



SESSION 2: KNOW BEFORE YOU GO—SETTING THE STAGE FOR SUCCESSFUL PROJECT DELIVERY BEFORE THE RFP

Airport Construction Strategy Summit Kansas City, MO | May 20-21, 2019



KANSAS CITY
AVIATION DEPARTMENT

Panelists



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Populous



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Columbus Regional Airport Authority



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Seattle-Tacoma International Airport



Mike Moran
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Port Authority of New York & New Jersey

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**GEOFFREY AX, AIA, DBIA, LEED AP
PRINCIPAL / AVIATION PRACTICE LEADER**

**DESIGN BUILD
FOR DIFFERENT
PROJECTS.**

●

All projects are not created equal.

Different solutions for different projects.



●

All projects are not created equal.

SCOPE

SCHEDULE

BUDGET

Different solutions for different projects.

DESIGN-
BUILD

DESIGN-
BID-BUILD

CONSTRUCTION
MANAGEMENT



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We make different choices for different project needs.



COMPLEXITY



TIMELINESS



INVESTMENT



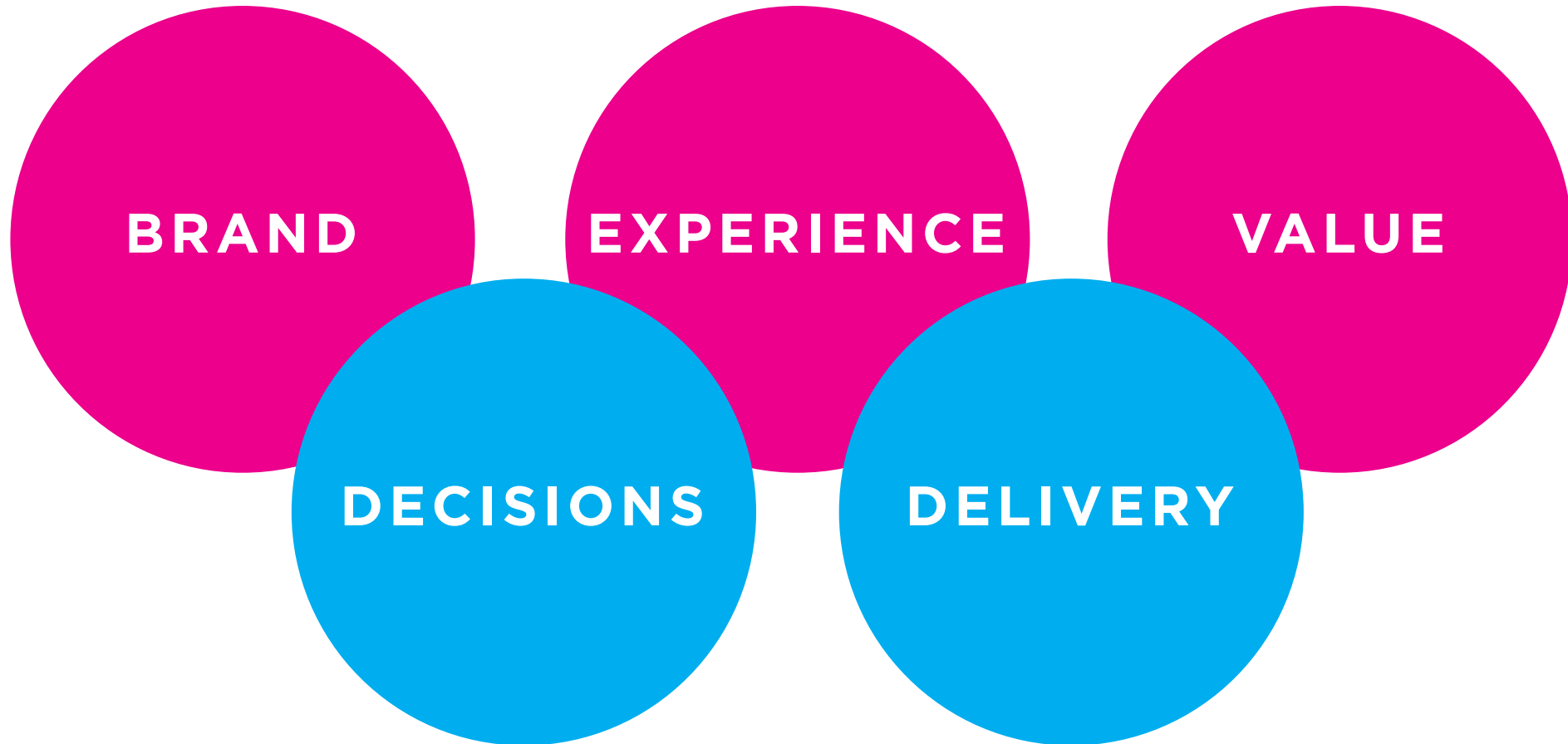


What if your project isn't a \$100M+ terminal... Do you make decisions differently?





