

## A G E N D A



## Recommendation for Council Action (CCO)

Austin City Council		Item ID:	50810	Agenda Number	6.
Meeting Date:	10/15/2015				
Department:	Capital Contracting Office				
Subject					
Authorize negotiation and execution of guaranteed maximum price work authorization amendments for the construction manager-at-risk contract with HENSEL PHELPS CONSTRUCTION COMPANY for the Austin Bergstrom International Airport Terminal/Apron Expansion and Improvements project in the amount of \$276,000,000 plus \$13,000,000 contingency, for a total contract amount not to exceed \$289,000,000. Related to Item # 7.					
Amount and Source of Funding					
Funding is available in the Fiscal Year 2015-2016 Capital Budget of the Department of Aviation.					
Fiscal Note					
A fiscal note is attached.					
Purchasing Language:	Original contract was awarded to Hensel Phelps Construction on October 23, 2014 through the Construction Manager-at-Risk process.				
Prior Council Action:	October 23, 2014 – authorized negotiation and execution of a Construction Manager-at-Risk agreement with Hensel Phelps Construction Company; February 13, 2014– authorized the use of the Construction Manager-at-Risk contracting method in accordance with Texas Government Code Section 2269, Subchapter F.				
For More Information:	Robert Pirtle, 512-974-7234; Janice White, 512-530-6388; Lynda Williams, 512-974-3066; Sarah Torchin, 512-974-7141.				
Boards and Commission Action:	To be reviewed by the Austin Airport Advisory Commission on October 13, 2015.				
Related Items:					
MBE / WBE:	The preconstruction phase of the contract was awarded in compliance with 49 CFR Part 26, Disadvantaged Business Enterprise Program by meeting the Disadvantaged Business				

	Enterprise Program Goal of 9.63% for the Preconstruction Phase Services.
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Additional Backup Information	
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The Austin Bergstrom International Airport terminal is close to exceeding its service capacity of 11 million total annual passengers. In keeping with the recommendations of the 2003 and 2008 Austin Bergstrom International Airport Master Plan and Master Plan Phasing Projects, the current Terminal/Apron Expansion project expands the existing terminal to the east. This expansion will “balance” the terminal footprint and provide much needed space for the ever-expanding passenger and aircraft operational numbers. This terminal addition will be able to accommodate approximately 4 million additional passengers per year for a total of 15 million annual passengers – an increase of 27% that will provide a passenger level of service through 2025.

On February 13, 2014, the Construction Manager-At-Risk method of contracting was approved by Council. The Construction Manager-At-Risk method is a project delivery method where the City contracts with a Construction Manager to perform preconstruction and construction phase services and separately contracts with an architect/engineer to perform design services. Bringing the Construction Manager on board to provide preconstruction services during Preliminary Design phase helps ensure that a collaborative relationship exists with the Architect/Engineer, City, and Construction Manager from project design phases through construction phases.

On October 23, 2014, Hensel Phelps Construction Company (Hensel Phelps) was selected as the Construction Manager and following Council’s authorization to negotiate and execute a contract, Hensel Phelps began collaborating with the City and the project Architect/Engineer, Gensler and Associates, on project scope and definition, preparation of budgets/estimates and project schedules, constructability reviews, construction trade outreach, and work packaging for solicitation of construction services.

A separate contract for design services with Gensler and Associates (Gensler) was approved by City Council in August 2014. At that time, Gensler began Preliminary Design Services to include project scoping and project definition. Through this process, the apron and airside portions of the overall project were expanded to comply with Federal Aviation requirements. The overall project is comprised of two major elements of work: the apron expansion and associated work including all airside construction (deicing ponds, utilities, grading and paving, etc.) and the terminal building expansion and improvements.

In total, the Construction Cost Limitation for the project is \$276,000,000 plus \$13,000,000 Owner Contingency for a total not-to-exceed amount of \$289,000,000. The Construction Cost Limitation is not the contract amount, but rather a budget threshold for which the final contract amount shall not exceed without prior Council approval. The Construction Cost Limitation is an amount which includes all work performed by the Construction Manager consisting of Preconstruction Phase Services and Construction Phase Services, including fees and construction contingencies.

