COMMISSION AGENDA

Item No: 3D

Meeting: 08/17/17

DATE: August 3, 2017

TO: Port Commission

FROM: John Wolfe, Chief Executive Officer

Sponsor: Jason Jordan, Director, Environmental and Planning Services

Project Manager: Scott Hooton, Environmental Project Manager II

SUBJECT: Project Authorization for work associated with the Arkema Manufacturing Facility at 2901 Taylor Way

A. ACTION REQUESTED

Request project authorization in the amount $2,323,053 for a total authorized amount of $5,763,794, for work associated with the Feasibility Study for 2901 and 2920 Taylor Way, Master Identification No. 096201.

B. BACKGROUND

The former 77.6-acre Arkema Manufacturing Property was purchased by the Port of Tacoma on May 31, 2007 and consists of three parcels commonly referred 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 in the soil upland of a sheet pile wall was identified in the RI approved by Ecology in 2013. Arsenic migration into surface water in the Hylebos Waterway is the primary concern for the site. While arsenic concentrations in soil and groundwater exceed default cleanup levels over large areas of the site, the RI showed minimal impacts to the Hylebos, suggesting that remediation completed by the previous owner under an earlier Ecology agreement has generally reduced concentrations of arsenic below cleanup standards approved by the Environmental Protection Agency (EPA) for the Hylebos cleanup (Federal Ambient Chronic Water Quality Criteria and Hylebos Sediment Quality Objectives).

This authorization request is needed to provide additional technical and regulatory justification so that Ecology may approve a cost-effective and protective remedial approach. Ecology has recently approved a work plan that will provide additional information required to lay the groundwork for a better model of current environmental conditions. The additional information is required to evaluate and select commercially reasonable options for the long-term remediation and redevelopment of the property.

C. PREVIOUS APPROVALS

Action	Date	Amount
PSA Award	February 10, 2007	$52,000
PSA Amendment	December 28, 2007	$47,000
PSA Amendment	January 16, 2008	$1,448,434
Agreed Order	May 17, 2011	Not Applicable
PSA Amendment	November 1, 2012	$598,500
Project Authorization	March 18, 2014	$1,294,807
TOTAL PREVIOUS AUTHORIZATIONS		**$3,440,741**

D. PROJECT DESCRIPTION

The scope of work will address the following FS data gaps, including:

- **Data Gap 1 – Plume Stability:** The type and degree of remediation that will ultimately be required for the protection of surface water will depend on the stability of the plume in groundwater.
- **Data Gap 2 – Elevated upper aquifer seep:** Influences the nature of the preferred remedy for surface water protection near the shoreline.
- **Data Gap 3 – Integrity of the sheet pile wall:** The current and future integrity of the sheet pile wall affects the role of the existing wall in the preferred remedy.
- **Data Gap 4 – Wall effectiveness:** Affects evaluation of competing technologies.
- **Data Gap 5 – Targeted dig and haul feasibility:**
  - Increase data density near Penite Pits to evaluate feasibility
  - Increase data density of high pH sources to evaluate feasibility
  - Confirm potential volumes of characteristic hazardous waste
  - Confirm feasibility of soil treatment to reduce potential disposal costs
- **Data Gap 6 – Preliminary Point of Compliance (PPOC) Network:** Need to refine arsenic concentrations near sides of the sheet pile wall, and confirm copper and mercury compliance.
- **Data Gap 7 – Nickel:** Need to verify whether nickel in groundwater is a sampling artifact.

E. REQUESTED AUTHORIZATION

Authorization for this project includes all tasks necessary for the completion of the Data Gap Work Plan as identified in the Cost Details table below. Generally, this will include the use of internal and external engineering and environmental services, construction, and procurement.

Port staff anticipates that a subsequent – albeit smaller – effort will be required during 2019 to complete the Feasibility Study. Additional Commission authorization will be needed at that time. Program budget funding is believed sufficient to cover anticipated expenditures required to complete the Feasibility Study.

F. PROJECT SCHEDULE

Implement Data Gap Work Plan	3Q17 through 2Q18
Submit Draft Arsenic Stability Report	November 1, 2018
Additional Commission Authorization	December 21, 2018
Submit Final Feasibility Study	November 1, 2019

G. FINANCIAL SUMMARY

Estimated Cost of Project

The cost to complete the work under the current Ecology order (RI/FS/CAP) is estimated at $7,730,229. Additional Commission authorization will most likely be required after the Data Gap Work Plan has been implemented to complete the scope of work under the current Ecology order.

Remediation design and construction will likely occur as a series if the interim action also requires future Commission authorizations (likely to occur no sooner than 2020).

Source of Funds

The 2017-2021 Capital Improvement Plan allocates $4,150,000 for this stage of the project.

Funding for future cleanup is allocated to Master Identification No. 201761.

Cost Details

Item	Budget Estimate	Cost to Date	Remaining Cost
Prior Environmental Work			
May 2007 through March 2011 Investigation, Historical Data Review and Documentation, Groundwater Sampling, Further Investigation Planning	$1,191,896	$1,191,896	$0
Funding Authorization for Agreed Order DE 5668 (RI/FS and DCAP)			
Consultant(s)	$2,846,587	$1,522,298	$1,324,289
Port Staff	$350,637	$270,637	$80,000
Purchase Orders	$262,552	$31,731	$230,821
Legal Support	$170,000	$127,870	$42,130
Ecology Oversight	$270,000	$202,267	$67,733
Contingency (40%)	$672,122	$0	$672,122
Agreed Order TOTAL	**$4,571,898**	**$2,154,804**	**$2,417,094**
Sub-total Prior Environmental Work + Agreed Order TOTA**L**	$5,763,794	$3,346,700	$2,417,094
Grant Reimbursements	($3,115,807)	($1,566,443)	($1,549,364)
Prior Environmental Work + Agreed Order TOTAL minus Grant Reimbursements	**$2,647,987**	**$1,780,256**	**$867,730**
Future Authorization Requests			
Complete Agreed Order DE 5668 (FS and DCAP)	$1,966,435	$0	$1,966,435
Interim and/or Final Cleanup Actions, Long Term Monitoring	$11,000,000-$119,000,000 (estimate)	$0	$11,000,000 - $119,000,000 (estimate)
Future Authorization Requests TOTAL	$12,966,435-$120,966,435 (estimate)	**$0**	$12,966,435 - $120,966,435 (estimate)
PROJECT TOTAL	**$18,730,229-$126,730,229 (estimate)**	**$3,346,700**	**$15,383,529-$123,383,529 (estimate)**

Financial Impact

The majority of Parcel 99 projects are characterized as land assets and will be capitalized and remain on the balance sheet as non-depreciating assets. The asset cost will exclude any grant funds.

A remedial grant in the amount of $3,115,807 has been awarded by Ecology for this project. The grant provides reimbursement of 50% of eligible costs incurred by the Port. Grant reimbursements total $1,566,443.

H. NEXT STEPS

Port staff will complete the scope of work associated with the Data Gap Work Plan.

At a future time, Port staff will brief Commission on the findings and implications on the ultimate scope and cost of site remediation. Additional Commission action will likely be required to complete the scope of work under the current Ecology order (RI/FS/CAP).