

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

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

**Item No.** 4e  
**Date of Meeting** July 14, 2015

**DATE:** July 7, 2015  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Tina Soike, Director, Engineering Services  
Wayne Grotheer, Director, Aviation Project Management Group  
**SUBJECT:** Construction Logistics Expansion (CIP #C800688)

<b>Amount of This Request:</b>	\$4,447,000	<b>Source of Funds:</b>	Airport Development Funds and Future Revenue Bonds
<b>Est. Total Project Cost:</b>	\$7,800,000		
<b>Est. State and Local Taxes:</b>	\$371,000		

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to 1) utilize Port crews, and 2) advertise, award, and execute a major public works contract for reconfiguration of the construction laydown facilities as part of the Construction Logistics Expansion project at Seattle-Tacoma International Airport for an additional \$4,447,000.

**SYNOPSIS**

With the increasing capital construction program at the Airport, the existing construction logistics facilities need to be reconfigured. These facilities currently provide space for contractor parking, temporary construction trailers, and the delivery and storage of materials and equipment for both Port and tenant projects. This authorization request allows the reconfiguration of the construction laydown facilities that support temporary construction trailers, and the delivery and storage of materials and equipment. While this project is included in the 2015 – 2019 capital budget and plan of finance, the current request also reflects a \$460,000 capital budget increase due to identified risks from previous lessons learned which include anticipated unsuitable material conditions (\$360,000) and additional electrical improvements (\$100,000).

The Commission earlier approved the design for both the construction laydown facilities and the field offices, and design and construction for the contractor parking lot. Today's request supports the construction of the construction laydown facilities. Staff will seek separate Commission authorization for the renovation of the field offices later this year.

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### **BACKGROUND**

The construction logistics facilities were originally constructed in 2001 at the Logistics site (see Attachment A) located in the vicinity of 28<sup>th</sup> Avenue South and South 192<sup>nd</sup> St. The logistics facilities included a 560 stall contractor parking lot, and six construction laydown areas providing 12 acres of support space. The contractor parking lot is used for construction worker parking for both Port and tenant construction contracts. The construction laydown areas are used for both temporary construction trailers (remote field offices), and space for the delivery and storage of materials and equipment. These facilities enable contractors to provide lower bid prices to the Port.

In 2010, the Bus Maintenance Facility was constructed in a portion of the Logistics site, reducing the available construction laydown area from 12 to 7.7 acres. With the expansion of the Aviation capital program, the construction logistics facilities need to be reconfigured to provide a 900 stall contractor parking lot and a total of 9.6 acres of construction laydown space.

In addition, Port construction contract support services including Construction Management, Survey, Construction Safety, and Central Procurement Office staffs are currently located in remote field offices at the Water Tower, West Side, and Logistics sites (see Attachment B). These facilities are more than ten years old and require renovation to maintain functionality for an additional 10 years in support of the Aviation capital program.

This project is planned to be completed as three separate efforts as described in the paragraphs below.

#### ***Contractor Parking***

The contractor parking function will be relocated from the current logistics site to the old South Employee Parking Lot (SEPL) that is now closed and located just north of the construction logistics facilities. This will allow the existing contractor parking facility to be reconfigured and used for construction laydown. In order to get SEPL back into operation to support contractor parking, a combination of Port crews and small works contracts will be used for construction. This work was previously authorized by the Port of Seattle Commission on October 28, 2014, and the work is underway. This effort is forecast to remain on budget (total cost of \$595,000) and anticipated to be complete by this August. The SEPL storm water management facilities also need to be upgraded to meet current permit requirements for water quality. This work is planned to be completed as part of the construction laydown improvements described below.

#### ***Construction Laydown***

The existing construction laydown facilities at the Logistics site need to be reconfigured in order to maximize the use of the available space in support of the Aviation capital program. This work, and the storm water management facilities, was originally planned to be completed by a major works construction contract for a total cost of \$5,355,000. The design of these improvements was previously authorized by the Port of Seattle Commission on October 28, 2014 and is well underway. Based upon the anticipated construction schedules for the Aviation capital

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program a portion of this work needs to be accelerated and staff proposes the work be completed in two phases. Phase one would include the work in Logistics Lots 1 and 2 and construction would be completed in 2015 through a combination of Port crews and small works contracts. Phase two would include the remaining construction laydown facilities (Logistics Lots 3 and 4, and the old contractor parking lot), and the upgrade of the storm water management facilities, and would be completed by a major works construction contract in 2016. The total cost of these improvements has increased from \$5,355,000 to \$5,755,000. The cost increase is attributed to anticipated unsuitable material conditions and additional electrical improvements. Both of these were identified as risks in project definition based upon lessons learned from the construction of the Bus Maintenance Facility and Cell Phone Lot site investigations, respectively, and design work has now shown that additional budget is needed. This authorization request includes the construction of these improvements (both phase one and phase two).

