

BOARD OF COMMISSIONERS
THE FABULICH CENTER, ROOM 104
3600 PORT OF TACOMA ROAD, TACOMA, WASHINGTON

COMMISSIONERS PRESENT:

1. Dick Marzano, President
2. Don Meyer, Vice President
3. Clare Petrich, Secretary
4. Don Johnson, 1st Assistant Secretary
5. Connie Bacon, 2nd Assistant Secretary

STAFF PRESENT:

1. John Wolfe, Chief Executive Officer
2. Carolyn Lake, Port Counsel
3. Judi Doremus, Executive Assistant
4. Juliet Campbell, Commission Records

10:00 a.m.: EXECUTIVE SESSION

Commissioner Marzano called the meeting to order and then recessed into Executive Session:

1. Four (4) Litigation/Potential Litigation Items: RCW 42.30.110(i)
2. One (1) Personnel-Annual Review Item: RCW 42.30.110(1)(g)

12:00 Noon: COMMISSION MEETING

1. RETURN TO ORDER:

Commissioner Marzano returned the meeting to order at 12:02 p.m. and a flag salute was performed.

2. CONSENT AGENDA:

- A. Minutes of November 14, 2017; December 4, 2017; December 7, 2017; and December 13, 2017
- B. Check/Wire Certification: Checks #216062 through #216374 and wire transfers in the total amount of \$29,304,473.86 during the period of November 8, 2017 through December 7, 2017 were certified.

Motion was made by Commissioner Meyer; seconded by Commissioner Johnson.

“Approve the above Consent Agenda.”

VOTE: MOTION CARRIED 5-0

3. PUBLIC COMMENT:

John Carlton: Tacoma resident. Spoke about two air quality issues (i) the clean truck program and (ii) real-time air quality monitoring at the Port. He expressed disappointment that the deadline for compliance with the clean truck program was delayed. He stated that by doing so companies/truck drivers that spent money and complied with the original deadline are not seeing the benefit for having done so. He asked that the Port not let another year go by before meeting the deadline. Mr. Carlton also stated he attended a Puget Sound Clean Air Agency meeting regarding the liquified natural gas (LNG) facility being built. He stated that in his opinion the LNG facility is a refinery, not just storage and that the refining process will release toxins into the air. He stated that no overall cumulative test of the Port’s air for carcinogenic toxins has been completed since 2010. He stated he would appreciate real time air quality monitoring in the Port.

Claudia Riedener: Tacoma resident. Stated Pierce County Health Department statistics rate Tacoma and Pierce county as having worse health outcomes than Seattle even though Seattle is denser. She stated that as a government agency the Port should consider the safety of populous its number one priority. Ms. Riedener reminded the Commission that financing comes from property owners who pay to support the Commission and Port staff and that the people have a right to know what is going on. She also expressed concern regarding risks to bearing children in the area citing endocrine disrupters and studies regarding the impact on children’s brains in areas where fracking wells exist and other pollution. She asked that the Commission do everything it can on its part.

Steve Storms: Tacoma resident. Mr. Storms brought up the recent train derailment in Lakewood. He stated that the system was supposedly perfectly designed with all the newest technology and tested for safety, yet the train derailed its very first day causing a terrible accident. Asked that the Commission consider the potential danger of rail carrying fossil fuel cars near an eight million-gallon LNG storage tank and residential areas within the city limits. Asked that the Commission remain cognizant that though things are designed to be indestructible they can be destroyed.

Kyle Jolibois: Tacoma resident. Stated that he feels what the Port is doing regarding LNG is destructive to the people and future generations. He wants to know who monitors the Port Commission. He stated that it appears to him the Commission has more power than the City of Tacoma and asked the Commission to look out for the citizenry.

Richard L: Tacoma resident. Expressed concern over insurance issues when and if the LNG becomes activated. He is also concerned about the type of licensure and oversight that will be required of those charged with manning the controls at the LNG plant. He stated the LNG facility is basically a small nuclear device. He expressed doubt in the sufficiency of the Port and the City of Tacoma being self-insured should a disaster occur. Requested a true risk assessment by an insurer such as Lloyd’s of London take place.

4. ACTION AGENDA:

- A. Adoption of Resolution 2017-12-PT expressing the Commission's support in adding the Puyallup Tribe of Indians as a fourth partner regarding the development of a Subarea Plan for the Tideflats.

