

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6e

Date of Meeting May 4, 2010

DATE: April 16, 2010

TO: Tay Yoshitani, Chief Executive Officer

FROM: Wayne Grotheer, Director, Aviation Project Management Group
David Soike, Director, Aviation Facilities and Capital Program

SUBJECT: Renewal and Replacement of 42 Escalators and 2 New Escalators project at Seattle-Tacoma International Airport (CIP # C800237).

Amount of This Request: \$-0-

Source of Funds: Airport Development Fund
& Future Bonds

ACTION REQUESTED:

Request Port Commission authorization for the Chief Executive Officer (CEO) to issue a request for proposals for the Renewal/Replacement of forty-two (42) Escalators and 2 New Escalators project (CIP # C800237) at Seattle-Tacoma International Airport (Airport).

SYNOPSIS:

This memorandum requests approval to issue a request for proposals using the design-build contracting method, in accordance with RCW 30.10.280 and 300 – 330, to replace 42 existing escalators in the Main Terminal, Concourse B, and the South Satellite, and install two new escalators in the South Satellite. The Commission previously authorized on April 13, 2010 the advertisement of a request for qualifications under the design-build contracting procedure and to apply a Project Labor Agreement. On July 22, 2008, the Commission authorized \$3,183,000 for design. An additional request for authorization is required for award of the contract. If the Commission votes to authorize the award request, the total budget would equal \$55 million.

BACKGROUND:

The escalators included in this project have been in daily use since their installation in the early 1970's and have reached the end of their useful service life. Several of the escalators have failed over the past few years causing passenger disruptions and requiring costly emergency repairs. In an effort to lessen the impact of further failures, a significantly higher level of repairs and maintenance has also been necessary, resulting in continuing impacts on the traveling public and increased maintenance expenses.

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This project will be executed using the “Design-Build” contracting method in accordance with RCW 39.10.280 and 300-330. The project was approved by the legislatively-mandated Capital Projects Advisory Review Board, Project Review Committee on February 2, 2010, to use the Design-Build method. This contracting method promotes competition and innovation necessary to address the complex construction methodologies and scheduling issues in this project, in order to minimize disruptions to the traveling public and airport operations while maximizing schedule performance. This approach allows the Port to evaluate and select the design-builder based on technical qualifications/approach and price, using a specifically defined set of evaluation criteria. The award will be based upon the highest scored proposal but not necessarily the lowest price, as determined by the Port.

Under the design-build method, the Port will publicly advertise a Request for Qualifications (RFQ). Following the RFQ process, the Port will issue a Request for Proposal (RFP). No more than five respondents will be selected to submit a RFP. The proposers will prepare and submit their proposed technical approach, escalator product, and price. The successful proposer will perform the design, manufacturing and installation in accordance with the RFP requirements. As required by RCW 39.10.330, honorarium payments will be provided to all selected finalists submitting best and final proposals that are not awarded the contract.

As provided by Resolution No. 3605, after the best proposal is selected, Commission authorization will be requested for the final design and construction funding, and award of the design-build contract.

PROJECT DESCRIPTION/SCOPE OF WORK:

Project Statement:

This project will replace 42 existing escalators that have reached the end of their useful life, and include the installation of 2 new escalators at the South Satellite by December 2013 for \$55,000,000. The design life of the new escalators is 25 – 30 years.

Project Objectives:

- Remove and replace the 42 existing escalators in an accelerated manner with the least amount of disruption to Airport operations as possible.
- Install 2 new escalators in the South Satellite to improve operational performance and reliability, and address future passenger growth.
- Include heavy-duty escalator components for improved reliability and overall longevity.
- Increase the energy efficiency of the escalators.

Scope of Work:

Remove and replace 42 existing escalators at the Airport with new heavy-duty escalators in the same locations and configurations, and add 2 new escalators at the South Satellite. The new escalators in the South Satellite will be installed adjacent to the existing escalators traveling from

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the transit station level, up to the mezzanine level, and continuing up to the concourse level. The escalators will meet all current escalator code requirements.

STRATEGIC OBJECTIVES:

Ensure Airport and Seaport Vitality

The project provides enhanced reliability and performance for critical vertical transportation in significant areas of the Airport, which facilitates use of the Airport by the traveling public.

Exhibit Environmental Stewardship through Our Actions

This project is consistent with the Port's goal of improving the long term sustainability of its facilities and operations. This project supports and encourages Airport environmental initiatives. This project has a generally positive effect on the environment to the extent that the new escalators will have more efficient drive motors and features that adjust the power demand and speed of the escalators based on load and usage.

