



AGENDA MEMORANDUM

Item No.

6b

ACTION ITEM

Date of Meeting

September 26, 2017

DATE: August 28, 2017

TO: Dave Soike, Interim Executive Director

FROM: Dave McFadden, Managing Director Economic Development
Tim Leonard, Capital Project Manager

SUBJECT: Demolition of Fishermen’s Terminal Bank Building and Net Sheds 7 and 8
(CIP #C800525)

Amount of this request: \$1,300,000

Total estimated project cost: \$1,530,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) proceed with the demolition and salvage of the existing bank and Net Shed #’s 7 and 8 buildings at Fishermen’s Terminal (FT); (2) advertise and execute a major public works contract for demolition, all for an amount not to exceed \$1,300,000 out of a total estimated project cost of \$1,530,000.

EXECUTIVE SUMMARY

Demolition of the existing bank and Net Sheds 7 and 8 is necessary for the proposed development of FT in accordance with the Port’s FT Long-Term Strategic Plan objectives to add maritime related businesses to FT, better enable the facility to serve the fishing industry, and improve its economic viability. The demolition of these buildings will enable the new Gateway Building to be constructed in their combined locations near the main site entrance. The Port has just completed a signed Letter of Intent with a key maritime related tenant to lease the proposed Gateway Building and is moving forward accordingly with the previously authorized design of this build-to-suit structure.

As part of the demolition effort, designated key elements within the existing buildings, such as the bank vault door and major structural timbers in the net sheds, will be salvaged and stored for potential reuse towards achieving LEED certification for the proposed FT buildings; and/or for incorporation in other future Port improvement projects.

As we move forward with the developments at Fishermen's Terminal the Port continues to market and publicize the terminal's status as a living landmark. The attached presentation includes progress updates on this effort.

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JUSTIFICATION

This project contributes to the Port’s Century Agenda goals to support the maritime and fishing clusters; and create jobs by advancing trade and commerce, promoting industrial growth, and stimulating economic development.

The existing bank building was constructed in 1964, has been vacant for the past seven years, and is now in need of major repair. Net Sheds 7 and 8 were constructed in 1950 and although still in use as storage buildings for FT tenants, all commercial fishing tenants displaced by their demolition are being located to new net lockers within the other seven net sheds at FT.

Scope of Work

- Salvage and transport vault door and safe deposit boxes from bank, and designated old timber structural elements from net sheds, to designated storage location(s) for future reuse by the Port.
- Remove and cap all existing utilities within 5 feet of buildings to be demolished.
- Demolish existing vacant FT bank building and Net Sheds 7 and 8 down to existing slabs and legally dispose of all materials off-site.
- Secure demolition site area from public access for subsequent construction of new Gateway Building and related site improvements.

Small Business

Project management staff is partnering with the small business group to outreach and promote project opportunities to small and diverse businesses through the Port of Seattle’s Small Business Generator (PortGen) program efforts. This project will be featured at the next PortGen event scheduled for this September.

Schedule

The demolition of the existing bank building and Net Sheds 7 and 8 at FT is scheduled to be completed before the start of construction for the new Gateway Building which begins in 2018.

Activity

Commission design authorization	2016 Quarter 4
Design start	2017 Quarter 1
Commission authorization	2017 Quarter 3
Demolition start	2017 Quarter 4
Demolition completion	2018 Quarter 1

Cost Breakdown

	This Request	Total Project
Design	\$0	\$230,000
Construction	\$1,300,000	\$1,300,000
Total	\$1,300,000	\$1,530,000

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 - Demolish buildings as part of new Gateway Building construction contract.

Cost Implications: 10% or \$100,000 less

Pros:

- (1) Overall demolition and construction cost estimated to be as much as 10% (\$100K) less if performed under a single contract (with new building construction).
- (2) Delay of impact to final net shed tenants to be relocated yet.

Cons:

- (1) Potential delay of new Gateway Building construction due to unforeseen delays in net shed tenant relocations and/or existing buildings demolition and salvage work.
- (2) Increased total adverse impact to facility business operations.

This is NOT the recommended alternative.

Alternative 2 – Proceed with demolition under separate contract ahead of new Gateway Building construction.

Cost Implications: 10% or \$100,000 more

Pros:

- (1) Immediate start of demolition will allow time to address potential schedule delays prior to subsequent new Gateway Building construction.
- (2) Relocation of Net Sheds 7 and 8 tenants is well underway and proceeding promptly with building demolitions will reinforce Port’s communicated outreach message to FT stakeholders.

Cons:

- (1) Total cost of demolition and construction estimated to be up to approximately 10% (\$100K) higher.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$	\$1,300,000	\$1,300,000
AUTHORIZATION			
Previous authorizations	0	\$230,000	\$230,000
Current request for authorization	0	\$1,300,000	\$1,300,000
Total authorizations, including this request	0	\$1,530,000	\$1,530,000
Remaining amount to be authorized	\$0	\$0	\$0

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Annual Budget Status and Source of Funds

This project was included in the 2017 Plan of Finance under CIP #800525 “FT Strategic Plan” with a total cost of \$42,100,000.

This project will be funded by the Tax Levy.

Financial Analysis and Summary

Project cost for analysis	\$1,530,000
Business Unit (BU)	Maritime Portfolio Management
Effect on business performance (NOI after depreciation)	The new buildings, when complete, will provide incremental leasing revenue and potentially higher lease rates for existing leasable space. Financial modeling of proposed developments is ongoing and will be communicated when a final design is selected. Demolition costs will be included in the financial analysis of the selected design of the new buildings/development.
IRR/NPV (if relevant)	To be updated once a final design is selected for Commission approval.
CPE Impact	NA

Future Revenues and Expenses (Total cost of ownership)

To be updated once a final design is selected for Commission approval.

ATTACHMENTS TO THIS REQUEST

- (1) FT Redevelopment PowerPoint – includes update on FT Public Relations, Marketing, and Tourism Development Plan.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

December 13, 2016 – The Commission authorized \$3,000,000 in design funds for FT Redevelopment Phase 1 (including \$230,000 for the buildings demolition).