

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

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

**Item No.** 5C  
**Date of Meeting** January 14, 2020

**DATE:** December 31, 2019

**TO:** Managing Members

**FROM:** John Wolfe, CEO

**Sponsors:** Tong Zhu, Chief Commercial Officer, and  
Dustin Stoker, Chief Operations Officer

**Project Manager:** Norman Gilbert, Engineering Project Manager II

**SUBJECT:** Project Authorization for Container Crane Disposal at Pier 3 – South Harbor

**A. ACTION REQUESTED**

*As referenced in NWSA Resolution No. 2018-01, Exhibit A, Delegation of Authority Master Policy, Paragraph 8.c.iii., states project costs exceeding \$300,000 require approval from Managing Members.*

Requesting Managing Members of the Northwest Seaport Alliance (NWSA) project authorization in the amount \$3,841,245 for a total authorized amount of \$4,000,000, for work associated with the Container Crane Disposal, Master Identification No. 201083.01.

**B. SYNOPSIS**

Ship to Shore (STS) Container Cranes 2301, 2302, 2405 and 2406 have been operating at Pier 3 and 4 (currently Husky Terminals) of the South Harbor since 1989, 1989, 1996 and 2001 respectively. All cranes operate on 64-gauge crane rail, have an outreach length between 131 and 156 feet, a lift above rail height of 112 feet. With the arrival and commencement of commissioning of the second delivery of Super Post-Panamax (SPPM) STS Cranes the four older cranes ceased operating in February 2019 and have been stored at the north end of Pier 3 since.

**C. BACKGROUND**

With the modernization of Piers 3 and 4 and the purchase of eight new Super Post-Panamax STS Cranes, the four existing smaller cranes (2301, 2302, 2405 and 2406) are no longer needed. These cranes have reached the end of their useful life, are insufficiently sized to service most modern container vessels and are no longer needed to support terminal

operations. Additionally, the cranes occupy valuable space on the pier that can be reclaimed for container handling operations.

Under the Third Amendment to the Crane Rental Agreement with Husky Terminal and Stevedoring, entered into mid-2017, the NWSA committed to removing the four existing cranes within one year following the date that all eight SPPM STS Cranes were made available for use. The last four new cranes were made available to Husky on July 1, 2019.

In preparation for the removal of the existing STS cranes from Pier 3. NWSA Managing Members authorized to relinquish the NWSA's use of the four STS Cranes and the Port of Tacoma Commission authorized Resolution 2019-11-PT to declare the STS Cranes and spare parts as surplus. These authorizations were approved during the August 6, 2019 Managing Members meeting. Subsequently, the Port of Tacoma Contracts and Purchasing Department has advertised the four STS Cranes and spare parts for sale. The cranes and spare parts were available for purchase from October 31, 2019 through November 31, 2019. The Port did not receive any offers for purchase.

Recent discussions between Port staff and Husky Terminal management have resulted in a tentative agreement to allow for the removal two STS cranes by July 2020 and the remaining two in 2021. Due to these discussions Port staff intends to structure the Public Works bid to allow for the removal of two (2) cranes as the base bid and an alternate to remove the remaining two (2). Once bids are received NWSA Chief Executive Officer or their delegate will determine if the alternate will be included in the Contract.

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

The scope of the project is to remove at a minimum two (2) and possibly four (4) existing STS Container Cranes and spare parts from Pier 3. This includes; generation of bidding documents, permitting and demolition/removal of the cranes by a Public Works Contractor.

##### ***Scope of Work***

- Complete Public Works bidding documents
- Remove/demolish up to four STS Container Cranes from Pier 3
- Project and construction management

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

Advertise for Bid	Late January 2020
Open Bids	Mid-February 2020
Notice of Award	Late February 2020
Substantial Completion	June 30, 2020
Final Completion	July 30, 2020

**E. FINANCIAL IMPLICATIONS**

***Project Cost Details***

	<b>This Request</b>	<b>Total Previous Requests</b>	<b>Total Project Cost</b>	<b>Cost to Date</b>	<b>Remaining Costs</b>
Design	\$ -	\$ 158,755.00	\$ 158,755	\$ 19,336.36	\$ 139,419
Construction	\$ 3,841,245	\$ -	\$ 3,841,245	\$ -	\$ 3,841,245
<b>Total</b>	<b>\$ 3,841,245</b>	<b>\$ 158,755</b>	<b>\$ 4,000,000</b>	<b>\$ 19,336</b>	<b>\$ 3,980,664</b>

***Source of Funds***

The current Capital Investment Plan (CIP) Budget allocates \$4,160,000 for this project. The cost to remove two cranes in 2020 was included in the adopted NWSA 2020 budget. The five-year forecasted presented during the budget process included the cost to remove the final two cranes in 2021.

