



HAINES BOROUGH, ALASKA
P.O. BOX 1209, HAINES, ALASKA 99827

A *K* Annette Kreitzer, Borough Manager
907.766.6404 akreitzer@haines.ak.us

January 10, 2024

Mr. David Bohnet
Grant Management Supervisor
US Department of Transportation
Maritime Administration
Office of Port Infrastructure Development

Via Email: david.bohnet@dot.gov

Re: Lutak Dock and Turnagain Marine LLC

Dear Mr. Bohnet:

We appreciate the diligence of MARAD in wanting to better understand the progress and process of the Lutak Dock project. We are committed to assisting MARAD's understanding and review of the project. Lutak Dock is extremely important to the people of Haines and others who rely on this facility. You requested the Borough provide answers to questions you sent to me by email on December 30, 2023 and additional questions sent January 4, 2024. I am hopeful that the answers are direct and responsive to your questions and supportive of MARAD's due diligence. As some of the questions require information and expertise that the Borough doesn't have, we have relied on Turnagain Marine LLC, to provide those answers. I have noted which of those responses are Turnagain's.

1. Regarding the "Notice of Intent to Award" issued on March 2, 2023, can you explain how the following statement is not considered approval for Turnagain to go up to 100% design on the project before NEPA completion: "You are hereby authorized to proceed to take the design and permitting of the project from 65% design through 95%, and 100% design." Is 100% design considered part of the "construction phase", and, therefore, needed approval to get to that point?

Answer per Haines Borough: The Phase II Amendment gave authorization for the project team to proceed with development of the 95% documents through to 100%, when it was consistent with MARAD requirements. Development of "Issued for Construction Drawings" (IFC) (and the Borough's approval of those drawings) is designated a part of the Construction Phase under Turnagain's *Phase 2 proposal, Exhibit D – Project Schedule*. Yes, 100% design is considered part of the construction phase and therefore, Turnagain needs Borough and MARAD approval to get to that point. Once Turnagain provides these design documents, it "shall not proceed with the project after submission of the 100% Construction Documents until it receives the Owner's written approval" (*PDB Agreement, Exhibit C 3.07.A.1*). Additionally, *PDB Agreement Exhibit D-Owner's Program General Conditions 2.4.1* requires the Design-Builder to obtain "all the required NEPA, USACE, EHP and Section 106 Permits" and "work with the Owner to provide all the documentation needed by MARAD to complete these processes." Turnagain's Phase II Proposal notes the "scope of work will be further developed and submitted at the 95% and IFC milestones but the key features described in the 65% set will not be reduced, changed, or eliminated without written concurrence from the Borough." The 95% and Issued for Construction milestones are hold points where Turnagain needs authorization from the Borough to proceed. This is set forth in *2.4.1 of the General Conditions*. A final design is not possible until after all permitting that could affect a buildable design is completed.

Reading the contract as a whole, Turnagain is fully responsible for compliance with MARAD requirements. Therefore, although they had authorization to proceed to 100% design when it was appropriate, Turnagain has not proceeded to 100% design because the design cannot be completed without completion of the NEPA permits. The only work that has been done to proceed to 100% is the work that is required to obtain the NEPA permits after 95% documents are approved. The purpose of the Phase II Amendment was to secure pricing and the other commercial terms set forth in the Phase II Amendment, not to give approval to proceed with the rest of the project. In a progressive design-build contract, the Phase II Amendment is typically entered into at 60-70% drawings because the parties know enough about the progress of the project at that point to be able to accurately price it. In the progressive design-build project, the Phase II is typically described as "final design and construction." See *Design-Build Institute of America Progressive Design-Build Deeper Dive*. As described above, the PDB Agreement has hold points within the document that require the Owner's approval before going forward. In this case, there is a hold point at 95% design both in the PDB Agreement and as part of the MARAD process. There is also a hold point after 100% design is complete."

<https://dbia.org/wp-content/uploads/2023/05/Deeper-Dive-Progressive-Design-Build-2023.pdf>

2. What level of design has Turnagain gone up to? Have they exceeded 95% design?

Answer Per Turnagain: The design has been advanced to and held at 95% per the MARAD guidelines. TMC continues to provide consulting services to advance the NEPA process.

3. Has Turnagain received the steel shipments yet or have they just purchased the steel? If they haven't received the steel yet, when do they expect to receive it?

Answer Per Turnagain : Steel has not been received and no payments have been made. The current schedule anticipates receipt of the steel in Spring 2024.

4. Has Turnagain done any work other than design and engineering on the project. For example, in the November 17, 2023 letter from Turnagain, they mention the following is "in progress":

- a. Purchase, fabricate, and coat o-piles by December 15, 2023;

Answer Per Turnagain: A purchase order for the O-piling material (including steel fabrication and coatings) was issued from TMC to JD Fields (Steel Supplier) which locked in pricing and secured space in the 2024 mill rolling schedule.

