



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6h

ACTION ITEM

Date of Meeting June 9, 2020

DATE: May 29, 2020

TO: Stephen P. Metruck, Executive Director

FROM: Wendy Reiter, Director Aviation Security
Wayne Grotheer, Director Aviation Project Management

SUBJECT: Construction Authorization for Airport Terminal Accessibility and Safety Enhancements Phase II (CIP #C800862)

Amount of this request: \$ 3,784,000
Total estimated project cost: \$19,900,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to advertise and award a major works construction contract for Phase II of the Airport Terminal Accessibility and Safety Enhancements (TSE) project at Seattle-Tacoma International Airport (Airport). The amount of this request is \$3,784,000 for a total estimated project cost of \$19,900,000.

EXECUTIVE SUMMARY

The TSE Phase II project is intended to improve passenger safety with the installation of structural bollards along the airport's arrivals and departures curbsides, the courtesy vehicle plaza, and the pedestrian sky bridge entrances in the main garage. The installation of these bollards has been identified as a key component of the overall comprehensive security program at the airport. The project will also complete American with Disabilities Act (ADA) access improvements along the arrivals and departures curbsides.

Construction bids were opened for this project, in August 2019, that were significantly higher than the engineer's estimate. Due to the significant cost increase, and the wide range of costs between the bids, the bids were cancelled. The higher costs were attributed to three drivers: a sole vendor providing the bollards, mobilization costs, and labor risk associated with operational constraints along with an aggressive construction schedule. Staff has addressed these issues by pursuing owner furnished equipment for the bollards and re-phasing the project to minimize labor and logistics risks.

The overall project increase was also subject to a majority-in-interest (MII) vote of signatory airlines and was approved in May 2020.

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JUSTIFICATION

The Phase II of the TSE program is necessary as it will provide an improved safe environment for the airport passengers, vendors and staff. These improvements also provide ADA compliant access improvements as recommended by the Accessibility Study completed by the Open Doors Organization (ODO). These improvements support the port’s goal of making Seattle-Tacoma International Airport the most accessible airport in the nation for people with disabilities.

Diversity in Contracting

Project staff worked with the Diversity in Contracting Department and have established eight percent (8%) women- and minority-owned business enterprise (WMBE) aspirational goal for the construction project.

DETAILS

On July 23, 2019, the project was advertised for construction bids with an engineer’s estimate in the amount of \$8,568,103. The Port cancelled the bids because all bids exceeded the engineers estimate and the Port determined it was in our best interest to re-design the project and delivery method. Based upon the bids received the total estimated project cost was \$24,000,000.

On January 28, 2020 the Commission authorized the procurement of the structural bollards as owner procured materials in an attempt to increase competition resulting in a lower bollard cost. A total of five proposals were received, ranging in cost from \$1.5 to \$2.9 million, and are currently under evaluation.

The original scope had included sidewalk resurfacing, but in recent months the Aviation Division determined it would be prudent to remove that scope due to lack of support from airlines. In addition, the overall project costs have increased by \$400,000 due to the additional health and safety requirements necessary to perform construction during the pandemic.

Scope of Work

The project will install security and ADA access improvements at the entrances to the main terminal from the arrivals and departures curbsides. The number of accessible loading zones will increase from two to twelve on the arrival’s curbside, and from three to twelve on the departure’s curbside. Security improvements will also be installed in the Main Garage at the entrance to each of the six sky bridges and along the third-floor courtesy vehicle plaza. The sidewalks will not be resurfaced.

