

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 5e
Date of Meeting April 1, 2014

DATE: March 19, 2014
TO: Tay Yoshitani, Chief Executive Officer
FROM: Mike McLaughlin, Director, Cruise and Maritime Operations
Mark Longridge, Capital Project Manager
SUBJECT: Pier 34 Mooring Dolphins Project (CIP #C800090).

Amount of This Request: \$275,000 **Source of Funds:** General Fund
Est. Total Project Cost: \$1,611,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to complete design and permit process for the replacement of four (4) mooring dolphins at Pier 34. The total amount of this request is \$275,000, out of a total estimated project cost of \$1,611,000.

SYNOPSIS

The project consists of the replacement of four existing failed timber mooring dolphins with four new steel dolphin structures located at Pier 34 at the head of the East waterway. This project would restore lost moorage by replacing old mooring facilities that have failed. These two redeveloped berths would be designed to accommodate up to two 400' barges and generate additional revenue to the Seaport.

The preliminary design concept is for each of the four new dolphins to have sufficient strength to securely moor vessels over their 20-year expected life. In addition, the project would remove approximately 80 derelict creosote timber piles with attendant environmental benefits.

Industrial moorage for barges and other commercial vessels is essential to a healthy port and harbor. The supply of industrial moorage in our harbor has declined, while demand for such moorage has grown. Federal security requirements for moorage of fuel barges and Safety of Life at Sea (SOLAS) vessels have exacerbated the shortage of suitable moorage for these sectors. This project would restore moorage capacity that was removed from service due to age and deterioration.

BACKGROUND

Pier 34 facility was leased prior to deteriorating into age-related disrepair, at which time the lease for these mooring dolphins expired and they ceased being used. This request is part of the

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Seaport's Asset Stewardship Program and the "Industrial Moorage Initiative" which was presented as a Policy and Staff Briefing in public session on June 3, 2008. Prior projects under this Initiative include timber fender replacement at Terminal 91 Berths 6 and 8 and Terminal 46 North Apron, and replacement of four mooring dolphins completed as the North Harbor Island Dolphin Project. By proceeding with this project, the Port protects current industrial moorage business, provides for future revenue growth from industrial moorage and supports maritime jobs, all of which align with the Ports Century Agenda goals

These improvements will also serve to recover moorage displaced from other Port facilities following the implementation of two federal security programs initiated in February 2009, the Marine Transportation Security Act (MTSA) and the Transportation Worker Identification Credential (TWIC). Activation of cruise operations at Terminal 91 in April 2009 further restricted the port's supply of industrial moorage.

PROJECT JUSTIFICATION AND DETAILS

Project Objectives

- This work, if authorized, is aligned with the Seaport's Asset Stewardship Program - to restore berth facilities in the harbor.
- Demand has been expressed by industry for the following uses:
 - Seasonal barge moorage in winter, when barge service to ice-restricted regions of Alaska stops;
 - Support for local shipyards by berthing vessels awaiting or upon completion of dry-dock repairs;
 - Daily moorage, as a preferred substitute to mooring at the Duwamish Head Buoys; and
 - Seasonal moorage during tribal treaty fishing periods to reduce congestion on the Lower Duwamish Waterway and Elliott Bay.

Scope of Work

Design & Permitting

- Complete geotechnical investigations, structural calculations and design drawings using both Port staff and existing IDIQ consulting contracts.
- Prepare a construction bid set inclusive of plans, specifications and engineers' cost estimates for completing this work and present to Commission authorization to construct.
- Prepare and submit all required permit applications to complete this work.

Schedule

- For the Pier 34 to be available for the spring 2015 cruise season, all in-water work for this project will need to be substantially completed by the start of the permit fish window on February 15, 2015. The design and permitting work covered under this authorization is

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expected to be completed by August 2014. All construction work is expected to be completed and the facility in service by April 2015.

