



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 4e

**ACTION ITEM**

**Date of Meeting** September 12, 2017

**DATE:** August 24, 2017

**TO:** Dave Soike, Interim Executive Director

**FROM:** Wayne Grotheer, Director, Aviation Project Management Group  
Michael Ehl, Director, Aviation Operations

**SUBJECT:** Gate D6 Modifications at Seattle-Tacoma International Airport (CIP #C800771)

**Amount of this request:** \$467,000

**Total estimated project cost:** \$2,200,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to increase the budget for the D6 Gate Modifications project by \$467,000. The new authorized total project cost will be \$2,200,000.

**EXECUTIVE SUMMARY**

On January 26, 2016, the Commission authorized the design, execution of a procurement contract for structural steel and the use of Port Construction Services to construct a sloped walkway ramp for Gate D6 to serve passenger loading for hardstand operations. The steel procurement incurred additional costs due to quality issues. In order to meet crucial deadlines additional labor costs have been incurred as well. The sloped walkway opened for use in a partially complete state in June 2017.

**JUSTIFICATION**

Steel fabrication and preparation have been a problem on this project requiring extra time and additional costs. In September 2016 the Port opened bids for steel fabrication for this project. While the bid was surprisingly low, the bidder assured staff it could complete the work. As part of the inspection process for the structural steel procurement for the project, staff became aware of deficiencies in its quality. This became critical during the finishing stage when the galvanizing began delaminating and peeling off the steel. Ultimately it became clear that in order to stay on schedule to complete the project the Port needed to take possession of the steel and complete its finishing and delivery to the site. During construction additional dimensional deficiencies were encountered that required further work to correct. This work now requires the steel be re-painted as the work to repair these deficiencies defaced the original finish. The project manager is working with CPO to determine whether we have a means to recover some of the costs back from the steel fabricator.

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During construction as these delays and need for additional work surfaced, the team anticipated using project savings primarily from the low bid in order to stay within budget. As the delays mounted additional resources were required in order to open this facility and serve its intended need. Thus this request is now necessary in order to complete the project. The final phase of construction to install glazing around the ramp structure and thus provide an inclement weather shield has been placed on hold pending the outcome of this request.

**DETAILS**

***Scope of Work***

- (1) Re-painting the structural steel
- (2) Glazing the walkway

Small Business

This on-going project has achieved 32% small business utilization thus far. The above scope of work will provide additional small business opportunities. Project management staff will continue to work with the Port’s small business group in their continuing efforts to promote and outreach to interested small and diverse businesses.

***Schedule***

The project will now be completed in Q3 2017.

***Cost Breakdown***

	This Request	Total Project
Design	\$0	\$239,000
Construction	\$467,000	\$1,961,000
Total	\$467,000	\$2,200,000

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Do not repaint or add glazing to the walkway

Cost Implications: \$0

Pros:

- (1) No additional funding needed
- (2) Project will be completed sooner

Cons:

- (1) The walkway will not be presentable
- (2) The passengers will not be sheltered from inclement weather

This is not the recommended alternative.

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**Alternative 2** – Complete the project with painting and glazing at an additional cost

Cost Implications: \$467,000

Pros:

- (1) The walkway will be presentable to arriving customers
- (2) The passengers will stay dry during inclement weather

Cons:

- (1) It will require additional funds
- (2) The project will take a little longer to complete

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

***Cost Estimate/Authorization Summary***

	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$1,400,000	\$0	\$1,400,000
Previous changes	\$333,000	0	\$333,000
Current change	\$467,000	0	\$467,000
Revised estimate	\$2,200,000	0	\$2,200,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$1,733,000	0	\$1,733,000
Current request for authorization	\$467,000	0	\$467,000
Total authorizations, including this request	\$2,200,000	0	\$2,200,000
Remaining amount to be authorized	\$0	\$0	\$0

***Annual Budget Status and Source of Funds***

The Gate D6 Modification (CIP #C800771) was included in the 2017-20121 capital budget and plan of finance with a budget of \$1,733,000. A budget increase of \$467,000 will be transferred from the Aeronautical Allowance CIP #C800753 resulting in a zero net change to the Airport capital budget. The funding source for this project is the Airport Development Fund.

***Financial Analysis and Summary***

Project cost for analysis	\$2,200,000
Business Unit (BU)	Terminal
Effect on business performance (NOI after depreciation)	NOI after depreciation will decrease
IRR/NPV (if relevant)	N/A
CPE Impact	\$.01 in 2017

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**ATTACHMENTS TO THIS REQUEST**

Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

January 26, 2016 – The Commission authorized in a single authorization the design, procurement of the steel walkway, casework and equipment and the use of Port Construction Services at Seattle-Tacoma International Airport for a total estimated project cost of \$1,733,000.

May 26, 2015 – Aviation Division Business Plan Overview

April 28, 2015 – Commission Briefing: Sustainable Airport Master Plan (SAMP)