

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4c
Date of Meeting May 24, 2016

DATE: May 16, 2016
TO: Ted Fick, Chief Executive Officer
FROM: John Hall, Project Manager, Marine Maintenance
Susie Archuleta, Property Manager, Economic Development
Lindsay Pulsifer, Managing Director, Maritime Division
SUBJECT: P66 Elevators 2, 3 and 4, Modernizations (C800813)

Amount of This Request:	\$1,445,000	Source of Funds:	General Fund
Est. Total Project Cost:	\$1,545,000		
Est. State and Local Taxes:	\$77,000	Jobs Created:	14.5

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to complete design and permitting, prepare construction documents, advertise, award, and execute a construction contract to modernize elevators 2, 3, and 4 at Pier 66. This request also includes funding for a portion of the work that will be completed by Port crews. The total amount of this request is \$1,445,000 for an estimated project cost of \$1,545,000.

SYNOPSIS

The elevators needing modernization serve levels 1 through 4 at Pier 66, Bell Harbor International Conference Center (BHICC). The elevators are critical to the hospitality services provided by BHICC. These elevators date back to 1994, and their reliability has declined to the point where action is needed to fulfill the Port's landlord responsibility at this property. Since the elevators are essential to the facility operations, the project work needs to minimize the out of service time for the elevators. These elevators are common use between Cruise Operations and the Conference Center.

Staff recommends proceeding with the modernization of elevator 2, 3, and 4. Funding will come from dollars in the CIP for the scope of work.

BACKGROUND

Elevator #2 is a central elevator in BHICC. It gets frequent use by guests. It is technically classified as a service elevator but is often used as a freight elevator. This elevator requires

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frequent service calls in order to remain in operation. This is a significant burden to the terminal operators at each occurrence. Due to the age of the elevator, its heavy use, and recent performance issues, modernization of the controls and mechanical system are recommended.

A consultant hired to assess the elevators in 2014, reported the following about elevator #2:

This elevator is almost twenty years old and is nearing the end of its normal life expectancy. Budgeting should begin to modernize the elevator controls to a newer vintage microprocessor-based controller. The car operating panel and hall buttons would be upgraded at the same time. The addition of a closed loop door operator and related hall gear will increase reliability. These upgrades will increase elevator reliability and safety and add another fifteen to twenty years of service.

Elevators #3 and #4 are located just south of the Bell Street Bridge. They provide facility access to the public. The elevator electrical and mechanical components are in need of upgrades, in order to maintain the reliability and safety of the elevators. The consultant reports on these elevators are substantially the same as that on elevator #2.

PROJECT JUSTIFICATION AND DETAILS

The consultant hired to complete elevator modernization surveys noted the following:

Elevator #2's existing equipment was engineered and installed in approximately 1994, and is in average condition for this vintage of equipment. However, the heavy use of this elevator has caused the existing motor control and door operation to be in need of updating.

Existing controls are original vintage design, manufactured by Montgomery elevator. Parts are still available for the product; however the technology is outdated, and the product life is limited.

The elevator's original design is not satisfactory for current use.

Elevator #2 frequently breaks down and requires service calls by the maintenance provider in order to be returned to service. Through this project, all the needed repairs can be made to substantially reduce need for urgent repair response.

Elevator #3 and #4's existing equipment was engineered and installed in approximately 1995, and is in average condition for this vintage of equipment. However, heavy use of these elevators has caused the existing motor control and door operation to be in need of updating.

Project Objectives

- Modernize the elevator systems so that their reliability is brought up to appropriate standards.
- Modernize the elevator systems so that they comply with current codes.
- Upgrade the elevator car platform for elevator #2, for use as a freight elevator.

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- Minimize disruption to tenant operations.
- Complete the project on time and within budget.

Scope of Work

Modernize the elevator controls, the door operation, and the signal fixtures, and update the motors. For elevator #2, upgrade the car platform so that it's suitable for use as a freight elevator.

The contract for modernization of all three elevators will be executed this year and will include procuring parts and materials for all three elevators. To make the work easier to manage, the elevator construction period will be phased. Phase 1 will address elevator #2, prioritized because it is the most heavily used and poorest performing elevator. Phase 2 will address elevators #3 and #4.