- b. Purchase batter piles and fab steel by March 1, 2024; and

Answer Per Turnagain: A purchase order for the batter piling material (including steel fabrication and coatings) was issued from TMC to JD Fields (Steel Supplier) which locked in pricing and secured space in the 2024 mill rolling schedule. No purchase order for other fabricated steel has been issued by TMC.

- c. Purchase ground improvement materials and equipment.

Answer Per Turnagain: No materials or equipment were purchased for this project. Turnagain has made a capital investment in company equipment to perform this type of work in the future, but the equipment is not a direct project expense. The equipment is also expected to be used on other projects starting in 2024 or 2025.

5. Please have Turnagain explain what work has occurred as part of the above 4.a-c listed items and the costs that have been incurred for each item.

Answer Per Turnagain: No costs related to 4.a-c have been incurred to date, other than the services associated with completion of the 95% Design and issuance of the piling purchase order. Turnagain is obligated to proceed with the purchase of the pile material after it is rolled, fabricated, demonstrated to comply with the BABA, confirmed to meet quality requirements, and is delivered.

6. Additionally, in the November 17, 2023 letter, Turnagain states that work that is scheduled to begin before December 31, 2023 is the following:

- a. PROCURE AND CONSTRUCT TEMPLATES PRIOR TO MOBILIZATION
- b. RECEIVE AND STAGE MATERIALS AT FREIGHT FACILITY
- c. PURCHASE PRECAST PILE CAP MATERIALS
- d. FURNISH AND INSTALL BOLLARDS
- e. PURCHASE FENDER ELEMENTS AND MATERIALS
- f. WATER SYSTEM AND UTILITY SUPPORT
- g. ELECTRICAL SYSTEM
- h. PASSIVE CATHODIC PROTECTION SYSTEM (ANODES)

Answer Per Turnagain: Materials have not been procured, work has not started, and no cost on the items listed in 6. a-h has been incurred.

7. If Turnagain has begun any work on the above items 6.a-h, please let us know what work has already begun or been completed, and the costs incurred for each item. As a reminder, all of the procurement items would have needed approval from MARAD, and

any construction work such as installing bollards cannot begin before NEPA is completed. Please reiterate to Turnagain that they must stop all work on the project pending MARAD's review and determination on the work that has already been completed. Haines must receive approval from MARAD for Turnagain to proceed with any portion of the project before NEPA is complete. Turnagain completing any more work seriously jeopardizes the entire award because it may prevent MARAD from completing an informed NEPA review.

Answer Per Turnagain and Haines Borough: Turnagain has not begun any work on the items a-h identified in Question No. 6. The Borough has incurred no cost for these items. The Borough has reiterated to Turnagain that they must stop all work on the project pending MARAD'S review and determination on the work that has already been completed.

8. Please provide an itemized breakdown of the \$9,741,114.61 in costs incurred that are cited in the November 17, 2023 letter from Turnagain, and indicate whether these costs are any of the items described in questions 4 and 6, above.

Answer Per Turnagain: \$9,741,114.61 is the value of the steel piling referenced in Question 4 a-b once it is rolled, fabricated, coated and ready to deliver. No other materials have been ordered by TMC.

9. The December 15, 2023 Weekly Design Progress Meeting notes state, "TMC stated to HB Mayor they had secured materials". To the extent these items differ from those listed in question 8, above, please describe all materials that TMC has secured to-date for the project, including the steel piles.

Answer Per Turnagain: This reference is the value of the steel piling described in Question No. 8. No other materials have been ordered by TMC.

10. By entering into the Phase II contract with TMC, did Haines Borough incur any costs associated with the \$25,594,147 contract award? To-date, what costs has Haines Borough incurred associated with the roughly \$5.6M non-Federal cost share of the RAISE project? Does Haines use the accrual or cash basis method of accounting?

Answer: The Borough has incurred costs to complete Phase I (65% Design NEPA and other Environmental services) and has only compensated Turnagain for Phase I services. Based on the 8/25/22 email from Norman Arevalo that approved \$512,500 in pre-construction costs, the Borough has (as of 12/19/23) incurred \$327,972 of the \$512,500 amount approved by MARAD for pre-construction environmental, design, and engineering fees associated with the project (to Turnagain Marine LLC and R&M Consultants). The Borough has not and will not incur costs that are in excess of the \$512,500 that has already been approved by MARAD. The Haines Borough uses accrual as its accounting method.

QUESTIONS FROM JANUARY 4, 2024:

1. In the February 24, 2023 letter, Turnagain states that it "must procure approximately 3000 tons of specially fabricated interlocking piling." Please clarify what is meant by "specially fabricated."

