THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.: 10C
Meeting Date: December 1, 2026

DATE: November 20, 2026

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Tong Zhu, Chief Commercial & Strategy Officer
Project Manager: Norman Gilbert, Sr. Engineering Project Manager

SUBJECT: Husky and WUT Berth Deepening Construction Project Authorization, Grant Acceptance, and Port of Tacoma Action Conservation Credit Use Authorization

A. ACTION REQUESTED

(1) Homeport Action – Port of Tacoma Commission - Authorize the Port of Tacoma Executive Director, or delegate, to allow the NWSA to use, subject to reimbursement at market rate, four discounted service-acre-year (DSAY) of advance conservation credits to offset potential mitigation debits for the Husky Berth Deepening Project, Project ID No. 201169.01 and Washington United Terminals (WUT) Berth Deepening Project, Project ID No. 201166.01.

(2) Project authorization in the amount of $25,925,000, for a total authorized amount of $29,000,000, for work associated with the Husky Berth Deepening Project, Project ID No. 201169.01.

(3) Project authorization in the amount of $36,535,000, for a total authorized amount of $40,000,000, for work associated with the Washington United Terminals Berth Deepening Project, Project ID No. 201166.01.

(4) Request authorization for the Chief Executive Officer or designee to accept a grant from the U.S. Department of Transportation's Maritime Administration (MARAD) for $2,000,000.

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 in 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 and WUT terminals in South Harbor. The project design and permitting is nearing completion.

Last year, NWSA successfully applied to Rep. Emily Randall's office for Community Project Funding (CPF, "earmark") for $2 million to support the dredging portion of the projects. That funding was awarded under the Port Infrastructure Development Program (PIDP) at the Maritime Administration and will be managed as a regular grant.

This request is for construction authorization, grant acceptance, and NWSA purchase/Port of Tacoma Sale of advance conservation credits as necessary.

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. To accommodate the berth deepening a steel sheet pile toe wall will also be installed at both Husky and WUT.

The dredged sediment from one or both projects is intended for in-water beneficial reuse at the Port and Corps' East Commencement Habitat Opportunity (ECHO) project to provide nearshore estuarine habitat for salmonids and their prey.

The dredged material has been approved for open-water disposal and in-water beneficial reuse within Commencement Bay.

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 berth 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:

- Execute grant agreement with MARAD
- Advertise, bid and award one Public Works construction contract for Husky and WUT combined
- Completion of the berth deepening
- Project, grant, and construction management
- Provide mitigation as necessary

Schedule

Advertise for Bid	Mid-December 2026
Open Bids	Mid-January 2027
Notice of Award	Late-January 2027
Substantial Completion WUT	Mid-February 2028
Final Completion WUT	Mid-March 2028
Substantial Completion Husky	Mid-February 2029
Final Completion Husky	Mid-March 2029

E. FINANCIAL IMPLICATIONS

Project Cost Details (Husky – MID 201169.01)

	This Request	Total Project Cost	Cost to Date	Remaining Cost
Design	$0	$3,075,000	$2,431,645	$643,355
Construction	$25,925,000	$25,925,000	$0	$25,925,000
Total	**$25,925,000**	**$29,000,000**	**$2,431,645**	**$26,568,355**

Project Cost Details (WUT – MID 201166.01)

	This Request	Total Project Cost	Cost to Date	Remaining Cost
Design	$0	$3,465,000	$2,822,174	$642,826
Construction	$36,535,000	$36,535,000	$0	$36,535,000
Total	**$36,535,000**	**$40,000,000**	**$2,822,174**	**$37,177,826**

Source of Funds

The funds for these projects will be provided by the Homeports through the standard capital project funding process. The 2027–2031 five-year Capital Investment Plan (CIP) Budget allocates $37,000,000 for the WUT Berth Area Dredge/Toe Wall construction project (Project ID 201066.01) and $26,500,000 for the Husky Berth Area Dredge/Toe Wall construction project (Project ID 201169.01). The total estimated project cost is $40,000,000 for WUT and $29,000,000 for Husky. Portions of these projects are eligible for Harbor Maintenance Tax / Water Resource Development Act Section 2106 (HMT) funding therefore, related expenditures are reimbursable until the allocated HMT funds are fully expended. Based on the current construction estimate, upcoming HMT eligible costs are anticipated to be approximately $33.3 million for WUT and $20.7 million for Husky.

