

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 5a  
**Date of Meeting** February 4, 2014

**DATE:** January 28, 2014  
**TO:** Tay Yoshitani, Chief Executive Officer  
**FROM:** Robert Hoyman, Marine Maintenance Project Manager  
Nick Milos, Manager Corporate Facilities, P69 Facility Management  
**SUBJECT:** Pier 69 Carpet Replacement - 2<sup>nd</sup> & 3<sup>rd</sup> Floors

**Amount of This Request:** \$1,200,000  
**Source of Funds:** Airport Development Fund & General Fund  
**Est. Total Project Cost:** \$1,200,000.00 **Est. State and Local Taxes:** \$100,000  
**Net Proceeds to Port:** \$0

**ACTION REQUESTED:**

Request Commission authorization for the Chief Executive Officer to proceed with design and construction of the Pier 69 Carpet Replacement Project, including: design completion, advertisement, award of bid, and construction; for a total project cost not to exceed \$1,200,000. This request is time-sensitive and seeks a single authorization for design and construction.

**SYNOPSIS:**

The existing carpeting on the second and third floors of the Pier 69 Port of Seattle Corporate Headquarters building was installed in 1993. Carpet replacement has been deferred since 2006 due to budget constraints and has become urgent. In areas of high traffic, the carpet can no longer be maintained to an acceptable level. In some areas it is unraveling and in others the carpet has worn through to the cement sub-floor.

Funding for this work is included in the 2014 Operating Expense Budget, based on the current total project estimate of \$1,200,000. We request a single approval for design completion, advertisement, award of construction contract and construction so that carpet replacement can occur during the summer months.

**BACKGROUND:**

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- The Port of Seattle purchased the Pier 69 building in 1988 as part of the Port's planned master re-development and converted it from warehouse space to a mixed-use building in 1992. It became the Port of Seattle Headquarters building in 1993.
- The existing carpet installed on the second and third floors has now been in place for over 20 years. The expected life of this series of carpet is at most 15 years.
- Pier 69 Carpet Replacement was included in the Deferred Maintenance Program and was planned for execution in 2013. However, projected project costs exceeded the funding allocated to the project and it was deferred to 2014. The project is included in this year's operating expense budget for \$1,200,000.
- The existing carpet fibers and backing have continued to deteriorate and are becoming unmaintainable.
- In 2013 a committee was formed to identify the salient requirements and select suitable carpet materials currently in production.
- Electrical pathway on the second floor of the Pier 69 building is in some cases provided through poured in place ductwork commonly referred to as "walker duct". Portions of this ductwork are in need of repair. The amount of work required is minimal and has no relationship to carpet installation. Repairs will be coordinated during the carpet replacement and will be performed by Port electricians.

### **PROJECT JUSTIFICATION:**

Pier 69 serves as the Port of Seattle Headquarters and provides an environment that promotes the Port's values and provides the first impression to our visitors and business partners. The existing carpet is beyond its useful life.

Replacing the existing carpet will improve the appearance of the Pier 69 facility and promote a healthy work environment. Carpet replacement will also enable custodial staff to more easily maintain cleanliness and appearance.

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

- Complete the project on time and within budget.
- Install carpet with minimal impact to Port personnel and operations.
- Improve the environment of Pier 69.
- Improve the appearance of the Port of Seattle Headquarters building interior.
- Install material with recycled content and recycle materials to be removed as allowed by the authorized budget.
- Install material with low volatile organic compounds (VOCs), containing minimal amounts of formaldehyde.
- Perform work during summer months to allow ventilation of building during installation.
- Repair walker ducts on the second floor concurrently with carpet replacement.

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### PROJECT SCOPE OF WORK AND SCHEDULE:

#### *Scope of Work:*

- Replace all carpet on the second and third floors of Pier 69 on an area-by-area basis so that each area will be operational during business hours.
- Carpet will be removed and replaced with modular carpet (tiles). Modular carpet allows for installation of the carpet without furnishings being dismantled or moved.
- Convert some copy rooms, storage rooms and other utility areas from carpet to vinyl composition tile (VCT) flooring.
- Some storage areas that are currently carpeted will remain as they are and will receive VCT at a later date on an as-needed basis.
- Coordinate the work of carpet crews with Port crews to repair walker duct on the second floor.
- Perform necessary surface repairs for a smooth and even floor surface.
- Remove existing vinyl rubber base (cove base) and install new cove base.

➤ Approximate area of existing carpet flooring:

*Second floor 4,738 sq.yd.*

*Third floor 5,511 sq.yd.*

*Total 10,249 sq.yd.*

➤ Approximate area to be carpeted:

Second floor 4,249 sq.yd.

Third floor 5,247 sq.yd.

**Total 9,496 sq.yd.**

VCT conversion:

400 sq.yd.

200 sq.yd.

**600 sq.yd.**

Approximate area to receive floor coverings: 10,096 sq.yd.

