

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5b

ACTION ITEM

Date of Meeting April 10, 2012

DATE: April 2, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: Pat Spangler, Real Estate Manager

Beth Britz, Marine Maintenance Project Manager

SUBJECT: 2012 Deferred Maintenance P66 Bell Street Sky Bridge Repaint

Amount of This Request: \$ 440,000

Source of Funds: General Fund

Est. State and Local Taxes: \$ 38,000

Est. Workers Employed: Eight

Est. Total Project Cost: \$ 440,000

ACTION REQUESTED:

Request Port Commission authorization for the Chief Executive Officer to proceed with the Bell Street Sky Bridge Repainting project. This authorization is a combined authorization and includes authorization of the project design, advertisement and execution of a major construction contract, and construction management to be funded within the 2012 Deferred Maintenance Marine Maintenance budget for an amount not to exceed \$440,000.

SYNOPSIS:

Commission authorization is requested to proceed with the project to repaint the Pier 66 Sky Bridge. The bridge, constructed in 1996, is beginning to show the effects of corrosion, bubbling and paint chipping because the paint is past its useful life expectancy. Repainting has been deferred for several years due to budget constraints and is urgently needed. Port tenants, attendees at the Bell Harbor Conference Center events, many waterfront business employees and customers, cruise passengers and tourists use the bridge. The bridge provides safe access over Alaskan Way and the railroad tracks. Design will be completed using an existing Port indefinite delivery, indefinite quantity (IDIQ) consulting contract. The work will be scheduled to begin in August 2012, with the workweek being Monday through Thursday to prevent conflict with cruise operations. Due to the short duration and size of the authorization, this request is for a one-step process. The project was included in the 2012 Real Estate Division's operating budget.

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BACKGROUND:

- The Sky Bridge at Bell Street was constructed as part of the Central Waterfront Project in August 1996. The paint type used on the bridge has a typical life span of approximately ten years. The annual inspections have shown an increase in deteriorated conditions, blistering and flaking.
- In 2007 the Seattle Department of Transportation (SDOT) noted in their inspection report, “The paint is starting to show wear.” with a recommendation to consider painting in the next five years.
- The 2010 SDOT report lists several areas of flaking, rust and paint failure.
- A 2012 Port engineering inspection shows steel primary members affected by corrosion, showing some bubbling and chipping of paint. In some locations, the washers have lost all coating.
- As each year passes, additional areas of rust and deterioration are noted.
- \$440,000 has been allocated in the 2012 Deferred Maintenance budget to repaint the bridge.

PROJECT JUSTIFICATION:

The Sky Bridge serves as a safe access to and from the waterfront over the roadways and railroad. The Sky Bridge also provides access for the community to use the roof top park plaza area and the Port’s Bell Street Pier facility.

Removal of the rust and corrosion, preparing the surface to bare metal, and providing an approved primer and new paint coat will enable extension of the useable life of the bridge as well as improve its appearance.

The re-painting of the bridge has been deferred for several years due to budget constraints and is at a point of urgent attention. With each year, more areas of flaking, bubbling, rust, and peeling have been observed. This deterioration exposes the metal to the elements and causes risk of failure.

Due to the short duration and size of the authorization, this request is for a one-step process. The combined request includes authorization of the project design, advertisement and execution of a major construction contract.

PROJECT OBJECTIVES:

- To repaint with similar materials and colors
- Extend the useful life of the Sky Bridge
- Improve the appearance of the Sky Bridge
- Complete the project with minimal operational impact

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PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

- To 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 film.
- To prime and paint the Sky Bridge, to manufacturer's specifications, while providing a protective finish.

