



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6d

ACTION ITEM

Date of Meeting November 13, 2018

DATE: October 5, 2018

TO: Stephen P. Metruck, Executive Director

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

SUBJECT: Stage 3 Mechanical Energy Conservation Project (CIP #C800658)

Amount of this request: NONE

Total estimated project cost: \$7,121,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute Change Order 1 to Contract MC-0319157, at Seattle-Tacoma International Airport, to extend the contract duration by 116 calendar days to correct an administrative error in the calculation of the contract duration. No additional funds are being requested, nor does the requested time extension represent a delay to the project.

EXECUTIVE SUMMARY

This project is the third phase of the Airport's mechanical energy conservation program reducing energy usage throughout SeaTac Airport. On July 25, 2017, the Commission authorized the design and construction of the project through the Washington State Department of Enterprise Services (DES) Energy Services Contractor (ESCO) program. An administrative error by DES caused the contract duration to be issued incorrectly.

The Stage 3 project directly supports the Century Agenda Goals to meet future energy needs through conservation and to reduce greenhouse gas emissions. It also advances the accelerated goals in the Energy and Sustainability Policy (E&S Policy) recommendations by adding electrical sub-metering to 35 motors that serve large mechanical system loads.

DETAILS

Background

After Commission approval of the project in July 2017 DES amended an existing contract with the ESCO on January 20, 2018, to provide design, construction and other services on the Stage 3 Mechanical Upgrades project. In that amended contract, DES stated a Time of Completion of 295 calendar days after Notice to Proceed was issued by DES to the ESCO. This was a calculation

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error by DES in which working days rather than calendar days were counted. Upon recognizing this error, the ESCO requested that DES make an adjustment of 116 days to correct this administrative error. On August 16, 2018, DES notified the Port and requested that an administrative change in the contract duration be approved. This Commission action corrects the contract duration by adding 116 days for a total duration of 411 consecutive calendar days from NTP which was issued by DES on March 5, 2018. The DES contract end date then becomes April 20, 2019.

Scope of Work

This project will improve the efficiency of the Airport’s mechanical systems, replace equipment that has exceeded its useful life and reduce energy usage. Energy savings will be achieved for both electricity and natural gas, with a resulting reduction in carbon emissions.

The project work includes:

- (1) Optimize chilled water production and distribution network
- (2) Remove non-performing heat exchanger in the chilled water system
- (3) Replace direct expansion refrigeration units with chilled water units and install duct work in the main data center to improve cooling at the server racks
- (4) Optimize chilled water pumping
- (5) Monitor indoor air quality in the airport Main Terminal to improve efficiency and reduce energy consumption
- (6) Install air curtains at public doors on baggage and ticketing levels to reduce the amount of conditioned air leaving the building
- (7) Replace older constant volume terminal boxes with variable volume boxes
- (8) Insulate condensate tanks
- (9) Add electrical submetering.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not award the additional days.

Cost Implications:

Pros:

- (1) None.

Cons:

- (1) The contractor would be unable to complete the work within the contract time and would therefore be unduly subjected to liquated damages due to this administrative error. The Port and DES may be subject to litigation or be unable to close out the contract with the ESCO.

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Alternative 2 – Award the 116 days requested.

Cost Implications: None.

Pros:

- (1) ESCO will be allowed to complete the contracted work within the corrected number of contracted days.

Cons:

- (1) None.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

There is no additional funding being requested in this memo.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

July 25, 2017 – The Commission authorized executing the Interagency Agreement

July 11, 2017 – The Commission was briefed on Stage 3 Mechanical Energy Conservation

June 24, 2014 – The Commission authorized Stage 3 Mechanical Energy Conservation Audit

March 11, 2014 – The Commission was briefed on Stage 3 Mechanical Energy Conservation