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COMMISSION

AGENDA MEMORANDUM Item No. 8e
ACTION ITEM Date of Meeting September 13, 2022

DATE : September 2, 2022
TO: Stephen P. Metruck, Executive Director
FROM: Krista Sadler, Director Technology Delivery
SUBJECT: Conference Room Communication (CIP #C801258)
Amount of this request: \$555,000
Total requested project cost: \$555,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to 1) proceed with the Conference Room communication project; 2) execute contract(s) for communication equipment; and 3) utilize Port resources for installation. The capital amount requested for project implementation is \$510,000. Warranty costs for the equipment are estimated at \$45,000 for a total project cost of \$555,000.

EXECUTIVE SUMMARY

Over the last 6 years, the Port has installed Microsoft Surface Hubs in many conference rooms across Port locations including the Airport Office Building (AOB), SeaTac Office Center (STOC), Pier 69, and Marine Maintenance properties. Surface Hubs are designed to integrate with the Microsoft Office Platform, which includes Teams conferencing software, to provide an interactive and collaborative conferencing solution to support staff hybrid meetings. This project will procure and install up to thirteen 85" Microsoft Surface Hubs in several key locations including the training rooms and large conference rooms in several Port locations. Installation of the devices which includes power, network, and a permanent mount will be completed by Port Construction Services. Information and Communication Technology (ICT) and Port Construction Services will partner to deliver this project. The capital project was included in the 2022-2026 capital budget and plan of finance as a \$510,000 project. Capital project funding will be 82.1% Airport Development Fund and 17.9% General Fund. Warranty costs estimated at \$45,000 have been budgeted in the 2022 Aviation and ICT operating budgets.

Template revised January 10, 2019.

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JUSTIFICATION

With the development of the HR-15 Flexible Work Arrangement Policy, hybrid meetings are here to stay, creating additional demand for Surface Hubs in conference rooms currently without this technology. In addition to being a good video conferencing solution, Microsoft Surface Hubs deliver a bridge for meeting participants on-premises and attending remotely. They include a variety of apps that support collaboration and are integrated into the tools our workforce uses every day.

Diversity in Contracting

Equipment will be purchased from a cooperative women-and-minority-owned business enterprise (WMBE) contract.

DETAILS

Scope of Work

- (1) Procure up to thirteen Microsoft Surface Hubs
- (2) Install in identified conference and training rooms across multiple Port locations.

Schedule

Commission authorization 2022 Quarter 3

Equipment Procured 2023 Quarter 1

In-use date 2023 Quarter 3

Cost Breakdown This Request Total Project

Equipment \$350,000 \$350,000

Installation \$160,000 \$160,000

Total \$510,000 \$510,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Procure and deploy another 3rd party conference room technology

Cost Implications: \$550,000 - \$700,000

Pros:

(1) Ability to tailor each room to specific uses (e.g, conference room, training room, project room).

Cons:

- (1) Increases implementation costs.
 - (2) Adds complexity that will impact usage, training, and maintenance costs.
 - (3) A system not integrated with common tools, decreases the ease of use.
- This is not the recommended alternative.

Template revised June 27, 2019 (Diversity in Contracting).

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Alternative 2 – Do nothing

Cost Implications: \$0 project costs

Pros:

(1) Funds are available for other projects.

Cons:

- (1) Existing presentation technology in most conference rooms will not be available to remote participants.
 - (2) Collaboration tools for location-diverse participants is lacking making meetings less efficient.
- This is not the recommended alternative.

Alternative 3 – Procure and install up to thirteen surface hubs

Cost Implications:

Pros:

- (1) Audio, visual, and collaboration tools fully integrated with common office software encourages full participation of location-diverse meeting participants.
- (2) No new training requirements are needed.

Cons:

(1) Funds are not available for other efforts.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$510,000 \$45,000 \$555,000

AUTHORIZATION

Previous authorizations \$0 \$0 \$0

Current request for authorization \$510,000 \$45,000 \$555,000

Total authorizations, including this request \$510,000 \$45,000 \$555,000

Remaining amount to be authorized \$0 \$0 \$0

Annual Budget Status and Source of Funds

The project was budgeted in the 2022-2026 Corporate plan of finance for \$510,000 in CIP C801258. Project funding will be 82.1% Airport Development Fund and 17.9% General Fund. Equipment warranties, estimated at \$45,000, have been budgeted in the Aviation and ICT 2022 operating budgets.

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Financial Analysis and Summary

Project cost for analysis \$555,000

Business Unit (BU) Administration allocates Aviation division wide which 61.8% is recovered through airline rates.

Effect on business performance NOI after depreciation will increase due to inclusion of (NOI after depreciation) capital (and operating) costs in airline rate base.

IRR/NPV (if relevant) N/A

CPE Impact Less than \$.01 in 2024

Future Revenues and Expenses (Total cost of ownership)

Additional Microsoft 365 licenses will be required for the new surface hubs. The estimated \$7,500 will be budgeted in the ICT operating budget.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

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