### ***Field Offices***

The Port has existing field offices at three locations (Water Tower, West Side, and Logistics) that house Construction Management, Survey, Construction Safety, and Central Procurement Office staff. The renovation of these facilities was originally planned to be completed by a major works construction contract for a total estimated cost of \$1,450,000. The design of these improvements was previously authorized by the Port of Seattle Commission on October 28, 2014 and is currently underway. Staff has recently completed the existing condition assessment of the field offices and has determined that more work is required than was previously anticipated. This was an identified risk in project definition and staff will continue to monitor these costs as the design progresses, however, additional budget may be required to complete this work. A future authorization request will be required for the construction of these improvements.

### ***Sustainable Airport Master Plan***

The Aviation Division is underway with the Sustainable Airport Master Plan (SAMP) and alternatives have been identified that may displace the contractor parking lot, construction laydown area, and field office locations in approximately ten to fifteen years. The development of alternative Port-owned property for construction logistics facilities was explored during the planning phase of this project. The sites evaluated have the same risk of displacement by future SAMP development, but costs were higher (estimated at \$10-\$15M depending upon the site). Staff recommends proceeding with the current reconfiguration as the best lowest cost approach.

## **PROJECT JUSTIFICATION AND DETAILS**

The existing construction logistics facilities at Seattle-Tacoma International Airport will be heavily utilized during the construction of the Aviation capital program in order to limit impacts to on-going Airport operations. With the increase in the Aviation capital program over the next 10 years the existing construction logistics facilities need to be reconfigured to include a 900 stall contractor parking lot and 9.6 acres of flexible construction laydown space.

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### ***Project Objectives***

- Provide sufficient construction laydown and contractor parking facilities to support the anticipated Aviation capital program through 2025
- Upgrade the existing SEPL storm water management facilities to meet current permit requirements with no impact to the existing streams, wetlands, and associated buffers
- Maintain existing field offices to provide an effective work environment for Port staff
- Minimize investment in facilities that may be displaced by future project actions

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

The project includes the reconfiguration of the construction logistics facilities, the re-use of SEPL as a contractor parking lot, the upgrade of the SEPL storm water management facilities, and the renewal of the remote field offices used by Port staff. The key elements include the following:

- **Construction Laydown:** The Logistics site needs to be reconfigured in order to maximize the use of the space and support a larger number of temporary construction trailers. The redevelopment of the construction laydown facilities includes utilities (power, communications, water, and sewer), trenching, pavement patching, striping, lighting and bollards.
- **Contractor Parking:** SEPL was originally constructed in the late 1980's and has not been in use for several years. In order to get the facility back into operation to support contractor parking, the lot needs to be cleaned, restriped, signed, and existing pot holes and damaged curb sections repaired. In addition, the access control system needs to be replaced.
- **SEPL Storm Water Management Facilities:** SEPL includes two storm detention ponds and biofiltration swales that were constructed as part of the original facility in the late 1980's. The biofiltration swales need to be upgraded to meet current permit requirements for water quality.
- **Field Offices:** The Port has existing field offices at three locations (Water Tower, West Side, and Logistics) that support Construction Management, Survey, Construction Safety, and Central Procurement Office staff. These facilities are over 10 years old and need improvements in order to keep them in operation for the next 10 years. Improvements differ by location but generally include replacement of the heating and ventilation systems, hot water heaters, roof ladders, roof membrane upgrades, and exterior repair and repainting. There are two vacant facilities at the West Side location that will be demolished as part of this effort.

### ***Schedule***

Commission Authorization for Construction Logistics/Storm Water: July 2015

Construction Complete – SEPL Improvements: August 2015

Construction Complete – Construction Logistics (Phase One): October 2015

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Commission Authorization for Field Office Renovation: December 2015

Construction Complete – Construction Logistics (Phase Two)/Storm Water: Q3 2016

Construction Complete – Field Office Renovation: Q4 2016

### **FINANCIAL IMPLICATIONS**

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

	Capital	Expense	Total Project
Original Budget	\$6,122,000	\$1,278,000	\$7,400,000
Budget Increase	\$460,000	(\$60,000)	\$400,000
Budget Adjustments	(\$30,000)	\$30,000	\$0
Revised Budget	\$6,552,000	\$1,248,000	\$7,800,000
Previous Authorizations	\$1,493,000	\$975,000	\$2,468,000
Authorization Adjustments	(\$30,000)	\$30,000	\$0
Current request for authorization	\$4,347,000	\$100,000	\$4,447,000
Total Authorizations, including this request	\$5,810,000	\$1,105,000	\$6,915,000
Remaining budget to be authorized	\$742,000	\$143,000	\$885,000
Total Estimated Project Cost	\$6,552,000	\$1,248,000	\$7,800,000

