



**COMMISSION
AGENDA MEMORANDUM**

Item No. 7c

BRIEFING ITEM

Date of Meeting November 14, 2017

DATE: October 18, 2017

TO: Dave Soike, Interim Executive Director

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

SUBJECT: International Arrivals Facility (IAF) Q3 Program Update (CIP #C800583)

EXECUTIVE SUMMARY

The Port Commission authorized additional IAF's program funds on August 15, 2017. This Memo serves as an update on the program's progress since that time.

PROJECT UPDATE

The negotiation of the Guaranteed Maximum Price (GMP) is ongoing. The GMP includes several key cost components including General Conditions (design-builder staff), General requirements (jobsite support equipment, facilities and services), Direct Costs (bid/contracted work and unbid work), Design-Builder Allowance, Risk Contingency and Final Design Fees. The negotiations also include a detailed discussion of (and required agreement on) assumptions used to generate an estimate of the foregoing cost components.

The project team was recently advised by CBP that they are implementing a new Simplified Arrivals System (SAS). This technology eliminates use of Automated Passport Control (APC) and Global Entry kiosks and instead identifies arriving international passengers using facial recognition cameras. Specific details of CBP's facial recognition system are still in development, but they plan to have a scalable solution ready for implementation by mid-2018. The Port has met with CBP to discuss how the new system works. We have not received official direction from CBP requiring use of this new system and continue to consider our options, including varying degrees of replacing APC kiosks with SAS technology. Meanwhile, the project team is studying potential impacts on the current IAF facility design, especially vertical transportation, waiting and queuing areas.

SCHEDULE AND BUDGET

The Port's original Target Budget—as validated by the Design-Builder in December 2015—was \$457,346,062. Since the time of Program Validation, the budget has been increased several times to accommodate added scope and now stands at \$518,268,583. As the negotiation of

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the GMP continues, it is apparent the Design-Builder will be unable to achieve the Port's adjusted Target Budget. The variance is currently trending at \$79,834,500 above the adjusted Target Budget.

The Port's original Target Completion date—as validated by the Design-Builder in December 2015—was the Fall of 2019. Subsequently, the Port accelerated the IAF work that was once planned to be constructed in Phase 2 of the project. All of the base scope and Phase 2 work, except the addition of two new international-capable gates, is still planned to be completed in the Fall of 2019. The two additional gates will open in the Summer of 2020. Landside work (IAF Building) is potentially delayed due to the removal of contaminated soils while all airside work (Sterile Corridor and Passenger Bridge) remains on schedule.

As of this report, the Design-Builder and the Port are actively working with the federal Environmental Protection Agency (EPA) and Washington State's Department of Ecology to finalize a plan to permit the Design-Builder to continue working in a critical area of the IAF footprint where polychlorinated biphenyls (PCBs) were discovered during the excavation of utilities/foundations. Those contaminants are located immediately east of Concourse A where the old Northwest aircraft maintenance hangar once existed. Until elevated contaminants are removed and EPA provides site cleanup approval, it is unknown how much of a delay this will cause in the activation of the main IAF Building.

ADDITIONAL BACKGROUND

The Port Commission authorized the IAF program as the Port's first Progressive Design Build project in July 2013. The Port subsequently contracted with a Design-Build Team, Clark/SOM, to design and construct a new IAF. Since that time the Clark/SOM team has progressed design of the IAF facility to 90% complete. Enabling work is largely finished and Hardstand Gate A20/21 has been built. Construction has begun on the first gate pod for the sterile corridor and the civil/utilities work and foundation for the IAF building is underway.

ATTACHMENTS TO THIS BRIEFING

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

August 15, 2017 – The Commission authorized the balance of IAF funding in a joint request with the NSAT project.

March 28, 2017 - The Commission authorized additional IAF funding.

October 11, 2016 – The Commission authorized IAF to add balance of Phase 2 for accelerated execution.

September 27, 2016 – The Commission was briefed on IAF reconsidering phasing and project update.

September 13, 2016 – The Commission authorized IAF FAA reimbursement agreement.

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- July 12, 2016 – The Commission authorized IAF to add Phase 2 scope to meet continuing rapid growth.
- June 28, 2016 – The Commission was briefed on two additional international aircraft gates at IAF to meet continuing rapid growth briefing.
- May 17, 2016 – The Commission was briefed on Plan of Finance update.
- April 26, 2016 – The Commission was briefed on IAF 1Q2016 update.
- February 9, 2016 - The Commission was briefed on IAF 4Q2015 update.
- December 8, 2015 – IAF guaranteed maximum price (GMP) Development Period authorization (presented in combination with NSAT authorization request).
- November 10, 2015 – The Commission was briefed on IAF update.
- August 11, 2015 – The Commission lead a special roundtable meeting with airline representatives.
- July 28, 2015 – The Commission lead an IAF forum.
- July 14, 2015 – The Commission lead an IAF forum.
- June 23, 2015 – The Commission authorized execution of the IAF Design-Build Contract.
- May 26, 2015 – The Commission approved IAF preliminary funding plan motion.
- April 28, 2015 – The Commission authorized a service agreement for Commissioning Services.
- April 28, 2015 – The Commission authorized execution of a lease agreement with SEATAC VENTURES 2010 LLC for IAF program management office space near Sea-Tac International Airport.
- February 24, 2015 – The Commission authorized a service agreement for IAF consultant program leader.
- January 27, 2015 – The Commission was briefed on IAF funding plan.
- January 27, 2015 – The Commission approved IAF request for proposals advertisement.
- January 13, 2015 – The Commission was briefed on IAF update.
- December 2, 2014 – The Commission was briefed on IAF scope and budget update.
- October 28, 2014 – The Commission was briefed on IAF 3Q2014 update.
- August 19, 2014 – The Commission was briefed on IAF 2Q2014 update.
- August 5, 2014 – The Commission authorized IAF request for qualifications advertisement.
- July 22, 2014 – The Commission was briefed on IAF progress.
- June 10, 2014 – The Commission was briefed on IAF 1Q2014 update.
- May 6, 2014 – The Commission was briefed on IAF project delivery.
- April 22, 2014 – The Commission was briefed on capital program.
- March 11, 2014 – The Commission authorized IAF master planning.
- February 25, 2014 – The Commission was briefed on IAF program.
- November 19, 2013 – The Commission authorized IAF construction management, testing and inspection; surveying and locating and safety service agreements.
- July 23, 2013 – The Commission authorized IAF project and program support; and price factor design-build methodology.
- July 9, 2013 – The Commission was briefed on IAF.
- July 9, 2013 – The Commission was briefed on alternative public works contracting.
- April 9, 2013 – The Commission was briefed on IAF.

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June 26, 2012 – The Commission was briefed on airport terminal development challenges at Seattle-Tacoma International Airport.

June 14, 2011 – The Commission was briefed on international air service growth and future facility.

February 2, 2010 – The Commission was briefed on South Satellite passenger growth and facility considerations, Delta’s proposed airline lounge and other possible future aviation projects.