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#### COMMISSION

AGENDA MEMORANDUM Item No. 8e

ACTION ITEM Date of Meeting November 14, 2023

DATE: November 6, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Jeff Wolf, Director, Aviation Commercial Management

Eileen Francisco, Director, Aviation Project Management Group

SUBJECT: Rental Car Facility Pavement Remediation - 5th Floor Parking Membrane

Amount of this request: \$1,030,000

Total estimated project cost: \$9,300,000

#### ACTION REQUESTED

Request Commission authorization for the Executive Director to take all steps necessary to complete the Rental Car Facility (RCF) 5th Floor Parking Membrane project at Seattle-Tacoma International Airport (SEA). This request is in the amount of \$1,030,000 for a total authorization amount of \$9,300,000.

#### EXECUTIVE SUMMARY

The employee and visitor parking area at the RCF has worn and needs new surface treatment to protect from water intrusion and improve pedestrian conditions during rain events. The work was previously part of the RCF Pavement Remediation project and was omitted when varying site conditions made the placement of the proposed resurfacing material incompatible with the existing condition. This effort will complete the original effort utilizing a resurfacing material compatible with the existing condition.

#### JUSTIFICATION

This project reinvests in facilities essential to ground transportation operations at SEA supporting the Century Agenda Goal 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.

#### Diversity in Contracting

The design of this project utilized an existing indefinite delivery indefinite quantity (IDIQ) contract that has a Women and Minority-Owned Business Enterprise (WMBE) commitment of ten percent. The project team in coordination with the Diversity in Contracting department established an additional WMBE aspirational goal of thirteen percent for the construction phase of this effort.

Template revised January 10, 2019.

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#### DETAILS

During the construction of the RCF Pavement Remediation project a portion of the existing 5th floor weatherproofing membrane was removed exposing a varying site condition. A layer of urethane coating was discovered which was not compatible with the planned methyl methacrylate membrane to be installed. After reviewing the potential costs and warranty requirements, Port staff elected to remove the installation of the planned methyl methacrylate membrane from the construction contract and proceed with an additional later phase of the project that would install a compatible product. Construction was completed for the remaining scope of the RCF Pavement Remediation project in August 2021.

Design has now been completed for the complete replacement of the 5th floor weatherproofing membrane. The overall project budget has increased from \$8,270,000 to \$9,300,000 to account for the additional costs associated with the compatible membrane, escalation due to the extended schedule, and the additional soft costs to complete design and procure and manage a second construction contract.

#### Scope of Work

The scope of this phase of the project includes the replacement of the employee and visitor parking lot surface membrane on the 5th floor of the RCF.

#### Schedule

#### Activity

Construction start 2024 Quarter 2

In-use date 2024 Quarter 3  
Cost Breakdown This Request Total Project  
Design \$0 \$1,400,000  
Construction \$1,030,000 \$7,900,000  
Total \$1,030,000 \$9,300,000

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#### ALTERNATIVES AND IMPLICATIONS CONSIDERED

The alternatives presented are specific to the replacement of the employee and visitor parking lot surface membrane on the 5th floor of the RCF.

Alternative 1 – Do not replace the employee and visitor parking membrane.

Cost Implications: \$210,000

Pros:

(1) Reduces capital investment.

Cons:

(1) Not supported by the rental car tenants.

(2) Not consistent with the tenant lease agreement to protect the tenant improvements on the floors below.

This is not the recommended alternative.

Alternative 2 – Continue with original methyl methacrylate membrane installation.

Cost Implications: \$11,500,000

Pros:

(1) Completes the membrane installation with the original construction effort.

(2) Consistent with the tenant lease agreement.

(3) Meets the requirements for the product warranty.

Cons:

(1) Significantly higher capital investment.

(2) Not supported by the rental car tenants.

This is not the recommended alternative.

Alternative 3 – Proceed with a second phase of the project to install a compatible membrane product.

Cost Implications: \$9,300,000

Pros:

(1) Lower capital investment.

(2) Consistent with the tenant lease agreement.

(3) Ensures a product warranty.

(4) Supported by the rental car tenants.

Cons:

(1) Delays membrane replacement by up to three years from the original schedule.

This is the recommended alternative.

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#### FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

##### COST ESTIMATE

Original estimate \$11,417,000 \$0 \$11,417,000

Previous changes – net (\$2,492,000) \$75,000 (\$2,417,000)

Current change \$355,000 (\$55,000) \$300,000

Revised estimate \$9,280,000 \$20,000 \$9,300,000

##### AUTHORIZATION

Previous authorizations \$8,195,000 \$75,000 \$8,270,000

Current request for authorization \$1,085,000 (\$55,000) \$1,030,000

Total authorizations, including this request \$9,280,000 \$20,000 \$9,300,000

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

Annual Budget Status and Source of Funds

This project #C800977 was included in the 2023-2027 capital budget and plan of finance with a total budget of \$8,925,000. A budget increase of \$355,000 will be transferred from #C800754 Non-Aeronautical Allowance resulting in no net change to the Aviation capital budget. This project will be funded by Customer Facility Charge (CFC) funds per the terms of the Rental Car Facility Lease Agreement.

Financial Analysis and Summary

Project cost for analysis \$9,300,000

Business Unit (BU) Rental Car

Effect on business performance NOI after depreciation will decrease

(NOI after depreciation)

IRR/NPV (if relevant) N/A

CPE Impact N/A

Future Revenues and Expenses (Total cost of ownership)

According to the terms of the RCF Lease Agreement the Operators are responsible for majority of the on-going operating and maintenance costs of the facility.

ATTACHMENTS TO THIS REQUEST

(1) Presentation

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

May 25, 2021 – The Commission authorized a change order for additional weatherproof membrane preparatory coating work.

February 9, 2021 – The Commission authorized a change order to defer work consistent with Governor Inslee's "Stay Home, Say Healthy" proclamation.

April 23, 2019 – The Commission authorized advertisement and execution of a major works construction contract.

July 10, 2018 – The Commission authorized execution of a professional services contract for design services, proceeding with the design and preparation of contract bid documents, and use Port Construction Service crews to perform the early construction work.

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