



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8d

ACTION ITEM

Date of Meeting January 25, 2022

DATE: January 8, 2022

TO: Steve Metruck Executive Director

FROM: Pete Ramels, General Counsel
Elizabeth Black, Senior Port Counsel

SUBJECT: Commission Authorization for the Executive Director to Execute a Settlement Agreement to Recover Environmental Costs

Amount of this request: None

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a settlement agreement with Lockheed Martin Corporation to recover costs associated with the cleanup of Terminal 91 uplands.

SUMMARY

Over several decades, the Port has spent more than \$28.5 million on the environmental cleanup of Terminal 91. The Port is now working to recover both past and future costs from other responsible parties.

Contamination at Terminal 91 resulted from a variety of sources. From the late 1800s through 1920, owners of the area included various railroads, land development companies, and private individuals. The Great Northern Railroad began to develop the area in the 1900s by filling in the area between the Magnolia Bluff and Queen Anne Hill. Fill material was added to the area through 1920. A tank farm operated by Philip Services was constructed in the 1920s and appears to have been operated as a fuel storage facility in the late 1920s and 1930s. The U.S. Navy acquired the entire facility in 1942 and operated the tank farm primarily as a fuel and lubricating oil transfer station until 1972, when the Port leased back the consolidated facility and subleased the tank farm to Philip Services. Philip Services conducted waste oil recovery and wastewater treatment until 1995 when they ceased operation and performed above-ground closure activities. The tank farm was subsequently used for fuel storage and blending until 2003 and was demolished in 2005.

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Under the proposed settlement agreement, Lockheed Martin Corporation will pay the Port \$1.2 million for its share of cleanup costs associated with its contribution to the tank farm, in exchange for a release and indemnity from the Port for potential future Terminal 91 cleanup costs.

This matter was discussed in privileged attorney-client communications. There are no attachments to this memo.