

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.	<u>5E</u>
Date of Meeting	<u>July 2, 2020</u>

DATE: June 23, 2020

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Tong Zhu, Chief Commercial Officer

Project Manager: Amy Kiessling, Capital Project Manager II

SUBJECT: Request for Project Authorization to advertise and construct North and South Marine Buildings at Terminal 5.

A. ACTION REQUESTED

As referenced in NWSA Resolution No. 2020-02, Exhibit A, Delegation of Authority Master Policy, Paragraph 8.c.iii., states project costs exceeding \$300,000 require approval from Managing Members.

NWSA ONLY VOTE: Requesting project authorization to advertise and construct North and South Marine Buildings at Terminal 5. This work is an Uplands Improvement Project within the Terminal 5 Modernization Program and is fully funded from the previously authorized T-5 Modernization Program Management Reserve, CIP No. C800988, Master Identification No. U00568, T-5 Marine Buildings North and South. No new monies are requested for the program.

B. SYNOPSIS

The *Terminal 5 Lease* with SSA Terminals (Seattle Terminals), LLC obligates the NWSA to construct two breakrooms for use by ILWU workers. Design and permitting for the buildings are authorized by the May 20, 2019 Managing Member meeting. The buildings are fully funded from Management Reserve. The marine buildings (two), one at the north berth and one at the south berth, support the T-5 Modernization Program with required breakroom and restroom facilities for

Longshore Workers and offices for Longshore Worker crew who plan and coordinate cargo stowage.

Design is complete. The Shoreline Substantial Development permit has been issued and Construction Permit issuance is expected in early July ahead of planned advertisement date. Construction documents cover both buildings under one Major Construction Contract with a 7% Women and Minority Business Enterprise aspirational goal.

The original estimate to design, permit and construct both buildings was \$3.8M, and the current estimate is \$6.9M. The original estimate was based on a concept that was not fully developed or scoped and did not take into consideration existing site conditions or where the buildings would be located. It also did not take into consideration the interior requirements to meet demand on the facility at common break times. More detailed tenant input was not available during the initial Terminal 5 design period due to the nature of the commercial negotiations that ultimately were successfully concluded in Q1 2019. See Section C, Project Description for more detail.

BACKGROUND

The existing Marine Tower Buildings on Terminal 5 require removal as they are impacted by the Modernization Project due to the location of the new Crane Rails. These existing buildings are both two (2) story buildings. The existing North Building consists of approximately 4,000 square foot on each floor for 8,000 square feet overall. The existing South building consists of 3,000 square feet on each floor for 6,000 square feet overall. The Modernization Project plan excluded replacement of these required buildings. This was recognized during the lease negotiation process and the replacement of these buildings were included in the new lease. The lease states the new replacement buildings are to be one story, 2,000 square foot structures. Shortly after the lease was approved and executed, SSA recognized one story structures would not work for operational purposes and requested revision from one story to two stories consistent with the existing structures, primarily to add office space for ship operations with separation from the break rooms. The buildings as now designed will have a smaller reduced footprint of 1,674 square feet with a partial second story of 750 square feet for a total area of 2,424 square feet. The first level provides a standard breakroom and restroom facility required for a crew of 56 workers. Building locations were referenced in the lease to be near the 0 and 2900 footmarks, south and north respectively. These intended locations did not prove workable for SSA or the NWSA. Alternative locations were agreed upon which is further explained in the next section. In general, the northern building is farther, more complex than the southern building; both have more complicated utilities installation, in part due to shorepower and stormwater infrastructure and the only available area to locate is between the primary and secondary ductbanks. Due to the site

constraints, the smaller building footprints makes construction and delivery of the structures easier for the Modernization project. The cost differential between larger 2,000 square foot footprint one story structure and a smaller 1,674 square foot footprint two story structure is difficult to quantify given the other cost variables discussed herein. At minimum, the cost difference is likely to be negligible, if not more favorable to the NWSA. The parties have agreed to document this revision in the plans for these structures.

