



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8c

ACTION ITEM

Date of Meeting February 8, 2022

DATE: January 28, 2022

TO: Stephen P. Metruck, Executive Director

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

SUBJECT: Seating Replacement and Electrical Infrastructure Project (CIP #C800959)

Amount of this request: \$8,550,000

Total estimated project cost: \$10,300,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) advertise and execute a construction contract, (2) utilize Port crews; and (3) execute contracts for furniture purchases for the Seating Replacement and Electrical Infrastructure Project at Seattle-Tacoma International Airport. The total cost of this request is \$8,550,000 of an estimated total project cost of \$10,300,000.

EXECUTIVE SUMMARY

This project improves the passenger experience by replacing older seating with the Port's new seating that includes electrical charging, providing mobile device charging at 95% of the seating. This project will purchase and install new gate holdroom seating and construct electrical infrastructure for the integrated passenger device charging at fourteen gates at the airport's Concourse A. The project will increase the number of designated Americans with Disabilities Act (ADA) seating for passengers with restricted mobility as SEA strives to be the most accessible airport in the country.

JUSTIFICATION

This project continues the implementation of new seating that provides electrical power throughout the Airport terminal while expanding accessible options. This includes additional ADA seating for passengers with restricted mobility in the holdrooms and at the security checkpoints.

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The Port has previously completed projects that installed new gate holdroom seating and electrical power at Concourses B and C, the Concourse D Annex, and the North Satellite. This project continues the effort to upgrade customer waiting areas and consistency to the Airport seating.

The installation of new seating combined with electrical charging capabilities is a common customer request and aligns with our Aviation Division goal of increasing Skytrax service attribute scores for multiple areas to a higher standard.

Diversity in Contracting

There will be a 6% women and minority business enterprise (WMBE) aspirational goal for the construction contract.

DETAILS

The project will purchase and install new seating:

- (1) Approximately 2,000 seats in Concourse A from Gate A1 through Gate A21 including an additional 156 ADA seats for passengers with restricted mobility. This will increase the total number of seats in Concourse A by over 400. ADA seats will increase from 4 seats per holdroom to between 8 – 12 seats per holdroom. All seating units will be provided with power for device charging.
- (2) A mix of tables and chairs throughout the Concourse A to support eating, relaxing or light work on tablets and mobile devices. This seating is intended to encourage passengers to utilize grab and go or delivery food options with the intent of increasing non-aeronautical revenue.
- (3) Seventy (70) new checkpoint recomposure benches required to support five (5) passenger security screening checkpoints in the Main Terminal. These units do not require power as they are intended for transitional use only.
- (4) Eighty-eight (88) seating units in the South Satellite holdroom area between Gate S12 and S15. This is intended to create a “Relaxation Area” in the South Satellite with a varied mix of seating with increased comfort. These seating units will benefit most of our international passengers utilizing the South Satellite. Due to electrical service limitations these seats will not be provided with power for charging devices.
- (5) Thirty (30) replacement lounge seats for the Port-owned Club at SEA for the South Satellite that are at the end of their useful life.

Gate holdrooms will remain operational throughout the project. Construction and seating removal and installation will occur at off-peak hours to minimize disruptions.

This project originally included the replacement of seating in Concourse D holdroom. This scope was removed due to the lack of electrical infrastructure and will become part of a future project once the electrical infrastructure improvements are completed.

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Scope of Work

A portion of this project will provide electrical infrastructure throughout Concourse A to support providing power at the seating units to improve the passenger experience. This includes new electrical panels, new conduit, new wiring, and new recessed floor receptacles. This accounts for over half of the project costs.

Schedule

Activity

Advertisement	2022 Quarter 1
Construction Start	2022 Quarter 3
Construction substantial completion	2023 Quarter 2

Cost Breakdown

	This Request	Total Project
Design	\$0	\$1,750,000
Construction	\$8,550,000	\$8,550,000
Total	\$8,550,000	\$10,300,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not proceed with construction of this project.

Cost Implications: Costs up to \$1,750,000 authorized for design would need to be expensed.

Pros:

- (1) Reduces capital expenditure.

Cons:

- (1) Does not improve passenger experience.
- (2) Does not continue implementation of the Port’s new seating throughout the airport facility by providing new holdroom seating on Concourse A.
- (3) Does not provide passengers with aesthetic variety, extra comfort, or color variation in the supplemental seating.
- (4) Does not increase number of ADA seats in Concourse A.
- (5) Does not provide power to ADA seats in Concourse A.
- (6) Does not provide additional Concourse A seating needed to support increased passenger volumes.

This is not the recommended alternative.

Alternative 2 – Proceed with construction of this project.

Cost Implications: \$10,300,000

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Pros:

- (1) Improves passenger experience.
- (2) Continues implementation of the Port’s new seating throughout the airport facility by providing new holdroom seating on Concourse A.
- (3) Provides passengers with aesthetic variety, extra comfort, or color variation in the supplemental seating.
- (4) Increases number of ADA seating in Concourse A.
- (5) Provides power to ADA seating in Concourse A as suggested by 2018 Open Doors Organization Accessibility Report.
- (6) Provides 400 additional seats in A Concourse.

Cons:

- (1) More costly than Alternative 1.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Plan of Finance Estimate	\$14,347,000	\$0	14,347,000
Previous changes – net	(\$5,277,000)	\$1,230,000	(\$4,047,000)
Current change	\$1,155,000	(\$1,155,000)	\$0
Revised estimate	\$10,225,000	\$75,000	\$10,300,000
AUTHORIZATION			
Previous authorizations	\$1,250,000	\$500,000	\$1,750,000
Current request for authorization	\$8,975,000	(\$425,000)	\$8,550,000
Total authorizations, including this request	\$10,225,000	\$75,000	\$10,300,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project, CIP C800959, was included in the 2022-2026 capital budget and plan of finance with a budget of \$9,070,000. A budget increase of \$1,155,000 was transferred from the Aeronautical Reserve CIP (C800753) resulting in zero net change to the Aviation capital budget. This capital budget increase is due to the selection of seating that would last more than three years and thus be eligible for capitalizing. The funding source will include the Airport Development Fund and future revenue bonds.

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Financial Analysis and Summary

Project cost for analysis	\$10,300,000
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	\$.05 in 2023

Future Revenues and Expenses (Total cost of ownership)

The new seating will reduce our maintenance labor costs. The accent and lounge-style seating tend to be less durable than row seating and will need to be repaired/replaced more frequently, but no more frequently than existing accent seating. The overall cost of ownership for the accent and lounge seating will be far less over the next 10 years.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

February 11, 2020 – The Commission authorized design of this project along with purchase of seating.