DATE: November 2, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Eileen Francisco, Interim Director, Aviation Facilities and Capital Programs
            Wayne Grotheer, Director, Aviation Project Management Group

SUBJECT: Main Terminal Improvements Program C801266 – Additional Scope Authorization

Amount of this request:	$0
Total estimated project cost:	$800,000,000-$1,000,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to add scope to the Seattle-Tacoma International Airport (SEA) Main Terminal Improvements Program to complete a Program Definition Document (PDD). The total estimated program cost is $800,000,000 - $1,000,000,000. There is no funding associated with this request.

EXECUTIVE SUMMARY

The Commission authorized preliminary design funds for the Main Terminal Infrastructure Upgrades Program at the SEA on October 13, 2020, for $5,000,000. The focus of that program was to ensure compliance with current life safety portions of the building code for the Main Terminal, including the addition of sprinklers and smoke control. Since that time, scope items were identified to refresh and renovate the existing 1970 Main Terminal. The new scope includes renewal and replacement of critical systems such as bag claim devices, elevators, signage, and domestic water piping; renovation of existing restrooms on the mezzanine, ticketing, and baggage claim level; security improvements; evaluation of potential airport dining and retail buildout; and upgrades to the architectural finishes that will integrate with the North Main Terminal Redevelopment. Rather than try to complete these scope elements as separate projects at a future date, the Airport is requesting to complete one comprehensive program, Main Terminal Improvements.

The North Main Terminal Program will be improving the passenger experience on the north end of the Main Terminal (Zones 6 & 7). The Main Terminal Improvements Program will address the remainder of the Main Terminal. This program does not anticipate making changes at any checkpoints or reconfiguring ticket counters. Approval of this request will allow for a

comprehensive preliminary design document for all scope, including Sustainable Project Assessment and Review Collaboration (SPARC) process integration and development of a preliminary Sustainable Design Approach. This document can be completed under the existing authorized funding amount of $5,000,000. The Main Terminal Program will coordinate closely with the North Main Terminal program to ensure that scope is not duplicated and that all upgrades are consistent throughout the terminal.

Staff will return to the Commission following the completion of the Program Definition Document (PDD). At that time staff will provide an updated project cost estimate and request authorization to move forward with the next phase of project delivery.

JUSTIFICATION

The original scope of the Main Terminal Infrastructure Upgrades program was to address life safety code systems within the Main Terminal. The work to address those deficiencies will be highly impactful to the passenger experience and operations. Given the long duration of the program and the impacts, other scope was evaluated for inclusion. Benefits to adding this additional scope include: a consistent passenger experience from the north to the south end of the terminal, a comprehensive plan for phasing; holistic approach to managing operational impacts; coordinated disruptions to spaces; and efficiencies gained by completing the work together as one program.

Diversity in Contracting

The existing A/E consultant contract to be used for this work includes a 15% WMBE Goal.

DETAILS

The existing Main Terminal was built in the 1970s, with an extension to the north added in the 1980s, and the Gina Marie Lindsay Arrivals Hall added in the 2000s. Although some improvements have been made in the Main Terminal there has not been a comprehensive renovation. The Main Terminal is open 24/7 and is the single point of entry for passengers departing from the Airport and exit for those arriving. The PDD will evaluate the scope elements defined below and will also consider phasing and constructability

Scope of Work

The scope of the PDD will include an evaluation of the code elements previously identified; renewal and replacement of critical systems such as bag claim devices, elevators, signage, and domestic water piping; renovation of exiting restrooms on the mezzanine, ticketing, and baggage claim level; security improvements; evaluation of potential airport dining and retail buildout; development of a Sustainable Design Approach; and upgrades to the architectural finishes that will integrate with the North Main Terminal Redevelopment. The PDD will include evaluating scope, schedule, and budget. In addition, the PDD will consider construction phasing and staging. The program has a targeted budget of $800,000,000.

Schedule

Estimated Activity Milestones

Completion of Project Definition Document	2022 Quarter 4
Commission design authorization	2023 Quarter 1
Design start	2023 Quarter 2
Commission construction authorization	2025 Quarter 2
Construction start	2025 Quarter 2
In-use date	2033 Quarter 4

Cost Breakdown	This Request	Total Project
Preliminary Design	$0	$5,000,000
Construction	$0	$0
Total	$0	$5,000,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

As part of the process in determining the scope needs to update the Main Terminal to meet current code requirements, renewal and replacement needs, and provide a refresh to a 50-year-old building the project team is evaluating doing most of the work in a program. In conjunction with the PDD, the project team will solidify the cost estimates for doing the work in one large program versus multiple smaller projects that would overlap and likely constrain the working areas between contractors. The current estimated cost of the large program is $800,000,000-$1,000,000,000 but more work needs to be done on the PDD properly determine the costs of all alternatives.

Alternative 1 – Continue to move forward the Main Terminal Infrastructure Upgrades and other scope items as separate projects.

Pros:
    (1)   Some components may be delivered quicker as individual projects

Cons:
    (1)   Will require very careful coordination to manage several different projects occurring in the same space at the same time
    (2)   May require some scope elements to be deferred until after larger projects are complete
    (3)   May require repeated disruptions to spaces as different elements are moved forward as separate projects in the same space
    (4)   Additional staff would be needed to manage multiple smaller projects
    (5)   Could result in more change orders will all multiple contractors working in the same area

This is not the recommended alternative.

Alternative 2 – Initiate full design

Pros:
    (1)   May be able to deliver the program sooner

Cons:
    (1)   Scope will have to be defined during the design process
    (2)   Does not allow for through and accurate estimating to be done before starting the project.

This is not the recommended alternative.

Alternative 3 – Add additional scope to the preliminary design for a comprehensive Main Terminal Improvements Program

Pros:
    (1)   Will have one comprehensive program definition document for key elements in the main terminal
    (2)   Coordinated construction of scope elements to limit the disruption to operations and the passenger experience
    (3)   Simplified coordination with the North Main Terminal Program

Cons:
    (1)   Some components may take longer to deliver than if completed separately.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary	Capital	Expense	Total
COST ESTIMATE			
Original estimate	$800,000,000	$11,206,000	$811,206,000
AUTHORIZATION			
Previous authorizations	$5,000,000	$0	$5,000,000
Current request for authorization	$0	$0	$0
Total authorizations, including this request	$5,000,000	$0	$5,000,000
Remaining amount to be authorized	$795,000,000	$11,206,000	$806,206,000

Annual Budget Status and Source of Funds

This project, CIP C801266, was included in the 2022-2026 capital budget and plan of finance with a budget of $800,000,000. The funding source will be revenue bonds.

Financial Analysis and Summary

Project cost for analysis	$800 million - $1 billion
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base
IRR/NPV (if relevant)	N/A
CPE Impact	Between $2.23 - $2.79

Future Revenues and Expenses (Total cost of ownership)

The addition of a new emergency power system and smoke control system will increase maintenance costs as additional assets come online; however, the removal of asbestos in the ceiling will make maintenance easier and faster as asbestos control will no longer be required for ceiling entry. A fuller review of total cost of ownership will be completed as the program moves forward and the scope is more fully defined.

ATTACHMENTS TO THIS REQUEST

   (1)   Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- October 13, 2020 – The Commission authorized preliminary design for the Main Terminal Infrastructure Upgrades Program.
- September 22, 2020 – The Commission was briefed on the overall project and intended use for the preliminary design funding request.