

**THE NORTHWEST SEAPORT ALLIANCE**  
**MEMORANDUM**

**MANAGING MEMBERS**  
**ACTION ITEM**

**Item No.:** 9C  
**Meeting Date:** December 3, 2024

**DATE:** November 25, 2024  
**TO:** Managing Members  
**FROM:** John Wolfe, CEO

**Sponsor: Tong Zhu, Chief Commercial & Strategy Officer**  
**Project Manager: Norman Gilbert, Engineering Project Manager II**

**SUBJECT:** Husky and WUT Berth Deepening Design Project Authorization

**A. ACTION REQUESTED**

Request the Managing Members grant project authorization in the amount of \$1,500,000, for a total authorized amount of \$3,075,000, for work associated with the Husky Berth Deepening Project, Project Identification No. 201169.01.

Request the Managing Members grant project authorization in the amount of \$1,470,000, for a total authorized amount of \$3,465,000, for work associated with the Washington United Terminals (WUT) Berth Deepening Project, Project Identification No. 201166.01.

Request Port of Tacoma (Port) Commissioners dedicate Section 2106 / Harbor Maintenance Tax (HMT) funds to fund the full eligible costs of this design request, estimated at a total of \$2.6 million.

**B. SYNOPSIS**

In August 2018, The Northwest Seaport Alliance (NWSA) signed an agreement with the US Army Corps of Engineers (Corps) to conduct a feasibility study for deepening the Blair Waterway navigation channel in Tacoma. That study was completed May 2022 with a signed Chief's Report and recommendation that the project move forward. Congress authorized the project and approved funding December 2022. Port of Tacoma and Corps staff are currently in the process of advancing the waterway deepening project. Shortly after and in preparation of the waterway deepening, staff initiated the effort to deepen the berthing areas in front of Husky Terminal and Washington United Terminals at the South Harbor. This request is for the advancement of that design effort.

## **C. BACKGROUND**

Container ships are getting much larger. Previously ships generally carried a few thousand twenty-foot equivalent units (TEUs). Now ships are calling the Puget Sound gateway that are often twelve to fifteen thousand TEUs. Soon ships carrying eighteen plus thousand TEUs will be typical. As ships have gotten larger their draft requirements have significantly increased. In the 1990s, depths of minus forty-two feet Mean Lower Low Water (MLLW) would suffice. In the earlier part of this century minus fifty-one feet MLLW was necessary. Going forward, depths of approximately minus fifty-seven feet MLLW will be necessary.

To remain competitive in the international container shipping business, ports must be able to handle the largest ships calling at their locations. For Seattle and Tacoma Harbors that means handling super post Panamax ships carrying eighteen thousand plus TEUs. To do so navigation channels and berth areas at international terminals must be deepened to approximately minus 57 feet MLLW plus up to two feet of over dredge.

The dredged sediment from one or both projects is intended to serve as beneficial reuse of material for the Port's East Commencement Habitat Opportunity (ECHO) project.

## **D. PROJECT DESCRIPTION AND DETAILS**

The scope of the project is to deepen the berthing areas at both terminals to match the future depth of the waterway. The deepening effort will require dredging the current berthing areas and, in some locations, installing a toe wall to retain the under pier armored slope.

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

The scope of work for this request will include:

- Advance project design to bid ready level
- Project management

### ***Schedule***

- Execute Professional Service Agreement Amendment in December 2024
- Complete bid level ready design by end of June 2026

**E. FINANCIAL IMPLICATIONS**

***Project Cost Details (Husky – MID 201169.01)***

	This Request	Total Previous Requests	Total Requests	Total Project Cost	Cost to Date	Remaining Cost
Design	\$1,500,000	\$1,575,000	\$3,075,000	\$3,075,000	\$614,049	\$2,460,951
Estimated Construction	\$0	\$0	\$0	\$19,000,000	\$0	\$19,000,000
<b>Total</b>	<b>\$1,500,000</b>	<b>\$1,575,000</b>	<b>\$3,075,000</b>	<b>\$22,075,000</b>	<b>\$614,049</b>	<b>\$21,460,951</b>

