

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.	<u>3G</u>
Date of Meeting	<u>March 2, 2021</u>

DATE: February 17, 2021

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Tom Bellerud, Director, Business Development

Project Manager: Hughes Wike, Engineering Project Manager II

SUBJECT: Washington United Terminals (WUT) Crane Power Addition Project

A. ACTION REQUESTED

As referenced in NWSA Resolution No. 2020-02, Exhibit A, Delegation of Authority Master Policy, Paragraph 8.c.iii., states project costs exceeding \$300,000 require approval from Managing Members.

Request construction authorization in the amount \$320,000, for a total authorized amount of \$520,000, for work associated with the Washington United Terminals (WUT) Crane Power Addition Project, Master Identification No. 201110.01.

B. BACKGROUND

Washington United Terminals, Inc. is a lessee of the NWSA which operates a marine terminal facility of more than 100 acres adjacent to the West Blair Terminal Pier in the NWSA South Harbor. Under the current lease agreement, the NWSA is responsible for providing three berths, crane rails, and electrical power supply sufficient for a total of nine (9) container cranes.

The original terminal was constructed in the late-1990s including two berths, crane rails, and power supply sufficient for a total of six (6) container cranes. A third berth was subsequently constructed including crane rails and spare electrical vaults; however, these vaults are not currently connected to the terminal's electrical distribution system. The objective of this project is to complete the connections to three of these vaults, thus increasing the number of functional crane power vaults to nine.

As described in greater detail in Section C, the proposed scope of work includes extension of the WUT electrical distribution system to provide power sufficient for three additional container cranes; two 13.8KV cranes and one 5KV crane. The majority of project materials and equipment will be new; however, one used power transformer will be installed as well. This transformer will be relocated from the Husky Terminal where it originally served container

cranes. Following demolition and removal of the subject cranes in late-2020, the power transformer is no longer needed for use on Husky.

C. PROJECT DESCRIPTION AND DETAILS

Project Objective

The objective of this project is to provide electrical power supply sufficient for three additional container cranes on Washington United Terminals.

Scope of Work

The scope of work will include:

- Design and specifications for public works contracting
- Project and construction management
- Advertisement and award of construction contract
- Asphalt concrete demolition/restoration and excavation
- Relocation of one existing 13.8KV/4.16KV transformer from Husky Terminal to WUT Substation #4
- Concrete pad construction for relocated crane power transformer
- Installation of relocated transformer and new conduit, cabling, and electrical protection/isolation devices
- Testing and commissioning of all electrical equipment and cabling

Scope of Work for this Request

Authorization for this project includes all tasks necessary for the completion of the construction stage, including the use of internal and external engineering services, construction, and procurement.

Schedule

Bid Advertisement	March 2021
Bid Opening	April 2021
Contract Award	April 2021
Substantial Completion	Q3 2021

D. FINANCIAL IMPLICATIONS

Estimated Cost of Project

The total project cost including all stages is estimated at \$520,000.

Estimated Cost for This Request

The total estimated cost of construction for this project is \$346,075. If the cost of this estimate is anticipated to exceed the authorized amount, additional Managing Member authorization will be requested.

Estimated Sales Tax

The total estimated sales tax to be paid to local and state governments for this project is \$21,729.

Project Cost Details

Phase	This Request	Total Previous Requests	Total Project Cost	Cost to Date	Remaining Cost
Design	\$0	\$200,000	\$173,925	\$128,198	\$45,727
Construction	\$320,000	\$0	\$346,075	\$0	\$346,075
Total	\$320,000	\$200,000	\$520,000	\$128,198	\$391,802

Source of Funds

The current Capital Improvement Plan (CIP) Budget allocates \$520,000 for this project.

Financial Impact

Project costs will be capitalized and depreciated over an estimated useful life of 20 years, resulting in annual depreciation expense of \$26,000. Depreciation expense for 2021 will be approximately \$6,500 based on a substantial completion date of September 2021.

The WUT container terminal and intermodal yard provide approximately \$9.6 million in revenue annually to the NWSA.

E. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1) Do Nothing. Washington United Terminals would continue operation with a total of six active container cranes. This path forward would likely raise a dispute with the tenant over lease obligations to provide crane power for up to nine cranes.

Alternative 2) Provide power for three additional container cranes. This would allow up to nine active container cranes on the terminal and would increase operational capacity and flexibility. Additionally, this repurposes a Port transformer that would otherwise remain unused on Husky Terminal.

Alternative 2 is the recommended course.

