

COMMISSION
AGENDA MEMORANDUM

Item No. 4g

REVISED ACTION ITEM

Date of Meeting July 11, 2017

DATE: June 30, 2017 (Memo revised July 14, 2017)

TO: Dave Soike, Interim Executive Director

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

WJG

ME

SUBJECT: Gate C3 Holdroom Expansion Project (CIP #C800695)

Amount of this request: \$5,650,000

Total estimated project cost: \$6,300,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) advertise and execute a construction contract for the Gate C3 Holdroom Expansion project at Seattle-Tacoma International Airport; (2) use Port crews in executing the project; and (3) increase authorized funds by \$3,000,000. This authorization is for \$5,650,000 of a total project cost of \$6,300,000.

EXECUTIVE SUMMARY

The existing passenger holdroom at Gate C3 is significantly undersized to serve current mainline narrow-body aircraft. It requires expansion to meet standard level-of-service criteria and avoid congestion on the adjacent concourse walkways. This project more than doubles the size and seating capacity of the holdroom by constructing a 1,500 square foot building addition at concourse level and renovating the existing 1,130 square foot holdroom. The scope of the project expanded during the design phase and will additionally construct 500 square feet at ramp level, replace approximately 6,000 square feet of aircraft parking area concrete panels for drainage improvements, and purchase passenger seating for the building addition.

JUSTIFICATION

The current passenger holdroom at Gate C3 is 1,130 square feet, which, per the International Air Transport Association (IATA) level-of-service standards can only accommodate 120 passengers at the lowest level of service. The average number of passengers on the mainline 737-900 type of aircraft currently utilizing Gate C3 is 160, which greatly exceeds the holdroom capacity. As a result, there is not enough seating for passengers and not enough room to queue for boarding, which leads to high levels of congestion in the circulation area outside the holdroom. The spillover of passengers into the concourse makes it difficult for transiting passengers to move past this gate area and through the terminal.

Once this holdroom expansion is complete, Gate C3 at 2,630 square feet will be on par with other gates at the Airport, which average 2,660 square feet. The expanded holdroom will provide a comfortable waiting, queuing, and circulation area for passengers and allow the gate to be classified at an optimal IATA level of service.

DETAILS

Scope of Work

This project will expand the Gate C3 passenger holdroom. The gate will remain operational during construction. The scope includes the following:

- (1) 1,500 square foot building addition to existing passenger holdroom
- (2) 1,130 square foot renovation of existing passenger holdroom
- (3) 500 square foot building addition below holdroom for emergency egress of adjacent space
- (4) 6,000 square feet of 18" deep concrete panels and associated drainage systems
- (5) 120 passenger holdroom seats

Small Business

Outreach and training through the *PortGen* program will be conducted to maximize small business knowledge of the project to help prepare those interested businesses of these upcoming opportunities within the above scope of work.

Schedule

Activity

Construction start	2018 Quarter 1
In-use date	2019 Quarter 1

Cost Breakdown

	This Request	Total Project
Design	\$170,000	\$820,000
Construction	\$5,480,000	\$5,480,000
Total	\$5,650,000	\$6,300,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not construct the holdroom expansion project

Cost Implications: \$640,000 incurred costs to date during planning and design phase would be expensed.

Pros:

- (1) Avoid spending an additional \$5,660,000 to bid and construct the project.
- (2) Avoid temporary construction disruptions to gate aircraft operations and the adjacent baggage transfer belt.

Cons:

- (1) IATA Level of Service will remain classified as sub-optimal.
- (2) The spillover of passengers from the under-sized holdroom will continue to impede passenger flow along the concourse, which will adversely impact the passenger experience and could pose life-safety egress problems.

This is not the recommended alternative.

Alternative 2 – Construct the holdroom expansion project with added scope and increased budget.

Cost Implications: \$6,300,000

Pros:

- (1) IATA Level of Service will be improved to a classification of optimal.
- (2) This project will improve the existing problem of passengers from C3 spilling over and impeding the flow of other passengers along the concourse which adversely impacts passenger experience and might lead to potential life-safety egress problems.

Cons:

- (1) Budget to be increased by \$3,000,000.
- (2) Although the gate will remain open during the construction period, gate aircraft operations and the adjacent baggage transfer belt will be impacted.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$3,300,000	\$0	\$3,300,000
Current change	\$3,000,000	\$0	\$3,000,000
Revised estimate	\$6,300,000	\$0	\$6,300,000
AUTHORIZATION			
Previous authorizations	\$650,000	\$0	\$650,000
Current request for authorization	\$5,650,000	\$0	\$5,650,000
Total authorizations, including this request	\$6,300,000	\$0	\$6,300,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project, CIP C800695, was included in the 2017-2021 capital budget and plan of finance as a business plan prospective project with a budget of \$3,300,000. The revised estimate includes extensive paving and drainage scope changes to meet life-safety regulatory requirements. The budget of \$3,000,000 was transferred from the Aeronautical Allocation CIP C800753. The funding source will be 2017 revenue bonds and the Airport Development Fund.

Financial Analysis and Summary

Project cost for analysis	\$6,300,000
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.02 in 2020

Future Revenues and Expenses (Total cost of ownership)

Aviation Maintenance anticipates that this project will not significantly affect current ongoing Operations and Maintenance costs associated with the mechanical and electrical systems.

ADDITIONAL BACKGROUND

The scope of the project expanded during the design phase to comply with additional regulatory requirements for life-safety egress and to improve existing pavement slope conditions to keep spilled fuel away from the building. Additional scope increases during design include structural foundation changes to avoid conflicts with existing underground storm drain pipes, adding a skylight, and lighting controls to improve passenger experience.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 26, 2016 – The Commission authorized design of an expansion for the existing Gate C3 passenger holdroom at Seattle-Tacoma International Airport.