Motion was made by Commissioner Meyer; seconded by Commissioner Bacon:

"Adopt Resolution 2017-12-PT formally adding the Puyallup Tribe of Indians as the fourth partner in the Tideflats Subarea planning process; superseding Resolution 2017-03-PT."

Discussion Included:

1. Resolution 2017-12-PT does not authorize the Interlocal Agreement (ILA) for the Tideflat Subarea Plan. It authorizes the Port of Tacoma to enter discussions with the three identified partners about an ILA. Additional discussion and action will need to take place prior to entering an ILA.
2. Resolution 2017-12-PT replaces 2017-03-PT. Changes include the addition of the Puyallup Tribe of Indians as a partner to the Interlocal Agreement and the addition of language recognizing that the Port is an economic engine for the nation in addition to City of Tacoma, Pierce County, local region and the State of Washington.
3. Commissioner Marzano noted that with the prior resolution, there was never opposition to the Puyallup Tribe being a partner. The City of Tacoma added the Tribe one day prior to the vote on the issue and the Port simply did not have the opportunity to vet the issue, including implications to the Settlement.
4. Commissioner Meyer clarified that entering an interlocal agreement is contingent upon the City of Tacoma adopting the same partners (City of Tacoma, Port of Tacoma, Pierce County and the Puyallup Tribe of Indians). Once there is agreement on the partners, negotiations regarding the development of a subarea plan for the Tideflats can begin.
5. Commissioner Bacon expressed that the community needs to understand the significance of subarea planning involving the Tideflats. The subarea plan will impact what is done in the future with both port and non-port areas. She is anxious to have the City of Tacoma agree to including both Pierce County and the Tribe as full partners.

VOTE: MOTION CARRIED 5-0

- B. Adoption of Resolution 2017-11-PT – Amendments to the Port's Comprehensive Scheme of Harbor Improvement (CSHI):

Motion was made by Commissioner Meyer; seconded by Commissioner Petrich:

"Adopt Resolution 2017-11-PT to amend the current Port of Tacoma's Comprehensive Scheme of Harbor Improvements, Resolution 2012-04, regarding fossil fuel export facilities on Port-owned land."

Discussion Included:

1. The Comprehensive Scheme of Harbor Improvements (CSHI) guides all development within the Port District.
2. The Commission does not support development of new facilities for the international export of bulk fossil fuels on Port-owned property, and directed language be added to the CSHI to affirm this. Commissioner Marzano wanted to clarify to the community that although the language in the CSHI is new, the Port has never been an exporter of fossil fuels. Commissioner Meyer added he wants the message to be clear to those that would consider Port of Tacoma as an exporter of fossil fuels.
3. Staff clarified that the **PSE LEASE CONTRACT PROHIBITS THE EXPORT OF LNG**. Commissioner Meyer noted that this is not clearly stated or addressed in staff's written response to Eric Johnson's 12/12/17 communication. Commissioner Marzano directed staff to reach out to Mr. Johnson and make this information clearly known, as well as making this information clearly known to the community.
4. Public comment was made that methanol, ammonia, petrochemicals, etc. should be included in the amendment language in addition to fossil fuels.
5. Public comments were made regarding whether PSE could export LNG and whether federal rulings could override a prohibition on the export of LNG. **PORT COUNSEL CLARIFIED THAT LIMITS ON PSE ARE CONTRACTUAL, NOT REGULATORY.**

VOTE: MOTION CARRIED 5-0

- C. Authorization for the CEO to enter into an Interlocal Agreement with the City of Fife:

Motion was made by Commissioner Johnson; seconded by Commissioner Bacon:

"Authorize the CEO to enter into an Interlocal Agreement for a \$250,000 contribution to the City of Fife for intersection improvements at SR 99 and 54th Ave. East."

Discussion Included:

1. The reasons for the Port's involvement in the project were discussed. The project would provide immediate congestion relief and increase freight mobility into and out of the Port.
2. Project plans include installation of a second left turn lane, widening curb cuts, and improving sidewalks.
3. This project is part of a larger project and funding is in place.
4. Safety concerns regarding the volume of truck traffic being incompatible with bicycles were noted. A channelized bicycle path on the north side is part of the plan.
5. Public comment raised the issue of traffic flow onto 54th by adding a second left turn lane. The City of Fife would better be able to answer the question, but the understanding is that there will be coordination with the lights to manage the flow, and that one lane will lead traffic southbound and the other to the northbound.
6. Commissioner Johnson stated he supports the Commission working with the City of Fife, acknowledging the toll Port activity takes on Fife with all of the truck traffic. He invited discussion with City of Fife regarding how this proposed project ties into the overall 1-5 interchange project.

