

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

COMMISSIONERS PRESENT

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

STAFF PRESENT

John Wolfe, CEO
Carolyn Lake, Port Counsel
David Morrison, Director Treasury & Financial Planning
Louis Cooper, Director Security & Labor Relations
Sarah Weeks, Project Manager, Environmental Remediation
Stan Ryter, Project Manager, Engineering
Scott Francis, Director, Real Estate
Norman Gilbert, Project Manager, Engineering
Annika Bjorkman, Real Estate Property Manager
Nick Demerice, Director Public Affairs
Juliet Campbell, Clerk of the Port
Judi Doremus, Executive Assistant

10:00 AM: CALL TO ORDER AND RECESS INTO SPECIAL EXECUTIVE SESSION:

Commissioner Meyer called the Special Commission Meeting to order at 10:00 a.m. and recessed into Executive Session for approximately one hour and 45 minutes to discuss one collective bargaining item and three litigation/potential litigation items pursuant to RCWs 42.30.140(4)(b) and 42.30.110(1)(i). No votes or actions were taken.

12:00 NOON SPECIAL COMMISSION MEETING, BUDGET PUBLIC HEARING:

1. **RETRUN TO ORDER:** Commissioner Meyer reconvened the Special Commission Meeting at approximately 12:02 p.m. and led the Pledge of Allegiance.
2. **CONSENT AGENDA:**
 - A. Minutes of October 25, 2018 and November 8, 2018.
 - B. Check Certification: Approve the payment of checks 220726 through 221175 and wire transfers in the total amount of \$18,502,403.98 during the period of October 13, 2018 through November 16, 2018.

It was moved and seconded (Johnson/Petrich) to approve the consent agenda as presented.

Vote: MOTION CARRIED 5-0.

3. **PUBLIC COMMENT:** None.
4. **ACTION AGENDA:**
 - A. 2019 Port of Tacoma Budget, Tax Levy, and Support Services Interlocal Agreement (ILA).
Presented by David Morrison, Director Treasury & Financial Planning
 - Information requested at the November 8, 2018 Budget Study Session was provided, including amounts budgeted for land acquisition in 2019, GO Bond debt, Citizens for a Healthy Bay information, a five-year cash balance forecast, strategy for retiring debt, and Master Policy requirements related to memberships.
 - Discussion took place related to the Port of Tacoma being the most leveraged port on the west coast whether there is cash available to pay down debt and the impact. There is cash but the question is whether to use it to pay down debt or make investments. Whether the Port intends to borrow in the future is also a consideration.
 - Changes in the budget since the November 8, 2018 Budget Study Session were covered. Previously, the budget reflected -\$2 million net income before tax levy. It is now approximately \$6 million net income before tax levy. This is due to a \$5 million expense for a contribution for SR 167 will not be a cash contribution, but a contribution in kind. That will be an expense in later years and will be at the value of the property. Also, certain expenses including disposal of cranes from Husky Terminal will be written off in 2018 rather than 2019.

- Approaches to setting tax levy were discussed. Commissioner Meyer expressed his preference for a business needs approach versus a millage rate. The Port has collected less than its available tax levy every year since 2008. The Port's proposed millage rate of \$0.18365 per \$1000 assessed home value would cost the tax payer with an average assessed value approximately \$5 per month. If charging the maximum rate, it would be \$5.96 per month. Tax levy eligible projects were identified.
- A committee comprised of commissioners McCarthy and Petrich and staff is reviewing the decision-making process for economic development and other expenditures. CEO Wolfe confirmed staff recognizes there is ongoing discussion related the process and that prior to expending funds, staff will come back to the full commission for either affirmation of existing process or a change of plan.
- 2019 memberships over \$10,000 were identified.
- The budget for Promotional Hosting (business development) of \$180,650 is below the statutory limit.
- Statutory Cash Budget for 2019 shows beginning cash and investments at \$199.8 million and ending cash and investments at \$118.2 million.
- A future study session to address minimum cash levels was suggested.
- Bond ratings were discussed. Bond rating agencies like the Port's liquidity and its strong cash position is strong, but there is also high debt. It was noted that there is a tradeoff in using cash to pay down debt. You will have lower liquidity, but you will have lower debt payments.

12:42 PM PUBLIC HEARING 2019 BUDGET:

At approximately 12:42 p.m., following the budget presentation from staff, Commissioner Meyer recessed the Special Commission Meeting to hold a Public Hearing for the purpose of taking comments from the public on the proposed 2019 Budget.

Hearing no requests from the public to provide comment, Commissioner Meyer closed the Public Hearing at approximately 12:44 p.m.

12:44 PM RETURN TO ORDER – SPECIAL COMMISSION MEETING.

Commissioner Meyer reconvened the Special Commission Meeting at approximately 12:44 p.m. and advanced to the action items beginning with item 4A, 2019 Port of Tacoma Budget, Tax Levy, and Support Services Inter-Local Agreement.

