

COMMISSION AGENDA

Item No: 9A

Meeting: 7/15/21

DATE: June 30, 2021

TO: Port Commission

FROM: Eric D. Johnson, Executive Director
Sponsor: Scott Francis, Director, POT Real Estate
Project Manager: Brett Ozolin, Engineering Project Manager II

SUBJECT: Construction Authorization for work associated with the 2302 Ross Way Roof Recover

A. ACTION REQUESTED

As referenced in Resolution No. 2021-08-PT, Exhibit A, Delegation of Authority Master Policy, Paragraph IV.B.(2), states project costs exceeding \$300,000 require approval from Port Commission.

Request construction authorization in the amount \$414,000 for a total authorized amount of \$475,000, for work associated with the 2302 Ross Way Roof Recover, Master Identification No. 101540.01.

B. SYNOPSIS

The 2302 Ross Way property includes 50,350 square feet of warehouse space. A portion of this space is covered by a failing roof membrane system. There is approximately 35,700 square feet of hot-applied asphalt roofing with deteriorated Ultra Violet (UV) coating over wood deck. The asphalt roofing and coating are aged, deteriorated and beyond their service life. Areas of the roof along the center of the building are leaking and portions of the roof are ponding. This property is currently leased, and per the lease, the roof is the Port's responsibility to maintain. The Port Real Estate department proposes to make improvements to the roof to extend warehouse service life by a minimum of five years so the property can be maintained.

C. BACKGROUND

The 2302 Ross Way Property (Parcel 126) is purposed for the storage of equipment, trailers, roll-off bins and other cargoes. Multiple warehouse spaces provide for clean indoor storage as well as some covered metal exterior storage. The property includes the following features:

- 4-acre parcel
- 2.4-acre yard
- 48,110 square feet of warehouse

- 2,240 square feet of office

The warehouse and office facility consist of a combination of structures and areas that include renovations and additions incorporated into the original warehouse structure. Due to this development phasing, the warehouse roof has five distinct areas with an internal gutter and roof drain where the two main, but distinct, warehouse areas connect. Approximately 14,600 square feet of warehouse is covered by a standing seam metal roof that is in good condition. The remaining 35,700 square feet of warehouse and office space is covered by aged hot-applied asphalt roofing. The asphaltic roofing is beyond the material's service life and is generally weathered and deteriorating. The roof needs to be demolished and reconstructed or covered to restore the weatherproofing membrane. The roof is integrated into an interior gutter and drains. The interior gutter has had issues with leaking. The connections, transitions and flashing used to integrate the roofing membrane and gutter should be improved to eliminate any further leaks. Working with a consulting architect, port staff have determined that an Ethylene Propylene Diene Monomer (EPDM) re-cover is the best option for cost effectively restoring the roof system given anticipated property use.

EPDM roofing membrane is a type of single-ply roofing material, essentially a rubber sheet that is glued or fastened to a base layer. For this proposed application, the existing roof would be cleaned and prepped for direct attachment of the EPDM re-cover. Miscellaneous flashing and gutter work would be completed around the perimeter and at connection points to fully seal the warehouse roof.

Parcel 126 is in proximity to other port owned parcels and facilities. Port Real Estate intends to maintain development flexibility with the parcel for larger and more integrated development options. Ideally the parcel would be incorporated into an expanded container terminal gate complex that is anticipated within 5 to 10 years. The EPDM re-cover will stop roof leaking and meet lease obligations but will only be warranted for five years. While only warranted for five years, the actual service life is expected to be extended significantly more than 5 years. A more traditional re-roof or permanent re-cover would be more expensive but provide a 20- to 30-year service life. The building is older and would likely require substantial repairs and maintenance to remain useable over 10 years. The proposed roofing solution is aligned with intended facility service life and development planning. The property leases for \$37,534 per month for a total of \$450,408 per year.

D. PROJECT DETAILS

Scope of Project:

- Architectural design and bid document preparation, construction support.
- Port staff time for bid document preparation and construction support.
- EPDM re-cover installation (cleaning, prep, re-cover, flashing and gutter work).

Scope of Work for This Request:

- Fund architectural consultant and port staff time from design through construction.
- Fund all construction activities.

