

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5d
Date of Meeting February 10, 2009

DATE: January 23, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Ralph Graves, Managing Director, Capital Development Division
Charlie Sheldon, Managing Director, Seaport Division

SUBJECT: Easements with Holland America Line and Princess Cruise Lines for shore power at the Terminal 91 cruise facility and cost reimbursement not to exceed \$710,000.00.

ACTION REQUESTED:

Request for Port Commission approval for CEO to execute easements with Holland America Line and Princess Cruise Lines for the installation and maintenance of certain equipment necessary to provide shore power at the Terminal 91 cruise facility and the reimbursement of the costs, not to exceed \$710,000.00, for removing, retrofitting and reinstalling that equipment from Terminal 30(T30) to the Terminal 91(T91).

SYNOPSIS

Approval of this request allows execution of easements and associated reimbursement to the cruise lines for the work performed by their electrical service contractor Cochran Inc. for removing, retrofitting, and relocating the shore power equipment to T91. The cost for such work is part of the Commission approved project budget under CIP 800085. The total cost outlined in the estimate from Cochran Inc. is within the approved project budget line item for this reimbursement. Shore power for cruise ships at T91 represents a major environmental benefit of reducing air emissions by allowing cruise ships to connect to the Seattle electrical grid while in Port instead of operating their diesel engines.

BACKGROUND

Holland America Line (HAL) and Princess Cruise Lines (PCL) are recognized for their leadership role in the advancement of environmental initiatives through the investment of vessel retrofitting, landside infrastructure and certain equipment for the provision of shore power at the Terminal 30 cruise facility. This equipment allowed the HAL and PCL cruise ships to connect to an on-dock, high voltage electrical power feeder switch rather than operating their diesel-powered engines to provide electricity while the cruise ships are at berth. This system design and equipment makes up the landside portion of the cruise vessel shore power connection and is proprietary in nature and owned by HAL and PCL.

Through the end of our 2008 cruise season there were still only three cruise vessel berths in the entire world with shore power connections—of which two of the berths were here in Seattle.

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Under the project-wide authorization for the T30/91 program, a budget line item has been included to reimburse both cruise lines for the actual cost they will incur to relocate and retrofit their shore power equipment from the T30 cruise facility to T91. Although the project-wide authorization for the T30/91 project was previously granted, this approval is being presented to the Commission under the new protocol established by Resolution 3605. The Cruise lines have a contract with Cochran Inc., an electrical contractor headquartered in Seattle, which has designed, installed and maintained this proprietary equipment which the cruise lines own.

To permit the placement of this proprietary equipment at the T91 cruise facility, the parties intend to execute an easement memorializing the cruise lines rights and responsibilities. The easement will also address the payment by the Port of certain costs associated with the removal, retrofit and relocation of the equipment at T30 to T91. In November 2008 a final cost estimate was presented by Cochran Inc. to perform this work. Following the removal and storage of the cruise lines equipment which was done by Cochran at the end of the 2008 cruise season, Cochran is now scheduled to reinstall the systems to serve each of the cruise vessel berths at the new cruise facility on Pier 91 prior to opening the facility in April 2009. Once installed, the easement will provide that all ongoing costs to maintain, operate, repair or replace the cruise vessel shore power connection systems will be borne by the cruise lines who own the equipment.