



**COMMISSION
AGENDA MEMORANDUM**

Item No. 6b

ACTION ITEM

Date of Meeting February 11, 2020

DATE: January 24, 2020

TO: Stephen P. Metruck, Executive Director

FROM: Ticson Mach, Capital Project Manager V
Brick Spangler, Senior Environmental Program Manager
Kaitlyn Jensen, Assistant Project Manager

SUBJECT: Terminal 5 Pacific Sound Resources (PSR) Superfund Cap Maintenance (CIP #102722)

Amount of this request: \$0

Total estimated project cost: \$1,935,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to advertise and execute a construction contract for the Terminal 5 Pacific Sound Resources Superfund Cap Maintenance project with a total project cost of \$1,935,000. There is no funding requested; construction will utilize approved environmental remediation and liability funding.

EXECUTIVE SUMMARY

This project will maintain the environmental asphaltic cap over the PSR Superfund Site in the northwest part of Terminal 5 to remain in compliance with the 1999 Environmental Protection Agency (EPA) Record of Decision (ROD). The PSR site, located within the Terminal 5 intermodal yard and adjacent BNSF storage track area, was cleaned up under an order with the EPA as part of the Terminal 5 Southwest Harbor redevelopment project. The area of the asphaltic pavement cap is 1,002,389 square feet. The estimated remaining service life is 10 years. The asphalt serves to cap the underlying contaminated soils. Ongoing obligations include performing cap inspections and cap maintenance. In December of 2018, the required inspection indicated maintenance is needed to be compliant with the ROD. This will be achieved by sealing cracks, repairing pavement damage, and restoring the surface seal coating to prevent water intrusion into the underlying soil. Duration for design and permitting, which began in June 2019, is eight months and duration for construction is three months. Planned date of substantial completion is November 30, 2020.

JUSTIFICATION

An EPA required inspection in December 2018 of the PSR Superfund Site indicates this work is necessary to maintain compliance per the Port’s legal agreement with the agency. Noncompliance could result in regulatory jeopardy and fines and/or penalties.

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Diversity in Contracting

There will be a woman and minority business enterprise (WMBE) aspirational goal of six percent associated with this contract.

DETAILS

Scope of Work

This project will restore and reseal specially-designed asphaltic pavement cap areas within the Terminal 5 intermodal yard, Jack Block Park and adjacent BNSF storage track area. Restoration components include establishing and maintaining temporary erosion and sediment control (TESC) measures, cleaning and repair of pavement cracks, localized wear lift replacement in areas of pavement damage, and restoration of the surface seal coat to meet the requirements of the Inspection and Maintenance Plan for the Asphalt Cap and Associated Stormwater System – Revision 1, Pacific Sound Resources Site Remediation Area 4, Southwest Harbor Cleanup and Redevelopment Project (The RETEC Group, Inc. 2004).

Schedule

Activity

Commission design authorization	Q4 2018
Design start	Q2 2019
Commission construction authorization	Q1 2020
Construction start	Q3 2020
In-use date	Q4 2020

Cost Breakdown

This Request

Total Project

	This Request	Total Project
Design and Management Oversight	\$0	\$424,000
Construction	\$0	\$1,511,000
Total	\$0	\$1,935,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – No action, do not perform any maintenance activities on the cap

Cost Implications: \$0

Pros:

- (1) No cost, ERL funds remain for other projects
- (2) No impact to other projects associated with the Terminal 5 Dock Upgrade

Cons:

- (1) Noncompliance with EPA Record of Decision resulting regulatory jeopardy and potentially fines and/or penalties
- (2) Risk of not properly containing the underlying contamination.

This is not the recommended alternative.

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Alternative 2 – Complete upper (2-in.) wear lift replacement in both the Intermodal Yard and the BNSF Yard.

Cost Implications: \$11,340,000

Pros:

- (1) PSR cap would be fully replaced and would exceed EPA requirements
- (2) This option would extend the life of the asphaltic cap

Cons:

- (1) Replacing the wear lift on the entire PSR site greatly exceeds what is required to maintain the asphaltic cap
- (2) The cost of this alternative exceeds the benefits of completely replacing the wear lift given the results of the inspection.

This is not the recommended alternative.

Alternative 3 – Clean and repair pavement cracks, localized wear lift replacement in areas of pavement damage, and restoration of the surface seal coat

Cost Implications: \$1,935,000

Pros:

- (1) Appropriate use of budget
- (2) The PSR superfund cap will be appropriately maintained and brought into compliance with EPA requirements

Cons:

- (1) The PSR cap may need to be repaired sooner than if a full replacement is performed.
- (2) The PSR cap maintenance is estimated to need additional repair in 5 years

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$0	\$3,903,000	\$3,903,000
Current change	\$0	-\$2,041,000	-\$2,041,000
Revised estimate	\$0	\$1,862,000	\$1,862,000

Annual Budget Status and Source of Funds

This project is included in the environmental remediation and liability program for which funding is approved annually. This project has utilized funding approved in 2018 for design in 2019 and will utilize funding approved in 2019 for construction in 2020.

This project is funded by the tax levy.

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Financial Analysis and Summary

Project cost for analysis	1,935,000
Business Unit (BU)	Joint Venture
Effect on business performance (NOI after depreciation)	NA
NPV (if relevant)	\$8,366,000
CPE Impact	

Discount rate of 6.1%

Assumes cap repair in 5 years and replacement in 10 years and 45 years

Future Revenues and Expenses (Total cost of ownership)

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS.

November 19, 2019 – The Commission authorized the (1) spending of environmental remediation funds for 2020 in the amount of \$28,730,000 and (2) a five-year spending plan for \$123,312,000 for the environmental remediation liability (ERL) program for 2020-2024.

November 13, 2018 – the Commission authorized the (1) spending of environmental remediation funds for 2019 in the amount of \$17,025,000 and (2) a five-year spending plan for \$116,026,000 for the environmental remediation liability (ERL) program for 2019-2023.