



MEMORANDUM

TO: Mayor and Council

FROM: Jim Smith, Executive Director
Aviation Department

DATE: October 9, 2015

SUBJECT: Austin Bergstrom International Airport Terminal/Apron Expansion and Improvements - October 15, 2015 Council Agenda

On October 15, 2015, the Council agenda will include two items related to the Austin Bergstrom International Airport Terminal/Apron Expansion and Improvements project:

- Authorize funding for the Austin Bergstrom International Airport Terminal/Apron Expansion and Improvements construction manager-at-risk contract with Hensel Phelps Construction Company for the contractual construction cost limitation amount of \$276,000,000 plus \$13,000,000 Owner contingency for a total not-to-exceed amount of \$289,000,000 and authorize negotiation and execution of future guaranteed maximum price work authorization amendments for the construction of the terminal and apron expansion and improvements work.
- Authorize additional funding for the amount of \$18,000,000 for professional design fees for M. Arthur Gensler, Jr., and Associates Inc. dba Gensler, to provide remaining professional services for the Austin Bergstrom International Airport Terminal/Apron Expansion and Improvements Project for a total contract amount not to exceed \$36,000,000.

This memo will provide an overview of the Airport Terminal/Apron Expansion and Improvement Project.

Project Need

Austin-Bergstrom International Airport (ABIA) is experiencing unprecedented growth in both international and domestic air service, registering a 10.7 percent increase in passengers in 2015 and recently exceeding 1.16 million passengers in July 2015 alone. The terminal building has exceeded its design and service capacity of 11 million annual passengers. The aggregate schedule of domestic

and international airline departures and arrivals exceeds current gate capacity during daily peak times in the morning and afternoon.

Project Scope

In keeping with the recommendations of the airport's 2003 Master Plan and 2008 Phasing Plan, the terminal will be expanded on the eastern end of the existing facility. The terminal expansion scope will include adding nine new passenger gates; four of the new gates will be flexible in design to accommodate both domestic and international flights. The project scope also includes terminal infrastructure upgrades to support the new expansion, including renovation work in the ticket lobby and baggage claim levels to improve technology, customer service, and balance the space needs for the passengers and airlines. The apron expansion scope includes all airside construction paving and infrastructure to support over 1,000,000 square feet of additional apron paving. The new expanded apron and terminal will accommodate approximately 15 million annual passengers, increasing the level of terminal capacity through the year 2025. See Attachment "A" for exhibit of the apron and phases of work, and Attachment "B" for an exterior rendering the terminal building

Project Schedule

On February 13, 2014, the Construction Manager-At-Risk (CMR) method of contracting was approved by Council. In August 2014, Gensler and Associates was approved by City Council to begin Preliminary Design Service to include project scoping and project definition for the Apron/Terminal Expansion and Terminal Improvements project. In October 2014, Hensel Phelps Construction Company was selected as the Construction Manager-at-Risk responsible for preconstruction phase and construction phase services for the Apron/Terminal Expansion and Improvements Project. In an effort to make the federal funding process more efficient and to maximize the federal grant participation by the FAA for the overall project, the project team (City of Austin, Gensler and Associates, and Hensel Phelps) anticipates the apron and terminal expansion and improvements project to be accomplished in five (5) major phases beginning with GMP 1 in October 2015, and the final GMP 5 in Spring 2018 with overall project completion in 2019.

Maintaining Airport Operations

Construction activities will be undertaken within a highly congested and technically challenging operating environment. Safety risk management is critical to this project; therefore advance involvement with the Gensler engineer teams, Hensel Phelps, airlines, FAA, and City staff has occurred in identifying and planning for construction within the airport operating environment. The project will isolate construction activities from the public and utilize on site construction controllers, remote hardstand operations, and temporary loading bridges to replace the loading bridges lost during terminal construction.

Financing Plan

In December 2014, Airport System Revenue Bonds were issued to fund the costs of preconstruction, project definition, initial design phases and the first phases of construction. The Aviation Department and the City Finance Office have been working with Aviation finance consultants and City financial advisors on a proposed issuance of Airport System Revenue Bond series slated for City Council action in 2016 and to be issued under the terms of a Bond Ordinance in mid-2016. The 2016 Airport System Revenue Bonds will be used to fund the remaining costs of design/engineering

and construction of the terminal/apron expansion and existing terminal improvements/infrastructure upgrades for a total project cost of approximately \$350,000,000.

To further mitigate costs incurred, City staff, the financial consultants and advisors are applying Federal Aviation Administration (FAA) priority funding criteria to the project and identifying methods to maximize FAA grants and other opportunities to minimize the use of debt financing. Aviation Staff continues to work with the FAA by securing multiyear grants for the apron expansion and airside construction portion of the overall project. The process for accepting FAA grant offers consists of accepting and executing the grant within a short time frame over a four year time period.

DBE Subcontracting Outreach

Since FAA grants will be applied towards funding the construction services of the project, the Department of Transportation Disadvantage Business Enterprise (DBE) subcontractor goal setting methodology will be used. DBE goals were established and met by the Construction Manager at Risk (CMAR) firm for the Preconstruction Phase of the contract. Prior to entering into the Construction Phase, the City will establish DBE goals for construction and the Construction Manager at Risk (CMAR) firm will submit a Compliance Plan meeting the construction goals or documentation detailing their Good Faith Efforts to meet the established goals. An important part of the CMAR's procurement process is to conduct multiple outreach efforts to local business and DBE firms.

