

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 5c  
**Date of Meeting** April 1, 2014

**DATE:** March 21, 2014  
**TO:** Tay Yoshitani, Chief Executive Officer  
**FROM:** Wayne Grotheer, Director, Aviation Project Management Group  
David Soike, Director, Aviation Facilities and Capital Program  
**SUBJECT:** Concourse D Roof Replacement Project (CIP #C800550)

<b>Amount of This Request:</b>	\$219,000	<b>Source of</b>	Airport Development
<b>Est. Total Project Cost:</b>	\$3,946,000	<b>Funds:</b>	Fund and Future
<b>Est. State and Local</b>	\$244,000		Bonds
<b>Taxes:</b>			

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to 1) increase the budget for the Concourse D Roof Replacement Project by \$219,000 and 2) execute a major public works construction contract with the low responsive and responsible bidder, notwithstanding the low bid exceeding the engineers estimate by more than 10 percent. The new authorized total project cost will be \$3,946,000.

**SYNOPSIS**

The commission authorized advertisement for bids for the Concourse D Roof Replacement Project on January 28, 2014. When the six contractor bids received were opened on March 20, 2014, the lowest responsive and responsible bid, from Queen City Sheet Metal & Roofing, Inc., exceeded the engineer's estimate by nearly 17%. This represents a bid irregularity requiring further Commission action prior to contract award in accordance with Section 4.2.3.4 of Resolution No. 3605, as amended by Resolution No. 3628. The additional authorization of \$219,000 represents the difference between the engineer's estimate and the lowest bid, plus sales tax, and construction contingency amounts. This project was included in the 2014 – 2018 capital budget and plan of finance.

Port staff has carefully reviewed the project scope in light of these increased costs and has determined that this project remains critical to the roof replacement cycle and the objective to provide a safe and functional facility.

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### **BACKGROUND**

On July 9, 2013, the Port of Seattle Commission authorized design of the Concourse D Roof Replacement Project with a total budget of \$3,727,000. On January 28, 2014, the Commission authorized construction of the project in the amount of \$3,272,000. On February 26, 2014, the project was advertised for construction bids. A pre-bid meeting and site tour was held on March 11, 2014 with several prime contractors in attendance.

Six construction bids were received and opened on March 20, 2014, with Queen City Sheet Metal & Roofing, Inc. as the apparent lowest responsive and responsible bidder with a bid of \$2,298,000. The Port's engineer's estimate for the project was \$1,975,050. The difference between the engineer's estimate and the low bidder exceeds 10% necessitating this Commission authorization request. The remaining five bids received were ranged from \$2,613,275 to \$2,948,590. Adding sales tax and construction contingency to the difference between the engineer's estimate and the low bidder, brings the request to \$219,000.

Port staff has reviewed the engineer's estimate and identified some factors that may have contributed to the bid difference, including but not limited to, 1) the KalWall window replacement and refurbishment, 2) logistical complications associated with the delivery and removal of construction personnel, materials and construction debris, 3) PCAir piping which slows the roofing process down, and 4) a shortened construction duration added to the project to avoid having contractors work in inclement weather which would further damage Port infrastructure. In light of the number of bids received (six bids represents a significant response) and the range of their prices, Port staff believes the bid price received from Queen City Sheet Metal & Roofing, Inc. to be fair and reasonable and that the bids received accurately reflect the cost of the work.

### **PROJECT JUSTIFICATION AND DETAILS**

Maintaining Airport roofing systems supports the Port's objective to provide safe and functional facilities. As a critical system, the Concourse D roof must be replaced as it has aged beyond its dependable, leak-free, lifespan. When a roofing system fails and leaks emerge, they must be corrected on an emergency basis in order to preserve underlying infrastructure and provide good customer service. Delaying repairs until leaks require emergency attention tends to be more expensive due to scheduling pressures. In addition, repairing damage from leaks inside the terminal can be extensive and expensive. Proceeding with replacement of the Concourse D roof will preserve the Airport's infrastructure investments and support outstanding customer experience for travelers and tenants.

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### ***Project Objectives***

The project objectives have not changed since it was advertised for bid and includes removing and replacing the existing roofing system on Concourse D of the Airport.

### ***Scope of Work***

- Remove and replace the existing roof system on Concourse D at the Airport and install a new 65 millimeter elastomeric roofing system (approximately 70,100 square feet).
- Remove and replace two skylights and make repairs to existing skylight window/walls.
- Add permanent safety ladders.

