

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4a
Date of Meeting May 27, 2014

DATE: May 6, 2014

TO: Tay Yoshitani, Chief Executive Officer

FROM: Ralph Graves, Managing Director, Capital Development Division
Janice Zahn, Assistant Director of Engineering, Construction Services

SUBJECT: Change Order 24 for the Eighth Floor Weatherproofing Project at Seattle-Tacoma International Airport MC-0316998

Amount of This Request:	\$0	Source of Funds:	Airport Development Fund
Est. Total Project Cost:	\$9,474,000		
Est. State and Local Taxes:	\$660,538	Est. Jobs Created:	N/A

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to issue a change order for Contract MC-0316998, Eighth Floor Weatherproofing Project, at Seattle-Tacoma International Airport to extend the contract duration by 205 days making the new contract completion date July 31, 2014. No additional funds are required.

SYNOPSIS

This request extends a construction contract by 205 non-compensable days to accommodate additional weather-related work and an intervening unworkable season. On December 22, 2011, the Port executed a construction contract to remove and replace the weatherproofing on the eighth floor of the Airport parking garage with PCL Construction Services Inc. Weatherproofing is both temperature and weather sensitive during installation; therefore, this work was planned during the spring and summer months of 2012 and 2013. Towards the end of the second year's planned construction time period, several sections of the newly installed weatherproof coating started to fail due to a loss of adhesion to the concrete deck. This change order grants the contractor an extension of 145 days of non-compensable time for the unworkable winter time to June 1, 2014. The change order also adds 60 days of non-compensable time for the contractor to repair the failed coating and install final striping in the repaired areas of the project, for a total extension of 205 days. No additional costs will be paid to the contractor in this change order.

BACKGROUND

PCL was the low bidder on the project and the construction contract was executed on December 22, 2011. The original contract completion date was November 21, 2013. The project

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removed and replaced the entire eighth floor weatherproofing coating on the Airport parking garage structure. It also replaced all the expansion joints on the eighth floor and added additional roof drains to eliminate leaks and reduce ponding on the top deck of the parking structure.

In order to perform the work, sections of the parking structure had to be shut down and vehicles cleared out of the work areas. To minimize the impact to garage operations and the potential loss of parking revenue, the work was scheduled to be performed so that only one fifth of the eighth floor would be shut down and under construction at a time. Because the weatherproofing coating could only be installed during dry weather periods with temperatures above 50 degrees, additional scheduling considerations applied. The contract required the weatherproofing work to be performed over two seasons, from April 24, 2012, to September 15, 2012, and from June 1, 2013, to September 15, 2013.

In late August of 2013 inspections indicated that several small sections of the new weatherproofing were starting to fail. Investigation by the project team as work continued concluded that it would be impossible to rectify the failure in 2013, due to the timing of the problem late in the construction season. The contractor installed a temporary sealer on the failed areas to protect the parking garage during the winter of 2013/2014 and continued to investigate the cause of the failure in order to come up with the correct solution to the problem.

The contractor hired an independent engineering firm to perform multiple tests on the failed coating. The conclusion was that the contractor had received a bad batch of primer from the coating supplier that failed to properly adhere to the eighth floor's concrete surface. The contractor has agreed to replace the failed areas at no additional cost to the Port. Since the unworkable weather period and the bad batch of primer are issues that are out of the control of the contractor, the Port is granting the contractor an excusable, non-compensable, time extension. This time extension consists of 145 days of unworkable weather delay time from January 7, 2014, to June 1, 2014, and 60 days of time to replace the failed coating areas from June 1, 2014, to July 31, 2014. The total time extension will be 205 days.

Sixty days of replacement time are required to clear vehicles from the work area, install the new weatherproofing coating, cure the coating, apply the final parking striping and accept the work. This agreed upon solution provides the Port with the final weatherproofing purchased with the 10-year weatherproofing warranty intact at no additional cost.

PROJECT JUSTIFICATION AND DETAILS

The eighth floor of the main garage functions as a roof for the entire garage and all the floors below. The project removed and replaced 13.5 acres of failing weatherproofing materials providing protection for the Airport main parking garage and included preparation of the underlying slab. Additionally, the project replaced expansion joints and flashing with more uniform systems while reducing maintenance costs. This project is the first of a series of capital projects identified to update and protect the Airport main parking garage asset.

