

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6d
Date of Meeting December 15, 2009

DATE: December 7, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Fred Chou, Capital Project Manager, Seaport Project Management
Mike McLaughlin, Director, Cruise & Industrial Properties

SUBJECT: Final Work Scope at Smith Cove Cruise Terminal, CIP No. C800085

Amount of This Request: \$1,000,000 (previously authorized funds, no new funds requested).

Source of Funds: General Fund.

Approving This Amount Possibly Commits \$0 This Year or in Future Years.

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to spend up to \$1,000,000 under the existing authorized budget for the Terminal 30/91 Program, CIP No. C800085, for the preliminary design, final design, permitting and construction phases of final work scope. No additional funding is requested.

SYNOPSIS:

The Port successfully opened the new Smith Cove Cruise Terminal (SCCT) at Terminal 91 this past spring on time -- a major achievement considering a very aggressive project schedule and many challenging conditions. Current spending for development of the new cruise terminal facility remains within funding authorizations under the Terminal 30/91 program budget. The new terminal had a very good first season -- serving 139 cruise vessel calls of the record 218 vessel calls in our harbor for 2009. 531,866 revenue passengers of the total 875,433 revenue passengers processed through the Port's two cruise terminals were processed through the new facility.

During this past year Seaport staff continued to work closely with the cruise lines, terminal operator Cruise Terminals of America, US Customs and Border Protection, Seattle Fire Department, our existing Terminal 91 tenants and the commercial fishing fleet, along with other stakeholders, to identify areas of opportunity to further enhance

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terminal operations for all customers and improve the safety and security for the cruise passengers. These opportunities were assessed and prioritized to identify specific key improvement areas for implementation.

Consistent with the spending approval to use contingency funds for the SCCT Public Artwork which the Commission approved on April 28, 2009, staff recommends a portion of the remaining contingency funds allocated to the cruise terminal portion of the Terminal 30/91 Program, CIP No. C800085, be used to complete these final proposed improvements.

This request would allow staff to complete the proposed improvements, including execution of services agreements if necessary. At this time, the total project cost for these improvements is estimated not to exceed \$1,000,000, and adequate funds remain in the new cruise terminal portion of the Terminal 30/91 Program to cover the proposed work. Total authorized funds remaining under the cruise terminal portion of the program after implementation of this proposed work and final project closeout are estimated to be around \$2,000,000.

PROJECT DESCRIPTION AND JUSTIFICATION:

Based on observations made during the first cruise season, several concerns were raised regarding traffic circulation and congestion at the Ground Transportation Center located on the north side of the cruise terminal building and other related operational impacts affecting areas of Terminal 91.

Another issue presented at the end of the season was the awkwardness of design and deteriorated condition of the yellow canvas canopies which were used to cover portions of the passenger drop-off areas and access-ways located in front of the terminal building. These canvas canopy systems, originally designed for Terminal 30, were relocated from our former cruise facility at Terminal 30 and set up to provide a recycled, temporary canopy for passenger loading/unloading areas along with foot traffic and porter carts entering and exiting the terminal building during the first year of operations at Smith Cove.

At Terminal 30, these canopy systems were used primarily to protect passengers from weather on their long walk from the cruise terminal building after checking in their luggage and were cleared to proceed to the gangways and board the cruise ship. The design of this recycled canopy system worked well for its original intended purpose. The passengers walked under this canopy from the point they left the building all the way until they accessed the ships gangways. Very few passengers handled any luggage as they walked to the ship and there were no porter carts using this walkway.

The existing canvas canopy systems recycled from Terminal 30 were not designed for the new facility and include cabling, support structures and tie downs that greatly encumber

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surface area. The large concrete retention blocks for canopy tie downs require a lot of space which was not a problem out on the large apron at Terminal 30. Using this same setup at Smith Cove does not work because it takes up too much area and does not provide room for both porter cart activity and passengers.

The traffic congestion experienced in the first year of operations at Smith Cove primarily results from a lack of sufficient load/unload space at the Ground Transportation Center in front of the cruise terminal building. With the use of aggressive traffic management, the resulting traffic queue and vehicle flow for the most part was acceptable. But during certain peak periods of the day, traffic congestion was found to be affecting not only cruise operations but also non-cruise terminal operations at various locations within Terminal 91.

The canvas canopy systems relocated from Terminal 30 are showing significant wear due to age, weather exposure and multiple years of use. Considering the additional handling during the relocation process, compounded by stronger wind conditions at Terminal 91, these canvas systems have reached the end of their useful life in this application.

After several meetings with the stakeholders and discussion/review provided by the Port's transportation consultant in considering a revised conceptual plan/layout of the Ground Transportation Center, the group collectively believes the additional loading/unloading areas proposed in the new concept layout will improve the traffic flow significantly.

Recognizing the problems with the recycled canopy system, as well as the fact that they would also need to be relocated as part of the proposed traffic lane revisions, staff recommends constructing a permanent metal canopy system to replace the old canvas canopy system to protect cruise passengers from the weather. In addition, to increase the loading/unloading capacity of the Ground Transportation Center, the west side of the existing metal canopy would be expanded by approximately an additional 8 feet wide by 380 feet long. These improvements would provide the additional space needed to shelter cruise passengers during arrival and departure.

The Federal Inspection System (FIS) area located inside the terminal building, which is used by the US Customs and Border Protection, is another key area of cruise terminal operation. To make this area more flexible in order to address the different operational procedures defined by individual cruise lines while still maintaining full compliance with the security procedures and equipment mandated by US Customs and Border Protection, the stakeholders' group recommends the FIS area be modified to better serve passengers and cruise terminal operations.

