

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
STAFF BRIEFING

Item No.: 10B

Date of Meeting: February 7, 2023

DATE: February 7, 2023
TO: Managing Members
FROM: John Wolfe, CEO

Project Managers: Ryan McFarland, Senior Manager of Government Affairs and
Deirdre Wilson, Senior Planning Manager

SUBJECT: Staff Briefing on External Funding Strategy – Grants, Earmarks, and Harbor
Maintenance Tax (HMT)

A. Briefing Requested

The purpose of this memo is to review 2022 grant activity and share the steps staff are taking to take advantage of federal and other funding opportunities ahead in 2023.

B. 2022 Grants Overview

In 2022 the Grant Program advanced several applications. The table below provides a summary of those applications and the current status. This work builds on prior year applications, many of which are still pending.

2022 Grants Overview					
Grant Opportunity	Funding Source	Project	Amount of request	Funds awarded?	Agreement status
Port Infrastructure Development Program (PIDP)	Federal	T5 Export, Expansion, and Emissions Reduction	\$17M	Yes	In progress
National Highway Freight Program (NHFP)	Federal	T5 Truck Gate Complex	\$1.75M	Yes	In progress
Congestion Mitigation Air Quality (CMAQ)	Regional	ZE Cargo Handling Equipment	\$4M	No	N/A
Congestion Mitigation Air Quality (CMAQ)	Regional	Drayage Pilot	\$3M	Yes	In progress
Remedial Action Grant (RAG)	State	Arkema Manufacturing Area Cleanup (PoT)	\$5M	No	N/A
Flood Risk Reduction and Watershed Management Economic Stimulus Grant	Local	Tideflats Stormwater Comprehensive Plan (PoT)	\$125,000	Yes	In progress

2022 Grants Overview					
Grant Opportunity	Funding Source	Project	Amount of request	Funds awarded?	Agreement status
Flood Risk Reduction and Watershed Management Economic Stimulus Grant	Local	Drainage District 23 Tide Gate Replacement	\$500,000	No	N/A
Industrial Site Readiness	State	Early Business Center Master Plan (PoT)	\$350,000	No	N/A
Puget Sound National Estuary Program	State	Wapato Creek Culvert Outfall Alternatives Analysis (PoT)	\$600,000	Decision pending	
Note: (PoT) references are included for projects that support NWSA facilities.					

C. External Funding Strategy

Our strategy covers grant opportunities at all levels, from local to federal. However, much of our focus is on federal grant programs due to the nature and cost of our projects. Consideration of projects is rooted in a project list matched with potential funding options using information available from the capital investment plan (CIP), Coordinated Course materials, and conversations with partner agencies. We update the project list regularly to reflect new priorities, project readiness, and available funding options – and vet with all disciplines within the organization.

Every other month the Grant Steering Committee (GSC) meets so staff can update executive leadership staff on recent and upcoming grant activity. The GSC is an NWSA and Port of Tacoma joint process and meetings include staff from the Port of Seattle finance team to make sure information is shared across the organization. Approval of the GSC is a required step before grant applications are submitted. Following those meetings, a recap of the meeting is sent to the managing members in the weekly electronic mail communication.

Funding cycles for several major federal infrastructure grants such as PIDP, INFRA/MEGA, and RAISE are open now or are expected soon. Staff have developed the following package of Tacoma Harbor project components for these FY23 infrastructure grant opportunities:

- Husky Terminal
 - Berth deepening (\$5 M)
 - Terminal optimization and expansion, including new reefer racks, demolition of the Marine Tower, and relocating the Customs & Border Patrol Radiation Portal Monitor (RPM) to East Sitcum Terminal (\$31 M)
 - Relocation of rail and straddle carrier operations (\$TBD)
 - Relocation of main entry control point and new gate (\$TBD)
 - Port property acquisition (\$TBD)

- Washington United Terminal (WUT)
 - Berth deepening (\$4.6 M)

- Pierce County Terminal (PCT)
 - Additional reefers (\$6 M)
 - Pavement Repairs (\$25+ M)

- Arkema
 - Interim Action Cleanup and Property Redevelopment (capping and redevelopment of 24-acre site, and slurry wall construction) (\$30-\$50 M)

See Attachment 1 for additional information and analysis about the most pertinent federal grant programs.

