

# International Arrivals Facility (IAF)

Program update

# Procurement Plan

- Program budget for procurement confirmed
  - \$608M
  - Including \$43M WA State Sales Tax
  - Excluding Concourse A Sterile Corridor extension
- Request for Qualifications issued and Statements of Qualifications received
  - Positive response
  - Selection of finalists in process
- Return next session to request Commission authorization to issue RFP to finalists

# Application of WA Sales Tax

\$565,000,000 Estimated Program Cost

\$43,000,000 WA State Sales Tax

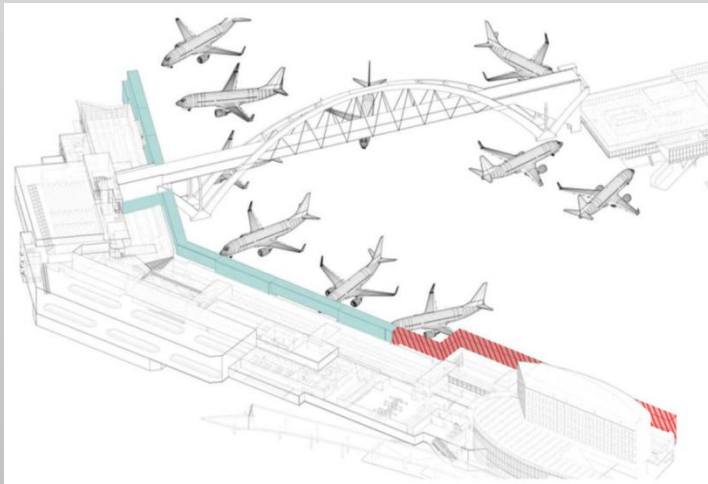
**\$608,000,000 IAF Program Budget**

- Sales tax calculated on Design/Builder's design services and General Conditions
- Current interpretation requires approx. \$13M more taxes paid than Design-Bid-Build delivery

# Exclusion of Sterile Corridor Extension

Cost savings measure taking advantage of Design Build delivery method

Current estimated cost: \$18.7M



- Planning forecasts needed soon after IAF opening
- Forecast based on current load projections
- Load projections will change over time

# Delivery Approach Next Steps

- Design Build Team Selection  
(Q2, 2015)
- Validation Phase  
(Q3, 2015)
  - Intensive verification by DB of program and existing conditions
- Guaranteed Maximum Price Development Phase  
(Q4, 2015 - Q2, 2017)
  - Design and construction for initial project needs
  - Overall design proceeds
  - Initial and base construction
- Post GMP Phase  
(Q2, 2017 – Q2, 2020)
  - Final design and construction completion



# Delivery Approach Cost Controls

- Design Build Team Selection
  - RFP Criteria
    - Management Approach
    - Subcontracting Approach
  - Contract Terms
  - Design/Construct to Budget
    - Design/Builder Reporting
    - Verifiable (open book, cost based)
    - Oversight by IAF Team

# Delivery Approach Cost Controls

- Validation Phase
  - Risk shifts to DB for validated site conditions
  - Agreement on Basis of Design
  - Agreement on Target Budget
  - Agreement on Target Schedule
  - Subcontracting Plan
  - “Off-ramp” if parties cannot agree or Program “bust” discovered

