

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
STAFF BRIEFING

Item No. 7c
Date of Meeting January 27, 2015

DATE: January 21, 2015
TO: Ted Fick, Chief Executive Officer
FROM: George England, Program Leader, Aviation Project Management Group
Michael Ehl, Director, Aviation Operations
Dave Soike, Director, Aviation Facilities and Capital Programs
SUBJECT: 2014 Fourth Quarter Update on the Airport's NorthSTAR Program

SYNOPSIS

The NorthSTAR program is an outcome of Alaska Air Group's (AAG's) goal to concentrate and consolidate the operations of Alaska Airlines and Horizon Airlines at the north end terminal facilities of the airport. The NorthSTAR program includes five renovation projects. The program, which is a collaborative effort of the Port and Alaska Air Group, was initially defined in a conceptual study prepared by AAG and its consultant in 2011. Working with this conceptual study, the Port and AAG refined the scope to meet the long-term goals of both the Port and AAG. In some cases, scope and budget from other parallel capital projects have been incorporated into the NorthSTAR program to ensure compatibility of design and efficiencies of construction. The revised scope meets the Airport and AAG goals for improved traveler experience and customer service.

The program is currently scheduled for completion in 2020. This briefing addresses progress on the program and each project through December 31, 2014.

BACKGROUND

The following is a summary of accomplishments, progress, issues, metrics and risks specific to the NorthSTAR programmatic capital project and each of the five capital construction projects:

1. CIP C800544 NorthSTAR Program Management & Controls

This umbrella project is comprised of cost estimating, cost controls, scheduling and overall management support for the five capital renovation projects within the NorthSTAR program.

Accomplishments

- Received and incorporated AAG NorthSTAR Governance processes into the programs communication plan and decision matrix
- Completed program update to Airport & Airline Affairs Committee (AAAC) and third quarter 2014 Commission briefing
- Completed transition of AAG project technical staff member

COMMISSION AGENDA

Ted J. Fick, Chief Executive Officer

January 21, 2015

Page 2 of 10

Progress

- Updated overall program master schedule with changes to each project schedule in design/construction

Issues

- Tracking programmatic impacts due to delays on specific NorthSTAR projects

Metrics

- Financial performance is reflected in the program budget summary (Supplement A PowerPoint) and includes:
 - Cumulative Spent against Budget – Actual \$2.8M; Budget \$20.6M
 - Overall Schedule Progress – Actual 33%; Planned 37%
 - Cash flow for this reporting period – Actual \$170k; Planned \$252k
 - Contingency remaining - Forecast \$5.2M; Budget \$0.94M (inclusive of Management Reserve)
 - SCS Participation (Program Mgmt.) Actual 30.8%; Planned 27.0%

Risks

- Communication and coordination between multiple teams, stakeholders and people
- Assure baseline schedule concurrence of all stakeholders

Estimated Capital Budget: \$20,600,000 *

(*Includes program management reserve)

Scheduled Project Completion: August 2020

2. CIP C800556 NS North Satellite (NSAT) Renovation & North Satellite Transit System (NSTS) Lobbies

This project is the largest within the overall program and includes the renovation of the North Satellite and the satellite transit system (STS) north loop stations at the Main Terminal, Concourse C, and the North Satellite. While the renovation of the STS station lobbies is relatively minor in scope, the renovation is significant and expansion of the NSAT to improve customer service and provide a balance of holdrooms, concessions, and circulation space to meet the overall program vision. The scope includes the removal of all regulated materials, seismic reinforcement of the NSAT, replacement of all infrastructure systems within the NSAT, expansion of the NSAT by nine structural bays to accommodate 5 additional gates, the addition of a rooftop structure for Alaska Airlines' Board Room and a destination restaurant, the rebuilding of the NSAT concourse level interior, and the renovation of non-public support spaces on the ramp and STS levels. The NSAT scope will also incorporate sustainable building elements and the data and communications infrastructure to accommodate the anticipated needs of the Port, AAG and the travelling public.

COMMISSION AGENDA

Ted J. Fick, Chief Executive Officer

January 21, 2015

Page 3 of 10

The NSAT 30% design development phase is complete and the Port received written concurrence from AAG on October 15, 2014 in accordance with the April 5, 2012 Letter of Understanding. The result of the 30% design completion is that the program remains within the budget.

