



**COMMISSION
AGENDA MEMORANDUM**

Item No. 4e

ACTION ITEM

Date of Meeting July 11, 2017

DATE: June 23, 2017

TO: David Soike, Interim Executive Director

FROM: Ralph Graves, Senior Director, Capital Development
Janice Zahn, Assistant Engineering Director, Construction Services

SUBJECT: C60 Interim: Transportation Security Administration Search Room Expansion / Enhancement Project Change Order # 17 (CIP #C800825)

Amount of this request: \$0

Total estimated project cost: \$14,200,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute Change Order 17 to Contract MC-0318605, C60 Interim TSA Search Room Expansion/Enhancement Project at Seattle-Tacoma International Airport, to extend the contract duration by 84 calendar days and for the deductive amount of \$18,312.00. No additional funds are being requested.

EXECUTIVE SUMMARY

The Transportation Security Administration (TSA) Search Room Expansion/Enhancement Project was one of several elements within the interim project on the C60 baggage handling system (BHS). The purpose of this project was to improve security and increase reliability until the C60 BHS is replaced in 2023.

The original engineer's estimate for the construction contract was \$6.1 million, with a total project budget of \$14.2 million. The execution of this change order reconciles all contract time issues with the contractor, MD Moore Company, Inc. Of the 84 days of time extension, 72 days are excusable and non-compensable and 12 days are unexcusable for a credit of \$18,312.00. No additional funds are needed.

JUSTIFICATION

Interim improvement projects are necessary to keep up with airline customers' rapid growth of flights and passengers prior to when the Baggage Optimization project will improve this portion of the Airport. Meetings with both airline and TSA leadership, and their respective technical staff teams from across the country, confirmed that these interim elements are necessary.

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The urgency of this work was very high. The Port’s airline customers have demanded that the Airport find solutions to the frequent disruptions to their operations they experienced during the summer of 2015, and be prepared to handle an even larger volume of passengers on the system in the future. The elements of this project address these concerns.

The TSA Search Room Expansion/Enhancement Project was one element of the interim project executed as a major construction contract.

DETAILS

On July 18, 2016, the Port executed a construction contract with MD Moore Company, Inc. for the amount of \$5,428,522.00 and a contract completion date of November 16, 2016. Actual Substantial Completion was not achieved for the project until February 8, 2017, a project delay of 84 calendar days. Although completed late, the project successfully expanded the TSA search room and improved the C60 BHS. The Contractor and Port had several issues that affected the schedule.

After a detailed analysis, the Port acknowledged that there was one specific design change that contributed to the time impact. The design change was minor in scope, but impacted the schedule due to the fact that the BHS components had a long lead time. The design change was issued to the contractor on November 11, 2016. The BHS components were delivered to the site on January 11, 2017. They were installed, tested, and completed by January 27, 2017. This contributed to 72-days of concurrent delay. The contractor concurrently delayed the schedule due to two separate issues:

1. Two incorrect motor control panels (MCP) that were delivered to the site and required modifications.
2. Fabrication delays from the BHS supplier.

The contractor completed installation and testing allowing the Port to issue Substantial Completion on February 8, 2017. Therefore, the contractor is solely responsible for 12 days of schedule delay.

Scope of Work

Work elements included increasing the TSA search room capacity, eliminating a single point of failure, incorporating reinsertion/rescreening equipment and improving the overall system functionality.

Schedule

Activity

Commission design authorization	2015 Quarter 4
Design start	2015 Quarter 4
Commission construction authorization	2016 Quarter 1

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Construction start	2016 Quarter 3
In-use date	2017 Quarter 1

<i>Contract Cost Breakdown</i>	<i>Total</i>
<i>Original Contract Amount</i>	<i>\$5,428,522.00</i>
<i>Current Executed Change Order Amount</i>	<i>\$ 46,328.19</i>
<i>Current Contract Amount</i>	<i>\$5,474,850.19</i>
<i>Change Order #17</i>	<i>(\$18,312.00)</i>

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not authorize the issuance of the change order, and start the dispute resolution processes.

Cost Implications: Additional staff soft costs, potential legal expenses.

Pros:

- (1) Further negotiation *may* reduce the amount of time considered concurrent delay.

Cons:

- (1) Delays project closeout and increases Port costs to continue negotiations.
- (2) Creates a risk potential for litigation and potentially higher settlement amount.

This is not the recommended alternative.

Alternative 2 – Authorize the issuance of the change order for the deductive amount of \$18,312.00 and 84 calendar days. If executed, this will settle all outstanding time impacts between the Port and the contractor.

Cost Implications: None.

Pros:

- (1) Settles all time impacts with the contractor.

Cons:

- (1) None.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

There is no additional funding being requested in this memo. The project has adequate funds to cover this request.

ATTACHMENTS TO THIS REQUEST

None

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PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

July 12, 2016 – The Commission authorized execution of a major public works construction contract with the sole responsive and responsible bidder for the C60 Interim Baggage Handling System Project.

June 28, 2016 – Baggage Program Briefing.

January 12, 2016 – The Commission authorized advertisement, award, and execution of a major public works contract for the C60 Interim Baggage Handling System Project.

December 8, 2015 – The Commission authorized design, use of Port crews, and equipment purchase for the C60 Interim Baggage Handling System Project.

June 23, 2015 – Baggage Optimization Briefing.