

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No. 9A
Date of Meeting September 6, 2023

DATE: August 28, 2023

TO: Managing Members

FROM: John Wolfe, CEO

Sponsors: Tong Zhu, Chief Commercial and Strategy Officer

Project Manager: Norman Gilbert, Engineering Project Manager II

SUBJECT: Husky & WUT Berth Deepening Design and Permit Application Project Authorization

A. ACTION REQUESTED

Request project authorization in the amount \$1,275,000, for a total authorized amount of \$1,575,000, for work associated with the Husky Berth Deepening, Master Identification No. 201169.01.

Request project authorization in the amount \$1,695,000, for a total authorized amount of \$1,995,000, for work associated with the Washington United Terminals Berth Deepening, Master Identification No. 201166.01.

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 (Port) and Corps staff are currently in the process of advancing the waterway deepening project. In preparation of the waterway deepening, Port staff has initiated the effort to deepen the berthing areas in front of Husky Terminal and Washington United Terminals at the South Harbor.

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:

- Evaluation of existing site information
- Performing site exploration for geotechnical evaluation
- Sediment characterization
- Project design to 30% level
- Permit application
- Project management

Schedule

- Execute Professional Service Agreement in July 2023
- Apply for environmental permits March 2024
- Complete 30% design July 2024

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	\$1,275,000	\$300,000	\$1,575,000	\$2,112,500	\$8,792	\$2,103,708
Construction	\$0	\$0	\$0	\$18,407,500	\$0	\$18,407,500
Total	\$1,275,000	\$300,000	\$1,575,000	\$20,520,000	\$8,792	\$20,511,208

Project Cost Details (WUT - MID 201166.01)

	This Request	Total Previous Requests	Total Requests	Total Project Cost	Cost to Date	Remaining Cost
Design	\$1,695,000	\$300,000	\$1,995,000	\$2,532,500	\$7,787	\$2,524,713
Construction	\$0	\$0	\$0	\$28,087,500	\$0	\$28,087,500
Total	\$1,695,000	\$300,000	\$1,995,000	\$30,620,000	\$7,787	\$30,612,213

Source of Funds

The current Capital Investment Plan (CIP) Budget allocates \$30,620,000 and \$20,520,000 for WUT (MID 201166.01) and Husky (MID 201169.01) respectively for the projects. The construction costs shown are estimates and will be updated as part of this action. The construction cost estimates that will be developed as part of this authorization may be different than the amounts shown.

The toe wall design and construction portion of the project meets the requirements for use of Harbor Maintenance Tax and WRDA Section 2106 funds. The NWSA has approximately \$1.04 million of Federal Government Fiscal Year (FY) 2022 Section 2106 funds. The NWSA expects to use some portion of the \$3.364 million FY 2023 Section 2106 funds received by the Port of Tacoma to help fund this project as well. Use of FY 2023 Section 2016 and HMT funds received by the home ports was approved by the Managing Members during the May 2, 2023, meeting.

Financial Impact

Capitalization and Depreciation

Project costs related to Toe Wall will be capitalized as dredging portion of the project will be expensed. The Toe Wall portion of the project is estimated about 77% of the Husky total project cost of \$20,520,000 and about 87% of the WUT total project cost of \$30,620,000, and both will be depreciated over an estimated useful life of 30 years, resulting in annual depreciation of \$526,680 starting in 2026 and \$887,980 in 2026 for MID 201169.01 and 201166.01 respectively. There will be no depreciation expenses in 2023. A refined estimate for the cost of this project will be determined as part of the work covered under this authorization.

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.

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. ATTACHMENTS TO THIS REQUEST

None.

H. PREVIOUS ACTIONS OR BRIEFINGS

Husky – MID 201169.01

<u>Date</u>	<u>Action</u>	<u>Amount</u>
February 16, 2023	Executive Authorization	\$25,000
March 7, 2023	Managing Member Deepening Program Briefing	\$0
June 22, 2023	Executive Authorization	\$275,000
TOTAL		\$300,000

WUT – MID 201182.01

<u>Date</u>	<u>Action</u>	<u>Amount</u>
February 14, 2023	Executive Authorization	\$25,000
March 7, 2023	Managing Member Deepening Program Briefing	\$0
June 24, 2023	Executive Authorization	\$275,000
TOTAL		\$300,000

Item No.: 9A

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Husky & WUT Berth Deepening Design and Permit Application Project Authorization



THE NORTHWEST
SEAPORT ALLIANCE

SEATTLE + TACOMA

Norman Gilbert, PE
Engineering Project Manager II

September 6, 2023

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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.

