

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.	<u>4F</u>
Date of Meeting	<u>April 2, 2019</u>

DATE: March 20, 2019

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Tom Bellerud, Director, Container Business Development (CTB)

Project Manager: Elly Bulega, Engineering Project Manager I

SUBJECT: West Sitcum (SSA) Buildings 100 and 950 Roof Replacement, and Building 600 Roof Upgrade

A. ACTION REQUESTED

As referenced in NWSA Resolution No. 2018-01, Exhibit A, Delegation of Authority Master Policy, Paragraph 8.c.iii., states project costs exceeding \$300,000 require approval from Managing Members.

Requesting Managing Members of The Northwest Seaport Alliance (NWSA) construction authorization in the amount \$2,313,200 for a total authorized amount of \$2,650,467, for work associated with the West Sitcum Buildings (Bldgs) 100 and 950 Roof Replacement, Master Identification No. 201062.02; and West Sitcum Building 600 Roof Upgrade, Master Identification No. 201062.03.

B. SYNOPSIS

The objective of this project is asset preservation and to comply with The Northwest Seaport Alliance's (NWSA) lease obligation to provide non-leaking roofs at the West Sitcum Terminal.

This request encompasses a total of three buildings: The Main Gate Service Building 100 (13,150 SF), the Marine Service Building 950 (9,150 SF), and the Maintenance Garage Building 600 (38,750 SF).

C. BACKGROUND

In October 2017, NWSA entered into a new lease agreement with Stevedoring Services of America (SSA) to operate the West Sitcum Terminal. As part of the lease agreement, the NWSA agreed to inspect a majority of the roofs and complete roof repairs and/or replacements as necessary. SSA has requested the prioritization for repairs to the three most populated buildings, (Buildings 100, 600 and 950). On January 15, 2019, Managing Members authorized

roof design of ten buildings (75, 100, 400, 575, 600, 700, 900, 925, 950, and 975) at the terminal.

Building 100 consists of two roofs. The main roof covering which is an asphalt built-up roof (BUR) membrane on rigid polystyrene foam insulation, and a canopy roof that has a single modified bitumen roof membrane directly adhered to the roof deck. There is water leaking through the canopy to the work area underneath creating safety concerns. There are water stains on the ceiling inside the main building, indicating water intrusion, which if not addressed will lead to structural damage.

Building 950 has three different roof levels, along with a small stair tower roof, and two small entry canopies at the first-floor level. All these roof areas consist of an asphalt built-up roof (BUR) membrane with a mineral cap sheet over rigid polystyrene foam insulation. There are water stains on the beams and ceiling inside the equipment service shop indicating water intrusion.

Building 600 is a large maintenance garage building with many open repair bays on either side of a two-story central core area containing offices and storage. The building consists of steel framing, spanned by structural standing seam metal roof. The roof consists of patching and re-sealing with various types of materials along skylight curbs, mechanical equipment as well as the ridge cap flashing joints. The roof has 56 skylights that are old and weathered and need replacement. Water has been reported leaking through the roof into the work area creating safety hazards.

The roofs of buildings 100 and 950 are approximately 33 years old and are at the end of their serviceable life. Numerous repairs have been made in the past to stop leaks on these roofs, but the roofs are beyond repair and need to be replaced. Building 600 roof needs a new fluid-applied roofing membrane and new skylights because of active water intrusion occurring primarily around the skylights.

D. PROJECT DESCRIPTION AND DETAILS

Project Objectives

The objective of this project is asset preservation and to comply with the NWSA's lease obligation to provide non-leaking roofs. The roof replacements will come with a 20-year warranty and the roof repair will come with a 15-year warranty.

