



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6c

ACTION ITEM

Date of Meeting August 8, 2017

DATE: July 31, 2017

TO: Dave Soike, Interim Executive Director

FROM: James Schone, Director, Aviation Commercial Management
Wayne Grotheer, Director, Aviation Project Management

SUBJECT: Central Terminal Enhancements Project (CIP #C800886)

Amount of this request: \$4,650,000

Total estimated project cost: \$4,800,000

ACTION REQUESTED

Request a single Commission authorization for the Executive Director to: (1) complete design of the Central Terminal Enhancements project at Seattle-Tacoma International Airport; (2) procure furniture and fixtures; (3) advertise and execute a construction contract; and (4) use Port crews to complete the project.

EXECUTIVE SUMMARY

This project is part of an overall plan to improve the Central Terminal. Another project has already been authorized to improve infrastructure for dining tenants, including new stairs, elevators, and HVAC. This project would enhance other key elements of the Central Terminal so that the passenger seating area is refreshed when new dining concessions open for business in 2019. This project would add new building infrastructure (electrical charging stations and improved musician performing area) and replace furniture and equipment (tables, chairs, and waste receptacles). Without these improvements, the Central Terminal would lack amenities that are necessary to provide a quality passenger experience. Part of the Central Terminal will be closed in 2018 so that a separate project can construct elevators, stairs, and infrastructure. This project would construct during that same period.

JUSTIFICATION

This project would improve passenger experience in the Central Terminal by providing the following:

- (1) New electrical charging stations for passenger phones and other devices so that passengers can sit and eat while their devices are charging. Today there are no electrical charging stations in the Central Terminal. The project would provide counter/bar stations anchored to the floor. The project would not provide charging at

Meeting Date: August 8, 2017

the tables since the tables will need to be moveable for cleaning purposes and it would not be practical to have tables that are tethered to the floor with electric wires.

- (2) New tables and chairs replacing all existing tables and chairs in the Central Terminal. In 2019 when the new dining concession open for business, the existing furniture will be more than 14 years old. It has served millions of passengers during this time and exhibit extensive wear and tear. To improve seating availability, the new furniture will include a greater number of smaller tables to accommodate various size parties (solo, duo, and quartet). Other seating options will be evaluated during design.
- (3) A new music performance area and sound system. This will provide better sound and require less set-up time for the musicians. This project would consider the acoustical environment of the Central Terminal and ensure that appropriate audio technology is installed to provide high quality sound for the guests in the Central Terminal. High quality sound enhances the guest experience and showcases the musical performances. The performance area would also include an enclosed storage area for musician equipment, personal items, and transport cart in order to reduce visual clutter surrounding the performer.
- (4) New electrical power floor outlets for future compactors. While compactors are not a part of this project's scope, installing the electrical outlets now minimizes future disruption when the Central Terminal re-opens in 2019.
- (5) Waste/Recycle/Compost Receptacles - New non-compacting units will be provided that are more attractive and up to date.

DETAILS

Competitive procurement of furniture and equipment and a major works construction contract for this project will present opportunities for small businesses to participate. The Small Business team along with the Port's Project Management staff will be promoting this project under the Port's Small Business Generator Program (Port-Gen) in procurement of Goods and Services and construction contracting to maximize small business knowledge of the opportunities provided by this project.

Scope of Work

- (1) Electrical Charging Stations – The project would provide approximately 15 counter/bar stations, along with stools. The electrical power from existing panels will be extended beneath the floor and additional electrical panels will be installed. The cost for these charging stations is estimated to be \$2,700,000.
- (2) Furniture Procurement – Replacement of all existing passenger furniture in the Central Terminal with new furniture through a competitive procurement process that includes

Meeting Date: August 8, 2017

a total-cost-of-ownership evaluation. The furniture would consist of dining tables and chairs, benches, and potentially some lounge-style seating. The cost for high-quality and durable furniture is estimated to be \$1,300,000.

