



AGENDA MEMORANDUM

First Reading Ordinance for the City Council Meeting of October 23, 2018
Second Reading Ordinance for the City Council Meeting of October 30, 2018

DATE: October 18, 2018

TO: Keith Selman, Interim City Manager

FROM: Fred Segundo, Director of Aviation
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Authorize settlement and release agreement with SpawGlass Civil Construction Inc, Harvey Cleary Builders Inc. and FDL- CC, LLC for damages to City property at Corpus Christi International Airport.

CAPTION:

Ordinance authorizing the City Manager to execute a Settlement and Release Agreement with FDL-CC, L.L.C., Harvey Cleary Builders and SpawGlass Civil Construction, Inc. related to the fire suppression foam spill on the City's Taxiway K Project; amending the FY 2019 Operating Budget; and appropriating certain funds into Airport Fund No. 4610; and authorizing a payment of \$312,500 to SpawGlass Civil Construction, Inc. as provided in the Settlement and Release Agreement.

PURPOSE:

The settlement and release agreement sets out the terms and conditions between the City of Corpus Christi, SpawGlass, Harvey Cleary and FDL – CC, LLC for damages to Taxiway K located at Corpus Christi International Airport. The Agreement settles all outstanding current and future claims and reimburses the City for expenditures incurred with the remediation work done by SpawGlass. Harvey Cleary, the general contractor for the U. S. Coast Guard (USCG) Project, has agreed to pay the City a total of \$725,876.88 in final settlement with \$413,376.88 going to City of Corpus Christi for expenditure reimbursement and \$312,500 to SpawGlass Civil Construction, Inc. in settlement for delay claims.

BACKGROUND AND FINDINGS:

On April 14, 2013, the City Council approved a ground lease between the City and FDL- CC, LLC for 9.21 acres to construct the USCG Headquarter/Hangar Facility at Corpus Christi International Airport. Subsequently, FDL – CC, LLC contracted with Harvey Cleary for actual construction of the facility. On or about June 15, 2017, the Hangar Facility's fire suppression system malfunctioned and discharged approximately 268,000 gallons of water and 2,000 gallons of foam concentrate on to the subgrade of the City's adjacent Taxiway K construction project by SpawGlass. The Taxiway K project was under construction in support of USCG air operations with Federal Aviation Administration Grant and City matching funds.

As a result of the accidental discharge and project subgrade contamination, the Taxiway K Project suffered delays and remediation expenditures with City payment to SpawGlass sums of money beyond the original contracted amount. This was done in an effort to meet the USCG move-in timeline. The USCG officially dedicated its Sector/Air Station Corpus Christi Headquarters on March 2, 2018.

ALTERNATIVES:

No viable alternative exists.

OTHER CONSIDERATIONS:

N/A

EMERGENCY / NON-EMERGENCY:

Non-Emergency

DEPARTMENTAL CLEARANCES:

Legal
Financial Services
Management and Budget

FINANCIAL IMPACT:

☒ Operating ☐ Revenue ☐ Capital ☐ Not applicable

Fiscal Year: 2018-2019	Project to Date Expenditures (CIP only)	Current Year	Future Years	TOTALS
Line Item Budget		\$725,876.88		\$725,876.88
Encumbered / Expended Amount				
This item (<i>additional revenue</i>)				
BALANCE		\$725,876.88		\$725,876.88

Fund(s): Airport Fund - 4610

Comments: None

RECOMMENDATION:

Staff recommends approval of the ordinance as presented.

LIST OF SUPPORTING DOCUMENTS:

Ordinance
Settlement and Release Agreement