

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6h

Date of Meeting December 15, 2009

DATE: December 3, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Michael Ehl, Director, Airport Operations
George England, Program Leader, Aviation Capital Improvement Program

SUBJECT: The Off-Site Roadway Improvement (ORI) project, a component of the Rental Car Facility (RCF) program incorporating the Washington State Department of Transportation's (WSDOT) bridge seismic improvements.

Amount of This Request: \$16,334,400

Source of Funds: CFC Revenues/Bonds

ACTION REQUESTED

Request authorization for the Chief Executive Officer to execute and award outside professional services agreements, to prepare and execute outside utility agreements and easements, to perform contract administration, to advertise for bids, and to execute a construction contract for the ORI project as part of the RCF program at Seattle-Tacoma International Airport (Airport) in the amount of \$16,334,400 bringing the total RCF program authorization to \$390,705,746; and to enter into contracts currently estimated at \$17,534,400 for the construction of this project incorporating WSDOT's bridge seismic improvements.

SYNOPSIS

The RCF program includes the ORI project as mitigation for the Consolidated Rental Car Facility project. During design of the ORI, the Port learned WSDOT had budgeted funds to complete a seismic upgrade to the International Boulevard bridge that crosses over State Route 518, the same bridge that will be widened by the Port's ORI project. Port and WSDOT staff have agreed to include the seismic improvements as part of the ORI project so there is one construction effort that provides a cohesive single bid package, reduces the overall impacts to the community, and reduces the costs of administering construction efforts for both agencies. WSDOT's seismic improvements are currently estimated at \$1,200,000 and are fully funded by WSDOT. The cost share agreement between the Port and WSDOT to combine both of these projects will require a future Commission authorization by February 2010 for executing the agreement prior to award of the ORI construction contract.

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PROJECT DESCRIPTION/SCOPE OF WORK

Project Statement:

Complete the ORI project to support the opening of the Consolidated Rental Car Facility by the end of first quarter 2012.

Project Objectives:

- Minimize overall program capital costs
- Meet the State Environmental Protection Agency (SEPA) and National Environmental Protection Agency (NEPA) requirements for the RCF program
- Minimize the impacts to the surrounding community
- Meet safety and operational requirements on State Route 518, Northern Airport Expressway, International Blvd., S. 160th St., and Host Rd.
- Integrate effectively with adjacent projects, including the construction of the Consolidated Rental Car Facility and Airport Link projects.

Scope of Work:

The ORI project includes a range of improvements to the transportation system surrounding the Consolidated Rental Car Facility. These improvements include the following and are shown on the attached Exhibit A:

- State Route 518 Off-Ramp to southbound International Blvd.: this project will realign this ramp in order to provide additional capacity and to support the widening of International Blvd.
- International Blvd.: this project will construct an additional southbound lane from the State Route 518 Off-Ramp to just north of S. 160th St. Improvements include roadway widening, bridge widening, bridge seismic, sidewalks, utility relocation, storm drainage, street trees, illumination, signage and channelization. In addition, intersection and signal improvements will be completed at the S. 160th St. and eastbound State Route 518 On-Ramp intersections.
- S. 160th St.: this project will construct an additional westbound lane from International Blvd. to the new State Route 518 On-Ramp. Improvements include roadway widening, retaining walls, sidewalks, driveway consolidation, utility relocation, storm drainage, landscaping, illumination, signage and channelization. In addition, intersection and signal improvements will be completed at the bus entrance to the Consolidated Rental Car Facility and the new State Route 518 On-Ramp.
- Host Rd.: this project will relocate Host Rd. so that it is aligned with the new State Route 518 On-Ramp and completes the intersection. Improvements include roadway relocation,

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retaining walls, sidewalks, driveway relocation, utility relocation, storm drainage, landscaping, illumination, signage and channelization.

- On-Ramp to eastbound State Route 518: this project will construct a new on-ramp from S. 160th St. to eastbound State Route 518. Improvements include roadway construction, retaining walls, utility protection, storm drainage, landscaping, illumination, ramp metering, signage and channelization.

This requested action authorizes construction, grants the approval to advertise for construction bids, and authorizes additional contract authority beyond the Port's authorized budget to support the expenditure and reimbursement of WSDOT's bridge seismic improvements related scope. Future Commission actions will request the authorization and execution of the WSDOT cost share agreement, as well as the dedications of roadway rights-of-way to both WSDOT and the City of SeaTac at the completion of the improvements.

STRATEGIC OBJECTIVES

This project supports the Port's strategy to "Ensure Airport Vitality." The ORI project is part of the RCF program which provides a long-term solution for rental car operations at the Airport.

ALTERNATIVES CONSIDERED/RECOMMENDED ACTION

Complete the Project with WSDOT's improvements – Under this alternative the ORI project would be completed as part of the RCF program and would include WSDOT's bridge seismic improvements. The completion of this project would provide the necessary roadway improvements essential to opening and operating the Consolidated Rental Car Facility, and would satisfy the requirements defined in the SEPA/NEPA environmental documents for the RCF program. In addition, WSDOT's bridge seismic improvements would also be completed as part of the same construction contract thereby reducing the impacts to the community and costs for both the Port and WSDOT. This is the recommended alternative.

