

**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. Deirdre Wilson, Sr. Manager, Planning
5. David Morrison, Director, Treasury & Financial Planning
6. Scott Francis, Director, Real Estate

10:30 AM: EXECUTIVE SESSION

1. CALL TO ORDER:

Commissioner Marzano called the meeting to order at 10:31 am and then recessed into Executive Session for approximately 90 minutes.

2. RECESS INTO EXECUTIVE SESSION:

- A. One (1) Litigation Item-RCW 42.30.110 (1)(i)
- B. Three (3) Real-Buying Items-RCW 42.30.110 (1)(b)

12:00 NOON: COMMISSION MEETING

1. RETURN TO ORDER:

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

2. CONSENT AGENDA:

- A. Minutes of October 19 and November 2, 2017
- B. Check Certification Report

“Approve the above Consent Agenda”.

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

VOTE: MOTION CARRIED 5-0

3. PUBLIC COMMENT:

Jose Leos: (1) Commented on the tax levy: He stated that he performs home repairs himself to maintain the value of his property. When his home value increases, this results in additional tax funds for the Port of Tacoma, as taxes are based on the millage rate, which has been kept flat. Due to the increase in home values, the taxes collected increased from approximately \$16 million in 2017 to \$18 million in 2018. He stated that this is an 11.8% increase over 2017. Staff responded that the amount of taxes that are levied by the Port are below the maximum allowable by law. Mr. Leos referenced Initiative 747, which stated that local governments were only allowed to increase their budget year to year by no more than 1%. This was later rejected by the courts and then reinstated by legislature. However, the Port is still well below the maximum amount they could collect. Mr. Leos doesn't think this increase is fair for retired people on fixed incomes.

(2) Mr. Leos also commented on Resolution 2017-11-PT. He stated that the Port revenues have decreased almost 50% since the West Coast labor dispute, and he is not sure those revenues are going to rebound. In view of the competitive environment, if the Port of Tacoma wants to maintain its competitive edge, they should not exclude a specific type of business from operating out of the Port.

Steve Storms: Spoke regarding the Port of Tacoma's environmental footprint. He requested that air quality monitors be installed in the Tidelands, as he feels no one knows about the air quality. He added that the City of Tacoma didn't put money in the budget for this. He is concerned because we can't measure anything except particulate matter. Rising sea levels have also been a concern for Mr. Storms. If fossil fuel businesses increase the Port will be contributing to global warming. Whether or not fossil fuels are exported internationally or used domestically, such as fueling TOTE ships, we need to reduce fossil fuel use. LNG might help, but he feels it is not the answer. He feels that we need to monitor air quality and reduce all uses of fossil fuels.

Marilyn Kimmerlius: (1) She asked if the PSE LNG plant is considered an existing or future project. Staff responded that it is an existing project. She feels it should be considered future since the construction is not complete. She worries that it will not be safe and residents and workers in the Tidelands will not be able evacuate in the case of an emergency. She stated she does not know if enough funding has been set aside for possible accidents and contamination. She feels the Port needs to take better care of our environment.

(2) She also stated that the plans for the waterway do not look adequate for increased ship traffic.

Nicki Walters: Regarding Resolution 2017-11-PT: She encouraged the Commission to adopt this resolution. She read an article she found on Change.org regarding residents in Huntington Beach, California commenting on the unpleasant smell of natural gas and the effects this has had on their area.

4. STAKEHOLDER UPDATES:

A. SOUTH SOUND INITIATIVE: This item has been postponed to January 25, 2018.

B. METROPARKS TACOMA-Ruston Way Waterfront Visioning Project: Pete Mayer, Assistant Executive Director and Andrew Austin, Government Relations Manager:

Discussion Included:

