



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8g

**ACTION ITEM**

**Date of Meeting** April 14, 2026

**DATE:** March 17, 2026

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

**FROM:** Amy Kiessling, Capital Project Manager III, Waterfront Project Management  
Stephanie Jones Stebbins, Managing Director, Maritime

**SUBJECT: Terminal 5 Upland Projects Authorization for Environmental Remediation Liability Costs Related to CIP#s C800988 and C801340**

**Amount of this request:** \$6,318,000

**Total estimated cost:** \$6,318,000

**ACTION REQUESTED**

Request Port of Seattle Commission authorization for the Executive Director or their delegate to authorize spending \$6,318,000 of Environmental Remediation Liability (ERL) costs for the disposal of legacy contaminated soil from the Terminal 5 Upland projects authorized under the Terminal 5 Berth Modernization Management Reserve (CIP 800988) and the Terminal 5 Modern 3<sup>rd</sup> Lease Amendment Capital Improvement Plans (CIP 801340).

**EXECUTIVE SUMMARY**

This authorization is requested to dispose of an estimated 86,000 tons of contaminated soil and slag from the following four authorized Northwest Seaport Alliance (NWSA) projects all located in the upland area of Terminal 5 (T5):

- T5 North Reefer Infrastructure Project (U00649): Project will add electrical capacity to power an additional 960 refrigerated containers, bringing the total grid-tied storage capability up to 1,554.
- T5 New Gate Complex Project (U00673): Project will construct a new truck gate complex to allow for greater on-terminal queueing capacity.
- T5 Phase II Uplands Paving Project (U00708): Project will rehabilitate the surface infrastructure in the southern half of the terminal.
- T5 Container Yard Expansion Project (U00712): Project will redevelop six acres to increase cargo container handling capacity.

The soil and slag are not suitable for disposal as clean construction and demolition debris and instead have been or will be disposed of as Subtitle D, Subtitle D Direct Haul, or Subtitle C Direct Haul material.

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**JUSTIFICATION**

Per GASB No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations, an obligatory event was triggered when a contractor’s notice to proceed was issued requiring export and disposal of soil to a Subtitle D facility. Per NWSA Charter at Section 3.2(b), where soil or other materials is re-disturbed or removed as part of a Port Development Authority (PDA) (i.e., NSWA) project, the relevant Homeport shall be responsible for the incremental cost of disposal of legacy contamination that pre-dated NWSA operations (i.e., the additional cost to dispose of contaminated materials above the cost to dispose of clean materials).

***Diversity in Contracting***

The Diversity in Contracting Department determined a DBE participation goal of 35%. DBE attainment to date is 24.61% and is expected to meet or exceed the goal.

**DETAILS**

Soil testing for each project determined that, due to the levels of contamination present, all soil removed from the Terminal 5 uplands projects must be disposed of at approved landfill facilities. Remnant slag was discovered in two areas. The soil and slag for all these projects contains legacy contamination that pre-dates NWSA formation and is therefore a Homeport responsibility.

***Schedule***

NWSA MM construction authorization	2023 Q3
Construction start ranges	2025 Q1 to 2026 Q2
In-use date ranges	2026 Q1 to 2026 Q4

***Cost Breakdown***

	Reefer (U00649)	Gate (U00673)	Paving (U00708)	Yard Exp (U00712)	Total
<b>NWSA COSTS</b>					
Design/Soft Costs	\$5,642,275	\$3,900,884	\$1,504,879	\$2,406,206	\$13,454,244
Construction*	\$29,776,855	\$10,651,058	\$15,809,968	\$15,868,913	\$72,106,794
Total Project	\$35,419,130	\$14,551,942	\$17,314,847	\$18,275,119	\$85,561,038
<b>Incremental Soil Disposal Cost Details</b>					
NWSA Soil Disposal Cost	\$545,730	\$213,210	\$1,100,240	\$709,500	\$2,568,680

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**Cost Breakdown, Cont.**

	Reefer (U00649)	Gate (U00673)	Paving (U00708)	Yard Exp (U00712)	Total
<b>PORT ERL Cost</b>	\$1,753,145	\$619,942	\$2,483,032	\$1,461,881	<b><u>\$6,318,000</u></b>
Total Contaminated Soil Disposal Costs	\$2,298,875	\$833,152	\$3,583,272	\$2,171,381	\$8,886,680
<i>*Port Environmental Remediation Liability (ERL) Costs are not included in the NWSA Construction Costs</i>					

The Port records an environmental remediation liability (ERL) when its obligation is sufficiently certain and the costs can be reasonably estimated. When the liability is booked, the Port also recognizes an expense in the current period. These liabilities and forecasts are developed in accordance with GASB 49.

