



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 6g

**ACTION ITEM**

**Date of Meeting** September 10, 2019

**DATE:** August 22, 2019

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Skip Himes, Director, Marine Maintenance  
Tin Nguyen, Sr. Manager, Marine Maintenance  
Danny Good, Project Manager III, Marine Maintenance

**SUBJECT:** Emerson Maintenance Site Budget Amendment (CIP #C800892)

**Amount of this request:** \$35,000

**Total estimated project cost:** \$410,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to approve additional funding of \$35,000 to account for costs associated with Environmental Remediation activities during construction of the Emerson Maintenance Site, for a total project cost not to exceed \$410,000.

**EXECUTIVE SUMMARY**

A new fueling and maintenance site providing support for vehicles and equipment used in operations at Northern Port properties was constructed in late 2018 / early 2019. During excavation, petroleum contaminated soil was discovered at the site location. Following this discovery, extensive effort was undertaken to remove contaminated soil from the site and replace with new backfill material. Port of Seattle Environmental completed a discovery memo in March, 2019 documenting findings and potential next steps.

The memo outlines steps taken by Port Environmental to profile the soil, direction provided to Port Construction Services regarding handling and disposal of the soil, as well as guidance provided to Marine Maintenance Project Management in regards to what costs would be eligible for environmental cleanup designation. Upon review of the incremental costs associated with soil remediation activities and review of policy AC-09, an Environmental Remediation Liability (ERL) project was created to capture eligible cleanup costs which exceeded the measurement threshold of \$50,000. Due to the high costs associated with ERL activities, the budgeted project contingency was insufficient to account for total project costs.

**JUSTIFICATION**

A thorough review of all eligible Environmental Remediation Liability costs associated with the project resulted in an amount of \$68,548.19. Though a \$33,000 contingency was budgeted for

Meeting Date: September 10, 2019

the overall project, the high dollar amount of ERL costs exceeded the budgeted contingency and will result in a final project cost above the previously Commission approved amount of \$375,000.

***Diversity in Contracting***

There are no opportunities to include WMBE aspirational goals and inclusion plans in this request as it is a budget amendment request for combined capital and expense projects in which construction has been completed.

**DETAILS**

***Scope of Work***

The scope of work for this request consists only of the incremental efforts beyond the original construction scope that were required to complete the tasks included in the Environmental Remediation Liability project. These tasks and associated costs consist primarily of labor, equipment and materials required to excavate and replace contaminated soils, including waste disposal fees. There are no proposed changes in construction design or project deliverables.

***Schedule***

Environmental Remediation efforts included in this request were ongoing throughout the excavation phase of construction. Although construction of the capital project was complete at the end of January, final construction costs and vendor invoicing did not reconcile to the project in our accounting system until late June. While final construction costs continued to post to the capital project, a concurrent effort was ongoing to create an ERL expense project to capture remediation costs. Upon receiving the Environmental Discovery Memo in March, we determined eligibility of costs per AC-09 and activated a separate ERL expense project in June. Once the ERL project was created, a final determination was reached that the ERL expense costs must be included in the total project cost, hence requiring a budget amendment for Commission approval.

*Activity*

Commission design authorization	N/A
Design start	2017 Quarter 2
Commission construction authorization	2018 Quarter 3
Construction start	2018 Quarter 4
In-use date	2019 Quarter 1

***Cost Breakdown***

	This Request	Total Project
Design	\$0	\$0
Construction	\$35,000	\$410,000
Total	\$35,000	\$410,000

Meeting Date: September 10, 2019

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Do not approve the Emerson Maintenance Site Budget Amendment

Cost Implications:

A thorough review of all eligible Environmental Remediation Liability costs associated with construction resulted in an amount of \$68,548.19 at completion. The dollar amount of the ERL expense costs exceeded the current budgeted project contingency of \$33,000. This will result in a final project cost above the previous Commission approved authorization of \$375,000. Not moving forward with this additional Commission authorization will result in a final combined capital and ERL expense project cost exceeding the current Commission authorization.

This is not the recommended alternative.

**Alternative 2** – Approve the Emerson Maintenance Site Budget Amendment

In order to sufficiently cover the costs of both the ERL expense project (WP 105994) and the Emerson Maintenance Site capital project (WP 105595), additional funding of \$35,000 will be required for a total project authorization of \$410,000.

**This is the recommended alternative.**

**FINANCIAL IMPLICATIONS**

***Cost Estimate/Authorization Summary***

	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$375,000	\$0	\$375,000
Current change	-\$34,000	\$69,000	\$35,000
Revised estimate	\$341,000	\$69,000	\$410,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$375,000	\$0	\$375,000
Current request for authorization	-\$34,000	\$69,000	\$35,000
Total authorizations, including this request	\$341,000	\$69,000	\$410,000
Remaining amount to be authorized	\$0	\$0	\$0

Meeting Date: September 10, 2019

***Annual Budget Status and Source of Funds***

Funding for the fueling and maintenance site was included in the 2019 Plan of Finance under CIP C800892 Maritime Small Projects with a total project cost of \$375,000 (design, permitting, and construction).

The capital portion of the project is funded by the General Fund.

The environmental remediation costs (this request) are funded by the Tax Levy.

**ATTACHMENTS TO THIS REQUEST**

No attachments

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

July 10, 2018 – The Commission authorized the Executive Director to (1) proceed with construction of a fueling and vehicle maintenance site for port vehicles at the port-owned property of 1795 West Emerson Place for a total project cost not to exceed \$375,000, and (2) use port crews to construct the project (CIP #C800892).