

**The Port Authority of New York and New Jersey
Committee on Construction Meeting Transcripts
June 22, 2010**

[Comm. A. Sartor] --via the Internet. Vicki, you win again. You've got 2 of them. You just finished one in capital planning, and now you're here in construction.

[laughs] George Washington Bridge. Go ahead, Vicki.

[V. Cross-Kelly] Good morning again, commissioners. I'm here today to discuss a project authorization for the structural rehabilitation of the George Washington bridge main span upper level steel deck components and supporting structural members. This project is consistent with our inspections and our comprehensive program to maintain the George Washington bridge in a state of good repair. Our comprehensive bridge inspection and maintenance program includes conducting federally mandated bi-annual inspections, assessing the findings of the inspections, developing repair and rehabilitation projects to address the inspection findings, and implementing the repairs. The steel deck on the George Washington bridge was installed in 1978. This deck is supported by structural members that were built as part of the original bridge construction in 1931. The age of the structure, combined with the effects of deicing salts and heavy loads, due to the truck traffic on the upper level have resulted in the accelerated wear of the deck and its supporting components. While current conditions do not compromise the load-carrying capacity of the bridge, they must be addressed in order to maintain the bridge in a state of good repair and to avoid unplanned closures and emergency repairs. The Board approved the planning authorization in December, 2007, for \$5.5 million to perform inspections, develop and evaluate design alternatives, and prepare a preliminary design for the selected alternative. To address the priority repairs, we have evaluated 3 different options. The first was to replace the entire upper level deck. The second option was to perform localized repairs to the cracked welds and steel plates. The third option, which is the one we selected, was to replace portions of the upper level deck and perform rehabilitation of other areas. Based on the life cycle cost analysis, we determined that the replacement of 6-foot sections around the expansion joints--which is where most of the problems occur-- along with localized rehabilitation of the remaining deck areas, is the best option. It will extend the useful life of the structure for 15 to 20 years, while minimizing capital outlay and impacts to customer service. Staff took undertook a value engineering effort to investigate the cost and scheduling-savings opportunities. These recommendations were reviewed and incorporated, resulting in a savings of approximately \$7 million and a schedule reduction of about 9 months. A risk analysis was also performed to assess the risks, develop mitigation strategies, and include appropriate contingencies in the project costs and schedule. Today we're recommending that the Board authorize a project for the George Washington Bridge main span upper level structural steel rehabilitation at an estimated total project cost of \$199 million. Bids are expected this August from contractors that have been pre-qualified to bid. We expect to recommend a contract award to you in September. Construction would start in the first quarter of next year and be completed by mid-2015. During construction, an outreach program will be implemented to notify our customers of this project. This will include press releases, traffic advisories, and full coordination with our Transcom partners. Commissioners, I request that you advance this item to the full Board for their approval today. Thank you.

[Comm. A. Sartor] Any questions, Commissioner?

[Comm. V. Bauer] No.

[Comm. A. Sartor] I don't have any either, Vicki. Good presentation. We'll move this to the full Board. The next item. Vicki, again, you win. Gothals bridge.

[V. Cross-Kelly] Good morning again. I'm here now to discuss a project authorization and additional funding for a contract to rehabilitate the heating, ventilation, and air conditioning system, and to install fire alarm and fire suppression systems at the Gothals Bridge administration and maintenance buildings. The project is currently under construction and will require the authorization of additional funds for project completion. Commissioners, let me begin by providing you with an overview of the project. As shown in the picture on the left, the Gothals Bridge administration buildings contain 2 distinct buildings for administration and maintenance, which are connected by a walkway. These buildings house over 80 staff responsible for many different functions associated with our operations and maintenance of the 3 Staten Island bridges, including police, automotive maintenance, operations, physical plant maintenance, and facility management. The building's HVAC and fire suppression and alarm systems are all over 40 years old. The HVAC duct work has deteriorated, and the existing fire alarm and fire suppression systems require an upgrade in order to meet current code requirements. The scope of work for this project includes a replacement of the HVAC and the fire alarm system, and the expansion of the current fire suppression system. The contract for this work was discussed with the Board in February, 2007, and was awarded to Yonkers Electrical Contracting Corporation in March of 2007, for \$10.8 million. At that time, the total project cost was estimated at \$17.9 million. Under the work plan, the administration and maintenance buildings were divided into 2 separate work areas, where each had specific hours of work in order to minimize the impact on staff. Off-hours work included the application of fire-proofing material, and the removal of asbestos-containing and lead-coated material. This was performed in contained portions of the work area. These measures were taken to avoid the need to relocate facility staff. The areas of work were cleaned and restored each night after work was completed. Although the construction sequences were carefully planned, and were conducted in accordance with all applicable regulations, it became apparent as the work progressed that the construction staging was disturbing facilities staff and causing them to be concerned about potentially hazardous materials. Work was stopped in February 2009, to conduct environmental testing and cleaning. The environmental test results showed that no hazardous materials were present. A revised construction plan was developed that divided the buildings into 7 areas, instead of the original 2. Staff were relocated out of their work areas, and a trailer was obtained to allow for a temporary relocation. Work resumed on June 1, 2009, following a 4-month stoppage. The project also experienced other obstacles as construction progressed. Numerous above-ceiling conduits and piping were found to be deteriorated and required replacement. Additional asbestos-containing components were found in the plumbing and roof materials. The poor condition of the existing building roof compounded the difficulties in progressing construction. As a result of all these issues, the project was delayed 19 months. Commissioners, the delay in the construction of this project due to work stoppages, the re-staging, and the poor condition of the other building systems, all had cost impacts on this

