



**COMMISSION
AGENDA MEMORANDUM**

Item No.

6k

ACTION ITEM

Date of Meeting

January 8, 2019

DATE: December 28, 2018

TO: Stephen P. Metruck, Executive Director

FROM: Kenneth R. Lyles, Director, Maritime Operations and Security

Tim Leonard, Capital Project Manager

SUBJECT: Salmon Bay Marina Docks D-E Replacement Design – CIP C801070

Amount of this request: \$500,000

Total estimated project cost: \$5,900,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute project design services, in an amount not to exceed \$800,000, including \$300,000 previously authorized, in support of the Port's replacement of the existing Docks D-E at Salmon Bay Marina, including the associated bulkhead portion and dredging permitted under the existing Master Use Permit.

EXECUTIVE SUMMARY

The purchase of the Salmon Bay Marina property by the Port in 2018 included an approved Master Use Permit (MUP) for new facility in-water and upland improvements as well as a permit from the U.S. Army Corps of Engineers, and associated regulatory agencies, that allows for the dredging required with the replacement of three existing recreational boat docks at the west end of the marina (refer to accompanying PowerPoint). The Salmon Bay Marina Docks D-E Replacement project proposes to take advantage of the existing in-water permits before they expire in February 2020 and replaces the three existing concrete float docks with two new wider concrete float docks, and associated dredging, to provide improved continued moorage for recreational boats and bring the float docks up to the Port's service and safety standards. The proposed work also includes reinforcement of the existing timber bulkhead with new steel sheet piling, and dredging of the applicable marina area.

A \$5,900,000 placeholder amount for total project costs has been included in the 2019 Capital Budget and Plan of Finance. This amount is based on a preliminary estimate and will be finalized in the course of completing the project design which is currently at a 0% stage.

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JUSTIFICATION

Under the existing MUP and dredging permits these improvements are required to begin construction by February 2020.

In addition to upgrading facility assets to the Port’s standard for service and safety, the replacement of Docks D-E at Salmon Bay Marina supports the following Maritime Division goals toward achieving Century Agenda objectives:

1. Continue to grow the economic value of the maritime cluster including the number of local jobs and business revenue.
2. Generate new revenue to support the Port’s commitments to stakeholders.
3. Prioritize development that maximizes utilization of facility assets.
4. Be the greenest, and most energy efficient port in North America.

Prior to the advertisement for construction bids, the project manager will work with the Diversity in Contracting Program team to determine Women & Minority Business Enterprises (WMBE) participation opportunities in accordance with the terms of Resolution No. 3737. The requirement for a project labor agreement will be determined as well in coordination with Labor Relations.

Staff is recommending moving forward with this project at this time, as the permits would expire if we delay. As we move forward with design, we will be refining costs and looking for tenants that will use both the uplands and the new docks, and refining revenue projections. We will return to Commission for construction authorization and will continually review whether the financial information supports moving forward.

DETAILS

The proposed Salmon Bay Marina in-water improvements, permitted under the existing MUP, consist of replacing existing concrete float Docks D East, D West, and E with two new 12-foot wide floating concrete docks (150 lineal feet and one 170 lineal feet in length) secured by steel piles, accessed via gangways, and equipped with electrical power and water utilities to serve the needs of recreational vessel customers. The existing float docks, which are secured by a mix of piles including creosote treated timber piles, have a limited remaining service life, negligible utility services, and pose a safety risk due to their mature condition. Approximately 200 lineal feet of the existing timber bulkhead will be reinforced with new steel sheet piling installed behind it as well.

The permitted dredging consists of a maximum of 11,900 total cubic yards of sediment to be removed using a barge-mounted clamshell and/or hydraulic dredge in accordance with U.S. Army Corps of Engineers permitting requirements. The area to be dredged is approximately an acre in area and the existing current water depth, which varies between approximately 5 and 15 feet, will be increased to a maximum depth of 16 feet beyond the proposed dredge slope

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that will extend outwards from the bulkhead. The existing permit allows for approximately 9,300 cubic yards of sediment to be disposed at a designated open-water Elliott Bay Puget Sound Dredged Disposal Site, while the remaining estimated quantity of approximately 2,600 cubic yards of unsuitable material will require disposal of at an appropriate upland facility. Final suitable and unsuitable sediment quantities and disposal locations are subject to required approval by the Dredge Material Management Program. All removed sediment is planned to be transported to the designated disposal site(s) via barge.

