

# COMMISSION AGENDA

Item No: 7D

Meeting: 5/19/22

**DATE:** May 4, 2022

**TO:** Port Commission

**FROM:** Eric D. Johnson, Executive Director  
Sponsor: Jason Jordan, Director, Environmental and Planning Services  
Project Manager: David Myers, Engineering Project Manager II

**SUBJECT:** Additional Project Authorization for work associated with the Lower Wapato Creek Habitat Project.

## **A. ACTION REQUESTED**

*As referenced in Resolution No. 2020-11-PT, Exhibit A, Delegation of Authority Master Policy, Paragraph IV.B.(2), states project costs exceeding \$300,000 require authorization from Port Commission.*

Request additional project authorization in the amount \$2,300,000 for a total authorized amount of \$16,395,000 for work associated with the Lower Wapato Creek Habitat Project, Master Identification No. 101449.01 and Master Identification No 092861.

## **B. SYNOPSIS**

Request an increase to the project authorization in the amount \$2,300,000 for a total authorized amount of \$16,395,000 to finalize the design and bid Phases 2 and 3 and complete the construction work associated with installing and maintaining a site irrigation system, perimeter fencing and plant materials.

## **C. BACKGROUND**

The Lower Wapato Creek project is situated on what was a vacant portion of Port Parcel 14 at the junction of Alexander Avenue, SR 509, and 12th Street. The Port had contemplated the use of this property as a habitat site for many years due to the proximity of Wapato Creek which flowed along a portion of the southern boundary adjacent to 12th Street and western boundary adjacent to Alexander Ave.

The project has been separated into two major construction contracts/phases. The first contract (Phase 1) has completed the site grading, stream meandering, installation of large woody material habitat features, a short span bridge at 12th Street crossing, power pole and line revisions and site stabilization. A second contract (Phases 2 and 3) will procure and install the plants, provide necessary irrigation, provide, and install a perimeter fence and subsequently maintain the site for approximately 2 years following the installation (This Request).

The project has been developed as an advance mitigation site to generate advance mitigation credits for the use on future Port projects that have unavoidable impacts to wetlands, jurisdictional ditches, or fish habitat in Wapato Creek.

In total, the project is anticipated to create an 18.52-acre habitat site with 10 wetland mitigation credits (acre-credits) in close proximity to a number of other habitat restoration sites along Wapato Creek and on the Commencement Bay Tidelands developed by the Port, Tribe, and other agencies for the benefit of fish and wildlife in the area. Wetland mitigation credits are assumed to have an approximate value of \$1.4 million per acre-credit for a total value approximately \$14 million. Staff is also confident that the Wapato Creek bridge crossing will generate enough fish credit to provide for a future crossing of Wapato Creek downstream of the project.

This project, along with the grading project completed in 2015 and the work completed by Prologis during their development have placed approximately 181,000 cubic yards of soil material in stockpiles within the future SR 167 Right of Way. In accordance with the Interlocal Agreement (ILA) entered into between the Port and WSDOT, this material, silt fence surrounding the stockpiles and some perimeter fencing have a value of \$4,380,074. This amount, as well as the value of the 11.11 acres (\$6,821,900) that has been transferred to WSDOT will be deducted from the Port's local contribution commitment for SR 167 of \$30 million.

Credits to the Port's financial commitment to the SR 167 completion project combined with the wetland mitigation credit value represents a total project value of approximately \$17.7 million (excludes property value). This is based on 9.5 acre-credits rather than the full 10 noted above. Acre credits will be determined at a future date based on site performance. Should the site perform fully as designed the value could reach \$18.4 million.

As phase 1 of the project has been completed, the 33' strip of land on the north side of 12th Street, to be used as future 12th Street Right of Way, along with the newly constructed bridge and other infrastructure improvements have been transferred to the City of Fife per the ILA. The project cost associated with the work in the Right of Way is \$2,832,437.

Phase 1 also completed the relocation of Tacoma Power's 115 KV and 13.8 KV power lines adjacent to Alexander Ave. This included the installation on three new steel monopoles, one new wood pole and a wood push pole. These poles and relocated lines have been turned over to Tacoma Power. The cost associated with this component of the project is \$1,608,774.

Phase 1 also removed 14,392 tons of arsenic laden soil from the site prior to beginning the habitat grading. This contamination was related to prior uses of the site that imported Asarco slag to create stabilized roads and work areas. This material was taken to Land Recovery's facility for disposal under the Department of Ecology's Volunteer Cleanup Program. The cost associated with this cleanup was \$673,410. Port Environmental staff are working with the Department of Ecology to recoup up to \$300,000 from the State's Cleanup Fund.

