

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No. 4d
Date of Meeting March 8, 2016

DATE: February 19, 2016
TO: Ted Fick, Chief Executive Officer
FROM: Kathy Bahnick, Manager, Remediation Programs
Roy Kuroiwa, Sr. Environmental Program Manager
Catherine Chu, Capital Project Manager
SUBJECT: Terminal 30 Former Chevron Site Cleanup

Amount of This Request: No funds requested (Up to \$1.2M contract authorization)
Source of Funds: Environmental Remediation Liability Non Ops
Est. Total Project Cost: \$4,400,000

ACTION REQUESTED:

Request Commission authorization for the Chief Executive Officer to:

- (1) execute a consent decree with the Washington State Department of Ecology for the design and implementation of the Terminal 30 Cleanup Action Plan; and
- (2) execute a project-specific consultant contract to design and provide first-year environmental monitoring for Terminal 30 cleanup for an estimated cost of \$1,200,000.

SYNOPSIS:

The Port has been in negotiations with Ecology for additional cleanup work, and has reached agreement with Ecology, pending Commission approval. The overall goal of the site cleanup is to significantly reduce or eliminate the exposure of ecological and human receptors to subsurface soil and groundwater contamination and thereby reduce or eliminate adverse effects on resources in the project site. Subsequently, the cleanup will allow the terminal to continue operation as an industrial container yard.

Terminal 30 (T-30) was purchased in 1985 from Chevron and has subsurface soil and groundwater petroleum contamination as a result of Chevron's past use. The Port has been under a Washington State Department of Ecology (Ecology) Agreed Order since 1991, during which time several investigations and interim actions (hot spot cleanups) were completed. However, some contamination is still present at the site.

The proposed cleanup will be performed under a Consent Decree (CD) between the Port and Ecology. The Scope of Work section summarized the scope of the CD and the attached Consent

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Decree and its exhibits describe in detail the agreement between the Port and Ecology on how and when the site will be cleaned.

This authorization allows the Port to execute the CD and begin the design phase of the cleanup project. Design is expected to be completed by the end of 2017, at which time, staff will return to the Commission for construction phase authorization. Construction is planned for 2018 with performance and compliance monitoring to start following the construction completion.

Funding for this work was included in the 2016-2020 Environmental Remediation Liability (ERL) Program.

BACKGROUND:

T-30 is located approximately one mile southwest of downtown Seattle on the shoreline of the East Waterway. The terminal was acquired by the Port from Chevron in 1985 and was subsequently developed as a container terminal. Prior to that, the terminal operated as a bulk fuel terminal, lumber yard, and machine shop starting as early as 1905.

As a result of the historical bulk fuel and tank farm, the site subsurface soil and groundwater is contaminated with petroleum hydrocarbons. While T-30 is 33.9 acres, the cleanup site (extent of contaminated groundwater plume) is approximately 11 acres in the northern portion of the property.

The Port and Ecology entered into an Agreed Order (AO) in 1991 for site investigation by performing a Remedial Investigation and Feasibility Study (RI/FS). During the RI/FS process, the Site has undergone a series of interim actions that removed the vast majority of contaminant mass. Additionally, the Site has undergone iterative redevelopment in the last twenty years.

Since the early 1980s, the site has undergone considerable environmental study, interim actions, and redevelopment actions with environmental benefits. Below is a summary of T-30's environmental efforts to date.

- 1983 – 1986: The site's first environmental investigation, by Chevron, to delineate the nature and extent of subsurface contamination.
- Installation of more than 100 monitoring and petroleum hydrocarbon free-product recovery wells.
- 1984 – 2009: Free-product (mainly diesel) recovery and disposal removed more than 171,000 gallons from the subsurface.
- 1991: The Port and Ecology enter into an AO to perform a site-wide RI/FS.
- 1998: Completion of the initial draft RI/FS report.
- 2008: During cruise-ship terminal development, more than 24,000 cubic yards of contaminated soil were excavated and disposed of off-site.
- Construction of site-wide 12- to 16-inch thick asphalt cap.
- Oxygen Release Compound injection and treatment of groundwater in MW-42 area.

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- Numerous technical studies and reports including an additional Data Report, Disproportionate Cost Analysis, and proposed remedy in 2008.
- Installation of a containment sheetpile wall and stormwater management system.
- Continuation of monitoring and product recovery during the 2000s.
- 2013: Completion of a Supplemental RI/FS report – this report was approved by Ecology and used to develop the site’s draft Cleanup Action Plan (dCAP).
- Ecology’s AO amended to require the Port to prepare a dCAP that describes the preferred cleanup alternative.

Next Steps: Ecology will close the current order (Agreed Order to prepare an RI/FS) and issue a new order (Consent Decree) to the Port.

The next steps for the Port is to enter into a new order (design and cleanup) with Ecology and perform the work as required. Ecology’s formal cleanup process under MTCA requires the following site documents are provided to the public in accordance with their Public Participation policy (primarily allowing the general public 30 days to review and comment). Ecology satisfied the public comment process for all of these documents during the same time period (May 15 through June 19, 2015). They included:

1. Proposed Consent Decree
2. Draft RI/FS
3. Draft Cleanup Action Plan
4. State Environmental Policy Act Checklist

Ecology has finalized all of the above documents and the Port and Ecology are ready to sign the CD and begin design work.

