

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**

**Item No.** 5b

**Date of Meeting** July 7, 2009

**DATE:** July 1, 2009

**TO:** Tay Yoshitani, Chief Executive Officer

**FROM:** Ralph Graves, Managing Director, Capital Development Division

**SUBJECT:** Change Order Number 2 for the Stage 1 Mechanical Energy Conservation project, Contract Number: MC-0313811

**ACTION REQUESTED:**

This memorandum requests Commission approval for the Chief Executive Officer to issue Change Order Number 002 for the Stage 1 Mechanical Energy Conservation project to add the additional days required (138) days to complete the project.

**SYNOPSIS:**

This mechanical energy conservation project is the fifth in a series of lighting, energy, and water conservation projects that have enabled the Port to save energy and reduce water use. The Port partnered with the State of Washington Department of General Administration to contract for the work with one of their pre-approved consultant/contractors to implement the work at the airport. The energy savings achieved both reduce overall demand for additional power in the entire region, and save operating costs for the airport. The energy savings from this particular project are estimated to be approximately \$133,900 annually. In addition, the Port will receive approximately \$490,000 of one-time incentives from Bonneville Power in the form of a power bill credit and cash. The additional time required to perform the work on this contract did not diminish the long term annual savings from this project.

The project was delayed by the default of the manufacturer in delivering the Variable Frequency Drives (VFD). The VFD's drive the fan terminal units at varying speeds so that only the needed amount of air is supplied to each space, increasing the efficiency of the entire HVAC system. An equivalent VFD was identified and accepted. Unfortunately the replacement VFD units could not be delivered until after the contract completion date of March 30, 2008. There are no Liquidated Damages associated with this project. A Change Order is required to extend the contract completion date for this delay.

## COMMISSION AGENDA

T. Yoshitani, Chief Executive Officer

July 2, 2009

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**CHANGE ORDER DESCRIPTION AND JUSTIFICATION:** The following information relates to the pending change order scope and cost:

### Change Order No. 002

- **Scope of work:** The original contract completion date was March 30, 2008. This was a POS/Siemens negotiated contract under the State of Washington Energy Conservation program (Interagency Agency Agreement (IAA) dated February 16, 2001. The initial VFD manufacturer suspended deliveries on their equipment for 6 months in November 2007. The contractor found replacement equipment for this project from another manufacturer that the POS deemed acceptable. These VFD's did not arrive until after the contract scheduled completion date. This precipitated delays in receipt of O&M manuals, testing, adjusting, and balancing and the final commission reports. Substantial Completion was achieved on August 15, 2008.
- **Justification:** This delay was caused by a supplier suspending delivery of VFD components. As a result, the contractor could not perform per original schedule. There were no Liquidated Damages included in this negotiated contract.
- **Consequences of not proceeding:** The project documentation would be incomplete to provide justification for the contractor exceeding the contract completion date.

**FINANCIAL ANALYSIS:** This is a non-compensatory Change Order.

**CONTRACT INFORMATION:** The following information relates to the contract and competitive award:

### **CONTRACT TIME:**

Contract Award date:	April 30, 2007
Original period of performance	April 30, 2007 to March 30, 2008
Original Contract Completion date	March 30, 2008
Previous contract extensions	0 Days
<u>Previous Contract Completion Date</u>	<u>March 30, 2008</u>
This request Change Order No. 002	138 days
<b>Final Contract Completion Date</b>	<b>August 15, 2008</b>

### **CONTRACT PRICE:**

Original Contract amount:	\$2,770,025.00
Previous Change Order No. 001	\$15,581.00
Current Contract Amount	\$2,785,606.00
This Change Order No. 002	\$0.00
Final Contract Amount	\$2,785,606.00