1. They are in the planning process for a long-term plan and would like to get stakeholder feedback.
2. The various groups and stakeholders that MetroParks Tacoma has been reaching out to and their feedback were reviewed.
3. Design will begin in early 2018. They hope to have a final Community Vision and Action Plan by Q4 2018.
4. MetroParks is involving the community early in the planning process. In the past the Port has collaborated with MetroParks on a brochure on public access to Commencement Bay.
5. Commissioner Petrich looks forward to the outcome of this project.
6. Commissioner Bacon is very supportive of this project. She would like the 2018 Commission to be kept in the loop regarding the progress along the way. She also added that their stakeholders list does not include first responders. MetroParks staff responded that the City of Tacoma is a joint sponsor, so first responders (such as Fire and Police) will have input. They would also like Port staff to be involved in this process. They will return to share their progress mid-2018.
7. Commissioner Meyer: Asked about the scope of this project. As you go closer to the Foss Waterway you see the working waterfront. He asked about their expectation of completing the vision. Debbie Terwilliger, Planner, MetroParks Tacoma responded that they are looking at the whole waterway and are working with the Foss Waterway Development Authority. Their intention is to do more focused work along Ruston Way. The goal is to look at the waterway holistically, as there are many needs, such as the failing infrastructure. Commissioner Meyer urges MetroParks to complete the waterfront vision, making public access in areas where it makes sense from a safety perspective.
8. Commissioner Johnson stated that he wants to make sure we protect the businesses along the Foss Waterway and Schuster Parkway. MetroParks staff confirmed that they will be at the table. Their goal for business owners is to establish a sense of ownership on the waterfront. Transportation access will be another topic the consultant will study.
9. Commissioner Petrich stated that she is looking forward to a briefing of parks on the east side of the Foss. Bringing people down to the waterfront has always been important to the Port. This year Maritime Fest will be the kick-off to the Port's centennial celebration. We may be able to collaborate for possible interpretive signage, etc.
10. The difficulty in reaching the whole city was discussed. The Commission suggested that MetroParks needs to target all of Pierce County. Perhaps they could reach out to the Pierce County Council.

PUBLIC COMMENT:

Nicki Walters: Stated that she worked for a Parks & Recreation Department for another City before she moved here. Parks and public spaces draw people to the City. She also warned Commissioners not to forget about that rotten egg scent she fears will come from the LNG plant. If people smell that they will assume gas is leaking. She is in favor of interpretive signage.

Marilyn Kimmerlius: Stated that she likes this project. She would like to see a set of signs acknowledging that the land originally belonged to the Puyallup Tribe of Indians, along with signs for native flora. She also would like to see a gathering area for Native American history. She would like to see MetroParks highlight and protect the salmon spawning areas.

Kyle Jolibois: Stated that the Puyallup Tribe of Indians is listed on the MetroParks' list of agencies. However, the Tribe is not an agency; they are people. He feels that the LNG plant is a bomb, and asked where the money comes from to make these parks beautiful.

Steven Way: Stated that he lives on a boat in Foss Waterway. He hopes that the Commission's legacy isn't harmed by the LNG project. As for the proposed uses for LNG, he feels that there are other ways to accomplish these benefits; however, he did not offer any suggestions in this regard.

5. STAFF BRIEFINGS:

A. RESOLUTION 2017-11-PT: Updates to Comprehensive Scheme of Harbor Improvements (CSHI):

Discussion Included:

1. The CSHI was established in 1919. The last time it was updated was in 2012 via Resolution 2012-04. This is a requirement of state law, and the Port of Tacoma CSHI can only be amended by resolution.
2. Amendments to the CSHI were discussed.
3. This does not alter the City's Container Port Element required by the Growth Management Act.
4. Legality: Legal Counsel confirmed that the language addresses the laws under the Commerce Clause.
5. Commissioner Meyer requests that "Doing business in a way that improves our environment..." be incorporated into the CSHI.
6. Both the resolution and proposed changes to the CSHI are still draft. Staff will return with revisions for a vote in December.
7. The summary of findings in the resolution were reviewed, as were the federal laws that the language must not infringe upon.
8. Commission requests that in the eighth "Whereas" that staff add "...local, county and state...".
9. Next steps were reviewed. SEPA review process will begin, as required for revising the CSHI.
10. The SEPA review process will be noticed. The ways for this notification were reviewed. Commission wants to ensure that the neighborhood councils be notified.
11. The PSE LNG lease specifically states that exporting LNG is not allowed.

