

# PROJECT ACTION MEMO

Port of Tacoma Commission



Item No: 6B  
Meeting Date: 11/6/25

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**DATE:** October 29, 2025  
**TO:** Port of Tacoma Commission  
**FROM:** Eric Johnson, Executive Director  
Sponsor: Debbie Shepack, Sr. Director Real Estate  
Project Manager, Engineering: Brett Ozolin, Project Manager II  
Project Manager, Environmental: Scott Hooton, Project Manager II  
**SUBJECT:** Arkema Agreed Order Amendment and Arkema Mfg Area Interim Action (Parcel 99)  
Project Authorization Increase for Construction  
(Master ID # 101585.01)

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**A. ACTIONS REQUESTED**

1. Request authorization to enter first amendment to Agreed Order No. DE 5668 with the Washington Department of Ecology at the Arkema 2901 Taylor Way Site.
2. Request project authorization in the amount of \$8,320,000, for a total authorized amount of \$10,862,000, for construction of the Phase 1 interim action and other work associated with the Arkema Mfg. Area Interim Action (Parcel 99) project, Project Identification No. 101585.01.

**Strategic Plan Initiative: EV-1, EV-2, EL-1**

**B. SYNOPSIS**

The former Arkema Manufacturing Property purchased by the Port of Tacoma (Port) is subject to a 2011 Ecology Agreed Order that requires the Port to complete a Remedial Investigation (RI), Feasibility Study (FS) and Cleanup Action Plan (CAP) under the Model Toxics Control Act (MTCA).

Ecology has approved an Interim Action Work Plan (IAWP) that includes: (1) installation of a low permeability barrier wall around the Penite Pits, and (2) capping less impacted areas of the property. The barrier wall is proposed to contain the area with the highest concentrations of arsenic and retard the migration of arsenic in groundwater towards the Hylebos Waterway. Site capping (asphalt cap) is proposed to reduce aquifer recharge and isolate remnant contamination from human contact. The asphalt cap will be constructed to support high and heavy cargo use. This authorization will enable Ecology to solicit public comments to formalize the approval of the IAWP. The authorization will fund the Port to move forward with construction of the barrier wall and site stormwater outfalls (Phase 1). The outfalls are also necessary for stormwater management when the property is fully built out for commercial use. Construction of asphalt capping and site restoration for commercial use will follow barrier wall construction within 1 to 3 years (Phase 2) and is not included in this authorization.

**C. BACKGROUND**

The former 77.6-acre Arkema Property was purchased by the Port of Tacoma (Port) on May 31, 2007, and consists of three parcels: 2901, 2920, and 3009 Taylor Way. The Port assumed all remaining environmental cleanup obligations associated with the property under the purchase and sale agreement. The 2901 and 2920 Taylor Way properties are subject to a 2011 Ecology Order requiring the Port to complete a Remedial Investigation (RI), Feasibility Study (FS) and Cleanup Action Plan (CAP) under the Model Toxics Control Act (MTCA). Although substantial remediation was performed by the prior owner, a large mass of arsenic remains in the Penite Pits area located upland of a sheet pile wall and the Hylebos Waterway. Arsenic migration towards surface water and direct human contact with contaminated materials are the primary drivers for corrective action.

Approximately 40 acres of the manufacturing complex remain available for redevelopment. Other portions of the property have been redeveloped (Arkema Mound) or transferred as part of other real estate agreements (Wypenn).

The draft FS was submitted to Ecology in April 2021 to select a commercially feasible option for the long-term remediation and redevelopment of the property. The FS evaluated seven (7) different remedial alternatives with estimated future costs ranging from \$11M to \$196M. The cost of the recommended alternative (hot-spot soil removal, capping, institutional controls, and monitoring) was \$26M. The restoration timeframes (a MTCA remedy selection criteria) for each remedial alternative were estimated using a sophisticated numerical groundwater and contaminant transport model. The estimated restoration timeframe for each alternative is inordinately long compared to most MTCA cleanups (thousands of years to meet groundwater criteria throughout the site).