FINANCIAL IMPLICATIONS:

Budget/Authorization Summary

Original Budget	\$55,000,000
Budget Increase	\$0
Revised Budget	\$55,000,000
Previous Authorizations	\$3,183,000
Current request for authorization	\$0
Total Authorizations, including this request	\$3,183,000
Remaining budget to be authorized	\$51,817,000

Project Cost Breakdown

This Request

Total Project

<u>Project Cost Breakdown</u>	<u>This Request</u>	<u>Total Project</u>
Construction costs	\$0	\$41,384,000
Port furnished equipment	\$0	\$0
Sales tax	\$0	\$3,819,000
Outside professional services	\$0	\$1,344,000
Art Program	\$0	\$233,000
Aviation PMG and other soft costs	\$0	\$6,020,000

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Program Reserve	\$0	\$2,200,000
Total	\$0	\$55,000,000

Given the nature of the design-build process being used for the escalator project, the accelerated schedule, and the difficulty of integrating artwork into the specification criteria for the escalator units, the Port will establish a separate work project for the art. The Art Oversight Committee will be defining an art plan for this project.

Source of Funds

This project (CIP # C800237) was included in the 2010-14 capital budget and plan of finance as a committed project with a budget of \$55.0 million. The funding source will be the Airport Development Fund and future revenue bonds. A new revenue bond issue is planned for the second half of 2010.

Financial Analysis

<i>CIP Category</i>	Renewal/Enhancement
Project Type	Infrastructure Upgrade
Risk adjusted Discount rate	N/A
Key risk factors	N/A
Project cost for analysis	\$55,000,000
Business Unit (BU)	Terminal
Effect on business performance	Increase NOI after depreciation
IRR/NPV	N/A
CPE Impact	CPE will increase incrementally through 2013 at which point approximately \$.22 will have added to CPE; however, this project was already included in the business plan forecast so there is no change.

ECONOMIC IMPACTS:

The Airport will provide a higher level of service to the traveling public, while reducing escalator repair costs an estimated \$250,000 annually.

ENVIRONMENTAL SUSTAINABILITY/COMMUNITY BENEFITS:

The new escalators will be 20% more energy efficient than the existing escalators.

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TRIPLE BOTTOM LINE SUMMARY:

This project will reduce the overall maintenance costs by reducing the high costs of emergency repairs. This effort reduces the Airport's exposure to liability by replacing the escalators that are beyond their useful life. Ensuring that the Airport's vertical transportation system is safe and reliable promotes efficient Airport operations that benefit the traveling public, while improved energy efficiency benefits the environment.

PROJECT SCHEDULE:

- | | |
|-------------------------------------------------|---------------|
| • Advertise Request for Qualifications | May 2010 |
| • Issue Request for Proposals | July 2010 |
| • Request for Commission Authorization to Award | January 2011 |
| • Installation Complete | December 2013 |

ALTERNATIVES CONSIDERED/RECOMMENDED ACTION:

Alternative 1: Proceed with the Renew/Replace 42 Escalators and 2 New Escalators project using the "Design-Build" contracting method. This approach renews and upgrades the aging escalators at the Airport, improving passenger flow through the reduction of service outages. This contracting method provides the opportunity for competitive delivery schedules and design solutions, and effective pricing by proposers. This method will shorten the overall schedule and decrease the risk associated with the traditional design-bid-build approach. This is the recommended alternative.

Alternative 2: Continue the repair and maintenance of the existing escalators. This is a reactive approach that disrupts passenger flows throughout the facility and is not cost effective. This is not the recommended alternative.

Alternative 3: Proceed with the Renew/Replace 42 Escalators and 2 New Escalators project using the "Design-Bid-Build" contracting method. This approach renews and upgrades the aging escalators at the Airport; however, the traditional Design-Bid-Build contracting method does not adequately allow for innovation and competition by prospective manufacturers and/or general contractor. This method would base the selection on price only versus best overall approach that considers technical approach and price, lengthen the overall schedule, and put the Port at greater risk for design changes, schedule delays, and change orders. This is not the recommended alternative.

PREVIOUS COMMISSION ACTION:

On April 13, 2010, the Commission authorized the advertisement of the Request for Qualifications under the Design-Build contracting procedure, and the application of a Project

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Labor Agreement. The project scope was changed to include a second new escalator in the South Satellite.

On September 22, 2009, the Commission was briefed on the Airport's "Facility Functionality and Readiness", which included a discussion of the escalators and elevators.

On July 22, 2008, the Commission authorized \$3,183,000 to prepare the performance specifications and preliminary design for the Renew/Replace 42 Escalators and 1 New Escalator project at Seattle-Tacoma International Airport.