

COMMISSION AGENDA

Item No: 7A

Meeting: 11/19/20

DATE: November 4, 2020

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. 2020-04-PT, Exhibit A, Delegation of Authority Master Policy, Paragraph IV.B.(3), states project costs exceeding \$300,000 require approval from Port Commission.

Request project authorization in the amount \$50,000 for a total authorized amount of \$887,000, 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.

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

Commission subsequently approved an Interim Cost-Sharing Agreement with PQ in March 2016. Under the agreement, PQ reimbursements total approximately \$507,000 of the \$825,000 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. However, the uncommitted authorization balance will not be enough to pay Ecology review fees, develop responses to Ecology comments, address potential data gaps, revise reports, and fund staff costs incurred during the interim.

A draft opinion letter regarding the sufficiency of the RI/FS/DCAP is undergoing internal review at Ecology. This authorization request provides interim funding needed to respond to the opinion letter and estimate costs to revise and complete the RI/FS/DCAP.

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.

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

E. FINANCIAL SUMMARY

Estimated Cost of Project

The cost incurred to date and estimate to respond to an Ecology opinion letter and develop a cost estimate to complete the RI/FS/DCAP is \$887,000.

Estimated Cost for This Request

The total estimated cost of this authorization is \$887,000. After the scope of work required to complete the RI/FS/DCAP has been negotiated with Ecology, additional Commission authorization will be requested.

Cost Details

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
TOTAL	\$50,000	\$837,000	\$887,000	\$887,000	\$824,978	\$62,022

Source of Funds

The 2020-2024 Capital Investment Plan (CIP) allocates \$220,000 for this project. It will be adjusted as part of the 2021 budget process.

Financial Impact

The costs for this project are expensed as they are incurred. Eligible reimbursements from PQ under the interim cost-sharing agreement (\$506,995) have yielded a net project cost of \$317,983.

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.

Alternative 2) This request.

Alternative 2 is the recommended course.

H. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
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
TOTAL		\$ 837,000

I. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation
- Site Map

J. NEXT STEPS

Obtain Commission authorization during Q1 2021 for funding required to finalize the RI/FS/DCAP.



Item No.: 7A

Date of Meeting: November 19, 2020

Project Authorization for RI/FS and DCAP for the Former PQ Facility

Scott Hooton

Environmental Project Manager II



Project Authorization RI/FS and DCAP for Former PQ Facility



As referenced in Resolution No. 2020-04-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 \$50,000, for a total authorized amount of \$887,000, for the RI/FS and DCAP for the Former PQ Facility, Master Identification No. 092839.

RI/FS = Remedial Investigation/Feasibility Study

DCAP = Draft Cleanup Action Plan

Background RI/FS and DCAP for Former PQ Facility



- Port purchased property from PQ during 2008.
- PQ retained liability for all costs and expenses related to the release of Hazardous Substances caused by PQ.
- PQ's operations were later found to have caused releases of petroleum, metals, and alkaline materials.

RI/FS = Remedial Investigation/Feasibility Study

DCAP = Draft Cleanup Action Plan

Background RI/FS and DCAP for Former PQ Facility



- PQ asserted that some releases of Hazardous Substances – but not all – resulted from their operations.
- Commission authorized a RI/FS/DCAP in July 2013.
- Commission authorized an Interim Cost-Sharing Agreement with PQ during March 2016 to move the site through the cleanup process cooperatively.

