

COMMISSION AGENDA

Item No: 9C

Meeting: 7/15/21

DATE: June 30, 2021

TO: Port Commission

FROM: Eric D. Johnson, Executive Director

Sponsor: Scott Francis, Director, POT Real Estate

Project Manager: Norman Gilbert, Engineering Project Manager II

SUBJECT: Project Authorization for work associated with the Port of Tacoma Off-Dock Container Support Facility

A. ACTION REQUESTED

As referenced in Resolution No. 2021-08-PT, Exhibit A, Delegation of Authority Master Policy, Paragraph IV.B.(2), states project costs exceeding \$300,000 require approval from Port Commission.

Request project authorization in the amount \$735,000 for a total authorized amount of \$1,385,000, for work associated with the Port of Tacoma Off-Dock Container Support Facility, Master Identification No. 101241.01.

B. SYNOPSIS

The project is comprised of Port Parcels 72, 85, and 87 which are located between Port of Tacoma Road and Thorne Road, and north of Lot F and Maxwell Way. Lot F currently supports truck queue for Washington United Terminals (WUT) and truck queue and off-dock gate operations for Husky Terminal (Husky). Lot F, WUT, and Husky are all properties licensed to The Northwest Seaport Alliance (NWSA).

Non-licensed properties known as Parcels 72, 85, and 87 are three of the few remaining undeveloped properties within the General Central Peninsula Stormwater basin. Through the Investment Development and Decision Process (IDDP) Port of Tacoma (Port) staff have identified the need to develop these properties into a nearby off-dock cargo operations and logistics facility in preparation for a future tenant. To date, Port staff and our consultants have advanced the development of the site through Basis of Design and 30% design level.

This authorization will provide for the advancement of design to 100% bid ready level and apply for all necessary permits needed for construction of the project. Advancement to this level will support a future Commission action that would allow the Port or a future tenant to

develop one of the few remaining undeveloped Port-owned properties that could support off-dock operations for nearby terminals.

C. BACKGROUND

The Port of Tacoma Off-Dock Container Support Facility encompass approximately 24.5 acres of land which include approximately 4.4 acres of Category III wetlands. These Port properties are not licensed to the NWSA and any future use by the NWSA, or its tenants, would require an agreement for use between the Port and NWSA.

The Port has performed a preliminary investigation of the impacts that development of these properties may have to stormwater within the site and to the adjacent City of Tacoma infrastructure. Additionally, the sites have been analyzed for development alternatives. Staff determined that it is necessary to develop these properties into a nearby off-dock cargo operations and logistics facility due to the strategic location of these properties near domestic and international marine cargo terminals. These cargo support uses could include a wide variety of off-dock container activities such as: a container drop yard for off-hours use; a short-term storage yard during seasonal peak volumes; a reefer container pre-trip yard; a common user chassis depot for trucker access; an empty container depot for expedited pick-up; or for other cargo operations and logistics or any combination of the options listed above. The development of basis of design and 30% project documents were performed to support future tenant negotiations and future Port or NWSA development.

The 30% design and Basis of Design scope was completed in late July 2020. The project was then put on hold pending a business driver. In late February 2021, Port and NWSA staff began the application process for several grants to provide partial funding of the project. At both NWSA harbors and west-coast wide, off dock container yards have recently been identified as being in short supply and that these facilities would increase the efficiency of existing terminals and container logistics.

The project supports the NWSA's efforts to establish three to four strategic terminals capable of handling the largest container vessels in service today. The development of strategic terminals addresses NWSA's previously insufficient capability to handle multiple ultra-large container ships - a must in today's competitive environment. Our top competitors are the Canadian ports of Vancouver and Prince Rupert. NWSA needs to maintain its ability serve these larger vessels to keep these ship calls and the jobs they support in the US. Moving refrigerated containers, containers, and/or chassis storage off-terminal supports this effort. The timeline of the project requires this project to begin now to meet this need as quickly as possible.

Any future development of the Port of Tacoma Off-Dock Container Support Facility properties that include the wetlands will require mitigation for the loss of wetlands. Port staff intends to mitigate these impacts with mitigation credits from the Lower Wapato Creek Habitat Project that is planned for construction in 2021 on a portion of Parcel 14 adjacent to Wapato Creek. This mitigation site is authorized, managed, and budgeted separately.

D. PROJECT DETAILS

Scope of Project:

The scope of the full project is to design, permit and construct a facility capable of supporting nearby off-dock cargo operations and logistics.

