



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8c

**ACTION ITEM**

**Date of Meeting** September 8, 2020

**DATE:** August 31, 2020

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Wayne Grotheer, Director, Aviation Project Management  
Laurel Dunphy, Director, Aviation Operations

**SUBJECT:** Restroom Renovations Concourses B, C, and D (CIP #C800697)

**Amount of this request:** \$30,000,000

**Total estimated project cost:** \$62,000,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to 1) advertise and execute a major works construction contract for Phase 4 of the Restroom Upgrades on Concourses B, C, and D project at Seattle-Tacoma International Airport; 2) execute a Project Labor Agreement for this project; 3) use Port crews; and 4) increase the design authorization. The amount requested under this authorization is \$30,000,000 of an anticipated total project cost of \$62,000,000.

**EXECUTIVE SUMMARY**

This is a five-phased project. The Phases 1 and 2 enabling projects are complete. Phase 3 restroom construction is nearing completion. This request is to construct the Phase 4 restrooms and complete the design of the Phase 5 restrooms. A request for Phase 5 restroom construction is anticipated in Q2 2022. The public restrooms on Concourses B, C, and D, are old, and outdated. When complete the new restrooms created by this project will improve the passenger experience by being brightly lit, featuring a touch free experience, and larger more accessible stalls. COVID-19 social distancing and handwashing requirements are now emphasizing the need for this project.

The budget for this five-phase project has increased from an original estimate of \$38M to \$62M. This increase is due in part to complications during construction of earlier phases, evolving Port standards, post-budget development of design, the addition of initiative-driven inclusions like the All-Gender Restroom Initiative, and the impact of the bid overage on Phase 3. The bids for Phase 3 exceeded the Engineer's Estimate by 65%. On September 24, 2019, staff requested that the Commission authorize execution of the Phase 3 construction contract notwithstanding this bid overage. The bids were an indicator of the marketplace and have also influenced the estimates for the remaining work in Phases 4 and 5.

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This project is partially funded with FAA Airport Improvement Program (AIP) passenger entitlement grants for federal fiscal years 2021 and 2022.

### **JUSTIFICATION**

The public restrooms on Concourse B, C, and D, in addition to being old, have limited air circulation and odors that have permeated the finishes that often result in passenger's dissatisfaction with terminal restrooms. Enlarging, renovating and building new restrooms will improve air circulation, reduce odors, and improve maintainability, accessibility and passenger experience. COVID-19 has imposed new requirements on travelers including increased social distancing and more frequent hand washing. This project, with its increase in restroom size and number of fixtures, further improves the passenger experience in light of these new requirements.

### ***Diversity in Contracting***

This federally funded project includes a 2% minimum utilization of certified Disadvantage Business Enterprises (DBE).

### **DETAILS**

The most recent estimate for the project originally came in at \$67M, \$5M higher than what is being requested. The project team worked with project sponsors and stakeholders to develop lower cost alternatives for Phases 4 and 5 for Airport Investment Committee review. The goal of this cost-saving exercise was to meet project objectives while reducing cost during this uncertain time. The selected alternative cost savings will come from a redesign of the Phase 4 restroom finishes. The new finishes will be consistent with the recently opened North Satellite restrooms completed as part of the NorthSTAR program. Phase 5 will also be designed to this new standard. By changing these finishes, the project team was able to identify an opportunity for a \$5M cost savings, while maintaining high-finish standards and meeting accessibility and maintainability goals.

The estimated budget for Phases 1, 2 and 3 is \$17M, Phase 4 (with Ph 5 design) is \$30M and Phase 5 construction is \$15M. Phases 1 and 2 relocated tenants to make way for larger public restrooms. Phase 3 will provide the first new public restrooms for this project when it is complete in the third quarter of 2020. Phase 4 provides additional restroom space by constructing new restrooms in spaces made available by earlier phases and will include the Airport's first All-Gender restrooms. Phase 5 will remodel the remaining public restrooms on Concourses B, C and D. All the public restrooms created by Phase 5 will incorporate adult changing tables, mother's rooms, animal relief areas and additional family restrooms.

Project Labor Agreements (PLAs) have been used on past projects in order to reduce risk to operations impacts and construction schedule delays caused by potential labor disputes. This project will use a project specific PLA which has been approved by the FAA.

