

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
STAFF BRIEFING AND
ACTION ITEMS

Item No.	7A
Date of Meeting	July 7, 2021

DATE: June 25, 2021

TO: Managing Members

FROM: John Wolfe, Chief Executive Officer

Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer

Project Manager: Emma Del Vento, Capital Program Leader, Port of Seattle

SUBJECT: Terminal 5 Modernization Program Quarterly Update

Increased Program Authorization for Terminal 5 Berth Modernization

Construction Authorization for the North Reefer Infrastructure

Terminal 5 Letter of Agreement Second Amendments with the Muckleshoot Indian Tribe and Suquamish Tribe confirming commitments regarding construction activities

A. BRIEFING REQUESTED

Regular Terminal 5 Modernization Program Update

B. ACTIONS

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.

- 1) Request increased program authorization in the amount of \$50,000,000, for a total amount of \$390,000,000, for the T5 Berth Modernization Program, Master Identification Nos. C800132, C800726, C800988.
- 2) Request authorization for the construction of the North Reefer Infrastructure¹ project at Terminal 5, Master ID No. U00649.
- 3) Request approval of Second Amended Letters of Agreement between the Muckleshoot Indian Tribe and the Northwest Seaport Alliance and Port of Seattle as well as the Suquamish Tribe and the Northwest Seaport Alliance and Port of Seattle for Terminal 5 Cargo Wharf Rehabilitation, Berth Deepening, and Improvements Project.

C. BACKGROUND

In April 2019, the Northwest Seaport Alliance (NWSA) entered a long-term lease for the

¹ "North Reefer Infrastructure" project means electrical infrastructure to provide power to a vault for 1,000 reefers, and specifically does not include the electrical infrastructure from the vault to the reefer plugs.

redevelopment of Terminal 5 in the Seattle Harbor to create a modern international container terminal for ultra-large container ships. 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 both creating and securing current jobs in the region for the next thirty years and likely beyond.

In April of 2019, the Managing Members directed staff to use a total project cost of \$340 million which at that time represented a program amount that had an 85% probability of being completed at that cost. At that time, Managing Members chose not to use the 100% probability cost of \$361 million.

D. PROGRAM SYNOPSIS

Scope and Recent Updates

Berth Modernization: There have been no scope changes to the Berth Modernization since the last briefing. The north wharf construction was completed in time for the delivery of cranes on June 13, 2021 and four Super-Panamax cranes were delivered and offloaded to Terminal 5. To accommodate a third in-water work window, the Terminal 5 Tribal agreements must be amended.

Permit Conditions: Most of the pre-occupancy permit conditions have been met to start operations in January 2022.

Lease Obligations: NWSA's Lease Obligations are in either in design or construction. New projects are now included in the program to meet the Lease Obligations as outlined below.

Schedule

The T-5 Berth Modernization Program is currently on schedule to complete both phases of the project by the original schedule date of December 31, 2022. Dredging will be completed per contract before March 2023. Contractor is on schedule to deliver Phase 1 by December 31, 2021 per the amended lease.

- Four cranes were delivered to the North berth on June 13, 2021 and offload was completed June 22, 2021.
- Pre-Occupancy Permit Conditions, required for start of operations planned for January 01, 2022, have been met (except for the Gate Queue Management Plan).
- Phase 1 Upland work that is required for start of operations will be complete by December 31, 2021.

Budget

Program Budget of \$340,000,000 was approved in April 2019.

Through May 31, 2021, the spent to date amounts to \$188,749,788. This is on track with forecast estimate at completion and progress.

A project budget amendment for an additional \$50M is being requested this quarter to fund new elements of scope, to fund increased cost of some projects, and to provide a programmatic reserve for likely and unknown future program risks.

Risk

Recent Stochastic Analysis and Risk Register updates indicate the program has an 85% probability (P-85) of being sufficient with a value of \$390M and a 100% probability (P-100) of being sufficient with a value of \$405M. The currently approved \$340M program budget has a 0% probability of being sufficient with the current scope.

Risk continues to drop in Berth Modernization (top end reduced by 30%; low range reduced by 92%). Uncertainty in the cost of NWSA Lease Obligations result in the largest variability and are responsible for the bulk of the program risk.

E. Safety

Orion Marine Contractors (T-5 Berth Modernization General Contractor) meets POS requirements with Health and Safety Plan, Site Specific Safety plans; and have led the way forward through the 15 months of COVID-19 with continual adjustments and monitoring using additional supervision, access protocols, PPE to include face coverings, and hand washing. Orion has regularly had after action reviews with crews and has been responsive to all NWSA/POS direction. During this quarter there have been 0 positive cases of COVID-19 on site. There have been no near misses and no recordable incidents this quarter for almost 30,000 hours worked.

Western Ventures (T-5 North Marine Building General Contractor) meets POS requirements with Health and Safety Plan, Site Specific Safety plans. There have been no near misses and no recordable incidents this quarter for over 7,000 hours worked.

F. CURRENT STATUS

The Program achieved three major milestones this quarter:

- 1) Completion of the North Wharf for docking and successful offload of the North Wharf cranes.
- 2) Completion of the landside pile driving in the South Berth.
- 3) Achieving agreement with SDOT and SDCI on completion of all the pre-occupancy Permit Conditions (pending the Tenant-led Gate Queue Management Plan, currently underway and due by mid-August 2021).

Orion Marine work:

- North Berth: new cranes have been offloaded, shorepower and paving are the last elements that will be completed on the wharf. In water work for the toe wall is pending permit modification approval (in part dependent on tribal agreement for same).
- South Berth: Activities are on schedule.
- Seattle City Light (SCL) on site work is complete.

Major milestones for Permit Conditions and Lease Obligations through end 2021 include:

- Permit Conditions Pre-Occupancy Conditions met – pending GQMP

- Quiet Zone – property acquisition in progress
- Stormwater Treatment - Phase 1 construction pending NTP
- N Marine Building - in construction, will be completed in Q3 2021
- Clean Truck – on track, will be completed Q4 2021
- RPM and CBP – in design, will be completed Q4 2021
- North Reefer Infrastructure - Bid Set in progress, construction authorization required
- S Reefer - in construction, will be completed Q4 2021
- Gate Repair (per Lease Amendment, Phase 1 deliverable) – in design
- New Gate (per Lease Amendment; Phase 2 deliverable) – project planning
- Other: PIDP Grant Announcement for \$10.7M Federal match

G. BUDGET (to May 31, 2021)

Budget numbers are updated through May 31, 2021. Numbers include overhead are posted the 10th of every month.

- Program forecast currently exceeds the overall budget if all risks hit the Program at the high end.
- Construction is 74% spent and 66% complete (discrepancy is due to mobilization and early material purchase for Phases 1 and 2).

2021 Quarter 2 Program Budget	Authorized Budget	Quarter 1 Changes	Updated Budget	Spent to Date	Forecast at Completion	Remaining Authorized Budget
Design, Construction, Project Management	\$284.3	\$6.4	\$290.7	\$179.2	\$306.3	\$105.1
Permit Conditions	\$14.0	\$-	\$14.0	\$5.0	\$14.0	\$9.0
Stormwater Treatment	\$30.0	\$-	\$30.0	\$4.5	\$32.0	\$25.5
Management Reserve*	\$11.7	\$(6.4)	\$5.3	\$-	\$37.7	\$11.7
Total	\$340.0	\$-	\$340.0	\$188.7	\$390.0	\$151.3

*\$6,400,000 moved out of Management Reserve this quarter and into construction for N Marine Building Amendment, S Marine Building design package review, Gate Complex, S Reefer Repair budget update.

H. CONTINGENCY AND RISK

The contingency and risk section provide the Managing Members' early visibility to emerging issues and associated costs in T-5 modernization program implementation.

Contingency Funding – the program has three distinct forms of contingency funding to cover risk:

1. Typical construction contingency of 15%, which for the \$160M contract results in \$24M.
2. A unique management reserve of \$20M was established in April 2019 to cover both program unknowns, like pinch-pile issues, and knowns (but not budgeted for the initial management reserve calculation), like lease obligations (marine buildings, north reefer infrastructure, gate scanners for the clean truck program, power to CBP Booth and power to RPMs) and permit requirements.
3. A fortunate bid variance of \$24M from original engineers estimate of the primary \$160M construction contract.

While these forecasted costs are designed to be comprehensive, conservative, and cover all project phases, final program completion is 2 years out and inherent unknown risks may still emerge, and other risks may not occur.

T-5 Berth Modernization Program Contingencies			Balance
	Totals: Construction Contingency (\$24M), Management Reserve (\$20M), Bid Variance (\$24M)		\$68,000,000
	Projected Residual of Construction Contingency, Bid Variance, and Management Reserve between P-20 and P-100 probabilistic risk range	P-20: \$-35,000,000 (\$375,000,000) P-85: \$-50,000,000 (\$390,000,000) P-100: \$-65,000,000 (\$405,000,000)	

Stochastic Analysis and Risk Register (is being updated quarterly in 2021)

