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

**COMMISSION AGENDA**

**Item No.** 5d

**ACTION ITEM**

**Date of Meeting** September 11, 2012

**DATE:** August 31, 2012 – **Corrected October 17, 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-0316677

**Amount of This Request:** \$776,910.00      **Source of Funds:** Project Contingency

**Est. State and Local Taxes:** \$3,035,141.13      **Total Project Cost:** \$44,125,000

**ACTION REQUESTED:**

Request Commission authorization for the Chief Executive Officer to issue Change Order No. 113 for Contract MC-0316677, Centralized Pre-Conditioned Air (PC Air) Project at Seattle-Tacoma International Airport in the amount of \$776,910 for changes to the pipe routing at D Concourse.

**SYNOPSIS:**

On September 13, 2010, the Port executed a construction contract for PC Air to Lydig Construction. During construction, the contractor identified many obstructions to the pipe routing for Concourse D that were not addressed within the contract documents. In its submittals for piping fabrication of Concourse D, the contractor proposed alternate pipe routings to avoid obstructions, ease installation, and accommodate the building expansion joints not indicated on the drawings. After reviewing the contractor's proposal, the Port approved the revised routings as these routings provided equivalent performance at the lowest cost to the Port when compared to the contract design shown in the bid documents. As a result, additional construction costs of \$776,910 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 install the necessary piping. The total amount of the contractor's proposal was \$1,345,160, of which the Port acknowledges an undisputed amount of \$776,910 to be issued under Change Order No. 113.

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The construction contingency will be used to pay for this change order. While the project budget is sufficient for now, staff intends to return to Commission later this year to request additional authorization.

### **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 (CO<sub>2</sub>) 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 had omitted many of the existing building details which required re-routing many of the pipe runs. The Concourse D pipe routing is the longest and experienced the biggest impact of all the concourses.

### **CHANGE ORDER DESCRIPTION:**

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

#### **Change Order No. 113**

**Scope of work:** The contractor shall provide a revised piping system at Concourse D per approved shop drawing 15010-015.01 for the total amount of \$776,910.

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 included interferences where the pipe was to be installed along with missing building details. Working collaboratively with the contractor, Port staff and design consultant agreed upon a new routing which simplified the installation of the pipe. However omissions in the design regarding building expansion joints required the addition of numerous pipe expansion joints and associated appurtenances that were not in the original bid documents. This routing constitutes the lowest

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cost and impact option to the project to complete pipe routing to D Concourse (which eventually feeds the North Satellite as well).

### **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>\$31,171,944.00</u>
This request, Change Order No. 113	\$776,910.00
Subtotal Construction Costs	\$31,948,854.00
<u>Anticipated sales tax @ 9.5%</u>	<u>\$3,035,141.13</u>
Revised Contract Amount	\$34,983,995.13

\*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.

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,

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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.