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Item No. 10b_supp
Meeting Date: June 27, 2023

Budget Increase Request
Concourse A Building Expansion
for Lounges (C801205)

June 27, 2023

Background

? The airport existing lounge space is insufficient to meet passenger demand. This project allows Delta Air Lines to design and construct a building addition to increase the supply of terminal lounge space, using a Tenant Reimbursement Agreement (TRA).

? Design was completed in 2022 and construction is currently underway for this 52,000 square-foot building expansion near the end of Concourse A.

? Incorporates a new passenger lounge for Delta and provide a new buildout space for the Port's shared-use lounge (Club at SEA).

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Justification

? Delta has notified the Port of additional project increases and escalations during their efforts to execute an agreement for the Final Guaranteed Maximum Price (FGMP) with their Contractor.

? Today's request is to increase the budget to allow for added costs the project will incur due to:

- Delayed construction start and subsequent increases to the overall project duration.
- Escalation in construction costs for materials and labor and the volatility in the construction market and global supply chains.

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Concourse A Building Expansion for Lounges

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Concourse A Building Expansion for Lounges

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Overview of Cost Increases

December 2021 May 2022 June 2023

Total Project Cost \$78.5M Total Project Cost \$105M Total Project Cost \$126.5M

TRA Value \$66M TRA Value \$89.9M TRA Value \$111.5M

Project Status Project Status Project Status

? 60% Design ? 100% Permit Submittal ? Construction Document Set

Cost Drivers Cost Drivers Cost Drivers

? Initial estimate ? Design progression (60% - permit) ? Delayed construction start

? No FGMP ? Escalation construction cost/materials

? No FGMP

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Request

- 1) Increase the authorized total project budget by \$21,507,000, and
- 2) Increase the TRA budget from \$89,960,000 to \$111,508,000.

This results in a total estimated project cost of \$126,507,000.

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Questions?

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