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COMMISSION

AGENDA MEMORANDUM Item No. 8k

ACTION ITEM Date of Meeting December 12, 2023

DATE: December 5, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Arthur Kim, Capital Project Manager III, Waterfront Project Management

Stephanie Jones Stebbins, Managing Director, Maritime

SUBJECT: T5 Dredging Additional Funding

Amount of this request: \$2,400,000

Total estimated project cost: \$3,500,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to increase the total costs not to exceed from \$1,100,000 to \$3,500,000 for executing a change order for upland disposal of a portion of the T5 Dredging Project under Port of Seattle management, Master Identification No. U00680.

EXECUTIVE SUMMARY

Project budget authorization increase is requested to issue a change order to Orion Construction to dispose of approximately 5,700 cubic yards (CY) of sediment at an authorized uplands disposal facility as it is not suitable for in-water disposal.

JUSTIFICATION

This project went from a single phase of construction to two due to unforeseen circumstances. The original project scope (Phase I) was to dispose of all dredged material identified during sediment characterization as unsuitable for open water disposal. During dredging of material that had been characterized as suitable for open water disposal, a sheen was discovered that resulted in approximately 3,200 CY of material disposed of at an approved upland disposal facility. Upon completion of Phase I dredging, it was discovered that areas of the berth were underdredged. All the approximate 2,500 CY of under-dredged material has been deemed unsuitable for in-water disposal by the regulatory agencies. Due to this, the dredged sediment will need to be disposed of at an approved upland facility. The under-dredge work will be completed by December 31, 2023, and are considered a part of Phase II of the T5 Dredging Project.

Template revised January 10, 2019.

COMMISSION AGENDA – Action Item No. 8k Page 2 of 4

Meeting Date: December 12, 2023

Additional funding is being requested to complete the T5 Berth Dredging. This request is to finalize Phases I & II.

Diversity in Contracting

The contractor will self-execute the work. On a 3% Women & Minority Business Enterprise (WMBE) goal, WMBE firms are currently approximately 10% of the current paid work. The Diversity in Contracting Department does not anticipate this change order to impact Orion's WMBE commitments.

DETAILS

This project is associated to the T5 Berth Modernization Project (U00100). Because legacy contaminated soil is considered a Homeport responsibility per section 3.2(a) of the NWSA Charter, U00680 was created for upland disposal separate from the Northwest Seaport Alliance T5 Modernization Project. This project will be booked as operating expense to Port of Seattle Joint Venture as it is separate from the NWSA T5 Modernization Capital Project.

Scope of Work

Change orders will be processed to Orion Marine Contractors, Inc. on the major construction contract to perform the following:

- Take approximately 2,500 CY (Phases II) of contaminated sediment that is not suitable for in-water disposal and dispose of it upland at an approved facility.
- Cover the overages of approximately 3,200 CY from unforeseen conditions as part of Phase I work.

Schedule

Commission construction authorization November 2021

Construction start December 2022

In-use date January 2024
Cost Breakdown This Request Total Project
Design \$0 \$50,000
Construction \$2,400,000 \$3,450,000
Total \$2,400,000 \$3,500,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do nothing.
Cost Implications: No additional funds committed.
Pros:
(1) Reduced cost to the Port.

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

COMMISSION AGENDA – Action Item No. 8k Page 3 of 4
Meeting Date: December 12, 2023

Cons:
(1) T5 Berth Deepening will not be completed and the lease obligations to the Tenant cannot be fulfilled.
(2) Potential legal impacts for not completing the scope of the Terminal 5 Berth Deepening.
(3) Potential repercussions from outside public agencies.
This is not the recommended alternative.

Alternative 2 – Continue with Phase II contaminated sediments portion of the Terminal 5 Berth Deepening and cover upland disposal overages from Phase I.
Cost Implications: Additional funding of \$2,400,000 to the project.

Pros:
(1) Complete the project according to the full committed scope of the T5 Berth Deepening.
(2) Meets required regulatory standards.
(3) Protects the environment from potential contamination.

Cons:
(1) Additional funding of \$2,400,000 is required.
This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$0 \$700,000 \$700,000
Previous changes – net 0 \$400,000 \$400,000
Current change 0 \$2,400,000 \$2,400,000
Revised estimate 0 \$3,500,000 \$3,500,000

AUTHORIZATION

Previous authorizations 0 \$1,100,000 \$1,100,000
Current request for authorization 0 \$2,400,000 \$2,400,000
Total authorizations, including this request 0 \$3,500,000 \$3,500,000
Remaining amount to be authorized \$0 \$0 \$0

Annual Budget Status and Source of Funds

The Port of Seattle's Environmental Remediation Liability (ERL) has allocated \$3,500,000 for this project. Funding will come from the Environmental Legacy Fund.

Financial Analysis and Summary
Project cost for analysis \$2,400,000

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COMMISSION AGENDA – Action Item No. 8k Page 4 of 4
Meeting Date: December 12, 2023

Business Unit (BU) Joint Venture
Effect on business performance N/A
(NOI after depreciation)
IRR/NPV (if relevant) N/A
CPE Impact N/A

ATTACHMENTS TO THIS REQUEST

(1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 4, 2023 – The Managing Members (POS only vote) authorized an additional \$400,000 for change order execution.

November 2, 2021 – The Managing Members (POS only vote) authorized \$700,000 for change order execution.

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