Financial Impact

Husky and the associated NIM intermodal terminal are budgeted to provide approximately $37.6 million in cash in 2027. There is no direct link to increase in cash generated from this project. Project costs will be capitalized and added to the Statement of Net Position as a Capital Asset. The cost of the depreciable improvements (approximately $23.1 million) will be depreciated over an estimated 30 years resulting in approximately $773,000 depreciation per year, which will be reflected in the Income Statement when the project is completed. This portion of the project is HMT fund eligible. The Port of Tacoma recognizes any HMT funds as revenue when received. The subsequent use of the HMT funds increases the Port of Tacoma's investment in the NWSA as reflected on the POT's Statement of Net Position.

The cost of the Husky dredge (approximately $5.8 million) will be capitalized as Real Property and will not be depreciated.

WUT and the associated intermodal terminal are budgeted to provide approximately $15.0 million in cash in 2027. There is no direct link to increase in cash generated from this project. Project costs will be capitalized and added to the Statement of Net Position as a Capital Asset.

The cost of the depreciable improvements (approximately $33.3 million) will be depreciated over approximately 30 years resulting in approximately $1,100,000 depreciation per year which will be reflected in the Income Statement when the project is completed. This portion of the project is HMT fund eligible. The Port of Tacoma recognizes any HMT funds as revenue when received. The use of the HMT funds increases the Port of Tacoma's investment in the NWSA as reflected on the POT's Statement of Net Position.

The cost of the WUT dredge (approximately $6.7 million) will be capitalized as Real Property and will not be depreciated.

The $2 million grant funds will be recognized as NWSA grant income on the NWSA income statement when earned.

For the Port of Tacoma, the reimbursement of the cost of 4 DSAY at market value will result in approximately $800,000 in revenue and cash. The Port will net $400,000 in cash as the NWSA's purchase of the DSAYs will be funded equally by the Port of Tacoma and the Port of Seattle. The cost of the DSAY reimbursement for the NWSA is included in the project costs.

The project authorizations assume that the DSAYs are sold for $800,000.

F. ENVIRONMENTAL IMPACTS/REVIEW

Permitting: This work necessitates a full suite of environmental permits, including SEPA environmental review, Corps Section 404 and Section 10 permits, Endangered Species Act Section 7 consultation, DMMP Sediment Suitability Determination, Ecology Section 401 Water Quality Certification, WDFW Hydraulic Project Approval, and City of Tacoma Shoreline Substantial Development permit. The federal PIDP grant award prompts additional MARAD permitting requirements, including Section 106 consultation and National Environmental Policy Act (NEPA) compliance assessment. The construction contract will be bid and executed ahead of receiving all federal permits. No construction will begin until all permits are obtained.

Mitigation: Mitigation liability will be identified during design and permitting and finalized upon project completion. Current estimates indicate up to 4 DSAYs may be required to offset project impacts. Mitigation is proposed to be fulfilled by NWSA reimbursing the Port of Tacoma for the use of advance conservation credits from the Port of Tacoma to be used for these projects.

NWSA use of Port of Tacoma advance conservation credits is authorized with Commission approval pursuant to Sec. VII.D.(2) of Port of Tacoma Master Policy Res. 2026-04-PT on the terms and conditions provided for in Art. 3.2(f)(iii) of the Third Amended Alliance Charter for "Future Mitigation Sites," which-allows each Homeport to offer the NWSA the opportunity to purchase advance/bank habitat mitigation credits at a market rate or as otherwise agreed to. The Port of Tacoma's DSAY reimbursement price will be based on market rate using the Puget Sound Partnership Nearshore Conservation Credit Program price at the time of the transaction (currently $200,000/DSAY).

Port of Tacoma Mitigation Credit Balance: As communicated to the Port of Tacoma Commission in the April 16, 2026 Memorandum regarding "Update on the Mitigation & Conservation Credit Portfolio", the Port of Tacoma credit portfolio balance currently includes 16.796 wetland credits or 395.378 Endangered Species Act (ESA) conservation credits. Wetland credits are represented in acre-credit (ac-credit) units while ESA credits are represented in Discounted Service-Acre Years (DSAYs) units. Staff estimate the 10-year credit need to be 11.39 to 15.82 wetland (ac-credit) or 248.353 to 344.704 ESA (DSAY) credits by 2036. This Husky and WUT Berth Deepening Project was included as an ESA credit need in this analysis. Therefore, the 10-year (2036) forecasted credit portfolio balance is 0.98 to 5.409 wetland credits or 50.674 to 147.025 ESA credits remaining, based on the estimated development scenarios and assuming no additional investment in wetland or ESA credits.

Remediation: The issued suitability determination indicates that dredged sediment quality exceeds standards for open-water disposal and meets the additional proposed criteria for in-water beneficial reuse. The relevant agencies have approved the dredged sediment for open-water disposal and/or in-water beneficial reuse.