Is there another alternative for off-season refresh projects?





We talked to owners and operators across the country.

Here's what they told us about their current off-season projects.





We talked to owners and operators across the country.

Here's what they told us about their current off-season projects.

“Owners are notoriously slow decision-makers. **What has really helped us is the 5-year master plan we did** so that we have a road map to keep us on course for planned improvements.”

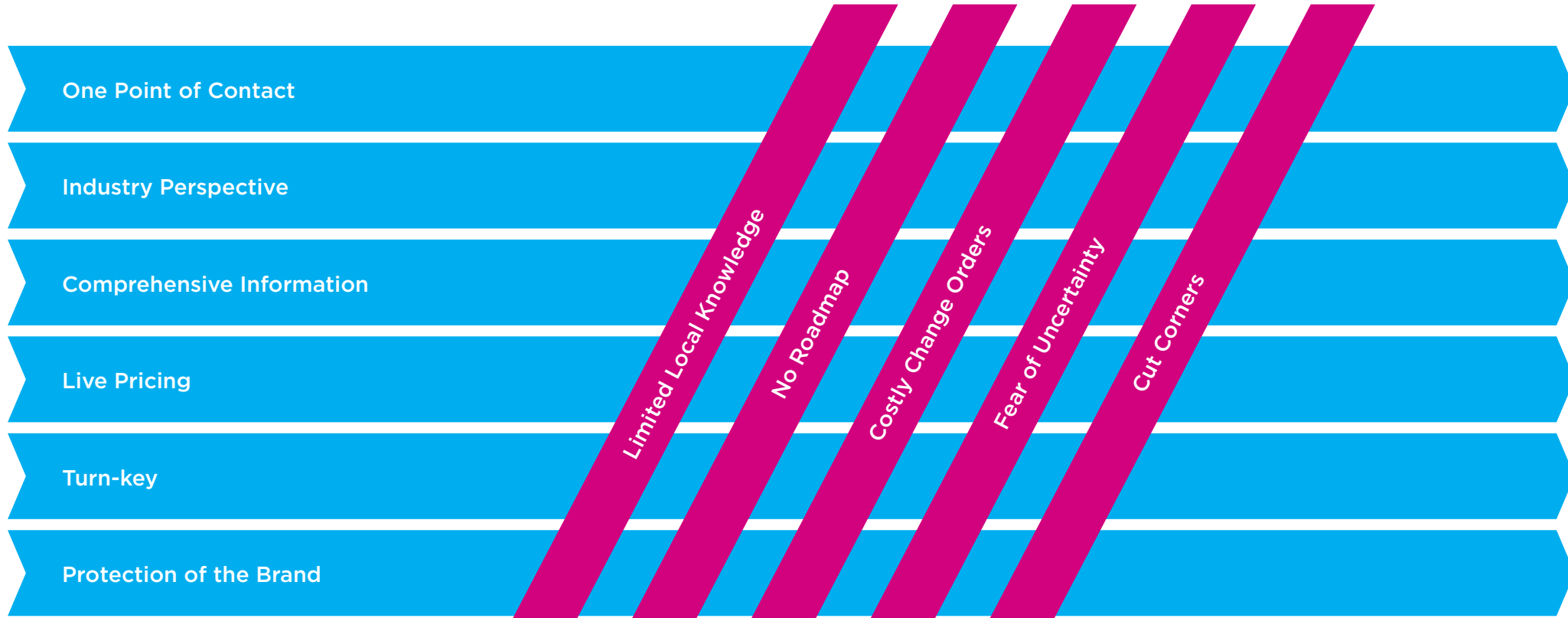
“The whole trick is to get ownership to move on decisions. If you can't get them to act, nothing much will happen.”

“Design build is appealing in that **we always get killed on change orders through traditional delivery** through design/bid/build. You can set a maximum price at 50% design completion but the team will invariably keep changing their mind which generates the costly change orders and disputes between tenant and landlord.”

