

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>6b</u>
Date of Meeting	<u>August 6, 2013</u>

DATE: July 29, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: Ralph Graves, Managing Director, Capital Development Division
SUBJECT: Project Labor Agreement Approval for Airfield Projects

ACTION REQUESTED

Request Commission authorization to execute project labor agreements (PLAs) for seven different projects at Seattle-Tacoma International Airport currently in their design phases. The projects are: Cargo 2 West Hardstand Expansion, Cargo 5 Hardstand, Cargo 6 Enhancements, 2014 Airfield Apron Pavement Replacement Design, North Satellite Transit System Ceiling Leaks Long-Term Repair, and Vertical Conveyance Modernization Aero Phase 1 and Phase 2. No funding is associated with this authorization.

SYNOPSIS

There are seven projects at the Airport that will be constructed using separate construction contracts. All of these projects are located on the airfield and could result in significant impacts to airfield operations. These projects have already received design authorization and would have schedule impacts if PLA negotiations were to occur after Commission construction authorization. This request will allow PLA negotiations to proceed for these projects and avoid schedule impacts. The seven projects that comprise the contracts are as follow:

- 1) CIP #C800247 Cargo 2 West Hardstand Expansion.
- 2) CIP #C800254 Cargo 5 Hardstand.
- 3) CIP #C800390 Cargo 6 Enhancements.
- 4) CIP #C102573 2014 Airfield Apron Pavement Replacement Design.
- 5) CIP #C800609 North Satellite Transit System Ceiling Leaks Long-Term Repair.
- 6) CIP #C800251 Vertical Conveyance Modernization Aero Phase 1.
- 7) CIP #C800375 Vertical Conveyance Modernization Aero Phase 2.

A disruption in the work for these projects could result in impact to both Airport tenants and patrons. Delays in projects 1-5 listed above could have airfield operations impacts and could also push work into unfavorable weather, leading to a decrease in both work quality and safety. The authorization to proceed with PLA negotiations is not expected to result in additional cost to the projects.

Use of a PLA has typically been authorized in conjunction with the Commission authorization for advertisement of construction contracts. Port staff have recently expressed concern about

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schedule impacts due to the limited time to complete negotiations between authorization and advertisement of the contract. Accordingly, future PLA authorizations will be requested at the time of design authorization to minimize impacts to planned construction contract advertisements. Currently PLA agreements are in place on ten of 46 active Port construction contracts, all at the airport.

BACKGROUND

Cargo 2, 5, 6

The proposed 2014 Air Cargo Hardstand Improvements construction contract includes the Cargo 2 West Hardstand Expansion (C800247), Cargo 5 Hardstand (C800254), Cargo 6 Enhancements (C800390), and part of the Airfield Apron Pavement Replacement (C102573) projects. Projects for Cargo 2 and Cargo 6 will increase the capacity and efficiency of air freight cargo and allow two wide-body aircraft to be loaded simultaneously in each location. The Cargo 5 project will increase the number of remain-overnight parking positions for aircraft. The portion of the apron pavement replacement under this contract is within the Cargo 6 project area.

Port staff recommend that the combined 2014 Cargo Projects be a PLA contract to ensure that the work is done in a single construction season and that partial airfield closures for construction are minimized. Cargo 5 in particular requires a 30-day disruption in aircraft flow while connecting Taxiway A to the Cargo 5 area; however, a delay could extend this period. There will be a partial closure of a taxiway and relocation of the service road, and work progress being disrupted could impact Airport operations. Airfield work is seasonal by nature and a labor disruption could delay the work into an adverse weather period and create issues with the quality and level of safety of the work.

2014 Airfield Apron Pavement Replacement

In addition to the Cargo 6 area, there will be other sections of the airfield undergoing pavement replacement as part of the 2014 Airport Improvement Program. This is part of an ongoing pavement management program to replace aged and distressed pavement and joint sealant in non-runway areas.

Port staff recommend that the 2014 Airfield Apron Pavement Replacement be a PLA contract due to the sensitive nature of both its location and timeline. Airfield panel and joint seal replacement will occur in scattered areas within the Air Operations Area. This will result in some degree of disruption to operations. A PLA contract will minimize project risk and impact to Airport operations. There is also a limited construction window – six months – due to visibility issues that begin to develop on the airfield.

NSAT STS Ceiling Leak Long-Term Repair

Pavement at the North Satellite Terminal (NSAT) has failed and allows rain to enter into the satellite transit station (STS) directly below the failed slab. The NSAT STS Ceiling Leak Long-

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Term Repair project (C800609) will replace the concrete slab, adding the necessary waterproofing and drainage features.

Port staff recommend that the NSAT STS Ceiling Leak Long Term Repair be a PLA contract due to the potential impacts labor dispute delay could have on public safety and Airport operations. Once the concrete panel has been removed, rainfall could readily infiltrate the structural slab and enter the STS station, creating a risk for the public and for Port infrastructure. A PLA would limit the risk of exposure of the public and Port infrastructure to the elements.

