



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6e

ACTION ITEM

Date of Meeting February 11, 2020

DATE: February 3, 2020
TO: Stephen P. Metruck, Executive Director
FROM: Wayne Grotheer, Director, Aviation Project Management
Wendy Reiter, Director, Aviation Security
Julie Collins, Director, Customer Experience and Brand Strategy
SUBJECT: Lost and Found Relocation Enabling Project for the Employee Services Center
(CIP #C800934)

Amount of this request: \$2,630,000
Total estimated enabling project cost: \$3,100,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) advertise and execute a major public works contract for the relocation of the Airport Lost and Found as an enabling project for the Employee Services Center Project at Seattle-Tacoma International Airport; and (2) use Port crews to complete the work. The amount requested under this authorization is \$2,630,000 out of a total estimated enabling project cost of \$3,100,000. The total estimated CIP cost is \$10,400,000 for the overall Employee Services Center Project.

EXECUTIVE SUMMARY

The Lost and Found facility at Seattle-Tacoma International Airport (Airport) serves a crucial operational need and provides a valuable service to Airport customers. Currently, the Lost and Found facility has outgrown its existing space located on the Airport Mezzanine level. The relocation to a larger space on the Baggage Claim level will not only improve its operation, but also provide visibility to the public in a more easily accessible area. This request supports the Commission’s Century Agenda to create a positive customer experience.

The relocation of the Lost and Found office will also enable construction of the new Employee Services Center (ESC). The ESC will consolidate credentialing, training, employee parking, and insurance review services into a single location for the growing number of employees at the Airport. The ESC will combine the existing space where the Credential Center, Training Office, Meditation Room, and Lost and Found are currently located. The ESC portion of the overall CIP is working towards design completion. Staff will request Commission authorization in the future for the construction of the ESC.

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JUSTIFICATION

Given the rapid growth at the Airport, the current Lost and Found facility is unable to effectively process the volume of lost items in the footprint of the space it currently occupies. While relocating the facility from the current Airport Mezzanine Level to the baggage claim will reduce approximately 1800 square feet of public seating space, it will improve the Lost and Found facility's visibility and accessibility to the public in exchange.

The project cost increase of \$1,236,000, since the request for design authorization, can be attributed to the following changes to the project that occurred during design development:

- (1) The project site has increased in size. The initial concept would have accommodated the existing facility, but it was determined that with the consistent growth of people in the Airport (including both passengers and employees), a larger office will be needed for the growth in lost items as well.
- (2) The compact storage system (movable shelving) requires additional structural modifications that were discovered during the design process.
- (3) The ventilation system is complex and added costs have been uncovered through the design process.
- (4) The added requirement for a sink has added plumbing costs.
- (5) The security cameras and system has grown to suit the finalized footprint.
- (6) The wall materials have been improved to better reflect the airport brand/customer experience.

As previously stated, this project is an enabling project to the new Airport ESC and must be completed before that project can begin. The Airport ESC will provide centralized badging, training, and parking services for airport employees and will be built on the Mezzanine Level of the Airport.

Diversity in Contracting

There will be a nine percent Women and Minority Business Enterprise (WMBE) aspirational goal for this project.

DETAILS

This facility will provide the appropriate amount of space to accommodate operational needs for employees as well as improved customer service. Transportation Security Administration (TSA) and Airport Security also finds and receives lost items, which they bring to the Lost and Found office. Approximately 75% of the lost items processed by the Lost and Found office come from TSA and Security, so there will be an after-hours drop off space for their use. The compact storage system will add efficiencies to both the space and customer experience.

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The project will:

- (1) Improve the Lost and Found facility’s accessibility to the public by relocating it to the baggage claim level.
- (2) Design and build a new facility to maintain a reliable Lost and Found service to customers and to airport business partners.
- (3) Provide office and storage space, three public facing service windows, manager’s office, a breakroom, and other necessary items to maintain compliance with state law.
- (4) Create a space efficient storage area by using a compact storage system (movable shelving), which is an automated storage and retrieval system. The use of this type of shelving will not only optimize the facilities floor space and vertical space, but also provide ergonomic solutions to enhance productivity.
- (5) Be an enabling project to the Airport ESC; it must be completed before that project can begin construction.
- (6) Provide Airport branding per Customer Experience Group’s recommendations.

