



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6d

ACTION ITEM

Date of Meeting October 13, 2020

DATE: October 5, 2020
TO: Stephen P. Metruck, Executive Director
FROM: Wayne Grotheer, Director, Aviation Project Management
Wendy Reiter, Director, Aviation Security
SUBJECT: Employee Services Center Project (C800934)

Amount of this request: \$5,633,000
Total estimated project cost: \$10,400,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to: (1) advertise and award a major works construction contract for the Employee Services Center project at Seattle-Tacoma International Airport; (2) execute procurement contract(s) for furniture fixtures and equipment; and, (3) use Port crews to support construction. The amount requested under this authorization is \$5,633,000 out of a total budget of \$10,400,000.

EXECUTIVE SUMMARY

This project will construct a new “Employee Services Center” which will include credentialing, training, and employee parking transaction services in a “one-stop shop” for all employees at Seattle-Tacoma International Airport (Airport). To create this Center the project will combine and remodel the soon-to-be vacated lost and found office, the soon-to-be vacated meditation room, the credential center and training office to create a consolidated center and adjacent waiting area for airport employees.

JUSTIFICATION

Credentialing is a critical component to allow employees to perform their work at the airport. The offices required to onboard and maintain TSA regulated badging compliance for these employees can no longer effectively accommodate the volume of customers as currently configured. Both the credential center and training center have reached capacity and are no longer able to efficiently serve airport employee customers in a timely manner. Additionally, due to the maximized facility, processing customers has had delays of up to 45 minutes due to lack of space for additional workstations. In recent years credentialing staff has been hired to meet the demands of airport growth; however, the space is insufficient, and staff outnumbers badging workstations with no room for expansion.

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Process improvement efforts and stakeholder engagement directly related to this project involved tenants, airlines and internal customers. Many of those involved provided feedback and a strong request for action. The goal has always been a 3-5 day turnaround time for badging. This project will address these specific concerns and will allow the Port the ability to credential tenant employees and thus allow them to begin work at the Airport within the 3-5 day window.

Combining the footprint of these currently separate functions will gain efficiencies through design and process improvements, as well as create an improved processing and waiting experience to better serve our airport tenants, employees and customers.

This project supports the Century Agenda goal to advance this region as a leading tourism destination and business gateway — meeting the region’s air transportation needs at SEA for the next 25 years.

Diversity in Contracting

There will be a nine percent (9%) Women and Minority Business Enterprise {WMBE} aspirational goal for this project.

DETAILS

Growth in the credential center use has increased the badge volume from 14,000 badge holders in 2015 to 24,000 badge holders in a 4-year period. This growth is due to increased airport operations and a multitude of construction projects at the airport. The numbers of badge holders requiring use of the credential center has diminished approximately 8% since the beginning of the pandemic.

Today credentialing, training, employee parking, insurance, and operational review facilities are located throughout the airport, separated by up to 1/3 of a mile. All these stops delay the applicant from receiving a badge in the shortest time possible. The inability to badge applicants in a manner that is acceptable to our tenants results in project delays and the inability for airport stakeholders to meet their staffing needs. By co-locating services and expanding the footprint of both the training and credentialing facilities, employee onboarding from start to finish will significantly decrease and will streamline the customer service experience allowing a much faster visit.

While this project was conceived during a time of unprecedented growth at the airport, and the impacts of that growth drove the project need, it still makes sense to proceed with the project as designed at this time. To date, employee badging demand has not lowered significantly with the credential center still at 23,000 badges processed from January to August 2020 compared to 25,000 badges during the same period in 2019 (only an 8% drop in activity). Consolidating the currently separate functions of the credential center and training center will gain efficiencies through design and process improvements that will better serve airport employee customers for the years to come.

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The project pilots the WELL Building Standard Certification for this new consolidated office. WELL is a framework focusing on the health, well-being, and experience for everyone that works in or visits the space. Key opportunities taken into consideration for the project include circadian lighting, acoustic performance, biophilic design, and performance testing for ventilation, water quality, and thermal comfort.

The project was one of the “various others” projects listed as an Aviation Shovel-Ready Project with construction starting in late 2020/2021 in the April 14, 2020, Commission study session on Capital Adjustments related to COVID-19 for 2020 and 2021.

The airport lost and found is being relocated as an enabling part of this project through a separate action. It is scheduled to open in late 2020. The meditation room is being relocated as part of a separate effort and is scheduled to open in Fall 2020. There will be no interruption in availability of these services.

Scope of Work

This project will construct a new Employee Services Center on the mezzanine of the airport. This center will include offices and workstations, breakrooms, restroom, conference room, and training room. It will also include a lobby and waiting area. During construction the credentialing and training areas will be temporarily relocated, and regulated materials (including asbestos) within the site will be abated. The project’s furniture, fixtures and equipment will be separately procured from the construction contract.

Schedule

Construction start	2021 Quarter 1
In-use date	2022 Quarter 1

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

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not construct a new consolidated Employee Services Center.

Cost Implications: \$1,667,000 (design costs would be expensed)

Pros:

- (1) This will decrease Port capital expenditure.
- (2) This will not disrupt the operations of credentialing or training during construction.

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Cons:

- (1) This will not provide the additional space needed for credentialing and training to operate efficiently with the growing number of airport employees.
- (2) This will not provide space for a waiting area which will not resolve credentialing and training spaces congestion.

This is not the recommended alternative.

Alternative 2 – Construct a new consolidated Employee Services Center.

Cost Implications: \$5,633,000

Pros:

- (1) This will combine all onboarding and security compliance functions in one place.
- (2) This will create efficiencies for onboarding new employees.
- (3) This will abate regulated materials from the construction area.
- (4) This will create a more positive customer experience for airport employees.
- (5) This will create a quieter and safer environment for customers waiting in the lobby.

Cons:

- (1) The construction could impact operations for credentialing and training.
- (2) A temporary facility will be needed for operations during construction.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The previous changes to the project cost estimate addressed changes to the lost and found enabling project described as a part of that project’s construction authorization in February 2020.

Cost Estimate/Authorization Summary	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$7,264,000	\$0	\$7,264,000
Previous changes – net	\$2,069,000	\$1,067,000	\$3,136,000
Revised estimate	\$9,333,000	\$1,067,000	\$10,400,000
AUTHORIZATION			
Previous authorizations for Employee Services Center	\$1,667,000	\$0	\$1,667,000
Current request for authorization for Employee Services Center	\$4,566,000	\$1,067,000	\$5,633,000
Previous authorizations for lost & found	\$3,100,000	\$0	\$3,100,000
Total authorizations, including this request	\$9,333,000	\$1,067,000	\$10,400,000
Remaining amount to be authorized	\$0	\$0	\$0

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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	\$.06 in 2022; \$.02 for 2023 and beyond

Future Revenues and Expenses (Total cost of ownership)

This project will not have significant impacts on annual aviation maintenance O&M costs related to mechanical and electrical systems, or custodial services.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- February 11, 2020 – The Commission authorized construction of the Lost and Found Relocation Project
- 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.