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**COMMISSION**

AGENDA MEMORANDUM Item No. 10b

ACTION ITEM Date of Meeting February 14, 2023

DATE: February 6, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Laurel Dunphy, Director of Airport Operations

Eileen Francisco, Interim Chief Development Officer

SUBJECT: S. 160th St TNC Lot Improvements (CIP# 801186)

Amount of this request: \$6,083,000

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

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to advertise, award, and execute a construction contract, and authorize an additional \$6,083,000 for the South 160th Street TNC Lot Improvement Project at Seattle-Tacoma International Airport. The total estimated project cost is \$7,300,000.

**EXECUTIVE SUMMARY**

The Port-owned South 160th 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, ten new electric vehicle (EV) chargers for the TNC fleet partially funded by a Department of Commerce (DOC) grant, and four permanent restroom facilities 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.
- 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.

Template revised January 10, 2019.

COMMISSION AGENDA – Action Item No. 10b Page 2 of 5

Meeting Date: February 14, 2023

**Diversity in Contracting**

Project staff along with the Diversity in Contracting Department have set a women and minority business enterprise (WMBE) aspirational goal of 10% for this construction contract.

**DETAILS**

The project will install ten EV chargers utilizing a \$1.2 million grant awarded by the DOC that partially funds the installation of the EV chargers and the required electrical infrastructure upgrades. A lease will be required between the Port and the third-party entity EVgo who will own, operate and maintain the EV chargers. The lease may require future authorization by the Commission once negotiations are completed, and the DOC has approved the terms.

The Port has an agreement 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 helps deliver sustainability improvements as documented in a December 10, 2020, letter from the Managing Director of Aviation to the TNC partners.

**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 to reduce greenhouse gas emissions from passenger ground transportation, including the TNC fleet. The project will also install four 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

Construction Notice to Proceed 2023 Quarter 2

In-use date 2024 Quarter 2

Cost Breakdown This Request Total Project

Design \$0 \$1,417,000

Construction \$5,883,000 \$5,883,000

Total \$5,883,000 \$7,300,000

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COMMISSION AGENDA – Action Item No. 10b Page 3 of 5

Meeting Date: February 14, 2023

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 –Do Not proceed with the Project.

Cost Implications: \$350,000

Pros:

(1) No additional capital investment 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.

(5) The project costs to date would need to be expensed.

This is not the recommended alternative.

Alternative 2 – Provide Permanent Lighting and Electric Vehicle Chargers

Cost Implications: \$5,600,000

Pros:

(1) Lower capital investment required.

(2) The Port takes advantage of a \$1.2 Million grant opportunity to support electric vehicles.

(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.

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

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COMMISSION AGENDA – Action Item No. 10b Page 4 of 5

Meeting Date: February 14, 2023

Cons:

(1) Greater capital investment required.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$3,728,000 \$0 \$3,728,000  
Previous changes \$2,858,000 \$714,000 \$3,572,000  
Current change \$204,000 \$(204,000) \$0,000  
Revised estimate \$6,790,000 \$510,000 \$7,300,000  
AUTHORIZATION

Previous authorizations \$1,417,000 \$0 \$1,417,000  
Current request for authorization \$5,373,000 \$510,000 \$5,883,000  
Total authorizations, including this request \$6,790,000 \$510,000 \$7,300,000  
Annual Budget Status and Source of Funds

This project (CIP #C801186) was included in the 2023-2027 capital budget and plan of finance with a budget of \$6,586,000. A capital budget increase (no change to total project budget) of \$204,000 was transferred from the Non-Aeronautical Allowance (CIP #C800754) for a total revised capital budget of \$6,790,000 resulting in zero net change to the Aviation capital budget. The funding sources will be grants, Airport Development Fund (ADF) and revenue bonds. The Department of Commerce grant will reimburse up to \$1,229,322.42 of the project costs with up to \$757,262 allocated for the Port-owned electrical infrastructure, and up to \$472,060 for the tenant owned EV chargers. The expense costs are included in the 2023 operating budget and include the portion of the grant reimbursement for the tenant owned EV chargers, plant establishment period costs for the landscaping improvements, and limited soft costs for staff support.

Financial Analysis and Summary

Project cost for analysis \$7,300,000

Business Unit (BU) Ground Transportation

Effect on business performance NOI after depreciation will decrease.

(NOI after depreciation)

IRR/NPV (if relevant) N/A – No additional revenues are anticipated from this investment.

CPE Impact N/A

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COMMISSION AGENDA – Action Item No. 10b Page 5 of 5

Meeting Date: February 14, 2023

Future Revenues and Expenses (Total cost of ownership)

As a result of this project, we anticipate moderate impacts resulting in increased annual O&M costs. The new restrooms will add additional costs for custodial services and maintenance. 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

September 28, 2021 – The Commission authorized \$1,417,000 supporting design and execution of utility agreements.

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