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**COMMISSION**

AGENDA MEMORANDUM Item No. 8j

ACTION ITEM Date of Meeting August 13, 2024

DATE: August 2, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Karlina Smith, Senior Manager Recreational Boating

Julie Yun, Waterfront Capital Project Manager

SUBJECT: Shilshole Bay Marina X-Dock Rehabilitation Additional Funds Request  
(CIP# C800570)

Amount of this request: \$650,000

Total estimated project cost: \$2,300,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to approve additional funding to award and execute a major public works contract and proceed with construction. Total request for this action is \$650,000 for a project total authorization of \$2,300,000.

**EXECUTIVE SUMMARY**

Shilshole Bay Marina serves a broad range of recreational boating customers including moorage tenants, a liveaboard community, youth sailing education, dry boat storage and the public. The X Dock facility at Shilshole Bay Marina is located adjacent to the dry boat storage yard and consists of a fixed pier supported by timber piles, two vessel hoists ("jib cranes") for launching vessels, a gangway, and a floating dock structure. This project will remove the 20 deteriorated creosote-treated timber piles currently supporting the fixed pier and replace them with 13 steel piles.

In May 2022, the Port Commission authorized the advertisement and award of a construction contract for the SBM Dock X Pile Rehabilitation project. Since then, staff has completed the design and received full permit approval and tribal concurrence from the Suquamish and Muckleshoot tribes. The major works contract was advertised and bid opening occurred on July 2, 2024.

One bid was received in response to the construction advertisement and acceptance of the bid would exceed the previously authorized total project budget of \$1,650,000. The bid received was from Quigg Bros., Inc. for a total of \$908,000, which is \$448,000 or 97% in exceedance of the Engineer's Estimate of \$460,000. This overage can be attributed to the saturation of marine

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construction work and finite construction labor and rental equipment resources in the current market, as well as the increased market rates for steel fabrication and materials.

The additional funds requested in this action will be used to cover the difference of the bid amount, associated Washington state sales tax, project contingency, Port-managed marine mammal and murrelet monitoring, and compounded soft costs incurred since 2022 from delay caused by longer than anticipated permitting timeline.

The recommendation is to accept the single bid received from Quigg Bros., Inc. Their bid has been reviewed and confirmed responsible.

**JUSTIFICATION**

The current fixed pier structure is supported by the original 20 creosote timber piles which are now reaching the end of their service life. Several have been previously repaired or show section loss and advanced deterioration. By replacing this support system with 13 steel piles, we will reduce the total number of piles, improve environmental conditions, and provide a significantly increased service life of over 30 years. The current superstructure and decking are in good condition and will be retained to utilize its full-service life. The supporting structure has been designed to be compatible with the eventual rehabilitation of the superstructure.

This capital project has a history of delay since the original timeline for construction in the 2022-2023 in-water work window. Reasons for delay include Port staff resource constraints and permitting delay (SDCI Construction Permit issued Q4 2022 and the Port's Pile Systems Repair & Maintenance Programmatic permit that was renewed in Q4 2023). Per Port Engineering, the current condition of this facility is in a severely deteriorated and hollowed state in many locations on the existing timber piles. The pile rehabilitation construction is recommended to

be executed as soon as possible, and load restricted operation is recommended leading up to construction completion to maintain structural condition and protect public safety. The current market condition in the marine construction industry trends toward increased competition and accompanying escalation. As such, there is limited opportunity for ensuring an improved outcome in the case of re-advertisement. Construction will be executed from the waterside as much as practicable to avoid construction impacts to the surrounding businesses and public recreational activities. The construction timeline has been phased to mitigate impacts to seasonal recreational boating events (including the 2024 J/24 World Championships). Full permitting approval has been received for the 2024-2025 in-water work window proposed for this construction scope. Both Muckleshoot and Suquamish tribes have provided tribal concurrence as a condition of the Port's Pile Programmatic Permit. In lieu of the dedicated tribal crane at SBM Dock A being out of order, Port staff are in coordination with the tribes on use of an alternate crane during the tribal fishery. The completion of this pile rehabilitation

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project will restore full operational capability at SBM Dock X, and avail an additional option for interim use during the tribal fishery until the dedicated tribal crane is back in service.

#### Diversity in Contracting

There is a 10% aspirational goal for WMBE utilization for the construction contract. The nature of this work lends itself to limited scope opportunities, as this work is likely to be performed entirely by the general contractor. The single bid received has not met this aspirational goal. However, they have provided documentation indicating their affirmative efforts to achieve the goal. Project staff will be working with the Diversity in Contracting Department throughout construction to further evaluate WMBE opportunities as they arise.