2. Commissioner Johnson stated that the Port levy is figured the same way (millage rate) as other public entities. The Port tax is only 1.3% of the total tax pie that homeowners pay. When this is compared to the economic impact of the container business, it is a great investment.
3. Commissioner Meyer doesn't feel that the levy increase should be higher than the rate of inflation.
4. Commissioner Petrich stated that the tax structure need to be revised; not just here, but statewide.
5. Commissioner Bacon stated that a Washington State income tax was proposed and was voted down. When your home value rises you have more borrowing power and more personal financial stability. The Port of Tacoma has never raised the millage rate. You ask us to clean up more land, but the tax dollars we are currently receiving don't begin to cover that cost even now.
6. Our legislative advocacy continues for MTCA funds. We will continue to pursue grants as they are made available.

PUBLIC COMMENT:

Nicki Walters: Stated that before moving to Pierce County, she held a city position and salaries were frozen to keep their Parks and Recreation program afloat. They were able to show the community need to the Governor. When budgets look bad there are ways to improve.

VOTE #2: MOTION CARRIED 4-1

Commissioner Bacon	Yay
Commissioner Meyer	Nay
Commissioner Johnson	Yay
Commissioner Marzano	Yay
Commissioner Petrich	Yay

3. *Motion was made by Commissioner Johnson, seconded by Commissioner Petrich:*

“Consider Resolution 2017-09-PT, adopting a budget for the Port of Tacoma for the Year 2018.”

VOTE #3: MOTION CARRIED 4-1

Commissioner Bacon	Yay
Commissioner Meyer	Nay
Commissioner Johnson	Yay
Commissioner Marzano	Yay
Commissioner Petrich	Yay

4. *Motion was made by Commissioner Petrich, seconded by Commissioner Johnson:*

“Adopt the ILA between the NWSA and the Port of Tacoma for support services for 2018.”

VOTE #4: MOTION CARRIED 5-0

B. PURCHASE OF PROPERTY-2310 EAST 11TH STREET, TACOMA:

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

“Authorize the Chief Executive Officer or his designee to execute all documents and take all actions necessary to complete the purchase of the property located at 2310 East 11th Street, Tacoma, WA (Pierce County tax parcel 2275200770) under the terms of the Purchase and Sale Agreement between Marvin Dykman (Seller) and the Port of Tacoma (Buyer).”

Discussion Included:

1. Commission Meyer likes that the environmental cleanup was addressed prior to our purchase.

PUBLIC COMMENT:

Nicki Walters: She asked if there are any plans yet for this property. Staff responded that the Port is looking at future expansion of marine terminals. Ms. Walters stated that she hopes that with new leases public comment will be taken. Commission responded that all leases are already presented in public with an opportunity for public comment.

VOTE: MOTION CARRIED 5-0

C. PURCHASE OF PROPERTY-2302 ROSS STREET, TACOMA:

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

“Authorize the Chief Executive Officer or his designee to execute all documents and take all actions necessary to complete the purchase of the property located at 2302 Ross Way, Tacoma, WA (Pierce County tax parcel 696500260) under the terms of the Purchase and Sale Agreement dated August 11, 2017 with American Roll-on Roll-off Carrier Group Inc. (Seller).”

Discussion Included:

1. Our consultant did a two-phase environmental study. No contamination was found. Ecology is not consulted unless contamination is found.
2. This property is zoned marine industrial.
3. Staff is currently in negotiations to bring rents up to market rate.
4. Assembling contiguous land will assist in the Port's ability to remain competitive in the maritime container business.

VOTE: MOTION CARRIED 5-0

PUBLIC COMMENT:

Steve Storms: Stated that he feels like this is a baby step. He feels the terminology “fossil fuels” is not specific enough. He asked if this would include methanol. Would this be banned also? Will this also include derivatives of fossil fuels? The resolution only refers to international exporting of fossil fuels. He feels it should cover fossil fuels used domestically. He then spoke against the PSE LNG plant. He added that the Washington State Ferries decided to use electricity rather than LNG, as they only cross the bay and do not have to travel from China.

Nicki Walters: She stated that the terminology is too loose in the resolution. She wants it to be more specific. She is concerned about incomplete information. The sea level will rise and this is a big issue. She stated that she doesn't think we need to cave into the fossil fuel industry.

Kyle Jollibois: Asked about the resolution terminology of “Port-owned property only”. Commissioner Marzano responded that the Port cannot make policy for land we do not own.

Marilyn Kimmerlius: Stated that the LNG site needs to be included in this, as the plan is not safe in her opinion. She added that many people are concerned about the LNG plant and any fossil fuel businesses.

