



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6d

ACTION ITEM

Date of Meeting August 8, 2017

DATE: July 31, 2017
TO: Dave Soike, Interim Executive Director
FROM: Wendy Reiter, Director, Aviation Security
Wayne Grotheer, Director, Aviation Project Management
SUBJECT: Security Exit Lane Breach Control – Phase 2 (CIP #C800605)

Amount of this request: \$3,393,000
Total estimated project cost: \$11,100,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) increase the authorized funds for the Security Exit Lane Breach Control Project – Phase 2 (CIP #C800605) by the amount of \$3,393,000, and (2) advertise and execute a Building Engineering Systems contract to construct this project at Seattle-Tacoma International Airport. The total estimated project cost is \$11,100,000.

EXECUTIVE SUMMARY

The purpose of this project is to reduce the potential for breaches through four of the five terminal security exits (Concourse A, Concourse C, the North Satellite Transit System Station, and the South Satellite Transit System Station) by installing automated security exit lane breach control equipment. Exit Lane Beach Control systems are a series of automatic doors through a glass enclosed lane that controls the one-way flow of passengers through terminal exits. Completing this project will free up Transportation Security Administration (TSA) officers from staffing exits to perform security duties at checkpoints, and reduce the recurring annual costs associated with staffing the exit lanes. This project would also replace the existing Concourse B security breach control equipment.

An earlier version of this project was authorized in 2013 and stopped prior to installation. The equipment from that time has been stored. Port staff is now recommending utilizing the Building Engineering Systems contracting method to perform a qualifications-based selection of a contractor to develop a new integrated design, procure and install new exit lane equipment in lieu of the stored equipment, and construct required utility connections and facility improvements to complete the project.

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JUSTIFICATION

Using automated security breach control equipment at each exit will reduce the risk of unauthorized access to the secure parts of the Airport caused by human error. It is a regulatory requirement to prevent unauthorized movement of people into secure areas of the airport. When unauthorized access into the secure areas does occur, it creates a security breach. This results in delays that affect passengers and airlines and can be costly for both. The current staffing situation causes an increased security risk when exit lanes are busy and the guards may become distracted.

Four of the five terminal security exits are staffed with a combination of Port staff and TSA officers while the fifth exit has exit lane technology in place (Concourse B). While the Port has taken responsibility to guard some exits at a recurring unplanned cost, and thus been able to transition TSA officers back to security screening duties, this project will complete that transition allowing TSA to utilize its officers for their primary duties of security screening.

It is expected that by installing automated security exit lane breach control equipment the annual recurring staffing cost at exit lanes (approximately \$1.8M annually) incurred by both the TSA and the Port will be eliminated and staff redeployed.

DETAILS

In September 2013 the Commission authorized an earlier version of this project for construction which included Port purchased equipment and a general construction contract for installation. Prior to construction, the project was stopped and the construction contract canceled due to unsatisfactory negotiations with the Transportation Security Administration (TSA) over funding and responsibility for exit lane staffing. The equipment purchased for this project in 2013 has been in storage ever since.

After the project was cancelled in 2013, staff requested its re-authorization in 2016. An analysis was completed to assess the feasibility of installing the stored equipment. The original vendor indicated that the equipment would need to be refurbished prior to installation and could not be installed as-is. The refurbishment excludes the electronic components of the system and refurbishes structural elements for ease of maintenance. The analysis indicated that procuring new equipment would be the preferred approach to completing the project for several reasons.

Procuring new equipment will allow the Port to establish terms for an ongoing service agreement as part of the procurement. During and after the installation of the exit lane equipment on Concourse B, the Port was unable to successfully enter into a service agreement with the equipment vendor. The vendor would not agree to the terms requested by the Port which included providing factory level certified training to Port staff to allow maintenance to occur in-house. The ordering of spare parts has been slow which has been mitigated by removing parts from stored equipment. Despite the passage of time and the stated willingness of the vendor to improve the situation, it has not improved as hoped.