***Financial Impact***

Project costs will be expensed as incurred.

The expense to remove these four cranes was included in the financial analysis justifying the NWSA's investment in the improved Husky wharf and the purchase of eight new cranes. That investment met or exceeded the NWSA's financial targets with this expense.

**F. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS**

**Alternative 1) Do Nothing:** If no action is taken the cranes will remain, in place in a mothballed state occupying 10% of the wharf. This would have significant impact on Husky's operational ability to berth two vessels simultaneously. The Third Amendment to the Crane Rental Agreement obligates the NWSA to remove the four existing cranes within one year from the date all eight new cranes are made available for use.

**Alternative 2) Remove/dispose of the existing four STS Container Cranes:** This alternative will open up the full wharf for container handling operations, berthing of two vessels simultaneously and comply with the requirements of the Third Amendment to the Crane Rental Agreement.

**Alternative 2 is the recommended course.**

**G. ENVIRONMENTAL IMPACTS/REVIEW**

Permitting: n/a

Remediation: n/a

Stormwater: n/a

Air Quality: n/a

**H. ATTACHMENTS TO THIS REQUEST**

- Computer slide presentation.

**I. PREVIOUS ACTIONS OR BRIEFINGS**

<b><u>Date</u></b>	<b><u>Action</u></b>	<b><u>Amount</u></b>
July 22, 2019	Executive Authorization NWSA-20190722.02	\$158,755
<b>TOTAL</b>		<b>\$158,755</b>



Item No: 5C\_supp  
Date of Meeting: January 14, 2020

# Project Authorization for Container Crane Disposal

Presenter: Norman Gilbert  
Title: Engineering Project Manager II

# Action Requested

## Container Crane Disposal

*As referenced in NWSA Resolution No. 2018-01, Exhibit A, Delegation of Authority Master Policy, Paragraph 8.c.iii., states project costs exceeding \$300,000 require approval from Managing Members.*

Request project authorization in the amount \$3,841,245, for a total authorized amount of \$4,000,000, for the Container Crane Disposal, Master Identification No. 201083.01.



# Background

## Container Crane Disposal

- With the modernization of Piers 3 and 4 and the purchase of eight new Super Post-Panamax STS Cranes, the four existing smaller cranes (2301, 2302, 2405, and 2406) are no longer needed.
- Under the Third Amendment to the Crane Rental Agreement with Husky Terminal and Stevedoring, entered into in mid-2017, the NWSA committed to removing the four existing cranes within one year following the date that all eight SPPM STS Cranes were made available for use. The last four new cranes were made available to Husky on July 1, 2019.



# Background

## Container Crane Disposal

- In preparation for the removal of the existing STS cranes from Pier 3, NWSA Managing Members authorized to relinquish the NWSA's use of the four STS Cranes, and the Port of Tacoma Commission authorized Resolution 2019-11-PT to declare the STS Cranes and spare parts as surplus. These authorizations were approved during the August 6, 2019, Managing Members meeting.
- The Port of Tacoma Contracts and Purchasing Department has advertised the four STS Cranes and spare parts for sale. The cranes and spare parts were available for purchase from October 31, 2019 through November 31, 2019. The Port did not receive any offers for purchase.