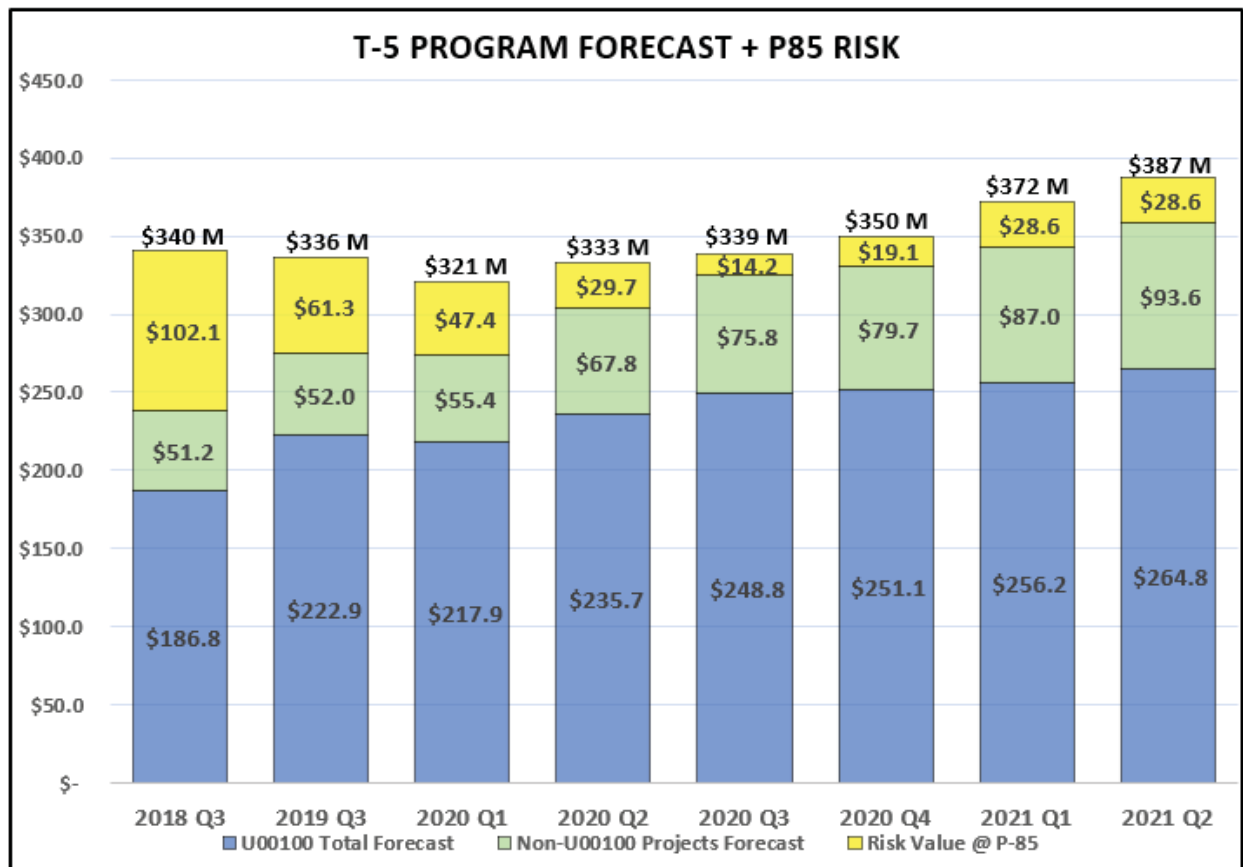
T-5 key staff meet quarterly with the T-5 Program risk consultant to model variables around future T-5 risk and update the risk register. Risks are identified by likelihood and impact to generate a score and are modelled into the forecast budget along with the actuals to date.

Recent Stochastic Analysis and Risk Register updates from May 2021 indicate:

- The program currently has a P-85 value (85% probability of being sufficient) of \$390.0M
 - Q4 2020 P-85: \$350.0M
 - Q3 2020 P-85: \$338.8M
 - Q2 2020 P-85: \$333M
 - Q1 2020 P-85: \$321M
 - Q4 2019 P-85: \$336.2M
 - Q2 2019 P-85: \$340M
- The \$340M program budget currently has a near 0% probability of being sufficient
 - Q4 2020 20% probability
 - Q3 2020 90% probability
 - Q2 2020 97% probability
 - Q1 2020 100% probability
 - Q4 2019 95% probability

- Q2 2019 85% probability

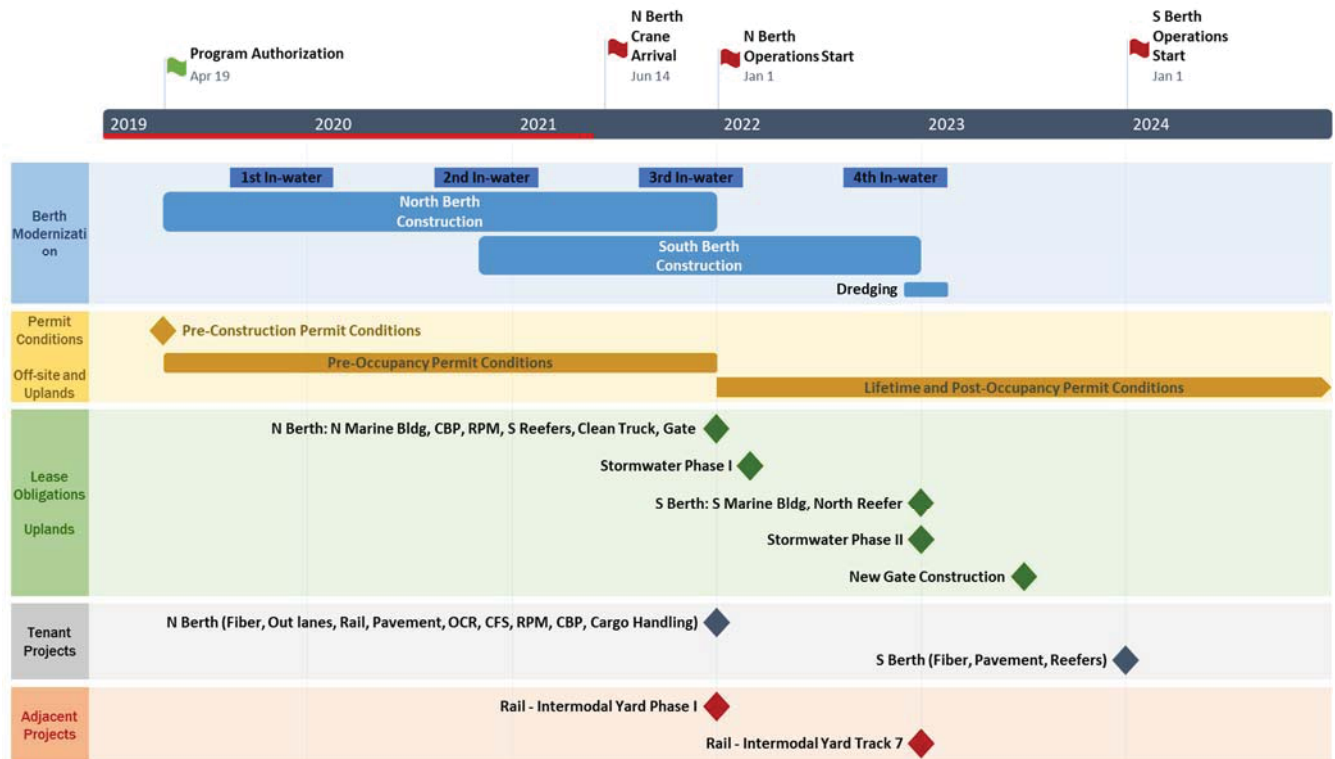
The current expected cost of the program \$365.45M (P-85 value \$390M minus grant funding \$24.55M) is approximately 1.2% greater than the P-100 value of \$361M in April 2019. The P-100 value represents the 100% cost that is likely to be met.



Continuing risks:

- Encountering in-water obstructions for sheet piles and phase 2 in-water pile driving (reduced)
- Further unknown COVID-19 (impacts have been reduced)
- Disputed financial obligation for project issues: S. Reefer repair, RPM installation, CBP booth utilities, scales replacement, N. Reefer demarcation
- Reefer allowance
- Quiet Zone Property Acquisition
- Stormwater system (reduced by Lease Amendment)
- Unforeseen site conditions (have been reduced)
- Other external factors (West Seattle Bridge, wildfire smoke, etc.)
- Permit modification approval pending
- Toe wall driving and dredging
- Pavement grading between the landside rail and the uplands
- Program coordination and soft costs

I. PROGRAMMATIC SCHEDULE



The T-5 Berth Modernization construction project is currently on schedule to complete both phases of the project by the original schedule date of December 31, 2022.

J. OPPORTUNITIES

Grant Name	Agency	Grant Amount (\$M)	Agreement Date	Costs Submitted (\$M)	Reimbursement Received (\$M)	Notes
PIDP						
Reefer Rail Pavement Stormwater	MARAD	10.7	Pending Agreement	0	0	
Shorepower	WA Department of Commerce	4.4	In negotiation	0	0	North Berth
Stormwater	WA Department of Ecology	5	07/01/2020	0.0015	0.0015	Phase 1 Stormwater
Reefers	WA Department of Commerce	4.45	In negotiation	0	0	Clean Energy Fund
Total		24.55		0.0015	0.0015	

K. LOOK AHEAD

Berth Modernization

- North Berth – substantial completion after toe wall pile driving at end 2021
- South Berth – Q3 and Q4 in water work and slope stabilization
- Seattle City Light (SCL) – final invoice

Uplands Projects

- Permit Conditions
- Pre-Occupancy Conditions GQMP completion
- Quiet Zone – City will introduce legislation to Council for property acquisition
- Stormwater Treatment - Phase 1 construction
- N Marine Building – completion
- S Marine Building – update design documents for construction
- Clean Truck – completion
- RPM and CBP – completion
- N Reefer Infrastructure – Construction Contract Award
- S Reefer Repair- completion
- Gate Repair – completion
- New Gate – design

L. REQUEST: INCREASED PROGRAM AUTHORIZATION

This request is to increase the Program budget to \$390,000,000 to execute on current commitments, to fund new elements of work beyond the initial scope, and to provide a programmatic reserve for likely and unknown future program elements.

The table below lists the original authorized program components (Berth Modernization, Permit Conditions, Lease Obligations², Management Reserve), the variance compared to the current request and total amount for the increased program budget.