“Owners won't commit unless they believe they're seeing hard numbers for costs and revenues. Soft numbers make them nervous.”



WE TALKED WITH OWNERS AND OPERATORS ACROSS THE COUNTRY.
HERE'S WHAT THEY TOLD US ABOUT THEIR CURRENT OFF-SEASON PROJECTS.



**Elements that
drive off-season
projects to success**

**Elements that
hinder off-season
projects**



WHAT'S IMPORTANT:



**KEEPING YOUR BRAND
AT THE FOREFRONT.**



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A New Approach: Design-led Design Build.

SEASON

OFF-SEASON





Benefits



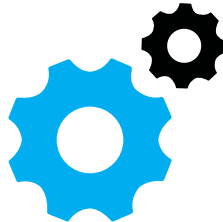
**REDUCES
RISK**



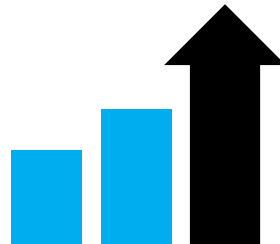
**MAINTAINS
REPUTATION**



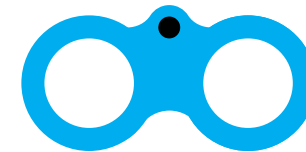
**CLEAR
COMMUNICATION**



EFFICIENT



PROFITABLE



**PREDICTABLE
OUTCOMES**





Kids Corner

Oriole Park at Camden Yards

PROJECT DETAILS
SIZE: 2,000 SF
TYPE: OFF-SEASON RENOVATION
COMPLETION: MAY 2018





ESports Stadium Arlington, TX USA

PROJECT DETAILS

COST: \$10M / SIZE: 100,000 SF

TYPE: ADAPTIVE RE-USE PROJECT

COMPLETION: NOVEMBER 2018





With small time frames and big expectations, off-season projects can bring high levels of stress. One point of contact and expedited pricing minimizes your risk and drives predictable outcomes from concept through construction. Our more efficient process, bolstered by our collective industry expertise, gives your fans the best experience while driving revenue and protecting your brand.

Populous Design-led Design Build.



POPULOUS[®]
DESIGN BUILD

**OFF-SEASON
RENOVATIONS
DELIVERED
ON-BRAND.**

KNOW BEFORE YOU GO— BUILDING EFFECTIVE LOCAL PARTNERSHIPS

Presented by
Shannetta Griffin , P.E.
Chief Development Officer
Columbus Regional Airport Authority



Local and Diverse Partners Add Value

- CIP Construction Impacts Drives Economic Value = Creation of Jobs
- Build a Strong Community
 - Local Initiatives coupled with Small / Minority Business = Increased opportunity and % of participation
 - Focus on Value to Airport/Community vs. % of participation
 - “Changing Lives and Growing Firms”
- Diversity of Ideas = Increased Economic Impact



Education is Key to Success

- Understand Various Alternative Delivery Methods
 - Internal Staff
 - Finance, procurement, project management, business diversity, legal
 - Airport Boards, City councils, Legislators etc.
 - Contractor and business community
- Public Outreach
- Experienced and Knowledgeable Contractor
- Proactive vs. Reactive Activity

Construction Disrupters Impact All Participation

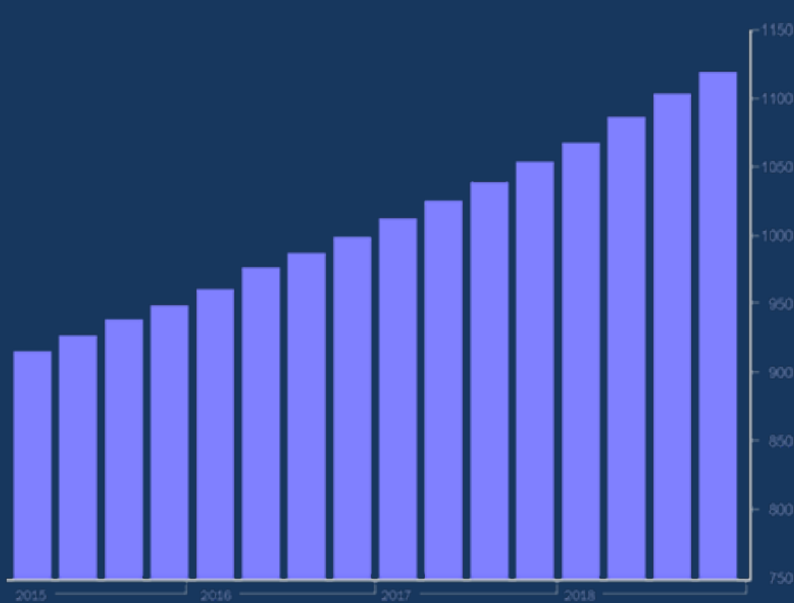
- Material availability- local and global impacts
- Skilled labor pool deficiency
- Wages, Cost of living impacts
- Union vs non work force
- Technology advancements
- Jurisdictional regulations



