

**THE NORTHWEST SEAPORT ALLIANCE**  
**MEMORANDUM**

**MANAGING MEMBERS**  
**ACTION ITEM**

**Item No.** 4C  
**Date of Meeting** October 3, 2017

**DATE:** September 15, 2017

**TO:** Managing Members, The Northwest Seaport Alliance

**FROM:** John Wolfe, Chief Executive Officer  
**Sponsor:** Tom Bellerud, Director, Container Business Development (CTB)  
**Project Manager:** Carol Rhodes, Engineering Senior Project Manager

**SUBJECT:** West Sitcum Terminal Stormwater Treatment

**A. ACTION REQUESTED**

*As referenced in NWSA Resolution No. 2016-04, Exhibit A, Delegation of Authority Master Policy, Paragraph 8.c.iii., states project costs exceeding \$300,000 require approval from Managing Members.*

Request project authorization in the amount \$362,000 for a total authorized amount of \$662,000, for the design associated with the West Sitcum Terminal Stormwater Treatment Project, Master Identification No. 201024.01.

**B. SYNOPSIS**

The West Sitcum Terminal at 1675 Lincoln Avenue, Tacoma, WA 98421 has been an operating terminal since 1983. The terminal is covered by an Industrial Stormwater General Permit (ISGP or Permit) issued by the Washington State Department of Ecology (Ecology). The former operator intends to end facility operations effective September 30, 2017. The former terminal operator is out of compliance with an Ecology Administrative Order with respect to deadlines for installing stormwater treatment systems at the Terminal. The Port of Tacoma expects to receive Permit coverage effective October 2, 2017. In order to ensure the West Sitcum Terminal remains in compliance with the ISGP and to assist the new tenant with benchmark achievement, the Port proposes to design and install stormwater treatment systems.

**C. BACKGROUND**

The terminal at 1675 Lincoln Avenue is required to have coverage under the Industrial Stormwater General Permit (ISGP). The ISGP authorizes stormwater discharges from the facility only if the facility is operated consistent with the terms and conditions of the ISGP.

These terms and conditions include quarterly compliance monitoring of discharges, implementation of specific best management practices, and an adaptive management process triggered by discharge monitoring results above benchmark values. This adaptive management process consists of implementing specified corrective actions.

Prior to October 2, 2017, the Industrial Stormwater General permit (ISGP) was held by the former terminal operator. In 2016, the former operator exceeded ISGP benchmarks for zinc and copper for 3 consecutive quarters and reached a Level 3 corrective action stage of the adaptive management process. A Level 3 corrective action stage requires the installation of a Stormwater treatment system. In October 2016, the former operator was served with an administrative order by Ecology requiring they submit an engineering report by April 15, 2017 showing how they intended to treat their stormwater discharge so that it would meet benchmarks.

The Engineering report was prepared and submitted to Ecology, however it addressed only 2 of the 3 stormwater basins, was not reviewed or approved by Ecology and was found incomplete. The former operator did not implement a Level 3 corrective action. The Port has agreed to obtain and hold the Permit for the duration of the treatment design, construction, and commissioning period. On August 24, 2017, Port of Tacoma applied for ISGP coverage and expects to receive coverage effective October 2. On September 7, the Port requested a Permit Modification from Ecology for this same Permit, laying out the technical basis for installing a treatment system more rapidly than is required by the ISGP's adaptive management process. We anticipate Ecology's response to that permit modification request will be to issue an administrative order by November 7, 2017. Based on the above conditions, staff recommends the Alliance install treatment proactively.

The Northwest Seaport Alliance proposes to construct the treatment system in order to ensure the West Sitcum Terminal remains in compliance with the ISGP and to assist the new terminal operator with meeting benchmarks to successfully comply with the Industrial Stormwater General Permit.

#### **D. PROJECT DESCRIPTION AND DETAILS**

The project generally will include design and construction of new Stormwater treatment facilities for the three existing drainage basins at West Sitcum.