C. PROJECT DESCRIPTION AND DETAILS

The buildings are architecturally identical, designed using prefabricated Structural Insulated Panels (SIPs) and the buildings will be delivered with simple finished interiors, including those required in the lease; 20 lineal square feet of cabinet and cupboard space with a kitchen sink.

The first level includes an open area breakroom, men's and women's restrooms, mechanical and electrical rooms, and a janitor's closet. A second level office is accessed by an exterior staircase. Site utility installations are required to bring electrical, water and sanitary sewer utilities to both buildings. The T5 Berth Modernization contractor will install majority of the utility infrastructure, the marine buildings awardee will complete the final utility connections.

The Lease states the north building will be near wharf footmark 2900. This could not be accommodated for seismic reasons and the new building will be sited further south at the 2400 footmark, this is much closer to the existing to-be-demolished north breakroom, but still 550' distant. The closer proximity to the existing breakroom was desirable to reduce the need to install costly infrastructure, but it was not possible to locate it any closer due to shore power substation installation and planned future stormwater installation. Locating the new south building closer to the existing to-be-demolished south break room is possible. This mitigates some cost as siting it near wharf footmark 0 per the lease is a considerable distance from existing utility tie-ins. Significant trenching is required to tie the north building into existing utilities, and sanitary lift stations installed at depths of greater than 15 feet are required at both buildings.

Further limitations were imposed due to the facility's electrical distribution plan; the buildings are sited between the primary and secondary ductbanks requiring trenching below the ductbanks. The proposed locations provide the required proximity to berthing facilities and cranes for both worker safety and convenience to restrooms. Locations further landside would have posed significant worker safety issues and would have adversely impacted terminal layout.



Project Objectives

Construct two Marine Buildings for our tenant to meet the *Terminal 5 Lease* obligations.

Scope of Work

Build two architecturally identical buildings with site utilities to City of Seattle building code standards.

Schedule

The project schedule for the buildings is indicated below and is intended to align with phase 1 North Berth construction completion and turnover of berth construction in mid-April 2021, crane delivery/commissioning, and initial terminal operations planned for 60 days after crane delivery. Authorization in July 2020 supports the critical path, which is on a tight timeline to deploy the north building before commencement of Phase 1 operations (advertisement in July – August; award and pre-submittals in August – September; 6-month construction of two buildings and site utilities). Temporary facilities for workers will need to be deployed at NWSA expense if the building is not available upon commencement of operations, including crane start-up activities.

Shoreline Substantial Development Permit	April 2020
Design Complete	June 2020
Construction Permit	June/July 2020
Contract Advertisement	July 2020
Contract Award	August 2020
Notice to Proceed	October 2020
Substantial Completion of north and south marine buildings	April 2021

FINANCIAL IMPLICATIONS
Project Cost Details

	Total Project Cost	Cost To Date	Remaining Cost
Design & Soft costs	1,437,000	593,000	844,000
Total Construction Cost	5,508,000		5,508,000
Total	6,945,000	593,000	6,352,000

Source of Funds

The current Capital Investment Plan (CIP) allocates \$6,945,000 for this project.

Financial Impact

Project costs will be capitalized and depreciated over an estimated useful life of 30 years resulting in annual depreciation expense of \$232,000. Estimated depreciation expense for 2020 will be zero since the project will not be substantially completed until April 2021.

The funding authorization for these buildings is within the management reserve budget which was included in the overall Terminal 5 redevelopment program authorization. Authorization of this project will not impact the anticipated financial returns for the redevelopment project since this project funding will be reallocated from the management reserve of \$20M, a portion of which was intended to cover these terminal features.

D. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1: Defer constructing the south marine building. If the south building is deferred, the next available time to construct the south building is October 2022. In October 2022 the construction permit for the south building will be subject to renewal and would be required to meet an updated City of Seattle Building code. The new building code would require significant redesign and would cost more to construct. Advertising only the north marine building may yield less contractor interest and may result in fewer bids. Separate bids can also result in buildings of differing materials

and quality. While delay would likely increase the cost of future construction, a near-term deferral would reduce project costs by approximately \$2.0M.

