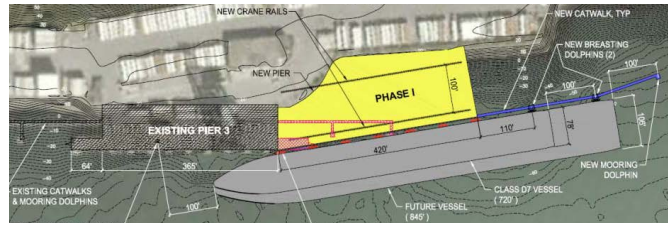


Kodiak Pier III

PROJECT STATUS UPDATE
JANUARY 2014



Project Update



Design Development - PND Engineers submitted 95% design drawings in mid-December 2013, which were reviewed by the project team. Draft Specifications were provided in January. 100% Documents are being developed for bidding. Changes include additional pile optimizations and other value engineering items to lower costs. A third party preliminary construction cost estimate was performed which indicated construction costs were within budget. A number of factors contributed to this cost reduction including design optimization, certain owner provided materials, identification of an alternative budget source for the flywheel and use of alternates.

Contractor Selection - A Request for Qualifications (RFQ) for Construction Services was published on December 27, 2013, with qualification packages submitted January 27, 2014. The RFQ responses were received and a shortlist of five qualified contractors will be invited to submit competitive bids. Council award action for the contractor is anticipated in mid-March. While feedback was mixed, a majority of contractors in the RFQ process recommended relaxation of the schedule requirements. The Substantial Completion date has been extended to June 30, 2015.

Material Procurement - Three bids were received for Pipe Pile and Sheet Pile material procurement. Council award is scheduled for February 21, 2014. Materials will be staged in Seattle for turnover to the General Contractor.

Crane and Electric Power - The draft agreement between KEA, the City and Horizon Lines is being submitted for Council February 13, 2014 approval. Delivery timing for Horizon's 100-gauge crane has been resequenced for after July 1, 2015. The KEA flywheel structure is being re-sited on the town side of the new bulkhead on City land to minimize project permitting risks and reduce working yard circulation obstructions.

Permits - Federal in-water permitting applications are currently under review by resource agencies. A Biological Assessment was submitted. Proposed stipulations to address resource agency concerns have been provided. Certain pile driving restrictions are expected in the May/June timeframe to address concerns regarding juvenile salmon. The Project team has met with the USACE, NMFS, and USFWS and focus is being placed on this area to minimize potential schedule impacts.

Tenant Agreements - The City extended the existing agreements with Horizon Lines for the Warehouse Lease, Terminal Operation and Preferential Use Agreements on a monthly basis, pending execution of new agreements.

