

# PRESS RELEASE



**CITY MANAGER**

To: Media  
From: Rick Whitlock, City Manager  
Date: 7/2/2010  
Re: Council Consideration of Terminating the Contract with Kerr Construction for the Airport Runway Project

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## FOR IMMEDIATE RELEASE

The City Council for the City of Klamath Falls will consider terminating the Contract with Kerr Contractors at a special meeting to be held on Thursday, July 8, 2010, at 4:00 p.m. in the City Council Chambers located at 500 Klamath Avenue, Klamath Falls.

Kerr Contractors from Woodburn, Oregon is the general contractor hired last year by the City to replace and rehabilitate the runway and taxiways at the Klamath Falls Airport. The Project is funded by the FAA, the Air National Guard and the City in the approximate amount of \$21.8 million. The extensive runway rehabilitation required the closing of the runway, and this caused the ANG to relocate their flight operations to Boise, Idaho for approximately six months last year. Although most of the work was completed during the Air National Guard's absence, the remainder of the work must be completed during this construction season to meet the federal stimulus funding deadline in February 2011.

In March of this year, large quantities of aggregate began popping out of the newly paved runway and taxiways, and this has continued in the following months. The City, in consultation with the project Engineer, the FAA and the ANG, investigated the problem. Initial results reveal that the failing asphalt supplied by Kerr's subcontractor, Knife River Corporation of North Dakota, contains materials unfit for the Project.

The City's technical consultants, the FAA and the ANG all agree that the best method to correct the failing asphalt is to grind off the top layer and replace it. As allowed by the Contract, the City and the Project Engineer issued written directives instructing Kerr to repair the defective runway, but so far they have indicated an unwillingness to follow the directives and complete the project. Kerr and Knife River have stated they would submit an alternative solution, but to date they have not done so.

Kerr Contractors was given written instruction to proceed with the remainder of the work under the Contract, including completing the runway repair work. After more than a month, Kerr has declined to proceed with the balance of the work, leaving the City with no alternative but to consider terminating the contract so that another contractor may complete the work in time to meet the federal stimulus funding completion deadline.

The City remains willing to work with the Contractor to finish the work and repair the failing pavement. To accomplish this, the City needs the Contractor to either complete the remaining work and follow the directive to grind and replace the failing asphalt, or present a viable plan to fix the defective work.

The City considers the safety of the public and aircraft operators to be our top priority, so the Airport and Air National Guard have increased inspection and sweeping of the runways and taxiways to assure that the debris popping from the asphalt does not damage the aircraft or otherwise interfere with Airport operations.

Should you have any questions, please feel free to contact the City of Klamath Falls City Manager at (541) 883-5316.

#### Attachments

Letter to Sam Kennedy dated June 1, 2010

Letter to Kerr Contractors, Inc. dated June 1, 2010

Letter to Kerr Contractors, Inc. dated June 14, 2010



# KLAMATH FALLS AIRPORT

June 1, 2010

*Via email & first class mail*

Sam Kennedy  
Kerr Contractors, Inc.  
PO Box 1060  
Woodburn, OR 97071

*Re: Runway 14-32 Reconstruction Project*

Dear Sam:

Portions of the work performed by Kerr Contractors, Inc. ("Kerr") have been found to be defective. Pursuant to the General Provisions of the Contract, Section 00710-4.11, the Airport hereby directs Kerr to promptly correct the defective work on the Project. Specifically, Kerr is directed to remove and replace all of the deleterious materials and non-durable aggregate in the top 2.5" of pavement, or the top lift of asphalt material, whichever is greater from all asphalt concrete surfaces placed in 2009. Scope of work includes all runways, taxiways, overruns, blast pads, holding aprons, shoulders and service roads paved under the aforementioned Contract during 2009.

Please be advised that if Kerr fails to make or undertake the corrections or removal/replacement with due diligence within ten (10) days, the Airport will pursue its rights under General Provisions 00710-4.11, including making such corrections or replacement of the work and seeking recovery of all expenses associated with correction or replacement from Kerr and its surety.

Very truly yours,

Bill Hancock  
Interim Airport Director

- c. Bruce Echigoshima, Safeco Insurance Company of America  
Mead & Hunt, Inc.