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

The four projects are lease obligations between the NWSA and SSA Terminals. The reefer and gate projects are under construction and will reach substantial completion in Q1 and Q2 2026. The paving project and container expansion projects are in progress; both will be in construction in Q2 2026 and reach substantial completion between Q3 and Q4 of 2026. There is no alternative but to recognize the obligatory event under GASB 49 (AC-9) as an environmental remediation liability. Any change to the agreement in the NWSA Charter Agreement that each homeport is responsible for its own legacy contamination would require NWSA Managing Members’ authorization and is not recommended.

Use Port funds to dispose of the soil from the NWSA T5 uplands projects.

Cost Implications: Additional funding of \$6,318,000 from the Port of Seattle.

Pros:

- (1) Port compliance with GASB No. 49, Accounting and Financial Reporting for Pollution Remediation Obligations (AC-9).
- (2) Port adherence to NWSA Charter Section 3.2(b) regarding homeport legacy soil disposal responsibilities.

Cons:

- (1) Additional funding of \$6,318,000 from the Port of Seattle.
- (2) \$2.4M of the request is an unplanned 2025 expense to the Fund.

***This is recommended.***

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**FINANCIAL IMPLICATIONS**

<i>Authorization Summary</i>	Capital	Expense	Total
<b>AUTHORIZATION</b>			
Previous authorizations	\$0	\$0	\$0
Current request for authorization	\$0	\$6,318,000	\$6,318,000
Total authorizations, including this request	\$0	\$6,318,000	\$6,318,000
Remaining amount to be authorized	\$0	\$6,318,000	\$6,318,000

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

\$3.9M of the \$6.3M total has been allocated to the Port’s ERL for 2026. The remaining \$2.4M was an unplanned expense that has been accrued to 2025. All funding will come from the Port’s Environmental Legacy Fund or Tax Levy.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation Slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- June 4, 2024 – The NWSA Managing Members approved use of “design-build” as an alternative to “design-bid-build: for the Terminal 5 Container Expansion Project, U00712.
- August 1, 2023 – The NWSA Managing Members authorized for the Chief Executive Officer or their delegate to enter into the Third Amendment to the Terminal 5 lease with SSA Terminals (Seattle Terminals), LLC eliminating the Phase 1 Plus premise and to certain improvements and the financial responsibility for such improvements and to commence Phase 2 operation on January 1, 2024, in substantially the same form as presented.
- August 2, 2022 – The NWSA Managing Members authorized for the Chief Executive Officer or their delegate to approve the Third Amendment to the Terminal 5 lease with SSA Terminals (Seattle Terminals), LLC to commit early to the Phase 2 of the Terminal 5 Lease eliminating Phase 1 Plus premises and to certain improvements and the financial responsibility for such improvements and to commence Phase 2 operation on January 1, 2024.
- May 2, 2022 – Briefing to NWSA Managing Members informing that NWSA’s Lease Obligations were in progress per the agreements with the Tenant. Work is ongoing to coordinate with the tenant to complete the North Reefer Infrastructure project as a Tenant Reimbursable project to better meet operations and schedule needs.
- July 7, 2021 – The NWSA Managing Members authorized construction for the T5 North Reefer Infrastructure Project.
- July 7, 2021 – The NWSA Managing Members authorized an increase to the Program authorization in the amount of \$50 million, for a total amount of \$390 million, for the Terminal 5 Berth Modernization Program, MID Nos C800132, C800726 and C800988.

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May 20, 2019 – The NWSA Managing Members authorized program authorization to complete work associated with the T5 Modernization Program, CIP No. C800132 and C800726, for T5 Modernization Program Authorization and Uplands Improvement Project & Design Permitting Authorizations.

April 2, 2019 - The NWSA/POS/POT approved funding for program authorization in the amount of \$314,150,000, for a total authorized amount of \$340,000,000 to complete work associated with the Terminal 5 Modernization Program, CIP No. C800132 and C800726.