6. ACTION AGENDA:

A. PUBLIC HEARING: 2018 BUDGET:

Commissioner Marzano opened the public hearing and read the notice into the record.

PUBLIC COMMENT:

Marilyn Kimmerlius: Stated that Lloyds of London refused to insure the LNG plant in Australia. She hopes that this budget will include enough insurance to cover a disaster at the PSE LNG plant.

Steve Storms: He asked about memberships of the Port of Tacoma versus the NWSA. He also asked what type of environmental monitoring is being done for air quality. Staff responded that, yes, a significant amount of air quality monitoring is done. Mr. Storms would like to see the cumulative air results. He also recommended that the Port install shore power for all ships while at dock.

Nicki Walters: She asked what was done with the surplus funds at end of year. Commission responded that it rolls over to the next year for operations. She also asked about available environmental grants. Staff responded that there are no federal grants available at this time with the current administration for environmental clean-up.

Kyle Jollibois: Stated that he appreciated the comment regarding transparency. Citizens pay taxes, but he feels their voices aren't being heard. He asked if the Port of Tacoma 2018 budget includes insurance. Staff responded that, yes, the budget does include insurance. He asked specifically about insurance that would cover the LNG plant. Staff responded that PSE has the required level of insurance per their lease, and each leaseholder is required to have their own insurance coverage. In the case of lawsuits, the Port handles any lawsuits individually as they come up. Commissioner Meyer recommended we list the Port insurance we carry on the website. We will highlight it separately.

As there was no further public comment, Commissioner Marzano closed the public hearing.

Discussion Included:

1. Commissioner Meyer requested that a work plan briefing be shared with the Commission for the Executive Council for a Greater Tacoma. In the past, a written work plan has been shared, which can be made public. Commission requests that the Executive Director of the Executive Council for a Greater Tacoma come to a meeting to brief the Commission in public, as we ask of the EDB, The World Trade Center Tacoma and TDA. CEO Wolfe also offered the option of foregoing the membership.
2. The planned capital improvements for 2018 will result in a decrease of \$70 million in ending cash for 2018 compared to 2017.
3. The five-year Plan of Finance was reviewed.
4. Reviewed Parcel 77 modeling (former Kaiser property).

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

“Consider Resolution 2017-07-PT, adopting a statutory budget for the Port of Tacoma for the Year 2018.”

VOTE #1: MOTION CARRIED 4-1

Commissioner Bacon	Yay
Commissioner Meyer	Nay
Commissioner Johnson	Yay
Commissioner Marzano	Yay
Commissioner Petrich	Yay

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

“Consider Resolution 2017-08-PT, to direct the Secretary to certify to the Clerk of the County Council of Pierce County, Washington, tax levy of \$18,623,291 for the Year 2018.”

Commissioner Meyer moved the following amendment, which failed due to lack of a second:

“...limiting the tax levy to a 3% increase over the 2017 level...”

Discussion Included:

1. Commissioner Marzano stated that we base our levy on millage rate. If the average single family home is valued at \$300,000, the Port tax increase would amount to an increase of \$5 per year. Stretching those funds to cover \$41 million in governmental projects is quite a task.

7. **GENERAL BUSINESS:** None.

8. **COMMISSIONER COMMENT:**

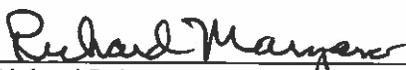
Brief comments were made by Commissioners and Commissioners Marzano and Meyer were congratulated on their reelection.

The Commission will be conducting their 2017 CEO evaluation. This will consist of three special executive sessions among the Commissioners, and then a public review will take place at the December 21st Commission Meeting.

It was noted that a group of ILWU Local 23 members traveled to Puerto Rico to help with the recovery effort there following the hurricane.

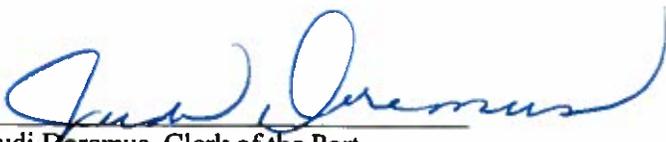
9. **ADJOURNMENT:**

There being no further business, President Marzano adjourned the meeting at 2:44 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

