

Item No: 9F\_Supp  
Date of Meeting: August 2, 2022

# CanAm Warehouse Roof Truss Repair Authorization Increase



**THE NORTHWEST**  
SEAPORT ALLIANCE  
SEATTLE + TACOMA

Presenter Name: Curt Stoner  
Presenter Title: Sr. Manager Real Estate

# ACTION REQUESTED

Request Managing Members of the Northwest Seaport Alliance (NWSA) authorization for the Chief Executive Officer or their delegate to increase the reimbursement amount and spending authorization by \$240,957 from \$750,000 to a total amount of \$990,957 for the CanAm Roof Truss Repair Project as a Tenant Improvement.

# Background

- An additional \$240,957.00 authorization is needed to fully reimburse CanAm for this Tenant Improvement. The additional authorization amount is required to cover the additional expense of shoring and jacking the roof trusses to facilitate the repair project.
- The requested increase is due to CanAm not recognizing that the shoring and lifting component required for the repair was not included in the original repair estimate from Schuchart. The requested increase is \$240,957.00 from the original September 8, 2021 authorization of \$750,000 for a total revised authorization of \$990,957.00.

# Background

- The CanAm warehouse is located on the former Pony Lumber site at 3701 Taylor Way and was built in the early 1980's. The property is a Port of Tacoma asset and licensed to NWSA.
- The CanAm Lease commenced on April 1, 2017 and terminates on March 31, 2027. The lease includes a 55,488 square foot warehouse and 26,136 square feet of yard space. The NWSA is responsible for maintenance, repair and replacement of the roof per Section 8 and the maintenance matrix Exhibit D per the Lease with CanAm.
- CanAm imports roof grit raw material from Canada via barge and offloads and processes the roof grit at their facility at 3701 Taylor Way. CanAm has 3 FTE employees at this facility. CanAm is the principal roof grit supplier to Pabco Roofing which has 100-150 FTE employees at their facility. Additionally, CanAm supplies sandblasting material to the US military at JBLM and Bremerton.

# Background

- In early May 2021, staff was notified that three roof trusses had failed in the southwest corner of the CanAm Warehouse. On May 10, 2021, an emergency was declared by CEO Wolfe which was reported to the Managing Members on May 11, 2021, and a shoring system was installed to mitigate the risk of a potential roof collapse. Though the tenant's engineering experts have opined that the structure can be repaired, there is an urgency to make repairs to the building as the soundness of the structure is still uncertain.

# Background

## CanAm Roof Truss Repair Project



| <u>Project Work Component</u>            | <u>Amount</u>       |
|--|---------------------|
| <u>Schuchart Construction Bid</u>        | <u>\$580,399.00</u> |
| <u>Robbins &amp; Co Shoring Bid</u>      | <u>\$237,476.00</u> |
| <u>PCS Engineering</u>                   | <u>\$25,675.00</u>  |
| <u>Berg Scaffolding</u>                  | <u>\$18,586.00</u>  |
| <u>City of Tacoma Permitting</u>         | <u>\$8,821.00</u>   |
| <u>City of Tacoma Inspections</u>        | <u>\$20,000.00</u>  |
| <u>Contingency</u>                       | <u>\$100,000.00</u> |
| <u>Total</u>                             | <u>\$990,957.00</u> |
| <u>Prior Authorization</u>               | <u>\$750,000.00</u> |
| <u>Requested Increased Authorization</u> | <u>\$240,957.00</u> |



# Financial Implications

- The current Capital Investment Plan allocates \$750,000 for this project. The additional \$241,000 expense is an unplanned reduction in income in 2022 offset by the reduction in forecasted expenses in 2022.
- Expense of \$750,000 was accrued in 2021. The additional expense will be accrued in 2022.
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- The CanAm lease contributes approximately \$257,000 per year in operating income before depreciation. This will provide approximately \$1.1M in income from 2022 through the end of the lease in March of 2027.



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