

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 4c  
**Date of Meeting** June 24, 2014

**DATE:** June 16, 2014  
**TO:** Tay Yoshitani, Chief Executive Officer  
**FROM:** David Soike, Director, Aviation Facilities and Capital Program  
Wayne Grotheer, Director, Aviation Project Management Group  
**SUBJECT:** Claim Device 8 Refurbishment and Security Door Replacement (CIP #C800368)

<b>Amount of This Request:</b>	\$263,730	<b>Source of Funds:</b>	Airport Development Fund (ADF)
<b>Est. Total Project Cost:</b>	\$303,730		
<b>Est. State and Local Taxes:</b>	\$15,100		

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to 1) complete design and 2) authorize Port Crews to proceed with construction of the baggage Claim Device 8 (Claim 8) Refurbishment and Security Door Replacement project at Seattle-Tacoma International Airport (Airport). This authorization seeks a single Commission authorization of \$263,730 to perform the design and construction for a total project cost of \$303,730.

**SYNOPSIS**

Claim 8 was used heavily for years and is currently used as an overflow device. With recent airline realignment, Claim 8 will become a regularly used device. This authorization of the Claim 8 refurbishment is to increase the operational availability and reduce equipment failures in support of the increased demands of the Airlines. The security door replacement on the inbound feed will provide better security than the current door type. This project was included in the 2014 – 2018 capital budget and plan of finance.

**BACKGROUND**

Claim 8 is 25 years old and worn to the point of requiring major refurbishment to maintain reliable customer service. It is currently serving as an overflow device, however, with recent Airline realignment and increase in flight activity, Claim 8 will become a regularly scheduled claim device in order to accommodate the increasing loads.

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### **PROJECT JUSTIFICATION AND DETAILS**

Claim 8 will be an integral and necessary resource to accommodate the additional Airline load and demand. This device has the oldest slope plate device in the Airport and is well beyond its useful life.

#### ***Project Objectives***

- Refurbish Claim 8 slope plate device.
- Provide better security with a new security door.
- Increase operational availability and reduce equipment failure.
- Reduce emergency repair costs and equipment downtime.

#### ***Scope of Work***

This project will refurbish the slope plate device and miscellaneous parts of Claim 8 and replace the security door. Port Engineering Services will perform design for the security door replacement. Port Maintenance will complete the refurbishment work during the fall to minimize operation disruptions. The security door replacement will be completed by Port Crews and utilization of small works contracts.

#### ***Schedule***

The project schedule is as follows:

Commission Authorization for Design and Construction  
Design  
Construction

July 2014  
July–September 2014  
September–November 2014

### **FINANCIAL IMPLICATIONS**

#### ***Budget/Authorization Summary***

	Capital	Expense	Total Project
Original Budget	\$500,000	\$0	\$500,000
Budget Reduction	(\$196,270)	\$0	(\$196,270)
Revised Budget	\$303,730	\$0	\$303,730
Previous Authorizations	\$40,000	\$0	\$40,000
Current request for authorization	\$263,730	\$0	\$263,730
Total Authorizations, including this request	\$303,730	\$0	\$303,730
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$303,730	\$0	\$303,730

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### ***Project Cost Breakdown***

	This Request	Total Project
Construction	\$236,900	\$236,900
Construction Management	\$5,400	\$5,400
Design	\$28,230	\$28,230
Project Management	\$14,300	\$14,300
Permitting	\$3,800	\$3,800
State & Local Taxes (estimated)	\$15,100	\$15,100
Total	\$303,730	\$303,730

### ***Budget Status and Source of Funds***

This project (C800368) was included in the 2014- 2018 capital budget and plan of finance as a business plan prospective project with a budget of \$500,000. Upon completion of the project notebook, the budget estimate was reduced to \$303,730. The funding source will be the Airport Development Fund.

### ***Financial Analysis and Summary***

<b>CIP Category</b>	Renewal/Enhancement
<b>Project Type</b>	Renewal
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$303,730
<b>Business Unit (BU)</b>	Terminal, airline equipment
<b>Effect on business performance</b>	NOI after depreciation will increase
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	Less than \$.01

### ***Lifecycle Cost and Savings***

The service life of the claim device is 15 years. This project refurbishes equipment that is well beyond its useful life. Refurbishment of the equipment will require a similar level of maintenance and does not have a material impact on current operating and maintenance costs.

## **STRATEGIES AND OBJECTIVES**

This project supports the Port's Century Agenda objective of meeting the region's air transportation needs at Sea-Tac Airport for the next 25 years. Maintaining our existing assets and infrastructure is necessary to meeting this objective.

## **TRIPLE BOTTOM LINE**

### ***Economic Development***

The aeronautical business strategy aims to strike a right balance between meeting the needs of our airline customers and the traveling public through cost effective means. Minimizing new

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construction reduces costs to the airlines and customers by making operational and maintenance improvements with up-to-date equipment.

### ***Community Benefits***

This project saves the Port the future cost of repairing obsolete conveyor equipment, supports the Port's goal to standardize conveyor equipment, and provides the flexibility the Airport needs to operate more efficiently. The traveling community will also benefit from increased airline availability to modern, functional baggage equipment.

## **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** – Do nothing. Leaving the device in its current state would run the device to failure. It would cause the device to be shut down for an extended period of time due to long lead items and extensive emergency repairs. This is not the recommended alternative.

**Alternative 2)** – Proceed with the security door replacement and major refurbishment before the increase usage of the device occurs. **This is the recommended alternative.**

## **ATTACHMENTS TO THIS REQUEST**

- None

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- None