

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

**COMMISSION AGENDA**

**Item No.** 5d

**ACTION ITEM**

**Date of Meeting** November 13, 2012

**DATE:** November 5, 2012

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

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

**SUBJECT:** Passenger Loading Bridge Replacement Project – Airline Realignment  
(C800467)

**Amount of This Request:** \$0

**Source of Funds:** Existing revenue bonds and  
future revenue bonds

**Est. State and Local Taxes:** \$99,000

**Est. Construction Jobs Generated:** 13

**Total Project Cost:** \$14,874,000

**ACTION REQUESTED:**

Request Port Commission authorization for the Chief Executive Officer to execute a major works construction contract to install one new Passenger Loading Bridge (PLB) at Gate B1 and to refurbish one PLB at Gate B11 for the amount of \$597,093. No additional funding is requested to execute this contract.

**SYNOPSIS:**

This project represents the continuation of the one-time realignment of air carrier operations that is taking place at the Airport and is included in the 2013-2017 capital budget and plan of finance. As part of the ongoing Terminal Realignment program, this project will install one new PLB at Gate B1 where one does not currently exist. It will also purchase and refurbish the 23 year old, airline-owned PLB at Gate B11 thereby bringing it up to current code and Airport PLB standard.

On July 24, 2012, the Port received two bids for this scope of work as a Major Public Works project, and both bids were more than 10% over the engineer's estimate. Port staff decided to re-bid this work, as authorized by the Commission on October 2, 2012, and revised the engineer's estimate to \$537,948 for the rebid work. The Port received four bids on October 30, 2012, all of which exceeded the engineer's estimate by more than 10%. Staff has analyzed these bids and has determined that they accurately represent the current bid market. Staff believes the low bid of \$597,093 by Lydig Construction offers a fair and reasonable price. Staff recommends that the Commission approve the execution of this contract as provided for by Section 4.2.3.4. of Resolution No. 3605, as amended, which requires Commission approval to proceed in the case of a bid irregularity, such as the bid being greater than 10 percent over the engineer's estimate.

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### **BACKGROUND:**

This project continues the next phase of PLB Replacement – Airline Realignment work for the two affected gates at Concourse B. It further advances the Airport’s objective to standardize on John Bean Technologies AeroTech / Jetway PLBs and components.

On July 24, 2012, proposals from two bidders for this scope of work came in at \$781,530 and \$776,776, which were 98% and 97% higher than the engineer’s cost estimate. Changes were made by Staff to the phasing of the work and the previous 6% Small Contractor and Supplier participation requirement was also waived. The Commission authorized rebidding the revised scope of work at the October 2, 2012 Commission meeting. However, the new bids seem to indicate that the previous small business requirement was not a factor in bid price. On October 30, 2012, the Port of Seattle received four bids ranging from \$597,093 to \$825,335 as shown in the table below. All bids were more than 10% over the engineer’s estimate; therefore, in accordance with Resolution No. 3605, as amended, staff is seeking Commission approval to execute this contract.

Contactor	Bid	Variance
Lydig Construction	\$597,093	11%
PCL Construction	\$629,271	17%
Mowat Construction Company	\$777,025	44%
M D Moore Company Inc.	\$825,335	54%

Staff analyzed the engineer’s estimate of \$537,948 and identified three primary shortfalls associated with the following items:

- Additional mobilization/demobilization costs arising from performing this scope of work during the winter months.
- Necessary upgrades to the subsurface Industrial Wastewater System adjacent to the PLB foundation at Gate B1.
- Need for additional work crew on the B11 refurbishment based upon previous experience with similar work being completed at Concourse D.

Based on the qualifying factors stated above and because all four bids were above the engineer’s estimate, staff believes the bid tendered by Lydig Construction accurately represents the current bid market as well as a fair and reasonable price. Commission authorization to proceed with the Lydig bid will also allow this scope of work to take place as scheduled.

The low bid amount exceeds the engineer’s estimate by \$59,145 or 11%. As a result of cost savings realized on an earlier phase of this project no additional funding is being requested.

Specific Commission authorization is required by Section 4.2.3.4 of Resolution No. 3605, as amended, due to a bid irregularity, i.e., the bids being greater than 10 percent over the engineer’s estimate. This bid amount exceeds the engineer’s estimate by \$59,145 or 11%. As a result of cost savings realized on an earlier phase of this project. no additional funding is being requested.

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### **PROJECT JUSTIFICATION:**

The work planned under this authorization represents the next phase in a time-critical sequence supporting the broader airline realignment effort while also providing improved operational flexibility and efficiency at the Airport.

### **PROJECT SCOPE OF WORK AND SCHEDULE:**

#### ***Scope of Work:***

This scope of work will take place at Concourse B and includes:

- Installation, testing and commissioning by a major works contractor of one new PLB and associated equipment and components at Gate B1, to include installation of a new PLB foundation along with architectural, electrical, data, mechanical and infrastructure upgrades as necessary to meet new PLB standards and current code requirements.
- Renew / replace primary PLB systems, equipment, components and finishes at Gate B11 in order to meet new PLB standards and current code requirements.
- New PLB and PLB component purchases utilized an existing competition waiver allowing for sole source procurement of these items directly from the manufacturer.
- Design, purchase of the new PLB for Gate B1 and pre-purchase of long lead proprietary items for the B11 refurbishment have already been accomplished.

