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COMMISSION

AGENDA MEMORANDUM Item No. 8j

ACTION ITEM Date of Meeting July 23, 2024

DATE : June 26, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Jessica Carlson, Sr. Real Estate Manager

Rod Jackson, Capital Project Manager

Jennifer Maietta, Director, Portfolio and Asset Management

SUBJECT: FT C15 Building Improvements (CIP# C801096) Design Funding Authorization

Amount of this request: \$500,000

Previously Authorized: \$300,000

Total estimated project cost: \$16,387,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to approve funding for the development of design documents, to execute consulting contracts, apply for permits, and prepare construction documents for the FT C15 Misc Improvements Project, for an estimated design cost of \$500,000; bringing the current authorization for this project from \$300,000 to \$800,000, with the total estimated project cost being \$16,387,000.

EXECUTIVE SUMMARY

This project will extend the service life of existing Fishermen's Center Building (C15 Building) envelope and roofing systems via repair, overlay or replacement, including the Divisions environmental goals and strategies such as Energy/emissions, Stormwater, Materials, Waste and Equity. The project is currently in the preliminary design/construction documentation phase, with construction documents at the 30% stage of completion. Approval of this request will increase authorized design phase funding from \$300,000 to \$800,000. The total estimated budget project cost is \$16,387,000.

The proposed C15 Building Improvement project is a Tier 2 project under the Sustainable Evaluation Framework Policy Directive. The project team has explored various design features to minimize impacts on the environment and will implement construction best management practices. The permitting efforts are expected to consist of a building permit with over-the-counter permits from the City of Seattle and will be obtained by the contractor. Possible WA Commerce Grant applications and LED Lighting Rebates will also be reviewed and applied for during this design effort.

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JUSTIFICATION

The C15 building, also known as The Fishermen's Center Building, is the main building complex visitors see when they enter Fishermen's Terminal. The C15 Building has been home to many small businesses over the years and is currently home to the Business Center offices, Chinooks Restaurant, Seattle Fishermen's Memorial, Quingdao Eagle Memorial Garden, Barber Shop, Bay Cafe and Deli, Seafood Market and walk up, and the Highliner Restaurant. The C15 Building is twenty-five years old and was built in 1995. This upgrade is to address miscellaneous problems and to rectify past deficiencies at the facility. The C-15 Building roof, roof top vents, windows, cladding, tower structure and mechanical well are ALL original to the facility. These various elements of the building structure will reach the end of their useful life within 5 to 6 years if these improvements are not completed now.

The Project will include additional Sustainable Evaluation Framework upgrades. These upgrades include windows, siding, rooftop overlay, gutters and downspouts, rooftop solar, plaza LED lighting, bike lockers including picnic tables and neon rope art to improve the aesthetics and comfort while extending the life of the facility. Additionally, the roof repair project that was separately scheduled will be accelerated by being combined with this project. This results in a cost savings by being combined with the rooftop solar portion of the project and is now ready to move forward with design addressing the roof's critical condition sooner than later.

The 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. Advance this region as a leading tourism destination and business gateway.
4. Use the Port's influence as an institution to promote women and minority business enterprise (WMBE) growth, small business growth, and workforce development.
5. 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 it 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 MInC- FT ADA, FT Entrance pavement construction and scheduled around business events.
- d. Employ Sustainable Means and Methods - Incorporate environmentally sustainable practices during construction where practical.

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Diversity in Contracting

Project staff along with the Diversity in Contracting Division have set a woman and minority business enterprise (WMBE) aspirational goal of 18% for the construction portion of the project.

DETAILS

The project team will:

- ? Facilitate small business opportunities by managing this capital scope in one 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 Project includes the evaluation and design for the:

- (1) Energy/Emissions to New energy-efficient roofing and cladding 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 July 23rd 2024

Design start August, 2024

Commission construction authorization 2025 Quarter 3

Construction start 2025 Quarter 4

In-use date 2027 Quarter 3

Cost Breakdown This Request Total Project

Previous Seed money request \$0 \$300,000

Design \$500,000 \$500,000

Construction \$0 \$15,587,000

Total \$500,000 \$16,387,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do nothing, Maintain Status Quo. With this alternative, the existing facility will exceed the limit of its service life and adversely affect the use of the C-15 Building assets.