***Project Cost Details (WUT – MID 201166.01)***

	This Request	Total Previous Requests	Total Requests	Total Project Cost	Cost to Date	Remaining Cost
Design	\$1,470,000	\$1,995,000	\$3,465,000	\$3,465,000	\$960,021	\$2,504,979
Estimated Construction	\$0	\$0	\$0	\$28,000,000	\$0	\$28,000,000
<b>Total</b>	<b>\$1,470,000</b>	<b>\$1,995,000</b>	<b>\$3,465,000</b>	<b>\$31,465,000</b>	<b>\$960,021</b>	<b>\$30,504,979</b>

***Source of Funds***

The 2025-2029 Capital Investment Plan (CIP) Budget currently allocates \$1,654,000 and \$1,495,000 for WUT (MID 201166.01) and Husky (MID 201169.01) respectively for the design phase. These budgets will be revised as necessary to accommodate changes in the scope of work and to reflect more accurate cost estimates as the design phase of the project advances. The final construction costs will be determined upon completion of the design phase.

The toe wall design and construction portion of the project meet the requirements for the use of Harbor Maintenance Tax and WRDA Section 2106 funds. Through September 2024, the NWSA utilized \$580,718.13 (WUT) and \$275,893.11 (Husky) of the \$3,364,000 FY 2023 Section 2106 funds received by the Port of Tacoma to help fund the project throughout the year. The NWSA has approximately \$109,000.00 remaining of the FY 2023 Section 2106 funds and expects to use some portion of the remaining funds. Additionally, the NWSA requests the use of FY 2024 and future Section 2106 / HMT funds received by the Port of Tacoma to fund the HMT eligible portions of this design request. As of December 1, 2024, the remaining balance of 2024 POT HMT funds is approximately \$22.5 million. The estimated amount of HMT to be used is approximately \$2.6 million, leaving a balance of approximately \$19.9 million.

***Financial Impact***

Project costs associated with both the Toe Wall and the dredging portion will be capitalized. The capitalized project will have an estimated useful life of 30 years. The total annual depreciation will be determined when the construction costs are known. There will be no depreciation expenses in 2024.

The financial implications of the Husky and WUT berth deepening will be determined when the costs are further refined and after negotiations with the customers are completed concerning the impact to their operations from this project.

**F. ENVIRONMENTAL IMPACTS/REVIEW**

Permitting: This effort will require environmental review under SEPA and a full suite of environmental permits including Corps Section 404 and Section 10 permits, Ecology Section 401 Water Quality Certification, Hydraulic Project Approval and City of Tacoma Shoreline and Critical Areas permits.

Mitigation: Any mitigation liability will be identified in the remainder of the design and permitting process. Use of Port of Tacoma mitigation credits is subject to POT Commission authorization and establishment of an ILA with the NWSA for reimbursement.

Remediation: Given the areas’ dredge history, it is possible but unlikely contaminants exceeding Ecology’s Sediment Management Standards will be encountered.

Stormwater: N/A

Air Quality: There will be some minor temporary negative construction impacts. However, according to the Corps’ Tacoma Harbor Deepening Feasibility Study/Environmental Assessment, having larger vessels calling less often is likely to improve air quality.

**G. PREVIOUS ACTIONS OR BRIEFINGS**

**HUSKY – MID 201169.01**


<u>Date</u>	<u>Action</u>	<u>Amount</u>
February 16, 2023	Executive Authorization - Design	\$25,000
March 7, 2023	Managing Member Deepening Program Briefing	\$0
June 22, 2023	Executive Authorization - Design	\$275,000
September 6, 2023	Managing Member Authorization - Design	\$1,275,000
<b>TOTAL</b>		<b>\$1,575,000</b>

**WUT – MID 201166.01**

<u>Date</u>	<u>Action</u>	<u>Amount</u>
February 14, 2023	Executive Authorization - Design	\$25,000
March 7, 2023	Managing Member Deepening Program Briefing	\$0
June 24, 2023	Executive Authorization - Design	\$275,000
September 6, 2023	Managing Member Authorization - Design	\$1,695,000
<b>TOTAL</b>		<b>\$1,995,000</b>

Item No.: 9C  
Meeting Date: Dec. 3, 2024

# Husky and WUT Berth Deepening Design Project Authorization



**THE NORTHWEST**  
SEAPORT ALLIANCE  
SEATTLE + TACOMA

Norman Gilbert, PE  
Engineering Project Manager II


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Request Port of Tacoma (Port) Commissioners dedicate Section 2106 / Harbor Maintenance Tax (HMT) funds to fund the full eligible costs of this design request, estimated at a total of \$2.6 million.



