

**MANAGING MEMBERS**  
**STAFF BRIEFING**

**DATE:** September 21, 2018

**TO:** Managing Members

**FROM:** John Wolfe, CEO  
**Sponsor:** Dustin Stoker, Chief Operations Officer  
**Project Manager:** Curtis Stahlecker, Capital Project Manager

**SUBJECT:** North Harbor Surplus Crane Dispositions

**A. BRIEFING**

This staff briefing is to provide an update on the status of the North Harbor surplus crane disposition solicitation process. No action is requested of the Managing Members at this time, although staff welcome any feedback.

**B. SYNOPSIS**

Resolution No. 2018-01 paragraph 8.c.vi.e. requires that "Managing Members will be notified before or at the next available public meeting as soon as it is determined that the project cannot be completed for the previously authorized amount. When the value of the work has been determined or calculated Managing Member authorization will be requested for amounts that exceed the currently authorized amount."

The North Harbor Surplus Crane Dispositions Project Authorization occurred on June 5, 2018. The Authorization was to remove four cranes in an amount not to exceed \$4,000,000. Proposals have been received and contract negotiations are nearing completion. However, the total project cost to remove the four cranes will exceed the authorized amount by an estimated \$523,000 or 13%. The increase is primarily attributable to current market conditions and rising costs. Due to the lease commitment and goal to book this expense project in 2018, staff intends to proceed with the removal contract execution at the first opportunity and will return to the Managing Members on October 2, 2018 to request the additional project funding authorization.

On the afternoon of September 19, 2018 a protest letter was received from a firm identified during the proposal review process as not being technically acceptable. Staff is evaluating and responding to the protest, and contract execution will not proceed (with any proposer) until the protest is resolved and the protest procedures are completed. Staff anticipate that resolution will not be completed until next week, at the earliest.

The actual expenditures will not exceed the current project authorization prior to October 2<sup>nd</sup> meeting, however staff are notifying the Managing Members of the increased financial commitment with the contract execution. Halting this contract execution work prior to the October 2<sup>nd</sup> request will have an adverse effect on the ability to complete this work prior to year-end. If the Managing Members choose to not authorize the project increase, the

contract does include a cancellation for convenience clause, although this is not recommended and also diverges from the underlying direction received in the June 5, 2018 project authorization.

### **C. BACKGROUND**

The North Harbor Surplus Crane Dispositions Project Authorization was presented to the Managing Members on June 5, 2018 under Item Number 5C. This authorization action was for the removal of four (4) North Harbor STS container cranes at Terminals 18 and 46. The cranes are undersized and cannot efficiently handle cargo from current and future vessel sizes calling at the NWSA. These cranes were manufactured by Ishikawajima-Harima Heavy Industries, Ltd. (IHI) in 1984 and are numbered 51 through 54. They are the last remaining 50-foot gage cranes in the gateway.

There are two drivers for the removal of the cranes. The removal of the three cranes on Terminal 18 is an obligation of the lease and the crane on Terminal 46 limits operational space.

### **D. CURRENT STATUS**

Three proposals were received on August 17, 2018 and reviewed by a selection committee for technical acceptability. Two of the three proposals met the technically acceptable bid criteria defined as follows:

- a. complies with terms and conditions of the solicitation
- b. remove the cranes in an appropriate manner (non-demolition removal)
- c. bidder has experience with work of similar size, scope, and complexity
- d. submits a reasonable schedule to complete work by December 31, 2018
- e. reasonable plan to comply with the Memorandum of Agreement between the NWSA and the International Longshore and Warehouse Union (ILWU)

Following the technical review, the committee reviewed cost and requested a best and final offer (BAFO) from the two firms that submitted proposals that were deemed technically acceptable. The firms responded to the BAFO on September 12, 2018.

On September 19, 2018 a protest letter was received from the firm identified during the proposal review process as not being technically acceptable. Staff is evaluating and responding to the protest and contract execution will not proceed until the protest is resolved.

The total project cost to remove the four cranes is now estimated to not exceed \$4,523,000. This cost is inclusive of the actual expenditures to date, cost to remove the four cranes

**North Harbor Surplus Crane Briefing****September 21, 2018****Page 3 of 3**

including sale tax, soft costs and project contingency for any unforeseen costs. The project costs are detailed as follows:

Actual project cost expended as of 8/31/18	\$65,000
Contract to remove the 4 cranes	\$4,000,000
Washington State Sales Tax on contract	\$404,000
Anticipated Soft costs (contract admin, Project and Construction Management)	\$30,000
Project contingency	\$24,000
Total Anticipated Project Cost	\$4,523,000

In accordance with the Master policy, staff is proceeding with executing the contract, consistent with resolution of the protest. The actual expenditures for the project will not exceed the current authorization prior to the October 2<sup>nd</sup> authorization request.

**E. ATTACHMENTS TO THIS REQUEST**

- North Harbor Crane Location Slide

**F. PREVIOUS ACTIONS OR BRIEFINGS**

<u>Date</u>	<u>Action</u>	<u>Amount</u>
August 17, 2018	Briefing – North Harbor Crane Dispositions	\$0
June 5, 2018	Project Authorization – North Harbor Crane Dispositions	\$3,900,000
October 7, 2016	Executive Authorization – North Harbor Crane Dispositions	\$100,000
September 11, 2012	Port of Seattle Commission - Second Reading of Resolution No. 3666, Surplus Port of Seattle cranes 51, 52, and 53 at Terminal 18	\$0
February 24, 2009	Port of Seattle Commission - Second Reading of Resolution 3610, Surplus Port of Seattle crane 54 at Terminal 46	
<b>TOTAL</b>		<b>\$4,000,000</b>