

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

**COMMISSION AGENDA**

**Item No.** 5a

**ACTION ITEM**

**Date of Meeting** October 2, 2012

**DATE:** September 26, 2012

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

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

**SUBJECT:** Design and Construction of the Rental Car Baggage Claim Renovation Project  
(CIP #C800541)

**Amount of This Request:** \$1,207,800

**Source of Funds:** Airport Development Fund

**Est. State and Local Taxes:** \$72,600

**Est. Jobs Created:** 5

**Est. Total Project Cost:** \$1,207,800

**ACTION REQUESTED:**

Request Commission authorization for the Chief Executive Officer to proceed with design and construction of the Rental Car Baggage Claim Renovation Project, including: (1) preparing design documents; (2) perform construction, using Small Works contracts and Port crews; and (3) executing a contract to purchase furniture, for a total amount of \$1,207,800. This request is time-sensitive and seeks a single authorization for design and construction.

**SYNOPSIS:**

This project will renovate existing space in baggage claim to support continued passenger growth and provide check-in facilities for special operations (cruise, military). Design will be accomplished by in-house staff and an existing indefinite delivery, indefinite quantity (IDIQ) consultant. A combination of PCS crews and a small works construction contractor will demolish and construct the space. The Port will also purchase terminal seating under an existing contract to complete this effort. Since this project is a combination of PCS crews and small works contractors, and as it would be advantageous to complete this project before the height of summer cruise season next year, this memorandum requests authorization for design and construction. This project was included in the 2012 – 2016 capital budget and plan of finance as a business plan prospective project.

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### **BACKGROUND:**

In the 1980s, the rental car counters were constructed at two locations in baggage claim at the Airport. With the completion of the new consolidated Rental Car Facility in May of this year, the existing rental car counters in Baggage Claim were removed per the terms of the existing lease with the rental car companies.

With the continued growth in airline passenger traffic at the Airport, and cruise traffic at the Port's cruise terminals, congestion levels in baggage claim are anticipated to increase given the constrained facilities. The Rental Car Baggage Claim Renovation project is intended to renovate the previous rental car counters and space to provide upgraded facilities, additional passenger waiting space, and to support check-in for special operations (cruise, military) at the Airport.

In order to complete this project before the start of the 2013 summer cruise season, a combination of PCS crews, a small works construction contract, and a furniture purchase will be required. PCS crews will install and remove the construction barricades, perform the demolition work, refurbish and install the check-in counters, and perform any work associated with regulated materials management. The small works construction contract is intended to provide the architectural and infrastructure upgrades to the space. The purchase of terminal seating is planned through an existing Port contract. In addition, the design effort will be supported by in-house staff and an existing IDIQ contract for Architectural services.

### **PROJECT JUSTIFICATION:**

The work included with this project would maximize the use of the existing facilities in baggage claim, and provide facilities to support check-in for special operations.

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

- Complete the upgrade of the previous rental car counter locations in baggage claim.
- Provide additional passenger waiting area facilities in baggage claim.
- Provide designated space to support check-in for special operations.

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

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

The Rental Car Baggage Claim Renovation project includes the upgrade of the space (suspended ceiling, lighting systems, fire suppression, and other special systems), the purchase of additional terminal seating, the installation of check-in counters and supporting infrastructure for special operations, and additional infrastructure improvements to support the relocation of vending machines and other associated equipment.

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

- Design begins October 2012
- Demolition begins March 2013

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- Small Works construction begins April 2013
- Construction complete June 2013

### **FINANCIAL IMPLICATIONS:**

<b><i>Budget/Authorization Summary:</i></b>	Capital	Expense	Total Project
Original Budget	\$1,172,300	\$35,500	\$1,207,800
Previous Authorizations	\$0	\$0	\$0
Current request for authorization	\$1,172,300	\$35,500	\$1,207,800
Total Authorizations, including this request	\$1,172,300	\$35,500	\$1,207,800
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$1,172,300	\$35,500	\$1,207,800

<b><i>Project Cost Breakdown:</i></b>	This Request	Total Project
Construction	\$865,200	\$865,200
Construction Management	\$73,600	\$73,600
Design	\$50,000	\$50,000
Project Management	\$132,100	\$132,100
Permitting	\$14,300	\$14,300
State & Local Taxes (estimated)	\$72,600	\$72,600
Total	\$1,207,800	\$1,207,800

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

The Rental Car Baggage Claim Renovation project was included in the 2012-2016 capital budget and plan of finance as a business prospective project as part of the Parking Retrofit project (CIP #C800225) with a budget of \$6,605,000. With the delay to the remaining scope of the Parking Retrofit project, the RAC Baggage Claim Renovation project (CIP #C800541) was initiated as a separate project with a budget of \$955,000. This budget has increased to \$1,207,800 due to increased scope and concern for unknown infrastructure. The source of funds for this project is the Airport Development Fund.

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

<b>CIP Category</b>	Revenue/Capacity Growth
<b>Project Type</b>	Business Expansion
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	None identified
<b>Project cost for analysis</b>	\$1,207,800
<b>Business Unit (BU)</b>	Terminal
<b>Effect on business performance</b>	NOI after depreciation will increase
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	\$0.004 in 2014

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### ***Lifecycle Cost and Savings:***

Staff does not anticipate a measurable change in the operating and maintenance costs for the space after the renovation of the space in baggage claim.

### **STRATEGIC OBJECTIVES:**

This project promotes the Port's Century Agenda goal to advance this region as a leading tourism destination and business gateway by meeting the region's air transportation needs at Sea-Tac Airport for the next 25 years.

### **ENVIRONMENTAL SUSTAINABILITY:**

This project allows for the continued growth in passenger activity by maximizing the existing facilities in baggage claim. In addition, opportunities for energy efficient lighting, day lighting, and the use of recycled or regional materials will be explored during the design effort.

### **BUSINESS PLAN OBJECTIVES:**

This project supports the Aviation Division's strategic goal to operate a world-class international Airport by anticipating and meeting the needs of our tenants, passengers and the region's economy, and by managing their assets to minimize the long-term total cost of ownership.

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

**Alternative 1) Do Nothing:** Under this alternative the rental car counter areas in baggage claim would not be renovated, remain unsightly as compared to other bag claim areas and would remain vacant without furniture or any other standard terminal amenities. This is not the preferred alternative since the space will not be fully utilized nor will it be upgraded to reflect the adjacent facilities in baggage claim. This is not the recommended alternative.

**Alternative 2) Furniture Only:** Under this alternative the rental car counter areas in baggage claim would not be renovated, but additional seating would be purchased to provide additional waiting facilities. This is not the preferred alternative since the space would only be partially utilized, and it would not be upgraded to reflect the adjacent facilities in baggage claim. This is not the recommended alternative.

**Alternative 3) Upgrade Facilities:** Under this alternative the rental car counter areas in baggage claim would be renovated, additional seating would be purchased to provide additional waiting facilities, and check-in counters would be provided to support special operations. By improving these facilities the Airport would fully utilize the existing space and would move closer to establishing a consistent level of service throughout baggage claim. **This is the recommended alternative.**

### **OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:**

- None.

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:**

- None.