

COMMISSION AGENDA

Item No: 9B

Meeting: 8/19/21

DATE: August 4, 2021

TO: Port Commission

FROM: Eric D. Johnson, Executive Director

Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer

Project Manager: Sarah Weeks, Environmental Project Manager I

SUBJECT: Project Authorization for work associated with the Parcel 103 Steam Plant Environmental Cleanup

A. ACTION REQUESTED

Request project authorization in the amount \$200,000 for a total authorized amount of \$955,000, for work associated with the Parcel 103 Steam Plant Environmental Cleanup (Master Identification No. 101243.01).

B. SYNOPSIS

Tacoma Power and the Port of Tacoma are jointly developing a cleanup action plan for the Parcel 103 Steam Plan Site to allow for future cleanup of the property. Additional project authorization is requested to complete the following tasks in support of the environmental investigation: (1) environmental database management system, (2) screening level technical memorandum, (3) data gaps analysis and (4) a remedial investigation work plan.

C. BACKGROUND

The Port purchased the Steam Plant property from Tacoma Power in 2007. Between 2012 and 2020 the two parties were engaged in a dispute over costs related to characterization and disposal of hazardous waste abandoned by Tacoma Power at the Steam Plant property, and cost-incurred investigating impacts to soil and groundwater from historical releases.

In March 2015, Commission approved project authorization to complete a remedial investigation (RI). Investigation activities completed to date indicate that soil and groundwater are impacted by metals, PCBs, PAHs, petroleum hydrocarbons, and elevated pH. Contamination does not currently pose an ongoing or significant threat to human health and the environment. In the absence of an immediate development driver or regulatory driver¹, Port staff shifted project focus to cost recovery. In April 2018 Commission approved a change in scope of work, to defer the cleanup investigation and focus on resolving the sizable claim against Tacoma Power.

¹ Ecology has indicated the Site is not an agency priority.

In October 2020 Commission authorized a settlement and cost-sharing agreement with Tacoma Power. Tacoma Power paid the Port \$661,263 for reimbursement of past costs and will fund 84% of future project costs through implementation of the cleanup. Commission also authorized an additional \$30,000 to fund procurement of an environmental consultant to support the next phase of the project – completion of the cleanup investigation (remedial investigation, feasibility study, and draft cleanup action plan). The procurement process is now complete, the Port and Tacoma Power have co-selected a consultant to restart the investigation.

D. PROJECT DETAILS

Scope of Project: Develop a Cleanup Action Plan

- Remedial Investigation
- Feasibility Study
- Draft Cleanup Action Plan

Scope of Work for This Request: Pre-Remedial Investigation Tasks

- Environmental database management system
- Screening level technical memorandum
- Data gaps analysis
- Remedial Investigation work plan

Schedule

The scope of work for this request will be completed by the end of Q1 2022.

E. FINANCIAL SUMMARY

Estimated Cost for This Request

Additional funds in the amount \$200,000 are requested to support the environmental investigation. In accordance with the settlement and cost sharing agreement, Tacoma Power will pay for 84% of consultant costs, plus a flat fee of \$20,000 a year to compensate the Port for project management. Cost for completion of the cleanup investigation and cleanup implementation are not currently estimable. Port staff will return to Commission in 2022 to request authorization to complete the investigation.

Cost Details

Item	This Request	Total Previous Requests	Total Request	Total Project Cost*	Cost to Date**	Remaining Cost
TOTAL	\$200,000	\$755,000	\$955,000	\$955,000	\$731,732	\$223,268

* Cost for completion of the cleanup investigation and cleanup implementation are not currently estimable and are not included under Total Project Cost.

** \$589,884 spent on environmental investigation (MID 098075 and 101243.01) to date and \$141,848 spent on cost recovery (MID 101243.02). \$474,855 of the past cost reimbursement was recorded as a reduction to MID 098075, reducing investigation costs to \$115,029 (see further explanation below under Financial Impact).

Source of Funds

The current Capital Investment Plan (CIP) allocates \$30,000 for this project in 2021 and \$446,000 from 2022 to 2024.

Financial Impact

Project costs associated with the environmental and cleanup investigations (MID 101243.01), reduced by settlement proceeds, will be capitalized as a land improvement. There will be no depreciation since this will be a land asset. Project costs associated with cost recovery (MID 101243.02) were expensed as incurred.

The \$661,263 payment for reimbursement of past cost was received in December 2020. Of this amount \$474,855 was recorded as a reduction to past investigation costs (MID 098075) and \$186,408 as a negative asset reducing the cost of the land improvement asset (accounting for past costs related to characterization and disposal of hazardous waste during building demolition). The reimbursement reduces project costs to date to \$256,877.

F. ECONOMIC INVESTMENT/JOB CREATION

Environmental cleanup of the property will clear obstacles for future site redevelopment by addressing environmental liabilities now and taking the appropriate corrective actions.

G. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1) Do Nothing. Wait for Ecology to approach the Port and mandate cleanup. If a property redevelopment opportunity arises the Port would have to address legacy contamination issues with less flexibility and likely at a higher cost.

Alternative 2) This request. Complete the initial phase of re-entry into the cleanup investigation in cooperation with Tacoma Power.

Alternative 2 is the recommended course.

H. ENVIRONMENTAL IMPACTS/REVIEW

Permitting: Not applicable.

Remediation: This is a remediation project.

Stormwater: Not applicable.

Air Quality: Not applicable.

I. PREVIOUS ACTIONS OR BRIEFINGS

<u>Date</u>	<u>Action</u>	<u>Amount</u>
May 20, 2010	Contract Authorization – Cleanup Investigation	\$267,000 (\$427,000 spent)*
March 10, 2015	Project Authorization Increase – Cleanup Investigation	\$298,000
April 19, 2018	Authorization of change in scope from Cleanup Investigation to Cost Recovery	\$0
September 26, 2020	Executive Session Briefing – Steam Plant Cost Recovery	NA
April 16, 2020	Executive Session Briefing – Steam Plant Cost Recovery	NA
September 17, 2020	Executive Session Briefing – Steam Plant Cost Recovery	NA
October 15, 2020	Settlement Agreement and Additional Project Authorization	\$30,000
TOTAL		\$755,000

* Contract authorization of \$267,000 for environmental consulting provided by Dalton, Olmsted & Fuglevand, Inc. (DOF). Prior to March 2015, \$249,933 was spent on the DOF contract, and \$177,394 was spent on Port staff, legal, and miscellaneous costs, bringing the project total over this period to \$427,327 (rounded above to \$427,000).

J. ATTACHMENTS TO THIS REQUEST

- Computer slide presentation.

K. NEXT STEPS

Complete the pre-remedial investigation tasks outlined above and return to Commission for authorization to proceed with the RIFS and dCAP in 2022.