

# COMMISSION AGENDA

Item No: 4E

Meeting: 12/21/17

**DATE:** November 30, 2017  
**TO:** Port Commission  
**FROM:** John Wolfe, Chief Executive Officer  
Sponsor: Jason Jordan, Director, Environmental and Planning Services  
Project Manager: Sarah Weeks, Environmental Project Manager I  
**SUBJECT:** Project Authorization Increase, Alexander Avenue Former Tank Facilities

## A. ACTION REQUESTED

As referenced in Resolution No. 2017-01-PT, Exhibit A, Delegation of Authority Master Policy, Paragraph IV.B.ii., states project costs exceeding \$300,000 require approval from Port Commission.

Request project authorization increase in the amount \$151,000 for a total authorized amount of \$1,798,500, for work associated with the Alexander Avenue Petroleum Tank Facilities Agreed Order, Master Identification No. 094217.

## B. SYNOPSIS

This authorization allows for completion of current project commitments as required by the 2013 Agreed Order with the Washington State Department of Ecology (Ecology). Outstanding commitments include the completion of a feasibility study and a draft cleanup action plan. This work will be conducted in accordance with the 2013 Cost Sharing Agreement between the Port and Mariana Properties, Inc. (Mariana), a subsidiary of Occidental Chemical Corporation.

## C. BACKGROUND

The Alexander Avenue former tank facilities Site occupies two adjacent former bulk petroleum storage and distribution facilities that were in operation from the 1930s through the 1980s. The Port owns the property to the south (formerly 721 Alexander Avenue) and Mariana owns the property to the north (formerly 709 Alexander Avenue). The Port property is now part of Port Parcel 2, which is currently being leased to Puget Sound Energy for the operation of a Liquefied Natural Gas facility. The Mariana owned property is part of the Ecology and EPA regulated Occidental Chemical Corporation Cleanup site.

On July 10, 2013, Commission authorized the Port to enter into an Agreed Order (AO, DE 9835) with Ecology and Mariana for investigation and cleanup planning at the Alexander Avenue former tank facilities site. Under the AO the Port and Mariana are obligated to take the following remedial action:

- Prepare a technical memorandum describing the chemicals of concern at the Site;
- Perform a remedial investigation and feasibility study (RI/FS); and
- Submit a draft cleanup action plan (DCAP) to Ecology.

At that time, Commission also authorized the associated project to complete the above work in the amount of \$626,100.

On May 27, 2014, additional project authorization was granted in the amount of \$1,021,400. Roughly half of the cost increase was in response to Ecology's request that a significant amount of sampling be added to the proposed scope of the RI/FS work plan. The remainder was due to administrative adjustment on how Project Authorizations are calculated (related to past costs and potential cost recoveries), this resulted in an additional "bookkeeping" increase.

Since project authorization, the remedial investigation (RI) has been completed (December 2016) and preliminary work on the feasibility study (FS) has begun. During the preliminary FS work it became necessary to procure a new environmental consultant. Consequently additional authorization is needed to complete the FS and DCAP. In addition, it is an opportune time to begin preliminary cost recovery efforts. Cost recovery work was not included in the scope of previous project authorizations.

#### **D. PROJECT DETAILS**

##### ***Scope of Project:***

The basic terms of the Agreed Order obligated the Port to:

- Develop a Screening Level Technical Memorandum
- Conduct a RI that fills the identified data gaps and documents current environmental conditions. This effort includes developing multiple documents, including a pre-fieldwork sampling and analysis plan, quality assurance/quality control plan, and a site-specific health and safety plan, as well as a RI Report at the conclusion of this task.
- Prepare a FS to evaluate the need for and scope of remedial action(s) required under MTCA.
- Assist Ecology in preparing a DCAP that will formally describe proposed remedial actions identified to be necessary through the RI/FS process.
- Reimburse Ecology for their oversight costs.

To date, we have completed the work under the first and second bullets and a portion of the work under the third bullet.

