



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4b

ACTION ITEM

Date of Meeting May 9, 2017

DATE: May 1, 2017

TO: Dave Soike, Interim Chief Executive Officer

FROM: Michael Ehl, Director Aviation Operations
Dwight Rives, Director Port Construction Services

SUBJECT: Baggage Claim Wall Panel Replacement

Amount of this request: \$500,000

Total estimated project cost: \$500,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to proceed with a budgeted expense project to replace outdated wall panels in the Baggage Claim area of Seattle-Tacoma International Airport in an amount not to exceed \$500,000 and to use Port crews and small works contracts to perform the work.

EXECUTIVE SUMMARY

The South Terminal Expansion Project (STEP), completed in 2004, established a new standard wall décor for the south end of Baggage Claim. This project continues what STEP began by incorporating the new wall panel standard and replacing the remaining outdated green panels to achieve a brighter and more contemporary look in what is currently a dark and outdated Baggage Claim.

JUSTIFICATION

Existing baggage claim walls are a mix of both old and new wall panels. The current landscape is a mix of 30 percent new and 70 percent old panels. This project, at completion, will ensure a uniform, clean, bright and contemporary baggage claim. The budget for this project is an approved line item in the 2017 PCS budget. The baggage claim has not been renovated in more than 25 years. This project supports the Century Agenda goal of making Sea-Tac the Gateway of Choice for international passengers.

DETAILS

Port Construction Services (PCS) will manage this project and the procurement of the new wall panel materials. The product previously used at the South Terminal Expansion project is still on the market, allowing us to procure the exact product to ensure a consistent and uniform

Meeting Date: May 9, 2017

aesthetic in baggage claim. Work will be completed around airline schedules and coordinated with Airport Security for work around doors and in high demand locations.

Scope of Work

This project will replace all remaining old green wall panels with the new standard silver laminate panels, trim, and new cove base.

Schedule

This project will procure wall panel materials in the second quarter of 2017 and complete replacement of all panels by the end of 2017.

Activity

Commission authorization	2017 Q2
Construction start	2017 Q2
In-use date	2017 Q4

Cost Breakdown

	This Request	Total Project
Design	\$0	\$0
Construction (Material Purchase and Installation)	\$500,000	\$500,000
Total	\$500,000	\$500,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Include panel replacement only when projects impact baggage claim walls

Cost Implications: No cost outside of project costs

Pros:

- (1) We wouldn't need to pay for replacement of panels unless it was Port project

Cons:

- (1) Very lengthy and might never touch all wall panels
- (2) May require different materials if product becomes obsolete
- (3) Will not give Baggage Claim a cohesive look
- (4) Will not prepare Baggage Claim for the continued growth we are seeing
- (5) Baggage Claim will continue to be dark and perceived as dirty

This is not the recommended alternative.

Alternative 2 – Use of PCS annual budget to replace each year

Cost Implications: \$50,000 per year

Pros:

- (1) Low cost worked into annual budget

Meeting Date: May 9, 2017

Cons:

- (1) Very lengthy and will take 8-10 years to complete
- (2) May require different materials if product becomes obsolete
- (3) Will not give Baggage Claim a cohesive look
- (4) Will not prepare Baggage Claim for the continued growth we are seeing
- (5) Baggage Claim will continue to be dark and perceived as dirty

This is not the recommended alternative.

Alternative 3 – Proceed with project to replace all panels

Cost Implications: \$500,000

Pros:

- (1) Baggage Claim appearance will begin to improve Summer 2017
- (2) Budget is an approved line item in PCS 2017 budget
- (3) All wall panels will be the same, bright, and contemporary
- (4) Cost of wall panels will escalate over ensuing years
- (5) Purchasing and installing this year ensures the laminate décor is not discontinued prior to completion
- (6) This supports our efforts to meet the region’s air transportation needs by improving the aesthetics of our baggage claim

Cons:

- (1) To complete work by the end of 2017, work may hamper day and night operations near baggage carousels and belts, access through oversized baggage windows and bagwell doors, and use of escalators from north and south STS train stations, specifically along the west wall

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

Capital

Expense

Total

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$0	\$500,000	\$500,000
AUTHORIZATION			
Previous authorizations	0	0	0
Current request for authorization	0	\$500,000	\$500,000
Total authorizations, including this request	0	\$500,000	\$500,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project is included in the PCS 2017 operating budget for \$500,000. The funding source will be the Airport Development Fund.

Meeting Date: May 9, 2017

Financial Analysis and Summary

Project cost for analysis	\$500,000
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will decrease as only 77% of cost will be recovered in airline rate base.
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.01 in 2017

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None