

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 6b
Date of Meeting May 6, 2014

DATE: April 29, 2014
TO: Tay Yoshitani, Chief Executive Officer
FROM: Mike Ehl, Director, Airport Operations
Wayne Grotheer, Director, Aviation Project Management Group
SUBJECT: Long-Term Cell Phone Lot (CIP #C800324)

Amount of This Request:	\$822,100	Source of Funds:	Airport Development Fund
Total Project Authorization to date Including this Request:	\$2,207,100		
Total Estimated Project Cost:	\$3,429,100 to \$5,062,100		
Est. State and Local Taxes:	\$99,000		

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to complete the construction of the Long-Term Cell Phone Lot at the Seattle-Tacoma International Airport for an additional amount of \$822,100 for a total authorization of \$2,207,100.

SYNOPSIS

Today's request is for additional authorization to complete construction of the remaining 140 stalls of the 200 stall cell phone parking lot to meet full demand. As of April 1, 2014, an initial 60 stalls were opened with a temporary traffic signal as interim access control to the new lot, as the former cell phone lot was closed. Due to customer service concerns associated with the limited lot capacity, temporary striping for an additional 80 stalls was provided on the old airport expressway. With the peak summer travel season quickly approaching, completing the lot as soon as possible is important for customer service.

Implementation of the lot has experienced cost growth, and is the reason for this request. Unsuitable subgrade was discovered requiring the removal, disposal and replacement with imported fill, resulting in an increase of \$561,100. Associated with the unsuitable subgrade additional soft costs were incurred for design, project and construction management resulting in an increase of \$124,900. Higher bids received and estimate errors for the lot lighting system resulted in an increase of \$67,100. Staff recommends replenishing the construction contingency in the amount of \$69,000 to cover the potential risk of encountering more unforeseen ground conditions and to ensure completion of project closeout activities. As of April 16, 2014,

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\$1,218,621 of the authorized \$1,385,000 budget, for only the cell phone lot portion of the project, has been expended. However, work completed but not paid in the amount of \$517,644 exceeds remaining authorization by \$351,285. All work has stopped on the lot and financial controls have been put in place so no further charges can be accrued. The requested \$822,100 authorization is to complete the cell phone lot.

This project is comprised of two major components: 1) the cell lot itself as described in the above paragraph, and 2) traffic access control both temporary (interim) and permanent. The temporary traffic signal currently installed is an interim access control solution for no more than one year until a permanent one can be determined. At completion of 60% design of the permanent access control, the estimated cost for a roundabout (the earlier preferred means of facilitation access to the lot) grew significantly. As a result other alternatives for permanent access control are being evaluated. Staff will present these alternatives as part of a later separate briefing to the Commission in the coming months. Depending on the alternative selected, construction of permanent access control may require an additional \$779,000 to \$2,412,000 of authorization, resulting in an estimated total project cost ranging from \$3,429,100 to \$5,062,100. More alternative analysis is necessary before the most cost effective long-term course of action can be determined.

BACKGROUND

Customer service, Cargo 5 Project(s), and Cell Lot:

Summary: Sea-Tac airport has one of the smallest footprints of all the major airports in the United States. Like most businesses that balance opposing or competing demands, the Airport was faced with where to best absorb a downside alternative in its tight footprint in order to meet three relatively more important demands (neighboring city relationships, customer service for travelers who use the cell lot, and cargo facilities for aircraft parking). As a result the cost and schedule of the cell lot grew; however the far larger cargo aircraft parking project costs remained in check, and an accustomed customer service amenity for the traveling remained in operation. The cell lot did increase in cost, but \$11,729,385 million was saved across all three competing demands.