Scope of Work

The overall scope of work will include removing buildings 100 and 600 roofs' covering down to the structural deck and replacing them with new single ply Thermoplastic Polyolefin (TPO) membrane roofs. On building 600, the overall scope of work will include applying a liquid coat membrane over the entire roof and removing and replacing the existing skylights. Other work will include:

Buildings 100 and 950:

- Installation of R-38, insulation
- Replacement of scuppers and installation of new roof drains

- Installation of a bird deterrent wire systems
- Installation of a new guardrail and access ladders

Building 600:

- Cleaning the entire roof
- Repairing and/or replacing duct supports
- Installation of a bird deterrent system

Schedule

The designs for all three roofs are nearly complete. Construction is scheduled to commence this summer. For buildings 100 and 950, the City of Tacoma permits have been applied for and will be attained prior to project advertisement. The City of Tacoma permits will be applied for and attained prior to project advertisement for building 600. Project schedule is as follows:

Buildings 100 and 950

Complete Design	March 2019
Attain Permits and Advertise Bid	April 2019
Bid Opening	May 2019
Contract Award	May 2019
Substantial Completion	September 2019

Building 600

Complete Design	April 2019
Attain Permits and Advertise Bid	April 2019
Bid Opening	May 2019
Contract Award	June 2019
Substantial Completion	September 2019

E. FINANCIAL IMPLICATIONS

Project Cost Details

BLDGS	Phase	This Request	Total Previous Requests	Total Cost
BLDGS 100 and 950	Design	\$ -	\$ 199,041	\$ 199,041
	Construction	\$ 1,211,700	\$ -	\$ 1,211,700
BLDG 600	Design	\$ -	\$ 138,226	\$ 138,226
	Construction	\$ 1,101,500	\$ -	\$ 1,101,500
Total		\$ 2,313,200	\$ 337,267	\$ 2,650,467

Source of Funds

The current Capital Investment Plan (CIP) allocates \$3,357,000 for this project.

Financial Impact

Project costs will be capitalized and depreciated over an estimated 15-year life, resulting in annual depreciation of \$176,700. Depreciation expense for 2019 will be approximately \$44,200 based on a project completion date of September 2019.

There is no remaining net book value on the existing roofs so there will be no write off value that would impact the NWSA or the Port of Tacoma (legacy assets remained on the homeports balance sheet) profit and loss statements.

The financial analysis for the SSA lease of West Sitcum included \$3.4 million of expense for roof repairs. The financial performance for the original SSA agreement exceeded the NWSA's required 8.4% return. The increase to \$4.77 million of expense for the roof repairs as was presented to Commission in January 2019 does not significantly reduce the return which still exceeds the required 8.4% return. These costs are part of the \$4.77 million.

F. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

- **Alternative 1:** Maintenance will continue making repairs attempting to stop leaks. Roofs will continue leaking and creating safety hazards, damaging interior of buildings, and tenant equipment.
- **Alternative 2:** Remove and replace existing roofs with new single ply membrane roof systems on buildings 100 and 950. Remove and replace existing skylight and apply a liquid coat cover over the entire roof of building 600.
- **Recommended Action:** Staff recommends alternative 2.

G. ENVIRONMENTAL IMPACTS/REVIEW

Permitting:

City of Tacoma Building permits have been applied for and will be attained prior to advertising project for buildings 100 and 950. For building 600, City of Tacoma permits will be applied for and attained prior to project advertisement. No additional permitting is anticipated.

Remediation:

A limited asbestos and hazardous building materials study was conducted and some of the samples collected were determined to be positive for asbestos.

Stormwater:

No water quality impacts are anticipated. The roof material being proposed is not a source of zinc. Best Management Practices (BMPs) will be implemented to protect water during construction activities.

Air Quality:

Due to the presence of asbestos, the Contractor will monitor the air during construction activities per the Port's requirements for air pollution control.

H. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation.

I. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
January 15, 2019	BLDGs 75, 400, 575, 600, 700, 900, 925 and 975 Design: Managing Members Authorization	\$424,818
December 6, 2018	BLDGs 100 and 950 Design: Executive Authorization	\$199,041
August 23, 2018	SSA Terminal Buildings Roof Assessment: Executive Authorization	\$100,000
TOTAL		\$723,859