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Maintain the current state and delay upgrades to the roofs. Maintenance costs for the roof leaks, gutter repairs, ceiling tile repair and replacement including various envelope leaks that totaled \$6.9K annually (averaged over 12 months) will continue.

Cost Implications: \$6.9K

Pros:

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

Cons:

- (1) Does not advance efforts to achieve Century Agenda goals.
- (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 (\$4.77 million) plus escalation and the cumulative ongoing expense costs. Risk of additional costs for loss of usable tenant space due to emergency repairs.
- (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 – Complete miscellaneous improvements at C-15 Building prior to the Sustainable Design Assessment (SDA) effort. This is consistent with the Port's business strategy to "Advance this region as a leading tourism destination and business gateway".

Upgrade and replace project elements on the existing building including Roof Top Vents, Windows, cladding, Tower structure repairs or replacement including various envelope leaks with miscellaneous improvement applications that have a 30-year life or more.

Cost Implications: \$2.8M

Pros:

- (1) Advances Century Agenda goals.
- (2) Upgrade and replace capital project elements on the existing envelope systems with various applications that have a 30-year life or more.
- (3) These systems will protect our assets and have a 30-year life span or more and will 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.

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- (6) This project would provide for a warranted systems that will minimize the cost of repairs going forward for the foreseeable life of the building.
- (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 \$2.8M of capital funds that might otherwise be made available for other uses on other projects.
- (2) Longer delivery schedule may be needed to work around other facility schedules.

This is not the recommended alternative.

Alternative 3 – Complete all miscellaneous improvements including roof improvements at the C-15 Building before elements are at the end of its service life. This too is consistent with the Port's business strategy to "Advance this region as a leading tourism destination and business gateway".

Cost Implications: \$16.38M

Pros:

- (1) Advances Century Agenda goals.
- (2) Upgrade and replace project envelope elements on the existing envelope systems with applications that have a 30-year life or more.
- (3) These systems will protect our assets and have a 30-year life span or more and serve the Port and the tenants well.
- (4) Repairing and replacing envelope 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 systems will minimize the cost of repairs going forward for the foreseeable life of the building.
- (8) Design Bid Build delivery process is best to allows the Port to design the contract with the lowest Bid price.

Cons:

- (1) This alternative uses \$16.38 million of capital funds that might otherwise be made available for other uses on other projects.
 - (2) Longer delivery schedule may be needed to work around other facility schedules.
- This is the recommended alternative.

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FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$2,900,000 \$0 \$2,900,000

Current change – SEAC approved on 5/31/24 \$13,487,000 0 \$13,487,000

Revised estimate \$16,387,000 0 \$16,387,000

AUTHORIZATION

Previous authorizations \$300,000 0 \$300,000

Current request for authorization \$500,000 0 \$500,000

Total authorizations, including this request \$800,000 0 \$800,000

Remaining amount to be authorized \$15,587,000 \$0 \$15,587,000

Annual Budget Status and Source of Funds

The current estimated total project cost of \$16,387,000 supersedes the \$2,881,000 under CIP# C801096 as shown in the 2024 Plan of Finance. The initial 2023 CIP's scope of work has been expanded to include building envelope upgrades as part of the Sustainable Evaluation Framework effort approved 5/31/2024 by the SEAC Committee and is reflected in this request for approval of funds.

This project is funded by the Tax Levy.

Financial Analysis and Summary

Project cost for analysis \$16,387,000

Business Unit (BU) Portfolio Management

Effect on business performance Annual depreciation will increase by approximately (NOI after depreciation) \$546K based on estimated 30-year service life, thereby reducing the NOI by the same amount. The project will preserve approximately \$1.2 million of annual revenue upon completion.

IRR/NPV (if relevant) No incremental revenue. The NPV is the present value of the project cost.

CPE Impact N/A

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.

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ATTACHMENTS TO THIS REQUEST

(1) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

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