FINANCIAL IMPLICATIONS

Budget/Authorization Summary	Capital	Expense	Total Project
Original Budget	\$0	\$0	\$0
Previous Authorizations	\$25,000	\$0	\$25,000
Current request for authorization	\$275,000	\$0	\$275,000
Total Authorizations, including this request	\$300,000	\$0	\$300,000
Remaining budget to be authorized	\$1,311,000	\$0	\$1,311,000
Total Estimated Project Cost	\$1,611,000	\$0	\$1,611,000

Project Cost Breakdown	This Request	Total Project
Construction	\$0	\$1,084,000
Construction & Contract Management	\$0	\$124,000
Design	\$152,000	\$152,000
Project Management	\$65,000	\$65,000
Permitting	\$83,000	\$83,000
State & Local Taxes (estimated)	\$0	\$103,000
Total	\$300,000	\$1,611,000

Budget Status and Source of Funds

This project was included in the 2014 Draft Plan of Finance under Business Plan Prospective CIP# C800090, Pier 34 Dolphins, in the amount of \$2,420,000.

The project will be funded from the General Fund.

Financial Analysis and Summary

CIP Category	Revenue/Capacity Growth
Project Type	Business Expansion
Risk adjusted discount rate	8.5%
Key risk factors	<ul style="list-style-type: none">• The timing of in-water work is constrained by closure for the fish window, anticipated to be 2/15/15 thus• . Minor delays could result in a delayed construction schedule.• Construction costs may vary as steel prices remain volatile• Financial performance will be lower if usage or market rates are lower than estimates used in the related financial analysis.•

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Project cost for analysis	\$1,611,000																								
Business Unit (BU)	Seaport – Maritime Operations																								
Effect on business performance	<p>Estimated impact on Net Operating Income (NOI) and NOI after Depreciation for years 2014 through 2018 is shown below.</p> <table border="1"><thead><tr><th>NOI (in \$000's)</th><th>2014</th><th>2015</th><th>2016</th><th>2017</th><th>2018</th></tr></thead><tbody><tr><td>NOI</td><td>\$0</td><td>\$90</td><td>\$123</td><td>\$126</td><td>\$129</td></tr><tr><td>Depreciation</td><td>\$0</td><td>(\$60)</td><td>(\$81)</td><td>(\$81)</td><td>(\$81)</td></tr><tr><td>NOI After Depreciation</td><td>\$0</td><td>\$29</td><td>\$42</td><td>\$45</td><td>\$48</td></tr></tbody></table>	NOI (in \$000's)	2014	2015	2016	2017	2018	NOI	\$0	\$90	\$123	\$126	\$129	Depreciation	\$0	(\$60)	(\$81)	(\$81)	(\$81)	NOI After Depreciation	\$0	\$29	\$42	\$45	\$48
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STRATEGIES AND OBJECTIVES

- Replace lost industrial moorage capacity essential to operating a full-service harbor.
- Remove the existing derelict timber dolphins at Pier 34 and replace with steel mooring dolphins.
- Provide moorage to a diverse spectrum of users as detailed in strategic objectives above.
- Provide additional moorage to alleviate the current shortage caused by the relocation of Cruise operations to T-91,
- Provide a convenient alternative to the current practice of rafting barges in the lower Duwamish.
- Provide moorage for vessels subject to Maritime Transportation Security Act (MTSA) without the added cost burden of security fees for e berths with landside requirements for a TSA Facility Security Plan.
- Generate additional revenues to the Seaport.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1: Do nothing. With growing demand and the continued displacement of barge layberth space at T91 during periods of overlap between the cruise and fishing industry seasons, the Port would not have adequate barge layberth space for current and future tenants. Alternative 1 is not recommended.

Alternative 2: Explore alternative sites to Pier 34 for barge moorage expansion. Initial analyses of potential sites from the Barge moorage study of 2008 indicate Pier 34 is the best alternative for this facility. Unlike other sites considered, Pier 34 has served this function in the past, is the most straightforward to permit and can meet the current schedule for 2015 completion. Alternative 2 is not recommended.

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Alternative 3: Replace the current timber dolphins at Pier 34 to accommodate current barge layberth moorage requirements and objectives, subject to subsequent Commission authorization to award for construction. **This is the recommended alternative.**

ATTACHMENTS TO THIS REQUEST

- Proposed site layout and existing condition photographs.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- June 3, 2008 - Policy and Staff Briefing – Industrial Moorage Initiative