

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5g

ACTION ITEM

Date of Meeting June 26, 2012

DATE: June 18, 2012

TO: Tay Yoshitani, Chief Executive Officer

FROM: Nick Milos, Manager, Corporate Facilities
Curtis Stahlecker, Capital Project Manager

SUBJECT: P-69 Built-up Roof Replacement - Design
(CIP #C800314)

Amount of This Request: \$404,000 **Source of Funds:** Airport Development Fund,
General Fund (Seaport), and
Tax Levy (Real Estate)

Est. State and Local Taxes: N/A **Est. Jobs Created:** N/A

Est. Total Project Cost: \$2,012,000

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to proceed with design and preparation of construction documents, project management, and permitting for the design phase of the Pier 69 Built-up Roof Replacement Project. The amount of this request is \$404,000, bringing the current authorization for the project to \$445,000 for a total estimated project cost of \$2,012,000.

SYNOPSIS:

This memorandum requests authorization to proceed with the design of a new roofing system to replace the built-up section of the Pier 69 roof. The built up section has had minor leaks in the past and is nearing the end of its design life, as recommended in the condition assessment report prepared in 2008. Additional design functions that will occur with the authorization will be to investigate and make a determination on the remaining useful life of the metal and membrane roof sections; investigate and incorporate environmentally sustainable practices and materials into the roofing system using total cost of ownership as the evaluation criteria. This project was included in the 2012 plan of finance for \$1,992,000. The additional \$20,000 needed to complete the project is available due to timing delays in other projects. This project provides potential work for small business. Design for this project will be accomplished through an indefinite delivery, indefinite quantity (IDIQ) consultant contract.

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BACKGROUND:

The Pier 69 building is the corporate headquarters for the Port of Seattle. In addition, the building has tenants including the Victoria Clipper, Arctic Storm, and the Portside Café. The building underwent a major retrofit in the early 1990s and is in good condition. The roof is approximately 19 years old and is made up of three different roofing systems; built-up, metal, and membrane. The built-up and metal roof systems cover roughly the same surface area on the roof, 32,250 square feet (sf.) and 31,000 sf., respectively. The membrane section is much smaller at 6,250 sf. and is located under the patio pavers at each end of the building.

The roofing systems are the original roof installed on the building in the early 1990s. The metal and membrane roof systems have performed quite well and have had no leaks. The built-up system has also performed very well but has had some minor leaks that were repaired in 2007. After the repairs were made, a roofing consultant was retained in 2008 to evaluate the condition of the roof and make an assessment report on the built-up and metal roof sections. The findings of the condition assessment gave approximations for the remaining service life of the built-up sections and maintenance suggestion for both systems. The suggested maintenance was performed and an ongoing maintenance program is continuing. The membrane system was not included in the scope of the condition assessment report.

The report indicated the built-up section was nearing the end of the design life and the core tests and the visual inspections showed the system is delaminating and developing surface blisters. Additionally the report indicates the east and west sections are deteriorating at different rates. The report recommended replacement of the eastern half of the roof in one to three years (2009–2011) and in three to four years (2011-2012) for the western half. The report also stated the metal roof was in good condition and did not give an estimate of the remaining service life but did say the metal roof should last for many years.

While making preparations for this funding request, Port staff conducted a site visit on the roof. The site visit identified that the protective finish on the metal roof was beginning to peel in several locations. As this condition was not occurring in 2008 when the prior condition assessment was conducted, staff recommends that during the design process a condition assessment of the metal roof and membrane be conducted. The assessments should provide information about the remaining service life for both roof systems and any restorative actions that may need to be performed.

PROJECT JUSTIFICATION:

With the built-up portion of the Pier 69 roof nearing the end of the design service life, replacing this section of the roofing system now will eliminate costly leak repair and potential damage to existing infrastructure and disruption to staff activities.

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Project Objectives:

- Design and install a new roofing system on a Port-owned asset.
- Minimize disruption to the staff, tenants, and tenant operations.
- Investigate environmentally sustainable practices during the design and incorporate into the project where practical.
- Complete project on time and within budget.

PROJECT SCOPE OF WORK AND SCHEDULE:

Scope of Work:

The project consists of the following components:

- Evaluate the existing condition of metal and membrane roofing systems;
- Design and install a new roofing system over the built-up roof sections at the Pier 69 facility;
- As required, remove and dispose of the materials from the existing built-up roof; and
- Include environmentally sustainable components and construction methods as appropriate.

Schedule:

The anticipated schedule for the project will have the installation of the new roof occurring during the summer of 2013. The following table contains the major schedule elements.

