

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 4d  
**Date of Meeting** December 9, 2014

**DATE:** December 1, 2014  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** James R. Schone, Director, Aviation Business Development  
Wayne Grotheer, Director, Aviation Project Management Group  
**SUBJECT:** Regulated Materials Abatement to Support Airport Tenant Construction Projects  
(Expense)

<b>Amount of This Request:</b>	\$1,872,000	<b>Source of Funds:</b>	Airport Development Fund
<b>Est. Total Project Cost:</b>	\$1,872,000		
<b>Est. State and Local Taxes:</b>	\$134,000		

**ACTION REQUESTED**

Request Commission single authorization for the Chief Executive Officer to design, advertise for construction bid, and award a construction contract to abate regulated materials in support of tenant projects planned for the Main Terminal at Seattle-Tacoma International Airport. The total estimated cost of this project is \$1,872,000.

**SYNOPSIS**

To accommodate growth, Delta Air Lines (Delta) has requested to add a significant amount of new leased office space at the Airport. Delta has initiated plans to combine this new space with existing leased office space and remodel it to suit their expanding operations. The spaces to be remodeled are located on the mezzanine and ticketing levels of the Main Terminal and contain regulated materials that will require abatement prior to construction.

**BACKGROUND**

Delta has undertaken continued expansion in hub flight activity at Sea-Tac International Airport (Airport) through 2015 and beyond. In order to accommodate these increases, Delta plans to extensively remodel existing leased and new leased office space at the Airport in order to accommodate its growing operations.

Delta proposes to complete the following work:

- Expand and remodel existing administrative and support spaces on the mezzanine level, including leasing currently adjacent vacant space;

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- Lease and remodel the soon-to-be vacated USO and adjacent spaces also on the mezzanine level and north of the spaces described above;
- Expand and remodel existing administrative and support space on the ticketing level

Delta has developed a detailed construction phasing plan to remodel and occupy these spaces by the end of December 2015. To respond to this request, Port staff requests a single Commission authorization to accommodate Delta's desired schedule. This streamlined authorization will minimize the delay to their tenant construction project, which is reliant upon the Port's abatement schedule.

Regulated materials (RM), primarily asbestos-containing fireproofing, are present at each of the locations described above. In order to remove the risk of accidental exposure or spill, these materials require complete removal or abatement before construction can take place. The Port has completed initial surveys of these materials in order to prepare a project plan to complete the abatement.

The RM abatement design will be performed by Port Construction Services (PCS) and actual RM abatement work will be accomplished via a major works construction contract as an expense project. The remodeling of these locations will be performed as a tenant project by Delta Air Lines at its expense.

### **PROJECT JUSTIFICATION AND DETAILS**

This project supports Delta's request to expand and remodel leased space on the mezzanine and ticketing levels of the Main Terminal by December 2015. This abatement work would need to be completed in these areas in the near future to support a proposed mechanical systems upgrade project that is planned for this part of the Main Terminal.

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

Project objectives include:

- Complete abatement of regulated materials in advance of construction activities by Delta.
- Abate regulated materials inside the lease spaces now so that continued management of them is no longer required.
- Once abatement is complete, complete demolition so that the spaces are ready for construction by Delta.

As passenger enplanements grow at the Airport it is important that we first look to optimize existing space before undertaking new construction. This proposed abatement work will allow Delta to remodel and reconfigure their current and proposed lease locations on the mezzanine and ticketing levels into spaces that will be much better suited to their growing operation. In addition, Delta's remodeling work will provide more energy efficient and renewable systems, equipment and furnishings.