Aviation staff continues to work with the Federal Aviation Administration to apply for multiyear grants for the apron expansion and airside construction portion of the overall project. The process for accepting Federal Aviation Administration grants consists of accepting and executing the grant within a short timeframe. In an effort to make the federal funding process more efficient and to maximize the federal grant participation by the Federal Aviation Administration for the overall project, the project team (City, Gensler, and Hensel Phelps) anticipates the apron and terminal expansion and improvements project to be accomplished in five major phases by “Partial” Guaranteed Maximum Price Amendments to the contract. Each of the five designated phases of work within the overall project scope is referred to as “Partial” Guaranteed Maximum Price. Each of the five designated phases of work, (“Partial” Guaranteed Maximum Price) within the overall project scope will be combined to comprise the total sum of the Guaranteed Maximum Price.

**Major Milestones of Project**

- October 2015 – First Guaranteed Maximum Price amendment (“Partial” Guaranteed Maximum Price 1

Amendment) for demolition of the existing Regional Corrosion Control Facility complex and construction of the new storm water and deicing collection facility, terminal secure exit lane construction and temporary elevated walkway and passenger boarding bridges (equipment only).

- **Spring 2016** – Second Guaranteed Maximum Price amendment (“Partial” Guaranteed Maximum Price 2 Amendment) for the Area 1 apron construction which includes east area apron paving, relocated utilities and removal of existing storm water/deicing pond.
- **Late Summer/Fall 2016** – Third Guaranteed Maximum Price amendment (“Partial” Guaranteed Maximum Price 3 Amendment) for the terminal expansion/improvements.
- **Spring 2017** – Fourth Guaranteed Maximum Price amendment (“Partial” Guaranteed Maximum Price 4 Amendment) for Area 2 central apron construction.
- **Spring 2018** – Fifth and final Guaranteed Maximum Price amendment (“Partial” Guaranteed Maximum Price 5 Amendment) for Area 3 west apron construction.
- **Early 2019** – Overall anticipated project completion.

This Council action is to request funding authorization for the construction cost limitation of \$276,000,000 plus \$13,000,000 Owner contingency, as well as authority to negotiate and execute future guaranteed maximum price amendments for the five phases of work identified above. Owner contingency is required for the expeditious processing of change orders or any unforeseen site condition encountered during the construction and renovation of the terminal and apron work. By separate agenda item, Council action is requested to authorize Gensler to continue with design development for the remaining apron and terminal expansion and improvement by authorizing additional funding.

*This action item is time-sensitive and a delay in Council authorization will have significant impacts to the apron construction and terminal expansion and improvements for the overall project schedule. Federal funding and authorizations are tied to the proposed project schedule and work sequencing. The City anticipates issuing the first notice to proceed with the Work in the first Partial Guaranteed Maximum Price by mid-late October 2015.*

The first work package for the demolition of the existing Regional Corrosion Control Facility complex and construction of the new storm water and deicing collection facility, terminal secure exit lane construction and temporary elevated walkway and passenger boarding bridges (equipment only) has an established Disadvantaged Business Enterprise goal of 9.65% for which the Construction Manager-at-Risk is required to meet or provide documentation detailing their Good Faith Efforts to meet the established goals. The proposed initial guaranteed maximum price proposal for this first work package reflects an overall Disadvantaged Business Enterprise participation exceeding 17.00%.

Disadvantaged Business Enterprise subcontracting opportunities will also arise during all phases of construction for this project; however, the specific scopes and magnitude of the construction work cannot be determined until design has been sufficiently completed. Prior to entering into the phases of construction for this project, the City will establish Disadvantaged Business Enterprise goals and the Construction Manager will be required to submit a Compliance Plan meeting the construction goals or documentation detailing their Good Faith Efforts to meet the established goals. Prior to a Notice to Proceed being issued, the Small and Minority Business Resources Department will assess the performance of the Construction Manager in meeting the established goals.

This project is located in zip code 78719 (District 2) and is managed by the Public Works Department. Hensel Phelps Construction Company is located in Austin, Texas.