



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8e

ACTION ITEM

Date of Meeting September 10, 2019

DATE: August 30, 2019

TO: Stephen P. Metruck, Executive Director

FROM: Wayne Grotheer, Director, Aviation Project Management
Dan Zenk, Interim Director, Airport Operations

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

Amount of this request: \$1,200,000

Total estimated project cost: \$38,379,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to: (1) execute a construction contract with the low responsive and responsible bidder for the Restroom Renovation Concourses B, C, and D project at Seattle-Tacoma International Airport, notwithstanding the low bid exceeded the engineers estimate by more than 10 percent, and (2) authorize an additional \$1,200,000 for a total project authorization of \$17,792,000.

EXECUTIVE SUMMARY

This request is to authorize additional construction funding for the third phase of the five phase Restroom Upgrades project. Phase Three renovates and enlarges one public restroom set on Concourse D. This construction phase has federal grant funds associated which includes FAA entitlement funding for approximately 75 percent of the cost of construction. This request is for additional authorization within the current budget. As future phases complete design the project may require additional budget, but it is premature to request additional budget at this time

The project was advertised on June 25, 2019. Two bids were received on July 25, 2019. The low bidder, PCL Construction Services Inc., submitted a bid for \$3,081,000, 65 percent over the Engineer's Estimate of \$1,862,000. The second bid was for \$3,190,000, 71 percent over the engineer's estimate.

The project team evaluated the project cost estimate relative to the bids received and determined that the engineer's estimate did not sufficiently price the project construction logistics, and the cost of some sub-contracted work. Because the two bids received were within 6 percent of each other, the team determined that the low bid was an accurate reflection of the current construction market.

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Post bid commentary from some plan holders indicated that they received higher than anticipated bids from their subcontractors for steel, metal wall panels, glazing, metal stud framing, tile installation, plumbing and electrical. Plan holders also indicated that they had difficulty getting subcontractor bids and that they felt the logistics, traffic control, safety provisions, and security associated with working on the ramp level (required for construction) also increased their bid amounts.

JUSTIFICATION

The public restrooms on Concourses B, C, and D are old, outdated and overcrowded. They are difficult to maintain due to the age of the finishes and fixtures, have endured water infiltration and damage, and have limited air circulation and odors that have penetrated the finishes. Of the existing eight pairs of restrooms, three have not been remodeled since 2001, and five have not been renovated since their construction in 1992. Additionally, because of passenger traffic growth, the existing restrooms are too small resulting in long lines during peak periods of use. This phase will renovate the existing public restrooms near gate D6 to improve maintainability, accessibility and passenger experience.

Diversity in Contracting

This procurement included an inclusion plan and the low bidder demonstrated sufficient affirmative efforts to outreach to and utilize DBE subcontractors.

Scope of Work

Renovate and enlarge one set of restrooms on Concourse D. This work includes building new space for restrooms over an active drive lane which is heavily used by tug traffic.

Schedule

Construction start	Quarter 4, 2019
In-use date	Quarter 3, 2020

The additional authorization requested for this project covers the added cost between the low bid and the Engineer’s Estimate.

Cost Breakdown

	This Request	Total Project
Design	\$0	\$5,087,000
Construction	\$1,200,000	\$33,292,000
Total	\$1,200,000	\$38,379,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Reject all bids, repackage the work of Phase 3 by adding it to the scope of Phase 4 scheduled to advertise Q4 2020.

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Cost Implications: \$1,646,000, including revised cost of the work and escalation for delay to Q4 2020.

Pros:

- (1) There is a possibility that the Port could receive lower bids for the work.

Cons:

- (1) FAA entitlement funding for 2019 would be lost.
- (2) New restrooms for traveling customers would be delayed.
- (3) Prices are likely to continue rising in the short-term.
- (4) The probability of the Port receiving a bid lower than the current low bid given the current bidding environment is very low.
- (5) Additional cost will be incurred for rebidding the project.
- (6) Schedule impacts will delay the implementation of subsequent phases.

This is not the recommended alternative.

Alternative 2 – Accept the current low bid.

Cost Implications: \$1,200,000

Pros:

- (1) FAA entitlement funding remains in place.
- (2) FAA is supportive of this approach.
- (3) 75 percent of the added costs will be paid through FAA funding.
- (4) This alternative delivers the project sooner than Alternative 1.
- (5) The low bid has been judged responsive and responsible.

Cons:

- (1) The low bid exceeded the estimate of probable cost by \$1,200,000.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

Capital

Expense

Total

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$11,180,000	\$0	\$11,180,000
Previous changes – net	\$27,158,000	\$41,000	\$27,199,000
Revised estimate	\$38,338,000	\$41,000	\$38,379,000
AUTHORIZATION			
Previous authorizations	\$16,551,000	\$41,000	\$16,592,000
Current request for authorization	\$1,200,000	0	\$1,200,000
Total authorizations, including this request	\$17,751,000	\$41,000	\$17,792,000
Remaining amount to be authorized	\$20,587,000	\$0	\$20,587,000

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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	\$38,379,000
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

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 3 of the project. In Phase 3 only one public restroom set on Concourse D is being renovated and enlarged. Later phases that renovate and construct an additional eight sets of restrooms will see greater impact.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

February 26, 2019 – The Commission was briefed by staff on a recommendation to move forward with a 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 the construction of Phase One of this project for \$2,536,000.

July 12, 2016 – The commission authorized the design for \$5,087,000.