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

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

- Validation of previous design documents and related reports – complete
- Review of additional collected data and incorporation of Tribal comments – complete
- Permit applications, documents, and drawings – complete
- Finalize design and permitting – complete
- Construction: grading (Phase 1) – complete

- Construction: Phases 2 & 3 planting/irrigation/fencing/maintenance – see below
- Monitoring and stewardship

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

- Bidding of Phases 2 & 3
- Construct Phases 2 & 3
  - Perimeter fence
  - Irrigation system
  - Planting
  - Landscape Maintenance

***Schedule***

Activity	Est. Completion Date
Bid Phases 2 & 3	June 2022
Construction Phase 2 - Planting, fencing and irrigation	March 2023
Construction Phase 3 - Landscape maintenance	December 2024
Monitoring and Stewardship	December 2033

**E. FINANCIAL SUMMARY**

**Estimated Cost of Project**

The total current project cost estimate including all stages through the Maintenance/Establishment period is estimated at \$15,800,000. The sum of \$591,026 was spent in 2014 on the initial design of the project. The project cost estimate including that spent in 2014 totals \$16,395,000.

**Estimated Cost for This Request**

The total estimated cost for bidding and construction of Phases 2 & 3 is \$3,625,000.

If the cost of this estimate is anticipated to exceed the authorized amount, additional Commission authorization will be requested.

Additional Commission authorizations will be requested for the monitoring phases of work.

**Estimated Sales Tax**

The total estimated sales tax to be paid to local and state governments for Phases 2 & 3 construction is \$182,525.

### **Cost Details**

Current Authorizations	\$ 14,095,000
This Request including Phases 2 & 3	\$ 2,300,000
<b>Estimated Project Total</b>	<b>\$ 16,395,000</b>

*\$591,026 was previously spent in 2014 on design associated with this project under MID 092861.*

*Construction phase estimates above include contingency, consultant, and staff time.*

*Monitoring and Stewardship in out years 2025 thru 2033 is anticipated to cost approximately \$250,000. These costs are not included in these project budgets.*

### **Source of Funds**

The current Capital Investment Plan (CIP) allocates \$15,800,000 for this project (MID 101449.01). This amount does not include the \$591,026 that was previously spent on the 2014 project (MID 092861).

### **Financial Impact**

A non-cash write-off of \$112,238 was recorded in 2020 as non-operating expense for the previously completed 2014 design work that cannot be used.

Project costs associated with the power poles, road, infrastructure improvements and bridge (approximately \$4,441,200) will be recorded as non-operating expense when incurred. In 2020 and 2021 a total of \$3,680,319 was expensed. The remainder will be expensed in 2022 and were included as non-operating expense in the 2022 budget.

Remaining project costs, except for monitoring and stewardship, will be capitalized as a land improvement. There will be no depreciation since this will be a land asset. Project costs related to monitoring and stewardship will be recorded as an operating expense when incurred.

The cost of the mitigation will be included in any financial analysis that utilizes this site to mitigate for development such as the potential development on the Thorne Road properties.

The approximately 181,000 cubic yards of soil provided to the SR 167 completion project along with other improvements will result in a credit of \$4.380,074 towards the \$30 million commitment the Port has made towards the construction of SR 167. This is in addition to the value of the land on Parcel 14 that will be transferred to the State for the SR 167 completion project. The \$30 million was recognized as an expense in prior years' financials.

## **F. ECONOMIC INVESTMENT/JOB CREATION**

This project will employ 10 – 20 construction employees during portions of the construction, maintenance, and stewardship phases. The site will also provide advance mitigation for other Port development projects, which will entail additional long-term jobs. Because this is advanced mitigation, at this time staff is unable to estimate the total number of long-term jobs that would be created.

**G. ENVIRONMENTAL IMPACTS/REVIEW**

Permitting: All local, State and Federal permits necessary to complete the project were obtained prior to Phase 1 construction.

Remediation: Remediation of found contaminants was completed as part of Phase 1 of the Project.

Stormwater: The completion of the project will have no impact on stormwater.

Air Quality: The completion of the project will have no impact on Air Quality.

**H. PREVIOUS ACTIONS OR BRIEFINGS**

Date	Action	Amount
March 2012	Port of Tacoma Commission Authorization MID 092861	\$ 600,000
July 16, 2020	Port of Tacoma Commission Authorization MID 101449.01	\$ 525,000
July 16, 2020	Port of Tacoma Commission Authorization MID 101449.01	\$ 800,000
January 21, 2021	Port of Tacoma Commission Authorization MID 101449.01	\$12,170,000
<b>TOTAL</b>		<b>\$14,095,000</b>

**I. ATTACHMENTS TO THIS REQUEST**

- Slide presentation

**J. NEXT STEPS**

Complete the work associated with phases 2 & 3.