



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.**

9C

**ACTION ITEM**

**Date of Meeting**

January 4, 2023

**DATE:** December 20, 2022

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Sponsor: Stephanie Jones Stebbins, Managing Director, Maritime  
Project Manager: Arthur Kim, Capital Project Manager III

**SUBJECT:** T5 Dredging ERL Disposal Increase Authorization

**Amount of this request:** \$400,000

**Total estimated project cost:** \$1,100,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to increase the total costs not to exceed from \$700,000 to \$1,100,000 for executing a change order for upland disposal of a portion of the T5 Dredging Project under Port of Seattle management, Master Identification No. U00680.

**EXECUTIVE SUMMARY**

Project budget authorization increase is requested to issue a change order to Orion Construction to dispose of approximately 3,200 cubic yards of sediment at an authorized uplands disposal facility as it is not suitable for in-water disposal.

**JUSTIFICATION**

In November of 2021, The Port of Seattle approved \$700,000 for the Environmental Remediation Liability (ERL) portion of the T5 Dredging project. The work is to be completed using a change order to the T5 Berth Modernization Program's dredging project. During the past 13 months, inflation has increased project work costs significantly and an additional \$400,000 is necessary to cover for rising construction costs, contingency, sales tax, and internal soft costs.

The work will be executed and completed during the 2022-2023 dredging window which is set to close on February 15, 2023.

***Diversity in Contracting***

The contractor will self-execute the work. On a 3% WMBE goal, WMBE firms are currently approximately 9% of the current paid work. The Diversity in Contracting Department does not anticipate this change order to impact Orion's WMBE commitments.

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**DETAILS**

To prepare for the T5 Modernization project, the sediment for the berth deepening near T5 was sampled and the results came back satisfactory to dredge and dispose of in open water in 2015. The project was paused due to tenant vacancies but was started up again with SSA signing a new lease for T5.

The original 2015 test results were valid for 3 years. When the sediment was tested again in 2020, approximately 3,200 cubic yards of sediment tested unsuitable for open water disposal and now must be disposed of at an approved uplands facility.

The determination to move this project forward as a POS ERL cost is based on two factors: 1. High sediment testing cost, and 2. Low likelihood of a definitive outcome from the testing to ascertain if the soil contamination is from legacy or recent activities.

***Scope of Work***

A change order will be issued to Orion Marine Contractors, Inc. to take approximately 3,200 cubic yards of contaminated sediment that is not suitable for in-water disposal and have it disposed upland at an approved disposal facility.

***Schedule***

Phase	Baseline Date	Current Forecast
Completion of ERL Portion of T5 Dredging	February 15, 2023	February 15, 2023

***Activity***

Commission construction authorization	November 2021
Construction starts	December 2022
Commission authorization for budget increase	January 2023
In-use date	February 2023

***Cost Breakdown***

	This Request	Total Project
Design	\$0	\$50,000
Construction	\$400,000	\$1,050,000
Total	\$400,000	\$1,100,000

**FINANCIAL IMPLICATIONS*****Cost Estimate/Authorization Summary***

	Capital	Expense	Total
<b>COST ESTIMATE</b>			

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Original estimate	\$0	\$700,000	\$700,000
Current change	0	\$400,000	\$400,000
Revised estimate	0	\$1,100,000	\$1,100,000
<b>AUTHORIZATION</b>			
Previous authorizations	0	\$700,000	\$700,000
Current request for authorization	0	\$400,000	\$400,000
Total authorizations, including this request	0	\$1,100,000	\$1,100,000
Remaining amount to be authorized	\$0	\$0	\$0

***Annual Budget Status and Source of Funds***

The Port of Seattle's Environmental Remediation Liability (ERL) fund has allocated \$1,100,000.00 for this project.

***Financial Analysis and Summary***

Project cost for analysis	\$1,100,000
Business Unit (BU)	Joint Venture
Effect on business performance (NOI after depreciation)	N/A
IRR/NPV (if relevant)	N/A
CPE Impact	N/A

***Future Revenues and Expenses (Total cost of ownership)***

Funding for the associated scope of work and costs is included in the annual Environmental Remedial Liability (ERL) authorization for 2023-2027 (Commission meeting date 11/1/22, item 10d).

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

November 2, 2021 – The Commission authorized \$700,000 for change order execution.