	Original Authorized Project Cost	Current Authorized Project Cost	This Request	Total Project Cost	Cost to Date	Remaining Cost
T5 Berth + Design + SCL	\$ 276,000,000	\$ 276,450,000	\$ -	\$ 276,450,000	\$ 176,174,535	\$ 100,275,465
T5 Permit + Tribes	\$ 14,000,000	\$ 13,550,000	\$ -	\$ 13,550,000	\$ 5,033,418	\$ 8,516,582
T5 Stormwater Treatment	\$ 30,000,000	\$ 30,000,000	\$ 2,000,000	\$ 32,000,000	\$ 4,558,400	\$ 27,441,600
T5 Management Reserve/Risk	\$ 20,000,000	\$ 5,273,808	\$ 13,396,192	\$ 18,670,000	\$ -	\$ 18,670,000
T5 Clean Truck	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ 12,330	\$ 87,670
T5 Marine Buildings	\$ -	\$ 5,476,373	\$ 4,623,627	\$ 10,100,000	\$ 2,263,691	\$ 7,836,309
T5 RPM + CBP	\$ -	\$ 500,000	\$ 2,500,000	\$ 3,000,000	\$ 88,859	\$ 2,911,141
T5 Reefers	\$ -	\$ 3,849,819	\$ 15,280,181	\$ 19,130,000	\$ 599,138	\$ 18,530,862
T5 Gate Complex	\$ -	\$ 4,800,000	\$ 12,200,000	\$ 17,000,000	\$ 19,416	\$ 16,980,584
Total	\$ 340,000,000	\$ 340,000,000	\$ 50,000,000	\$ 390,000,000	\$ 188,749,788	\$ 201,250,212
Previously Authorized			\$ 340,000,000			
Revised Total Authorization			\$ 390,000,000			
MARAD PIDP Grant			\$ 10,700,000			
WA Ecology - Stormwater			\$ 5,000,000			
WA Commerce - Shorepower			\$ 4,400,000			
WA Commerce - Reefers			\$ 4,450,000			
Authorization - Grants			\$ 365,450,000			

Below is an explanation of recently changed Berth Modernization program elements, to include current commitments that have increased, but are within the current authorization:

- Pavement regrading (\$1,500,000 - \$2,500,000) - Original plans had a low-level definition of the grading and the slope in some areas was not optimal for equipment and operations. The original construction project identified costs for paving between the landside crane rail and the uplands in risk. This cost is to cover the pavement in this area. Financial responsibility for this repair is NWSA and is included in the T5 Berth + Design + SCL costs.
- Pavement regrading for operations (\$100,000 - \$150,000) – Operational requirements require additional grading that has been identified by the tenant. The original plans did not provide a grade suitable for operations per the tenant. Financial responsibility for this additional work is to be determined
- Toe Wall (\$3,000,000) – The toe wall is partially installed and is the underwater wall driven into the sediment to secure the wharf and its slope stabilization piling system. The toe wall must occur before dredging and will allow the berth dredge to -55 ft depth. Toe wall driving could not reach design depth and was stopped during the 2020-2021 in-water work season (August 15 – February

² Financial obligations for some of these project items is currently in dispute resolution with the tenant. Work is being completed, though the parties have reserved rights to have an arbitrator determine which party must pay for the work at issue.

15, annually). The unforeseen trials and developing a new method for installing the toe wall has increased cost. The lease requires berth dredging to be completed no later than March 2023. This cost is included in the T5 Berth + Design + SCL costs.

- Engineering soft cost increase (\$2,000,000) – Due to scope and schedule increases in the program as noted in this briefing, an amendment is required on the Moffatt & Nichol consultant support contract (P-00318047). This will cover additional construction design & inspection support, program risk management, and permitting & compliance support for various projects within the program. The original contract was executed at just under \$6 million in October of 2014 under Port of Seattle commission approval. The amendment will bring the contract from a current value just shy of \$8 million (authorized in April 2019 by Managing Members) to a total of \$10 million. This cost is included in the T5 Berth + Design + SCL costs.
- Tribal Payments – (\$600,000) Additional in water work has required negotiation with the Tribes and increased the initial payment agreement amounts. This cost is included in the T5 Permits + Tribes costs.

Below are new project scope and existing commitments requiring additional funding for the Lease Obligations:

- Gate Complex repair (\$1,800,000) - As approved in the first lease amendment, the NWSA will repair the existing gate complex. These improvements include new pavement in the vicinity of the existing gatehouse complex, canopy repairs to the non-structural items for deflection correction, and repairs of windows and doors at the building. The design is in process, and the NWSA and the Tenant are working to finalize the fastest approach to constructing the improvements for operations to begin in January 2022.
- New Gate Complex (\$14,000,000) – As approved in the first lease amendment, the NWSA will construct a new gate complex. Preliminary planning work is in process, and the NWSA and the Tenant are working to finalize the scope and determine the fastest way to design, permit and construct the new gate complex by December 2023.
- Scale reimbursement (\$1,000,000) – The existing scales at the gate complex are inoperable and require replacement. For operations to begin in January 2021, the NWSA has asked to tenant to replace the scales. Financial responsibility for this project is in dispute between NWSA and the tenant.
- Radiation Portal Monitor (RPM) Reimbursement (\$2,000,000) - This project reimburses SSA for the RPM project required for the start of operations in January 2022. Financial responsibility for this project is in dispute between NWSA and the tenant.
- CBP Booth Utilities project (\$1,000,000) – The CBP booth will be provided by the Tenant as outlined in the lease. The lease requires the NWSA to provide power to the booth. The CBP booth provided by SSA also requires water and sewer connections. This is a Federal requirement for the booth. The NWSA is providing these utilities to allow operations in January 2022. Financial responsibility for this project is in dispute between NWSA and the tenant.
- North Reefer infrastructure (\$18,300,000) – Lease obligations are for NWSA to install electrical infrastructure in the north uplands for the reefer plugs. No change to budget since last update for a project total of \$18 – \$21M, but the original Management Reserve was not large enough to cover the cost of the project. This project is scheduled to be advertised for construction in September 2021 for a completion date in November 2022.
- Marine Buildings (\$10,300,000) - In July 2020, Managing Members authorized the construction of both the North and South Marine Buildings for a cost of \$6.9M. At that time, it was noted that the

Management Reserve would be used for the construction of the North Marine Building. In August 2020, the authorization was amended to only authorize the construction of the North Marine Building. It was noted that the costs would increase once the projects were split into two. A notification of bid irregularity was sent to Managing Members via a letter in September 2020, where the total cost of both buildings would be \$11.772M. Currently the total cost for North and South Marine Buildings is forecasted at \$10.3M. South Marine Building costs are based on construction completion before the construction permit expires in mid-2023. North Marine Building will be substantially complete in August 2021. Construction Authorization for the South Marine Building will occur in the third quarter 2021 for completion of construction in early 2023. The Management Reserve is not currently enough to fund both buildings.

- Stormwater Project (\$32,000,000) – The lease amendment requires the NWSA to be responsible for 50% of the costs above \$30,000,000. Previously, 100% of the cost overrun was included in the program. Now the stormwater budget has decreased this quarter from \$35.2M to \$32M following the lease amendment.

The Management Reserve/Risk includes contingencies based on known risks and unknown risks. Based on most recent risk modeling, additional programmatic risks this quarter total \$15 M. The program budget does not include this total amount. The stochastic model provides an average cost that is included in the Management Reserve/Risk amount in the table. The two largest risks are:

- North Reefer Demarcation project (\$10,000,000 - \$20,000,000) – This project is for the electrical infrastructure between the vault and the reefer plugs. The total estimated cost of the project is based on planning concepts. Financial responsibility for this project is in dispute between NWSA and the tenant.
- Reefer Reimbursement (\$9,000,000) – Lease obligations are for NWSA to reimburse Tenant for reefer infrastructure up to \$9M should tenant elect Phase 1 Plus.

Source of Funds

The current Capital Improvement Plan (CIP) Budget allocates \$340,000,000 for this project and will be updated during the 2022 budget process.

Financial Impact

Most project costs will be capitalized and depreciated over useful lives ranging from 10-50 years, depending on the asset. Project costs related to public expense projects will be expensed as incurred.

The original model for the North Harbor (Seattle) redevelopment, including the construction of T5, provided a return of 5.5%. If the original model had included the increase in cost of approximately \$25.5 million (net cost including grants), the resulting model calculates a return of approximately 5.1%. Ongoing negotiations concerning other Seattle harbor properties, other agreements with tenants and customers may result in a different return.

Alternatives Considered and Their Implications

Alternative 1) Do Nothing. This will not allow the execution of the Terminal 5 Program per the current requirements and understandings.

Alternative 2) This request allows the Terminal 5 Berth Modernization Program to execute current commitments, to fund new elements of scope, and to provide a programmatic reserve for likely and unknown future program elements.

Alternative 2 is the recommended course of action.

M. REQUEST: CONSTRUCTION AUTHORIZATION OF North REEFER INFRASTRUCTURE PROJECT

The North Reefer Infrastructure project will install new infrastructure to vaults to provide sufficient electrical power capacity to support 1,000 (one thousand) 40-foot refrigerated containers to be located on the northern portion of the uplands on Terminal 5. This project is a lease obligation of the Terminal 5 Berth Modernization Program and fulfills the requirement for Reefer Power Supply. Other projects are required from the North Reefer Infrastructure project vaults to the Reefer Plugs in order to make a functional reefer system. The North Reefer Infrastructure project is entirely NWSA financial responsibility.

Scope of work includes installing two medium voltage sectionalized cabinets, four enclosed 2500-KVA Secondary Unit Substations, and four low voltage power factor correction capacitors and making connections to the T5 Primary Substation utilizing electrical infrastructure installed under the T5 Modernization project.

Schedule: Final design complete in August 2021; contract execution in November 2021; substantial completion by the end of 2022, prior to South Berth Turnover.

Source of Funds

The funds for this project are included in the increased Terminal 5 Modernization Program and is contingent on the approval of the increased program authorization approval.

Financial Impact

The current authorized amount for this project is \$3,019,819. The current estimated budget for this project is \$18,300,000

All project costs associated with the North Reefer Infrastructure will be capitalized and depreciated over the estimated useful life of 50 years.

