

**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, CEO
2. Carolyn Lake, Port Counsel
3. Judi Doremus, Executive Assistant/Clerk of the Port
4. Dax Koho, Local 22 Business Agent
5. Scott Francis, Real Estate Director
6. Stan Ryter, Engineering Project Manager II
7. Scott Hooton, Environmental Project Manager II
8. Deirdre Wilson, Senior Planning Manager

11:00 AM: EXECUTIVE SESSION

1. CALL TO ORDER:

Commissioner Marzano called the meeting to order at 11:00 am and then recessed into Executive Session for approximately one hour.

2. RECESS INTO EXECUTIVE SESSION:

- A. One (1) Potential Litigation Item-RCW 42.30.110 (1)(i)
- B. Two (2) Litigation Items-RCW 42.30.110 (1)(i)

12:00 NOON: COMMISSION MEETING

1. RETURN TO ORDER:

- A. Flag Salute

2. CONSENT AGENDA:

- A. Minutes of May 11 and June 5, 2017
- B. Check Certification: Certify checks #213017 through #213604 and wire transfers in the total amount of \$20,204,384.25 during the period of May 9, 2017 through June 9, 2017.

“Approve the above Consent Agenda”.

Motion was made by Commissioner Marzano, seconded by Commissioner Petrich:

VOTE: MOTION CARRIED 5-0

3. STAKEHOLDER UPDATES:

A. ILWU LOCAL 22 SCHOLARSHIP WINNER: Syrus Penor:

1. The background of this scholarship was reviewed.
2. This covers one year for the recipient at the Seattle Maritime Academy, and ILWU Local 22 has secured one spot annually.
3. The scholarship winner was presented: Syrus Penor, a senior at Woodrow Wilson High School in Tacoma. He described the certification program, which is designed to prepare graduates for entry level maritime jobs (to include warehousing, traffic flagging, firefighting, fabrication, etc.).
4. John Page, Tacoma Public Schools, Career and Technical Education Director, thanked the Commission for the partnership on the Tideflats Program.
5. Commissioner Marzano congratulated Local 22 for making this scholarship available.
6. Commissioner Meyer stated that this program is part of the Tacoma Advantage - being able to grow jobs at the local level and have these programs available.

B. TRIDENT ALEXANDER YARD IMPROVEMENTS: Ron Hildebrandt, VP, Logistics/Purchasing

1. The improvements to the Alexander Yard were reviewed.
2. New planking on the dock deck has been installed. They opted to use untreated wood, due to being more environmentally friendly.
3. Crane safety improvements were reviewed. These cranes were near condemned status when purchased from the Port. Now Trident has them in working order and will be able to utilize them for the next 30 years.
4. After the safety issues have all been addressed, then Trident will look at infrastructure improvements and building upgrades.

4. ACTION AGENDA:

A. PURCHASE-RIGHT OF FIRST REFUSAL: 1308 ALEXANDER AVE, TACOMA:

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

“Authorize the CEO or his delegate to execute a partial release of the Port’s Right of First Refusal (ROFR) to purchase the property located at 1308 Alexander Avenue East, Fife, WA. The Port’s ROFR shall continue to apply to future sales of the property and shall be stated in the deed and all future deeds.”

Discussion Included:

1. There is no fee to the Port for exercising this right of first refusal.
2. The past use of this property was reviewed.

3. The reasons the Port is not currently interested in this property were reviewed. We will retain our ROFR on any future sale of this property.
4. Within the IDD, the Port maintains the ROFR on most properties. Commission likes this policy.

PUBLIC COMMENT: None.

VOTE: MOTION CARRIED 5-0

B. STRAD HOUSE BRIDGE CRANE :

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

"Approve project authorization in the amount \$295,000, for a total authorized amount of \$365,000, for the Bridge Crane in the Strad House, Master Identification No. 101116.01."