Accomplishments

- Completed solicitation and Hensel Phelps selected as the General Contractor/Construction Manager (GC/CM) after receiving four proposals, shortlisting 3 firms, conducting interviews and receiving final cost proposal
- Prepared Commission memo to request approval to award the GC/CM contract and authorize \$5M for preconstruction services on January, 6, 2015
- Completed project notebook and 30% design development
- Validated the project remains within the current budget
- Received Investment Committee approval to incorporate \$1.75M for STS apron roof replacement and \$14.4M for NSAT baggage handling system expansion
- Conducted AAAC briefing and prepared MII ballot to expand the NSAT baggage handling system
- Finalized design to pursue LEED certification
- Initiated start of 60% design
- Completed a mock-up and testing by AAG and the Port of the dual taxi-lane and conducted the initial Safety Risk Assessment (SRA) session

In Progress

- Continuing to evaluate construction phasing options with AAG to maximize gate availability and utilization during construction
- Evaluating level of Leadership in Environmental and Energy Design (LEED) certification obtainable, as well other sustainable features to incorporate into the project
- Finalizing results of the SRA and prepare report
- AAG planning temporary Boardroom VIP lounge tenant project on concourse level of the NSAT

Issues

- Current forecasted construction completion date is Q3 2020 delayed due to 30% reconciliation and start of 60% design
- Procurement strategy for long-lead procurement items must be developed to minimize additional delays
- Dual taxi-lane decision delaying 60% design of ramp layout and apron; equipment congestion a concern

COMMISSION AGENDA

Ted J. Fick, Chief Executive Officer

January 21, 2015

Page 4 of 10

Metrics

- Financial performance is reflected in the program budget summary (attachment A) and includes:
 - Cumulative Spent against Budget – Actual \$9.9M; Budget \$415.8M
 - Overall Schedule Progress – Actual 3%; Planned 4%
 - Cash flow for this reporting period – Actual \$1.3M; Planned \$2.9M
 - Contingency remaining Forecast \$35.6M; Budget \$40.7M
 - SCS Participation (Design) Actual 3.4%; Planned 6.0%
 - Apprenticeship Utilization – Actual 0% * ; Goal 15%
- * No information available yet – too early to report

Risks

- Scope additions absorbed by the project at 30% design may adversely impact budget; Evaluate at conclusion of 60% design cost estimate approximately in second quarter, 2015
- Delayed resolution of critical issues may impact design schedule and subsequent early construction packages

Estimated Capital Budget:	\$415,812,944
Estimated Expense Budget:	\$5,800,000
Scheduled Project Completion:	August 2020

3. CIP C800547 NS Concourse C Vertical Circulation

This project, which includes work being constructed and coordinated by Port and Alaska Airlines contractors, will provide new vertical circulation cores for improved vertical circulation between the concourse and the ground levels for Alaska Airlines/Horizon Air customers at three locations on Concourse C: Gates C2, C10, and C16. This work will provide covered, non-temperature controlled sloped walkways with elevator(s) between concourse and ground levels. The vertical circulation cores will consist of a light roof structure with glazed side panels to protect passengers from the weather and new door openings from the concourse to the vertical circulation cores. This project will improve passenger circulation to the aircraft from concourse to ground level on Concourse C for Horizon Air passengers.

Accomplishments

- Gate C2 Phase 1 new doors and stairs to temporary walkway opened in November accessing new AAG ground level walkway opened in late October
- Gate C2 Phase 2 grade beam excavation and micropiles completed
- Gate C10 Phase 1 new doors and stairs opened in December with Phase 2 excavation underway
- Gate C16 steel erected with roofing and elevator shaft installation

COMMISSION AGENDA

Ted J. Fick, Chief Executive Officer

January 21, 2015

Page 5 of 10

- Thirty-four (34) electrified Ground Service Equipment (eGSE) chargers at Gate C2 in service in November
- 90% design review complete for C Concourse Employee Space (AAG tenant project)
- Transferred \$3.2M potential savings to C800544 NorthSTAR Program management reserve

In Progress

- Construction activity proceeding at all 3 locations
- Continuing to work with contractor to coordinate work activities with AAG and its contractor, PCL, for adjacent ground level walkway construction
- Re-evaluating amount of potential savings transferred based upon current project status

Issues

- Phasing of work between Port and AAG Contractors requires frequent monitoring and coordination to avoid conflicts or delays

Metrics

- Financial performance is reflected in the program budget summary (attachment A)
- Based on the final construction plans, the following metrics will reflect the performance during construction:
 - Cumulative Spent against Budget – Actual \$8.3M; Budget \$15.1M
 - Overall Schedule Progress – Actual 68%; Planned 68%
 - Number of delayed outbound bags – Actual 0; Planned 0
 - Number of delayed outbound flights – Actual 0; Planned 0
 - Number of safety hazard report incidences – Actual 0; Planned 0
 - Number of customer complaints received – Actual 2; Planned <5/mo.
 - Construction Change Orders Processed – Actual 14; Planned 0
 - Contingency Remaining – Forecast \$1.2M; Budget \$2.0M
 - SCS Participation (Design) - Actual 31.0%; Planned 33.4%
 - SCS Participation (Construction) - Actual 2.7%; Planned 6.0%
 - Apprenticeship Utilization – Actual 11.5% ; Goal 15%

Risks

- Unforeseen underground utilities during Phase 2 excavations.
- Congested work area and coordination with AAG's covered walkway project.

