

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4g
Date of Meeting September 27, 2016

DATE: September 20, 2016
TO: Ted Fick, Chief Executive Officer
FROM: Ralph Graves, Senior Director, Capital Development
Janice Zahn, Assistant Engineering Director, Construction Services
SUBJECT: Runway 16Center/34Center (RW 16C/34C) Reconstruction (CIP #C800406) at Seattle-Tacoma International Airport, Change Order 55

Amount of this request: \$339,907.25

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute Change Order 55 to Contract MC-0318131, Runway 16C/34C Reconstruction, at Seattle-Tacoma International Airport in the amount of \$339,907.25.

SYNOPSIS

The Runway Reconstruction Project replaced RW 16C/34C in its entirety, as it had greatly exceeded its service life. On February 26, 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 with a contract completion date of September 8, 2016. The Contract included provisions to compensate the contractor up to 106% of the bid unit prices for concrete pavement that exceeded the requirements set forth in the contract documents. This is based on strength and thickness of the concrete placed by the contractor and is calculated using the FAA's Percent Within Limits (PWL) formula. In order to properly compensate the contractor for achieving a PWL Pay Factor of 102.14%, we are requesting Commission authorization to issue Change Order 55 in the amount of \$339,907.25. No additional funds are being requested for the execution of this change order as the project budget authorization included funding for this incentive payment.

BACKGROUND

During the design phase of this project, Port staff engaged with contractors and suppliers to discuss strategies to best achieve the goal of a strong, durable runway. Ideas included, stringent requirements for aggregate source management for the concrete mix, various concrete mix designs and implementing the FAA's PWL to incentivize contractors to deliver higher quality and higher strength concrete than required.

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It is believed that the inclusion of the PWL incentive formula contributed to the favorable bids received on the project in spite of the more stringent requirements for aggregate sourcing and quality control.

Per the contract (specification section 02754 501-8.1), the contractor can be compensated up to 106% for concrete that exceeds the specified strength and thickness as calculated using the FAA's PWL formula. The PWL translates to a "Pay Factor" which is applied to the contractor's bid price for Portland Cement Concrete Pavement (PCCP). The contractor's final Pay Factor was determined to be 102.14%. This change order is being issued to pay the contractor the additional compensation over 100% per the contract bid price.

This change order and related costs account for 0.66% of cost growth associated with this project. The project has otherwise experienced limited cost growth, with a total Change Order rate of 7% inclusive of this Change Order. Previous Commission action added the scope for the Incentive Payment for the acceleration of Phase 4 (closure of RW16L/34R for Taxiways H & J, and blast pad expansions) to this project, which accounts for 1.7% of the total Change Order rate. In addition, Commission action previously added the scope of the 2015 Airfield Improvement Project to this project which accounts for an additional 1.8% of the total Change Order rate.

FAA staff has informed the Port that payment associated with the PWL formula Pay Factor is an eligible cost for the two FAA discretionary grants totaling \$25 million that were received and a pending FAA entitlement grant for this project.

The project achieved Substantial Completion on September 8, 2016. Although there are cost items still to be resolved, there is adequate funding within the project contingency to cover all remaining issues. No further Commission action is expected to complete this project.

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	\$3,572,650.54
Change Order 55	\$339,907.25
New Contract Amount	\$55,756,569.91
Remaining Construction Contingency	\$615,395.26

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 \$339,907.25 which compensates the contractor for achieving a PWL factor of 102.14%.

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- None

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- On July 12, 2016, the Commission authorized the Chief Executive Officer to approve and execute a construction change order for incentive payment for completing Phase 4 of the Runway 16C/34C project twenty four (24) days early. Change Order 38 was executed on 07/18/16 at the cost of \$900,000.00.
- 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.