



City of San Antonio

Agenda Memorandum

File Number: 18-3417

Agenda Item Number: 10.

Agenda Date: 6/7/2018

In Control: City Council A Session

DEPARTMENT: Aviation

DEPARTMENT HEAD: Russell J. Handy

COUNCIL DISTRICTS IMPACTED: Citywide

SUBJECT:

Change Order for Construction Contract with J3 Company, LLC for Terminal Area Taxiways - Package 2 at the San Antonio International Airport

SUMMARY:

This Ordinance authorizes a change order requested by J3 Company LLC (J3) in the amount of \$575,000.00 for the Terminal Area Taxiway Improvements project - Package 2. The change order is the result of mediation between the City and J3 for the settlement of claims submitted by the contractor. The change order will increase the contract value in the amount of \$575,000.00 to \$16,584,601.32. Funding will utilize previously appropriated funding from available project contingency in the contract.

BACKGROUND INFORMATION:

The City regularly coordinates with the Federal Aviation Administration (FAA) for continued Airport Improvement Program (AIP) funding for eligible projects at the Airport. AIP funding is based on the Airport's preliminary submittal of its annual Airport Capital Improvement Plan (ACIP) to the FAA. Through the ACIP, the Airport identifies priority projects to be funded. These projects may be eligible for grant funding at 75% of eligible project costs with a 25% local matching share.

Since 2013, the Terminal Area Taxiways project has been part of the AIP program. The multi-year, multi-phased project will design and reconstruct Taxiway G from Runway 4/22 to Taxiway A, and Taxiway N from Runway 12R southwest to just beyond Runway 4/22. It will also reconstruct a localized area of Taxiway G at Taxiway Y and construct new parallel taxiways to both Taxiway G and Taxiway N. This work was identified

under the pavement management program as requiring reconstruction to extend its useful life. This work will also help improve aircraft movement in and around the terminals.

Last year, J3 submitted claims to the City for the placement of impacted soils, utility delays and utility relocation for Terminal Area Taxiways - Package 2, totaling \$1,065,966.09. The City and J3 tried to reach an agreement on the claims, but could not do so. Following the dispute resolution process outlined in the contract, the two parties entered into mediation. On May 3, 2018 the Mediation session was held that resulted into the resolution of claims for the impacted soil placement, utility delay, utility relocation work and the liquidated damages associated with Package 2, which resulted in this proposed change order of \$575,000.00.

Previous Council Action

A previously executed contract with J3 in the amount of \$15,582,841.00 was approved by City Council on December 4, 2014. Previously authorized deductive and additive change orders had increased the contract value in the amount of \$426,760.32. The following table illustrates the change orders that have occurred since construction of this project began:

<i>Item</i>	<i>Amount</i>
Original Contract Value	\$ 15,582,841.00
Previously Authorized Change Orders	\$ 426,760.32
<u>Proposed Change Orders</u>	<u>\$ 575,000.00</u>
Revised Contract Value	\$ 16,584,601.32

ISSUE:

City Council authorization is required for change orders over \$100,000.00.

ALTERNATIVES:

If this negotiated change order, which was the result of mediation, is not approved by the City Council, then the case will proceed to a jury trial. It is in the best interest of the City to authorize the change order and authorize the amount in order to avoid the uncertainties and risks associated with litigation in a case of disputed damages.

FISCAL IMPACT:

This action will authorize a change order in the amount of \$575,000.00 to increase the contract amount to \$16,584,601.32 and utilize previously appropriated funding from available project contingency.

RECOMMENDATION:

Staff recommends the approval of the change order to the construction contract with J3 for the Terminal Area Taxiways - Package 2 project.