



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8f

**ACTION ITEM**

**Date of Meeting** December 15, 2020

**DATE:** November 11, 2020  
**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: P-66 Roof Upgrades (CIP# C801103) Design Funding Authorization Request**

**Amount of this request:** \$62,857  
**Previously Authorized** \$237,143  
**Total estimated project cost:** \$1,743,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to develop design documents, execute consulting contracts, apply for permits, and prepare construction documents for the P66 Roof Upgrade Project, for an estimated design cost of \$300,000; bringing the current authorization for this project from \$237,143 to \$300,000, resulting in a total estimated project cost of \$1,743,000.

**EXECUTIVE SUMMARY**

This project will extend the service life of existing P66 roofing systems via repair, overlay or replacement, based on recommendations contained in a third-party assessment study completed in January 9, 2019.

The project is currently in the design/construction documentation phase, with construction documents at the 30% stage of completion.

The Pier 66 facility is twenty-five years old and was built in 1995. To address roof problems and past roof deficiencies, the facility, which consists of Anthony’s Restaurant, Bell Harbor International Conference Center and the Bell Street Cruise Terminal, will require upgrades and roof overlays to extend the life of these roofs. Because there is expense and capital-related work involved with this effort, this project will combine both efforts into one cohesive packaged project.

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Staff will track both the expense and capital portions of this work and distribute the costs to each designated subclass. Additionally, due to funding priorities over the past few years, these roof projects were deferred but are now combined and ready to move forward due to the critical need.

**JUSTIFICATION**

The Pier 66 campus consists of Anthony’s Restaurant, the Bell Harbor International Conference Center and the Bell Street Cruise Terminal, all of which are included in the scope of this project. The campus is characterized by a diversity of roofing systems and forms, which - while adding architectural interest - increase the complexity of the system from a moisture resistance and repair/maintenance perspective.

This P66 Roof Upgrade project supports all four of the Port’s Century Agenda objectives under the following strategies:

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

Further, the project supports the following additional imperatives;

- A. Protect Existing Assets  
Ensure that its highly complex roofing system (consisting of multiple roofing types, levels and intersections) maintains its watertight integrity.
- B. Reduce Unplanned Maintenance Costs  
Mitigate future costs related to roof leaks, including rot, mold and corrosion.
- C. Mitigate Impacts to Existing Business Operations  
Coordinate with Cruse, BHICC and Anthony’s around scheduled business events.
- D. Employ Sustainable Means and Methods  
Incorporate environmentally sustainable practices during construction where practical.

***Diversity in Contracting***

Project staff along with the Diversity in Contracting Division have set a woman and minority business enterprise (WMBE) aspirational goal of 5% for the construction portion of the project.

**DETAILS**

The project team will:

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- Facilitate small business opportunities by managing expense and capital scope as a single cohesive process.
- Mitigate construction-driven business risk impacts by implementing project risk management and phasing plans.
- Complete the project safely on schedule and on budget.

**Scope of Work**

The scope of work for the P66 Roof Upgrade project includes the evaluation and design for the:

- (1) New energy-efficient roofing system replacements and components.
- (2) Use environmentally sustainable components and methods as appropriate, such as: idling control measures, waste minimization, and selecting materials with limited toxicity and greenhouse gas emissions.

**Schedule**

*Activity*

|                                       |                                |
|---------------------------------------|--------------------------------|
| Commission design authorization       | December 15 <sup>th</sup> 2020 |
| Final design start                    | December, 2020                 |
| Commission construction authorization | 2021 Quarter 2                 |
| Construction start                    | 2021 Quarter 3                 |
| In-use date                           | 2022 Quarter 1                 |

**Cost Breakdown**

|              | This Request | Total Project       |
|--------------|--------------|---------------------|
| Design       | \$62,857     | \$300,000           |
| Construction | 0            | \$1,443,000         |
| <b>Total</b> | <b>\$0</b>   | <b>\$1,743,000*</b> |

*\* The current P66 Roof Upgrade total estimated project cost of \$1,743,000 under CIP #801103 is shown in the 2021 Plan of Finance.*

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Do nothing, Maintain the current state and delay upgrades to the roofs. Maintenance costs of \$16K annually (averaged over 12 months) will continue.

Cost Implications: \$16K

Pros:

- (1) Saves Port funding.
- (2) Allows port to reallocate capital investment dollars.

Cons:

- (1) Does not advance efforts to achieve Century Agenda goals.

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- (2) Increases the chances that water infiltration will disrupt tenant activities and damage the interior of the facility causing expensive repairs.
- (3) Increase of probable construction costs in the future while emergency repair costs continue to increase.
- (4) The cost of a future roofing project in the event of roof failure would be the full cost of replacement (\$1.74 million) plus escalation and the cumulative ongoing expense costs. Risk cost of lost tenant space due to emergency repairs is unknown but likely would be high.
- (5) Safety of the tenant could be compromised due to the slip hazard to tenant and employees.
- (6) Indefinite deferral could also lead to the risk of catastrophic failure.
- (7) Maintenance costs will continue.

