



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8b

**ACTION ITEM**

**Date of Meeting** March 23, 2021

**DATE:** February 22, 2021

**TO:** Stephen P. Metruck, Executive Director

**FROM:** James Truhan, Sr. Real Estate Manager  
Rod Jackson, Capital Project Manager  
Melinda Miller, Director, Portfolio and Asset Management

**SUBJECT: Central Waterfront Elevator Modernization Project Construction Additional Funding Request (CIP # C801016)**

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to approve additional funding in the amount of \$1,360,000 for design, permitting, and construction phases of the Central Waterfront Elevator Modernization project and to direct staff to award the contract to continue the project.

<b>Amount of This Request</b>	<b>\$1,360,000</b>
<b>Previously Authorized</b>	<b><u>\$1,808,000</u></b>
<b>Revised Estimated Project Cost</b>	<b>\$3,168,000</b>

**EXECUTIVE SUMMARY**

The Lenora and Bell Street elevators are critical waterfront infrastructure, providing access for thousands of visitors and residents annually from the Central Waterfront to the Market and Seattle's downtown. Both elevators are over 20 years old with critical operating components now at the end of their programmed service lives. In addition, the supporting architectural elements of both elevators, consisting of towers, bridges, walkways and stairways require refurbishment via selective refinishing, repair and replacement.

This funding request will allow design, permitting and construction phases to begin this Building Engineered System project. The target date for completion is Q4/2021 with closeout scheduled for Q2/2022.

Timely award of this work will allow the completion of the work to align with the City of Seattle Lenora Street Pedestrian Bridge opening and prevent a second closing of the waterfront access at Lenora.

Meeting Date: March 23, 2021

***Funding Request Detail***

Additional Hard Costs	\$945,000.00
Additional Taxes	\$124,000.00
Additional Contingency	\$166,000.00
Additional Soft Costs	\$125,000.00
<b>Total</b>	<b>\$1,360,000.00</b>

***Bid Process Summary***

Only one bid was received, after which two rounds of technical and cost inquiry were conducted, with the intent of validating bidder assumptions regarding scope, cost, and proposed means and methods.

Based on this and the final scoring of the proposal, the evaluation team found the bid to be responsive and recommends proceeding with award.

A timely award of this work will align with the City of Seattle Lenora Street Pedestrian Bridge opening and prevent a second closing of the waterfront access at Lenora.

	<b>Port of Seattle Estimate</b>	<b>Bidder A Proposal</b>
<b>Date Prepared</b>	10/27/20	12/8/20
<b>Estimated Cost</b>	\$1,410,000*	\$2,271,639*

*\* omits contingency and taxes*

***Cost Drivers***

1. Lack of Competition  
Only one bid was received, despite measures to encourage broad participation.
2. Limited Availability of Specialized Expertise  
Commercial elevator work is a narrowly-populated construction discipline, limited to a handful of qualified local national vendors with local representation.
  - A. Perceived Schedule Risk  
The Port’s requirement to complete the project during the Waterfront Seattle Lenora closure window compels bidders to account for this in their pricing.
3. Bidder Recommended Scope  
The sole bidder recommended additional work (\$236K) be performed that was not included in the Port’s estimate.
4. Miscalculated project costs  
The project team undervalued the project costs and interpreted anticipated taxes and soft costs incorrectly.

Meeting Date: March 23, 2021

### **JUSTIFICATION**

This project is driven by the following imperatives:

- A. Minimize Risk of Failure  
The two existing elevators are at the end of their service lives. Risks of extended service outages are increasing due to the limited supply of OEM replacement parts.
- B. Leverage Specialized Expertise  
Elevator upgrade work is a specialty market and local availability of experienced contractors is limited – especially now. Further, public projects by elevator contractors are perceived as more labor intensive and therefore less profitable.
- C. Meet Contemporary User Experience Expectations  
The existing cab design, now over 20 years old, is past due to be refreshed to meet current expectations for look, feel, and function.
- D. Achieve a Lower Cost of Ownership  
Replace existing equipment with non-proprietary components that can be maintained by any qualified elevator maintenance company.
- E. Align with Complementary Projects  
With the Lenora elevator off-line through 2022 due to the City of Seattle Waterfront Construction project, this an opportune time to complete this work.

### ***Strategic Objectives***

The project supports all four of the following Century Agenda objectives:

- A. Position the Puget Sound region as a premier international logistics hub.
- B. Advance this region as a leading tourism destination and business gateway.
- C. Use the Port’s influence as an institution to promote women and minority business enterprise (WMBE) growth, small business growth, and workforce development.
- D. Be the greenest, and most energy-efficient port in North America.

