



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8i

ACTION ITEM

Meeting Date: July 11, 2023

DATE: June 30, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Kenneth Lyles, Director, Maritime Operations and Security
Darrell Dare, Senior Manager, Recreational Boating
Tim Leonard, Capital Project Manager, Waterfront Project Management

SUBJECT: Harbor Island Marina Dock-E Float and North Pier Improvements Project Additional Construction Funding (C800678)

Amount of this request:	\$350,000
Previously authorized:	\$5,000,000
Total estimated project cost:	\$5,350,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to authorize additional construction funding in the amount of \$350,000 to replenish project contingencies for a total project authorization of \$5,350,000.

EXECUTIVE SUMMARY

This capital improvements construction will replace the southernmost 23 (out of 78 total) existing floats at Dock-E at Harbor Island Marina with heavier duty floats and piles; upgrade the remaining dock portion; and replace the dock's elevated North Pier structure to restore vehicle access to it. These proposed improvements are needed to increase the dock's current vessel loading capacity and improve its operational ability to provide moorage for large commercial tug tenants.

On April 11, 2023, the Port Commission authorized the advertisement and execution of a major works construction contract which was subsequently advertised on April 13, 2023. Three bids were received in response to the construction advertisement and opened on May 23rd, 2023. The lowest bid was \$2,991,000 or 13% higher than the Engineer's Estimate of \$2,649,000. Due to the critical nature of the project schedule, which is driven by the fabrication of long-lead items, and the limited work window allowed for in-water construction, the project proceeded in June with a construction contract award and execution in order to provide the contractor a minimum of five months to procure the materials necessary to subsequently start and complete the first in-water work construction phase within the initial limited 2023-24 window. Missing this window would delay the project by a year and result in additional escalation costs.

Meeting Date: July 11, 2023

The previous total project authorization of \$5,000,000 provided sufficient budget for the higher contract amount and associated sales tax, but the increase had to be offset by reducing contingency to a level deemed sufficient for this type of project but below usual practice. Approval of this additional construction funding request will allow contingency budget to be replenished.

JUSTIFICATION***Dock Structural Integrity***

Originally designed and constructed in 1983 for recreational boats, Dock-E at Harbor Island Marina has been providing moorage for large commercial tugs for over a decade and is currently primarily utilized by long-time commercial tenants Global Diving and Western Towboat, as well as other commercial marine vessel tenants on a more limited basis. As a result of the structural load from heavier vessels, up to 94-ton (gross) and 120-feet in length, much of the dock's piles, walers, cleats, bollards, and pile hoops have been severely worn or damaged and these elements have been repaired or upgraded over the last ten years by Marine Maintenance in a continual effort to extend the dock's capability to accommodate the tenant vessels' berthing needs. Additionally, although many of the original timber guide piles have been replaced with steel piles as part of a facility programmatic replacement, some lower load capacity timber piles remain. These factors have contributed to Dock-E currently functioning with a reduced level of structural integrity as well as requiring a higher rate of repairs and maintenance within its remaining service life.

Economic Impact

This improvement project contributes directly to the jobs engine of the local maritime industry cluster. Tugboats and towboats are an essential component of the maritime sector. As just one measure of this value, the 2015 Ties that Bind report by The McDowell Group found that Seattle and Tacoma continue to serve as the "lifeline" to Alaska as they capture 97% of cargo, by weight, moved between Puget Sound and Alaska. This report examined the array of goods and services that Alaska sources from Puget Sound. It found that in 2013 the total value of those goods and services was \$5.4 billion. Additionally, the more recent 2019 Community Attributes "Tri-Port" Economic Impact study identified tug and barge operators that utilize Port of Seattle facilities dockage and moorage leases generated nearly \$2.4 million in revenue for the Port of Seattle in 2017.

DETAILS***Design and Environmental Sustainability***

The proposed Dock-E Float and North Pier Improvements project was designated a Tier 2 project under the Port's Sustainable Evaluation Framework Policy Directive. As presented to the Energy and Sustainability committee in 2021, the project team explored material alternatives to minimize adverse environmental impacts, while still meeting determined design goals and

Meeting Date: July 11, 2023

objectives. Accordingly, the project’s proposed environmentally beneficial improvements include the following:

- Existing treated timber piles to be eliminated will reduce water quality impacts;
- New steel piles and dock floats framework to be epoxy coated (rather than galvanized) to reduce leaching of zinc into waterways;
- Fiberglass grated decking on new dock floats to allow light penetration to the water below while maintaining ADA accessibility; and
- High-density polyethylene (HDPE) pipe filled with buoyant foam material to provide increased durability and corrosion resistance.

Permitting

The following required permits have been issued for the project:

- State Environmental Policy Act - Determination of Non-Significance
- Washington Dept. of Fish and Wildlife - Hydraulic Project Approval
- SDCI - Shoreline Substantial Development Permit
- SDCI – Construction Permit

The following required permit is currently under review:

- USACE Section 10 Permit: The required USACE Section 10 permit is pending approval. Port Environmental staff are currently in negotiation with the tribes, as well as in discussions with USACE and National Marine Fisheries Service, but due to agency backloads and increased regulatory requirements, the in-water permit is not anticipated to be issued until as late as summer 2023.