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

	This Request	Total Project
Design Phase	\$423,000	\$2,113,000
Construction Phase	\$3,729,000	\$5,316,000
State & Local Taxes (estimated)	\$295,000	\$371,000
Total	\$4,447,000	\$7,800,000

The total expense budget for this project is \$1,278,000 and includes the SEPL improvements for contractor parking (\$555,000), utility improvements for the construction laydown facilities (\$440,000), expense costs associated with the field office renovation (\$153,000), and costs to relocate existing field offices during the construction of the construction laydown facilities (\$100,000). The \$460,000 capital budget increase is attributed to anticipated unsuitable material conditions (\$360,000) and additional electrical improvements (\$100,000).

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

The Construction Logistics Expansion Project (CIP #C800688) was included in the 2015-2019 capital budget and plan of finance as a committed project with a total capital budget of \$6,122,000. Additional budget of \$460,000 was transferred from the Aeronautical Allowance (#C800404) to provide a total capital budget of \$6,552,000 to support the completion of the construction laydown improvements. As the design progresses for the renovation of the field offices additional budget may be required to complete that work. The funding source for this project is the Airport Development Fund and future revenue bonds. The Airlines approved this project as part of the November 2014 majority-in-interest ballot.

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

<b>CIP Category</b>	Renewal/Enhancement
<b>Project Type</b>	Renewal and Replacement
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	Future airport development may need this space. Consequently, improvements may be depreciated over ten years.
<b>Project cost for analysis</b>	\$7,800,000
<b>Business Unit (BU)</b>	Admin: costs will be allocated to all business units.
<b>Effect on business performance</b>	NOI after depreciation will decrease by about \$200,000 per year.
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	\$0.02 in 2015 and 2016 due to expense items, then \$0.02 beginning in 2017 for capital costs.

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

Port staff does not anticipate a significant change in the on-going operation and maintenance costs associated with the construction logistics facilities and remote field offices. These costs will continue to be incorporated into the Aviation capital program costs through allocated overhead.

## **STRATEGIES AND OBJECTIVES**

This project supports the Century Agenda's strategic objective to advance this region as a leading tourism destination and business gateway since this project supports the Aviation capital program, which in turn provides the facilities necessary to meet the region's air transportation needs at the Airport.

This project also supports the Aviation Business Plan strategies to operate a world-class international airport by anticipating and meeting the needs of our tenants, passengers and the region's economy, and to reduce airline costs as far as possible without compromising operational and capital needs. This project supports the Aviation capital program, which in turn provides the facilities necessary to support Airport operations. This project also focused on re-utilizing existing facility assets in order to minimize the overall cost impact.

## **TRIPLE BOTTOM LINE**

### ***Economic Development***

The Construction Logistics Expansion project supports the Aviation capital program which represents an investment in our current facilities and supports the long-term vitality of the Airport and its tenants.

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### ***Environmental Responsibility***

The Construction Logistics Expansion project will upgrade existing storm water management facilities to meet current permit requirements.

### ***Community Benefits***

The Construction Logistics Expansion project will provide construction logistics facilities for the Aviation capital program which will reduce the impact to existing Airport operations and provide an increased level of service for passengers and the traveling public. In addition, staff will work with the Office of Social Responsibility to determine small business participation opportunities, in accordance with Resolution No. 3618.

## **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

### **Alternative 1) – Relocate Contractor Parking Only**

Under this alternative the contractor parking improvements would be completed and contractor parking would be relocated to SEPL later this year. The remaining improvements for construction laydown, SEPL storm water management, and field offices would not be completed. The total estimated cost for this alternative is \$1 Million. This is not the recommended alternative.

#### **Pros:**

- Provides the necessary space for contractor parking (900 parking stalls)
- Minimizes the facility improvements in an area potentially impacted by future SAMP development

#### **Cons:**

- Adequate construction laydown facilities for temporary construction trailers would not be provided, resulting in additional construction bid costs. Typically 2-3% of the contractor bid costs are associated with providing construction logistics for a project. Staff estimates that we reduce these costs by 1-2% by providing these nearby facilities. Based on the committed Aviation capital program, 1% of the anticipated contractor bid costs is estimated at \$13 million.
- The field offices would not be renovated in order to extend their useful life. Staff may need to be relocated as the roofing, plumbing, heating and ventilation systems continue to fail on a regular basis making the field offices unsuitable for work.
- SEPL storm water management facilities would not be updated to meet current permit requirements.
- Negative impact to local community economic development as available non-Port property would be used by contractors for temporary construction laydown facilities.
- Contractor parking facilities would likely be displaced by future SAMP development in the next ten to fifteen years.