### ***Urgency***

The proposed project is needed now to ensure continued availability, reliability, eliminate slip/trip hazards, and improve customer experience and will upgrade the elevators’ electrical, structural system, stair treads, HVAC and control systems, including new cabs’ interiors at Lenora.

The work will also coincide with the City of Seattle Waterfront Construction which is currently underway and is expected to complete in late 2021 or early 2022 with plans to tie into the Lenora Street pedestrian overpass.

The City’s work includes tying in the Lenora bridge (leading the elevator tower) with nearby upland walkways. Completing this project during the Waterfront Seattle closure period will avoid separate elevator closures later.

Meeting Date: March 23, 2021

### ***Diversity in Contracting***

Project staff along with the Diversity in Contracting Department have established a Woman and Minority Business Enterprise (WMBE) aspirational goal of 4% for this project, proposer “A” committed to a 6% goal for the project.

### **DETAILS**

#### ***Project Goal***

Ensure the continued availability, safety and appearance of the existing Bell and Lenora Street elevators.

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

- A. Protect Existing Assets  
Ensure that the existing elevators, related infrastructure and supporting structure are maintained.
- B. Reduce Unplanned Maintenance Costs  
Mitigate costs related to elevator operational breakdowns, repainting, re-glazing, etc.
- C. Mitigate Impacts to Existing Business Operations  
Coordinate the work with the current Lenora Street bridge closure related to the ongoing Seattle Waterfront project.
- D. Employ Sustainable Means and Methods  
Incorporate environmentally sustainable practices during construction, where practical.

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

The scope of work for this project includes the following key elements:

1. Install new cab interiors at the Lenora elevator- the existing cab interior at the Bell Street elevator will be refinished and deep-cleaned.
2. Install new doors, flooring, ceiling, lighting and ventilation components at both elevators.
3. Install new controls, HVAC, machine room equipment and car operating components.
4. Update the cabs at both elevators to support current accessibility standards and to be vandal resistant.
5. Include all new necessary components for Firefighter’s operation to comply with life safety code requirements.
6. Comply with current ASME (American Society of Mechanical Engineers) A.17.1, 2010 ADA, Seattle Building Code, Seattle Energy Code, State of Washington elevator safety code requirements, as well as Port of Seattle standards.
7. Recondition retained equipment to ensure reliable operation.
8. Replace the Lenora elevator tower stair treads, tower glazing and lighting which will include rust removal and painting.

Meeting Date: March 23, 2021

***Procurement Approach***

The project was procured as a Building Engineered Systems Contract (RCW 39.04.290).

This allowed the Port to utilize a competitive bidding process where proposers are required to provide final specifications and a proposal price for the design, fabrication, and installation of system components. System design and specifications under this approach are reviewed and approved by the Port.

This procurement strategy was chosen because proven turn-key solutions are available, and because elevator equipment represents a large percentage of the project cost.

Further, this provides opportunities for increased quality, efficiency, and risk reduction for the Port.

***Schedule***

Previous Commission Design & Construction authorization	August 11,2020
Previous Advertisement	September 2020 thru Q1 2021
Award	March 23, 2021
Design start by the awarded team	June 2021
Construction start	September 2021
In-use date	Q1 thru Q2 2022

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1 – Cancel the project.**

Capital Cost: None.

Pros: Defers capital spend at a challenging time for Port budgets.

Cons:

1. Increasing outages of longer duration as equipment fails and parts become harder to source.
2. Higher costs for the same scope over time - Repairs and maintenance would still have to be performed in separate projects at increased cost (due to inefficient approach).
3. Forfeits opportunity to coordinate construction down-time with ongoing Waterfront Seattle work.
4. \$225,000 in sunk costs will be expensed.
5. Century Agenda environmental goals would be not be advanced with this project.

This is not the recommended alternative.

Meeting Date: March 23, 2021

**Alternative 2 – Cancel, Rescope and Rebid.**

Reconfigure scope to limit capital spend by addressing critical operating components, separate from architectural scope, which would be completed separately.

Cost Implications: (Net additional costs for same scope)

Pros:

1. Reduces near-term capital expenditure at a challenging time for Port budgets.
2. Mitigates risk of elevator outages over the mid-/long-term.
3. Potential for increased bid competition, if market interest can be generated.
4. Advances the Century Agenda environmental goals.

Cons:

1. Delays award/construction to allow for rescoping and procurement - Opportunity to coordinate construction down-time with ongoing Waterfront Seattle work would be forfeited.
2. Higher costs for the same scope over time - Repairs and maintenance would still have to be performed in separate projects at increased cost (due to inefficient approach).