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. ATTACHMENTS TO THIS REQUEST

- Attachment 1: U.S. DOT MARAD Draft Grant Agreement
- Attachment 2: 2026-04-16 Update on the Mitigation & Conservation Credit Portfolio

H. PREVIOUS ACTIONS OR BRIEFINGS

HUSKY – MID 201169.01

Date	Action	Amount
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
December 3, 2024	Managing Member Authorization - Design	$1,500,000
TOTAL		**$3,075,000**

WUT – MID 201166.01

Date	Action	Amount
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
December 3, 2024	Managing Member Authorization - Design	$1,470,000
TOTAL		**$3,465,000**

TEMPLATE; NOT INTENDED FOR EXECUTION WITHOUT MODIFICATION
Revised 3.23.26

U.S. DEPARTMENT OF TRANSPORTATION
MARITIME ADMINISTRATION

GRANT AGREEMENT UNDER THE FISCAL YEAR 2026 PORT INFRASTRUCTURE DEVELOPMENT PROGRAM (PIDP)

MARAD FY 2026 PIDP Grant No. 693JF72640018

70X1713E26 2026 1NS2640018 0000150002 41010 61006600 — $2,000,000

This agreement is between the United States Department of Transportation Maritime Administration ("**MARAD**") and the Northwest Seaport Alliance (the "**Recipient**").

This agreement reflects the selection of the Recipient to receive a PIDP Grant for the Northwest Seaport Alliance Berth Deepening on the Blair Waterway Project.

The parties therefore agree to the following:

ARTICLE 1
GENERAL TERMS AND CONDITIONS

1.1 General Terms and Conditions.

(a) In this agreement, "**General Terms and Conditions**" means the content of the document titled "General Terms and Conditions Under the Fiscal Year 2026 Port Infrastructure Development Program Grants," dated March 25, 2026, which is available at https://www.maritime.dot.gov/grants/federal-grant-assistance/federal-grant-assistance. The General Terms and Conditions reference the information contained in the schedules to this agreement. The General Terms and Conditions are part of this agreement.

(b) The Recipient states that it has knowledge of and agrees to the General Terms and Conditions.

(c) The Recipient acknowledges that the General Terms and Conditions impose obligations on the Recipient and that the Recipient's non-compliance with the General Terms and Conditions may result in remedial action, terminating of the PIDP Grant, disallowing costs incurred for the Project, requiring the Recipient to refund to MARAD the PIDP Grant, and reporting the non-compliance in the Federal-government-wide integrity and performance system.

ARTICLE 2
SPECIAL TERMS AND CONDITIONS

2.1 Pursuant to the court's preliminary injunction order in King County v. Turner, 2:25-cv-814-BJR (W.D. Wash.), ECF No. 169 (June 3, 2025), USDOT will not be imposing or enforcing the challenged conditions,* or any materially similar terms and conditions, to any grant funds awarded, directly or indirectly, to USDOT Plaintiffs and subrecipients, or otherwise rescinding, withholding, cancelling, not processing, pausing, freezing, impeding, blocking, cancelling, terminating, delaying, or conditioning USDOT funds based on such conditions to the USDOT Plaintiffs or their subrecipients while subject to an injunction. Further, USDOT will not require USDOT Plaintiffs or their subrecipients to make any certification or other representation related to compliance with such terms and conditions nor will USDOT refuse to issue, process, or sign grant agreements based on USDOT Plaintiffs' participation in this litigation. Should USDOT prevail in the District Court or on appeal, then USDOT will require that recipients agree to the original terms and conditions if they wish to continue with the grant in place. Further, pursuant to the ruling in *State of California v. Duffy,* 1:25-cv-00208-JJM-PAS (D.R.I.), DOT grant agreements have been modified to remove terms and conditions pertaining to cooperation with Federal immigration enforcement.

*The challenged conditions are:

1. "Pursuant to section (3)(b)(iv)(A), Executive Order 14173, Ending Illegal Discrimination and Restoring Merit-Based Opportunity, the Recipient agrees that its compliance in all respects with all applicable Federal anti-discrimination laws is material to the government's payment decisions for purposes of [the False Claims Act, 31 U.S.C. § 3729(b)(4)]";

2. "Pursuant to section (3)(b)(iv)(B), Executive Order 14173, Ending Illegal Discrimination and Restoring Merit-Based Opportunity, by entering into this Agreement, Recipient certifies that it does not operate any programs promoting diversity, equity, and inclusion (DEI) initiatives that violate any applicable Federal anti-discrimination laws";

3. "[T]he Recipient will cooperate with Federal officials in the enforcement of Federal law, including cooperating with and not impeding U.S. Immigration and Customs Enforcement (ICE) and other Federal offices and components of the Department of Homeland Security in the enforcement of Federal immigration law"; and

