

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

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

**Item No.** 4e  
**Date of Meeting** May 17, 2016

**DATE:** May 9, 2016  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Wendy Reiter, Director, Aviation Security and Emergency Preparedness  
Wayne Grotheer, Director, Aviation Project Management Group  
**SUBJECT:** Video System Improvements Project (CIP #C800642)

<b>Amount of This Request:</b>	\$3,030,000	<b>Source of Funds:</b>	TSA Grant and
<b>Est. Total Project Cost:</b>	\$13,000,000		Airport Development
<b>Est. State and Local Taxes:</b>	\$160,000		Fund

**ACTION REQUESTED**

Request Commission Authorization for the Chief Executive Officer to: 1) advertise and execute a contract for the first phase of construction of the Video Systems Improvements Project (CIP# C800642) at Seattle-Tacoma International Airport for an estimated cost of \$2,500,000; 2) increase design authorization by \$530,000, for a total request of \$3,030,000; and 3) amend an existing Service Agreement to add \$1,100,000 for a new contract total of \$2,000,000.

**SYNOPSIS**

The Video Systems Improvements Project (formerly the Closed Circuit Television (CCTV) Improvements Phase 2 project) will upgrade cameras, add cameras, and upgrade the Airport's video management system. The proposed upgrades will support security enhancements desired by the Transportation Security Administration (TSA) as well as Port of Seattle Security, Port Police and Operations.

This project is primarily funded through a TSA grant. The original project budget of \$11 million was predicated on a TSA grant of \$10 million. In the interest of further enhancing video coverage at the Airport, the TSA increased the grant total to nearly \$12 million. The budget, scope and cost increases are largely funded by this increase in the TSA grant and will require an additional design authorization of \$530,000.

The Service Agreement amendment corrects a deficiency in the contract amount and will support this project and another project to complete design efforts for future phases of work as explained below.

**BACKGROUND**

This project enhances and modernizes the existing Airport Video System. Port staff has

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

May 9, 2016

Page 2 of 6

collaborated with the TSA to identify and prioritize previously planned upgrades to the Airport Video System including camera placements, views and Video Management System (VMS) software and hardware enhancements based on planning work completed under an earlier project. In September 2014 Commission authorized design for this project and in March 2015 Commission authorized procurement of the VMS improvements.

When this project was being planned, the TSA indicated a willingness to provide an Other Transaction Agreement grant in the amount of \$10,000,000 to fund it. In 2014, the TSA provided an initial grant in the amount of \$7,387,790, with a promise to provide the balance in the following year. It has now increased the grant total to \$11,981,067, nearly \$2 million beyond their initial plan to pay for additional cameras. The project budget of \$13,000,000 includes an amount to pay for project costs that are not eligible for reimbursement under the TSA grant agreement such as certain staff and administrative costs necessary for the project, but not approved by TSA specifically under the grant. While a portion of this project (\$3.5 million) is devoted to improvements to the Airport's VMS, the remainder (\$9.5 million) will be used for the installation of video cameras around the airport. The Port has divided this work into several phases. The first phase, the subject of this request, will add new cameras to view aircraft ramp parking areas at the airport. These Ramp Cameras will provide enhanced camera coverage consistent with TSA, Airport Security, Operations, and airline requests. Construction Authorization of \$2,500,000 is being requested at this time. Two future phases will be brought forward for authorization as design packages are completed and bid packages are prepared.

In 2014, the Commission authorized execution of a design contract for both this Video System Improvements project and the Wi-Fi Improvements project. The design elements for both projects were similar and so a single design contract was procured. The Service Agreement for this contract was issued at a not-to-exceed amount of \$900,000 (\$390,000 for video and \$510,000 for Wi-Fi). Since this contract was issued, the video project construction scope has grown from an initial estimate of \$3.3 million (underestimated based on the initial TSA grant amount) to its current estimate of \$9.5 million (not including the video management system improvements). While the Wi-Fi project scope has grown modestly, the design cost was underestimated. Its current estimate is \$1,120,000.

Project	Original amount	Increase needed	New amount	Design authorization*
Wi-Fi (C800585)	\$510,000	\$610,000	\$1,120,000	\$1,946,000
Video (C800642)	\$390,000	\$490,000	\$880,000	\$2,052,000
Totals	\$900,000	\$1,100,000	\$2,000,000	\$3,998,000

\*Note: design authorization includes other soft costs beyond the service agreement.

This amendment increases the contract by \$1,100,000 to a new total of \$2,000,000 to finish design efforts for both projects. Due to the budget increase described above, the video project now requires an additional \$530,000 in authorization to complete design. The Wi-Fi project using this Service Agreement already has Commission action and spending authorization to complete its design. This Amendment requires Commission authorization because the proposed

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

May 9, 2016

Page 3 of 6

amendment value is in excess of \$300,000. This memo provides notice to Commission in accordance with RCW 53.19.060 (2) that we are amending the contract more than 50% original contract value and this memo will be placed at the bid desk and be available for public inspection.

### **PROJECT JUSTIFICATION AND DETAILS**

An enhanced video system will better support the Port and TSA in responding to security incidents in the Airport by providing additional camera views, easier and faster access to video streams and increased video archive capacity. The first phase, and subject of this request, will include installation of new cameras to view aircraft ramp parking areas at Concourses A, B, C, D and the South Satellite.

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

Project objectives focus primarily on improved video capabilities including availability and quality of views and user access to video information, as well as video data storage at the Airport. More specifically:

- Additional cameras will aid in increasing safety, security and provide better information to law enforcement agencies at the Airport.
- Enhanced coverage will provide risk management tools to aid in responding to claims due to accidents or incidents at the Airport.