RI/FS = Remedial Investigation/Feasibility Study

DCAP = Draft Cleanup Action Plan

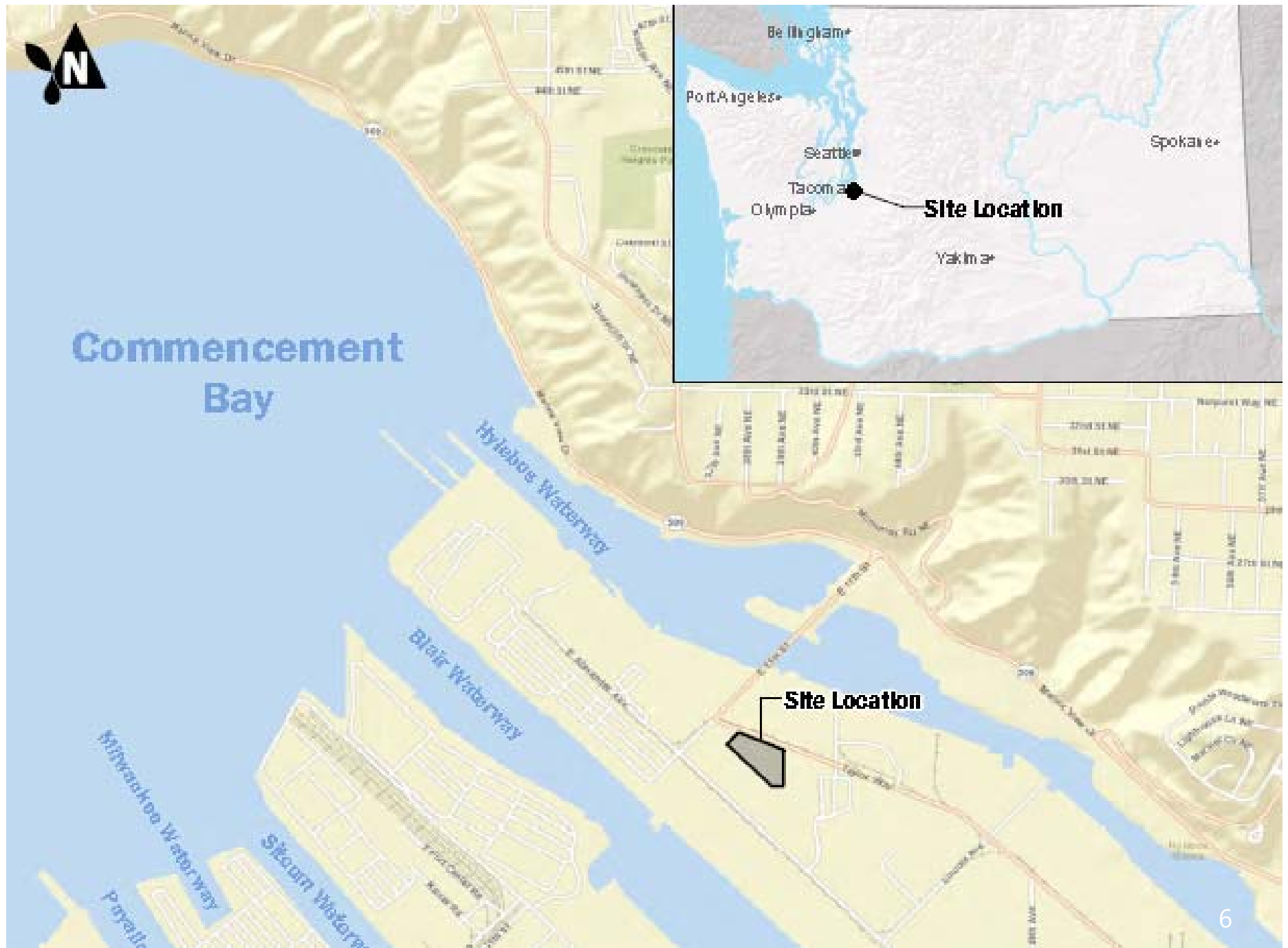
Background RI/FS and DCAP for Former PQ Facility