#### DETAILS

##### Scope of Work

This project will replace the 20 existing creosote timber support piles with 13 galvanized steel piles and frame system to support the existing wooden superstructure.

##### Schedule

This project is currently fully permitted for a work window from October 2024 – February 2025. Full concurrence from both Muckleshoot and Suquamish tribes has been received as a condition of the Port's Pile Programmatic permit.

The history of project delays in this project are as follows:

- 8/21/2021: Project delayed to target the next fish window in 2022/2023 due to SDCI permitting review backlog and Port staff resource constraints.
- 8/25/2022: Advertisement delayed to target the next fish window in 2023/2024 due to protracted SDCI construction permit negotiations resulting in permit delay.
- 6/21/2023: Advertisement delayed to target the next fish window in 2024/2025 due to Pile Programmatic Permit renewal delay.

##### Activity

Commission design authorization January 2021

Commission construction authorization May 2022

Commission additional funds authorization August 2024

Construction Start October 2024

In-use date March 2025

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Cost Breakdown This Request Total Project

Design \$50,000 \$500,000

Construction \$600,000 \$1,800,000

Total \$650,000 \$2,300,000

#### ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – No additional funding and re-advertise contract.

Cost Implications: No cost implication to this option.

Pros:

(1) Low potential for improved bid outcome. There is no tangible market indication or strategy identified to ensure an improved bid outcome in the case of future readvertisement.

Cons:

(1) Schedule delay by at least one work window, due to need for repackaged work scope and corresponding soft costs.

(2) Structural failure risk due to continued deterioration.

(3) Operational impact due to load restriction imposed to mitigate continued deterioration and safety risk.

(4) Potential for permit resubmittal (if altered scope) and/or renewal; tribal concurrence would be renegotiated with new scope and construction dates

(5) Financial risk due to escalation and market trends toward competitive marine construction environment.

This is not the recommended alternative.

Alternative 2 – Proceed with approval of additional funds and accept current bid proposal.

Cost Implications: Allocation of additional \$650,000 in the Capital Plan.

Pros:

(1) Maintain current project schedule for construction in 2024-2025 permitting in-water work window.

(2) Ensure asset preservation and restore structural integrity.

(3) Restore facility operation with no load restriction on recreational boating customer use.

(4) Avoid cost escalation from increasingly competitive market trends in marine construction industry.

(5) Create additional option for temporary tribal crane while dedicated tribal crane at SBM Dock A is out of service.

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Cons:

(1) Allocate \$650,000 in additional capital funds to proceed with bid acceptance and construction.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

COST ESTIMATE

Original estimate \$1,670,000 \$0 \$1,670,000

Previous changes – net -\$20,000 0 -\$20,000

Current change \$650,000 0 \$650,000

Revised estimate \$2,300,000 0 \$2,300,000

AUTHORIZATION

Previous authorizations \$1,650,000 0 \$1,650,000

Current request for authorization \$650,000 0 \$650,000

Total authorizations, including this request \$2,300,000 0 \$2,300,000

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

Annual Budget Status and Source of Funds

This project is included in the 2025 Capital Plan under C800570 SBM Dock X Pier Replacement with a total project cost of \$1,650,000. The additional cost of this project will be offset by the Maritime Capital Reserve C800002.

This project will be funded by the General Fund.

Financial Analysis and Summary

Project cost for analysis \$2,300,000

Business Unit (BU) Shilshole Bay Marina

Effect on business performance This project is an enhancement project to the SBM; it won't

(NOI after depreciation) create additional revenue. Depreciation will increase by

\$115,000 per year for 20 years

IRR/NPV (if relevant) The NPV is the present value of the project cost.

CPE Impact N/A

Future Revenues and Expenses (Total cost of ownership)

Extending the useful service life of our existing assets defers eventual replacement costs for a longer period, supporting the economic vitality of our operations. Other economic benefits

include cost effectiveness and minimum disruption to the terminal operations.

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ATTACHMENTS TO THIS REQUEST

(1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

May 10, 2022 – The Commission approved construction authorization in the amount of \$1,200,000 for Shilshole Bay Marina X-Dock Rehabilitation.

January 26, 2021 – The Commission approved design authorization in the amount of \$450,000 for Shilshole Bay Marina X-Dock Rehabilitation.

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