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COMMISSION

AGENDA MEMORANDUM Item No. 11a

BRIEFING ITEM Date of Meeting September 12, 2023

DATE: September 1, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Rick Duncan, Director Airline Affairs & Aviation Properties

Eileen Francisco, Director, Aviation Project Management Group

SUBJECT: Post IAF Airline Realignment Program Status Briefing (CIP #C801158)

EXECUTIVE SUMMARY

The purpose of this project briefing is to communicate the program progress, provide a budget and schedule update and highlight key risks and challenges.

The project is facilitating the relocation of United Airlines' (UA) domestic only operations from Concourse A to Concourse B. This allows for airlines with international flights to use the vacated international capable gates on Concourse A. Associated office and support spaces to support both relocations will be delivered as part of the project. As a separate, discreet scope of work, ticket counters in the central main terminal will be reconfigured and expanded to support airline operations.

Since the Commission action in February 2023, the project has progressed the majority of the design to 60% completion and accelerated the enabling work through 100% completion. These 100% design documents support the procurement of enabling construction needed to support airline relocations. The project team will be returning at the September 26 Commission meeting to request authorization for construction for the enabling work procurement based on the Maximum Allowable Cost for Construction negotiations between the Port and General Contractor/Construction Manager.

Program Status

Since February 2023 the project team has continued to develop the multiple design packages.

The Estimate at Completion budget and GCCM construction milestone schedule continues to be updated with the progression of design and verification of existing conditions. The project will gain greater cost and schedule certainty as we deliver 100% design documents and procure all project scope by Q4 2023.

To facilitate the relocation of UA's operations and passenger services from Concourse A to B, scope has been split between both the Airline Realignment Project and the forthcoming UA Lounge Project. As Airline Realignment is the larger parent project, all funding requests for the

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UA project will be brought forward under the Airline Realignment umbrella, with the discrete scopes of work separated under each project.

Currently, the Port anticipates completing the new operational ramp prior to the opening of the new lounge on Concourse B. Presently, the UA project is tracking to request Commission authorization for construction in Q2 2024 with a substantial completion in Q3 2025.

Design

Description Contract Document Status

Package

90% Complete now, Issue for Construction

Package 1 Enabling Work Package

Q4 2023

60% Complete now, Issue for Construction

Package 2 Mechanical System Upgrades

Q4 2023

Concourse B Ramp Renovation 60% Complete now, Issue for Construction

Package 3

& Expansion Q4 2023

Zone 4 Ticket Counter 60% Complete now, Issue for Construction

Package 4

Reconfiguration Q1 2024

Design contract executed June 2023,

TBD United Airlines Lounge
anticipate 30% complete by Q4 2023

Program Budget and Schedule

The 30% design development documents, with the enabling work package accelerated to 60% design development, were delivered in April. This initiated an estimate and reconciliation of the airline realignment scope, along with preparation of an independent cost estimate. The resulting effort informed the revised estimate range of \$102M to \$140M, refined from projected range of \$98M - \$172M previously shared with the Commission in February. Note that the costs being carried for the United Airlines Lounge are from a conceptual estimate performed in December 2022. The project team is expecting revised budget estimates from UA in Q4 2023.

Since April 23, 2023, the project team, including the GCCM and its subcontractors, have been evaluating the milestone schedule to identify areas for efficiency. The Electrical and Mechanical subcontract trade partners contracted during preconstruction are now included in this effort to inform the schedule updates based on their detailed understanding of the complex infrastructure phasing required. This early engagement also includes coordination with Port stakeholders, and jurisdictional authorities to ensure functional continuity with existing airport systems and operations throughout the project's phased construction.

Key Project Milestone Current Delivery Dates:

- (1) United Airlines Gates to be allocated on Concourse B – September 2025
- (2) United Airlines Lounge on Concourse B – Q4 2025

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A key goal for the project team is to improve the project schedule such that United Airlines will be operating on B Concourse sooner.

Key Risks & Mitigation Strategies

(1) Existing Conditions verification: The project team is approximately 70% complete with existing conditions verification and 3D modeling. At the beginning of the design effort in January 2023, approximately 10% of the existing conditions had been verified and modeled. The existing condition verification effort will be complete in October 2023 and mitigate the risk of future design changes or cost impacts due to unforeseen conditions during construction.

(2) Complex Phasing: Through the design development, durations to account for safe construction and to reduce downtime of existing systems have been incorporated, requiring additional phasing not initially anticipated. The project team and stakeholders continue to collaborate to identify and validate opportunities in an effort to advance the move of United Airlines to Concourse B gates in January 2025. Coordination meetings to review schedule durations and identify opportunities for efficiency are facilitated weekly.

(3) Operational Constraints: Additional construction phasing and temporary facilities are required to maintain tenant ramp operations throughout the project premise. The project team continues to collaborate with Port Stakeholders to confirm and account for all operational constraints in contract documents.

(4) Final Program Budget: The program will have the highest level of cost certainty when the design has progressed through Issue for Construction documents and all elements of the program are publicly procured. The full airline realignment scope is currently scheduled to be procured by the end of 2023. The project team is scheduled to request authorization for the enabling work package on September 26, 2023, and follow on with the balance of the authorization in Q4 of 2023. The schedule for United Airlines lounge procurement is still to be determined. This risk is being coordinated and tracked by the project team.

ATTACHMENTS TO THIS BRIEFING

- (1) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

February 14, 2023 – The commission authorized \$7,000,000 to facilitate the following actions: (1) amend a project-specific design contract, and (2) execute a Change Order to the General Contractor/Construction Manager Pre-Construction Services contract.

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March 23, 2021 – The Commission authorized \$26,000,000 to facilitate the following actions: (1) execute project specific Service Agreements for project management, construction management, design services, and testing and special inspections; (2) to utilize a General Contractor/Construction Manager (GCCM) and execute a GCCM construction contract for preconstruction services; (3) to use port crews; and (4) to execute a Memorandum of Agreement (MOA) between the Port of Seattle (Port) and United Airlines.

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