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PROJECT SCOPE OF WORK AND SCHEDULE:

The scope of work of this project includes the following:

- Reconfigure the Ground Transportation Center area west of existing bus canopy to create additional loading/unloading space for passenger vehicles and taxis.
- Construct a new permanent canopy system at the new passenger load/unload island.
- Expand the existing bus canopy by approximately 8 feet to the west for approximately 380 feet along the length of the canopy for taxi passenger loading and unloading.
- Reconfigure/stripe traffic lanes and install pavement markings consistent with proposed revisions.
- Install and extend utilities and appropriate signage to support new Ground Transportation Center layout, walkways and new canopy system.
- Modify the FIS area next to the luggage hall, inclusive of new partitions, directional way finding signs, and utility work to support the modification.
- Install concrete surface thresholds at each north main passenger entries of the terminal building to prevent the main entry doors from getting stuck when aggregates come loose from the existing asphalt pavement surface.

The goal is to have all work completed before the start of the 2010 cruise season. With the aggressive schedule, it is possible that the construction of the proposed metal canopy system would be deferred until after the 2010 cruise season. If so, the old canvas canopy would be utilized during this interim period. Staff believes expansion of the existing bus canopy on the west side can be completed before the upcoming cruise season. Also, it is anticipated that the Port's internal construction work force would complete the majority of the proposed work.

STRATEGIC OBJECTIVES:

This project supports the Port's strategy to "Ensure Airport and Seaport Vitality" by maintaining our cruise and fishing businesses and operations. The proposed work is a result of recommendations from collaborating with the various stakeholders. The Terminal 91 customers along with the neighboring community are aware of the proposed improvements and are supportive of this effort.

FINANCIAL ANALYSIS:

Budget/Authorization Summary

Previous Authorizations for the T30/91 Program	\$ 121,525,000
Current request for authorization (No new funds requested)	\$ 0
Total Authorizations, including this request	\$ 121,525,000
Remaining budget to be authorized	None

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Project Cost Breakdown – New Scope of Work Only

Design, Permitting, and other Preconstruction Soft Costs	\$ 100,000
Construction Related Costs with Contingencies	\$ 900,000
Total	\$ 1,000,000

Source of Funds

The project would be funded under existing CIP C800085 Terminal 30/91 Program. The source of funds will be the General Fund.

Financial Analysis Summary - new scope of work only

CIP Category	Renewal/Enhancement
Project Type	Renewal & Replacement
Risk adjusted Discount rate	NA
Key risk factors	Key risk factor is construction delays that could prevent timely delivery of project components targeted for completion before the start of the 2010 cruise season.
Project cost for analysis	\$1,000,000
Business Unit (BU)	Cruise
Effect on business performance	No incremental revenue is anticipated to be generated as a result of this project. Impact to Net Operating Income will depend on the accounting treatment of the \$1,000,000 in project costs (operating expense vs. capital asset treatment), which will be determined during the design process.
IRR/NPV	NA.

SUSTAINABILITY AND LIFE CYCLE COSTS:

Staff reviewed the project elements against the Sustainable Asset Management Policy and Procedures (EX-15) and due to the nature of the work scope, there are limited opportunities on sustainable asset management. However, utilization of materials that require low maintenance over the life of the assets would be carefully considered for the new metal canopy system.

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ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

- Alternative 1 - Do Nothing: If nothing is done to improve the bottleneck at the Ground Transportation Center, traffic delays during peak times that would not only impact cruise operations but also affect other tenant operations at Terminal 91. Traffic congestions can also lead to frustrated drivers that act in less rational manner and lead to safety related issues. If the canvas canopy remains as is, there will be a lot more repair and maintenance cost since this system is already aged and at the end of its design life. If nothing is done to the Federal Inspection area, congestion and confusion would continue to compromise facility security.
- Alternative 2 - The Preferred Alternative: Implement the new layout of the Ground Transportation Center, construct the new permanent canopy system, expand the existing bus canopy, construct improvements necessary to support the revised operations at the Federal Inspection area, and other project elements stated in the scope of work above. The proposed work would be funded through the existing authorized Terminal 30/91 Program budget, CIP No. C800085.

PREVIOUS COMMISSION ACTIONS:

On February 14th, 2006, the Commission authorized \$10,850,000 for staff to proceed with environmental reviews, design, and permitting of the T25/30 container terminal and the relocated T91 Cruise Terminal.

On April 11th, 2006, the Commission authorized the Chief Executive Officer to execute lease amendments with SSA Terminals for T18, 25, 30, and with Cruise Terminals of America for Cruise facilities.

On February 16, 2007, the Commission authorized an additional \$107,489,000 for staff to proceed with final design and construction of the T-91 cruise terminal and restoration of container cargo facilities at T25/30.

On July 22, 2008, Commission authorized changes to the Terminal 30/91 Program due to foundation changes required by the City of Seattle: Change Order #20 for a cumulative time extension of 78 days; Change Order #32 exceeding \$200,000; and Additional funds in the amount of \$3,186,000 (T91 Foundation Provisional Contingency) for a total authorization of \$121,525,000.

On August 26, 2008, the Commission approved the revised Port of Seattle Art Program Policy and Guidelines.

On March 24, 2009, during the Terminal 30 and Terminal 91 Project Construction Field Progress, and Financial and Schedule Status Commission update, the Seaport Managing

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Director briefed the Commission on art considerations for the Smith Cove Cruise Terminal.

On April 14, 2009, Commission authorized the construction and approved advertisement of a major works bid package for Bird Control Systems at Smith Cove Cruise Terminal.

On April 22, 2009, Commission authorized the Smith Cove Cruise Terminal Artwork be funded through the Terminal 30/91 Program.