The parking garage is a primary source of non-airline revenue for the Airport. In recent years it has generated in excess of \$51 million annually. It is also an important revenue source for the

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City of SeaTac through a parking tax. The project aims to protect this critical asset by filling the extensive network of cracks and spalling occurring on the eighth floor of the garage.

Cracking in the deck has allowed water to infiltrate lower floors causing lime damage on customer vehicles and requiring Port staff to close sections of the garage. The garage post-tensioned structural system is also subjected to the attritional effects of water intrusion and would continue to be at risk without installing a new eighth floor weatherproof membrane. Without the improvements, the Port would be risking future revenues, jeopardizing existing operational stalls, and putting at risk one of its most valuable assets.

The Eighth Floor Weatherproofing project is the first, and most highly prioritized, of a series of projects intended to rehabilitate, seismically stabilize, and extend the lifespan of the main parking garage and service tunnel at the Airport. The eighth floor weatherproofing effort was considered a critical first step to stabilizing deterioration of the parking garage structure.

Change Order No. 24 Description

The following information relates to the pending change order scope and cost:

Scope of Work

This Change Order extends the contract completion date from 1/7/14 to 7/31/14.

Justification

Additional time is being granted after an analysis of the project critical path. The delays are excusable but non-compensable under the terms of the contract.

Contract Information

The following information relates to the contract and competitive award:

Contract award date:	December 22, 2011
Original period of performance:	December 22, 2011 – November 11, 2013
Previous contract extensions:	47 Working Days
Contract extension this change order:	205 Days
Current Contract Completion Date:	July 31, 2014

Financial Information

Original contract amount:	\$6,053,700.00
Previous Change Orders Executed:	\$69,558.00
<u>Current contract amount</u>	<u>\$6,123,258.00</u>
This request, Change Order No. 24	\$0.00
Subtotal Construction Costs	\$6,123,258.00
<u>Anticipated sales tax @ 9.5%</u>	<u>\$581,710.00</u>
Revised Contract Amount	\$6,704,968.00

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FINANCIAL IMPLICATIONS

	Capital	Expense	Total Project
Original Budget	\$13,050,000	\$0	\$13,050,000
Budget Decrease	\$3,576,000	\$0	\$3,576,000
Revised Budget	\$9,474,000	\$0	\$9,474,000
Previous Authorizations	\$13,050,000	\$0	\$13,050,000
Current request for authorization	\$0	\$0	\$0
Total Authorizations, including this request	\$13,050,000	\$0	\$13,050,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$9,474,000	\$0	\$9,474,000

Project Cost Breakdown

	This Request	Total Project
Construction	\$0	\$6,898,537
Construction Management	\$0	\$662,253
Design	\$0	\$828,485
Project Management	\$0	\$387,187
Permitting	\$0	\$37,000
State & Local Taxes (estimated)	\$0	\$660,538
Total	\$0	\$9,474,000

Budget Status and Source of Funds

The Eighth Floor Weather Proofing project (CIP #C800274) is included in the 2011-2015 capital budget and plan of finance as a committed project. The source of funds for this project, as identified in the plan of finance, is the Airport Development Fund.

Financial Analysis and Summary

CIP Category	Renewal/Replacement
Project Type	Business Expansion
Risk adjusted discount rate	N/A
Key risk factors	Time span and phasing of construction
Project cost for analysis	\$13,050,000
Business Unit (BU)	Operations, Landside
Effect on business performance	The Airport parking garage provides a primary revenue source for both the Port of Seattle and the City of SeaTac through a parking tax. The garage generated \$51.9 million for the Port during 2009. Correcting the roofing system failures on the Eighth floor will reopen closed sections of the garage and restore the facility to its full revenue generating potential.
IRR/NPV	N/A
CPE Impact	None

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ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- March 11, 2014 – During the 2013 Fourth Quarter CIP briefing, Commission learned that portions of sections B and C weatherproofing had failed and were rejected. The project schedule was delayed with repair work starting in June 2014 with a new projected finish date of July 31, 2014.
- November 19, 2013 – During the 2013 Third Quarter CIP briefing, Commission learned that portions of sections B and C weatherproofing had failed and were rejected. The project schedule was delayed with a new projected finish date of July 31, 2014.
- June 14, 2011 – Commission authorized advertisement and execution of a major public works construction contract for the Eighth Floor Weatherproofing Project at Seattle-Tacoma International Airport.
- February 23, 2010 – Commission authorized \$600,000 for the design portion of the Eighth Floor Weatherproofing project.