



## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

May 28, 2013

Page 2 of 5

The scope of work for Gate S3 was completed in February 2013, while the Gate S4 refurbishment is expected to be completed in 2014.

On May 2, 2013, the Gate S12 scope of work was advertised for bid. Representatives from Airport Mechanical Services, Pease Construction and Thyssen-Krupp attended the pre-bid meeting and site walk on May 6, 2013.

In order to mitigate the amount of time that Gate S12 will be taken out of service, the S12 PLB and fixed walkway refurbishment scope of work has been timed to coincide with the Capital Improvement Project C104825, Airfield Apron Replacement project, which will be replacing ramp and taxiway panels also in the Gate S12 area.

After review, staff is confident that the engineer's estimate is sound and the bid price is fair and reasonable. Staff is not recommending that this scope of work be rebid. Staff also believes the timing of the bidding period, which occurred during the height of airline realignment activity at the Airport, coupled with the schedule of the construction start on or about July 15, 2013, were the primary factors that limited the number of bids received.

### **PROJECT JUSTIFICATION:**

This project will allow the Airport to replace or refurbish its PLBs that have reached the end of their service life or that are at high risk for failure. Key justifications include:

- Operational failure of a PLB causes a serious ripple effect, negatively affecting operations and airline service while significantly inconveniencing the traveling public.
- The refurbishment of Airport-owned PLBs becomes a more attractive option than outright replacement since approximately two PLBs can be refurbished for the price of one PLB replacement while significantly extending their useful life. This allows the Airport to more cost effectively provide upgraded equipment at more gates.
- New or refurbished PLBs typically experience longer lifespans resulting in deferred future capital expenditures. Refurbished PLBs have an estimated service life extension of approximately 20 years.
- Refurbishing PLBs as opposed to replacing them keeps approximately 20 tons of demolition debris per refurbished PLB out of the waste stream.

### ***Project Objectives:***

- The refurbishment and/or replacement of Port-owned PLBs that have reached the end of their service life will result in decreased maintenance costs and PLB downtime and will greatly reduce the likelihood of total PLB failure.
- Malfunctioning PLBs must be repaired or replaced, both at considerable cost to the Port and significant impact to airline operations.
- When a PLB is out of service, it results in reduced ability to accommodate flights at the South Satellite, and negatively impacts major airline tenants by reducing access to international, wide-body-capable gates.

## **COMMISSION AGENDA**

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Page 3 of 5

### **PROJECT SCOPE OF WORK AND SCHEDULE:**

#### ***Scope of Work:***

The anticipated scope of work at Gate S12 includes:

- Refurbishment work to renew/replace primary PLB and fixed walkway systems, equipment, components and finishes in order to extend their useful life.
- The design for this scope of work has already been procured and the design was completed and reviewed prior to this work being released for bid.

#### ***Schedule:***

	<b><u>Start</u></b>	<b><u>Finish</u></b>
S12 PLB and Fixed Walkway Construction	July 2013	August 2013

### **FINANCIAL IMPLICATIONS:**

#### ***Budget/Authorization Summary:***

	Capital	Expense	Total Project
Original Budget	\$2,405,000	\$0	\$2,405,000
Previous Authorizations	\$2,405,000	\$0	\$2,405,000
Current request for authorization	\$0	\$0	\$0
Total Authorizations, including this request	\$2,405,000	\$0	\$2,405,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$2,405,000	\$0	\$2,405,000

#### ***Project Cost Breakdown:***

	This Request	Total Project
Construction	\$0	\$938,000
Port Furnished Equipment	\$0	\$405,000
Sales Tax	\$0	\$128,000
Outside Professional Services	\$0	\$175,000
Aviation PMG and Other Soft Costs	\$0	\$708,000
Environmental/HAZMAT/RMM	\$0	\$51,000
Total	\$0	\$2,405,000

#### ***Budget Status and Source of Funds:***

This project was included in the 2013-17 capital budget and plan of finance within CIP #C800267. Due to the PLB replacements planned in connection with the airline realignment in the terminal, the scope of this CIP was reduced. The funding source will be the Airport Development Fund.

## **COMMISSION AGENDA**

Tay Yoshitani, Chief Executive Officer

May 28, 2013

Page 4 of 5

### ***Financial Analysis and Summary:***

<b>CIP Category</b>	Renewal/Enhancement
<b>Project Type</b>	Renewal & Replacement
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$2,405,000
<b>Business Unit (BU)</b>	Terminal – Airline Equipment
<b>Effect on business performance</b>	NOI after depreciation will increase
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	CPE will increase by \$.01 in 2014, but no change to business plan forecast as this project was included.

### ***Lifecycle Cost and Savings:***

Annual operating and maintenance costs have been calculated by Aviation Maintenance at approximately \$12,600 per PLB per year plus an estimated 3% inflation thereafter.

### **ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:**

Alternative #1: Rebid the S12 Scope of Work.

Delaying the refurbishment of the S12 PLB and fixed walkway to rebid this scope of work in the hope of attracting additional bids will have a significantly negative impact on the ability of the Port to provide international, wide-body-capable gate facilities at the South Satellite. As mentioned above, the S12 PLB and fixed walkway refurbishment scope of work has been timed to coincide with the Capital Improvement Project C104825, Airfield Apron Replacement project, which will be replacing ramp and taxiway panels in the Gate S12 area during which time it will need to be closed. Not keeping to the current construction schedule will mean that Gate S12 will need to be removed from service for an additional 8-10 weeks at some future date which is highly undesirable from an operations standpoint. This is not the preferred alternative.

Alternative #2: Accept the One Bid from Airport Mechanical Services.

The bid from Airport Mechanical Services in the amount of \$579,260.22 is \$7,010.22 more than the engineer's cost estimate of \$572,250, or less than 1% higher. Accepting this responsive bid will allow this scope of work to proceed as scheduled to coincide with the Capital Improvement Project C104825, Airfield Apron Replacement project, which will be replacing ramp and taxiway panels also in the Gate S12 area. Doing so will minimize the amount of time that Gate S12 will remain out of service. **This is the preferred alternative.**

### **OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:**

- None

## **COMMISSION AGENDA**

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May 28, 2013

Page 5 of 5

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:**

- On February 28, 2012, the Port Commission authorized the expenditure of \$2,405,000 to design purchase and install one passenger loading bridge and associated equipment at Gate N3 and to design and refurbish passenger loading bridges at Gates S3, S4 and S12.
- On June 5, 2012, the Port Commission authorized a change to change the scope of this project as follows: (1) remove the replacement of the passenger loading bridge (PLB) at Gate N3 as originally authorized; (2) proceed with design, purchase and installation of one new PLB and associated fixed walkway section at Gate S3; and (3) add the refurbishment of the fixed walkway section at Gate S12 at Seattle-Tacoma International Airport.
- On March 5, 2013, the Port Commission authorized advertising and executing a major works contract for the refurbishment of the passenger loading bridge (PLB) and associated fixed walkway at Gate S12 at the Seattle-Tacoma International Airport. This scope of work was originally intended to be handled via small works contracting but the change was requested as the estimated project cost exceeded the small works threshold