Do-Nothing – Under this alternative the ORI project would not be completed as part of the RCF program. The ORI are required to open and operate the Consolidated Rental Car Facility per the completed SEPA/NEPA environmental documents for the RCF program. This is not the recommended alternative.

Complete the Project without WSDOT's improvements – Under this alternative the ORI project would be completed as part of the RCF program and would not include WSDOT's bridge seismic improvements. The completion of the ORI project would provide the necessary roadway improvements essential to opening and operating the Consolidated Rental Car Facility, and would satisfy the requirements defined in the SEPA/NEPA environmental documents for the RCF program. However, WSDOT's bridge seismic improvements would not be part of the initial construction effort and would have to be completed as part of a separate construction

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contract. This would increase the impacts to the surrounding community and the construction administration costs for both the Port and WSDOT. This is not the recommended alternative.

FINANCIAL IMPLICATIONS

Budget/Authorization Summary

The following budget and authorization summary is for the RCF program and includes the RCF Environmental Review (CIP #C100444), RCF Schematic Design (CIP #C101610), RCF Design (CIP #C102167), RCF Construction (C#100266), and Rental Car Buses (CIP #C800032). This summary does not include the RCF Property Acquisition (CIP #C101110).

Description	Current Revised Budget	Current Authorization	Requested Authorization	Total Revised Authorization
Cons. Rental Car Facility	\$350,772,000	\$350,772,000	\$0	\$350,772,000
Bus Maint. Facility	\$28,282,000	\$3,808,000	\$0	\$3,808,000
Off-Site Road Imp.	\$19,542,000	\$3,207,600	\$16,334,400	\$19,542,000
Main Terminal Imp.	\$3,383,000	\$583,746	\$0	\$583,746
Cons. Busing Operation	<u>\$17,327,000</u>	<u>\$16,000,000</u>	<u>\$0</u>	<u>\$16,000,000</u>
Program Sub-Total	\$419,306,000	\$374,371,346	\$16,334,400	\$390,705,746
Unallocated Contingency	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Program Total	\$419,306,000	\$374,371,346	\$16,334,400	\$390,705,746
		Remaining Budget to be Authorized		\$28,600,254

The following budget and authorization summary is for RCF Construction (CIP #C100266) and does not include the estimated \$1,200,000 for WSDOT's bridge seismic improvements.

Original Budget	\$360,793,256
Budget Increase	\$6,381,630
Budget Transfers	<u>\$28,194,114</u>
Revised Budget	\$395,369,000
Previous Authorizations	\$351,761,346
Current request for Authorization	<u>\$16,334,400</u>
Total Authorizations, including this request	\$368,095,746
Remaining Budget to be Authorized	\$27,273,254

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Project Cost Breakdown

The following project cost breakdown reflects the requested authorization and does not include the estimated \$1,200,000 for WSDOT's bridge seismic improvements.

Construction Costs	\$11,666,000
Sales Tax	\$622,000
Outside Professional Services	\$264,000
Port Costs	<u>\$3,782,400</u>
Total	\$16,334,400

Source of Funds

The Rental Car Facility Construction project (CIP #C100266) is included in the 2009-2013 capital budget and plan of finance as a committed project. The source of funds for this project, as identified in the plan of finance, includes Customer Facility Charge (CFC) revenues, bonds backed by CFC revenues, and other Aviation sources.

Financial Analysis Summary

The requested action does not reflect an increase in the budget for the ORI project and therefore does not change the overall financial analysis for the RCF program as presented to the Commission on June 30, 2009. The following information is provided for reference purposes.

The RCF program is categorized as a Revenue/Capacity Growth project. This project represents a business expansion of our existing rental car operations.

CIP Category	Revenue/Capacity Growth
Project Type	Business Expansion
Risk adjusted Discount Rate	See below
Key risk factors	See below
Project cost for analysis	\$419,306,000
Business Unit (BU)	Operations, Landside – Rental Cars
Effect on Business Performance	See below
IRR/NPV	N/A, see below
CPE Impact	Less than \$0.01 in 2012

As a cost recovery project, traditional financial analysis measures such as net present value (NPV) and internal rate of return (IRR) are not meaningful. The CFC is set and adjusted as needed to cover the costs paid by CFC's (including debt service). The current CFC is \$5.00 per

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transaction day. We anticipate that the CFC will need to increase to accommodate the anticipated CFC funded costs (bond requirements and consolidated busing) by the start up of rental car operations in early 2012. Assuming the total project costs identified above, and current assumptions for rental car transaction days, the CFC will increase to \$6.05 per transaction day.

