

COMMISSION AGENDA

Item No: 7C

Meeting: 10/21/21

DATE: October 6, 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: Project Authorization for work associated with the Building 326 Window Replacement, Partition Bracing and Isolated Siding Painting.

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 project authorization in the amount \$347,743 for a total authorized amount of \$440,000, for work associated with the Building 326 Window Replacement, Partition Bracing and Isolated Siding Painting, Master Identification No. 101532.01.

B. SYNOPSIS

Building 326 was built around 1965 and has been used as office space at the Earley Business Center. The building is approximately 10,000 square feet and currently has three tenants.

The courtyard windows in the interior courtyard of Building 326 are leaking due to age and deterioration and can no longer be maintained in a weather tight condition by Port maintenance staff. The objective of this project is to replace the storefront windows and framing system to restore the weather tightness of the building to eliminate high risk of water intrusion and associated water damage. At some point in the building's service life, the Port reconfigured building partition walls to suit tenant needs. Current building codes require these partition walls to be braced or integrated into the overall structure for safety purposes in a seismic event. The work of this project includes installation of new partition bracing for building code compliance. In select areas the bottom 12 inches of the metal siding is corroded and will be coated with a corrosion resistant paint. Lastly, select ceiling tiles are broken or stained and will be replaced.

C. BACKGROUND

The current Tenants occupying Building 326 are SAFE Boats, Pacific Steel, and Kag West. The three office space leases combined contribute to almost \$120,000 in annual revenue. The office spaces also heavily support the long-term Tenants' primary businesses of manufacturing and logistical operations and make up a large footprint of combined warehouse and yard space leased at the Earley Business Center. Revenue from these additional leased spaces come in close to an additional \$740,000 annually.

An architectural feature of the nearly 56-year-old building is a central courtyard that is approximately 14 feet wide by 33 feet long. The courtyard has some landscaping and provides a semi-enclosed break area for building occupants. The courtyard also provides natural lighting and views for the office spaces that enclose the area. Based on available port records, the building interior was substantially remodeled circa 1995, excluding the storefront windows in the courtyard. The storefront windows are assumed original to the 1965 construction. The storefront windows are set into wood framing. The window framing system is aged and has been leaking. Port maintenance has routinely addressed leaking by applying and reapplying sealants at window perimeters. The windows are beyond their useful service life and can no longer be reliably maintained in a weather tight condition. For the Port to meet lease requirements and maintain a weather tight facility, the windows need to be replaced. The windows have previously leaked and caused water damage. Not replacing the window systems risks further water damage and increased maintenance/repair costs.

Due to the age of the building, design work for the window replacement included a Hazardous Material Assessment, specifically looking for Asbestos-Containing Materials (ACM). Port Environmental consultants found ACM in the drywall through sampling. Replacing the courtyard windows requires disturbing the drywall and the ACM. Abatement will be required as part of this work to safely remove and dispose of the affected drywall.

The Port has reconfigured walls and spaces within Building 326 to meet tenant and lease needs. The building areas were reconfigured by moving or erecting walls under the existing ceiling grid and ceiling tiles. New walls were only framed into the floor and did not penetrate/extend through the ceiling system. Current building codes require partition walls such as these to have positive attachment to the building structural system at the top of the wall. This attachment provides restraint and stability in a seismic event to mitigate walls falling over.

Building 326 is clad with metal siding. The siding terminates at ground level. Condensation and moisture have generally accumulated at the base of the siding resulting in favorable conditions for corrosion. The majority of the siding is sound and corrosion free. Existing corrosion will be arrested by coating with a corrosion resistant paint to maximize remaining service life of the siding.

Miscellaneous acoustical ceiling tiles in Building 326 have stains, penetrations, or breaks. This request includes funding for spot repairs to the ceiling grid for isolated broken ceiling hangers and damaged ceiling tiling. Replacing these tiles improves the aesthetics of the interior and improves overall tenant satisfaction with the facility.