Achievements

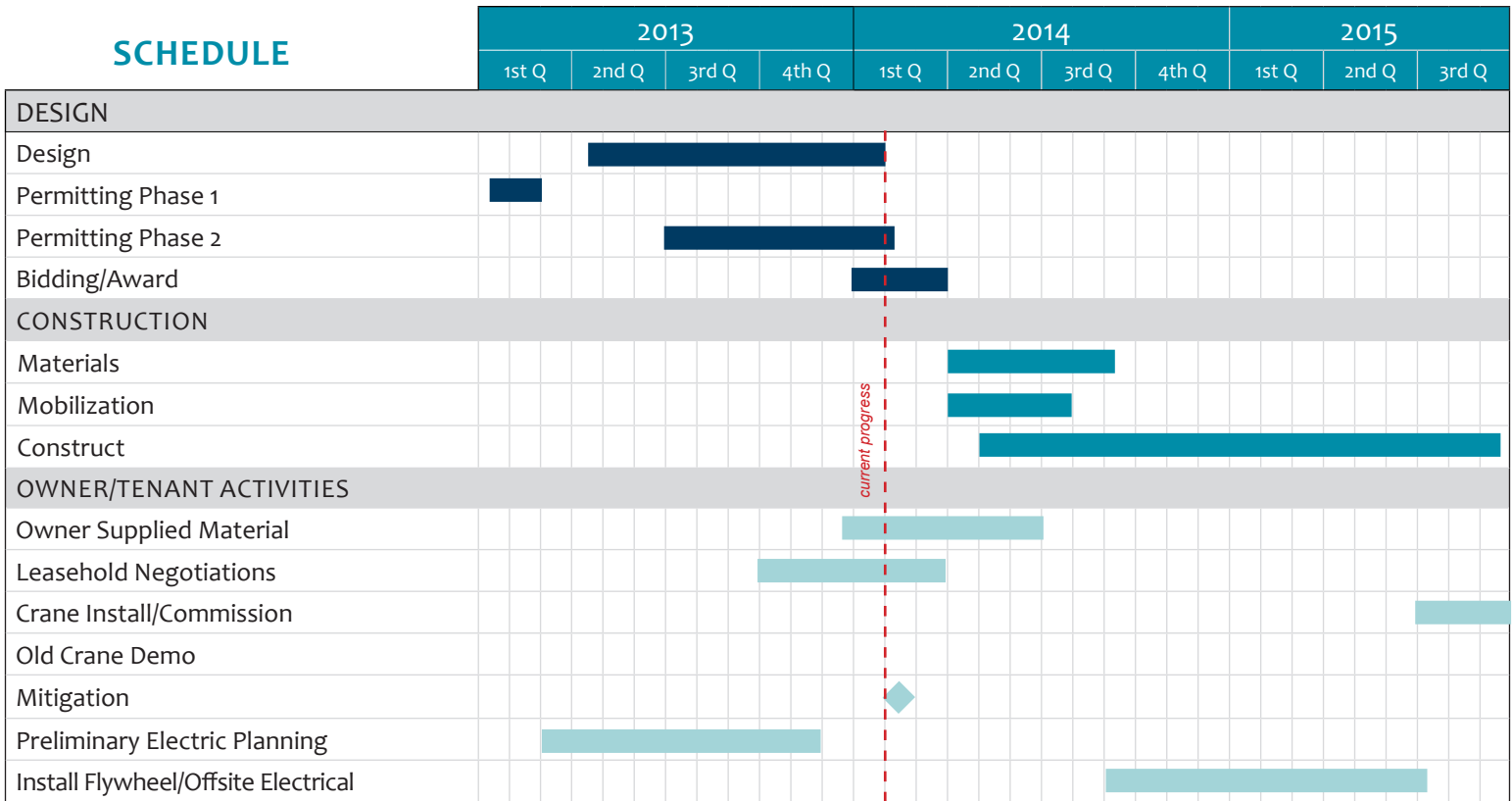
- Issued RFQ for Construction Services
- Received bids for Pipe Pile and Sheet Pile Material Procurement
- Finalized KEA/COK/Horizon agreement
- Obtained sewer permit from ADOT
- Coordinated with USACE, NMFS, USFWS on federal in-water permits
- Prepared and Submitted Biological Assessment to federal resource agencies
- Completed Pillar Mountain Slope evaluation
- Extended Horizon operations agreements

Future Milestones

- Finalize 100% design drawings
- Receive electrical permit
- Secure federal in-water permit
- Issue IFB (Bidding) documents to five pre-qualified and shortlisted firms for bidding
- Review bids for Pipe Pile and Sheet Pile
- Start negotiations with Horizon Lines for 3 operating agreements



SCHEDULE



BUDGET

The total project budget, inclusive of all soft, owner supplied materials and construction costs, is \$33.5M. Below is a detailed budget break down of the design and administration costs. The Construction Budget components will be added after bidding and awarding the project in March.

	Draft Budget	Estimate at Completion	Obligations	Spent (as of 1/30/14)
DESIGN				
Wave Modeling	\$64,000	\$64,000	\$63,348	\$63,348
Geotech	\$348,000	\$348,000	\$347,683	\$347,683
Survey	\$31,000	\$31,000	\$30,600	\$30,600
Design	\$691,000	\$691,000	\$690,210	\$658,586
Permitting	\$111,000	\$111,000	\$110,155	\$67,685
Const. Admin.	\$1,000,000	\$1,000,000	996,021	
Subtotal Design	\$2,245,000	\$2,245,000	\$2,238,017	\$1,167,902
ADMINISTRATION				
City	\$50,000	\$50,000	\$13,141	\$13,141
Professional Services	\$625,000	\$625,000	\$623,509	\$234,566
Legal	\$20,000	\$20,000	\$4,592	\$4,592
Other	\$30,000	\$30,000	\$2,108	\$2,108
Subtotal Administration	\$725,000	\$725,000	\$643,350	\$254,407



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