Details: The original cell lot was within the confines of the Cargo 5 Project that was being designed to provide overnight aircraft parking positions. The Cargo 5 Project was a large project with a \$35,363,545 million cost, while the cell lot was much smaller with a \$1,435,000 cost. Well over a year ago the Capital Development and Aviation divisions determined that the Port could save significant costs by combining Cargo 5 with two other large on-airfield projects (Cargo 2 & 6) and constructing all three in one construction season. As a result the three airfield projects were bid together and the resultant one-construction-season approach and competitive bid savings totalled \$12,551,485 million. This required delaying the Cargo 5 project design for other cargo projects to catch up so they could be bid together. And since the cell lot had been originally planned to be closed, the remaining time available for cell lot construction was also squeezed in the one-construction-season approach.

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The original cell lot within the contractors work area for the Cargo 5 Project was planned to be closed on January 1, 2014. A new cell lot could not be constructed by then, so staff planned for an extended number of months when the airport would forego providing cell lot service to the community. The Airport Director became aware of this plan and considered the broader balance of competing demands. The large Cargo 5 Project(s) had benefitted from a \$12,551,485 million savings, and our customers expect and rely on a functional cell lot. Therefore despite a tight time frame, he directed staff seek to find the best way to provide continuous cell lot service. Staff balanced the competing factors of the project itself and found a way to work with the City of SeaTac to permit and install a temporary traffic signal, truncate design, utilize inhouse construction resources, order light poles, and perform other needed work. Unfortunately during the tighter time frame unsuitable soils were found on the site, and other miscalculations occurred as outlined below. Staff was able to keep the existing cell phone lot open another 4 months on the Cargo 5 project site to enable the temporary new cell lot to be opened on April 1st without disrupting the continuous service to cell lot customers, and without causing much larger potential contractor claims on that cargo project. While this authorization request for the cell lot increases the budget by \$822,100, this extra cost can be viewed as part of an airport-wide net projects savings of \$11,729,385 (\$12,551,485 million less \$822,100).

Cell Lot History and Extra Costs:

On December 11, 2012, Commission authorized \$408,000 for design of a 150 stall cell phone lot and roundabout for an estimated total project cost of \$1,768,000. Construction of the lot and the roundabout was planned under one major public works contract with an estimated completion date in March 2014. The existing cell phone lot was expected to be closed in January 2014 resulting in an extended period when no cell phone lot facility would be available to customers.

On September 10, 2013, the Commission authorized construction of the cell phone lot and the temporary signal using Port Construction Services. The request was made due to the changes above that required staff to revise the project phasing plan and having to fast-track the design and construction of only the lot to be open by April 1, 2014. The temporary traffic signal was estimated to operate until the roundabout was constructed. That request included \$1,170,000 for construction of the cell lot bringing the total authorization to \$1,385,000.

There are several key reasons for the increased cost to construct the cell phone lot. Staff miscalculated the impact of adding 50 stalls to the cell lot after 30% design was completed. Additionally, in order to expedite construction to open on April 1, 2014, staff decided to only complete the design to approximately 90% level, which resulted in a lower estimated cost for the lot used as the basis of prior authorizations. The original design assumed the new lot could be built on the existing grade with the existing soils; however, staff did not consider testing the existing soils during design and prior to start of construction. When construction commenced, the soil was found to be inadequate to support the new lot due to poor compaction even though a parking lot previously existed on this site. It became necessary to remove and dispose of these soils and import crushed rock material. The cost for this additional work was \$561,100.

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The cost for the lot lighting poles and LED fixtures is \$67,100 higher than originally estimated based on the bids received for this scope. Replenishing the construction contingency by \$69,000 is considered prudent given the remaining work. Additional design, project and construction management increased the soft costs by \$124,900, for a total increased authorization of \$822,100 and an increase in project budget of \$772,100.

Unpaid expenditures have exceeded authorization due to the rapid pace of the work, the required opening deadline, and staff's failure to adequately track the forecast to complete the lot's construction on a real-time basis that is not fully supported by the Port's financial system.

Due to these additional costs, only 60 of the planned 200 stalls have been completed.

