

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4e
Date of Meeting October 28, 2014

DATE: October 20, 2014
TO: Ted J. Fick, Chief Executive Officer
FROM: Tina Soike, Director, Engineering Services
Wayne Grotheer, Director, Aviation Project Management Group
SUBJECT: Construction Logistics Expansion (CIP #C800688)

Amount of This Request:	\$2,468,000	Source of Funds:	Airport Development Funds
Est. Total Project Cost:	\$7,400,000		
Est. State and Local Taxes:	\$381,000		

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to prepare design and construction bid documents, execute utility agreements, and utilize Port crews for the Construction Logistics Expansion project at Seattle-Tacoma International Airport for an estimated \$2,468,000. The total estimated project cost is \$7,400,000.

SYNOPSIS

With the addition of several large construction programs at the Airport, the existing construction logistics facilities need to be expanded. These facilities currently provide space for contractor parking, temporary construction trailers, and the delivery and storage of materials and equipment for both Port and tenant projects. The Construction Logistics Expansion project will expand the existing construction logistics facilities and renovate the existing remote field offices in support of the Aviation capital program. Airline majority-in-interest approval is required and that process is currently underway with ballots due in November 2014. The current request includes \$420,000 for Port Construction Services to self-perform or execute small works contracts and staff expects to seek Commission authorization for the remaining construction in September 2015.

BACKGROUND

The construction logistics facilities were originally constructed in 2001 at the Logistics site (see Attachment A) located in the vicinity of 28th Avenue South and South 192nd St. The logistics facilities included a 560 stall contractor parking lot, and six construction laydown areas providing 12.0 acres of support space. The contractor parking lot is used for construction worker parking for both Port and tenant construction contracts. The construction laydown areas are used

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for both temporary construction trailers (remote field offices), and the delivery and storage of materials and equipment. In 2010 the construction of the Bus Maintenance Facility reduced the available construction laydown facilities at the Logistics site to 7.7 acres. An additional acre of construction laydown and logistics facility was provided at the Radisson site (see Attachment B), located in the vicinity of S 170th St and International Blvd, in 2006.

In order to support the upcoming Aviation Capital Program the construction logistics facilities need to be expanded to provide a 900 stall contractor parking lot and a total of 9.6 acres of construction laydown space. With the completion of the project, the contractor parking area will be relocated from the Logistics site to the South Employee Parking Lot (SEPL). The current contractor parking area will then be converted to construction laydown in order to provide the necessary space.

Construction Management, Survey, Construction Safety, and the construction section of the Central Procurement Office are currently located in remote field offices at the Water Tower, Westside, and Logistics sites (see Attachment C). These facilities were originally constructed as temporary field offices and have a limited useful life. They now require renovation to maintain functionality for an additional 10 years in support of the upcoming Aviation Capital program.

This authorization request includes the utilization of Port crews and a small works contractor in order to complete the improvements necessary to relocate the contractor parking area to SEPL. A future authorization request will include the award and execution of the two major works contracts that supports the expansion and reconfiguration of the construction logistics facilities and the renovation of the remote field offices.

Staff evaluated a number of alternatives for providing the needed construction laydown space. As explained on page 6, this proposed alternative is the lowest cost alternative.

Staff will report on the results of the Airlines majority-in-interest balloting due in November. The airlines were briefed on this project this past August with no significant comments or concerns expressed.

PROJECT JUSTIFICATION AND DETAILS

The existing construction logistics facilities at Seattle-Tacoma International Airport are heavily utilized during the construction of the Aviation capital program to provide construction worker parking, and space for temporary construction trailers and the delivery and storage of materials and equipment. This reduces impacts to existing Airport facilities, and reduces the cost from contractors charging the Port for these facilities within each construction project. With the increase in the Aviation capital program over the next 10 years the existing construction logistics facilities are undersized and need to be expanded to include a 900 stall contractor parking lot, and 9.6 acres that can be readily adjusted to accommodate the laydown space requirements based on the size of the construction project.