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**Scope of Work**

The Phase 4 project scope of work includes enlarging and constructing four pairs of new public restrooms, on Concourses B, C and D. Each restroom would utilize existing restroom space or space repurposed by the previous enabling projects. The work on Concourse D also includes construction of new All-Gender restrooms and a new common use customer service counter to replace one removed by the project. The project will demolish existing spaces, all utilities, and construct new restrooms with new finishes, new water, waste and air distribution and exhaust systems, and touchless fixtures. This request also includes budget to redesign Phase 4 (to reduce construction costs) and complete the design of Phase 5.

**Schedule**

*Activity*

Phase 4 Construction start	2021 Quarter 2
Phase 4 In-use date	2022 Quarter 4
Total Project Complete	2023 Quarter 4

**Cost Breakdown**

	This Request	Total Project
Design	\$2,500,000	\$7,587,000
Construction	\$27,500,000	\$54,413,000
Total	\$30,000,000	\$62,000,000

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

Staff evaluated numerous alternatives and selected seven for Airport Investment Committee review. These alternatives included deleting future phases, re-finishing existing restrooms only, and deleting selected amenities and features.

**Alternative 1** – Complete Phases 1, 2, and 3 only.

Cost Implications: \$18,142,000 previously spent with \$0 of new spending (design costs to-date of \$1.5M would be expensed)

Pros:

- (1) No additional capital expenditures

Cons:

- (1) Loss of \$12M in FAA AIP grants
- (2) \$1.5M in design costs would need to be expensed
- (3) Project objectives would not be met
- (4) Reduce business opportunities to DBE
- (5) Customer service would not improve
- (6) Restrooms would still need to be renovated and would leave a shortage of restrooms when traffic returns.

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This is not the recommended alternative.

**Alternative 2** – Proceed with Phases 4 and 5, as currently designed.

Cost Implications: \$67,000,000 total project cost

Pros:

- (1) Maximize FAA Grant Funding
- (2) Provides business opportunities to DBE
- (3) Implements All-Gender Restrooms
- (4) Expands customer amenities
  - Mother’s Rooms
  - Animal Relief Areas
- (5) Improves accessibility at Sea-Tac
  - Ambulatory stalls
  - Adult changing tables
- (6) Improved maintainability of restrooms, including janitorial services

Cons:

- (1) Highest cost alternative

This is not the recommended alternative.

**Alternative 3**– Use cost saving measures to and redesign Phases 4 and 5.

Cost Implications: \$62,000,000 total project cost

Pros:

- (1) Maximize FAA Grant Funding
- (2) Provides business opportunities to DBE
- (3) Implements All-Gender Restrooms
- (4) Expands customer amenities
  - Mother’s Rooms
  - Animal Relief Areas
- (5) Improves accessibility at Sea-Tac
  - Ambulatory stalls
  - Adult changing tables
- (6) Improves maintainability of restrooms, including janitorial services
- (7) Saves cost on finishes.
- (8) Increases restroom capacity.
- (9) Prudent recommendation based on cost.

Cons:

- (1) Requires capital investment during an unstable time.
- (2) Design differs from the new Phase 3 restroom on Concourse D.

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- (3) Redesign of Phase 4 and revised design of Phase 5 will add cost.
- (4) Requires additional time in the project schedule to account for the redesign effort.
- (5) The availability and amount of FAA funding may be at risk due to the added time to the schedule.

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

The original estimate was developed in 2015. Beginning in 2016 the project scope was expanded to include larger restrooms and additions to early enabling phases, which brought the project total to \$38M.

<b><i>Cost Estimate/Authorization Summary</i></b>	<b>Capital</b>	<b>Expense</b>	<b>Total</b>
<b>COST ESTIMATE</b>			
Original estimate	\$11,180,000	\$0	\$11,180,000
Previous changes – net	\$27,158,000	\$41,000	\$27,199,000
Total including previous changes	\$38,338,000	\$41,000	\$38,379,000
Current change	\$22,978,000	\$0	\$22,978,000
COVID-19 Costs (Phases 2,3 and 4)	\$643,000	\$0	\$643,000
Revised estimate	\$61,959,000	\$41,000	\$62,000,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$18,101,000	\$41,000	\$18,142,000
Current request for authorization	\$30,000,000	\$0	\$30,000,000
Total authorizations, including this request	\$48,101,000	\$41,000	\$48,142,000
Remaining amount to be authorized	\$13,858,000	\$0	\$13,858,000

***Annual Budget Status and Source of Funds***

This project is included in the 2019-2023 capital budget and plan of finance. The funding plan includes FAA grants current and future revenue bonds.

