



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.**

6h

**ACTION ITEM**

**Date of Meeting**

August 11, 2020

**DATE:** August 3, 2020

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Wayne Grotheer, Director, Aviation Project Management  
Janice Zahn, Assistant Engineering Director, Construction

**SUBJECT:** Funding Request C800697 Restroom Upgrades Concourses B, C and D

**Amount of this request:** \$350,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to increase the authorized spending for the Restroom Upgrades Concourses B, C, and D project at Seattle-Tacoma International Airport by \$350,000, of which \$232,000 are COVID-19 related.

**EXECUTIVE SUMMARY**

This request is for additional authorized spending for the Restroom Upgrades Concourses B, C, and D project to meet its current and expected payment obligations for two construction contracts completing the second and third phases of the project. It includes COVID-19-related costs of \$232,000 and would bring the total project authorization to \$18,142,000.

During construction, multiple change orders were required to compensate the Phase 2 contractor for issues encountered including the cost impacts of COVID-19. On May 21, 2020, staff notified the Commission of the execution of cumulative contract change orders exceeding 25% of the contract value, as required by Resolution No. 3605, paragraph 4.2.3.8. Construction issues for the Phase 2 contract continues to require change orders, with the cumulative amount now exceeding 33% due mostly to varying site conditions. In addition, both Phase 2 and Phase 3 construction contracts have incurred COVID-19 costs, as reported to the Commission in the monthly reports provided under Commission Motion 2020-09.

Staff had previously planned to include the additional project authorization for increased Phase 2 and Phase 3 construction costs into the larger request for Commission action scheduled for September to support Phases 4 and 5 of the project. Several factors have resulted in this separate request proceeding now for funds to support Phase 2 and Phase 3. The project has incurred high change order costs, as described above. The project team under-forecasted commitments that exceeded the project's authorization. Staff will implement new tools and processes to prevent reoccurrence. A more thorough lessons learned process is underway, but

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the urgency of this request does not allow the results to be included here. Staff can discuss this in more detail during the Commission meeting and will report these results in writing to the Commission at a later date.

**JUSTIFICATION**

This action is required for the Port to meet its obligations and pay for work that has now been completed.

**DETAILS**

This is a five-phased project. The Phase 1 enabling project completed in 2018. Construction for the Phase 2 enabling project substantially completed in June. These enabling projects created space in the public areas of the concourses for new public restrooms. The remaining phases, Phases 3 through 5, construct the restrooms. Phase 3 restroom construction is underway and anticipated to be complete in August. Phases 4 and 5 restroom construction will follow in 2021 and 2023. Phases 2 and 3 are the subject of this request.

On January 8, 2019, the Port opened bids for MC-0319267, the construction contract for Phase 2. The low bid at \$4,244,000 was \$322,000 or 8.2% over the Engineer’s Estimate of \$3,922,000. At that time staff evaluated the project budget and determined that the project could proceed and that the project budget could absorb this cost increase.

Substantial completion was issued for Phase 2 construction in June, with minor follow-up work remaining. Since the May 21 Commission notification of over 25% cumulative change orders issued, further change orders have been required and the total now exceed 33% due to multiple issues. The causes included varying site conditions (21.2%), tenant requested changes (3.3%), scope changes (0.6%), designer error and omissions (5.3%), owner error and omission (1.1%), regulatory requirements (1.4%), and COVID-19 (2.6%). These costs were provided as a part of the May 21 Commission notification. Examples of the varying site conditions included the need to reroute and re-support ventilation system ductwork to avoid unforeseen site obstructions and the need to update the fire protection system to current standards.

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

Staff evaluated alternatives including stopping all work or reducing scope to fit the remaining budget and none were viable for this situation.

**FINANCIAL IMPLICATIONS**

***Authorization Summary***

	Capital	Expense	Total
<b>AUTHORIZATION</b>			
Previous authorizations	\$17,751,000	\$41,000	\$17,792,000
Current request for authorization	\$118,000	\$0	\$118,000

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Motion 20-09 authorization increase	\$232,000	\$0	\$232,000
Total authorizations, including this request	\$18,101,000	\$41,000	\$18,142,000
Future Phase 4/5 Authorization (pending)	\$43,858,000	\$0	\$43,858,000
Remaining amount to be authorized	\$20,237,000	\$0	\$20,237,000

***Annual Budget Status and Source of Funds***

This request does not change the project budget or source of funds.

**ADDITIONAL BACKGROUND**

This project renovates existing restrooms and constructs new restrooms for public use on Concourses B, C, and D at Sea-Tac International Airport. These new restrooms will offer improvements to facilities used by nearly all travelers through the airport and offer improvements to a key measure in the Airport's user satisfaction surveys.

**ATTACHMENTS TO THIS REQUEST**

None.

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

July 29, 2020 – The Commission was notified of change orders exceeding 10% of the original contract amount for Phase 3.

May 21, 2020 – The Commission was notified of change orders exceeding 10% and 25% of the original contract amount for Phase 2.

September 24, 2019 – The Commission authorized execution of a construction contract for Phase 3 of this project that was more than 10% over the engineers estimate and authorized additional construction funds for \$1,200,000.

September 12, 2019 -The Commissioners and Executive Director Metruck received an Executive Response from Aviation Managing Director Lyttle regarding All-Gender Restrooms.

February 26, 2019 – The Commission was briefed by staff on a recommendation to move forward with motion to develop a Seattle-Tacoma International Airport gender inclusive restroom plan.

October 23, 2018 – The Commission authorized construction of Phase 2 and Phase 3 of this project for \$8,969,000.

October 23, 2018 – The Commission was briefed on the status of the motion to develop a Seattle-Tacoma International Airport gender-inclusive restroom plan.

May 22, 2018 – The Commission heard a motion to develop a Seattle-Tacoma International Airport gender-inclusive restroom plan.

September 12, 2017 – The Commission authorized construction of Phase 1 of this project for \$2,536,000

July 12, 2016 – The Commission authorized the design for \$5,087,000.