Ecology did not approve the recommended remedy in the 2021 draft FS, raising concerns about: (1) the arsenic concentrations in the Penite Pits area; (2) potential migration through the sheet pile wall; (3) the source and intensity of a potential arsenic source in the “wedge” seaward of the sheet pile wall; and (4) potential arsenic concentrations in surface water areas that remained untested. Ecology has also requested the evaluation of an additional alternative that removes, treats, or contains more soil mass to reduce sources of arsenic to surface water and groundwater. Agreement to an arsenic concentration threshold for soil removal has not been reached.

In August 2023, Commission provided authorization for staff to address those concerns by implementing a work plan approved by Ecology in July 2023 (Expanded Response to Comments Data Gaps Investigation Work Plan, June 23, 2023). This additional investigation, coordination and study work is ongoing under Ecology Agreed Order DE 5668, Master Identification No. 096201. Expenditures under MID 096201 for the RI and FS total \$6,705,858 to date and are tracked separately from MID 101585.01 for this design and construction authorization request.

With the FS work ongoing concurrently, Ecology’s Toxics Cleanup Program staff supported development of an IAWP to place an environmentally protective asphalt cap over approximately 24 acres of the property and install a barrier wall around the Penite Pits – the most highly contaminated area. With this approach, the FS will be completed after the completion of the interim action(s). The wall's performance will be a key factor in the scope of future remedial actions required by Ecology, either in the revised FS or additional interim action(s).

From the start of IAWP development, project planning assumed site construction work would be phased. The proposed alignment of the barrier wall is in the center of the site. Additional remedial work such as in-situ stabilization or source material excavation will occur within the wall alignment. This area cannot be economically capped until the final remedy is identified. The wall area encompasses approximately 10-acres within the 40-acre upland manufacturing area. An approximate 6-acre area in the northern portion of the site (North Boundary Area (NBA)) is under a separate Ecology order and not immediately available for capping. Due to ongoing Ecology review and remediation in these two areas, only 24 acres of the manufacturing area are considered under the IAWP. The 40-acre site design incorporates these constraints through phasing and dividing site areas by drainage basins and drainage infrastructure. The design approach supports potentially incremental cap and site development construction, so portions of the site could be capped in alignment with market demands or available grant funding. The current plan is to construct the wall and then begin asphalt cap construction within two to three years. While the Agreed Order mandates the start of cap installation within about three years of wall construction completion, cap implementation could be accelerated at the discretion of the Port. The asphalt cap includes earthworks, paving, drainage, some utilities and other site work associated with break bulk industrial yards. Schedule and additional project development considerations are discussed in the following sections.

The previous authorization requests funded design, permitting and ecology coordination for the barrier wall and asphalt cap within the entire 40-acre upland manufacturing area. The 100% design for the barrier wall and asphalt cap is progressing on schedule and within budget. This amendment to Agreed Order DE 5668 is a prerequisite to implementing the IAWP. Additionally, Port staff are requesting construction funding for site asphalt capping after barrier wall and stormwater outfall construction.

**D. AGREED ORDER AMENDMENT TERMS**

The amendment incorporates by reference all of the terms in Agreed Order DE 5668, which was executed in 2011. The amendment requires the implementation of the IAWP, with a schedule for construction and associated deliverables. The completion dates require construction of the barrier wall within two dry weather construction seasons. The start of cap construction is tied by various reporting milestones to the completion of the barrier wall. Depending on timing elements and milestones, procurement for construction of the cap shall begin about 18 months after barrier wall completion and finish within two dry construction seasons.

