

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5b

ACTION ITEM

Date of Meeting December 11, 2012

DATE: December 3, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: Beth Britz, Marine Maintenance Project Manager

SUBJECT: Deferred Maintenance P66 Bell Street Sky Bridge Repaint (Project #104774)

Amount of This Request: \$ 60,000

Source of Funds: General Fund

Est. State and Local Taxes: \$ 43,000

Est. Jobs Created: 6

Est. Total Project Cost: \$ 500,000

ACTION REQUESTED:

Request Commission approval to increase the project budget authorization by \$60,000 for the Pier 66 Bell Street Sky Bridge Repainting Deferred Maintenance project for a new total project budget of \$500,000.

SYNOPSIS:

On April 10, 2012, Commission authorized \$440,000 for total project costs to repaint the Pier 66 (P66) Bell Street Sky Bridge. At the time of Commission authorization, the work was anticipated to begin in August 2012 with a contractor responsible for the preparation and repainting of the surface, staging and permits. The Port would be responsible for the BNSF Railway permits and flagger for an estimated 15 days. The Port would also be responsible for all project and construction management activities and maintenance support as required.

The construction contract was executed with Purcell Painting on September 17, 2012, and the contractor began work on October 22, 2012. We are requesting additional funds to add contingency into the project budget to cover increased costs resulting from changes since project authorization. This project is expense funded and must be completed within the 2012 budget year. Funds are available due to lower costs for other deferred maintenance projects.

The project costs have increased to cover the non-contractor-specific charges related to the unforeseen conditions in the field that resulted in additional design, flagging, and Port soft costs.

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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 revealed 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 was 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 Alaskan Way and the railroad tracks. 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 extend the usable 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 has reached 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 shortens the metal’s useful life.

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FINANCIAL IMPLICATIONS:

Budget/Authorization Summary:

Original Budget –Deferred Maintenance Authorization	\$440,000
Previous Authorizations	\$0
Current request for authorization	\$60,000
Total Authorizations, including this request	\$500,000
Remaining budget to be authorized	\$0
Total Estimated Project Cost	\$500,000

Initial Project Cost Breakdown

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

Revised Project Cost Breakdown:

	This Request	Total Project
Construction	\$0	\$273,760
Design	\$12,240	\$24,240
Construction Management	\$17,760	\$80,000
Rail Road permits/logistics	\$25,000	\$73,000
Permitting	\$0	\$6,000
State & Local Taxes (estimated)	\$5,000	\$43,000
Total	\$60,000	\$500,000

The authorized project cost breakdown estimated \$334,000 for construction. The revised breakdown shown above has been adjusted based on the executed construction contract, and construction contingency. There is a transfer of \$60,000 of the approved construction costs from construction into the other project cost categories to cover costs that were higher than the original estimate.

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. The additional \$60,000 required to complete the project is available due to under spending within the 2012 Deferred Maintenance Real Estate budget. Approval of the requested additional \$60,000 brings the total authorized budget to \$500,000.

This project will be funded from the General Fund.

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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 BNSR Flagger and coordination with the railway schedule.• Material costs are subject to price fluctuations.																								
Project cost for analysis	\$500,000																								
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 \$500,000. 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><th>2016</th></tr></thead><tbody><tr><td>NOI</td><td>(\$500)</td><td>\$0</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><td>\$0</td></tr><tr><td>NOI After Depreciation</td><td>(500)</td><td>\$0</td><td>\$0</td><td>\$0</td><td>\$0</td></tr></tbody></table>	NOI (in \$000's)	2012	2013	2014	2015	2016	NOI	(\$500)	\$0	\$0	\$0	\$0	Depreciation	\$0	\$0	\$0	\$0	\$0	NOI After Depreciation	(500)	\$0	\$0	\$0	\$0
NOI (in \$000's)	2012	2013	2014	2015	2016																				
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IRR/NPV	<table border="1"><tr><td>NPV (in \$000's)</td></tr><tr><td>(\$500)</td></tr></table>	NPV (in \$000's)	(\$500)																						
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OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- April 10, 2012: Commission approved \$440,000 to repaint the P66 Bell Street Sky Bridge.
- November 22, 2011: Commission approved the 2012 Deferred Maintenance program for 2012.