#### *Schedule:*

Project design completion and procurement will begin immediately following Commission authorization. Bid documents are expected to be complete for advertisement in the first quarter of 2014.

Carpet installation is anticipated to occur between July and September. Work will be performed during evenings and weekends to minimize the effect on Port operations. Work will be performed in such a way that areas will be completed prior to the start of each work shift whenever possible.

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### **FINANCIAL IMPLICATIONS:**

#### ***Budget/Authorization Summary:***

Previous Authorizations	\$0
Current request for authorization	\$1,200,000
Total Authorizations, including this request	\$1,200,000
Remaining budget to be authorized	\$0
Total Estimated Project Cost	\$1,200,000

<b><i>Project Cost Breakdown:</i></b>	<b>This Request</b>	<b>Total Project</b>
Construction	\$980,000	\$980,000
Construction Management	\$25,000	\$25,000
Design	\$55,000	\$55,000
Project Management	\$40,000	\$40,000
Permitting	N/A	N/A
State & Local Taxes (estimated)	\$100,000	\$100,000
Total	\$1,200,000	\$1,200,000

#### ***Budget Status and Source of Funds:***

The Pier 69 Carpet Replacement project was included in the 2014 Marine Maintenance Operating Budget for work on the Pier 69 Port of Seattle Corporate Headquarters' building in the amount of \$1,200,000, which is equal to the current estimate of the project cost.

Because the cost of maintaining the Pier 69 Headquarters is shared through cost allocation between the Aviation, Seaport, and Real Estate Divisions, this project will be funded from three sources:

<b>Funding Source</b>	<b>2014 Operating Budget</b>
Aviation Development Fund 64.22%	770,640
Seaport General Fund 27.41%	328,920
Real Estate General Fund 8.37%	100,440
<b>Total</b>	<b>1,200,000</b>

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### ***Financial Analysis and Summary:***

<b>CIP Category</b>	N/A																														
<b>Project Type</b>	Expense																														
<b>Risk adjusted discount rate</b>	N/A																														
<b>Key risk factors</b>	<ul style="list-style-type: none"><li>• The project schedule could be delayed if material purchase is delayed and is to compete with seasonal influx of flooring orders.</li><li>• Project cost could vary from current estimate.</li></ul>																														
<b>Project cost for analysis</b>	\$1,200,000																														
<b>Business Unit (BU)</b>	Aviation, Seaport, and Real Estate Divisions																														
<b>Effect on business performance</b>	<p>The cost of replacing carpet is an operating expense under Port accounting guidelines. The estimated project costs will have the following impact on Net Operating Income (NOI) in 2014.</p> <table border="1"><thead><tr><th>2014 NOI (in \$000's)</th><th>Aviation</th><th>Seaport</th><th>Real Estate</th><th>Total Port</th></tr></thead><tbody><tr><td>Incremental Revenue</td><td>\$0</td><td>\$0</td><td>\$0</td><td>\$0</td></tr><tr><td>Incremental OpExp</td><td>\$771</td><td>\$329</td><td>\$100</td><td>\$1,200</td></tr><tr><td>NOI</td><td>(\$771)</td><td>(\$329)</td><td>(\$100)</td><td>(\$1,200)</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>(\$771)</td><td>(\$329)</td><td>(\$100)</td><td>(\$1,200)</td></tr></tbody></table>	2014 NOI (in \$000's)	Aviation	Seaport	Real Estate	Total Port	Incremental Revenue	\$0	\$0	\$0	\$0	Incremental OpExp	\$771	\$329	\$100	\$1,200	NOI	(\$771)	(\$329)	(\$100)	(\$1,200)	Depreciation	\$0	\$0	\$0	\$0	NOI After Depreciation	(\$771)	(\$329)	(\$100)	(\$1,200)
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<b>IRR/NPV</b>	NPV is the present value of the project cost.																														

### ***Lifecycle Cost and Savings:***

This expense work is considered periodic routine maintenance typical of office and commercial environments. This type of periodic maintenance will ensure that the Port can maintain a clean, effective and positive work environment consistent with the organizational values of the Port. The best practice would be to budget for carpet replacement every 20 years. Therefore, the lifecycle cost of this maintenance work is \$1,200,000 over 20 years, or approximately \$60,000 per year in the lifecycle.

### **ENVIRONMENTAL SUSTAINABILITY:**

Carpet materials will contain recycled materials and will be 100% recyclable. If budget allows, the existing materials will be recycled. The design requires materials to have low VOCs in order to reduce the potential of irritation to occupants.

### **ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:**

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Alternative 1: Do not replace Pier 69 carpeting. The carpeting will continue to deteriorate. This is not the recommended alternative.

Alternative 2: Authorization of \$1,200,000 for total project authorization to complete the design, advertise for bid and award the Pier 69 Carpet Replacement Project. **This is the recommended alternative.**

### **OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:**

- Preliminary design identifying areas to receive flooring.

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:**

None.