

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS

ACTION ITEM

Item No. 5D

Date of Meeting October 6, 2020

DATE: September 23, 2020

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Lou Paulsen, Director, Strategic Operations Projects and Risk Management

Project Manager: Trevor Thornsley, Engineering Senior Project Manager

SUBJECT: North Intermodal Yard (NIM) Pipe Extension

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.

Requesting a project authorization increase in the amount \$113,000 for a total authorized amount of \$907,000, for work associated with the NIM Pipe Extension, Master Identification No. 201055.02.

B. SYNOPSIS

In January 2020, Port staff notified the Managing Members that the cost of this project would exceed the authorized amount, resulting from unforeseen issues encountered during construction. The unforeseen issues included encountering undocumented storm drain pipes, having to complete a majority of the work at night to minimize impacts to terminal operations, and issues associated with the Contractor's means and methods. This request for additional funds was delayed due to several factors including the work shutdown, as well as resolving disputed quantities and costs with the Contractor associated with several items of work and receipt of final pay applications.

C. BACKGROUND

In June 2019, Port staff requested and received authorization to commence with construction of a 24-inch storm drain to eliminate comingling of stormwater from the NIM yard and Husky Terminal. (Refer to the attached memo dated 6/19/19 for more details.)

During construction, several issues arose that required additional expense to resolve. The first issue was encountering an undocumented storm drain line that significantly impacted

construction of the first pipe reach. Review of historic documents identified this pipe as a temporary drain installed when Slip 2 was filled and Pier 4 was extended to the north several hundred feet. The plans for that pipe to be disconnected and plugged, unfortunately did not occur. This led to increased time and cost to deal with the additional water entering the trench and ultimately required constructing a bypass to allow for the new pipe system to be installed. In addition, there were a couple of other unforeseen utilities that impacted construction timing.

The second issue was a result of timing restrictions imposed during construction by the tenant which required completing some of the construction at night. This led to an increase in schedule impacts. Additionally, during the course of construction, it was necessary to reroute terminal traffic into some of the container laydown areas. Because of the inherent pavement divots in these areas, it was necessary to complete some pavement repairs beyond the original scope of work to resolve safety issues.

The last issue is related to the anticipated time to complete the work and budgeting. The Port received 6 bids for this project, which is good. Unfortunately, all bids were well beyond the Engineer's Estimate. The low bid was 35% higher than the estimate. This essentially utilized most of the contingency funds accounted for in the estimate. While the contract allowed for 120 days to substantially complete the project, the Port project manager budgeted for it to be completed sooner. While the project could have been completed sooner had the Contractor managed the work properly and applied adequate means and methods, it was not. The project was ultimately completed on time but the project manager's budget for staff and inspection time was exceeded.

D. PROJECT DESCRIPTION AND DETAILS

Construct 790 feet of new storm drainpipe from the existing NIM treatment system and connect to a location immediately upstream of the existing outfall at Pier 4.

Project Objectives

Reduce potential liability and risk of recontamination downstream of treated stormwater while maintaining compliance with the ISGP monitoring requirements.

Scope of Work

The scope of work includes:

- Saw cutting, removal and replacement of asphalt in the area of work
- Excavation, backfill and compaction for pipe installation
- Installation of three new stormwater manholes with concrete collars
- Dewatering trench to assist with pipe installation
- Use of temporary fencing to isolate the construction area from terminal traffic
- Potential for contractor to work after normal business hours and weekends to limit impacts to terminal operations.

Actual Schedule

Contract Award	September 17, 2019
Substantial Completion	January 15, 2020
Final Completion	July 31, 2020

E. FINANCIAL IMPLICATIONS

Project Cost Details

	This Request	Total Project Cost	Cost to Date	Remaining Cost
Design		\$ 94,260.56	\$ 94,260.56	\$ -
Construction	\$ 113,000.00	\$ 812,739.44	\$ 809,968.55	(\$2,771)
Total	\$ 113,000	\$ 907,000	\$ 904,229	(\$2,771)

Source of Funds

The current Capital Investment Plan (CIP) Budget allocates \$934,000 for this project.

Financial Impact

Project costs will be capitalized and depreciated over an estimated 50-year life resulting in annual depreciation expense of \$18,000. Depreciation expense for 2020 will be approximately \$17,000 based on a completion date of January 2020.

F. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1) Authorize increased budget. This action is to make official the notice and actual cost increase as required by the Master Policy.

Alternative 1 is the recommended course.

G. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation.
- January 13, 2020 Managing Member Notification
- July 2, 2019 Managing Member Action Item Memorandum.

H. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
January 13, 2020	Managing Member Notification of Cost Overrun	
July 2, 2019	Managing Member Authorization	\$584,000
April 25, 2019	Executive Authorization	\$210,000
TOTAL		\$794,000

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS

DATE: January 13, 2020

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Lou Paulsen, Director, Strategic Operations Projects and Risk Management

Project Manager: Trevor Thornsley, Interim Director, Engineering

SUBJECT: North Intermodal (NIM) Yard Stormwater Pipe Extension

A. NOTIFICATION OF COST INCREASE

In accordance with Master Policy Resolution No. 2018-01, Paragraph 8.c.vi, this is notification that the Commission authorized amount of \$794,000 for the NIM Yard Stormwater Pipe Extension project, as authorized, will be exceeded.

This overage was recently identified, and at this point the project is nearing completion. Port staff is finalizing costs with the Contractor for various change orders resulting from unforeseen issues encountered during construction. The unforeseen issues included encountering undocumented storm drain pipes, completing a majority of the work at night, and issues associated with the Contractor's means and methods. Regardless if the issues, our primary focus has been on completing the project as quickly as possible to minimize disruption to terminal operations. The current estimate of the overage is in the vicinity of \$100,000. Final costs will be presented to the Managing Members for authorization when available. A briefing on the causes of the overage will be provided at that time.

B. ATTACHMENTS TO THIS NOTIFICATION

- July 2, 2019 Managing Members Action Item Memorandum.

C. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
July 2, 2019	Managing Member	\$584,000
April 25, 2019	Executive Authorization	\$210,000
TOTAL		\$794,000

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.	<u>5B</u>
Date of Meeting	<u>July 2, 2019</u>

DATE: June 19, 2019

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Lou Paulsen, Director, Strategic Operations Projects and Risk Management

Project Manager: Trevor Thornsley, Interim Director, Engineering

SUBJECT: North Intermodal (NIM) Yard Stormwater Pipe Extension

A. ACTION REQUESTED

As referenced in NWSA Resolution No. 2018-01, Exhibit A, Delegation of Authority Master Policy, Paragraph 8.c.iii., states project costs exceeding \$300,000 require approval from Managing Members.

Requesting Managing Members of The Northwest Seaport Alliance (NWSA) authorization for the Chief Executive Officer of their delegate project authorization in the amount \$584,000 for a total authorized amount of \$794,000, for work associated with the North Intermodal (NIM) Yard Stormwater Pipe Extension, Master Identification No. 201055.02.

B. SYNOPSIS

A new 24-inch storm drain line 790-feet long is the last segment of work to further limit the permit holder's (Port of Tacoma) risk of non-compliance with the Industrial Stormwater General Permit (ISGP) for the NIM Yard, a NWSA licensed property. The storm drain line extends from the recently installed stormwater treatment system to a location immediately upstream of the existing outfall at Pier 4, all within the Husky lease area.

C. BACKGROUND

The General Central Peninsula is comprised of the East Sitcum Terminal, the Husky Terminal and the NIM Yard, which is situated between the two terminals. Each of these facilities has a separate ISGP and are considered separate stormwater sources requiring quarterly monitoring to comply with established benchmarks. To attain representative samples at each source, samples are required to be taken where the discharge leaves the facility of each collection system after treatment, avoiding comingling of stormwater from the other permitted sources.

As part of the 2014 Level 3 Corrective Action, the Port recently installed an inline stormwater treatment system for the NIM Yard in the Husky Terminal to separately treat stormwater for the permitted source. Treated stormwater flows downstream into the Husky stormwater collection system and discharges under the reconfigured Pier 4 dock. Husky is also upgrading its stormwater collection system to provide treatment, independent of the NIM treatment system.

This project will eliminate the comingling of NIM and the Husky stormwater by extending the NIM stormwater pipeline directly to an existing outfall. Completion of this project will result in the following benefits:

- Eliminate potential recontamination downstream of treated stormwater once it leaves the NIM area.
- Reduce potential liability for the NWSA in the event the customers' end of pipe treatment system fails to meet established permit benchmarks.
- Reduce risk of non-compliance with the ISGP for both permitted facilities.

D. PROJECT DESCRIPTION AND DETAILS

Construct 790-feet of new storm drain pipe from the existing NIM treatment system and connect to a location immediately upstream of the existing outfall at Pier 4.