Answer Per Turnagain: The Lutak Dock replacement is an O-Pile bulkhead design. The O-Pile is made by rolling standard structural pipe, then welding interlocking connectors to them full length so that they can be threaded together and driven as a continuous wall.

The project has a 50+ year design life requirement. To achieve this lifespan, a very high quality and durable marine grade epoxy coating is applied to the piling to prevent corrosion.

The “specially fabricated” term was used to describe the process of turning domestic coil into finished O-Pile interlocking members and applying the coating. The specialty fabrication is being done by the pile supplier JD Fields at their fabrication facility.

2. In the Gerdau Certified Material Test Report, the purchase of steel is cosigned and invoiced to JD Fields & Company.
 - a. What role did JD Fields & Company play in the Lutak Dock Project?

Answer Per Turnagain: JD Fields & Company is the Material Supplier. Contractors cannot order direct from the mill and must use a supplier. JD Fields is a reputable steel supplier familiar with all domestic requirements for BABA and Buy American projects.

- b. What did JD Fields & Company do with the delivered steel?

Answer Per Turnagain: JD Fields purchase order scope includes rolling and welding the coil into piling at their mill, welding the piling sections to specified length, welding on the connectors, and applying the coatings. They have received the mill coil and are in the process of rolling, welding, and painting.

- c. Are there any communications between JD Fields & Company and Turnagain (or Haines Borough) regarding the order of steel? Or custom steel products?

Answer Per Turnagain and Haines Borough: Turnagain issued JD fields a purchase agreement and has been administering that agreement. The Haines Borough has had no communications with JD Fields & Company.

3. Can you please clarify the difference between “GRADE” and “SPECIFICATION/DATE or REVISION” in Gerdau’s Certified Material Test Report?

Answer Per Turnagain: Provided by the supplier in attachment to this document.

4. Can the steel be resold/recycled?
 - a. What would the economic implications be for the Lutak Dock Project if the steel were to be resold/recycled?

Answer Per Turnagain: Selling or recycling the piling are both viable options. Given enough time to find a suitable buyer with a need for this exact material could take a very long time and storage and handling costs would be incurred however, the value of the material will remain high. It is a subjective estimate, but it is reasonable that between 50% and 100% of the cost of the pile could be recovered given sufficient time. Recycling the steel is also a viable option but it would be terribly wasteful to recycle top quality, new, domestic, freshly painted, piling. It is likely that recycling would yield a return less than 10% of the value of the material.



CERTIFIED MATERIAL TEST REPORT

US-ML-MIDLOTHIAN
300 WARD ROAD
MIDLOTHIAN, TX 76065
USA

Table with customer information: CUSTOMER SHIP TO, CUSTOMER BILL TO, GRADE, SHAPE / SIZE, DOCUMENT ID, LENGTH, WEIGHT, HEAT / BATCH, SALES ORDER, CUSTOMER MATERIAL N°, SPECIFICATION / DATE or REVISION.

Table with purchase and lading details: CUSTOMER PURCHASE ORDER NUMBER, BILL OF LADING, DATE.

Table with chemical composition: C (%), Mn (%), P (%), S (%), Si (%), Cu (%), Ni (%), Cr (%), Mo(%), Sn (%), V (%), Nb (%), Al (%), CEqvA6 (%).

Table with mechanical properties: YS 0.2% (PSI), UTS (PSI), YS (MPa), UTS (MPa), G/L (Inches), G/L (mm), Elong. (%).

COMMENTS / NOTES
OP/OP Interlock Strength-lbs per lineal inch = 23853; Swing = 13°, 14°
DR/DR Interlock Strength-lbs per lineal inch = 20646; Swing = 15°, 14°
OP/DR Interlock Strength-lbs per lineal inch = 23435; Swing = 15°, 17°
Gerdau's steel is 100% recyclable. Support the circular economy through our Metals Recycling Partnership.

"Grade" means that the PS27.5 is certified to "Grade" ASTM A572 gr.50 ASTM A572 gr.50 (50 ksi min yield)

"Specification" means that the Steel meets the following ASTM Standards "applicable to sheet pile" during manufacturing. ASTM A572, ASTM A6, ASTM A709

"Date or Revision" means that this was manufactured to the guidelines of the 2015 version of ASTM A572 gr.50, the 2017 version of ASTM A6, and 2018 version of ASTM A709.

The above figures are certified chemical and physical test records as contained in the permanent records of the company. We certify that these data are correct and in compliance with specified requirements.

Bhaskar Yalamanchili
QUALITY DIRECTOR

Wade A. Lumpkins
QUALITY ASSURANCE MGR.

Phone: (409) 267-1071 Email: Bhaskar.Yalamanchili@gerdau.com

Phone: 972-779-3118 Email: Wade.Lumpkins@gerdau.com