Alternative 2: Proceed to build the north and south marine buildings as required by the lease as one contract award. This secures single contractor efficiencies, promotes building construction consistencies and avoids known building code cost increases after October 2022. This option delivers the south building ahead of lease obligation date and ready for use at the end of Phase 2. If not built at this time the south building could not be substantially completed until after Phase 2 completion. It does not secure near-term savings of approximately \$2.0M.

Alternative 2 is the recommended alternative.

E. ENVIRONMENTAL IMPACTS / REVIEW

Permitting: Shoreline Substantial Development Permit issued April 2020. Construction permit review is in process; permit issuance is expected in late June / early July 2020 before advertisement

Remediation: All soil that is to be removed from the site will require Subtitle D Disposal.

Stormwater: Completed project is under the required threshold for treatment. Evaluation completed by Port of Seattle stormwater and grading review. Temporary Erosion and Sediment Control Planning and Execution will be required during construction.

F. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation.

G. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
April 7, 2020	T5-Modernization – Program Update	\$0
January 14, 2020	T5-Modernization – Program Update	\$0
October 01, 2019	T5-Modernization – Program Update	\$0
June 4, 2019	T5-Modernization – Program Update	\$0
May 20, 2019	T5-Modernization – Program Authorization to complete work associated with the T5 Modernization Program inclusive of: Upland	\$0

April 2, 2019	Improvement Project (Marine Buildings) Design and Permitting Authorization. T5-Modernization – Program Funding and Authorization to the Fund T-5 Modernization Program and associated work, inclusive of Upland Improvement Project (Marine Buildings) Design and Permitting.	\$340,000,000
TOTAL		<u>\$340,000,000</u>



**THE NORTHWEST
SEAPORT ALLIANCE**
Gateway to Solutions

Item No: 5E
Date of Meeting: July 2, 2020

Project Authorization to Advertise and Construct Terminal 5 Marine Buildings North and South

Presenter: Amy Kiessling
Capital Project Manager

Project Authorization Advertise and Construct Terminal 5 Marine Buildings North and South

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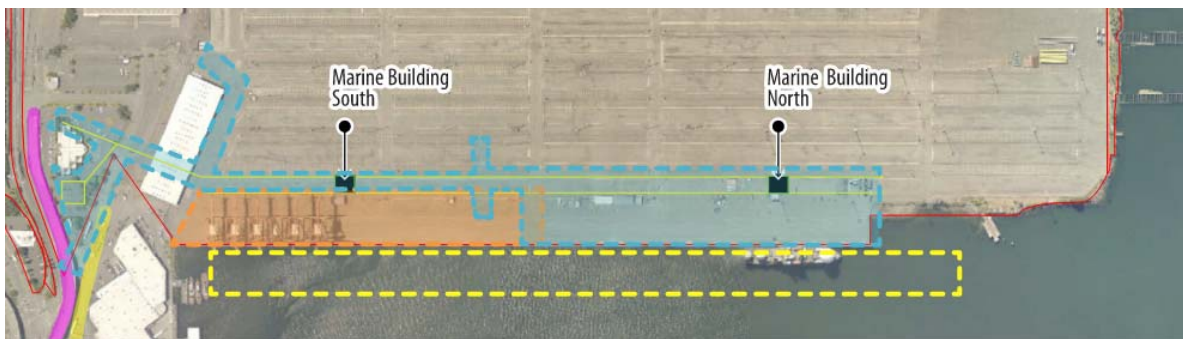
Synopsis

Terminal 5 Marine Buildings North and South

- The T-5 Lease with SSA Terminals obligates the NWSA to construct two buildings for use as break room and restroom facilities for ILWU workers.
- Design and permitting for the buildings are authorized by the May 20, 2019 Managing Member meeting.
- The buildings are fully funded from the Management Reserve.
- Construction documents cover the construction of both buildings under one Major Construction Contract with a 7% Women and Minority Business Enterprise aspirational goal.