# Delivery Approach Cost Controls

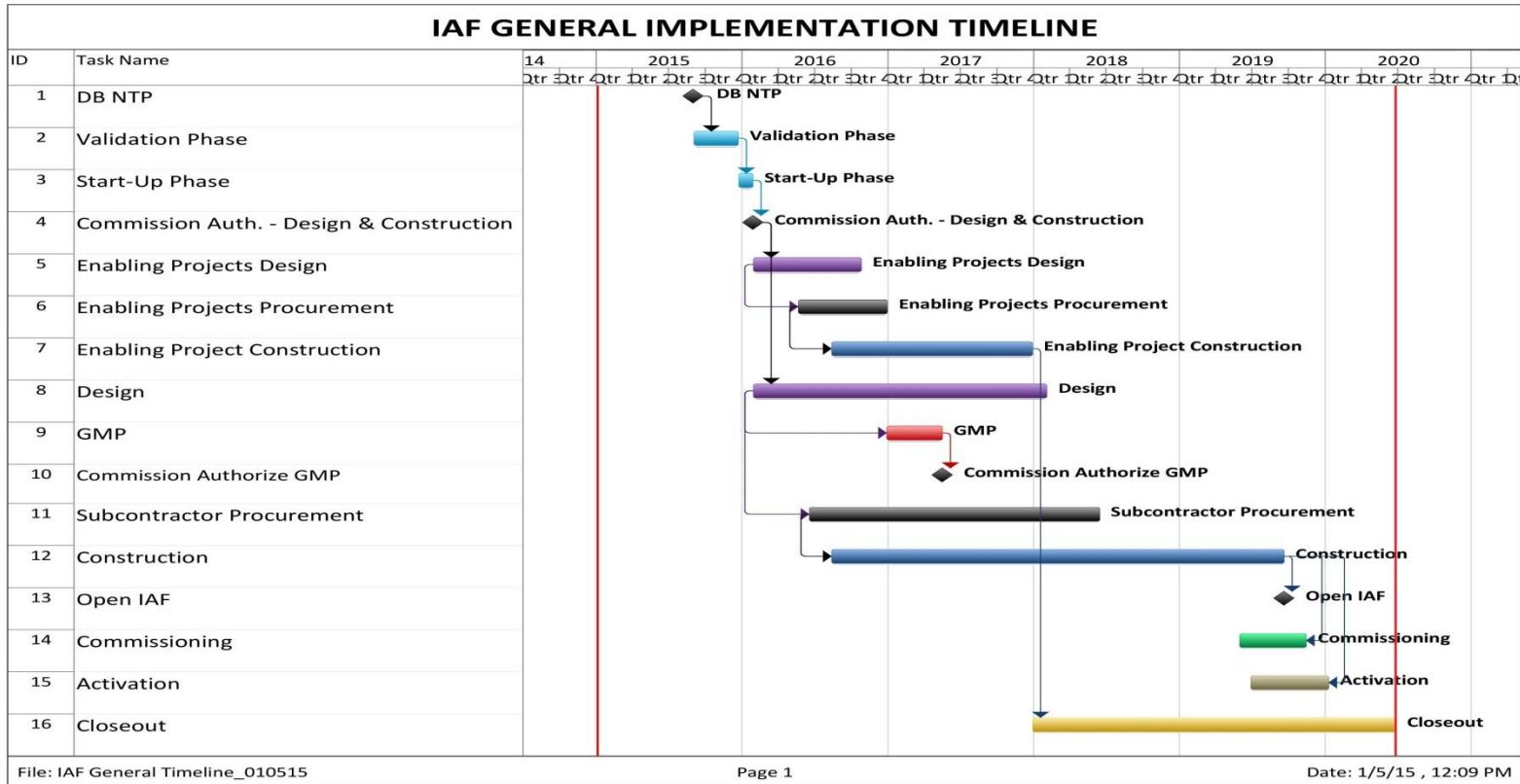
- GMP Development Phase
  - Major design decisions made early, Port controls
  - Prequalification of subcontractors
    - Best value competitive selection
  - Port decides when to establish GMP
  - Third party verification
  - Agreement on substantial completion date
  - Final Basis of Design Documents received



# Delivery Approach Cost Controls

- Post -GMP Phase
  - DB has discretion to complete design per the Final Basis of Design Documents
  - Guaranteed Maximum Price
    - Can only be changed via Change Order
    - Price confidence earlier than with DBB or GCCM, at about 60% design

## Delivery Approach Cost Controls



# Delivery Approach Cost Controls

- **Payment Methods**
  - **Cost of the Work:** actual reimbursable costs
  - **Fee:** competitively bid percentage
  - **Fixed Fee:** may be set at end of Validation Phase
  - **Insurance/Bonding Multiplier:** competitively bid
  - **Personnel Multiplier:** competitively bid
  - **Not To Exceed Sum:** early trade package “mini GMP”
  - **Lump Sum:** agreed sum for specific scope of work
  - **Hourly Rates:** competitively bid for key personnel
  - **Performance Incentive Plan:** periodic assessment

## Future Commission Action

- Staff will return on January 27<sup>th</sup> to request authorization to issue RFP to shortlisted finalists in Design/Builder Team procurement