1. **It was moved and seconded (Petrich/Johnson) to consider Resolution 2018-07-PT to direct the Secretary to certify to the Clerk of the County Council of Pierce County, Washington, tax levy of \$20,938,250 for the year 2019.**

Commissioner Meyer	Opposed
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

Vote: MOTION CARRIED 4-1.

2. **It was moved and seconded (Johnson/Petrich) to consider Resolution 2018-06-PT adopting the statutory budget for the Port of Tacoma for the year 2019.**

Commissioner Meyer	Opposed
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

Vote: MOTION CARRIED 4-1.

3. **It was moved and seconded (McCarthy/Petrich) to consider Resolution 2018-08-PT addressing the tax levy requirements pursuant to RCW 84.55.120 and RCW 84.55.092; and preserving the opportunity for future increases in the limit factor for maximum levy capacity pursuant to RCW 84.55.0101 *as amended to reflect that the Maximum Levy based on the Limit Factor, increased by the Add-On Levy would be equal to \$25,586,058.11.***

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

Vote: MOTION CARRIED 5-0.

4. **It was moved and seconded (Petrich/Johnson) to continue Inter-Local Agreement for support services, affirm the expected level of services and associated costs among the Homeports and The Northwest Seaport Alliance (NWSA), the NWSA Chief Executive Officer will approve the ILAs for the NWSA, the Port of Tacoma Commission President is asked to approve the ILAs for the Port of Tacoma and for the Commission to approve the ILAs for support services with the NWSA.**

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

Vote: MOTION CARRIED 5-0.

B. ILWU 22 Terminal Security Officers Contract and Security Services Agreement with SSA Terminals (Tacoma) LLC.

Presented by Louis Cooper, Director Security and Labor Relations

- A background on the Security Services Agreement and the Terminal Security workforce was provided.
- Key contract provisions of the ILWU Local 22 Terminal Security Officers Labor Agreement were highlighted.
- Security Services Agreement provisions were also highlighted. The Port will provide, manage and maintain a uniformed protective port security and response force for the physical protection of the SSAT Terminals (Tacoma). SSAT will be liable for all costs.

PUBLIC COMMENT: Dax Koho, President, ILWU Local 22 spoke in support of the Security Services Agreement.

It was moved and seconded (Petrich/Johnson) to approve the Port of Tacoma to enter into a five-year labor agreement with ILWU Local 22 Terminal Security Officers, and to approve to execute a five-year Security Services Agreement between SSA Terminals (Tacoma) LLC and the Port of Tacoma.

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Abstains due to his membership with ILWU 22

Vote: MOTION CARRIED 4-0.

C. **Earley Business Center Cleanup Action and Consent Decree Approval.**

Presented by Sarah Weeks, Project Manager, Environmental Remediation and Stan Ryter, Project Manager, Engineering

- A history of the property and its use as a shipyard prior to the Port purchasing it was provided. The Port purchased the property from the U.S. Navy in 1960 and continued to use the property for ship dismantling and repair until 1998. The Port currently manages a variety of industrial leases on the property.
- In 2013 the Commission authorized the Port to enter into an Agreed Order (AO) with The Washington Department of Ecology (Ecology) for the investigation and cleanup planning. The Port's commitments under that AO have been completed.
- The Port's deliverables under the Consent Decree for implementation of the Cleanup Action Plan (CAP) include an engineering design report, a compliance monitoring plan, construction plans and specifications and environmental restrictive covenant.
- With approval of this action, the project will transition from the environmental team to the engineering team. Environmental, along with legal would pursue cost recovery from other potentially liable parties. Commissioners identified additional operators on that site to research as potentially liable as part of cost recovery.
- An overview of the four primary components of the CAP was provided and it includes removal (and remediation if necessary) of underground storage tanks, shoreline stabilization, cap maintenance and excavation.
- A discussion over project costs took place. It was noted that the cost recovery request for \$230,000 would likely increase if mediation is unsuccessful. The remediation design phase is separate from the actual remediation construction costs. The remediation construction costs are a high-level estimate and estimated at approximately \$4,600,000.

1. **It was moved and seconded (Petrich/Johnson)** to authorize the signing of the Earley Business Center (EBC) Consent Decree with the Washington Department of Ecology (Ecology), which obligates the Port of Tacoma to implement the Cleanup Action Plan, and to authorize additional project authorization in the amount of \$230,000 for work associated with the Parcel 1B (EBC) Cost Recovery, Master Identification No. 101287.02.

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

Vote: MOTION CARRIED 5-0.

2. **It was moved and seconded (Marzano/Johnson)** to authorize additional project authorization in the amount of \$595,000 for the design of the Parcel 1B – Earley Business Center Remediation Design and Construction, Project Master Identification No. 101287.01.

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

Vote: MOTION CARRIED 5-0.