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### **Alternative 2) – Complete the Project without Acceleration Work**

Under this alternative the contractor parking improvements would be completed and that function relocated to SEPL later this year. In addition, the remaining improvements for construction laydown, SEPL storm water management, and field offices would be completed next year. The construction laydown improvements in Lots 1 and 2 would not be accelerated. The total estimated cost for this alternative is \$8.8 Million and includes the cost of the project improvements and the increased bid costs for the early projects that cannot be accommodated in a Port provided logistics facility. This is not the recommended alternative.

#### **Pros:**

- Provides the necessary space for contractor parking (900 parking stalls)
- Provides the necessary space for construction laydown facilities (9.6 acres) and avoids additional soft costs due to acceleration (estimated at \$50,000)
- The field offices would be renovated in order to extend their useful life
- SEPL storm water management facilities would be updated to meet current permit requirements

#### **Cons:**

- A portion of the Aviation capital program needs construction laydown space for temporary construction trailers in late 2015. Since these facilities would not be available until 2016, the 2015 contracts would have higher construction bid costs since the contractors would need to provide these facilities elsewhere. Assuming the impact is 1% of the anticipated contractor bid costs, the estimated cost for the affected projects is approximately \$1 Million.
- Contractor parking, construction laydown, and the field office locations would likely be displaced by future SAMP development in the next ten to fifteen years

### **Alternative 3) – Complete the Project and Accelerate Work**

Under this alternative the contractor parking improvements would be completed and that function relocated to SEPL later this year. A portion of the construction laydown improvements would also be accelerated and completed later this year. The remaining improvements for construction laydown, SEPL storm water management, and field offices would be completed next year. The total estimated cost for this alternative is \$7.8 Million. **This is the recommended alternative.**

#### **Pros:**

- Provides the necessary space for contractor parking (900 parking stalls)
- Provides the necessary space for construction laydown facilities (9.6 acres) including the work planned to start later this year
- The field offices would be renovated in order to extend their useful life
- SEPL storm water management facilities would be updated to meet current permit requirements



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### **Cons:**

- Costs include additional soft costs due to acceleration (estimated at \$50,000)
- Contractor parking, construction laydown, and the field office locations would be displaced by future SAMP development in the next ten to fifteen years

### **Alternative 4 – Provide Additional Construction Logistics Facilities Off-Site**

Under this alternative the existing construction logistics facilities would be used in their current condition and additional facilities would be constructed either north (located on South 146<sup>th</sup> Street) or south (located on South 200<sup>th</sup> Street) of the Airport on Port-owned property late next year. The remaining improvements for the field offices would also be completed next year. The total estimated cost for this alternative is \$10-\$15 Million depending upon the site selected, plus increased bid costs for the projects that cannot be accommodated in a Port provided logistics facilities. This is not the recommended alternative.

### **Pros:**

- Provides the necessary space for contractor parking (900 parking stalls)
- Provides the necessary space for construction laydown facilities
- The field offices would be renovated in order to extend their useful life

### **Cons:**

- A portion of the Aviation capital program needs construction laydown space for temporary construction trailers in late 2015. Since these facilities would not be available until 2016, the 2015 contracts would have higher construction bid costs since the contractors would need to provide these facilities elsewhere. Assuming the impact is 1% of the anticipated contractor bid costs, the estimated cost for the affected projects is approximately \$1 Million.
- The existing construction logistics facilities would not be reconfigured to efficiently support the number of anticipated temporary construction trailers. Therefore, additional facilities will need to be provided at an estimated cost of \$10-\$15 Million.
- Given the longer development schedule required for undeveloped property, the additional construction logistics facilities that are provided off-site would not be available in time. The impacted projects would need to find an alternative solution, at additional cost to those projects.
- Contractor parking, construction laydown, and the field office locations would likely be displaced by future SAMP development in the next ten to fifteen years.

## **ATTACHMENTS TO THIS REQUEST**

- Attachment A – Logistics Site Map
- Attachment B – Field Office Locations Map

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## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- October 28, 2014 – Request Commission authorization for the Chief Executive Officer to prepare design and construction bid documents, execute utility agreements, execute a small works construction contract, and utilize Port crews for the Construction Logistics Expansion project at Seattle-Tacoma International Airport for an estimated \$2,745,000.