

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No. 8B
Date of Meeting October 5, 2021

DATE: September 22, 2021

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Tong Zhu, Chief Commercial & Strategy Officer

Project Manager: Catherine Chu, Capital Project Manager V, Port of Seattle

SUBJECT: Contract Procurement Authorization for Consultant Contract for projects at Terminal 18 (T-18) (POS Vote Only); Project Authorization for T-18 Bollard Replacement Project; Project Authorization for T-18 Shore Power Project; Project Authorization for T-18 Dock Rehabilitation Project

A. ACTION REQUESTED

1. For Port of Seattle Commission only to vote:

Request Port of Seattle Commission authorization for the Executive Director to execute an Indefinite Delivery, Indefinite Quantity (IDIQ) professional services agreement for T-18 Bollard Replacement Design, T-18 Shore Power Design, and T-18 Dock Rehabilitation Assessment and Design, for a cumulative total amount not to exceed \$15,000,000 and a contract ordering period of five years.

2. For NWSA Managing Members to vote:

As referenced in NWSA Resolution No. 2020-02, Exhibit A, Delegation of Authority Master Policy, Paragraph 8.c.iii. projects exceeding \$300,000 require approval from Managing Members.

- a. Project authorization in the amount \$300,000, for a total authorized amount of \$300,000 for design up to 30% for the T-18 Bollard Replacement Project, Master Identification No. U00688.
- b. Project authorization in the amount \$650,000 for a total authorized amount of \$800,000 for condition assessment and preliminary design for the T-18 Shore Power Project, Master Identification No. U00670.
- c. Project authorization in the amount \$600,000, for a total authorized amount of \$600,000 for condition assessment and preliminary design for the T-18 Dock Rehabilitation Project, Master Identification No. U00687.

B. SYNOPSIS

There are currently three projects upcoming at the Terminal 18 facility to: 1) upgrade bollards, 2) add shore power capability, and 3) rehabilitate and make repairs to existing docks. These projects are all associated with the wharf. To accomplish this work more efficiently, staff is requesting the procurement of an IDIQ consultant contract to design all three projects due to their compatibility for design, permitting and completion of the work.

This request also includes authorization of preliminary design funds for the three projects: T-18 Bollard Replacement Project, T-18 Shore Power Project, and T-18 Dock Rehabilitation Project.

C. BACKGROUND

The 180-acre Terminal 18 (T-18) on Harbor Island in the North Harbor was built in the last century and has been leased to SSA Terminals under a 30-year lease since 1999. The infrastructure at T-18 is aging and needs ongoing repairs, replacement, and modernizing.

Staff is in the process of initiating three projects at Terminal 18: T-18 Bollard Replacement project, the T-18 Shore Power Project, and the T-18 Dock Rehabilitation project. Since all three projects are within or adjacent to each other in location, rely on each other as infrastructure, and at this point, they have similar timing for design, permitting, and construction, staff plans on advertising for one IDIQ consultant services contract to include scope for all three planned projects to achieve efficiency in consultant selection process and management, as well as to enhance quality of design and construction. However, these projects will be authorized separately due to different business priorities and grant funding opportunities, and deadlines. Once condition assessments and preliminary design work is completed, NWSA plans to use the information to apply for various grants available at the time. Prior to moving forward to the full design phase of any of the three projects, staff will return to the Managing Members to review the results of the assessments and preliminary design and to seek additional design authorizations. We will work with the Port of Seattle's Diversity in Contracting Department to set goals for woman and minority business enterprises (WMBE) during all phases of these projects.

D. PROJECT DESCRIPTION AND DETAILS

Project Objectives

- **Environmental Stewardship.** The Shore Power project supports NWSA's Greenhouse Gas Resolution and Northwest Ports Clean Air Strategy. It's part of the NWSA's 10-year shore power program to install shore power

connections at 5 major container terminals (T-5, Husky, T-18, WUT, and PCT).