1. New hybrid straddle carriers are 15" higher than the older diesel models and Maintenance will not be able to work on these new, taller strads in the current maintenance bays.
2. Commission asked about including this project in with the purchase of the new strads. When the purchase of the strads was brought for consideration it was still early in the cost estimates. Also, the purchase of the strads was a NWSA action and the maintenance building upgrade is a homeport action. It is being put it into the 2018 CIP. Commissioner Johnson advocates for knowing the full cost of any project at the outset, even if it involves a dual vote between the NWSA and the Port of Tacoma.
3. Simply increasing the height of the two bays did not completely solve the problem. There were still some geometric difficulties getting everything to fit under the roof. Commission had concern over spending too much money on a building we may not occupy in the future. The plan is for Maintenance to continue occupying this building for the near future.
4. The 30+ older, smaller strads can continue to utilize Bays 1 and 2. The new bridge crane will be able to service both the older strads, as well as the new ones.
5. Commission would like to continue replacing diesel strads with hybrid strads as they are retired.
6. Commission would like to see the options considered and the numbers to support them for all projects.
7. This project will increase productivity with the ability to service multiple strads at one time. Commissioner Bacon would like to be able to see the productivity increase numbers.

VOTE: MOTION CARRIED 5-0

C. PARCEL 95 INTERIM ACTION PLAN:

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

"Authorize the Chief Executive Officer to enter into an agreed order with the Washington State Department of Ecology for implementation of an Interim Action Work Plan associated with Parcel 95 (1514 Taylor Way), Master Identification No. 101082.01."

1. The agreed order (AO) only covers that corner of the property shown in the presentation in black. This is not the portion of the land that Avenue 55 is utilizing for their project.
2. The liability with this parcel was discussed. Ecology staff feel that this is the final clean-up action for that portion of the landfill. The Port still needs to negotiate with the other liable parties to establish cost share.
3. Port assumed all environmental clean-up with the purchase of the property: We indemnified the seller, but the agreement was silent on the predecessors of this seller.
4. The capping and cleanup plan were discussed. The Department of Ecology will provide an opportunity for the public to weigh-in.
5. AO date is driven by the third 30-day extension period and the lease.

VOTE: MOTION CARRIED 5-0

D. LITIGATION APPROVAL - MARC AVENUE:

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

"Authorize the Port's Chief Executive Officer or designee to commence litigation to enforce terms of a Temporary Easement and recover damages."

1. During the 60-day period this action was tabled the parties met, but no agreement has been reached.
2. Negotiations will continue even if litigation is commenced.
3. The damage to Marc Avenue was caused by discharge of stormwater by the tenant.

PUBLIC COMMENT:

Ray Schuler: Stated that during the 60-day negotiation period the property owner made two proposals and the Port did not offer any counterproposals. Mr. Schuler asked the Commission for an additional 30-day extension prior to approving commencing litigation.

VOTE: MOTION CARRIED 5-0

5. GENERAL BUSINESS:

A. SUBAREA PLANNING BRIEFING: Peter Huffman, City of Tacoma:

1. A general overview of the subarea planning process was provided.
2. The Tideflats is a Manufacturing/Industrial Center (MICs). There are nine MICs in this area.
3. The boundary for the Tideflats subarea was discussed. The edges of boundaries are the more contentious areas. Port Container Element portion of the MIC was discussed.
4. Foss Waterway: Downtown footprint goes across to the east side of the Foss; however, the subarea urban area planning left the Foss Waterway alone.
5. The benefits of subarea plans the City has been involved with were discussed and how land use and planning facilitate economic stability in an area.