TASKS	COMPLETION TIMES
Submit 90% construction plans and specifications for barrier wall	Within 120 days after the agreed order amendment effective date
Submit 100% (final) construction plans and specifications for barrier wall	Within 90 days after receipt of Ecology comments on the 90% construction plans and specifications
Begin Contractor procurement for barrier wall	Within 90 days after receiving Ecology approval of the 100% (final) construction plans and specifications
Complete barrier wall construction	Within two dry weather construction seasons following Ecology’s approval of the 100% (final) construction plans and specifications

Submit draft barrier wall construction completion report	Within 150 days after completion of barrier wall construction
Submit final barrier wall construction completion report	Within 60 days after receipt of Ecology comments on the draft barrier wall construction completion report
Submit 90% construction plans and specifications for 24-acre asphalt cap	Within 180 days after approval of the final barrier wall construction completion report
Submit 100% (final) construction plans and specifications for 24-acre asphalt cap	Within 120 days after receipt of Ecology comments on the 90% construction plans and specifications
Begin Contractor procurement for 24-acre asphalt cap	Within 90 days after receiving Ecology approval of the 100% (final) construction plans and specifications.
Complete 24-acre asphalt cap construction	Within two dry weather construction seasons following completion of the Contractor procurement for 24-acre cap
Submit draft 24-acre asphalt cap construction completion report	Within 150 days after completion of 24-acre asphalt cap construction
Submit final 24-acre asphalt cap construction completion report	Within 60 days after receipt of Ecology comments on the draft 24-acre asphalt cap construction completion report

**E. PROJECT DETAILS**

The first objective of this authorization request is for commission approval to accept the amendment to the Agreed Order to finalize the IAWP. By accepting the amendment terms, the Port will be obligated to build the containment wall and asphalt cap per the completion times established in the amendment. The Department of Ecology has approved the IAWP subject to public comment and local agency input. The amended order will be formally issued when these processes are complete. If the public comment process produces any material comments or changes to the amendment terms or information presented in this memo, the project team will return to commission for review and approval.

The second objective of this authorization request is to provide funding to build a containment wall and storm drainage outfalls for the 40-acre site.

***Scope of Project:***

- Ecology coordination, interim action work plan development and approval
- Design, permitting and construction of a barrier wall around the Penite Pit area
- Design, permitting and construction of 24-acres of asphalt cap
  - Demolition, Earthworks, Storm Drainage, Lighting, Fire Protection, Paving, Fencing, Driveways
- Interim action implementation reporting
- Feasibility Study and Cleanup Action Plan

**Scope of Work for This Request:**

- Authorize the Port of Tacoma Executive Director to enter first amendment to Agreed Order No. DE 5668 with the Washington Department of Ecology at the Arkema 2901 Taylor Way Site.
- Construct barrier wall, permanent outfalls for the 40-acre site, and temporary drainage to permanent outfalls
- Ecology coordination, data collection, monitoring and reporting for Phase 1 IAWP construction

**F. SCHEDULE**

Project schedule and milestones are tied to Ecology reviews, approvals and seasonal weather constraints and are therefore fluid. The project team carefully negotiated the tasks and completion times in the Agreed Order Amendment with Ecology with consideration to remediation urgency and the need for implementation flexibility.

The current plan is to complete NBA related work so the associated 6-acres can be combined with the 24-acre IAWP area for a 30-acre development contract. The tables below outline the current proposed schedule for the two phases of work.

**Barrier Wall and Outfalls – Phase 1 (this request)**

<b>AO Amendment Executed</b>	<b>February 2026</b>
<b>Advertise for Bid</b>	<b>February 2026</b>
<b>Award Contract</b>	<b>March 2026</b>
<b>Substantial Completion</b>	<b>Q4 2027</b>
<b>Final Completion</b>	<b>Q4 2027</b>

**Asphalt Cap – Phase 2 (future)**

<b>Complete Design and Coordination</b>	<b>2026</b>
<b>Advertise for Bid</b>	<b>2028</b>
<b>Award Contract</b>	<b>2028</b>
<b>Substantial Completion</b>	<b>2028 - 2029</b>
<b>Final Completion</b>	<b>2029- 2030</b>

**G. FINANCIAL SUMMARY**

**Estimated Cost of Project**

The estimated cost for the work under this authorization request is \$8,320,000 to construct the barrier wall and site outfalls. However, the agreed order amendment will obligate the Port to implement the entirety of the IAWP and incur the costs associated with site capping. The estimated cost of the complete project is \$40,862,000.