Construction Costs Increase as Markets Remain Active

January 11, 2019

According to Turner Construction Company's quarterly Building Cost Index, construction activity during the Fourth Quarter 2018, has remained at a high level across the United States.



→ Turner Construction Company announced that the Fourth Quarter 2018 Turner Building Cost Index—which measures costs in the non-residential building construction market in the United States—has increased to a value of 1120. This represents a 1.36% quarterly increase and 5.86% yearly increase from the Third Quarter 2018 and Fourth Quarter 2017, respectively.

“For the Fourth Quarter, the escalation on raw and fabricated materials continue,” said Attilio Rivetti, the Turner vice president responsible for compiling the Cost Index. “While aluminum and steel product pricing has not increased significantly since August, gypsum products continue to rise on a monthly basis. Above average level of work in numerous cities across the United States is increasing the need to understand and manage the availability of skilled labor in those markets.”

Turner has prepared the construction cost forecast for more than 80 years. The building costs and price trends tracked by the Turner Building Cost Index may or may not reflect regional conditions in any given quarter. The Cost Index is determined by several factors considered on a nationwide basis, including labor rates and productivity, material prices and the competitive condition of the marketplace. This index does not necessarily conform to other published indices because others do not generally take all of these factors into account.

→ Source: Turner Construction Columbus Website - 2019

Example: Future CONRAC

- Experienced CMR Contractor
- Educated internal staff
- Majority Contractor focused on minority participation
- Material cost impact
- Outreach – close to 200 participants
- Currently exceeding projected goals
- Strong community focus



Example: Future Residence Inn Hotel

- Experienced CMR Contractor
- Educated internal staff
- Minority Contractor committed to additional participation
- Scarce availability of main trades
- Outreach event



Airports' Role in Success for Meaningful Participation

- Focused Small and Minority Participation Program
- Realistic goal setting
- Mentoring / Training
- Education and Outreach (Internal and External)
- Communicate Opportunities and Expectations Early
- Proactive Networking, responsiveness and responsibility



KNOW BEFORE YOU GO— FROM CONCEPT TO CONSTRUCTION

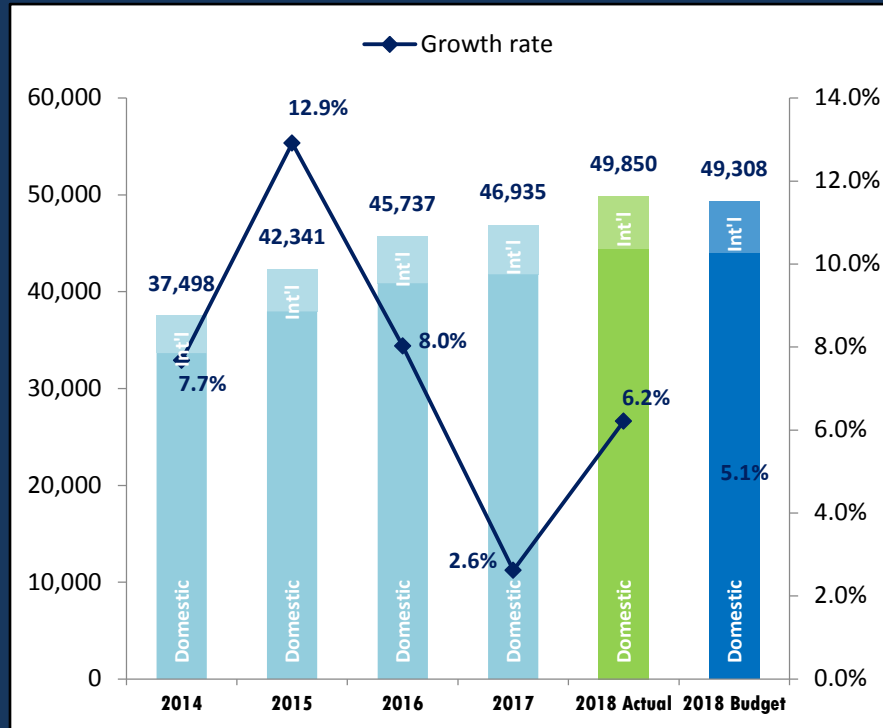
Presented by
Wayne Grotheer
Director, Aviation Project Management
Seattle-Tacoma International Airport
Port of Seattle



