

# COMMISSION AGENDA

Item No: 3B

Meeting: 4/16/20

**DATE:** April 1, 2020

**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:** Project Authorization for work associated with the 1701 Port of Tacoma Road Roof Re-Cover, MID No. 101483.01

## A. ACTION REQUESTED

*As referenced in Resolution No. 2018-01-PT, Exhibit A, Delegation of Authority Master Policy, Paragraph IV.B.(2), states project costs exceeding \$300,000 require approval from Port Commission.*

Requesting project authorization in the amount \$404,000 for a total authorized amount of \$449,000, for work associated with the 1701 Port of Tacoma Road Roof Re-Cover, Master Identification No. 101483.01.

## B. SYNOPSIS

The roof of 1701 Port of Tacoma Road has had multiple leaks addressed by Port of Tacoma (Port) maintenance staff, and these areas have continued to leak over time. The objective of this project is to meet lease obligations and provide the current tenant with a leak-free roof. The Port retained a consulting architect to evaluate and provide professional recommendations. Based on architectural review, the roof is recommended to be furnished with a new membrane system (re-cover) over the existing membrane. This work consists of overlaying the existing roof with a backing board, installing new fasteners, overlaying a new membrane, and induction welding this membrane to installed fasteners. The project also includes installation of new gutters, an access ladder and installation of fall protection anchors for safety lines to facilitate any future maintenance activity.

## C. BACKGROUND

The site consists of 9.18 acres and is used for the storage, repair and leasing of Lessee-owned (Pac-Van) containers, trailers and mobile office units. The property includes 7,140 square feet of shop space and 2,100 square feet of office space. Based on available records, the building structure was constructed in 1998 and is currently 22 years old. The Port purchased the building in 2015.

Port maintenance has attempted to repair the leaks with patches and caulking to seal the water entry points; primarily at roof fasteners and joints. Walking and working on the roof has caused additional leaks due to stressing the aged fasteners and roof seams. The Port is responsible for all roof maintenance and repairs in the current lease terms with Pac-Van. Port Maintenance and the Real Estate Department support this roof re-cover project considering the age and condition of the current roof, increased maintenance costs and the Port's lease obligations.

The Port Engineering department contracted with an on-call architect to inspect the roof. The architect confirmed the roof is at the end of useful service life. The architect proposed a roof re-cover system to eliminate leaking. Re-covers generally consist of an impervious membrane bonded to the existing roof. These systems can be cost effective because they eliminate the need for demolition and are still warrantied for 20 years. Not all roofs can receive an overlay due to structural, permitting, and other existing conditions. The 1701 property roof was tested and evaluated for suitability for the proposed approach.

The project includes new gutters, access ladder and fall protection. While the new roof will require little to no maintenance, the ladder and fall protection will facilitate gutter cleaning and other future maintenance as may be required.

The Pac-Van lease began November 1, 2019 and continues to October 31, 2022. The lease generates \$58,000 per month in rent. Roof repairs and maintenance are specifically listed as the Port's responsibility in the lease agreement.

#### **D. PROJECT DETAILS**

##### ***Scope of Project:***

- Bid document preparation (plans, specifications and estimate)
- Permitting
- Roof membrane overlay installation including backing board, anchor installation, membrane placement, induction welding
- Roof gutters, access ladder and safety anchor points

##### ***Scope of Work for This Request:***

- Procurement and installation of membrane
- Project management and inspection

##### ***Schedule***

The design for the roof membrane is complete and construction documents are ready for bid. The following schedule presents dates for construction related contracting and milestones.

Advertise for Bid	April 20, 2020
Open Bids	May 12, 2020
Notice of Award	May 16, 2020
Substantial Completion	September 7, 2020
Final Completion	October 5, 2020

## **E. FINANCIAL SUMMARY**

### **Estimated Cost of Project**

The total project cost including all stages is estimated at \$449,000. Final design and bid documents were prepared under a \$45,000 executive authorization.

### **Estimated Cost for This Request**

The total estimated cost of the construction for this project is \$404,000. 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 \$27,450.

### **Cost Details (to 3/10/2020)**

<b>Item</b>	<b>This Request</b>	<b>Total Previous</b>	<b>Total Request</b>	<b>Total Project</b>	<b>Cost to Date</b>	<b>Remaining Cost</b>
<b>TOTAL</b>	<b>\$404,000</b>	<b>\$45,000</b>	<b>\$449,000</b>	<b>\$449,000</b>	<b>\$6,177</b>	<b>\$442,823</b>

### **Source of Funds**

The current Capital Investment Plan (CIP) allocates \$495,000 for this project.

