

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6a

Date of Meeting February 2, 2010

DATE: January 15, 2010

TO: Tay Yoshitani, Chief Executive Officer

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

SUBJECT: The Bus Maintenance Facility (BMF) project, a component of the Rental Car Facility (RCF) program.

Amount of This Request: \$24,474,000

Source of Funds: CFCs/Aviation Funds

Amount of Sales Tax: \$1,747,000

Number of Workers Employed: 220

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, execute and award construction contracts, and pre-purchase materials and equipment; and allow Port Construction Services to self perform work, advertise for bids, execute and award small works construction contracts for the BMF project as part of the RCF program at Seattle-Tacoma International Airport (Airport) in the amount of \$24,474,000 bringing the total BMF program authorization to \$28,282,000 and the total RCF program authorization to \$415,179,746. This authorization is within the Current Revised Budget.

SYNOPSIS:

This memorandum requests authorization for construction, the approval to advertise for construction bids, and the approval to procure and advertise for bid the furniture, fixtures and equipment to support the completion of the BMF project. This project is part of the RCF program and includes a range of facilities necessary to support the rental car consolidated busing operation and the existing employee parking busing operation at the Airport. The Commission previously authorized a total of \$3,080,000 for the design of the BMF project. The authority to execute an Interlocal Agreement with Highline Water District, in support of the construction of the BMF project, will be requested as a future action prior to the award of the BMF construction contract.

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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 BMF project, as well as the recently completed Consolidated Maintenance Warehouse and Distribution Center, represent the first phase of development of the Aviation Maintenance Facility included in the Airport's Comprehensive Development Plan.

Port staff is continuing to work on the overall activation schedule for the Consolidated Rental Car Facility. At this time the schedule for the completion of the BMF project, including the startup of the consolidated busing operation, represents the latest date for the opening of the Consolidated Rental Car Facility. The opening date is currently estimated for March 2012 and Port staff are continuing to work to shorten this schedule.

PROJECT DESCRIPTION/SCOPE OF WORK:

Project Statement:

Construct the BMF project in time to support the rental car consolidated busing operation between the Main Terminal and the Consolidated Rental Car Facility.

Project Objectives:

- Minimize overall program capital and operating costs
- Provide a facility that supports existing and future planned rental car and employee parking busing operations
- Integrate effectively with adjacent projects, including the Consolidated Maintenance Warehouse and Distribution Center, future Aviation Maintenance Facility, and other future South Aviation Development Area facilities
- Provide a safe and functional facility with a supportive working environment

Scope of Work:

The BMF project includes the following improvements and are shown in Attachment A:

- **Bus Maintenance Building:** the construction of a 22,000 square-foot facility that includes six maintenance bays, chassis wash, administration area, locker rooms, break rooms, and other support facilities.
- **Bus Wash/Clean Area:** the construction of an automatic bus wash facility, two exterior bus cleaning bays, and other support facilities.

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- CNG Fueling Facility: the construction of a compressed natural gas (CNG) fueling facility to provide two high-capacity transit-fueling dispensers.
- Bus Parking Area: a bus parking area to accommodate the employee parking and rental car bus fleets.
- Employee Parking Area: an employee parking area to support the BMF and future Aviation Maintenance Facility.
- Site and Access Improvements: the construction of site utilities, landscaping, sidewalks, driveways, retaining walls, and other supporting site and access improvements.

This requested action authorizes construction, grants the approval to advertise for construction bids, and approves the procurement and advertisement for bid for furniture, fixtures, and equipment to support the completion of the BMF project. A future Commission action will request the authority to execute an Interlocal Agreement with Highline Water District to support the construction of the BMF project. The scope of the Interlocal Agreement is currently being negotiated with Highline Water District and will be presented as part of the future Commission action.

STRATEGIC OBJECTIVES:

This project supports the Port's strategy to "Ensure Airport Vitality" and to "Exhibit Environmental Stewardship through our Actions." The BMF project is part of the RCF program, which provides a long-term solution for rental car operations at the Airport. As part of the Aviation Division's demonstration project for sustainable design, the design team also considered the total cost of ownership as part of significant design decisions for the BMF project. The rental car consolidated busing operation will also be supported by a fleet of CNG powered buses in an effort to continue reducing emissions from Airport operations.

FINANCIAL IMPLICATIONS:

Budget/Authorization Summary

The following budget and authorization summary is for the RCF program and includes RCF Design (CIP #C102167), RCF Construction (#C100266), and Rental Car Buses (CIP #C800032). This summary does not include the RCF Property Acquisition (CIP #C101110).