Schedule

Advertise for Bid	July 22, 2021
Open Bids	August 10, 2021
Notice of Award	August 10, 2021
Substantial Completion	November 10, 2021
Final Completion	December 10, 2021

E. FINANCIAL SUMMARY

Estimated Cost of Project

The total project cost including all stages is estimated at \$475,000.

Estimated Cost for This Request

The total estimated cost of the Construction for this project is \$414,000. If the cost of this estimate is anticipated to exceed the authorized amount, additional Commission authorization will be requested.

Estimated Sales Tax

The total estimated sales tax to be paid to local and state governments for this project is \$34,600.

Cost Details

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
TOTAL	\$414,000	\$61,000	\$475,000	\$475,000	\$25,000	\$450,000

Source of Funds

The current Capital Investment Plan (CIP) allocates \$475,000 for this project.

Financial Impact

Project costs will be capitalized and depreciated over an estimated useful life of 5 years resulting in annual depreciation expense of \$95,000. Estimated depreciation expense for 2021 will be \$8,000 based on a substantial completion date of November 2021.

With the key assumptions being a \$475,000 roof repair later this year that would permit the continuation of a rental rate of 37,534 per month (\$450,408 per year) for at least five additional years (the minimum service life of the proposed roof repair), even when assuming no escalation in the rental rate, the net present value of the discreet repair cost and subsequent rental continuation for at least five years is positive, and the project's return is significantly above a minimum acceptable rate, with a payback of less than two years.

F. ECONOMIC INVESTMENT/JOB CREATION

No permanent jobs will be created.

G. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1) Do Nothing. Port will not meet lease obligations, leading to tenant dissatisfaction. Continue leaking and water entry could lead to building or warehoused material damage.

Alternative 2) Proceed with design and construction of a roof reconstruction or permanent recover with a 20-25-year service warranty. Roof may or may not be in service for full design life with potential surrounding area redevelopment.

Alternative 3) Proceed with issue of EDPM re-cover bid documents to address leaking and membrane issues for a 5-year minimum service life.

Alternative 3 is the recommended course.

H. ENVIRONMENTAL IMPACTS/REVIEW

Permitting: No environmental permits required.

Remediation: Not applicable.

Stormwater: A Stormwater Pollution Plan is required for this project.

Air Quality: Not applicable.

I. PREVIOUS ACTIONS OR BRIEFINGS


<u>Date</u>	<u>Action</u>	<u>Amount</u>
May 10, 2021	Executive Authorization	\$61000
TOTAL		\$61,000

J. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation.

K. NEXT STEPS

Issue contract documents for public bid in July 2021.



