

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4d
Date of Meeting May 17, 2016

DATE: May 9, 2016
TO: Ted Fick, Chief Executive Officer
FROM: Wayne Grotheer, Director, Aviation Project Management Group
Michael Ehl, Director, Aviation Operations
SUBJECT: Concourse A, B and C Carpet Replacement project at Seattle-Tacoma International Airport (CIP #C800766)

Amount of This Request:	\$3,636,000	Source of Funds:	Airport Development Fund
Est. Total Project Cost:	\$3,661,000		
Est. State and Local Taxes:	\$247,000		

ACTION REQUESTED

Request a single Commission authorization for the Chief Executive Officer to: 1) proceed with design of carpet replacement on Concourses A, B and C; and 2) advertise and execute a construction contract to install carpet on Concourses A, B and C; and 3) authorize the use of Port Crews to assist in construction activities for the project. This single authorization is for \$3,636,000 of a total estimated project cost of \$3,661,000.

SYNOPSIS

The carpeting in the gate hold rooms in Concourses A, B and C has become so unsightly that our airline customers have requested that it be replaced as soon as possible. This customer driven urgency is the reason for the single authorization request for both design and construction. This project will remove the existing carpet on concourse A, B and C and replace it with a carpet tile system. The existing roll carpet was installed in the concourses in 2004 and 2005. It is worn and unsightly and in need of replacement.

BACKGROUND

Concourse A was constructed and opened to the public in 2004. Carpeting on Concourses B and C was installed in 2005 to match that installed in Concourse A. The service life expectancy of carpet is typically 5-7 years and the carpeting on these concourses has already exceeded this expectancy.

Replacing carpeting in the aircraft gate hold rooms with terrazzo was an alternative that was evaluated but not determined to be the preferred alternative. Terrazzo is a hard surface material that is very wear resistant and an excellent choice for high traffic areas of the airport, like

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concourse circulation corridors. However it is not suitable for all locations. Not only is terrazzo a more expensive material to install (roughly five times more expensive than carpet alternatives), it requires a longer and more invasive installation method, with each location barricaded and separately ventilated. Further, as a hard material, it can introduce acoustic reflectivity problems creating a very noisy environment that would negatively impact customer experience.

PROJECT JUSTIFICATION AND DETAILS

The current rolled carpet was installed on Concourse A in 2004; the carpet on Concourses B and C was installed in 2005. The aging carpet is worn and badly stained in many areas. Our airline customers have requested that we replace all the carpet in hold room areas as soon as possible. Replacing the carpet with carpet tile will greatly improve the aesthetics of the concourses while providing a better option for replacing stained or damaged areas of carpet in the future as the individual tiles can be quickly replaced if needed.

Project Objectives

Improve the declining tenant and customer satisfaction and feedback related to the look and feel, of the departure experience in the hold rooms of Concourses A, B and C.

Scope of Work

The project will remove and replace carpeting on Concourses A, B and C and repair any adjoining terrazzo areas that may be damaged during installation. The project will also remove two payphone banks on Concourse A while preserving the floor power currently servicing these units to provide power, to future hold room seating that will to be installed later under a separate future project.

Schedule

Commission Authorization for Design and Construction	2nd Quarter 2016
Advertise for Construction Bids	3rd Quarter 2016
Construction Complete	1st Quarter 2017

FINANCIAL IMPLICATIONS

<i>Budget/Authorization Summary</i>	Capital	Expense	Total Project
Original Budget	\$2,000,000	\$0	\$2,000,000
Budget Increase	\$1,661,000	\$0	\$1,661,000
Revised Budget	3,661,000	\$0	\$3,661,000
Previous Authorizations	\$25,000	\$0	\$25,000
Current request for authorization	\$3,636,000	\$0	\$3,636,000
Total Authorizations, including this request	\$3,661,000	\$0	\$3,661,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$3,661,000	\$0	\$3,661,000

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Project Cost Breakdown

	This Request	Total Project
Design Phase	\$814,000	\$814,000
Construction Phase	\$2,600,000	\$2,600,000
State & Local Taxes (estimated)	\$247,000	\$247,000
Total	\$3,661,000	\$3,661,000

Budget Status and Source of Funds

This project, CIP #C8007666 was included in the 2016-2020 capital budget and plan of finance with a budget of \$2,000,000. The scope and budget were increased to include Concourse A. The budget increase will be transferred from the Aeronautical Allowances CIP (C800404). The funding source of will be Airport Development Fund.

