

COMMISSION AGENDA

Item No: 7D

Meeting: 2/17/22

DATE: February 10, 2022

TO: Port Commission

FROM: Eric D. Johnson, Executive Director
Sponsor: Jason Jordan, Director, Environmental and Planning Services
Project Manager: Scott Hooton, Environmental Project Manager II

SUBJECT: Project Authorization for work associated with the Remedial Investigation Feasibility Study and Draft Cleanup Action Plan for former PQ Facility

A. ACTION REQUESTED

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.

Request project authorization in the amount \$595,000 for a total authorized amount of \$1,482,000, for work associated with the Remedial Investigation Feasibility Study (RI/FS) and Draft Cleanup Action Plan (DCAP) for the former PQ Facility, Master Identification No. 092839.

B. SYNOPSIS

The overarching goal of this effort is to effectively manage the legacy contamination associated with Port Parcels 114 and 65 while also returning 30.48 acres of underutilized land assets to productive use. The purpose of this request is to provide funding for staff and consultant expertise needed to respond to a Washington State Department of Ecology (Ecology) opinion letter, and to develop a path forward and budget estimate to finalize the draft Remedial Investigation, Feasibility Study (RI/FS), and Cleanup Action Plan (DCAP).

C. BACKGROUND

The former PQ facility located at 1202 Taylor Way was purchased by the Port of Tacoma on April 1, 2008. PQ retained liability for all costs and expenses related to the release of Hazardous Substances caused by PQ, and the Port cross-indemnified PQ for any other Hazardous Substances. Testing conducted after the sale showed that releases of petroleum, metals, sodium silicate and materials high in pH occurred on the property. PQ admitted that petroleum was released because of its operations, while also maintaining that some contamination was entrained in fill materials placed on the property prior to the construction of the PQ facility in the early 1940s.

The Port entered this site into Ecology's Voluntary Cleanup Program ("VCP") In order to develop a reliable estimate of future cleanup costs. The Commission authorized funding to complete the Remedial Investigation, Feasibility Study and Cleanup Action Plan in July 2013.

Commission approved an Interim Cost-Sharing Agreement with PQ in March 2016. Under the agreement, PQ reimbursements total approximately \$531,616 of the \$888,389 expenditures incurred by the Port. The collaborative process with PQ has resulted in schedule delays and cost increases from multiple revisions to workplans and reports which were not anticipated when the Interim Cost-Sharing Agreement was negotiated.

The draft Remedial Investigation/Feasibility Study/Cleanup Action Plan (RI/FS/DCAP) was submitted to Ecology in July 2020. Ecology issued an Opinion Letter in November 2020 requesting additional investigation. The Port issued a Response to Comment on May 14, 2021, providing additional information. Ecology's supplemental October 2021 Opinion Letter requested additional investigation, and a revised Supplemental Sampling and Analytical Plan was submitted in December 2021 for Ecology review and approval.

Once approved, the CAP will reduce uncertainty associated with the cost of cleanup and support a final resolution and settlement of the Port's indemnity claim. Upon final settlement, the Port can use the funds to remediate the property in accordance with the Port's preferred redevelopment and reuse timeframe. The current estimated cost of \$887,000 is not sufficient to complete the authorized scope of work. Commission was informed of this by memo accompanying the November 19, 2020, public meeting.

D. PROJECT DETAILS

Scope of Project:

- Ecology approved RI/FS/DCAP
- Remediation cost estimate
- Submit reimbursement requests to PQ under the Interim Cost-Sharing Agreement
- Project Coordination
- Ecology Oversight
- Legal Support

Scope of Work for This Request:

- Staff, Legal and Ecology costs
- Consultant support
 - Drilling, installation, and development of seven additional shallow-zone monitoring wells and two intermediate-zone monitoring wells
 - Drilling and soil sampling of nine soil borings
 - Surface soil sampling at six locations
 - Quarterly sampling of 25 monitoring wells (two quarters)

- Laboratory analyses
- Revisions to the draft Ecology review RI/FS/DCAP
- Project coordination and communication

E. FINANCIAL SUMMARY

Estimated Cost of Project

The total cost of this project is \$1,482,000. The estimated cost for this authorization to perform additional work Ecology has required to complete the RI/FS/DCAP is \$595,000. If the cost of this estimate is anticipated to exceed the authorized amount, additional Commission authorization will be requested.

Port expenditures for this effort are subject to a 2016 cost-sharing agreement with PQ. Reimbursements for this additional authorization are estimated to range from \$291,000 to \$357,000.

Cost Details

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
TOTAL	\$595,000	\$887,000	\$1,482,000	\$1,482,000	\$888,389	\$593,611

Source of Funds

The 2022-2026 Capital Investment Plan (CIP) allocates \$595,000 for this project.

Financial Impact

Project costs prior to the interim cost sharing agreement were expensed as incurred. After receiving reimbursement from PQ per this agreement the total net expense was \$170,004. Project costs since the interim cost-sharing agreement will be capitalized as a land improvement. There will be no depreciation since this will be a land asset. Eligible reimbursements from PQ under the interim cost-sharing agreement (\$531,616) have yielded a net project cost of \$356,773. Reimbursements received from PQ will be recorded as non-operating income.

F. ECONOMIC INVESTMENT/JOB CREATION

Future remediation will facilitate property redevelopment and return to productive use. Employment opportunities will arise during remediation, construction of future improvements, and long-term leasing of the property.

G. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1: Do Nothing. Ecology will remove this project from the Voluntary Cleanup Program, which could affect plans to develop the Parcels.

Alternative 2: This request.

Alternative 2 is the recommended course.

H. PREVIOUS ACTIONS OR BRIEFINGS

Date	Action	Amount
July 16, 2013	RI/FS/DCAP Project Authorization	\$837,000
March 17, 2016	PQ Interim Cost Sharing Agreement Authorization	\$0
May 21, 2020	Executive Session Briefing	\$0
November 19, 2020	Project Authorization Increase	\$50,000
TOTAL		\$887,000

I. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation
- Site Map

J. NEXT STEPS

Respond to Ecology comments (when received) and revise the Supplemental Sampling and Analytical Plan was submitted in December 2021. Implement work during 2022 and submit revised RI/FS/DCAP for Ecology review during late 2022 or early 2023.