



**THE NORTHWEST
SEAPORT ALLIANCE**
Gateway to Solutions

Item No.: 5G

Meeting: 6/06/17

PROJECT AUTHORIZATION FOR PIER 4 CRANE ACQUISITIONS AND SOLE SOURCE PROCUREMENT

Project Authorizations

Pier 4 Crane Acquisitions

Request:

DUAL VOTE: NWSA / PORTS OF SEATTLE & TACOMA:

- (1) Project authorization and funding in the amount of \$52,000,000 (\$26,000,000 from each Port) for a total authorized amount of \$52,000,000 for work associated with the Crane Acquisition, Master Identification No. (MID) 201019.01;**

NWSA ONLY VOTE:

- (2) Sole source authorization to purchase four (4) additional cranes from ZPMC and to retain Liftech Consultants to assist in the purchase of these cranes in accordance with NWSA Master Policy Resolution Section 8,G iii (2) and (3).**



Background

Pier 4 Crane Acquisitions

- **In alignment with the Alliance Strategic Business Plan and to ensure the lease commitment to provide and maintain four ship-to-shore container cranes at Terminals 3 and 4, Alliance staff have been pursuing the acquisition of four additional container cranes.**
- **The acquisition of four additional container cranes capable of serving ultra large container ships (ULCS), in conjunction with other development planned for the GCP, positions the Alliance to increase container throughput and respond to shipping industry changes.**



Background

Pier 4 Crane Acquisitions

- **In April 2015 Commission authorized \$25,695,000 for procurement of two container cranes**
- **In January 2016 the Managing Members approved a project authorization in the amount of \$1,830,800**
- **The contract was executed on February 19, 2016**
- **In April 2016 the Managing Members authorized a project increase of \$22,299,100 for two additional cranes**
- **Over the past year staff has been working with ITS/Husky on GCP improvements leading to a fourth lease amendment and direction to procure 4 additional cranes**
- **Both NWSA and Husky staff recognize merit to procure identical cranes**



Sole Source Consideration

Pier 4 Crane Acquisitions

- **Original crane procurement was competitive solicitation**
- **6 Crane manufacturers were contacted, 2 bids received**
- **ZPMC was deemed best value at \$4,000,000 less per crane than the second bid**
- **Staff recommends procuring identical cranes for new order due to noted reductions in cost, delivery schedule and operation and maintenance efficiencies**
- **Time periods for public bidding, proposal review, technical and commercial negotiations, and design are eliminated or reduced**
- **Identical spare parts create efficiencies for crane maintenance**
- **System commonality maximizes effectiveness of fault diagnosis/repair and minimized downtime.**





Blair Waterway

Pier 3

Pier 4

Terminals 3 & 4

Project Description and Details

Pier 4 Crane Acquisitions

- **The proposed cranes will be specified to meet the same requirements of the Ultra Large Container Ship (approximately 18,000 TEU) including:**
 - Outreach of 220-feet for 24 container wide vessels
 - 100-foot gauge
 - Lift height of 165-feet for 9+1 container stacks above deck
 - Lifting capacity of 65 long tons and 100 long tons under the cargo beam



Project Description and Details

Pier 4 Crane Acquisitions

- **The proposed support services include the following:**
 - Conform previous crane specifications for pricing
 - Acquire and review proposal
 - Issue contract for additional cranes
 - Perform manufacturing audits within Contractor's facilities
 - In-plant review of final assembly and shop testing prior to shipment
 - Condition inspection of cranes upon delivery
 - Facilitate completion of commissioning, training and documentation
 - Design and construction support for existing Kone crane bumper retrofit



Project Schedule

Pier 4 Crane Acquisitions

Activity	Timeframe
Award Contract	July 2017
Crane Delivery	TBD
Substantial Completion	TBD



Financial Summary

Pier 4 Crane Acquisitions

Item	This Request	Total Estimated Cost	Cost to Date	Remaining Cost
DESIGN	\$50,000	\$50,000	\$0	\$50,000
CONSTRUCTION	\$51,950,000	\$51,950,000	\$0	\$51,950,000
PROJECT TOTAL	\$52,000,000	\$52,000,000	\$0	\$52,000,000



Environmental Impacts/Review

Pier 4 Crane Acquisitions

Permitting:

- Applicable environmental permits were acquired as part of the Pier 3 Upgrade project.

Remediation:

- Not applicable.

Water Quality:

- Not applicable.

Air Quality:

- Not applicable. No notifications, permits, or new source review is necessary from the Puget Sound Clean Air Agency as the cranes are powered by electricity.



Source of Funds

Pier 4 Crane Acquisitions

- **The estimated cost and budget for this project is \$52,000,000.**
- **The 2017-2021 Capital Improvement Plan did not allocate for four additional cranes. With this authorization the Capital Improvement Plan will be updated to reflect the additional \$52,000,000. Both homeports have identified funding mechanisms for the additional capital.**
- **The design and construction costs will be capitalized and depreciated over a 20-year period, resulting in annual depreciation expense of approximately \$2,600,000. The depreciation is estimated to start in early 2019.**



Conclusion

Pier 4 Crane Acquisitions

Request:

DUAL VOTE: NWSA / PORTS OF SEATTLE & TACOMA:

- (1) Project authorization and funding in the amount of \$52,000,000 (\$26,000,000 from each Port) for a total authorized amount of \$52,000,000 for work associated with the Crane Acquisition, Master Identification No. (MID) 201019.01;**

NWSA ONLY VOTE:

- (2) Sole source authorization to purchase four (4) additional cranes from ZPMC and to retain Liftech Consultants to assist in the purchase of these cranes in accordance with NWSA Master Policy Resolution Section 8,G iii (2) and (3).**

