



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6h

ACTION ITEM

Date of Meeting November 12, 2019

DATE: November 4, 2019

TO: Stephen P. Metruck, Executive Director

FROM: Jeffrey Brown, Director, Aviation Facility and Capital Programs
Wayne Grotheer, Director, Aviation Project Management

SUBJECT: Air Cargo 4 Maintenance Building Upgrade (CIP #800924)

Amount of this request: \$879,000

Total estimated project cost: \$3,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) prepare design and construction bid documents for the Air Cargo 4 Maintenance Building Upgrades project at Seattle-Tacoma International Airport; (2) use Port crews for preconstruction activities. The amount of this request is \$879,000 for a total estimated project cost not to exceed \$3,000,000.

EXECUTIVE SUMMARY

This project provides the necessary upgrades to maintain operability of the Air Cargo 4 Maintenance Building (AC4). This facility operates 24 hours per day, 7 days a week, and the employees housed here provide crucial maintenance work to keep the runways and airport operational. Through upgrading the failing Heating, Ventilation, and Air Conditioning (HVAC) system; insufficient communication and connectivity infrastructure, outdated phone lines, and inadequate office lighting, this project will address the facility's most critical needs and drastically improve this deficient and poorly functioning facility.

The current estimated cost of \$3.0 million is \$1.6 million less than the original cost estimate due to scope reductions given that the facility is anticipated to be demolished in approximately six years for projects coming out of the Sustainable Airport Master Plan (SAMP).

JUSTIFICATION

The AC4 Maintenance Building is a nearly 50-year-old, former mail sorting facility, that has had minimal updates and modifications to accommodate the offices and shop areas of the 120 Port maintenance staff who work there. The maintenance groups housed in this facility perform crucial maintenance work 24 hours a day, 365 days a year, to keep the airport and runways operational. This work includes winter runway and airport-drive snow operations; servicing of the Port's fleet vehicles, police cars, and airport shuttle buses; repairs and maintenance to

Meeting Date: November 12, 2019

runways, taxiways, ramps, and airfield lighting; and carpentry, painting, and striping work throughout the airport’s property. This is a small and incomplete list of the services this group provides daily, to the operation and maintainability of our world-class international airport.

DETAILS

This project will modernize the communications and connectivity infrastructure, resolving the failing communication issues, and providing support for use of the Port’s current digital phone system. Additionally, this project will address end-of-life HVAC systems, and replace insufficient office and breakroom lighting and ventilation. An added benefit to the new lighting is an estimated energy savings of approximately 166,000kWh/year, furthermore, we will be pursuing available Bonneville Power Administration (BPA) energy rebates to offset the cost of the new lighting fixtures.

This project addresses the facility’s most critical needs in one major construction project.

Diversity in Contracting

The project manager will work with the Diversity in Contracting Department to determine participation opportunities and set goals for women and minority business enterprises (WMBE) attainment. These affirmative efforts are in accordance with Resolution No. 3737.

Scope of Work

These vital improvements are necessary for a minimally functioning facility and marginally acceptable working environment for the 120+ employees who work there:

- (1) New HVAC equipment
- (2) New/additional fiber optic and copper cabling
- (3) New/additional high-grade wireless access point (WAP) units
- (4) New/additional tele/data outlets
- (5) New energy efficient LED light fixtures and occupancy sensors
- (6) New acoustical ceiling grid panels
- (7) New exhaust fans and hood vent
- (8) Spot abatement

Schedule

The project schedule reflects that this facility operates 24/7, year-round. Most of the required work will be performed during the evening shift when there is minimal crew on-site, for a moderate but manageable impact to the facility and employees during construction. Potential impacts to this schedule are winter weather threats when this facility and its crew perform vital snow operations.

Activity

Design start	2020 Quarter 1
Commission construction authorization	2020 Quarter 3

Meeting Date: November 12, 2019

Construction start	2020 Quarter 4
In-use date	2022 Quarter 1

Cost Breakdown	This Request	Total Project
Design Phase	\$879,000	\$1,627,000
Construction Phase	\$0	\$1,373,000
Total	\$879,000	\$3,000,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – This alternative addresses the most pressing needs of the facility including insufficient communications and connectivity infrastructure; end-of-life HVAC systems; and replaces inefficient office and break room lighting and ventilation.

Cost Implications: Estimated project cost of \$3,000,000

Pros:

- (1) This project improves the facility’s most critically needed upgrades in one major construction project.
- (2) Creates a better functioning facility and increased workstation efficiency.
- (3) Provides a more comfortable work environment, fostering increased employee satisfaction.

Cons:

- (1) Requires capital investment.
- (2) Moderate but manageable impacts to facility operations during construction.
- (3) This building is targeted for demolition (in an estimated 6 years) in support of the Sustainable Airport Master Plan (SAMP).

This is the recommended alternative.

Alternative 2 – This alternative includes all the scope of Alternative 1 with the addition of updating bathrooms; addition of new restroom and showers; new storage areas; updates to locker room, kitchen, and breakroom; improved ADA access; new HVAC; and modernized wired/wireless communications and connectivity infrastructure.

Cost Implications: \$8,075,000

Pros:

- (1) This project would improve the entire facility in one major construction project.
- (2) Creates a better functioning facility and increases workstation efficiency.
- (3) Provides for a more comfortable work environment for employees.

Cons:

- (1) This building is targeted for tear down (in an estimated 6 years) in support of the Sustainable Airport Master Plan (SAMP). This will result in a shorter life span than normal for assets of this type.

Meeting Date: November 12, 2019

- (2) Highest cost alternative

This is not the recommended alternative.

Alternative 3 – Do not proceed with the renewal and replacement upgrades.

Cost Implications: \$77,700 in project development funds would have to be expensed.

Pros:

- (1) No Capital funding would be required with this alternative.

Cons:

- (1) Leaving the facility unimproved would not address critically needed communications and connectivity updates, failing HVAC systems and poor office lighting.
- (2) The 120+ employees will have to continue to operate in an inefficient, less-than-ideal work environment.

This is not the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$4,566,000	\$0	\$4,566,000
Current change	(\$1,632,000)	\$66,000	(\$1,566,000)
Revised estimate	\$2,934,000	\$66,000	\$3,000,000
AUTHORIZATION			
Previous authorizations	\$100,000	0	\$100,000
Current request for authorization	\$879,000	0	\$879,000
Total authorizations, including this request	\$979,000	0	\$979,000
Remaining amount to be authorized	\$1,955,000	\$66,000	\$2,021,000

Annual Budget Status and Source of Funds

This project, CIP C800924, was included in the 2019-2023 capital budget and plan of finance with a budget of \$4,566,000. The cost reduction reflects reduced scope given that the facility is expected to be demolished for projects coming out of SAMP. A budget decrease of \$1,632,000 was transferred to the Aeronautical Reserve CIP (C800753) resulting in zero net change to the Aviation capital budget. The funding source will be the Airport Development Fund.

Meeting Date: November 12, 2019

Financial Analysis and Summary

Project cost for analysis	\$ 3,000,000
Business Unit (BU)	Division-wide, 66% Aeronautical
Effect on business performance (NOI after depreciation)	NOI after depreciation will decrease as amounts recovered through airline rate base charges will not cover depreciation.
IRR/NPV (if relevant)	N/A
CPE Impact	\$.02 in 2022

Future Revenues and Expenses (Total cost of ownership)

This project is a renewal and replacement project, as such, Aviation Maintenance does not anticipate any increase, and may even realize a slight reduction in long-term maintenance costs.

ATTACHMENTS TO THIS

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None