

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 5c
Date of Meeting April 2, 2013

DATE: March 26, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: Michael Ehl, Director, Airport Operations
George England, Program Leader, Aviation Project Management Group
SUBJECT: Rental Car Baggage Claim Renovation Project (CIP #C800541)

Amount of This Request: \$146,700 **Source of Funds:** Airport Development Fund
Est. State and Local Taxes: \$68,400 **Est. Jobs Created:** 5
Est. Total Project Cost: \$1,354,500

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to advertise bids, award, and execute a major public works construction contract for the Rental Car Baggage Claim Renovation project for an additional \$146,700 for construction, construction management, project management and other soft costs at Seattle-Tacoma International Airport (Airport). This amount is in addition to \$1,207,800 previously authorized for a total project cost of \$1,354,500.

SYNOPSIS:

This project will renovate existing space in Baggage Claim to support the continued growth in Airport operations, and to provide check-in facilities for special operations (cruise, military). A combination of Port Construction Services (PCS) crews, small works on-call construction contracts, a major works construction contract, and a furniture purchase will be utilized to complete this effort. PCS crews are being utilized in order to complete work prior to the major works construction contract in order to mitigate cost and schedule risk associated with regulated materials management and undefined demolition scope. This authorization supports the change from a small works construction contract to a major works construction contract.

This project was included in the 2013 – 2017 capital budget and plan of finance.

BACKGROUND:

In the 1980s the rental car counters were constructed at two locations in Baggage Claim at the Airport. With the completion and startup of the new consolidated Rental Car Facility at the Airport in May 2012, the existing rental car counters in Baggage Claim were removed per the

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terms of the existing lease with the rental car companies. Over the past 10 years the adjacent spaces in Baggage Claim were renovated.

With the continued growth in airline passenger traffic at the Airport, and cruise traffic at the Port's cruise terminals, congestion levels in baggage claim are anticipated to increase given the constrained facilities. This project is intended to renovate the previous rental car counter space to provide upgraded facilities and additional passenger waiting space, and to support check-in for special operations (cruise, military) at the Airport.

On October 2, 2012, the Commission authorized design and construction for a total project budget of \$1,207,800. At that time, staff believed the work could be contracted as a small works construction contract. With the completion of the 50% design effort this past December, staff realized that a major works construction contract would be required. With the corresponding increase in staff costs to support a major works construction contract, the total project budget will increase from \$1,207,800 to \$1,354,500.

In order to complete this overall project effort, a combination of PCS crews, small works on-call construction contracts, a major works construction contract, and a furniture purchase will be required. PCS crews will install and remove the construction barricades, perform the demolition work, and refurbish and install the check-in counters. The small works on-call construction contracts will support the demolition work (electrical disconnects, regulated materials management). The major works construction contract will provide the architectural, lighting, and infrastructure upgrades to the space. Staff will be purchasing terminal seating through an existing Port contract.

PROJECT JUSTIFICATION:

The work included with this project would maximize the use of the existing facilities in Baggage Claim, and provide facilities to support check-in for special operations.

Project Objectives:

- Complete the upgrade of the previous rental car counter locations in Baggage Claim.
- Provide additional passenger waiting area facilities in Baggage Claim.
- Provide designated space to support check-in for special operations.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

The RAC Baggage Claim Renovation project includes the upgrade of the space (suspended ceiling, lighting systems, fire suppression, and other special systems), the purchase of additional terminal seating, the installation of check-in counters and supporting infrastructure for special operations, and additional infrastructure improvements to support the relocation of vending machines and other associated equipment.

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Schedule:

- Design began in October 2012
- Commission authorization sought in April 2013
- Demolition begins in July 2013
- Construction begins in August 2013
- Construction complete in November 2013
- Seating installation in November/December 2013

FINANCIAL IMPLICATIONS:

<i>Budget/Authorization Summary:</i>	Capital	Expense	Total Project
Original Budget	\$1,172,300	\$35,500	\$1,207,800
Budget Increase/Transfers	\$155,200	(\$8,500)	\$146,700
Revised Budget	\$1,327,500	\$27,000	\$1,354,500
Previous Authorizations	\$1,172,300	\$35,500	\$1,207,800
Current request for authorization	\$155,200	(\$8,500)	\$146,700
Total Authorizations, including this request	\$1,327,500	\$27,000	\$1,354,500
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$1,327,500	\$27,000	\$1,354,500

<i>Project Cost Breakdown:</i>	This Request	Total Project
Construction	(\$42,400)	\$822,800
Construction Management	\$143,400	\$217,000
Design	\$0	\$50,000
Project Management	\$43,200	\$175,300
Permitting	\$6,700	\$21,000
State & Local Taxes (estimated)	(\$4,200)	\$68,400
Total	\$146,700	\$1,354,500

Budget Status and Source of Funds:

The RAC Baggage Claim Renovation project (#C800541) was included in the 2013-2017 capital budget and plan of finance. The additional budget for this project was transferred from the Aeronautical Allowance project (#C800404), resulting in no net change to the Aviation capital budget. The source of funds for this project is the Airport Development Fund.

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Financial Analysis and Summary:

CIP Category	Revenue/Capacity Growth
Project Type	Business Expansion
Risk adjusted discount rate	N/A
Key risk factors	None Identified
Project cost for analysis	\$1,360,300 (includes \$5,800 transferred to Art program)
Business Unit (BU)	Terminal
Effect on business performance	N/A
IRR/NPV	N/A
CPE Impact	\$0.006 in 2014; no change from the business plan forecast

Lifecycle Cost and Savings:

With the renovation of the space in Baggage Claim staff does not anticipate a measureable change in the operating and maintenance costs for the space.

STRATEGIC OBJECTIVES:

This project promotes the Port's Century Agenda goal to advance this region as a leading tourism destination and business gateway by meeting the region's air transportation needs at Sea-Tac Airport for the next 25 years.

ENVIRONMENTAL SUSTAINABILITY:

This project allows for the continued growth in passenger activity by maximizing the existing facilities in Baggage Claim. In addition, opportunities for energy efficient lighting, day lighting, and the use of recycled or regional materials will be explored during the design effort.

BUSINESS PLAN OBJECTIVES:

This project supports the Aviation Division's strategic goal to operate a world-class international Airport by anticipating and meeting the needs of our tenants, passengers and the region's economy, and by managing their assets to minimize the long-term total cost of ownership.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

1. Do-Nothing: Under this alternative the rental car counter areas in Baggage Claim would not be renovated, and would remain vacant without furniture or any other standard terminal amenities. This is not the preferred alternative since the space will not be fully utilized, nor will it be upgraded to reflect the adjacent facilities in Baggage Claim.
2. Upgrade Facilities: Under this alternative the rental car counter areas in Baggage Claim would be renovated, additional seating would be purchased to provide additional waiting facilities, and check-in counters would be provided to support special operations. By improving these facilities the Airport would fully utilize the existing space, and it would

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move closer to establishing a consistent level of service throughout Baggage Claim. **This is the recommended alternative.**

3. Furniture Only: Under this alternative the rental car counter areas in Baggage Claim would not be renovated, but additional seating would be purchased to provide additional waiting facilities. This is not the preferred alternative since the space would only be partially utilized, and it would not be upgraded to reflect the adjacent facilities in Baggage Claim.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- October 2, 2012 – the Port of Seattle Commission authorized the Chief Executive Officer to proceed with design and construction of the Rental Car Baggage Claim Renovation Project, including: (1) preparing design documents; (2) perform construction, using Small Works contracts and Port crews; and (3) executing a contract to purchase furniture, for a total amount of \$1,207,800.