PROJECT JUSTIFICATION AND DETAILS

Project Objectives:

- Perform the cleanup in accordance with the Consent Decree
- Cleanup design and implementation will be carried out in a manner that considers the current and potential future use for the T-30 container terminal

Scope of Work:

The preferred cleanup alternative required in the CD includes:

- a) air sparging and soil vapor extraction (AS/SVE) and treatment of the underlying soil vapors;
- b) petroleum hydrocarbon free-product recovery and disposal;
- c) long-term monitoring; and
- d) institutional controls (e.g., site remains industrial land use).

These actions are intended to address specific cleanup goals (i.e., protect human health and the environment).

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Schedule:

Execute contract for design services and first year monitoring	Q3 2016
Begin design	Q3 2016
Seek authorization for construction	Q4 2017
Construction complete; begin first year monitoring	Q4 2018
Begin long-term performance monitoring	Q4 2019

FINANCIAL IMPLICATIONS:

Budget Status and Source of Funds:

There is no funding request as part of this authorization. Funding for the associated costs is included in the annual Environmental Remedial Liability (ERL) authorization. The costs are also eligible for state grant recovery when it is available. Cost recovery from the former owner – Chevron – is unavailable by the terms of the purchase and sale agreement.

Source of Funds:

The total estimated cost to implement the T-30 Former Chevron Remediation consistent with the Consent Decree is \$4,400,000, including design, construction, and long-term monitoring. The total estimated cost for the design, design support during construction, and first year monitoring services is estimated to be between \$700,000 to \$1,200,000. This was included in the 5 year forecast (2016 through 2020) in the Commission's 2016 ERL spending authorization, approved on December 8, 2015. Any additional costs that might be required, as the project moves forward, will be recorded as a liability and a non operating expense in accordance with Port Policy AC-9. These amounts will be reported annually to the Commission via routine ERL reports and spending authorization requests.

The primary source of funds to pay the costs for design of the project will be ERL NonOps funds from the Port's Tax Levy.

STRATEGIES AND OBJECTIVES:

This project will achieve the strategic objective of complying with a state order by accomplishing cleanup of T-30, while allowing the terminal to operate as a container yard, both during and after the cleanup construction is performed.

TRIPLE BOTTOM LINE :

Economic Development

The cleanup approach negotiated for T-30 was developed to limit impacts on the current or future use of the terminal as a container terminal.

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Environmental Responsibility

State and federal laws require the elimination of unacceptable levels of environmental risk caused by the presence of contaminants in soil, groundwater, and sediment. Opportunities for material reuse, recycling, and/or reduction are being considered. Implementation of the cleanup remedy will include significant environmental controls and performance monitoring to ensure public health and safety.

Community Benefits

From the perspective of the surrounding communities and the customers that we serve, the Port's participation in site cleanup is the hallmark of responsible environmental stewardship.

Small Business Participation

The project manager will collaborate with the small business team to maximize the participation of small firms.

ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS:

Alternative 1: Do not authorize execution of the Consent Decree

Not entering the CD could result in the issuance of a unilateral Ecology enforcement order to perform the work or Ecology may elect to perform the work themselves. The estimated total cost for Alternative 1 is \$8.8M plus possible fines.

Pros:

- It may delay spending by a year or more while Ecology prepares an enforcement order, or Ecology performs the work and compels the Port to reimburse Ecology for it.

Cons:

- If Ecology issues a unilateral enforcement order, the Port would still ultimately perform the required cleanup actions and may also be liable for civil penalties of up to \$25,000 per day for each day it refuses to comply (per the Agreed Order, 1991).
- If Ecology elects to perform the work themselves and bills the Port for their work, it would eliminate Port control over the cleanup activity and likely result in a significant increase in cleanup construction and operation scope and costs, as well as possible impacts to the tenant. The costs to the Port for an Ecology-lead cleanup could increase to \$8.8M.
- Not performing this work may question the Port's commitment to public health and stewards of community resources and the environment.

This is not the recommended alternative.

Alternative 2: Authorize execution of the Consent Decree, but do not authorize the start of design and preparation of construction documents

Not implementing the CD could result in the issuance of a unilateral Ecology enforcement order to perform the work or Ecology may elect to perform the work themselves. The estimated total cost for Alternative 2 is \$8.8M.

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Pros:

- It may delay spending by a year or more while Ecology prepares an enforcement order.

Cons:

- This alternative would cause the Port to be out of compliance with the cleanup schedule.
- The costs to the Port for an Ecology-lead cleanup could increase to \$8.8M.
- Not performing this work may question the Port's commitment to public health and stewards of community resources and the environment.

This is not the recommended alternative.

Alternative 3: Authorize execution of the consent decree and execute contract to start of design and preparation of construction documents. The estimated total cost for this Alternative is \$4.4M.

Pros:

- This alternative would result in compliance with Ecology's Consent Decree and facilitate cleanup design and implementation from 2016 through 2019, and beyond.
- This alternative demonstrates the Port's value of responsible stewards of community resources and the environment.

Cons:

- Cost of \$4.4 million (including design, construction, and long-term monitoring).

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST:

- Washington State Department of Ecology Consent Decree for T-30 Cleanup of the Former Chevron Terminal, with attachments

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS:

- July 23, 1991 – The Commission authorized execution of an Ecology Agreed Order that directed the Port to: a) continue product removal and groundwater monitoring; b) prepare a T-30 RI/FS; and c) prepare a final Consent Decree with Ecology.
- October 23, 2013 – The CEO signed an amendment to the 1991 AO that directed the Port to prepare a draft Cleanup Action Plan that describes the preferred cleanup alternative.