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COMMISSION

AGENDA MEMORANDUM Item No. 10c

ACTION ITEM Date of Meeting May 14, 2024

DATE: May 7, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Keri Stephens, Director, Aviation Facilities and Capital Programs

Eileen Francisco, Director, Aviation Project Management

SUBJECT: S Concourse Evolution Facilitating Projects Design Authorization (CIP #801203)

Amount of this request: \$25M

Total estimated project cost: \$1.9B-2.2B

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) Prepare design and construction bid packages for S Concourse facilitating projects, (2) Procure long-lead items, (3) Utilize Port crews for design support, (4) execute an alternative delivery contract, and (5) Increase the project authorization by \$25,000,000 for a total project authorization to date of \$127,500,000.

The total estimated S Concourse Program cost range is \$1.9B to \$2.2B.

EXECUTIVE SUMMARY

The S Concourse Evolution (SCE) project extends the useful life of the S Concourse, located at Seattle-Tacoma International Airport (SEA), by upgrading structural, seismic, and all building systems, meeting required building codes. This project also enhances the customer experience by renovating and modernizing the existing S Concourse. A multi-phased construction approach, combined with facilitating projects will address and mitigate the impact that S Concourse construction will have on passengers, airlines, and airport operations. These facilitating projects directly offset gate and holdroom capacity lost at the S Concourse during construction through short-term improvements at multiple locations around SEA.

This project does not increase the number of gates or increase the overall capacity at SEA.

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JUSTIFICATION

The S Concourse facility is over 50-years old and is need of seismic, code, and passenger experience upgrades. The SCE project will renew this important regional facility through its twotiered project objectives:

- To extend the useful life and meet current code including Structural/Seismic Upgrades
- To re-purpose space left vacant from services moved to the International Arrivals Facility (IAF) and enhance passenger experience, including Increased passenger amenities/level of service and increased airport dining and retail (ADR) opportunities.

During the initial Commission authorization for SCE design and project management support, the project team communicated that they would come back to Commission on how to address the project's operational and passenger impacts during construction. The initial approach to project phasing indicated that the necessary gate and holdroom outages during construction would greatly impact aircraft operations, resulting in between 50 and 70 flights without a gate assignment or parking position at SEA during the airport's busiest days.

Working with airlines at SEA as well as Operations, Security and other stakeholders, the project team developed a comprehensive plan to address the construction impacts during the SCE project. The result is a unique multi-phase approach that accomplishes the exterior seismic upgrades while limiting gate closures during any given project phase. This phasing approach is paired with facilitating projects at other SEA locations that temporarily accommodate the displaced flights. These facilitating projects are described fully in the details section below and include a short-term holdroom facility to replace holdrooms eliminated at S Concourse during construction, improvements at hardstand locations for passenger operations, and converting an existing bussing gate back to a gate served by a loading bridge.

Developing the planned approach to construction outages and passenger impacts took into consideration a variety of competing factors including performance in offsetting project impacts,

cost, schedule, customer experience, airline support, and compatibility with SEA's facility planning objectives.

#### Diversity in Contracting

The SCE project designer has a DBE requirement of 12%, the project management and controls contract has a WMBE requirement of 26%, and the two existing IDIQ contracts anticipated to be used in support of the facilitating projects have existing WMBE requirements of 24% and 27% which the project team will ensure is met.

#### DETAILS

The SCE project will extend the useful life of the building to support airport operations for another 50 years by modernizing the facility. The phasing will occur such that no more than three (3) positions for large international aircraft at S Concourse will be closed at a time. The facilitating

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projects will be short-term projects to support operations during SCE construction, utilize existing airport infrastructure when available, and are not permanent.

#### Scope of Work

##### S Concourse

- Perform structural and seismic upgrades to meet code requirements.
- Upgrade mechanical, electrical, plumbing, and communications systems.
- Upgrade utilities inside and outside the building.
- Install smoke control system to meet code.
- Perform environmental and sustainability upgrades.
- Ensure building meets ADA compliance.
- Provide increased ADR opportunities.
- Increase passenger amenities and level of service with additional restrooms, nursing suite, children's play area, and sensory room.

##### Cargo 7 Hardstand and Short-Term Holdroom

- Construct short-term holdroom serving aircraft hardstanding at Cargo 7 (holdroom includes bathrooms, seating, modest dining and retail, and employee breakroom, to replace facilities lost to construction in S Concourse).
- Utility Modifications.
- Additional Security and Lighting per Code.
- Holdroom will be removed at the completion of the SCE project.

##### Cargo 6 Hardstand

- Re-purpose existing hardstand for passenger operations:
  - o Utility Modifications.
  - o Additional Security and Lighting per Code.
  - o Apron pavement replacement as required.

##### Cargo 3 Ground Support Equipment (GSE) Storage Area

- Re-purpose an existing parking area for storage of GSE during SCE project:
  - o Modify Perimeter Fencing.
  - o Additional Cameras and Lights to support employee shuttles, bus parking and GSE storage.

##### Gate D6 Passenger Loading Bridge (PLB) Conversion

- Restore a gate currently configured for over-ramp bussing back to an aircraft contact gate:
  - o Remove existing D6 passenger ramp and bus parking and install a passenger loading bridge.
  - o Modify adjacent passenger loading bridges as needed to support the D6 conversion.