Alternatives Considered and Their Implications

Alternative 1) Do Nothing. This will not allow the NWSA to meet a lease obligation.

Alternative 2) This request allows the North Reefer Infrastructure project to be constructed and meet the lease obligation.

Alternative 2 is the recommended course of action.

Environmental Impacts / Review

Permitting: The project will obtain a Construction Permit from Seattle Department of Construction & Inspections (SDCI). The project will comply with electrical permitting.

Remediation: Any soil that is to be removed from the site will require Subtitle D disposal and will comply with any additional disposal methods based on the project location within the T5 remediation zones.

Stormwater: The project is located outside of any cleanup/remedial action area. No contaminated discharge to the Storm System is expected, based on the project's location.

N. REQUEST: AUTHORIZATION OF SECOND AMENDED LETTERS OF AGREEMENT WITH TRIBES

Action Requested

Request approval of Second Amended Letters of Agreement between the Muckleshoot Indian Tribe and the Northwest Seaport Alliance and Port of Seattle as well as the Suquamish Tribe and the Northwest Seaport Alliance and Port of Seattle for Terminal 5 Cargo Wharf Rehabilitation, Berth Deepening, and Improvements Project.

Synopsis

The Terminal 5 modernization project provides improvements necessary to serve newer, larger vessels that will help maintain the NWSA's competitive position, preserve and grow jobs and support a healthy economy for the region and state. The improvements include crane rail strengthening, berth deepening, slope stabilization, electrical supply/distribution upgrades, new fender system and structural rehabilitation of the dock.

In August 2017, the unanimously Managing Members authorized the execution of two separate Letters of Agreement between the NWSA and Port of Seattle with the Muckleshoot Indian Tribe and with the Suquamish Tribe ("Tribes"), confirming commitments regarding construction activities related to Terminal 5 ("Agreements"). The essence of the Agreements provides for in-water construction to occur in one berth while tribal fishing is maintained in the other berth. The original agreement envisioned a potential change to the construction sequence and based on the final commercial and modernization program agreements, a notice of change to the construction sequence (north to south) was provided to the Tribes in May 2019 and the mitigation payments transferred.

Subsequently, the T5 Berth Modernization program phasing was adjusted, and additional in-water site conditions, commercial considerations and COVID-19 have increased construction risks. These factors led to the need for maintaining north berth construction for the 2020-21 in-water work window rather than shifting to south berth construction. Construction activities, and management of future construction risks, required amendment of the 2017 Agreements to ensure the construction program is completed. The Managing Members also unanimously authorized execution of these amendments for the Muckleshoot Indian Tribe agreement and Suquamish Tribe agreement on September 1, 2020 and October 6, 2020 respectively.

Additional unforeseen circumstances arose after the execution of these first amendments to the 2017 Agreements – the toe wall was not able to be installed at the north berth within the 2020-2021 fish window. This led to the need of a second amendment to both agreements as work will need happen on both berths in the upcoming 2021-2022 fish window to finish the project on time.

Because of the additional expected activity in-water around the north berth, we expect additional impacts to the Muckleshoot Indian Tribe and Suquamish Tribe Treaty-protected fisheries. Given the construction approach proposed to both tribes, the associated financial figure agreed to is less than the \$520,000 previously paid for use a full berth. The proposed Second Amendment would provide an additional \$300,000 to each tribe based on the needs to install the toe wall within the upcoming fish window.

Background

US Army Corps of Engineers (USACE) authorization of in-water construction actions necessary for Terminal 5 cargo wharf rehabilitation required approval from participating federal agencies, in this instance the National Marine Fisheries Service, U.S. Fish and Wildlife Service, and the Environmental Protection Agency. In addition, an essential federal requirement includes avoiding and minimizing potential negative effects on tribal treaty fishing access, requiring consultation and resolution of potential project conflicts with federally recognized Tribes, native sovereign nations. The Port of Seattle and the Northwest Seaport Alliance have worked with the Muckleshoot Indian Tribe and the Suquamish Tribe in past years to maintain general usual and accustomed treaty fishing access throughout Elliott Bay and the Duwamish Waterway, balanced with commercial access to marine terminal, cargo, passenger, and marina facilities.

Due to the potential for three years of extensive in-water construction activity, the Terminal 5 wharf rehabilitation project required site-specific treaty fishing access negotiations – and subsequent discussions following the adjustments to the construction approach. The Port, NWSA, the Muckleshoot Indian Tribe, and the Suquamish Tribe determined actions and compensation terms for avoiding and minimizing potential negative treaty fishing effects expected from the Terminal 5 project, including in-water construction and subsequent cargo operations.

Commission approval to execute and fund Letters of Agreement with the Muckleshoot Indian Tribe and the Suquamish Tribe was required in order to confirm Port and NWSA roles and responsibilities with the Tribes – and hence commissioner authorization is required for the Amendment to those agreements. Upon authorization, the Amendment will be forwarded to the Tribes for final approval and signature.

The original T5 tribal Agreements were approved on August 1, 2017 among a total of eight separate actions by the Managing Members:

DUAL VOTE: NWSA / PORT OF SEATTLE / PORT OF TACOMA:

- (1) Project authorization and funding in the amount \$5,200,000 (\$2,600,000 from each Port) for planning, design, and construction of railroad quiet zone for a total authorized amount of \$25,400,000.*
- (2) Project authorization and funding in the amount of \$450,000 (\$225,000 from each Port) for construction impacts and pilot program as part of the agreements with tribal entities.*

NWSA ONLY VOTE:

- (3) Execution of Agreement with City of Seattle to establish a railroad quiet zone near Terminal 5;*
- (4) Execution of an Agreement with City of Seattle for W Marginal Way SW street closure;*
- (5) Execution of an Agreement with Puget Sound Clean Air Agency to establish an Air Quality Management Program at Terminal 5 consistent with objectives established in City of Seattle shoreline land use permit;*

(6) *Execution of Agreement with Muckleshoot Tribe confirming commitments regarding construction activities related to Terminal 5.*

(7) *Execution of Agreement with Suquamish Tribe confirming commitments regarding construction activities related to Terminal 5.*

All seven items were approved and the implementation of the two tribal Agreements began in summer 2019 as the T5 modernization project broke ground for construction.

The essence of the executed First Amendment to the Agreements provides a third, full in-water work window for the south berth in 2021-22 and supported 2020 construction and fishing activities.

More specifically, the First Amendment provided:

- Continuation of north berth in-water construction in 2020-21.
- Collaboration in the 2020 fishing season to identify fishing sites in the north berth where feasible, and support in-water construction activities where feasible in the south berth that did not disrupt fishing operations. This collaboration provided mutual benefit of additional fishing sites in 2020 and enhances the ability to complete major construction in three in-water windows.
- A third full in-water work window for the south berth in 2021-22 (approximately August 15-Feb 15).
- Acknowledges the potential for a fourth full, in-water work window if construction cannot be completed in the first three.

The agreed additional compensation of \$520,000 to each tribe for a total authorized amount of \$1,040,000 is based upon the mutually agreed value utilized in the original Letter of Agreement. The Managing Members authorized the First Amendment to the Muckleshoot Indian Tribe Agreement at the September 1, 2020 Managing Members meeting and the First Amendment to the Suquamish Tribe Agreement at the October 6, 2020 Managing Members meeting.

The proposed Second Amendment provides:

- Targeted in-water construction in 2021-22 fish window on the north berth to install the toe wall, in addition to the previously agreed upon full in-water work window for the south berth.
- Collaboration in the 2021-22 fishing season to identify fishing sites along both berths where feasible.

The agreed additional compensation of \$300,000 to each tribe for a total authorized amount of \$1,340,000 is based upon the mutually agreed value utilized in the original Letter of Agreement.

O. ATTACHMENTS TO THIS REQUEST

- Computer Slide Presentation
- Original action item memo for Terminal 5 Wharf Rehabilitation, Berth Deepening, and Improvements Project (August 2017 – includes five other action requests in addition for authorization for execution of both tribal agreements)
- Draft Second Amended Letter of Agreement between the Muckleshoot Indian Tribe, Northwest Seaport Alliance and Port of Seattle for Terminal 5 Cargo Wharf Rehabilitation, Berth Deepening, and Improvements Project and documents related thereto
- Draft Second Amended Letter of Agreement between Suquamish Tribe, Northwest Seaport Alliance and Port of Seattle for Terminal 5 Cargo Wharf Rehabilitation, Berth Deepening, and Improvements Project and documents related thereto

P. PREVIOUS ACTIONS OR BRIEFINGS

Date	Action	Amount
June 1, 2021	First Amendment to T5 Lease Authorization by MMs	\$0
April 6, 2021	Quiet Zone MOU	\$0
March 2, 2021	T5 Modernization - Program Update	\$0
February 2, 2021	Approval for Construction of RPM, S Reefers, Clean Truck	\$0
October 6, 2020	T5 Modernization - Program Update	\$0
September 1, 2020	T5 Modernization - Tribal Agreement Update	\$0
August 4, 2020	T5 Marine Building - Approval to advertise for North Building construction only	\$0
July 2, 2020	T5 Marine Building - Authorization to advertise for North and South Buildings construction request	\$0
July 2, 2020	T5 Modernization - Program Update	\$0
April 7, 2020	T5 Modernization - Program Update	\$0
January 14, 2020	T5 Modernization - Program Update	\$0
October 1, 2019	T5 Modernization - Program Update	\$0
August 6, 2019	T5 Modernization - Program Update	\$0
June 4, 2019	T5 Program Update	\$0
May 20, 2019	Program Authorization for Construction of Berth Modernization Program	\$0
April 2, 2019	Additional Program Funding and Authorization to Fund T5 Modernization Program	\$314,150,000
February 26, 2019	Authorization to advertise for construction	\$0
February 5, 2019	Pre-authorization Program Briefing	\$0
November 13, 2018	Motion to prepare construction documents for authorization to advertise	\$0
August 1, 2017	Railroad quiet zone funding, tribal payments, and Agreements	\$5,650,000
October 4, 2016	Additional Funding, Seattle City Light Agreement, and Project Labor Agreement	\$8,200,000
June 7, 2016	DEIS Briefing	\$0
November 4, 2015	Additional SEPA and Design Funding	\$2,000,000
October 13, 2015	Test Pile Bids Exceeded Engineer's Estimate	\$0
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	\$0
March 12, 2014	Additional Pre-Design Authorization	\$150,000
October 27, 2013	Initial Pre-Design Authorization	\$150,000
TOTAL		\$340,000,000

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.	<u>5C</u>
Date of Meeting	<u>August 1, 2017</u>

DATE: July 10, 2017

TO: Managing Members, The Northwest Seaport Alliance (NWSA)

FROM: **Sponsor:** Tong Zhu, Chief Commercial Officer, Container & Real Estate, NWSA
Project Manager: Anne Porter, POS Capital Project Manager

SUBJECT: Terminal 5 Berth Modernization: Additional Funding and Agreements (5)

A. ACTION REQUESTED

Resolution No. 2015-06, delegation of Authority Master Policy, paragraph 8.a.1. requires Managing Member authorization for all Agreements with other public agencies, and paragraph 8.b.iv. requires Managing Member authorization for all projects where the estimated total project cost exceeds \$300,000.

