

# Maritime and Economic Development

## 2019-2023 Capital Improvement Plan (CIP)

### **Sustaining the Working Waterfront**

November 13, 2018



# The Port Advances Public Priorities and Values



**Maritime Industries, Transportation, Environment,  
Economic and Workforce Development are Top Priorities**

# Budget Timeline



# Budget Discussion

- Overview of Capital Improvement Plan (CIP)
  - Maritime and Economic Development 2019-2023 CIP
- Draft Plan of Finance & Tax Levy Briefing
  - Capital Funding
- 1<sup>st</sup> Reading of 2019 Budget



# Working Waterfront Principles

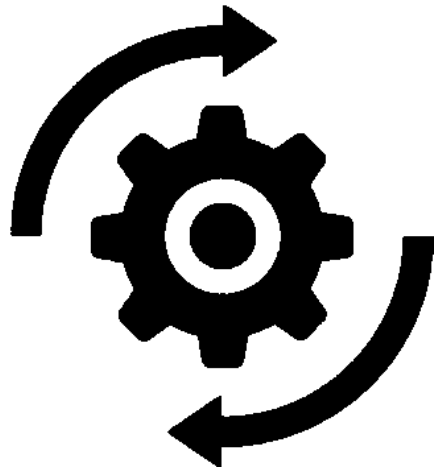
- Keep deep water facilities and industrial lands serving maritime uses and preserving family wage jobs for all communities
- Support financial sustainability of the Port
- Increase environmental sustainability in the Port's operations and activities
- Partner in projects that improve the transportation mobility of people and goods in the region
- Remain consistent with NWSA goals
- Expand people's connection to the waterfront

# Capital Improvement Plan Priorities

## Asset

### Stewardship:

Maintaining the Port's capital assets and modernizing Seattle's working waterfront



## Financial

### Sustainability:

Investing in projects that support maritime industries and the Port's long term funding capacity



## Community and

### Environment:

Stewarding our environment responsibly, partnering with surrounding communities, and promoting social responsibility



# Executive Director Recommendation: 2019-2023 Projects Funded with 3% Annual Levy Increase

## 3% Annual Levy Increase

	Asset Stewardship	Financial Sustainability	Community & Environment	Readiness to Proceed	\$millions
Fishermen's Terminal Gateway Building		x		4	\$23.0
Bell Harbor Conference Center Modernization		x		4	\$9.9
Fishermen's Terminal Docks 3, 4 & 5 Fixed Pier Improvements	x			4	\$6.1
Salmon Bay Marina Docks D & E Replacement	x			4	\$5.9
Pier 66 HVAC Systems Upgrade	x			4	\$2.9
Terminal 117 Restoration			x	3	\$17.9
Fishermen's Terminal Maritime Innovation Center			x	3	\$10.5
New Cruise Facility (Assumes 50% Tenant Cost Share)		x		2	\$100.0
Terminal 91 Uplands Development		x		2	\$39.0
Terminal 91 Berth 6 & 8 Redevelopment	x			2	\$35.0
Waterfront Electrification			x	2	\$30.0
Harbor Mooring Dolphins		x		1	\$3.6
Small Projects/Projects Underway	-	-	-	-	\$24.7
Contingency	-	-	-	-	\$40.0
<b>Total Funded with 3% Annual Levy Increase*</b>					<b>\$348.5</b>

\*Current total estimated funding with 3% annual levy increase is \$340M

Readiness to proceed: 4 = imminent 3 = needs permit/plan 2 = 1+ year out 1 = significant work needed

2019 to 2023 CIP (\$ in millions)