Background

Terminal 5 Marine Buildings North and South

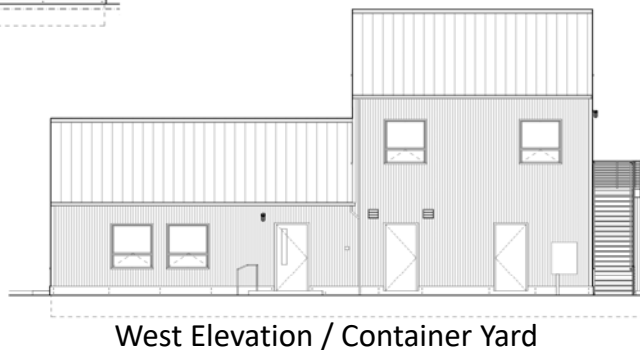


- The locations of the proposed marine buildings (shown here) will provide required proximity to berthing facilities and cranes for both worker safety and convenience, and cause minimal impact to terminal layout.

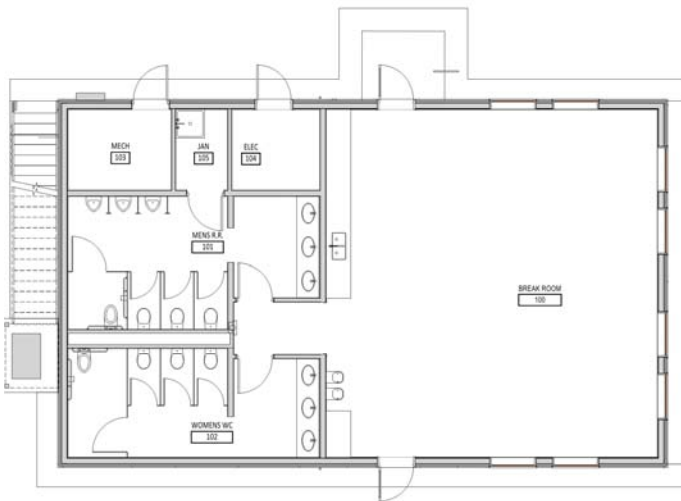
Project Description and Details Terminal 5 Marine Buildings North and South



- Buildings are architecturally identical
- Constructed with prefabricated Structurally Insulated Panels (SIPs)
- Buildings are delivered with finishes and connected to site utilities.



Project Description and Details Terminal 5 Marine Buildings North and South



Total square footage is 2,424.
First level: 1,674 sq. feet
Second level: 750 sq. feet



First floor plan: Large breakroom area capacity for 56 and enough restroom fixtures to accommodate demand during shift change.

A second level office accessed by an exterior staircase will allow for cargo stowage planning from a higher vantage point.

Project Schedule

Terminal 5 Marine Buildings North and South

Project Schedule aligns with the completion of Phase 1

Activity	Timeframe
Shoreline Substantial Development Permit	April 2020
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Financial Summary

Terminal 5 Marine Buildings North and South

Project Cost Details

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Alternatives Considered and their Implications Terminal 5 Marine Buildings North and South

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Advertising only the north marine building will yield less contractor interest and may result in fewer bids. Separate bids can also result in buildings of differing materials and quality.

While delay would likely increase the cost of future construction, a near-term deferral would reduce project costs by approximately \$2.0M.

Alternatives Considered and their Implications Terminal 5 Marine Buildings North and South

Alternative 2: Proceed to build the north and south marine buildings as required by the lease as one contract award.

This secures single contractor efficiencies, promotes building construction consistencies and avoids known building code cost increases after October 2022. This option delivers the south building ahead of lease obligation date and ready for use at the end of Phase 2.

If not built at this time the south building could not be substantially completed until after Phase 2 completion. It does not secure near-term savings of approximately \$2.0M.

Alternative 2 is the recommended alternative.

Conclusion

Terminal 5 Marine Buildings North and South

Requesting project authorization to advertise and construct North and South Marine Buildings at Terminal 5. This work is an Uplands Improvement Project within the Terminal 5 Modernization Program and is fully funded from the previously authorized T-5 Modernization Program Management Reserves, CIP No. C800988, Master Identification No. U00568, T-5 Marine Buildings North and South. No new monies are requested.