

## COVER MEMO

<b>Briefing Date/Time:</b>	May 26, 2026
<b>Staff Contact/Title:</b>	Alex Smith, Executive Director, 360.528.8001, <a href="mailto:alexs@portolympia.com">alexs@portolympia.com</a>
<b>Subject:</b>	PIDP Grant Application Approval
<b>Purpose:</b>	<input type="checkbox"/> Information Only <input checked="" type="checkbox"/> Decision Needed

**Type of Agenda Item:**

Action Other

**Background:**

As permitting and related costs for the second warehouse have increased, Port staff have been working to find ways to reduce the cost to the Port of constructing the warehouse. Staff identified a federal grant that could cover a significant portion of the cost of warehouse construction - a Port Infrastructure Development Program (PIDP) grant under the federal Maritime Administration (MARAD).

As staff investigated the grant further, we realized that it could also cover a significant portion of a related and emergent need the Port has – dredging of the berth area in the 140 feet immediately adjacent to the Marine Terminal. This area is the responsibility of the Port to maintain; it is not part of the federally authorized areas that are the US Army Corps of Engineers’ responsibility. The original plan to dredge this area was as part of the Budd Inlet cleanup, which will not happen until 2028-29 at the earliest. Recent shoaling has made dredging in this area a more urgent need.

Bathymetric surveys show that shoaling at the berth areas has occurred at a high rate over the past two years. As the attached Berths 1-3 Bathymetric Survey Depth Assessment & Dredge Needs Analysis shows, we had the second highest recorded level of shoaling between 2024 and 2025. It also shows that the deposition occurs in localized spots, creating navigation hazards for the ships coming in at berth. The authorized depth at the berth areas is -42 MLLW, yet with shoaling, the depth in certain areas is only -25.2 MLLW. The Puget Sound Pilots have brought the shoaling to the Port’s attention as a safety concern.

The PIDP Grant has a special category with a more streamlined application process for “small projects at small ports.” To qualify as a small port, a port must handle less than 8 million tons of cargo in the preceding three years, and to qualify as a small project, the

applicant must seek less than or equal to \$11.25 million in federal funding for its projects. Our Port qualifies as a “small port” under these criteria, and even if we combine warehouse construction and berth area dredging into one grant application, it will be a “small project” at or below the federal match requirement of \$11.25 million. Fitting our projects into this category will make our grant application more competitive. The Port is obtaining letters of support for the grant application from Suzano, the Puget Sound Pilots and members of the Congressional delegation.

**Requested Action:**

Staff seek Commission approval to include berth dredging in the PIDP grant application. We need your approval because Port Policy 1008 (copy attached) authorizes the Executive Director to apply for grants for projects that are in the approved budget or capital investment plan (CIP); or grants for new projects that require a Port match of less than \$300,000. Any other grants need Commission approval before the Port can apply for them.

Although the warehouse is in the budget and the CIP, the berth dredging is not and the Port match required for it will exceed \$300,000. We are therefore asking for your approval to Include berth dredging in the grant application. It is coming before you as an “Action Other” item because PIDP grant applications are due June 1<sup>st</sup>.

The current estimate is that we will need to dredge no less than 23,290 cubic yards from 5.36 acres along the berths. The project estimates are as follows:

<b>Dredge Volume:</b>	23,290 CY
<b>Estimated Total Cost:</b>	\$8.035 million
<b>Grant Funds:</b>	\$5.035 million
<b>Port Match:</b>	\$3 million

With this grant, we will be able to accomplish dredging at the lowest cost to the Port, with 70% of the cost being covered by the grant. If we do not obtain the grant, the dredging will not occur until 2028 at the earliest as part of the Budd Inlet cleanup, and grant funding available for cleanup is at most 50% of the total cost.

The grant application will also limit the Port matching funds for the warehouse and dredging to at or below the \$6.5 million currently in the budget for the warehouse.

**Summary and Financial Impact:**

The current capital investment plan includes \$6.5 million dollars for the second warehouse. We are proposing that the total Port match for the warehouse and the

berth dredging will not exceed the \$6.5 million budgeted for the warehouse. Adding dredging to this grant application would not, therefore, have an impact on the current budget or capital investment plan.

In addition, by including dredging at the berth areas into this grant application, we are able to build the warehouse for a lower cost to the Port, and take care of a safety concern for vessels that call at our Port at a significantly lower cost to the Port.

**Alignment with Vision 2050:**

This grant application is aligned with Goal 1: To preserve and enhance Thurston County's working waterfront.

**Environmental Considerations and Review:**

Environmental review under the State Environmental Policy Act (SEPA) and the National Environmental Policy Act (NEPA) are conducted as part of the permitting for both projects.

A SEPA Environmental Checklist has been completed for the warehouse project and was submitted to the City of Olympia as part of the permit application.

**Alternatives Considered:**

Staff considered the following alternatives:

**1. Not Applying for the Grant:**

With design and permitting taking longer than anticipated, regulatory requirements increasing and construction and other costs rising, the warehouse project costs exceed the current budget. The PIDP grant allows the Port to accomplish the goal of developing additional storage space on the Marine Terminal, but at less than half of the current cost to the Port.

**2. Applying for the Grant for the Warehouse Only:**

Staff initially considered applying for the grant only to support construction of the warehouse. However, after researching the grant more, we learned that applicants for the "small port, small project" grants fared better if they asked for the full \$11.25 million of federal funds. It also became clear that an application for costs of dredging would be better received if coupled with another project

that the dredging supported. It is an opportunity to combine the two projects and increase their chances of funding because they are related.

**Staff Recommendation:**

Staff recommends the Commission approve the addition of berth dredging into the PIDP grant application.

**Document(s) Attached:**

- Port Policy 1008
- Port of Olympia Berths 1-3 Bathymetric Survey/Depth Assessment and Dredge Need Analysis