**Cost Details**

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
DESIGN	\$ 0	\$ 2,542,000	\$ 2,542,000	\$ 2,542,000	\$ 1,448,000	\$1,094,000
CONST. – WALL	\$ 8,320,000	\$0	\$ 8,320,000	\$ 8,320,000	\$ 0	\$ 8,320,000
CONST. - CAP	\$ 0	\$0	\$ 0	\$ 30,000,000	\$	\$ 30,000,000
<b>TOTAL</b>	<b>\$ 8,320,000</b>	<b>\$ 2,542,000</b>	<b>\$ 8,320,000</b>	<b>\$ 40,862,000</b>	<b>\$ 1,448,000</b>	<b>\$ 39,414,000</b>

**Source of Funds**

The proposed 2025-2030 Capital Investment Plan (CIP) budget allocates \$37,550,000 and a total project cost of \$39,042,000 to fund completion of the barrier wall and 24-acre asphalt cap as part of the interim remedial action plan. The budget will be revised as necessary to accommodate changes in the scope of work and to reflect more accurate cost estimates as the design phase of the project advances. This does not include funds for work in the 6-acre NBA area, additional FS/CAP work within the barrier wall, or the final asphalt cap within the 10-acre barrier wall area as they are being addressed under project IDs 101501.01 and 10227.01.

**Financial Impact**

Project costs will be capitalized and depreciated over the useful life of the assets. The capping will be capitalized and depreciated over an estimated 10-year life resulting in an annual depreciation expense of \$3,209,000. The wall will be capitalized and depreciated over an estimated 20-year life resulting in an annual depreciation expense of \$439,000.

Grant reimbursements of \$3,103,822 have been received to date. Additional grant funding of \$12,011,985 is pending award and will become available after the agreed order amendment is effective. Grant funds will be recorded as non-operating income when reimbursement is requested.

**H. ENVIRONMENTAL IMPACTS/REVIEW**

Permitting: SEPA will be completed, and all applicable environmental and construction permits will be obtained prior to starting construction.

Remediation: Ecology and the Port agree that an interim action to decrease arsenic transport towards surface water and sediments in the Hylebos Waterway is warranted prior to the selection of a final cleanup action.

Stormwater: The design will include stormwater treatment prior to discharge to the Hylebos Waterway. A construction stormwater permit will be obtained and compiled with during construction. The site will fall under the Port’s Municipal Separate Storm Sewer Systems (MS4) permit or Industrial Stormwater General Permit as applicable based on the site use and activities.

Air Quality: No significant air quality issues or concerns are anticipated.

**I. PREVIOUS ACTIONS OR BRIEFINGS**

<b>Date</b>	<b>Action</b>	<b>Amount</b>
April 21, 2022	Commission Authorization	\$320,000
August 15, 2023	Commission Authorization	\$1,007,000
July 16, 2024	Commission Project Authorization	\$1,215,000
<b>TOTAL</b>		<b>\$ 2,542,000</b>

**J. ATTACHMENTS TO THIS REQUEST**

First amendment to Agreed Order No. DE 5668 with the Washington Department of Ecology at the Arkema 2901 Taylor Way Site.

**K. NEXT STEPS**

Complete the Phase 1 IAWP construction of the barrier wall, permanent outfalls for the 40-acre site, and temporary drainage to permanent outfalls. Complete final design for the asphalt cap and return to Commission for Phase 2 construction authorization for capping.

Complete the FS data gaps report, update the FS and develop a dCAP.