



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6g

ACTION ITEM

Date of Meeting June 11, 2019

DATE: May 30, 2019

TO: Stephen P. Metruck, Executive Director

FROM: Wayne Grotheer, Director, Aviation Project Management
James Jennings, Senior Manager, Aviation Properties

SUBJECT: Delta Inflight Services Tenant Reimbursement Agreement Supplemental Funding Request (CIP #C800883) (Short Form)

Amount of this request: \$80,000

Total estimated project cost: \$1,276,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to increase the budget of the Delta Inflight Services Tenant Reimbursement Agreement project at Seattle-Tacoma International Airport by \$80,000 to account for costs accrued to resolve unforeseen site conditions encountered during construction for a total estimated project cost of \$1,276,000.

SUMMARY

This project built out a new Inflight Services facility for Delta Air Lines (Delta). The site for this project was on the second floor of the main terminal, which is the oldest part of the Airport, constructed in the late 1940s. The site included vacant space that needed to be brought up to leasable standard. Design and construction were completed by Delta and the improvements needed to bring the unfinished space to leasable standard were paid for by the Port using a Tenant Reimbursement Agreement authorized on January 9, 2018.

During construction, Delta's contractor uncovered existing infrastructure that needed to be rerouted, as well as utilities that were different from those anticipated by Delta's designer; both required further investigation to adjust. This added construction and soft costs to the project and resulted in a budget exceedance of \$80,000 (6.6 percent). The project was completed in January. The extent of the budget shortfall was not fully identified until late March. Authorization of this request will allow the project to be closed out and all obligations to be paid.

These unanticipated site conditions were not evident during site investigations by the design team. By the time they were discovered during construction, there were no other viable options other than to correct them. Resolving these issues posed a unique challenge because the project site is located directly above an Airport passenger security checkpoint and below Port of Seattle Police Department offices, which are both 24/7 operations with restricted access.

There are no attachments to this memo.