



UPDATE ON NEW TERMINAL PROGRAM COST



November 8, 2022



PURPOSE

September Board Meeting:

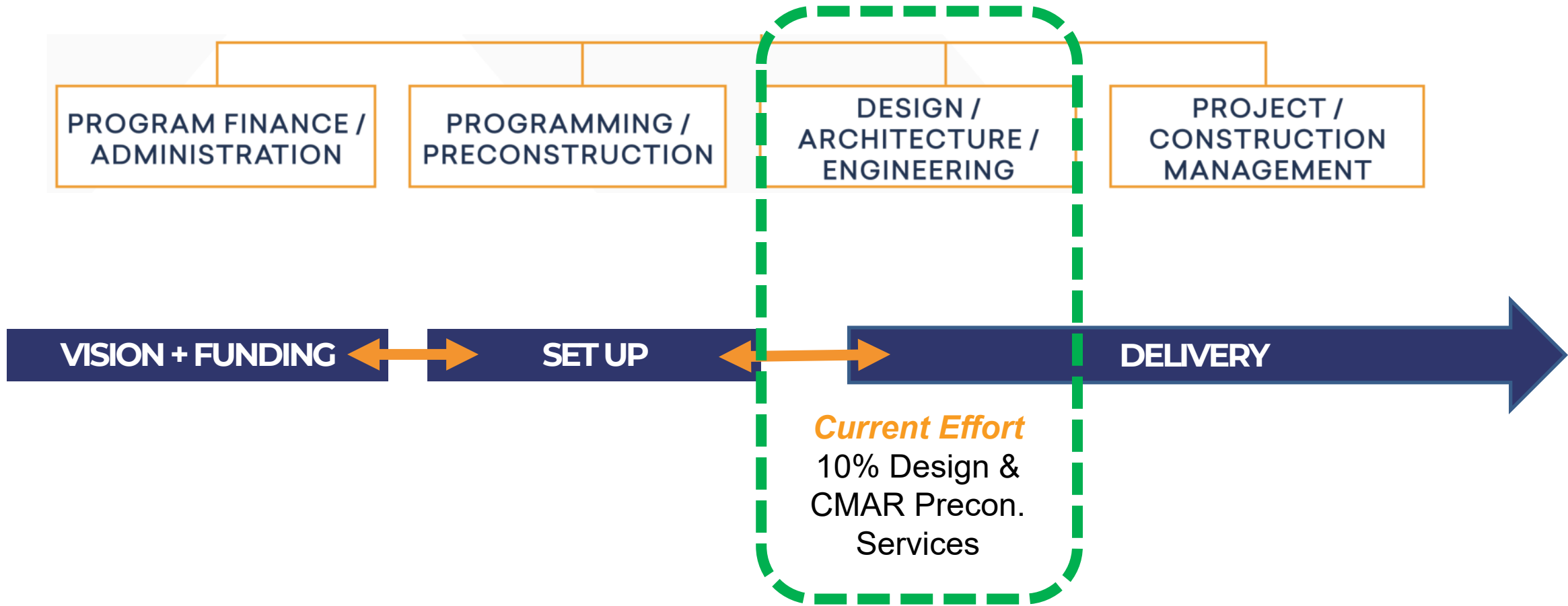
- ✓ Presentation of Basis of Design (BOD) and update of HNTB's design progression towards commencement of 10% design

Today's Board Meeting:

- ✓ Update on the Weitz Turner team (CMAR) BOD estimate
- ✓ Review path forward



BACKGROUND





UPDATED COST ESTIMATE

1

April 2022: Presented Supplemental Program Definition Manual (PDM); Phase 1A estimate was **\$411.39M**

| | | New Terminal Phase 1A Projects | | | | |
|----|---|--------------------------------|----------------------|----------------------|----------------------|-----------------------|
| V1 | DSM New Terminal Estimate April 5, 2022 | Terminal Bldg | Site Airside | Site Landside | Demolition | Total |
| | Project Cost Component | Phase 1A | Phase 1A | Phase 1A | Phase 1A | Phase 1A |
| A | Total Construction Cost (Combination CMAR & Hard Bid) | \$ 221,817,397 | \$ 25,081,221 | \$ 17,109,482 | \$ 14,706,788 | \$ 278,714,888 |
| B | Soft Costs | \$ 49,908,914 | \$ 2,508,122 | \$ 1,710,948 | \$ 3,309,027 | \$ 57,437,012 |
| C | Owner Contingency | \$ 27,172,631 | \$ 2,758,934 | \$ 1,882,043 | \$ 1,801,581 | \$ 33,615,190 |
| D | Total Cost (March 2022 Dollars) | \$ 298,898,942 | \$ 30,348,278 | \$ 20,702,474 | \$ 19,817,396 | \$ 369,767,090 |
| E | Escalation to Estimated Midpoint of Construction | \$ 32,574,680 | \$ 3,362,589 | \$ 2,790,693 | \$ 2,895,322 | \$ 41,623,284 |
| F | Grand Total with Escalation | \$ 331,473,622 | \$ 33,710,867 | \$ 23,493,167 | \$ 22,712,718 | \$ 411,390,374 |

2

June 2022: HNTB started developing the Basis of Design (BOD)

3

September 2022: HNTB delivered the BOD

4

October 2022: Weitz Turner prepared estimate on the BOD

Primary variances from April 2022 PDM estimate:

- 1** Building estimates are ***higher***; site estimates are ***lower***
- 2** Some ***variances*** in construction estimates ***for select trade work*** in areas such as of MEP, IT/low voltage system and baggage systems
- 3** ***Escalation/inflation*** assumptions have significantly evolved due to market conditions
- 4** ***Design and supporting soft costs*** have been kept the same

COMPARING THE ESTIMATES

| | Project Construction Cost Component | 4/5/2022 PDM | 10/28/2022 BOD |
|-----------|---|-----------------------|-----------------------|
| 1 | Direct Cost of Work (DCOW) | \$ 146,099,143 | \$ 180,140,849 |
| 2 | Design & Detailed Allowance (DDA) | \$ 21,914,871 | \$ 27,021,127 |
| 3 | CMAR Mark-Ups & Fee | \$ 31,297,540 | \$ 43,233,804 |
| 4 | Allowances - Renovation of Existing Concourse | \$ 5,000,000 | \$ 5,000,000 |
| 5 | Sub Total Building Construction Cost | \$ 204,311,554 | \$ 255,395,780 |
| 6 | Site Airside & Landside Improvements incl. Demolition & Admin Bldg. | \$ 44,810,325 | \$ 34,639,588 |
| 7 | Design & Detailed Allowance (DDA) | \$ 6,721,549 | \$ 5,195,938 |
| 8 | CMAR Mark-Ups & Fee | \$ 9,599,323 | \$ 8,313,501 |
| | Sub Total Site, Demolition & Admin Bldg. Construction Cost | \$ 61,131,197 | \$ 48,149,027 |
| | CMAR Contingency | \$ 13,272,138 | \$ 15,177,240 |
| 10 | Sub Total Construction Cost | \$ 278,714,889 | \$ 318,722,047 |
| | | | |
| | Project Soft Cost & Owner Contingency Cost Component | 4/5/2022 PDM | 10/28/2022 BOD |
| 11 | Soft Costs | \$ 57,437,012 | \$ 57,437,012 |
| 12 | Owner Contingency | \$ 33,615,190 | \$ 37,615,906 |
| 13 | Total | \$ 91,052,202 | \$ 95,052,918 |
| | | | |
| 14 | Escalation | \$ 41,623,284 | \$ 47,808,307 |
| 15 | Total Cost | \$ 411,390,375 | \$ 461,583,272 |

Difference is \$50.193 M (~12%)

COMPARING CONST. ONLY

| | Project Construction Cost Component | 4/5/2022 PDM |
|-----------|---|-----------------------|
| 1 | Direct Cost of Work (DCOW) | \$ 146,099,143 |
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| 10/28/2022 BOD |
|-----------------------|
| \$ 180,140,849 |
| \$ 27,021,127 |
| \$ 43,233,804 |
| \$ 5,000,000 |
| \$ 255,395,780 |
| \$ 34,639,588 |
| \$ 5,195,938 |
| \$ 8,313,501 |
| \$ 48,149,027 |
| \$ 15,177,240 |
| \$ 318,722,047 |

Escalate PDM to 10/28/2022

+ 4.00%

+ 0.00%

= \$11,148,595

\$289,863,484

\$318,722,047

Difference is **\$28.858 M (~10%)**

1 **Construction Costs:**

- ✓ *Implement target-based design costs and lower unit prices*
- ✓ *Move from CM markups to negotiated costs for insurance and site logistics*
- ✓ *Prioritize the most important programs functions to be in the first phase and identify preliminary list of bid alternates*

2 **Soft Costs (design and consultant costs):**

- ✓ *Examine all costs based on all awarded and future contracts*

3 **Other Costs (contingency and escalation):**

- ✓ *Move from % to fixed contingency based on 1, and 2, above*
- ✓ *Implementation speed can reduce impact of escalation*

IMPACT OF ESCALATION

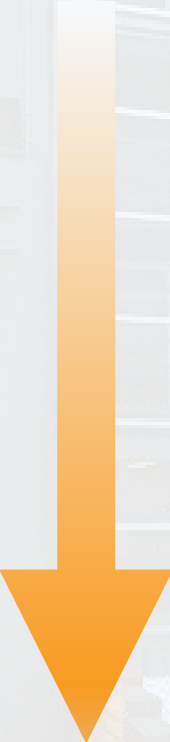
- We can manage construction costs, owner's contingency and soft costs
- We cannot manage market impact on inflation/escalation
- Assuming that costs can be fixed, **the impact of the market could be as follows:**

| TOTAL PROJECT COST | USING ORIGINAL OR's ESCALATION ASSUMPTION April 2022 | USING CURRENT OR's ESCALATION ASSUMPTION October 2022 | USING CMAR's ESCALATION ASSUMPTION October 2022 |
|--------------------|---|--|--|
| Construction | \$289.9 M | \$289.9 M | \$289.9 M |
| Soft Costs | \$57.4 M | \$57.4 M | \$57.4 M |
| Subtotal | \$347.3 M | \$347.3 M | \$347.3 M |
| Owner Contingency | \$33.6 M | \$33.6 M | \$33.6 M |
| Escalation | \$30.5 M | \$51.2 M | \$57.1 M |
| TOTAL | \$411.4 M | \$432.1 M | \$438.0 M |



PATH FORWARD

LOOK AHEAD SCHEDULE



| | |
|------------|--|
| January 31 | 10% Design Submittal |
| February | CMAR 10% Design Review and Cost Estimate |
| June 15 | 30% Design Submittal |
| June-July | CMAR 30% Design Review and Cost Estimate |
| March 2024 | 100% Construction Documents |



QUESTIONS?