

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 6b
Date of Meeting August 24, 2010

DATE: August 4, 2010
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 #C-800136

Amount of This Request: \$4,505,000 **Source of Funds:** Tax Levy

State and Local Taxes Paid: \$369,000 **Est. Workers Employed:** 33

Total Project Cost: \$5,535,000

ACTION REQUESTED:

Request Commission authorization to advertise for construction bids, award the contract, and construct the Fishermen's Terminal (FT) South Wall Reconstruction Phase IV project for an estimated cost of \$4,505,000 bringing the total authorized amount of this project to \$5,535,000. This project is funded by the Tax Levy.

SYNOPSIS:

Staff requests approval for construction funding for reconstruction of the final remaining section of the original South Wall Seawall at Fishermen's Terminal which has exceeded its service life and is at risk of structural failure. This project will be funded by the Tax Levy and has been coordinated with the current tenant.

BACKGROUND:

The South Wall at 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

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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 in place is approximately 200 feet in length and is 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 operations during construction, and the formerly planned Monorail expansion through this area that would have required additional reconstruction of the seawall. In the prior lease with FVO, which terminated October 2009, the Port asserted that the reconstruction or replacement of this portion of the seawall would be the responsibility of FVO. Due to critical safety and timing issues, the Port has made the decision to undertake this project at this time and will be entering into a short-term lease with FVO. The proposed improvements have been coordinated with FVO and they have indicated their approval of both the design and planned construction phasing.

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:

Scope of Work:

The project scope will include the following:

- rerouting of electrical and mechanical utilities as required for the new sheet pile installation;
- installation of approximately 140 LF of new steel sheet piling;
- construction of a new cast-in-place concrete cap over the old and new steel sheet pile sections; and
- Installation of compaction grouting for structural sub grade support of the seawall apron area pavement.

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Schedule:

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

FINANCIAL IMPLICATIONS:

Previous Authorizations	\$ 1,030,000
Current request for authorization	\$4,505,000
Total Authorizations, including this request	\$5,535,000
Remaining budget to be authorized	\$0
Total Estimated Project Cost	\$5,535,000

Project Cost Breakdown:

Construction	\$3,884,000
Soft Costs	\$1,282,000
State & Local Taxes (estimated)	\$369,000
Total	\$5,535,000

Source of Funds:

The FT South Wall Reconstruction project was included in the 2010 Plan of Finance as a committed project in the amount of \$5,006,000 under CIP #C800136. The project will be funded from the tax levy. The additional \$529,000 required to complete this project is available due to timing delays in other 2010 Plan of Finance projects, such as funds included for Real Estate Green Port Initiative capital projects.

Financial Analysis Summary:

CIP Category	Renewal/Enhancement
Project Type	Renewal and Replacement
Risk adjusted Discount rate	10.00%
Key risk factors	<ul style="list-style-type: none">• Permitting delays could result in revisions to the design and/or a delayed construction schedule.• The timing of in-water work is limited to the period allowed by the fisheries services to limit impact on endangered species – currently October 1 through April 15.• Bids received could be higher than the Port's estimate.• Material costs could increase significantly before purchase.

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Project cost for analysis	\$5,535,000					
Business Unit (BU)	Portfolio Management Group, Real Estate Division					
Effect on business performance	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 in 2010 is estimated to be \$113,000, excluding major maintenance expenses.					
	NOI (in \$000's)	2009	2010	2011	2012	2013
	NOI	\$90	\$113	\$161	\$208	\$259
	Depreciation	\$0	\$0	(\$55)	(\$111)	(\$111)
	NOI After Depreciation	\$90	\$113	\$106	\$97	\$148
	As a result of this project, depreciation expense will increase annually by \$111,000 resulting in a corresponding reduction in Net Operating Income After Depreciation.					
IRR/NPV	Preliminary financial analysis - based on preserving Net Operating Income (proxy for cash flow):					
	NPV (in \$000's)	IRR (%)	Payback (in years)			
	(\$1,682)	6.6%	20			

ECONOMIC IMPACTS AND 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.

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.

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ENVIRONMENTAL SUSTAINABILITY AND COMMUNITY BENEFITS:

The project includes numerous features which will improve environmental conditions as follows:

- The project has been designed to avoid excessive air emissions and impacts on the waste stream. The existing seawall and unstable fill/pavement will be addressed and/or remediated in location rather than removed as landfill waste.
- The new seawall will be constructed primarily of steel and concrete components to take advantage of greater life cycle benefits.
- Construction best management practices, including erosion and sediment control measures, will be employed to prevent impacts to water quality and the aquatic environment.

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: Perform the proposed improvements in order to complete the South Wall reconstruction in conjunction with the west and central portions of the structure previously completed in 2003-2005. Staff is recommending this alternative as it will alleviate the existing structural safety concern and correct the current degrading condition.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

On July 28, 2009 a project briefing was provided to the Commission for the Fishermen's Terminal South Wall Reconstruction Phase IV project.

On August 11, 2009, the Commission authorized \$980,000 for design, permitting, and project management for the Fishermen's Terminal South Wall Reconstruction Phase IV project.