VOTE: MOTION CARRIED 5-0

- D. Authorization for the CEO to complete execution of the Purchase and Sale Agreement for property at 2306 East 11th Street Tacoma, Washington:

Motion was made by Commissioner Petrich; seconded by Commissioner Johnson:

"Authorize the CEO to complete the execution of the Purchase and Sale Agreement with Fastco, Inc. for the property located at 2306 East 11th Street Tacoma, Washington."

Discussion Included:

1. This property connects with other property already owned by the Port of Tacoma. It is ideally situated for expansion opportunities aligning with the strategic plan of the Port. In the short-term, the property would be used for storage of maintenance parts and for employee parking related to the T-3 and T-4 terminal expansion project.
2. No environmental clean-up action is required. Future building on the property will not require an order from the Department of Ecology (DOE) prior to building. As part of the Phase I and Phase II progression of this project, staff checked with the DOE and performed a public records search to identify any record of contamination on the site and to verify whether the property is a listed property with the DOE. No record of contamination was discovered on the property and it is not listed under any of the DOE's programs.
3. Fastco, Inc. (the seller) is relocating, but will continue to serve the Port of Tacoma and local Tidelat customers.

VOTE: MOTION CARRIED 5-0

- E. Approval of project authorization increase for clean-up work associated with Alexander Avenue tank facilities:

Motion was made by Commissioner Bacon; seconded by Commissioner Johnson:

"Approve a project authorization increase in the amount of \$151,000 for a total authorized amount of \$1,798,500 for clean-up work associated with the former Alexander Avenue tank facilities as required by the 2013 Agreed Order with the Washington State Department of Ecology."

Discussion Included:

1. Alexander Avenue tank facility site is a nine-acre site. Five of those acres are owned by the Port of Tacoma as part of Port Parcel 2, currently being leased to PSE. The remaining four acres are owned by Mariana Properties a subsidiary of Occidental Chemical Corporation.
2. Historical review of ownership and use of the property was provided.
3. The Port of Tacoma and Mariana both performed independent environmental investigations from 1995 to 2012. In 2013 DOE issued a Potentially Liable Party letter.
4. The Port entered into a Joint Agreed Order with Mariana and the DOE. The cost sharing agreement is a 60/40 division between the Port and Mariana respectively and covers environmental consulting costs and DOE oversight costs.
5. The Agreed Order requires: Completion of a Screening Level Technical Memorandum; remedial investigation, a feasibility study, and a draft clean-up action plan.
6. The first two commitments are complete. Preliminary work has begun on the feasibility study.
7. The remedial investigation showed impacts to the soil and groundwater at the site.
8. The feasibility study will identify the best course of remedial action to execute the clean-up.
9. Commissioner Petrich asked if any insurance claims were available to assist in the clean-up. Staff explored this, but was unable to identify any that can be used at this time. This issue will be revisited as part of cost recovery.
10. Reasons for the budget increase include a new environmental consultant and legal services. This does not address the cost of the actual clean-up. A cost estimate will be available once the remedy options have been determined after the feasibility study.
11. Commissioner Meyer expressed frustration at the length of time it takes to complete these actions. He is vitally concerned about contamination migrating into the Hylebos waterway. Source control should be the top priority.

VOTE: MOTION CARRIED 5-0

- F. Approval of project authorization for work associated with the Maintenance Mezzanine and Shed Heating project:

Motion was made by Commissioner Johnson; seconded by Commissioner Petrich:

"Approve project authorization in the amount of \$340,000 for a total authorized amount of \$490,000 for work associated with the Maintenance Mezzanine and Shed Heating project."

Discussion Included:

1. The need for the project was discussed and included: increased business requires more equipment and spare parts, inventory management, temperature requirements for certain parts and equipment, and safety.
2. Options considered were reviewed. The alternatives to the proposed project were cost prohibitive.
3. The need for outside consultants was questioned. An outside engineering consultant is necessary in part due to liability and risk. There are also specific engineering requirements for fire protection, electrical testing, and design.