2023 NWSA External Funding Strategy		
PRIORITY	PROJECT IDEAS	FUNDING TO EXPLORE
*****	Husky Terminal <ul style="list-style-type: none"> – Zero Emission Cargo Handling Equipment (CHE) infrastructure (tenant support) – Terminal optimization and expansion with some property acquisition along 11th St. – Berth deepening – Relocate North Intermodal (NIM) rail and straddle carrier operations – Additional reefers (plug in for refrigerated containers) – New gate – Relocate existing entry control point – Electric rubber-tired gantries (RTGs) – LED lighting – Electrification infrastructure upgrades 	<ul style="list-style-type: none"> ▪ Port Infrastructure Development Program (PIDP) ▪ Infrastructure for Rebuilding America (INFRA) ▪ Consolidated Rail Infrastructure and Safety Improvement (CRISI) ▪ Diesel Emissions Reduction Act (DERA) ▪ National Infrastructure Project Assistance Program (Mega)
*****	Northwest Ports Clean Air Strategy Implementation <ul style="list-style-type: none"> – Drayage truck pilot – Energy efficiency projects – Electric yard trucks and handling equipment – Electric vehicle charging infrastructure – Shore power infrastructure 	<ul style="list-style-type: none"> ▪ Diesel Emissions Reduction Act (DERA)) ▪ Congestion Mitigation and Air Quality (CMAQ) ▪ State transportation and operating budgets
*****	Terminal 18 <ul style="list-style-type: none"> – Shore power construction – Improve truck gate – Railyard expansion – Zero Emission Cargo Handling Equipment (CHE) infrastructure (tenant support) – Maintenance dredging, dock rehab design, bollard replacement (HMT eligible) 	<ul style="list-style-type: none"> ▪ Infrastructure for Rebuilding America (INFRA) grants ▪ Congestion Mitigation and Air Quality (CMAQ) ▪ Diesel Emissions Reduction Act (DERA) ▪ Inflation Reduction Act (IRA) ▪ State transportation and operating budgets

2023 NWSA External Funding Strategy		
PRIORITY	PROJECT IDEAS	FUNDING TO EXPLORE
****	Arkema (PoT) - Cleanup - Interim Remedial Action Cap to allow for development	<ul style="list-style-type: none"> ▪ Port Infrastructure Development Program (PIDP) ▪ EPA Brownfields grants ▪ Remedial Action Grant (RAG)
****	Terminal 5 - Zero Emission Cargo Handling Equipment (CHE) and infrastructure (tenant support)	<ul style="list-style-type: none"> ▪ Congestion Mitigation and Air Quality (CMAQ) ▪ Grants to Reduce Air Pollution at Ports (forthcoming; EPA)
****	Terminal 7 - Toe wall, Berth C cleat replacement, East Sitcum Pile Cap Repairs (HMT eligible)	
****	Terminal 46 - Maintenance dredging, S wharf rehab, and SE, N, NW bulkheads (HMT eligible)	
****	Washington United Terminal (WUT) - Berth Deepening - Purchase new cranes (tenant improvement) - Shore power - Yard expansion - Toe wall (HMT eligible)	<ul style="list-style-type: none"> ▪ Port Infrastructure Development Program (PIDP) ▪ Infrastructure for Rebuilding America (INFRA) ▪ Diesel Emissions Reduction Act (DERA)
****	Pierce County Terminal (PCT) - Reefer expansion - Energy efficiency project - Terminal connection over Wapato Creek (replace culvert with bridge) - Charging infrastructure for trucks (at Portac) - Paving - LED Lighting - Maintenance dredging and fender repairs (HMT eligible)	<ul style="list-style-type: none"> ▪ Port Infrastructure Development Program (PIDP) ▪ Building Resilient Infrastructure and Communities (BRIC) ▪ Grants for charging and fueling infrastructure ▪ Earmarks ▪ Diesel Emissions Reduction Act (DERA) ▪ FHWA Culvert AOP ▪ PROTECT (FHWA) ▪ FEMA resilience grants
***	Terminal 25 south - Stormwater upgrades - Elevate portions of site to remove them from the floodplain - Truck parking and charging infrastructure	<ul style="list-style-type: none"> ▪ Congestion Mitigation and Air Quality (CMAQ) ▪ Grants for charging and fueling infrastructure ▪ Diesel Emissions Reduction Act (DERA) ▪ Federal Highway Admin (FHWA) formula and discretionary grant programs
**	West Sitcum Terminal - Energy efficiency project (infrastructure, lighting, building upgrades)	<ul style="list-style-type: none"> ▪ Marine Highways Program ▪ Diesel Emissions Reduction Act (DERA)

