

**COMMISSION
AGENDA MEMORANDUM**

Item No.

8f

ACTION ITEM

Date of Meeting

August 11, 2026

DATE: August 4, 2026

TO: Stephen P. Metruck, Executive Director

FROM: Keri Stephens, Director, AV Facilities & Capital Programs
Eileen Francisco, Director, AV Project Management Group

SUBJECT: Terminal Envelope Upgrade – Roof Replacement Project (C801236)

Amount of this request: \$6,685,000

Total estimated project cost: \$7,585,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to take all steps necessary to complete the Central Terminal Roof Replacement project at Seattle-Tacoma International Airport. This single authorization request is for \$6,685,000 of a total authorization of \$7,585,000.

EXECUTIVE SUMMARY

At the airport main terminal fourth floor surrounding the ramp tower, water intrusion has damaged the interior. This project was contracted with design professionals that completed extensive forensic investigation reports to identify the water infiltration locations and building elements that must be replaced to stop the problem. Based on Port review of the reports, the project scope of work will target the roof areas of the terminal central zone that are in the most critical condition for renewal and replacement. Left unaddressed, this water intrusion will continue to damage interior spaces and potentially compromise the building underlying structural elements. The purpose of the project is to stop the water intrusion by replacing the roof.

JUSTIFICATION

This project supports the Port's Century Agenda goals related to operational excellence, safety, and efficient use of capital assets by making the building function to keep out the water:

- (1) protect the building structure and prevent damage to the building underlying structural elements
- (2) preserve the quality of the environment for people working in the space below
- (3) reduce recurring staffing and maintenance costs

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It also aligns with Commission priorities to maintain safe, secure, and efficient airport operations. This request is important due to the risks of water damage to the building and the continued requirement for ongoing maintenance and impacts on employees working in the offices below. Delaying replacement extends unnecessary maintenance expenditures.

Diversity in Contracting

The IDIQ design services contract for this project has a Diversity in Contracting aspirational goal of 21%. With authorization, the project will execute the design services contract that is anticipated to exceed the goal with WMBE utilization of 22.21%. The construction contract for this project will have a Diversity in Contracting aspirational goal of 7%.

DETAILS

This project will be designed and constructed to budget using a Design-Bid-Build delivery method and a Major Works construction contract. The project will replace roofing at a small percentage of the main terminal central zone.

The large expanse of terminal roofing that is not part of this project is being continuously assessed as part of the Aviation Division renewal and replacement capital program. This program has been ongoing based on age and assessment of the roofing system and associated warranties, coupled with inspections that provide quality evaluations for the capital renewal program.

A separate Small Works project (not this project) will do immediate roof repairs to a different and much smaller area of roof this year.

Scope of Work

Demolish and replace approximately 13,600 SF of roofing membrane and insulation, along with associated flashing and roof drains.

Schedule

Activity

Commission design and construction authorization	2026 Quarter 3
Design start	2026 Quarter 3
Construction start	2028 Quarter 1
In-use date	2028 Quarter 4

Cost Breakdown

	This Request	Total Project
Design	\$400,000	\$1,300,000
Construction	\$6,285,000	\$6,285,000
Total	\$6,685,000	\$7,585,000

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not replace the roofing system

Cost Implications: \$840,000 (costs to date)

Pros:

- (1) Funds can be used for other projects at the Port

Cons:

- (1) Does not stop the water infiltration
- (2) Water will damage the building structure
- (3) Building occupants may be subject to contaminants like mold

This is not the recommended alternative.

Alternative 2 – Complete the design only, but do not construct

Cost Implications: \$1,700,000

Pros:

- (1) Reduced funds for this project can be used for other Port projects
- (2) Construction could be done in the future if more funds are available

Cons:

- (1) Does not stop the water infiltration
- (2) Does not protect the building structure from water damage
- (3) Building occupants may be subject to contaminants like mold

This is not the recommended alternative.

Alternative 3 – Design and construct the roof system replacement

Cost Implications: \$7,585,000

Pros:

- (1) Stops the water infiltration
- (2) Protects the building structure from water damage

Cons:

- (1) Funds will not be available for other Port projects

This is the recommended alternative.

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FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$7,585,000	\$0	\$7,585,000
AUTHORIZATION			
Previous authorizations	\$900,000	\$0	\$900,000
Current request for authorization	\$6,685,000	\$0	\$6,685,000
Total authorizations, including this request	\$7,585,000	\$0	\$7,585,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project, CIP C801236 was included in the 2026-2030 capital budget and plan of finance with a capital budget of \$7,585,000. The project will be funded by the Revenue bonds, and Airport Development Fund.

Financial Analysis and Summary

Project cost for analysis	\$7,585,000
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in the airline rate base.
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.02 in 2029

Future Revenues and Expenses (Total cost of ownership)

This building area was last reroofed in 2008. The roof has outlived its useful service life and needs to be fully replaced. The Port has incurred costs responding to water intrusions inside the building to perform temporary repairs and remediation. Replacing the roofing system will provide a new roofing manufacturer warranty that will cover any system failures and reduce long-term maintenance costs.

ADDITIONAL BACKGROUND

Project will be designed and constructed to budget using a Design-Bid-Build delivery method. This will provide a high level of certainty that the project will stay within the authorized budget. Construction crane activity to move materials between roof and ground will be managed to limit impacts to gate operations

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ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None