4. A requirement that recipient comply with "executive orders."

SCHEDULE A
ADMINISTRATIVE INFORMATION

1. Application.

Application Title: Northwest Seaport Alliance Berth Deepening on the Blair Waterway

Application Date: July 2, 2026

2. Recipient's Unique Entity Identifier.

Recipient's Unique Entity Identifier: NEUCLK4D4PE7

3. Recipient Contact(s).

Norman Gilbert, PE
Sr. Project Manager
Port of Tacoma
PO Box 1837
Tacoma, WA 98401
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ngilbert@portoftacoma.com

and

Sammi Offield
Grants Administrator
Port of Tacoma
PO Box 1837
Tacoma, WA 98401
(253) 888-4792
soffield@portoftacoma.com

4. Recipient Key Personnel.

None.

5. MARAD Project Contact(s).

Kelly Mitchell-Carroll
Grants and Cooperative Agreements Officer
DOT – Maritime Administration
1200 New Jersey Ave, SE
Washington, DC 20590
MAR-380
W26-422
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(202) 876-6453

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and

David Bohnet
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DOT – Maritime Administration
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Washington, DC 20590
MAR-420.1
W21-226
Mailstop 3
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david.bohnet@dot.gov

6. Payment System.

MARAD Payment System: Delphi eInvoicing System

7. Federal Award Identification Number.

Federal Award Identification Number: 693JF72640018

SCHEDULE B
PROJECT ACTIVITIES

1. General Project Description.

The Project will deepen the berths at two of the Northwest Seaport Alliance's international container terminals to -57 feet, enabling larger ships to call the gateway.

2. Statement of Work.

The Project will deepen the berth areas at Husky (Pier 3 & 4) and Washington United Terminals (WUT). Dredging the terminal berths from elevation -51 feet mean lower low water (MLLW) to elevation -57 feet MLLW plus up to 2 foot overdredge will allow for handling the increased draft of 18,000 twenty-foot equivalent unit modern container ships. This deepening effort will also require additional isolated dredging to -62 feet MLLW plus up to 1 foot overdredge at the toe of the slope which will provide space for future rock armoring to protect from prop wash erosion (scour). Dredged sediments will be disposed of at either the Commencement Bay open water dredge material disposal site or be beneficially placed at a beneficial reuse site located along the Commencement Bay shoreline.

3. Documents Describing Mitigation Activities and Permits.

Document Description	Date
[insert environmental documentation type]	[insert date of decision]
Section 106 Consultation correspondence with the Washington Department of Archaeology and Historic Preservation (WA-SHPO): WA-SHPO requests that is any archaeological resources are encountered during project construction, please halt all work immediately and contact WA-SHPO and the appropriate Native American Tribes.	September 9, 2026

SCHEDULE C
AWARD DATES AND PROJECT SCHEDULE

1. Award Dates.

Budget Period End Date: January 31, 2030

Period of Performance End Date: January 31, 2030

2. Estimated Project Schedule.

Milestone	**Schedule Date**
Planned Construction Substantial Completion Date	March 31, 2029

3. Special Milestone Deadlines.

None.

SCHEDULE D
AWARD AND PROJECT FINANCIAL INFORMATION

1. Award Amount.

PIDP Grant Amount: $2,000,000

2. Federal Obligation Information.

Federal Obligation Type: Single

3. Approved Project Budget.

Eligible Project Costs

	Total
PIDP Funds:	$2,000,000
Non-Federal Funds:	$500,000
Total:	$2,500,000

4. Cost Classification Table.

Cost Classification	**Total Costs**	**Eligible Costs**
Construction	$2,500,000	**$2,500,000**
Project Total	**$2,500,000**	**$2,500,000**

5. Approved Pre-award Costs.

None. MARAD has not approved under this award any requests for the use of non-Federal funds under 46 U.S.C. 54301(a)(10)(B) or any pre-award costs under 2 CFR 200.458. Because unapproved costs incurred before the date of this agreement are not allowable costs under this award, MARAD will neither reimburse those costs under this award nor consider them as a non-Federal cost sharing contribution to this award. Costs incurred before the date of this agreement are allowable costs under this award only if approved in writing by MARAD before being included in the Project costs and documented in this section 5. See section 15.3 of the General Terms and Conditions.

SCHEDULE E
CHANGES FROM APPLICATION

Scope: None.

Schedule: None.

Budget: None.

Other: None.

