COMMISSION
AGENDA MEMORANDUM **Item No.** 8g

ACTION ITEM **Date of Meeting** November 17, 2026

DATE: November 5, 2026

TO: Stephen P. Metruck, Executive Director

FROM: Keri Stephens, Director Aviation Facilities and Capital Programs
Eileen Francisco, Director Aviation Project Management

SUBJECT: **Satellite Transit System (STS) Controls Project Amendment Authorization (CIP #801043)**

Amount of this request:	$ 4,700,000
Total estimated project cost:	$ 82,940,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) increase the Capital Improvement project budget and authorization for the STS Controls Renewal and Upgrade project (CIP#801043) at Seattle-Tacoma International Airport (SEA) by $4,700,000; and (2) execute related project change orders, amendments, work authorizations, purchases, contracts and other actions necessary in support of the project. The amount of this request is $4,700,000 for a revised total estimated project cost not to exceed $82,940,000.

EXECUTIVE SUMMARY

The STS Controls Project is in the process of replacing critical airport infrastructure to keep the airport train system operational for the next 10 to 15 years. The STS transports passengers to and from the Airport's North and South Satellites. This project is a renewal and replacement of the STS's Automated Train Control (ATC) system. The current ATC system is 26 years old and is at the end of its useful life. This project installs STS network infrastructure, replaces end of life ATC systems equipment, and updates the ATC with the most current version of the manufacturer's controls software while maintaining passenger service to the Satellites.

Significant project delays resulted from the insolvency of a key network infrastructure contractor, necessitating the exercise of the construction contract surety. In addition, the manufacturer is forecasting a significant delay in final delivery and certification of the ATC system. The Port expects to assess liquidated damages for time beyond the ATC contract completion date but does not expect the compensation to be available for use during the remaining installation and certification periods. This request provides the necessary funding for the Port to execute amendments extending the Project Specific Consultant contracts.

JUSTIFICATION

This project provides important benefits for continued airport operations, security, and safety. The STS is the primary conveyance method to move passengers between the Main Terminal and the combined thirty-five gates in the North and South Satellites. In 2025 the STS carried approximately 30 million passengers. The last major STS upgrade was completed in 2003 under CIP #100783. The current ATC subsystem was installed around 2001, and major components are now either obsolete or at the end of their useful life. The ATC system is an integrated set of computerized hardware, software, and networks that safely operate the automatic movements of the train system. The STS will cease to operate without a functioning ATC. Action is required now to ensure the STS remains operational before more critical pieces of the ATC become obsolete or irreparable. A catastrophic failure or even a prolonged failure of the STS would significantly impact operations at the Airport.

At the forecasted rate of use, the STS will reach the end of its expected useful life around 2032; with additional comprehensive renovation, renewal, and replacement expenditures the STS subsystems life may be extended. Under CIP C801377, Port staff are producing a Project Definition Document (PDD) for the eventual replacement program.

Diversity in Contracting

The project team with the Diversity in Contracting Department determined a Women and Minority Business Enterprise (WMBE) participation aspirational goal of six percent (6%) for the Automated People Mover (APM) Consultant contract, which has achieved a 13.7% WMBE participation rate. Approving this request will authorize additional funds for the APM Consultant and will not impact their goal.

DETAILS

This project installs modern and redundant fiber optic and radio networks; replaces end-of-life ATC systems hardware and upgrades the ATC system to the manufacturer's latest controls software version, all while maintaining passenger service to the North and South Satellites. The project is divided into two distinct phases.

Scope of Work

Phase 1 – Design and construction of a new hardened STS controls fiber optic network including conduit, fiber optic cable, server rooms, and supporting electrical infrastructure. This work is complete.

Phase 2 – Design, installation, testing and certification of a new STS train controls system including new ATC software and associated equipment (hardware, servers, computers, radios, networking equipment), STS Vehicle ATC replacement, system testing, certification and decommissioning of the old system.

Both phases require over-the-ramp busing and passenger wayfinding support.

Schedule

The project experienced a 12-month delay when a key contractor became insolvent. In addition, the manufacturer is forecasting a 31-month installation delay.

Activity

South Loop In-use date	2027 Quarter 2
North Loop In-use date	2028 Quarter 1
Substantial Completion	2028 Quarter 3

Cost Breakdown	This Request	Total Project
Design	$0	$9,000,000
Construction	$0	$7,740,000
Equipment Procurement	$4,700,000	$63,200,000
Support Services	$0	$3,000,000
Total	$4,700,000	$82,940,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Reduce Scope of Contracted Support

Cost Implications: $0

Pros:

(1) No additional authority required.

Cons:

(1) Loss of specialized technical expertise, equipment, and installation oversight.

This is not the recommended alternative.

Alternative 2 – Provide additional funding authority for support through completion.

Cost Implications: $4,700,000.

Pros:

(1) Allows the Port's technical experts to continue working on the project without a gap in coverage.

Cons:

(1) Additional capital expenditure.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The project expects liquidated damages returned to the Port; however, the amounts will not be determined until the project is completed. The risk of an additional funding need was highlighted in the July 9, 2024, Commission action.

Cost Estimate/Authorization Summary	Capital	Expense	Total
COST ESTIMATE			
Original estimate	$57,000,000	$0	57,000,000
Previous changes – net	$21,240,000	$0	$21,240,000
Current change	$4,700,000	$0	$4,700,000
Revised estimate	$82,940,000	$0	$82,940,000
AUTHORIZATION			
Previous authorizations	$78,240,000	$0	$78,240,000
Current request for authorization	$4,700,000	$0	$4,700,000
Total authorizations, including this request	$82,940,000	$0	$82,940,000
Remaining amount to be authorized	$0	$0	$0

Annual Budget Status and Source of Funds

This project, CIP C801043, was included in the 2026-2030 capital budget and plan of finance with a budget of $78,240,000. A budget increase of $4,700,000 was transferred from the Aeronautical Reserve CIP (C800753) resulting in zero net change to the Aviation capital budget. The funding source will be revenue bonds. This project was approved as a Majority-in-Interest by the airlines on May 26, 2020.

Financial Analysis and Summary

Project cost for analysis	$82,940,000
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 airline rate base.
IRR/NPV (if relevant)	N/A
CPE Impact	$0.20 in 2029

Future Revenues and Expenses (Total cost of ownership)

Additional Aviation Maintenance personnel are required to support the installation of the ATC system and expanded operation of two to three trains in a loop. Staff will evaluate further staffing increases for the expanded loop capacity as operations dictate.

ATTACHMENTS TO THIS REQUEST

(1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

July 09, 2024 – The Commission authorized the Executive Director to execute project related change orders and amendments. The total authorization was $78,240,000.

July 27, 2021 – The Commission authorized the award of a contract with the STS Manufacture, advertisement and award of a construction contract and of contracts for busing and wayfinding support. The total authorization was $78,240,000.

July 14, 2020 –The Commission authorized the award of a consultant contract, design, preparation of construction and purchasing documents, and use of Port crews. At that time, the estimated project cost range was $65,000,000 to $95,000,000.