Overview

- Context – Airport Growth
- Levels of Authority
- Project Delivery Methods
- Strategic Objectives
- Elected Official Requirements
- Project Examples
- Conclusions

SEA Passenger Growth 2014-2018



Levels of Authority

- Sea-Tac Airport is owned and operated by the Port of Seattle
- Governance – Port Commission - 5 elected officials elected county-wide
- Port Commission Approval required for
 - Annual operating & capital budgets
 - Preliminary project spending > \$300,000
 - Any contract action > \$300,000
 - Start of design
 - Project delivery method
 - Start of construction
 - Increases to project budget beyond that set pre-design
 - Change orders if total > 10%

Project Delivery Methods Available

- Design/bid/build
- Design/build
- Construction manager at risk
 - General Contractor/Construction Manager (GC/CM)
 - GC/CM with electrical & mechanical subs
 - Heavy Civil GC/CM
- Progressive design build

Strategic Objectives - Projects

- Safety
- Security
- Customer Service
- Asset management
- Social responsibility
- Environment & sustainability

Elected Official Expectations

- Meet the air travel needs of the region
- Greenest, most energy efficient Port in North America
- Social responsibility
 - Disadvantaged businesses
 - Minority & women owned businesses
 - Apprenticeships and workforce development programs
- Sustainability aspects of capital projects

Diversity in Contracting

- Provisions of 2018 Policy Directive drive equity in Port contracting.
 - Addresses **historical disparities** in women and minority business enterprise (WMBE) participation in Port contracting
 - **Aspirational Goals and Five Year Benchmarks:**
 - Triple the number of WMBE firms doing business with the Port
 - Portwide increase to 15% the amount of spend on WMBE contracts within five years
 - Annual Department/Division aspirational WMBE goals

Diversity – Proposal & Contract Provisions

- Evaluated on both the RFQ and RFP Phase
 - RFQ evaluates companies track record with WMBE firms
 - Listed as an evaluation factor
 - RFP requires the goal be met or firms show affirmative efforts in outreach
- The individual firms approved RFP percentage is listed as a commitment during contract performance

Sustainable Project Evaluation

→ 2017 Commission Directive

– Project evaluation system must

- Reduce greenhouse gases and increase energy resiliency
- Advance innovation and support local economic development
- Protect public health and the environment

– Century Agenda goals for greenhouse gases, energy, and stormwater

→ Final system must balance efficient project delivery with environmental benefits

Environmental – Proposal & Contract Provisions

→ Requirements include

- Achieve LEED Silver Certification for major projects
- Adhere to standards including
 - Environmentally-friendly materials (e.g., low VOC paints)
 - Potential new requirements for low carbon or recycled materials (e.g., carpet)

