



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8d

**ACTION ITEM**

**Date of Meeting** February 26, 2019

**DATE:** February 19, 2019

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Stephanie Jones-Stebbins, Managing Director, Maritime Division  
Kenneth Lyles, Director, Maritime Operations and Security  
Tracy McKendry, Senior Manager, Recreational Boating  
Mark Longridge, Capital Project Manager

**SUBJECT:** Additional Construction funding for Shilshole Bay Marina Multi-Use Customer Service Facilities (CIP #C800356) and Shilshole Bay Paving (CIP #C800355)

**Amount of this request:** \$2,900,000

**Total estimated project cost:** \$15,000,000

**ACTION REQUESTED**

Request Commission authorization for \$2,900,000 in additional construction funds to advertise a major works construction project for the Shilshole Bay Marina Customer Service Facilities and Paving projects for a total project authorization of \$15,000,000.

**EXECUTIVE SUMMARY**

The Shilshole Bay Marina Customer Service Facilities and Paving projects replace marina restrooms, laundry and shower facilities built in 1961, and rehabilitate pavement in poor and failing condition. This Commission previously authorized \$12.1 million to design and construct these improvements in November 2017.

Bids opened in July 2018 were 33 percent higher Engineer's Estimate for the construction scope of work. Analysis of the bids and discussions with bidders confirmed that the bids received accurately reflected market conditions and were not skewed by specific contract requirements such as phasing.

Staff spent several months developing and evaluating alternatives to proceed with the project in a way that would deliver maximum customer-service improvement, but better align the scope and project budget. The alternatives were also weighed against the feedback from moorage and business tenants collected during the individual and public engagement meetings held throughout design.

Staff recommends reducing the project scope and increasing the construction authorization by \$2.9 million for a revised total project estimate of \$15.0 million which includes a 15%

Meeting Date: February 26, 2019

construction contingency to account for market volatility. The project elements most directly benefiting tenants and customers would be preserved. This approach allows staff to use design and permits already obtained rather than slowing project delivery for new design and permits.

Examples of reduced scope include eliminating the conversion of the M2 and M5 buildings to storage/utility facilities, eliminating decorative LED external lighting, and deleting bike storage enhancements. Also, the planned ground-source heat pump system would be replaced with a more conventional, but equally efficient, air-source system. The paving project scope remains unchanged.

This project is budgeted in the 2019 CIP for \$11,461,000; any remaining shortfall in the final project cost will be funded through savings from two other projects.

### **JUSTIFICATION**

The current restroom facilities, built in 1961, are at the end of their useful life. In their current condition, Shilshole's restrooms do not adequately meet the needs of moorage tenants, commercial customers, and marina visitors who expect suitable and accessible facilities. In fact, these deteriorated facilities put Shilshole at a competitive disadvantage when compared to other local marinas. Similarly, the paving shows signs of distress and structural failure in some areas.

In response to Century Agenda environmental strategy and goals, Port staff worked to include sustainable design elements including stormwater improvements and solar photovoltaics. These improvements will reduce operating costs, while seeing significant environmental benefits.

Repairing and replacing these critical facilities with upgraded ones will ensure the competitiveness of Shilshole Bay Marina as a first-class facility in the Puget Sound region.

### **DETAILS**

#### ***Project Objectives***

The Customer Service Facilities project replaces the current facilities at Shilshole Bay Marina with new customer service buildings that include restrooms, showers, laundry facilities, and other tenant-use improvements to provide a level of service above what is currently provided. The Paving project extends the useful life of the pavement throughout the facility and repairs existing damage. Both projects incorporate feedback from moorage and business tenants collected during the individual and public engagement meetings.

#### ***Scope of Work***

The Customer Service Facility project scope consists of the construction of three new buildings. There will be two large, multi-use buildings (restroom, shower, and laundry) in the south and

Meeting Date: February 26, 2019

central areas of the marina, plus a smaller restroom/shower-only building at the north end of the facility. As part of the project, existing buildings M4, M5, and M6 will be demolished.

