

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 4g  
**Date of Meeting** November, 25, 2014

**DATE:** November 17, 2014  
**TO:** Ted Fick, Chief Executive Officer  
**FROM:** Beth Britz, Project Supervisor, Marine Maintenance  
Pat Spangler, Real Estate Manager, Port of Seattle  
**SUBJECT:** Request for funding increase for the Pier 69 Breezeway Fence, WP 105070

**Amount of This Request:** \$126,000      **Source of Funds:** Tax Levy  
**Est. Total Project Cost:** \$425,000

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to approve additional budget of \$126,000 to complete the repair and replacement of the Pier 69 Breezeway Fence. The additional budget authorization of \$126,000 will increase the total authorized project budget to \$425,000.

**SYNOPSIS**

Due to the unforeseen conditions and increased project scope, we are requesting additional funds to complete the Pier 69 breezeway fence. The existing fence and breezeway support steel has deteriorated beyond what was expected, requiring more steel preparation, repair, and replacement work than budgeted for. The project scope has increased to include additional glass panel sections.

**BACKGROUND**

The fence serves as a barrier between the Victoria Clipper and the common area walkway serving as a security fence for Clipper Navigation and a safety barrier along the common walkway separating the upper and lower apron. The breezeway is a common area and provides a covered public access to the Victoria Clipper, the Clipper café, and employee entrance to the Port of Seattle corporate offices. Under the lease agreement between the Port and Clipper Navigation, Inc., the Port is responsible to maintain the fence at Port's expense.

The fence was installed in 1991 with a paint type that has a typical life span of approximately ten years in a corrosive salt air environment. The annual inspections have shown an increase in

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deteriorated conditions, rust, blistering, flaking, and peeling. The fence and structure are in very poor condition, and past their useful life.

The project will install all new steel mesh, new entrance doors, new steel where indicated, and provide a protective coating to new and existing steel. The project also includes the removal and re-installation of 24 glass panels, adding six additional glass panels, and replacement of all rusted and corroded hardware. The existing painted surface contains lead; therefore, the work plan will be designed and monitored through the Port's Environmental Industrial Hygienist. All work, disposal, and installation will be compliant with environmental, air, and stormwater regulations.

All non-critical work has been suspended pending Commission approval for additional funds. The removal of the steel mesh, glass panels, bad steel and door is complete. The painting contractor has completed the first section of coating. The steel repairs and replacement are considered critical and are being completed within the approved budget. Once additional funds have been approved, the remainder of the project work will resume.

### **PROJECT JUSTIFICATION AND DETAILS**

Removal of the rust and corrosion; replacement of the deteriorated steel and steel security mesh; purchase and installation of a new aluminum door with a removable center mullion; and the installation of six additional glass panels; and preparing the surface to bare metal and coating with an approved primer and paint coat will enable extension of the useable life of the fence and the covered breezeway as well as improve its appearance.

The re-painting of the fence is at a point of urgent attention. With each year, more areas of flaking, bubbling, rust, and peeling have been observed. This deterioration exposed the metal to the elements and caused failure in both the fencing mesh and with the steel structure.

Due to the unforeseen severity of the deteriorated steel, and the resulting additional replacement and repairs required, the expanded scope of adding two new glass panel sections and increased time and materials needed by the painting contractor to complete their portion of the work, the project estimated cost has increased to \$425,000.

#### ***Project Objectives***

- Repaint with similar materials and colors
- Extend the useful life of the fence and breezeway structure
- Extend the useful life of the security fence
- Improve the appearance of the fence and breezeway
- Complete the project with minimal operational impact to the Victoria Clipper and the Port.

#### ***Scope of Work***

- Remove and replace all of the deteriorated fencing, steel structure, door, and related hardware.

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- Remove and re-install 24 glass fencing panels and related mounting brackets.
- Purchase and install six new glass-fencing panels into newly reconfigured fencing sections.
- Prepare the surface for painting, so that it is free of rust, dirt, scale, grease, moisture or conditions detrimental to formation of a durable paint coating.
- Prime and paint the fence and breezeway structure to manufacturer's specifications, while providing a protective finish.

### ***Schedule***

The project work is underway and expected to be completed in the first quarter of 2015.

### **FINANCIAL IMPLICATIONS**

#### ***Budget/Authorization Summary***

	Capital	Expense	Total Project
Original Budget	\$200,000	\$0	\$200,000
Previous Authorizations	\$299,000	\$0	\$299,000
Current request for authorization	\$126,000	\$0	\$0
Total Authorizations, including this request	\$425,000	\$0	\$425,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$425,000	\$0	\$425,000

#### ***Project Cost Breakdown***

	This Request	Total Project
Construction	\$104,000	\$371,000
Construction Management	\$0	\$0
Design	\$5,000	\$5,000
Project Management	\$6,000	\$28,000
Permitting	\$0	\$0
State & Local Taxes (estimated)	\$11,000	\$21,000
Total	\$126,000	\$425,000

#### ***Budget Status and Source of Funds***

The previous authorizations for this project were funded within the approved 2014 Small Projects Real Estate CIP C800681. The additional funds requested in the amount of \$126,000 are available due to underspending on other 2014 Real Estate capital projects.

The source of funds is the Tax Levy.

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### ***Financial Analysis and Summary***

<b>CIP Category</b>	Renewal/Enhancement
<b>Project Type</b>	Renewal & Replacement
<b>Risk adjusted discount rate</b>	N/A
<b>Key risk factors</b>	Weather delay Actual costs exceed current estimate
<b>Project cost for analysis</b>	\$425,000
<b>Business Unit (BU)</b>	Real Estate
<b>Effect on business performance</b>	This is a renewal and replacement project and accordingly, this project preserves revenues rather than creates new revenues.  Annual revenues of approximately \$350,000 are generated by the Clipper leases.  Depreciation expense from this project is approximately \$17,000 per year based on a 25- year useful life.
<b>IRR/NPV</b>	The Net Present Value is the present value of the project cost (\$425,000).

### **STRATEGIES AND OBJECTIVES**

The project objective is to preserve a Port asset and fulfill Port lease obligations. The lease with Clipper Navigation supports the Port's Century Agenda strategy to advance the region as a leading tourism destination.

### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1)** – Stop project at present state, which is with fencing removed, and temporary chain link fencing in place and new, uncoated steel exposed to elements. This is not the recommended alternative.

**Alternative 2)** – Complete the project as detailed. **This is the recommended alternative.**

### **ATTACHMENTS TO THIS REQUEST**

- None

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- None