

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 6e
Date of Meeting April 28, 2015

DATE: April 21, 2015
TO: Ted Fick, Chief Executive Officer
FROM: Ralph Graves, Managing Director Capital Development Division
Janice Zahn, Assistant Director of Engineering, Construction Services
David Brush, Program Leader, Aviation Project Management Group
SUBJECT: International Arrivals Facility Service Agreement for Commissioning Services
(CIP #C800583)

Amount of This Request:	\$0.00	Source of Funds:	Airport Development Fund, Passenger Facility Charges and future Revenue Bonds
Est. Total Project Cost:	\$608,000,000		
Estimated Total Contract Value:	\$2,000,000		

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute a service agreement for commissioning services (including third-party verification services to satisfy LEED requirements), with an approximate value of \$2 million, for the International Arrivals Facility (IAF) at Seattle-Tacoma International Airport. No funding is associated with this request.

SYNOPSIS

Replacing Seattle-Tacoma International Airport's existing over-burdened Federal Inspection Services (FIS) facility with a modern and efficient IAF is a critical part of realizing the Port's Century Agenda objective to improve the level of service for Airport users and increase competitiveness with peer airports.

An overloaded international arrivals facility will have a detrimental effect on connecting times between international and domestic flights that could place the airport at a competitive disadvantage, by inconveniencing the traveling public and inhibiting economic growth. As such, Port staff recommends replacing the current aging facility with a new International Arrivals Facility, that will serve the traveling public well into the future.

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This request provides for commissioning services for the IAF program, beginning during the validation period through completion of construction. Work would include third-party verification to satisfy LEED certification requirements and to ensure that the building systems and infrastructure are fully functional. The cost for this effort is included in the existing program budget.

BACKGROUND

Sea-Tac International Airport supports nearly 172,000 total jobs and \$16.3 billion in business revenue and \$565 million in state and local taxes. The airport connects our region's global businesses to the world, supports tourism – our state's fourth largest export – and creates quality jobs. Growing passenger demand coupled with new capital projects that create construction jobs will only increase the airport's economic impact.

The Commission has been briefed previously on the Airport's critical need to increase capacity for international arrivals. International travel growth has increased, especially during the noon peak, and this growth is expected to continue. The Port welcomes and encourages this, but the current FIS facility at the South Satellite has exceeded its ability to efficiently process passengers and keep up with this growth. This has had a detrimental effect on connect times and has put the Airport at a competitive disadvantage with other West Coast airports.

The Commission approved preliminary funds in July 2013 to program a replacement of the current aging facility 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 (PDB) 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 as an additional selection factor. With follow-on Commission approvals, the project team has advanced the PDB procurement and is currently in the evaluation phase of the request for proposals to the shortlisted finalists.

The request authorizes execution of a contract for commissioning services that will be necessary throughout the delivery of the IAF program.

PROJECT JUSTIFICATION AND DETAILS

The Port currently does not have the in-house staff to provide commissioning services and the current IDIQ contracts for these services were executed to support all capital projects with the exception of the large NorthSTAR and IAF programs. The project acquisition team determined the overall scope and duration of the project warranted its own project specific service agreement. Once executed, individual service directives will be issued to perform specific scopes of work after staff has received budget authorization.

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The selected commissioning firm will work with the Port, and PDB representative in the development of requirements for the commissioning plan and all required functional system testing needed for each phase of the program. The commissioning firm will also work with the Port to meet LEED third-party verification requirements for the certification level targeted by the IAF program.

Project Objectives

Commissioning and third-party verification activities to satisfy LEED certification services for the IAF program is estimated as follows:

- Validation Phase / Preliminary Design ~\$200,000.00
- Design Phase / Construction ~\$1,500,000.00
- Post Construction ~\$300,000.00.

Scope of Work

The commissioning firm will be responsible for developing a commissioning plan that will be used by the PDB to ensure the successful integration and proper function of the project's higher level systems. The plan will be developed in a holistic way to assure proper operation of systems such as alarm notifications, troubleshooting, collection of operations and maintenance data, and training on parts, assemblies, sub-systems and new systems.

Demolition of existing hazardous materials laden areas may be part of the IAF program. Design and construction impacts created by this work will require close coordination. The commissioning agent will participate in determination of commissioning impacts related to hazardous materials demolition and development of mitigation measures as the project progresses from start through closeout.

The commissioning firm will also be responsible for third-party verification activities to satisfy LEED certification requirements related to commissioning.

Schedule

Commissioning IDIQ

Commission authorization	April 2015
Advertise request for proposal	March 2015
Short list and interview	June 2015
Complete negotiations	July 2015
Contract executed	August 2015

FINANCIAL IMPLICATIONS

Source of Funds

The IAF Program will be funded using a mix of Airport Development Funds, Passenger Facility Charges, and future revenue bonds, but there is no funding request associated with this

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authorization. Individual service directives will be executed to authorize the commissioning agent to perform any specific work on the contract against previous and future authorizations for the IAF program and each project within the program.

TRIPLE BOTTOM LINE

Economic Development

The Commissioning Service Agreement creates an additional opportunity for economic development with the employment of the staff that will provide these services.

Community Benefits

The IAF team and the Office of Social Responsibility established a 6% Small Contractors and Suppliers Program (SCS) goal for small business participation opportunities, in accordance with small business Resolution No. 3618.

Environmental Responsibility

Confirming that infrastructure systems function at optimal levels ensures they run more efficiently. This has less impact on the environment. Additionally, the commissioning agent will assist the Port in assuring that the project complies with requirements of LEED and meets the certification level targeted for the IAF program.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) Use the existing AV/PMG IDIQ for construction/commissioning consulting support for IAF program. This alternative is not recommended.

PROS:

- No additional administrative cost to the project.

CONS:

- The existing AV/PMG IDIQ has a limited budget (1.0 Million /year) that need to be shared amongst the PMG program and is limited to four year contract duration.
- This alternative would exhaust the existing IDIQ budget and does not provide sufficient flexibility to support the IAF program duration.

Alternative 2) Hire additional Port employees in limited duration positions to provide commissioning services specifically for the duration of the IAF Program. This alternative is not recommended.

PROS:

- Would provide in-house expertise for this service.

CONS:

- There is additional cost to the Port to hire and release these hires.
- There could also be challenges to find qualified applicants willing to be hired under a limited duration position as it is less desirable than a full-time position.

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Alternative 3) Enter into two separate consulting contracts; one for commissioning services for the IAF, and another for the third-party verification activities required for LEED certification. This alternative is not recommended.

PROS:

- Provides contracting opportunities for two individual firms.

CONS:

- This alternative would result in the need for two separate procurements involving two separate contract administration efforts. Two separate contracts is not the most efficient and cost effective use of contract administrative services.
- Separate consultant contracts could increase the risk that not all necessary information is shared between individual firms.

Alternative 4) Proceed with entering into a single consulting contract for commissioning services including the third-party verification activities required for LEED certification. for the IAF. This alternative is recommended.

PROS:

- Single Procurement; no additional administrative cost associated with additional procurement.
- A Project specific Service Agreement would provide support for all phases of the project thru the duration of the program.
- This alternative would result in the most efficient and cost effective use of consultants to provide the services required and ensure consistency in managing the commissioning and all functional systems testing.

CONS:

- This cost of this alternative is 2.0 million

ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- February 24, 2015 – IAF Service Agreement for Capital 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.