

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
STAFF BRIEFING

Item No.	<u>8B</u>
Date of Meeting	<u>October 1, 2019</u>

DATE: September 20, 2019

TO: Managing Members

FROM: John Wolfe, CEO
Sponsors: Tong Zhu Chief Commercial Officer & Chief Strategy Officer
Project Manager: Emma Del Vento, Capital Program Leader, Seaport Project Management

SUBJECT: Terminal 5 Modernization Program Updates

A. BRIEFING REQUESTED

Program Update

B. SYNOPSIS

The Terminal 5 Modernization Program is fully authorized for a total of \$340,000,000. The major contract for the berth modernization has been executed and the construction team has started demolition, pile extraction and driving, and excavation of the substation. All work is proceeding on schedule and within budget. Upland elements of work such as roadway improvements, marine breakrooms and storm water treatment are in design. Coordination with tenant is ongoing as we work through construction impacts and additional upland improvement plans.

C. BACKGROUND

The NW Seaport Alliance (NWSA) entered into a long term lease for the redevelopment of Terminal 5 in the North Harbor, to create a modern international container terminal. Once the Terminal 5 Modernization Program is completed, the facility will have the capability to handle the largest vessels currently calling the west coast, allowing the NWSA to compete for the super post-panamax vessels, increasing current container volumes, supporting economic development and creating jobs in the region.

D. CURRENT STATUS

Orion Marine Contractors are moving forward with on time on budget demolition. Uplands Improvements and Permit Conditions are moving forward on schedule. Tenant discretionary changes are being addressed in change management working group meetings.
MARAD grant was submitted 9/15/2019 for \$33,000,000 (45% of the project cost)

E. BUDGET

2019 Quarter 3 Program Budget	Authorized Budget	Quarter 3 Changes	Updated Budget	Spent to Date	Forecast at Completion	Remaining Authorized Budget
Construction	\$ 251.0	\$ -	\$ 254.1	\$ 3.8	\$ 226.2	\$ 250.3
Design and Project Management	\$ 25.0	\$ -	\$ 25.7	\$ 15.1	\$ 25.7	\$ 10.6
Permit Conditions	\$ 14.0	\$ -	\$ 14.0	\$ 2.6	\$ 14.0	\$ 11.4
Stormwater Treatment Management Reserve*	\$ 30.0	\$ -	\$ 30.0	\$ -	\$ 30.0	\$ 30.0
Management Reserve*	\$ 20.0	\$ -	\$ 16.2	\$ -	\$ 16.2	\$ 16.2
Total	\$ 340.0	\$ -	\$ 340.0	\$ 21.5	\$ 312.1	\$ 318.5

F. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

No request is being made at this time

G. ATTACHMENTS TO THIS REQUEST

No request is being made at this time

H. PREVIOUS ACTIONS OR BRIEFINGS

Date	Action	Amount
May 20, 2019	Program Authorization for Construction of Berth Mo	\$ -
April 2, 2019	Additional Program Funding and Authorization to Fu	\$ 314,150,000
February 26, 2019	Pre-Authorization Program Briefing	\$ -
February 5, 2019	Pre-Authorization Program Briefing	\$ -
November 13, 2018	Motion to Prepare Construction Documents for Autl	\$ -
August 1, 2017	Railroad Quiet Zone Funding, Tribal Payments, and	\$ 5,650,000
October 4, 2016	Additional Funding, Seattle City Light Agreement, a	\$ 8,200,000
June 7, 2016	DEIS Briefing	\$ -
November 4, 2015	Additional SEPA and Design Funding	\$ 2,000,000
October 13, 2015	Test Pile Bids Exceeded Engineer's Estimate	\$ -
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	\$ -
March 12, 2014	Additional Pre-Design Authorization	\$ 150,000
November 27, 2013	Initial Pre-Design Authorization	\$ 150,000

I. NEXT STEPS

- Orion Marine Contractors will continue moving forward with Phase 1 demolition and construction.
- MARAD grant announcement expected December/January 2020.
- Crane design is being studied by technical working group.
- Storm water change order will be assessed.
- Electrical Permit has been elevated in SDCI.
- Quiet Zone discussions are underway with Industrial Neighbors regarding crossing configuration and property acquisition.



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Quarterly Program Update Terminal 5 Modernization

Presenter: Emma Del Vento
Capital Program Leader

Terminal 5 – Program Overview

Primary Elements of Scope

- **Berth Modernization**
 - Crane Rails
 - Dock Rehabilitation
 - Slope Stabilization
 - Berth Deepening
 - Power Supply/
Distribution
- **Uplands Improvements**
 - Storm water
 - Marine Buildings
 - Permit Conditions
 - Lease Obligations



Terminal 5 – Progress

- **Berth Modernization Project**
 - In Construction by Orion Marine Contractors
 - Above water dock demolition in progress
 - Substation civil and electrical work in progress
 - All tasks are on schedule
- **Uplands Improvements Projects**
 - Storm Water Treatment: Master Plan due end 2019
 - Managed, designed and constructed by SSA
 - Budget includes a \$30M allowance
 - Marine Buildings: 30% design due end 2019
 - NWSA responsibility to design and construct
 - Permit Condition Progress:
 - Quiet Zone 90% design due Q4 2019
- **MARAD Grant**
 - NSWA submitted 9/15/2019

