

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 6f
Date of Meeting November 19, 2013

DATE: November 13, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: Melinda Miller, Director Real Estate Portfolio and Asset Management
Mark Longridge, Capital Project Manager
SUBJECT: Additional Construction funding for Pier 66 Steam Replacement CIP #C800625

Amount of This Request: \$160,000 **Source of Funds:** Tax Levy
Est. Total Project Cost: \$1,560,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to increase the amount of the Pier 66 Cruise Terminal and Bell Harbor Conference Center Steam Replacement project by \$160,000 to complete all remaining installation and closeout tasks for a total revised project authorization of \$1,560,000.

SYNOPSIS

On May 10, 2013, the Seattle Steam Company informed the Port that it would no longer be able to provide service to Pier 66 because the steam line serving the facility will be removed as part of the work being conducted on the City of Seattle's seawall replacement project. This steam line is the only source of heat and hot water to the Port's tenants at Pier 66.

The Capital Development Division has met this deadline, has been able to keep the building operational, and replaced the sources of domestic hot water and building heat with new equipment. To complete this work the Port used Port crews, major works and small works contracts, direct material purchases, and in-house and consultant design services.

Although the building is now operating independent of steam service, there is still remaining work to complete the tie-in of this new equipment to the existing Building Management System, complete as-built records, and perform remaining demolition and cleanup of the site. Additional funds are needed to complete these remaining activities.

The original estimate for this work was completed before design had begun for the project. With the complex installation and accelerated schedule to complete the work by the cutoff deadline the construction proved more costly than originally estimated. In addition, the original estimate did

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not include any significant funding for the integration of the new equipment into the Building Management System to allow the system to run at optimum efficiency.

The request for additional funds requires Commission authorization in accordance with the Master Delegation of Authority for the Port of Seattle, Section 4.2.3.3(i).

Project Objectives

Install stand-alone heat and domestic hot water supply to the building to replace the current steam service by November 15, 2013.

Scope of Work

Design and installation of natural gas fired hot water heaters and boilers plus associated equipment, piping and venting to adequately supply the building with heat and domestic hot water at or above the current level.

The design of the mechanical system was performed by in-house engineering staff, supplemented by existing indefinite delivery, indefinite quantity (IDIQ) design contracts as necessary. The majority of the equipment and materials necessary for this system were procured directly by the Port. The installation of this equipment was performed by a combination of Port crews and open order small works and major works contracts. Using this hybrid approach allowed the needed flexibility to complete the work quickly and work around the active conference and cruise schedules at the facility.

The remaining scope required includes the site demolition and cleanup of all onsite materials, completion of final as-built records, and interfacing of the new equipment to the Building Management System.

Schedule

All work to transition the building systems off the existing steam supply is complete, and the building hot water and heating systems are currently operating independent of supplied steam as of November 1, 2013.

Remaining work including remaining demolition of the old system and the integration of the new equipment to the building management system will be completed by December 31, 2013.

FINANCIAL IMPLICATIONS

<i>Budget/Authorization Summary</i>	Capital	Expense	Total Project
Original Budget	\$1,400,000	\$0	\$1,400,000
Previous Authorizations	\$1,400,000	\$0	\$1,400,000
Current request for authorization	\$ 160,000	\$0	\$ 160,000
Total Authorizations, including this request	\$1,560,000	\$0	\$1,560,000
Total Estimated Project Cost	\$1,560,000	\$0	\$1,560,000

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<i>Project Cost Breakdown</i>	This Request	Total Project
Construction	\$140,000	\$1,143,000
Construction Management		\$65,000
Design	\$20,000	\$152,000
Project Management		\$98,000
Permitting		\$2,000
State & Local Taxes (estimated)		\$100,000
Total		\$1,560,000

Budget Status and Source of Funds

This project for \$1,560,000 was not anticipated in the 2013 Real Estate capital budget and related plan of finance because the Port was notified that Seattle Steam would be discontinuing service due to construction of the Elliot Bay Seawall replacement project after final approval of the budget. The source of funds will be the tax levy.

Financial Analysis and Summary

CIP Category	Renewal/Enhancement
Project Type	Renewal & Replacement
Risk adjusted discount rate	N/A
Project cost for analysis	\$1,560,000
Business Unit (BU)	Portfolio Management/Cruise and Maritime Operations

STRATEGIES AND OBJECTIVES

This project provides a functioning facility to Port tenants in support of business plan strategies that call for marketing Seattle as a homeport and port of call for cruise lines and maintaining real estate assets. These strategies bolster the Port's Century Agenda strategy to advance the region as a leading tourism destination and business gateway.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Stop all current and remaining work on the project. Leave the existing equipment and materials in place, and operate the building heating system manually without tying into the building management system. This would not meet current energy code standards, and would leave a significant amount of demolished material in the mechanical penthouse. This is not the recommended alternative.

Alternative 2) – Complete the site demolition and cleanup of all onsite materials. Tie in the new equipment to the building management system and complete all other final tasks to operate the building at peak efficiency. **This is the recommended alternative.**

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ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- June 25, 2013 – Commission authorization of design and construction funding.