These actions pertain to Terminal 5 Berth Modernization, Master Identification No. C800132.

Requested actions:

DUAL VOTE: NWSA / PORT OF SEATTLE / PORT OF TACOMA:

- (1) Project authorization and funding in the amount \$5,200,000 (\$2,600,000 from each Port) for planning, design, and construction of railroad quiet zone for a total authorized amount of \$25,400,000.
- (2) Project authorization and funding in the amount of \$450,000 (\$225,000 from each Port) for construction impacts and pilot program as part of the agreements with tribal entities.
- (3) Revised total project authorization of \$25,850,000.

NWSA ONLY VOTE:

- (4) Execution of Agreement with City of Seattle to establish a railroad quiet zone near Terminal 5;
- (5) Execution of an Agreement with City of Seattle for W Marginal Way SW street closure;
- (6) Execution of an Agreement with Puget Sound Clean Air Agency to establish an Air Quality Management Program at Terminal 5 consistent with objectives established in City of Seattle shoreline land use permit ;
- (7) Execution of Agreement with Muckleshoot Tribe confirming commitments regarding construction activities related to Terminal 5.
- (8) Execution of Agreement with Suquamish Tribe confirming commitments regarding construction activities related to Terminal 5.

B. SYNOPSIS

The Terminal 5 modernization project provides improvements necessary to serve newer, larger vessels that will help maintain the NWSA's competitive position, preserve and grow jobs and support a healthy economy for the region and state. The improvements include crane rail strengthening, berth deepening, slope stabilization, electrical supply/distribution upgrades, new fender system and structural rehabilitation of the dock.

The project team has completed 100 percent design documents and is now waiting for final permit approvals before requesting authorization to advertise construction of the project. Three agreements are required prior to issuance of the City of Seattle, Master Use Permit / Shoreline Substantial Development Permit. Conditions of permit issuance include:

- 1) Agreement with Seattle Department of Transportation to plan, design, and fund improvements that will permanently close surface W Marginal Way SW north of SW Spokane Street;
- 2) Agreement with Seattle Department of Transportation (SDOT) to work together to establish a railroad quiet zone between train bridge and gate of terminal;
- 3) Agreement with Puget Sound Clean Air Agency (PSCAA) to implement an Air Quality Management Program.

In addition, the US Army Corps of Engineers' permit is subject to concurrence with affected tribal entities. The Muckleshoot and Suquamish Tribes will not oppose the project subject to these agreements with the Tribes that:

- 1) Identify commitments to minimize access conflicts with tribal fishers;
- 2) Establish a Fisheries Mitigation Fund for construction impacts;
- 3) Provide for a new pilot program to compensate tribal fishers displaced from productive net set locations;
- 4) Documents an interest in discussions to extend the existing Fisheries Mitigation Fund for ten years upon completion of the current 2015-2020 agreement term. The uses of funds for the agreements are contingent upon the project construction schedule, but are required prior to occupancy of the completed project.

C. BACKGROUND

Terminal 5 began operating as a container terminal in 1964. Since that time, the Port of Seattle invested in significant environmental cleanup and facility improvements to consolidate properties and create a 182-acre international container terminal, which was completed in 1997. Until July 2014, the site was leased and operated by Eagle Marine Services, a subsidiary of American President Lines.

Vessels calling at the Northwest Seaport Alliance and the Port of Seattle have grown in size from 4,800 TEUs in 1997 to 10,000 TEUs today with 19,000+ TEUs currently operating globally. To stay relevant in the shipping industry and maintain the Alliance's competitive position and preserve jobs, dock and infrastructure upgrades are needed to modernize the terminal for handling current and future classes of container vessels including the capability for installing larger dual-hoist cranes.

The Terminal 5 project provides improvements necessary to serve newer, larger vessels. The improvements include crane rail strengthening, berth deepening, slope stabilization, electrical supply/distribution upgrades, new fender system and structural rehabilitation of the dock. Multiple requests for funding authorizations reflect stages and changes in both the design and the environmental review process, including separate requests for preliminary studies, progressively higher stages of design, addition of a test pile program and shifting from a determination of non-significance to a determination of significance.

Project permitting and environmental review require multiple agency approvals at federal, state and local levels. Community and City of Seattle interest in the project as a potential long-term, major impact to noise, air and traffic required detailed analyses to establish project parameters that would avoid, minimize and mitigate project effects. Several of the

mitigation elements, required as a result of the environmental analyses, are listed as conditions of approval for the Shoreline Substantial Development Permit application. Commission approval for the request to execute agreements with SDOT and PSCAA will lead to issuance of the permit.

US Army Corps of Engineers (USACE) authorization of in-water construction actions necessary for Terminal 5 cargo wharf rehabilitation requires approval from participating federal agencies, in this instance the National Marine Fisheries Service, U.S. Fish and Wildlife Service, and the Environmental Protection Agency. In addition, an essential federal requirement includes avoiding and minimizing potential negative effects on tribal treaty fishing access, requiring consultation and resolution of potential project conflicts with federally recognized Tribes, native sovereign nations. The Port of Seattle and the Northwest Seaport Alliance have worked with the Muckleshoot Indian Tribe and the Suquamish Tribe in past years to maintain general usual and accustomed treaty fishing access throughout Elliott Bay and the Duwamish Waterway, balanced with commercial access to marine terminal, cargo, passenger, and marina facilities. Due to the potential for three years of extensive in-water construction activity, the Terminal 5 wharf rehabilitation project required site-specific treaty fishing access negotiations. The Port, NWSA, the Muckleshoot Indian Tribe, and the Suquamish Tribe have determined actions and compensation terms for avoiding and minimizing potential negative treaty fishing effects expected from the Terminal 5 project, including in-water construction and subsequent cargo operations. Commission approval to execute and fund letters of agreement with the Muckleshoot Indian Tribe and the Suquamish Tribe is required in order to confirm Port and NWSA roles and responsibilities with the tribes. The approved agreements will be forwarded to the Tribes for final approval and signature. The Tribes will then provide written approval of the Terminal 5 project to the USACE. The USACE will then be able to issue the permits.

D. PROJECT DESCRIPTION AND DETAILS

The request before the Managing Members is limited to funds to execute and fund two agreements with SDOT, one with PSCAA, and two with the Tribes; with the exception of the railroad quiet zone, construction funds will be sought separately at a later date.

Project Objectives

Project objectives include a wharf that is capable of handling two EEE class vessels, with an approximate length of 1300 feet, 23 containers wide, with a capacity of approximately 18,000 twenty foot equivalent units (TEUs), by mid-2020. The improved wharf will support up to 12 cranes capable of servicing EEE class vessels. Additionally the wharf will be capable of providing ship-to-shore power for vessels berthed at the facility. The proposed capital improvements will maintain the economic and job benefits from the cargo business at Terminal 5.

Scope of Work

The additional funds are needed for planning, design, and installation of the improvements specified in the proposed agreements.

The proposed project consists of modifications to existing marine cargo facilities, including cargo wharf rehabilitation, berth deepening, electrical service capacity improvements, and

upland improvements, with the potential for increased cargo volume at the site. Although not in the current project scope of work, future project plans may eventually include reconfigured marine cargo marshalling area, re-organized intermodal rail facilities, cargo area lighting modifications, pavement repair and maintenance, maintenance and repair buildings improvements, and evaluation of entrance/exit gates and heavy vehicle access points. Any future plans would require additional environmental review once sufficient information is available about a potential tenant's operations.

Schedule

Remaining permits are expected by late 2017. Authorization from Managing Members would be sought at a later date to advertise for construction.

E. FINANCIAL IMPLICATIONS

Project Cost Details

Project Element Description	This Request	Total Project Cost	Cost To Date	Remaining Cost
Design and Permits	\$0	\$14,100,000	\$13,111,000	\$989,000
Seattle City Light (Public Expense*)	\$0	\$6,100,000	\$60,000	\$6,040,000
Railroad Quiet Zone (Public Expense*)	\$5,200,000	\$5,200,000	\$0	\$5,200,000
Tribal Agreements	\$450,000	\$2,450,000	\$0	\$2,450,000
Construction	\$0	\$235,000,000	\$0	\$235,000,000
Future Permit Conditions and Scope Changes	\$0	\$37,150,000	\$0	\$37,150,000
Total	\$5,650,000	\$300,000,000	\$13,171,000	\$286,829,000
Previously Authorized	\$20,200,000			
Revised Total Authorization	\$25,850,000			

*Public Expense budget accounts for capital assets to be owned by other public agencies (i.e., City of Seattle and BNSF)

Source of Funds

The 2017-2021 Capital Improvement Plan Budget allocates \$7,578,000 for this project, of which \$900,000 has been spent. The request for \$5,650,000 is an incremental request in addition to the \$7,578,000 included in the Capital Improvement Plan. Both homeports' staff have identified funding mechanisms for the additional investment expense.

