

COMMISSION AGENDA

Item No: 7C

Meeting: 4/21/22

DATE: April 6, 2022

TO: Port Commission

FROM: Eric D. Johnson, Executive Director
Sponsor: Scott Francis, Director, POT Real Estate
Project Manager: Brett Ozolin, Engineering Project Manager II

SUBJECT: Authorization for Ecology Grant Acceptance and Project Authorization for work associated with the Arkema Manufacturing Area Interim Action

A. ACTION REQUESTED

As referenced in Resolution No. 2021-08-PT, Exhibit A, Delegation of Authority Master Policy, Paragraph IV.A.(1), states entering into an ILA with another public agency requires authorization from Port Commission.

As referenced in Resolution No. 2021-08-PT, Exhibit A, Delegation of Authority Master Policy, Paragraph IV.B.(2), states project costs exceeding \$300,000 require approval from Port Commission.

1. Request authorization for the Executive Director or his delegate to enter into a grant agreement with Ecology for \$2M for corrective action at the Arkema Manufacturing area required under Ecology Agreed Order DE 5668.
2. Request project authorization in the amount of \$320,000 for a total authorized amount of \$320,000, for work associated with the Arkema Manufacturing Area Interim Action, Master Identification No. 101585.01.

B. SYNOPSIS

The former 77.6-acre Arkema Manufacturing Property purchased by the Port of Tacoma (Port) is subject to a 2011 Ecology Order requiring the Port to complete a Remedial Investigation (RI), Feasibility Study (FS) and Cleanup Action Plan (CAP) under the Model Toxics Control Act (MTCA). While the RI/FS work is ongoing, components of this work have been approved by Ecology to progress as Interim Actions that will be executed through public works contracting. Additionally, Ecology has awarded the Port additional remedial action grant funding to implement the Interim Actions. Subject to Commission authorization, a grant agreement will be executed once the final Agreement is provided by Ecology.

Secondly, staff are requesting \$320,000 in project authorization to develop a containment wall basis of design, an alternatives analysis for 24-acres of site development and an execution work plan as part of the greater interim action plan.

This will be managed as a separate project from the ongoing RI/FS, remediation planning work, previously authorized by Commission under MID 096201.

C. BACKGROUND

The former 77.6-acre Arkema Manufacturing Property was purchased by the Port of Tacoma (Port) on May 31, 2007 and consists of three parcels commonly referred to as 2901, 2920, and 3009 Taylor Way. An element of the purchase and sale agreement provides for the assumption of all environmental cleanup obligations associated with the property. The 2901 and 2920 Taylor Way properties are subject to a 2011 Ecology Order requiring the Port to complete a Remedial Investigation (RI), Feasibility Study (FS) and Cleanup Action Plan (CAP) under the Model Toxics Control Act (MTCA).

A large mass of arsenic was disposed in soil (the Penite Pits) located upland of a sheet pile wall and is described in the RI approved by Ecology in 2013. Arsenic migration into surface water in the Hylebos Waterway is the primary concern for the site.

The draft FS was submitted in April 2021 to identify commercially reasonable options for the long-term remediation and redevelopment of the property. The FS evaluated seven (7) different remedial alternatives with estimated future costs ranging from \$11M to \$196M. The estimated future cost of the recommended alternative (hot-spot soil removal, capping, institutional controls, and monitoring) is \$26M. The restoration timeframes (a MTCA remedy selection criteria) for each remedial alternative were estimated using a sophisticated numerical groundwater and contaminant transport model. The estimated restoration timeframe for each alternative is inordinately long compared to most MTCA cleanups (thousands of years to meet groundwater criteria throughout the site). Ecology has since requested the evaluation of an additional alternative that removes, treats, or contains more soil mass to reduce sources of arsenic to surface water and groundwater. Agreement to an arsenic concentration threshold for soil removal has not been reached.

Port staff met with Ecology's Toxics Cleanup Program staff and management in October 2021 to discuss an approach to place an environmental cap on less contaminated portions of the property so that redevelopment for NWSA operations can occur, while also installing a containment cell around the most highly contaminated areas of the property as an interim action. With this approach, the FS would be completed in parallel with the interim action and would be structured as a series of contingencies (e.g., additional soil removal within the containment area). Some additional investigation will be required to address Ecology comments so that the draft Feasibility Study may be approved. This falls within the scope of the existing authorization under MID 096201 and is not part of this authorization request.

Grant reimbursements of \$2,263,339 have been received to date. Additional grant funding of \$2,000,000 was awarded earlier this year and will become available after the existing grant dollars are expended.