Estimated Capital Budget:	\$15,075,500
Estimated Expense Budget:	\$1,099,500
Scheduled Project Completion:	April 2015

COMMISSION AGENDA

Ted J. Fick, Chief Executive Officer

January 21, 2015

Page 6 of 10

4. CIP C800545 NS Main Terminal Improvements

The Main Terminal scope begins at the departure drop-off curb and ends at the Main Terminal north STS station. Although the least defined element of the NorthSTAR program, the project will reconfigure the north end of the ticket lobby, the existing airline ticket office and ticket counters, and the north checkpoint. This project will focus on the efficient movement and processing of AAG, cruise, and other customers through improvements to the building circulation, wayfinding, technology infrastructure, checkpoint reconfiguration, and anticipated changes in the way AAG processes arriving passengers.

Accomplishments

- Completed scoping meeting with stakeholders in October and November
- Preliminary forecast for ticketing lobby circulation/utilization and checkpoint sizing presented to stakeholders in December

In Progress

- Complete passenger forecasts for sizing of checkpoint
- Development of alternatives for passenger processing and circulation, and checkpoint configuration during 1st Quarter 2015

Issues

- Coordination with AAG & Transportation Security Administration (TSA) on security checkpoint 5 reconfiguration
- Coordination with upcoming Sustainable Airport Master Plan

Metrics

- TBD

Risks

- Least defined scope and budget relative to the program budget

Estimated Capital Budget:	\$29,200,000
Scheduled Project Completion:	November 2018

5. CIP C800555 NS Refurbish Baggage System

This project will refurbish the existing baggage systems in support of AAG operations on the NSAT and Concourse D. The work will extend the service life of part of the C92 baggage systems, the C88 North Satellite systems, and the C88 tunnel systems. Some of the processing and transit times may be decreased but capacity will not be increased.

COMMISSION AGENDA

Ted J. Fick, Chief Executive Officer

January 21, 2015

Page 7 of 10

The project will speed up the tunnel conveyors and will replace aging conveyor belts, motors, drives, and controls of the existing tunnel and North Satellite systems as required improving reliability and full functionality.

Accomplishments

- Completed abatement for Motor Control Panel (MCP) room at North Satellite
- Decision reached with AAG and Airport Operations to shut down C88 and consolidate multi-phase efforts
- C92 Controls updated and turnover for operations
- Concourse D mini sort area in use

In Progress

- Shutdown of C88 and focused construction effort begins Jan 2015
- Automated Bag Tag Reader (ATR) replacement of C92 to complete before May 1, 2015

Issues

- Construction schedule impact due to MCP relocation may impact operational constraints
Construction schedule has no float

Metrics

- Financial performance is reflected in the program budget summary (attachment A)
- Based on the final construction plans the following metrics will reflect the performance during construction:
 - Cumulative Spent against Budget – Actual \$6.3M; Budget \$19.5M
 - Overall Schedule Progress – Actual 40%; Planned 54%
 - Number of system shutdowns – Actual 4; Planned 10
 - Number of operational impacts – Actual 1; Planned 0
 - Number of unplanned system downtime periods exceeding 15 minutes – Actual 0; Planned 0
 - Number of construction change orders processed – Actual 12; Planned 0
 - Contingency remaining - Forecast \$1.5M; Budget \$1.3M
 - SCS Participation (Design) - Actual 14.0%; Planned 14.3%
 - SCS Participation (Construction) - Actual 3.5%; Planned 5.0%
 - Apprenticeship Utilization – Actual 10.9%; Goal 15%

Risks

- NSAT expansion decision may impact baggage handling system refurbishment requirements as to capability to handle forecasted bag volume and speed. Evaluating mitigation options

Estimated Capital Budget: \$19,482,500

COMMISSION AGENDA

Ted J. Fick, Chief Executive Officer

January 21, 2015

Page 8 of 10

Estimated Expense Budget:	\$520,000
Scheduled Project Completion:	May 2015

6. CIP C800554 NS Concourse C & D Exterior Stairs

This project, if approved, would add exterior stairs to Concourse C and D gate lobbies to enable the aft loading and unloading of aircraft at locations identified by AAG. This is currently a prospective “status 1” project, and therefore is not included in the capital budget and plan of finance.

