



**COMMISSION
AGENDA MEMORANDUM**

Item No.

6c

ACTION ITEM

Date of Meeting

August 15, 2017

DATE: August 8, 2017

TO: Dave Soike, Interim Executive Director

FROM: Ralph Graves, Senior Director, Capital Development
David Brush, IAF Program Leader
George England, NorthSTAR Program Leader

SUBJECT: International Arrivals Facility (IAF); (CIP #C800583)

North Satellite Renovation & North Satellite Transit Station Lobbies Project (NSAT);
(CIP #C800556)

Amount of this request: \$554,347,392

ACTION REQUESTED

Request Commission authorization for the Executive Director to:

- (1) For the International Arrivals Facility (IAF) project and related contracts:
 - (a) Increase the IAF project authorization for the projected unfunded balance of \$284 million, which includes a \$105.6 million budget increase;
 - (b) Extend the contract completion date to December 31, 2020; and
 - (c) Execute with Clark Construction a Guaranteed Maximum Price (GMP) Amendment or multiple mini-GMPs, contract amendments, and change orders, as required, to complete the new International Arrivals Facility at Seattle-Tacoma International Airport using the full project funding of \$790 million, and;

- (2) For the North Satellite Renovation & North Satellite Transit Station Lobbies Project (NSAT) project and related contracts:
 - (a) Increase the NSAT project authorization by \$270,347,392 (\$261,547,392 capital and \$8,800,000 expense), which includes a \$107.5 million budget increase;
 - (b) Amend the contract with Hensel Phelps (HP) for \$161,563,526 for a total contract value of \$453,558,907;
 - (c) Execute all change orders to the HP contract within authorized budget and project scope without returning for additional Commission authorization;
 - (d) Use Port crews to support NSAT construction; and
 - (e) Enter into a Tenant Reimbursement Agreement (TRA) with Alaska Airlines (AS) for AS and the Port to reimburse each other, as appropriate, for AS-performed or Port-performed design and constructed improvements that are part of the NSAT.

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EXECUTIVE SUMMARY

The IAF request is for Commission authorization of the unfunded balance of the previously agreed project cost plus an increase staff believes sufficient to complete the project. Grant of this request will permit the IAF team to continue advancing the work while actively negotiating a roll-up GMP with the design-builder.

The NSAT request represents the final expected Commission authorization to complete the expansion and modernization of the 45-year old satellite with the execution of the final Maximum Allowable Construction Cost amendment to the Hensel Phelps contract and approval of the other actions listed above. At completion the new facility will support the airports and regions urgent demand by greatly enhancing travelers’ experience and airport operations.

Refer to attached IAF and NSAT project specific memos, Attachments A and B, respectively.

JUSTIFICATION

Sea-Tac is experiencing record growth driven both by one of the fastest growing regional economies, the draw of the Seattle Tacoma metropolitan area, and by domestic and international airline service successes. This has resulted in a shortage of aircraft gates and existing facilities that cannot accommodate the demands of customers and passengers. Additionally, both the North Satellite and the South Satellite, which houses the existing Federal Inspection Services (FIS) for processing arriving international passengers, were constructed in the early 1970’s and have not had any significant renovations made since their opening. These facilities are in desperate need of modernization and expansion to respond to airport-wide growth, and to provide world class facilities for our customers and passengers. To sustain Sea-Tac’s competitive advantage and succeed within the national market place for airports, as laid out in the Century Agenda, the airport must modernize and expand its aging facilities. The IAF and NSAT projects are critical to achieving this.

This request allows these two critical projects to proceed to completion and to respond to the fast changing dynamics of the airport, meet the needs of multiple airlines and make a deliberate and significant step to improving Sea-Tac’s capacity, customer level of service and competitive ranking among peer airports. Specific details, requirements, and supporting information for the requested actions are presented in Attachment A for the IAF project and Attachment B for the NSAT project.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides
- (2) IAF Memorandum (Attachment A)
- (3) NSAT Memorandum (Attachment B)

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

See attached IAF and NSAT Memorandums