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Project Objectives

- Providing sufficient construction laydown and contractor parking facilities to support the upcoming Aviation capital program through 2025
- Upgrade the existing SEPL storm water management facilities to meet current NPDES permit requirements with no impact to the existing streams, wetlands, and associated buffers
- Maintain existing field offices to provide an effective work environment for Port staff
- Minimize investment in facilities that will be displaced by future project actions

Scope of Work

The project includes the reconfiguration and expansion of the construction logistics facilities, the re-use of the SEPL as a contractor parking lot, the upgrade of the SEPL storm water management facilities, and the renewal of the remote field offices used by Port staff. The key elements include the following:

- **Construction Laydown:** The existing construction laydown facilities at the Logistics and Radisson sites need to be reconfigured in order to maximize the use of the space and support a wider range of uses, and be expanded to support anticipated demand which displaces the existing contractor parking area. The redevelopment and expansion of the construction laydown facilities includes utilities (power, communications, water, and sewer), trenching, pavement patching, striping, and bollards.
- **Contractor Parking:** SEPL was originally constructed in the late 1980's and has not been in use for several years as an employee parking facility. In order to get the parking facility back into operation to support contractor parking, the lot needs to be cleaned, restriped, signed, and existing pot holes and damaged curb sections repaired. In addition, the access control system needs to be replaced. The completion of this work is included in this request and will be completed by Port Construction Services (PCS).
- **SEPL Storm Water Management Facilities:** SEPL includes two storm water detention ponds that were constructed as part of the original facility in the late 1980's. These facilities need to be upgraded to meet the current NPDES permit requirements. The capacity of the existing ponds needs to be expanded and protected (e.g., bird netting) and a swale needs to be constructed for water quality.
- **Field Offices:** The Port has existing field offices at three locations (Water Tower, Westside, and Logistics) that support Construction Management, Survey, Construction Safety, and Central Procurement Office staff. These facilities are over 10 years old and need improvements in order to keep them in operation for the next 10 years. Improvements differ by location but generally include replacement of the heating and ventilation systems, hot water heaters, roof ladders, roof membrane upgrades, and exterior repair and repainting. There are two vacant modular facility units at the Westside location that will be demolished as part of this effort.

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Schedule

Commission Authorization for Design/Advanced Work: October 2014

Airline Majority-In-Interest Approval: October 2014

Construction Complete – SEPL Improvements: August 2015

Commission Authorization for Construction: September 2015

Construction Complete – Construction Logistics/Storm Water Facilities: September 2016

Construction Complete – Field Office Renovation: October 2016

FINANCIAL IMPLICATIONS

Budget/Authorization Summary

	Capital	Expense	Total Project
Original Budget	\$6,122,000	\$1,278,000	\$7,400,000
Previous Authorizations	\$0	\$0	\$0
Current request for authorization	\$1,493,000	\$975,000	\$2,468,000
Total Authorizations, including this request	\$1,493,000	\$975,000	\$2,468,000
Remaining budget to be authorized	\$4,629,000	\$303,000	\$4,932,000
Total Estimated Project Cost	\$6,122,000	\$1,278,000	\$7,400,000

Project Cost Breakdown

	This Request	Total Project
Construction	\$860,000	\$860,000
Construction Management	\$228,000	\$228,000
Design	\$1,068,000	\$1,068,000
Project Management	\$156,000	\$156,000
Environmental/Permitting	\$130,000	\$130,000
State & Local Taxes (estimated)	\$26,000	\$26,000
Total	\$2,468,000	\$2,468,000

Budget Status and Source of Funds

The Construction Logistics Expansion Project (CIP #C800668) is proposed for inclusion in the 2015 – 2019 capital budget and plan of finance. The funding source for this project is the Airport Development Fund.

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Financial Analysis and Summary

CIP Category	Renewal/Enhancement
Project Type	Renewal and Replacement
Risk adjusted discount rate	N/A
Key risk factors	Future airport development may need this space. Consequently, improvements will be depreciated over ten years.
Project cost for analysis	\$7,400,000
Business Unit (BU)	Admin: costs will be allocated to all business units.
Effect on business performance	NOI after depreciation will decrease by about \$200,000 per year.
IRR/NPV	N/A
CPE Impact	\$.03 in 2015 and 2016 due to expense items, then \$.02 beginning in 2017 for capital costs.

