



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8f

ACTION ITEM

Date of Meeting September 28, 2021

DATE: September 20, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Randy Krause, Fire Chief
Wayne Grotheer, Director, Aviation Project Management

SUBJECT: Interim Westside Fire Station – Budget Request (CIP #C800876)

Amount of this request: \$300,000

Total estimated project cost: \$10,088,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) increase funding for the Interim Westside Fire Station project, at Seattle-Tacoma International Airport, by \$300,000 for a new total of \$10,088,000, to complete construction, and (2) execute a change order in excess of 60 days as necessary to reconcile the contract time.

EXECUTIVE SUMMARY

This request is for additional budget for the Interim Westside Fire Station for two purposes. In March 2021, when last in front of the Commission, the project team anticipated this project's construction would be complete in May 2021. Since that time, the construction schedule of the Fire Station has continued to slip due to contractor inefficiencies, supply chain difficulties, and continued impacts of COVID-19. As a result of this schedule slippage, additional costs are forecasting again beyond the project budget. The project team has forecasted \$300,000 will be required to complete the project including contingency for further risk of delays.

The project team is requesting authority to execute a future change order to this contract for the schedule delays, which has exceeded 60 days and reconcile contract time. Remedies, including liquidated damages will be addressed once the contract substantial completion date has been achieved by the contractor. Note that these remedies may ultimately offset the additional cost but not before the project costs occur. Construction is now anticipated to be complete in November 2021. Additional action may be required to incorporate a future lease amendment to address shared use of the PACCAR Hangar parking lot.

Meeting Date: September 28, 2021

JUSTIFICATION

This action will allow the project to continue through construction. It is the quickest way to complete the project and open the facility for use.

This project's construction schedule has continued to slip due to contractor inefficiencies, supply chain difficulties, and continued impacts of COVID-19. As a result of this schedule slippage, additional costs are forecasting again beyond the project budget. Construction is now anticipated to be complete in November 2021.

Most of the project's cost growth has been driven by the need to cover staff's additional time. In order to provide construction inspectors, resident engineers, construction managers, project managers, engineering specialty consultants, security personnel, operational personnel, to manage work around an active airfield, monitor and review contractor submittals, perform quality checks, and manage the program, it is necessary to increase the budget to cover these additional soft costs.

The project team continues to evaluate the project schedule to determine responsibility for each delay. Delays attributable to the contractor will remain the responsibility of the contractor to remedy.

In addition, the project team is requesting authority to execute a future change order for the delay which will exceed 60 days. While the exact number of days will not be known until construction is complete, seeking this authority now will improve the efficiency of completing the contract including applying remedies, including Port collection of liquidated damages from the contractor, per the terms of the contract.

Diversity in Contracting

The project team worked with the Diversity in Contracting Department to set an 11% Women and Minority Business Enterprise (WMBE) goal for the Interim Westside Fire Station. To date, the WMBE utilization for this design-build contract is achieving 68.46%. Note that the prime contractor is a WMBE firm.

DETAILS

This project will establish a stand-alone, fully functional fire station on the west side of the airfield to meet Federal Aviation Administration (FAA) mandated airfield firefighting requirements. This new fire station will provide necessary accommodations to house firefighters and Aircraft Rescue Fire Fighting (ARFF) vehicles for 24/7/365 operation. This new facility will replace temporary facilities that included a tent structure to cover one rescue vehicle and multiple leased rooms within the adjacent PACCAR hangar for firefighters and some equipment. Parking for the facility will be accommodated in PACCAR's leased parking lot. Discussions are in process between PACCAR and the Port to integrate each party's requirements into a shared use agreement for the

Meeting Date: September 28, 2021

parking lot. These negotiations are in the final stages and will be reflected in a lease amendment and subsequent Commission memo if required.

As required by Resolution 3605, paragraph 4.2.3.8, we would like to notify Commission of the execution of a change order on this major construction public works contract which resulted in the current cumulative contract amount exceeding 10% of the original contract executed amount. This change order was less than \$300,000. Details can be found in the Additional Background section below.

Scope of Work

The project scope of work has not changed. This project designs and constructs a building to accommodate the necessary living quarters for five (5) firefighters and vehicle bays for the storage of two (2) ARFF vehicles. The building is located directly east of the PACCAR company hangar.

The living quarters will consist of five (5) bunkrooms, a day room, kitchen, restrooms with showers, laundry facilities and an exercise room. Secured entry doors, video conferencing equipment and an emergency response alerting system will be installed. The ARFF vehicle bays include features currently used at the existing fire station such as vehicle exhaust extraction.