SUSTAINABILITY AND LIFE CYCLE COSTS

The ORI project includes a wide range of improvements to State Route 518, International Blvd., S. 160th St., and Host Rd. With exception to WSDOT's bridge seismic improvements, the Port is responsible for all capital costs as part of the RCF program. However, the Port is only responsible for the annual operating and maintenance for Host Rd. which the ORI project does not significantly change. The City of SeaTac will be responsible for the annual operating and maintenance costs for International Blvd. and S. 160th St. WSDOT will be responsible for the annual operating and maintenance costs for State Route 518.

ECONOMIC IMPACTS

The RCF program provides a long-term solution for rental car operations at the Airport enabling the region to continue to receive the economic benefit of the Airport rental car market.

ENVIRONMENTAL SUSTAINABILITY/COMMUNITY BENEFITS

The ORI project will provide an efficient means for vehicles to arrive at, and depart from, the Consolidated Rental Car Facility while providing the necessary improvements to assure local community traffic is maintained as defined in the NEPA/SEPA environmental documents for the RCF program. In addition, the inclusion of WSDOT's bridge seismic improvements into the ORI project will reduce construction related traffic impacts for the surrounding community.

TRIPLE BOTTOM LINE SUMMARY

The RCF program will provide a long-term solution for rental car operations at the Airport enabling the region to continue to receive the economic benefit of the Airport rental car market. In addition, adverse environmental or community impacts were minimized on the surrounding transportation system with the completion of the ORI project.

PROJECT SCHEDULE

The following is a list of key milestone dates for the ORI project.

Bid Advertisement	January 2010
Construction Start	April 2010
Construction Complete	March 2012

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The construction completion date for the ORI project is dependent upon the start up of rental car operations in the Consolidated Rental Car Facility that is currently planned for first quarter 2012.

BACKGROUND

The RCF program includes three main projects: the Consolidated Rental Car Facility (including the facilities at the Airport's Main Terminal to support the consolidated busing operation), the Bus Maintenance Facility, and the Off-Site Roadway Improvements. The ORI project surrounds the Consolidated Rental Car Facility site and includes improvements to WSDOT, City of SeaTac, and Port owned transportation facilities. The ORI project also meets the commitments identified in the SEPA and NEPA environmental review documents for the RCF program.

WSDOT has budgeted funds to complete a seismic upgrade to the International Blvd. bridge that crosses over State Route 518 and will be widened by the ORI project. Port and WSDOT staff have agreed to include the seismic upgrade project into the ORI project so that there is one construction effort in order to provide a cohesive single bid package, reduce the overall impact to the community, and reduce the costs of administering both construction efforts for both agencies. The costs of the seismic upgrade project will be fully borne by WSDOT. The agreement between the Port and WSDOT to combine both of these projects will require future Commission authorization and is planned for February 2010.

At the completion of these roadway improvements the Port will need to dedicate property as roadway right-of-way to both the City of SeaTac and WSDOT. These requirements were identified in the SEPA/NEPA environmental review documents for the RCF program and will require future Commission authorization (planned for 2011). The costs for this effort are currently budgeted in the Rental Car Facility Property Acquisition (CIP# C101110) project.

PREVIOUS COMMISSION ACTION

The following list of previous Commission actions include only those related to the ORI project and include property acquisition, design and advance construction authorizations.

- November 9, 2004, the Commission authorized \$18,675,000 for the completion of facility design for the Consolidated Rental Car Facility, and for procurement of a General Contractor/Construction Manager for the delivery of the project.
- February 27, 2007, the Commission authorized \$9,210,183, including \$6,460,183 in additional design funding for the RCF program and \$2,750,000 for preconstruction services and for demolition of buildings on the Consolidated Rental Car Facility site.
- May 13, 2008, the Commission authorized 1) \$3,574,300 in additional design funds for the RCF program, 2) the award of the General Contractor/Construction Manager contract to Turner Construction Company and \$286,500,000 for the construction of the Consolidated

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Rental Car Facility, and 3) the execution of a change order in the amount of \$1,606,710 for additional construction staff and logistics facilities.

- November 11, 2008 the Commission authorized \$552,000 for the ORI project for design and advance utility relocations.
- June 9, 2009 the Commission passed Resolution 3617 which 1) exchanged Port surplus property for WSDOT property, and 2) authorized a long-term ground lease in the vicinity of the Tyee Valley Golf Course.
- June 30, 2009 the Commission 1) lifted the suspension and restarted the entire RCF program, 2) authorized \$591,670 in additional design funds for the Bus Maintenance Facility and ORI projects, 3) authorized \$27,826,000 in additional construction funds for the Consolidated Rental Car Facility, 4) authorized multiple change orders for a not to exceed value of \$16,800,000 and up to 260 calendar days for the construction of the Consolidated Rental Car Facility, and 5) revised the Commission notification requirements for change orders for the Consolidated Rental Car Facility.
- July 28, 2009 the Commission authorized the purchase of a portion of private roadway owned by Washington Memorial Park for \$300,000.

ATTACHMENTS

Attachment A – Off-Site Roadway Improvements Site Map