Financial Impact

SDOT and BNSF costs of \$5,200,000 will be a public expense that is paid out as incurred. The use of the construction funds for the agreement with the City (Seattle Department of Transportation) for the railroad quiet zone is contingent upon the implementation of project construction.

Tribal fishing mitigation pilot and construction impact program costs of \$450,000 will be expensed annually in the amount of \$150,000 in 2017, 2018 and 2019. NWSA staff have

identified 2017 funds within the NWSA operating budget and will include 2018 and 2019 in the operating budget for those years.

An additional \$2,000,000 for construction mitigation will be included in the Terminal 5 construction authorization and funding request and will be payable at the time of that authorization.

F. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1) Do Nothing. Reduce the investment in Terminal 5 to maintenance levels and lease the terminal as-is to an operator. Operations would be restricted to non-containerized cargo or other industrial water-dependent activity. This would not likely increase the utilization of the terminal nor would it increase volume of containerized cargo, making it more difficult to reach strategic goals of 70% terminal utilization and 6M TEU's.

Alternative 2) Authorize the agreements with the City of Seattle, Puget Sound Clean Air Agency and tribes, but delay funding authorization of the quiet zone. The railroad and federal application, design, approval and construction process would likely require approximately two to three years to complete. The City's permit condition requires the quiet zone to be in place in order to receive the occupancy permit, so it is recommended the quiet zone authorization be granted now in order to ensure this permit condition is met when the tenant is ready to occupy and operate Terminal 5. A majority of the quiet zone funding will be spent on construction, which will not occur until after Terminal 5 construction authorization has been acted upon.

Alternative 3) This request. Invest additional funds in meeting permit condition related to railroad quiet zone for Terminal 5 modernization; execute agreements with City of Seattle for railroad quiet zone and closure of W. Marginal Way SW; execute agreement with Puget Sound Clean Air Agency for Air Quality Management Plan, execute agreement with Muckleshoot Tribe confirming commitments, and execute agreement with Suquamish Tribe confirming commitments. This alternative supports strategic goals to achieve 70% utilization and 6M TEU's, as well as takes into consideration other investments being considered by competitor gateways.

G. ENVIRONMENTAL IMPACTS / REVIEW

A Final Environmental Impact Statement (FEIS) for the Terminal 5 Berth Modernization project was completed in October 2016. Permits for the project are currently being reviewed by the appropriate regulatory agencies.

H. ATTACHMENTS TO THIS REQUEST

1. Draft Agreement with City of Seattle (subject to change as the parties negotiate the specific terms) for railroad quiet zone.
2. Draft Agreement with City of Seattle (subject to change as the parties negotiate the specific terms) for closure of W Marginal Way SW north of S Spokane Street.
3. Draft Agreement with Puget Sound Clean Air Agency (subject to change as the parties negotiate the specific terms) for Air Quality Management Program.

4. Draft Agreement with Muckleshoot (subject to change as the parties negotiate the specific terms)
5. Draft Agreement with Suquamish (subject to change as the parties negotiate the specific terms)
6. Computer Slide Presentation

I. PREVIOUS ACTIONS OR BRIEFINGS

DATE	ACTION	AMOUNT
October 4, 2016	Additional Funding, Seattle City Light Agreement, and Project Labor Agreement	\$8,200,000
June 7, 2016	DEIS Briefing	\$0
November 4, 2015	Additional SEPA and Design Funding	\$2,000,000
October 13, 2015	Test Pile Bids Exceeded Engineer's Estimate	\$0
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	\$0
March 12, 2014	Additional Pre-Design Authorization*	\$150,000
November 27, 2013	Initial Pre-Design Authorization*	\$150,000
TOTAL		\$20,200,000

*Pre-Design Authorizations were approved at the Division level per delegation authority allowed by Port of Seattle policy.



Item No: 7A
Meeting Date: July 7, 2021

Terminal 5 Modernization Program Update and Authorizations

Presenters: Multiple

Miscellaneous Terminal 5 Authorizations

- Terminal 5 Quarterly Update (Emma Del Vento)
- Budget Increase to T5 Berth Modernization Program (Emma Del Vento)
- North Reefer Construction Authorization (Emma Del Vento)
- Tribal Agreement (Lindsay Wolpa)

Terminal 5 – Program Overview

Primary Elements of Scope



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

Terminal 5 – Budget (May 31, 2021)

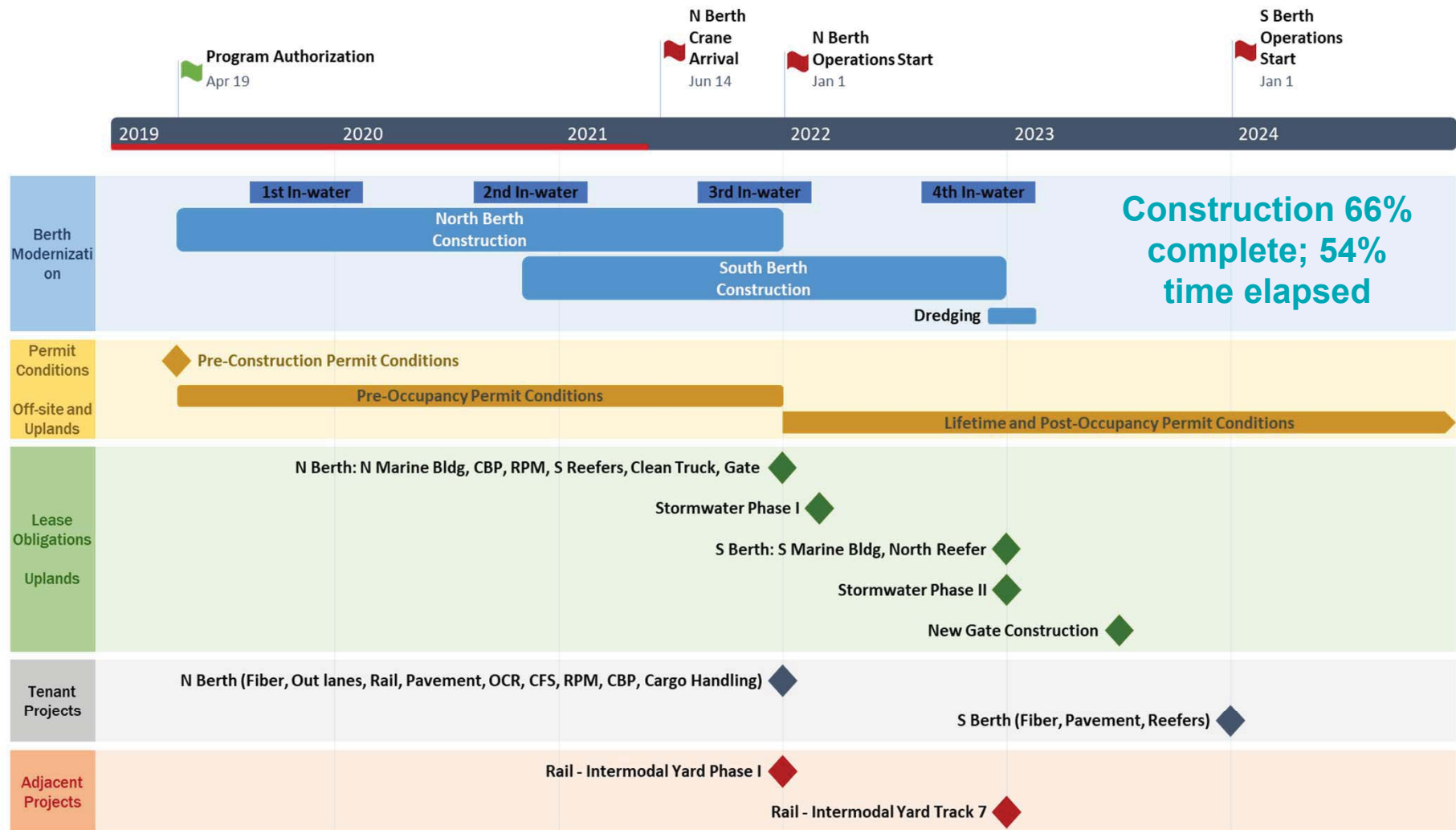
Forecast at completion currently over budget
Construction is 74% spent and 66% complete

2021 Quarter 2 Program Budget	Authorized Budget	Quarter 1 Changes	Updated Budget	Spent to Date	Forecast at Completion	Remaining Authorized Budget
Design, Construction, Project Management	\$284.3	\$6.4	\$290.7	\$179.2	\$306.3	\$105.1
Permit Conditions	\$14.0	\$-	\$14.0	\$5.0	\$14.0	\$9.0
Stormwater Treatment	\$30.0	\$-	\$30.0	\$4.5	\$32.0	\$25.5
Management Reserve*	\$11.7	\$(6.4)	\$5.3	\$-	\$37.7	\$11.7
Total	\$340.0	\$-	\$340.0	\$188.7	\$390.0	\$151.3

Moved out of Management Reserve this quarter:

- \$4.8M Gate repair and new construction
- \$1.7M N Marine Building
- \$100K RPM

Terminal 5 – Programmatic Schedule



Terminal 5 – 2021 Progress to date

- **Berth Modernization Project**

- North Berth – received cranes, on track for end 2021 completion
- South Berth – completed landside pile driving, on track for end 2022 completion
- Seattle City Light (SCL) – on-site work complete
- In water work: tribal payments and permit modifications on track for 3rd in water window

- **Uplands Projects**

- Permit Conditions
 - Pre-Occupancy Conditions met – pending GQMP
 - Quiet Zone – property acquisition in progress
- Lease Obligations
 - Stormwater Treatment - Phase 1 – contract awarded
 - N Marine Building - in construction
 - Clean Truck – on track
 - RPM and CBP – in design
 - N Reefer - Bid Set in progress
 - S Reefer - in construction
 - Gate Repair – in design
 - New Gate – planning



