Port of Seattle

COMMISSION
AGENDA MEMORANDUM

ACTION ITEM

Item No. 8d

Date of Meeting October 28, 2025

DATE: October 17, 2025

TO: Stephen P. Metruck, Executive Director

FROM: Sabin Mudaliar, Acting Director, Airport Operations
Eileen Francisco, Director, AV Project Management Group

SUBJECT: Building 161E Renovation Construction Authorization (CIP #C801179)

Amount of this request:	$10,891,000
Total requested project cost:	$13,989,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to advertise and execute a major public works construction contract for the Building 161E Renovation project at Seattle-Tacoma International Airport. The amount requested under this authorization is $10,891,000 for a total project authorization of $13,989,000.

EXECUTIVE SUMMARY

In September 2022, Commission authorized design of this project. Today's request authorizes construction. The Building 161E Renovation project updates building mechanical, lighting, and fire protection systems, improves the building's restrooms and adds an entry management system. This project is necessary to improve operational efficiency and facility maintainability for continued lease revenue. Pending this authorization, construction will begin next year.

JUSTIFICATION

As previously described in the September 2022 request, the building remains difficult (and costly) to maintain and repair as most systems have long exceeded their life cycles. Completing the project will reduce repair calls and expenditures and reduce the risk of system failures. New systems will reduce energy use and improve air quality, supporting the Port's Century Agenda goals.

Diversity in Contracting

The Design contract has achieved 40% WMBE participation. Port staff have established a 10% WMBE aspirational goal for the construction portion of the contract.

DETAILS

Building 161E is an Air Cargo/Multiple-use Port-owned facility built in 1981. This 25,600 square-foot facility serves multiple tenants, including airlines and service providers. This facility consists of approximately 10,000 square feet of warehouse space, 5,000 square feet of Ground Service Equipment (GSE) mechanical repair space, and 10,600 square feet of office space. In 2015, Building 161E reverted to Port ownership upon expiration of a thirty (30) year ground lease.

This building is currently occupied by multiple tenants and is serving multiple needs including air cargo and ground equipment maintenance in an airport environment with limited land use options. Moving tenants to other facilities is infeasible as such facilities either do not exist or are at full capacity. Therefore, this building will need to remain open and operational during construction. Construction will need to be phased.

Scope of Work

Building upgrades include:

(1) Replacing building's heating and cooling systems with higher efficiency systems
(2) Replacing underperforming and failing windows, skylights, and doors.
(3) Upgrading existing lighting to LED fixtures.
(4) Improving restroom fixtures and finishes.
(5) Installing a means to control access to the building, and
(6) Providing a new fire alarm panel and alarm devices.

Schedule

Activity

Construction starts	2026 Quarter 2
In-use date	2027 Quarter 3

Cost Breakdown	This Request	Total Project
Design	$0	$3,098,000
Construction	$10,891,000	$10,891,000
Total	$10,891,000	$13,989,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Construct the project as originally scoped, including additional building amenities as a part of the project.

Cost Implications: $14,700,000

<u>Pros:</u>

(1) Office flooring would be replaced with new carpet.
(2) Locker room new showers would be provided.

<u>Cons:</u>

(1) Additional budget would be required.

This is not the recommended alternative.

Alternative 2 – Construct the project as originally budgeted, by removing certain amenities.

<u>Cost Implications:</u> $13,989,000

<u>Pros:</u>

(1) Budget stays within approved amount.
(2) Building receives needed improvements.

<u>Cons:</u>

(1) Certain building amenities, such as additional carpeting, are not provided. Building functionality is not impacted.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary	Capital	Expense	Total
COST ESTIMATE			
Original estimate	$13,989,000	$0	$13,989,000
AUTHORIZATION			
Previous authorizations	$3,098,000	$0	$3,098,000
Current request for authorization	10,891,000	$0	10,891,000
Total authorizations, including this request	$13,989,000	$0	$13,989,000
Remaining amount to be authorized	$0	$0	$0

Annual Budget Status and Source of Funds

This project, CIP C801179, was included in the 2025-2029 capital budget and plan of finance with a budget of $13,989,000. The funding sources will be Airport Development Fund (ADF) and Revenue Bonds.

Financial Analysis and Summary

Project cost for analysis	$13,989,000
Business Unit (BU)	Airfield Commercial Cargo
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase
IRR/NPV (if relevant)	NPV $(1.0M) NOI after debt service will be negative between ($293K and $10K) during 2028-2037. NOI after debt service becomes positive in year 13 (2038).
CPE Impact	N/A

Future Revenues and Expenses (Total cost of ownership)

As a result of this project, Aviation Maintenance will see a reduction in service calls and repairs and an increase in preventive maintenance support. Future lease revenues may increase due to improvements to the building's condition that will make the facility more attractive to tenants.

ATTACHMENTS TO THIS REQUEST

(1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

September 13, 2022 – The Commission authorized $2,900,000 for the design of this project.