

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6b

Date of Meeting January 26, 2010

DATE: January 5, 2010

TO: Tay Yoshitani, Chief Executive Officer

FROM: Michael Ehl, Director Airport Operations
George England, Program Leader, Aviation Project Management Group

SUBJECT: North Expressway Final Paving, Landscaping, and Reclamation. CIP C800034

AUTHORIZATION REQUEST: \$0

SOURCE OF FUNDS: Revenue Bonds

SALES TAX PAYOUT: \$180,000

CONSTRUCTION JOBS: 120

ACTION REQUESTED:

Request authorization for the Chief Executive Officer to advertise for bids and award a construction contract for the North Expressway Relocation Phase 1 project consisting of final paving, landscaping and reclamation. The estimated cost of this project, \$5,880,000, is within the previously authorized budget.

SYNOPSIS:

The North Expressway Relocation Phase 1 program consists of relocation of the northbound lanes, the northern section of the southbound lanes, and associated ramps for the North Airport Expressway (NAE) in multiple phases. A subsequent and currently unprogrammed North Expressway Relocation Phase 2 project will complete the relocation of the southbound lanes.

This project is a part of the larger North Expressway Relocation Phase 1 program. The project will perform final paving, restoration, and reclamation work associated with the relocation of the NAE and the extension of light rail transit (LRT) to the airport. This project is the last of seven phases to relocate the NAE and bring LRT to the airport. This seventh contract will utilize a Project Labor Agreement. The project completes the Port's obligations to Sound Transit to facilitate extending LRT to the airport and to the City of SeaTac for landscaping of Port property and restoration of facilities along city streets. Both the Port's relocated NAE and Sound Transit's LRT are in operation. Budget has already been authorized that is sufficient to cover construction of this contract.

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BACKGROUND:

Previous projects to relocate the NAE and extend LRT to the airport were accomplished in multiple phases in collaboration with Sound Transit. This contract follows the major contracts that are complete or will be complete in the near future. The timing of the contract will allow the work to occur during the optimal seasonal construction period. The contract consists of the completion of ramps adjacent to the Airport Station and parking garage, a north entry art feature, landscaping, work deferred in order to facilitate construction of the major contracts, and restoration and reclamation of work areas. Sound Transit will reimburse the Port for portions of the work that are their cost responsibility. The Memorandum of Agreement entered into on April 17, 2006 between Sound Transit and the Port lists this project as the last phase of the multi-phase program.

PROJECT DESCRIPTION/SCOPE OF WORK:

Project Statement

This project is the last phase of a multi-phase program to construct facilities to minimize congestion of the terminal drives and to provide a corridor and supporting infrastructure that enabled Sound Transit to begin LRT operations to Seattle-Tacoma International Airport by the end of 2009.

Project Objectives:

- Provide roadway facilities and supporting infrastructure that are compatible with future Airport development and implementing light rail transit.
- Minimize impacts to Airport operations during construction.
- Minimize the Port's capital investment and operational and maintenance costs.
- Minimize the impacts to other Port capital improvement projects.
- Provide a roadway system that operates at an acceptable level of service with excellent customer way finding.
- Meet tenant and operator relocation requirements.
- Provide a comprehensive communication plan for both internal and external stakeholders.

Scope of Work:

The project includes final paving of ramps near the parking garage entrance and airport station, landscaping, an art feature and clock tower at the Airports north entrance, reclamation of staging and work areas, and miscellaneous work omitted or deferred from previous North Expressway Relocation Phase 1 contracts.

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The project will be bid and constructed as a single, major capital contract and will provide an estimated 120 short-term construction jobs during the course of the contract.

STRATEGIC OBJECTIVES:

This effort supports the Port's strategy to "Be a Catalyst for Regional Transportation Solutions". The work to support LRT access to the airport results in an additional mode of transportation for airport patrons and employees.

FINANCIAL IMPLICATIONS:

Capital Budget/Authorization Summary:

The project has previously received Commission funding authorization of \$102,436,000 and contract authorization for \$165,000,000. The higher contract authorization amount allowed portions of Sound Transit's LRT to be included in contracts administered by the Port. Budget transfers to include electrical work from another project, art elements, Port assets paid by Sound Transit, and savings have occurred for a current revised budget of \$110,487,700.

Budget/Authorization Summary

	Total
Original budget	\$119,203,000
Budget adjustments	\$0
Budget transfers	<u>\$3,519,000</u>
Budget savings	(\$12,235,000)
Revised budget	\$110,487,700
Previous authorizations	\$107,511,000
Authorization transferred with budget transfers, above	<u>\$2,867,000</u>
Net previous authorizations	\$110,378,000
Current request for authorization	\$0
Total Authorizations, including this Request	<u>\$110,378,000</u>
Remaining budget to be authorized	\$109,000
Total Cost to Date (as of 12/2/09)	\$99,561,614

Notes:

1. Original budget based on combined C800034, C102750, and C102788 and \$7.7 million of Sound Transit funds used to pay for Port assets.
2. Authorization and expenditure amounts include \$7.7 million in Sound Transit funds used to pay for Port assets.

