

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No.	9A
Date of Meeting	January 7, 2025

DATE: December 20, 2024

TO: Managing Members

FROM: John Wolfe, Chief Executive Officer

Sponsors: David Morrison, Chief Financial Officer, NWSA

SUBJECT: Port of Seattle and Port of Tacoma Approval of Fiscal Year (FY) 2024 Water Resource Development Act (WRDA) Section 2106 and Harbor Maintenance Tax (HMT) Donor Port Fund Use on Existing Eligible Projects up to Existing Authorized Amounts

A. ACTION REQUESTED

1. Request the Port of Seattle Commission approve the use of FY 2024 WRDA Section 2106 and HMT funds (Section 2106/HMT) on eligible projects in progress.
2. Request the Port of Tacoma Commission approve the use of FY 2024 WRDA Section 2106 and HMT funds (Section 2106/HMT) on eligible projects in progress.
3. Request Managing Member authorize that Section 2106/HMT funds received by the NWSA from the Homeports will be treated as Contributed Capital¹ to be used for eligible projects in the respective Homeport harbors, and further authorizing the return of cash to the two Homeports for expensed projects as Other Cash².

B. SYNOPSIS

Approval of this request will allow staff to continue to utilize Section 2106/HMT funds for eligible projects already in process and funded by prior Fiscal Year Section 2106 funds. The objective is to utilize these funds as quickly as possible on allowable projects in the respective harbors. Future year Section 2106/HMT funds are not

¹ Contributed Capital does not impact the 50/50 split of Membership Interest per Section 3.14 of the Charter.

² Other Cash as defined per section 4.1(c) of the Charter.

requested at this time due to the timing of the projects and the relatively small project amounts.

C. BACKGROUND

The two Homeports received Section 2106 funds in FY 2021, 2022, and FY 2023. For those funds, the two Homeport commissions approved Joint Resolutions dedicating amounts equal to the funds received to NWSA HMT eligible projects. The prior year Section 2106 funds for Port of Tacoma are fully exhausted, and the Port of Seattle funds are expected to be fully exhausted by the first quarter of 2025. Ongoing costs associated with projects previously funded by Section 2106 funds in each harbor will now be funded using the 50/50 split unless additional Section 2106/HMT funds by harbor are authorized.

Currently, staff has requested and received Homeport approval to use Section 2106/HMT funds on other specific NWSA projects that have been identified after the receipt of the FY 2024 funds.

1. USES OF FUNDS

Below is a list of the eligible in process projects funded by prior Fiscal Year Section 2106 funds, and the estimated remaining amount of eligible spending.

Port of Seattle: Total of approximately \$4.5 million for ongoing eligible projects

Project Name	Estimated Eligible Amount
T18 North Fender Replacement (2025-2027 project)	\$2,267,730
T18 Maintenance Dredging	\$913,836
T46 Maintenance Dredging	\$646,280
T30 Maintenance Dredging	\$595,413
T18 Seawall Patching 2024	\$72,815
T30 Seawall Patching 2024	\$53,195

The Port of Seattle received \$25.017 million in FY 2024 Section 2106/HMT funds. Port of Seattle has not expended any FY 2024 Section 2106/HMT funds to date. Approval of this request will reduce remaining amounts to approximately \$20.5 million.

Port of Tacoma: Total of approximately \$3.7 million for ongoing eligible projects

Project Name	Estimated Eligible Amount
WUT Berth Area Dredge/ToeWall (only ToeWall HMT eligible) Design (88.5% is eligible)	\$1,124,416
Husky Berth Area Dredge/ToeWall (only ToeWall HMT eligible) Design (83.6% is eligible)	\$979,714
Pony Lumber Dock Repairs	\$662,274
WUT Maintenance Dredging	\$206,572
Pier 3/4 Maintenance Dredging	\$173,787
PCT Crane Rail Crack Repair	\$142,230
Blair Terminal Repair Damaged Fenders	\$139,630
T7 Berth C Cleat Replacement	\$105,364
T7-Infrastructure repairs and improvements	\$88,965
EB1 Ramp Area Repair	\$31,792

The Port of Tacoma received \$28.863 million in FY 2024 Section 2106/HMT funds. Via separate Managing Member actions, approximately \$4.9 million of these funds have been dedicated to other NWSA eligible projects. The Port of Tacoma has also dedicated the use of \$4 million of POT 2024 Section 2106/HMT funds for the “knuckle” dredge in the Blair waterway for the benefit of the NWSA. Channel dredging is the responsibility of the Homeports per the charter, and the “knuckle” dredge is being completed for the benefit of the NWSA. Approval of this request will reduce remaining amounts to approximately \$16.3 million.

D. FINANCIAL IMPLICATIONS

The proposal is to commit 2024 Section 2106/HMT funds received to ongoing eligible projects. The funds will continue to be held by the Homeports and will be provided to the NWSA on a reimbursement basis on projects in the Homeport that meet the Section 2106/HMT allowable criteria. No Section 2106/HMT funds received by one Homeport shall be used in the other Homeport.

Committing the funds to the NWSA will reduce the capital contributions required when the Section 2106/HMT funds are used on capitalized projects and/or increase cash flow from the NWSA when the funds are used on expensed projects.