project. The overall project was approved in the capital plan at \$17.9 million, and the construction contract was awarded by a Policy Review MJ for \$10.8 million. The construction cost has increased by approximately \$4.7 million since the contract was awarded to cover the costs related to the revised staging plan, the environmental conditions, the additional work encountered, and the resulting delays to the contractor. Staff time and general expenses have also gone up for both the extended duration and for the efforts needed to address facility staff's concerns. As a result of these increased costs, it is now necessary to seek project authorization in the amount of \$28 million to cover the actual costs to complete the project. With the continuation of the revised work plan that has been successfully followed since June 2009, we are confident that construction can be completed by the second quarter of next year and within the projected total project cost for which the additional funding is being requested today. Specific lessons from this experience to be applied to future projects include the importance of identifying and assessing potential risks on projects upfront in order to better evaluate the far-reaching impacts of unanticipated obstacles. Appropriate provisions can then be made in the initial project contingency allowance under the guidance of the project management office. The necessity of identifying and assessing in greater detail potential constructability issues that may arise, the use of staff relocation to facilitate construction and avoid potential delays, even if it may result in higher upfront costs. The implementation of limited upfront inspection and assessment by the contractor in advance of the contractor's scheduled installation to locate and identify hazardous materials and any other field conditions that may not be reflected in existing documents. These materials can then be dealt with in advance and with reduced financial and schedule impacts. Commissioners, I request that you advance this item to the Board for their approval today. Thank you.

[Comm. A. Sartor] Questions?

[Comm. V. Bauer] I actually have a couple, Vicki. Maybe I don't understand what--and you're wrapping some of this up here. None of these issues were addressed in advance? I mean--the fact that--it seems to me like everything that could have gone wrong, went wrong. You didn't realize the extent of what needed to be taken care of, and we thought we could keep all the employees in the building and then we had to put them in trailers. It looked as though none of this was really thought out, and I don't understand the difference in the costs. I thought you said like \$4.5 million--again, I don't have the paperwork-- to me it looked like it was almost \$10 million.

[Vicki] There's a \$4.7 million increase in the contract itself with the contractor. There's a total project impact of \$10 million, and the balance has to do with the additional staff time and staff work that was involved. To go back to your earlier question, we did--

[Comm. A. Sartor] Expand on that a little bit--just those staff time and staff work.

[Comm. V. Bauer] I mean--that's \$5 million.

[Vicki] Right. We essentially had a work stoppage of about 4 months. but as we began to understand the staff concerns and to address those staff concerns, we had to work with the contractor in order to re-stage the work completely. So that where it was originally scheduled to

be done in 2 different stages, we divided it into quite a few additional stages that required work from our own engineering and support staff to work with the contractor to determine that. That also led to a significant increase in the duration of the contract. There is money in that \$10 million, as well, for a claim that was negotiated with the contractor.

[Comm. A. Sartor] How much was that?

[Vicki] I think that was about a million dollars.

[Comm. V. Bauer] How many employees are in the building?

[Vicki] Eighty. We did initially consider the option of relocating them to the trailer. Quite honestly, we opted to take the approach that we did because it was less expensive. Obviously, hindsight is 20-20, but we felt that it could be done both safely, and it was in terms of not exposing the staff to any hazardous materials. What we didn't really realize is the extent to which the staff would be concerned about the possible presence of hazardous materials. The work was done at night. Then the area was cleaned prior to the staff coming into their offices the following morning.

[Comm. V. Bauer] But we knew the asbestos was there. Someone should have thought that this could have been a--

[Vicki] Well, we always intended--and we did--that the asbestos was minor first of all, and would be handled in a way that was appropriate. There was never the intent, by any means, to expose the staff to the asbestos or any hazardous materials. The staff, however, was not comfortable with remaining in that area during the day, knowing that there was work being done at night, and that some of those materials that were being removed contained asbestos. Again, they were handled appropriately.

[Comm. V. Bauer] Right, but nobody talked to the staff before this?

[Vicki] Well, we did, but it's one thing to hear it in advance, and it's another thing to live through it.

[Comm. A. Sartor] Vicki, 2 questions--who did the initial planning and engineering on this? Was this in house? This was done by our in-house staff?

[V. Cross-Kelly] I believe so, yeah.

[Comm. A. Sartor] As I do the math, there's like \$4.3 million in dollars that went in-- well \$4.7 for construction, a million for a claim, so that leaves \$4.3 million. That \$4.3 million was for staff time?

[V. Cross-Kelly] Staff time and financial expense and other administrative costs.

[Comm. A. Sartor] That's huge.

[Comm. V. Bauer] I don't mean to be so--what's--

[Comm. A. Sartor] On a \$27 million project, that's huge.

[Comm. V. Bauer] What's staff time? You mean just overtime?

[Vicki] No, no, no, just the regular time that--

[Comm. V. Sartor] I'd really like to see a breakdown on that. If we're going to move this item, we'll realize we're going to have to do it to the full Board.

[P. Zipf] Do you want to break down the dollars now?

[Comm. V. Sartor] Not now. Just send me an email or something like that, all right. I'd just like to get a flavor for what that's all about. The second was more of a comment than anything else. This building will be used with the new Goethals bridge? There's no need to build a new building, so everyone should understand that around this table.

[V. Cross-Kelly] That's a good point. Thank you.

[Comm. A. Sartor] This is something we're all going to use. Okay, any other questions?

[Comm. V. Bauer] No.

[Comm. A. Sartor] Seeing that, I recommend we pass this to the full Board.

[Comm. V. Bauer] Okay, so moved.

[Comm. A. Sartor] All right, this concludes the public portion of today's meeting. The committee will now adjourn to executive session to discuss matters involving ongoing negotiations for reviews of contracts or proposals. Thank you.