

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No.	<u>5d</u>
Date of Meeting	<u>February 14, 2012</u>

DATE: February 7, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: James Schone, Director, Aviation Business Development
George England, Program Leader, Aviation Project Management

SUBJECT: Doug Fox Site Improvements Authorization for Design and Construction (CIP #C800451)

Amount of This Request: \$1,028,000 **Source of Funds:** Airport Development Fund

Est. State and Local Taxes: \$58,000 **Est. Construction Jobs Generated:** 10

Total Project Cost: \$1,028,000

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to complete the design and proceed with construction for the Doug Fox Storm Drainage Improvements Project at Seattle-Tacoma International Airport; and to use Port Construction Services crews for the construction work. The total project cost is \$1,028,000. This request is time-sensitive and seeks a single Commission authorization to perform the design and construct the drainage improvements before the issuance of a request for proposals for a new operator of the parking lot during the second quarter of 2012.

SYNOPSIS:

This memorandum requests Commission authorization to design and construct the Doug Fox storm drainage improvements at an Airport automobile parking lot. The project is located at the Airport on Port property commonly known as the Doug Fox Lot. The property is located immediately north of South 170th Street and east of the Airport Expressway (see attached Figure 1). The lot provides parking spaces for Airport customers and is operated by a third party contractor. This project will support the Port's ability to maintain revenue generating capability of the lot by constructing improvements to the existing storm drainage system. The work is highly time-sensitive, and this single request for both design and construction will enable the project to be completed at the end of the dry summer season so that third party operations can consider the completed work in their vendor proposals to the Airport. This project is included in the 2012 capital budget.

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BACKGROUND:

The Doug Fox facility is currently operated as a surface parking lot for Airport parking by a third party contractor, ATZ Inc. Doug Fox is the brand name affiliated with the facility. The lot has been utilized primarily for automobile parking since its development well over 20 years ago. Many elements of the parking facility are deteriorating, including the pavement, the building located at the south end of the facility, and most important, the stormwater collection system. The current site drainage system was installed in the 1970s. Over time this antiquated system has increasingly failed to satisfactorily collect and convey stormwater off the lot to the Port's storm drainage system. Poor drainage has caused a host of problems with standing water and deterioration of the asphalt pavement throughout the lot. If not dealt with, this poor drainage will negatively impact the revenue generating potential of the property. The proposed scope of work (see attached Figure 2) includes design and construction of a new on-site drainage system, improving the connection to the Port's off-site drainage system at S. 170th Street to accommodate the increased peak flow rate generated from the new on-site system and replacing asphalt pavement and re-striping where installation of the storm drains occur.

The lease with the current lot operator expires on September 30, 2012. Port staff expects to solicit requests for proposal for a new operator of the lot in the second quarter of 2012. It is desired to have the proposed improvements completed prior to September 30, 2012, such that responders to the request for proposal can factor the benefits of the lot improvements into their proposals. In order to complete the work prior to the end of September, staff requests authorization of both design and construction at this time.

Port Engineering will design the project, with engineering support if needed via service directives under existing indefinite delivery, indefinite quantity (IDIQ) contracts. Construction will be performed by Port Construction Services with support from small works contractors. Port design and construction resources will be used because they have the capability and availability to meet the completion date objective of this project.

Port staff is currently evaluating additional improvements for the site relating to ingress/egress, lighting, paving, the existing building and the revenue control system that are intended to increase the revenue-generating potential of the property. Staff will return to the Commission at a future date for authorization of these improvements if it is determined that they are necessary. These future potential improvements would be completed as a different project after completion of this work.

PROJECT JUSTIFICATION:

With the current lease expiring soon, the Airport has the opportunity to make needed repairs to the facility to maintain parking operations and associated revenues. Localized flooding due to currently inadequate stormwater drainage equates to a poor customer experience. The Port will invest in stormwater drainage improvements to support the basic functions of the lot and remedy the basic customer service needs by modifying the antiquated and failing stormwater system.

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Project Statement:

This project will install new stormwater drainage within the Doug Fox parking lot to improve the customer experience and to minimize further deterioration of the pavement at the site.

Project Objectives:

The Port's objective is to maintain the financial return from this asset by constructing minimal stormwater improvements. A better customer experience will result from replacing the existing inadequate drainage system that causes localized ponding and the asphalt pavement to fail. An additional project objective is to minimize potential adverse operational and financial impacts on the lot operator during construction. This objective will be met by phasing the work and close coordination with the current operator.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

- Site drainage system improvements
- Drainage system improvements on S. 170th Street.
- Asphalt pavement replacement and re-striping in areas disturbed by drainage system construction.