This is not the recommended alternative.

**Alternative 2** – Upgrade and replace only the expense project elements on the existing roofing system with various roof applications that have a 30-year life.

Cost Implications: \$1.11M

Pros:

- (1) Advances Century Agenda goals.
- (2) Upgrade and replace expense project elements on the existing roofing system with various roof applications that have a 30-year life.
- (3) This system that will protect our assets and have a 30-year life span and serve the Port and the tenants well.
- (4) Repairing and replacing various roof elements will provide the lowest lifecycle cost.
- (5) Helps to assure a stronger positive tenant experience and avoids potential safety hazards.
- (6) Provides protection of Port assets.
- (7) This project would provide for a warranted roof that will minimize the cost of repairs going forward for the foreseeable life of the roof.

Cons:

- (1) This alternative uses \$1.11 million of capital funds that might otherwise be made available for other uses on other projects.
- (2) Longer delivery schedule needed to work around cruise schedule.

This is not the recommended alternative.

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**Alternative 3** – Upgrade and replace only the capital elements on the existing roofing system with various roof applications that have a 30-year life.

Cost Implications: \$610K

Pros:

- (1) Advances Century Agenda goals.
- (2) Upgrade and replace capital project elements on the existing roofing system with various roof applications that have a 30-year life.
- (3) This system that will protect our assets and have a 30-year life span and serve the Port and the tenants well.
- (4) Helps to assure a stronger positive tenant experience and avoids potential safety hazards.
- (5) Provides protection of Port assets.
- (6) This project would provide for a warranted roof that will minimize the cost of repairs going forward for the foreseeable life of the roof.
- (7) Design Bid Build delivery process is best to allows the Port to combine Capital and Expense design into one contract with the lowest Bid price.

Cons:

- (1) This alternative uses \$610K of capital funds that might otherwise be made available for other uses on other projects.
- (2) Longer delivery schedule needed to work around cruise schedules.

This is not the recommended alternative.

**Alternative 4** – Upgrade and replace both expense and capital roof elements to the entire existing roofing system with various roof applications that have a 30-year life.

Cost Implications: \$1.74M

Pros:

- (1) Advances the Century Agenda goals.
- (2) Optimizes funding requirements.
- (3) Upgrade and replace both expense and capital project elements on the existing roofing system with various roof applications that have a 30-year life.
- (4) Design-Bid-Build delivery process is best to allows the Port to combine capital and expense design into one contract with the lowest bid price.
- (5) Efficiencies are achieved by combining both expense and capital elements for the construction documents.
- (6) This system that will protect Port assets and have a 30-year life span and will serve the Port and the tenants well.

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- (8) Helps to assure a stronger positive tenant experience and avoids potential safety hazards.
- (9) Provides protection of Port assets.
- (10) This project would provide for a warranted roof that will minimize the cost of repairs going forward for the foreseeable life of the roof.

Cons:

- (1) This alternative uses \$1.74M of capital funds that might otherwise be made available for other uses on other projects.
- (2) Construction period is well within the cruise season which will restrict construction progress and activities.

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

**FINANCIAL IMPLICATIONS**

| <b><i>Cost Estimate/Authorization Summary</i></b> | <b>Capital</b> | <b>Expense</b> | <b>Total</b> |
|---|----------------|----------------|--------------|
| <b>COST ESTIMATE</b>                              |                |                |              |
| Original estimate                                 | \$610,050      | \$1,132,950    | \$1,743,000  |
| <b>AUTHORIZATION</b>                              |                |                |              |
| Previous authorizations                           | \$83,000       | \$154,143      | \$237,143    |
| Current request for authorization                 | \$21,999       | \$40,858       | \$62,857     |
| Total authorizations, including this request      | \$104,999      | \$195,001      | \$300,000    |
| Remaining amount to be authorized                 | \$505,051      | \$937,949      | \$1,443,000  |

***Annual Budget Status and Source of Funds***

The project was included in the 2021 Plan of Finance under CIP C801103 P66 Roof Upgrades with a total project cost of \$1,743,000.

This project will be funded by the General Fund.

***Financial Analysis and Summary***

|   |  |
|---|--|
| Project cost for analysis                               | \$1,743,000  |
| Business Unit (BU)                                      | Portfolio Management   |
| Effect on business performance (NOI after depreciation) | This project is expected to increase annual depreciation expense by approximately \$116K based on a 15-year useful life. |
| IRR/NPV (if relevant)                                   | N/A, the NPV is the present value of the project cost.   |
| CPE Impact  | N/A  |

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***Future Revenues and Expenses (Total cost of ownership)***

This upgrade will provide protection of Port assets and extend their useful life. Maintaining existing assets will preserve the economic vitality of our operations and serve the Port, tenants, their customers well.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None.