

COMMISSION AGENDA

Item No: 2C

Meeting: 04/20/17

DATE: April 11, 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: **Consent Agenda:** Project Authorization Increase for closing-out the Kaiser Cleanup

A. ACTION REQUESTED

Request project increase in the amount of \$19,508 for a total authorized amount of \$10,579,041 for Ecology oversight costs, thus completing remedial action construction at the Kaiser Aluminum Smelter, Master Identification No. 092837.

B. BACKGROUND

On February 10, 2003, the Port acquired the 96-acre Kaiser Aluminum Smelter site, located at 3400 Taylor Way. Since that time the smelter infrastructure has been demolished and structural fill placed on approximately 80 of the 96 acres.

On April 7, 2011, Commission authorized the Port's CEO to enter into Agreed Order DE-5698 requiring the Port to conduct a Remedial Investigation and Feasibility Study (RI/FS) and prepare a draft Cleanup Action Plan (CAP), and allowing the Port to perform Interim Actions where appropriate. All of the work required under the agreed order has been completed by the Port and approved by Ecology.

On July 26, 2016, Commission authorized the Port's CEO to enter into Consent Decree No. 16-2-12406-8 requiring the Port to implement the Cleanup Action Plan for the routine long term monitoring phase of the remediation required under the Model Toxics Control Act. This agreement is also required under state Dangerous Waste Regulations due to the historical production of hazardous substances by the smelter. Ecology completed its public review and comment period, and issued responses to public comments in October, 2016. The consent decree was filed in Pierce County Superior Court with an effective date of November 14, 2016.

Invoices received from Ecology/Office of the Attorney General after the effective date of the consent decree have exceeded the project budget previously authorized by Commission by \$19,508. This request to increase the project budget is the final action under this project and will enable Port staff to close-out Master Identification No. 092837.

C. PREVIOUS APPROVALS

Action	Date	Amount
Commission Authorization to Sign Agreed Order and Perform R/FS	April 7, 2011	\$380,000
PSA Award for Design of Interim Actions/Other Services	September 6, 2012	\$260,000
Construction Authorization	April 18, 2013	\$5,353,200
Construction Increase	October 31, 2013	\$4,662,330
Consent Order Authorization	July 21, 2016	Not Applicable

D. PROJECT DESCRIPTION

The scope of work associated with Master Identification No. 092837 has been completed.

E. REQUESTED AUTHORIZATION

This authorization request will increase available funding such that the payment of Ecology oversight invoices received after the effective date of the consent order will no longer exceed the project authorization as previously approved by Commission. No further costs will be incurred because the scope of work has been completed.

F. PROJECT SCHEDULE

No additional work is scheduled for this effort because the project has been completed.

G. FINANCIAL SUMMARY

Actual Cost of Project

The total project cost including all stages is \$10,579,041.

Source of Funds

Costs to implement the consent decree began in 2016 and are included in the environmental operating expenses. The 2017-2021 Capital Improvement Plan allocates \$205,000 for long term monitoring (MID No. 092709) and \$20,000 for the oversight invoices related to the cleanup (MID No. 092837).

Cost Details

ITEM	CURRENT BUDGET ESTIMATE	COST TO DATE 6/1/16	REMAINING COST
DESIGN STAGE TOTAL	\$220,000	\$220,000	\$0
CONSTRUCTION STAGE			
Construction	\$8,281,960	\$8,281,960	\$0
WSST	\$785,211	\$785,211	\$0
Consultant(s)	\$456,246	\$457,853	\$0
Port Staff	\$536,949	\$536,949	\$0
Testing & Inspection	\$63,825	\$63,825	\$0
Misc (including contingency)	\$211,738	\$229,639	\$0
CONSTRUCTION STAGE TOTAL	\$10,335,930	\$10,355,437	-\$19,508
R/FS/DCAP & INTERIM ACTION SUBTOTAL	\$10,555,930	\$10,575,437	-\$19,508
Future Monitoring Costs (MID 092709)	\$247,000	\$3,604	\$243,396
GROSS PROJECT COSTS	\$10,802,930	\$10,579,041	\$223,888
MTCA GRANT REIMBURSEMENTS	-\$2,634,000	-\$2,634,000	\$0
NET PROJECT COSTS	\$8,168,930	\$7,945,041	\$223,888

Future groundwater monitoring costs are included to provide a complete summary of costs associated with the Department of Ecology agreed order and consent decree. Costs associated with the Port's previous Master Policy are also included.

Additional grant funding in the amount of \$2,900,000 requested by the Department of Ecology was not appropriated by the Washington State Legislature in the 2016 supplemental budget. Staff will continue to advocate funding for this effort in future capital budgets.

Financial Impact

Costs for the remediation of the property have been capitalized as a land asset and will not be depreciated. Costs for implementing the long term routine monitoring costs related to the consent decree have been expensed.

H. NEXT STEPS

Close-out Master Identification No. 092837.