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#### Supporting Equipment

- Procurement of long-lead infrastructure and equipment (e.g., 400 Hz gate box, electrical panels, pre-conditioned air unit).
- Procurement of GSE to support passenger and employee operations at hardstands during SCE construction (e.g., staff shuttles, busses, aircraft boarding ramps, aircraft GSE).

Schedule

The near-term focus will be on starting design for the facilitating projects and continuing with the S Concourse design.

Activity

Commission Design Authorization – S Q4 2022

Concourse

Commission Design Authorization – Q2 2024

Facilitating Projects

Design Start – S Concourse Q1 2024

Design Start – Facilitating Projects Q2 2024

Commission Construction Authorization – Q1 2025

Facilitating Projects

Construction Start – Facilitating Projects Q2 2025

Commission Construction Authorization – S Q3 2025

Concourse

Construction Start – S Concourse Q4 2025

In-use date – Facilitating Projects Q1 2028

Full In-use date – S Concourse Q3 2033

Cost Breakdown This Request Total Project

Design \$25M \$200M

Construction \$0 \$1.7B-\$2.0B

Total \$25M \$1.9B-\$2.2B

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Utilize a standard two-phase concourse renovation approach without implementing facilitating projects at other SEA locations.

Cost Implications: \$1.4-1.7B.

Pros:

- (1) Shortest construction timeline.
- (2) Smaller capital investment.

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Cons:

- (1) Reduced airport and airline operational flexibility.
- (2) Large impact to customer experience.
- (3) Several significant operational constraints to passengers, airlines, and employees.

This is the NOT the preferred alternative.

Alternative 2 –Perform S Concourse renovation in up to five phases, and construct facilitating projects at other SEA locations including short-term improvements to Cargo Hardstands 3, 6, and 7, and restore Gate D6 to a contact gate position.

Cost Implications: \$1.9B-\$2.2B.

Pros:

- (1) Maintain airport operation flexibility with available gates per scheduled operations.
- (2) Improved customer experience, especially for hardstand operations.
- (3) Improved efficiency and operational continuity for passengers, employees, and airlines.

Cons:

- (1) Highest Capital Investment.
- (2) Extends S Concourse construction duration 2 years.

This is the Preferred alternative.

FINANCIAL IMPLICATIONS

The current estimate range is expected to be \$1.9-2.2B.

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$1B \$0 \$1B

Previous changes – net \$370M \$0 \$370M

Current change \$500M \$0 \$500M

Revised estimate \$1.9B - \$2.2B \$0 \$1.9B - \$2.2B

AUTHORIZATION

Previous authorizations \$102,750,000 \$0 \$102,750,000

Current request for authorization \$25,000,000 \$0 \$25,000,000

Total authorizations, including this \$127,750,000 \$0 \$127,750,000

request

Remaining amount to be authorized TBD \$0 TBD

Annual Budget Status and Source of Funds

This project, CIP C801203, was included in the 2024-2028 capital budget and plan of finance with a budget of \$1,370,000,000. A budget increase of \$500,000,000 was transferred from the Aeronautical Reserve CIP (C800753) resulting in zero net change to the Aviation capital budget.

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The funding sources would be revenue bonds, Airport Development Fund (ADF), the Bipartisan Infrastructure Law (BIL) grant funding through the FAA-AIP program, and future Passenger Facility Charge.

Financial Analysis and Summary

Business Unit (BU) Terminal Building Terminal Building

Project cost for analysis \$1.9B \$2.2B

Infrastructure grants \$225M \$225M

NPV incremental to Base \$(223M) \$(339.5M)

Non-aero net cashflow in 2034 \$(16.7M) \$(23.4M)

Incremental Terminal Rental Rate \$74.84 \$88.20

CPE Impact in 2034 \$3.73 \$4.40

Future Revenues and Expenses (Total cost of ownership)

The cost savings of keeping the current terminal operational would likely present no long-term savings even with discounting the risk of a potential catastrophic failure; the terminal is still in need of upgrades driven by code and safety. Balancing the deferral of these costs against the structural, seismic, and operational needs of the terminal is not recommended.

ADDITIONAL BACKGROUND

The S Concourse (originally referred to as South Satellite) at SEA opened in 1973. The building has not been updated to meet current building codes for seismic restraint, includes infrastructure past useful service life, and has been limited by code authorities from any further development due to code deficiencies. The building systems and materials are aging and are difficult/costly to replace and maintain. The building also contains areas of encapsulated regulated materials, such as asbestos, which further complicates maintenance, renovation, and replacement. Since the S Concourse was constructed, passenger volumes and aircraft operations have increased dramatically, security regulations have expanded, passenger level of service expectations have evolved, and airlines and retailers have changed their marketing strategies. Recently, the S Concourse was connected directly to the new International Arrivals Facility (IAF) across the taxi lane separating it via an above ground pedestrian walkway. The S concourse evolution project will better accommodate current passenger volumes and improved level of service for passengers and create a continuity of design from the IAF and walkway to the S concourse with a seamless terminal aesthetic.

ATTACHMENTS TO THIS REQUEST

(1) Presentation

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

October 22, 2022 – The Commission authorized to procure a Designer, GC/CM, Project Management/Controls Support, and Commissioning Agent for SCE.

September 27, 2022 - The Commission was briefed on S Concourse Evolution and project status.

April 13, 2021 – The Commission was briefed on SSAT Renovation Renewal PDD.

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