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COMMISSION

AGENDA MEMORANDUM Item No. 8j

ACTION ITEM Date of Meeting January 24, 2023

DATE: January 17, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Laurel Dunphy, Director, Airport Operations

Eileen Francisco, Interim Capital Development Officer

SUBJECT: North Employee Parking Lot Improvements (C800957)

Amount of this request: \$7,155,000

Total estimated project cost: \$19,320,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) advertise and award a major public works contract for Phase 2 of the project, and (2) authorize an additional \$7,155,000 for a total of \$13,200,000 authorized to date in support of the North Employee Parking Lot (NEPL) Improvements project at Seattle-Tacoma International Airport.

EXECUTIVE SUMMARY

The NEPL was originally built approximately 25 years ago. This lot serves airline, tenant, TSA and service provider personnel a location near their place of business to park. These Airport partners consider this lot vital to their operations, which function 24 hours per day, seven days per week. At 25 years old, the lot is experiencing failing infrastructure. This project is intended as a renewal and replacement project for this existing facility. NEPL Improvements includes three phases of work. Phase 1 includes improvements to the bus shelters to support operations and customer service and the replacement of failed electrical feeders. Phase 2 includes the replacement of failing infrastructure (retaining wall, the remainder of the electrical feeders) and way finding signage. Phase 3 includes pavement restoration, the replacement of other failing infrastructure (water main, storm channel drains), and the potential to expand electric vehicle (EV) charging at NEPL. The total project is currently estimated at \$19,320,000 and does not include any EV charging infrastructure scope. Additional budget will be secured once a decision is reached regarding the potential expansion of EV parking.

The NEPL operates and is paid for by the users through a cost recovery model. Monthly costs for a user are \$81.00. The lot experiences a high utilization rate, with approximately 85% to 90% of the stalls filled each day.

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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.

Diversity in Contracting

The aspirational goal for women and minority business enterprises (WMBE) participation for Phase 1 include both a design contract with goal of seven percent, and a construction contract with a goal of twenty-eight percent. The design contract for Phase 2 and Phase 3 includes an aspirational goal of ten percent for WMBE participation. The project team is working with the Diversity in Contracting Department to determine participation opportunities and will set appropriate aspirational goals for WMBE participation for the Phase 2 construction contract.

DETAILS

The NEPL provides 4,122 employee parking spaces for Airport tenants, service providers, and airline employees. A total of 11,170 monthly parking permits have been issued for the use of this facility out of an available 12,000 monthly parking permits. Airport Operations provides a 24/7 transit connection to the Main Terminal that currently operates on a ten-minute headway. There are three Bus Shelter buildings in NEPL, each approximately 2,000 square-feet in size, that provide a waiting area and restrooms in support of the transit operations.

Scope of Work

The scope of work for this project was originally planned to be delivered in two phases but will now be delivered in three phases. Aviation is evaluating the expansion of EV charging infrastructure that necessitated the additional phase and resulted in a \$200,000 cost increase (additional escalation and soft costs).

- Phase 1 includes the minor remodel of all three bus shelters, the replacement of failed electrical feeders, and other minor site improvements. This work is current under construction.
- Phase 2 includes the replacement of a failing rockery retaining wall, the remaining electrical feeders, and the parking lot wayfinding signage. During the design of Phase 2 the geotechnical investigation identified the need to change the retaining wall type that resulted in a \$1,632,000 cost increase.
- Phase 3 includes pavement rehabilitation and the replacement of failing infrastructure (storm drainage channel drains and water main). If the expansion of EV charging infrastructure is pursued it will require additional budget and be implemented with this phase.