Financial Analysis and Summary

CIP Category	Renewal/Enhancement
Project Type	Renewal & Replacement
Risk adjusted discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$3,661,000
Business Unit (BU)	Terminal
Effect on business performance	NOI after depreciation will increase
IRR/NPV	N/A
CPE Impact	CPE \$.02 in 2018

Lifecycle Cost and Savings

The proposed carpet tile system is not expected to have significant repair costs in the first 5 years. Preventative maintenance costs will be consistent with the current maintenance program. The average life expectancy for carpet in public areas of the airport is 6-7 years.

STRATEGIES AND OBJECTIVES

This project supports the Century Agenda strategy of “advancing this region as a leading tourism destination and business gateway” by providing targeted improvements to the hold rooms of Concourse A, B and C. Improving airport conditions such as carpeting will improve the passenger perceptions of Sea-Tac and help us reach a key goal of the Century Agenda – to be the west coast gateway of choice for international travel.

This project also supports the Aviation Division strategy to become one of the top customer service airports in the world. The style and perceived cleanliness of carpet in hold rooms (where dwell time is often significant) contributes to the quality of the overall passenger experience in the terminal.

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This project supports the Century Agenda strategy to be the greenest Port in North America by recycling the existing carpet material to the extent feasible. In addition, the project will install new carpet containing recycled materials and will minimizing the use of volatile organic compound containing materials.

Elements of the scope of work associated with the construction and installation of the new carpet tile system support the utilization of small business to participate on this project.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Status Quo – Do not replace the carpet at this time. While the carpet does need to be replaced, it could be deferred for one or two years.

Capital Cost: \$0 in 2016, but \$3.636 million plus escalation in either 2017 or 2018.

Pros:

- No capital investment.

Cons:

- Retaining the existing carpet will require continued maintenance, likely on a more frequent basis, as the carpeting continues to deteriorate.
- The carpet on Concourses A, B and C is 10 years old, worn stained and unsightly.
- This alternative perpetuates an impression that our hold rooms are dirty.
- This alternative does not respond to airline customers requests to replace carpet

This is not the recommended alternative.

Alternative 2 – Replace Carpet with In-Kind Roll Carpet

Cost Implications: \$3,771,000.00 [carpet \$12.25 per square foot]

Pros:

- Old stained carpet is replaced with new in-kind roll carpet greatly improving the aesthetics of the concourse.
- A slightly quicker installation process than carpet tile (Alternative 4)

Cons:

- Requires a capital investment
- Slightly higher cost per square foot than carpet tile system (Alternative 4)
- When patched, the patched areas can be difficult to match up with the surrounding pattern and can also fray easily.
- Left over carpet for future repairs (called “attic stock”) in rolls is bulky and more challenging to store than carpet tile that is typically delivered in smaller boxes.

This is not the recommended alternative.

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Alternative 3– Replace Carpet on Concourse A, B, and C with Terrazzo

Cost Implications: \$15,000,000 [Approximately \$54 per square foot]

Pros:

- Old stained carpet is replaced with terrazzo greatly improving the aesthetics of the concourse.
- Terrazzo flooring system provides a more permanent and durable solution than carpet.

Cons:

- Terrazzo requires a significantly higher capital investment than carpet alternatives.
- Installing terrazzo on Concourse A, B and C would add more than a year to the project. Installation would require each site to be isolated from the public and separately ventilated.
- Terrazzo's hard surfaces reflect sound while carpeting's soft surfaces absorb sound. Replacing carpeting with terrazzo increases the acoustic reflectivity making gate hold rooms very noisy.

This is not the recommended alternative.

Alternative 4 – Replace Carpet on Concourse A, B, and C with Carpet Tile System

Cost Implications: \$3,661,000.00 [carpet \$12.19 per square foot]

Pros:

- Slightly lower cost per square foot than roll carpet alternative
- Old stained carpet is replaced with carpet tile system greatly improving the aesthetics of the concourse.
- Carpet tile system provides better solution for replacing stained or damage areas of carpet in the future as stained tiles can be quickly replaced and cleaned.
- Attic stock is easier to maintain than rolled carpet.

Cons:

- This option requires a capital investment
- Installation can be slower than a rolled carpet alternative

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- Slide presentation of examples of existing carpet conditions.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None