

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

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 5c  
**Date of Meeting** May 22, 2012

**DATE:** May 15, 2012  
**TO:** Tay Yoshitani, Chief Executive Officer  
**FROM:** Mike Ehl, Director, Airport Operations  
George England, Program Leader, Aviation Project Management Group  
**SUBJECT:** Rental Car Deactivation and Remediation

**Amount of This Request:** \$1,244,000                      **Source of Funds:** Airport Development Fund  
**Est. State and Local Taxes:** \$38,000                      **Est. Jobs Created:** 0  
**Est. Total Project Cost:** \$1,244,000

**ACTION REQUESTED:**

Request Commission authorization for the Chief Executive Officer to (1) execute services agreements; (2) prepare full design documents; and (3) allow Port Construction Services to perform work for the Rental Car Deactivation and Remediation Project at Seattle-Tacoma International Airport for a total cost of \$1,244,000.

**SYNOPSIS:**

The Rental Car Deactivation and Remediation Project is an expense project that allows the Port and the rental car companies to meet the obligations of the Rental Car Lease and Concession Agreement that was executed in 2004 for the existing rental car operational areas at the Airport. With the opening of the new consolidated Rental Car Facility, the existing rental car operational areas need to be vacated, the improvements removed, and the environmental remediation of the site begun. The Port is responsible for a portion of improvements to be removed and this work will be supported by in-house design resources, Port Construction Services, and small works contractors. The project costs were included in the approved 2012 operating budget. This work clears the way for areas formerly occupied by rental car operational areas in the Airport garage and terminal to be renovated for other future purposes.

**BACKGROUND:**

In November 2004 the Port of Seattle executed a Rental Car Lease and Concession Agreement at the Airport with five full-service and four limited-service rental car companies. The full-service rental car companies have operational areas on Floors 1 and 2 of the Main Garage, in the Quick Turn Around (QTA) area adjacent to the Main Garage, and in Baggage Claim at the rental car counters. The limited-service rental car companies have operational areas only in Baggage

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Claim at the rental car counters. The agreement also included designation of responsibilities for the removal of improvements within the rental car operational areas for the rental car companies and the Port, as well as the environmental remediation of the QTA. With the startup of rental car operations in the new consolidated Rental Car Facility this month, the existing improvements need to be removed and the environmental remediation of the QTA needs to begin per the terms of the agreement.

The work to be completed by the full-service and limited-service rental car companies, including the environmental remediation of the QTA, is considered a tenant improvement. These project efforts will be supported by the Port as outlined in the Tenant Design and Construction Manual.

### **PROJECT JUSTIFICATION:**

This authorization request is necessitated by the requirements of the existing agreement to support the removal of the rental car tenant improvements, the removal of the Port improvements, and the installation of the rental car tenant improvements for the remediation of the QTA.

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

- Remove the rental car tenant improvements in Baggage Claim, Floors 1 and 2 of the Main Garage, and in the QTA.
- Remove the Port rental car improvements in Baggage Claim and in the QTA.
- Meet the obligations of the Rental Car Lease and Concession Agreement dated November 2004.
- Support the future implementation of passenger waiting area in Baggage Claim, and public parking facilities in the Main Garage.
- Support future development opportunities in the QTA.

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

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

The Rental Car Deactivation and Remediation Project includes the following scope of work for the full-service rental car companies, limited-service rental car companies, and the Port:

##### Work performed by Port:

- Baggage Claim: removal of rental car counters and back storage areas, including connecting utilities.
- QTA: removal of the administrative and car wash buildings, including connecting utilities.
- Customer Entrance/Exit: removal of overhead clearance bar, security equipment, barriers, and traffic signal and the rental car customer entrance and exit areas.

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Work performed by Full-Service Rental Car Companies:

- Baggage Claim: removal of signage, trade fixtures, equipment, connecting utilities, and personal property from the rental car counter areas.
- Main Garage: removal of booths/kiosks, signage, trade fixtures, equipment, connecting utilities, flooring, and personal property from the rental car operational areas on Floors 1 and 2, including the rental car lobby and back offices.
- QTA: removal of car wash systems, fuel systems, fluid systems, vacuum systems, fuel canopies, fuel islands and pavement, booths/kiosks, signage, trade fixtures, equipment, connecting utilities, and personal property from the rental car operational areas. Installation of an air sparge and soil vapor extraction system for the continuing environmental remediation of the site.
- Customer Exit: removal of camera systems, booth/kiosk, gate arm, equipment and personal property from the rental car customer exit, including the shuttle exit.

Work performed by Limited-Service Rental Car Companies:

- Baggage Claim: removal of signage, trade fixtures, equipment, connecting utilities, and personal property from the rental car counter areas.

The full-service and limited-service rental car companies' scope of work is considered tenant improvement work and additional costs are included in the project budget for Port staff and consultants to support those efforts per the Port's Tenant Design and Construction Manual.