Scope of Work

The scope includes the following:

- (1) Construct a new space in Baggage Claim;
- (2) Construct a new Heating Ventilating and Air Conditioning system to supply the new facility;
- (3) Construct electrical and communications for the new facility, including access control, a security door, and multiple security cameras;
- (4) Construct plumbing for a sink in the breakroom of the new office;
- (5) After-hours drop-off storage space for the Port Police Department; and
- (6) Create new operational efficiencies using powered high-density shelving.

Schedule

Activity

Construction start	2020 Quarter 2
In-use date	2020 Quarter 4

Cost Breakdown

	Lost and Found Enabling	Employee Services Center	This Request	Total Project
Design Phase	\$470,000	1,667,000	\$0	\$2,137,000
Construction Phase	2,630,000	\$5,633,000	\$2,630,000	\$8,263,000
Total	3,100,000	\$7,300,000	\$2,630,000	\$10,400,000

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Three options were considered as follows:

Alternative 1 – Renovate the existing Lost and Found Office

Cost Implications: \$1,500,000

Pros:

- (1) No major construction needed.

Cons:

- (1) Could not build out the proposed Airport Employee Services Center project.
- (2) Current location is not easily accessible to the traveling public.
- (3) The existing location is too small for current and projected needs.
- (4) Temporary facility needed while the existing office is renovated.

This is not the recommended alternative.

Alternative 2 – Relocate Lost and Found to the old Ken’s Baggage location.

Cost Implications: \$1,500,000

Pros:

- (1) No need to build out a new office.
- (2) Lower cost implications and construction duration due to using an existing space.

Cons:

- (1) The Ken’s Baggage location is too small for current and projected needs.
- (2) The existing space is not currently built to accommodate the operations of the Lost and Found office.

This is not the recommended alternative.

Alternative 3 – Relocate Lost and Found to a new larger space on the Baggage Claim level

Cost Implications: \$3,100,000

Pros:

- (1) Relocates facility to allow construction of Airport Employee Services Center.
- (2) Improves customer experience by providing a new and larger facility to accommodate increasing number of lost items
- (3) More accessible and visible to the traveling public.
- (4) Maintain reliable Lost and Found service for passengers, TSA, and Security TSA and Security.
- (5) Create a space efficient storage area using a new compact storage system.

Cons:

- (1) Highest cost impact
- (2) Longest construction duration

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- (3) This alternative will build out an enclosed space in the baggage claim area that was once public seating.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE for CIP# C800934			
Original estimate	\$7,264,000	\$931,000	\$8,195,000
Previous changes – net	\$833,000	\$136,000	\$969,000
Current change	\$1,236,000		\$1,236,000
Revised estimate	\$9,333,000	\$1,067,000	\$10,400,000
AUTHORIZATION			
Previous authorizations	\$2,137,000	\$0	\$2,137,000
Current request for authorization (Lost and Found)	\$2,630,000	\$0	\$2,630,000
Total authorizations, including this request	\$4,767,000	\$0	\$4,767,000
Remaining amount to be authorized	\$4,566,000	\$1,067,000	\$5,633,000

Annual Budget Status and Source of Funds

This project, CIP C800934, was included in the 2020-2024 capital budget and plan of finance with a budget of \$8,097,000. A budget increase of \$1,236,000 was transferred from the Aeronautical Reserve CIP (C800753) resulting in zero net change to the Aviation capital budget. The funding source will be Airport Development Fund and revenue bonds.

Financial Analysis and Summary

Project cost for analysis	\$10,400,000
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base.
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.06 in 2021; \$0.02 for 2022 and beyond

Future Revenues and Expenses (Total cost of ownership)

Aviation Maintenance anticipates impacts resulting in an increase in annual operating & maintenance (O&M) costs to mechanical systems only as a result of this project. The extent of these impacts will be better defined and quantified during the product selection phase and construction of the project.

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ADDITIONAL BACKGROUND

The single, centralized Lost and Found operation at the Airport provides a one-stop service for customers and employees. The Lost and Found operation consists of a full range of services related to lost items at the Airport. The facility works with people who have lost items, searches for recorded owners, contacts owners and returns lost property, and transfers items if unclaimed by the owner. The facility also maintains detailed records for each item lost at the airport, including the TSA checkpoints, and proactively works to reunite owners with their belongings.

The Lost and Found operation must maintain adequate control, accountability, and adherence to established state laws, policies, and procedures. The number of items received range from 100-300 per day. The staff has maintained a positive record of providing outstanding service to customers and has achieved a nearly 50 % recovery rate to reunite customers with lost or left-behind items.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- May 28, 2019 – The Commission authorized design of the Employee Services Center Project
- April 23, 2019 – The Commission authorized design of the Lost and Found Relocation Project