



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6f

ACTION ITEM

Date of Meeting March 27, 2018

DATE: March 19, 2018

TO: Stephen P. Metruck, Executive Director

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

SUBJECT: Concourse B Ramp Level Holdroom (CIP #C800761)

Amount of this request: \$436,000

Total estimated project cost: \$5,994,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to add scope and increase the Concourse B Ramp Level Holdroom project budget by \$436,000 in order to complete and upgrade the Concourse B ramp level holdroom at Seattle-Tacoma International Airport. The new authorized total project cost will be \$5,994,000.

EXECUTIVE SUMMARY

This project converted approximately 3,400 square feet of ramp level office and service spaces into passenger holdroom space needed for off-gate/hardstand operations for use when all gates are occupied.

This project was authorized for construction in July 2016. Construction bids were opened on October 25, 2016, and additional authorization and budget was received on November 8, 2016. Construction as a part of the construction contract is now substantially complete. This request addresses anticipated project cost increases that can no longer be absorbed by the project budget, increases the budget to be in line with the estimate at completion cost, and accommodates scope additions made during the course of construction.

JUSTIFICATION

The need for increased gate capacity is driven by: (1) recent significant growth in enplaned passengers and operations and (2) construction activities that will take several existing gates out of service during the International Arrivals Facility and North Satellite renovation and expansion projects. The Airport will face a severe shortage of contact gates for at least the next decade.

Meeting Date: March 27, 2018

Sea-Tac Airport has the highest gate utilization rate of any large hub airport in the country. The current Signatory Lease and Operating Agreement (SLOA) outlines specific protocols for gate utilization. These protocols include secondary user rights on leased gates, defined periods of use on all gates, and a specific hierarchy for assignment of carriers to common-use gates. At this time there is very little or no opportunity to further leverage existing protocols to increase gate utilization. Since every gate will be in use and every holdroom will be occupied, when hardstand operations are activated the Airport needs to provide a waiting area and equipment to process passengers for these flights.

The Concourse B location offers convenient access to the ramp for busing and also convenient access to the Satellite Transit System for passengers who need to access other areas of the Airport.

Project Objectives

1. Provide a dedicated common-use holdroom and passenger processing space for use during hardstand operations.
2. Provide additional capacity within the existing building footprint to increase productivity of existing air terminal facilities.

DETAILS

Scope of Work

Overall, this project converted approximately 3,400 square feet of ramp level office and service spaces into passenger holdroom space needed for off-gate/hardstand operations. The holdroom has been designed to have a capacity for more than 200 people to be able to process two flights with staggered departure times.

Specific to this request, the scope additions include the following:

- (1) Upgrades to the vestibule that connects the building elevator to the holdroom. This will improve the experience of passengers transiting this space and is required to satisfy Americans with Disabilities Act concerns. The estimated cost for this element is \$49,000.
- (2) Additions and improvements to the passenger wayfinding signage not included in the project design. This includes modification to wayfinding signage the length of Concourse B. While not required in order to complete the project, this would improve the passenger experience. The estimated cost for this element is \$124,000.
- (3) During construction, design and pre-existing site conditions exhausted the project budget contingencies. This request would replenish the project budget and provide for project close out and contract completion costs and other costs all of which are required to complete the project. The estimated cost for this element is \$232,000.
- (4) Install passenger waiting area amenity in the form of a television monitor. This was not envisioned in the project as first scoped and while not required in order to

Meeting Date: March 27, 2018

complete the project, would improve the passenger experience. The estimated cost for this element is \$31,000.

Schedule

While the facility is now in use, with authorization of this request, the project additions and improvements would be complete by Q2, 2018.

Cost Breakdown

	This Request	Total Project
Design	\$50,000	\$1,036,000
Construction	\$386,000	\$4,958,000
Total	\$436,000	\$5,994,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

An alternative that would complete the project with no additional funding was considered but dropped as additional funding and contingency will be required to close out the contract.

Alternative 1 – Increase the project budget to address the elevator vestibule (scope item 1) and project contingencies and close out cost (scope item 3) above. Do not complete wayfinding signage improvements at this time (scope item 2) and instead rely on a future project to make more permanent improvements and do not install the additional passenger waiting area amenity (scope item 4).

Cost Implications: This would reduce the project request to \$281,000.

Pros:

- (1) Reduces the cost of the project by \$155,000.
- (2) Allows urgent project needs to be completed.

Cons:

- (1) Wayfinding signage changes would take the form of stickers applied to the signage faces and might appear haphazard.
- (2) Passengers would be deprived of an amenity that could improve their experience while waiting for their flights.

This is not the recommended alternative.

Alternative 2 – Proceed with the full scope as outlined in the Scope of Work section above.

Cost Implications: \$436,000

Pros:

- (1) Wayfinding signage would appear uniform and complete.
- (2) Passengers would enjoy the amenity of watching television while waiting for their flights.

Meeting Date: March 27, 2018

Cons:

- (1) This is the costliest alternative.
- (2) Signage improvements completed now may be superseded by improvements that would be recommended by the Signage and Wayfinding Master Plan which is in development.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$4,176,000	\$10,000	\$4,186,000
Previous changes – net	\$5,548,000	\$10,000	\$5,558,000
Current change	\$436,000	\$0	\$436,000
Revised estimate	\$5,984,000	\$10,000	\$5,994,000
AUTHORIZATION			
Previous authorizations	\$5,548,000	\$10,000	\$5,558,000
Current request for authorization	\$436,000	\$0	\$436,000
Total authorizations, including this request	\$5,984,000	\$10,000	\$5,994,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project (CIP #C800761) was included in the 2018-2022 capital budget and plan of finance with a budget of \$5,548,000. A budget transfer of \$436,000 will be transferred from the Aeronautical Allowance CIP (C800753) resulting in no net change to the Airport’s capital budget. The funding source for this project will include the Airport Development Fund and 2015C revenue bonds.

Financial Analysis and Summary

Project cost for analysis	\$5,594,000
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 2018

Future Revenues and Expenses (Total cost of ownership)

The increase in square footage as a result of this project, along with the additional systems will increase Aviation Maintenance operations and maintenance costs somewhat. Aviation

Meeting Date: March 27, 2018

Maintenance will work to absorb the additional costs associated with the HVAC and seating systems, and janitorial costs within the operating budget.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 8, 2016 – The Commission authorized award and execution of a major public works construction contract and a budget increase.

July 5, 2016 – The Commission authorized construction of the project and an increase to the budget of \$672,000.

October 13, 2015 – The Commission authorized design of the project and use of Port crews to construct and relocate ramp and service space.

May 26, 2015 – The Commission was briefed on the Aviation Division Business Plan which included a review of remote hardstand operational needs.

April 28, 2015 – The Commission was briefed on the Sustainable Airport Master Plan (SAMP) which included a review of the need for remote hardstand operations.