



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8g

**ACTION ITEM**

**Date of Meeting** September 28, 2021

**DATE:** September 10, 2021

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Laurel Dunphy, Director, Airport Operations  
Wayne Grotheer, Director, Aviation Project Management Group

**SUBJECT:** South 160<sup>th</sup> Street Lot Transportation Network Company Improvements (C801186)

**Amount of this request:** \$1,417,000

**Total estimated project cost:** \$7,300,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to complete design and execute utility agreements for the South 160<sup>th</sup> Street Lot Transportation Network Company Improvements project at Seattle-Tacoma International Airport in the amount of \$1,417,000. The total estimated project cost is in the amount of \$7,300,000.

**EXECUTIVE SUMMARY**

The Port-owned South 160<sup>th</sup> Street Ground Transportation (GT) holding lot is used by taxis and Transportation Network Companies (TNC) such as Uber and Lyft for vehicle staging. Currently, permanent lighting is installed in the holding lot area used by taxis, as opposed to the TNC lot area which has temporary diesel-powered lighting. Approval of this project would install permanent lighting systems typically found in modern parking and ground transportation facilities, while improving use and safety during vehicle staging. The project also includes the addition of ten new electric vehicle (EV) chargers for the TNC fleet through a Department of Commerce grant, which supports the Port's environmental goals. In addition, permanent restroom facilities will be provided to support TNC operations.

**JUSTIFICATION**

This project will support the following Century Agenda goals:

- To advance this region as a leading tourism destination and business gateway by meeting the region's air transportation needs by delivering vital facilities and infrastructure in a sustainable and cost-effective manner.
- To be the greenest and most energy-efficient port in North America by reducing air pollutants and carbon emissions.

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- To become a model for equity, diversity, and inclusion by increasing utilization of Women and Minority Business Enterprise (WMBE) and Disadvantage Business Enterprise (DBE) firms and eliminating disparity of access to opportunities.

### ***Diversity in Contracting***

The design of this project will utilize an existing indefinite delivery indefinite quantity (IDIQ) contract that has an established WMBE aspirational goal of 10%. The project team will work with Diversity in Contracting department to establish additional WMBE aspirational goals within the construction phase of this effort.

### **DETAILS**

The project will install ten EV chargers using approximately \$1.2 million of grant funds awarded by Department of Commerce (DOC). The grant is currently conditionally approved by the DOC. A tenant lease agreement is being negotiated between the Port and the third-party entity EVGo to own and maintain the EV chargers. The lease agreement will need approval from the DOC once it is finalized. The grant will be awarded through reimbursement and the grant conditions will require the completion of this reimbursement, by May 2024. Since, the DOC will only work with the Port as the applicant for the grant reimbursement, the cost of the EV chargers must flow through the Port before being reimbursed.

The Port has agreements with the TNC partners to improve the operating conditions for drivers and support sustainability improvements between the parties. The EV chargers and permanent restrooms support this agreement and equity goals and help deliver sustainability improvements as documented in a December 10, 2020 letter from the Managing Director of Aviation to the TNC partners.

The project budget has increased from \$3,728,000 to \$7,300,000. This budget increase is due to the addition of the restrooms and security cameras, required landscaping and irrigation improvements, administrative error setting the original budget (using the wrong estimate), and the cost of the EV chargers that will be reimbursed through the grant.

There are some risks and opportunities associated with this project. Additional lighting poles, or the replacement of existing lighting poles, may be required to meet current requirements. Additional restroom facilities may also be required to support TNC operations. The project may also qualify for a sale tax exemption under the Washington Administrative Code. These will be addressed during the design phase of the project.

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***Scope of Work***

The project will install permanent lighting systems in the TNC portion of the GT lot and replace the existing diesel-powered temporary light plants. The project will also add 10 EV charging stations and their supporting infrastructure on the TNC side, which supports the Port goal for EV use in the TNC fleet. The project will also install two permanent restrooms for TNC operators, security cameras for operational awareness, and expand the landscaping areas throughout the GT lot as required by permitting and current landscaping standards.

***Schedule***

Design start	2021 Quarter 3
Commission construction authorization	2023 Quarter 1
Construction start	2023 Quarter 2
In-use date	2024 Quarter 1

***Cost Breakdown***

	This Request	Total Project
Design	\$1,417,000	\$1,417,000
Construction	\$0	\$5,883,000
Total	\$1,417,000	\$7,300,000

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1 – No improvements**

Cost Implications: \$0

Pros:

- (1) Capital investment not required

Cons:

- (1) TNC operations continue to be supported by temporary lighting and restroom facilities
- (2) The Port does not take advantage of a \$1.2 Million grant opportunity to support electric vehicles
- (3) Operation and maintenance costs are not reduced due to the continuation of temporary facilities
- (4) Temporary lighting facilities continue to generate greenhouse gas emissions

This is not the recommended alternative.

**Alternative 2 – Provide Permanent Lighting and Electric Vehicle Chargers**

Cost Implications: \$5,700,000

Pros:

- (1) Lower capital investment required
- (2) The Port takes advantage of a \$1.2 Million grant opportunity to support electric vehicles

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- (3) Operation and maintenance costs are reduced by the elimination of temporary lighting facilities

Cons:

- (1) TNC operations continue to be supported by temporary restroom facilities, an area of concern with the current operating agreement between the Port and the TNC operators

This is not the recommended alternative.

**Alternative 3 – Provide Permanent Lighting, Electric Vehicle Chargers, and Restrooms**

Cost Implications: \$7,300,000

Pros:

- (1) TNC operations are supported by permanent lighting and restroom facilities, addressing an area of concern with the current operating agreement
- (2) The Port takes advantage of a \$1.2 Million grant opportunity to support electric vehicles

Cons:

- (1) Greater capital investment required

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$3,728,000	\$0	\$3,728,000
Current change	\$2,858,000	\$714,000	\$3,572,000
Revised estimate	\$6,586,000	\$714,000	\$7,300,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$80,000	\$0	\$80,000
Current request for authorization	\$1,417,000	\$0	\$1,417,000
Total authorizations, including this request	\$1,497,000	\$0	\$1,497,000
Remaining amount to be authorized	\$5,089,000	\$714,000	\$5,803,000

***Annual Budget Status and Source of Funds***

This project (CIP #C801186) was included in the 2021-2025 capital budget and plan of finance as a budget of \$3,728,000. A budget increase of \$2,858,000 was transferred from the Non-Aeronautical Allowance (CIP #C800754) for a total revised capital budget of \$6,586,000 resulting in zero net change to the Aviation capital budget. The funding source for this project will be the Airport Development Fund (ADF). The Department of Commerce grant will reimburse up to \$1,229,322.42 of the project costs. The costs being expensed include the plant establishment period which is calculated at 30% of the cost of the additional landscaping areas, and the direct

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cost of the EV chargers (equipment and delivery/installation) for an amount of \$714,000. The expense dollars will need to be included in the annual operating budget for 2024.

***Financial Analysis and Summary***

Project cost for analysis	\$7,300,000
Business Unit (BU)	Ground Transportation
Effect on business performance (NOI after depreciation)	NOI after depreciation will decrease.
IRR/NPV (if relevant)	N/A
CPE Impact	N/A

***Future Revenues and Expenses (Total cost of ownership)***

As a result of this project, Aviation Maintenance anticipates moderate impacts resulting in increased annual O&M costs. The new restrooms will add additional costs for custodial services, interior/exterior maintenance, and mechanical systems. The expanded landscaping will also result in a minor increase to landscape maintenance costs.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None