Lifecycle Cost and Savings

Port staff does not anticipate a significant change in the on-going operation and maintenance costs associated with the construction logistics facilities and the remote field offices. These costs will continue to be incorporated into the Aviation capital program costs through allocated overhead.

The addition of a pond cover to the SEPL storm water management facilities does represent an increase in the on-going operation and maintenance costs. Depending upon the size and material used this will be better estimated during the design phase of the project.

STRATEGIES AND OBJECTIVES

This project supports the Century Agenda's strategic objective to advance this region as a leading tourism destination and business gateway since this project supports the Aviation capital program, which in turn provides the facilities necessary to meet the region's air transportation needs at the Airport.

This project also supports the Aviation Business Plan strategies to operate a world-class international airport by anticipating and meeting the needs of our tenants, passengers and the region's economy, and to reduce airline costs as far as possible without compromising operational and capital needs. This project supports the Aviation capital program, which in turn provides the facilities necessary to support Airport operations. This project also focused on re-utilizing existing facility assets in order to minimize the overall cost impact.

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TRIPLE BOTTOM LINE

Economic Development

The Construction Logistics Expansion project supports the Aviation capital program which represents an investment in our current facilities and supports the long-term vitality of the Airport and its tenants.

Environmental Responsibility

The Construction Logistics Expansion project will upgrade existing storm water management facilities to meet current permit requirements and support of future development.

Community Benefits

The Construction Logistics Expansion project will provide construction logistics facilities for the Aviation capital program. These facilities will reduce impacts on valuable existing Airport facilities by construction workers or construction activities in order to continue operations at our desired level of service for the traveling public.

Small Business Opportunities

The project manager will collaborate with OSR to determine the maximum amount of opportunities for small business participation.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Reconfigure SEPL to provide construction laydown and contractor parking for one major project (e.g., International Arrival Facility). Provide additional construction laydown facilities at the Radisson and Logistics sites, and provide additional contractor parking at the Logistics site. Upgrade the storm drainage facilities at SEPL to meet current NPDES permit requirements; but there is a risk that this cannot be achieved since this alternative represents a change of use and there would be conflicts with existing stream and wetland buffers. Renovate the field offices to support the current and anticipated future use by Port personnel. The anticipated cost for this alternative is \$8,500,000. This is not the recommended alternative.

Alternative 2) –Reconfigure the existing construction logistics facilities at the Logistics and Radisson sites to provide construction laydown. Relocate contractor parking to SEPL. Upgrade the storm drainage facilities at SEPL to meet current NPDES permit requirements. Renovate the field offices to support the current and anticipated future use by Port personnel. The anticipated cost for this alternative is \$7,400,000. **This is the recommended alternative.**

Alternative 3) –Reconfigure the existing construction logistics facilities to provide construction laydown, and construct additional logistics facilities off-site on undeveloped Port property for both construction laydown and contractor parking. These additional facilities can be located either to the north or south of the Airport, but the intent is that they would support only one major project (e.g., International Arrivals Facility). Provide contractor parking for tenant projects

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at SEPL and upgrade the storm drainage facilities to meet current NPDES permit requirements. Renovate the field offices support the current and anticipated future use by Port personnel. The anticipated cost for this alternative is \$12,400,000. This is not the recommended alternative.

Alternative 4) – Under this alternative the Port would not provide any facilities for construction laydown and contractor parking. Each contractor would be required to provide their own facilities in support of the project. Typically 2-3% of the contractor bid costs are associated with providing construction logistics for the project. Staff estimates that we reduce these costs by 1-2% by providing these nearby facilities. Based upon the current Aviation capital program 1% of the anticipated contractor bid costs is estimated at \$12 million. In addition, by not providing these facilities the local communities would experience a negative impact to their economic development as property would be used for these temporary facilities instead of in support of the local community's goals. This is not the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- Attachment A – Logistics Site Map
- Attachment B – Radisson Site Map
- Attachment C – Field Office Locations Map

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None.