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

Prepare a project to complete the abatement of regulated materials to include the following locations (as reflected in Exhibit 1):

- Delta's current administrative and support spaces on the mezzanine level
- Vacant space adjacent to Delta's current administration offices on the mezzanine level
- The current USO and Port of Seattle Sign Shop spaces on the mezzanine level once they have been vacated
- Delta's existing administrative and support space on the ticketing level

### ***Schedule***

<b>Activity</b>	<b>Dates</b>
Complete Design	November 2014
Complete Abatement Work	February-May 2015
Phased Tenant Construction Work	April-December 2015

## **FINANCIAL IMPLICATIONS**

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

	Capital	Expense	Total Project
Original Budget	\$0	\$1,872,000	\$1,872,000
Previous Authorizations	\$0	\$0	\$0
Current request for authorization	\$0	\$1,872,000	\$1,872,000
Total Authorizations, including this request	\$0	\$1,872,000	\$1,872,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$0	\$1,872,000	\$1,872,000

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

#### **This Request and Total Project**

Construction	\$1,716,000
Design	\$22,000
State & Local Taxes (estimated)	\$134,000
Total	\$1,872,000

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

This project was not included in the 2015 Airport operating budget. The expense costs will be charged to the terminal building cost center, resulting in an increase to airline cost per enplaned passenger of \$.07 in 2015. It will be funded from the Airport Development Fund.

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

This expense project will remove asbestos-containing fireproofing throughout the proposed lease spaces. Although there is significant short-term cost associated with this work, maximizing the project footprint and removing as much material as possible in a single contract minimizes the

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overall and unit cost for abatement. This would be the most cost effective way to perform the abatement required for Delta's remodel project.

In addition, there would be cost and risk associated with leaving the asbestos fireproofing in place. In the short-term, spot abatement of fireproofing at multiple locations throughout each of the spaces would be necessary to support Delta's remodel. Even if Delta were to move into the spaces "as-is," any revisions to the heating, ventilating and air conditioning ductwork, lighting and ceiling systems may be required. These components attach to the building structure; each of those attachment points would need to be abated prior to attachment of new components. The risks associated with leaving the asbestos fireproofing include inadvertent exposure of workers during the Delta remodel, future construction projects and maintenance work needing to be completed adjacent to the existing asbestos fireproofing.

There would also be costs associated with ongoing maintenance of the existing asbestos even if no abatement were included in this project. Whenever the space above the ceiling is accessed, a regulated materials contractor must open the ceiling and remove potential asbestos-containing debris from the surfaces and equipment at that location. When equipment maintenance or renovation work is performed in an asbestos area, additional abatement costs will be incurred. In an abated area, these costs can be eliminated.

## **STRATEGIES AND OBJECTIVES**

This project aligns with the Port's Century Agenda strategy of advancing the region as a leading tourism destination and business gateway by providing improved facilities to support our airline partners as they expand operations at Sea-Tac Airport

## **ENVIRONMENTAL SUSTAINABILITY**

This project demonstrates the Port's commitment to environmental stewardship and the Century Agenda strategic objective to be the greenest and most energy efficient port in North America by removing regulated materials from the airport.

## **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** – Do nothing: Perform no regulated material abatement in these locations: Delta would be able to occupy the new spaces sooner. However, the ability to remodel spaces for efficient use would be severely limited. This is not in alignment with the tenants interests, and would leave Delta with inefficient and likely unworkable administrative and support spaces. This is not the recommended alternative.

**Alternative 2)** – Complete limited or spot abatement sufficient to allow limited remodel activities to occur. This alternative would cost less. However, it would limit the degree of remodel required to maximize the efficient use of space at the Airport. Since the regulated materials were not removed, a program to manage these materials in order to prevent spills would need to continue. Future construction would be impacted by the need to abate these materials as well. Over time, this alternative would likely be a higher cost alternative due to the

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existence of RM material, and the strong likelihood that additional changes would be required in the future by Delta or a future tenant. This is not the recommended alternative.

**Alternative 3)** – Provide a single Commission authorization to design, advertise for construction bids, and award a major construction contract to abate regulated materials in support of tenant. This will allow the Port to remove the regulated materials in the affected locations, accommodate Delta’s preferred construction and occupancy schedule and support Delta’s expansion at the Airport. **This is the recommended alternative.**

## **ATTACHMENTS TO THIS REQUEST**

- Exhibit 1 – Proposed Abatement Locations.

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- None.