Permanent Traffic Signalization or Roundabout:

Originally this project included construction of a traffic roundabout. After doing preliminary design, the estimated construction cost was higher than originally estimated. Therefore staff is presently reevaluating alternatives to the roundabout and will return with a recommendation in the third quarter of 2014. Very preliminary estimated costs for possible alternatives range from \$1,220,000 to \$2,855,000. This would increase the total project cost to between \$3,429,100 and \$5,062,100.

PROJECT JUSTIFICATION AND DETAILS

Completion of the cell phone lot is justified as follows:

- A cell phone waiting lot is an expected Airport-provided service to travelers.
- Without a cell phone waiting lot, some pick-up vehicles will wait for extended periods at the terminal curbside or along roadway shoulders resulting in congestion and safety problems.
- The existing cell phone waiting lot has been eliminated by construction of new facilities.

Project Objectives

Completing the cell phone lot will fulfill the need to replace the existing cell phone lot that was closed due to construction of the Cargo 5 Hardstand project. Cell phone lots have become a standard expectation of customer service at all large airports so completing the lot will contribute to achievement of the Airport's business plan strategy to become one of the top five customer service airports by 2018 as ranked among North American peers.

Scope of Work

The new cell phone lot is located on the south side of S. 170th St. just east of the Airport Drives (the site of the former Radisson Hotel parking lot). The total project scope of work for both components of work (lot and traffic control measures) includes:

- Demolition of existing asphalt pavement.

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- Site grading, paving, and striping for 200 vehicles.
- Installation of lot lighting.
- Installation of a stormwater system for the lot.
- Landscaping.
- Wireless antennas to support access to Port of Seattle wi-fi services.
- Permanent traffic control measures at S. 170th St.

The scope of work for this request to complete the first component (lot only) of the project includes:

- Paving and striping of the remaining 140 stalls (60 stalls have been paved and striped)
- Installation of light poles and fixtures (new transformer, panels, conduits, and pole bases have been installed)
- Installation of wi-fi (power and communication conduits have been installed)
- Completion of the water line across S. 170th St. to serve a new fire hydrant (other sections of the water line and hydrant have been installed)
- Completion of the stormwater treatment bioswale (stormwater pipeline and slot drains have been installed)
- Hydroseeding

Schedule

- Cell phone lot construction completion: June 2014.

FINANCIAL IMPLICATIONS

Budget/Authorization Summary

	Cell Phone Lot Project	Permanent Traffic Control	Total Project
Current Budget	\$1,435,000	\$1,086,000	\$2,521,000
Budget Increase	\$772,100	\$136,000 to \$1,769,000	\$908,100 to \$2,541,100
Revised Budget	\$2,207,100	\$1,222,000 to \$2,855,000	\$3,429,100 to \$5,062,100
Current Authorization	\$1,385,000	\$443,000	\$1,828,000
Current request for authorization	\$822,100	\$0	\$822,100
Total Authorizations, including this request	\$2,207,100	\$443,000	\$2,650,000
Remaining budget to be authorized	\$0	\$779,000 to \$2,412,000	\$779,000 to \$2,412,000
Total Estimated Project Cost	\$2,207,100	\$1,222,000 to \$2,855,000	\$3,429,100 to \$5,062,100

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Project Cost Breakdown (excluding roundabout or traffic control measures)

	Cell phone lot This Request	Cell phone lot Total Project
Construction of cell phone lot (excludes roundabout)	\$697,100	\$1,696,100
Design	\$80,000	\$206,000
Project Management	\$35,000	\$125,000
Other Soft Costs	\$10,000	\$81,000
State & Local Taxes (estimated)	\$0	\$99,000
Total	\$822,100	\$2,207,100

Budget Status and Source of Funds

This project was included in the 2014-2018 capital budget and plan of finance with a budget of \$2,521,000 for both the cell lot and roundabout (of which \$1,086,000 was expected to be accounted for as public expense). Of this amount the original budget for the cell lot alone must be increased by \$772,100 for a revised total capital budget of \$2,207,100. The budget increase will be transferred from the Aeronautical Allowance CIP (C800404) resulting in no net change to the Airport capital budget. The funding source will be the Airport Development Fund. The planned funding source for the permanent traffic control, currently proposed as a roundabout, includes up to \$1.0 million in parking tax revenues from the City of SeaTac. The remainder will be funded with the Airport Development Fund. Another budget increase for permanent traffic control will be requested in a future authorization.

