

AGENDA MEMORANDUM

Action Item for Port Commission Meeting of May 15, 2018

DATE: May 15, 2018

TO: Port Commission

FROM: David L. Krams, P.E.

Director of Engineering Services

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Sarah L. Garza

Director of Environmental Planning & Compliance

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ANTICIPATED Dan Koesema, P.E., CFM **STAFF PRESENTER:** Chief of Channel Development

Approve a Master Services Agreement and Service Order No. 1 with AECOM Technical Services, Inc. for a Feasibility Study and Environmental Impact Statement for a 75-foot Deepening Project for the Corpus Christi Ship Channel System.

SUMMARY: Due to the significantly increased market interest in Very Large Crude Carrier facilities in Texas to handle Permian and Eagle Ford crude slates, Staff requests approval of the attached Master Services Agreement with AECOM Technical Services, Inc. and approval of Service Order No. 1 to prepare a Feasibility Study, Environmental Impact Statement, and ultimately receiving the U.S. Army Corps of Engineers (USACE) requisite permits for a 75-foot deepening project in order to achieve the only onshore VLCC compliant facilities in the U.S. Gulf.

BACKGROUND: The U.S. Army Corps of Engineers will soon commence physical construction of the Corpus Christi Ship Channel Improvement Project to widen and deepen the Corpus Christi Ship Channel from -47 feet to -54 feet. However, the -54-foot depth will not be sufficient to allow for fully loaded Very Large Crude Carriers (VLCC) to access the Port without lightering. With increasing crude oil production in the Permian Basin and continued investments in new pipelines, docks, tanks, and facilities to transport the crude, the Port of Corpus Christi has emerged as the prime destination for crude export, and there has been a push from industry to further deepen the channel.

In order for PCCA to deepen the channel to -75 feet, a Feasibility Study and Environmental Assessment up to the level of an Environmental Impact Statement is required to be submitted to the USACE for their issuance of the requisite permit.



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Staff negotiated the attached Master Services Agreement and its Service Order No. 1 with AECOM Technical Services, Inc. to prepare the necessary studies, which generally include:

- Engineering
- Hydrodynamic Modeling
- Cost Estimating
- Economic Evaluation
- Real Estate Documentation
- Section 408 for Alteration of a Federal Channel
- Section 204(f) for Federal Assumption of Maintenance
- Permit Approval

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

ALTERNATIVES: N/A

CONFORMITY TO PORT POLICY: The project conforms to the PCCA's Strategic Plan (Strategic Goal #2 – Provide Facilities and Services to Meet Customer Needs).

EMERGENCY: No. However, market forces are expecting action from the PCCA.

FINANCIAL IMPACT: The 2018 budget did not include funds associated with the project.

STAFF RECOMMENDATION: Staff recommends approval of the attached Master Services Agreement with AECOM Technical Services, Inc. and approve Service Order No. 1 to prepare a Feasibility Study and Environmental Impact Statement for a 75-foot deepening project for the Corpus Christi Ship Channel System.

DEPARTMENTAL CLEARANCES:

Originating Department Engineering Services

Reviewed & Approved David Krams

Dan Koesema Paul Carangelo Sarah Garza

Legal PCCA's Standard Master Services Agreement & Service Order

Senior Staff Sean Strawbridge - CEO

Dennis DeVries - CFO

Lynn Angerstein - Procurement

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LIST OF SUPPORTING DOCUMENTS:

Master Services Agreement Service Order No. 1 Map Exhibit