

# PROJECT ACTION MEMO

Port of Tacoma Commission



Item No: 6A  
Meeting Date: 8/20/24

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**DATE:** August 12, 2024  
**TO:** Port of Tacoma Commission  
**FROM:** Eric Johnson, Executive Director  
Sponsor: Alisa Praskovich, Chief, Strategic Projects and Commission Relations  
Project Manager(s): Rob Healy, Sr. Project Manager, Environmental  
Stanley Ryter, PE Sr. Project Manager, Engineering  
**SUBJECT:** Port of Tacoma Maritime Center – Authorization Increase for the Interim Cleanup, Cost Recovery and Other Services

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**A. ACTION REQUESTED**

Request project authorization in the amount of \$13,000,000 for a total authorized amount of \$24,770,000, for work associated with the Port of Tacoma Maritime Center, Project Number 101549.01

**Strategic Plan Initiatives:** EL-1, OS-4

**B. SYNOPSIS**

The next step in the Maritime Center project is to complete an Interim Cleanup and associated work, as well as additional design efforts. The Interim Cleanup and associated work include cleaning up and remediating the site at Parcel 94, legal consulting services necessary to initiate early remediation cost recovery efforts, and early site development work including building demolition and well abandonment. The next project design services include strategic railroad consulting services to expedite crossing agreement negotiations with BNSF, an engineering services agreement with BNSF, furniture design services for the Port Business Center, as well as building and site development permit fees.

**C. BACKGROUND**

Since 2021, the Port has led several strategic initiatives to support the development of a new Port Maritime Center and Maritime Skills Center in partnership with the Tacoma School District. This effort began with Commission authorization of a resolution to build a new Port Maritime Center. Since then, the project has included multiple Commission briefings, significant community engagement and stakeholder outreach, and execution of two interlocal agreements with the Tacoma School District (District) to govern the planning and development of the project through initial design development, schematic design, and cost estimating.

Port Commission first provided project authorization in April 2023 to complete environmental site assessments and cultural resource monitoring on Port Parcels 94 and 92. This work was completed by the end of 2023, with the support of a \$300K Ecology integrated planning grant. The work led to the selection of Parcel 94 as the future building location. The 2023 Site Assessment results indicated widespread soil and intermittent groundwater contamination on Parcel 94. Consequently, Port Parcels 92 and 94 were added to Ecology's list of Contaminated Sites.

As part of schematic design, additional sampling was completed in early 2024 to refine volume estimates of contaminated soil. With these investigation results in hand, cleanup alternatives were assessed, and a plan for cleanup was developed. To meet the opening date of the Maritime Skills Center in September 2026, cleanup of the project area needs to start in September 2024. This work will be completed as an independent interim action. Cleanup activities will remediate shallow vadose zone soils throughout the Interim Action Work Area in compliance with Model Toxics Control Action requirements.

Impacted soil will be disposed offsite at subtitle C and D landfills, as well as reused onsite when appropriate. The cleanup will achieve residential soil standards around the buildings and the broader area south of the railroad tracks. Less impacted soil will be reused in the north parking lot areas, achieving a slightly less stringent cleanup level protective of child recreational exposure scenarios. The far east end of the site, often referred to as the "Boot," will remain untouched during project development pending further discussion and consultation with the Puyallup Tribe of Indians. This approach provides a balance between protectiveness and cost effectiveness.

In addition to the soil remediation, demolition of an old house on the property and decommissioning of a water well will be part of the initial construction effort. The house is approximately 3,500 square feet and in poor condition, it was previously used as leased office space for tenants on the site. This phase of the project will also include decommissioning and abandonment of an old industrial supply water well and a geotechnical well. The water supply well has not been used as a source of water in decades and because it is in the footprint of the school building it needs to be permanently taken out of service for the benefit of the project.