- (3) Music Performance Area – The scope includes a new sound system and enclosed storage. The cost is estimated to be \$400,000.
- (4) Electrical Power Floor Outlets – These would be provided to serve potential future installation of compactors. The cost for this work is estimated to be \$350,000.
- (5) Waste/Recycle/Compost Receptacles – Replacement of existing units with new non-compacting units. The cost for this is estimated to be \$50,000.

Possible scope revision: The Port is still in the preliminary phase of evaluating whether compacting waste/recycle/compost units should be installed in the terminal. If it is determined during this project’s procurement phase that compacting units are needed, the scope of this project could be modified.

Schedule

Design start	2017 Quarter 4
Construction start	2018 Quarter 3
Furniture & fixture procurement complete	2019 Quarter 1
In-use date	2019 Quarter 1

Cost Breakdown

	This Request	Total Project
Design	\$800,000	\$800,000
Construction	\$4,000,000	\$4,000,000
Total	\$4,800,000	\$4,800,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 –Do not upgrade the Central Terminal infrastructure, furnishings, or fixtures

Cost Implications: \$45,000 spent to date on project definition would be expensed

Pros:

- (1) Avoid incurring project capital cost of approximately \$4.8 million

Cons:

- (1) Does not improve the passenger experience by providing more seating options and increased seating availability
- (2) Does not improve the passenger experience by providing access to electrical charging stations

Meeting Date: August 8, 2017

- (3) Does not improve the music performance area
- (4) Does not improve appearance of the space with new waste/recycle/compost receptacles

This is not the recommended alternative.

Alternative 2 – Replace furniture only

Cost Implications: \$1,300,000

Pros:

- (1) Enhances passenger experience by providing more seating options and increased seating availability
- (2) Improves the appearance of the space with new furniture

Cons:

- (1) Does not provide electrical charging stations for passenger devices
- (2) Does not provide new music performance area
- (3) Does not provide electrical floor outlets for potential future compactor units
- (4) Does not improve appearance of the space with new waste/recycle/compost receptacles

This is not the recommended alternative.

Alternative 3 – Provide new furniture, electrical charging stations, music performance area, and waste/recycle/compost stations

Cost Implications: \$4,800,000

Pros:

- (1) Provides electrical charging stations for passenger devices
- (2) Enhances passenger experience by providing more seating options and increased seating availability
- (3) Provides a new music performance area
- (4) Improves appearance of the space with new waste/recycling/compost receptacles

Cons:

- (1) Construction will require additional coordination with other projects under being constructed at the same time
- (2) Costliest alternative

This is the recommended alternative.

Meeting Date: August 8, 2017

FINANCIAL IMPLICATIONS***Cost Estimate/Authorization Summary***

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$3,000,000	\$1,500,000	\$4,500,000
Current change	\$1,800,000	(\$1,500,000)	\$300,000
Revised estimate	\$4,800,000	0	\$4,800,000
AUTHORIZATION			
Previous authorizations	\$150,000	0	\$150,000
Current request for authorization	\$4,650,000	0	\$4,650,000
Total authorizations, including this request	\$4,800,000	0	\$4,800,000
Remaining amount to be authorized	\$0	\$0	\$0

The initial cost estimate assumed the cost of furniture would be accounted for as expense. The current plan is to replace all of the furniture, and the existing furniture has exceeded its accounting life, so the new furniture will be capitalized.

Annual Budget Status and Source of Funds

This project was included in the 2017 – 2021 capital budget and plan of finance as a business plan prospective project with a budget of \$3,000,000. The cost increase will be transferred from the non-aeronautical allowance CIP (C800405) resulting in no net change to the Aviation capital budget. The funding source will be the Airport Development Fund.

Financial Analysis and Summary

Project cost for analysis	\$4,800,000
Business Unit (BU)	Terminal Non-Aeronautical
Effect on business performance (NOI after depreciation)	
IRR/NPV (if relevant)	N/A
CPE Impact	None

Future Revenues and Expenses (Total cost of ownership)

There will be an increase in O&M costs related to the new passenger device electrical charging stations.

ADDITIONAL BACKGROUND

Note that this project is not part of the scope of the Airport Dining & Retail program (ADR) tenant projects or the ADR HVAC/Elevator projects.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None