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Small construction mistake at Port of Seattle may cost \$1 million

By **Bob Young**
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A small mistake at the Port of Seattle is going to cost a lot, perhaps about \$1 million.



DANIEL HOUGHTON / THE SEATTLE TIMES
Tenant SSA Marine took occupancy Monday at Terminal 30, two months later than planned because a trench was built too narrow for the cranes' electrical cable.

The problem is 2/100ths of an inch, and it delayed the opening of a celebrated project by two months.

The Port constructed a new cargo terminal on the Seattle waterfront and dug a trench to hold the electrical cable for cranes that lift containers from ships.

The new trench, built by contractor BergerABAM, is narrower than it should be, so the cable doesn't fit.

"Clearly the contractor should've built the trench at 2.52 inches and it's 2.5," said Port Commission President Bill Bryant.

The cost of a new narrower cable is about \$200,000. Because the mistake delayed the opening of Terminal 30, the Port is considering a rent credit for tenant SSA Marine that might exceed \$1 million.

Port Commissioner John Creighton called the proposed solution "the best course forward out of a bad situation."

Who is liable for what share of the cost remains a topic of negotiations among the Port, BergerABAM and SSA Marine.

Bryant said the commission hopes to get some answers at a meeting next Tuesday.

Although the Port failed to notice the contractor's error, that does not relieve the contractor of responsibility, according to Ralph Graves, head of the Port's capital-development division.

A spokesman for BergerABAM declined an interview.

"I don't think there's much we can say at this point beyond that we've been in discussions with the Port on how best to resolve the situation," spokesman Elmer Ozolin said.

The problem was discovered in April when SSA moved three large cranes to Terminal 30, south of Safeco Field.

Terminal 30 had been converted into a temporary cruise-ship facility in 2002 at a cost of \$16 million. But as cargo trade with China boomed, Port officials wanted to move the cruise-ship berth north to Smith Cove's Terminal 91 near the Magnolia Bridge.

Under that plan, Terminal 30 was turned into a \$50 million, 70-acre berth for the world's largest container ships, while Terminal 91 became a \$72 million home for two cruise-ship berths.

Terminal 30 will serve two shipping lines, Matson and China Shipping, and was touted as a new 30-year home for China Shipping's Pacific Northwest operations.

The trench mistake left the Port with two choices: build a larger trench or get a smaller cable. The 2.52-inch high-voltage cable couldn't be safely jammed into a smaller space, Graves said.

A bigger trench would've cost \$500,000, according to Graves, and was complicated because it would involve removal of steel that lines the trench.

The Port and SSA decided to order a smaller 2-inch cable from Italy and installed it.

SSA took legal occupancy of the terminal Monday and started to stack containers on the pier for export.

"We're up and operating now and will service our first ship Sunday," SSA spokesman Bob Watters said.

That amounts to a two-month delay on the project, which had been celebrated with a ribbon-cutting in May attended by U.S. Commerce Secretary Gary Locke and Li Shaode, president of China Shipping.

SSA will pay \$20,000 a day in rent to the Port once its 30-year lease kicks in, Port spokeswoman Charla Skaggs said. But that amount is for both Terminal 30 and adjacent Terminal 25.

When SSA couldn't power the cranes, which serve both terminals, it argued the whole area was rendered unusable.

The Port and SSA are still discussing whether the company should get a rent deferral for the full \$20,000 a day or something less. Skaggs said \$20,000 would be a "worst case" scenario.

But the Port does plan to give SSA a rent deferral and it could be about \$1 million, Bryant said.

Even then, Bryant stressed, the Port would collect the same amount from SSA in the end.

While SSA will pay less this year because its lease will start two months late, the deal will still run 30 years and the company will end up paying the same amount of total rent, he said.

Still, the Port will lose money for two months this summer — money that can never be regained, said one group that monitors Port labor and environmental practices.

"The Port let Terminal 30 sit around as an unproductive asset for two extra months, taking money from the taxpayers and the people who work on the docks," said Heather Weiner, a spokeswoman for King County Citizens for Port Reform, a political group funded by labor unions, including the Teamsters and International Longshore and Warehouse Union.

Bryant said that remains to be seen.

"We need to get a summary on all of this," he said. "How did the mistake occur? Who's at fault? What are the damages? And how is money going to be recovered?"

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