Accomplishments

- None

In Progress

- Nothing to report

Risks

- Safety of passengers, employees and construction crew during construction
- Definition of contractor access and laydown areas

Issues

- Definition of contractor access and laydown areas
- Lack of defined scope (full complement of gates undetermined at this time)
- Agreement with AAG on cost responsibility

Estimated Budget:	\$21,400,000
Estimated Expense Budget	TBD
Scheduled Project Completion:	TBD

ATTACHMENTS TO THIS BRIEFING

- Attachment A - Quarterly Commission Update PowerPoint

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

North Sea-Tac Airport Renovations (North STAR) (CIP #C800544)

- October 28, 2014 - NorthSTAR Program status update.
- August 19, 2014 - NorthSTAR Program status update.
- May 27, 2014 – NorthSTAR Program status update.
- January 14, 2014 – NorthSTAR Program status update.
- September 24, 2013 – NorthSTAR Program status update.
- June 25, 2013 –NorthSTAR Program status update.

COMMISSION AGENDA

Ted J. Fick, Chief Executive Officer

January 21, 2015

Page 9 of 10

- April 9, 2013 – The Commission authorized the Chief Executive Officer to enter into a project labor agreement covering the NorthSTAR program's five major construction projects.
- March 26, 2013 –NorthSTAR Program status update.
- June 26, 2012 – The Commission received a briefing on the status of the Airline Realignment Program and budget restructuring in association with the NorthSTAR Program.
- April 4, 2012 – Authorizations for the North Sea-Tac Airport Renovations program for: 1) preliminary project funding; 2) execution of consulting contracts for design/construction support services and project management services; and 3) use of Port crews and consultants to conduct regulated materials management surveys and field support services for preliminary project planning tasks.

North Satellite Renovation & North Satellite Transit Station Lobbies (CIP #C800556)

- August 5, 2014 – The Commission authorized expansion of the NSAT, \$191,323,143 budget increase, \$15,717,800 to complete the design, execute amendments to existing consulting contracts; execute future consulting contracts and use of and to advertise for General Contractor/Construction Manager (GC/CM) alternative public works contractor.
- July 22, 2014 - NSAT Expansion Briefing
- April 16, 2014 – Seattle-Tacoma International Airport Capital Program - Briefing
- January 14, 2014 –NSAT expansion briefing.
- May 28, 2013, Commission authorized the execution of separate service agreements for Construction Management Services and Commissioning Services, of approximate values of \$10 million and \$1.5 million.
- December 11, 2012 – The Commission was briefed on the Vertical Conveyance Modernization Project Aero Phases 1 and 2 and the possibility of adding the specified elevators and escalators to the NorthSTAR program.
- July 24, 2012 - Commission authorized \$32,000,000 for the design of the NorthSTAR NSAT Renovation and NSTS Lobbies project.
- April 10, 2012 - The Commission authorized the execution of consultant contracts for design and construction support services; program management services; and the completion of site surveys for regulated materials management, in the amount of \$1,200,000.

NorthSTAR Concourse C Vertical Circulation Project (CIP #C800547)

- October 22, 2013 – Commission authorized \$16,145,000 for advertising for bids, executing a major construction contract, executing a tenant reimbursement agreement with Alaska Air Group, using Port crews to provide construction services for the Concourse C Vertical Circulation.
- November 6, 2012 – Commission authorized the design for the 1:20 sloped walkways and elevator(s) at Gates C2, C10-12, and C14 on Concourse C.

COMMISSION AGENDA

Ted J. Fick, Chief Executive Officer

January 21, 2015

Page 10 of 10

NorthSTAR North Main Terminal Improvements Project (CIP #C800545)

- December 3, 2013 – Commission authorized \$1,500,000 for preliminary engineering up to 30% design.

North Satellite Refurbish Baggage System Project (CIP#C800555)

- September 24, 2013 – The Commission authorized staff to: (1) advertise, award, and execute a major public works contract for the construction of the North Satellite Refurbish Baggage System Project; and (2) authorize the use of Port crews.
- July 12, 2013 – The Commission was notified of 1 added scope item and 2 scope items moved into the scope previously identified as suggested scope.
- November 6, 2012 – The Commission authorized staff to prepare design documents and use Port crews to support site investigation needed to develop the contract documents, in the amount of \$3,760,000.