

COMMISSION AGENDA

Item No: 4B

Meeting: 9/26/19

DATE: September 11, 2019

TO: Port Commission

FROM: Eric D. Johnson, Executive Director

Sponsors: Dakota Chamberlain, Chief Facilities Development Officer
Tom Bellerud, Director, Container Business Development (CTB)

Project Manager: Norman Gilbert, Engineering Project Manager II

SUBJECT: Project Authorization for preliminary design work associated with the Thorne Road Property Development

A. ACTION REQUESTED

As referenced in Resolution No. 2018-01-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 for preliminary design in the amount \$390,000 for a total authorized amount of \$650,000, for work associated with the Thorne Road Property Development, Master Identification No. 101241.01.

B. SYNOPSIS

The Thorne Rd properties are parcels 72 (1702 Port of Tacoma Rd), 85 (1451 Thorne Rd), and 87 (1721 Thorne Rd) are located between Port of Tacoma Road and Thorne Road and adjacent to Lot F. Lot F currently supports truck queues for Washington United Terminals (WUT) and Husky Terminals (Husky). Lot F, WUT, and Husky are all properties licensed to the NWSA. Recent agreements with Husky will develop an off-dock gate complex to support their operations on Lot F.

Non-licensed properties known as Parcels 72, 85, and 87 are three of the few 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 tenant.

This authorization will provide for the development of preliminary design for the Thorne Road Properties and 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 Thorne Road Properties encompass approximately 24 acres of land which include approximately 4.4 acres of Category III wetlands. These Port of Tacoma properties are not licensed to the Northwest Seaport Alliance (Alliance) and any future use by the Alliance or its tenants would require an agreement for use between the Port and Alliance.

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. Development of a basis of design and 30% project documents would support future tenant negotiations and future Port or Alliance development.

Any future development of the Thorne Road Properties that include the wetlands will require mitigation for the loss of wetlands. Options for mitigation of impacts include construction of a wetland mitigation site on a portion of Parcel 14 (on Lower Wapato Creek), Parcel 75, Parcel 129, or use of mitigation credits from the Upper Clear Creek Mitigation Bank. These mitigation sites are authorized, managed, and budgeted separately. Staff preference is to construct mitigation on Lower Wapato Creek.

D. PROJECT DETAILS

Scope of the Potential Full 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:

- Complete a Basis of Design Report for the selected development
- Perform site investigations to support future design efforts
- Complete 30% level design plans, estimate and schedule
- Project management

Schedule

It is anticipated to take approximately 4 months to complete site investigations, 30% design efforts and Basis of Design Report.

E. FINANCIAL SUMMARY

Estimated Cost for This Request

The total estimated cost of the preliminary design stage for this project is \$650,000. If the cost of this estimate is anticipated to exceed the authorized amount, additional Commission authorization will be requested.

Potential Cost Detail for Future Development of the Property

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
PRELIMINARY DESIGN	\$390,000	\$260,000	\$650,000	\$650,000	\$211,043	\$438,957
DESIGN	\$0	\$0	\$0	\$3,500,000	\$0	\$3,500,000
CONSTRUCTION	\$0	\$0	\$0	\$26,950,000	\$0	\$26,950,000
PROJECT TOTAL	\$390,000	\$260,000	\$650,000	\$31,100,000	\$211,043	\$30,888,957

The above cost estimate includes the \$7.4 million for stormwater design and construction but does not include the cost of wetland mitigation (approximately \$9 million).

Source of Funds

The current Port of Tacoma Capital Investment Plan (CIP) allocates \$7,420,000 for the design and construction of stormwater improvements needed for the development of these properties. The pending 2020 Port of Tacoma CIP will allocate \$3,944,000 for the design of the stormwater improvements and off-dock cargo operations and logistics facility.

Financial Impact of This Request

The \$650,000 will be placed on the balance sheet for future capitalization once a long-term use is determined. If the site is not developed, these costs would be expensed.

This initial investment alone does not yield a financial return. It does position the Port to have this property prepared as a nearby off-dock cargo operations and logistics facility for a future tenant, places the underutilized properties back into productive use, and will support the Port's customers with improved operational efficiency.

There may be additional design costs in the future if the tenant use is for non-containerized cargo activities as this estimate is based on containerized use.

F. ECONOMIC INVESTMENT/JOB CREATION

A Request for Interest will be advertised which will help define the highest and best use of the property and also help quantify the economic investment and job creation parameters.

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. Other environmental permits for wetland impacts include City of Tacoma critical areas permit, U.S. Army Corps of Engineers Clean Water Act Section 404 permit, Ecology water quality certification. The mitigation site(s) would be permitted separately.

Remediation: Remnant contamination is associated with all three parcels. Soil and groundwater may require special handling when encountered during construction. Remediation personnel should 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 (Stormwater investigation)	\$150,000
July 18, 2018	Executive Authorization (Alternatives Analysis)	\$110,000
TOTAL		\$ 260,000

J. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation.

K. NEXT STEPS

Complete Basis of Design Report and 30% design then return to Commission or Managing Members for additional authorization to complete the design and construct the project.