Project Objectives

Reduce potential liability and risk of recontamination downstream of treated stormwater while maintaining compliance with the ISGP monitoring requirements.

Scope of Work

The scope of work includes:

- Sawcutting, removal and replacement of asphalt in the area of work
- Excavation, backfill and compaction for pipe installation
- Installation of three new stormwater manholes with concrete collars
- Dewatering trench to assist with pipe installation
- Use of temporary fencing to isolate the construction area from terminal traffic
- Potential for contractor to work after normal business hours and weekends to limit impacts to terminal operations.

Schedule

Advertise for Bid	July 9, 2019
Open Bids	July 24, 2019
Notice of Award	August 6, 2019
Substantial Completion	October 25, 2019
Final Completion	November 25, 2019

E. FINANCIAL IMPLICATIONS

Project Cost Details

	This Request	Total Previous Request	Total Project Cost	Cost To Date	Remaining Costs
Design	\$ -	\$ 210,000	\$ 210,000	\$ -	\$ 210,000
Construction	\$ 584,000	\$ -	\$ 584,000	\$ -	\$ 584,000
Total	\$ 584,000	\$ 210,000	\$ 794,000	\$ -	\$ 794,000

Source of Funds

The current Capital Investment Plan (CIP) Budget allocates \$794,000 for this project.

Financial Impact

Project costs will be capitalized and depreciated over an estimated 50-year life resulting in annual depreciation expense of \$16,000. Depreciation expense for 2019 will be approximately \$2,700 based on a completion date of November 2019.

This investment is required to reduce the risk of stormwater issues and to help maintain ongoing revenue. The financial analysis that supported the Fifth Amendment to the Husky lease recently approved by the Managing Members on May 7, 2019 included \$700,000 of capital spending for this project. The NIM has earned \$4.1 million in operating income before depreciation through May, 2019 and is budgeted to earn \$9.4 million in income before depreciation in 2019.

F. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

No Action Alternative: Allows for the potential recontamination of treated stormwater and NWSA liability in the event customers' end of pipe sample results fail to achieve established benchmarks.

Recommended Action: Install the new storm drain line to effectively separate NIM treated stormwater runoff from the customer's collection system, thereby ensuring NWSA and the Port attainable stormwater sampling results that comply with the IGSP benchmarks.

G. ENVIRONMENTAL IMPACTS/REVIEW

Permitting: Scope of work for this action is covered by a City of Tacoma Shoreline Substantial Development Permit Exemption; LU18-0179 Reconfiguration and Improvements, General Central Peninsula, dated July 24, 2018. A determination of non-significance (DNS) was issued on June 15, 2018.

Remediation: No impacts

Stormwater: This is a stormwater infrastructure improvement project. No other impacts.

Air Quality: No Impacts

H. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation.

I. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
April 25, 2019	Executive Authorization	\$210,000
TOTAL		\$210,000



Item No: 5D_supp
Date of Meeting: October 6, 2020

Project Authorization For North Intermodal Yard (NIM) Pipe Extension

Presenter: Trevor Thornsley
Title: Engineering Senior Project Manager

Action Requested

NIM Pipe Extension

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 a project authorization increase in the amount \$113,000, for a total authorized amount of \$907,000, for the NIM Pipe Extension, Master Identification No. 201055.02.

