

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	5f
Date of Meeting	April 12, 2011

DATE: April 1, 2011

TO: Tay Yoshitani, Chief Executive Officer

FROM: Jennifer Pazaruski, Project Manager, Marine Maintenance

SUBJECT: 2011 Deferred Maintenance Sprinkler (Fire Protection) System
Replacement at Bell Street Central Garage

Amount of This Request: \$375,500

Source of Funds: General Fund

State and Local Taxes Paid: \$26,700

Est. Workers Employed: 10

Total Project Cost: \$375,500

ACTION REQUESTED:

Request Port Commission authorization for the Chief Executive Officer to proceed with an authorization for Bell Street Garage Fire Protection System Replacement for an amount not to exceed \$375,500. This is also for the authorization for the use of Port crews. This would also include authorization to execute a contract for the bid purchase of materials if it does exceed \$300,000.

SYNOPSIS:

This project entails the replacement of the two fire protection systems in Bell Street Central Garage. These systems were installed in the early 1980s and have started showing signs of deterioration from years of movement caused by trains and exposure to the salty air environment. Replacing these two systems with higher grade piping and couplings would prevent future leakage and provide a stable and more reliable system for many years to come. Delaying the replacement of these fire protection systems could potentially result in a system failure during a fire emergency, which leads to not only loss of property, higher rebuilding costs, but also loss of life. The Bell Street Central Garage is used by Port tenants, attendees at the Bell Harbor Conference Center, many waterfront businesses, cruise passengers and tourists.

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This deferred maintenance project is the decision to eliminate the deferred maintenance backlog in the next few years. The material will go through a material bid process. Port Marine Maintenance will complete the installation for this project. Funds for this project were included in the 2011 Real Estate Operation Budget.

PROJECT JUSTIFICATION:

The Port of Seattle and its tenants rely on Marine Maintenance's ability to maintain a system to ensure safety and eliminate or minimize damage to property and Port assets. These two sprinkler systems are Schedule 10 pipe, which is half the thickness of the Schedule 40 pipe that is recommended for the replacement. The current thin wall pipe construction has started leaking due to years of movement caused by trains and exposure to the salty air environment. The sections where the piping connects to the couplings are worn, causing air leakage in the system. The air compressor runs often due to the leakage in these connections. This in turn, has caused added maintenance on the air compressor with a motor and piston replacements in past years. These fire protection systems were installed in the early 1980s. Replacing these systems with a higher grade piping (Schedule 40) and couplings would eliminate future leakage from this type of environment and provide a stable and more reliable system for years to come.

PROJECT STATEMENT AND OBJECTIVES:

Project Statement:

To replace in like kind the two fire protection systems (first and second floor). Material will go through the Port's CPO bid process and the installation to be completed by Marine Maintenance Sprinkler Fitters.

Project Objectives:

Provide a high quality fire protection piping system to ensure Port of Seattle employees and tenants' personal safety and eliminate or minimize property/asset damages.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

To remove the old fire protection systems and replace with new systems. This will be done in sections so as to not disrupt the overall fire protection system functions at any given time. The installation will be performed after the end of P66 cruise ship season in order to alleviate the disruption with the cruise ship passenger valet parking and any additional parking that occurs during the summer/cruise ship season.

Schedule:

	<u>Start</u>	<u>Finish</u>
Pre-bid (material only)	April 2011	April 2011

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Bid Process	May 2011	July 2011
Award Bid (wait time for material & wait till end of cruise season for installation)	July 2011	September 2011
Installation	October 2011	November 2011

FINANCIAL IMPLICATIONS:

Projected Cost Breakdown

Labor	\$22,700
Labor burden rate (80%)	\$18,200
Materials	\$280,600
Construction Contingency	\$27,300
State & Local Taxes	\$26,700
Total	\$375,500

Source of Funds

This project was included in the 2011 Real Estate Operating Budget under projects described as Deferred Maintenance. The source of funds will be the General Fund.

Financial Analysis Summary

CIP Category	N/A
Project Type	Deferred Maintenance - Expense Project
Risk adjusted Discount rate	N/A
Key risk factors	<ul style="list-style-type: none">• Risk of project exceeding estimated cost mitigated by the following:<ul style="list-style-type: none">- This project was estimated in a collaborative effort between the Marine Maintenance sprinkler fitter crew chief and the project manager. The estimate is based on another planned replacement of a fire protection system at a location similar in size.
Project cost for analysis	\$375,500
Business Unit (BU)	Marine Maintenance Project for Portfolio Management & Leasing, Real Estate Division

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Effect on business performance	Operating expenses for 2011 are increased by \$375,500 as a result of this project. However, the project was included in the 2011 Operating Expense Budget so operating expenses and Net Operating Income (NOI) remain in line with 2011 Budget.
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ECONOMIC IMPACTS AND BUSINESS PLAN OBJECTIVES:

- Maintaining this fire protection system now is beneficial to ensure the safety of the Bell Street Central Garage and the tenants that utilize this parking garage. Delaying the replacement of the fire protection system could potentially cause a risk of system failure during a fire emergency or potential material cost increases. Additionally, this could lead to not only loss of property, higher rebuilding costs, but also could lead to loss of life.

STRATEGIC OBJECTIVES:

The proposal supports the following Port Strategies and Objectives:

- **Exhibit Environmental Stewardship through our Actions** by assuring our facilities comply with local fire codes.
- **Be a High-Performance Organization** by efficiently maintaining our properties to achieve maximum benefit at the minimum cost.

The proposal also supports the Real Estate and Land Use Principles of the Century Agenda by contributing to the stewardship and management of publicly owned assets, and protecting the building infrastructures to ensure operational requirements of tenants are being met.

TRIPLE BOTTOM LINE:

- This parking garage is utilized by its leased tenants, but also as a 24/7 valet for cruise ship passenger vehicles. Maintaining the fire protection system is essential to a safe environment for our community.
- Promotes safety of the Port assets, employees, tenants and surrounding community.
- Utilizes expertise of Port crews instead of outside vendors for installation and maintenance.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

- **Alternative 1:** Request authorization \$375,500 to award a material bid for the replacement of the two sprinkler (fire protection) systems at Bell Street Central Garage. This authorization amount would also include Marine Maintenance labor to install these systems. **This is the recommended alternative.**
- **Alternative 2:** No change. This is not recommended. The fire protection systems are past their life expectancy and have shown signs of deterioration. A failure of the system(s) is subject to happen during a future inspection/fire emergency. This could

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lead to not only loss of property, higher rebuilding costs, but also could lead to loss of life.

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- No documents associated with this request.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- There have been no previous Commission actions regarding this matter.