- **Maximize grant funding opportunities.** For the Shore Power Project, we are in the process of finalizing a \$2 million “Air Quality Volkswagen Electrical Shore Power for Ocean Going Vessels” grant from Washington State Department of Ecology. We intend to seek other grant opportunities for all three projects when these opportunities arise. Advancing the design of these three projects will provide information vital to constructing detailed and competitive grant applications for these projects and demonstrate that they are near shovel ready.
- **Customer service.** All three projects will maintain or improve customer service at Terminal 18 by maintaining our assets and improving air quality. Coordination of the three projects will help to lessen impacts to SSA’s business operations.
- **Asset preservation.** The Bollard Replacement and Dock Rehab Projects will ensure that we continue to invest in our infrastructure to extend asset life and avoid expensive repairs and replacements.

Scope of Work

- **T-18 Bollard Replacement:** Perform preliminary design and begin permitting to replace two bollards to 60-ton capacity to meet minimum vessel operation requirements. Feasibility of replacing any additional bollards will depend on condition assessment of the existing dock. Additional bollards may be added to the scope in future phases.
- **T-18 Shore Power:** Perform a condition assessment under an existing Infrastructure IDIQ contract and perform preliminary design under the new T-18 IDIQ contract to install shore power infrastructure at T-18 and upgrade electrical infrastructure as required, which will likely include Seattle City Light primary substations, underground duct bank to bring power to the dock, shore power vaults and switchgear at the dock.
- **T-18 Dock Rehabilitation:** Perform condition assessments and preliminary design to rehabilitate piles, pile cap, deck panels, and related infrastructure to preserve existing use while extending the service life of the rehabilitated components by 25 to 30 years.

The scope for the future phases of each of these projects will depend on results of the condition assessments and preliminary design. We will return to the Managing Members with our findings and recommendations prior to proceeding with future phases as needed.

Condition assessment and preliminary design of the Shore Power project will be performed under an existing Infrastructure IDIQ contract. The consultant who

performs the assessment will not be performing final design of the project to avoid potential conflict of interest. The proposed T-18 Program IDIQ contract scope will include assessment and preliminary design for the T-18 Dock Rehabilitation project, as well as design for all three projects. Because of the limited number of firms qualified to perform design services related to the dock rehabilitation project, to promote competition the project team recommended waiving the conflict and allowing the firm that performs the assessment to also perform the design. To mitigate for the conflict, Port of Seattle Engineering will review both assessments and design work by the consultant.

Schedule

The first task to initiate these projects is to advertise and execute an IDIQ consultant services contract for up to \$15M to be authorized and executed in phases by service directives. This is expected to be completed within 6 months after authorization. The assessments and preliminary design phase work will follow and will be completed within 5-8 months after execution of contract and service directives. As the work progresses, additional authorizations will be requested as needed on a project-by-project basis.

Advertise for Consultant Contract	November 1, 2021
Contract Execution	May 1, 2022

Design, permitting and construction of the projects will need additional authorizations in the future and is expected to be completed no later than 2026.

E. FINANCIAL IMPLICATIONS

Project Cost Details – T-18 Bollard Replacement

	This Request	Total Project Cost	Cost to Date	Remaining Cost
Procurement			\$ -	\$ -
Pre-Design	\$ 150,000	\$ 150,000	\$ -	\$ 150,000
Design and Permitting	\$ 150,000	\$ 1,150,000	\$ -	\$ 1,150,000
Construction	\$ -	\$ 4,000,000	\$ -	\$ 4,000,000
Total	\$ 300,000	\$ 5,300,000	\$ -	\$ 5,300,000

The estimated costs above are Class 5 with expected accuracy range of -50% to +100%. The preliminary design work will help us to narrow down the range. Estimates above includes replacing two bollards up to 60-ton capacity. It assumes replacing adjacent bull rail, deck panels, and pile caps but assumes no need to replacing existing piles.

Source of Funds.

The current Capital Investment Plan (CIP) Budget allocates \$2,165,000 for the project. The budget will be updated when the design has progressed far enough to provide a more accurate estimate. The \$300,000 request is expected to cover all 2022 spending.

