

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5a

ACTION ITEM

Date of Meeting April 24, 2012

DATE: April 13, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: Michael Ehl, Director, Airport Operations
Wayne Grotheer, Director, Aviation Project Management Group

SUBJECT: Airline Realignment Tenant Improvements (Expense) for Seattle-Tacoma International Airport.

Amount of This Request: \$225,000

Source of Funds: Airport Development Fund

Total Project Cost: \$23,285,000

ACTION REQUESTED:

Request Port Commission authorization of (1) \$225,000 expense funds for regulated materials management (RMM), and (2) Use of Port crews for design and construction for the Airline Realignment Tenant Improvements project at Seattle-Tacoma International Airport. The RMM expense will be absorbed into the 2012 operating budget; remaining operating costs that will be incurred in 2013 and 2014 will be included as part of project operating costs.

SYNOPSIS:

On November 28, 2011, the Commission authorized the design of the Airline Realignment Tenant Improvements project. Since that authorization, Port staff has determined that an early start of RMM work will best ensure meeting the project schedule and mitigate risk. This request is for authorization of the additional budget of \$225,000 and use of Port crews and small works contracts to execute this work. The regulated material in this project will include the removal of asbestos containing material in the flooring and the fireproofing above the ceiling and all associated work related to it. The allocation for this RMM work was not included in the original request. Thus, this authorization precedes the request for overall project advertisement and construction authorization that is to follow.

This authorization is one of many that are necessary for the one-time realignment of air carrier operations that will take place at the Airport in coming years. The realignment was driven by the merger of major carriers and the consolidation needs of Alaska Air Group necessitating the repositioning of aircraft, gate holdrooms, and ticketing positions throughout the Airport. The air

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carriers involved in the realignment program are pursuing an aggressive schedule in which they propose to complete many of the moves by early 2013.

FINANCIAL IMPLICATIONS:

Budget/Authorization Summary:

	Capital	Expense	Total Project
Original Budget	\$0	\$23,285,000	\$23,285,000
Revised Budget	\$0	\$23,285,000	\$23,285,000
Previous Authorizations	\$0	\$3,776,000	\$3,776,000
Current request for authorization	\$0	\$225,000	\$225,000
Total Authorizations, including this request	\$0	\$4,001,000	\$4,001,000
Remaining budget to be authorized	\$0	\$19,284,000	\$19,284,000

Project Cost Breakdown:

	This Request	Total Project
Construction Costs	\$0	\$15,116,000
Sales tax	\$0	\$1,436,000
Outside professional services	\$0	\$2,276,000
Construction Cost (RMM) Expense	\$210,000	\$210,000
Aviation PMG and other soft costs	\$15,000	\$4,247,000
Total	\$225,000	\$23,285,000

Budget Status and Source of Funds:

This total of \$23.3 – \$30 million of operating costs will be spread over four years: 2011 – 2014. The Airport included \$8.2 million in the 2012 operating budget. The RMM expense will be absorbed within the 2012 operating budget. The remaining costs will be incurred in 2013 and 2014. All of the costs will be incorporated into airline rates and charges and recovered through terminal rents. As such, the funding source will be the Airport Development Fund.

Financial Analysis and Summary:

For 2012, the budgeted operating costs associated with terminal realignment will increase passenger airline costs per enplaned passenger (CPE) by \$0.49.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

None.

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

On November 28, 2011, the Port Commission authorized the Chief Executive Officer to authorize design of the Airline Tenant Improvement (CIP #800475) at Seattle-Tacoma International Airport for \$1,721,000 as capital and \$3,776,000 as operating expense.

On September 27, 2011, the Port Commission authorized execution of an IDIQ contract for Airline Realignment Tenant Improvements and Ticket Counter Design services totaling \$10,000,000.

On September 12, 2011, the Port Commission received a summary briefing on the Airport Realignment Program at Seattle-Tacoma International Airport.

On June 14, 2011, the Port Commission authorized 1) design of the Airport Signage – Airline Realignment project at Seattle-Tacoma International Airport (Airport). This authorization is for \$238,000 of a total project cost of \$646,000, and 2) execute a professional services Indefinite Delivery Indefinite Quantity contract for signage design services totaling \$400,000 for four years in support of upcoming capital improvement projects, including the Airport Signage – Airline Realignment project at the Airport (CIP #C800474).

On June 14, 2011, the Port Commission authorized Exterior Gate Improvements – Airline Realignment at Seattle-Tacoma International Airport. This authorization was for \$499,000 out of a total project estimated cost of \$2,650,000 (CIP #C800472).

On March 1, 2011, the Port Commission authorized design and some construction of the Baggage Handling System (BHS) Improvements - C22 BHS connection to C1/C1-MK1 Replacement /TC3 Replacement (C800382) in the amount of \$1,731,000.

On February 22, 2011, the Port Commission authorized design and some construction for the Passenger Loading Bridge Replacement Project - Airline Realignment (C800467) in the amount of \$6,700,000.

On February 22, 2011, the Port Commission authorized Planning for Terminal Realignment in the amount of \$713,000.

On January 25, 2011, the Port Commission authorized design and construction of the Concourse D Common Use Expansion Project (C800455) in the amount of \$4,250,000. Commission was also briefed on the Airline Realignment Program as part of this item.

On June 8, 2010, the Port Commission authorized execution of an IDIQ contract for the Terminal Development Strategy Campus Planning Services IDIQ in the amount of \$1,300,000.