Item No.: 9A
Date of Meeting: July 15, 2021

Construction Authorization for 2302 Ross Way Roof Recover

Brett Ozolin, PE
Engineering Project Manager II



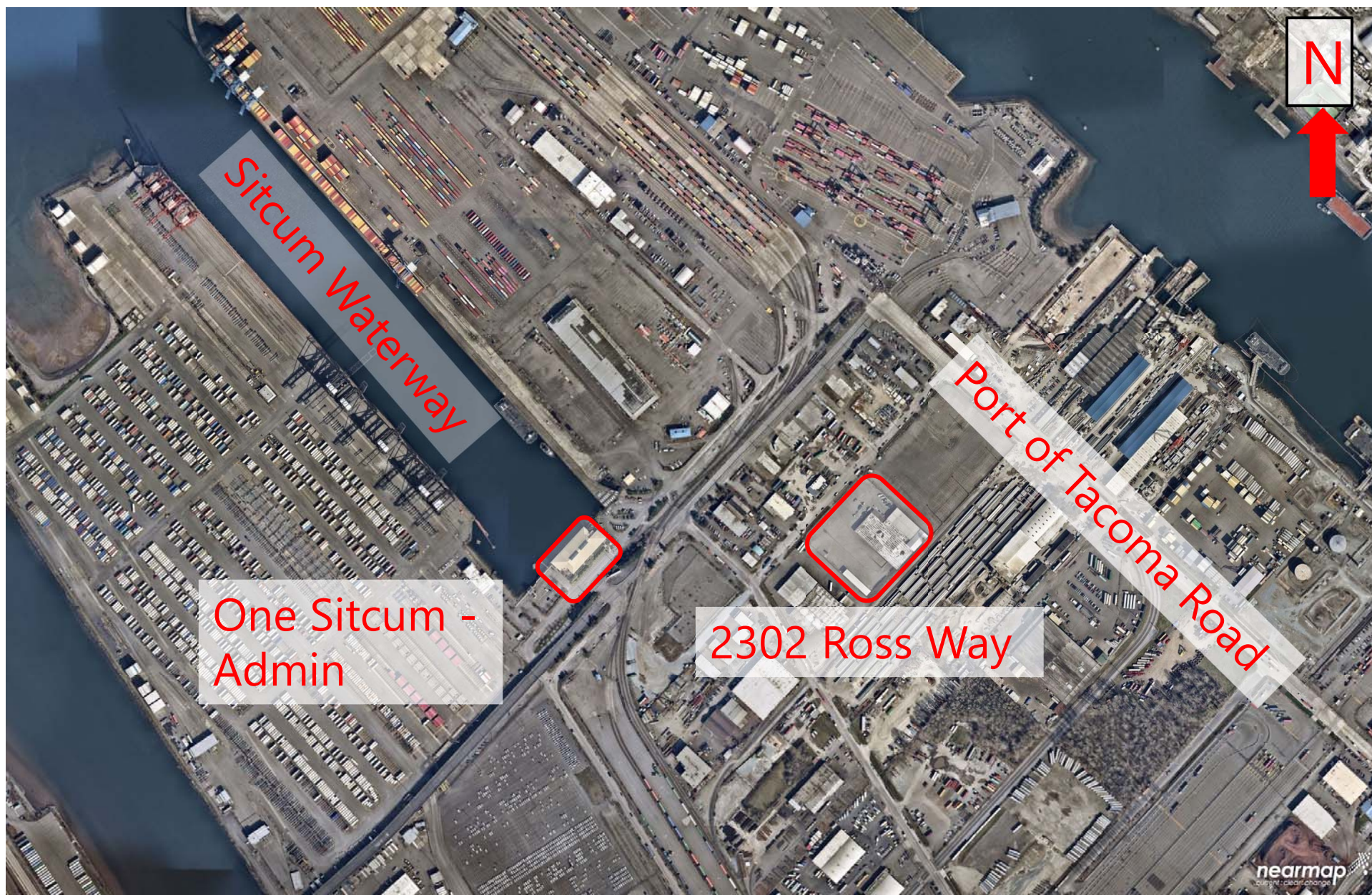
Project Authorization

2302 Ross Way Roof Recover



As referenced in Resolution No. 2021-08-PT, Exhibit A, Delegation of Authority Master Policy, Paragraph IV.B.(2), states project costs exceeding \$300,000 require approval from Port Commission.

Request construction authorization in the amount \$414,000, for a total authorized amount of \$475,000, for the 2302 Ross Way Roof Recover, Master Identification No. 101540.01.



