



**COMMISSION
AGENDA MEMORANDUM**

Item No. 10a

ACTION ITEM

Date of Meeting August 11, 2026

DATE : August 3, 2026

TO: Stephen P. Metruck, Executive Director

FROM: Keri Stephens, Director, Aviation Facilities and Capital Programs
Sabin Mudaliar, Interim Director, Airport Operations
Eileen Francisco, Director, Aviation Project Management Group

SUBJECT: S Concourse Evolution Multi-Year Project Authorization

Amount of this request: \$1,100,000,000

Total estimated project cost: \$2,525,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to increase project authorization for S Concourse Evolution by \$1,100,000,000 for a total authorization of \$1,400,000,000. This authorization will provide funding for all activities necessary to advance the program into 2029.

EXECUTIVE SUMMARY

The S Concourse Evolution (SCE) project at Seattle-Tacoma International Airport (SEA) is a cornerstone of the Upgrade SEA program. As a critical infrastructure renewal effort, SCE will modernize a 50-year-old facility to meet current seismic, structural, and building codes. While the project does not increase gate count, it repurposes space vacated by the International Arrivals Facility (IAF) to elevate the passenger experience through expanded dining, retail, and amenities.

This authorization supports the development of multiple Maximum Allowable Construction Cost (MACC) contracts, ensuring the project remains on the critical path by starting construction in November 2026. The multi-phased approach maximizes gate capacity throughout construction, reducing impacts to airlines dependent on the use of widebody gates. This request secures funding for all project activities into 2029.

Given the SCE program's scale and complexity, this request provides flexibility to capitalize on cost-saving and schedule-acceleration opportunities. The team continues to identify efficiencies to streamline the schedule and reduce expenditures, maintaining sound fiscal discipline within the total approved program cost.

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JUSTIFICATION

The S Concourse facility at SEA opened in 1973 and is owned and operated by the Port. The facility depends on building systems that are well past their useful service lives, and formerly housed the federal inspection services, which were relocated to the International Arrivals facility several years ago. 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. However, redevelopment of the facility requires updating the space to current building code minimum requirements. The building systems and materials used in the original construction, due to their age and manufacture, are difficult to maintain. The facility also contains areas of encapsulated regulated materials, such as asbestos, which complicates maintenance, renovation, and development.

Diversity in Contracting

The SCE project includes a 26% WMBE aspirational goal for project management and controls, and a 12% DBE goal for the design contract. The project team is working with Diversity in Contracting to identify DBE goals for each separate MACC contract.

DETAILS

This request supports a multi-contract MACC delivery approach which allows the team to sequence work efficiently, manage risks, and pursue cost saving and schedule acceleration opportunities as design progression and market conditions evolve. The program currently anticipates approximately six MACCs to complete construction. This request will fund the program through what is currently anticipated to be the first 4 MACC contracts and preparation of the fifth. Funding supports but is not limited to design, project management, construction management, procurements, preconstruction services and funding for the construction of the scopes of work currently planned for the first 4 MACC contracts. As design and scheduling progress, the number of MACC contracts covering this scope of work may vary.

The scope of work included in this authorization includes temporary facilities, early work scope elements including baggage system modifications, demolition, regulated materials removal, civil infrastructure, structural, and electrical systems. Also included is procurement of long lead materials such as vertical transportation, passenger loading bridges, select mechanical and electrical equipment, and curtainwall system. The scope also includes project components to support the construction of the S Concourse, such as the Interim S Annex holdroom and other ancillary support facilities.

The S Concourse Evolution (SCE) project delivers a comprehensive modernization of the 50-year-old facility, addressing critical seismic, structural, and building systems deficiencies while improving passenger circulation, revenue generation and operational efficiency. The design

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supports long-term needs by adding a new upper concourse level, improving dual-level boarding operations, and expanding areas for dining, retail, lounges, and passenger amenities.

Given the constrained site and continuous gate demand operational pressures, the project relies on a multi-phase construction and gate-outage strategy to minimize the impact of taking widebody gates out of service during construction. The team continues active coordination with airline partners and airport operations to maintain customer service, preserve gate availability, and minimize gate, ramp and terminal impacts during construction.

The SCE renovation will attain LEED Silver certification once completed. Various sustainable design strategies will result in an anticipated ~58% reduction of annual operational greenhouse gas emissions and ~16% reduction of annual energy use from Port Standard. Significant components contributing to this achievement include exterior enclosure & glazing, lighting, electrical equipment in lieu of fossil fuel, low-flow plumbing fixtures, EV charging, and reuse of building material, to name a few. The SCE project will ensure the Port's environmental stewardship into the future and for generations to come.

Scope of Work

The SCE project scope overall focuses on a major seismic and structural upgrade that will expand the building from 360,000 to 510,000 square feet. This added space comes from building upward and creating a new "Upper Concourse" level.

The new upper concourse nearly triples the Airport Dining and Retail (ADR) area to 41,000 square feet and increases lounge space to 45,000 square feet. While the number of widebody gates stays the same at 12, the project introduces a dual-level boarding system to ease passenger congestion and improve the overall travel experience especially for international passengers.

In addition to these customer-facing upgrades, the project repurposes the former Federal Inspection Station (FIS) space and adds new amenities such as upgraded restrooms, nursing suites, a children's play area, a sensory room, and an interfaith prayer room.

Behind the scenes, the project also replaces all major mechanical, electrical, and civil systems. These improvements support long-term airport operations and are part of the facility meeting LEED Silver sustainability standards.

