

PROJECT ACTION MEMO

Port of Tacoma Commission



Item No: 6B
Meeting Date: 11/21/23

DATE: November 13, 2023
TO: Port of Tacoma Commission
FROM: Eric Johnson, Executive Director
Sponsor: Patrick Patterson, Director, Facilities Maintenance
Project Manager: Norman Gilbert, Engineering Project Manager II
SUBJECT: Banana Yard Switch Upgrade Project Authorization for Construction

A. ACTION REQUESTED

Request project authorization in the amount \$4,090,000 for a total authorized amount of \$4,290,000, for work associated with the Banana Yard Switch Upgrade project, Master Identification No. 101615.01.

Strategic Plan Initiative: EV-2, OS-2, TA-1.

B. SYNOPSIS

The Port of Tacoma Maintenance Track Crew has identified 15 switches that are often reported as hard to throw. Hard to throw switches can be “Red Tagged” meaning that they will be deemed unusable which will stop all cargo movement on the red tagged track effectively reducing the capacity of the Banana Yard. These reports require reactive maintenance callouts for the POT Track Crew and are increasing in frequency. Without the replacement of these switches, the railyard will have limited capacity and may not be able to efficiently accommodate trains.

C. BACKGROUND

Rail cargo accounts for about 60% of container volume in Tacoma Harbor, and the efficiency of the rail yard is a key factor in the fluidity of cargo movement through this gateway. Named after its banana-like shape, the Banana Yard handles nearly all international containerized cargo that moves by rail into or out of Tacoma Harbor. The Banana Yard also serves all Tacoma automobile rail cargo and all other commercial customers using rail services at the Port of Tacoma.

The yard is designed to build and/or break the longer trains moving on the national rail network: In the case of imports, cargo is brought from marine terminals by rail to the Banana Yard, where containers are sorted and combined with others bound for similar destinations, to include domestic intermodal containers from the South Intermodal Yard. Longer unit trains then travel to Chicago and points further east. In the case of exports, longer trains are broken down into shorter lengths and moved onto on-dock rail facilities as well as the South Intermodal Yard.

Switches are the mechanisms that allow trains to be guided from one yard track to another and are essential to rail yard operations. When switches in a rail yard do not function properly, the tracks they serve can become unusable, reducing the capacity of the yard, and operations become more complicated, more time-consuming, and more costly. Fifteen (15) switches in the Banana Yard need replacement. They have been failing on a rolling basis, requiring an average of eight to ten repair calls per month, which equates to 96-120 calls per year. At times, inoperable switches have reduced capacity of the Banana Yard by as much as 50%. Remedying this situation is necessary to maintaining freight mobility.

On March 15, 2022, the United States Congress passed the Consolidated Appropriations Act, 2022 (Public Law 117-103) making appropriations for Federal Fiscal Year 2022. Division L, Title I, of the Act appropriates funding to the U.S. Department of Transportation, including the Federal Railroad Administration (FRA), which is responsible for overseeing the Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grant Program. The Act further specified funding for “Community Project Funding/Congressionally Directed Spending,” under the FY22 CRISI Grant Program including \$2,500,000 to the Banana Yard Rail Switch Upgrade Project. Port Commission authorized the Executive Director or designee to enter into the grant agreement at the April 11, 2023 regular meeting. The grant was executed on May 4, 2023.

D. PROJECT DETAILS

Scope of Project:

- Grant administration including developing a detailed Project Work Plan (PWP), grant reimbursement requests and reporting.
- Project design and permitting
- Construction and project closeout
- Project and Construction Management

Scope of Work for This Request:

- Grant administration
- Construction and project closeout
- Project and Construction Management

Schedule:

Advertise for Bid	December 15, 2023
Open Bids	January 15, 2024
Notice of Award	January 31, 2024
Substantial Completion	November 29, 2024
Final Completion	December 31, 2024

E. FINANCIAL SUMMARY

Estimated Cost of Project

The total project cost including all stages is estimated at \$4,290,000.

Estimated Cost for This Request

The total estimated cost of the Construction phase for this project is \$4,090,000. 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 \$280,000.

Cost Details

Item	This Request	Total Previous Request	Total Request	Total Project Cost	Cost to Date	Remaining Cost
DESIGN	\$0	\$200,000	\$ 200,000	\$ 200,000	\$33,459	\$166,541
CONSTRUCTION	\$4,090,000	\$0	\$4,090,000	\$4,090,000	\$0	\$4,090,000
TOTAL	\$4,090,000	\$200,000	\$4,290,000	\$4,290,000	\$33,459	\$4,256,541

Source of Funds

The current Capital Investment Plan (CIP) allocates \$4,290,000 for this project.

Financial Impact

Project costs will be capitalized over an estimated useful life of 15 years, resulting in an annual depreciation expense of \$286,000. There will be no depreciation expense in 2023, depreciation will start in 2024.

Grant income of \$2,500,000 will be recorded as non-operating revenue at the time reimbursement is requested.

F. ECONOMIC INVESTMENT/JOB CREATION

U.S. Department of Transportation grant funding of \$2,500,000 for this project.

Existing jobs will be maintained for design consultants and construction contractors. This project supports the efficient movement of cargo in and out of the Port and all the jobs associated with that cargo movement.

G. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1) Do nothing, continue to require high number of service calls and impacts to the yards capacity or ability to accommodate trains.

Alternative 2) Upgrade 15 switches (turnouts) in the Banana Yard.

Alternative 2 is the recommended course.

H. ENVIRONMENTAL IMPACTS/REVIEW

Permitting: This work is SEPA exempt and requires no environmental permits. FRA issued a Categorical Exclusion to NEPA on 01/24/23.

Remediation: n/a

Stormwater: Construction stormwater pollution prevention plan will be developed and implemented for this project.

Air Quality: n/a

I. **PREVIOUS ACTIONS OR BRIEFINGS**

Date	Action	Amount
April 11, 2023	Commission Authorization – Port of Tacoma	\$200,000
TOTAL		\$200,000

J. **ATTACHMENTS TO THIS REQUEST**

- Slide presentation.

K. **NEXT STEPS**

Complete construction.