This is not the recommended alternative.

**Alternative 3 – Omit Bidder-Recommended Scope.**

The following scope items were submitted by the bidder as recommended additional work items, as the result of their due diligence. These were not included in the Port’s cost estimate.

Bell Street Elevator:	New Window Surface Film	\$25,000
Lenora Street Elevator:	Full replacement of glazing units	\$176,000
Lenora Street Elevator:	Sand Blasting Coating Walkways	<u>\$35,000</u>
	<b>TOTAL</b>	<b>\$236,000</b>

Cost Implications: (\$2,932,000)

Pros:

1. Reduces near-term capital expenditure at a challenging time for Port budgets.
2. Allows project to proceed as originally scoped.

Cons:

Forfeits a more comprehensive renovation of existing glazing and walking surfaces.

This is not the recommended alternative.

**Alternative 4 – Add requested funds of \$1,360,000** for the Upgrade both Lenora and Bell Street elevators, Lenora street stair tower and controls with new technologies including recommended scope additions as stated in Alternative 3.

Meeting Date: March 23, 2021

Cost Implications: \$3.168M

Pros:

- (1) Advances Century Agenda goals.
- (2) Building Engineering Systems delivery process allows the Port to combine design and construction into one contract and the selection of a contractor with the best combination of qualifications and cost.
- (3) New asphalt curb removes potential exposure of having hydraulic oil from the elevator system below the water table.
- (4) Increased energy efficiency.
- (5) Modernizing a hydraulic elevator will increase energy efficiency as the new equipment will use the same power characteristics and horsepower.

Cons:

- (1) Construction period is the longest of all alternatives.
- (2) Longer delivery schedule adjusted to fit in construction window provided by the City of Seattle.
- (3) Highest upfront expenditure for constructing both elevators cost going forward.

***This is the recommended alternative.***

***Alternative Systems Evaluation***

Staff reviewed the replacement of both elevators with an MRL (Machine Room Less) system and found that such a system could increase energy efficiency, lower horsepower requirements while using regenerative drives, remove potential exposure of having hydraulic oil from the elevator system below the water table. However, the cost would be 30% more than the current proposed project and would exceed the construction time available within the City of Seattle waterfront schedule.

**FINANCIAL IMPLICATIONS**

***Cost Estimate/Authorization Summary***

<b>ESTIMATE HISTORY</b>	<b>Capital</b>	<b>Expense</b>	<b>Total</b>
Original estimate	\$1,808,000	\$0	\$1,808,000
Current request	\$1,360,000	\$0	\$1,360,000
<b>Revised estimate</b>	<b>\$3,168,000</b>	<b>\$0</b>	<b>\$3,168,000</b>
<b>AUTHORIZATION HISTORY</b>	<b>Capital</b>	<b>Expense</b>	<b>Total</b>
Previous authorizations	\$1,808,000	\$0	\$1,808,000
Current request	\$1,360,000	\$0	\$1,360,000
<b>Total authorizations including this request</b>	<b>\$3,168,000</b>	<b>\$0</b>	<b>\$3,168,000</b>
Remaining amount to be authorized	\$0	\$0	\$0

Meeting Date: March 23, 2021

**Annual Budget Status and Source of Funds**

This project has been included in the 2021 Plan of Finance under C801016 Central Waterfront Elevator Modernizations (Lenora and Bell Street Elevators) at an estimated total project cost of \$1,808,000. The updated current total project estimate is \$3,168,000. The additional estimated cost of \$1,360,000 will be funded by C800216 EDD Reserve.

This project is funded by the General Fund.

**Financial Analysis and Summary**

Project cost for analysis	\$3,168,000
Business Unit (BU)	Portfolio Management
Effect on business performance (NOI after depreciation)	Depreciation will increase by \$105,600 per year, based on an estimated useful life of 30 years.
IRR/NPV (if relevant)	No incremental revenue. The NPV is the present value of the project cost.
CPE Impact	N/A

**SUSTAINABLE EVALUATION FRAMEWORK**

The Lenora and Bell Street Elevator modernization project is Tier 1 under the Sustainable Evaluation Framework. Environmental considerations include energy (elevator lighting and controls), materials, contractor selection, and waste diversion.

An assessment was conducted for the elevators to recommend upgrades. No additional upgrade projects are being considered within the project vicinity that could be combined with this project. We will look at equity/public opportunities and integration with the feel of the City project (interpretive signage, etc.). All new cab fixtures will be ADA-compliant and designed with raised Braille characters that contain descriptions to help individuals find their desired destinations more easily.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

August 11, 2020 – The Commission authorized and approved Design and Construction funding of \$1,808,000 for the project.