	<u>Start</u>	<u>Finish</u>
Commission Authorization for Design	June 2012	June 2012
Design Process	July 2012	February 2013
Commission Authorization for Construction	February 2013	February 2013
Advertise and Award	February 2013	April 2013
Construction	July 2013	December 2013

FINANCIAL IMPLICATIONS:

<i>Budget/Authorization Summary:</i>	Total Project Cost
Previous Authorizations <i>Manager Corporate Facilities</i>	\$41,000
Current request for authorization	\$404,000
Total Authorizations, including this request	\$445,000
Remaining budget to be authorized <i>(pending design recommendations)</i>	\$1,547,000
Total Estimated Project Cost	\$2,012,0000

<i>Project Cost Breakdown:</i>	Current Request	Total Project
Construction	\$0	\$1,288,000
Construction Management	\$27,000	\$129,000
Design	\$258,000	\$258,000
Project Management	\$150,000	\$180,000
Permitting	\$10,000	\$19,000

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State & Local Taxes (estimated)	\$0	\$138,000
Total	\$445,000	\$2,012,000

Budget Status and Source of Funds:

The P-69 Built-up Roof Replacement project (CIP #C800314) was included in the 2012 Plan of Finance as a Committed- Real Estate Division Approved project, in the amount of \$1,992,000. The estimated additional \$20,000 needed to complete this project is available due to timing delays in other planned projects.

Since Pier 69 is the corporate headquarters for the Port, the funding for the project will be allocated between the Airport Development Fund (52%), Seaport General Fund (35%) and the Real Estate Division - Tax Levy (13%).

Financial Analysis and Summary:

CIP Category	Renewal/Enhancement																								
Project Type	Renewal & Replacement																								
Risk adjusted discount rate	N/A																								
Key risk factors	Construction costs may increase if required work is more extensive than currently known. The construction cost estimate will be refined during the design process.																								
Project cost for analysis	\$2,012,000																								
Business Unit (BU)	P-69 Facilities Management																								
Effect on business performance	<p>This asset replacement project will not generate any incremental revenue.</p> <p>Incremental depreciation expense from this project is estimated at \$101,000/year, based on a 20-year asset life. NOI after Depreciation will decrease by the associated depreciation from this project.</p> <table border="1"><thead><tr><th>NOI (in \$000's)</th><th>Year 1</th><th>Year 2</th><th>Year 3</th><th>Year 4</th><th>Year 5</th></tr></thead><tbody><tr><td>NOI</td><td>\$0</td><td>\$0</td><td>\$0</td><td>\$0</td><td>\$0</td></tr><tr><td>Depreciation</td><td>(\$101)</td><td>(\$101)</td><td>(\$101)</td><td>(\$101)</td><td>(\$101)</td></tr><tr><td>NOI After Depreciation</td><td>(\$101)</td><td>(\$101)</td><td>(\$101)</td><td>(\$101)</td><td>(\$101)</td></tr></tbody></table>	NOI (in \$000's)	Year 1	Year 2	Year 3	Year 4	Year 5	NOI	\$0	\$0	\$0	\$0	\$0	Depreciation	(\$101)	(\$101)	(\$101)	(\$101)	(\$101)	NOI After Depreciation	(\$101)	(\$101)	(\$101)	(\$101)	(\$101)
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IRR/NPV	N/A																								

Lifecycle Cost and Savings:

During the design, lifecycle cost analysis will be utilized to identify the lowest total cost of ownership for the replacement roofing system.

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STRATEGIC OBJECTIVES:

This project enhances Real Estate Division Vitality by maintaining the roofing system's integrity; preserving an asset; demonstrating financial stewardship; and proactively maintaining and preserving the Port's corporate headquarters.

ENVIRONMENTAL SUSTAINABILITY:

The project affords the opportunity to investigate and analyze a number of environmentally sustainable options during the design. Options that provide the lowest total cost of ownership and are economically sound will be advanced into the construction phase.

Potential environmentally sustainable options to review include: rainwater harvesting, reduction in roof heat adsorption, maximizing recycled content of new materials, evaluating future disposal costs, and evaluating inclusion of renewable resource project as part of roof replacement project including installing wind generation equipment or a passive solar system. The decision to install renewable energy equipment will be based on total cost of ownership and conditions of existing roof components.

BUSINESS PLAN OBJECTIVES:

The mission of Pier 69 Facilities Management is to operate and maintain a safe, secure, comfortable, productive, and efficient workplace. One of their service strategies for accomplishing this mission is to operate and maintain headquarter facilities with emphasis on continuous improvement, outstanding customer service, optimal staffing levels, environmental stewardship, and proactive maintenance. This project aids the Facilities Management group in accomplishing their mission and one of their service strategies by proactively maintaining the building.

TRIPLE BOTTOM LINE SUMMARY:

This project represents an investment in our current facility and supports the long-term vitality of the Port by maintaining an existing valuable asset, provides potential work for small business, and affords opportunities to investigate and implement environmentally sustainable practices on the roofing system. The replacement of the roof section will also prevent water leak damage to the building systems and disruptions to the Pier 69 staff and operations.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1: Increase the maintenance inspections and repair the built-up roof as layer delamination occurs and leaks appear. While postponing the replacement costs, this alternative allows the continuation of retrogressive deterioration of the roofing system increasing maintenance and emergency repair costs for the roof and increases the potential for ceiling, floor, and equipment damage caused by the leaks. This is not the recommended alternative.

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Alternative 2: Proceed with the design and replacement of the built-up roof system. This will reduce future risks and consequences to the building, internal appurtenances and staff disruptions, should a leak in the roofing system occur. **This is the recommended alternative.**

OTHER DOCUMENTS ASSOCIATED WITH THIS REQUEST:

None.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

None.