6. **Transportation Planning:** Commissioner Petrich asked if there were any current plans on the books around the 11th Street/D and F Street area. Not currently, but the Tideflats subarea plan will bring these issues to the front. The plan would either accept the past planning or bring forward any new projects.
7. **The list of things subarea planning addresses was reviewed:** This included public safety for residents, Tideflats employees and the ability of emergency services into and out of the area, as well as environmental concerns.
8. **Role of the Tacoma Planning Commission in the process:** The City invited the Port to be equal partners in a subarea plan. However, the Planning Commission has been asked to develop temporary regulations related to the Tideflats without any contribution from the Port. There is a risk that temporary rulings become the baseline standard. Mayor Strickland agreed that the Port should be involved on any temporary actions. The Planning Commission is the advisory body by the Tacoma City Charter and the municipal code. The formal role for the Port of Tacoma Commission is up for discussion. The ILA between the City and the Port is still in process.
9. **The City plans to follow a stakeholder engagement.** Commission asked Peter Huffman for the City's definition of a stakeholder versus a partner: He stated that civic partners are special formal partners. The relationship is more formal when they are funding partners. The ILA will speak to the funding partnerships. Stakeholders are normally land owners, those who are directly or indirectly impacted.
10. **Temporary restrictions:** The Commission asked where in the timeline these would this fall. Port will be involved as a stakeholder and a partner. Interim regulations are outside the subarea planning process. Interim regulations would look at the codes in place. **Timing:** The City plans to have interim regulations in place by end of 2017.
11. **Commission reminded City staff and citizens that all current businesses, both on Port land and on private land, in the Tideflats have already received their permits to conduct business.** Interim regulations could interfere with this. Rules can put companies out of business if they can't grow or replace equipment. Equipment has to be continually modernized. Vesting rights were discussed.
12. **Edges of the land use zones will be the focal point of a subarea plan.**
13. **Interim regulations:** Change zoning map and changes the uses within the current zoning map. Use Table is within the scope of the interim regulations. The direction from the Council is not to change zoning, but rather the Use Table.
14. **Deirdre Wilson, Sr. Planning Manager, NWSA/Port of Tacoma, will be engaged and will represent the Port with the Planning Commission.**

B. REVIEW: COMMISSION WORK SESSION OF JUNE 5, 2017:

1. There was a good discussion on how to move forward to include the search for the new CEO and the functional relationship between the Port of Tacoma and the Northwest Seaport Alliance. The search for the new CEO will go into Q1 2018 so any new Commissioners can be involved in this.
2. Next work session is Thursday, June 29th.
3. **Finances:** Available cash above the minimum was discussed. Commission would like to see scenario planning. The Port of Tacoma has a \$150M obligation to T5 for the NWSA. Commission requests taking that money out of our available funds so we know what is left.

C. COMMUNITY NEWS, EVENTS AND RECOGNITIONS:

1. **Boat Tours:** Hosting annual boat tours on Sun, 7/16/17. This is an opportunity for the public to see the Port's waterside operations. Reservations are required online this year.
2. **Farmer's Markets:** Great time for Port to reconnect to constituents. There will be a few more throughout the summer.
3. **PSE LNG Website:** Project is in its initial construction. The Port values safety. This project came about with TOTE's response to a new regulation for low-sulfur fuels. TOTE went a step further and made a commitment – well over a \$100M conversion – to install dual systems in their ships to burn both lower-sulfur diesel as well as LNG. TOTE needed a source to fuel their ships. TOTE and PSE then came to Port to propose this project. The LNG trend extends well beyond the PNW. It has been asked why the LNG tank will be so large. This is in anticipation of others going to LNG in the future, ie. our State Ferries are currently discussing this. Some people may have different ideological values regarding extracting gas from the earth. There is fear that this might expand into an export facility. It can't. It is not large enough. Staff put together a three-page brochure for the public with facts about the facility with links to very detailed technical information. He invites the public to review this document and go into the links to study the detailed information. It may not change your opinion about LNG, but we can all be on the same page on the facts. We have a desire to create greater awareness – answering the call of the community. Staff will return at the July meeting with further recommendations for connecting to the community and providing information. There are hard copies of the brochure here and on our website. The City of Tacoma also has this information on their website.

**Commissioner Petrich left the meeting at 1:52 pm.*

6. PUBLIC AND COMMISSIONER COMMENT:

PUBLIC COMMENT:

Patricia Conway: She is a member of the Puyallup Tribe of Indians and spoke regarding the LNG facility. She is not in agreement with the information provided in the brochure. She did not share her credentials for this opinion. She requested that staff cite their sources of information. She advocated for no more added emissions in the Tideflats. She asked that when Commissioners make decisions that they think about how they will this impact the indigenous people and future populations. She is glad to see the Commission working in cooperation with the City. She feels that the Tribe should also be at the table.