D. PROJECT DETAILS

Scope of Project:

- Architectural Consultant Time for Scoping, Final Design and Construction Support for contract Drawings and Specifications
- Environmental Consultant Time for ACM Inspections, Final Design and Construction Support to provide and review contract Abatement Drawings and Specifications
- Port staff time for Scoping, ACM Inspections, Final Design and Construction
- Construction Permitting and Inspections

- Construction:
 - Replacement of approximately 640 square feet of existing courtyard glazing and sliding glass doors with new energy code compliant storefront glazing (+/- 80 lineal feet at 8'-0" high):
 - Includes demolition and disposal of existing courtyard glazing, wood stops and related carpentry to be replaced
 - Includes new sheet metal flashing, miscellaneous carpentry, joint sealants, patch and repair of existing drywall
 - Existing sliding glass doors to be replaced with new operable glazing
 - Approximately 224 square feet of drywall abatement at 7 locations where intersecting with existing courtyard glazing
 - Installation of new seismic bracing along approximately 1,100 lineal feet of existing interior partition walls (+/- 270 locations)
 - Approximately 880 square feet of corrosion repair and new exterior paint along lower 24" of existing exterior metal wall panels
 - Select repair and replacement of up to 50 broken/stained ceiling tiles

Scope of Work for This Request:

- Construction
- Permit fees
- Port Staff Time for Construction

Schedule

Advertise for Bid	November 2021
Open Bids	November 2021
Notice of Award	December 2021
Substantial Completion	February 2022
Final Completion	March 2022

E. FINANCIAL SUMMARY

Estimated Cost of Project

The total project cost including all stages is estimated at \$440,000.

Estimated Cost for This Request

The total estimated cost of the Construction for this project is \$347,743. 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 \$24,000.

Cost Details

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
TOTAL	\$347,743	\$92,257	\$440,000	\$440,000	\$33,656	\$406,344

Source of Funds

The current Capital Investment Plan (CIP) allocates \$677,000 for this project.

Financial Impact

Project costs will be capitalized and depreciated over an estimated useful life of 10 years resulting in annual depreciation expense of \$44,000. There will be no depreciation expense in 2021 based on a completion date of March 2022.

The total project cost estimate of \$440,000 has a 3.5-year payback period if only taking into account the rental rates of the building's three tenants. However, the building's rentals are part of broader business relationships that bring in additional revenue for the port. A failure to make the needed repairs could put into jeopardy not only the current leases, but also could jeopardize the same tenants' other Port leases, totaling \$740,000 per year, for their primary businesses of manufacturing and logistical operations that, combined, make up a large footprint of combined warehouse and yard space leased at the Earley Business Center. Additionally, the work is needed to bring the building into compliance with certain building codes.

Taking into consideration the project cost, the relatively quick payback period, and the additional benefits of preserving the broader leasing arrangements with the building's tenants, plus addressing the building compliance needs, the financial impact of the project is acceptable.

F. ECONOMIC INVESTMENT/JOB CREATION

No economic investment will be made by a customer or stakeholder with this action. This action will create approximately 15 temporary construction related jobs.

G. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1: Continue maintaining sealing window frames. Applying sealants on deteriorated substrates is not very effective and results in a poor seal and risks water intrusion and water associated damage. Install partition bracing, paint exterior siding and replace select ceiling tiles.

Alternative 2: Replace storefront windows with standard walls and windows. Office space aesthetics would be reduced with no notable cost savings. Reframing the walls for smaller/standard windows would save on glass material costs but increase labor costs. Install partition bracing, paint exterior siding and replace select ceiling tiles.

Alternative 3: This request, replace storefront windows in-kind, install partition bracing, paint exterior siding and replace select ceiling tiles.

Alternative 3 is the recommended course.

H. ENVIRONMENTAL IMPACTS / REVIEW

Permitting:

City of Tacoma Commercial Building Alteration Permit

Remediation:

N/A

Stormwater:

N/A

Air Quality:

Asbestos/Demolition Notification to Puget Sound Clean Air Agency

The gypsum wallboard system was found to contain asbestos. As part of the Work, all asbestos containing material within the impacted project area will be removed prior to renovation in accordance with Puget Sound Clean Air Agency Regulation 3.

I. PREVIOUS ACTIONS OR BRIEFINGS

Date	Action	Amount
March 22, 2021	Executive Authorization	\$92,257
TOTAL		\$92,257

J. ATTACHMENTS TO THIS REQUEST

Computer slide presentation.

K. NEXT STEPS

Complete design, advertise and award the construction contract, and complete construction.