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Schedule

Phase 1 In-use date 2023 Quarter 3
Phase 2 Construction start 2023 Quarter 2
Phase 2 In-use date 2023 Quarter 4
Phase 3 Design start 2023 Quarter 1
Phase 3 Construction start 2023 Quarter 4
Phase 3 In-use date 2024 Quarter 4
Cost Breakdown This Request Total Project

Phase 1 Design \$0 \$487,000
Phase 1 Construction \$0 \$1,935,000
Total Phase 1 \$0 \$2,422,000
Phase 2 Design \$0 \$1,871,000
Phase 2 Construction \$6,653,000 \$7,007,000
Total Phase 2 \$8,878,000
Phase 3 Design \$502,000 \$1,546,000
Phase 3 Construction \$0 \$6,474,000
Total Phase 3 \$0 \$8,020,000
Total Project Cost \$7,155,000 \$19,320,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – No action, only Phase 1 of the project is completed.

Cost Implications: \$3,164,000

Pros:

(1) Minimized capital investment by the Port.

Cons:

(1) Failing infrastructure would continue to degrade ultimately resulting in the loss of parking lot operations.

(2) Costs would increase to maintain the existing failing infrastructure.

(3) \$742,000 of current capital costs associated with Phase 2 would be expensed.

This is not the recommended alternative.

Alternative 2 – Move forward with the original Phase 2 scope

Cost Implications: \$19,120,000

Pros:

(1) Failing infrastructure is replaced supporting long-term parking lot operations.

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(2) Minimizes costs to maintain the existing failing infrastructure.

Cons:

(1) Significant capital investment by the Port.

(2) The expansion of EV parking infrastructure would not be explored.

This is not the recommended alternative.

Alternative 3 – Move forward with Phase 2 and Phase 3 scope.

Cost Implications: \$19,320,000

Pros:

- (1) Failing infrastructure is replaced supporting long-term parking lot operations.
- (2) Minimizes costs to maintain the existing failing infrastructure.
- (3) Provides the opportunity to evaluate the expansion of EV parking infrastructure.

Cons:

- (1) Significant capital investment by the Port.
- (2) Construction of Phase 3 scope would be delayed one year.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$6,635,000 \$0 \$6,635,000

Previous changes – net \$10,780,000 \$73,000 \$10,853,000

Current change \$1,832,000 \$0 \$1,832,000

Revised estimate \$19,247,000 \$73,000 \$19,320,000

AUTHORIZATION

Previous authorizations \$6,045,000 \$0 \$6,045,000

Current request for authorization \$7,082,000 \$73,000 \$7,155,000

Total authorizations, including this request \$13,127,000 \$73,000 \$13,200,000

Remaining amount to be authorized \$6,120,000 \$0 \$6,120,000

Annual Budget Status and Source of Funds

This project, CIP C800957, was included in the 2023-2027 capital budget and plan of finance with a total budget of \$17,415,000. A budget increase of \$1,832,000 was transferred from the Nonaeronautical Allowance CIP (C800754) resulting in zero net change to the Aviation capital budget.

The funding sources would be the airport development fund and revenue bonds.

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Financial Analysis and Summary

Project cost for analysis \$ 19,320,000

Business Unit (BU) Employee Parking

Effect on business performance Incremental employee parking card rate will increase by (NOI after depreciation) \$11.38 by 2026. NOI after depreciation will increase as capital costs are included in cost recovery rate base.

IRR/NPV (if relevant) N/A

For CPE Impact N/A

Future Revenues and Expenses (Total cost of ownership)

The project will reduce long-term operating and maintenance costs for the facility by replacing failing infrastructure.

ATTACHMENTS TO THIS REQUEST

(1) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 25, 2022 – The Commission authorized 1) additional funds for the design and construction of Phase 1, 2) additional funds for the design of Phase 2 of the NEPL Improvements project.

June 8, 2021 – The Commission authorized 1) additional funds for the design and construction of Phase 1, 2) completion of design and the utilization of Port crews and a small works contract to complete early pavement work, and 3) additional funds for the design of Phase 2 of the NEPL Improvements project.

October 9, 2018 – The Commission authorized design and construction of Phase 2 of the NEPL Improvements project.



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