

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

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

**Item No.** 8C  
**Date of Meeting** June 4, 2024

**DATE:** May 24, 2024

**TO:** Managing Members

**FROM:** John Wolfe, CEO

**Sponsor:** Tong Zhu, Chief Commercial & Strategy Officer

**Project Manager:** Amy Kiessling, Capital Project Manager, Port of Seattle

**SUBJECT:** Approval for Alternative Public Works Contracting for U00712 T5 Container Yard Expansion Project

**A. ACTION REQUESTED**

Request authorization to use design-build as an alternative to design-bid-build for the T5 Container Yard Expansion project, Master Identification No. U00712.

**B. SYNOPSIS**

This is a request for authorization to use design-build for alternative delivery per NWSA Delegation of Authority Master Policy Section 8c(iv). There is no funding authorization tied to this request. This project is part of the Third Amendment to the Terminal 5 Lease agreement as work to be performed by NWSA but amortized into additional rent, and the funding is included in the T5 Modernization Program authorization.

**C. BACKGROUND**

As part of SSAT's commitment to the Phase 2 premises, SSAT agreed to a Third Amendment to the Terminal 5 Lease ("Third Amendment"). The Third Amendment provides that the NWSA will complete the Container Yard Expansion project at the

NWSA's initial cost, which will then be included in the amortized capital improvements additional rent charged to the tenant.

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

The scope of the project is to construct a cargo container storage yard by redeveloping approximately six acres on terminal to increase cargo container handling capacity and add flexibility for the handling and staging of export cargo containers. Scope includes demolition of the old Container Freight Station (CFS) Building, stormwater system additions, paving, lighting, and fencing. Scope also includes decommissioning of 3 or 4 fuel pumps to widen the access point. This project will convert this area to a TSA controlled space.

##### ***Schedule***

Design-build methodology will allow concurrent procurement, permitting and design during the project delivery process to help condense the overall schedule. Major milestones for the project are:

RFQ Issued – Advertise	June 5, 2024
RFP Issued	July 25, 2024
Notification of Intent to Award	October 4, 2024
Substantial Completion	December 31, 2025
Final Completion	February 28, 2026

#### **E. FINANCIAL IMPLICATIONS**

##### ***Project Cost Details***

The estimated cost of this project is \$11,800,000. The net cost, after the 2022 PIDP grant is \$5,148,000.

##### ***Source of Funds***

This project is included in the T5 Modernization Program authorization of \$454,000,000. The current Capital Investment Plan (CIP) Budget allocates \$11,800,000 for this project.

This project is included in the MARAD FY2022 PIDP grant that was awarded for \$17,035,900. The grant includes \$6,651,684 for this project.

### ***Financial Impact***

Project costs will be capitalized and depreciated over an estimated useful life of 10 years. Grant income will be recorded as non-operating revenue at the time reimbursement is requested.

SSA will pay the NWSA back for this improvement through rent of an estimated \$165,548 per acre per year on the additional 5.8 acres resulting in \$960,175 in annual rent in 2026. Additionally, SSA will pay special rent for the net cost of this project of \$347,914 per year. This special rent is the amortization of the net project cost of \$5,148,000 at an interest rate of 5% amortized over the remaining 26.75 years of the contract.

## **F. ENVIRONMENTAL IMPACTS/REVIEW**

### Permitting:

- City of Seattle Construction and Demolition Permits (Contractor obtains permit as deferred submittal)
- City of Seattle Electrical Permit (Contractor obtains permit as deferred submittal)
- Washington Department of Ecology Construction Stormwater General Permit (Contractor obtains permit)

### Remediation:

- Any contaminated material will be disposed of and handled per TSCA Regulations.

### Stormwater:

- City of Seattle Construction Permit Drainage review will be obtained by Contractor.

### Air Quality:

- Not applicable.

## **G. ATTACHMENTS TO THIS REQUEST**

None

## H. PREVIOUS ACTIONS OR BRIEFINGS

Date	Action	Amount
May 7, 2024	T-5 Berth Modernization Program Wrap-up	\$0
November 7, 2023	T-5 Modernization – Program Update	\$0
August 01, 2023	Acceptance of Terminal 5 MARAD 2022 PIDP Grant Agreement and 2023 National Highway Freight Program (NHFP) grant for a total amount of \$18,785,900	\$0
August 01, 2023	T-5 Modernization – Program Update	\$0
May 2, 2023	T-5 Modernization – Program Update	\$0
February 7, 2023	T-5 Modernization – Program Update	\$0
November 1, 2022	T-5 Modernization – Program Update	\$0
August 2, 2022	T-5 Modernization – Program Update; Third Lease Amendment	\$61,500,000
May 2, 2022	T-5 Modernization – Program Update	\$0
February 1, 2022	T-5 Modernization – Program Update	\$0
December 21, 2021	Terminal 5 Partial Settlement Agreement with SSAT	\$2,500,000
November 2, 2021	T-5 Modernization – Program Update; Acceptance of T5 MARAD 2020 PIDP Grant Agreement; and POS only vote for ERL funding for T5 uplands soil disposal (\$700,000)	\$0
September 8, 2021	Terminal 5 ILA for Shore Power Grant with Department of Commerce	\$0
July 7, 2021	T5 Program Update, Increased Authorization and N. Reefer Construction Authorization	\$50,000,000
June 1, 2021	First Amendment to T5 Lease Authorization by Managing Members	\$0
April 6, 2021	Quiet Zone MOU	\$0
March 2, 2021	T5 Modernization - Program Update	\$0
February 2, 2021	Approval for Construction of RPM, S Reefers, Clean Truck	\$0
October 6, 2020	T5 Modernization - Program Update	\$0
September 1, 2020	T5 Modernization - Tribal Agreement Update	\$0

August 4, 2020	T5 Marine Building - Approval to Advertise for North Building Construction Only	\$0
July 2, 2020	T5 Marine Building - Authorization to Advertise for North and South Buildings Construction Request	\$0
July 2, 2020	T5 Modernization - Program Update	\$0
April 7, 2020	T5 Modernization - Program Update	\$0
January 14, 2020	T5 Modernization - Program Update	\$0
October 1, 2019	T5 Modernization - Program Update	\$0
August 6, 2019	T5 Modernization - Program Update	\$0
June 4, 2019	T5 Program Update	\$0
May 20, 2019	Program Authorization for Construction of Berth Modernization Program	\$0
April 2, 2019	Additional Program Funding and Authorization to Fund T5 Modernization Program	\$314,150,000
February 26, 2019	Authorization to Advertise for Construction	\$0
February 5, 2019	Pre-authorization Program Briefing	\$0
November 13, 2018	Motion to Prepare Construction Documents for Authorization to Advertise	\$0
August 1, 2017	Railroad Quiet Zone Funding, Tribal Payments, and Agreements	\$5,650,000
October 4, 2016	Additional Funding, Seattle City Light Agreement, and Project Labor Agreement	\$8,200,000
June 7, 2016	DEIS Briefing	\$0
November 4, 2015	Additional SEPA and Design Funding	\$2,000,000
October 13, 2015	Test Pile Bids Exceeded Engineer's Estimate	\$0
July 14, 2015	Additional Design Authorization	\$5,000,000
June 3, 2014	Initial Design Authorization	\$4,700,000
May 13, 2014	T5 Berth Modernization Briefing	\$0
March 12, 2014	Additional Pre-Design Authorization	\$150,000
October 27, 2013	Initial Pre-Design Authorization	\$150,000
<b>TOTAL</b>		<b>\$454,000,000</b>