Schedule

Commission Authorization	May 2016
Complete Construction Contract Documents	July 2016
Building Permit Submittal	August 2016
Contract Awarded	October 2016
Construction Start	December 2016
Modernizations Complete	Phase 1, March 2017 Phase 2, February 2018

FINANCIAL IMPLICATIONS

The proposed project is needed to support the BHICC hospitality operations by significantly reducing service calls, improving performance, and enhancing aesthetics. The modernizations should be completed as soon as possible.

<i>Budget/Authorization Summary</i>	Capital	Expense	Total Project
Original Budget (C800813)	\$1,587,000	\$0	\$1,587,000
Previous Authorizations	\$100,000	\$0	\$100,000
Current request for authorization	\$1,445,000	\$0	\$1,445,000
Total Authorizations, including this request	\$1,545,000	\$0	\$1,545,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$1,545,000	\$0	\$1,545,000

<i>Project Cost Breakdown</i>	This Request	Total Project
Construction	\$800,000	\$800,000
Construction Contingency	\$150,000	\$150,000
Construction Management	\$101,000	\$101,000
Design	\$201,000	\$301,000
Project Management	\$100,000	\$100,000
Permitting	\$16,000	\$16,000

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State & Local Taxes (estimated)	\$77,000	\$77,000
Total	\$1,445,000	\$1,545,000

The relatively high soft costs are for ample time to provide design, phased construction management, and project management hours to ensure the work is completed as quickly and as efficiently as possible given the sensitive nature of the operations at this facility.

Budget Status and Source of Funds

The cost to complete the project is included in the CIP specifically for elevator upgrades.

The source of the funds is the CIP funded through the Economic Development Division, C800813.

Financial Analysis and Summary

CIP Category	Renewal/Enhancement
Project Type	Renewal and Replacement
Risk adjusted discount rate	N/A
Key risk factors	Key risk factors include cost overruns due to project constraints. There is risk associated with the project schedule, specifically getting responsive bidders and the timely availability of all the needed elevator components.
Project cost for analysis	\$1,545,000.00
Business Unit (BU)	Economic Development and Maritime Divisions
Effect on business performance	The project will not generate any incremental revenue. Total depreciation expense from this project is estimated at \$73,750 per year based on a twenty year asset life. The allocation of actual project costs to specific assets will be finalized near the end of the project, estimated to be the end of the first quarter in 2018. Net Operating Income after depreciation for this facility will decrease by the associated depreciation expense of this project.
IRR/NPV	N/A

Lifecycle Cost and Savings

The modernization will eliminate the frequent, costly service calls by the elevator maintenance contractor, which are currently needed to keep the elevator operating. Elevator # 2 is currently requiring the most service calls.

STRATEGIES AND OBJECTIVES

Restore the reliability of the elevators to provide dependable service for their main users, the public and BHICC, a highly visible and heavily utilized Port property.

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This project provides a contracting opportunity for a local contractor, possibly a small business. Additionally, the modernized elevators will allow the tenants to operate more efficiently.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Modernize the doors and control systems, but not any motors, nor the cab floor on elevator #2. Defer the other modernization elements to a future date.

Cost Implications: This option reduces the immediate project cost to \$750,000, or less.

Pros:

- (1) Reduces the likelihood of any interference with other work at the same facility.
- (2) The work can be completed with less impact to BHICC operations.

Cons:

- (1) Reliability may not be fully improved.
- (2) Requires at least one responsive bidder to a contract solicitation.

This is not the recommended alternative.

Alternative 2 – Modernize the three elevators according to the consultant's recommendations.

Cost Implications: The cost of the scope of work, \$1,545,000, is covered by the CIP.

Pros:

- (1) The Port controls the work to maximum extent possible.
- (2) The Port maintains proficiency in managing elevator modernization projects.

Cons:

- (1) This option presents the greatest opportunity for conflict with work previously scheduled at the facility.
- (2) Requires at least one responsive bidder to the contract solicitation.
- (3) There is a slight risk associated with procuring the elevator components in sufficient time to complete the phase 1 work on or before March 17, 2017.

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None