As this point in the project, design of other project elements is near 60% complete. Additional design tasks requested for this authorization include:

- Entering into a design services agreement with the BNSF railroad. The agreement will allow BNSF to design their track relocation as well as all the signaling equipment.
- A furniture design consultant will be contracted directly with the Port to design the cubicles, individual office furniture, common space furniture and conference rooms furniture.
- For the design to progress, funds for the building permit as well as the site development permit fees are also being requested.

Legal and strategic consulting firms are necessary for this complex project. This authorization request includes additional funds for cost recovery legal services under MTCA. The cost recovery effort will pursue recovery of the Port's cleanup costs from historical potentially liable parties. The funds will also allow the Port to extend the contract of a strategic consulting firm Columbia Strategy Group that negotiates directly with BNSF. These consulting services are integral to reaching and expediting agreements with BNSF on the critical path of the schedule for securing a Private Crossing Agreement.

The Port's design-build contractor, BNBuilders, has submitted a guaranteed maximum price proposal for the site remediation and demolition in which allowances and contingencies are held. Use of contingent funds must be agreed to and signed off by the Port. For this particular contract amendment, the contingent funds are approximately 20% of the contract.

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

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

The scope of work will include:

- Design and construction of a Port Maritime Center, including a new Port administration building and the District's Maritime | 253 building, with associated on-site and off-site improvements and environmental remediation.

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

- Remediation
  - Implementation of the interim cleanup action work plan on Parcel 94 within the project area.
  - Special Inspection
  - Staff time and construction administration
  - Legal fees to support cost recovery from potentially liable parties
- Demolition
  - Building demolition and asbestos abatement
  - Abandonment of historical industrial water supply well and geotechnical well
  - Staff Time and Construction Administration
- Design of Port Business Center and Site
  - Engineering services agreement with BNSF
  - Permitting Fees for Building and Site Development
- Railroad Strategic Consulting

**Schedule:**

Initial Concept Design (complete)	Nov 2023 to Feb 2024
Concept Cost Range (complete)	Feb 2024
Schematic Design (30%) (complete)	Jan 2024 to Mar 2024
District Board Approval to 60% (complete)	Mar 14, 2024
Commission Approval to 60% (complete)	Mar 19, 2024
District/POT Lease Agreement Approved (complete)	April 26, 2024
Design Development (30% to 60%) (in progress)	Apr 2024 to Aug 2024
Commission Approval of Site Cleanup	Aug 20, 2024
District Board Approval of GMP for Skills Center	Oct 2024
Commission Approval of GMP for Port Bldg. and site	Oct 2024
Construction Docs	Aug 2024 to Nov 2024
Construction Cost Estimate	Sep 2024 to Nov 2024
Environmental Cleanup	Sep 2024 to Dec2024
Ground Improvements	Dec 2024 to Feb 2025
Port Business Center Construction	Mar 2025 to Dec 2026
Maritime Skills Center Construction	Mar 2025 to July 2026

**E. FINANCIAL SUMMARY****Estimated Cost of Project**

The total project cost including all stages is estimated at \$140,000,000 to \$150,000,000.

The District is anticipated to contribute a range of \$35,000,000 to \$41,000,000 to the total cost of the project, to include 50% of the railroad crossing fees.

**Estimated Cost for This Request**

The total estimated cost of this interim action cleanup and cost recovery for this project is \$12,000,000 and the cost of site demolition and design tasks including permitting and strategic consulting fees is \$1,000,000. 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 the remediation and demolition portion of the project is \$1,000,000.

**Cost Details**

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
DUE DILIGENCE	\$0	\$1.8M	\$ 1.8M	\$1.8M	\$1.8M	\$ 0
DESIGN&DEMO	\$1.0M	\$9.97M	\$10.97M	\$13.5M	\$3.4M	\$10.1M
INTERIM CLEANUP ACTION	\$12.0M	\$0	\$12.0M	\$12.0M	\$0	\$12.0M
SITE AND BUILDING CONSTRUCTION	\$ 0	\$ 0	\$ 0	\$114M-124M*	\$ 0	\$114M-124M*
<b>TOTAL</b>	<b>\$13M</b>	<b>\$11.77M</b>	<b>\$24.77M</b>	<b>\$140-150M *</b>	<b>\$5.2M</b>	<b>\$ 135M-\$145M*</b>

\*Includes funds from Tacoma Public Schools

**Source of Funds**

The current Capital Investment Plan (CIP) allocates \$38,415,000 for this project. The budget will be updated as part of the 2025 budget process.