6775 Arnold Avenue Klamath Falls, OR 97603 Ph: (541) 883-5372 Fx: (541) 883-5376  
[www.flykfalls.com](http://www.flykfalls.com)



*Designing the future*

June 1, 2010

To: Kerr Contractors, Inc.  
P.O. Box 1060  
Woodburn, OR 97071

Subject: Notice to Remove Defective Work  
Runway 14-32 Rehabilitation  
AIP 3-41-0030-25, 26, 27, 28 and 29  
ORANG KJAQ082680 and KJAQ022042

Kerr Contractors is hereby directed to remove and replace the top 2.5 inches of asphalt material or the top lift of asphalt material, whichever is greater from all asphalt concrete surfaces placed in 2009. Scope of work includes all runways, taxiways, overruns, blast pads, holding aprons, shoulders and service roads paved under the aforementioned contract. However, the north and south overrun/blast pads shall be limited to removal and replacement of the top 2.5 inches.

Non-Compliance Notice No. 3 stated that deleterious and non-durable aggregate is present in the asphalt section. Although the deleterious and non-durable material is present in the entire section, removal and replacement of the top lift is acceptable to the Sponsor. Elements of work shall comply with the contract and include, but may not be limited to:

1. Prepare a construction phasing plan and schedule for City approval. Construction can not disturb commercial or ORANG flight operations.
2. Provide new JMF for approval, if applicable
3. Mobilization and demobilization
4. Pre-construction meeting
5. Maintenance and repair of haul roads
6. Traffic Control
7. Remove top lift of asphalt surface by pavement cold milling or approved method
8. Place new P-401 compliant asphalt concrete pavement. Finish surface shall be subject to profilograph smoothness requirements.
9. Grooving and marking as necessary
10. Salvage, protect and reinstall RWIS sensors
11. Any items removed as a result of this process shall be replaced.

Mead & Hunt, Inc.

A handwritten signature in black ink, appearing to read "Jon J. Faucher".

Jon J. Faucher  
Vice President

CC: Mr. Bill Hancock, Interim Director

Ms. Trang Tran, FAA Program Manager  
Lt. Colonel Lance McCuiston, BCE ORANG  
Mr. Joakim Osthus, P.E., Mead & Hunt, Inc., Project Manager  
Mr. William Thornton, HT Consulting  
Mr. Lee Moen, P.E., Mead & Hunt, Inc. Engineer of Record

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# KLAMATH FALLS AIRPORT

June 14, 2010

*Via Facsimile and First Class Mail*

Kerr Contractors, Inc.  
c/o Sam Kennedy  
PO Box 1060  
Woodburn, OR 97071

*Re: Klamath Falls Airport / Runway 14-32 Rehabilitation  
AIP No. 3-41-0030-25*

Dear Sam:

On June 1, 2010, the City directed Kerr to proceed with repairs at the Airport and indicated that if such repairs were not commenced within ten (10) days the City would be left no alternative but pursue the remedies provided by Contract. The City's Notice was in addition to Notice of Non-Compliance #3 from the Engineer dated March 29, 2010, the Notice to Remove Defective Work of June 1, 2010 from the Engineer directing Kerr to commence repairs, and the Engineer's Notice to Proceed of June 1, 2010 directing Kerr to resume the balance of the work.

More than five (5) days have lapsed from the Engineer's directives and more than ten (10) days have lapsed from the Airport's directive. Despite our repeated written requests and direction Kerr has failed and refused to commence repairs or resume performance of the balance of the work effectively abandoning the Contract and the Project. Kerr's repeated refusals to correct or proceed constitute:

1. A disregard of the authority of the Airport and the Engineer, and
2. A material violation of the Contract Documents by failing and, neglecting and refusing to proceed according to and in full compliance with the provisions and covenants of the Contract Documents.

It is, and has always been, the Airport's strong desire that you return and complete the work in conjuncture with repairing the runway. If Kerr disagrees with the Airport and Engineer's directive and determination as to causation of the runway and pavement failure, then the Contract provides Kerr a method to assert a claim for such, but you cannot simply refuse to proceed and refuse to correct the defective work in place.

6775 Arnold Avenue Klamath Falls, OR 97603 Ph: (541) 883-5372 Fx: (541) 883-5376  
[www.flykfalls.com](http://www.flykfalls.com)

Kerr Contractors, Inc.  
June 7, 2010  
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Please consider this letter seventy-two (72) hours written notice that unless Kerr complies with the Airport and Engineer's written directive issued pursuant to the agreement of the parties, the Airport intends to implement the remedies afforded it under the Contract, and will seek recover from Kerr and its surety.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Bill Hancock".

Bill Hancock  
Interim Airport Director

cc: Bruce Echigoshima, Safeco Insurance Company of America