Terminal 5 – Construction Progress



Testing N crane power switch gear



North Marine Building Exterior

Terminal 5 – Construction Progress



N Berth - Paving



N Berth Cranes

Terminal 5 – Construction Progress



N Berth Pavement Preparation



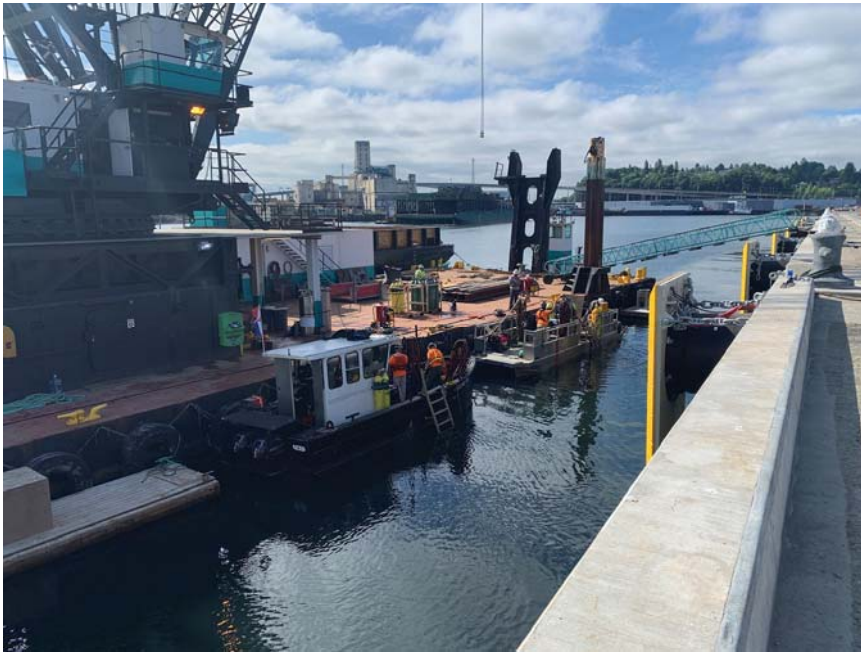
N Marine Building Drywall

Terminal 5 – Construction Progress



Cranes docked at the completed North Berth

Terminal 5 – Construction Progress



North Berth - Cutting Toe Wall Pile

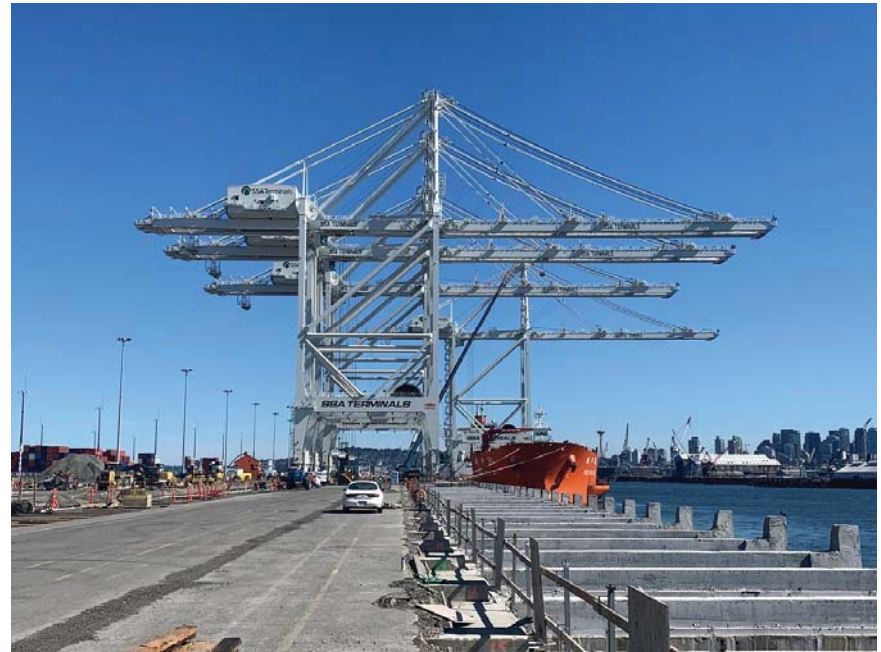


N Marine Building – Sanitary Sewer Backfill

Terminal 5 – Construction Progress



Marine Building Second Floor



View of cranes from S Berth

Terminal 5 – Opportunities

Grant Name	Agency	Grant Amount (\$M)	Agreement Date	Costs Submitted (\$M)	Reimbursement Received (\$M)	Notes
PIDP						
Reefer Rail Pavement Stormwater	MARAD	10.7	Pending Agreement	0	0	
Shorepower	WA Department of Commerce	4.4	In negotiation	0	0	North Berth
Stormwater	WA Department of Ecology	5	07/01/2020	0.0015	0.0015	Phase 1 Stormwater
Reefers	WA Department of Commerce	4.45	In negotiation	0	0	Clean Energy Fund
Total		24.55		0.0015	0.0015	

Terminal 5 – Community Outreach

- **March**

- District 1 Neighborhood Council
- Alki Community Council
- SODO Business Improvement Area

- **April**

- West Seattle Transportation Coalition

- **May**

- West Seattle Chamber

- **June**

- Transportation Club of Seattle
- Pigeon Point Neighborhood Group

- **Future**

- Port Community Action Team
- Seattle Freight Advisory Board
- Harbor Island Stakeholder Group
- South Park Neighborhood Association
- Georgetown Community Council



South Berth – Secondary Ductbank

Terminal 5 – Look Ahead

- **Berth Modernization**

- North Berth – substantial completion after toe wall pile driving at end 2021
- South Berth – Q3/4 in water work
- Seattle City Light (SCL) – final invoice

- **Uplands Projects**

- Permit Conditions
 - Pre-Occupancy Conditions GQMP completion
 - Quiet Zone – City will introduce legislation to Council for property acquisition
- Lease Obligations
 - Stormwater Treatment - Phase 1 construction
 - N Marine Building – completion
 - S Marine Building – design update
 - Clean Truck – completion
 - RPM and CBP – completion
 - N Reefer - Award
 - S Reefer - completion
 - Gate Repair – completion
 - New Gate – design



NWSA Seattle Harbor Financial Model

History & Approach

- Decision to invest in T5 included a complete evaluation of the 4 terminals in Seattle
- A “No T5 redevelopment” financial model was created as a baseline
- The “Build T5” model compares the forecasted results to the “No T5 redevelopment” model
- The financial model results were presented in the April 2019 Managing Member meeting where construction of the T5 improvements was authorized and the lease with SSA approved.

Financial Impact of Increased cost

- Focusing on the proposed cost increase only
 - Not adjusting for the delay in opening of T5 nor any other potential changes to the lease or agreements with shipping lines or other terminal use proposals
 - Net of grants
- The original model produced a return of 5.5%
- The original model with additional net increase of \$25M of cost produces a return of 5.1%



Item No: 7A-1
Meeting Date: July 7, 2021

Increase Authorization For Terminal 5 Program

Presenter: Emma Del Vento
T5 Program Manager

Budget Increase to T5 Berth Modernization

As referenced in NWSA Resolution No. 2016-04, Exhibit A, Delegation of Authority Master Policy, Paragraph 8.c.iii., states project costs exceeding \$300,000 require approval from Managing Members.

Request increased Program authorization in the amount of \$50,000,000, for a total amount of \$390,000,000, for the T5 Berth Modernization Program, Master Identification Nos. C800132, C800726, C800988.

Request

Terminal 5 Berth Modernization Program

- Terminal 5 Berth Modernization
 - April 02, 2019: Additional Program Funding and Authorization to Fund T5 Modernization Program
 - Program total: \$340,000,000
 - July 07, 2021: Additional Program Funding of \$50,000,000
 - Requested Program Total: \$390,000,000

Program Cost Details

	Original Authorized Project Cost	Current Authorized Project Cost	This Request	Total Project Cost	Cost to Date	Remaining Cost
T5 Berth + Design + SCL	\$ 276,000,000	\$ 276,450,000	\$ -	\$ 276,450,000	\$ 176,174,535	\$ 100,275,465
T5 Permit + Tribes	\$ 14,000,000	\$ 13,550,000	\$ -	\$ 13,550,000	\$ 5,033,418	\$ 8,516,582
T5 Stormwater Treatment	\$ 30,000,000	\$ 30,000,000	\$ 2,000,000	\$ 32,000,000	\$ 4,558,400	\$ 27,441,600
T5 Management Reserve/Risk	\$ 20,000,000	\$ 5,273,808	\$ 13,396,192	\$ 18,670,000	\$ -	\$ 18,670,000
T5 Clean Truck	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ 12,330	\$ 87,670
T5 Marine Buildings	\$ -	\$ 5,476,373	\$ 4,623,627	\$ 10,100,000	\$ 2,263,691	\$ 7,836,309
T5 RPM + CBP	\$ -	\$ 500,000	\$ 2,500,000	\$ 3,000,000	\$ 88,859	\$ 2,911,141
T5 Reefers	\$ -	\$ 3,849,819	\$ 15,280,181	\$ 19,130,000	\$ 599,138	\$ 18,530,862
T5 Gate Complex	\$ -	\$ 4,800,000	\$ 12,200,000	\$ 17,000,000	\$ 19,416	\$ 16,980,584
Total	\$ 340,000,000	\$ 340,000,000	\$ 50,000,000	\$ 390,000,000	\$ 188,749,788	\$ 201,250,212
Previously Authorized			\$ 340,000,000			
Revised Total Authorization			\$ 390,000,000			
MARAD PIDP Grant			\$ 10,700,000			
WA Ecology - Stormwater			\$ 5,000,000			
WA Commerce - Shorepower			\$ 4,400,000			
WA Commerce - Reefers			\$ 4,450,000			
Authorization - Grants			\$ 365,450,000			

Alternatives and Impacts

Alternative 1) Do Nothing. This will not allow the execution of the Terminal 5 Program per the current requirements and understandings.

