

**THE NORTHWEST SEAPORT ALLIANCE**  
**MEMORANDUM**

**MANAGING MEMBERS**  
**ACTION ITEM**

<b>Item No.</b>	<u>5B</u>
<b>Date of Meeting</b>	<u>March 5, 2020</u>

**DATE:** February 19, 2020

**TO:** Managing Members

**FROM:** John Wolfe, CEO  
**Sponsor:** Andre Elmaleh, Senior Manager, Business Development  
**Project Manager:** Brett Ozolin, Engineering Project Manager II

**SUBJECT:** Project Authorization for work associated with the Marshall Avenue Auto Facility Pavement Maintenance 2020-2024

**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 project authorization in the amount \$990,000 for a total authorized amount of \$1,000,000, for work associated with the Marshall Avenue Auto Facility Pavement Maintenance 2020-2024, Master Identification No. 201098.01.

**B. SYNOPSIS**

Auto Warehousing Company (AWC) is a lessee of the NWSA and provides finished vehicle handling services for automobile manufacturers and third-party logistics providers. AWC operates out of the following five lots:

- Main Yard: 102 Acres (Marshall Avenue)
- Lot "E": 19 Acres
- Lot "M": 16 Acres
- Lot "Q": 10.5 Acres
- Lot #24: 25 Acres

Under the current lease agreement, the NWSA is responsible for terminal pavements and pavement maintenance. The requested authorization will be used to complete five cycles of annual maintenance, fulfilling general maintenance obligations from 2020 through 2024. Project work will consist of pavement surface sealing and crack sealing. The primary focus of maintenance will be the Main Yard, with some sealing performed on other lots based on anticipated future need.

**C. BACKGROUND**

Authorization for this project will fund annual maintenance work to meet lease obligations as well as preserve existing NWSA pavement assets through 2024. Project work will be completed under two on-call contracts over a five-year period. Historically surface and crack sealing work for the AWC lots was completed under existing paving on-call contracts. Authorization for this work was sought on an annual basis. By combining this maintenance work into a single authorization, transparency to the Managing Members is achieved for this long-term maintenance program. The long-term program also reduces administrative costs, allowing for a greater area of pavement to be sealed.

Surface sealing and crack sealing are two cost-effective maintenance measures to extend pavement life. HMA pavements consist of asphaltic binder and aggregate. The surface asphaltic binder breaks down and ages due to traffic and environmental factors. Surface seals are commonly applied to counteract this aging and wear. Surface sealing consists of two coats of a thin layer of spray applied emulsified asphalt, leaving behind new binder. This process rejuvenates the pavement surface and extends pavement life.

HMA pavements perform best on a stable subgrade. Subgrade stability is reduced by water intrusion. Surface cracks provide a pathway for water intrusion and associated subgrade weakening, increasing the likelihood for potholes and alligator cracking to develop. Crack sealing consists of crack cleaning and filling with asphaltic material. This maintenance restores surface impermeability and protects against further deterioration adjacent to cracks and joints.

For this project, an estimated 10 to 12-acre pavement area will be surface and crack sealed on an annual basis. In total, a 50 to 60-acre area of pavement is estimated to be sealed.

**D. PROJECT DESCRIPTION AND DETAILS**

- Surface Sealing – 10 to 12 acres on an annual basis, 50 to 60 acres total (estimated)
- Crack Sealing – 10 to 12-acre area on an annual basis, 50- to 60-acre area total (estimated)
- 5 Years of Annual Maintenance Cycles

***Schedule – First Two Years***

Advertise for Bid	March 11, 2020
Open Bids	April 3, 2020
Notice of Award	April 10, 2020
Substantial Completion	October 1, 2021
Final Completion	November 1, 2021

The contract will be extended for a third year if unit prices remain the same. The second contract will be issued two to three years following the first contract issue on a similar schedule.

**E. FINANCIAL IMPLICATIONS**

***Project Cost Details***

Year	Phase	This Request	Total Previous Requests	Total Cost
2020	Design	\$6,000	\$10,000	\$16,000
	Construction	\$184,000	\$0	\$184,000
2021	Design	\$6,000	\$0	\$6,000
	Construction	\$194,000	\$0	\$194,000
2022	Design	\$6,000	\$0	\$6,000
	Construction	\$194,000	\$0	\$194,000
2023	Design	\$6,000	\$0	\$6,000
	Construction	\$194,000	\$0	\$194,000
2024	Design	\$6,000	\$0	\$6,000
	Construction	\$194,000	\$0	\$194,000
<b>Total</b>		<b>\$990,000</b>	<b>\$10,000</b>	<b>\$1,000,000</b>

***Source of Funds***

The current Capital Investment Plan (CIP) allocates \$1,000,000 for this project. There is \$200,000 allocated per year for 2020-2024.

***Financial Impact***

Project costs will be expensed as incurred. The NWSA Auto business provided \$7.2 million in operating income before depreciation in 2019. The 2020 budget, which assumes lower revenue on reduced auto import volumes, provide \$6.1 million in operating income before depreciation. The 2020 through 2024 budget includes the \$200,000 annual expense for paving.

**F. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS**

Alternative 1) Do Nothing. This option potentially results in continuing deterioration of pavement requiring removal and replacement at a much higher cost to the NWSA.

Alternative 2) Continue maintenance on an annual basis. This option would result in higher contract administration costs and potential lack of visibility to the Managing Members on regular maintenance costs.

Alternative 3) Establish a five-year maintenance plan to optimize execution. This option results in less contract administration costs and more timely completion of improvements.

**Alternative 3 is the recommended course.**

**G. ENVIRONMENTAL IMPACTS/REVIEW**

Permitting:

No additional permitting is required.

Remediation:

Not applicable.

Stormwater:

Appropriate best management practices (BMPs) will be provided during completion of construction activities.

Air Quality:

Not applicable.

**H. ATTACHMENTS TO THIS REQUEST**

- Computer slide presentation.

**I. PREVIOUS ACTIONS OR BRIEFINGS**

<u>Date</u>	<u>Action</u>	<u>Amount</u>
January 31, 2020	Executive Authorization	\$10,000
<b>TOTAL</b>		<b>\$10,000</b>