



DATE: May 15, 2018

TO: Port Commission

FROM: Sarah L. Garza, Director of Environmental Planning & Compliance
sarah@pocca.com
(361) 885-6163

David L. Krams, Director of Engineering
krams@pocca.com
(361) 885-6134

Approve Master Services Agreement No. 18-06 and Service Order No. 1 In the Amount of \$283,000 with Wood Environment & Infrastructure Solutions, Inc., for Planning and Engineering Services Associated with Harbor Island.

SUMMARY: Staff requests approval of the attached Master Services Agreement with Wood Environment & Infrastructure Solutions, Inc. and approval of Service Order No. 1 in an amount not to exceed \$283,000 to provide engineering and planning services associated with future development of a crude oil export terminal for loading very large crude carriers (VLCC) on Harbor Island.

BACKGROUND: The deepening of the entrance channel to Harbor Island to -54 feet MLLW is expected to be completed in early 2019. With the deepening of the entrance channel to -54 feet, Suemax tankers can be fully loaded with over 1 million barrels of crude oil and VLCCs can be loaded with even larger amounts of crude oil. If the entrance channel is dredged further to about -75 feet, VLCCs can be fully loaded with over 2 million barrels of crude oil. Thus, there are significant opportunities with regard to the future use of Harbor Island as a major crude oil export terminal and the project would be a game changer for US energy export.

The Master Services Agreement provides the general terms, conditions, insurance, etc. for this and any subsequent service orders that may be issued to Wood during the three-year term of the Master Services Agreement.

ALTERNATIVES: There are no alternatives because of the interest in the development in Harbor Island a planning document that can be used to market the property is necessary. Additionally, due to the short window of opportunity, development of the information necessary to start the permitting process now instead of after securing a customer(s) is a critical item to the success of the future terminal.

CONFORMITY TO PORT POLICY: This item conforms to Strategic Plan Goal #2 (Provide Facilities & Services to Meet Customer Needs), Strategic Objective 2B (Provide Public Docks and Support Private Facilities to Facilitate Maritime and Industrial Development), Action Item 1 (Develop Facilities Plan with Emphasis on Preserving Flexibility to Respond to Market Demands).

EMERGENCY: This is not an emergency, although time is of the essence with this planning in order to respond to anticipated market demands that have a small window of opportunity.

FINANCIAL IMPACT: With development of the Port's large tract of land on Harbor Island for storage of up to 20 million barrels of crude oil and loading up to 200 supertankers or more per year, the financial impact to the Port and entire region is expected to be significant.

STAFF RECOMMENDATION: Staff recommends approval of the attached Master Services Agreement with Wood Environment & Infrastructure Solutions, Inc. and approval of Service Order No. 1 in an amount not to exceed \$283,000 to provide engineering and planning services associated with future development of Harbor Island.

DEPARTMENTAL CLEARANCES:

Originating Department	Environmental Planning & Compliance
Reviewed By	Jarl Pedersen David Krams Sarah Garza
Legal	Used PCCA's Standard Master Services Agreement & Service Order
Senior Staff	John LaRue Sean Strawbridge

LIST OF SUPPORTING DOCUMENTS:

Master Services Agreement with Wood Environment & Infrastructure Solutions, Inc.
Service Order No. 1
Map Exhibit