



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6g

ACTION ITEM

Date of Meeting October 13, 2020

DATE: October 5, 2020

TO: Stephen P. Metruck, Executive Director

FROM: Mike Tasker, Senior Manager, Aviation Facilities and Infrastructure
Wayne Grotheer, Director Aviation Project Management Group

SUBJECT: Air Cargo Road Safety Improvements (CIP #C102162)

Amount of this request: \$9,936,410

Total estimated project cost: \$13,500,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) amend a purchased services contract to maintain the temporary traffic signal for a total contract value above \$300,000, (2) advertise and award a major public works contract, and (3) authorize an additional \$9,936,410 for the construction of the Air Cargo Road Safety Improvements project at Seattle-Tacoma International Airport for a total estimated project cost of \$13,500,000.

EXECUTIVE SUMMARY

Prior to the pandemic both Air Cargo Road and S. 170th Street experienced heavy daily traffic volumes and significant congestion as one of the two primary local access routes to the Main Terminal. The Air Cargo Road roadway assets are well beyond their useful life expectancy and are failing. The Cell Phone Lot was completed in 2014 but the permanent access improvements were not completed. These improvements need to be completed to reduce traffic congestion and for the Port to meet its remaining obligation under the State Environmental Protection Act (SEPA) and to the City of SeaTac. These improvements could be displaced as soon as three to ten years after they are completed by future development identified in the Sustainable Airport Master Plan (SAMP). This project will include a Project Labor Agreement.

JUSTIFICATION

This project supports the following Century Agenda and Aviation Division strategic goals:

- 1) Advance this region as a leading tourism destination and business gateway.
- 2) Meeting the region's air transportation needs at Seattle-Tacoma International Airport for the next 25 years.
- 3) Operate a world-class international airport by ensuring safe and secure operations.

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The Air Cargo Road Safety Improvements project is a renewal and replacement project that will bring the roadway corridor up to current standards for operation and safety and complete the permanent access improvements for the Cell Phone Lot. Air Cargo Rd. was originally constructed circa 1970 and is the primary access for a number of airfield, cargo, and landside facilities. The existing pavement and lighting assets between S. 166th St. and S. 170th St. are failing and are well beyond their useful life. The Cell Phone Lot was relocated in 2014 to its current location to support the expansion of aircraft hardstand parking on the airfield. The Air Cargo Rd. on-ramp to the southbound Northern Airport Expressway is one of the primary access routes to the Main Terminal, and currently supports Cell Phone Lot customers, local businesses, ground transportation, rental car busing, and other airport uses.

Despite the COVID-19 pandemic and the reduced traffic levels in areas affected by this project, the project is still required since the existing roadway assets are failing and well beyond their useful life and the Port needs to meet its obligations under SEPA and to the City of SeaTac.

Diversity in Contracting

Project staff along with the Diversity in Contracting Department have set a women and minority business enterprise (WMBE) aspirational goal of 9% for this construction contract.

DETAILS

In order to reduce overall costs and impacts to the traveling public, in July 2017 the Commission authorized the transfer of the remaining scope and budget from the Cell Phone Lot project (CIP #C800324) into the Air Cargo Rd. Safety Improvements project, for a total combined project budget of \$8,819,590. The total project budget has increased to \$13,500,000 and is primarily attributed to scope changes (two additional traffic signals, reconfiguration and minor expansion of the Cell Phone Lot, landscaping per current airport standards, unknown site conditions, and sewer main capacity improvement), greater utilization of consultant support vs. staff support, and cost escalation due to the one-year delay in construction.

In February 2014, the Port of Seattle entered into a small works construction contract for the installation, operation, maintenance, and removal of a temporary traffic signal to support Cell Phone Lot operations. In April 2015, the Commission authorized combining the remaining Cell Phone Lot scope with the Air Cargo Rd. Safety Improvements project. The Port of Seattle entered into a contract with American Electrical Services, Inc. to continue to operate and maintain the temporary traffic signal in May 2015. The current contract expires at the end of November 2020 and has a total contract value of \$247,500. This contract needs to be extended for up to one year to support the completion of the permanent access improvements. The amendment would increase the total contract value by an estimated \$75,000, for a total estimated contract value of \$322,500. In addition, the Port is negotiating the purchase of the existing traffic signal equipment from American Electrical Services, Inc. to support the construction of the Air Cargo Rd. Safety Improvements project. The purchase cost is estimated

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at less than \$150,000. The funding for these costs is included in the remaining budget and authorization for the Cell Phone Lot project.

Scope of Work

As identified in the attachment, the general improvement area for the project includes Air Cargo Rd. from S. 166th St. to S. 170th St., S. 170th St. from Air Cargo Rd. to International Blvd., and the Cell Phone Lot. The improvements include pavement rehabilitation, traffic signals, roadway illumination, signage, sidewalks, parking lot modifications, bus stops, utilities, landscaping, and intelligent transportation systems.

As part of the Port’s environmental and sustainability goals, this project is installing pervious pavement for the Port-owned sidewalks and parking lot modifications.

Schedule

Activity

Construction start	2020 Quarter 4
In-use date	2021 Quarter 3

Cost Breakdown

	This Request	Total Project
Design	\$224,089	\$3,700,000
Construction	\$9,712,321	\$9,800,000
Total	\$9,936,410	\$13,500,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Maintain the existing temporary traffic signal and do not complete the improvements.

Cost Implications: \$1,300,000

Pros:

- (1) Lowest level of investment for the Port. The above costs include the costs for the temporary traffic signal operation and maintenance agreement, and the project costs that would be expensed if the project did not move forward.

