

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 6a  
**Date of Meeting** January 27, 2015

**DATE:** January 22, 2015

**TO:** Ted Fick, Chief Executive Officer

**FROM:** Frederick Robinson, Program Leader, Aviation Project Management Group  
Michael Ehl, Director, Aviation Operations  
Dave Soike, Director, Aviation Facilities and Capital Programs

**SUBJECT:** Request to Authorize Advertisement of a Request for Proposals for the Airport's International Arrivals Facility (CIP C800583)

**Est. Total Project Cost:** \$608,000,000

**Est. State and Local Taxes:** \$43,000,000

**Source of Funds:** Airport Development Fund, Passenger Facility Charges and future Revenue Bonds

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to advertise a request for proposals to shortlisted progressive design-build (PDB) teams for the International Arrivals Facility (IAF) at Seattle-Tacoma International Airport.

**SYNOPSIS**

Replacing Seattle-Tacoma International Airport's (Airport) 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.

The Port recently received six PDB team responses to the IAF request for qualifications advertisement. This request is for authorization to advertise a request for proposals (RFP) to selected PDB finalists. If approved, staff anticipates issuing the RFP in mid-February 2015. Staff will return to Commission to request authorization to award the contract in the third quarter of 2015. No additional budget is associated with this RFP action request.

**BACKGROUND**

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

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

January 22, 2015

Page 2 of 6

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.

In July 2013, the Commission authorized use of an alternative project delivery method called 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.

In early August 2014, the Commission authorized advertisement of a request for qualifications to begin the selection process for a PDB team. In late December 2014, the Port received six responses to this advertisement and is now requesting authorization to advertise an RFP to the PDB team finalists selected from those six responses.

### **PROJECT JUSTIFICATION AND DETAILS**

The Airport's current international arrivals facility in the South Satellite opened in 1973 and has not been significantly upgraded since an expansion in the mid-1980s that increased capacity to 1,200 arriving passengers per hour. The Airport's international air service has grown significantly and continues to grow at a rapid pace, especially during the mid-day peak. The peaking nature of airline schedules is more of a challenge than increased traffic volume.

In the summer of 2014, scheduled flight activity exceeded the capacity of the existing facility. As an interim measure, aircraft will be serviced on remote parking areas, and passengers will be bused to and from the terminal. This interim measure will lead to connection times longer than the currently published 90 minutes to connect between international and domestic flights. Remote parking operations are not anticipated to keep pace with projected growth. Increased connection times risk potential loss of market share to other West Coast airports with more modern international arrivals facilities and will handicap the Port in meeting its Century Agenda objectives.

#### ***Project Objectives***

Project objectives for a new international arrivals facility include:

- Capacity – Preserving Long Term Airport Capacity
- Customer Service – Expanded Facility
- Customer's Gateway of Choice – Enhanced Experience

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

January 22, 2015

Page 3 of 6

### ***Scope of Work***

The largest components of this program include construction of a new IAF building adjacent to Concourse A linked to the South Satellite by a new bridge connector and a sterile corridor built airside of Concourse A.

### ***Schedule***

Advertise for consultant program management services	Completed
Award consultant program management services contract	Completed
Port certification as Design-Build Owner by the State of WA	Completed
Begin quarterly Commission program updates	Completed
Master planning	Completed
Connector Decision Briefing	Completed
Commission authorization to advertise the RFQ for the PDB team	Completed
Advertise RFQ for PDB Team	Completed
Project definition complete	Completed
Cost and schedule validation complete	Completed
Commission authorization to advertise the RFP for the PDB team	Q1 2015
Advertise RFP for PDB team	Q1 2015
MII Vote	Q1 2015
PDB team selected	Q3 2015
Commission authorization to award design-build contract, begin validation phase	Q3 2015
Commission authorization to begin design and construction (following design-build team scope, cost and schedule validation)	Q1 2016
Guaranteed Maximum Price Development	Q2 2017
Facility Open (depending upon earlier schedule validation listed above)	Q3 2019

## **FINANCIAL IMPLICATIONS**

### ***Budget Status and Source of Funds***

This large project is just completing the preliminary programming and scoping phase. An initial program document was created by an outside planning firm. That work was completed in the third quarter of 2014. A small team of in-house staff and design-build consultant advisors has been working to validate the initial program document. The scope, including size and various functionality within the facility, has been validated. The team has also taken the preliminary information and generated preliminary order of magnitude cost ranges for the facility. The scope and costs were presented to the international airline users of the facility over the course of four half-day meetings in order to solicit input from the primary users. Airline feedback was used to arrive at the overall program scope and preliminary cost identified at the beginning of this memorandum. The cost is considered preliminary because no actual design has been performed yet. Cost estimate accuracy can be better gauged during design; accuracy increases as the design matures.