***Financial Analysis and Summary***

Project cost for analysis	\$62,000,000
Business Unit (BU)	Terminal
Effect on business performance (NOI after depreciation)	NOI after depreciation will decrease
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.07 upon project completion

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### ***Future Revenues and Expenses (Total cost of ownership)***

Aviation Maintenance anticipates minimal impacts to operating and maintenance costs, as a result of the scope of work in Phase 4 of this project. In Phase 4, four sets of restrooms are being built and three sets of restrooms are being renovated.

### **ADDITIONAL BACKGROUND**

#### ***Budget Challenges***

As mentioned above, the budget for this five-phase project has increased from an original estimate of \$38M to \$62M. Major impacts to the budget included:

- (1) Complications during construction of earlier phases. Phases 1 and 2 faced significant unforeseen site conditions such as interfering system infrastructure transiting the project sites, and underground building structural components that were not documented in the building records.
- (2) During the project, the Port's design standards changed, and the impacts of these changes were not reflected in the budget. One example would be the incorporation of "ambulatory" toilet stalls, which provide greater maneuvering room for users but also require additional space and therefore a larger restroom to provide the same number of fixtures and can result in higher costs. This was also true for the addition of inclusions like the initiative-driven All-Gender Restrooms, mother's rooms, and adult changing tables all of which were not included in the original estimate and cost more compared to the original project estimate.
- (3) The impact of the bid overage on Phase 3. The bids for Phase 3 exceeded the Engineer's Estimate by 65%. The bids were reflective of the construction market and have also influenced the estimates for the remaining work in Phases 4 and 5.
- (4) Spaces newly allocated for additional restrooms required more infrastructure improvements than first anticipated. Additional plumbing, air distribution and exhaust venting, and electrical for lighting and touchless features increased the project costs.
- (5) COVID-19 added changes during construction.

#### ***Lessons Learned***

The project team has developed a list of lessons learned in the development of the project. These include:

- (1) Investing in preliminary design (10-15% design) before finalizing a project's budget. The Airport has now adopted the use of Project Definition Documents (PDD) for this purpose on large or complex projects. The PDD can include more thorough site investigation where needed.
- (2) Employing change management to address budget impacts of initiatives inclusion. The Airport has now adopted a more formalized change management process which requires project teams to calculate the cost impacts of changes, communicate those impacts, and seek approval at a senior management or executive level (depending on the cost) before implementing.

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- (3) Challenging the project team to design to budget. Design choices often have a cost implication and including those costs in the review process may lead to more informed choices.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides
- (2) Project specific PLA agreement

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- August 11, 2020 –Commission authorized the Executive Director to increase the authorized spending by \$350,000, of which \$232,000 are COVID-19 related.
- July 29, 2020 – Commission notification for Phase 3 construction contract – cumulative change orders exceeding 10%
- May 21, 2020 – The Commission was notified of change orders exceeding 10% and 25% of the original contract amount for Phase 2.
- September 24, 2019 – The Commission authorized execution of a construction contract for Phase 3 of this project that was more than 10% over the engineers estimate and authorized additional construction funds for \$1,200,000.
- September 24, 2019 – Commissioners and Executive Director Metruck received an Executive Response from Aviation Managing Director Lyttle regarding All-Gender Restrooms.
- September 12, 2019, Commissioners and Executive Director Metruck received an Executive Response from Aviation Managing Director Lyttle.
- February 26, 2019 – The Commission was briefed by staff on a recommendation to move forward with motion to develop a Seattle-Tacoma International Airport gender inclusive restroom plan.
- October 23, 2018 – The Commission authorized construction of Phase Two and Phase Three of this project for \$8,969,000.
- October 23, 2018 – The Commission was briefed on the status of the motion to develop a Seattle-Tacoma International Airport gender inclusive restroom plan.
- May 22, 2018 – The Commission heard a motion to develop a Seattle-Tacoma International Airport gender inclusive restroom plan.
- September 12, 2017 – The Commission authorized construction of Phase One of this project for \$2,536,000
- July 12, 2016 – The Commission authorized the design for \$5,087,000.