

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5b

Date of Meeting November 10, 2009

DATE: November 4, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Mike McLaughlin, Director, Cruise and Industrial Properties
Mark Longridge, Capital Project Manager

SUBJECT: Modification of scope for barge layberth improvements at Terminal 25,
Pier 28 and Terminal 46

ACTION REQUESTED

Request for Port Commission to modify the scope of previous authorizations to complete construction of necessary improvements to the fendering and terminal systems at Terminal 25 (T25), Pier 28 (P28) and Terminal 46 (T46) for no net change in the current \$300,000 authorization.

SYNOPSIS

This request falls under and is part of the "Industrial Moorage Initiative" which was presented as a Policy and Staff Briefing in public session on June 3, 2008.

The Capital Development Division (CDD) received authorization on March 10, 2009 for \$300,000 in funding for improvements at three sites identified in the Seaport Planning Barge Layberth study of July 2008.

The original scope included the replacement of deteriorated fender piles at both Terminal 46 & Pier 28, and security fencing and site improvements at Terminal 25.

The security improvements at T25 were completed in May 2009. This vessel berth and adjacent dock area located at the south end of T25 has been leased to Olympic Tug and Barge. Design, permitting and cost estimates have been completed for the other two sites. Total cost to date for planned improvements on all three sites is \$109,784. However, staff has discovered additional damage and deterioration to piling, chocks, walers and walkway systems at Pier 28 and Terminal 46. Staff is now forecasting total cost of these improvements to be above the original approved budget to complete all required remaining work.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

November 4, 2009

Page 2

Staff recommendation is to concentrate the remaining authorized funds on expanded repairs at Pier 28, and to forego repairs to the fender system at the north berth at Terminal 46. This revised approach would improve the fender system at Pier 28 while remaining within the original \$300,000 authorization.

PROJECT SCOPE OF WORK AND SCHEDULE:

- Expand scope of repairs at Pier 28: The revised scope proposed at Pier 28 would include repair to the eight piles originally identified in the condition survey, plus two additional broken piles identified since the survey, and associated chock, waler and walkway repairs to upgrade the condition of the berth, and improve safety for line handling and vessel berthing operations.
- Replace two fender piling at the NE corner of Terminal 46 for the Pilots: Staff also recommends the installation of two fender piles at the NE corner of Terminal 46 North to provide protection of the pier structure and the ladder used by Puget Sound Pilots. Installation of these two fenders could be performed economically by the contractor with minimal mobilization/demobilization costs, and can be performed under the existing permits in place for fender improvement work.
- Do not repair fenders at the North berth at Terminal 46 at this time: While this revised scope would not address the fender pile improvements along the berth at the NW face of Terminal 46 the recommendation to defer this fender work is based on additional information received from barge industry representatives that this berth area represents the least useable of the three original sites identified due to inclement weather exposure that occurs on the face of T46.

It should be noted also that this revised scope would not repair all damage of the Pier 28 fender system. As originally expected, these repairs would extend the life of the existing system five to ten years. Staff expects the fender system will still require full replacement or upgrade beyond 5 years, based on the current condition assessment, continued deterioration of timber piles and level of vessel layberth activity.

STRATEGIC OBJECTIVES:

- This work, if authorized, is aligned with the Industrial Moorage Initiative as it is intended to preserve and expand berth facilities in the harbor 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.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

November 4, 2009

Page 3

BUSINESS PLAN OBJECTIVES:

Completion of this work will provide up to 1,100' of usable barge layberth moorage in time for the cruise activation in 2010.

Budget/Authorization Summary

Previous Authorizations	\$300,000
Current request for authorization	\$0
Total Authorizations, including this request	\$300,000
Remaining budget to be authorized	\$0

Project Cost Breakdown

Design and Permitting	\$60,000
Construction	\$240,000
Total	\$300,000

Source of Funds

This project is included in the 2009 Operating Budget in the amount of \$250,000. Due to subsequent changes in the construction schedule, the 2009 portion of project costs are expected to be \$283,000. Actual 2009 costs in excess of the budgeted \$250,000 will create an unfavorable expense variance.

This project will be funded from the general fund.

Financial Analysis Summary

CIP Category	Renewal/Enhancement
Project Type	Renewal and Replacement
Risk adjusted Discount rate	N/A
Key risk factors	<ul style="list-style-type: none">• The timing of in-water work is constrained by closure of the fish window. The next in-water work period will commence 8/15/09 and terminate on 02/15/10.• Construction costs may increase if necessary repairs are more extensive than currently known
Project cost for analysis	\$300,000
Business Unit (BU)	Dock Operations

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

November 4, 2009

Page 4

Effect on business performance	The estimated total project costs will have the following effect on NOI. Depreciation Expense will not be impacted by this project, as this repair is an operating expense.			
		2008	2009	TOTAL
	Incremental Expense	(\$17,000)	(\$283,000)	(\$300,000)
	NOI	(\$17,000)	(\$283,000)	(\$300,000)
	Depreciation	-	-	-
	NOI After Depreciation	(17,000)	(283,000)	(300,000)
IRR/NPV	N/A			

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1: Do nothing. Complete no further work on the layberth improvements. With the displacement of barge layberth space at T91 during periods of overlap between the cruise and fishing industry seasons, the Port would not have adequate barge layberth space for current and future tenants. For these reasons, Alternative 1 is not recommended.

Alternative 2: Repair and improve the three originally proposed facilities at T-25, P-28 and T-46, and the two additional piles at the NE face of Terminal 46. This would require additional funding authorization. For this reason, Alternative 2 is not recommended.

Alternative 3: Concentrate remaining improvement efforts at the Pier 28 site, and include two piles at the NE face of Terminal 46 to address most pressing potential operational and safety requirements, and accommodate current barge layberth moorage demand.

This is the recommended alternative.

OTHER INFORMATION:

The Seaport's harbor has been constrained seasonally from meeting the berthing requirements of some maritime sectors, forcing vessels to berth elsewhere in Puget Sound at additional cost and creating additional vessel emissions in the process. Moreover, it makes for a less efficient harbor for our customers, large and small. The advent of TWIC, in February 2009 has placed additional capacity constraints on the Seaport's moorage capacity. Repositioning cruise from T30 to T91 will further displace moorage available in our harbor.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

November 4, 2009

Page 5

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- Authorization for construction of barge layberth improvements at Terminal 25, Pier 28 and Terminal 46, March 10, 2009
- Authorization for design and permitting of barge layberth improvements at Terminal 25, Pier 28 and Terminal 46, October 14, 2008
- Policy and Staff Briefing – Industrial Moorage Initiative, June 3, 2008