

PROJECT ACTION MEMO

Port of Tacoma Commission



Item No: 6D
Meeting Date: 6/17/25

DATE: June 9, 2025

TO: Port of Tacoma Commission

FROM: Eric Johnson, Executive Director
Sponsor: Jason Jordan, Sr. Director, Environmental and Planning Services
Project Manager(s): Scott Hooton, Environmental Project Manager II, Elly Bulega,
Engineering Project Manager II

SUBJECT: PQ Interim Action Project Authorization (Project ID #092839)

A. ACTION REQUESTED

Request project authorization in the amount of \$8,883,900 for a total authorized amount of \$10,365,900, for work associated with the former PQ Facility, Project ID #092839 and placeholder 2017-58POT. Placeholder will be activated as part of the mid-year CIP update.

Strategic Plan Initiative:

EL-1. Remediate contaminated Port properties in a manner that ensures protection of human health and the environment while enabling economic development.

EV-3. Develop and support land use and infrastructure policies that protect the cargo supply chain and promote a robust employment base.

B. SYNOPSIS

The purpose of this authorization is to remediate legacy contamination associated with Port Parcels 114 and 65 to enable the productive use of 30.48 acres of underutilized land assets. The Port of Tacoma (Port) is negotiating a lease agreement for the redevelopment of the property by a new user (Project Neptune). This request provides funding for staff, consultant expertise, and general contractor resources for remediation of the former PQ Facility (PQ).

C. BACKGROUND

The former PQ facility located at 1202 Taylor Way was purchased by the Port on April 1, 2008. PQ retained liability for all costs and expenses related to the release of hazardous substances caused by PQ, and the Port cross-indemnified PQ for any other hazardous substances. Testing conducted after the sale showed that releases of petroleum, metals, sodium silicate, and materials high in pH occurred on the property. PQ admitted that petroleum was released because of its operations, while also maintaining that some contamination was entrained in fill materials placed on the property prior to the construction of the PQ facility in the early 1940s.

The Port entered this site into Ecology's Voluntary Cleanup Program ("VCP") in order to develop a reliable estimate of future cleanup costs. The Commission authorized funding to complete the Remedial Investigation, Feasibility Study and Cleanup Action Plan in July 2013.

Commission approved an Interim Cost-Sharing Agreement with PQ in March 2016. Under the agreement, PQ reimbursements total approximately \$725,000 of the \$1.3M expenditures incurred by the Port. Ecology has not approved the remedial approach outlined in the Remedial Investigation/Feasibility Study submitted in 2020 and resubmitted in 2023. Instead, Ecology issued a “Further Action” letter dated August 8, 2024, requesting the evaluation of a remedial alternative that removes more source material and provides greater groundwater treatment. Since that time, PQ and the Port have not been able to agree regarding the response to Ecology’s request. Following Commission approval, the Port sent PQ a cancellation notice for the Interim Agreement on April 15, 2025.

The Port is in the process of negotiating a lease agreement for the redevelopment of the property for a new user (Project Neptune). An Ecology-approved remedial alternative is desired to integrate remediation and redevelopment and support cost recovery. Alternatively, the Port may perform an independent action that is the substantial equivalent of an Ecology-conducted or Ecology supervised remedial action as provided in WAC 173-340-545.

Remediation of the property is a prerequisite to redevelopment.

D. PROJECT DETAILS

Scope of Work for this Request:

- Interim Action Workplan Development
- Engineering Design and Bidding Documents
- Remedial Construction
 - Removal of contaminated soil in the stormwater ditch, debris filled area and manufacturing area
 - pH adjustment in manufacturing area groundwater
- Construction documentation and Ecology reporting
- Post-construction monitoring
- Feasibility Study update and Cleanup Action Plan submittal

Construction Schedule:

Advertise for Bid	July 2025
Open Bids	August 2025
Contract Execution	September 2025
Substantial Completion	November 2025
Final Completion	December 2025

Following final completion, the Feasibility Study and the Cleanup Action Plan will be updated and submitted to Ecology in early 2026.

E. FINANCIAL SUMMARY

Estimated Cost of Project

The total project cost including all stages is estimated at \$10,365,900.

Estimated Cost for This Request

The total estimated cost of design, construction, monitoring and reporting for this project is \$8,482,000. If the cost of this estimate is anticipated to exceed the authorized amount, additional Commission authorization will be requested.

Cost Details

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
TOTAL	\$8,883,900	\$1,482,000	\$10,365,900	\$10,365,900	\$1,013,469	\$9,352,431

Source of Funds

The current Capital Investment Plan (CIP) allocates \$2,442,000 for this project. Funding necessary to complete this effort will be reprogrammed as part of the 2025 mid-year CIP update.

Financial Impact

Project costs will be capitalized as a land improvement and will not be depreciated.

F. **ECONOMIC INVESTMENT/JOB CREATION**

Remediation will facilitate property redevelopment and return to productive use. Employment opportunities will arise during remediation, construction of future improvements, and long-term leasing of the property.

G. **ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS**

Alternative 1) Do nothing. Ecology will remove this project from the Voluntary Cleanup Program, which would affect plans for leasing the property for redevelopment.

Alternative 2) This request.

Alternative 2 is the recommended course.

H. **PREVIOUS ACTIONS OR BRIEFINGS**

Date	Action	Amount
July 16, 2013	RI/FS/DCAP Project Authorization	\$837,000
March 17, 2016	PQ Interim Cost Sharing Agreement Authorization	\$0
May 21, 2020	Executive Session Briefing	\$0
November 19, 2020	Project Authorization Increase	\$50,000
February 17, 2022	Project Authorization Increase	\$595,000
April 15, 2025	Executive Session Briefing	\$0
April 15, 2025	Consent Agenda	\$0
TOTAL		\$1,482,000

I. **NEXT STEPS**

Complete design and remedial construction in 2025. Update feasibility study and cleanup action plan after construction is completed. Pursue available cost recovery actions against the former property owner.