Tentative Project Schedule:

Commission Project Funding	April 2012
Design Complete	May 2012
Major Works Construction bid advertised	June 2012
Permits Obtained	July 2012
Construction Begins	August 2012
Construction Complete	November 2012

FINANCIAL IMPLICATIONS:

Budget/Authorization Summary:

	Expense	Total Project
Original Budget	\$0	\$0
Previous Authorizations	\$0	\$0
Current request for authorization	\$440,000	\$440,000
Total Authorizations, including this request	\$440,000	\$440,000
Remaining budget to be authorized	\$0	\$0
Total Estimated Project Cost	\$440,000	\$440,000

Project Cost Breakdown:

	This Request	Total Project
Construction	\$334,000	\$334,000
Design	\$12,000	\$12,000
Construction Management	\$25,000	\$25,000
Rail Road permits/logistics	\$25,000	\$25,000
Permitting	\$6,000	\$6,000
State & Local Taxes (estimated)	\$38,000	\$38,000
Total	\$440,000	\$440,000

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Budget Status and Source of Funds:

This Sky Bridge Repainting project was included in the 2012 Real Estate Operating Budget in the amount of \$440,000 described as Deferred Maintenance – Paint Bell Street Bridge.

This project will be funded from the General Fund.

Financial Analysis and 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"> • The project schedule could be delayed due to project complexity, weather, and to accommodate the railway, cruise, and conference center schedule. This risk will be partially mitigated with a BNR Flagger and coordination with the railway schedule. • Material costs are subject to price fluctuations. 																							
Project cost for analysis	\$440,000																							
Business Unit (BU)	Portfolio Management – Real Estate Division																							
Effect on business performance	<p>This is an expense project. Therefore, operating expenses in 2012 will include this project in the amount of \$440,000. The project was included in the 2012 Operating Expense Budget. As a result, Net Operating Income (NOI) will remain in line with the 2012 Budget.</p> <table border="1"> <thead> <tr> <th>NOI (in \$000's)</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td>NOI</td> <td>(\$440)</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>Depreciation</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> <tr> <td>NOI After Depreciation</td> <td>(\$440)</td> <td>\$0</td> <td>\$0</td> <td>\$0</td> </tr> </tbody> </table>				NOI (in \$000's)	2012	2013	2014	2015	NOI	(\$440)	\$0	\$0	\$0	Depreciation	\$0	\$0	\$0	\$0	NOI After Depreciation	(\$440)	\$0	\$0	\$0
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Lifecycle Cost and Savings:

This expense work is ordinary routine maintenance required to properly care for the asset. This type of routine maintenance will ensure that the Port realizes the full useful life of the asset. Annual preventive maintenance is impractical since working over Alaskan Way and the railroad requires special permits and complicated logistical coordination. The best option is to repaint the entire bridge, approximately every 10 years. Therefore, the life cycle cost of this maintenance work is \$440,000 over 10 years, or approximately \$45,000 per year in the lifecycle.

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ENVIRONMENTAL SUSTAINABILITY and STRATEGIC OBJECTIVES:

The proposal supports the following Port Strategies and Objectives:

- **Exhibit Environmental Stewardship through our Actions:** By assuring Port facilities are not introducing rust or flakes of paint into the environment.
- **Be a High-Performance Organization:** by efficiently maintaining Port 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.

BUSINESS PLAN OBJECTIVES:

Maintaining this asset is beneficial to provide a safe access for pedestrians and cyclists over the roadway and the railroad and to the Seattle waterfront. Maintaining the paint will provide added years of life to the steel structure of the Sky Bridge.

TRIPLE BOTTOM LINE SUMMARY:

- Promotes safety to the community, tenants and employees, as it provides a safe access to the Seattle waterfront over Alaskan Way and the railroad.
- The Sky Bridge contributes significantly to Real Estate purposes and the Cruise line of business.
- Provides for the community by creating jobs, as the work will be contracted out.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1: Authorize \$440,000 to complete the proposed project of painting the Sky Bridge.

This is the recommended alternative.

Alternative 2: Do not paint - allows the surface to deteriorate further. This is not recommended. The paint is past its life expectancy. This will increase the cost of repair and cause more elements to be damaged.

Alternative 3: Spot painting – Not recommended because the area on the upper bridge was never painted, only primed. It would require over railroad access, preparing the surface to primable condition and would cost almost as much as a complete repaint. The entire bridge paint is 16 years old and past its useful life expectancy.

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OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

November 22, 2011: Approval of the 2012 Deferred Maintenance program for 2012.