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COMMISSION

AGENDA MEMORANDUM Item No. 8i

ACTION ITEM Date of Meeting March 14, 2023

DATE: March 3, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Keri Stephens, Director, Aviation Facilities and Capital Programs

Eileen Francisco, Director, Aviation Project Management

SUBJECT: Sanitary Pipe Replacement (CIP# C801239) – Design Authorization

Amount of this request: \$600,000

Total estimated project cost: \$3,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) increase the project budget by \$1,000,000 for a revised total budget of \$3,000,000; (2) prepare design and construction bid documents for the Sanitary Pipe Replacement project. The amount of this request is \$600,000 for an estimated total project cost not to exceed \$3,000,000.

EXECUTIVE SUMMARY

Sanitary waste pipes serving multiple SEA areas are at or near end-of-life (typically 30 years). This project replaces or relines waste pipes. Failures result in unscheduled shutdown of airport restrooms, restaurants, and tenant spaces which will directly impact passenger experience and tenant operations. Leakage and spills from failed pipes may result in health hazards to the public and airport workers as some waste pipes are routed over occupied spaces.

Since the preliminary budget was developed (2020) we have seen rising material costs, increased labor rates, increased abatement scope, and escalation, resulting in an additional \$1,000,000 needed to complete the work.

JUSTIFICATION

Failure of sanitary waste piping is often sudden, unexpected, and impossible to predict. Sanitary waste pipe failures result in unscheduled emergency repairs which cause unscheduled shutdowns of airport restrooms, restaurants, and tenant owned spaces. This directly impacts customer experience and tenant operations. This project replaces the sanitary waste piping identified as a risk if not replaced.

Template revised January 10, 2019.

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Diversity in Contracting

The design services will be completed using an existing IDIQ contract that was established in 2022 which has a 16% WMBE participation utilization requirement.

DETAILS

Scope of Work

Replace, or reline failing sanitary waste piping on Concourse A, Main Terminal, and Central Terminal (2 locations).

(1) A Concourse - Work will result in temporary closures to restrooms and tenant spaces on concourse level. Scope includes approximately 350 linear feet of sewer pipe work.

210 linear feet will replace existing cast iron pipe with new stainless-steel piping and 150 linear feet of buried pipe will be cast-in-place pipe linear.

(2) Main Terminal – Pipe located in mechanical room 4 (under baggage claim 15 area). Approximately 250 linear feet pipe will be replaced from cast iron to stainless-steel.

(3) Central Terminal South – Approximately 250 linear feet of sanitary pipe serving TSA locker rooms (Men/Women) with some central terminal concourse concessions. 55 linear feet of this will be replacing cast iron piping with stainless-steel, and 200 linear feet of this will be cast-in-place pipe.

(4) Central Terminal North – Approximately 230 linear feet of Sanitary pipe serving concourse level restrooms and concessions. 30 linear feet of this will be replacing cast iron piping with stainless-steel, and 200 linear feet of this will be cast-in-place pipe.

Schedule

Activity

Design complete Q2 2024

Commission construction authorization Q2 2024

Construction award Q4 2024
Substantial completion Q2 2026
Cost Breakdown This Request Total Project
Design \$600,000 \$650,000
Construction \$0 \$2,350,000
Total \$600,000 \$3,000,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Status Quo. Do not proceed with project.

Cost Implications: Expense approximately \$35,000 for notebook development costs.

Pros:

- (1) Delays or defers capital investment.

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Cons:

(1) Sanitary pipe failures could occur at any time resulting in large expense costs for emergency repairs and shutdowns to restrooms, concessions and other tenant owned spaces.

(2) Potential for additional increase in costs for materials, labor, and/or inflation.

This is not the recommended alternative.

Alternative 2 – Replace, or reline failing sanitary waste piping on Concourse A, Main Terminal, and Central Terminal (2 locations).

Cost Implications: \$2,935,000 in capital costs and \$65,000 in expense costs

Pros:

(1) Provides an additional 15-50 years of sanitary pipe life, resulting in less unexpected shutdowns and emergency repairs.

(2) Reduces potential negative risk to passenger experience by limiting shutdowns of concessions and restrooms.

(3) Replaces aging infrastructure in a timely manner.

Cons:

(1) Capital and expense costs.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$2,000,000 \$0 \$2,000,000

Current change \$935,000 \$65,000 \$1,000,000

Revised estimate \$2,935,000 \$65,000 \$3,000,000

AUTHORIZATION

Previous authorizations \$50,000 \$0 \$50,000

Current request for authorization \$600,000 \$0 \$600,000

Total authorizations, including this request \$650,000 \$0 \$650,000

Remaining amount to be authorized \$2,285,000 \$65,000 \$2,350,000

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Annual Budget Status and Source of Funds

This project C801239 was included in the 2023-2027 capital budget and plan of finance with a budget of \$2,000,000. The capital budget increase of \$935,000 was transferred from the Aeronautical Allowance CIP C800753 resulting in no net change to the Airport capital budget. The funding sources will be the Airport Development Fund and future revenue bonds.

Financial Analysis and Summary

Project cost for analysis \$3,000,000

Business Unit (BU) Terminal Building

Effect on business performance NOI after depreciation will increase due to inclusion of (NOI after depreciation) capital (and operating) costs in airline rate base.

IRR/NPV (if relevant) N/A

CPE Impact \$0.01 in 2026

Future Revenues and Expenses (Total cost of ownership)

As a result of this project, Aviation Maintenance may see a small increase in preventative maintenance support.

ATTACHMENTS TO THIS REQUEST

(1) Presentation Slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

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