VOTE: MOTION CARRIED 5-0

G. 2018 Port of Tacoma Commission Officers:

Motion was made by Commissioner Meyer; seconded by Commissioner Petrich:

"Authorize the proposed 2018 Commission Officers:"

President	Don Meyer
Vice President	Clare Petrich
Secretary	Don Johnson
1st Assistant Secretary	John McCarthy
2nd Assistant Secretary	Dick Marzano

VOTE: MOTION CARRIED 5-0

H. 2018 Port of Tacoma Audit Committee:

Motion was made by Commissioner Marzano; seconded by Commissioner Meyer:

"Authorize the proposed 2018 Port of Tacoma Audit Committee Officers."

Discussion Included:

- The following Commissioners were proposed for the 2018 Port of Tacoma Audit Committee:

Chair	Don Johnson
Vice Chair	Clare Petrich
- Commissioner Johnson reviewed the external auditors report by RSM US LLC and the State Auditor's Office accountability audit. There were no findings against the Port on either report.
- Discussion of the Port's internal Regulatory Compliance Report included that there are over 200 laws the Port must comply with.

VOTE: MOTION CARRIED 5-0

I. Annual Port of Tacoma CEO review for 2017:

Motion was made by Commissioner Petrich; seconded by Commissioner Bacon:

"Affirm the annual CEO evaluation letter as presented and, at the request of CEO John Wolfe, with no increase in his Port of Tacoma Salary for 2018."

Discussion Included:

- Commissioner Marzano read a review letter from the Commission into the record.
- Per CEO John Wolfe's request, there will be no change to his Port of Tacoma salary in 2018.

VOTE: MOTION CARRIED 5-0

5. COMMISSIONER COMMENT:

Commissioners acknowledged Commissioner Bacon's retirement. Words were shared regarding her leadership, tenacity, as well as her unquestionable commitment and contribution to the Port.

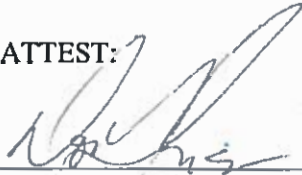
Commissioner Bacon thanked the Commissioners, CEO, and staff for their work, professionalism, and friendship. She thanked her family for all of their support over the past 20 years.

6. ADJOURNMENT:

There being no further business, President Marzano adjourned the meeting at 1:48 p.m.


 Donald G. Meyer, President
 Port of Tacoma Commission

ATTEST:



 Don Johnson, Secretary
 Port of Tacoma Commission



 Julie Campbell, Clerk of the Port
 Port of Tacoma

To: John Wolfe
From: Port of Tacoma Commission
Subject: June 2016 - December 2017 CEO Evaluation
Date: December 20, 2017

Mr. Wolfe has a dual role as CEO of the Northwest Seaport Alliance, as well as CEO of the Port of Tacoma. This performance review evaluates Mr. Wolfe's service as CEO of the Port of Tacoma for the period from May 2016 through December 2017. In Summary, the Port of Tacoma Commission finds your performance meets expectations.

Numerous significant accomplishments were achieved during the period under review and I'd like to identify a short, but significant sampling. Exemplified achievements are:

- A determination of No-Further Action from the Department of Ecology on Parcel 119 (leased property adjacent to the former Alexander Tank Farm)
- Design and permitting for implementing remedial action at Parcel 1B - EBC, with in-water construction targeted for the 2018 fish window
- Identification of other properties for clean-up and development
- Staff assignment to help advance the Puget Sound Gateway Project (SR-167 & SR-509), which is critical to the long-term success of the Port.

As we move forward, the Commission wants to stress the importance of providing significant focus on five (5) key items:

- Ensure financial sustainability to meet capital investment needs of the Port
- Continue to advance policies that lead to a cleaner environment
- Ensure community partnerships and transparency to develop the timely completion of a sub-area plan
- Use the Port of Tacoma's 100th Anniversary in 2018 to meaningfully connect with the community and develop a long-term community outreach plan.
- Assist the Port of Tacoma Commission in completing the Northwest Seaport Alliance Transition Plan

The Commission is committed to assist in achieving the 2018 key items and requests quarterly review sessions be scheduled.

Mr. Wolfe's compensation consists of a NWSA salary plus a small (\$30,000/year) salary to manage the Port of Tacoma. Per Mr. Wolfe's request, there will be no change in Port of Tacoma compensation. Mr. Wolfe's NWSA compensation will be reviewed by the NWSA managing members next year. In closing, I want to ensure John that the Commission finds you meet expectations and that you have the full confidence of the Commission.