

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**

**Item No.** 5c

**Date of Meeting** January 24, 2012

**DATE:** January 3, 2012

**TO:** Tay Yoshitani, Chief Executive Officer

**FROM:** Dave Soike, Director, Aviation Facilities and Capital Program  
Wayne Grotheer, Director, Aviation Program Management Group

**SUBJECT:** Construction of Baggage Claim Device 14 and Lower Inbound Conveyor Replacement (CIP #C800374)

**Amount of This Request:** \$3,361,000

**Source of Funds:** Existing revenue bonds  
and/or future revenue  
bonds

**State and Local Taxes Paid:** \$254,000

**Jobs Created:** 18 (Total Project)

**Total Estimated Cost:** \$3,900,000

**ACTION REQUESTED:**

Request Port Commission authorization for the Chief Executive Officer to bid and award a major construction contract for the Baggage Claim Device 14 and Lower Inbound Conveyor Replacement at Seattle-Tacoma International Airport (Airport). The amount of this request is \$3,361,000. The total cost of the project is \$3,900,000.

**SYNOPSIS:**

Baggage claim device 14 is used exclusively by Alaska and Horizon Airlines and experiences constant, heavy use since these airlines represent about half of the passenger traffic using the Airport. The useful service life of a baggage claim device is 15 years. Baggage claim device 14 has been in use for 18 years and is worn out to the point of requiring major repair to maintain reliable customer service. Original manufacturer replacement parts are unavailable. Access to the lower feed conveyor for maintenance and jam clearing is difficult and poses a safety hazard.

This project will replace the sloped plate baggage claim device 14 and associated controls, in addition to removing the lower feed conveyor and replacing it with a new overhead feed. Doing so will avoid emergency repair costs and service disruptions due to downtime for repairs. Updating baggage claim device 14 will help to improve baggage delivery times for the airlines. The amount of this request is \$3,361,000 for major construction, and the total cost of the project including previous authorizations is \$3,900,000.

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### **BACKGROUND:**

Baggage claim device 14 is a sloped plate device that is fed by two baggage conveyors, one from overhead and one from under the floor. This project will replace the device, and associated controls and will install a second overhead feed conveyor. The existing overhead feed conveyor and associated controls will be updated to current technology. The existing lower feed conveyor is routed through the overhead of the satellite train maintenance facility transfer table area and over an electrical power center in the north service tunnel. Access to these conveyors for maintenance and jam clearing is difficult and dangerous due to their location and lack of adequate catwalks. The existing layout of these conveyors causes excessive jams. To clear jams on these conveyors, maintenance personnel must crawl down the decline conveyor. In addition, these conveyors were installed in 1971 and are older, narrower conveyors that have unavailable or hard-to-find parts. The lower feed conveyor will be removed and a new upper feed will be added to serve baggage claim device 14.

### **PROJECT JUSTIFICATION:**

This baggage claim device 14 and its associated feed conveyors are used exclusively by Alaska and Horizon and experience constant use that has worn out the equipment. Safe access for Airport maintenance workers needs to be improved.

#### ***Project Objectives:***

- Replace sloped plate baggage claim device 14.
- Replace control system to eliminate obsolete equipment.
- Reduce emergency repair costs.
- Reduce baggage jams and decrease the maintenance response requirements.
- Update critical system redundancy to ensure availability for use by the airlines.
- Improve air carrier baggage delivery times.
- Add overhead feed conveyor to accommodate larger luggage and provide a safe working environment for maintenance.
- Remove regulated materials as required using Port Construction Services.

### **PROJECT SCOPE OF WORK AND SCHEDULE:**

#### ***Scope of Work:***

Replace existing baggage claim device 14 sloped plate carousel unit with a new sloped plate unit of similar size and configuration. Replace existing lower inbound conveyor system with new and rerouted second overhead inbound conveyor. Update the existing overhead feed conveyor to current technology. Work will include demolition, structural, fire protection, lighting, heating, ventilation and electrical upgrades.

