



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.**

8d

**ACTION ITEM**

**Date of Meeting**

March 8, 2022

**DATE:** February 25, 2022

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

**FROM:** Wayne Grotheer, Director - Aviation Project Management  
Wendy Reiter, Director - Aviation Security

**SUBJECT: Employee Services Center Budget Request (CIP# C800934)**

**Amount of this request:** \$1,309,000

**Total estimated project cost:** \$11,675,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to authorize an additional \$1,309,000 for a total project authorization of \$11,675,000 for the Employee Services Center project at Seattle-Tacoma International Airport.

**EXECUTIVE SUMMARY**

Commission authorized construction of this project in October 2020. Since that time the project, now under construction, has faced cost increases beyond its budget and now requires additional budget to complete.

Project cost increases are attributed to several factors including a temporary relocation cost increase, varying site conditions and WELL Certification.

This project is constructing a new “Employee Services Center” which will include credentialing, training, and employee parking transaction services in a “one-stop shop” services center for all employees at Seattle-Tacoma International Airport (Airport). To form the new Center this project relocated the Lost and Found office, vacated the Meditation Room, built out a second temporary space, merged the Credential Center with the Training Office and added a waiting room to reduce queues and provide a more efficient user experience.

The project will be applying for WELL Building Standard Certification for this new consolidated office. WELL Certification offers a framework to help improve the health and well-being for everyone that visits, works in, or experiences this facility. It includes design factors such as circadian lighting, careful selection of materials with low impact to indoor air quality, and real

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time air quality monitoring. It further includes a means to measure results over time. This is the first time the Port of Seattle has pursued this environmental certification.

**JUSTIFICATION**

This request is for additional budget for the Employee Services Center project. After construction authorization had been received several factors led to cost increases. These include the temporary relocation of the credentialing and training functions, varying site conditions, and the need to adapt project processes to include WELL certification. All are described in more detail below. Additionally, due to Port staffing constraints additional WELL consultant support has been required.

***Diversity in Contracting***

There is a nine percent (9%) Women and Minority Business Enterprise (WMBE) goal for this project's construction contract. Of the amount paid to date, 59.72% has been paid to WMBE firms. Note that the prime contractor is an MBE.

**DETAILS**

This project (C800934) included both the Airport Lost and Found Relocation as well as the Employee Services Center. The Lost and Found Relocation project opened for use in 2021.

Project cost increases are attributed to several factors:

Temporary relocation cost increase: The first step in starting construction required the relocation of the existing credentialing and training functions to a temporary space constructed in a former auditorium space nearby. As the temporary space was being prepared it became apparent that required features such as security cameras and access control were not included in the design that had been estimated. Providing these features required additional cost and took time which delayed the start of construction.

Varying site conditions: As construction started, demolition and abatement activities uncovered site conditions that were not accounted for in the construction bid documents. Examples include walls to be demolished that were composed of concrete masonry rather than lightweight steel framing and steel channels from demolished walls that were imbedded in concrete floors. Responding to these unforeseen conditions has required additional staff time and exhausted the budget for construction contingency set up for this purpose.

WELL Certification: The Employee Services Center is in an environment that can be challenging to work within, located away from access to natural light above a busy and loud Airport security checkpoint. The WELL Building Standard Certification process is new to the Port and WELL aims to improve working conditions. As it was the first time a Port project would seek WELL Certification, the magnitude of the effort required to meet certification goals was not completely understood as project cost estimates were prepared. The project bid documents required much

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coordination and modification to meet these requirements. Further, a means to track these requirements had to be developed. A benefit of piloting this certification at the Port through this project has been realized. Now that this effort has been completed, a model set of documents has been developed that can serve as templates for future projects seeking WELL certification.

***Scope of Work***

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

***Schedule***

Construction is anticipated to complete, and the facility open for use in Quarter 4 of 2022.

***Activity***

Construction start	2021 Quarter 2
In-use date	2022 Quarter 4

***Cost Breakdown***

	This Request	Total Project
Design	\$0	\$2,137,000
Construction	\$1,309,000	\$9,538,000
<b>Total</b>	<b>\$1,309,000</b>	<b>\$11,675,000</b>

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

An alternative to take no action was considered but deemed not viable as construction that is underway would not be completed and would result in partially completed and unusable spaces.

This left the sole alternative to increase the project budget.

Cost Implications: \$1,309,000

Pros:

- (1) Would allow the project to be completed.
- (2) Would complete the Port’s first WELL certified project.

Cons:

- (1) Would increase the project budget.

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

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**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.

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$7,264,000	0	\$7,264,000
Previous changes – net	\$2,035,000	\$1,067,000	\$3,102,000
Current change	\$1,309,000	0	\$1,309,000
Revised estimate	\$10,608,000	\$1,067,000	\$11,675,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$9,299,000	\$1,067,000	\$10,366,000
Current request for authorization	\$1,309,000	0	\$1,309,000
Total authorizations, including this request	10,608,000	\$1,067,000	\$11,675,000
Remaining amount to be authorized	\$0	\$0	\$0

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

This project, CIP C800934, was included in the 2022-2026 capital budget and plan of finance with a budget of \$9,299,000. A budget increase of \$1,309,000 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	\$11,675,000
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	\$0.06 in 2023; \$0.02 for 2024 and beyond

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

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

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

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**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

October 13, 2020 – The Commission authorized construction of the Employee Services Center Project

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