



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4f

ACTION ITEM

Date of Meeting November 8, 2016

DATE: October 31, 2016

TO: Ted Fick, Chief Executive Officer

FROM: Ralph Graves, Senior Director, Capital Development

SUBJECT: Concourse D Hardstand Terminal Project Labor Agreement (PLA) (CIP #C800769)

Amount of this request: \$0

Total estimated project cost: \$38,400,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to enter into a project labor agreement covering the Concourse D Hardstand Terminal construction project.

EXECUTIVE SUMMARY

Staff recommends the Port negotiate and enter into a PLA for the Concourse D Hardstand Terminal project to ensure labor harmony, a quality labor force, a safe and uniform working environment, to minimize jurisdictional disputes, and as insurance to minimize the potential for lost revenue, increased costs, operational impacts, and construction schedule impacts if there were to be a labor dispute or issue. This project meets both the 2009 and the recently approved 2016 Port criteria for employing a PLA.

JUSTIFICATION

Enter into a PLA that encompasses the entire Concourse D Hardstand Terminal project based on the project specific objectives stated below.

Project Objectives

- (1) Meet completion date of the program critical to improving the Airport's operational efficiency and ability to accommodate forecasted growth demands.
- (2) Minimize impacts to Airport operations due to size and complexity of the program.
- (3) Ensure a skilled, cooperative and stable labor force across every craft on each project to minimize adverse disruptions to the Airport and airline operations and make the implementation of the program a success.
- (4) Minimize impacts to Concourse D Holdroom Terminal construction that could be created by occasional unscheduled labor protest events that occur periodically, including those related to non-Port forces working at the Airport.

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- (5) Ensure uniform working conditions on the project given the close proximity of construction, Port, concessionaire and other tenant workers.
- (6) Ensure construction continues if jurisdictional issues arise that require resolution through contractual dispute resolution process or a Department of Labor and Industries (L&I) determination.
- (7) Ensure labor harmony between union and non-union contractors working adjacent Port or tenant improvements.

Scope of Work

Staff will engage in negotiations with the local building and trade unions and enter into a project PLA.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not pursue a project PLA for the Concourse D Hardstand Terminal.

Cost Implications: The construction project will require paying prevailing wages. No cost implications are known at this time.

Pros:

- (1) Potentially could cost less and less paperwork for the contractor.
- (2) There are potentially more opportunities for Small Business participation.

Cons:

- (1) Not pursuing a PLA would not meet the intent of Commission Resolution No. 3725.
- (2) Labor disputes could also result between other projects at the Port and this project, regardless of the use of a PLA on those projects.

This is not the recommended alternative.

Alternative 2 – Negotiate and enter into a project PLA for the Concourse D Hardstand Terminal.

Cost Implications: None are known at this time.

Pros:

- (1) Pursuing a PLA supports Commission Resolution No. 3725 on PLA.
- (2) This is a fast track project in order to meet a growing demand. Delay would affect passengers on planes and airfield operations through increased hardstand operations needing to use ad hoc facilities that were not designed for the increased use. These facilities would not be able to meet demand and this would cause flight delays. These delays would lead to terminal building crowding and have a resulting negative effect on the effectiveness of terminal and landside operations.
- (3) There is value to having uniform working conditions on the project with the accelerated schedule and the need for a number of trades working together in a relatively small space.

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- (4) There are cost savings that may be realized through use of a PLA. Cost savings could be seen by having access to highly skilled workers and avoiding the need to extend the contract beyond the end date. Having uniform working conditions could result in potential cost savings.
- (5) The assistance of a PLA to resolve labor-management and jurisdictional disputes quickly is valuable to this project. Due to the tight schedule and number of trades involved in this project, a quick resolution to disputes is needed.

Cons:

- (1) The use of a PLA on the project may constrain small business opportunities from participating in the competitive bidding or sub-contracting process. There is an opportunity for Small Business to perform work on this project. Outreach and education regarding PLA's to small businesses are ongoing and will take place pre-bid so small contractors will have information on how they to structure their bids.
- (2) Potential higher costs from increased Contractor's General Conditions for labor burden and overhead.

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

October 25, 2016 – The Commission passed Resolution No. 3725, a Construction Labor Relations Policy Directive.

August 23, 2016 – The Commission authorized the use of alternative public works delivery using the design-build (DB) method for this project and the use of Port crews for preliminary work in support of this project.