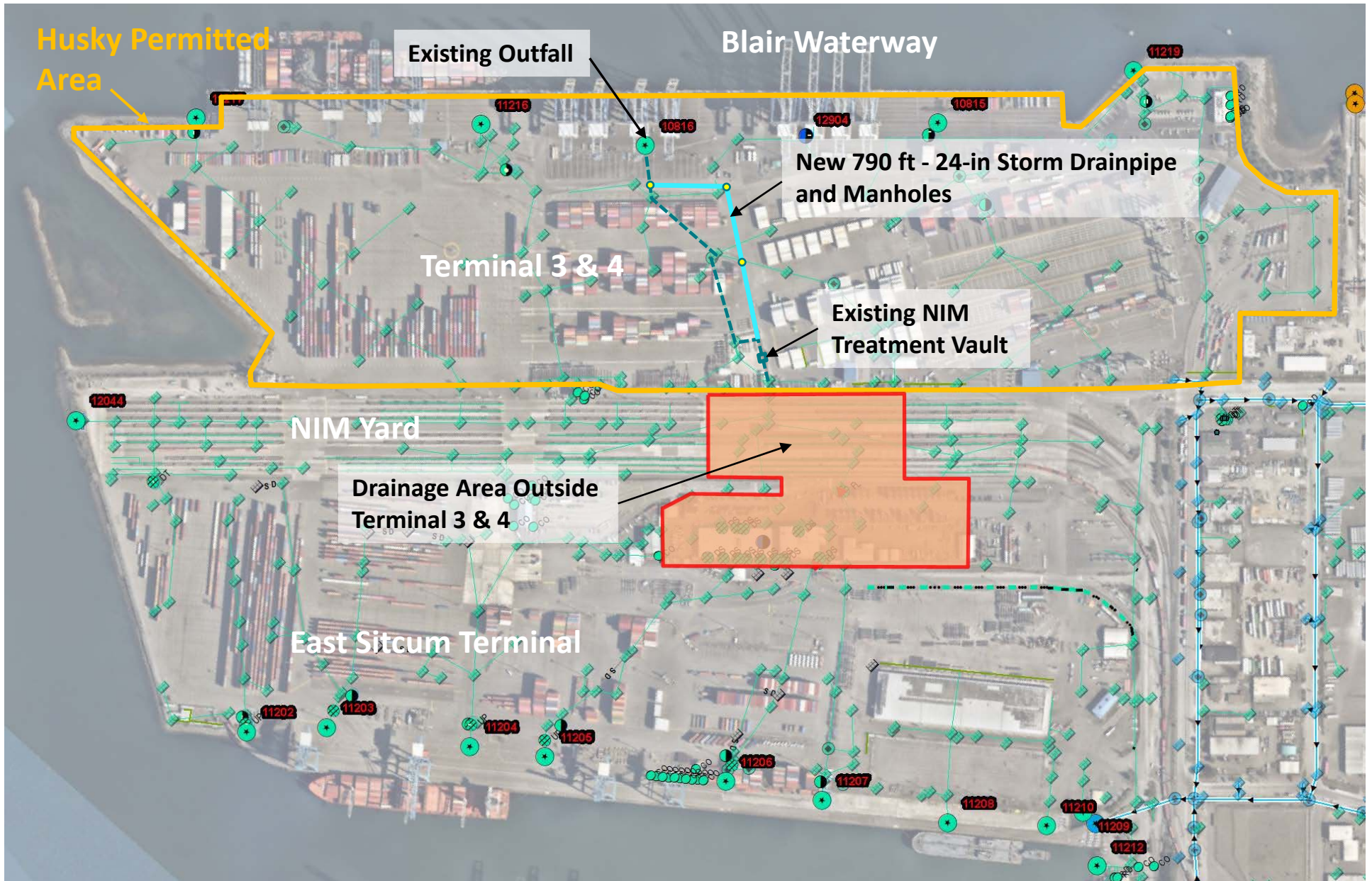


Background

NIM Pipe Extension

In June 2019, Port staff requested and received authorization to commence with construction of a 24-inch storm drain to eliminate comingling of stormwater from the NIM yard and Terminals 3 and 4.





Background

NIM Pipe Extension

During bidding and construction, several issues arose requiring additional expense to resolve.

- 6 bids received well over Engineer's Estimate
- Encountering an undocumented storm drain
- Other unforeseen utility conflicts
- Timing restrictions to minimize terminal operational impacts
- Additional paving beyond the scope of work to accommodate rerouting of terminal traffic
- Insufficient budget estimated for unforeseen issues/delays
- Contractor challenges related to means and methods



Project Schedule

NIM Pipe Extension

Activity	Timeframe
Contract Award	September 17, 2019
Substantial Completion	January 15, 2020
Final Completion	July 31, 2020



Financial Implications NIM Pipe Extension

- The actual cost of the Design and Construction for this project is \$907,000.
- The authorized budget for this project was \$794,000.
- The current Capital Investment Plan (CIP) allocates \$934,000 for this project.



Financial Summary

NIM Pipe Extension

Item	This Request	Total Project Cost	Cost to Date	Remaining Costs
DESIGN	\$0	\$94,261	\$ 94,261	\$0
CONSTRUCTION	\$113,000	\$812,739	\$ 809,969	(\$2,770)
PROJECT TOTAL	\$113,000	\$907,000	\$ 904,230	(\$2,770)

Conclusion

NIM Pipe Extension

Request a project authorization increase in the amount \$113,000, for a total authorized amount of \$907,000, for the NIM Pipe Extension, Master Identification No. 201055.02.