SCHEDULE F
PIDP DESIGNATIONS

1. Urban or Rural Designation.

Urban-Rural Designation: Urban

2. Capital or Planning Designation.

Capital-Planning Designation: Capital

3. Funding Act.

Funding Act: FY2026

4. Discretionary or Community Project Funding.

Discretionary-CPF: CPF

5. Security Risk Designation.

Security Risk Designation: Low

SCHEDULE G
PIDP PERFORMANCE MEASUREMENT INFORMATION

Study Area: [Insert description of area to be studied]

Baseline Measurement Date: July 1, 2026 – June 30, 2027

Baseline Report Date: August 31, 2027

Table 1: Performance Measure Table

Measure	Category and Description	Measurement Frequency
[Insert Performance Measure]	[Performance Measure Category] [Performance Measure Description]	Quarterly
[Insert Performance Measure]	[Performance Measure Category] [Performance Measure Description]	Quarterly

RECIPIENT SIGNATURE PAGE

The Recipient, intending to be legally bound, is signing this agreement on the date stated opposite that party's signature.

THE NORTHWEST SEAPORT ALLIANCE

_____ By: _____

Date

Signature of Recipient's Authorized Representative

John Wolfe

Name

Chief Executive Officer

Title

MARAD SIGNATURE PAGE

MARAD, intending to be legally bound, is signing this agreement on the date stated opposite that party's signature.

UNITED STATES DEPARTMENT OF
TRANSPORTATION MARITIME
ADMINISTRATION

_____ By: _____

Date — Signature of MARAD's Authorized Representative

_____

Name

_____

Title

POT OF TACOMA
STAFF BRIEFING

DATE: April 16, 2026

TO: Port Commission

CC: Jason Jordan, Sr. Director, Environmental and Planning Services

FROM: Mark Rettmann, Senior Program Manager

SUBJECT: Update on the Mitigation & Conservation Credit Portfolio

A. BRIEFING REQUESTED

Update on the Port of Tacoma's (Port's) mitigation and conservation credit portfolio.

Strategic Plan Foundational Goal
Environmental Leadership:
Protect and enhance the environment of the Commencement Bay and Puyallup River watersheds by continuing to implement innovative ways to clean up contaminated land, improve habitat and water quality, and minimize air emissions from Port operations.

Strategy 4:
Create wetland opportunities and improve fish habitat independent of regulatory obligation.

B. WETLAND MITIGATION & ESA CONSERVATION CREDIT PORTFOLIO BALANCE

The Port's habitat mitigation strategy (Resolution 2022-09-PT) is to generate wetland mitigation credits and Endangered Species Act (ESA) conservation credits in advance of their need; the balance is tracked in the Port's credit portfolio. Port staff have estimated a 10-year credit need based on potential redevelopment scenarios that are guided by the Port's 2026-2030 Strategic Plan and NWSA's Coordinated Course 2035 to forecast the resulting credit portfolio balance for 2036. The 10-year credit need depends on how aggressive the Port is in redeveloping properties.

The credit portfolio balance currently includes 16.796 wetland credits or 395.378 ESA credits. Staff estimate the 10-year credit need to be 11.39 to 15.82 wetland (ac-credits) or 248.353 to 344.704 ESA (DSAY) credits by 2036. Therefore, the 10-year (2036) forecasted credit portfolio balance is 0.98 to 5.409 wetland credits or 50.674 to 147.025 ESA credits remaining, based on the estimated development scenarios and assuming no additional investment in wetland or ESA credits.

Table 1: Projected 10-Year Wetland & ESA Credit Portfolio Balance		
	Wetland Credits	**ESA Credits**
2026 Available Credits	16.796	395.378
Credit Need – less intense development	11.39	248.353
2036 Balance	5.409	147.025
Credit Need – more intense development	15.82	344.704
2036 Balance	0.98	50.674

Based on the above analysis, the Port has a sufficient number of wetland and ESA credits to meet currently planned and projected needs over the next 10 years. The Port is planning several projects that will generate an additional ~5.2 wetland credits or 452 to 675 ESA credits in the next 10 years. These projects will add credits to the credit portfolio balance to ensure the Port has an on-going balance of credits to use in the future past the 10-year planning horizon.

Additional details are provided in Exhibit A, Table 2 and Table 3. Table 2 provides the current wetland and ESA credit portfolio balance, including the Advance and Bank credits generated and used to date. Table 3 is the 10-year credit need estimate based on potential redevelopment scenarios.

