COMMISSION AGENDA

Item No: 7C

Meeting: 6/16/22

DATE: June 1, 2022

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 the Off-Dock Container Support Facility – NEPA and Frontage Improvement Design

A. ACTION REQUESTED

As referenced in Resolution No. 2022-06-PT, Exhibit A, Delegation of Authority Master Policy, Paragraph IV.B.(2), states project costs exceeding $300,000 require approval from Port Commission.

Request an increase in project authorization in the amount $615,000 for a total authorized amount of $2,000,000, for work associated with the Off-Dock Container Support Facility, Master Identification No. 101241.01.

B. SYNOPSIS

Port of Tacoma staff were notified that the Off-Dock Container Support Facility project was selected to receive 2021 Maritime Administration (MARAD) Port Infrastructure Development Program (PIDP) grant funding. This federal grant funding will require additional environmental assessment in the form of National Environmental Policy Act (NEPA), along with other requirements. This additional environmental assessment was not included in any of the previously authorized scope of work. This request includes funding to perform the necessary tasks to complete the NEPA process.

Additionally, Port of Tacoma staff has initiated the permitting process for this development with the City of Tacoma. Initial permit reviews have identified several frontage improvements along Thorne Rd and Maxwell Way that will be required for permit issuance. However, without this initial review the full scope of improvements could not be known. This request includes funding for the design of those improvements.

C. BACKGROUND

The Port of Tacoma Off-Dock Container Support Facility encompasses approximately 24.5 acres of land, which includes 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.

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 90% design is near completion and can accommodate all the options above.

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 to 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.

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 currently under construction 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:

- Perform NEPA environmental assessment
- Design frontage improvements

Schedule

The NEPA process is anticipated to take about 8 months to complete. Frontage improvement design will be completed in approximately 3 months. NEPA must be completed before the PIDP grant can be executed and the project bids.

E. FINANCIAL SUMMARY

Estimated Cost of Project

The total project cost including all stages is estimated at $50,710,000 which includes the estimated wetland fill mitigation cost of $14,900,000.

Estimated Cost for This Request

The total estimated cost of the NEPA assessment and Frontage Design for this project is $615,000. 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 $3,070,000.

Cost Details

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
DESIGN	$615,000	$1,385,000	$2,000,000	$2,000,000	$770,136	$1,229,864
CONSTRUCTION	$0	$0	$0	$33,810,000	$0	$33,810,000
WETLAND MITIGATION	$0	$0	$0	$14,900,000	$0	$14,900,000
PROJECT TOTAL	$615,000	$1,385,000	$2,000,000	$50,710,000	$770,136	$49,939,864

Source of Funds

The current Capital Investment Plan (CIP) allocates $26,899,000 for this project, of which $770,136 has been spent. The budget will be updated during the 2023 budget process.

This project has also been awarded the following outside funding:

- 2021 MARAD PIDP grant in the amount of $15.73M
- 2023 Water Quality Funding, Department of Ecology, grant in the amount of $3.27M
- Washington State Supplemental Capital Budget allocation, in the amount of $2M

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 $2,500,000 but it will reduce to an estimated $595,000 in year 11 and $162,000 in year 21. Wetland mitigation of $14,900,000 will be recorded as a non-depreciating land improvement asset.

Grant income will be recorded as non-operating revenue at the time reimbursement is requested.

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 AND THEIR IMPLICATIONS

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. NEPA assessment has been added due to the project being awarded a Federal grant.

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

Date	Action	Amount
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
July 15, 2021	Commission Authorization – 100% Design and Permitting	$735,000
	TOTAL	**$1,385,000**

J. ATTACHMENTS TO THIS REQUEST

- Slide presentation.

K. NEXT STEPS

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