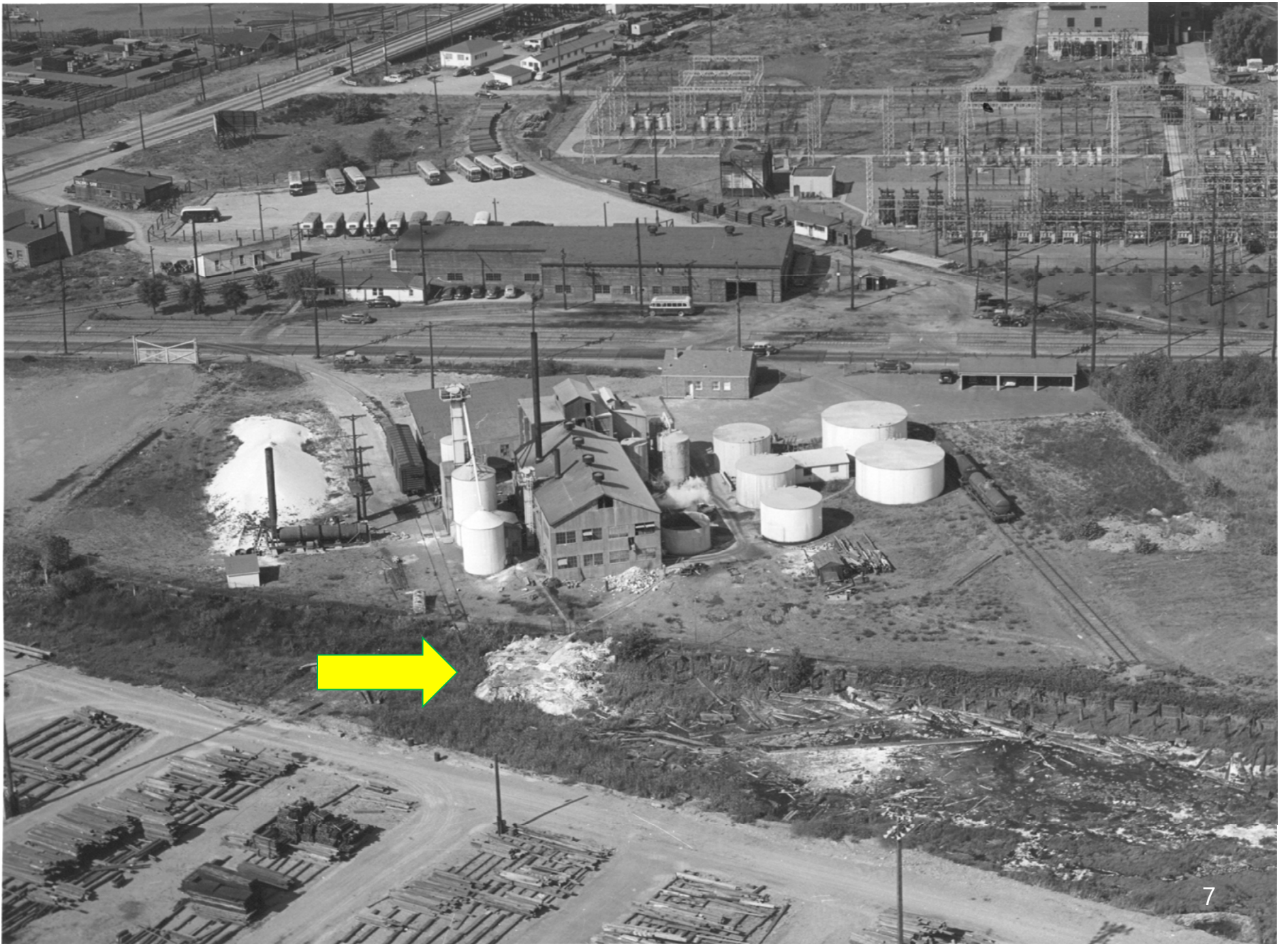


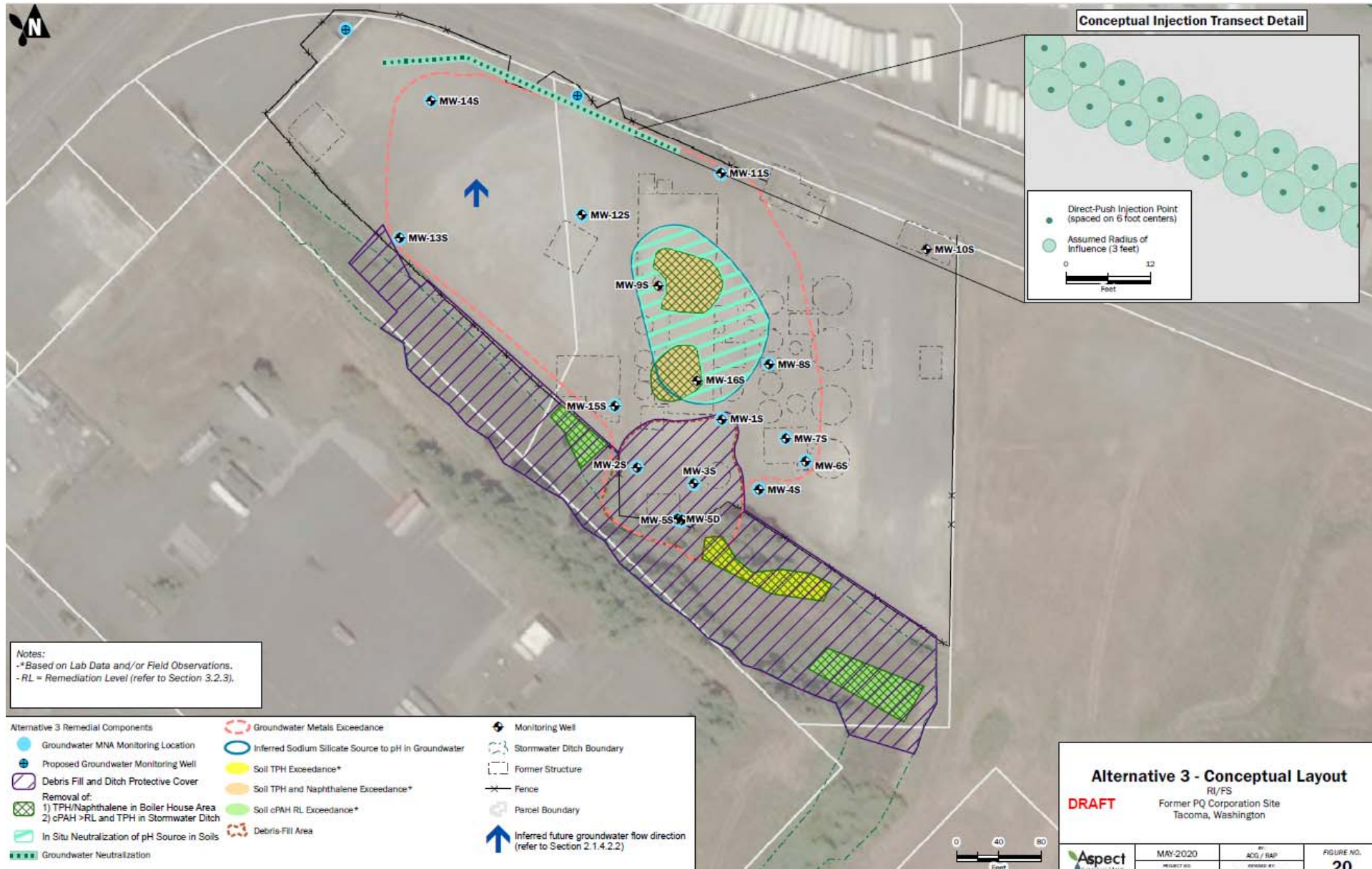
- The draft RI/FS/DCAP was submitted to Ecology in July 2020.
- An opinion letter is undergoing internal Ecology review.
- This authorization request provides interim funding to respond to the opinion letter and estimate costs to revise and complete the RI/FS/DCAP.

RI/FS = Remedial Investigation/Feasibility Study

DCAP = Draft Cleanup Action Plan







Project Description and Details

RI/FS and DCAP for Former PQ Facility



- Ecology approved RI/FS/DCAP
- Remediation cost estimate
- PQ Reimbursements
- Project Coordination
- Ecology Oversight
- Legal Support

RI/FS = Remedial Investigation/Feasibility Study

DCAP = Draft Cleanup Action Plan

Project Schedule

RI/FS and DCAP for Former PQ Facility



Activity	Timeframe
Commission authorization	Q1 2021

RI/FS = Remedial Investigation/Feasibility Study

DCAP = Draft Cleanup Action Plan

Source of Funds RI/FS and DCAP for Former PQ Facility



- The cost incurred to date and estimate to respond to an Ecology opinion letter and develop a cost estimate to complete the RI/FS/DCAP is \$887,000.
- The estimated budget for this additional effort is \$50,000.
- The current Capital Investment Plan (CIP) allocates \$220,000 for this project.
- PQ Reimbursements to date total \$506,995

RI/FS = Remedial Investigation/Feasibility Study

DCAP = Draft Cleanup Action Plan

Financial Summary

RI/FS and DCAP for Former PQ Facility



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Conclusion

RI/FS and DCAP for Former PQ Facility



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