##### ***Project Objectives***

Install a treatment system to ensure stormwater discharge meets Industrial Stormwater General Permit benchmarks.

##### ***Scope of Work***

The scope of work for the design phase will include:

- Alternative Analysis and Preliminary Engineering
- Preparing an engineering report for the Department of Ecology review
- Design team coordination, progress meetings and status reports

- Coordination of design with the Department of Ecology
- Bid plans and specifications
- Project estimate and schedule
- Permitting support, environmental and building permits.

**Schedule**

Engineering Report	January 2018
Construction Authorization	June 2018
Bid Construction Contract	June 2018
Contract Completion	December 2018

**E. FINANCIAL IMPLICATIONS**

**Project Cost Details**

	<b>This Request</b>	<b>Total Project Cost</b>	<b>Cost To Date</b>	<b>Remaining Cost</b>
Design	\$362,000	\$662,000	\$8,198	\$662,000
Construction	\$0	\$7,515,000	\$0	\$7,515,000
<b>Total</b>	<b>\$ 362,000</b>	<b>\$ 8,177,000</b>	<b>\$ 8,198</b>	<b>\$8,177,000</b>

**Source of Funds**

The 2017-2021 Capital Improvement Plan Budget allocates \$520,000 for this project. The CIP budget will be increased to cover the construction costs during the 2018 budget process and funds from the home ports will be requested for the 2018 Capital Improvement Plan at that time.

**Financial Impact**

Project costs will be capitalized and depreciated over a 33-year period to match the remaining life of the 600' wharf extension, resulting in an annual depreciation expense of approximately \$248,000. There will be no depreciation in 2017 based on a completion date of December 2018.

The Tenant will contribute \$4 million to this project which will be treated as prepaid revenue and amortized over the life of the lease.

**F. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS**

**Alternative 1) Defer installation of the treatment system to a later date:**

Pros:

- Defers financial commitment at this time.

Cons:

- Decreased certainty concerning the Port's obligations under the federal Clean Water Act and Washington State Water Pollution Control Act.
- Potential significant financial costs relating to business interruption and environmental liability.
- Creates conflict with Department of Ecology who may seek to implement some kind of administrative and legal remedy to ensure a treatment system is installed.
- Creates a situation in which the Port and new terminal operator may be directed to install treatment immediately.

**Alternative 2) Design and construct Stormwater treatment system:**

Pros:

- Builds a conventional treatment system for next terminal operator, helping to ensure their success with permit management.
- Builds trust with Department of Ecology, keeps the partner relationship between Ecology and the Port.

Cons:

- Significant capital investment.

**Alternative 2 is the recommended course.**

**G. ENVIRONMENTAL IMPACTS/REVIEW**

Permitting: This project will be subject to SEPA review. This project will very likely trigger Shoreline Substantial Development and Critical Area permitting by the City of Tacoma. At this time, federal and Washington State Department of Fish and Wildlife permits are anticipated to not be required.

Remediation: The terminal area is subject to institutional controls that include notification to any new tenants, ground water monitoring and constraints on construction, pavement maintenance and excavation in the confined disposal facility.

Water Quality: In combination with sweeping and good housekeeping, this project will treat stormwater for metals and total suspended solids; helping ensure the effluent is under permit benchmark levels. The project will operate with a construction stormwater permit and the site will continue to operate with an industrial NPDES permit during construction.

Air Quality: Other than very minor temporary impacts due to the use of construction equipment, no impacts to air quality are anticipated.

**H. ATTACHMENTS TO THIS REQUEST**

- Computer slide presentation

**I. PREVIOUS ACTIONS OR BRIEFINGS**

<u>Date</u>	<u>Action</u>	<u>Amount</u>
April 20, 2017	Executive Authorization	\$1,500
June 16, 2017	Executive Authorization	298,500
<b>TOTAL</b>		<b>\$300,000</b>

**J. NEXT STEPS**

- Complete engineering report
- Seek agreed administrative order with Ecology
- Return to Commission for Construction Authorization