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

January 22, 2015

Page 4 of 6

The selected design builder will validate the work done by the in-house team simultaneously with the sequential design of the new facility. That validation effort will help focus in on better cost estimates for the facility and allows the Airport, in collaboration with the design builder, to set a target budget and schedule for the design builder to work toward. At about the mid-point of the design period, and after the initial construction packages (foundations, etc.) have been designed and released for construction, the Airport and design builder will agree upon a guaranteed maximum price (GMP) for the facility. During this design period, staff will return to the Commission at various points to keep the Commission updated, to request approval for the initial construction packages, and to set the GMP.

Today's authorization to proceed with issuance of an RFP does not include an incremental budget authorization. The Commission earlier authorized budget for staff to continue with preliminary programming, validation efforts, co-location of IAF team members, and other work. The total amount authorized to date by the Commission totals \$24,500,000. The total amount expended as of December 31, 2014, is \$5,380,000. Therefore, the remaining available budget to carry the team through the RFP process, design-builder negotiations, and initial design efforts totals \$19,120,000. Staff will return to Commission with updates and action requests as the work progresses.

This early phase work is being funded by the Airport Development Fund. The funding plan for the total project will include the Airport Development Fund, Passenger Facility Charge revenues and future revenue bonds. A separate briefing on alternative funding scenarios is also scheduled for January 27, 2015.

## **STRATEGIES AND OBJECTIVES**

This project addresses the Port's Century Agenda objective to advance this region as a leading tourism destination and business gateway by making Seattle-Tacoma International Airport the West Coast "Gateway of Choice" for international travel.

This project also addresses the Aviation Division's strategic objectives to become one of the top ten customer service airports in North America and to operate a world-class international airport by ensuring safe and secure operations and by anticipating and meeting needs of tenants, passengers and the region's economy.

## **TRIPLE BOTTOM LINE**

### ***Economic Development***

Construction of a new IAF will allow the Port to keep pace with current international air travel growth and position the Airport to attract new international air service. International air service has a direct positive economic impact, but also contributes to increased airport dining, retail and other passenger-related revenues. Studies at other airports have also shown that the addition of new international air service routes provide a substantial boost to the regional economy through increased foreign direct investment and exports of goods and services.

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

January 22, 2015

Page 5 of 6

### ***Environmental Responsibility***

The IAF program gives the Port a rare opportunity to incorporate a variety of sustainable features into the design and construction of the new facility and bridge connector that will facilitate advancement of the Port's Century Agenda goal to meet future load growth through energy conservation or renewable energy. The project team is targeting achieving an environmental sustainability level for the IAF equivalent to certification under the Leadership in Energy and Environmental Design (LEED) Version 4 program. The project team will present to the Commission specific strategies to achieve this level during our regular quarterly and design briefings.

### ***Community Benefits***

This Project Labor Agreement project benefits the local community by creating a multitude of living-wage jobs over the next five years. The project team will coordinate with the Port's Office of Social Responsibility to identify small business opportunities in the IAF program and will score PDB finalists on their approach to solicitation of small businesses.

Additionally, arriving to a new modern IAF by travelling across a connector bridge from the existing south satellite to the main terminal, instead of arriving to an aging underground facility, will give foreign visitors a unique and welcoming first impression of the SeaTac area and the Pacific Northwest region as a whole. The new facility will create added capacity for additional international service to and from the Seattle region that will bring economic benefits to the entire community.

### ***Small Business Opportunities***

The project leaders will coordinate with the Office of Social Responsibility to maximize the opportunities for small business participation, including those firms owned by women, minorities and socio-economic disadvantaged groups.

## **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** – Do nothing. This alternative would put the IAF program on hold. This alternative is not preferred as it would delay completion of the IAF. This is not the recommended alternative.

**Alternative 2)** - Convert to design-bid-build. Abandon the PDB procurement, procure a designer and perform the project by conventional means. This would delay completion by more than two and one half years while abandoning the investment to date in PDB and losing the cost control and responsiveness advantages of the PDB method. This is not the recommended alternative.

**Alternative 3)** – Authorize advertisement of the RFP to PDB team finalists. This alternative keeps the IAF procurement on the current schedule. **This is the recommended alternative.**

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

January 22, 2015

Page 6 of 6

## **ATTACHMENTS TO THIS REQUEST**

- None.

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- 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.
- 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.