Additional funding may be required to finalize the Feasibility Study if substantial revisions are required by Ecology.

D. SUMMARY OF GRANT AGREEMENT TERMS (GRANT REQUEST)

- Reimburse 50% of certain Port expenditures incurred performing corrective action under the agreed order up to \$4M (i.e., Ecology reimbursements up to \$2M)
- Maintain compliance with the current agreed order
- Submit regular reimbursement requests and reports specified in the grant agreement
- Costs for Port counsel and Ecology oversight are excluded

E. PROJECT DETAILS

Scope of Project – Arkema Manufacturing Area Interim Action:

- Low permeability wall (containment wall/slurry wall) Interim Action preliminary design, final design, and construction
- 24-acre environmental capping and development preliminary design and final design

Scope of Work for This Request – Arkema Manufacturing Area Interim Action:

- Task 1: Low Permeability Wall Basis of Design (BOD) Report
- Task 2: Alternatives Assessment for 24-Acre Capping and Redevelopment
- Task 3: Work Plan for BOD and 24-Acre Capping and Redevelopment (Task 1 and Task 2)

Task 1 – Low Permeability Wall Basis of Design (BOD) Report

Ecology has determined that installing a low permeability wall around the Penite Pits is an essential remediation component for the site and favors installation as an interim action prior to the completion of a cleanup action plan. The low permeability wall concept is intended to reduce the amount of arsenic migrating to the Hylebos Waterway in groundwater. The BOD report funded by this authorization will provide the specific details needed to design the low permeability wall, and will include the following:

- Review and summarize site conditions that impact wall installation and performance
- Develop wall alignment and elevation profiles in relation to existing site features (foundations and obstructions) and soils
- Wall composition and permeability including groundwater modeling of contaminant transport after construction
- Implementation and construction means and methods
- Identification of remaining investigations required for final design

A BOD report will clarify the concept to a sufficient extent for Ecology and Port review and approval prior to implementation. Adjustments and modifications can be incorporated at the planning level. Ultimately, after external and internal review, the report will become a comprehensive framework for consultants to develop a final design and procurement package.

Task 2 – Alternative Assessment Report for 24-Acre Capping and Redevelopment

Approximately 24 acres of the Arkema site could be returned to productive use with Ecology approval of the interim actions (capping and installation of a low permeability wall). Port staff are tasked with producing commercial use alternatives with associated costs, considerations and benefits to help guide selection of the preferred use alternative. NWSA Commercial and Port Real Estate have asked staff to evaluate a minimum of four different use alternatives, including but not limited to:

- Marine dependent/heavy industrial use (break bulk storage: tractors, tracked equipment and RO-RO cargo)
- Auto processing and storage
- Mixed auto processing/storage and breakbulk
- Auto processing and storage with enhanced subgrade to enable future conversion to marine dependent/heavy industrial use

This authorization will fund consulting services for this assessment. The results of this assessment would likely be presented to Commission while seeking final design authorization for the preferred alternative. The following will be important considerations for selecting a recommended alternative:

- Site grading, cut and fill quantities with survey provided by drone LiDAR survey
- Storm drainage – concept layout and design
- Site utilities
- Paving/surfacing sections (capping)
- Overall infrastructure costs
- Anticipated risks/benefits

Task 3 – Work Plan for BOD and 24-Acre Capping and Redevelopment (Task 1 and Task 2)

Both the Port and Ecology will review proposed capping and property development for conformance with organizational objectives. For this site, the sequence of work and the construction means and methods are critical. To facilitate Ecology approval, this authorization will fund development of a work plan for the low permeability wall BOD and the 24-acre capping and redevelopment. The work plan will outline anticipated means and methods of construction, potential impacts, impact mitigation, additional site testing/sampling requirements and stakeholder coordination. The deliverable of the task will be a framework or work plan for building the low permeability wall and the 24-acre cap/redevelopment.

Schedule – Arkema Manufacturing Area Interim Action

Design Contract Award	May, 2022
Design Contract Draft Deliverables	August, 2022
Design Contract Final Deliverables	September, 2022

F. FINANCIAL SUMMARY

Estimated Cost of Project – Arkema Manufacturing Area Interim Action

The total project cost including all interim action work is not estimable because the preferred site development alternative has not been selected. The work completed under this Authorization will identify development alternatives, clarify regulated work requirements, and provide associated development concept costs. The Capital Investment Plan currently allocates \$4,300,000 to this project. This allocation covers the following:

- Containment wall preliminary and final design
- Containment wall implementation (construction), and
- 24-acre site development preliminary and final design

Implementation costs for the 24-acre site development are not currently included in the Capital Investment Plan. Additional Commission authorization will be requested at the final design and implementation stages.

