

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 5f
Date of Meeting April 23, 2013

DATE: April 12, 2013
TO: Tay Yoshitani, Chief Executive Officer
FROM: Beth Britz, Project Manager, Marine Maintenance
Rebecca Schwan, Real Estate Manager
SUBJECT: Fishermen's Terminal Building C-15 Exterior Paint Project

Amount of This Request:	\$ 458,000	Source of Funds:	General Fund
Est. State and Local Taxes:	\$ 3,000	Est. Jobs Created:	4
Est. Total Project Cost:	\$ 458,000		

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to proceed with deferred maintenance at Fishermen's Terminal Building C15 (Fishermen's Center) to hand wash and paint the exterior of the building (Paint Exterior project), including authorization for Marine Maintenance to self-perform the work required to clean the exterior, prep, and repaint, for a total cost not to exceed \$458,000.

SYNOPSIS:

Commission has approved this project as part of the 2013 Deferred Maintenance Program. The project will include hand washing the siding on the exterior of the entire Fishermen's Terminal C15 Building (Fishermen's Center), using a method compliant with stormwater regulations, as well as preparation for and repainting of the areas identified in the scope of work. The building is visibly dirty from years of exposure to the elements and becoming an eyesore.

The C15 Building is at the center of Fishermen's Terminal. It is home to anchor tenant Chinook's at Salmon Bay, which is part of the Anthony's Homeport restaurant chain and is a popular local seafood restaurant. The building also houses two other restaurants, a tavern, a seafood market, a brand-new grocery store and deli along with several other retail and office tenants. It is the newest building at the facility. The combined annual revenues from the tenants are estimated at just over \$1,200,000. Due to the public nature of the building's operations, this request includes authorization for the Port to self-perform the work utilizing Maintenance personnel. This decision was reached after careful analysis of the costs/benefits of performing the work by Marine Maintenance or contracting it out. Self-performing this work is preferable because it allows work to be scheduled and coordinated to provide minimal impact and

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disruption to the tenants' businesses. Working partial days and working around peak use hours will be required. A large portion of this work is exposed to the weather, which requires additional flexibility in scheduling. The cost of this project was included in the 2013 Real Estate Operating Budget.

BACKGROUND:

The Fishermen's Terminal C15 Building was constructed in 1988. It is a popular and well-known destination frequented by the boating, fishing, tourist and dining public. In addition to the public venues (three restaurants and a tavern), the entire second floor is 100% occupied by office tenants. The combined annual revenues from these tenants are estimated at just over \$1,200,000 per year.

The exterior of the C15 Building needs to be thoroughly cleaned and repainted. The siding has a great deal of built-up oily grime and dirt from having been in the local elements for many years without being washed. The build-up leads to pitting of the baked coating, which in turn flakes and peels. This leaves the metal siding exposed and subject to rust. The area referred to as the plaza is especially susceptible to the elements due to the wind blowing off the water. This area is peeling and needs to be repainted. The steel supports, posts, trusses and exposed framing are also very dirty, peeling and in need of repainting. Recently, peeling of the coating on the siding has been observed. In short, with each year, the building gets dirtier, more degraded and in greater need of an exterior paint job.

Annual preventive maintenance of C15 has been deferred for a number of years because of budget constraints, but this work was identified several years ago as one of the Deferred Maintenance projects that should be funded to safeguard a Port asset to ensure the Port realizes the full useful life of the building.

PROJECT JUSTIFICATION:

The C15 Building exterior is visibly dirty from many years of exposure to the elements. The coating of the siding in the plaza area is peeling and rust is forming. The undersides of the plaza and covered walkways have started to rust in the places where the paint has peeled. The building is very visible to the public and to customers.

The decision to have Maintenance self-perform the work was based on the scheduling flexibility required, and the challenge of pre-identifying all of the areas to be repainted. The nature of the building's business operations makes it essential to schedule and coordinate the work to provide minimal impact and disruption. Starting and stopping of the work would require a contractor to have multiple mobilizations and demobilizations and challenges in scheduling workers. Working partial days, working around peak-use hours and delays for inclement weather will be required. The areas to be repainted are identified in the scope of work, but additional areas may be exposed as the cleaning process is conducted.