Dakota Case: He is a Puyallup Tribe of Indians member. He stated that the LNG brochure fails to show danger zones. He thinks it is not safe anywhere near any population. His LNG credentials were not shared. He is opposed to LNG and opposed to PSE. He stated that PSE does not care about the people in the PNW; they are from Australia. He feels the facility is very dangerous and that there is nothing environmentally safe about LNG.

Noah Davis: (1) Air quality: Stated that it is bad today. He feels air quality is unacceptable and thinks that the Port can do better. He suggested partnering with PSCAA to improve air quality. The Port has been working cooperatively with the PSCAA for the last decade.

(2) Fossil fuel policy: Stated that the Port needs to establish a fossil fuel policy that addresses the federal administration's exit from the Paris Climate Accord. He would like to see the Port be a leader in this area. Frankfurt has done a great job with not allowing ships to use diesel when coming into port. Ships can plug in while at port. The Port of Tacoma already has this capability.

(3) Traffic: States that it has been bad lately. There are infrastructure upgrades in the works. Stated that we need to do a better job with the truck problem.

(4) NWSA: He stated that this is the responsibility of the Commissioners. He is concerned that the Port of Tacoma is giving more and more oversight responsibility to the NWSA. There might be a conflict of interest. He did not explain what he meant by this. He has concern for abdication of responsibility for Tacoma.

(5) LNG: Safety is the biggest concern for LNG. NE Tacoma residents are requesting the City of Tacoma perform a supplemental EIS for the LNG plant. He doesn't feel the EIS addressed enough safety issues. He stated that it is possible to produce LNG that is not from fracked gas, but he doesn't think PSE has that technology. He did not share his LNG credentials. Locally, LNG is a cleaner fuel, but when you take fracking into account, he stated it may not be a cleaner fuel.

(6) PSE Lease: He reviewed the lease. He has concern for the Port continuing to take on environmental disasters. PSE has \$50M in insurance. He worries that this would not cover a disaster. He cautioned against allowing the parent company to separate itself in terms of liability. He also had concern for the hold harmless agreements in the cases of an act of God, such as an earthquake, or an act of war.

COMMISSIONER COMMENT:

Commissioner Bacon: Stated that she returned from a United States Global Leadership Coalition (USGLC) event in Washington, D.C. this morning. This event was attended by high-level leaders and focused on how to effectively maintain critical funding for development in underdeveloped countries. She stated that 95% of the people in the world who could be consumers are not. USGLC advocates building water systems and education systems so that instead of needing aid, these populations can be consumers. Over a two-day period 150 meetings with Congress were conducted to reestablish funding for foreign aid. It is an economic development issue when we support people toward independence. This was the best conference she has ever attended.

Commissioner Meyer: (1) Regarding the LNG brochure, he stated that it is helpful to have the actual use numbers. Regarding the safety of the plant, we need to verify the risks.

(2) Commission policy on fossil fuel: We should be clear on Port policy for exporting fossil fuels from port land; this would not extend outside the Port's jurisdiction to privately owned land in the Tideflats. He would still like a resolution stating this policy. However, the PSE lease already states that there can be no exporting. He wants to be clear on expectations regarding fossil fuels with our community.

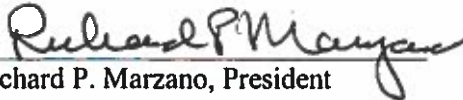
Commissioner Marzano: (1) Regarding the Kaiser property: He would like to move forward with designating uses for this property, ie. businesses that support the maritime industry.

(2) Truck traffic in Lot F: The problem is getting the trucks in and out in a timely manner.

(3) Overall environmental concerns: Under the present administration there are many environmental concerns, ie. the slashing of the EPA. This could have long lasting detrimental effects. We need to develop language that we oppose this. We have worked diligently for decades to clean the land and now the federal administration is turning their backs on what we have done. We need to partner with other jurisdictions. Commissioner Bacon could put this forward to the USGLC.


7. ADJOURNMENT:

There being no further business, President Marzano adjourned the meeting at 2:43 pm.


Richard P. Marzano, President
Port of Tacoma Commission

ATTEST:


Clare Petrich, Secretary
Port of Tacoma Commission


Judi Doremus, Clerk of the Port
Port of Tacoma