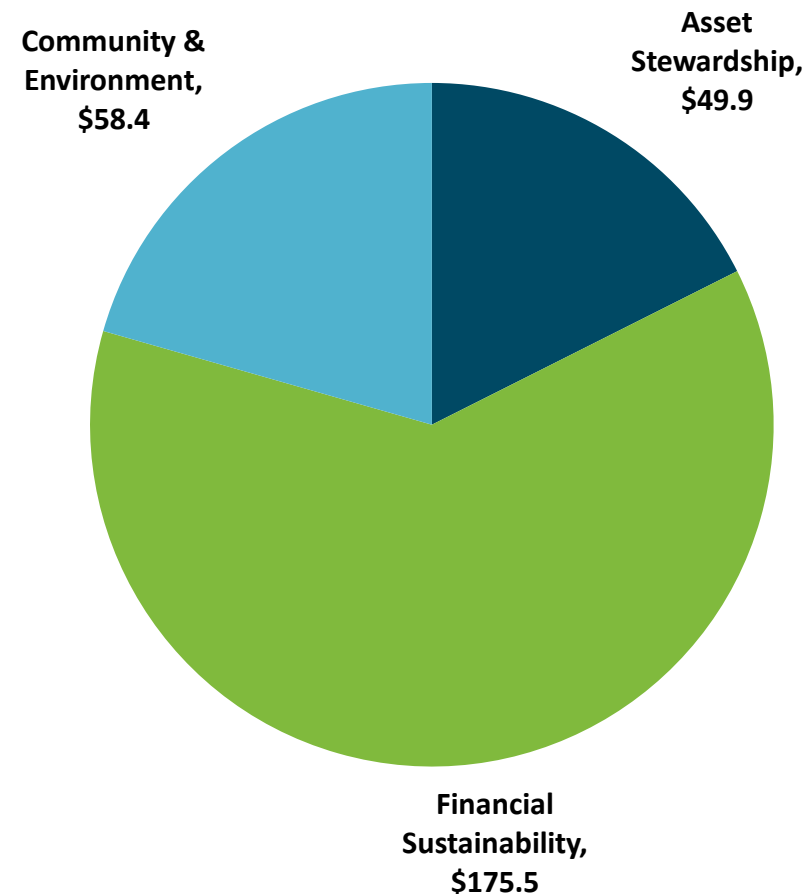


Chart does not include Contingency/Small Projects/Projects Underway or non MD/EDD Projects

# Asset Stewardship

Capital Project (\$ in millions)	2019-2023 Cost (\$Ms)	Life/Safety Related	Operational	Financial Return or Revenue Preservation	Readiness to Proceed
Terminal 91 Berth 6 & 8 Redevelopment	\$35.0	No	Q4 2021	New Revenue*	2
Fishermen's Terminal Docks 3, 4, & 5 Fixed Pier Improvement	\$6.1	No	Q1 2021	Preserve	4
Salmon Bay Marina Docks D & E Replacement	\$5.9	Yes	Q3 2020	Preserve	4
Pier 66 HVAC Systems Upgrade	\$2.9	Yes	Q4 2021	Preserve	4

\*Preliminary financial results not yet available

Readiness to proceed: 4 = imminent 3 = needs permit/plan 2= 1+ year out 1= significant work needed



# Financial Sustainability

Capital Project	2019-2023 Cost (\$Ms)	IRR	NPV (\$Ms)	Est. NOI per year (\$Ms) [year] <sup>1</sup>	Payback (years)	Operational	Readiness to Proceed <sup>4</sup>
New Cruise Facility <sup>2</sup>	\$100.0	10-11%	\$267.3	\$5.03 [2022]	9	Q2 2022	2
Terminal 91 Uplands Development	\$39.0	5.5-6%	(\$8.7)	\$1.50 [2023]	17	Q3 2021	2
Fishermen's Terminal Gateway Building	\$23.0	5-5.5%	(\$6.9)	\$0.86 [2023]	20	Q3 2021	4
Bell Harbor Conference Center Interior Modernization <sup>3</sup>	\$9.9	7-8%	\$2.2	\$0.23 [2021]	10	Q3 2020	4
Harbor Mooring Dolphins	\$3.6	6.5-7%	\$1.8	\$0.20 [2021]	11	Q3 2020	1

<sup>1</sup>Initial Net Operating Income after Depreciation (does not include Allocations)

<sup>2</sup>Assumes 50% cost share with private investment. Financial return based on one sailing per week; approximately \$2M of NOI is in the form of revenue from NWSA for POS share of ground lease payment.

<sup>3</sup>Based on third-party conference center management company proforma, assumes modernization will double NOI of BHICC

<sup>4</sup>Readiness to proceed: 4 = imminent 3 = needs permit/plan 2= 1+ year out 1= significant work needed

# Environment and Community Benefits

Capital Project	2019-2023 Cost (\$Ms)	Operational	Financial Return or Revenue Preservation	Readiness to Proceed
Waterfront Electrification	\$30.0	2022	N/A	2
Terminal 117 Restoration*	\$17.9	Q2 2020	TBD	3
Fishermen's Terminal Maritime Innovation Center	\$10.5	Q3 2021	TBD	3

\*Does not represent the full project cost

Readiness to proceed: 4 = imminent 3 = needs permit/plan 2= 1+ year out 1= significant work needed

# Projects Underway, Small Projects, & Contingency

Capital Project(s)	Cost (\$Ms)	Description/Examples
<b>Projects Underway*</b>	\$8.2	Shilshole Bay Marina (SBM): Restrooms, Paving, and Restaurant Site; Pier 69 Solar; Cruise Capital Allowance
<b>Maritime Small Projects*</b>	\$5.8	Terminal 91 (T91) Pier Stormwater Phase I, Pier 91 Bollards, Cruise Rideshare Canopy, T91 Liftstations, T91 Paint/Oil Containment Units, Maritime Industrial Center (MIC) Yard Lighting, T91 Lighting Upgrades, MIC A1 Building Renovation, Harbor Island Marina (HIM) Hazmat enclosure, SBM Wireless Meter Reading System, SBM Dinghy Racks, HIM E Dock Power Improvements, SBM Paving, SBM dry storage expansion, HIM Cameras
<b>Economic Dev Small Projects*</b>	\$2.6	Pier 66 Elevators, Conference Center Lighting Controls, Pier 66 Garage EV Charging
<b>Fleet &amp; Technology Projects</b>	\$5.9	Vehicle and equipment replacements (Maintenance, Maritime, Economic Development)
<b>Tenant Improvements</b>	\$2.2	Capitalized tenant improvements for new leasing
<b>Total</b>	<b>\$24.7</b>	
<b>Contingency**</b>	<b>\$40.0</b>	Funds set aside for cost increases and unanticipated projects.