### ***Schedule***

Commission authorization to Design:

July 2013

Commission Authorization for Construction:

January 2014

Issue Notice to Proceed:

June 2014

Construction Complete:

September 2014

## **FINANCIAL IMPLICATIONS**

### ***Budget/Authorization Summary***

	Capital	Expense	Total Project
Original Budget	\$1,927,750	\$0	\$1,927,750
Budget Increase Authorized July 9, 2014	\$1,325,050	\$474,200	\$1,799,250
Current budget increase	\$119,000	\$100,000	\$219,000
Revised Budget	\$3,371,800	\$574,200	\$3,946,000
Previous Authorizations	\$3,252,800	\$474,200	\$3,727,000
Current request for authorization	\$119,000	\$100,000	\$219,000
Total Authorizations, including this request	\$3,371,800	\$574,200	\$3,946,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$3,371,800	\$574,200	\$3,946,000

### ***Project Cost Breakdown***

	This Request	Total Project
Construction	\$202,000	\$2,590,000
Construction Management	\$0	\$359,000
Design	\$0	\$430,000
Project Management	\$0	\$287,000
Permitting	\$0	\$36,000
State & Local Taxes (estimated)	\$17,000	\$244,000
Total	\$219,000	\$3,946,000

### ***Budget Status and Source of Funds***

This project is included in the 2014 – 2018 capital budget and plan of finance. The capital budget increase of \$119,000 will be transferred from the Aeronautical Allowance CIP (C800404)

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resulting in no net change to the Airport capital budget. The Airport will seek to absorb the \$100,000 expense increase in the 2014 operating budget through savings or use of contingency. The funding source will be the Airport Development Fund and future revenue bonds. The Port plans to issue revenue bonds in 2014 to fund a number of projects.

### ***Financial Analysis and Summary***

<b>CIP Category</b>	Renewal/Enhancement
<b>Project Type</b>	Renewal & Replacement
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	N/A
<b>Project cost for analysis</b>	\$3,946,000
<b>Business Unit (BU)</b>	Terminal
<b>Effect on business performance</b>	NOI after depreciation will increase
<b>IRR/NPV</b>	N/A
<b>CPE Impact</b>	\$.02 in 2014 for expense work, and \$.01 for 2015 and beyond for ongoing capital costs.

### ***Lifecycle Cost and Savings***

The existing roof has reached its life expectancy of 15 years. Repair costs have increased since year 10. The new roof in this section is not expected to have significant repair costs for the first five years. Preventive maintenance costs will be consistent with the current maintenance program. It is expected that the newer roofing system will have a greater life expectancy than the original system by at approximately 15%.

## **STRATEGIES AND OBJECTIVES**

This project supports the Port's Century Agenda objective of meeting the region's air transportation needs at the Airport for the next 25 years. The Airport must maintain its existing terminal to accommodate current as well as future passenger and cargo levels.

Replacing the most distressed Airport roofs in order of importance supports the objectives identified in the Aviation Division's Strategy of operating a World Class International Airport by: ensuring safe and secure operation; meeting needs of our tenants, passengers and the region's economy; and managing our assets to minimize the long-term total cost of ownership.

The Project Manager and the Office of Social Responsibility worked together to determine small business participation opportunities, in accordance with small business Resolution No. 3618.

## **TRIPLE BOTTOM LINE**

### ***Economic Development***

This roof replacement project represents an investment in our current facility and supports the long-term vitality of the Airport, businesses within the Airport, and the traveling public.

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### ***Environmental Responsibility***

The new roof will be Energy Star rated and have a minimum solar reflective index that exceeds 78, which is the value required to obtain the LEED Credit NC7.2. This will reduce air conditioning loads and save energy. The insulating value of the new roof will be greater than that of the existing roof. By replacing the roof and preventing damage to the underlying building systems, the life of the existing building systems will be prolonged.

### ***Community Benefits***

Replacing the roof will prevent water leak damage to other building systems, disruption of airport operations and will improve customer service.

## **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** – Re-bid the roof hoping that contractors would recognize the Port will not pay for the costs of a project that are higher than the engineer’s estimate. Port staff’s analysis of the engineer’s estimate and the six bids received indicate that it is likely the Port would receive similar high bids if the project was advertised for bid a second time. Re-bidding the project would also further delay completion beyond the summer construction window. This is not the recommended alternative.

**Alternative 2)** – Reduce the project scope so that the cost of construction meets the previously authorized budget. Project staff reviewed all aspects of the project scope after the high bids were received and determined that although scope could be reduced, the project as currently scoped represents the minimum improvements that are needed to provide water-tight facilities and protect existing infrastructure. This is not the recommended alternative.

**Alternative 3)** – Authorize an additional \$219,000 and award the major construction contract to Queen City Sheet Metal & Roofing, Inc., the lowest responsive and responsible bidder. This alternative preserves all of the necessary project scope and best facilitates the project schedule.

**This is the recommended alternative.**

## **ATTACHMENTS TO THIS REQUEST**

- None

## **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- January 28, 2014 – the Commission voted to authorize construction funds for the Concourse D roof replacement.
- July 9, 2013 – the Commission voted to authorize design funds for the Concourse D roof replacement.
- January 8, 2013 – the Commission voted to authorize construction funds for the North End Main terminal roof replacement.

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- January 24, 2013 – the Commission voted to authorize construction funds for the Fire Station roof replacement.
- July 26, 2011 – the Commission voted to approve design funds for the second phase of the Airport re-roofing programs including design of the Fire Station and North End Main Terminal roofing systems.
- November 30, 2010 – the Commission voted to authorize construction funds for the first phase of the Airport re-roofing program.
- April 27, 2010 – the Commission voted to approve design funds for the first phase of the Airport re-roofing program.
- September 22, 2009 – the Commission was briefed on facility renewal projects that were necessary in future years. The Airport re-roofing program was included in the presentation.