

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	6b
Date of Meeting	July 12, 2016

DATE: July 1, 2016
TO: Ted Fick, Chief Executive Officer
FROM: Ralph Graves, Senior Director, Capital Development
Janice Zahn, Assistant Director of Engineering, Construction Services
SUBJECT: Runway 16Center/34Center (RW 16C/34C) Reconstruction (CIP #C800406) at Seattle-Tacoma International Airport, Change Order 38

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute Change Order 38 to Contract MC-0318131, Runway 16C/34C Reconstruction, at Seattle-Tacoma International Airport in the amount of \$900,000.

SYNOPSIS

On February 26th, 2015, the Port executed a construction contract with Scarsella Bros. Inc.-ACME, A Joint Venture for the Project for the amount of \$51,844,012.12 and a contract completion date of September 8, 2016. We are seeking authorization to issue Change Order 38 in the amount of \$900,000.

This change order compensates the contractor for early completion of the RW 16L/34R Phase 4 portion of work, minimizing the cost and disruption to airlines serving Sea-Tac Airport.

The runway reconstruction project replaced RW 16C/34C in its entirety, as it had greatly exceeded its service life. Other associated work included the replacement of portions of several connecting taxiways, navigational aids, and utilities; reconfiguration of Taxiways H and J to improve safety; joint seal replacement on taxiways; infrastructure to support an automated foreign object debris system; and blast pad expansions on both RW 16C/34C and Runway 16 Left/34 Right (RW 16L/34R).

This project is being constructed over two construction seasons. In 2015, RW 16C/34C and taxiways C and N were reconstructed, taxiways crossing RW 16C/34C were joint sealed, and reconstruction commenced on taxiways H and J. In 2016, RW 16L/34R was planned to be closed for a 60-day period to complete taxiway H and J and the runway blast pad expansions. To reduce impacts to airport operations, the 2016 work was advanced to earlier in the year and the timeline reduced to 45 days. The contractor was able to complete this work within 21 days, a savings of 24 days.

No additional funds are needed for the execution of this change order.

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BACKGROUND

Prior to the second construction season for the project, Airport Operations developed a financial impact analysis for shutting down RW 16L/34R for a single international flight. The analysis resulted in lost revenue to the airline of \$1.5M per 30 day period, equating to \$50,000 per day. Currently, Delta Airlines has FOUR similar flights per day. Likewise, other airlines with similar international flights were assumed to be impacted. The RW 16L/34R Phase 4 closure had severe economic impacts associated with it. Given this impact Port staff consisting of Construction Management, Project Management, AV/Operations and Legal, collaborated on a strategy to accelerate this work which included incentive pay for early completion. A change order was issued adding incentive language to the contract to further accelerate the contractor to complete the RW 16L/34R Phase 4 work in under 45 days. The incentive was \$37,500 per day to achieve partial substantial completion of RW 16L/34R Phase 4 work for each day less than 45 days. The Contractor took full advantage of the unusually dry weather and worked 24 hours a day with the assistance of Port staff which included Construction Management, Project Management, Safety, AV/Operations, AV/Security, and AV/Maintenance. The favorable weather and collaboration of all involved parties cleared obstacles to completing the work and allowed the contractor to proceed at a pace that exceeded even the most optimistic projections. The work was completed in 21 days, which was 24 days earlier than the already-reduced period of 45 days.

This change order and related costs account for 1.7% of cost growth associated with this project. The project has otherwise experienced limited cost growth, with a total Change Order rate of 4.5% inclusive of this Change Order. Previous Commission action added the scope of the 2015 Airfield Improvement Project to this project which accounts for 1.8% of the total Change Order rate.

PROJECT JUSTIFICATION AND DETAILS

This project is dedicated to improving efficiency in the use and utilization of off-gate airfield space, meeting the demands of our airline customers, upgrading and improving airfield access and safety, and proactively reducing the emission of greenhouse gasses and other pollutants.

Project Objectives:

- Provide a structurally sound runway for current and future customers
- Provide reliable and appropriately sized infrastructure systems
- Reduce the potential for runway incursions by reconfiguring Taxiways H and J
- Minimize total lifecycle cost (capital and expense)
- Minimize operational impacts

Schedule

Construction Complete

August 2016

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FINANCIAL IMPLICATIONS

<i>Contract Cost Breakdown</i>	<i>Total</i>
Original Contract Amount	\$51,844,012.12
Executed Change Order Amount	\$2,358,533.29
New Contract Amount	\$54,202,545.41
Remaining Contract Contingency	\$3,762,302.46

STRATEGIES AND OBJECTIVES

This project supports the Port's Century Agenda objective to meet the region's air transportation needs at the Airport for the next 25 years. This project also supports the Aviation Division's strategy to operate a world-class international airport by maintaining its assets. Providing a structurally sound runway for current and future customers is fundamental/essential to meeting both of these objectives.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Do not authorize the issuance of the change order. This would be a breach of contract by the Port. A formal dispute with the contractor would most likely result.

This is not the recommended alternative.

Alternative 2) – Authorize the issuance of a change order for \$900,000.00 which compensates the contractor for accelerating their work and completing the RW 16L/34R Phase 4 work in 21 days and lessening the overall impact to the airline tenants.

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- None

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- On April 28, 2015, the Commission authorized the Chief Executive Officer to approve and execute a construction change order for 2015 Apron Panel Replacement (CIP #C102573) to be included in the Runway 16C/34C Reconstruction (CIP #C800406) or alternatively to advertise and execute a construction contract, at the discretion of the Chief Executive Officer, based on efficiency and cost-effectiveness. Change Order 003 was executed on 6/30/15 to incorporate that work into this Project at the cost of \$935,835.75.
- On November 24, 2014, the Commission authorized the Chief Executive Officer to (1) advertise and execute a construction contract for the Runway 16C/34C Reconstruction project; and (2) advertise and execute a project-specific service agreement for special testing and inspection services. This authorization request was for \$99,139,000 and the estimated total cost of the project was \$113,095,000.
- On February 25, 2014, the Commission authorized (1) proceeding with project management, design, and preparation of final construction documents for the RW 16C/34C Reconstruction project; (2) executing a contract for an automated foreign object debris (FOD) detection system; (3) performing advance preparatory work to include the advertisement and execution of a contract to install a temporary traffic signal on S. 154th St.; (4) entering into one or more agreements with the FAA for the evaluation of impacts, relocation of utilities, installation of runway lighting, performance of flight checks, and other support needed as part of the RW 16C/34C Reconstruction project; and (5) use of a Project Labor Agreement (PLA) for the RW 16C/34C Reconstruction project. The authorized amount was \$10,408,000 of a total estimated project cost of \$102,863,000.
- On May 4, 2010, the Commission authorized proceeding with project management, design, and preparation of 60% level construction documents for the future replacement of RW 16C/34C. Pre-construction project cost to accomplish the 60% design was estimated at \$669,000.