Exhibit A – Additional Credit Portfolio Details

Table 2: Wetland & ESA Credit Portfolio Balance (Advance & Bank Sites)[1]			
	Wetland Credits (ac-credits)[2]	**ESA Credits (DSAYs)[3]**	
Credit Generating Site			
Place of Circling Waters Advance Mitigation Site (POCW): est. 2010	3.52	114.23	
Upper Clear Creek Mitigation Bank (UCCMB): est. 2020	12.56	273.16	
Lower Wapato Creek Advance Mitigation Site (LWC): est. 2021	10.02	N/A (Non-ESA fish credit: 60 ft width parallel to flow future overwater coverage of Wapato Cr)	
Maritime Center Shoreline Restoration Advance ESA Credits: est. 2025	N/A	14.65	
Comprehensive Mitigated Maintenance & Repair Program Advance ESA Credits: 2025[4]	N/A	1.526	
Total Credits Generated	**26.10**	**403.566**	
Impact/Credit Use (Project & Credit Site)			
Arkema Mound Clean Up	0.090	1.49	POCW
North Lead Tracks	0.015	0.49	POCW
Off-Dock Container Support Facility	6.602	N/A	LWCHP
Parcel 117 Snail Eradication[5]	2.34	N/A	LWCHP
PCT Berth Maintenance Dredge	0.028	0.90	POCW
TOTE Berth Maintenance Dredge	0.014	0.47	POCW
Middle Blair Navigation Safety Dredge	0.015	0.49	POCW
Vector Development Co. (pending sale)	0.20	4.348	UCCMB
Total Credits Used	**9.304**	**8.188**	
Available Credit Balance			
Total Remaining Credits	**16.796**	**395.378**	

Notes:

[1] Credit balance assumes full credit release at completion of performance monitoring. Although the joint sites have both wetland and ESA credits, when one type of credit is used, the equivalent value of the other type of credit is also deducted.

[2] Ac-credit is a unit of wetland credit that refers to the concept in environmental conservation where wetland areas are compensated for their ecological functions when they are lost or degraded due to development activities. The unit is used to determine the amount of impact and the mitigation necessary to mitigate the impact.

[3] A discounted-service-acre-year ("DSAY," also known as a "Fish Conservation Credit") is a unit of measure derived from a functional analysis of fish habitat loss (injury/impact) and gain (improvement/compensation) as measured using Habitat Equivalency Analysis or "HEA."

[4] Advance ESA credits generated under CMMP are reserved for use within the CMMP 10-year program and any unused credits will carry over to the next 10-year program.

[5] The Parcel 117 Snail Eradication Project also has two concurrent mitigation sites (Parcel 12 & Parcel 37A) as part of the site's mitigation plan.

Table 3: Projected 10-Year Wetland & ESA Credit Needs

Less Intense Development – Credit Need		
Project / Property	**Wetland Credits (ac-credits)**	**ESA Credits (DSAYs)[1]**
Parcel 6, 114 (TPU) ditches	0.67	14.566
Parcel 1B (EBC) ramp/shoreline redevelopment	4.50	97.830
Parcel 117 Snail Eradication/Project Neptune	2.34	50.872
Blair Berth Deepening at WUT & Husky	0.14	3.843
Blair Berth Deepening at PCT	0.15	3.261
Berth Maintenance Dredging	0.060	1.304
In-Water Infrastructure Repair & Maintenance (NMFS)	0.50	10.870
Parcel 99 (Arkema) Shoreline Cap Repairs	1.50	32.610
Dewatering Facility/new pier (Parcel 99 or 115)	1.53	33.197
Subtotal (Less Intense – 9 projects)	***11.39***	***248.353***
More Intense Development – Credit Need		
Project / Property	**Wetland Credits**	**ESA Credits[1]**
Parcel 99 (Arkema) or 115 new pier or expansion	1.90	41.349
Parcel 34 (Progress Rail) Redevelopment	1.03	22.392
Parcel 35 (Fabulich Center) Expansion or Redevelopment	1.00	21.740
In-Water Infrastructure Repair & Maintenance (NMFS)	0.50	10.870
Subtotal (4 additional projects)	***4.43***	***96.351***
Total (more intense – 13 projects) 10-Year Credit Need Projection	***15.82***	***344.704***

[1] The ESA Credit need is calculated from the wetland credit need using the Upper Clear Creek Mitigation Bank (UCCMB) conversion ratio of 1 ac-credit to 21.74 DSAYs.

Item No.: 10C
Meeting Date: Dec. 1, 2026

Husky and Washington United Terminal Berth Deepening Construction Authorization, Grant Acceptance, and

Homeport - Port of Tacoma Commission Action Conservation Credit Use Authorization

THE NORTHWEST SEAPORT ALLIANCE
SEATTLE + TACOMA

Norman Gilbert, PE
Sr. Engineering Project Manager

1

ACTIONS REQUESTED

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ACTIONS REQUESTED (Continued)

10C (2) Project authorization in the amount of $25,925,000, for a total authorized amount of $29,000,000, for work associated with the Husky Berth Deepening Project, Project Identification No. 201169.01.

10C (3) Project authorization in the amount of $36,535,000, for a total authorized amount of $40,000,000, for work associated with the Washington United Terminals Berth Deepening Project, Project Identification No. 201166.01.