E. PREVIOUS ACTIONS OR BRIEFINGS

The Managing Members have received several memorandums and presentations concerning HMT and Section 2106 funds and through Homeport actions approved the transfer of all Section 2106 funds received in 2021 and 2022 to the NWSA. In 2023, the Section 2106 funds were kept in the Homeports, but the Homeports

committed to provide funds equivalent to the amount received to the NWSA. This proposal is focused solely on the Section 2106/HMT funds received by the Homeports in 2024 to be used on existing projects. Additional actions will be required for future Section 2106/HMT funds.

Project authorizations

- T18 North Fender Replacement project authorization in July 2024
- Maintenance Dredging at T18, T30 and T46 Project Authorization in May 2023
- PCT fender Replacement project authorization in March 2023
- Husky and WUT Berth Deepening Design Project Authorization in September 2023
- Pony Lumber Dock Repairs Project Authorization in July 2024
- WUT maintenance dredging authorized in June 2021
- Pier 3 / 4 maintenance dredging authorized in June 2021

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THE NORTHWEST
SEAPORT ALLIANCE

SEATTLE + TACOMA

David Morrison, CFO

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3. Request Managing Members authorize that Section 2106/HMT funds received by the NWSA from the Homeports will be treated as Contributed Capital¹ to be used for eligible projects in the respective Homeport harbors, and further authorizing the return of cash to the two Homeports for expensed projects as Other Cash².

1. Contributed Capital does not impact the 50/50 split of Membership Interest per Section 3.14 of the Charter.
2. Other Cash as defined per Section 4.1(c) of the Charter.



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Section 2106/HMT overview

- Harbor Maintenance Tax (HMT) generated through taxing of the inbound cargo owners which bring international cargo through that harbor and cruise revenue.
 - NWSA and Homeports have no control over cargo value and the amount of HMT generated
- Water Resources Reform and Development Act (WRRDA [AKA WRDA]) Section 2106 (WRDA 2106) funds and HMT funds are appropriated through Congress and distributed by the US Army Corps of Engineers
- These funds are made available to the Homeports to fund only those projects that meet specific criteria



Section 2016/HMT Overview

- Section 2016/HMT funds must be spent in the harbor where they are generated.
- Funds can be spent in the year “allocated” or in future years
 - Funds cannot be used retroactively {Fiscal Year (FY) 2024 funds cannot be used for FY 2023, but can be used for FY 2025}
- FY 2024 amounts are shown in the table below*

Source 2024 (\$M)	POT	POS	Total
2106	3.3	2.9	6.2
HMT	25.6	22.2	47.8
Total	\$28.9	\$25.1	\$54.0

* Amounts depend on total number of Donor Ports which may change in future years



HMT Usage

- Prioritize use of Section 2106/HMT for funding on NWSA Projects or projects that benefit the NWSA directly
 - To incentivize Homeport collaboration in support of the gateway
 - Both Homeports benefit from any Section 2106/HMT use
- Spend the funds quickly as possible on eligible projects
- Apply Section 2106/HMT similar to grants – reduces the 50/50 Homeport split on any funded projects
 - Consistent with all prior year usage
- Section 2106/HMT funds, or their equivalent, will be received by the Homeports and will be sent to the NWSA on a reimbursement basis only on specific projects as requested by staff and these funds will only be spent in the harbor where the funds were awarded



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Existing Eligible North Harbor (Seattle) Projects

Project Name	Estimated Eligible Amount
T18 North Fender Replacement (2025-2027 project)	\$2,267,730
T18 Maintenance Dredging Design	\$913,836
T46 Maintenance Dredging Design	\$646,280
T30 Maintenance Dredging Design	\$595,413
T18 Seawall Patching 2024	\$72,815
T30 Seawall Patching 2024	\$53,195
Total	\$4,549,269

- Amounts shown are the estimated spending up to the previously authorized amounts.
- The Port of Seattle received \$25.017 million in FY 2024 Section 2106/HMT funds.
- To date the Port of Seattle has not expended any FY 2024 funds.
- Approval of this request will reduce remaining amounts to approximately \$20.5 million.



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Existing Eligible South Harbor (Tacoma) Projects

Project Name	Estimated Eligible Amount
WUT Berth Area Dredge/ToeWall (only ToeWall HMT eligible) Design	\$1,124,416
Husky Berth Area Dredge/ToeWall (only ToeWall HMT eligible) Design	\$979,714
Pony Lumber Dock Repairs	\$662,274
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Blair Terminal Repair Damaged Fenders	\$139,630
T7 Berth C Cleat Replacement	\$105,364
T7-Infrastructure repairs and improvements	\$88,965
EB1 Ramp Area Repair	\$31,792
Total	\$3,654,744

- Amounts shown are the estimated spending up to the previously authorized amounts.
- The Port of Tacoma received \$28.863 million in FY 2024 Section 2106/HMT funds.
- Via separate actions, Managing Members have approved approximately \$4.9 million of these funds to other NWSA eligible projects.
- POT has dedicated \$4M to the POT knuckle dredge project in the Blair waterway for the benefit of the NWSA
- Approval of this resolution will reduce remaining amounts to approximately \$16.3 million.



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