

# PROJECT ACTION MEMO

Port of Tacoma Commission



Item No: 6B  
Meeting Date: 6/16/26

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**DATE:** June 8, 2026  
**TO:** Port of Tacoma Commission  
**FROM:** Eric Johnson, Executive Director  
Sponsors: Debbie Shepack, Sr. Director Real Estate & Jason Jordan, Sr. Director  
Environmental & Planning  
Project Manager: Brett Ozolin, Engineering Project Manager II  
**SUBJECT:** Arkema Manufacturing Area Project Authorization Increase (Project ID #101585.01)

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A. **ACTION REQUESTED**

Request project authorization in the amount of \$2,000,000 for a total authorized amount of \$12,862,000, for work associated with the Arkema Manufacturing Area, Project ID #101585.01.

**Strategic Plan Initiatives:**

EV 1: Strategically acquire and develop real estate to support marine trade activity of the Port and The Northwest Seaport Alliance.

EV 2: Invest in assets that support living-wage job creation throughout Pierce County.

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

B. **SYNOPSIS**

The Port of Tacoma's former Arkema Manufacturing Property is subject to a 2011 Ecology Agreed Order requiring completion of a Remedial Investigation (RI), Feasibility Study (FS), and Cleanup Action Plan (CAP) under the Model Toxics Control Act (MTCA). Ecology approved an Interim Action Work Plan (IAWP) that includes installing a containment wall around the Penite Pits and capping less impacted areas. The amended Agreed Order authorizing the IAWP was signed on April 14, 2026.

On November 6, 2025, the Port Commission authorized Phase 1 construction funding for the containment wall, along with coordination, data collection, monitoring, and reporting to verify performance. After approval, staff identified that demolition work planned for Phase 2 must be completed in Phase 1. This scope shift, higher demolition unit costs, and design refinement have increased the Phase 1 construction estimate by \$2,000,000.

C. **BACKGROUND**

The previous commission authorization action memo is attached to this request that provides a more comprehensive site and project background.

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

While the FS is underway, Ecology's Toxics Cleanup Program supported an Interim Action Work Plan (IAWP) to install an environmentally protective asphalt cap over about 24 acres and construct a containment wall around the Penite Pits, the site's most contaminated area. How the wall performs will help determine the scope of future remedial actions required by Ecology. The current plan is to begin Phase 1, construction of the containment wall, in 2026, followed by Phase 2, asphalt cap construction, within two to three years. Phase 3 would cap the NBA and integrate that 6-acre area with the 24-acre Phase 2 area. Phase 4 would address additional source control within the containment wall, which may include dig-and-haul, in-situ treatment, or no further action. Phase 5 would install the final permanent cap over the 9-acre wall area and integrate all phases of work.

The November 6, 2025, Commission action included two requests. The first request provided authorization to enter the first amendment to the Agreed Order No. DE 5668 with the Washington Department of Ecology at the Arkema site. Signing the amendment enabled Ecology to issue the IAWP for public comment and advance their review and coordination of the proposed work. This approval was critical for advancing the design and continued project coordination with Ecology. The second request was for construction authorization for containment wall construction. At the time of the request, the estimated cost of containment wall construction had not significantly changed through several design review cycles. Subsequent advancement of the design identified additional cost items that could not be funded by the project's contingency.

Remnant foundation demolition is the main reason additional construction authorization is needed. Phase 1 (containment wall) and Phase 2 (site capping) were developed as separate design packages with separate estimates, but as design progressed, some Phase 2 work had to shift into Phase 1. When the estimates were combined to set the Phase 1 construction budget, demolition of several remnant foundations, asphalt pavement, and other debris was not fully transferred from the site capping estimate.

The containment wall will sit within a 9-acre area with remnant foundations, concrete slabs, and asphalt surfaces in and near the wall alignment. Materials within the wall area must be removed so the interior can be graded and temporarily capped for drainage, and adjacent foundations must also be removed to build drainage basins and provide contractor access. Earlier estimates covered only demolition in the wall footprint corridor, not the full 9-acre work area. Some demolition will remain in Phase 2, but much of that cost must now move to Phase 1; some remaining foundations may be used for material storage.

Demolition costs also rose because the demolition area expanded and some unit prices quadrupled. After learning that similar demolition work at the former Occidental Chemical site encountered historic foundations larger and deeper than expected, the Arkema design team core-drilled several foundations in March 2026. The drilling showed that foundations and slabs were up to three times thicker than anticipated.

As a result, demolition quantities, unit rates, and total costs increased. Phase 1 demolition costs rose by \$1,200,000, and about \$1,400,000 with contingency. Phase 2 had included about \$2 million in demolition costs, and after combining the estimates, about 60% to 75% of those Phase 2 demolition costs are now expected to be incurred in Phase 1.

Another \$300,000 increase is for imported backfill needed for storm drainage trenches. The Phase 2 estimate assumed high-quality fill would be available from broader site fill work, but that material is not available in Phase 1 and must now be imported. The remaining increase reflects smaller changes across several cost items.