Schedule

Activity

Execute Purchase Contract - Bollards	2020 Quarter 2
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Advertise for Construction Bids	2020 Quarter 2
Start Construction / Issue Notice to Proceed	2020 Quarter 3
Construction Complete / In-Use Date	2021 Quarter 3

Cost Breakdown	This Request	Total Project
Design	\$0	\$2,857,104
Construction	\$3,784,000	\$17,042,896
Total	\$3,784,000	\$19,900,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not proceed with Phase II of the TSE project

Cost Implications: \$1,035,000 for a total of \$4,352,000 (includes Phase I)

Pros:

- (1) No capital investment by the Port

Cons:

- (1) Does not increase the safety and security of the occupants of the Main Terminal.
- (2) Does not enhance ADA accessibility at the Main Terminal curbside.
- (3) Does not enhance aesthetics of the Main Terminal curbside and courtesy vehicle plaza.
- (4) The procurement of the structural bollards would need to be cancelled and a total of \$1,035,000 would need to be expensed.

This is not the recommended alternative.

Alternative 2 – Proceed with Phase II of the TSE project including sidewalk resurfacing.

Cost Implications: \$20,582,912 for a total of \$23,900,000 (includes Phase I)

Pros:

- (1) The safety and security of the occupants of the Main Terminal will be increased.
- (2) The arrivals and departures curbsides will become compliant with current ADA standards and helps expedite achieving the Port goal of making the Airport the most accessible airport for people with disabilities in the nation.
- (3) The arrivals and departures curbsides, and courtesy vehicle plaza, will be resurfaced to improve the aesthetics of the curb front that greets passengers as they arrive and depart the Airport.

Cons:

- (1) Requires a capital investment of \$20,582,912 by the Port.

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- (2) Sidewalk resurfacing scope is not supported by the airline tenants.

This is not the recommended alternative.

Alternative 3 – Proceed with bollard installation and ADA access ramp improvements. The sidewalk resurfacing is not included.

Cost Implications: \$16,582,912 for a total of \$19,900,000 (includes Phase I)

Pros:

- (1) The safety and security of the occupants of the Main Terminal will be increased.
- (2) The arrivals and departures curbsides will become compliant with current ADA standards and helps expedite achieving the Port goal of making the Airport the most accessible airport for people with disabilities in the nation.

Cons:

- (1) Requires capital investment of \$16,582,912 by the Port.
- (2) Does not take advantage of an opportunity to resurface the sidewalks as one construction contract, reducing the total cost to the Port for both efforts, and minimizing construction impacts on the traveling public, should sidewalk resurfacing be desired at a later date

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$9,854,000	\$0	\$9,854,000
Previous changes – net	\$5,469,546	\$792,454	\$6,262,000
Current change	\$4,072,339	(\$288,339)	\$3,784,000
Revised estimate	\$19,395,885	\$504,115	\$19,900,000
AUTHORIZATION			
Previous authorizations	\$15,611,885	\$504,115	\$16,116,000
Current request for authorization	\$3,784,000	\$0	\$3,784,000
Total authorizations, including this request	\$19,395,885	\$504,115	\$19,900,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project was included in the 2020 – 2024 capital budget and plan of finance with a budget amount of \$15,323,000. A budget increase of \$4.1M was transferred from the Aeronautical Reserve CIP (C800753) resulting in zero net change to the Aviation capital budget. The funding

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source will be existing revenue bonds. This project was initially approved by the signatory airlines via the April 2019 MII vote, and again in May 2020 for the budget increase.

Financial Analysis and Summary

Project cost for analysis	\$19,900,000
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	\$.10 in 2022

Future Revenues and Expenses (Total cost of ownership)

Port staff does not anticipate a significant change in the on-going operation and maintenance costs associated with these efforts since minimal preventive maintenance is performed on the security and access improvements.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 28, 2020 – The Commission authorized the purchase of structural bollards for Phase II of the Airport Terminal Accessibility and Safety Enhancements project.

May 3, 2019 – The Commission authorized the advertisement and execution of a major works construction contract for Phase II of the Airport Terminal Accessibility and Safety Enhancements project.

January 30, 2018 – The Commission authorized the design and preparation of contract bid documents for Phase II of the Airport Terminal Safety and Security Enhancements project.

October 24, 2017 – The Commission authorized the design, preparation of contract bid documents, advertisement and execution of a major works construction contract for Phase I of the Airport Terminal Safety and Security Enhancements project.