D. Earley Business Center (EBC) Building 326 HVAC and Roof Replacement and Buildings 407 and 532 Bird Wire Installation.

Presented by Scott Francis, Director Real Estate and Norman Gilbert, Project Manager Engineering

- Building 326 has approximately 9,450 square feet of leasable space and generates approximately \$100,000 of revenue per year and supports the Port's warehouse tenants at the EBC. There are two primary warehouses there totaling approximately 145,000 sq. ft. and additionally 10 acres of leasable yard in the area. Currently there are nine tenants producing toward \$1.4 million in rent revenue per year.
- Building 326's roof and HVAC units have performed beyond their useful life and need to be replaced. Buildings 407 and 532 have had recent roof replacement and need additional bird deterrent systems.

It was moved and seconded (Johnson/Petrich) to authorize project authorization in the amount of \$756,000 for a total authorized amount of \$921,000 for the EBC Building 326 HVAC and roof replacement, and buildings 407 and 532 bird wire installation, Master Identification No. 101249.01.

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

Vote: MOTION CARRIED 5-0.

E. Item 4E was not heard, it was postponed to a future meeting.

F. First Reading – Two-Year Lease with Evergreen Shipping Agency (America) Corporation 3600 Port of Tacoma Road, Suite 303, Tacoma, WA.

Presented by Annika Bjorkman, Real Estate Property Manager

- No action is requested at this first reading.
- Evergreen has been a tenant at the Fabulich Center 3600 Port of Tacoma Road since 2009. The current lease with Evergreen terminates December 31, 2018.
- Lease terms were presented. Rent is approximately \$20/per square foot annually. Which market for similar buildings in Fife, WA. This represents an increase in rent.

G. Divestiture of approximately one-half acre of land at 1123 and 1171 Taylor Way Tacoma, Washington.

- The property is part of what is known as the "Steam Plant" property. The Port is working with the City of Tacoma to clean up the original Steam Plant site. No contamination has been identified on the area requested for sale.
- The Port of Tacoma Commission approved this property for surplus on September 20, 2018.
- Sale terms were discussed. Sale Price is \$365,000. Special provisions of the sale include that the property is only to be used for a fire station and other public safety purposes. Buyer will commence work on the property improvements within one year of purchase, and the property title will revert to the Port for the same sale price when it is no longer used as a City of Tacoma fire station.
- The fire station will service all businesses and residential properties on the tideflats, along Marine View Drive and parts of Northeast Tacoma. It also allows the city to preserve the historical fire station building.

It was moved and seconded (Petrich/McCarthy) to approve the Purchase and Sale Agreement dated October 19, 2018 with the City of Tacoma (Buyer) to sell Port Parcel 98 and portions of Port Parcels 5 and 103 also known as Tax Parcel 2275200440 and portions of Tax Parcels 5000350050 and 0321263046, located on East 11th Street, 1123 and 1171 Taylor Way, Tacoma, Washington, and to authorize the Chief Executive Officer or his designee to execute any and all additional documents and take any and all additional actions necessary or required in connection with the completion of the sale.

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

Vote: MOTION CARRIED 5-0.

5. STAKEHOLDER UPDATE:

A. Tacoma Trident Yard Update.

Presented by Ron Hildebrandt, Trident Seafoods

- The Tacoma Trident Yard supports its fishing fleet and plants in Alaska as well as its freight boats and individual freighters. It is a year-round full-time employer. It employs approximately 9500 employees total. At the Port there are about 250 employees, however that fluctuates up and down depending on how much work is being done on vessels.
- A dock study of all pilings under Pier 24 and 25 was completed and according to Trident, of the approximately 4700 pilings, 131 pilings were identified as critical to pull and replace. They want to replace 40 to 45 pilings per year for the next three years. The pilings are the original pilings from 1918.

6. GENERAL BUSINESS:

A. Q3 Review: CEO Goals and Expectations.

Presented by John Wolfe, CEO.

Commissioners will be provided with a final review of goals and expectations for the 4th quarter in about one month's time. Commissioners have also been provided with draft 2019 goals and expectations and a public discussion is expected at the December 20, 2018 meeting.

B. Announcements, Events, Recognitions: None.

7. COMMISSIONER COMMENT:

Commissioner Marzano: Thanked recently retired Port employee Joyce Taylor for her service. The new international president of the ILWU is from the Local 23, Willie Adams.

Commissioner Meyer and McCarthy: Provided a summary the status of the Subarea Plan process and work plan. Considerations include recognition of the port container element, impacts of regulations on ports, and the Land Claim Settlement.

Commissioner Petrich: Provided brief comments on the historical information covered at the meeting and the transformation to the future.

Commissioner Johnson: Thanked staff for their work on the budget.

Commissioner Meyer: Asked that Commissioners be prepared to discuss the commission board involvement and discuss ant the December meeting. Provided a reminder of the special work session on Monday regarding the RFP for the executive search.

8. ADJOURNMENT: There being no further business, Commissioner Meyer adjourned the meeting at approximately 2:09 p.m.



Donald G. Meyer, President
Port of Tacoma Commission

ATTEST:



Don Johnson, Secretary
Port of Tacoma Commission



Juliet Campbell, Clerk of the Port
Port of Tacoma