



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4e

ACTION ITEM

Date of Meeting May 23, 2017

DATE: May 15, 2017

TO: Dave Soike, Interim Chief Executive Officer

FROM: Wendy Reiter, Director, Aviation Security and Emergency Preparedness
Wayne Grotheer, Director, Aviation Project Management Group

SUBJECT: Video Systems Improvements Project (CIP #C800642)

Amount of this request: \$5,896,000

Total estimated project cost: \$13,000,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to (1) execute purchase contracts, (2) advertise and award major public works contract(s); and (3) amend an existing service agreement to add \$500,000 for a new contract total of \$2,500,000 for the Video Systems Improvements project at Seattle-Tacoma International Airport. This authorization is for a total of \$5,896,000 of a total project cost of \$13,000,000.

EXECUTIVE SUMMARY

The purpose of the Video Systems Upgrade project is to enhance security at the Airport by adding video system coverage throughout Terminal, Concourses, Airport Drives and Ramp areas. The project will upgrade older, low-resolution cameras, add new high definition cameras, and upgrade the Airport's Video Management System (VMS) with additional video storage capacity and a revised graphical user interface to access video feeds. This work supports security enhancements desired at Sea-Tac by the Transportation Security Administration (TSA) as well as Port of Seattle Security, Port Police, and Operations.

The Port has been awarded a total of \$12 million in the form of an Other Transaction Agreement (OTA) grant from the TSA to complete this project. In addition, the Port has authorized an additional \$1 million capital budget for project costs that are ineligible for grant funding for a total capital budget of \$13 million.

JUSTIFICATION

The Video Systems Improvement Project supports the Century Agenda, Aviation Division strategic goals, and 2017 Proposed Goals and Objectives to provide a safe and secure travel experience for people and goods.

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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 archived capacity. The second phase, and the subject of this request, will include installation of new cameras to view terminal walkways and holdrooms in Concourses A, B, C, D, and the South Satellite, along with ticketing, baggage claim areas, and arrival and departure drives.

DETAILS

Access to the OTA grant funding expires in July 2019. The OTA stipulates that “The Airport Authority shall design, purchase, install operate and maintain expanded/enhanced Security System that meets the requirements set forth in this [OTA].” The nature of this OTA grant is such that funds not expended on this project cannot be used for any other purpose.

The first phase of the program (the Ramp Cameras Project) received construction and camera equipment bids that were less than estimated. This has resulted in savings in the program budget. As a result, Port staff is recommending reallocation of the budget variance toward design and installation of additional cameras, as well as additional functionality to the VMS. These additions are within the approved Scope of the OTA.

In order to complete the additional design work required for additional cameras and VMS functionality, the consulting contract needs to be amended to add scope and increase the value of the contract. In 2016, the Commission authorized an increase in the contract value for the design contract for this project (and the Wi-Fi Improvements project) from a total of \$900,000 to a new total of \$2,000,000. This amendment increases the contract value by \$500,000 to a new total of \$2,500,000 to provide the contract capacity to complete the additional design efforts.

This memo provides notice to Commission in accordance with RCW 53.19.060(2) that we are amending the contract by more than 50 percent of the original contract value. This memo will be placed at the bid desk and be available for public inspection.

Scope of Work

Provide new cameras to view corridors and holdrooms in Concourses A, B, C, D, and the South Satellite, along with the main terminal ticket lobby, baggage claim areas, and arrival and departures drives. Elements of the scope of work for the construction and installation of the new cameras will support the utilization of small businesses to participate on this project.

Enhance the system functionality of the VMS to include such things as alarm management functions and other day-to-day processes made possible from the capabilities of the new system as well as provide support for the end user camera map development.

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Schedule

Funding availability for the TSA OTA ends in July 2019. Current design and construction schedules are on track to complete anticipated projects before that date.

Activity

Commission construction authorization	2017 Quarter 2
Construction start	2017 Quarter 4
In-use date	2018 Quarter 4

Cost Breakdown

	This Request	Total Project
Video Systems Design	\$1,200,000	\$2,372,000
Video Systems Construction	\$4,696,000	\$10,628,000
Total	\$5,896,000	\$13,000,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not authorize construction of terminal cameras and additional design services at this time.

Cost Implications: \$0

Pros:

- (1) Reduces capital costs.

Cons:

- (1) The Airport would not benefit from additional security cameras.
- (2) The Port would not fully utilize allocated TSA funds.
- (3) Would forego enhanced operational and systems capabilities of the VMS.

This is not the recommended alternative.

Alternative 2 – Authorize construction of terminal cameras part of this request but do not amend the Service Agreement for additional design.

Cost Implications: \$3.5 million

Pros:

- (1) The terminal cameras part of this request would be installed.
- (2) TSA OTA grant funds would be partially used.
- (3) VMS System original functionality is delivered.

Cons:

- (1) Would forego design support services for additional cameras in order to fully utilize the OTA.

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- (2) Would not enhance VMS functionality (camera mapping would no longer be delivered as a part of this project).
- (3) Would not fully utilize OTA funds prior to July 2019.

This is not the recommended alternative.

Alternative 3 – Authorize design and construction of additional camera projects including designer Contract Amendment.

Cost Implications: \$5.9 million

Pros:

- (1) Terminal Cameras and other desired cameras would be installed.
- (2) Design for additional cameras in order to fully utilize the OTA would proceed with designer continuity and without delay.
- (3) Would take advantage of TSA funds issued to the Port for this purpose.
- (4) Would allow additional functionality to be added to the VMS.

Cons:

- (1) This alternative requires capital spending; however, the majority of funding is from TSA OTA funds that cannot be used for other purposes.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$13,000,000	\$0	\$13,000,000
Current estimate	\$13,000,000	\$0	\$13,000,000
AUTHORIZATION			
Previous authorizations	\$7,104,000	\$0	\$7,104,000
Current request for authorization	\$5,896,000	\$0	\$5,896,000
Total authorizations, including this request	\$13,000,000	\$0	\$13,000,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

The Video Systems Improvements Project (CIP C800642) is included in the 2017-2021 capital budget and plan of finance with a budget of \$13,000,000. The TSA has provided an OTA grant total of \$11,981,067. The funding source is the Airport Development Fund and the TSA grant.

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Financial Analysis and Summary

Project cost for analysis	\$13.0 million (only \$1.0 million in rate base due to grants)
Business Unit (BU)	Terminal Building and Airfield Apron Area
Effect on business performance (NOI after depreciation)	NOI after depreciation will decrease
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.01 in 2019

Future Revenues and Expenses (Total cost of ownership)

Aviation Maintenance anticipates an increase in operating and maintenance costs for the management and maintenance of the VMS, maintenance of the data network and camera system, and ongoing licensing costs. This totals \$1,045,900 over 5 years based on one person including benefits and minimal replacement materials – with an inflation rate of 3% per year and annual fees (increase per camera). Any request for FTE will be incorporated in the overall Aviation Maintenance budgeting process, and is not included in this request.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

May 17, 2016 – The Commission authorized construction of the first portion of the Video Systems Improvements project (CCTV Improvements Phase 2), increased design authorization, and amendment of the existing Service Agreement.

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.

September 11, 2007 – The Commission authorized design and construction of CCTV Improvements Phase 1.