

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No. 9B
Date of Meeting July 2, 2024

DATE: June 24, 2024

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Tong Zhu, Chief Commercial & Strategy Officer

Project Manager: Valerie Huffman, Capital Project Manager III

SUBJECT: T18 N. Fender Replacement Project Authorization

A. ACTION REQUESTED

Request the Managing Members grant project authorization in the amount \$2,017,000, for a total authorized amount of \$2,500,000, for work associated with the T18 N. Fender Replacement Project, Master Identification No. N10303.

B. SYNOPSIS

The timber pile fender system, that protects the pier and vessels, located at the northmost section of Terminal 18 is deteriorating with age. This project will replace the fender system with a stronger, more environmentally friendly steel pile fender system and address safety concerns.

C. BACKGROUND

The northern most 900 lineal feet of pier at Terminal 18 are utilized by Kinder Morgan via secondary use rights. Kinder Morgan uses this pier area for loading and unloading petroleum and petroleum additive products into and from tankers, barges, and other vessels. In 2021, Kinder Morgan reported that the north fender system was broken and showing deterioration of the timber piles. This fender system is located on the northmost end of the pier in a high traffic area at the mouth of the Duwamish Waterway. The broken sections near the top of the structure present a safety concern.

A visual inspection and review of the most recent condition reports indicated that there are no immediate concerns for the pier structure itself, rather the damage is limited to the timber fender system. Replacement of the 120 linear feet of the fender system is deemed the best course of action.

As the replacement is considered infrastructure repair, and the deterioration is not due to use or operations by Kinder Morgan, repair costs are the responsibility of the NWSA. Kinder Morgan's license for usage of the pier may continue through 2034 should all extension options be exercised. In addition, the NWSA believes that this asset will remain in use for many years to come and warrants replacement.

D. PROJECT DESCRIPTION AND DETAILS

This project will replace the deteriorating timber pile fender system with a new steel pile fender system.

Project Objectives

Project objectives include:

- Removal of the existing deteriorated timber pile fender system.
- Installation of a new steel pile fender system.

Scope of Work

The scope of work will include:

- Design
- Permitting
- Procurement
- Demolition and Construction

Schedule

The projected construction schedule will accommodate acquisition of long lead materials prior to construction timed during the 2025/2026 fish window:

Advertise for Bid	August 6, 2024
Open Bids	September 24, 2024
Notice of Award	October 30, 2024
Substantial Completion	March 30, 2026
Final Completion	May 26, 2026

E. FINANCIAL IMPLICATIONS

Project Cost Details

	This Request	Total Project Cost	Cost to Date	Remaining Cost
Procurement	\$10,000	\$95,000	\$14,000	\$81,000
Pre-Design		\$28,000	\$28,000	\$0
Design	\$7,000	\$377,000	\$134,000	\$243,000
Construction	\$2,000,000	\$2,000,000	\$0	\$2,000,000
Total	\$2,017,000	\$2,500,000	\$176,000	\$2,324,000

Source of Funds

The current Capital Investment Plan (CIP) Budget allocates \$1.5M for this project. When the 2024 capital budget was built, this was the expected total cost. Estimates have changed since that time, and as part of the 2025 – 2029 CIP Budget planning, additional funds will be added to reflect the new estimated cost.

Financial Impact

As this is a capital project the only impact to the P&L will be depreciation expense. In the 2024 budget this was to be \$100K annually starting at the completion date of the project, given the 15-year useful life of the fender. Given the increased cost of the project depreciation is expected to be \$167K annually.

In the 2024 budget we forecast Kinder Morgan revenue to be \$830K. The revenue is approximately \$367K in rent and \$463K in variable volume related revenue.

F. ENVIRONMENTAL IMPACTS/REVIEW

Permitting: State Environmental Policy Act (SEPA) Exemption, Shoreline exemption; In-water permits and approvals will be required from The US Army Corps of Engineers; Washington State Departments of Fish & Wildlife, Ecology and Natural Resources, and tribal coordination will be required.

Remediation: None

Stormwater: Potential for stormwater review for staging and laydown.

Air Quality: No impacts.

G. ATTACHMENTS TO THIS REQUEST

None.

H. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
October 3, 2022	Executive Authorization for Design	\$120,000
August 1, 2023	Managing Member Authorization for Design	\$363,000
TOTAL		\$483,000

T18 North Fender Replacement Project Authorization



THE NORTHWEST
SEAPORT ALLIANCE
SEATTLE + TACOMA

Presenter: Valerie Huffman, Capital Project Manager III

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ACTION REQUESTED

Request project authorization from the NWSA Managing Members in the amount of \$2,017,000, for a total authorized amount of \$2,500,000, for the T18 N. Fender Replacement project, Master Identification No. N10303.

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Background

- At the northmost facing pier of Terminal 18, leased to Kinder Morgan, the existing timber fender system, that protects the pier and vessels, is broken and piles have deteriorated.
- The fender system is approximately 120 linear feet located on the northmost end of the pier at the mouth of the Duwamish Waterway.
- Damage is limited to the fender system and presents a safety concern.
 - There is no indication of damage to the pier structure itself.
 - Replacement of the fender system has been deemed the best course of action.

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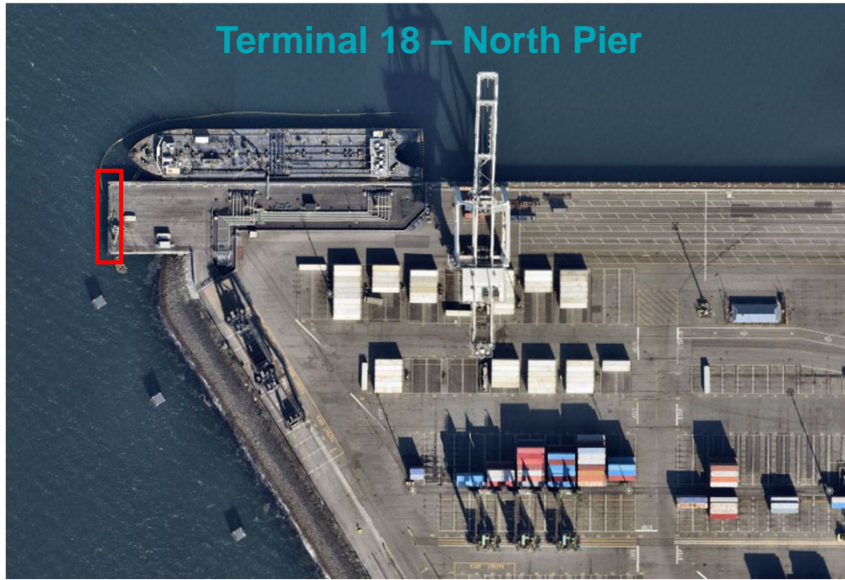
Background - Location



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Background - Site

Terminal 18 – North Pier



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Background – Fender Deterioration



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6



Project Description and Details

This project will replace the deteriorating timber pile fender system with a new steel pile fender system.

- The proposed improvements include the following:
 - Removal of the existing deteriorated timber pile fender system.
 - Installation of a new steel pile fender system.

Project Schedule

Activity	Timeframe
Advertise Bids	August 6, 2024
Bid Opening	September 24, 2024
Contract Award	October 30, 2024
Contract Completion	May 26, 2026

Source of Funds

- The estimated cost for this project is \$2.5M.
- The 2024-2028 Capital Investment Plan (CIP) allocates \$1.5M for this project.
- This work and associated budget is consistent with the NWSA valuation
- Work completed since 2024 was previously authorized and has been completed.

Financial Summary

	This Request	Total Project Cost	Cost to Date	Remaining Cost
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Total	\$2,017,000	\$2,500,000	\$176,000	\$2,324,000

The tenant is budgeted to produce \$830,000 per year in revenue in 2024

Environmental Impacts / Review

- Permitting: State Environmental Policy Act (SEPA) Exemption, Shoreline exemption; In-water permits and approvals will be required from The US Army Corps of Engineers; Washington State Departments of Fish & Wildlife, Ecology and Natural Resources, and tribal coordination will be required.
- Remediation: None.
- Stormwater: Potential for stormwater review for staging and laydown.
- Air Quality: No impacts.

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