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COMMISSION

AGENDA MEMORANDUM Item No. 8b

ACTION ITEM Date of Meeting September 27, 2022

DATE: September 16, 2022

TO: Stephen P. Metruck, Executive Director

FROM: Eileen Francisco, Director, Aviation Project Management Group

Keri Stephens, Director, Aviation Facilities and Capital Program

SUBJECT: Baggage Claim 15 & 16 Replacement Project Design Authorization (CIP # C801127)

Amount of this request: \$3,592,000

Total estimated project cost: \$14,325,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to proceed with design of the Baggage Claim 15 & 16 Replacement project at Seattle-Tacoma International Airport. The amount requested under this authorization is \$3,592,000.

EXECUTIVE SUMMARY

Baggage claims 15 & 16 are the oldest claim devices originally installed between 1975-1985 and rebuilt in 1998. They are beyond their useful life and require extensive maintenance. This project will replace the existing flat plates with slope plate devices that match the rest of the baggage claim and improve reliability.

This project will also solve a safety concern in the bag well by installing the new claim input belts closer to the existing wall to allow for a wider tug driving lane. This creates space for the airline employees to drop off baggage onto the claim device input belt.

An additional benefit of the project is 1,000 square feet of tenant space build out in the bag claim area that will meet our tenant business needs.

JUSTIFICATION

The existing baggage claims 15 & 16 are flat plate devices and are well beyond their useful life of 15 years. They are both outdated, multiple components are showing signs of needing replacement, and require customized parts for repairs. Replacement parts for these devices are not readily available due to the age and have a 2-3-week lead time for fabrication. If the Maintenance shop does not have the parts on hand or there are too many part failures, then the claim device will be unavailable until the parts are received. New devices are quieter and have better aesthetics while also being more energy efficient with improved controls.

Template revised January 10, 2019.

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To solve safety concerns, the project will install the new feed belts closer to the existing wall increasing the total drive lane width by approximately 14 inches, for safer operations.

The addition of tenant lease space will allow for future tenant operations in the bag claim area to meet business needs.

Diversity in Contracting

The project will utilize an existing indefinite definition/indefinite quantity (IDIQ) baggage handling systems design contract with a 10% women and minority business enterprises (WMBE) goal.

DETAILS

The project will replace the existing baggage claims 15 & 16 with updated slope plate devices. This includes all feed conveyor, fire security doors, and controls. The project will also build out 1,000 square feet of move in ready tenant lease space. Total project costs are estimated to be \$14,325,000 with \$3,667,000 for the design phase.

Scope of Work

The scope of work will include the following:

- (1) Design and construct new baggage claim devices 15 & 16;
- (2) Modify existing HVAC to allow for conveyor right of way;
- (3) Patch wall penetrations for existing baggage claim 15 & 16 devices (4 locations);
- (4) Design and replace baggage claims 15 & 16 with slope plate devices;
- (5) Reconfigure feed conveyor to transport baggage from the ceiling;
- (6) Increase overall bag claim capacity by allowing for bags to be double stacked on the claim devices;

(7) Improve bag well tug traffic safety by moving the drop off belt closer to the wall for both claims, creating a wider drive lane; and

(8) Create new tenant lease space for future tenants.

Schedule

Activity

Design start 2022 Quarter 4

Commission construction authorization 2023 Quarter 4

Construction start 2024 Quarter 2

In-use date 2025 Quarter 2

Cost Breakdown This Request Total Project

Design \$3,592,000 \$3,667,000

Construction \$0 \$10,658,000

Total \$3,592,000 \$14,325,000

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not proceed with this project.

Cost Implications: \$0

Pros:

(1) Lowest cost alternative.

(2) No construction in the bag claim area and no impact to claim capacity.

Cons:

(1) Equipment condition will continue to be a concern with an increasing risk of failure.

(2) No improvement to bag well operation safety conditions.

(3) Does not add tenant lease space

This is not the recommended alternative.

Alternative 2 – Replace claims 15 & 16.

Cost Implications: \$14,325,000

Pros:

(1) Replaces the oldest baggage claim devices to reduce maintainability and increase reliability.

(2) Increases tug traffic safety in the bag well

(3) Creates more tenant lease space.

Cons:

(1) Impact to operations while replacing.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$11,000,000 \$0 \$11,000,000

Budget increase \$3,325,000 \$0 \$3,325,000

Revised estimate \$14,325,000 \$0 \$14,325,000

AUTHORIZATION

Previous authorizations \$75,000 \$0 \$75,000

Current request for authorization \$3,592,000 \$0 \$3,592,000

Total authorizations, including this request \$3,667,000 \$0 \$3,667,000

Remaining amount to be authorized \$10,658,000 \$0 \$10,658,000

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The original estimate of \$11,000,000 was from 2020 and included only replacing baggage claims 15 & 16. This project was on hold until Q2 2022 with a current revised estimate of \$14,325,000.

The increase in estimated cost is due to the changes in escalation since the 2020 estimate and the addition of the tenant lease space.

Annual Budget Status and Source of Funds

This project, CIP C801127, was included in the 2022-2026 capital budget and plan of finance with

a budget of \$11,000,000. A budget increase of \$3,325,000 was transferred from the Aeronautical Allowance C800753 resulting in a zero net change to the Aviation capital budget. The funding sources will be the Airport Development Fund (ADF) and revenue bonds. This project (with the revised budget) received Majority-In-Interest (MII) approval from the airlines.

Financial Analysis and Summary

Project cost for analysis \$14,325,000

Business Unit (BU) Baggage

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 \$.04 in 2026

ATTACHMENTS TO THIS REQUEST

(1) Presentation slides

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