The South and Central buildings would have a footprint of approximately 2,700 square feet each and include separate ADA accessible men’s and women’s restrooms with toilet, sink, and shower areas, along with two family all-gender restrooms with shower facilities that will also be ADA accessible. These larger buildings incorporate tenant laundry areas larger than the existing facilities with room for further expansion as needed.

The North building would be approximately 700 square feet and include three individual all-gender restrooms and three shower facilities. Although consolidated into fewer buildings, the new facilities will significantly increase the number of showers over the existing configuration, and more than double the current laundry capacity. These were top priorities in outreach feedback.

The paving project scope consists of pavement replacement and/or overlay to address failed or failing areas along the entire length of the parking lot that were not replaced or rehabilitated during the 2005-2008 capital redevelopment of the marina site.

The current condition of the pavement throughout much of the site is poor, including some localized failed areas that will be replaced entirely. The majority of the site will be ground and overlaid with a 2.5-inch overlay of asphalt pavement that will be restriped.

***Diversity in Contracting***

This procurement will include a 14% WMBE aspirational goal and port staff is coordinating outreach efforts to maximize participation.

***Schedule***

A new bid package will be prepared as soon after authorization as possible and re-advertised, hopefully within six weeks. Target for start of construction is Q3 2019. The construction duration is still expected to be 6-8 months, with completion and opening of the facilities planned for Q2 2020. Paving work is highly weather dependent and so may stretch beyond the opening of the new buildings.

***Activity***

Commission additional construction authorization	2019 Quarter 1
Construction start	2019 Quarter 3
In-use date	2020 Quarter 2

Meeting Date: February 26, 2019

<b>Cost Breakdown</b>	<b>This Request</b>	<b>Total Project</b>
Design	\$0	\$1,600,000
Construction	\$2,900,000	13,400,000
Total	\$2,900,000	\$15,000,000

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

Staff spent several months developing and evaluating alternatives to proceed with the project in a way that would deliver maximum customer-service improvement, but better align the scope and project budget. Nineteen alternatives were identified by the project group, with nine warranting further review against weighted criteria including budget reduction, overall customer service level, impact to permitting and schedule, etc.

**Alternative 1** – Rebid the work as previously advertised with no scope reductions, include a 15% construction contingency (increased from 10%).

Cost Implications: Total project cost – \$16.3 million; additional funding required \$4.2 million

Pros:

- (1) Design is complete and ready to advertise.
- (2) Scope includes all elements previously discussed with tenants including improved bike facilities and all sustainability improvements.

Cons:

- (1) Significant increase in funding required.

This is not the recommended alternative.

**Alternative 2** – Cut scope to fit the existing authorization of \$12.1 million.

Cost Implications: Total project cost – \$12.1 million with no additional funding required

Several alternatives were considered that would cut the scope sufficiently to stay within the current construction authorization, including a significant reduction of restroom square footage, elimination of the laundry facilities, and the use of smaller modular buildings. All of these significantly reduced the level of service and fixture count from the planned improvements and in many cases to levels below what the current facilities offer.

Pros:

- (1) No additional funding required.

Cons:

- (1) Severely reduced scope/amenities/fixture counts.
- (2) Would require complete redesign and re-permitting, which would add at least an additional year or more to the project schedule.
- (3) All sustainability elements would be eliminated (solar and ground source heating).

This is not the recommended alternative.

Meeting Date: February 26, 2019

**Alternative 3** – Remove the North Restroom and other improvements from the scope, and request an additional \$750,000 authorization.

This alternative would remove the North Restroom (highest cost/square foot in the previous bid) from the bid plans and instead maintain the current M5 and M6 restrooms in the north end of the marina.

Cost Implications: Total project cost – \$12.85 million with additional authorization of \$750,000

Pros:

- (1) Provides most of the improvements of the original scope, cutting only the highest cost/square foot areas.
- (2) By keeping the current M6 online it would still provide facilities within easy walking distance of all areas (concern that led to the development of the North restroom).
- (3) Preserves laundry service (a top tenant request).
- (4) Uses most of the existing design.
- (5) Fixture counts minimally impacted.
- (6) Low schedule impact, some redesign, and expect to be able to use the existing permit with minor modifications.

