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COMMISSION

AGENDA MEMORANDUM Item No. 8f

ACTION ITEM Date of Meeting August 13, 2024

DATE : August 5, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Eileen Francisco, Director Aviation Project Management

Darryl McKinney, Senior Manager, Security, Strategy and Intelligence

SUBJECT: Perimeter Access and Gate Enhancements (CIP# C801363)

Amount of this request: \$1,200,000

Total estimated project cost: \$4,600,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to increase the budget of the Perimeter Access and Gate Enhancements (PAGE) project for a total estimated project cost of \$4,600,000. The amount of this request is \$1,200,000.

EXECUTIVE SUMMARY

This project will reduce the risk of unauthorized fence and/or gate intrusions. This project will also bring perimeter vehicle gates up to Port Security Standards of 12 feet high. This project received full authorization from commission on November 14, 2023, as design efforts had just commenced. More accurate estimates have been developed as the design has progressed to the current 90% design development level. If approved, this authorization will allow for the completion of the design and construction.

JUSTIFICATION

During design development, project scope became more refined. Project costs have increased due to greater than anticipated material, equipment, and labor costs. Existing electrical capacity required upgrading, infrastructure requirements and the amount of electrical equipment increased. One gate location required multiple design reiterations due to the complexity of the space for the use. This slightly increased design costs. The project budget remains within the estimate range from the 30% estimate used when the project was brought to commission in November 2023.

Diversity in Contracting

Template revised January 10, 2019.

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A Women and Minority Business Enterprise (WMBE) aspirational goal of 10% has been established with the Diversity in Contracting Department and will be included in the procurement of the construction contract.

DETAILS

This project will interface with other projects and airfield operations. Continual coordination with Airport Operations, Airlines, other Project Managers, and related Tenants will ensure the least possible operational impact during construction.

A project labor agreement will be used for this project based on the importance of labor continuity and the need to minimize any risk of impact to operations during construction.

Scope of Work

The PAGE project will automate three Airport Operations Area (AOA) perimeter vehicle access gates and install access control systems, cameras, and lighting; replace three 7-foot gates with 12-foot gates and upgrade outdated equipment at the gates; replace perimeter fence and signage to comply with Port standards; and install razor wire on existing perimeter fence along the north and east AOA perimeter.

Schedule

Due to the additional design for the project, the in-use schedule has been pushed out into Q2 2025.

Activity

Design complete 2024 Quarter 3

Construction start 2025 Quarter 1

In-use date 2025 Quarter 2

Cost Breakdown This Request Total Project

Design \$31,000 \$984,000
Construction \$1,169,000 \$3,616,000
Total \$1,200,000 \$4,600,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do nothing and leave the perimeter as is.

Cost Implications: \$423,000 Expense

Pros:

- (1) Reduces capital spending.
- (2) Reduces construction impacts to airport/airline operations.

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Cons:

- (1) Does not meet airport Security Standards.
- (2) Does nothing to mitigate security breaches around the perimeter.
- (3) Creates unanticipated expense dollars as planning and design efforts through 90% design will need to be expensed.

This is not the recommended alternative.

Alternative 2 – Minimize gate scope to the locations required by Perimeter Intrusion Detection System, and individually upgrade the east perimeter in the future to bring them up to current Security Standards.

Cost Implications: \$3,300,000

Pros:

- (1) Reduced capital spending in 2025.
- (2) Reduced construction impacts to airport/airline operations in 2025.

Cons:

- (1) Additional labor costs for contactors on-boarding and mobilization.
- (2) Additional escalation costs.
- (3) Additional risk in less attractive contracts for bidders.
- (4) Higher risk of security breaches around the AOA perimeter.

This is not the recommended alternative.

Alternative 3 – Increase the budget and complete the full scope of work.

Cost Implications: \$4,600,000

Pros:

- (1) Reduces safety risks, minimizes operational impacts and increases efficiencies as coordination and construction is managed as a single effort.
- (2) Minimizes time to completion, limiting exposure to future cost increases, while delivering benefits expeditiously.
- (3) Eliminates the need for unanticipated expense costs in 2024.

Cons:

- (1) Additional capital expenditures.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

The project is still within the estimate range of \$2,542,000 to \$5,084,000 from the estimate utilized at the previous commission authorization.

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Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$3,400,000 \$0 \$3,400,000

Current change \$1,200,000 0 \$1,200,000

Revised estimate \$4,600,000 0 \$4,600,000

AUTHORIZATION

Previous authorizations 3,400,000 0 3,400,000

Current request for authorization 1,200,000 0 1,200,000

Total authorizations, including this request 4,600,000 0 4,600,000

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

Annual Budget Status and Source of Funds

The Perimeter Access and Gate Enhancements (PAGE) – (CIP 801363) project was included in the 2024-2028 capital budget and plan of finance with a budget of \$3,400,000. The capital increase of \$1,200,000 was transferred from the Aeronautical Allowance¹ CIP C800753 resulting in no net change to the Airport capital budget. The funding sources would be Airport Development Fund and revenue bonds.

Financial Analysis and Summary

Project cost for analysis \$4,600,000

Business Unit (BU) Airfield Movement Area

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 \$0.01 in 2026

Future Revenues and Expenses (Total cost of ownership)

Aviation Maintenance will see an increase in Operation and Maintenance Manuals (O&M) cost for Electrical and Electronic systems and lampers to maintain cameras, access controls and lighting (roughly 50 additional labor hours per year). Mechanical systems will see an increase in O&M costs to maintain the gate operating system. Labor hours and parts requirements will depend on Original Equipment Manufacturer (OEM) maintenance requirements and the frequency of damage due to vehicles.

¹ The Aeronautical Allowance is included in the Capital Improvement Plan to ensure funding capacity for unspecified projects, cost increases for existing projects, new initiatives, and unforeseen needs. This ensures funding capacity for unanticipated spending within the dollar amount of the Allowance CIP.

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ADDITIONAL BACKGROUND

The Airport Perimeter continues to have attempted breaches in areas where the fence is not up to current Port Security standards. This project will mitigate this issue by upgrading perimeter fence and gates.

ATTACHMENTS

(1) None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 14, 2023 – The Commission authorized the executive director to (1) authorize final design and preparation of construction bid documents; (2) advertise, award, and execute a major public works construction contract; (3) procurement of long lead material items; (4) include a Project Labor Agreement.

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