10C (4) Request authorization for the Chief Executive Officer or designee to accept a grant from the U.S. Department of Transportation's Maritime Administration (MARAD) for $2,000,000.

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Background

- Container ships are getting much larger, often carrying 12,000-15,000 TEUs. Soon ships will carry 18,000 TEUs 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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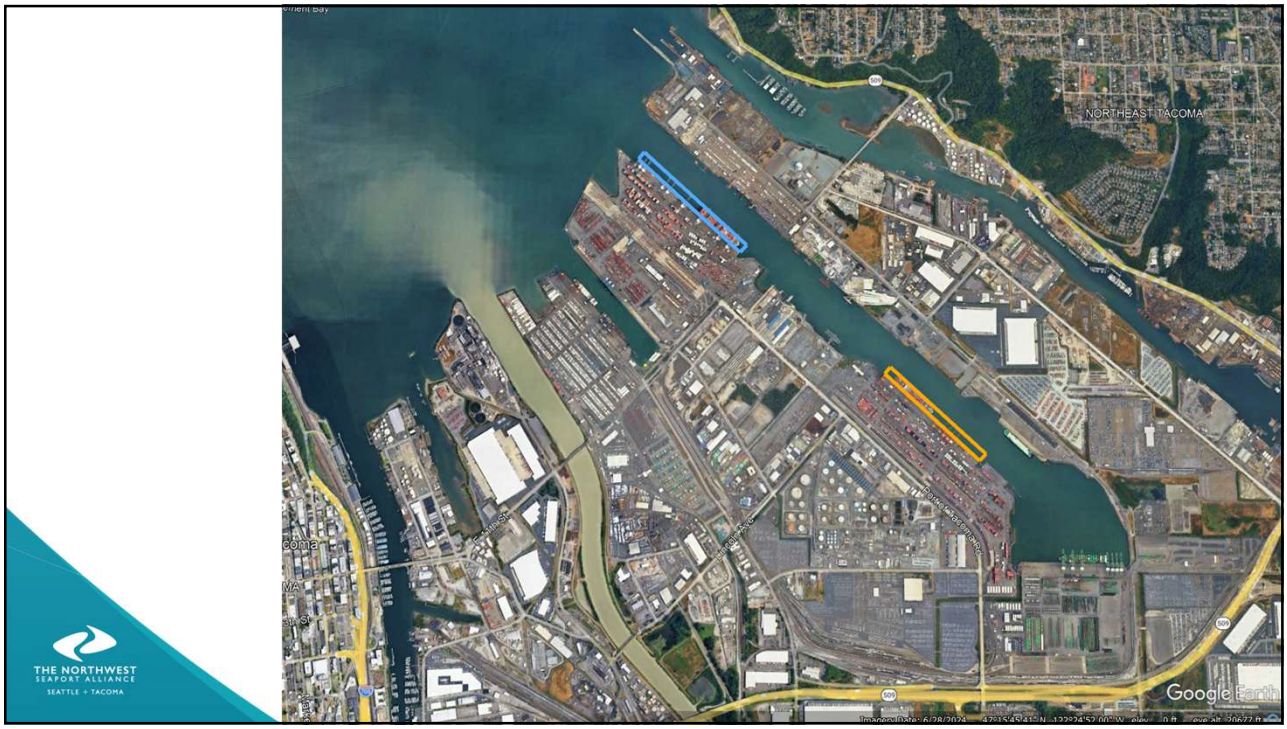

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Project Description and Details

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:
  - Execute a grant agreement with MARAD
  - Advertise, bid and award one Public Works construction contract for Husky and WUT combined
  - Completion of the berth deepening
  - Project, grant, and construction management
  - Provide mitigation as necessary

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Project Schedule

Activity	Timeframe
Advertise Bids	Mid-December 2026
Bid Opening	Mid-January 2027
Contract Award	Late-January 2027
Contract Completion	Mid-March 2029

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Source of Funds

The funds for these projects will be provided by the Homeports through the standard capital project funding process. The 2027–2031 five-year Capital Investment Plan (CIP) Budget allocates $37,000,000 for the WUT Berth Area Dredge/Toe Wall construction project (Project ID 201066.01) and $26,500,000 for the Husky Berth Area Dredge/Toe Wall construction project (Project ID 201169.01).

The total estimated project cost is $40,000,000 for WUT and $29,000,000 for Husky. Portions of these projects are eligible for Harbor Maintenance Tax / Water Resource Development Act Section 2106 (HMT) funding therefore, related expenditures are reimbursable until the allocated HMT funds are fully expended. Based on the current construction estimate, upcoming HMT-eligible costs are anticipated to be approximately $33.3 million for WUT and $20.7 million for Husky.

