



AGENDA MEMORANDUM

Item No.

6e

ACTION ITEM

Date of Meeting

June 13, 2017

DATE: June 6, 2017

TO: Dave Soike, Interim Chief Executive Officer

FROM: Lindsay Pulsifer, Director Maritime Division
Anne Porter, Seaport Capital Project Manager

SUBJECT: Terminal 5 Pile Removal

Amount of this request: \$6,500,000

Total estimated project cost: \$6,800,000

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to: (1) execute cost-sharing agreement with Lockheed-Martin for the Terminal 5 Pile Removal project; (2) proceed with the construction phase; and (3) advertise and execute a major public works contract, all for an amount not to exceed \$6,500,000 with a total estimated project cost of \$6,800,000.

EXECUTIVE SUMMARY

The project will remove and dispose of 2,000 creosote treated timber piles, other dock structures, and install four steel piles to replace existing fishing net tie-offs. Structures to be removed include timber piles, beams, cross ties, and decking. The project will also regrade upland soils, remove a portion of an existing steel sheet pile wall, and protect regraded slope with riprap. This work supports the Century Agenda goal to be the greenest and most energy efficient port in North America by removing unneeded creosote piles.

In discussions with Lockheed, it was determined that the proposed superfund cleanup work near the sheet pile wall created further risk to the wall and associated uplands. Lockheed has consented to a cost-sharing agreement to reimburse the port up to \$325,000 for removal of the wall and regrading of the uplands.

JUSTIFICATION

This project will fulfill an obligation created by a 2007 lease termination with DNR by removing structures in between the inner harbor and outer harbor lines. When property was purchased from Lockheed, the Port agreed to remove these remaining structures in the DNR lease area. Now that Lockheed's timeline for cleanup is known, the removal of structures must occur prior to August 2018.

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Small Business

Under the current scope of work, this project presents opportunities for small businesses interested in participating. The small business team along with CPO and the Port’s Project Management staff will be promoting this project to maximize small business knowledge of this project.

DETAILS

Scope of Work

The project scope consists of removal and disposal of all structures between the inner and outer harbor lines per DNR lease termination agreement, installation of four steel piles to replace fishing net tie-offs. Structures to be removed include about 2,000 timber piles and connected beams, cross ties, and decking. In one area known as the “shipway,” removal of piles may destabilize an existing steel sheet pile wall. The project will clear, excavate, and regrade before removing the wall down to the mudline. The remaining slope will be armored with riprap to protect against erosion.

Schedule

Activity

Design start	Q4 2016
Commission construction authorization	Q2 2017
Construction start	Q3 2017
In-use date	Q1 2018

Cost Breakdown

	This Request	Total Project
Design	\$0	\$300,000
Construction	\$6,500,000	\$6,500,000
Total	\$\$6,500,000	\$6,800,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – No action

Pros: (1) Avoids costs associated with project.

Cons: (1) Ignores lease termination obligation to DNR that is now 10-years old.
 (2) Will interfere with Lockheed Martin cleanup work.

This is not the recommended alternative.

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Alternative 2 – Advertise/execute a major public works contract for the Terminal 5 Pile Removal project, and execute a cost-sharing agreement with Lockheed-Martin.

Cost Implications: The total project cost is approximately \$6,800,000.

Pros: (1) Fulfills 2007 lease termination obligation with DNR.

(2) Sets the conditions for Lockheed Martin to proceed with their cleanup work.

Cons: (1) None

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

Capital

Expense

Total

COST ESTIMATE			
Original estimate	\$0	\$0	\$0
AUTHORIZATION			
Previous authorizations	0	\$300,000	\$300,000
Current request for authorization	0	\$6,500,000	\$6,500,000
Total authorizations, including this request	0	\$6,800,000	\$6,800,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

The T5 Pile Removal project was included in the 2017 draft plan of finance as a major expense for \$5,300,000. The additional \$1,500,000 due to sheet pile wall scope will be covered through expected favorable variances in the Maritime Division operating expense budget or future capital contingencies.

Sources of funds are as follows:

- 1) \$325,000 from Lockheed cost-share agreement
- 2) \$500,000 from Environmental Remediation Liability
- 3) \$5,975,000 from Maritime expense budget

Financial Analysis and Summary

Project cost for analysis	\$6,800,000
Business Unit (BU)	Joint Venture
Effect on business performance	NOI will decrease
NPV	(-\$6,800,000)

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Future Revenues and Expenses (Total cost of ownership)

This project does not anticipate future revenues. Expenses will be included in the Maritime annual maintenance budget, but are not expected to be significant since the site is unoccupied.

ATTACHMENTS TO THIS REQUEST

- (1) Cost-sharing agreement signed by Lockheed Martin

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None