Financial Analysis and Summary

CIP Category	Renewal / Enhancement
Project Type	Infrastructure Upgrades
Risk adjusted discount rate	N/A
Key risk factors	Wet weather conditions could delay asphalt paving and striping and delay the opening of the remaining 140 stalls.
Project cost for analysis	\$2,207,100 (cell lot only)
Business Unit (BU)	Roadway (cost split between aeronautical and non-aeronautical business units)
Effect on business performance	No revenue is generated by the existing cell phone lot and no revenue will be generated directly by the proposed lot. Approximately half of the costs of roadway projects are charged to the airline rate base.
IRR/NPV	N/A
CPE Impact	Less than \$.01 increase.

Lifecycle Cost and Savings

The project's lifecycle cost includes the initial capital cost plus future on-going operation and maintenance costs estimated to be \$24,000 per year (in year 2012 dollars).

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STRATEGIES AND OBJECTIVES

This project aligns with the Port's Century Agenda objective of meeting the region's air transportation needs at the Airport for the next 25 years.

This project also supports the Airport's strategy of becoming one of the top customer service airports in the world.

TRIPLE BOTTOM LINE

Economic Development

The project supports economic development by investing in a new long-term cell phone parking lot to serve the public's transportation needs at the Airport. Also, procedures set forth in the Port's Small Contractors and Suppliers Program will be used when applicable in the project contracting process in coordination with the Office of Social Responsibility.

Environmental Responsibility

Environmental performance will be employed where practicable. This project will decrease emissions, enhance stormwater management, utilize recycled content materials, minimize energy use, and provide environmental education to those utilizing the site. Specifically, these sustainability principles include, but are not limited to:

- Low impact development storm water management;
- Opportunity to provide signage educating users on the sustainability features and practices;
- Asphalt containing recycled content; and
- Energy efficient site lighting.

Community Benefits

The cell phone lot will provide an overall improvement to the Air Cargo Road and S. 170th St. corridor for airline passenger vehicles and other vehicles moving through the area.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Do not authorize completion of the cell phone as requested or to cover the \$351,285 expenditures that have exceeded authorization. This would result in the 140 parking stalls that are currently unpaved remaining unpaved and not useable. The 60 parking stalls that are currently in operation are not an adequate number to serve existing and future customer demand. Other elements of the cell phone lot would not be completed. This would result in claims or legal action against the Port to pay for work received. This is not the recommended alternative.

Alternative 2) – Authorize funds to cover work completed but not yet paid, which exceeds authorization, and to perform minimal work to permanently shut down the project properly. The minimum authorization under this scenario would be approximately \$644,500. This would result

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in a cell phone lot that does not fully meet the original functional and design intent to provide 200 parking stalls along with other project elements. This is not the recommended alternative.

Alternative 3) – Authorize completion of the cell phone lot as requested and cover expenditures that may have exceeded authorization. This will result in a cell phone lot with 200 paved and striped parking stalls and will meet the original functional intent of the lot. This will not complete the permanent traffic control measures for the lot, but users will be able to access the lot temporarily via traffic control measures already in place. **This is the recommended alternative for this authorization request.**

ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- April 1, 2014 – Requested authorization to complete the design and construction of the long-term cell lot for an additional \$693,000. Commission tabled the action without objection.
- September 10, 2013 – Authorization for construction of the cell phone lot in the amount of \$1,420,000
- December 11, 2012 – Authorization for design of the cell phone lot and traffic roundabout in the amount of \$408,000.