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With the stored equipment no longer a viable option for installation at the remaining four exits, the scope of this project has now been changed to include replacing the equipment installed at the Concourse B exit. This change will ensure the same technology would be installed at all exits. Doing so simplifies and standardizes emergency response, maintenance and operations. It ensures a single point of contact for all operational and maintenance issues.

A new authorization for design, procurement, and installation of five new automated exit lanes will provide the means to return Port and TSA staffing to other essential functions, will allow the airport to take advantage of current exit lane and breach control technology and will allow the Port to enter into a long term service agreement and warranty for the installed equipment. The Port will benefit from the ability to outline the expectations of a service agreement and warranty of the equipment.

Scope of Work

The project will install automated security exit lane breach control equipment at four security exits (Concourse A, Concourse C, North Satellite Transit System station, and South Satellite Transit System station), and replace automated security exit lane breach control equipment at one security exit (Concourse B). The project will also construct building and infrastructure system modifications needed to accommodate the equipment and emergency bypass lanes where necessary.

Schedule

Activity

Construction start	2018 Quarter 3
In-use date	2019 Quarter 2

Cost Breakdown

	This Request	Total Project
Design	\$0	\$1,319,000
Construction	\$3,393,000	\$9,781,000
Total	\$3,393,000	\$11,100,000

Small Business Participation

Project managers are partnering with the Port’s Small Business Group to help maximize small business knowledge of this project through PortGen activities. Elements within the scope of work will present small and diverse business opportunities.

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 –Do not increase the project authorization. Do not install new exit lane doors and expense the costs incurred to date. Dispose of the previously purchased equipment and continue to staff the exits.

Cost Implications: \$2,085,000 capital cost would be expensed; \$1,800,000 annual recurring cost for guards would be incurred.

Pros:

- (1) Lowest capital cost

Cons:

- (1) TSA guards would not be able to transition to security checkpoints to assist with passenger screening
- (2) The security exits would continue to have increased vulnerability to breaches.
- (3) Previously purchased exit lane equipment would need to be surplus

This is not the recommended alternative.

Alternative 2 – Proceed with construction and installation of equipment from storage, after factory refurbishment of the equipment.

Cost Implications: \$0 (no additional capital authorization required)

Pros:

- (1) This alternative would have less cost and schedule impact than new procurement

Cons:

- (1) No Service Agreement was established with the vendor during as part of the previous procurement; the Port and Vendor have not reached an agreement on the terms requested by AV Maintenance.
- (2) Vendor has been non-responsive and/or slow to returning requests from AV Maintenance for ordering of spare/replacement parts. Delays resulted in AV Maintenance removing parts from stored equipment.
- (3) Equipment in storage is several years old; there is no potential to refurbish the electronics, only the hardware.

This is not the recommended alternative.

Alternative 3 – Complete the project as originally scoped: adding security exit lane breach control equipment to exits from Concourse A, Concourse C, the North Satellite Transit System Station, and the South Satellite Transit System Station, but not replace the existing system on Concourse B.

Cost Implications: \$2,135,000

Pros:

- (1) This alternative would almost eliminate the cost of staffing the exit lanes with guards

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- (2) This alternative provides the greatest protection against security breaches at exit lanes
- (3) This alternative allows TSA guards to be transitioned to security checkpoint screening tasks
- (4) This alternative costs \$1.26M less by not replacing the existing equipment on Concourse B.

Cons:

- (1) This alternative has the same ongoing expense cost as Alternative 4.
- (2) This alternative maintains the relationship with the existing vendor with no service agreement.
- (3) This alternative increases the potential for multiple manufacturers’ products to be installed at the airport causing increased maintenance of parts inventory costs, and inconsistent training across product types.

This is not the recommended alternative.

Alternative 4 – Initiate a new procurement utilizing Building Engineering Systems to design, procure, and install new exit lane breach control equipment at all five terminal security exits: Concourse A, Concourse B, Concourse C, the North Satellite Transit System Station, and the South Satellite Transit System Station.