F. ENVIRONMENTAL IMPACTS/REVIEW

Permitting: Contractor will obtain an over-the-counter (OTC) construction permit. A Shoreline Substantial Development Permit is not required for this action.

Remediation: N/A

Stormwater: Stormwater Best Management Practices (BMPs) will be developed and implemented to prevent erosion and/or sediment-laden water from leaving the project site. A project-specific Stormwater Pollution Prevention Plan (SWPPP) will be developed as part of the requirements set forth in the Port of Tacoma's MS4 program.

Air Quality: N/A

G. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation.

H. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
August 17, 2020	Executive Authorization	\$170,000
May 5, 2020	Executive Authorization	\$30,000
September 20, 2012	POT Commission Authorization – Port CEO to sign the Amended and Restated LOA with WUT	
April 3, 2008	POT Commission Authorization – First Amendment to the LOA between the Port of Tacoma and WUT	
April 1, 1997	POT Commission Authorization – Lease and Operating Agreement (LOA) between the Port of Tacoma and Hyundai Merchant Marine (America) Inc. for terminal facilities at West Blair Terminal site	
TOTAL		\$200,000



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Date of Meeting: March 2, 2021

Project Authorization For WUT Crane Power Addition

Presenter: Hughes Wike
Engineering Project Manager II

Project Authorization

WUT Crane Power Addition

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Request project authorization in the amount \$320,000, for a total authorized amount of \$520,000, for the Washington United Terminals (WUT) Crane Power Addition Project, Master Identification No. 201110.01.



Washington United Terminal Layout



Background

WUT Crane Power Addition Project

- Washington United Terminals, Inc. is a lessee of the NWSA who operates a marine terminal facility of more than 100 acres adjacent to the West Blair Terminal Pier in the NWSA South Harbor.
- Under the current lease agreement, the NWSA is responsible for providing three berths, crane rails, and electrical power supply sufficient for a total of (9) container cranes.



Background

WUT Crane Power Addition Project

PROBLEM

- Electrical distribution system provides power to only six crane power vaults. This configuration does not meet current lease obligations.
- Three spare crane power vaults are available, but not currently connected to the electrical system.

PROJECT OBJECTIVE

- The objective of this project is to achieve continued compliance with NWSA lease obligations by providing electrical power supply sufficient for three additional container cranes on Washington United Terminal.

Current Conditions

WUT Crane Power Addition Project



Current Conditions

WUT Crane Power Addition Project



Project Description and Details

WUT Crane Power Addition Project

- **The scope of work includes the following:**
 - Design and specifications for public works contracting
 - Project and construction management
 - Advertisement and award of construction contract
 - Asphalt concrete demolition/restoration and excavation
 - Relocation of one existing 13.8KV/4.16KV transformer from Husky Terminal to WUT Substation #4
 - Concrete pad construction for relocated crane power transformer
 - Installation of relocated transformer and new conduit, cabling, and electrical protection/isolation devices
 - Testing and commissioning of all electrical equipment and cabling



Project Schedule

WUT Crane Power Addition Project

Activity	Timeframe
Bid Advertisement	March 2021
Bid Opening	April 2021
Contract Award	April 2021
Substantial Completion	Q3 2021



Source of Funds

WUT Crane Power Addition Project

- The estimated cost of construction for this project is \$346,075.
- The estimated budget for this project is \$520,000.
- The current Capital Investment Plan (CIP) allocates \$520,000 for this project.
- This work and associated budget is consistent with the NWSA valuation.

Project Benefit

WUT Crane Power Addition Project

- Meets current lease obligations.
- Increases WUT's operational capacity and flexibility.
- Repurposes Port transformer that would otherwise remain unused on Husky Terminal.



Financial Summary

WUT Crane Power Addition Project

Phase	This Request	Total Previous Requests	Total Project Cost	Cost to Date	Remaining Cost
Design	\$0	\$200,000	\$173,925	\$128,198	\$45,727
Construction	\$320,000	\$0	\$346,075	\$0	\$346,075
Total	\$320,000	\$200,000	\$520,000	\$128,198	\$391,802



Environmental Impacts/Review

WUT Crane Power Addition Project

Permitting: Contractor will obtain an over-the-counter construction permit. A Shoreline Substantial Development Permit is not required for this action.

Remediation: N/A

Stormwater: Stormwater Best Management Practices (BMPs) and project-specific Stormwater Pollution Prevention Plan (SWPPP) will be developed and implemented.

Air Quality: N/A

Conclusion

WUT Crane Power Addition Project

Request project authorization in the amount of \$320,000, for a total authorized amount of \$520,000, for the WUT Crane Power Addition Project, Master Identification No. 201110.01.