Scope of Work for This Request:

- Advance the current 30% design to 100% design and bid ready documents
- Apply for all necessary permits needed for the development
- Project management

Schedule

The Federal permits to fill the wetlands on the site will be the longest lead item at 14-16 months from application. It is anticipated to take approximately 6 weeks to prepare these applications after Commission authorization. All advancement of design and construction permitting is anticipated to be complete within this time.

E. FINANCIAL SUMMARY

Estimated Cost of Project

The total project cost including all stages is estimated at \$42,185,000 which includes the estimated wetland fill mitigation cost of \$14,900,000.

Estimated Cost for This Request

The total estimated cost of the Design and Permitting for this project is \$1,385,000. If the cost of this estimate is anticipated to exceed the authorized amount, additional Commission authorization will be requested.

Estimated Sales Tax

The total estimated sales tax to be paid to local and state governments for this project is \$2,400,000. This calculation is based on the current estimate of construction costs.

Cost Details

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
DESIGN	\$735,000	\$650,000	\$1,385,000	\$1,385,000	\$532,710	\$852,290
CONSTRUCTION	\$0	\$0	\$0	\$25,900,000	\$0	\$25,900,000
WETLAND MITIGATION	\$0	\$0	\$0	\$14,900,000	\$0	\$14,900,000
PROJECT TOTAL	\$735,000	\$650,000	\$1,385,000	\$42,185,000	\$532,710	\$41,652,290

Source of Funds

The current Capital Investment Plan (CIP) allocates \$3,820,000 for this project, of which \$532,710 has already been spent. The budget will be updated during the 2022 budget process.

Financial Impact

Project costs, excluding wetland mitigation, will be capitalized and depreciated with estimated useful lives ranging from 10-50 years. For the first 10 years, estimated annual depreciation expense will be \$2,175,000 but it will reduce to an estimated \$575,000 in year 11 and \$225,000 in year 21. Wetland mitigation of \$14,900,000 will be recorded as a non-depreciating land improvement asset.

NPV – The Net Present Value of the project is expected to be positive, assuming a very long project life and low discount rate but may also require the high end of rental rates for the approximately 24.5 acres that make up the project site.

IRR – With a relatively high project cost of \$42 million, including \$14.9 million for wetland mitigation, to prepare approximately 24.5 acres for land rental, the project's Internal Rate of Return for the Port of Tacoma is expected to be in the mid-single digits, with a higher equity return if the project is financed. The project's return may be enhanced if a possible Federal Grant is secured.

F. ECONOMIC INVESTMENT/JOB CREATION

It is intended that this site will offer container industry support services and will likely be staffed by ILWU labor.

G. ALTERNATIVES CONSIDERED

Alternative 1) Do Nothing.

Alternative 2) Facility to support off-dock container activities.

Alternative 3) Facility to support auto storage.

Alternative 4) Facility to support transload activities.

Alternative 2 is the recommended course.

H. ENVIRONMENTAL IMPACTS/REVIEW

Permitting: SEPA was completed as part of the "Port of Tacoma General Central Peninsula Improvement Program" and a Determination of Non-Significance (DNS) was issued on June 15, 2018. An Ecology construction stormwater general permit and other environmental permits for wetland impacts, City of Tacoma critical areas permit, U.S. Army Corps of Engineers Clean Water Act Section 404 permit, and Ecology Clean Water Act Section 401

water quality certification will be obtained prior to construction. The mitigation site is permitted and constructed separately.

Remediation: Remnant contamination is associated with all three parcels. Soil and groundwater may require special handling when encountered during construction. Remediation staff will be engaged during design and construction.

Stormwater: Currently there is no stormwater infrastructure on the site. Stormwater infrastructure will be designed and constructed according to the applicable Ecology Municipal Separate Storm Sewer Systems (MS4) permit.

Air Quality: During construction, emissions would be limited to those associated with the operation of construction equipment. Emissions would be required to meet Puget Sound Clean Air Agency requirements. Dust control BMPs and a Temporary Erosion and Sediment Control (TESC) Plan would be developed and implemented to control fugitive dust and erosion during construction activities.

During operation, emissions are not expected to be significantly different than the current operations as the terminal operations themselves are not changing. This project anticipates moving some on-dock terminal operations (i.e., such as empty container and chassis handling) to off-dock areas to alleviate gate and on-dock terminal congestion.

Congestion and inefficient operations mean wasteful fuel usage and associated air emissions caused by idling engines (trucks, yard equipment, etc.). The Port continually looks for ways to improve operational efficiency and decrease congestion both on and off terminals.

I. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
January 5, 2018	Executive Authorization POT-20180105.01	\$150,000
July 18, 2018	Executive Authorization POT-20180718.01	\$110,000
September 26, 2019	Commission Authorization – 30% Design and BOD	\$390,000
TOTAL		\$650,000

J. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation.