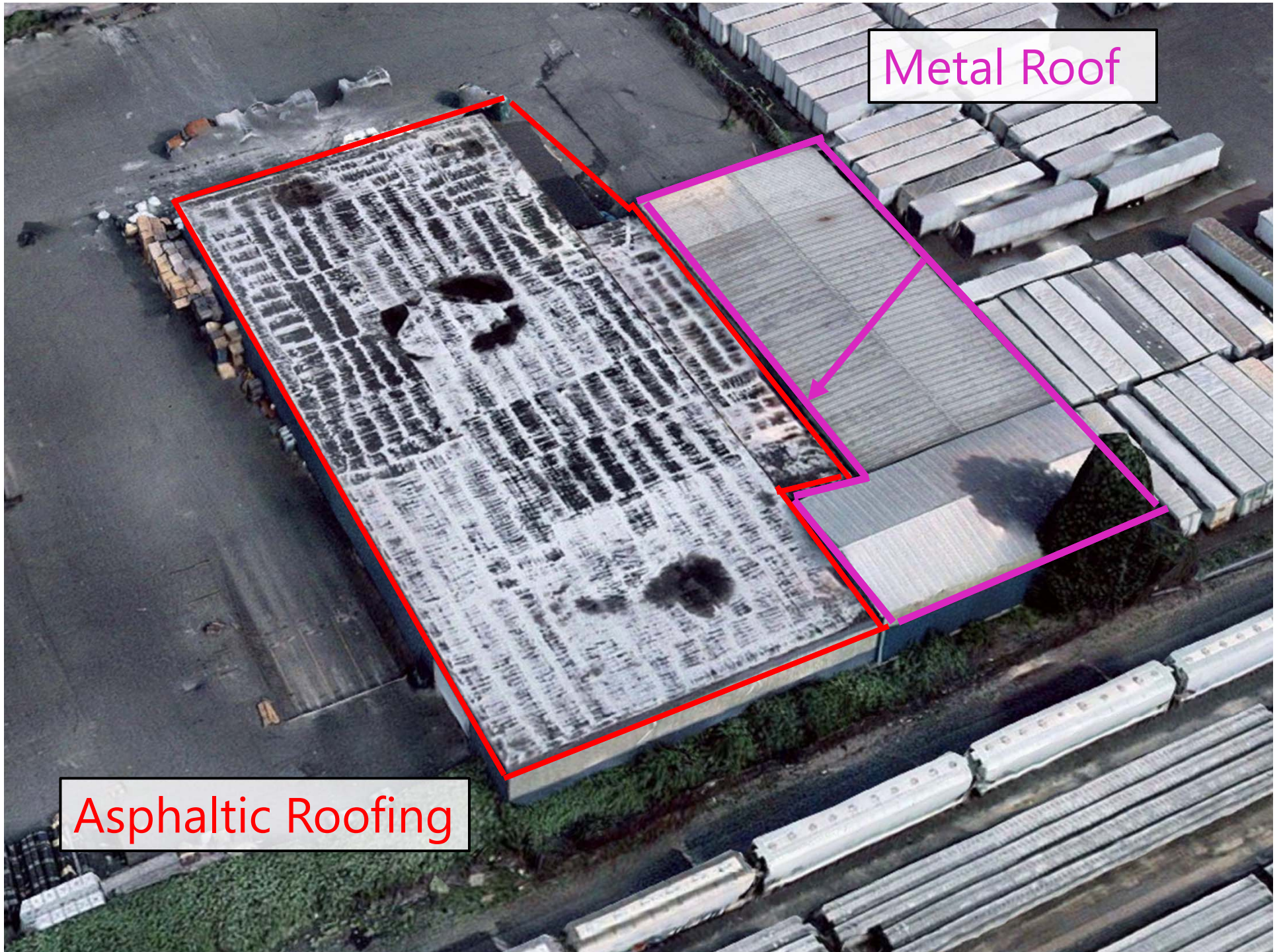


N

Ross Way

Property Limits

Warehouse Area



Metal Roof

Asphaltic Roofing



Original Warehouse Interior



Addition Warehouse Interior

Background

2302 Ross Way Roof Recover



- Asphaltic roofing at end of service life
 - Leaking reported at gutters
 - White UV coating degraded
 - Water ponding