THE NORTHWEST  
SEAPORT ALLIANCE  
SEATTLE + TACOMA

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## Background

- Container ships are getting much larger. Often carrying 12,000-15,000 TEUs. Soon ships will carry 18,000 TUEs or more.
- These larger ships come with deeper drafts, requiring deeper berthing areas.
- To remain competitive in the international container shipping business, ports must be able to handle these larger ships.
- Currently the depth of the berthing areas at the South Harbor are -51ft MLLW. The handling of post Panamax ships will require -57ft MLLW.



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## Project Description and Details

The scope of the project is to deepen the berthing areas at both terminals to match the future depth of the waterway. The deepening effort will require dredging the current berthing areas and, in some locations, installing a toe wall to retain the under pier armored slope.

- The scope of work for this request includes:
  - Advancing project design to bid ready level
  - Project management



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## Project Schedule

The anticipated schedule for this request is:

- Execute Professional Service Agreement amendment in December 2024
- Complete bid level ready design by end of June 2026

## Source of Funds

- The 2025-2029 Capital Investment Plan (CIP) Budget currently allocates \$1,654,000 and \$1,495,000 for WUT (MID 201166.01) and Husky (MID 201169.01) respectively for the design phase.
- These budgets will be revised as necessary to accommodate changes in the scope of work and to reflect more accurate cost estimates as the design phase of the project advances.
- The final construction costs will be determined upon completion of the design phase. This work and associated budget is consistent with the NWSA valuation



## Husky Financial Summary

Item	This Request	Total Previous Requests	Total Requests	Total Project Cost	Cost to Date	Remaining Cost
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<b>Project Total:</b>	<b>\$1,500,000</b>	<b>\$1,575,000</b>	<b>\$3,075,000</b>	<b>\$22,075,000</b>	<b>\$614,049</b>	<b>\$21,460,951</b>



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## WUT Financial Summary

(Example) Replace with correct financial summary

Item	This Request	Total Previous Requests	Total Requests	Total Project Cost	Cost to Date	Remaining Cost
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## WRDA 2106 / HMT funds

- The toe wall design and construction portion of the project meet the requirements for the use of Harbor Maintenance Tax and WRDA Section 2106 funds.
- Through September 2024, the NWSA utilized \$580,718.13 (WUT) and \$275,893.11 (Husky) of the \$3,364,000 FY 2023 Section 2106 funds received by the Port of Tacoma to help fund the project throughout the year.
- The NWSA requests the use of FY 2024 and future Section 2106 / HMT funds received by the Port of Tacoma to fund the HMT eligible portions of this request.

## Environmental Impacts / Review

- Permitting: This effort will require environmental review under SEPA and a full suite of environmental permits including Corps Section 404 and Section 10 permits, Ecology Section 401 Water Quality Certification, Hydraulic Project Approval and City of Tacoma Shoreline and Critical Areas permits.
- Mitigation: Any mitigation liability will be identified in the remainder of the design and permitting process. Use of Port of Tacoma mitigation credits is subject to POT Commission authorization and establishment of an ILA with the NWSA for reimbursement.

## Environmental Impacts / Review

- Remediation: Given the areas' dredge history, it is possible but unlikely contaminants exceeding Ecology's Sediment Management Standards will be encountered.
- Stormwater: N/A
- Air Quality: There will be some minor temporary negative construction impacts. However, according to the Corps' Tacoma Harbor Deepening Feasibility Study/Environmental Assessment, having larger vessels calling less often is likely to improve air quality.

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