



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4c

ACTION ITEM

Date of Meeting February 28, 2017

DATE: February 21, 2017

TO: Dave Soike, Interim Chief Executive Officer

FROM: Ralph Graves, Senior Director, Capital Development
Janice Zahn, Assistant Engineering Director, Construction Services

SUBJECT: South Satellite Interior Renovations Project Phase 2 (CIP #C800549),
Change Order 22

Amount of this request: \$0.00

Total estimated project cost: \$6,256,000.00

ACTION REQUESTED

Request Commission authorization to execute Change Order 22 to Contract MC-0318407, South Satellite Interior Renovations (SSIR) Phase 2, extending the contract duration by 66 days. This Change Order additionally increases the contract by \$64,379.85, which will come from existing project contingency funds.

EXECUTIVE SUMMARY

The execution of this Change Order finalizes the additional indirect field office overhead costs incurred due to the various Port-caused delays associated with the door portal hardware issues on the SSIR project with the Contractor, PCL Construction. The Change Order includes the cost of \$64,379.85 and increases the project duration by 66 excusable and compensable calendar days.

JUSTIFICATION

Due to complications with unforeseen conditions, code interpretation(s), and required design changes associated with the door portal hardware, PCL Construction's work was delayed, causing the company to incur additional time and indirect field office overhead costs. The proposed change order is the full and final settlement negotiated with the contractor for the Port-caused delays associated with this issue.

DETAILS

On April 6, 2016, the Port executed a construction contract with PCL Construction Services, Inc. for the project in the amount of \$3,062,503.00 with an original contract completion date of November 2, 2016.

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The Contractor’s schedule anticipated that two (2) key renovation elements, replacement of gate casework and upgrades of gate portals, would be performed concurrently. The casework work scope began in a timely manner and was completed on time in consideration of the previous access delay issue. The portal work had complications for a variety of issues: specified hardware that was inconsistent with the design intent, unforeseen physical constraints of the existing building, and discrepancies with design and fire code. These issues resulted in numerous Requests for Information (RFIs) and subsequent design iterations that created a Port caused delay.

Upon review of the Contractor submitted time impact analysis, the Port validated that 66 calendar days were justified for an excusable and compensable extension of the contract completion date. The contractor is also entitled to the indirect field office overhead costs associated with the Port caused delay.

The construction contract is anticipating completion in early April. Staff are continuing to evaluate the remaining cost and time issues as the contractor completes the remainder of the contracted work and expects that any additional change orders will be paid using the existing project contingency funds.

Scope of Work

This project will make interior renovations to the mezzanine and departure levels of the South Satellite. These improvements include:

- (1) New podiums and backstands including the additional casework to support additional narrow body gates.
- (2) New wall panels in the escalator wells and on the concourse level.
- (3) New boarding door portals.

Schedule

The remaining elements of the project are anticipated to be in use by Q2 2017.

Cost Breakdown

<i>Contract Cost Breakdown</i>	<i>Total</i>
<i>Original Contract Amount</i>	<i>\$3,062,503.00</i>
<i>Current Executed Change Order Amount (through CO 21)</i>	<i>\$74,403.61</i>
<i>Current Contract Amount</i>	<i>\$3,136,906.61</i>
<i>Change Order 22 Amount</i>	<i>\$64,379.85</i>
<i>Revised Contract Amount (through CO 22)</i>	<i>\$3,201,286.46</i>
<i>Estimated Remaining Contract Contingency (through CO 22)</i>	<i>\$429,240.47</i>

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not authorize the issuance of the Change Order, continue further dispute resolution processes.

Cost Implications: Additional staff soft costs, potential legal expenses.

Pros:

- (1) Further negotiation *may* reduce the amount of the settlement.

Cons:

- (1) Delays project closeout and increases Port costs to continue negotiations.
- (2) Creates a risk potential for litigation.

This is not the recommended alternative.

Alternative 2 – Authorize the issuance of the Change Order for the amount of \$64,379.85 and 66 calendar days.

Cost Implications: No additional costs (costs are within the project budgeted contingency).

Pros:

- (1) Settles dispute with the Contractor in conformance with contract language.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

There is no additional funding being requested in this memo. The project has adequate contingency to cover this request.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

1. March 14, 2016 – The Commission authorized award/execution of the major public works construction contract.
2. November 24, 2015 – The Commission authorized construction of Phase Two of this project.
3. August 11, 2015 – The Commission and Airlines met in a Forum on Seattle-Tacoma Airport’s International Arrivals Facility: Airline Roundtable.
4. December 9, 2014 – The Commission authorized construction of Phase One of this project.
5. August 5, 2014 – The Commission authorized design funds for the South Satellite Interior Renovations project.