Staff considered options to reduce the amount of demolition work shifted from Phase 2 to Phase 1 and stay within the previously authorized construction budget. The team estimates that about \$350,000 of demolition work outside the wall could be deferred to Phase 2, but doing so would require an additional \$40,000 to \$50,000 in consulting fees to revise the design and would extend the schedule. As a result, staff does not recommend this option. The current design removes all remnant materials within the 9.6-acre wall area to create a clean workspace and prepare the site for Phases 4 and 5. Deferring this work would require another mobilization of demolition equipment, complicate coordination, and increase costs.

The financial impact is a \$600,000 increase in the estimated total project cost, from \$40,862,000 in the previous authorization request to \$41,462,000 in this request. The estimated Phase 2 construction cost decreases by \$1,400,000, from \$30,000,000 in the previous authorization request to \$28,600,000 in this request.

#### Project Risk

The City of Tacoma commented that the proposed interim action work is within Marine Shoreline and Wetland buffers and may require mitigation for removed vegetation. Staff have advised Ecology that the remediation work is self-mitigating, but Ecology has not yet made a final determination. If Ecology requires mitigation or design changes for shoreline buffers in response to the City of Tacoma's substantive comments, staff will return to the Commission for additional authorization. This additional project authorization is being requested before a final determination is made to keep the project on schedule and meet permit and grant reimbursement milestone.

#### D. **PROJECT DETAILS**

##### ***Scope of Project:***

- Ecology coordination, interim action work plan development and approval
  - Enter first amendment to Agreed Order No. DE 5668 with the Washington Department of Ecology to implement an Interim Action at the Arkema 2901 Taylor Way Site - Completed
- Design and permitting of a containment wall around the Penite Pit area (Phase 1) – Completed
- Construction of Phase 1
- Design of 39-acre site at buildout (Phases 1 through 5) – 80% complete
- Design of Phase 2 and Right-of-Way Work Order Drawings – 80% complete
- Permitting and construction (Phase 2) of 24-acres of asphalt cap

- Demolition, Earthworks, Storm Drainage, Lighting, Fire Protection, Paving, Fencing, Driveways
- Interim action implementation reporting

**Scope of Work for This Request:**

- Additional project authorization for Phase 1 construction

**Schedule:**

<b>Advertise for Bid</b>	June 23, 2026
<b>Open Bids</b>	August 4, 2026
<b>Notice of Award</b>	August 14, 2026
<b>Substantial Completion</b>	October 15, 2027
<b>Final Completion</b>	November 15, 2027

**E. FINANCIAL SUMMARY**

**Estimated Cost of Project**

The estimated cost for the work under this authorization request is \$10,220,000 to construct the barrier wall and site outfalls and complete baseline sampling and interim action monitoring. However, the agreed order amendment obligates the Port to implement the entirety of the IAWP and incur the costs associated with site capping. The estimated cost of the complete IAWP (Phase 1 and Phase 2) is \$41,462,000.

**Estimated Cost for This Request**

The total estimated cost for the Phase 1 work is \$12,862,000 including design and construction.

**Estimated Sales Tax**

The total estimated sales tax to be paid to local and state governments for this project is \$627,000.

**Cost Details**

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
<b>DESIGN</b>	\$ 0	\$ 2,542,000	\$ 2,542,000	\$ 2,542,000	\$ 1,900,000	\$642,000
<b>CONST. – WALL</b>	\$ 2,000,000	\$8,320,000	\$ 10,320,000	\$ 10,320,000	\$ 0	\$ 10,320,000
<b>CONST. - CAP</b>	\$ 0	\$0	\$ 0	\$ 28,600,000	\$ 0	\$ 28,600,000
<b>TOTAL</b>	\$ 2,000,000	\$ 10,862,000	\$ 12,862,000	\$ 41,462,000	\$ 1,900,000	\$ 39,562,000

**Source of Funds**

The proposed 2026-2030 Capital Investment Plan (CIP) budget allocates \$37,090,000 and a total project cost of \$38,780,000 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 \$2,907,000. The wall will be capitalized and depreciated over an estimated 20-year life resulting in an annual depreciation expense of \$525,000.

Grant reimbursements of \$3,627,000 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.

**F. 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 followed 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’s use and activities.

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

**G. PREVIOUS ACTIONS OR BRIEFINGS**

Date	Action	Amount
April 21, 2022	Commission Authorization	\$320,000
August 15, 2023	Commission Authorization	\$1,007,000
July 16, 2024	Commission Project Authorization	\$1,215,000
November 6, 2025	Commission Project Authorization	\$8,320,000
<b>TOTAL</b>		<b>\$10,862,000</b>

**H. ATTACHMENTS TO THIS REQUEST**

- Attachment - 6B - MEMO - Arkema AO Amend & Project Authorization Increase (November 6, 2025 Meeting)

I. **NEXT STEPS**

The next step in the project is to bid and construct Phase 1. When the Port is ready to construct Phase 2, the design will be updated and finalized with as-built Phase 1 work for permitting and construction authorization. Additional project authorization will be requested for Phase 2 permitting and construction funding.