Alternative 2) This request allows the Terminal 5 Berth Modernization Program to execute current commitments, to fund new elements of scope, and to provide a programmatic reserve for likely and unknown future program elements.

Alternative 2 is the recommended course of action.

Source of Funds

Terminal 5 Modernization Program

- The estimated cost of this Program is \$390,000,000.
- The 2017-2023 Capital Investment Plan (CIP) allocates \$340,000,000 for this Program and will be updated during the 2022 budget process.
- Most project costs will be capitalized and depreciated over useful lives ranging from 10-50 years, depending on the asset. Project costs related to public expense projects will be expensed as incurred.

Conclusion

Terminal 5 Berth Modernization Program

Request increased Program authorization in the amount of \$50,000,000, for a total amount of \$390,000,000, for the T5 Berth Modernization Program, Master Identification Nos. C800132, C800726, C800988.



Item No: 7A-2
Date of Meeting: July 7, 2021

Construction Authorization For T5 North Reefer Infrastructure

Presenter: Emma Del Vento
T5 Program Manager

Construction Authorization T5 North Reefer Infrastructure

Request authorization for the construction of the North Reefer Infrastructure project at Terminal 5, Master ID No. U00649.



Background

T5 North Reefer Infrastructure

- North Reefer Infrastructure at Terminal 5
 - Design and install new infrastructure to provide sufficient electrical power capacity at a vault to support no fewer than 1,000 (one thousand) 40-foot refrigerated containers to be located on the northern portion of the uplands on Terminal 5
 - This project is a lease obligation component of the Terminal 5 Berth Modernization Program, and fulfills the lease requirement for Reefer Power Supply

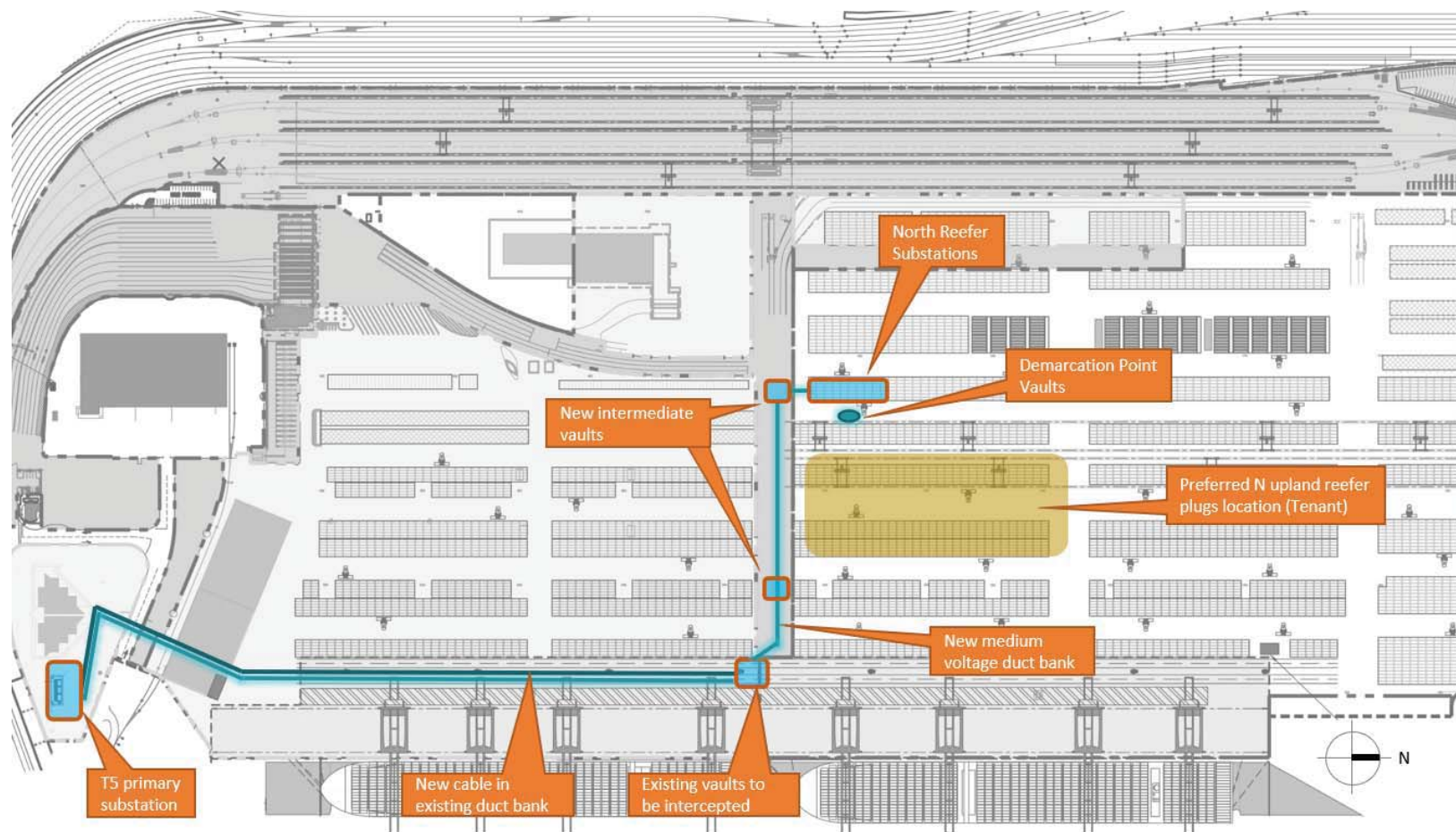
Project Description and Details

T5 North Reefer Infrastructure

- **The proposed improvements include the following:**
 - This project will install electrical distribution system to power 1,000 refrigerator outlets. This requires installing:
 - New electrical infrastructure: medium voltage duct-bank, electrical manholes, medium voltage feeder cables
 - Medium voltage sectionalized cabinets
 - Enclosed secondary unit substations
 - Low voltage power factor correction capacitors
 - Equipment will be connected to the T5 primary substation installed under the T5 Modernization Program

Project Description and Details

T5 North Reefer Infrastructure



Source of Funds

T5 North Reefer Infrastructure

- The current estimated budget for this project is \$18,300,000
- The funds for this project are included in the T5 Modernization Program
- All project costs associated with the North Reefer Infrastructure will be capitalized and depreciated over the estimated useful life of 50 years.

Project Schedule

T5 North Reefer Infrastructure

Activity	Timeframe
Compete Design	August 2021
Advertise Construction	September 2021
Construction Completion	Q4 2022

Environmental Impacts/Review

T5 North Reefer Infrastructure

- Permitting:** The project will obtain a Construction Permit from Seattle Department of Construction & Inspections. The project will comply with electrical permitting.
- Remediation:** Any soil that is to be removed from the site will require Subtitle D disposal and will comply with any additional disposal methods based on the project location within the T5 remediation zones.
- Stormwater:** The project is located outside of any cleanup/remedial action area. No contaminated discharge to the Storm System is expected, based on the project's location.

Alternatives and Impacts

Alternative 1) Do Nothing. This will not allow the NWSA to meet a lease obligation.

Alternative 2) This request allows the North Reefer Infrastructure project to be constructed and meet the lease obligation.

Alternative 2 is the recommended course of action.

Conclusion

T5 North Reefer Infrastructure

Request authorization for the construction of the North Reefer Infrastructure project at Terminal 5, Master ID No. U00649.





Item No: 7A-3
Date of Meeting: July 7, 2021

Second Amended Tribal Letters of Agreement for Terminal 5 Cargo Wharf Rehabilitation, Berth Deepening, and Improvements Project

Presenter: Lindsay Wolpa
Sr. Manager, Strategic Projects

Action Requested

DUAL ACTION – (NWSA/Port of Seattle)

Request approval by the Port of Seattle Commission and The Northwest Seaport Alliance Managing Members of the two Second Amended Letters of Agreement between The Northwest Seaport Alliance, Port of Seattle, and the Muckleshoot Indian Tribe and The Northwest Seaport Alliance, Port of Seattle, and Suquamish Tribes for Terminal 5 Cargo Wharf Rehabilitation, Berth Deepening, and Improvements Project.

Background



- **Key previous milestones**
 - Original agreements approved by the Managing Members August 2017
 - Project construction groundbreaking July 2019
 - First amendments approved by the Managing Members September 2020 (Muckleshoot Indian Tribe) and October 2020 (Suquamish Tribe)
 - Toe wall issue identified November 2020

Amendment Details

- **The proposed second amendments includes the following:**
 - Targeted in-water construction in 2021-22 fish window on the north berth to install the toe wall, in addition to the previously agreed upon full in-water work window for the south berth.
 - Collaboration in the 2021-22 fishing season to identify fishing sites along both berths where feasible.
 - Additional compensation of \$300,000 to each tribe for a total authorized amount of \$1,340,000 is based upon the mutually agreed value utilized in the original Letter of Agreement.



Alternatives and Impacts

Alternative 1) Do Nothing. This will not allow T5 Modernization Program in-water work to happen this year, will delay the delivery of the program and will increase costs significantly.

Alternative 2) This request allows the T5 Modernization Program in-water work to occur this year and deliver the program on schedule.

Alternative 2 is the recommended course of action.

Action Requested

DUAL ACTION – (NWSA/Port of Seattle)

Request approval by the Port of Seattle Commission and The Northwest Seaport Alliance Managing Members of the two Second Amended Letters of Agreement between The Northwest Seaport Alliance, Port of Seattle, and the Muckleshoot Indian Tribe and The Northwest Seaport Alliance, Port of Seattle, and Suquamish Tribes for Terminal 5 Cargo Wharf Rehabilitation, Berth Deepening, and Improvements Project.