K. NEXT STEPS

Complete design and permitting for the Project and return to Commission or Managing Members for construction authorization.

Project Authorization for POT Off-Dock Container Support Facility

Norman Gilbert, PE
Engineering Project Manager II



Project Authorization POT Off-Dock Container Support Facility



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Request project authorization in the amount \$735,000, for a total authorized amount of \$1,385,000, for the POT Off-Dock Container Support Facility, Master Identification No. 101241.01.

Background

POT Off-Dock Container Support Facility



- Project involves three Port parcels: 72, 85, and 87.
- These combined parcels are approximately 24.5 acres and include approximately 4.4 acres of wetlands.
- Basis of Design and 30% Design have been completed.
- Current design includes options for container yard layout that could be constructed on the site.

Background POT off-Dock Container Support Facility



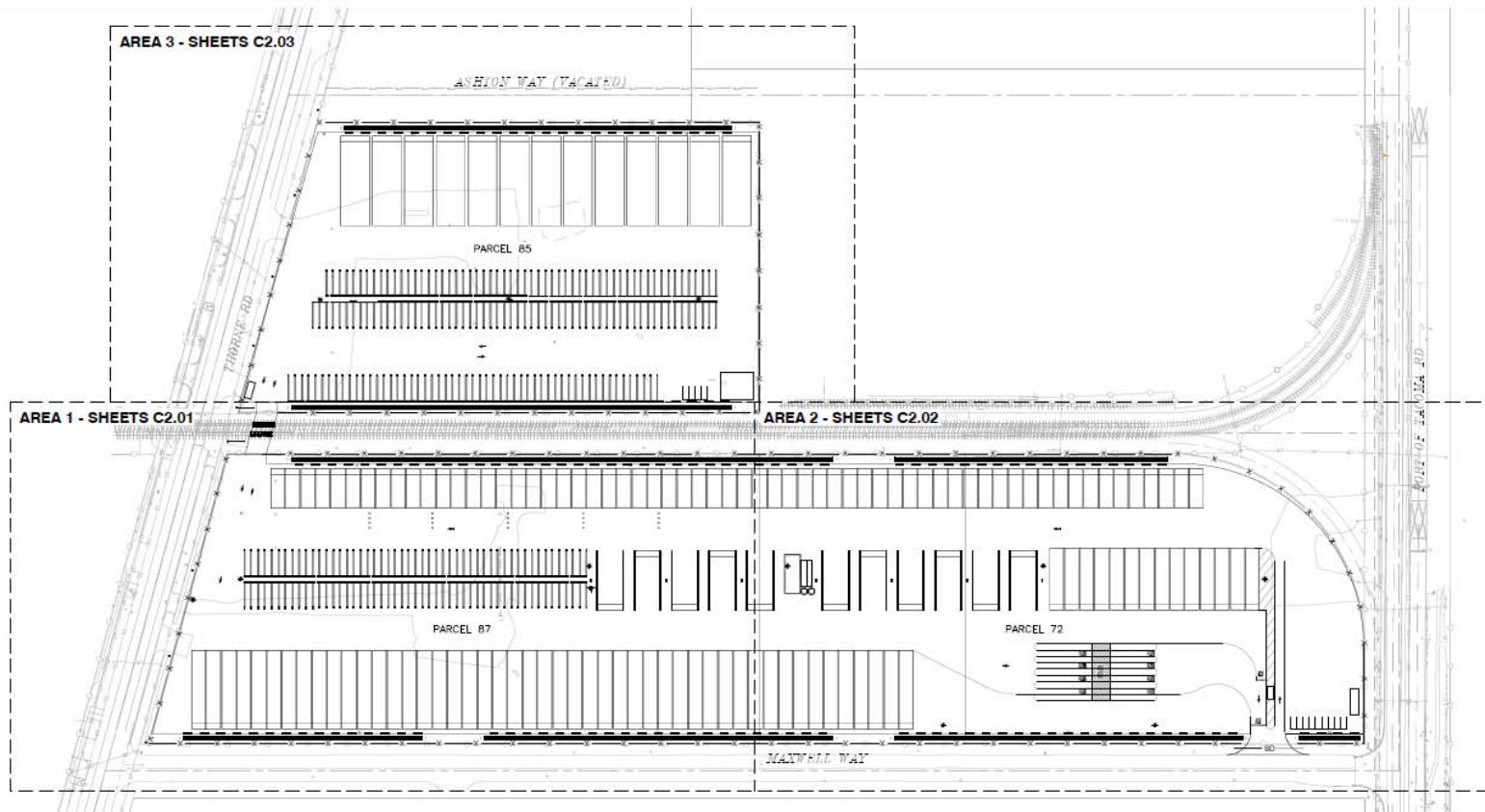
Parcel 85 – 1451 Thorne Rd



Parcel 87 – 1721 Thorne Rd





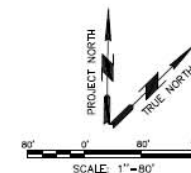


SITE LAYOUT - OVERALL PLAN

SCALE: 1" = 80'