Financial Impact

Project costs for the bollard replacement will be capitalized and depreciated with an estimated useful life of 10 years resulting in annual depreciation expense of \$530,000. T-18 provides approximately \$30 million in revenue annually. This replacement will help maintain existing revenue.

Project Cost Details – T-18 Shore Power

	This Request	Total Project Cost	Cost to Date	Remaining Cost
Procurement			\$ -	\$ -
Pre-Design	\$ 650,000	\$ 800,000	\$ 20,000	\$ 780,000
Design		\$ 1,200,000	\$ -	\$ 1,200,000
Construction	\$ -	\$ 28,100,000	\$ -	\$ 28,100,000
Total	\$ 650,000	\$ 30,100,000	\$ 20,000	\$ 30,080,000

The estimated costs above are Class 5 with expected accuracy range of -50% to +100%. The preliminary design work will help us to narrow down the range. It assumes shore power to two berths each with three connection points in recessed vaults.

Source of Funds

The current Capital Investment Plan (CIP) Budget allocates \$28,595,000 for the project. The budget will be updated when the design has progressed far enough to provide a more accurate estimate. The \$650,000 request is expected to cover all 2022 spending.

The design portion of this project has received a Washington State Department of Ecology grant through the Federal Volkswagen Settlement Program for \$1,000,000. Grant funds will be recorded as non-operating income when reimbursement is requested from the granting agency. The grant also includes \$1 million to support the construction phase of the project, for a total of \$2 million.

Financial Impact

Project costs will be capitalized and depreciated with an estimated useful life of 20 years resulting in annual depreciation expense of \$157,000.

T-18 provides approximately \$30 million in revenue annually. This installation of shore power will not impact existing revenue without a change to the lease agreement.

PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
June 16, 2021	Executive Authorization for Shore Power, Charged to CIP No. 801221	\$150,000
TOTAL		\$150,000

Project Cost Details – T-18 Dock Rehabilitation

	This Request	Total Project Cost	Cost to Date	Remaining Cost
Procurement			\$ -	\$ -
Pre-Design	\$ 600,000	\$ 600,000		\$ 600,000
Design		\$ 2,000,000	\$ -	\$ 2,000,000
Construction	\$ -	\$ 57,600,000	\$ -	\$ 57,600,000
Total	\$ 600,000	\$ 60,200,000	\$ -	\$ 60,200,000

The estimated costs above are Class 5 with expected accuracy range of -50% to +100%. The preliminary design work will help us to narrow down the range. Similar projects such as the T-46 Dock Rehabilitation Project costs were reviewed and considered. Repairs include priority and secondary distressed areas only and assumes no upgrades. Final scope and execution timing could trigger need to meet more stringent code requirements which could significantly impact the estimate.

Source of Funds

The current Capital Investment Plan (CIP) Budget allocates \$69,519,000 for the project. The budget will be updated when the design has progressed far enough to provide a more accurate estimate. The \$600,000 request is expected to cover all 2022 spending.

Financial Impact

Project costs for the assessment will be expensed as incurred. Project costs for the design and construction will be capitalized and depreciated with an estimated useful life of 30 years resulting in annual depreciation expense of \$2,300,000.

T-18 provides approximately \$30 million in revenue annually. This replacement will maintain existing revenue and extend the life of the asset.

F. ENVIRONMENTAL IMPACTS/REVIEW

Permitting: The assessments and preliminary design phase will identify requirements for permitting.

Remediation: The assessments and preliminary design phase will identify any remediation requirements and opportunities.

Stormwater: The assessments and preliminary design phase will identify any stormwater requirements and opportunities.

Air Quality: The shore power project supports NWSA's Greenhouse Gas Resolution and Northwest Ports Clean Air Strategy. The assessments and preliminary design phase will identify any other air quality requirements and opportunities.

G. ATTACHMENTS TO THIS REQUEST

Computer slide presentation.