BLAIR WATERWAY DEEPENING PROGRAM



THE NORTHWEST
SEAPORT ALLIANCE
SEATTLE + TACOMA

OPEN WATER
MARINE DISPOSAL
FACILITY

ECHO

Marine View Drive

BLAIR WATERWAY DEEPENING PROGRAM 2023-2029

Channel Phase 1 • 2026-27

Toe-Wall Berth Deepening
• 2025-26

Potential
Dewatering
Facility • 2026-27
Tru-Grit Cleanup
• 2026-27

Bank Cut-Back Area

Channel Phase 2 • 2027-28

Toe-Wall Berth Deepening
• 2026-27

Channel Phase 3
• 2028-29

Toe-Wall Berth Deepening
• 2027-28

FUNDING KEY

FUNDED BY
PORT OF TACOMA

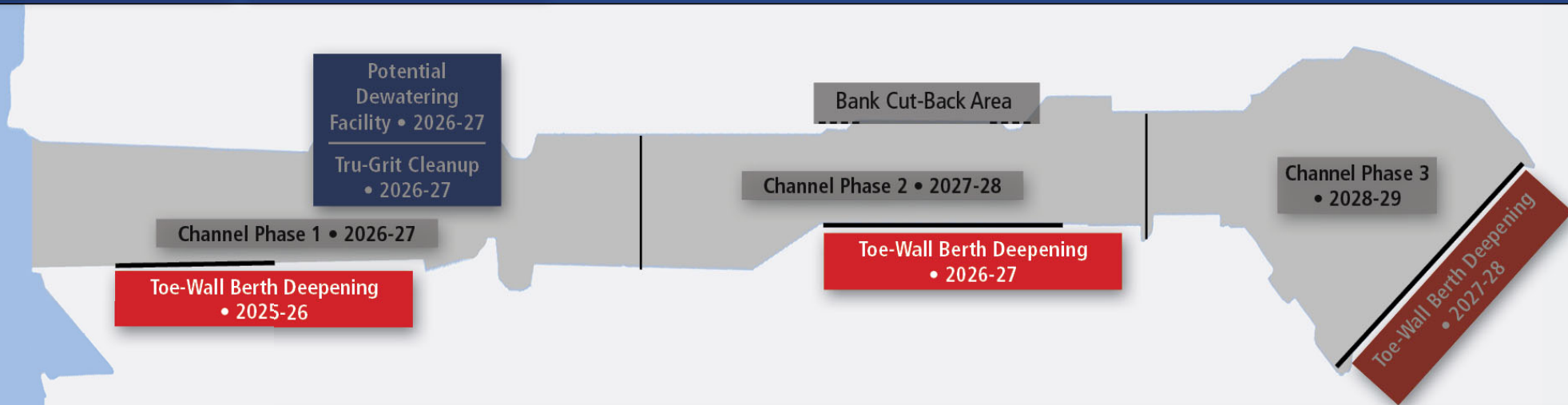
FUNDED BY NWSA

FUNDED BY
PORT OF TACOMA / FED

OPEN WATER
MARINE DISPOSAL
FACILITY



BLAIR WATERWAY DEEPENING PROGRAM 2023-2029



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Project Description and Details

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- The scope of work for this request includes:
 - Evaluation of existing site information
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 - Sediment characterization
 - Permit application
 - Project design to 30% level
 - Project management

Project Schedule

The anticipated schedule for this request is:

- Execute Professional Service Agreement in July 2023
- Apply for environmental permits in March 2024
- Complete 30% design in July 2024
- Return to Managing Members in July 2024 for authorization to complete design

Source of Funds - Husky

- The estimated cost of the Design for this project is \$2,112,500.
- The estimated budget for this project is \$20,520,000.
- The 2017-2022 Capital Investment Plan (CIP) allocates \$20,520,000 for this project.
- This work and associated budget is consistent with the NWSA valuation.

Source of Funds - WUT

- The estimated cost of the Design for this project is \$2,532,500.
- The estimated budget for this project is \$30,620,000.
- The 2017-2022 Capital Investment Plan (CIP) allocates \$30,620,000 for this project.
- This work and associated budget is consistent with the NWSA valuation.

Financial Summary

Husky – MID 201169.01

Item	Budget Estimate	Cost to Date	Remaining Cost
Design	\$2,112,500	\$8,792	\$2,103,708
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- Remediation: Given the areas' dredge history, it is possible but unlikely contaminants exceeding Ecology's Sediment Management Standards will be encountered.

Environmental Impacts / Review

- 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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