform required oversight, activation and acceptance of the new FOTS route.

Schedule

Complete the design of the ductbank relocation	3 rd Quarter 2016
Start of construction of this scope of work	4 rd Quarter 2016
Activate Fiber Optic Cable and return to service	1 st Quarter 2017

FINANCIAL IMPLICATIONS

<i>Budget/Authorization Summary</i>	Capital	Expense	Total Project
Original Budget	\$300,000,000	\$0	\$300,000,000
Previous budget increase	\$349,365,000	\$0	\$349,365,000
Current budget increase	\$0	\$0	\$0
Revised budget	\$649,365,000	\$0	\$649,365,000
Previous Authorizations	\$341,000,000	\$0	\$341,000,000
Current request for authorization	\$0	\$0	\$0
Total Authorizations, including this request	\$341,000,000	\$0	\$341,000,000
Remaining budget to be authorized	\$308,365,000	\$0	\$308,365,000
Total Estimated Project Cost	\$649,365,000	\$0	\$649,365,000

Budget Status and Source of Funds

This project was included in the 2016 – 2020 capital budget and plan of finance with a budget of \$608,365,000. As presented to the Commission on July 12, 2016, the funding plan includes \$200 million of cash (Airport Development Fund), \$100 million of Passengers Facility Charges (PFCs) and \$349 million of future revenue bonds. This action does not represent a budget increase but will utilize unallocated funds within the total estimate project costs.

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

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International Airport the West Coast “Gateway of Choice” for international travel, be the greenest and most energy efficient port in North America, and, in the process of delivering the IAF, to provide opportunities for increased utilization of small businesses by the Port.

The execution of the Reimbursement Agreement between the FAA and the Port provides a payment mechanism for FAA to perform required oversight, activation and acceptance of the new FOTS route. The agreement will allow the Port to relocate the FAA FOTS, making way for the construction of the IAF.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Redesign the IAF building footprint to avoid relocation of the FAA cable and therefore the need to enter into a reimbursement agreement with the FAA.

Cost Implications: The next lowest foundation alternative added approximately \$4M-\$6M in foundation and structural changes. This would require a complete foundation redesign and would have a significant schedule impact.

Pros:

- The Port would not require a contract with the FAA for FAA oversight of FAA fiber optic cable relocation.

Cons:

- Redesign and reprogramming for the IAF building to avoid the FAA cable would considerably exceed the costs of the currently proposed reimbursement and would delay completion of the project. The IAF building may have to be moved to a completely new location.

This is not the recommended alternative

Alternative 2 – Include relocation of the FAA cable as part of the IAF project’s work and enter into a reimbursement agreement with the FAA for their oversight.

Cost Implications: Up to \$396,248.

Pros:

- The design-build contractor can perform the FAA cable move on their own schedule, as part of their already planned utility relocation work.
- The Port would comply with the FAA’s requirement to provide FAA oversight for relocations of their fiber.
- Costs for this reimbursement are already included in the IAF’s target budget.

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Cons:

- The Port will spend up to \$396,248 for FAA oversight that could be considered duplicative to the oversight the Port and IAF design-build team are already providing as part of their management of the IAF project.

This is the recommended alternative

ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- July 12, 2016 - Authorization to Add Phase 2 Scope to Meet Continuing Rapid Growth.
- June 28, 2016 -Two Additional International Aircraft Gates at International Arrivals Facility (IAF) to Meet Continuing Rapid Growth briefing.
- May 17, 2016 – Plan of Finance Update briefing.
- April 26, 2016 – IAF 1Q2016 Briefing.
- 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.

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- 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.