

CORRECTED COPY

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No.

6c

ACTION ITEM

Date of Meeting

October 2, 2012

DATE: September 24, 2012 – **Corrected October 10, 2012**

TO: Tay Yoshitani, Chief Executive Officer

FROM: Ralph Graves, Managing Director, Capitol Development
Janice Zahn, Assistant Engineering Director

SUBJECT: Centralized Pre-Conditioned Air Project at Seattle-Tacoma International Airport
MC-03**1**6677

Amount of This Request: \$509,013.00 **Total Project Cost:** \$44,125,000

Source of Funds: Project Contingency and Airport Development Fund

Est. State and Local Taxes: \$3,035,141.13 **Total Contract Cost:** \$35,541,364.37

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to issue Change Order No. 119 for Contract MC-03**1**6677, Centralized Pre-Conditioned Air (PC Air) Project at Seattle-Tacoma International Airport, in the amount of \$509,013 for changes to the routing of piping at the North Satellite Utility Tunnel and Mechanical Room.

SYNOPSIS:

On September 13, 2010, the Port executed a construction contract for PC Air to Lydig Construction. The bid documents identified two locations that would be used to access the North Satellite tunnel for installation of the piping, noting that actual locations and sizes of openings would be coordinated at a later date. After reviewing the indicated locations and performing a survey of the actual tunnel location and dimensions, it was determined the specified locations would not work. Working with the designer and contractor, the Port accepted a revised routing that provided the required access. The new access points were more restrictive and resulted in a longer route. Additionally, the hot water heat exchanger for the North Satellite also required modifications to work with the high pressure steam at this location. The contract bid documents indicated that a low pressure steam system existed in this location. As a result, additional construction costs of \$509,013 have been identified that were unknown at bid time.

A change order is required to compensate the contractor for additional costs due to insufficient detail being provided on the contract documents to accurately bid the amount of work needed to

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

September 24, 2012 – **Corrected October 10, 2012**

Page 2 of 4

install the necessary piping and heat exchanger. The total amount of the contractor's proposal was \$920,301, of which the Port acknowledges an undisputed amount of \$509,013 to be issued under Change Order No. 119.

The construction contingency will be used to pay for this change order. No additional funds are requested.

BACKGROUND:

The PC Air project will allow flight crews to turn off aircraft auxiliary engines and plug in to the Airport infrastructure to receive both heated and cooled air. This will lower costs to the airlines while producing significant environmental benefits by reducing the release of tens of thousands of tons of carbon dioxide (CO₂) emissions each year. This project is a cost-effective way to aid the airlines while improving the quality of the environment. The airlines have approved funding for this project, most of which will now be covered by the Federal Aviation Administration (FAA) Voluntary Airport Low Emission (VALE) grant. The VALE grant is contingent on completing the work within three years of grant approval.

Lydig Construction was the low bidder with contract execution on September 13, 2010. The original contract amount was \$27,013,400.00 with a contract completion date of December 12, 2012.

The contract design utilized tunnel access locations that were unusable and specified a low pressure steam heat exchanger as opposed to high pressure steam available at that location. The result of the final tunnel access points was a longer route and additional joints and modifications to the heat exchanger to accept high pressure steam.

CHANGE ORDER DESCRIPTION:

The following information relates to the pending change order scope and cost:

Change Order No. 119

Scope of work: The contractor shall provide a revised heating water system for the North Satellite and revised pipe routing for the North Satellite Utility Tunnel and Mechanical Room per approved shop drawing 15010-017.01 for the total amount of \$509,013.

The change order is being issued unilaterally because the value of the change order is being protested by the contractor. The remainder of the difference between the contractor's proposal and this change order will be addressed as a disputed claim.

JUSTIFICATION:

Subsequent to the execution of the construction contract, it was discovered that the designed routing did not include enough information for the contractor to properly bid the work. This

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

September 24, 2012 – **Corrected October 10, 2012**

Page 3 of 4

included locations indicated for accessing the North Satellite Utility Tunnel. Working collaboratively with the contractor, Port staff and design consultant agreed upon a new routing that allowed the installation of the piping in the tunnel. This routing constitutes the lowest cost and impact option to the project to complete pipe routing to the North Satellite.

CONTRACT INFORMATION:

The following information relates to the contract and competitive award:

Contract award date:	September 13, 2010
Original period of performance:	September 13, 2010 – December 12, 2012
Previous contract extensions:	37 Working Days
Contract extension this change order:	0 Days*
Current Contract Completion Date:	January 17, 2013

FINANCIAL INFORMATION:

Original contract amount:	\$27,013,400.00
Previous Change Orders Executed:	\$4,158,544.00
<u>Current contract amount</u>	<u>\$31,948,854.00</u>
This request, Change Order No. 119	\$509,013.00
Subtotal Construction Costs	\$32,457,867.00
<u>Anticipated sales tax @ 9.5%</u>	<u>\$3,083,497.37</u>
Revised Contract Amount	\$35,541,364.37

*As there are multiple issues affecting the completion of the work, additional time may be granted by separate change order after an analysis of whether this specific issue impacted the project critical path and delayed the construction schedule.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

On January 13, 2009, the Commission authorized procurement and execution of service agreements with consultants to perform design, prepare contract documents, and perform contract administration for the Pre-Conditioned Air project at Seattle-Tacoma International Airport in the amount of \$3,770,000.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

September 24, 2012 – **Corrected October 10, 2012**

Page 4 of 4

On May 11, 2010, the Commission authorized staff to advertise for bids, apply a Project Labor Agreement (PLA), and authorize Port Construction Services to perform pre-construction work, including moving tenants, for Phase I and Phase II of the PC Air Project (CIP # C800238) at the Airport and execute a construction contract. This authorization was for \$36,830,000. The estimated total project cost is \$40,600,000.

On May 24, 2011, the Commission authorized execution of a \$400,000 amendment to the professional service agreement with Stantec Consulting. Total project funding authorization remained at \$40,600,000.

On September 27, 2011, the Commission authorized a budget increase \$3,525,000 to cover additional costs to the construction budget, outside professional services and PMG soft costs. Total project funding authorization increased to \$44,125,000.

On September 11, 2012 the Commission authorized execution of Change Order 113 in the amount of \$776,910 for changes to the pipe routing at D Concourse. Total project funding authorization remained at \$44,125,000.