



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8e

ACTION ITEM

Date of Meeting July 13, 2021

DATE: July 2, 2021
TO: Stephen P. Metruck, Executive Director
FROM: Eileen Francisco, Acting Director, Aviation Facilities and Capital Programs
Wayne Grotheer, Director, Aviation Project Management
SUBJECT: Building 161G AVM Facility Upgrade (CIP# C800924) Construction

Amount of this request: \$1,993,000
Total estimated project cost: \$2,972,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) advertise, award, and execute a construction contract for the construction of the Building 161G AVM Facility Upgrade project at Seattle-Tacoma International Airport (Airport). The amount of this request is \$1,993,000 for a total estimated project cost not to exceed \$2,972,000.

EXECUTIVE SUMMARY

The 161G Aviation Maintenance (AVM) Facility (known as Air Cargo 4) at the Airport is a 50-year-old former mail sorting facility that has had minimal updates and modifications. This project will replace obsolete and failing Heating, Ventilation, and Air Conditioning (HVAC) systems, new energy efficient lighting, and provide essential communication connections to the building and offices. These upgrades will provide a reliable working space for the approximately 120 Port maintenance staff that operate from this critical facility.

JUSTIFICATION

The 161G AVM facility is the operational base to approximately 120 Port maintenance staff. The maintenance groups housed in this facility operate 24 hours a day, 365 days a year, and perform critical maintenance work to keep the airport and runways operational. This work includes winter runway and airport drive snow operations; servicing of the Port's fleet vehicles, police cars, and airport shuttle buses; repairs & maintenance to runways, taxiways, ramps, and airfield lighting; and carpentry, painting, and striping work throughout the airport's property. For the last 20+ years this facility has been on the list for potential tear-down and replacement, as a result, the building improvements have been delayed. This project addresses the facility's most critical needs.

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Failing HVAC, insufficient communication and connectivity infrastructure, outdated analog phone line, and inadequate office lighting are contributing factors in making this a deficient and functionally poor-working facility. This project will install new HVAC equipment in two highly used areas. The existing phone and data communication connections are still on a copper network with no digital backbone to support the increased data use. A new fiber backbone will be installed to the facility and the obsolete copper removed. The lighting in the break rooms and other areas are fluorescent fixtures, the project will replace these fixtures (approx. 190) with more energy efficient LED assemblies. Port Construction Services (PCS) support may be required for relocation and demolition of furniture and equipment as needed.

The project work has been scaled to meet the minimum improvements needed to keep the facility operational and to improve the working environment given the expected remaining life of the building. This building has been on the list for eventual demolition and replacement for many years as a part of the Sustainable Airport Master Plan. During that time some of these systems have failed or degraded and need to be replaced. Further delay of the work could cause disruption in the service affecting the maintenance personnel operating out of the facility.

Diversity in Contracting

The project staff, in coordination with the Diversity in Contracting Department, have set a 12% woman and minority business enterprise (WMBE) aspirational goal for the Building 161G AVM Facility Upgrade project. The goal is based upon the project's scopes of work and baseline availability of certified WMBE businesses to perform the work.

DETAILS***Scope of Work***

Communication & Connectivity Infrastructure Upgrade:

- (1) New/additional fiber optic and copper cabling
- (2) Installation of new high-grade Wireless Access Point (WAP) units
- (3) Installation of new telephone/data wall units

Facility Upgrade:

- (1) Spot abatement
- (2) Demolition and removal of obsolete HVAC equipment
- (3) Installation of new HVAC equipment in two highly used spaces
- (4) New energy efficient LED light fixtures and occupancy sensors
- (5) New acoustical ceiling grid panels
- (6) Installation of new breakroom exhaust fan

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Schedule

The project schedule reflects that this facility operates 24/7, year-round. Most of the required work will be performed during the evening shift when there is minimal crew on-site, for a moderate but manageable impact to the facility and employees during construction. One potential risk to the schedule is significant weather events that may require the construction schedule to be adjusted to not impact snow or maintenance operations.

Activity

Commission design authorization	2019 Quarter 4
Design start	2019 Quarter 4
Commission construction authorization	2021 Quarter 3
Construction start	2021 Quarter 4
In-use date	2023 Quarter 1

Cost Breakdown

	This Request	Total Project
Design	\$	\$979,000
Construction	\$1,993,000	\$1,993,000
Total	\$1,993,000	\$2,972,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not proceed with construction, and cancel the project

Cost Implications: approximately \$450,000 would need to be expensed.

Pros:

- (1) No additional capital funding would be required.

Cons:

- (1) Failing infrastructure and communication & connectivity limitations will remain a concern.
- (2) The 120+ employees who work here will have to continue to operate in a deficient, less-than-ideal work environment.

This is not the recommended alternative.

Alternative 2 – Proceed with Construction

Cost Implications: \$2,972,000

Pros:

- (1) Addresses the most pressing needs of the facility.
- (2) Creates a better functioning facility and increased workstation efficiency.

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- (3) Provides a more comfortable work environment, fostering increased employee satisfaction.

Cons:

- (1) Requires capital investment.
- (2) Moderate but manageable impacts to facility operations during construction.
- (3) This building could potentially be targeted for tear down (in an estimated 5-10 years) in support of the Sustainable Airport Master Plan (SAMP.)

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$4,566,000	\$	\$4,566,000
Previous changes – net	(\$1,632,000)	\$66,000	(\$1,566,000)
Art (Transfer to Art CIP)	(\$28,000)	0	(\$28,000)
Revised estimate	\$2,906,000	\$66,000	\$2,972,000
AUTHORIZATION			
Previous authorizations	\$979,000	0	\$979,000
Current request for authorization	\$1,927,000	\$66,000	\$1,993,000
Total authorizations, including this request	\$2,906,000	\$66,000	\$2,972,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project, CIP C800924, was included in the 2021-2025 capital budget and plan of finance with a budget of \$2,931,000. A budget decrease was transferred to the Aeronautical Reserve CIP (C800753) resulting in zero net change to the Aviation capital budget. The funding source will be 2021 revenue bond.

Financial Analysis and Summary

Project cost for analysis	\$2,972,000
Business Unit (BU)	Administration which allocates to airfield, terminal, and landside
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	\$.01 in 2024

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Future Revenues and Expenses (Total cost of ownership)

This project is a renewal and replacement project, as such, Aviation Maintenance does not anticipate any increase, and may even realize a slight reduction in long-term maintenance costs.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 12, 1999 – The Commission authorized Design