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Project Cost Breakdown

The current estimate of cost for the project is within the previously authorized budget.

Construction costs	\$3,600,000
Sales tax	\$180,000
Outside professional services and Other	\$2,100,000
Total	\$5,880,000

Source of Funds

The remaining costs for this project are included in the 2010 – 2014 capital budget and plan of finance under CIP C800034. The funding source will be existing revenue bonds.

The MOA between Sound Transit and the Port includes a provision for reimbursement of additional costs to each agency. This requires Sound Transit to fully reimburse the Port for construction costs that would not have occurred to the Port if not for their Airport Link project. This reimbursement includes a proportionate share of administrative costs and other applicable costs necessary to support construction.

Financial Analysis Summary

This requested action does not affect the budget for the North Expressway Relocation Phase 1 project that was previously authorized by the Commission.

CIP Category:	Regional Transportation
Project Type:	Airport Access
Risk adjusted Discount Rate:	Not relevant to decision
Key Risk Factors:	Not relevant to decision
Project Cost (for analysis):	\$110,378,000
Business Unit:	Operations, Landside - Ground Transportation
Effect on Business Performance:	Aviation recovers approximately 46% of the capital and operating costs of roadway projects from the airlines. This revenue from the airlines will not cover the estimated debt service, generating a negative cash flow of \$4.5 million annually. NOI after depreciation will decrease by approximately \$200,000 annually.
IRR/NPV:	Not relevant to the decision
CPE Impact:	\$0.24 in 2011

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SUSTAINABILITY AND LIFE CYCLE COSTS:

The North Expressway Relocation project has relocated roadways and changed the vehicular circulation pattern to minimize traffic congestion and allow the extension of LRT to the airport. This contract contains features that are designed to minimize future maintenance, such as the use of concrete barriers; minimal use and coating of galvanized material to enhance water quality; and the reclamation and landscaping of sites disturbed by the construction. The north entry art feature includes LED lighting and solar panels. The features are designed for an appropriate service life and to minimize future costs.

TRIPLE BOTTOM LINE:

The completion of the NAE relocation and LRT project will continue to support the positive long-term economic impacts of the Airport, and provide a community benefit through the addition of high capacity transit to the Airport.

PROJECT SCHEDULE:

- Startup of LRT operations at the Airport – December 2009
- Bid and Award: January 2010 to March 2010
- Construction and commissioning: April 2010 to December 2010
- Punch list and closeout: December 2010 to February 2011
- First year plant establishment: December 2010 to December 2011

ALTERNATIVES CONSIDERED/RECOMMENDED ACTION:

- A. Do-Nothing – Under this alternative, the Port does not undertake any additional improvements to complete the north entrance and exit to and from the parking garage, landscaping in areas that border city streets and an art feature at the airports north entrance. The project would not be complete, ramps to and from the parking garage would be left unfinished, the north roadway entry would not be enhanced, the Port would be non-compliant per agreements with the City of SeaTac, and the Port would not fulfill its obligation under the Memorandum of Agreement (MOA) with Sound Transit. Sound Transit would be required to complete landscaping along International Boulevard in front of their traction power substation, fall protection above a wall, and other miscellaneous work by a separate contract. This is not the recommended alternative.
- B. Complete the Paving, Landscaping, and Reclamation. – Under this alternative, a finished project would occur for the previous roadway relocations including site reclamation of work area. Both the Port and Sound Transit would meet their landscaping commitments to the City of SeaTac. Sound Transit would be a participant in a portion of the costs. This is the recommended alternative.

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

On July 27, 2004, the Commission authorized \$4,814,000 for the design, environmental review, site and hazardous material surveys, and relocation to support the South 160th

On March 3, 2005, the Commission authorized \$12,871,000 for the design, environmental review, street vacations, and relocations to support the North Expressway Relocation Phase I project.

On March 14, 2006, the Commission authorized \$6,000,000 for advance work that facilitates the delivery and reduces risk for the construction of the South 160th Street Loop Ramp and North Expressway Relocation Phase I projects. On April 11, 2006, the Commission authorized an additional \$61,411,000 for a total project-wide authorization of \$78,282,000 and authorization to enter into contracts estimated at \$165,000,000.

On April 11, 2006, the Commission passed Resolution 3559, which authorized the Chief Executive Officer to execute an Interlocal Agreement with Sound Transit to establish the real property, financial and construction arrangements for the construction of the Airport Link Project.

On December 15, 2009, the Commission was briefed on the art and landscaping aspect of this project and alerted to an upcoming January 2010 request to advertise for bids.

ATTACHMENTS:

None.