##### ***Scope of Work for This Request:***

- Complete preparation of the FS.

- Prepare a DCAP.
- Reimburse Ecology for their oversight costs.
- Cover Port staff costs.
- Cover legal costs.

**Schedule**

Feasibility Study complete	2nd Quarter 2018
Draft Cleanup Action Plan complete	4th Quarter 2018

**E. FINANCIAL SUMMARY**

**Estimated Cost of Project**

The total project cost including past project authorization, contract authorization, staff, legal, Ecology oversight cost, and the anticipated scope of work for this request is estimated at \$1,798,500.

The work under the AO will continue to be conducted in accordance with the 2013 Cost Sharing Agreement between the Port and Mariana, with consulting costs and Ecology oversight split 60/40. Consultant and Ecology invoices are paid by the Port; Mariana is invoiced quarterly for 40 percent of costs.

**Estimated Cost for This Request**

The total estimated cost for the request today is \$151,000, bringing the total project authorization request to \$1,798,500. If the cost of this estimate is anticipated to exceed the authorized amount, additional Commission authorization will be requested.

**Estimated Sales Tax**

The total estimated sales tax to be paid to local and state governments for this project is \$0.

**Cost Details**

	<b>This Request</b>	<b>Total Previous Requests*</b>	<b>Total Request**</b>	<b>Total Project Cost**</b>	<b>Cost To Date***</b>	<b>Remaining Cost</b>
<b>Total</b>	<b>\$151,000</b>	<b>\$1,647,500</b>	<b>\$1,798,500</b>	<b>\$1,798,500</b>	<b>\$1,486,200</b>	<b>\$312,300</b>

\*Total previous requests include contract authorization of \$876,000 for the environmental consultant as well as Ecology oversight costs, legal, and staff.

\*\*Does not include implementation of cleanup action or long term monitoring, a lifecycle cost estimate will be completed as part of the FS.

\*\*\*Of consultant and Ecology costs to date (\$928,860), \$554,400 has been paid by the Port and \$374,460 by Mariana.

**Source of Funds**

The current Capital Investment Plan allocates \$313,000 for the remaining portion of this project.

**Financial Impact**

Project costs will be expensed as incurred.

**F. ECONOMIC INVESTMENT/JOB CREATION**

Temporary indirect part-time jobs will be created during implementation of the cleanup action. This work will occur under a future Commission authorization.

**G. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS**

Alternative 1) Do Nothing. Does not comply with the Agreed Order required activities.

Alternative 2) This request. Complies with the Agreed Order.

**Alternative 2 is the recommended course.**

**H. ENVIRONMENTAL IMPACTS/REVIEW**

Permitting: Not applicable.

Remediation: This authorization will support the Alexander Avenue former tank facilities remediation project.

Water Quality: Not applicable.

Air Quality: Not applicable.

**I. PREVIOUS ACTIONS OR BRIEFINGS**

<u>Date</u>	<u>Action</u>	<u>Amount</u>
December 3, 2007	PSA – Executive Authorization	\$100,000
December 4, 2008	PSA – Commission Authorization	\$336,480
July 10, 2013	Agreed Order & Cost Sharing Agreement – Commission Authorization	N/A
July 10, 2013	Project Authorization – Commission Authorization	\$626,100
May 27, 2014	Project Authorization Increase – Commission Authorization	\$1,021,400

Note: Costs incurred under PSA Authorizations in 2007 and 2008 were added to the project during the 2014 project authorization increase (explained above under *Background*). Additive project costs are

captured in the 2013 and 2014 commission authorizations, bringing the total previous requests to \$1,647,500.

**J. ATTACHMENTS TO THIS REQUEST**

- Computer slide presentation.

**K. NEXT STEPS**

Complete remaining obligations under the AO by December 2018. Upon completion of the AO obligations, design will begin. It will be necessary to enter into a new AO or Consent Decree (CD) with Ecology and renegotiate cost sharing with Mariana for the implementation of the cleanup action. Port Staff will return to Commission at that time.