Schedule:

	Start	Finish
Design	February 2012	June 2012
Construction	July 2012	September 2012

FINANCIAL IMPLICATIONS:

Budget/Authorization Summary

Original Budget	\$0
Previous Authorizations	\$0
Current request for authorization	\$1,028,000
Total Authorizations, including this request	\$1,028,000
Remaining budget to be authorized	\$0
Total Estimated Project Cost	\$1,028,000

Project Cost Breakdown

Construction	\$613,000
Sales Tax On Construction	\$58,000
Design	\$100,000
Other Soft Costs	\$257,000
Total	\$1,028,000

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Source of Funds

This project, CIP #C800451, is included in the 2012 – 2016 capital budget and plan of finance. The funding source for this project will be the Airport Development Fund.

Financial Analysis Summary:

CIP Category	Renewal/Replacement
Project Type	Renewal/Replacement
Risk adjusted Discount rate	8%
Key risk factors	The first key risk associated with the improvements is the possibility of construction delays. Such delays may cause transition problems if construction is extended beyond October 1, 2012. A second risk is the possibility of contaminated soils associated with construction. In addition, if operational impacts during construction are not adequately managed, there may be resulting impacts to customer service levels and revenues at the facility.
Project cost for analysis	\$1 million
Business Unit (BU)	Business Development
Effect on business performance	The analysis assumes that if the fundamental improvements proposed in this request are not approved, the current revenue stream at the parking facility would be jeopardized. Therefore, with approval of this request, annual revenues ranging from \$2 million to \$3 million over the next 15 years are projected, assuming continuity of current operations.
IRR/NPV	NPV: approximately \$21 million, based on continuity of current revenue stream over the next 15 years. Payback: one year

Lifecycle Cost and Savings:

The project's lifecycle cost includes the initial capital cost of \$1,028,000 plus future inspection and maintenance costs estimated to be \$3,000 per year (in year 2012 dollars). Maintenance cost savings are anticipated from mitigating the existing stormwater ponding problems.

ECONOMIC IMPACTS AND BUSINESS PLAN OBJECTIVES:

Approval of this project will allow for continuity of operations at the Doug Fox parking facility at acceptable operational standards to maintain current customer service levels. This project allows the Airport to maximize its non-aeronautical operating income which is one the Airport's Strategic Business Goals.

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STRATEGIC OBJECTIVES:

This project aligns with the Port's objective of maintaining and enhancing customer service levels for the traveling public. In addition, a result of this project will be the ability of the Airport to maintain a current non-aeronautical revenue stream.

ENVIRONMENTAL SUSTAINABILITY AND COMMUNITY BENEFITS:

This project will provide the opportunity to apply environmental sustainability principles primarily through improvements to the storm drainage system. Other sustainability principles and standards will be used where practical to minimize project lifecycle costs. Contaminated soils, if discovered at the project site, will be removed as required by regulations.

TRIPLE BOTTOM LINE:

The project supports economic development by investing in an upgraded parking lot to serve the public's needs at the Airport. Environmental sustainability principles will be employed as needed or when practical, such as removal and disposal of contaminated soil if discovered during excavation, and recycling of asphalt removed for the pipe trench. Procedures set forth in the Port's new Small Contractor and Supplier Program from the Office of Social Responsibility will be used when applicable in the project contracting process.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1 – Improve the site stormwater drainage system as proposed. This alternative will lead to a better customer experience at the Doug Fox parking lot, will reduce further impacts to the pavement at the site due to poor drainage and will preserve an important non-aeronautical revenue stream. **This is the recommended alternative.**

Alternative 2 – Do nothing. Do not implement any improvements to the existing Doug Fox parking lot. This alternative is not recommended because the lot's current deficiencies would continue to exist, resulting in a poor customer experience and continued deterioration of the pavement that will negatively impact the revenue generating ability of the property. This is not the recommended alternative.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

Figure 1 – Doug Fox Project Site Location

Figure 2 – Storm Drainage Project Concept Plan

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

None.

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Figure 1 - Doug Fox Project Site Location



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Figure 2 - Storm Drainage Project Concept Plan

Blue line shows existing storm drainage system; red line shows proposed drainage project.

