

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.	5H
Date of Meeting	June 6, 2017

DATE: May 25, 2017

TO: Managing Members

FROM: John Wolfe, CEO
Sponsor: Mike Campagnaro, Director, Real Estate
Project Manager: Anne Porter, POS Capital Project Manager

SUBJECT: Terminal 18 Dock Rehabilitation: Construction Funding Authorization

A. ACTION REQUESTED

Request project authorization in the amount of \$1,600,000 for a total authorized amount of \$1,950,000 to complete construction associated with the Terminal 18 (T-18) Dock Rehabilitation, Master Identification No. C800600.

B. SYNOPSIS

This memo requests approval for construction funding in the amount of \$1,600,000 for the T-18 Dock Rehabilitation project. This project includes rehabilitation and improvements to T-18 piles and toe wall that have deteriorated. Specifically, the project work strengthens, preserves and protects distressed concrete piles, repairs gaps in the sheet pile toe wall and repairs and reattaches disconnected zinc anodes that provide corrosion protection for the toe wall. Completion of this project preserves the existing use and capacity of the T-18 dock as, per the T-18 lease. The Northwest Seaport Alliance (NWSA) is responsible for maintaining the foundation of the site which includes the piling supporting the dock structure. This responsibility does not include the fender piling which is a tenant responsibility. This work was included in the 2017 capital budget. Total project costs are estimated at \$1,950,000.

C. BACKGROUND

In 2011, the Port of Seattle completed detailed condition surveys of concrete docks. The T-18 dock survey confirmed and expanded on prior survey findings regarding deterioration of key elements of the dock, including the piles, pile caps, deck panels and toe walls. Included in the Dock Condition Assessment Report is information describing the causes of this deterioration and recommendations for rehabilitation, including optimal scheduling and estimated costs. The report also proposes a schedule for ongoing inspections of the dock. Combined, these steps are designed to ensure the dock remains in service.

T-18 is fully leased and is actively used for movement of both import and export cargo between ships, trucks and rail. Accordingly, the project will need to be performed in a manner that minimizes disruption to terminal operations. Close coordination with the tenant is ongoing and important to management of the project.

The project was anticipated in the 2017 Operating Expense Budget and budgeted expenditures are consistent with this request.

D. PROJECT DESCRIPTION AND DETAILS

The matter before the Managing Members is limited to funds to complete construction required to rehabilitate components of the T-18 dock that have deteriorated at a greater rate and severity than the balance of the structure. Completion of this project is expected to extend the life and preserve the existing use and capacity of the T-18 dock.

Project Objectives

Project objectives include timely rehabilitation of the T-18 dock system to extend the service life of the facility.

Scope of Work

Repair 40 piles by installing jackets – Install jackets around piles where there is known deterioration. Pile jackets are assembled above water and placed in four foot sections beginning two feet below mudline. This will preserve the service life of the piles that support the dock.

Toe Wall – Repair cathodic protection in areas where two anodes have detached and patch a total of 15 gaps to prevent further sloughing of materials into the berth. This work is expected to extend the life and maintain functionality of the toe wall through the service life of the dock.

Schedule

Construction is scheduled to begin in October 2017 and finish by March 2018.

E. FINANCIAL IMPLICATIONS

Project Cost Details

	This Request	Total Project Cost	Cost To Date	Remaining Cost
Design	\$0	\$350,000	\$162,000	\$188,000
Construction	\$1,600,000	\$1,600,000	\$0	\$1,600,000
Total	\$1,600,000	\$1,950,000	\$162,000	\$1,788,000

Source of Funds

The pre-2015 through 2021 Capital Improvement Plan budget allocates \$1,639,000 for this project. Of this amount \$162,000 has already been spent leaving a remaining budget of \$1,477,000. The contingent capital budget for NWSA will cover increases in 2017. Further,

the CIP will be increased during the 2018 budget process to cover the difference between project cost and current budget.

Financial Impact

Total project costs will be capitalized, resulting in annual depreciation of \$60,000 over a 30-year life. There will be no depreciation until the construction is completed. No incremental revenue or incremental operating expense is associated with this project. Depreciation from this capital investment was included in the 2017-2021 NWSA operating budget starting January 2018. The depreciation will be updated during the 2018-2022 budget to reflect the March 2018 completion date.

F. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1) Do Nothing: No action at this time would result in delayed rehabilitation of piles and toe wall, increasing costs in the future, as the conditions are expected to worsen. For example, piles affected by delayed ettringite formation will deteriorate further and need replacement rather than strengthening. Toe wall conditions contribute to sloughing of slope material into the berth creating high spots that will require expensive maintenance dredging that would otherwise be avoided.

Alternative 2) Preserve existing structure: in its current distressed state – and repair toe wall. This alternative would result in a slowed deterioration and extended life, but limited operational capacity (increasingly limited capacity over time) for the center of the wharf (Berth 2), which is currently used extensively.

Alternative 3) Strengthen and protect existing piles (this request): Completing the rehabilitation of piles and toe wall will extend the life and function of the wharf and enable operations to continue unimpeded as the NWSA has these piling and foundation maintenance responsibilities under terms of the T-18 lease.

Alternative 3) is the recommended course.

G. ENVIRONMENTAL IMPACTS / REVIEW

Permitting: The project is covered under the Port of Seattle's programmatic piling permit. The programmatic permit contains construction conditions to protect the environment that are included as part of the construction specifications and bid conditions.

Water Quality: Conditions include protection of water quality by minimizing the amount of material that will enter the water.

Air Quality: Increased air emissions as a result of temporary construction equipment will be necessary. Once construction is completed, no additional emissions or air quality impacts are expected as a result of the proposed project.

H. ATTACHMENTS TO THIS REQUEST

- Slide Presentation

I. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
March 11, 2014	T-18 Dock Rehabilitation Briefing	\$0
July 21, 2015	Pre-Design Authorization – Port of Seattle	\$150,000
October 4, 2016	Design Authorization	\$200,000
TOTAL		\$350,000