

Item No. 7e\_Supp  
Date of Meeting October 25, 2016

# Seattle- Tacoma International Airport Baggage Program

October 25, 2016

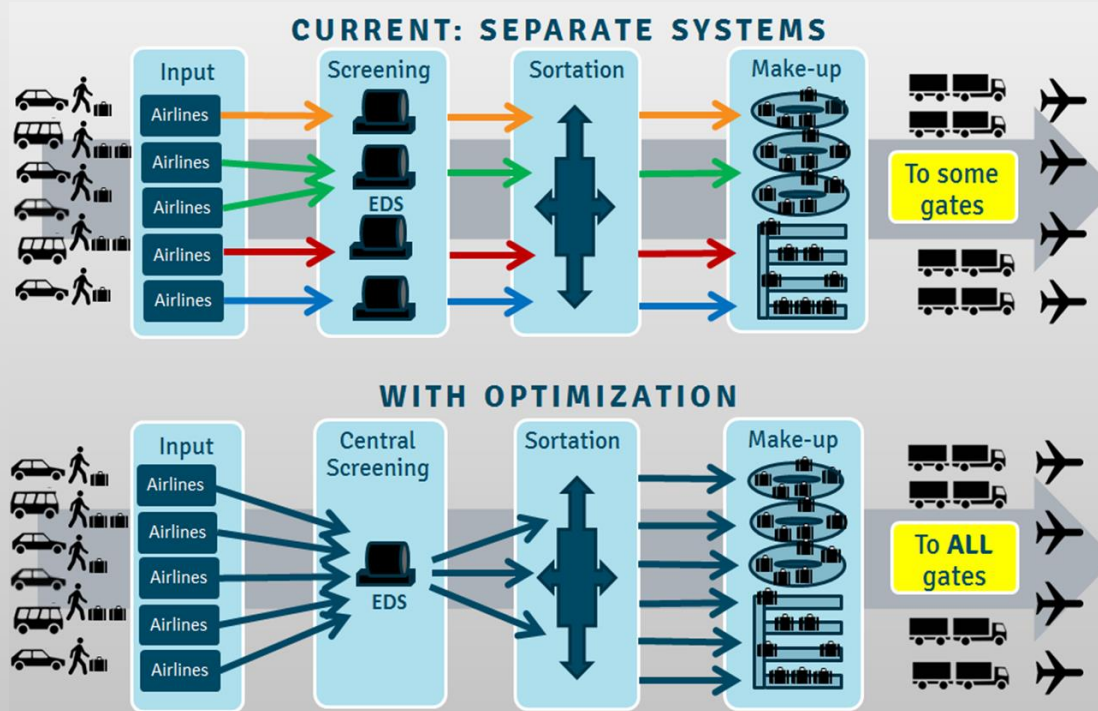
# Baggage Optimization Elements

- Replace the 6 aging baggage systems with a single system
- New system configured for expandability to meet passenger growth needs
- Provide interconnectivity for all ticket counters
  - Any bag anywhere



The Baggage Optimization project has three main objectives.

# Outbound Baggage System Flow



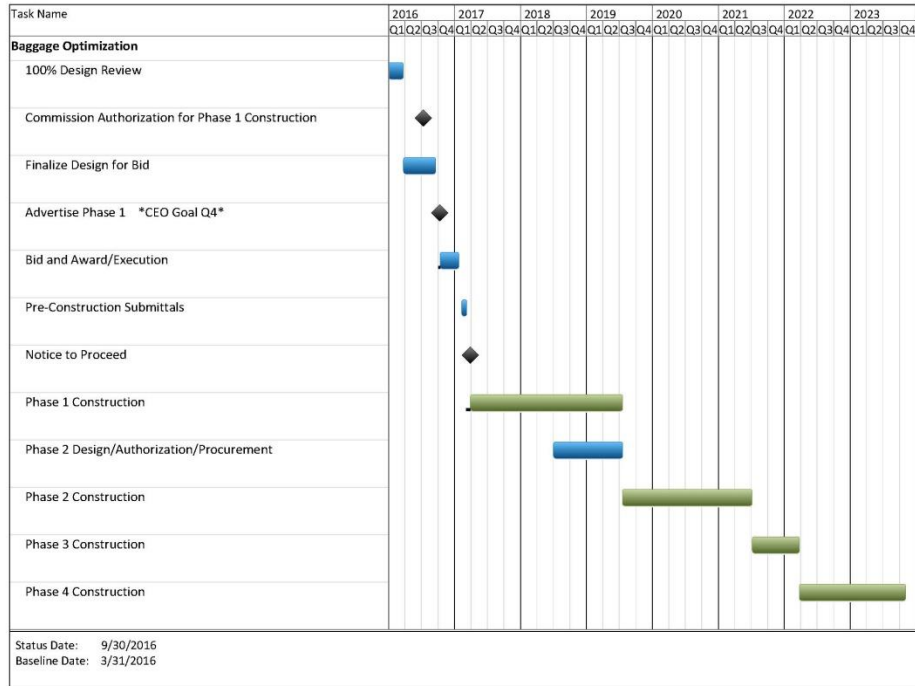
Optimization allows customers' bags to reach any gate.

# Q3 Financials

<b>Total Project Budget</b>	<b>\$ 319,050,000</b>
Total TSA Contribution	\$ 93,220,422
Total Commission Authorization to Date	\$ 135,375,000
Amount Spent to Date (as of 10-4-16)	\$ 17,627,471
TSA Design Reimbursement to Date (as of 10-4-16)	\$ 5,671,476

The project is within budget as originally scoped.