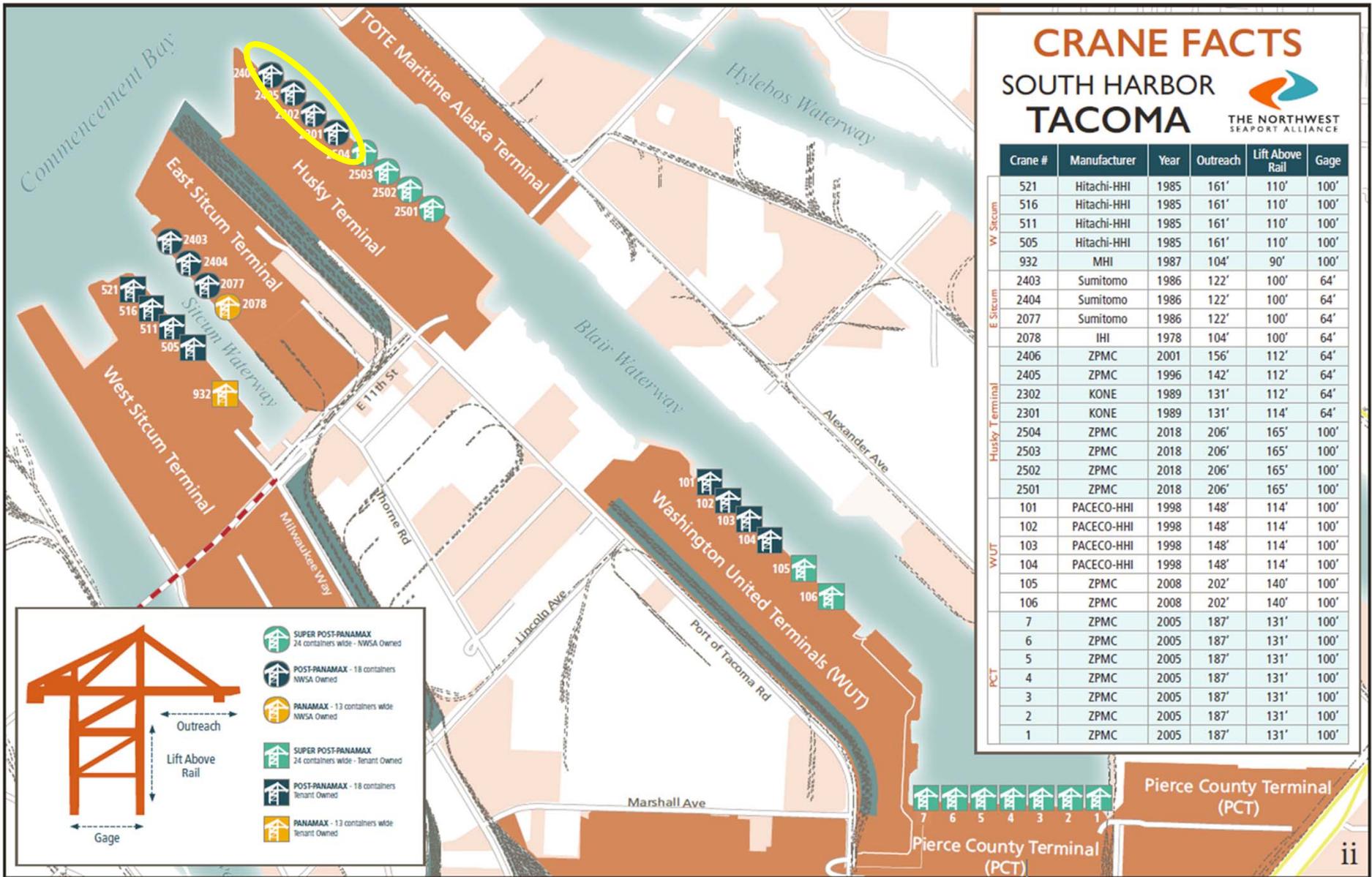


# Background

## Container Crane Disposal

- Recent discussions between Port staff and Husky Terminal management have resulted in a tentative agreement to allow for the removal two STS cranes by July 2020 and the remaining two in 2021. Due to these discussions, Port staff intends to structure the Public Works bid to allow for the removal of two (2) cranes as the base bid and an alternate to remove the remaining two (2). Once bids are received, NWSA Chief Executive Officer or their delegate will determine if the alternate will be included in the Contract.