Schedule

Construction is anticipated to complete in November 2021.

Activity

Commission construction authorization	2019 Quarter 4
Construction start	2020 Quarter 2
In-use date	2021 Quarter 4

Cost Breakdown

	This Request	Total Project
Design	\$0	\$980,000
Construction	\$300,000	\$9,108,000
Total	\$300,000	\$10,088,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

The project team has evaluated alternatives such as reducing the project scope and determined that they are not viable solutions.

Meeting Date: September 28, 2021

Alternative 1 – Increase the project budget by the forecasted \$300,000 only, excluding the change order authority.

Cost Implications: \$300,000

Pros:

- (1) This will provide funding to cover known and anticipated costs.

Cons:

- (1) A future request for change order authority would be needed later.

This is not the recommended alternative.

Alternative 2 – Include the change order authority along with the \$300,000 additional budget request.

Cost Implications: \$300,000. Note: Unspent contingency will be returned after project completion for use in funding other Aviation projects.

Pros:

- (1) This will reduce the number of authorization requests for this project on the Commission agenda.

Cons:

- (1) None

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$2,400,000	\$0	\$2,400,000
Previous changes – net	\$7,318,000	\$70,000	\$7,388,000
Current change	\$300,000	\$0	\$300,000
Revised estimate	\$10,018,000	\$70,000	\$10,088,000
AUTHORIZATION			
Previous authorizations	\$9,718,000	\$70,000	\$9,788,000
Current request for authorization	\$300,000	\$0	\$300,000
Total authorizations, including this request	\$10,018,000	\$70,000	\$10,088,000
Remaining amount to be authorized	\$0	\$0	\$0

Meeting Date: September 28, 2021

Annual Budget Status and Source of Funds

This project was included in the 2021 - 2025 capital budget and plan of finance with a budget of \$9,718,000. The budget increase of \$300,000 has been transferred from the Aeronautical Reserve CIP (C800753) resulting in no net change to the Aviation capital budget. The funding source will be existing revenue bonds.

Financial Analysis and Summary

Project cost for analysis	\$10,088,000
Business Unit (BU)	Airfield Movement Area
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base.
IRR/NPV (if relevant)	N/A
CPE Impact	Range depending on economic life (CPE increase in 2022 of \$0.19 if 3 years; \$0.10 if 6 years; \$0.07 if 10 years)

Future Revenues and Expenses (Total cost of ownership)

Maintenance, utilities, and janitorial costs will be incurred, but this amount is not established at this time.

ADDITIONAL BACKGROUND

As described in previous memos, two factors had initially contributed to the project’s cost growth: a partial work suspension to mitigate the risks of COVID 19 and impacts due to differing site condition. Both factors had the effect of moving construction into an unfavorable winter construction season. The Port continues to emphasize worker safety by requiring the Contractor to continue to follow COVID 19 protocols.

As required by Resolution 3605, paragraph 4.2.3.8, Commission is notified of the execution of a change order on this project’s major construction public works contract which resulted in the current cumulative contract amount to exceed 10% of the original contract executed amount. This change order was less than \$300,000.

- (1) Contractor: Macro-Z Technology
- (2) Original contract amount: \$4,950,000.00
- (3) Current contract amount: \$5,516,974.00
- (4) Change order No. 20 amount: \$200,000.00
- (5) Cumulative contract amount greater than 10%
- (6) Represented cost growth of 11.45%

Circumstances contributing to the cost growth:

- (1) Errors/Omission-Owner (5%): The contract did not require certain Industrial Waste System connections or sufficient building pressurization or air filtration.

Meeting Date: September 28, 2021

- (2) Differing Site Conditions (2.3%): Differing site conditions found during site utility installation which resulted in schedule delays and entitled extended overhead.
- (3) COVID-19 (4%): This contract pre-dated the pandemic and required safety protocols to be added, 50% of which would be paid for by the Port.

Measures taken to respond to these factors:

- (1) Project changes will not be made unless for environmental, usability or health and safety issues.
- (2) Construction is out of the ground and thus should avoid future Differing Site Conditions delays.
- (3) The Project team and Contractor continue to evaluate COVID-19 safety requirements to reduce cost and maintain worker safety.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

March 29, 2021 – The Commission authorized a funding increase for this project.

October 8, 2019 – The Commission authorized a funding increase for this project

May 28, 2019 – The Commission authorized use of a design-build contract for this project. No additional funding was requested.

February 27, 2018 – The Commission authorized design and construction of this project.