Cost Implications: \$3,393,000

Pros:

- (1) This alternative should almost eliminate the cost of staffing the exit lanes with guards
- (2) This alternative provides the greatest protection against security breaches at exit lanes
- (3) This alternative allows TSA guards to be transitioned to security checkpoint screening tasks
- (4) This alternative allows the airport to procure the most current technology.
- (5) Standardizes the equipment with a new comprehensive service agreement, warranty and training throughout the airport.

Cons:

- (1) This alternative has the same expense cost as Alternative 3
- (2) This alternative has the highest capital cost.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$3,500,000	\$0	\$3,500,000
Previous changes – net	\$4,207,000	0	\$7,707,000

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Current change	\$1,308,000	\$2,085,000	\$3,393,000
Revised estimate	\$9,015,000	\$2,085,000	\$11,100,000
AUTHORIZATION			
Previous authorizations	\$7,707,000	0	\$7,707,000
Current request for authorization	\$1,308,000	\$2,085,000	\$3,393,000
Total authorizations, including this request	\$9,015,000	\$2,085,000	\$11,100,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

The Security Exit Lane Phase II project (CIP #C800605) was included in the 2017-2021 capital budget and plan of finance with a total capital budget of \$7,707,000. The cost increase of \$1,308,000 is to include replacement of existing Concourse B exit lane. The budget increase was transferred from the Aeronautical Allowance (CIP #C800753), resulting in no net change to the Aviation capital budget. The previously purchased equipment and design cost of \$2,085,000 was not suitable for installation and will be expensed in 2017. The funding sources include a combination of the Airport Development Fund and future bonds.

Financial Analysis and Summary

Project cost for analysis	\$9,015,000 capital
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.07 in 2017 expensed of equipment, \$.03 in 2020

Future Revenues and Expenses (Total cost of ownership)

Aviation Maintenance anticipates an increase in Operating and Maintenance costs as a result of this project. Impacts to the ET’s will be an increase of approximately \$180,000 per year which includes: 1 FTE fully loaded, parts/materials, and a time/materials service contract to provide assistance as needed (for ET’s and OE’s to utilize). It is anticipated that the OE’s will also have an increase in time/materials for replacement of belts and motors but quantifying this will be easier after seeing what system is selected to be installed as a result of the project.

ATTACHMENTS TO THIS REQUEST

Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

July 12, 2016 – The Commission authorized increasing the project budget for the Security Exit Lane Breach Control Project – Phase 2 (C800605) by \$1,300,000, to advertise and execute a public works contract to construct this project at Seattle-Tacoma International Airport. For a total estimated project cost of \$7,707,000.

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January 6, 2015 – The Commission authorized increasing the project budget for the Security Exit Lane Breach Control- Phase 1 project (C800218) by \$252,000 to install an additional set of doors to the exit lane breach control system and widen the existing emergency bypass lane, for a total cost of \$1,562,000.

May 8, 2014 – The Commission was notified the Phase 2 project had only been 20% completed but was halted due to unsatisfactory negotiations with the TSA over funding and control.

September 10, 2013 – The Commission authorized the purchase of breach control equipment and to advertise for bids and award and to execute a major construction contract for the Security Exit Lane Breach Control – Phase 2 project in the amount not to exceed \$5,757,000.

April 2, 2013 – The Commission Authorized expansion of the scope of the Security Exit Lane Breach Control-Phase 1 project (C800218) to add a new exit lane and increase the project budget by \$360,000 for a new total estimated project cost of \$1,310,000.

January 8, 2013 – The Commission authorized the design of the Security Exit Lane Breach Control – Phase 2 project (C800605) at Seattle-Tacoma International Airport. That authorization was for \$590,000 for a total estimated project cost of \$3,750,000.

October 23, 2012 – The Commission authorized design of building modifications to accommodate exit lane breach control equipment, and to use Port crews for construction of the Security Exit Lane Breach Control- Phase 1 project (C800218) at Seattle-Tacoma International Airport. That authorization was for \$850,000 for a total estimated project cost of \$950,000.