

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No.	6a
Date of Meeting	<u>August 11, 2009</u>

DATE: July 27, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Melinda Miller, Director, Portfolio Management
Tim Leonard, Capital Project Manager

SUBJECT: The completion of the South Wall reconstruction at Fishermen's Terminal
(CIP 800136)

ACTION REQUESTED

Authorization for the Chief Executive Officer to proceed with permitting, design, and project management to be performed for the completion of the South Wall reconstruction at Fishermen's Terminal (FT) in the amount of \$980,000.

SYNOPSIS

The Real Estate Division requests approval for permitting, design, and project management funding in the amount of \$980,000 for the reconstruction of the final remaining section of the original South Wall seawall at FT which has exceeded its service life and is at risk of structural failure. The design, permitting, and project management will be performed by Port staff with the exception of geotechnical and diving services which are estimated to cost approximately \$100,000. All design and permitting costs will be paid out of the \$5,000,000 budgeted in the 2009 Draft Plan of Finance for this project under CIP C800136. Commission authorization for construction funding will be sought upon completion of the engineering design and final construction estimate.

BACKGROUND

The South Wall at Fishermen's Terminal (FT) was originally constructed in 1914 and currently separates the facility's southern uplands from the harbor. A structural condition survey and evaluation of FT, performed in 1999 by Reid Middleton engineers, determined that the submerged timber relieving platform component had exceeded its service life and was at risk of structural failure. This finding was primarily based on the severe dilapidation that has occurred in the connectors holding the relieving platform together and the increased loads being placed upon it by subsequent overlying wharf construction as well as the facility's current operations.

The majority of the South Wall was reconstructed in 2003-2005 as a major works capital improvement project. The only portion of the original timber relieving platform still remaining is approximately 160 feet in length and located at the east end of the bulkhead that fronts the parcel currently leased by Fishing Vessel Owners (FVO). Replacement of this section of the seawall has been delayed due to various factors: The unavoidable disruption to FVO's business

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operations during construction, and the formerly planned monorail expansion through this area that would have required additional reconstruction of the seawall.

PROJECT DESCRIPTION AND JUSTIFICATION

Project Description:

Reconstruction of approximately 160 lineal feet of the east end of the South Wall seawall at FT.

Project Justification:

This is a safety issue. The completion of the South Wall reconstruction is needed as the existing underlying timber relieving platform is in poor condition due to severely dilapidated connectors. Consequently, this seawall section and the affected adjacent pavement area and marine rail system are at risk of structural failure. Such a failure could also potentially result in significant environmental impacts by disturbing possibly contaminated soils and thereby adversely affecting the harbor's water quality.

PROJECT SCOPE OF WORK AND SCHEDULE

Project Scope:

The proposed South Wall reconstruction scope is anticipated to closely follow that already employed in the previous phases that were completed at FT in 2003-2005. In general, the reconstruction will involve removal of the existing submerged timber relieving platform and overlying fill material, and the subsequent installation of a new steel sheet pile bulkhead; concrete deck panels and supporting piles; timber fender system; and overlying asphalt concrete pavement. An additional scope element in this project will be the temporary disassembly and retention of the existing in-place marine rail system and associated site infrastructure that FVO currently utilizes to pull vessels out of the water in order to work on them. Details regarding this will be finalized as part of the project engineering design.

Project Schedule:

Design and permitting to be completed by summer 2010. In-water construction to be completed by April 15, 2011 - the end of the freshwater fish window. All construction is anticipated to be completed by summer 2011.

STRATEGIC OBJECTIVES

This work, if authorized, is aligned with the Industrial Moorage Initiative as it is intended to preserve and expand berth facilities to provide for a vibrant seaport that adequately serves the requirements of all essential sectors of the maritime community.

Best management practices will be deployed in selection of materials, work practices and ongoing total cost of ownership.

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BUSINESS PLAN OBJECTIVES

This project is aligned with the business plan objectives to maintain safe facilities and assets and provide customers with compelling value. It is a renewal and replacement project to rebuild the infrastructure (seawall) which is needed to continue to provide moorage & loading/unloading capacity to commercial fishing vessels, commercial workboats and vessel repair businesses at the FT.

FINANCIAL ANALYSIS

Previous Authorizations (Planning CIP)	\$ 50,000
Current request for authorization	\$ 980,00
Total Authorizations, including this request	\$ 1,030,00
Remaining estimated budget to be authorized (Construction)	\$ 5,070,000
Total Estimated Project Cost	\$ 6,200,000

Current Authorization Cost Breakdown

Design	\$ 690,000
Project Management	\$ 200,000
Permitting	\$ 140,000
Total	\$ 1,030,000

Source of Funds:

The FT South Wall Reconstruction project was included in the 2010 Draft Plan of Finance as a committed project in the amount of \$5,000,000 under CIP C800136. The project will be funded from the tax levy. The addition \$1,200,000 required to complete this project is available due to anticipated timing delays in other 2009 Draft Plan of Finance committed projects.

Financial Analysis Summary

CIP Category	Renewal/Enhancement
Project Type	Renewal and Replacement
Risk adjusted Discount rate	10.00%
Key risk factors	1) Permitting delays could result in a delayed construction schedule. 2) The timing of in-water work is defined by permitting agencies in an effort to limit the impact to endangered species – currently October 1 through April 15. 3) Construction costs may increase if required work is more extensive than currently known.
Project cost for analysis	\$6,200,000 (preliminary estimate)
Business Unit (BU)	Portfolio Management Group, Real Estate Division

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Effect on business performance	<p>This is a renewal and replacement project and, accordingly, this project preserves Net Operating Income (NOI). Net Operating Income generated by the waterside operations of Fishermen's Terminal at the South Wall location is approximately \$14,000 per year excluding major maintenance expenses.</p> <p>As a result of this project, depreciation expense will increase annually by \$124,000 resulting in a corresponding reduction in Net Operating Income After Depreciation.</p>						
IRR/NPV	<p>Preliminary financial analysis - based on preserving Net Operating Income (proxy for cashflow):</p> <table border="1"><thead><tr><th>NPV (in \$000's)</th><th>IRR (%)</th><th>Payback (in years)</th></tr></thead><tbody><tr><td>(\$4,946)</td><td>NA</td><td>NA</td></tr></tbody></table>	NPV (in \$000's)	IRR (%)	Payback (in years)	(\$4,946)	NA	NA
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SUSTAINABILITY AND LIFE CYCLE COSTS:

This request is for authorization to design and permit, in preparation for authorization(s) to advertise for construction bids and subsequently award for construction. As such, total costs and life-cycle costs will be determined upon completion of the final improvement design. Sustainability issues will also be considered further as part of the design process. The existing seawall section to be reconstructed is at the end of its service life.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1: Do nothing. Without remediation, the existing connectors in the underlying relieving platform timber structure will continue to deteriorate and the likelihood of structural failure will continue to increase. For these reasons, Alternative 1 is not recommended.

Alternative 2: Complete the reconstruction of the South Wall as already done for the west and central portions of the structure in 2003-2005. Staff is recommending this alternative as it will alleviate the existing structural safety concern, correct the current degrading condition, and restore this asset to its full beneficial use.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

July 28, 2009 commission meeting project briefing