Vertical Conveyance Modernization Aero Phases 1 & 2

These projects are a part of the Port's modernization program to renew, replace, or construct new vertical conveyance systems at the Airport and are being completed under two separate contracts. The conveyances included in the modernization program range from 20 to 40 years in age and consequently the service duty cycles are often exceeded. This results in frequent breakdowns and loss of service to critical infrastructure.

Port staff recommend that the Vertical Conveyance Modernization Aero Phase 1 (C800251) and Phase 2 (C800375) should be PLA contracts to minimize the down time of the elevators and escalators and ensure that passenger circulation is not compromised. There are a number of union contracts expiring in the near future that are involved with these projects and so there is a potential for a higher likelihood of labor disputes that would delay work. Each project phase includes one or more elevators at the South Satellite terminal. Because of this, some portion of the work will take place on and impact the airfield. These projects will coordinate all work with the other airfield projects, so a delay on these projects could potentially influence another's schedule.

PROJECT JUSTIFICATION AND DETAILS

Specific objectives of entering into PLAs for these seven construction contracts are as follows:

PLA Objectives

- Maintain each project's schedule due to linkages critical to and integrated into the program's schedule.
- Meet completion dates of the projects critical to improving the Airport's operational efficiency and capabilities.
- Minimize impacts to all areas of Airport operations, due to location of the projects.
- Ensure extensive coordination and management between airfield construction projects (Port, Federal Aviation Administration (FAA), and Air Traffic Control).
- Ensure a skilled, cooperative and stable labor force across every craft on each project to minimize adverse disruptions to the Airport and airline operations and make the implementation of the projects a success.
- Minimize impacts to project construction created by occasional unscheduled labor stoppage events that may occur periodically.

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- Ensure uniform working conditions on each project given the close proximity of construction, Port, airlines, cargo, and, for airfield projects, FAA workers.
- Ensure a safe environment to the traveling public (for vertical conveyance projects) and employees walking or working on, adjacent to, and possibly through construction work zones; necessary for maintaining Airport and airline operations.
- Ensure construction continues if jurisdictional issues arise that require resolution through dispute resolution process or a Department of Labor and Industries (L&I) determination.
- Ensure labor harmony between union and non-union contractors working adjacent or side-by-side performing tenant improvements.

Scope of Work

Staff will engage in negotiations with the local building and trades unions and enter into PLA contracts.

Schedule

Negotiations will begin prior to construction authorization from the Commission for any of the projects included in this memo.

STRATEGIES AND OBJECTIVES

Authorization of this request is in line with the Port's Century Agenda objectives to meet the region's air transportation needs for the next 25 years, grow domestic and international passenger service; triple air cargo volume, foster regional economic growth, and maintain a high level of performance.

TRIPLE BOTTOM LINE

Economic Development

The use of PLAs reduces risk in the delivery of projects and potential impacts that could otherwise result from labor disputes. The listed projects support the Airport's strategy of operating a world-class international airport by anticipating and meeting the needs of our tenants, passengers and the region's economy.

Community Benefits

These PLAs support projects that will increase the long-term ability of the Airport to serve a growing number of both passengers and airlines, thereby supporting the regional economy, customers and the nearby communities.

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1: Do not include PLAs for any of the construction contracts. This would result in the potential for labor disputes' interrupting work and delaying the projects indefinitely. This is not the recommended alternative.

Alternative 2: Each project submits an individual request for authorization of PLA negotiations. This results in many separate memos and presentations with negotiations taking place after construction authorization, leading to potential delays in both the project schedule and bidding period. This is not the recommended alternative.

Alternative 3: One authorization request to execute a PLA is submitted for all of the projects prior to construction authorization. This eliminates the potential for delays in the projects due to labor unrest, saving both time and money and preventing unnecessary risk to Airport operations. **This is the recommended alternative.**

ATTACHMENTS TO THIS REQUEST

None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

Cargo 2, 5, 6

- March 27, 2012 – the Commission authorized design for the Cargo 5 Hardstand project.
- September 25, 2012 – the Commission authorized design for the Cargo 2 West Hardstand Expansion project.
- September 25, 2012 – the Commission authorized design for the Cargo 6 Enhancements project.

2014 Apron Pavement Replacement

- April 2, 2013 – the Commission authorized design for 2014 Airfield Apron Pavement Replacement project.

NSAT STS Ceiling Leak

- May 28, 2013 – the Commission authorized design for the NSAT STS Ceiling Leak Long-Term Repair project.

Vertical Conveyance Modernization

- December 11, 2012 – the Commission authorized design for the Vertical Conveyance Modernization Aero Phase 1 project.
- December 11, 2012 – the Commission authorized design for the Vertical Conveyance Modernization Aero Phase 2 project.