Estimated Cost for This Request – Arkema Manufacturing Area Interim Action

The total estimated cost of the preliminary design for this project is \$320,000. If the cost is anticipated to exceed the authorized amount, additional Commission authorization will be requested.

Cost Details

For transparency purposes, and to give an estimate of all project costs, this table provides the cost details for the ongoing RI/FS, remediation planning work, previously authorized by Commission and managed as a separate project under MID 096201.

Item		This Request	Total Prev. Requests	Total Request	Estimated Project Cost	Cost to Date	Remaining Cost (Est.)
Public Works Interim Action (101585.01)	Prelim. Design Tasks 1,2 &3	\$320,000	\$0	\$320,000	\$320,000	\$0	\$320,000
	Final Design	\$0	\$0	\$0	\$380,000	\$0	\$380,000
	Construction (Wall Only)	\$0	\$0	\$0	\$3,600,000	\$0	\$3,600,000
	Construction (24 acres)	\$0	\$0	\$0	Not Estimable	\$0	Not Estimable
	Subtotal	\$320,000	\$0	\$320,000	\$4,300,000	\$0	\$4,300,000

Item	This Request	Total Prev. Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
Remedial Investigation/ Feasibility Study (96201)	\$0	\$5,763,794	\$5,763,794	\$5,763,794	\$5,436,920	\$326,894

Source of Funds

The current Capital Investment Plan (CIP) allocates \$4,300,000 for the Arkema Manufacturing Area Interim Action project (MID 101585.01).

Financial Impact

Project costs will be capitalized as a non-depreciable land asset.

Grant funds will be recorded as non-operating income at the time the reimbursement is requested.

G. ECONOMIC INVESTMENT/JOB CREATION

Completing the Interim Action work will restore 24-acres of contaminated property to active industrial use. The economic benefit and job creation will be determined by the end use of the property which is not yet determined. In the immediate term, this action will create temporary consulting and project design support jobs.

H. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1: Do not complete the interim actions and complete the deliverables under the current Ecology order. That includes revision and resubmittal of the feasibility study to Ecology. Upon Ecology's approval of the feasibility study, submit draft cleanup action plan for Ecology review. The 24-acres of available property would not be put into near-term commercial use and Ecology would likely advocate for a more extensive and expensive remedy.

Alternative 2: Start on low permeability wall final design and construction procurement documents without Ecology review of Basis of Design. Expediting permeability wall design has a small chance of decreasing overall wall schedule while at a much higher risk of extending schedule by soliciting Ecology input during the design phase. Ecology could require a broad range of modifications or additions prior to agreeing with the design. Reworking or heavily modifying the design within the design phase would increase schedule duration and design costs. The Port could also pick one preferred alternative for the 24-acre development and proceed with design immediately. Circumventing the alternatives analysis would save the project near-term cost and schedule at the risk of not identifying the best and most efficient use of the property long-term (operationally, strategically, and financially).

Alternative 3: This request – develop a permeability wall BOD for ecology review prior to wall implementation, complete an alternatives assessment for the 24-acre redevelopment to look at approximately 5 options, develop a work plan for the containment wall BOD and the site redevelopment, develop a work plan for interim action implementation.

Alternative 3 is the recommended course.

I. ENVIRONMENTAL IMPACTS/REVIEW

Permitting: The required permits will be determined during the final design phase.

Remediation: This is a remediation project.

Stormwater: Stormwater management will be an important design consideration for recommending the preferred alternative.

Air quality: No significant air quality issues or concerns are anticipated.

J. PREVIOUS ACTIONS OR BRIEFINGS

Date	Action	Amount
February 10, 2007	PSA Award	\$52,000
December 28, 2008	PSA Amendment	\$47,000
January 16, 2008	PSA Amendment	\$1,448,434
May 17, 2011	Agreed Order	NA
November 1, 2012	PSA Amendment	\$598,500
March 18, 2014	Project Authorization – RI/FS/DCAP	\$1,294,807
August 17, 2017	Project Authorization – RI/FS/DCAP	\$2,323,053
November 16, 2019	Project Authorization – FS	NA
	TOTAL	\$5,763,794

K. ATTACHMENTS TO THIS REQUEST

Slide presentation

L. NEXT STEPS

Complete Basis of Design and preliminary design. Then return to Commission for final design later in 2022 or early 2023.