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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	\$24,474,000	\$28,282,000
Off-Site Road Imp.	\$19,542,000	\$19,542,000	\$0	\$19,542,000
Main Terminal Imp.	\$3,383,000	\$583,746	\$0	\$583,746
Cons. Busing Operation	\$17,327,000	\$16,000,000	\$0	\$16,000,000
Program Sub-Total	\$419,306,000	\$390,705,746	\$24,474,000	\$415,179,746
Unallocated Contingency	\$0	\$0	\$0	\$0
Program Total	\$419,306,000	\$390,705,746	\$24,474,000	\$415,179,746
Remaining Budget to be Authorized				\$4,126,254

The following budget and authorization summary is for RCF Construction (CIP #C100266):

Original Budget	\$388,823,294
Budget Increases	\$6,737,740
Budget Transfers	(\$190,034)
Revised Budget	\$395,369,000

Previous Authorizations	\$368,095,746
Current request for Authorization	\$24,474,000
Total Authorizations, including this request	\$392,569,746
Remaining Budget to be Authorized	\$2,799,254

Project Cost Breakdown

Construction Costs	\$18,389,000
Sales Tax	\$1,747,000
Outside Professional Services	\$1,304,000
Port Costs	\$3,034,000
Total	\$24,474,000

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Source of Funds

The Rental Car Facility Construction project (CIP #C100266) is included in the 2010-2014 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 BMF project supports both the rental car consolidated busing operation and the existing employee parking busing operation. The portion of costs related to the rental car consolidated busing operation is funded by CFC revenues or bonds backed by CFC revenues. The portion of costs related to the existing employee parking busing operation is funded by other Aviation sources and is anticipated to be recovered by the monthly employee parking permit revenues. In addition, a very small portion of the costs are related to the future Aviation Maintenance Facility and will be funded by other Aviation sources.

The requested action does not reflect an increase in the budget for the BMF 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. As earlier briefed to the Commission, it is anticipated 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 at the startup of rental car operations.

SUSTAINABILITY AND LIFE CYCLE COSTS:

The BMF project team is pursuing LEED© certification for the Bus Maintenance building and has completed detailed energy modeling in an effort to reduce the operating costs for the facilities. The operating and maintenance costs for the BMF buildings and facilities are estimated at \$398,000 annually at day of opening. These costs will be proportioned between the rental car and employee parking programs based upon the actual level of activity for each program. The rental car cost is anticipated to be \$279,000 (70%) and will be paid by CFC revenues as part of the overall rental car consolidated busing operating costs. The employee parking cost is approximately \$119,000 (30%) and is currently anticipated to be recovered by the monthly employee parking permit revenues.

ECONOMIC IMPACTS:

The RCF program provides a long-term solution for rental car company 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 BMF project has incorporated several sustainable design elements as part of the LEED© certification process and as part of the RCF program as the Aviation Division's sustainable design demonstration project. In addition, no adverse environmental or community impacts were identified as part of the environmental review process for the BMF project.

TRIPLE BOTTOM LINE SUMMARY:

The BMF project, as part of the RCF program, will provide a long-term solution for rental car company operations at the Airport enabling the region to continue to receive the economic benefit of the Airport rental car market. The RCF program will improve the level of customer service for rental car customers at the Airport, and the local community will benefit with transportation improvements included in the program.

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PROJECT SCHEDULE:

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

Bid Advertisement	February/March 2010
Construction Start	June/July 2010
Construction Complete	December 2011

ALTERNATIVES CONSIDERED/RECOMMENDED ACTION:

Complete the Project – Under this alternative the BMF project would be completed as part of the RCF program. The completion of this project would provide the necessary facilities to support the rental car consolidated busing operation essential to the operation of the Consolidated Rental Car Facility. This is the recommended alternative.

Do-Nothing – Under this alternative the BMF project would not be completed as part of the RCF program. The Port would then not have the facilities necessary to support the rental car consolidated busing operation essential to the operations of the Consolidated Rental Car Facility. This would put at risk the successful operation of the Consolidated Rental Car Facility, and significantly increase the operating costs of the rental car consolidated busing operation which is funded by approximately twenty-seven percent (27%) of the forecast Customer Facility Charge (CFC) annual revenues. This is not the recommended alternative.

PREVIOUS COMMISSION ACTION:

The following list of previous Commission actions or briefings only related to the design of the BMF project and does not reflect the full list for the RCF program.

- 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 GC/CM contract to Turner Construction Company and \$286,500,000 for the construction of the Consolidated 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.
- October 21, 2008, the Commission authorized the use of up to \$20,000,000 in general Airport funds to provide temporary funding for the RCF program.

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- December 15, 2008, the Commission authorized the suspension of most work under the contract for construction of the Consolidated Rental Car Facility for an indefinite period, not to exceed one year. Design for the BMF and Off-Site Roadway Improvement projects would continue.
- June 2, 2009, the Commission authorized an additional \$607,000 for the design of the Compressed Natural Gas Fueling Facility as part of the BMF Project.
- 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.

ATTACHMENTS:

Attachment A – Bus Maintenance Facility Site Map