2023 NWSA External Funding Strategy		
PRIORITY	PROJECT IDEAS	FUNDING TO EXPLORE
	<ul style="list-style-type: none"> - Electric yard trucks (tenant support) - Site clean-up (underground) - Shoreline repairs - Substation repairs/upgrades 	
**	TOTE Terminal <ul style="list-style-type: none"> - Energy efficiency project (infrastructure, lighting, building upgrades) - Electric yard trucks (tenant support) - Berth maintenance dredging (HMT eligible) 	<ul style="list-style-type: none"> ▪ Diesel Emissions Reduction Act (DERA) ▪ America’s Marine Highways Program (AMH)
**	Terminal 30 <ul style="list-style-type: none"> - Maintenance dredging (HMT eligible) 	
*	Terminal 115 <ul style="list-style-type: none"> - Wharf rehab (Tenant Improvement) 	<ul style="list-style-type: none"> ▪ America’s Marine Highways Program (AMH)
TBD	Partner Project examples <ul style="list-style-type: none"> - Tacoma Rail track improvements and locomotive repower/replace - Fishing Wars Memorial bridge - Heavy haul routes - Off-dock support and inland rail development - Property clean-up - Jack Block Park - T25S habitat site - Gog-le-hi-te wetland III habitat restoration - Saltchuk habitat restoration 	<ul style="list-style-type: none"> ▪ Consolidated Rail Infrastructure and Safety Improvement (CRISI) ▪ Infrastructure for Rebuilding America (INFRA) ▪ Rebuilding Americas Infrastructure w/ Sustainability & Equity (RAISE) ▪ Ecology Remedial Action Grant Program ▪ Remedial Action Grants (RAG) ▪ Surface Transportation Program (STP) ▪ Freight Mobility Strategic Investment Board (FMSIB) ▪ Building Resilient Infrastructure and Communities (BRIC) ▪ Freight Rail Investment Bank (FRIB) ▪ Freight Rail Assistance Program (FRAP)

D. State Funding Overview

Since the formation of the Alliance in 2015, the State of Washington has invested \$13,145,000 directly in Alliance projects. See Attachment 2, which breaks down funding into direct investments to the NWSA as well as investments in NWSA priorities. The first category consists of projects for which NWSA received funding directly from the State of Washington. The second category includes state investments in projects that were priorities for the NWSA, but for which the Alliance was not the project sponsor (e.g., Puget Sound Gateway). A third category of projects that, while not the NWSA’s top priorities, provide benefit to marine cargo flowing to and from the NWSA (e.g., I-90 Snoqualmie Pass improvements, which support agricultural exports coming to the two harbors). This list includes items specifically called out in state budgets but does not include competitive grants that homeport or Alliance departments may have applied for (e.g., stormwater grants).

E. Harbor Maintenance Tax Trust Fund

In 2020 the NWSA and several other ports achieved major reforms to the Harbor Maintenance Tax (HMT). “Donor Ports” such as the ports of Seattle and Tacoma that generate significant HMT revenue but receive very little funds for maintenance in return, will now receive 8% of annual HMT appropriations, allocated to each port based on a formula tied to amount of tax generated. This program, accompanied by the Section 2106 donor and energy transfer ports program, is expected to return between \$18 and \$22 million each to the ports of Seattle and Tacoma every year. The exact amounts for FY 2023 will be confirmed pending the release of the USACE’s FY23 Work Plan (expected in March). The inclusion of the two homeports in the HMT program, versus using just the NWSA for the gateway, results in approximately \$14 million more per year in funds being available. This strategy does require that the HMT funds generated in the harbor be spent on homeport or NWSA projects in that harbor only.

2022 / 2023 NWSA HMT Eligible Projects (\$ in thousands)	
WUT maintenance dredging	\$100
WUT fender system replacement	\$1,744
Pier 3 & 4 maintenance dredging	\$100
PCT maintenance dredging	\$351
PCT fender repairs	\$46
PCT fender replacement	\$2,600
T7 Berth D fender repairs	\$259
Pony Lumber dock repairs	\$400
Tote Berth maintenance dredging	\$200
Blair dock cleat replacement	\$301
T7 Berth C cleat replacement	\$395
T18 full dock rehab design	\$2,000
T18 bollard replacement	\$935
T18 north bull rail and structural repairs	\$880
T18 maintenance dredging	\$480
T30 maintenance dredging	\$480
T46 N & NW bulkhead replacement	\$400
T46 SE bulkhead replacement	\$247
T46 South concrete deck replacement	\$806
T46 maintenance dredging	\$550
Total	\$13,274

These funds must be used for specific purposes enumerated in the legislation, such as maintenance dredging of berths, in-water improvements such as reinforcement or repair of a wharf and dredging and disposal of legacy-contaminated material unsuitable for open water disposal. Staff have developed a preliminary list of eligible projects for the NWSA for the next several years (2022 and 2023 shown below) of HMT funding distribution, many of which will help support growth opportunities in both harbors while eliminating the burden of needing to seek nationally competitive funds. The homeports have their own list of projects. The use of homeport HMT for NWSA projects, including a policy for NWSA use HMT funds going forward, are expected to be addressed in the March 2023 Managing Member meeting.

F. NEXT STEPS

The use of homeport HMT for NWSA projects is expected to be addressed during the March 2023 managing member meeting. Staff will brief commissioners at a retreat in August 2023 and incorporate our work on grants into related efforts on the Investment Development Decision Process (IDDP), the Coordinated Course 2035 visioning, the Capital Investment Plan (CIP), and upcoming budget cycles.

G. ATTACHMENTS

Attachment 1 – Overview and Analysis of Federal Grant Programs

Attachment 2 – Washington State Investments 2015-2022