### ***Schedule:***

The completion of the Rental Car Deactivation and Remediation Project includes several inter-related efforts to be completed by the rental car companies and the Port. The preliminary schedule is below for each area and is subject to change as the work progresses:

Baggage Claim:

- Full-Service: complete May 2012
- Limited-Service: complete May 2012
- Port: complete June 2012 (may be delayed if combined with future project effort as cost saving measure)

Main Garage:

- Full Service: complete June/July 2012

QTA:

- Full-Service: initial removal of car wash systems, booth/kiosk, equipment, and personal property complete June/July 2012
- Port: complete July/August 2012
- Full-Service: completion of remaining removals, including fuel systems, September 2012

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- Full-Service: complete installation of air sparge and soil vapor extraction system by December 2012. Complete remediation cleanup in an estimated one-to-three years depending on operation and effectiveness of the soil vapor extraction process.

Customer Entrance/Exit:

- Full-Service: complete June/July 2012
- Port: Complete June/July 2012

### **FINANCIAL IMPLICATIONS:**

<b><i>Budget/Authorization Summary:</i></b>	<b>Capital</b>	<b>Expense</b>	<b>Total Project</b>
Original Budget	\$0	\$1,244,000	\$1,244,000
Previous Authorizations	\$0	\$0	\$0
Current request for authorization	\$0	\$1,244,000	\$1,244,000
Total Authorizations, including this request	\$0	\$1,244,000	\$1,244,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$0	\$1,244,000	\$1,244,000

<b><i>Project Cost Breakdown:</i></b>	<b>This Request</b>	<b>Total Project</b>
Construction	\$646,000	\$646,000
Construction Management	\$149,000	\$149,000
Design	\$85,000	\$85,000
Project Management	\$134,000	\$134,000
Environmental and Permitting	\$76,000	\$76,000
Administrative and Other Soft Costs	\$116,000	\$116,000
State & Local Taxes (estimated)	\$38,000	\$38,000
Total	\$1,244,000	\$1,244,000

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

The Rental Car Deactivation and Remediation Project was included in the approved 2012 operating budget. The funding source for this project is the Airport Development Fund.

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

<b>CIP Category</b>	N/A (Expense Project)
<b>Project Type</b>	Tenant Improvement
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$1,244,000
<b>Business Unit (BU)</b>	Rental Car
<b>Effect on business performance</b>	NOI after depreciation will be reduced as these expenses are non-aeronautical.
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	There is no impact to the CPE

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

With the removal of the existing rental car facilities, the Port anticipates a decrease in the annual O&M costs for the specific rental car facilities being remodeled and/or being taken out of service in the terminal baggage claim level and in the parking garage.

The identified Maintenance Department reductions in O&M costs in the terminal and garage areas will be offset by additional O&M responsibilities associated with the new Rental Car and Bus Maintenance Facility.

### **STRATEGIC OBJECTIVES:**

The Rental Car Deactivation and Remediation Project supports the Port's strategies to "Ensure Airport and Seaport Vitality" by supporting the re-use of the rental car operational areas as customer waiting areas and public parking facilities, and to "Exhibit Environmental Stewardship through our Actions" by supporting the rental car companies' environmental remediation of the QTA site.

### **ENVIRONMENTAL SUSTAINABILITY:**

The project's construction activities are not anticipated to materially impact the environment. However, the installation and operation of the air sparge and soil vapor extraction system by the rental car companies is intended to remediate the QTA site and meet the requirements of the Rental Car Lease and Concession Agreement.

### **BUSINESS PLAN OBJECTIVES:**

The Rental Car Deactivation and Remediation Project supports the Aviation Division's strategic goals to become one of the top ten customer service airports in the world by 2015, to minimize the Airport's environmental impacts, and to maximize non-aeronautical net operating income. The removal of the rental car improvements in Baggage Claim will support a future project effort to create additional passenger waiting space and improve customer service. The removal of the rental car improvements in the QTA and the installation of the remediation system supports the objective to minimize the Airport's environmental impacts. The removal of the rental car

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improvements in the Main Garage supports the future conversion of Floors 1 and 2 into public parking facilities that would support the potential increase of the Airport's non-aeronautical net operating income.

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

The completion of the Rental Car Deactivation and Remediation Project allows the Port and the rental car companies to meet their obligations as defined in the agreement, supports future projects that meet the Port's strategies and business plan objectives, and supports the environmental remediation of the QTA site.

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

Alternative 1: Under the "Do-Nothing" alternative, neither the Port nor the rental car companies remove the improvements in the rental car operational areas. The rental car counters would remain in Baggage Claim and would not allow this space to be converted to a passenger waiting area as currently planned. Floors 1 and 2 of the Main Garage would remain configured to support rental car operations and could not be converted to public parking facilities as currently planned. The environmental remediation of the QTA would also not be initiated, which would delay the remediation of the site and potentially complicate future Port uses of this site. This is not the recommended alternative.

Alternative 2: Under this alternative the Port and the rental car companies would complete the removal of the improvements in the rental car operational area in Baggage Claim, Main Garage, and the QTA, as well as install the air sparge and soil vapor extraction system in the QTA. This alternative allows the Port and the rental car companies to meet the obligations of the agreement.

**This is the recommended alternative.**

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

None.

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

None.