# Baggage Optimization Baseline Schedule



Project as originally scoped is on schedule.

# Bidder Interest/ Plan Holder Status

- A major project risk includes low interest and inflated pricing as contractors have many other projects to pursue.
- The Port proactively held two contractor informational sessions and will hold two pre-bid meetings in November.
- Advertising for bids on October 13, 2016 allowed the project to be one of the first large baggage projects currently known in the US to seek contractors.

The Airport is aware of 10 - 12 major baggage projects scheduled to bid in 2016 or 2017.

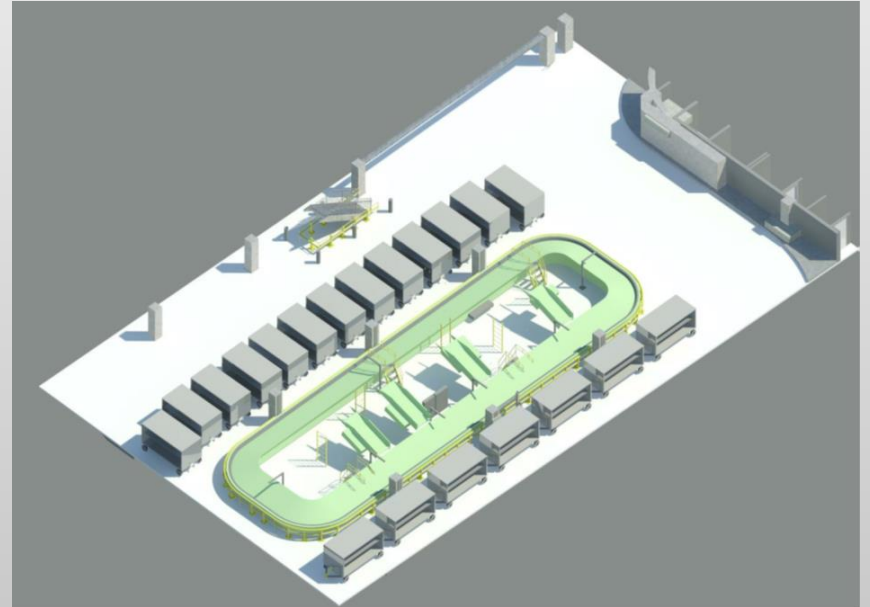
# Phase 1 Small Business Goals & Requirements

- SCS Requirement: 5%
- SBE Goal: 10%
- Specialized Baggage, Controls, and Electrical equipment installation is not heavily represented in the Small Business Community.

Total Goal + Requirement: 15% Small Business

# Phase 1 Pre-work

- Install a new makeup device and a new odd-size device in the North end of the bagwell.
- Equipment supply contract was competitively bid and awarded.
- Work to be completed by PCS, Port Maintenance, and Small Works.



Completion of pre-work will save the project an estimated 5 months from the project schedule.



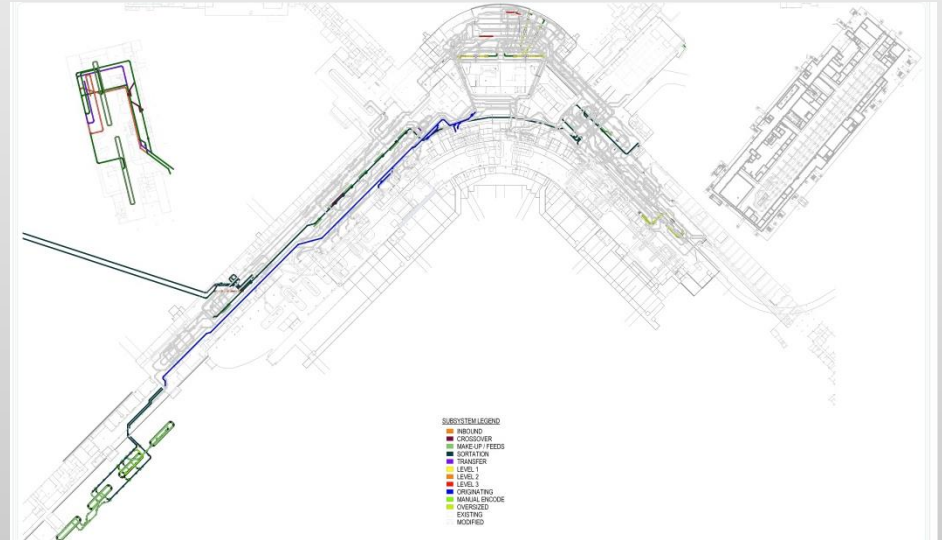
# Total Cost of Ownership (TCO)

- Project team has worked with Procurement Excellence to create an adjustment on bid form to offset increased upfront costs of lower TCO equipment
- This method will not be used during Phase 1
  - Concern that the bid adjustments were not developed sufficiently for use in public works bidding
  - Concern that the concept would make the project less attractive to bidders
  - Plan to continue to develop data for potential use in later phases and other contracts

Total Cost of Ownership takes into account the lifecycle costs of each product, not just first cost.

# Scope Addition (From 45 to 66 MAP)

- Current project scope includes capacity to 45 MAP, which the airport will reach this year
- A scope addition would increase the system capacity to 60 – 66 MAP for an estimated cost of \$136M
- Interim baggage projects, bag bosses, and bag porters keep the system operational during peak times above current system capacity.



Unprecedented Growth has created a requirement for increased capacity in the baggage system.