Schedule***Activity***

Commission Authorization Design Start	Q4 2023
Commission Final Design Authorization	Q2 2025
Construction Authorization 188 th St Duct Bank	Q2 2026
Construction Start 188 th Street Duct Bank	Q3 2026
Commission Construction Authorization SCE	Q3 2026

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Construction Start SCE	Q4 2026
In-use date	Q4 2034

Cost Breakdown

This Request

Total Project

Design	\$290,000,000	\$383,000,000
Construction	\$810,000,000	\$2,142,000,000
Total	\$1,100,000,000	\$2,525,000,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Authorization for the Executive Director to increase funding for S Concourse Evolution and execute one mini maximum allowable construction cost contract.

Cost Implications: \$2.5 Billion

Pros:

- (1) Smaller initial capital investment

Cons:

- (1) Requires several month-to-month Commission requests for authorization.
- (2) Has potential to impact critical path to begin construction.
- (3) Reduces flexibility to capitalize on cost and/or schedule opportunities.
- (4) Funding is directly tied to each individual MACC package.
- (5) Increases administrative burden.

This is not the recommended alternative.

Alternative 2 – Authorization for the Executive Director to increase project authorization for S Concourse Evolution by \$1,100,000,000 for a total authorization of \$1,400,000,000. This authorization will provide funding for all activities necessary to advance the program into 2029.

Cost Implications: \$2.5 Billion

Pros:

- (1) Allows project to maintain critical path, beginning construction in Q4 2026
- (2) Decouples the tie to authorize individual MACC packages separately.
- (3) Provides flexibility to capitalize on potential cost and/or schedule opportunities.
- (4) Authorization allows the team to be efficient with resources without additional administrative burden and risk of delays.
- (5) Significantly reduces the number of Commission actions in support of the same goal.

Cons:

- (1) Large capital investment through one primary action.

This is the recommended alternative.

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FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$1,000,000,000	\$0	\$1,000,000,000
Previous changes – net	\$1,500,000,000	\$25,000,000	\$1,525,000,000
Revised estimate	\$2,500,000,000	\$25,000,000	\$2,525,000,000
AUTHORIZATION			
Previous authorizations	\$299,680,000	\$320,000	\$300,000,000
Current request for authorization	\$1,095,000,000	\$5,000,000	\$1,100,000,000
Total authorizations, including this request	\$1,394,680,000	\$5,320,000	\$1,400,000,000
Remaining amount to be authorized	\$1,105,320,000	\$19,680,000	\$1,125,000,000

Annual Budget Status and Source of Funds

The South Concourse Evolution project, CIP C801203, was included in the 2026-2030 capital budget and plan of finance with a budget of \$2,500,000,000. The funding sources include 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	Terminal Building
Project cost for analysis	\$2.5B
Infrastructure grants	\$270,000,000
NPV incremental to Base	\$(207.1)M
Non-aero cashflow in 2035	\$(26.4)M
Non-aero cashflow positive	In year 2060
CPE Impact in 2035	\$5.02
Terminal rental rate incremental increase in 2035	\$101.16

The financial analysis looked at the implications of this project on both the aeronautical and non-aeronautical businesses. For the aeronautical business, this project will add significant costs (primarily debt service on the bonds to fund the project) to the airline rate base, resulting in an increase to the passenger airline cost per enplaned passenger (CPE). The project will also allocate significant costs to the non-aeronautical business as a result of the space attributable to airport dining and retail. The table above shows a net present value (NPV) of the incremental net revenues compared to the costs for the non-aero business. At \$2.5 billion, the NPV is negative \$207M. The other measure we look at is non-aeronautical cash flow inclusive of the allocated debt service. This is important as an indicator of the project's impact on airport debt service

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coverage. The result will be negative cash flow in the first 25 years and going positive in 2060 at \$51.7M after final payment of debt service. Consequently, the project will reduce airport debt service coverage for many years. The analysis above assumes the project receives \$270 million of grant funding. More grant funding would improve the financial results.

Future Revenues and Expenses (Total cost of ownership)

The South Concourse Evolution program will increase Aviation Maintenance's overall operating and maintenance costs across multiple maintenance disciplines due to the increased asset inventory with the addition of 150,000 square feet of building area.

While the full magnitude of the increase of maintenance cost cannot be determined at this stage, they can be more accurately assessed once the facility design is complete.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- May 26, 2026 – The Commission authorized pre-construction activities through the end of 2027, advertise and execute a construction contract for 188th st Duct Bank Crossing and advertise and execute any necessary change orders, work authorizations, contract amendments, and contracts to complete the S Concourse Evolution at SEA within the approved total program cost.
- April 28, 2026 - The Commission was briefed on S Concourse Evolution and informed of an upcoming funding request to advance design, pre-construction efforts, and upcoming construction.
- October 28, 2025 – The Commission approved construction authorization for the Spot 99 Duct Bank installation.
- May 27, 2025 – The Commission authorized an increase to funding, executed a professional services agreement, advertisement of construction contracts and special testing and inspection contracts, modification of a United Airlines lease and transferred scope and budget for the A6 Widebody Remediation.
- May 13, 2025 – The Commission was briefed on S Concourse Evolution and informed of an upcoming funding request to advance design, scope additions, and construction.
- May 14, 2024 – The Commission authorized to Prepare design and construction bid packages for S Concourse facilitating project, Procure long-lead items.
- 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.