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The cleaning and repainting has been deferred for several years due to budget constraints. With each year, the building deteriorates further.

Project Objectives:

- Preserve and maintain a Port asset.
- Improve building appearance.
- Perform work with minimal disruption to patrons and tenants during project.
- Complete project prior to the inclement fall weather.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

- Hand wash the entire exterior siding of the C15 building, ensuring all run-off is captured and appropriately disposed of.
- Prepare and repaint the exposed posts, girders, rafters, trusses and all areas that are currently blue, green or similar colors to match the building standard trim color.
- Prepare and repaint the exterior walls inside of the plaza area.
- Remove, store, then re-install the bird barrier/netting.
- Prepare and repaint the underside of the plaza area and covered walkways.
- Coordinate all work with tenant schedules to minimize adverse impact to the facility's operations.
- Comply with stormwater regulations.

Schedule: Perform the work between June 2013 and September 2013 as weather and tenant schedules permit.

FINANCIAL IMPLICATIONS:

Budget/Authorization Summary:

Original Budget	\$458,000
Previous Authorizations	\$0
Current request for authorization	\$458,000
Total Authorizations, including this request	\$458,000
Remaining budget to be authorized	\$0
Total Estimated Project Cost	\$458,000

Project Cost Breakdown:

	Total Project
Construction	\$435,000
Construction Management	\$0
Design	\$0
Project Management	\$20,000
Permitting	\$0
State & Local Taxes (estimated)	\$3,000
Total	\$458,000

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Budget Status and Source of Funds:

The cost to paint the exterior of the Fishermen's Terminal C15 Building was included in the 2013 Real Estate Operating Budget in the amount of \$458,000.

This project will be funded from the General Fund.

Financial Analysis and Summary:

CIP Category	Not applicable – Expense project.
Project Type	Deferred Maintenance Expense project.
Risk adjusted discount rate	N/A
Key risk factors	<ul style="list-style-type: none">• Delays due to weather and tenant operations. This risk is mitigated by utilizing Port Maintenance personnel for the work.• Costs might increase if required work is more extensive than currently known.
Project cost for analysis	\$458,000
Business Unit (BU)	Commercial Properties, Real Estate.
Effect on business performance	The estimated cost of this project of \$458,000 will be an expense in 2013 and thus will reduce Net Operating Income (NOI) by a corresponding amount. The cost of the project is in line with the amount included in the 2013 Operating Budget, so no unfavorable variance from Budget is anticipated.
IRR/NPV	The NPV of this project is equal to (\$458,000) or the project cost.

Lifecycle Cost and Savings:

This expense work is ordinary preventive maintenance required to properly care for the asset. This type of preventive maintenance will ensure that the Port realizes the full useful life of the asset. Annual preventive maintenance was deferred due to previous budget constraints.

STRATEGIC OBJECTIVES:

Cleaning and repainting the exterior of the Fishermen's Terminal C15 Building supports the Port's strategies to "Exhibit Environmental Stewardship through our actions." This project refreshes the aesthetics of this popular tourist destination and improves the longevity of the existing exterior.

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ENVIRONMENTAL SUSTAINABILITY:

The work will be conducted in compliance with stormwater regulations, which require collection and proper disposal of all run-off. This project will prolong the life of the siding and remove loose or peeling paint.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1: Do nothing. Doing nothing would limit the life of the siding and reduce the public appeal. This is not recommended.

Alternative 2: Authorize to procure a Public Works contract to do this work and authorizations of \$600,000 for a combined authorization that would include project design, advertisement and execution of a major construction contract, and construction management. This is not the recommended alternative.

Alternative 3: Authorize \$458,000 for the Port to self-perform the cleaning and repainting of the Fishermen's Terminal C15 Building's exterior. **This is the recommended alternative.**

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

- None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- November 27, 2012: Approval of 2013 Deferred Maintenance program.