#### ***Schedule:***

- |                                   |                |
|-----------------------------------|----------------|
| • Commission Authorization to Bid | January 2012   |
| • Bid Advertisement               | February 2012  |
| • Construction Start              | September 2012 |
| • Construction Complete           | December 2012  |

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### **FINANCIAL IMPLICATIONS:**

#### **Budget/Authorization Summary:**

Original Budget	\$3,900,000
Revised Budget	\$3,900,000
Previous Authorizations	\$539,000
Current request for authorization	\$3,361,000
Total Authorizations, including this request	\$3,900,000
Remaining budget to be authorized	\$0

#### **Project Cost Breakdown:**

#### **This Request**

#### **Total Project**

	<b><u>This Request</u></b>	<b><u>Total Project</u></b>
Construction Costs	\$2,700,000	\$2,700,000
Sales tax	\$254,000	\$254,000
Port engineering professional services	\$0	\$285,000
Aviation PMG and other soft costs	\$357,000	\$611,000
Regulated Material Expense (Expense)	\$50,000	\$50,000
<b>Total Capital and Expense</b>	<b>\$3,361,000</b>	<b>\$3,900,000</b>

#### **Budget Status and Source of Funds:**

This project is included in the 2012-2016 capital budget and plan of finance as a committed project, CIP # C800374. The funding source will be existing revenue bond proceeds and/or future revenue bonds.

#### **Financial Analysis and Summary:**

CIP Category	New/Enhancement
Project Type	Infrastructure Renewal/Replacement
Risk adjusted Discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$3,900,000
Business Unit (BU)	Terminal, airline equipment
Effect on business performance	NOI after depreciation will increase
IRR/NPV	N/A

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CPE Impact	Will increase CPE by \$0.02 in 2013. However, no change to business plan forecast since this project was included.
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### **Lifecycle Cost and Savings:**

Annual Operating and Maintenance costs are not anticipated to increase or decrease with this project.

### **ENVIRONMENT AND SUSTAINABILITY:**

This project demonstrates environmental sustainability by improving existing Port assets and better utilizing existing resources. This project has a generally positive effect on the environment to the extent that automated baggage handling systems reduce Airport and airline reliance on less energy efficient baggage conveyance systems. Passengers will benefit from faster, more reliable, conveyance systems.

### **STRATEGIC OBJECTIVES:**

This project promotes the Port's strategic goals to "Ensure Airport and Seaport Vitality" and "Be a Catalyst for Regional Transportation Solutions" by providing the airlines with greater facility flexibility. Flexible operations will allow for greater and more efficient utilization of the Airport's existing facilities. The project provides enhanced capacity and flexibility in critical baggage infrastructure, especially for the Airport's largest customer.

### **BUSINESS PLAN OBJECTIVES:**

The aeronautical business strategy aims to meet the needs of our airline customers and the traveling public through cost effective means. Minimizing additional terminal construction by making new operational improvements with up-to-date equipment and technology helps to minimize costs to the airlines. The use of technology and thoughtful long-term planning are key elements of the strategy.

### **TRIPLE BOTTOM LINE SUMMARY:**

This project saves the Port the future cost of repairing obsolete conveyor equipment, supports the Port's goal to standardize conveyor equipment, and provides the flexibility the Airport needs to operate more efficiently. The traveling community will also benefit from increased airline availability to modern, functional baggage equipment.

### **ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:**

ALTERNATIVE 1: Proceed with bid and award a major construction contract for Baggage Claim Device 14 and Lower Inbound Conveyor Replacement. **This is the recommended action.**

ALTERNATIVE 2: Do nothing: Leaving the baggage systems as-is will negatively impact daily airline baggage operations, maintenance repairs, safety and the travelling public since baggage deliveries will become less reliable. This action is not recommended.

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**OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:**

None.

**PREVIOUS COMMISSION ACTIONS:**

On March 25, 2011, the Port Commission authorized the Chief Executive Officer to proceed with design of the Baggage Claim Device 14 and Lower Inbound Conveyor Replacement at Seattle-Tacoma International Airport (Airport).