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**COMMISSION****AGENDA MEMORANDUM** Item No. 8e**ACTION ITEM** Date of Meeting August 8, 2023**DATE:** July 28, 2023**TO:** Stephen P. Metruck, Executive Director**FROM:** Marie Ellingson, Sr. Manager, Cruise Operations and Business Development

Tim Leonard, Capital Project Manager, Waterfront Project Management

**SUBJECT:** Terminal 91 Cruise Passenger Secondary Gangways Procurement (C800129)

Amount of this request: \$8,700,000

Total estimated project cost: \$9,000,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute a contract for two new cruise passenger secondary gangways for the Smith Cove Cruise Terminal at Pier 91. This authorization is for \$8,700,000 of a total estimated project cost of \$9,000,000. (CIP# C800129). A secondary gangways Request for Proposal (RFP) is planned to be advertised subsequently to the requested Commission authorization. Staff will return to Commission for additional budget authorization, prior to execution of a purchase contract, if the RFP responses result in a total project cost that is higher than currently estimated.

**EXECUTIVE SUMMARY**

Safe, reliable, and well operating passenger gangways are critical to cruise operations. Secondary passenger gangways serve to better accommodate the large capacity ships of today and act as an operations backup for the primary gangway. The existing east and west cruise ship berths at Pier 91 each contain a primary passenger gangway, but only the east berth has a secondary passenger gangway. This existing secondary gangway is at the end of its service life; is limited in operational capacity as well as mobility; and requires constant maintenance attention. The proposed Terminal 91 Cruise Passenger Secondary Gangways procurement project will enable the Port to replace the existing secondary passenger gangway on the east berth and add a second gangway on the west to achieve passenger embarking and disembarking capacity, an additional layer of flexibility for shore power connections, and better operational mobility.

Template revised January 10, 2019.

**COMMISSION AGENDA – Action Item No. 8e Page 2 of 6****Meeting Date:** August 8, 2023**JUSTIFICATION**

New cruise ships, and their respective passenger capacities, are continually increasing in size within the cruise industry. The ability to safely, and efficiently, embark and disembark cruise passengers between the Smith Cove Cruise Terminal building and the passenger loading door(s), on the various sized cruise vessels that berth at Pier 91, is essential to successful cruise operations. Ideally, each cruise ship berth should have a secondary gangway, as well as a primary gangway - not only to accommodate passenger capacities of larger vessels – but also to serve as a fully capable (ADA compliant) passenger gangway in the event the berth's aging primary gangway is not in service.

Only one secondary passenger gangway is currently in operation at the Smith Cove Cruise Terminal, and it is only in use at the east berth. An additional secondary gangway is needed at the west berth. The existing (east berth) secondary gangway, which was assembled from sections of older gangways, has reached the end of its service life and has become a maintenance concern. Additionally, it has a limited operational range for connecting to cruise vessels, lacks mobility, limited passenger capacity, and unlike the two primary gangways at Pier 91, it is not ADA compliant. The proposed two new secondary gangways will alleviate these concerns. Additionally, the improved mobility and vessel connection range provided by the new secondary gangways will enable them to operate more efficiently with the proposed mobile shore power equipment for Pier 91 and better accommodate the expanding range of cruise ship passenger door locations. Having both a primary and secondary passenger gangway available at each berth will enable the Smith Cove Cruise Terminal to maintain a high level of cruise passenger satisfaction which is critical to the cruise lines as well as the Port.

This project supports the following Century Agenda and Maritime Division strategic goals:

Century Agenda:

1. Responsibly Invest in the Economic Growth of the Region and All Its Communities
2. Be the Greenest and Most Energy Efficient Port in North America
3. Be a Highly Effective Public Agency

Maritime Division:

1. Asset Management
2. Sustainability

Sustainability

The vertical operational range performance specifications, currently being developed by the project team for the RFP, have taken tidal elevation increases, projected to occur during the potential service life (25-years) of the new gangways, into consideration. Equipment sustainability factors to be addressed in the gangway selection criteria are planned to include, but not be limited to, energy efficiency, material types, and maintenance requirements.

Template revised June 27, 2019 (Diversity in Contracting).

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Diversity in Contracting

The Port's Diversity in Contracting Department was coordinated with regarding the technical expertise consultant contract, previously executed as part of this project, and no women and minority owned business enterprise (WMBE) goal was established due to the specific cruise industry related expertise required. The project team is continuing to work with Port Diversity staff to determine a WMBE goal for potential vendors, as applicable, to be reflected in the gangways RFP to be advertised.

DETAILS

Scope of Work

The proposed cruise passenger secondary gangways procurement is planned to result in a contract being awarded to, and executed with, a selected vendor for the manufacturing, transport, delivery, and assembly of two (2) new gangways at Pier 91. Port staff, as well as a technical expertise consultant, are currently determining the gangway operational requirements and preparing the necessary RFP documents. This work is also being performed in consultation with Cruise Terminals of America and SSA Marine as they are responsible for performing cruise operations at Smith Cove Cruise Terminal.