**Financial Impact**

The costs associated with the project will be capitalized and subject to depreciation with anticipated useful life ranging from 10 to 50 years, except for the \$12,000,000 related to remediation work at Parcel 94, which will be recorded as an expense when incurred. Grant income will be recorded as non-operating revenue at the time reimbursement is requested.

**F. ECONOMIC INVESTMENT/JOB CREATION**

Maritime|253 will employ approximately 20 full-time staff and serve up to 300 students per session (two per weekday) on site. Maritime|253 will provide career/technical education to junior/senior-level high school students throughout Pierce County at no cost. Students will receive industry recognized credentials preparing them for employment in the maritime and trades industries.

The Port Maritime Center building is expected to provide workspaces for 150 Port and Northwest Seaport Alliance staff.

The local construction industry will benefit from the construction of the Port Maritime Center and Maritime |253 Skills Center.

**G. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS**

Alternative 1) Do nothing. Site and building construction cannot proceed without implementing site cleanup. Cancel project.

Alternative 2) This request.

**Alternative 2 is the recommended course.**

**H. ENVIRONMENTAL IMPACTS/REVIEW**

Permitting: A SEPA DNS was issued for the interim cleanup and demo work on March 13, 2024, and for the site development on June 27, 2024. All City permits will be issued prior to mobilization in mid-September for the interim cleanup and demo work.

Remediation: This authorization will allow site cleanup to proceed prior to the site and building construction.

Stormwater: Temporary erosion and sedimentation controls will be in place during the remediation construction contract.

Air Quality: Not applicable.

**I. PREVIOUS ACTIONS OR BRIEFINGS**

Date	Action	Amount
September 17, 2021	Executive Authorization – Planning for a New Port Headquarters Building	\$300,000
March 17, 2022	Commission Authorization – Resolution 2022-07-PT to implement 21-26 Strategic plan with initiative to build a new Port Maritime Center	\$0
February 22, 2023	Port Maritime Center Development Update – Port Commission Study Session	\$0
March 21, 2023	Commission Authorization for Port of Tacoma and Tacoma School District Interlocal Agreement	\$0
April 26, 2023	Project Authorization for the Port Maritime Center	\$1,500,000
August 31, 2023	Commission Authorization Port of Tacoma and Tacoma Public School District ILA#2	\$0
October 24, 2023	Port Maritime Center Project Authorization Increase & Commission Authorization for the District as contract administrator, invoicing procedures and NTE amounts for Parametrix via an Amendment to ILA #2	\$2,970,000
February 13, 2024	Port Maritime Center Development Update – Port Commission Study Session	\$0
February 27, 2024	Port Maritime Center Development Update – Port Commission Study Session	\$0

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March 19, 2024	Port Maritime Center Project Authorization Increase and ILA Amendment	\$7,000,000
June 18, 2024	Port Maritime Center Bldg. Square Footage Approval	\$0
<b>TOTAL</b>		<b>\$11,770,00</b>

**J. NEXT STEPS**

- Implement this cleanup and building demolition as described.
- Continue working with the BNSF to finalize the at-grade crossing design and develop a new easement agreement.
- Continue working with the design build team to finalize the 60% Level Engineering design and negotiate the guaranteed maximum price (GMP) for site development and building construction.
- Obtain all city, state, and federal permits necessary to begin site and building construction.
- Return to Commission for additional authorization to fund final design and construction in October 2024.
- Continued consultation and coordination with Puyallup Tribe of Indians.
- Continued employee and public engagement activities.