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COMMISSION

AGENDA MEMORANDUM Item No. 8d
ACTION ITEM Date of Meeting August 13, 2024

DATE: August 2, 2024
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) – Construction Authorization

Amount of this request: \$2,700,000
Total estimated project cost: \$3,350,000

ACTION REQUESTED

Request Commission authorization for the Executive Director (1) to advertise, award, and execute a major works construction contract; (2) executerelated project change orders, amendments, work authorizations, purchases, contracts, and take other actions necessary to support and deliver the Sanitary Pipe Replacement project within the approved budget; (3) authorize the use of Port of Seattle crews to support construction activities. This request is for \$2,700,000 of a total estimated cost of \$3,350,000.

EXECUTIVE SUMMARY

Sanitary waste pipes serving multiple Seattle-Tacoma International Airport (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.

JUSTIFICATION

Failure of sanitary waste piping is often sudden, unexpected, and impossible to predict. Sanitary waste pipe failures result in 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 construction services WMBE aspirational goal is 5%.

DETAILS

Scope of Work

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

- (1) A Concourse - Work will result in temporary closures to restrooms and tenant spaces on concourse level. Scope includes approximately 210 linear feet of sewer pipe work.
- (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 North – Approximately 330 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.

Schedule

Activity

Construction start 2024 Quarter 4

In-use date 2025 Quarter 4

Cost Breakdown This Request Total Project

Design \$0 \$650,000

Construction \$2,700,000 \$2,700,000

Total \$2,700,000 \$3,350,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

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

Cost Implications: Expense approximately \$300,000 for Design and Notebook costs.

Pros:

(1) Delays or defers capital investment.

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.

(3) Wastes Design and Notebook development capital costs.

This is not the recommended alternative.

Template revised June 27, 2019 (Diversity in Contracting).

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

Cost Implications: \$3,285,000 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 \$2,935,000 \$65,000 \$3,000,000

Current change \$350,000 \$0 \$350,000

Revised estimate \$3,285,000 \$65,000 \$3,350,000

AUTHORIZATION

Previous authorizations \$650,000 \$0 \$650,000

Current request for authorization \$2,635,000 \$65,000 \$2,700,000

Total authorizations, including this request \$3,285,000 \$65,000 \$3,350,000

Remaining amount to be authorized \$0 \$0 \$0

Annual Budget Status and Source of Funds

This project C801239 was included in the 2024-2028 capital budget and plan of finance with a budget of \$2,935,000. The capital budget increase of \$350,000 was transferred from the Aeronautical Allowance¹ CIP C800753 resulting in no net change to the Airport capital budget.

The funding sources will be the Airport Development Fund.

1 The Aeronautical Allowance is included in the Capital Improvement Plan to ensure funding capacity for unspecified projects, cost increases for existing projects, new initiatives, and unforeseen needs. This ensures funding capacity for unanticipated spending within the dollar amount of the Allowance CIP.

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Financial Analysis and Summary

Project cost for analysis \$3,350,000

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

ATTACHMENTS TO THIS REQUEST

(1) Presentation Slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

March 14, 2023 – The Commission authorized design, construction bid documents, and an additional \$935,000 in funding for the project for a new total of \$3,000,000.

Template revised June 27, 2019 (Diversity in Contracting).