Key Procurement Effort Tasks:

1. Analysis of Pier 91 gangways operational requirements (in process).
2. Determination of new gangways equipment requirements (in process).
3. Preparation of RFP documents to be advertised (in process).
4. Review of RFP responses and selection of vendor.
5. Negotiation of gangways vendor contract.
6. Review of gangways shop drawings.
7. Monitoring of gangways manufacturing and transport
8. On-site gangways delivery and installation coordination.
9. Gangways commissioning and operation/maintenance coordination.
10. Project closeout

Schedule

Due to the critical need for new secondary gangways at Smith Cove Cruise Terminal, the project is endeavoring to procure and install them at Pier 91 as soon as possible. The milestone goals below reflect an aggressive schedule, but the post-2023 milestones shown are contingent upon variables not under the complete control of the Port and are therefore subject to change.

Milestone Goals

Commission project authorization Q3 2023

Request for Proposal advertisement Q3 2023

Gangways vendor contract execution Q1 2024

Gangways manufacturing start Q1 2024

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Gangways in-use date (as soon as possible) Q1 2025

Cost Breakdown This Request Total Project

Project management, procurement, and \$200,000 \$500,000

technical consultant services

Gangways manufacturing, transport and \$8,500,000 \$8,500,000  
installation

Total \$8,700,000 \$9,000,000

#### ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do nothing – continue to utilize and maintain the existing single Pier 91 secondary passenger gangway (currently operating at the east berth only).

##### Pros:

- (1) Retains Port capital for other priority projects and financial initiatives.
- (2) Avoids potential temporary impacts to existing cruise and commercial shipping business operations.

##### Cons:

- (1) Ongoing lack of secondary gangway at west Pier 91 cruise vessel berth.
  - (2) Ongoing limited operational capacity and remaining service life risk of existing secondary gangway at east Pier 91 cruise vessel berth.
  - (3) Ongoing increased operational costs to maintain and repair existing secondary passenger gangway.
  - (4) Missed opportunity to implement long term goals and objectives for more efficient Cruise operations and meeting increasing cruise vessel passenger needs.
  - (5) Potential lost revenue from increased flexibility to allow more ships to call to Port.
- This is not the recommended alternative.

Alternative 2 – Defer procurement of the secondary gangways to a later date.

##### Pros:

- (1) Retains Port capital for other priority projects and financial initiatives in short-term.
- (2) Delays potential temporary impacts to existing cruise and commercial shipping business operations.

##### Cons:

- (1) Ongoing lack of secondary gangway at west Pier 91 cruise vessel berth.
- (2) Ongoing limited operational capacity and remaining service life risk of existing secondary gangway at east Pier 91 cruise vessel berth.
- (3) Ongoing increased operational costs to maintain and repair existing secondary passenger gangway.
- (4) Missed immediate opportunity to implement long term goals and objectives for more efficient Cruise operations and meeting increasing cruise vessel passenger needs.

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- (5) Potential lost revenue from increased flexibility to allow more ships to call to Port.
- This is not the recommended alternative.

Alternative 3 – Procure two (2) new cruise passenger secondary gangways.

##### Pros:

- (1) Alleviates lack of secondary gangway at west Pier 91 cruise vessel berth.
- (2) Alleviates limited operational capacity and service life risk of existing secondary gangway at east Pier 91 cruise vessel berth.
- (3) Reduced secondary gangway maintenance and repair costs.
- (4) Contributes to implementation of long-term goals and strategic objectives for Cruise operations and meeting increasing cruise vessel passenger needs.
- (5) Increased revenue from additional flexibility to allow more ships to call to Port.

##### Cons:

- (1) Requires immediate Port investment of funds.
- (2) Creates potential temporary impacts to existing cruise and commercial shipping business operations.

This is the recommended alternative.

#### FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

##### COST ESTIMATE

Current project estimate \$9,000,000 \$0 \$9,000,000

##### AUTHORIZATION

Previous authorizations (initial budget per \$300,000 \$0 \$300,000

POS Cruise Director approval)

Current request for authorization \$8,700,000 \$0 \$8,700,000

Total authorizations, including this request \$9,000,000 \$0 \$9,000,000

Remaining amount to be authorized \$0 \$0 \$0

Annual Budget Status and Source of Funds

This project is included in the 2023 Capital Plan under C800129 T91 New Cruise Gangways. The total estimated project cost is \$8,800,000.

This project will be funded by the General Fund.

Financial Analysis and Summary

Project cost for analysis \$9,000,000

Business Unit (BU) Cruise Operations

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Effect on business performance •No incremental operating revenue or cost-savings is (NOI after depreciation) directly associated with this project.

•Increased operations and maintenance expenses not anticipated.

• Project mitigates risks to existing revenue and provides opportunities for potential revenue growth.

• NOI after depreciation will be reduced \$450K annually.

IRR/NPV (if relevant) N/A

ATTACHMENTS TO THIS REQUEST

(1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

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