



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.**

8g

**ACTION ITEM**

**Date of Meeting**

October 26, 2021

**DATE:** September 24, 2021

**TO:** Stephen P. Metruck, Executive Director

**FROM:** John Hall, Project Manager III, Waterfront Project Management  
Kelli Goodwin, Sr. Manager Maritime Operations

**SUBJECT:** Design Funding Authorization, T91 Piers Domestic Underdock Water Line (C801243)

**Amount of this request:** \$150,000

**Total estimated project cost:** \$850,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to authorize \$150,000 in design funding for the replacement of domestic underdock water lines at Pier 90 and Pier 91. This request would increase the total project authorization to date to \$250,000 out of a total estimated project cost of \$850,000.

**EXECUTIVE SUMMARY**

Condition assessments completed recently recommend replacing approximately 3,000 linear feet of water line and the associated branch lines at Pier 90 and Pier 91.

**JUSTIFICATION**

This proposed body of work is needed to meet the Port's goal of asset preservation. These assets support the cruise industry and the North Pacific fishing fleet, as well as a warehouse and a cold storage building, located on Pier 90.

***Diversity in Contracting***

The design for the project will be completed by Port staff. Staff has contacted the Diversity in Contracting team and will coordinate with that team to identify opportunities for WMBE firms on any contracts supporting this project.

**DETAILS**

Condition reports completed recently show the pipes with visible deterioration and indicate a considerable portion of the water lines are due for replacement at Pier 90 and Pier 91.

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Stakeholders for this project are Maritime Operations, Cruise Operations and Portfolio Management.

***Scope of Work***

The scope of work includes removing and replacing approximately 3,000-linear feet of under dock domestic water lines located at Pier 91 and Pier 90. The physical work will need to be completed in phases in consideration of operations and limitations imposed by seasonal weather.

***Schedule***

Due to operational constraints and an adjacent project, the construction will be completed in phases. Since the crews will be working from boats, work can only take place when the weather permits.

*Activity*

Commission design authorization	2021Q4
Design start	2021Q4
Commission construction authorization	2022Q2
Construction start	2022Q3
In-use date	2023Q4

***Cost Breakdown***

	This Request	Total Project
Design	\$150,000	\$250,000
Construction	\$0	\$600,000
<b>Total</b>	<b>\$150,000</b>	<b>\$850,000</b>

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Defer the proposed scope of work for this project. Instead respond to failures as they occur. This describes current Marine Maintenance approach.

Cost Implications: Costs for this option would be charged to the expense budget for the subclasses and could result in a negative budget variance.

Pros:

- (1) Defers investment of \$850,000 in the capital budget and retains Port capital for other priority projects and financial initiatives

Cons:

- (1) Increases risk to the continuity of operations, including fishing vessel operations, cruise operations, and cold storage in the event of failure of the water lines.
- (2) Reduces capacity for other critical maintenance work.
- (3) Increases total cost of ownership due to increasing cost to maintain a failing system.

This is not the recommended alternative.

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**Alternative 2** – Complete the design work as planned, followed in close succession by the construction work.

Cost Implications: The current total project value is estimated at \$850,000. Construction costs are spread over two years in the projected cash flows to account for the phasing.

Pros:

- (1) Addresses risk to continuity of operations including fishing vessel operations, cruise operations, and cold storage.
- (2) Takes a proactive step in preserving a critical port asset decreasing risk of operational disruptions due to emergency repairs.

Cons:

- (1) This project will expend \$850,000 from the capital budget.

*This is the recommended alternative.*

**FINANCIAL IMPLICATIONS**

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$850,000	\$0	\$850,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$100,000	0	\$100,000
Current request for authorization	\$150,000	0	\$150,000
Total authorizations, including this request	\$250,000	0	\$250,000
Remaining amount to be authorized	\$600,000	\$0	\$600,000

***Annual Budget Status and Source of Funds***

This project was included in the 2021 Capital Plan under C801152 MD Small Projects and has been included in the draft 2022 Capital Plan under C801243 T91 Piers Domestic Water Line with a total project cost of \$850,000.

This project will be funded by the General Fund.

***Financial Analysis and Summary***

Project cost for analysis	\$850,000
Business Unit (BU)	Maritime Operations, Cruise Operations, and Portfolio Management
Effect on business performance (NOI after depreciation)	Increase annual depreciation by approx. \$28K based on an expected 30-year life.
IRR/NPV (if relevant)	NA
CPE Impact	none

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***Future Revenues and Expenses (Total cost of ownership)***

Cost to maintain the new assets will be included in the maintenance budget for the facility. No new or increased revenue is anticipated.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None