KEY NOTES:

- | | | |
|---|---|---|
| 1 4" WIDE WHITE STRIPE | 10 EMPTY CONTAINER STRIPING - ONE SIDE, SEE SHEET C2.11, DETAIL 1 | 19 80' LIGHT POLE, SEE SHEET S1.01, DETAIL 1 |
| 2 STOP BAR AND SYMBOL, SEE SHEET C2.09, DETAIL 1 | 11 NJU | 20 RAIL LIGHT POLE, SEE SHEET S1.01, DETAIL 2 |
| 3 CHANNELIZATION ARROW, SEE SHEET C2.09, DETAIL 2 | 12 40' WHEEL REEFER VALET STRIPING, SEE SHEET C2.12, DETAIL 1 | 21 8'x20' GUARD SHELTER |
| 4 RAILROAD CROSSING, SEE SHEET C2.09, DETAIL 3 | 13 CHASSIS STALL STRIPING, SEE SHEET C2.12, DETAIL 2 | 22 12'x40' MOBILE OFFICE TRAILER |
| 5 TYPE II CONC TRAFFIC BARRIER, SEE SHEET C2.10, DETAIL 1 | 14 CHASSIS STORAGE STRIPING, SEE SHEET C2.11, DETAIL 2 | 23 48'x40' QUONSET HUT |
| 6 6" DIA BOLLARD, SEE SHEET C2.10, DETAIL 2 | 15 SECURITY FENCING, SEE SHEET C2.13 | 24 POV PARKING STALL |
| 7 12" DIA BOLLARD, SEE SHEET C2.10, DETAIL 3 | 16 SLIDING GATE, SEE SHEET C2.13 | |
| 8 4' TRUCK WHEEL STOP, SEE SHEET C2.10, DETAIL 4 | 17 BMT, SEE SHEET [TBD] | |
| 9 8' TRUCK WHEEL STOP, SEE SHEET C2.10 DETAIL 5 | 18 FIRE HYDRANT, SEE SHEET [TBD] | |