Cons:

- (1) Requires additional authorization. Contingency kept at 10% to minimize this additional amount (which carries additional risk)
- (2) Some sustainability elements and other improvements removed to meet budget goal (geothermal, utility buildings, bike storage).
- (3) All new buildings and improvements favor the South end of the marina – North end keeps current outdated facility (even if remodeled later).

This is not the recommended alternative.

**Alternative 4** – Trim or defer non-essential improvements but keep the three main new restroom buildings

Cost Implications: Total project cost – \$15 million with additional authorization of \$2.9 million

Pros:

- (1) Provides most of the improvements of the original scope and all three main buildings. Closest to tenants' expectations while still reducing overall scope by over \$1 million.
- (2) Provides facilities within easy walking distance of all areas (concern that led to the development of the North restroom).
- (3) Preserves laundry service (a top tenant request).
- (4) Uses most of the existing design.
- (5) Fixture counts minimally impacted.
- (6) Low schedule impact, minimal redesign, and expect to be able to use the existing permit with minor modifications.

Meeting Date: February 26, 2019

Cons:

- (1) Requires additional authorization.
- (2) Some sustainability elements modified and other improvements removed to meet budget goal (geothermal, utility buildings, bike storage).

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

<b><i>Cost Estimate/Authorization Summary</i></b>	<b>Capital</b>	<b>Expense</b>	<b>Total</b>
<b>COST ESTIMATE</b>			
Original estimate	\$12,100,000	\$0	\$12,100,000
Current change	\$2,900,000	0	\$2,900,000
Revised estimate	\$15,000,000	0	\$15,000,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$12,100,000	0	\$12,100,000
Current request for authorization	\$2,900,000	0	\$2,900,000
Total authorizations, including this request	\$15,000,000	0	\$15,000,000
Remaining amount to be authorized	\$0	\$0	\$0

***Annual Budget Status and Source of Funds***

The Shilshole Bay Marina Customer Service Facilities and Paving projects are included in the 2019 Plan of Finance under CIP C800356 for Shilshole Bay Marina Multi-Use Customer Service Facilities and CIP C800355 Shilshole Bay Marina Paving, for a total amount of \$11,461,000. The remaining shortfall of \$3,539,000 will be funded by a combination of savings from underspending for CIP C800531 FT Docks 3, 4, and 5 Fixed Pier Improvements and CIP C800002 Maritime Division Contingency.

This project will be funded by the General Fund.

***Financial Analysis and Summary***

Project cost for analysis	\$15,000,000
Business Unit (BU)	Recreational Boating
Effect on business performance (NOI after depreciation)	<i>This project will support/maintain current moorage revenue at SBM. Incremental depreciation expense from the Customer Service Facility project is estimated at \$430,000 per year, based on a 30-year asset life. Incremental depreciation expense from the Paving project is estimated at \$105,000 per year, based on a 20-year asset life. NOI after Depreciation will decrease by the associated depreciation from this project.</i>
IRR/NPV (if relevant)	<i>The NPV is present value of the project cost</i>
CPE Impact	N/A

Meeting Date: February 26, 2019

***Future Revenues and Expenses (Total cost of ownership)***

No future revenues are anticipated as a result of this project.

**ADDITIONAL BACKGROUND**

In 2006-2008 the Port made significant investments to upgrade the facilities at Shilshole Bay Marina. New docks were installed throughout the marina, a new administration building was constructed to replace the aging and seismically unsafe building, and some landside improvements were also made, including replacement of the M7 restroom at the north end of the marina.

However, due to budget constraints at the time, several components of the original capital redevelopment plan were not completed, including the replacement of the restroom and laundry facilities and replacement or overlay of the North and South parking areas.

Instead, these two projects were added to the capital plan to address the oldest parts of the facility and to respond to the marina customers' top request of improved restrooms, showers, and laundry facilities.

During the planning phase of the projects, it was identified that a single major works contract would accommodate the scope of both projects and provide efficiencies in both contracting and construction management. This single contract approach remains the current plan.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

November 14, 2017 – The Commission authorized construction funding request.

September 27, 2016 – The Commission authorized additional design funding request.

January 6, 2015 – The Commission authorized the Design request.

September 30, 2014 – Design Authorization request - Tabled