



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 4f

**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  
Dwight Rives, Director Port Construction Services

**SUBJECT:** North Terminals Utilities Upgrade Project Early Work Mechanical Contract Extension (CIP #C800717)

**Amount of this request:** \$0  
**Total estimated project cost:** \$21,335,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to extend the existing North Terminals Utilities Upgrade Project Early Work Mechanical Contract contact duration by adding 250 days in order to ensure the project can be completed.

**EXECUTIVE SUMMARY**

The purpose of this project is to upsize the existing steam and chilled water supply system to support the North Satellite and North Star Program. The Commission previously authorized an Early Work project that includes construction of an open face utility shaft, a precast concrete Utilidor, and installation of supply piping. The Early Work ensures that the North Terminals Utilities Upgrade Project (NTUUP) will not interfere with the following Baggage Optimization program.

We intended to construct the major features of the project as follows:

- Construction of utility shaft by Port Crews and a small works contract
- Construction of utility piping by major works contract

To allow for the procurement of long-lead items, we have already advertised and awarded the utility piping contract, but the proposal we received for utility shaft exceeded the small works contract limit of \$300,000, making the contracting method infeasible. We do not believe it would be appropriate at this time to add the utility shaft scope to the utility piping contract by change order. Therefore we propose to employ a second major works construction contract. We assess at this time that the project can be constructed with the originally authorized funds. To accommodate this change in contracting method of the utility tunnel, the utility piping contact must be extended 250 days, from 200 days to a revised duration of 450 days.

Meeting Date: September 12, 2017

Port of Seattle Commission, Delegation of Responsibility and Authority to the CEO requires Commission authorization for the time extension for completion of contract for any single change order exceeding 60 days.

**JUSTIFICATION**

If this time extension is not approved, the scope of work would need to be re-advertised and awarded. If this scope of work is not completed as part of the NTUUP Early Work project, the Baggage Optimization Program will occupy this space and the main NTUUP project design will require a significant design change to re-route the piping around the baggage system.

***Scope of Work***

The scope includes construction of vertical and horizontal utility tunnel mechanical systems for the North Terminals Utilities Upgrade Project Early Work.

***Schedule***

The Contractor shall substantially complete the work no later than 450 days following the contact execution date, which is the date the Port countersigns the agreement.

*Activity*

Commission design authorization	April 28, 2015
Commission construction authorization	June 28, 2016
Construction start	October, 2017
In-use date	June, 2018

***Cost Breakdown***

	This Request	Total Project
Design	\$0	\$2,411,423
Construction	\$0	\$18,923,577
Total	\$0	\$21,335,0000

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

This contract extension has a zero dollar cost to the Port of Seattle. This change to the contract is requesting additional time to complete the original task. If this time extension is not approved the scope of work would need to be re-advertised and awarded. The contractors bid amount was within 0.04% of the engineers estimate. If this scope of work is not completed as part of the NTUUP Early Work project, the Baggage Optimization Program will occupy this space and the main NTUUP project design will require a significant design change to re-route the piping around baggage system.

Meeting Date: September 12, 2017

**FINANCIAL IMPLICATIONS**

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$11,950,000	\$50,000	\$12,000,000
Previous changes – net	\$11,299,000	\$86,000	\$11,385,000
Revised estimate	\$20,299,000	\$1,036,000	\$21,335,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$9,036,000	\$235,000	\$9,271,000
Current request for authorization	\$0	\$0	\$0
Total authorizations, including this request	\$9,036,000	\$235,000	\$9,271,000
Remaining amount to be authorized	\$11,263,000	\$801,000	\$12,064,000

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

This project, C800717, is included in the 2017-2021 capital budget and plan of finance at the estimated cost of \$20,299,000. The funding sources will include the Airport Development Fund, existing and future revenue bonds.

***Financial Analysis and Summary***

Project cost for analysis	Renewal/Enhancement
Business Unit (BU)	Renewal/Enhancement
Effect on business performance (NOI after depreciation)	NOE after depreciation will increase
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.06 in 2019

**ADDITIONAL BACKGROUND**

This project supports the North Star Program with condensate and chilled water supply and return lines, with valves and piping connections.

**ATTACHMENTS TO THIS REQUEST**

None

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

June 28, 2016 – The Commission authorized Early Work package for North Terminals Utilities Upgrade Project

April 28, 2015 – The Commission authorized North Terminals Utilities Upgrade Project