

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

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

**Item No.** 9D  
**Date of Meeting** December 6, 2022

**DATE:** November 17, 2022

**TO:** Managing Members

**FROM:** John Wolfe, CEO

**Sponsor:** Don Esterbrook, Deputy Executive/Chief Operating Officer

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

**SUBJECT:** EB1 Yard Improvement Project Authorization

**A. ACTION REQUESTED**

As referenced in NWSA Resolution No. 2020-02, 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 \$3,623,000, for a total authorized amount of \$3,878,000, for work associated with the EB1 Yard Improvement, Master Identification No. 201105.01.

**B. SYNOPSIS**

The 22-acre EB1 Terminal was constructed between 2007 and 2009. The project left approximately 3.5-acres of terminal space as a mixture of light pavement and compacted gravel. This has limited the use of this space to non-track equipment staging. This project will grade and pave the 3.5-acre area to allow for expanded tracked equipment staging. In addition, this project will install a sewer connection and permanent restroom facility.

**C. BACKGROUND**

In the late 1990's and early 2000's, the area of the East Blair One (EB1) terminal was used for auto storage. Design of the EB1 Terminal was started in 2006. Construction of the terminal started in 2007 and was completed in early 2009. Break bulk (BB) operations moved to the terminal in 2013 and continue to operate there.

The original construction of the terminal and improvements made for break bulk in early 2013 left approximately 3.5-acres of yard space as a combination of compacted gravel and light pavement. This space is limited to non-track equipment staging due to stormwater considerations. In addition, no sanitary sewer utility is available on the site. The terminal currently utilizes holding tanks and portable restrooms.

This project is designed to extend the pavement to allow for better equipment staging density and diversification and to install permanent sewer and restroom facilities to the site.

#### D. PROJECT DESCRIPTION AND DETAILS

The scope of the project is to extend the pavement throughout the rest of the yard and to install permanent sewer utilities and restroom facilities.

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

The scope of work will include:

- Pre-procurement of a prefabricated restroom building
- Advertise and award construction contract
- Project and construction management

##### **Schedule**

Advertise for Bid	February 2023
Open Bids	March 2023
Notice of Award	April 2023
Substantial Completion	July 2023
Final Completion	August 2023

#### E. FINANCIAL IMPLICATIONS

##### **Project Cost Details**

	This Request	Total Project Cost	Cost to Date	Remaining Cost
Design	\$ -	\$ 255,000.00	\$ 215,919.00	\$ (39,081)
Construction	\$ 3,623,000.00	\$ 3,623,000.00	\$ -	\$ (3,623,000)
<b>Total</b>	<b>\$ 3,623,000</b>	<b>\$ 3,878,000</b>	<b>\$ 215,919</b>	<b>\$ (3,662,081)</b>

### ***Source of Funds***

The current Capital Investment Plan (CIP) Budget allocates \$3,878,000 for this project.

### ***Financial Impact***

Project costs will be capitalized and depreciated over an estimated useful life of 10 years, resulting in an annual depreciation expense of \$388,000. Estimated depreciation expense for 2023 will be \$162,000 based on a July 2023 substantial completion date. The 2023 operating budget includes \$65,000 for depreciation expense due to a later estimated substantial completion date.

The NWSA is paying approximately \$7,000 per month for temporary bathroom facilities. Assuming a 20-year life of the new restroom at a cost of approximately \$1 million, avoiding the monthly fee will result in an 9% return over the 20 years.

The NWSA's Break Bulk business at EB1 and Terminal 7 has grown from 2021 to 2022 by approximately \$4.8 million from \$12.7M to \$17.5M. This growth has resulted in an increase in income of \$1.5M from \$3.4M to \$4.9M. To support this growth, Break Bulk vessels have had to be serviced at both T7 and EB1, resulting in longshore at both terminals at a cost of up to \$100,000 per week per terminal. The additional acres at EB1, along with the paving of graveled portions, is expected to help reduce double calls and increase utilization of longshore at EB1, potentially increasing the margin of the business. Actual cost prevention will depend on the timing of ship calls and volume of cargo

## **F. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS**

Alternative 1) Do Nothing. Continue to restrict tracked equipment staging to paved areas and rent portable restroom facilities.

Alternative 2) This request. Extend pavement to allow for more dense and diversified equipment staging and provide permanent restroom facilities.

**Alternative 2 is the recommended course.**

**G. ENVIRONMENTAL IMPACTS/REVIEW**

Permitting: This action was contemplated in the original SEPA review when EB1 was constructed. No environmental land use permits are required.

Remediation: n/a

Stormwater: The project will require a Construction Stormwater Permit from the Department of Ecology.

Air Quality: Temporary emissions are expected during construction activities.

**H. ATTACHMENTS TO THIS REQUEST**

- Computer slide presentation.

**I. PREVIOUS ACTIONS OR BRIEFINGS**

<u>Date</u>	<u>Action</u>	<u>Amount</u>
March 16, 2020	Executive Authorization -NWSA-20200316.01	\$150,000
October 28, 2020	Executive Authorization -NWSA-20201028.01	\$25,000
February 7, 2022	Executive Authorization	\$80,000
<b>TOTAL</b>		<b>\$255,000</b>