

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 5c
Date of Meeting May 28, 2013

DATE: May 20, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: Wayne Grotheer, Director, Aviation Project Management Group
David Soike, Director, Aviation Facilities and Capital Programs
SUBJECT: Grease Interceptor Augmentation 2013 (CIP #C800551) and North Satellite Renovation (NSAT) (CIP #C800556) at Seattle-Tacoma International Airport (Airport)

Amount of This Request: \$544,000 **Source of Funds:** Airport Development Fund
Est. State and Local Taxes: N/A **Est. Jobs Created:** 5
Est. Total Project Cost: \$ 2,498,600

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to (1) authorize design for the Grease Interceptor Augmentation 2013 Project at Concourse C and the South Satellite at the Seattle-Tacoma International Airport (CIP #C800551) in the amount of \$328,500; (2) authorize design for the grease interceptor in the North Satellite (NSAT) Renovation project (CIP #C800556) in the amount of \$215,500; and (3) authorize a scope and associated budget transfer of \$939,400 from CIP #C800551 to CIP #800556 to facilitate construction.

SYNOPSIS:

This request is to authorize design of three underground 9,000-gallon grease interceptors to serve the North Satellite, Concourse C and South Satellite, supplementing the Airport-wide system of grease interceptors. These new grease interceptors will collect grease waste from existing and planned food/beverage units not currently served, significantly reducing the risk of clogged sewer lines in the project areas. These new interceptors will also bring the Airport into compliance with the national plumbing code and the Midway Sewer District for release of grease water waste.

The original Grease Interceptor Augmentation 2013 Project (CIP #C800551), which was included in the 2013 – 2017 capital budget and plan of finance, included three interceptors. To better facilitate the final design of the food service facilities as coordinated with the development of the NSAT project, staff requests authorization to transfer the design authorization for one interceptor to the NSAT project. This transfer will allow efficient construction bid packaging to coincide with other work on site, thereby aiding construction efficiency while avoiding delays.

This is a non-aeronautical project the cost of which will not be allocated to the airlines in the airline rate base.

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BACKGROUND:

Grease interceptors are underground holding tanks that remove grease from waste water before the water is discharged into the sanitary sewer system. Greasy water moves from food service units through drains via gravity. For waste water to drain to a grease interceptor, a continual downhill slope must be maintained. Grease interceptors must be placed in appropriate locations for food service units to have the proper unobstructed slope required for drainage. Lack of grease interceptors increases the risk of sewer line clogs that could significantly impact tenants and Airport operations.

In the early 2000s, the Airport began a comprehensive program to install grease interceptors at various locations around the Airport to serve the existing and future food service concessions. Due to budgetary constraints, the program was only partially completed. Since that time, the Airport has installed new food service units not served by grease interceptors. This project will connect the un-served existing as well as future food service units to grease interceptors sized to handle existing and future growth.

PROJECT JUSTIFICATION:

The expansion of food service units at the Airport has resulted in a lack of grease interceptor coverage in certain areas, leaving the Airport at risk for interruptions to tenant and Airport operations from sewer line clogs, as well as the resultant maintenance costs. Further, the current arrangements of unserved units results in the Port being non-compliant with the national Uniform Plumbing Code and the Midway Sewer District, which the Airport utilizes, for release of grease water waste. These conditions coupled with plans for future food/beverage units in areas not serviced by existing interceptors requires that the Port install the proposed grease interceptors. The 9,000-gallon grease interceptors will have capacity for current and future nearby uses. The units will be placed underground to avoid impact on aircraft operations.

The transfer of the North Satellite grease interceptor to the NSAT project will facilitate proper placement consistent with design efforts currently underway for the North Satellite.

Project Objectives:

- Provide for the hook-up to accessible grease interceptors for unserved existing as well as future food/beverage locations at the Airport.
- Reduce the risk of sewer line clogs from grease water waste released into the sewer lines, causing disruption to tenants and Airport operations as well as increased maintenance costs.
- Make the Airport compliant with grease water waste discharge requirements for the national Uniform Plumbing Code and the Midway Sewer District.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

The projects will install three underground 9,000-gallon grease interceptors to serve unserved areas at the North Satellite, Concourse C and South Satellite, supplementing the Airport-wide system of grease interceptors.

Grease Interceptor Augmentation Schedule:

Request Commission Authorization for Design

May 2013

Request Commission Authorization to Advertise for Bids and Construct

December 2013

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Construction Start

Project Complete

July 2014

October 2014

FINANCIAL IMPLICATIONS:

Budget / Authorization Summary:

	C800551 Grease Interceptor	C800556 North Satellite
CAPITAL COSTS		
Original Budget	\$ 2,000,000	\$ 147,800,000
Prior Adjustments to Budget	\$ 498,600	\$ 57,806,957
Current Budget	\$ 2,498,600	\$ 205,606,957
Budget Transfer	\$ (939,400)	\$ 939,400
Revised Budget	\$ 1,559,200	\$ 206,546,357
Previous Authorizations	\$ 25,000	\$ 32,718,056
Current Request for Authorization	\$ 328,500	\$ 215,500
Total Authorized (including this request)	\$ 353,500	\$ 32,933,556
Total Estimated Project Costs	\$ 1,559,200	\$ 206,546,357
Remaining to be Authorized	\$ 1,205,700	\$ 173,612,801
EXPENSE		
Current Budget	\$0	\$ 5,100,000
Revised Budget	\$0	\$ 5,100,000
Previous Authorizations	\$0	\$ 200,000
Current Request for Authorization	\$0	\$0
Total Authorized (incl this request)	\$0	\$ 200,000
Total Estimated Project Costs	\$0	\$ 5,100,000
Remaining to be Authorized	\$0	\$ 4,900,000

Project Cost Breakdown: C800551

	This Request	Total Project
Construction	\$0	\$928,910
Construction Management	\$0	\$108,500
Design	\$254,500	\$254,500
Project Management	\$ 74,000	\$159,010
Permitting	\$0	\$ 15,000
State & Local Taxes (estimated)	\$0	\$ 93,280
Total	\$328,500	\$1,559,200

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<i>Project Cost Breakdown: C800556</i>	This Request	Total Project
Construction	\$0	\$136,831,608
Construction Management	\$0	\$ 18,259,000
Design	\$151,500	\$ 18,889,000
Project Management	\$ 64,000	\$ 16,242,509
Permitting	\$0	\$ 3,387,000
State & Local Taxes (estimated)	\$0	\$ 12,937,240
Total	\$215,500	\$206,546,357

Budget Status and Source of Funds:

The project cost included in the 2013-2017 capital budget totaled \$2,000,000. Upon completion of the project notebook, the project budget was increased to \$2,498,600 because the original budget estimate was based on placing the interceptors above ground. Placing the interceptors above ground makes the interceptors susceptible to damage from traffic. The budget increase was offset by a transfer from the Non-aeronautical Allowance CIP (C800405) resulting in no net change to the 2013 – 2017 capital budget. As listed above, \$939,400 will be transferred from C800551 Grease Interceptor to NSAT (C800556) to facilitate proper placement consistent with design efforts currently underway for the North Satellite. The funding source for the Grease Interceptor project will be the Airport Development Fund.

Financial Analysis and Summary:

CIP Category	Compliance
Project Type	Terminal Infrastructure
Risk adjusted discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$2,498,600
Business Unit (BU)	Terminal – Non-aeronautical
Effect on business performance	NOI after depreciation will decrease
IRR/NPV	N/A
CPE Impact	None.

Lifecycle Cost and Savings:

There will be annual operating and maintenance costs increases of approximately \$7,500 to regularly pump the new interceptors out. However, these costs will be offset by the reduction of sewer district surcharges currently being assessed. Further, the new interceptors will significantly reduce the risk of emergency expenses for cleaning sewer line clogs.

STRATEGIC OBJECTIVES:

This project contributes to the Port's Century Agenda goal of meeting the region's air transportation needs at the Airport for the next 25 years. The project increases the capacity and flexibility of tenant spaces. Allowing for additional food/beverage locations throughout the Airport will better serve passengers and enhance customer service. The project demonstrates the Port's commitment to being a good environmental steward for our partner the Midway Sewer District by removing grease before waste water leaves the Airport.

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ENVIRONMENTAL SUSTAINABILITY:

This project demonstrates environmental sustainability by improving existing Port assets and looking at the total cost of ownership. The project aligns with the Port's goal of improving the long-term sustainability of its facilities and operations.

BUSINESS PLAN OBJECTIVES:

This project supports the Airport's strategic goal of operating a world-class international airport by anticipating and meeting the needs of our tenants, and passengers; and managing our assets to minimize long-term total cost of ownership. Installing grease interceptors will protect the Port's sanitary sewer lines from the harmful effects of grease, anticipate future tenant need, and decrease surcharge fees.

TRIPLE BOTTOM LINE SUMMARY:

This project will promote environmental sustainability through collecting grease water waste at food service concessions units. The project supports environment initiatives by eliminating grease discharge into the Midway sewer system. The project supports the expansion of concessions revenues at the Airport by providing infrastructure to support the Concessions Program. This project will create short-term construction jobs. Small business opportunities will be reviewed by the Office of Social Responsibility in accordance with established procedures.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1: Install individual grease traps in food preparation area drain lines. Grease traps capture a small amount of the grease that passes through them. Significant time and expense for frequent cleaning is required to ensure that the traps are free from clogs and work effectively. This is not the recommended alternative.

Alternative 2: Do nothing. The result of doing nothing would be grease build up in sewers leading to blockages and increasing maintenance costs and increased surcharges by the local sewer district. This is not the recommended alternative.

Alternative 3: Install grease interceptors at the three locations where there are food service units not connected to grease interceptors to fully serve the current and anticipated concessions footprint at the following locations: **This is the recommended alternative.**

1. South Satellite
2. North Satellite
3. Concourse C near gate C-1

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- None.