Construction

Construction will be performed under the awarded and executed major works contract to complete the proposed improvements. All construction work and materials storage will be performed utilizing barges to the degree possible. As required construction materials include new float dock sections and pier structural elements, as well as steel piles, the required fabrication and/or procurement of these will be performed by the contractor.

Diversity in Contracting

The project design has been performed by a consultant engineering firm under an existing Port of Seattle IDIQ contract in which a women and minority owned business enterprise (WMBE) participation commitment of 43% has been established. In coordination with the Port’s Diversity in Contracting Department, a WMBE aspirational goal of 5% has been determined for the project’s construction work.

Scope of Work

The project’s construction scope includes the following improvement elements:

Meeting Date: July 11, 2023

- Complete replacement of 23 (out of 78 total) of Dock-E’s existing float sections with new heavier duty floats, piles, and appurtenances designed for larger vessel berthing and higher load mooring capability. The existing floats to be replaced are located at the south end of Dock-E.
- Refurbishment of 55 (out of 78 total) of Dock-E’s existing float sections consisting of replacing all remaining timber guide piles with higher load capacity steel piles; replacement of damaged walers and cleats; nominal leveling; and concrete surface crack repairs and sealing. The existing floats, to remain in place and be refurbished, comprise the north portion of Dock-E.
- Demolition and replacement of Dock-E’s existing elevated timber North Pier, with a new concrete structure and steel pile, to restore vehicle access to it for loading and unloading purposes.

Schedule

The project construction is planned to be completed in two separate phases for the North Pier and south dock section replacements to maintain moorage (not currently available at other Port facilities) at HIM Dock-E for the existing tenants. In-water work for the project, primarily consisting of dock/pier demolition and pile installation, must be performed during the typical permitting “fish window” of October 1st – February 15th of each year at this location. Additionally, to avoid impacting tribal treaty rights, the in-water work will not start until December 15th of each year.

Given these constraints, in-water work is planned to be performed within two separate abbreviated “fish windows” of December 15 – February 15 in 2023-24 and 2024-25.

Construction Schedule Milestones:

<u>Milestone</u>	<u>Date</u>
Commission construction authorization	4/11/2023
Advertise for construction bids	4/13/2023
Construction bids opening	5/23/2023
Construction Notice of Intent to Award	June 2023
Construction materials procurement start	June 2023
Additional construction funding to supplement contingency (this request)	7/11/2023
Construction NTP issuance	August 2023

Meeting Date: July 11, 2023

<u>Milestone</u>	<u>Date</u>
Phase I construction start	12/15/2023
Phase 2 construction start	12/15/2024
Substantial construction completion	3/31/2025

Cost Breakdown	This Request	Total Project
Design and Permit	\$0	\$1,045,000
Construction	\$350,000	\$4,305,000
Total	\$350,000	\$5,350,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1: Do not approve the requested additional construction funding authorization.

Pros

- Retains Port capital for other projects and financial initiatives.

Cons

- Need for project contingency could exceed current amount, which would require project to return to Commission, and risk construction delay(s) and increased total cost due to escalation.

This is not the recommended alternative.

Alternative 2: Approve the requested additional construction funding authorization.

Pros

- Provides additional contingency to execute construction change orders without delay in the event a significant issue arises that exceeds budgeted contingency amount.
- Decreases risk of construction schedule delays and additional cost due to escalation.

Cons

- Commits additional Port capital to project.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary	Capital	Expense	Total
COST ESTIMATE			
Estimate at construction funding	\$5,000,000	\$0	\$5,000,000

Meeting Date: July 11, 2023

Current change	\$350,000	0	\$350,000
Revised estimate	\$5,350,000	0	\$5,350,000
AUTHORIZATION			
Previous authorizations	\$5,000,000	0	\$5,000,000
Current request for authorization	\$350,000	0	\$350,000
Total authorizations, including this request	\$5,350,000	0	\$5,350,000

Annual Budget Status and Source of Funds

This project is currently included in the 2024 Capital Plan under C800678 T102 HIM E Dock Rehabilitation for a total project cost of \$5,000,000. This amount will be increased in accordance with the requested authorized \$5,350,000 total cost.

This project is funded by the General Fund.

Financial Analysis and Summary

Project cost for analysis	\$5,350,000
Business Unit (BU)	Maritime Operations & Security
Effect on business performance (NOI after depreciation)	This project is not expected to directly generate incremental revenue. Currently, E Dock generates approximately \$77K in annual revenue. It is estimated this project will increase annual depreciation expense by approximately \$107,000.
IRR/NPV (if relevant)	Payback: 30+ years
CPE Impact	N/A

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 17, 2020 – Commission authorized \$1,045,000 for design funding.

April 11, 2023 - Commission authorized \$3,955,000 for construction funding.