COMMISSION
AGENDA MEMORANDUM Item No. 10a
ACTION ITEM Date of Meeting September 26, 2023

DATE: September 15, 2023
TO: Stephen P. Metruck, Executive Director
FROM: Eileen Francisco, Director Aviation Project Management
Richard Duncan, Director Aviation Business and Properties
SUBJECT: Balance of Funds and Maximum Allowable Construction Cost Authorization
(CIP C800845)
Amount of this request: $213,900,000
Total estimated project cost: $399,000,000

ACTION REQUESTED
Request Commission authorization for the Executive Director to: 1) authorize an additional $213,900,000 and increase the total project budget to $399,000,000; 2) execute the Maximum Allowable Construction Cost (MACC) contract amendment, any related project change orders, amendments, work authorizations, purchases, contracts, and take other actions necessary to support and deliver the C Concourse Expansion Project within the approved budget.
EXECUTIVE SUMMARY
The C Concourse Building Expansion (CCE) program was created to address shortfalls in Airport Dining and Retail (ADR) capacity, office space, and premium lounge space. The project is located at the intersection of Concourses C and D and will add four floors to the existing three floor structure. The project is also programmed to provide public amenities including new restrooms, a meditation room, a sensory room, a nursing room, and an “outdoor” public lookout. With this authorization, construction will begin in quarter one 2024.
This authorization fully funds the project and allows the project team to take all necessary action to complete delivery of this project within the authorized budget, including execution of a Maximum Allowable Construction Cost (MACC) agreement with the GCCM contractor in the amount of $243,406,988. The project is currently authorized up to $185,100,000. The additional $213,900,000 will bring the project total to $399,000,000.

Template revised January 10, 2019.

COMMISSION AGENDA – Action Item No. 10a Page 2 of 4
Meeting Date: September 26, 2023
JUSTIFICATION
The funds being requested will allow the project team to finalize the contract with the GCCM and start the construction of the main building.
Diversity in Contracting
WMBE outreach efforts through local community organizations and publications are underway in support of CCE construction efforts. This includes targeted WMBE and small business pre-bid job walkthroughs for better understanding of project efforts, prior to bids.
Current WMBE contractual commitment:
(1) Designer: 12%
(2) GCCM: 12%
(3) Program Management and Construction Management: 20%
(4) Commissioning Agent: 15%
Post construction, the Airport Dining & Retail (ADR) department anticipates leasing opportunities of approximately 28% for Airport Concessionaire Disadvantage Business Enterprise (ACDBE).
Schedule
Commission design authorization 2020 Quarter 2
Design start 2021 Quarter 1
Commission construction authorization early 2021 Quarter 2
work packages
Construction start early work packages 2022 Quarter 3
Commission construction authorization 2022 Quarter 4
In-use date 2026 Quarter 3
ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not authorize the remainder of the funds or the MACC.
Cost Implications: All funds spent to date will be expensed ($42 million at time memo was drafted)
Pros:
(1) Saves $213,900,000 of Port funds.
Cons:
(1) All design and construction completed to date will be abandoned.
(2) Concourse C will continue to underserve passengers.
This is not the recommended alternative.

Template revised June 27, 2019 (Diversity in Contracting).

COMMISSION AGENDA – Action Item No. 10a Page 3 of 4
Meeting Date: September 26, 2023

Alternative 2 – Authorize the remainder of the funds and the MACC.
Cost Implications: Commits an additional $213,900,000 of funds to the project.
Pros:
(1) Allows the project to continue construction.
Cons:
(1) All funds fully committed.
This is the recommended alternative.
FINANCIAL IMPLICATIONS
Cost Estimate/Authorization Summary Capital Expense Total
COST ESTIMATE
Original estimate $331,776,000 $8,224,000 $340,000,000
Transfer to Baggage Optimization Program ($15,500,000) $0 ($15,500,000)
Current Change $75,940,000 -$1,440,450 $74,500,000
Revised Estimate $392,216,450 $6,783,550 $399,000,000
AUTHORIZATION
Previous authorizations $177,174,000 $7,926,000 $185,100,000
Current request for authorization $215,042,450 -$1,142,450 $213,900,000
(Concourse C Expansion)
Total Auth, including this request $392,216,450 $6,783,550 $399,000,000
(Concourse C Expansion)
Remaining amount to be authorized $0 $0 $0
(Concourse C Expansion)
Annual Budget Status and Source of Funds
This project is included in the 2023-2027 capital budget and plan of finance with a budget of $317,276,000. The capital increase of $75,940,000 was transferred from the Aeronautical Allowance1 CIP C800753 resulting in no net change to the Airport capital budget. The expense budget would be included in the Aviation Division's annual operating expense budget. The funding sources will include the Airport Development Fund and future revenue bonds. This project was approved by airlines through a Majority-In-Interest (MII) vote in April 2021.

1 The Aeronautical Allowance is included in the Capital Improvement Plan to ensure funding capacity for unspecified projects, cost increases for existing projects, new initiatives, and unforeseen needs. This ensures funding capacity for unanticipated spending within the dollar amount of the Allowance CIP.

Template revised June 27, 2019 (Diversity in Contracting).

COMMISSION AGENDA – Action Item No. 10a Page 4 of 4
Meeting Date: September 26, 2023
Financial Analysis and Summary
Project cost for analysis $399,000,000
Business Unit (BU) Terminal Building
Effect on business performance NOI after depreciation will increase due to inclusion of
(NOI after depreciation) capital (and operating) costs in airline rate base
IRR/NPV (if relevant) NPV (40 years) for non-aero $156 million
CPE Impact $0.79 in 2028
Future Revenues and Expenses (Total cost of ownership)
When completed, the project will generate incremental nonairline revenues of $17.8 million by 2028 and $21 million by 2031. Aeronautical revenues will also increase as the allocated operating

and capital costs (debt service) are included in airline terminal rate base.
ATTACHMENTS TO THIS REQUEST
(1) Presentation
PREVIOUS COMMISSION ACTIONS OR BRIEFINGS
• July 25, 2023 – C Concourse Expansion Program Update and Long Lead Equipment and Materials
• July 26, 2022 – C Concourse Expansion Structural Steel Package
• April 26, 2022 – C concourse Expansion Budget Authorization and Transfer
• April 12, 2022 - C Concourse Expansion Briefing
• March 8, 2022 – Authorization to execute a Service Agreement for a third-party Commissioning Agent
• April 27, 2021 – C1 Building Project Additional Design and General Contractor/Construction Manager Early Work Authorization – Special Inspection and Testing Authorization
• May 26, 2020 – C1 Building Project Design and General Contractor/Construction Manager Authorization
• March 10, 2020 – C1 Building Project Briefing and Introduction
• June 26, 2018 – C1 Building Project Authorization for Planning Funds

Template revised June 27, 2019 (Diversity in Contracting).