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

Provide new cameras to view aircraft ramp parking areas at Concourses A, B, C, D and the South Satellite. These Ramp Cameras will provide enhanced camera coverage consistent with TSA, Airport Security, Operations, and airline requests.

Future phases will include cameras for the terminal building, concourses, ticket lobby, baggage claim, and airport drives.

Elements of the scope of work within the construction and installation of the new cameras will support the utilization of small businesses to participate on this project.

#### ***Schedule***

Commission Authorization for Construction	2 <sup>nd</sup> Quarter 2016
Issue Notice to Proceed	3 <sup>rd</sup> Quarter 2016
Construction Complete	4 <sup>th</sup> Quarter 2016

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

May 9, 2016

Page 4 of 6

### **FINANCIAL IMPLICATIONS**

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

	Capital	Expense	Total Project
Original Budget	\$11,000,000	\$0	\$11,000,000
Budget Increase	\$2,000,000	\$0	\$2,000,000
Revised Budget	\$13,000,000	\$0	\$13,000,000
Previous Authorizations	\$4,074,000	\$0	\$4,074,000
Current request for authorization	\$3,030,000	\$0	\$3,030,000
Total Authorizations, including this request	\$7,104,000	\$0	\$7,104,000
Remaining budget to be authorized	\$5,896,000	\$0	\$5,896,000
Total Estimated Project Cost	\$13,000,000	\$0	\$13,000,000

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

	This Request	Total Project
Design Phase	\$530,000	\$2,052,000
Procurement Phase	\$0	\$3,024,000
Construction Phase	\$2,340,000	\$7,249,000
Sales Tax	\$160,000	\$675,000
Total	\$3,030,000	\$13,000,000

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

The Video Systems Improvements Project (CIP C800642) is included in the 2016-2020 capital budget and plan of finance with a budget of \$11,000,000. The current project budget increased during design by \$2,000,000 as the TSA provided a grant total of \$11,981,067, rather than the \$10,000,000 initially anticipated, in order to install more cameras than first planned. This budget increase will be transferred from the Aeronautical Allowances CIP (C800404) resulting in no net change to the airport's capital budget. The funding source is the Airport Development Fund and a TSA grant.

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

<b>CIP Category</b>	Renewal and Replacement
<b>Project Type</b>	Infrastructure Upgrade
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$13,000,000
<b>Business Unit (BU)</b>	Terminal Building and Airfield Apron Area
<b>Effect on business performance</b>	NOI will decrease
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	\$.01 in 2017

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

May 9, 2016

Page 5 of 6

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

The existing surveillance camera and video management systems will benefit significantly from the proposed upgrades. Current camera systems have areas of compromised coverage and low resolution in certain areas of the Airport. This project will increase the video surveillance coverage with higher definition cameras which will reduce staff time and cost associated with security monitoring and investigations.

### **STRATEGIES AND OBJECTIVES**

This project supports the Aviation strategy of “Operating a World Class Airport” by ensuring safe and secure operations. A safe and secure airport is a necessary condition for Sea-Tac Airport to achieve the Century agenda objective of being the west coast gateway of choice for international travel. Additional high definition surveillance cameras and an upgraded video management system will provide increased security at the Airport for passengers and Airport tenants.

### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** Do not proceed with the video system upgrade project and the Service Agreement amendment at this time.

Cost Implications: \$205,000 grant payments would be expensed and refunded to the TSA

Pros:

- (1) Reduces capital costs. (Port outlay reduced by \$1 million, and total TSA grant reduced by \$11.9 million)

Cons:

- (1) The Port would need to refund the TSA the design costs for this project, a total of approximately \$205,000.
- (2) A reduced Service Agreement amendment would be requested of the Commission with the pending Wi-Fi project construction authorization request in the future.

This is not the recommended alternative

**Alternative 2)** Authorize construction but not the Service Agreement amendment

Cost Implications: \$260,000 (\$2,510,000 total project cost - \$2,250,000 TSA reimbursement = \$260,000)

Pros:

- (1) Ramp cameras would be installed.
- (2) Subsequent design of the Video Upgrade project could be completed using other IDIQ design contracts.
- (3) Proceeding with construction takes advantage of a large TSA grant issued to the Port for this purpose.

## **COMMISSION AGENDA**

Ted Fick, Chief Executive Officer

May 9, 2016

Page 6 of 6

### **Cons:**

- (1) This alternative is the most costly and results in a delay to the project of 6-8 months.
- (2) Schedule impacts would increase the risk that the Port would be unable to fully expend the grant before it expires in 2019.
- (3) Continuity of design would be lost, creating cost and schedule impacts to the project as the new designers would have to start over.
- (4) Procuring a new designer would cost \$10,000 and would delay completion of design.

This is not the recommended alternative

### **Alternative 3) Authorize construction and the Service Agreement amendment**

**Cost Implications:** \$250,000 (\$2,500,000 total project cost - \$2,250,000 TSA reimbursement = \$250,000)

### **Pros:**

- (1) Ramp cameras would be installed.
- (2) Design for both projects would proceed with designer continuity and without delay.
- (3) Proceeding with construction takes advantage of a large TSA grant issued to the Port for this purpose.

### **Cons:**

- (1) This alternative requires capital spending; however the majority of spending is a capital grant that cannot be used elsewhere.

### **This is the recommended alternative**

## **ATTACHMENTS TO THIS REQUEST**

- Slide presentation

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- March 24, 2015 – the Commission authorized the upgrade of the Airport VMS.
- September 11, 2014 – the Commission authorized design for the CCTV Improvements Phase 2 project.
- August 5, 2014 – the Commission authorized design for the Wi-Fi Enhancement project.
- September 11, 2007 – the Commission authorized design and construction of CCTV Improvements (phase 1).