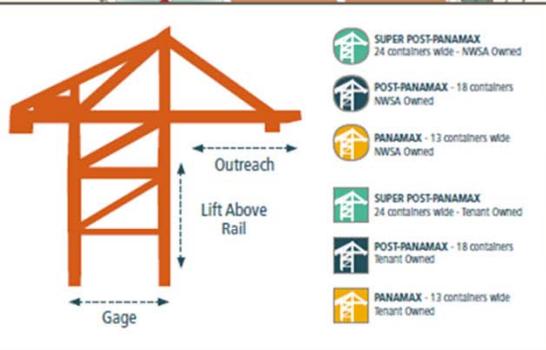


# CRANE FACTS

## SOUTH HARBOR TACOMA

THE NORTHWEST SEAPORT ALLIANCE

Crane #	Manufacturer	Year	Outreach	Lift Above Rail	Gage
<b>W Sittum</b>					
521	Hitachi-HHI	1985	161'	110'	100'
516	Hitachi-HHI	1985	161'	110'	100'
511	Hitachi-HHI	1985	161'	110'	100'
505	Hitachi-HHI	1985	161'	110'	100'
932	MHI	1987	104'	90'	100'
<b>E Sittum</b>					
2403	Sumitomo	1986	122'	100'	64'
2404	Sumitomo	1986	122'	100'	64'
2077	Sumitomo	1986	122'	100'	64'
2078	IHI	1978	104'	100'	64'
2406	ZPMC	2001	156'	112'	64'
<b>Husky Terminal</b>					
2405	ZPMC	1996	142'	112'	64'
2302	KONE	1989	131'	112'	64'
2301	KONE	1989	131'	114'	64'
2504	ZPMC	2018	206'	165'	100'
2503	ZPMC	2018	206'	165'	100'
2502	ZPMC	2018	206'	165'	100'
2501	ZPMC	2018	206'	165'	100'
<b>WUT</b>					
101	PACECO-HHI	1998	148'	114'	100'
102	PACECO-HHI	1998	148'	114'	100'
103	PACECO-HHI	1998	148'	114'	100'
104	PACECO-HHI	1998	148'	114'	100'
105	ZPMC	2008	202'	140'	100'
106	ZPMC	2008	202'	140'	100'
<b>PCT</b>					
7	ZPMC	2005	187'	131'	100'
6	ZPMC	2005	187'	131'	100'
5	ZPMC	2005	187'	131'	100'
4	ZPMC	2005	187'	131'	100'
3	ZPMC	2005	187'	131'	100'
2	ZPMC	2005	187'	131'	100'
1	ZPMC	2005	187'	131'	100'



# Husky Terminal (Piers 3 and 4) – 2018



# Project Description and Details

## Container Crane Disposal

The scope of the project is to remove at a minimum two (2) and possibly four (4) existing STS Container Cranes and spare parts from Pier 3. This includes: generation of bidding documents, permitting and demolition/removal of the cranes by a Public Works Contractor. This scope also includes project and construction management.



# Project Schedule

## Container Crane Disposal

Activity	Timeframe
Advertise Bids	Late January 2020
Bid Opening	Mid-February 2020
Contract Award	Late February 2020
Contract Completion	July 30, 2020



# Financial Implications Container Crane Disposal

- The estimated cost of the Design and Construction for this project is \$4,000,000.
- The estimated budget for this project is \$4,000,000.
- The current Capital Investment Plan (CIP) allocates \$4,160,000 for this project.
- This work and associated budget is consistent with the NWSA valuation.

# Financial Summary

## Container Crane Disposal

Item	Budget Estimate	Cost to Date	Remaining Cost
DESIGN	\$158,755	\$19,336	\$139,419
CONSTRUCTION	\$3,841,245	\$0	\$3,841,245
<b>PROJECT TOTAL</b>	<b>\$4,000,000</b>	<b>\$19,336</b>	<b>\$3,980,664</b>

# Environmental Impacts/Review Container Crane Disposal

**Permitting: n/a**

**Remediation: n/a**

**Stormwater: n/a**

**Air Quality: n/a**



# Conclusion

## Container Crane Disposal

Request project authorization in the amount \$3,841,245, for a total authorized amount of \$4,000,000, for the Container Crane Disposal, Master Identification No. 201083.01.

