

**PORT OF SEATTLE**  
**MEMORANDUM**

**COMMISSION AGENDA**  
**ACTION ITEM**

**Item No.** 4a  
**Date of Meeting** August 5, 2014

**DATE:** July 29, 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:** \$1,500,000      **Source of Funds:** General Fund  
**Est. Total Project Cost:** \$1,800,000

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to advertise for construction bids, execute construction contracts, and fund the installation of four replacement mooring dolphins at Pier 34. The total amount of this request is \$1,500,000, for a total estimated project cost of \$1,800,000.

**SYNOPSIS**

The project consists of the replacement of four existing failing timber mooring dolphins with four new steel dolphin structures located at the northwest margin of Terminal 30, north of the Terminal 30 container cargo apron, in the northeast portion of the East Waterway. This project would ensure future productive use of an existing aged and failing moorage facility. Rehabilitation of the Pier 34 moorage structure would accommodate up to two 400-foot long barges, generating continuing revenue for the Seaport.

The design concept is to provide replacement steel dolphins with sufficient strength to securely moor vessels during a 20-year expected life. In addition, the project would remove approximately 90 failing creosote timber piles, as a coincident environmental benefit.

Marine industrial moorage for barges and other commercial vessels is fundamental to a healthy port and harbor. The supply of industrial moorage in our harbor has declined, while demand for such moorage has grown. This project would restore moorage capability and capacity that has diminished due to age and deterioration.

**BACKGROUND**

This request is part of the Seaport's Asset Stewardship Program and the "Industrial Moorage Initiative" that was presented as a Policy and Staff Briefing in public session on June 3, 2008.

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By proceeding with this project, the Port protects current industrial moorage business, ensures future revenue from industrial moorage, and supports maritime jobs, all of which align with the Port's Century Agenda goals.

The present project will also serve to provide alternative moorage service displaced from other Port facilities following the implementation of two federal security programs initiated in February 2009, the Marine Transportation Security Act (MTSA), and Transportation Worker Identification Credential (TWIC) requirements. 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**

- Repair and rehabilitate essential marine industrial moorage infrastructure to restore harbor moorage capacity.
- Remove the existing failing timber dolphins at Pier 34 and replace with durable, long life-cycle 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 an alternative to the current practice of rafting barges in the lower Duwamish Waterway.
- Provide moorage for vessels subject to Maritime Transportation Security Act (MTSA) without the added cost burden of security fees for berths with landside requirements for a TSA Facility Security Plan.
- Generate additional revenues to the Seaport.

### **Scope of Work**

#### **Construction**

Advertise, award, and execute a Major Works contract for the replacement of four mooring dolphins at Pier 34 to include:

- Removal of four existing creosote timber pile cluster dolphins (approximately 90 piles).
- Removal of deteriorated timber decking.
- Installation of four steel dolphins.

### **Schedule**

- For the rehabilitated Pier 34 moorage facility to be available in spring 2015, all in-water work for this project will need to be substantially completed prior to February 15, 2015. The design and permitting work covered under this authorization is expected to be completed by August 2014. All construction work is expected to be completed and the rehabilitated facility ready for service by April 2015.

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### **FINANCIAL IMPLICATIONS**

<i>Budget/Authorization Summary</i>	Capital	Expense	Total Project
Original Budget	\$0	\$0	\$0
Previous Authorizations	\$300,000	\$0	\$300,000
Current request for authorization	\$1,500,000	\$0	\$1,500,000
Total Authorizations, including this request	\$1,800,000	\$0	\$1,800,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$1,800,000	\$0	\$1,800,000

<i>Project Cost Breakdown</i>	This Request	Total Project
Construction	\$1,215,000	\$1,215,000
Construction Management	\$138,000	\$138,000
Design	\$0	\$152,000
Project Management	\$32,000	\$97,000
Permitting	\$0	\$83,000
State & Local Taxes (estimated)	\$115,000	\$115,000
Total	\$1,500,000	\$1,800,000

#### ***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.

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### ***Financial Analysis and Summary***

<b>CIP Category</b>	Revenue/Capacity Growth
<b>Project Type</b>	Asset Stewardship and Business Expansion
<b>Risk adjusted discount rate</b>	8.5%
<b>Key risk factors</b>	<p>Piling removal and installation must be completed prior to 2/15/15, the beginning of juvenile salmon fish passage in-water construction restrictions:</p> <ul style="list-style-type: none"> <li>• Minor delays could result in a delayed construction schedule.</li> <li>• Construction costs may vary as steel prices remain volatile.</li> </ul> <p>Financial performance will be lower if usage or market rates are lower than estimates used in the related financial analysis.</p>
<b>Project cost for analysis</b>	\$1,800,000
<b>Business Unit (BU)</b>	Seaport – Maritime Operations

<b>Effect on business performance</b>	Estimated impact on Net Operating Income (NOI) and NOI after Depreciation for years 2014 through 2018 is shown below.					
	<b>NOI (in \$000's)</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
	NOI	\$0	\$90	\$123	\$126	\$129
	Depreciation	\$0	(\$68)	(\$90)	(\$90)	(\$90)
	NOI After Depreciation	\$0	\$22	\$33	\$36	\$39
<b>IRR/NPV</b>	<b>NPV</b> (in \$000's)	<b>IRR</b>	<b>Payback</b> (in years)			
	<b>(\$346)</b>	<b>5.3%</b>	<b>14</b>			

## **STRATEGIES AND OBJECTIVES**

- This work, if authorized, advances Seaport's Asset Stewardship Program - to restore and preserve Port owned facilities in our 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
  - Alternative seasonal moorage during Treaty tribe fishing periods, reducing barge movement and moorage congestion in the Lower Duwamish Waterway and Elliott Bay.

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### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1:** Replace the current timber dolphins at Pier 34 to accommodate current barge berth moorage demand and restore capacity. The 2008 Industrial Moorage Initiative identified the Pier 34 moorage site as the most effective site available for improving industrial moorage. Pier 34 has served this function in the past, is the most straightforward to permit, and can meet the current schedule for the 2015 completion. **This is the recommended alternative.**

**Alternative 2:** Select a different site. Rehabilitate or install new moorage structures at an alternative site. For example, the 2008 Industrial Moorage Initiative also identified T-5 North and T-10 as potential sites, but potential mitigation and permitting complications make them problematic and unlikely to be usable in the needed timeframe. Alternative 2 is not recommended.

**Alternative 3:** Do nothing. With growing demand and the continued displacement of barge moorage at T91, the Port does not have adequate barge moorage for current and future tenants. Alternative 3 is not recommended.

### **ATTACHMENTS TO THIS REQUEST**

- Existing condition photograph and proposed site layout

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- April 1, 2014 – Pier 34 Dolphins Design Authorization
- June 3, 2008 – Policy and Staff Briefing – Industrial Moorage Initiative