→ New requirements may include Envision

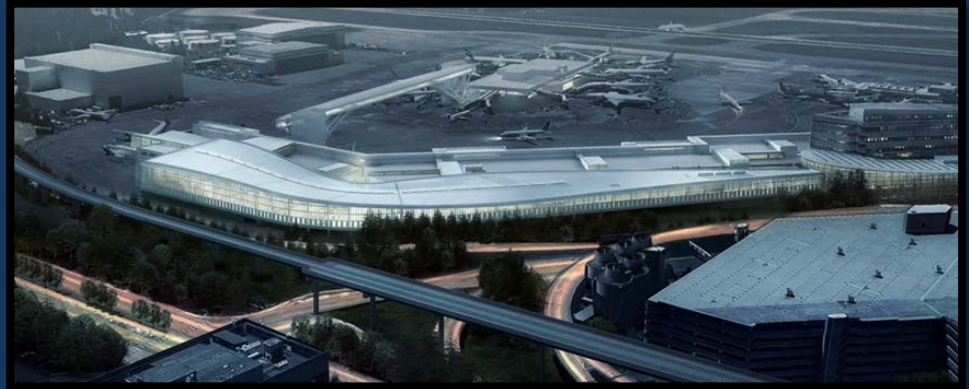
North Satellite Project

- Renovation & Expansion of existing 12 gate concourse to 20 gates while maintaining full operation
- 468,000 sq. ft. \$672M total cost
- GC/CM w/ Electrical & Mechanical Subs
- Tracking to LEED Silver
- Rainwater capture for flushing restroom fixtures
- SCS 5.5%; SBE 16% & WMBE 3.6% goals met or exceeded
- 15% Minority & 10% Women Apprenticeship utilization goals exceeded.
- 900,000 labor hours since 2016



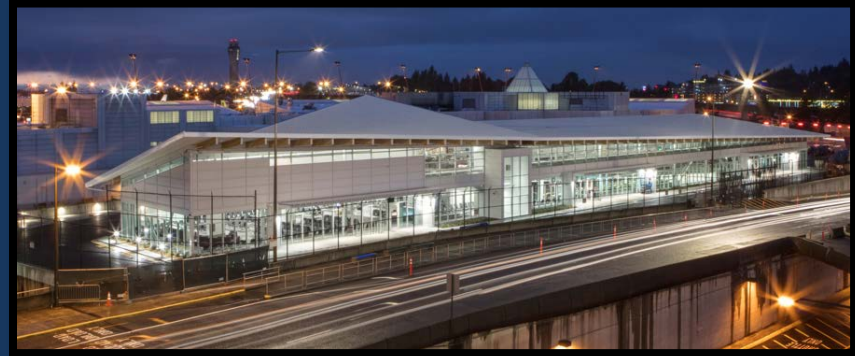
International Arrivals Facility Project

- \$968 million
 - 450,000 sq. ft. arrivals building
 - 760' pedestrian walkway
- Progressive design build
- Targeting LEED V4 Silver
- 120 SBE firms engaged
 - Awarded \$122 million (12/2018)
- 43 SCS firms engaged
 - Awarded \$26 million (12/2018)



Concourse D Holdroom Project

- 34,000 Sq. Ft. Hardstand Terminal
- 6 Holdroom gates, Restrooms, Concessions
- \$38 Million
- Design-build delivery
- DB Contract to Facility in use – 18 months
- Project constructed within budget and less than 6% change orders
- 48% Small Business utilization with 24% SCS/MWBE (Exceeded Goals 40% SB with 10% SCS/MWBE)
- LEED v.4 Silver Certification



Alternate Utility Facility Project

- 30 MW standby power facility
 - Connected directly to airport normal power distribution system
 - Automatically provides electricity during power outage
 - 24 hours on site diesel fuel storage
- \$34 million total project cost
- Design-Build delivery method
- 45.8% overall small business participation with 7.2% SCS



Source: Mortenson Construction

Conclusions

- Projects expected to meet multiple objectives and receive multiple approvals
- Objectives and need for support influence project delivery method
- Social responsibility and sustainability expectations affect design and contracting

KNOW BEFORE YOU GO— WORKING WITH YOUR ORGANIZATION'S PROCESS

Presented by
Mike Moran

General Manager-Planning & Environmental Services
Port Authority Of New York & New Jersey

Know Before You Go: Before the RFP

- Authorization
- Budget
- Delivery Mechanism

Know Before You Go: Authorization



Know Before You Go: Authorization



Know Before You Go: Authorization

→ Airport Sponsorship

- e.g. Municipality, Authority, State, Private

→ Timing

- Election/Board Cycles
- Phased Authorization
- Press Releases/Community Outreach

→ External influences

Know Before You Go: Budget

- Phases: Planning, Design & Construction
 - Delivery method (e.g DBB, DB, CMAR, PPPP, etc)
- Capital
 - Funding sources (bonds, taxes, reserves, PFCs, AIP)

Know Before You Go: Delivery

- Define the Owner and your role
- Available internal staff resources & “buy in”
- Comprehensive RFP Authorization, not just Design
 - Delegated authority
 - Permanent, project and consultant staff
 - Consultant services (e.g. Financial, Law, HR, IT Procurement, etc.)
 - Office space, transportation, insurance, etc.

Know Before You Go: LaGuardia Airport



QUESTIONS?