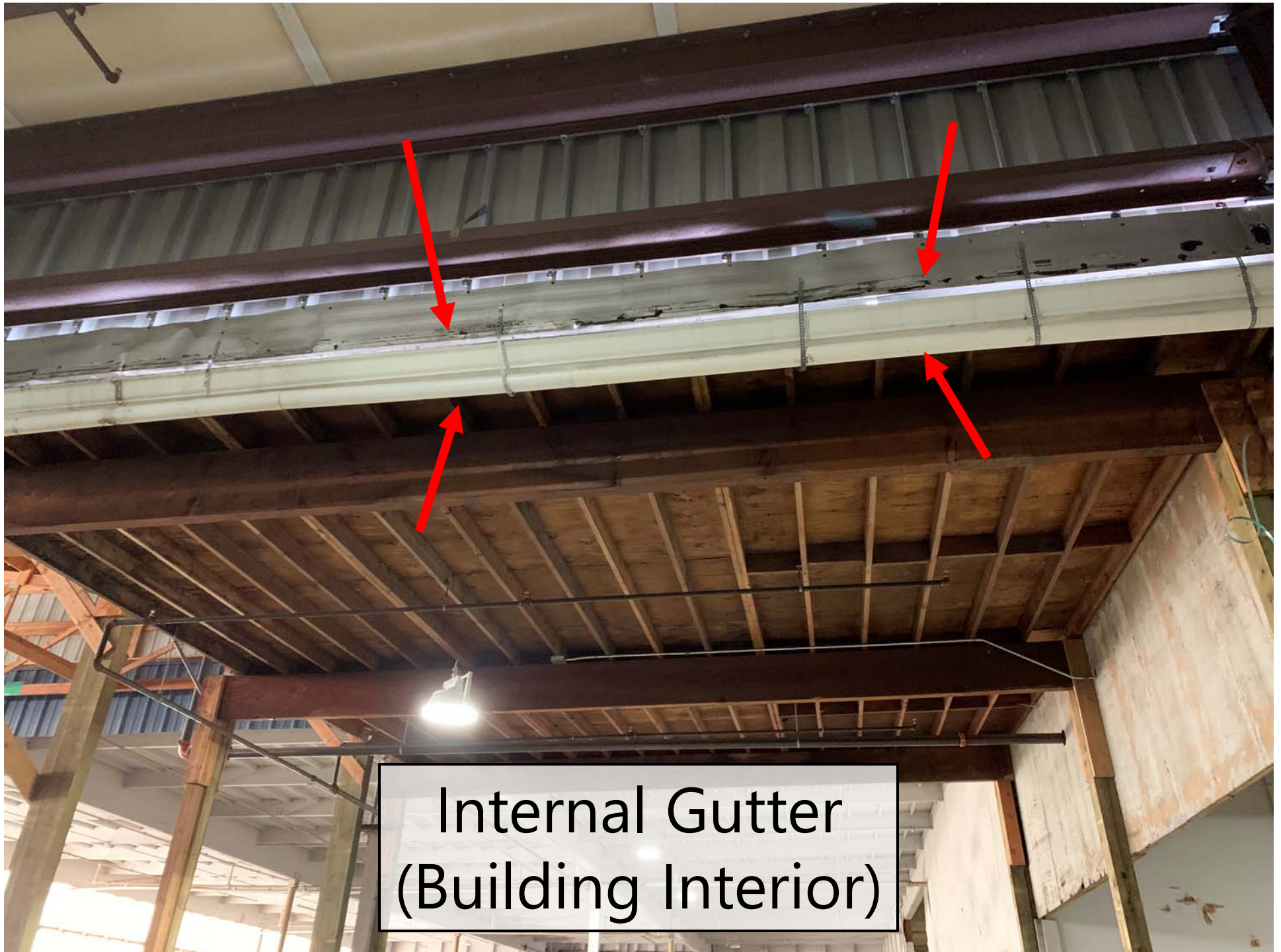
Proposed Re-cover Work Area



Existing Hot Applied Asphalt Roofing

Internal Gutter
(Building Exterior)





Internal Gutter
(Building Interior)



Internal Gutter
(Building Interior)

Internal
Gutter
Piping



Water Leaking From
Gutter (Building Interior)

Project Description and Details

2302 Ross Way Roof Recover



- Service life: 5-year vs. 20-year solution
 - NWSA anticipates property used for terminal expansion in 5-10 years
 - Overlay will extend life significantly beyond 5 years
- The proposed improvements include the following:
 - EPDM Overlay onto existing asphaltic roofing
 - Gutter and flashing, access ladders

Background

2302 Ross Way Roof Recover



- Rental rate of \$37,534 per month (\$450,408/year) results in short payback period
- Fixing 35,700 square feet of hot-applied asphaltic roofing restores the full 50,300 square building footprint

Project Schedule

2302 Ross Way Roof Recover



Activity	Timeframe
Advertise Bids	July 2021
Bid Opening	August 2021
Contract Award	August 2021
Contract Completion	November 2021

Source of Funds

2302 Ross Way Roof Recover



- The estimated cost of the Construction for this project is \$414,000.
- The estimated budget for this project is \$475,000.
- The current Capital Investment Plan (CIP) allocates \$475,000 for this project.

Financial Summary

2302 Ross Way Roof Recover



Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
TOTAL	\$414,000	\$61,000	\$475,000	\$475,000	\$25,000	\$450,000

Environmental Impacts/Review

2302 Ross Way Roof Recover



Permitting: No environmental permits required.

Remediation: Not applicable.

Stormwater: A construction stormwater pollution prevention plan will be developed for this project.

Air Quality: Not applicable.

Conclusion

2302 Ross Way Roof Recover



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