Participation goals for M. Arthur Gensler, Jr. and Associates Inc. dba Gensler stated in the original Request for Qualifications (RFQ) solicitation were 1.90% African American; 9.00% Hispanic; 4.90% Native/Asian; and 15.80% WBE. The participation goals for the additional funding will remain the same.

Closing

These two action items are time-sensitive and a delay in Council authorization will have significant impacts to the apron construction and terminal expansion and improvements for the overall project schedule. Federal funding and authorizations are tied to the proposed project schedule and work sequencing. The City anticipates issuing the first notice to proceed with the work on the apron and terminal exit lanes later this month.

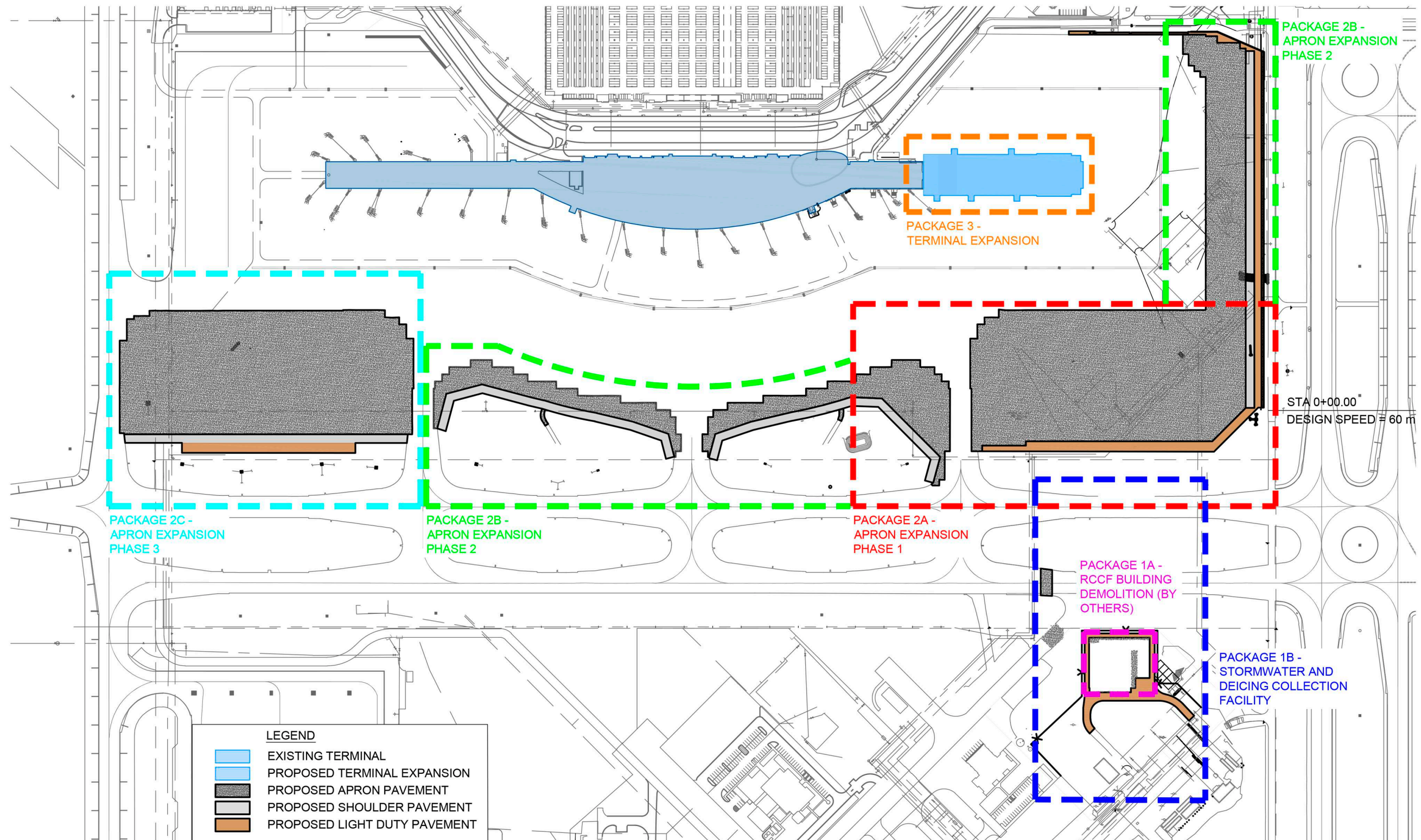
Aviation has worked closely with our Airline partners, TSA, and the FAA regarding the airport's expansion plans. The airport's major expansion projects are a monthly agenda item for discussion at each Airport Advisory Commission meeting. The ABIA Terminal/Apron Expansion and Improvement Project will ensure the airport enters the next decade with a world-class facility that exceeds standards for customer satisfaction, airport performance, efficiency and usability.

Attachments

Cc: Marc A. Ott, City Manager
Sue Edwards, Assistant City Manager

Project
ABIA Terminal Expansion & ImprovementsProject Number
25.1200.000Description
Attachment A - Apron Phase Drawing

Issue/Rev

Prepared by
RS&HScale
NTSDate
09/22/15

Project	ABIA Terminal Expansion & Improvements	Project Number	25.1200.000
Description	Attachment B - Exterior Rendering of East Terminal Expansion	Issue/Rev	
Prepared by	TWM	Scale	
		Date	09/22/15