### **Financial Impact**

Project costs will be capitalized and depreciated over an estimated useful life of 15 years resulting in annual depreciation expense of \$30,000. Estimated depreciation expense for 2020 will be \$7,000 based on a substantial completion date of September 2020.

There is no remaining net book value on the existing roof so there will be no write off value.

The 2020 budget assumed the roof repair would be expensed at a cost of \$446,000. The roof will now be depreciated with an estimate of \$7,000 in depreciation in 2020. This change in accounting treatment is expected to reduce Port expense by \$439,000 (\$446,000 minus \$7,000) in 2020. This property provided approximately \$620,000 in cash flow in 2019 and is budgeted to provide approximately \$630,000 in cash flow in 2020. This roof repair was not included in the original financial analysis used when this property was purchased in 2015.

**F. ECONOMIC INVESTMENT/JOB CREATION**

No economic investments are being made by the customer. No jobs will be created by this action beyond short-term contractor and material manufacturing labor.

**G. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS**

Alternative 1) Continue sealing leaks on a case-by-case basis. This alternative puts the Port at risk of not fulfilling lease obligations and potentially results in additional costs due to leak damage repair.

Alternative 2) Pursue a traditional re-roof. While this alternative would provide a roof with a 20-year warranty, it would require demolition, increase construction associated risk, and generate longer tenant impacts at a greater construction cost.

Alternative 3) Install the proposed membrane overlay that includes a 20-year warranty.

**Alternative 3 is the recommended course.**

**H. ENVIRONMENTAL IMPACTS/REVIEW**

Permitting: City of Tacoma Building Permit.

Remediation: Not applicable.

Stormwater: No exposed galvanizing will be constructed.

Air Quality: Not applicable.

**I. PREVIOUS ACTIONS OR BRIEFINGS**

<u>Date</u>	<u>Action</u>	<u>Amount</u>
January 3, 2020	Executive Authorization	\$45,000
<b>TOTAL</b>		<b>\$45,000</b>

**J. ATTACHMENTS TO THIS REQUEST**

- Computer slide presentation.

**K. NEXT STEPS**

Publicly bid the proposed roof overlay design and complete construction.



Item No.: 3B  
Date of Meeting: April 16, 2020

# Project Authorization for 1701 Port of Tacoma Road Roof Re-Cover

Brett Ozolin  
Engineering Project Manager II



# Project Authorization 1701 PoT Rd Roof Re-Cover



*As referenced in Resolution No. 2018-01-PT, Exhibit A, Delegation of Authority Master Policy, Paragraph IV.B.(2), states project costs exceeding \$300,000 require approval from Port Commission.*

Request project authorization in the amount \$404,000, for a total authorized amount of \$449,000, for the 1701 Port of Tacoma Road Roof Re-cover, Master Identification No. 101483.01.

## Background

### 1701 PoT Rd Roof Re-Cover



- 1701 Building is 22 years old, roofs generally have a 20-year service life
- Tenant Pac-Van has repeatedly notified commercial of leaks
- Immediate leaks fixed by Maintenance
- Roof work by Maintenance staff initiates new leaks due to weakened fasteners





