

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4b
Date of Meeting August 19, 2014

DATE: August 12, 2014
TO: Tay Yoshitani, Chief Executive Officer
FROM: Giuseppe Alvarado, Manager, Harbor Business and Operations, Recreational Boating
Steve Miller, Capital Project Manager
SUBJECT: Shilshole Bay Marina A-dock finger pier replacement (CIP #C800537)

Amount of This Request: \$60,000 **Source of Funds:** 2007A Bond Proceeds
Est. Total Project Cost: \$322,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to complete design and installation of the replacement of A-dock finger float serving slips 11 and 12 at Shilshole Bay Marina (SBM). The amount of this request is \$60,000, for a total estimated project cost of \$322,000.

SYNOPSIS

SBM A Dock Replacement was originally expected to cost less than the \$300,000 threshold requiring Commission authorization per Resolution No. 3605 as amended by Resolution No. 3628. Due to higher than expected procurement costs and additional scope, the project is now likely to exceed \$300,000. This project will restore service capacity at lower A-dock by replacing the finger float serving dock slips 11 and 12. These slips provide moorage for large boats and generate significant revenue. The project is scheduled to be completed for occupancy by October 1, 2014.

BACKGROUND

Service issues with the existing 100 ft. float at A-dock led to design efforts in late 2013 to replace the float. Initial advertisement to procure the float led to a single bid received at approximately double the Engineer's Estimate, which was subsequently rejected. During repackaging of the bid documents, the condition of the float was an ongoing safety concern and led to its demolition and removal. After discussions with manufacturers on how to economize the design, the float procurement was re-advertised and again received only one high bid, slightly lower reflecting the removal of demolition work. To restore lost service and revenue at SBM without further delay, the bid was accepted and the Contract awarded to Bellingham Marine Industries, Inc. (BMI). Analysis of total estimated project costs later revealed multiple

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

August 12, 2014

Page 2 of 4

incremental increases in materials and services needed to complete testing, inspection, and installation of the float.

This project is currently on schedule to have the float constructed, inspected, delivered, fully installed and operational by October 1, 2014.

PROJECT JUSTIFICATION AND DETAILS

Project Objectives

- Replacement of A-dock finger pier float and associated revenue.

Scope of Work

The fabrication, delivery and installation of a new replacement float at A-dock, measuring approximately 100 ft. x 6 ft., to match previous existing float dimensions with new power centers and communication utilities. The new float will have an estimated 50-year service life.

Schedule

The project schedule through design and construction efforts to date and through anticipated completion are as follows:

Preliminary Design & Planning	August-October 2013
Initial bid for Construction	November 2013
Demolition of Float	January 2013
Second bid for Construction	March 2014
Float submittal phase complete	July 2014
Fabrication / Delivery / Assembly of Floats	August 2014
Installation of Float Utilities / Final Acceptance	September 2014
Substantial Completion	October 2014

FINANCIAL IMPLICATIONS

Budget/Authorization Summary

	Capital	Expense	Total Project
Original Budget	\$262,000	\$0	\$262,000
Previous Authorizations	\$0	\$0	\$0
Current request for authorization	\$60,000	\$0	\$60,000
Total Authorizations, including this request	\$322,000	\$0	\$322,000
Remaining budget to be authorized	\$0	\$0	\$0
Total Estimated Project Cost	\$322,000	\$0	\$322,000

Project Cost Breakdown

	This Request	Total Project
Construction	\$42,000	\$223,000
Construction Management	\$1,000	\$6,000

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

August 12, 2014

Page 3 of 4

Design	\$15,000	\$25,000
Project Management	\$12,000	\$46,000
Environmental / Contract Admin	-\$10,000	\$10,000
Permitting	\$0	\$1,000
State & Local Taxes (estimated)	\$0	\$11,000
Total	\$60,000	\$322,000

Budget Status and Source of Funds

This project was included in the 2014 Plan of Finance under CIP #C800537, RE 2013 Small Projects for a total cost of \$200,000. The additional \$122,000 required to fund this project will come from below budgeted spending on other capital projects such as FT C15 Building Subsidence.

This project will be funded by 2007A Revenue Bond proceeds.

Financial Analysis and Summary

CIP Category	Renewal/Enhancement																												
Project Type	Renewal & Replacement																												
Risk adjusted discount rate	7%																												
Key risk factors	<ul style="list-style-type: none"> • Future revenues could be less than currently expected. • Actual costs could exceed the current estimates. 																												
Project cost for analysis	\$322,000																												
Business Unit (BU)	Harbor Services – Recreational Boating																												
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>\$8</td> <td>\$31</td> <td>\$28</td> <td>\$32</td> <td>\$28</td> </tr> <tr> <td>Depreciation</td> <td>(\$2)</td> <td>(\$6)</td> <td>(\$6)</td> <td>(\$6)</td> <td>(\$6)</td> </tr> <tr> <td>NOI After Depreciation</td> <td>\$6</td> <td>\$24</td> <td>\$21</td> <td>\$25</td> <td>\$22</td> </tr> </tbody> </table>					NOI (in \$000's)	2014	2015	2016	2017	2018	NOI	\$8	\$31	\$28	\$32	\$28	Depreciation	(\$2)	(\$6)	(\$6)	(\$6)	(\$6)	NOI After Depreciation	\$6	\$24	\$21	\$25	\$22
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COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

August 12, 2014

Page 4 of 4

STRATEGIES AND OBJECTIVES

This work supports the Harbor Services' strategy of maintaining assets to meet market demands and provide compelling value to customers.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1) – Provide \$60,000 additional funding to complete the project and restore service and revenue stream associated with the A-dock finger float 11/12. **This is the recommended alternative.**

Alternative 2) – Stop progress on the project. Float components will be inventoried for future use or sale. SBM to continue to operate the marina without float 11/12, as is currently being done. This alternative would negatively impact SBM by decreasing revenue due to continued loss of float moorage fees and resulting in less service to large boat owners. This is not the recommended alternative.

ATTACHMENTS TO THIS REQUEST

- PowerPoint slide – A-dock Finger Pier

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None