The $2 million grant funds will be recognized as NWSA grant income on the NWSA income statement when earned.

For the Port of Tacoma, the reimbursement of the cost of 4 DSAY at market value will result in approximately $800,000 in revenue and cash. The Port will net $400,000 in cash as the NWSA's purchase of the DSAYs will be funded equally by the Port of Tacoma and the Port of Seattle. The cost of the DSAY reimbursement for the NWSA is included in the project costs.

The project authorizations assume that the DSAYs are sold for $800,000.

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Financial Summary

Husky – MID 201169.01

Item	Budget Estimate	Cost to Date	Remaining Cost
Design	$3,075,000	$2,431,645	$643,355
Construction	$25,925,000	$0	$25,925,000
Project Total:	$29,000,000	$2,431,645	$26,568,355

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Husky Financial Summary

- Husky and the associated NIM intermodal terminal are budgeted to provide approximately $37.6 million in cash in 2027. There is no direct link to an increase in cash generated from this project.
- Project costs will be capitalized and added to the Statement of Net Position as a Capital Asset.
  - The cost of the depreciable improvements (approximately $23.1 million) will be depreciated over an estimated 30 years resulting in approximately $773,000 depreciation per year which will be reflected in the Income Statement when the project is completed.
  - This portion of the project is HMT fund eligible. The Port of Tacoma recognizes any HMT funds as revenue when received. The subsequent use of the HMT funds increases the Port of Tacoma's investment in the NWSA as reflected on the POT's Statement of Net Position.
- The cost of the Husky dredge (approximately $5.8 million) will be capitalized as Real Property and will not be depreciated.

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Financial Summary

Washington United Terminals – MID 201166.01

Item	Budget Estimate	Cost to Date	Remaining Cost
Design	$3,465,000	$2,822,174	$642,826
Construction	$36,535,000	$0	$36,535,000
Project Total:	$40,000,000	$2,822,174	$37,177,826

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WUT Financial Summary

- WUT and the associated intermodal terminal are budgeted to provide approximately $15.0 million in cash in 2027. There is no direct link to increase in cash generated from this project.
- Project costs will be capitalized and added to the Statement of Net Position as a Capital Asset.
  - The cost of the depreciable improvements (approximately $33.3 million) will be depreciated over approximately 30 years resulting in approximately $1,100,000 depreciation per year which will be reflected in the Income Statement when the project is completed.
  - This portion of the project is HMT fund eligible. The Port of Tacoma recognizes any HMT funds as revenue when received. The use of the HMT funds increases the Port of Tacoma's investment in the NWSA as reflected on the POT's Statement of Net Position.
- The cost of the WUT dredge (approximately $6.7 million) will be capitalized as Real Property and will not be depreciated.

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Environmental Impacts / Review

- Permitting: This work necessitates a full suite of environmental permits, including SEPA environmental review, Corps Section 404 and Section 10 permits, Endangered Species Act Section 7 consultation, DMMP Sediment Suitability Determination, Ecology Section 401 Water Quality Certification, WDFW Hydraulic Project Approval, and City of Tacoma Shoreline Substantial Development Permit. The federal PIDP grant award prompts additional MARAD permitting requirements, including Section 106 consultation and National Environmental Policy Act (NEPA) compliance assessment. The construction contract will be bid and executed ahead of receiving all federal permits. No construction will begin until all permits are obtained.

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Environmental Impacts / Review (cont.)

- Mitigation: Mitigation liability will be identified during design and permitting and finalized upon project completion. Current estimates indicate up to 4 DSAYs may be required to offset project impacts. Mitigation is proposed to be fulfilled by NWSA reimbursing the Port of Tacoma for the use of advance conservation credits from the Port of Tacoma to be used for these projects. NWSA use of Port of Tacoma advance conservation credits is authorized with Commission approval pursuant to Sec. VII.D.(2) of Port of Tacoma Master Policy Res. 2026-04-PT on the terms and conditions provided for in Art. 3.2(f)(iii) of the Third Amended Alliance Charter for “Future Mitigation Sites,” which-allows each Homeport to offer the NWSA the opportunity to purchase advance/bank habitat mitigation credits at a market rate or as otherwise agreed to. The Port of Tacoma’s DSAY reimbursement price will be based on market rate using the Puget Sound Partnership Nearshore Conservation Credit Program price at the time of the transaction (currently $200,000/DSAY).

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Environmental Impacts / Review (cont.)

- Remediation: The issued suitability determination indicates that dredged sediment quality exceeds standards for open-water disposal and meets the additional proposed criteria for in-water beneficial reuse. The relevant agencies have approved the dredged sediment for open-water disposal and/or in-water beneficial reuse.
- 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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