Cons:

- (1) The Air Cargo Rd. roadway assets are not renewed resulting in further degradation of the level of service and potential loss of operational use in the short-term.
- (2) Motorized and non-motorized transportation improvements are not completed to support safe and efficient operations.
- (3) The Port’s obligations under SEPA and to the City of SeaTac for the Cell Phone Waiting Lot are not satisfied.

This is not the recommended alternative.

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Alternative 2 – Complete the proposed improvements.

Cost Implications: \$13,500,000

Pros:

- (1) The Air Cargo Rd. roadway assets are renewed avoiding further degradation of the level of service and potential loss of operational use in the short-term.
- (2) Motorized and non-motorized transportation improvements are completed to support safe and efficient operations.
- (3) The Port’s obligations under SEPA and to the City of SeaTac for the Cell Phone Waiting Lot are satisfied.

Cons:

- (1) Most of the improvements could be displaced as soon as three to ten years after they are completed by SAMP future development.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The financial implications for the Cell Phone Waiting Lot project (CIP #C800324) are not included in the tables below. This includes the costs associated with the contract that supports the operation and maintenance of the temporary traffic signal.

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$3,052,000	\$0	\$3,052,000
Previous changes – net	\$4,938,000	\$2,710,000	\$7,648,000
Current change	\$2,800,000	\$0	\$2,800,000
Revised estimate	\$10,790,000	\$2,710,000	\$13,500,000
AUTHORIZATION			
Previous authorizations	\$2,673,590	\$890,000	\$3,563,590
Current request for authorization	\$8,116,410	\$1,820,000	\$9,936,410
Total authorizations, including this request	\$10,790,000	\$2,410,000	\$13,500,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

The Air Cargo Rd. Safety Improvements project (CIP #C102162) is included in the 2020-2024 capital budget and plan of finance as a committed project, with a total capital budget of \$7,990,000. A budget increase of \$2,800,000 will be transferred from the Aeronautical Allowance (CIP #C800753) for a total revised capital budget of \$10,790,000 resulting in zero net change to the Aviation Capital Budget. The funding sources for this project are revenue bonds (amortized over ten years).

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Financial Analysis and Summary

Project cost for analysis	\$13,500,000
Business Unit (BU)	Roadways
Effect on business performance (NOI after depreciation)	NOI after depreciation will decrease even though a portion of the cost are allocated to airline rate bases.
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.08 in 2022 and \$0.03 for subsequent years.

Future Revenues and Expenses (Total cost of ownership)

Port staff estimates the impacts to the on-going operation and maintenance costs associated with the Cell Phone Lot to be \$25,000 per year for the lot operations, and \$45,000 per year for the temporary traffic signal. The cost to operate and maintain the permanent traffic signal systems is estimated at \$15,000 and is being requested for Aviation Maintenance’s budget as part of the 2021 budget process. The operating and maintenance costs for the roadway illumination system are anticipated to decrease with LED based systems. Landscape maintenance costs for the Cell Phone Lot and adjacent roadways are anticipated to increase.

ADDITIONAL BACKGROUND

In September 2017, the Port completed repairs to critical pavement systems on Air Cargo Rd. due to their failing condition. These repairs were completed for a total cost of \$157,152.

The permanent traffic signal systems at the Air Cargo Rd. on-ramp to the southbound Northern Airport Expressway will be the Port’s responsibility to operate and maintain. In 2019, the Port entered into an interlocal agreement with King County to support the design, construction, operation, and maintenance of these permanent traffic signal systems. The permanent traffic signal systems at the southbound and northbound Northern Airport Expressway off-ramps to S 170th St. will be operated and maintained by the City of SeaTac.

The SEPA checklist for the Cell Phone Waiting Lot project was completed in July 2013. In April 2020, the Port updated the environmental evaluation to include the Air Cargo Rd. Safety Improvements project and issued a SEPA determination of non-significance.

This project supports a range of existing facilities that are operated by Port tenants, owned by private entities, or are utilized by a range of airport operators. During design, three separate outreach efforts were conducted to identify potential problems along the corridor, describe the proposed improvements, and identify the anticipated construction impacts. Adjacent property owners, airport tenants, and operators were invited to participate in these workshops. In addition, City of SeaTac staff participated in each design review session.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides.

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- July 11, 2017 – The Commission authorized the Executive Director to 1) execute a professional services contract; 2) execute an interlocal agreement with King County for the operation and maintenance of traffic signals; 3) proceed with the design and preparation of contract bid documents for the Air Cargo Rd. Safety Improvements project; 4) utilize Port crews and small works contract to complete the early pavement repair work; and 5) transfer \$3,019,590 of budget from the Cell Phone Lot project.
- April 14, 2015 – The Commission authorized the Chief Executive Officer to 1) execute a design contract for the Cell Phone Lot and the Air Cargo Rd. Safety Improvements projects at the Airport; and 2) to continue the Cell Phone Lot project for an additional \$649,900. This also included the extension of the operation and maintenance agreement for the Cell Phone Lot traffic signal.
- May 6, 2014 – The Commission authorized an additional \$822,100 to complete the construction of the Cell Phone Lot at the Airport.
- September 10, 2013 - The Commission authorized the Chief Executive Officer to 1) proceed with construction of the Cell Phone Lot project at the Airport; 2) utilize Port Construction Services crews to self-perform the construction; 3) advertise for bids and award a major public works project-specific unit price contract for asphalt and striping; and 4) execute and interlocal agreement with the City of SeaTac for the design, installation, and operation of a temporary traffic signal on S 170th St. for an additional \$1,420,000.
- December 11, 2012 – The Commission authorized the Chief Executive Officer to proceed with the design of the Cell Phone Lot project for \$408,000.