\*Only projects with total cost of \$150K+ shown

\*\*Note, the 2018 Capital Plan included a \$40M contingency for the 2018-2022 CIP.

# 2019-2023 CIP Spending

Recommended 2019 to 2023 CIP (\$ millions)	2018 Forecast	2019	2020	2021	2022	2023	2019 -23 Total
<b>Authorized (partial/design)*</b>							
Fishermen's Terminal Gateway Building	1.4	1.8	11.5	9.8	0.0	0.0	\$23.0
Terminal 117 Restoration	0.1	8.0	9.9	0.0	0.0	0.0	\$17.9
Bell Harbor Conference Center Modernization	0.5	1.6	8.3	0.0	0.0	0.0	\$9.9
Fishermen's Terminal Docks 3, 4 & 5 Pier Improvements	0.2	5.5	0.5	0.0	0.0	0.0	\$6.1
<b>Total Authorized*</b>	<b>\$2.1</b>	<b>\$16.9</b>	<b>\$30.2</b>	<b>\$9.8</b>	<b>\$0.0</b>	<b>\$0.0</b>	<b>\$56.9</b>
<b>Pending Authorization</b>							
New Cruise Facility (Assumes 50% Tenant Cost Share)	0.0	1.3	15.0	80.0	3.4	0.3	\$100.0
Terminal 91 Uplands Development	0.0	3.5	19.5	16.0	0.0	0.0	\$39.0
Terminal 91 Berth 6 & 8 Redevelopment	0.0	0.5	3.0	30.0	1.5	0.0	\$35.0
Waterfront Electrification	0.0	1.0	15.0	14.0	0.0	0.0	\$30.0
Fishermen's Terminal Maritime Innovation Center	0.0	0.0	5.3	5.3	0.0	0.0	\$10.5
Salmon Bay Marina Docks D & E Replacement	0.0	0.4	2.5	3.0	0.0	0.0	\$5.9
Harbor Mooring Dolphins	0.0	0.2	3.5	0.0	0.0	0.0	\$3.6
Pier 66 HVAC Systems Upgrade	0.0	1.2	0.1	1.5	0.1	0.0	\$2.9
<b>Total Pending Authorization</b>	<b>\$0.0</b>	<b>\$8.0</b>	<b>\$63.8</b>	<b>\$149.8</b>	<b>\$5.0</b>	<b>\$0.3</b>	<b>\$226.9</b>
Projects Underway	0.8	8.2	0.0	0.0	0.0	0.0	\$8.2
Small Projects/Fleet/Technology/Tenant Improvements	5.3	5.5	3.2	2.6	2.7	2.5	\$16.5
Other Projects Completed or Deferred**	22.6	0.0	0.0	0.0	0.0	0.0	\$0.0
Contingency	1.5	3.0	3.0	9.0	9.0	16.0	\$40.0
<b>Total (\$ millions)</b>	<b>\$32.4</b>	<b>\$41.7</b>	<b>\$100.2</b>	<b>\$171.2</b>	<b>\$16.7</b>	<b>\$18.8</b>	<b>\$348.5</b>

\*Partial/design funding authorized by Commission. Future Commission action required for construction funding.

\*\*Includes projects with expected completion in 2018. Acquisition of Salmon Bay Marina completed in Q2 2018.

# Appendix

# Deferred Projects

Deferred Projects (\$ millions)	2019-2023
	Total
Terminal 46 Replace North Pier Structure*	\$50.0
Salmon Bay Marina Uplands	20.5
New Cruise Gangway at Terminal 91	4.5
Harbor Island Marina Dock E Rehabilitation	3.9
Maritime Video Camera Project	3.2
Terminal 10 Dolphins	3.1
Dredge Pier 90 East	3.0
Garage Elevator Modernizations	1.9
Pier 66 Fender Upgrade	1.7
Shilshole Bay Marina X Dock Pier Replacement	1.6
World Trade Center HVAC Replacement	1.5
Shilshole Bay Marina Fuel Float Rehabilitation	1.3
Central Waterfront Elevator Modernizations	1.2
Maritime Industrial Center West & Central Piers Resurface	0.9
Shilshole Bay Marina Lower A Dock Improvements	0.8
Pier 66 Anthony's Mechanical Roof	0.8
Fishermen's Terminal West Wall Building Roof Replacement	0.7
Terminal 91 West Slope Stabilization	0.6
Fishermen's Terminal C15 Building Window Replacement	0.5
Salmon Bay Marina Fire Suppression Upgrades	0.5
Salmon Bay Marina Security Upgrades, Terminal 102 Outdoor Lighting, T106 Mooring Dolphins, FT South Wall Improvements, FT West Wall Sheet Pile Corrosion Protection, FT West Wall Fender Replacement, FT Net Shed 10, 11 Roof Overlay	0.9
<b>Total Deferred</b>	<b>\$103.0</b>

- Only projects with budget status of “Business Plan Prospective” or higher shown
- “Prospective” projects not included
  - Less defined and have not been fully reviewed

\*Prospective, preliminary placeholder estimate