#### ***Schedule:***

<b><u>Activity</u></b>	<b><u>Dates</u></b>
Advertise Bid Package	October 4, 2012
Receive Bids	October 30, 2012
Award and Execute Bid Package	November 30, 2012
Construction Work Start	January 28, 2013
Construction Work Completed	March 8, 2013

### **FINANCIAL IMPLICATIONS:**

#### **Budget Status and Source of Funds:**

This project is included in the 2013-17 capital budget and plan of finance within CIP #C800467, Passenger Loading Bridge Replacement – Airline Realignment with a budget of \$14,874,000. The funding sources will include existing 2010 revenue bonds and future revenue bonds. As discussed at the plan of finance briefing on October 23, 2012, the Port plans to issue revenue bonds in 2013 or 2014 to fund a number of projects.

### **ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:**

Alternative #1: Do Not Award Contract: Staff evaluated rejecting all bids for a second time and re-advertising the contract which would seriously delay the project and interrupt the airline realignment effort. Frontier Airlines is scheduled to be assigned to gate B1 and Virgin America will be assigned to Gate B11 at the end of March 2013. Rejecting bids and re-advertising this

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scope of work will seriously delay the project and these airline moves. This is not a recommended alternative.

Alternative #2: Award Contract: Based upon our technical analysis of the factors which affected the bid prices, Port staff believes this bid price from Lydig Construction is fair and reasonable. Staff recommends the Commission authorize for contract award. This is the preferred alternative.

### **OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:**

None.

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:**

On October 2, 2012, the Commission authorized the Chief Executive Officer to re-advertise and execute one construction contract to install one new Passenger Loading Bridge (PLB) at Gate B1 and to refurbish one PLB at Gate B11. The total estimated cost for this phase of the project is \$1,570,000.

On March 27, 2012, the Commission authorized design and construction of gate B1 and B11 jet bridges as elements of Passenger Loading Bridge Replacement Project- Airline Realignment (C800467) in the amount of \$1,570,000.

On February 22, 2011, the Commission authorized the first phase of the Passenger Loading Bridge Replacement – Airline Realignment Project (C800467) including design, purchase, and execution to replace, refurbish and relocate PLBs at Concourse D.

### **ADDITIONAL COMMISSION BRIEFINGS AND ACTIONS:**

The PLB project is part of the ongoing Terminal Realignment Program. The Commission has also briefed on terminal realignment at the following meetings.

On September 11, 2012, the Commission authorized Airline Realignment Tenant Improvement Program - Reimbursement for Alaska Airlines for Seattle-Tacoma International Airport (Expense WP 104756) in the amount of \$1,179,000.

On September 11, 2012, the Commission authorized Airline Realignment Tenant Improvements (Expense) Regulated Materials Management for Zone 2 Ticket Counter and Offices and Tenant Relocation in the amount of \$730,000.

On July 10, 2012, the Commission authorized Airline Realignment Tenant Improvements in the amount of \$4,243,400 to advertise and execute a construction contract and use of Port Crews for Airline Tenant Improvements – Airline Realignment.

On July 10, 2012, the Commission authorized CUSE construction at ticket counters and gates, and seating in the amount of \$1,887,000.

On June 26, 2012, the Commission was provided an update briefing with the NorthSTAR budget restructuring.

On June 26, 2012, the Commission authorized additional budget of \$400,000 to add two fuel pits (C800472).

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On April 24, 2012, the Commission authorized Airline Realignment Tenant Improvements in the amount of \$225,000 for regulated materials management.

On April 10, 2012, the Commission authorized additional budget to enter into a construction contract for airfield improvements including Exterior Gate Improvements – Airline Realignment (C800472).

On January 24, 2012, the Commission received a briefing on the Airport Realignment Program.

On January 24, 2012, the Commission authorized construction of Exterior Gate Improvements – Airline Realignment (C800472) in the amount of \$2,613,000.

On January 24, 2012, the Commission authorized design for CUSE at Ticket Counter/Gates & Seating (C800473) in the amount of \$484,000.

On December 6, 2011, the Commission authorized construction of Baggage Handling System (BHS) Improvements – C22 BHS Connection to C1/C1-MK1 Replacement (C800382) at the Airport in the amount of \$3,604,000.

On December 6, 2011, the Commission authorized design of the Miscellaneous Building Improvements – Airline Realignment (C800475) at the Airport in the amount of \$1,721,000.

On December 6, 2011, the Commission authorized design of the Airline Tenant Improvements – Airline Realignment (expense) at the Airport in the amount of \$3,776,000.

On November 22, 2011, the Commission was provided with a verbal preliminary briefing of December 6, 2011, items with a diagram.

On September 27, 2011, the Commission authorized execution of an IDIQ contract for Airline Realignment Tenant Improvements and Ticket Counter Design services totaling \$10,000,000.

On September 12, 2011, the Commission received a summary briefing on the Airport Realignment Program at the Airport.

On June 14, 2011, the Commission authorized design of the Exterior Gate Improvements – Airline Realignment project (C800472) at the Airport in the amount of \$499,000.

On June 14, 2011, the Commission authorized design of the Airport Signage – Airline Realignment project (C800474) at the Airport in the amount of \$238,000.

On March 1, 2011, the Commission authorized design and some construction of the Baggage Handling System (BHS) Improvements - C22 BHS connection to C1/C1-MK1 Replacement /TC3 Replacement (C800382) in the amount of \$1,731,000.

On February 22, 2011, the Commission was shown a summary listing of realignment projects and authorized Planning for Terminal Realignment in the amount of \$713,000.

On January 25, 2011, the Commission was briefed on several projects that are part of the overall airline realignment program and which required a single Commission authorization in order to meet the realignment schedule. The first part of the realignment program was authorized by the Commission on this date under the Concourse D Common Use Expansion Project (C800455).

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On September 28, 2010, the Commission was given a summary briefing of the upcoming 2011 capital improvement plan that included the airline realignment program elements.

On June 8, 2010, the Commission authorized execution of an IDIQ contract for the Terminal Development Strategy Campus Planning Services IDIQ in the amount of \$1,300,000.