Required project environmental mitigation improvements include a nearshore habitat bench to be installed along the bulkhead and topped with a fish-friendly gravel mix, the installation of shot-rock armoring to ensure stability of a portion of the proposed dredge slope and topped with mixture of sand and gravel for habitat enhancement, and a total of twelve 35-foot long by 6-foot wide translucent polycarbonate panels to be installed in the metal roofs of the existing covered moorage (Docks A-C) to allow natural light penetration to the water below.

Scope of Work

Facility improvements are anticipated to include, but are not necessarily limited to, the following:

1. Demolition and disposal of existing concrete float docks D-E
2. Dredging of applicable marina area up to a 16’ maximum depth
3. Installation of new steel sheet piling behind existing timber bulkhead
4. Installation of new concrete float docks, gangways, and associated utility services
5. Implementation of applicable environmental best management practices

Schedule

Activity

| | |
|---------------------------------------|----------------|
| Commission design authorization | 2019 Quarter 1 |
| Design start | 2019 Quarter 1 |
| Commission construction authorization | 2019 Quarter 3 |
| Construction start | 2020 Quarter 1 |
| In-use date (Phase I) | 2021 Quarter 3 |

Cost Breakdown

| | This Request | Total Project |
|----------------------------|--------------|---------------|
| Planning/Design/Permitting | \$500,000 | \$800,000 |
| Construction | 0 | \$5,100,000 |
| Total | \$500,000 | \$5,900,000 |

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Option One: Do nothing – Pass on Salmon Bay Marina Docks D and E Replacement

Pros

- Retains Port capital funds for other priority projects and financial initiatives

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- Avoids temporary construction impacts to existing facility customers

Cons

- Missed opportunity to take advantage of existing in-water permits included in property purchase. Re-procurement of these permits by the Port will require an estimated five to six years, substantial additional cost, and the future permit requirements will likely be more stringent.
- Missed opportunity to replace existing, limited service life, facility assets
- Missed opportunity for improving long-term financial viability of Salmon Bay Marina

This is not the recommended alternative

Option Two: Approve SaBM Docks D and E Replacement Design Funds

Pros

- Takes advantage of existing in-water permits included in property purchase that would otherwise require five to six years to re-obtain and likely contain more stringent requirements
- Replaces existing, limited service life, facility assets with new long-term improvements meeting Port standards for service and safety
- Creates multiple in-water environmental benefits
- Improves long-term financial viability of Salmon Bay Marina
- Allows us to retain option of using permits as we look for tenant that will utilize both uplands and new docks

Cons

- Requires major Port investment of funds
- Creates temporary construction impacts to existing facility customers

This is the recommended alternative

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

Capital

Expense

Total

| | Capital | Expense | Total |
|--|-----------|---------|-------------|
| COST ESTIMATE | | | |
| Original estimate | \$0 | \$0 | \$5,900,000 |
| AUTHORIZATION | | | |
| Previous authorizations | \$300,000 | 0 | \$300,000 |
| Current request for authorization | 0 | 0 | \$500,000 |
| Total authorizations, including this request | 0 | 0 | \$800,000 |
| Remaining amount to be authorized | \$0 | \$0 | \$5,100,000 |

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Annual Budget Status and Source of Funds

This project was included in the 2019 Plan of Finance under CIP C801070 Salmon Bay Marina Docks D & E Replacement with a total project cost of \$5,900,000.

This project will be funded by the General Fund.

Financial Analysis and Summary

| | |
|---|--|
| Project cost for analysis | \$5,900,000 |
| Business Unit (BU) | Recreational Marinas & Commercial Operations |
| Effect on business performance (NOI after depreciation) | The docks will preserve annual revenue of approximately \$100K. At current estimates and assuming an asset life of 50 years, this project is expected to add \$118K in annual depreciation. We are evaluating tenants that will use both uplands and docks, improving this NOI |
| IRR/NPV (if relevant) | NPV: (\$4.3M) IRR: 1.6% |
| CPE Impact | N/A |

ATTACHMENTS TO THIS REQUEST

- (1) Salmon Bay Marina Design PowerPoint

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 27, 2018 – Commission approved 2019 Capital Budget and Plan of Finance including Salmon Bay Marina Docks D-E Replacement

December 5, 2017 – Commission authorized the Port’s purchase of the Salmon Bay Marina property.