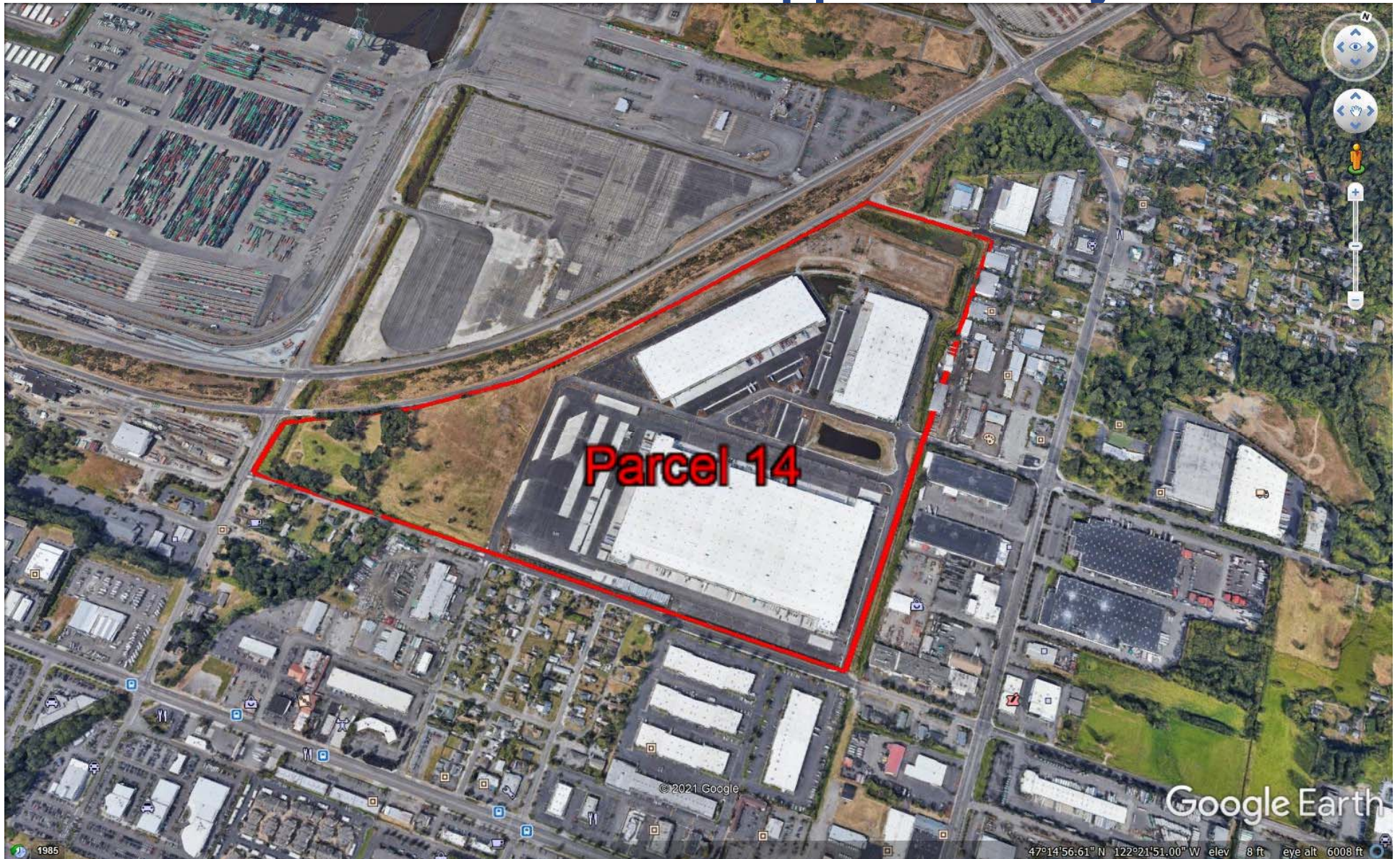


30% DESIGN
ISSUED: 2020-09-17

C2.00 24 OF 83	THORNE ROAD OFF DOCK CONTAINER YARD SITE LAYOUT		APPROVED:		DESIGNED BY: DATE: 6/19/20		CHECKED BY: DATE: 6/19/20	
	TOWNSHIP: 27N	RANGE: 5E	SECTION: 34	PROJECT ADDRESS:	DATE: 6/19/20	DATE: 6/19/20	DATE: 6/19/20	DATE: 6/19/20
DATE: 07/26/23	BY: [Signature]	DATE: 07/26/23	BY: [Signature]	DATE: 07/26/23	DATE: 07/26/23	DATE: 07/26/23	DATE: 07/26/23	DATE: 07/26/23
FILE: 30% E 10%	PROJECT: 10284-02	PROJECT: 10284-02	PROJECT: 10284-02	PROJECT: 10284-02	PROJECT: 10284-02	PROJECT: 10284-02	PROJECT: 10284-02	PROJECT: 10284-02

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Background POT Off-Dock Container Support Facility



Project Description and Details

POT Off-Dock Container Support Facility



- The overall project includes the following:
 - Design, permit and construct a facility capable of supporting off-dock cargo operations and logistics.
- This request is to complete 100% design level plans, specifications, estimate, schedule, and apply and obtain the necessary environmental and construction permits.

Project Schedule

POT Off-Dock Container Support Facility Tacoma



- The Federal permits to fill the wetlands on the site will be the longest lead item at 14-16 months from application. It is anticipated to take approximately 6 weeks to prepare these applications after authorization. All advancement of design and construction permitting is anticipated to be complete within this time.

Source of Funds

POT Off-Dock Container Support Facility Tacoma

- The estimated cost of the Design for this project is \$1,385,000.
- The estimated budget for this project is \$42,185,000 including the cost of wetland mitigation for the site development.
- The current Capital Investment Plan (CIP) allocates \$3,820,000 for this project.
- The budget will be updated during the 2022 budget process.

Financial Summary

POT Off-Dock Container Support Facility



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Environmental Impacts/Review

POT Off-Dock Container Support Facility



Port of Tacoma

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Port of Tacoma

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Environmental Impacts/Review

POT Off-Dock Container Support Facility



Port of Tacoma

Air Quality:

During construction, emissions would be limited to those associated with the operation of construction equipment. Emissions would be required to meet the Port's emissions requirements. During operation, emissions are not expected to be significantly different than the current operations at the terminal operations themselves are not changing. They are just changing locations.

Conclusion

POT Off-Dock Container Support Facility Tacoma



Request project authorization in the amount \$735,000, for a total authorized amount of \$1,385,000, for the POT Off-Dock Container Support Facility, Master Identification No. 101241.01.