

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4c
Date of Meeting November 11, 2015

DATE: October 24, 2014
TO: Theodore J. Fick, Chief Executive Officer
FROM: Ralph Graves, Managing Director, Capital Development Division
Janice Zahn, Assistant Director of Engineering, Construction Services
SUBJECT: International Window Wall Ticket Counters for Seattle-Tacoma International Airport (C800490)

Amount of This Request:	\$0	Source of Funds:	Airport Development Fund and Existing Revenue Bonds
Est. Total Project Cost:	\$5,636,000		
Est. State and Local Taxes:	\$304,000		

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to issue change order #41 for the International Window Wall Ticket Counters project's construction contract, MC-0317526, to extend the contract duration from 75 to 82 days to complete the changed work on the project. The costs associated with the changed work have been settled so this is a no cost change order. No additional funds are needed for the project.

SYNOPSIS

On May 13, 2014, staff requested and the Port Commission authorized issuing a change order to extend the contract duration by up to an estimated 75 days to complete changed work on the project. All contracted work has now completed and the final change orders have been negotiated. Due to long lead times for certain materials, the 75 day extension has proven inadequate and we now are seeking authorization to issue a change order to extend the contract duration to 82 days.

No additional funds are needed to complete and close out the project.

BACKGROUND

On December 11, 2012, the Port Commission authorized advertisement and construction of the International Window Wall Ticket Counters project. The total amount requested for CIP C800490 was \$4,810,000. Contract MC-0317526 executed with the successful bidder, PCL Construction Services, Inc., was in the amount of \$3,431,700.00. This represented a savings of over \$600,000 compared to the engineer's estimate. Construction started in May 2013.

COMMISSION AGENDA

Theodore J. Fick, Chief Executive Officer

October 24, 2015

Page 2 of 4

During construction, issues surfaced that were not adequately addressed in the contract documents. On May 13, 2014, staff requested and the Port Commission authorized the issuance of a change order to extend the contract duration by up to 75 days to complete changed work on the project.

Subsequent to that authorization, staff worked with the contractor to complete remaining items of work. Included in that work, was the installation of replacement metal cladding on the building exterior. This had become necessary when additional insulation to meet the energy code provisions had required some of the exterior walls to become larger.

Staff estimated in May that the change order work could be completed in 75 days or less. However, we mentioned that the material to complete the change order work required a long-lead ordering period and that the exact number of days needed would be dependent on the supplier's delivery schedule. The special order metal wall panels that were needed to complete the work took longer than anticipated to be fabricated, shipped, and installed. Work is now complete and it took an additional 82 days to complete the work, 7 days longer than anticipated back in May.

We are now seeking authorization to issue a change order to extend the contract time by 82 days instead of the 75 days previously authorized. No additional funds are needed to close out the project.

PROJECT JUSTIFICATION AND DETAILS

The installation of 14 ticket counter positions and bag drop conveyor along the wall opposite the international ticket counters is complete and operational. This request is for additional time to complete and close out the project.

Project Objectives

- Complete the remaining work of the International Window Wall Ticket Counters project.
- Conclude the contracts with PCL Construction Services, Inc. and OAC Services, Inc.

FINANCIAL IMPLICATIONS

The total estimated cost for this project is \$5,636,000 as shown below:

<i>Budget/Authorization Summary</i>	Capital	Expense	Total Project
Original Budget	\$4,025,000	\$0	\$4,025,000
Budget increases	\$1,611,000	\$0	\$785,000
Revised budget	\$5,636,000	\$0	\$5,636,000
Current request for authorization	\$0	\$0	\$0
Total Authorizations	\$5,636,000	\$0	\$5,636,000

COMMISSION AGENDA

Theodore J. Fick, Chief Executive Officer

October 24, 2015

Page 3 of 4

Project Cost Breakdown

Total Project

Design	\$1,410,000
Construction	\$3,922,000
Sales Tax	\$304,000
Total	\$5,636,000

Budget Status and Source of Funds

This project, CIP #800490, is included in the 2014-2018 capital budget and plan finance. The source of funds for this project includes existing revenue bonds and the Airport Development Fund. There is no net change to the Airport capital budget.

Financial Analysis and Summary

CIP Category	Renewal/Enhancement
Project Type	Customer Service
Risk adjusted discount rate	N/A
Key risk factors	N/A
Project cost for analysis	5,636,000
Business Unit (BU)	Terminal
Effect on business performance	NOI after depreciation will increase
IRR/NPV	N/A
CPE Impact	CPE will increase by \$.02 in 2015. However, no change to business plan forecast as this project was included.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Authorize the issuance of a change order for 82 additional days to complete the contract work. This is 7 days longer than the 75 days the commission has already authorized. **This is the recommended alternative.**

Alternative 2) – Do not authorize the additional 7 days that were needed to complete the project. Staff would issue the change order for the 75 days authorized on May 13, 2014. A formal dispute with the contractor would most likely result and the Port would have to spend additional moneys to defend the claim. This is not the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- May 13, 2014, the Port Commission authorized increasing the budget by \$826,000 for increased design and construction costs, bringing its total cost to \$5,636,000 and also

COMMISSION AGENDA

Theodore J. Fick, Chief Executive Officer

October 24, 2015

Page 4 of 4

authorized the issuance of a change order to extend the contract duration by up to 75 days to complete changed work on the project.

- December 11, 2012, the Port Commission authorized the increase of scope and budget for the International Window Wall Ticket Counters (C800490), the increase of scope and budget for Baggage System Renovation – Airline Realignment (C800382) and to advertise and execute a construction contract for the International Window Wall Ticket Counters project and to use Port Crews for the amount of \$5,246,000.
- April 10, 2012, the Port Commission authorized the design for the International Window Wall Ticket Counters project in the amount of \$1,575,000
- December 6, 2011, the Port Commission authorized construction of the Baggage Handling System (BHS) improvements – C22 BHS Connection to C1/ C1-Mk1 Replacement (CIP#C800382) in the amount of \$3,604,000.
- September 27, 2011, the Port Commission authorized execution of an IDIQ contract for Airline Realignment Tenant Improvements and Ticket Counter Design Services totaling \$10,000,000.
- March 1, 2011, the Port Commission authorized design and some construction of the Baggage Handling System (BHS) Improvements – C22BHS connection to C1/C1-MK1 Replacement/TC3 Replacement (C800382) in the amount of \$1,731,000.