BLAIR WATERWAY

N

US  
OIL

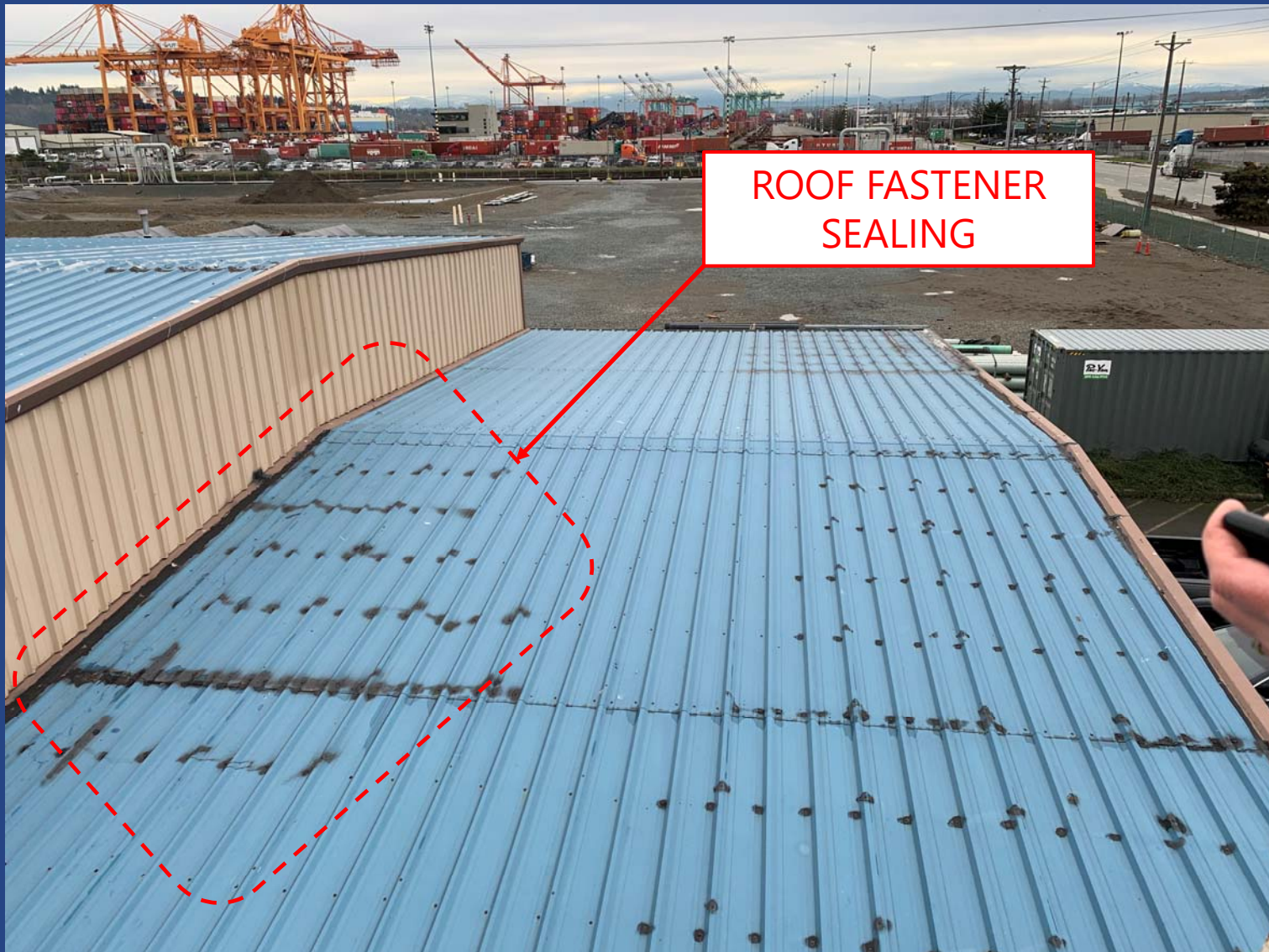
CONCRETE  
TECH

WUT

1701 PoT ROAD



# Background 1701 PoT Rd Roof Re-Cover



## Background 1701 PoT Rd Roof Re-Cover



- Current lease is for three years from November 1, 2019 to October 31, 2022
- The lease generates \$58,000 per month in rent
- Roof repairs and maintenance are the Port's responsibility per the lease agreement

## Background 1701 PoT Rd Roof Re-Cover



- Traditional re-roof includes demo and replacement
- Roof overlay is a membrane with the same warranty as a new roof
  - Can be done once without structural analysis
  - Eliminates demolition
  - Cost effective

# Project Description and Details

## 1701 PoT Rd Roof Re-Cover



- The proposed improvements include the following:
  - Roof membrane re-cover
    - Backing board
    - Fall Protection Anchors
    - Membrane
  - Roof gutters, access ladder and safety anchor points

# Background 1701 PoT Rd Roof Re-Cover





# Project Schedule

## 1701 PoT Rd Roof Re-Cover



Activity	Timeframe
Advertise Bids	April 20, 2020
Bid Opening	May 12, 2020
Contract Award	May 16, 2020
Contract Completion	October 5, 2020



## Source of Funds 1701 PoT Rd Roof Re-Cover



- The estimated cost of the Design for this project is \$45,000.
- The estimated cost of the Construction for this project is \$404,000.
- The estimated budget for this project is \$449,000.
- The current Capital Investment Plan (CIP) allocates \$495,000 for this project.

# Financial Summary

## 1701 PoT Rd Roof Re-Cover



Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
<b>TOTAL</b>	<b>\$404,000</b>	<b>\$45,000</b>	<b>\$449,000</b>	<b>\$430,000</b>	<b>\$6,177</b>	<b>\$423,823</b>

# Environmental Impacts/Review 1701 PoT Rd Roof Re-Cover



## Permitting:

City of Tacoma Building Permit

## Remediation:

Not applicable

## Stormwater:

Implement Best Management Practices

## Air Quality:

Not Applicable

## **Conclusion**

### **1701 PoT Rd Roof Re-Cover**



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