Terminal 5 – Construction Progress

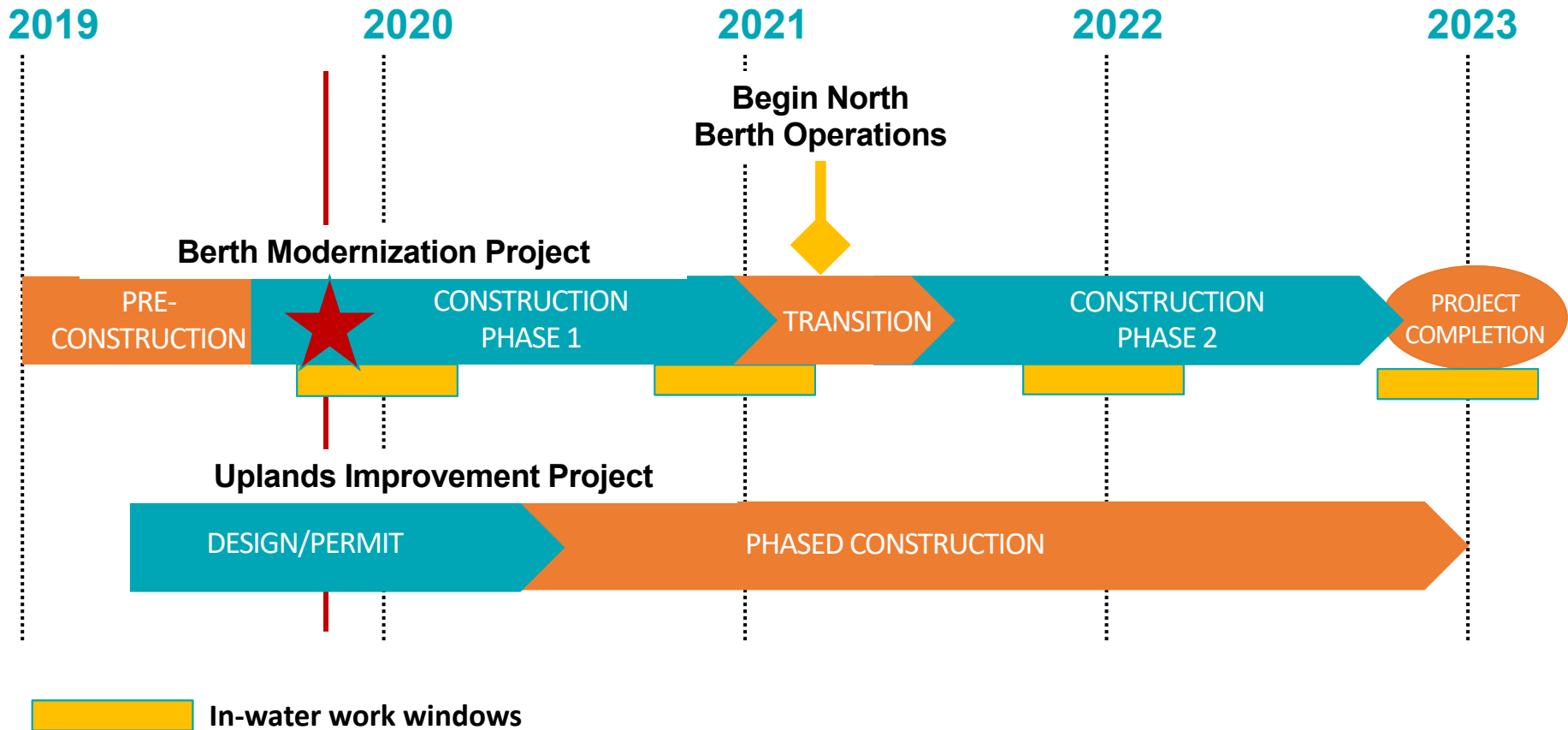


Dock Demolition Underway



Primary Substation Excavation

Terminal 5 – Schedule and Phasing (Currently On-Schedule)



Terminal 5 – Budget

(currently on budget)

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* Marine Buildings \$3.8M

\$4.4M Budget Proviso in the State budget for shore-power infrastructure at Terminal 5

Terminal 5 – Additional items

- **Resiliency**

- Threats are sea level rise and seismic
- T5 characteristics:
 - Design meets industrial city code
 - Wharf and uplands (have not been raised) and will not be impacted by sea level rise for 40 years of the asset life cycle
 - Substation elevation has been raised
 - Design mitigation measures have been incorporated
 - E.g. larger diameter storm system piping and crane power vaults oriented in shallow direction



Terminal 5 – Risks

- **Risks are managed through change management system**
 - Documented process and elevated as necessary for decisions
- **On-going Tenant requests for design changes**
 - Crane tie downs or crane ballast
 - Crane tie downs would require design and permitting
 - Risk to both budget and schedule
- **Electrical Permit approval**
 - Code interpretation regarding location of sub-station
 - Working through issue with City and SCL
 - Risk is potential relocation of sub-station, redesign, and sunk cost in construction
- **Quiet Zone**
 - Discussions underway with Industrial Neighbors regarding crossing configuration and property acquisition
 - Working with design team for alternate technical solutions
 - Risk is potential schedule delay and cost increase

Terminal 5 – Opportunities

- **MARAD (Maritime Administration) Grant for Port Infrastructure Development Program (PIDP)**
 - Request of \$33M for six upland project components shared with Tenant:
 - Paving
 - Storm-water Treatment System
 - Reefer Plugs (1400)
 - On-dock Rail Improvements
 - Access and Technology Systems
 - Cargo Handling Equipment
 - Awards to be announced December/January
- **\$4.4M Budget Proviso in the State budget for shore-power infrastructure at Terminal 5**
- **Collaboration with Seattle City Light**