

**MINUTES
PORT OF TACOMA COMMISSION REGULAR MEETING
JUNE 17, 2021**

The Port of Tacoma Commission met for its regular meeting, June 17, 2021. Commissioners Ang, Keller, McCarthy, Marzano and Myer were all present via telephone/video conference.

1. CALL TO ORDER

The meeting was called to order at 12:00 noon. Commissioner Marzano lead the Pledge of Allegiance.

2. APPROVAL OF THE AGENDA

The agenda was adopted by unanimous consent.

3. SPECIAL ORDERS OF BUSINESS / PROCLAMATIONS

None.

4. CONSENT AGENDA

It was moved and seconded (Meyer/Keller) to approve the consent agenda consisting of:

4A. The minutes of the May 20, 2021 regular Commission meeting.

4B. Approval of the payment of checks 229887 through 230131 and wire transfers in the amount of \$15, 056,305.39 during the period of May 1, 2021 through May 28, 2021.

The motion passed unanimously

5. PUBLIC TESTIMONY

None.

6. EXECUTIVE DIRECTOR'S REPORT

- Acknowledged Juneteenth.
- Attended an in-person retreat of the Chamber of Commerce.
- Commented on Port efforts to reconnect with the community when the state reopens.
- Planning for in-person Commission meetings to resume in July.
- Two study sessions are planned. First for regarding transportation, and a second regarding a new Port administration building.

7. COMMISSION ACTIONS

A. One Sitcum Plaza Assessment Briefing

Presenter: Erin Galeno, Chief Financial and Administrative Officer

The administration building at One Sitcum Plaza has been the headquarters for the Port of Tacoma since 1982. It went through some remodeling in 2002. The building remains a critical asset that the Port wishes to maintain in its asset base.

In 2019 an independent assessment was completed to identify repairs and maintenance needs for the building. From those identified, the repairs were dialed down to the critical few. The carpet which was identified as a life/safety/tripping hazard, has already been replaced. The roof needs replacement and plumbing repairs are needed as well as some small repairs to the seawall. In 2020, staff provided an estimate for the critical repairs to the Commissioners of \$5 million. Staff now believes it will be able to accomplish the repairs for less than that.

Now is an optimal time to do the replacement and repairs due to the reduced building capacity.

1. Administration Roof Replacement

Presented by: Norman Gilbert, Engineering Project Manager, II.

The building was constructed in 1981 and with the exception of minor upgrades in 1997, the roof remained as originally installed until 2013, when the roof was covered with spray polyurethane foam (SPF) to address issues identified in a 2012 roof assessment. The SPF added five years to the service life. It is now eight years later. Repairs to address issues identified in the 2019 assessment are not an option per building code. The scope and project schedule were presented.

It was moved and seconded (Meyer/Keller) grant project authorization in the amount of \$1,970,000 for a total authorized amount of \$2,120,000 for the Port Administration Roof Replacement. MID 101339.04.
The motion carried 4-1 by the following vote:

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	No
Commissioner Marzano	Aye
Commissioner Meyer	Aye

Discussion:

- Replacement is less expensive than repair. The replacement comes with a 20 year life expectancy. Commissioner McCarthy expressed his frustration on spending nearly \$5 million on a building that could be torn down in a couple of years.
- Commissioner Meyer expressed his dissatisfaction with the preventative maintenance of Port assets. There is also some leaking due to a failing cutter system.
- Staff explained the reason for the five-year solution in 2013 was because it was thought the building might be torn down. Staff is attempting to preserve the building in the most cost effective and maintain alternatives for future use or repurposing.
- Repairs to the seawall will need to be done regardless of whether the building is here. Commissioner McCarthy suggested that the type of repair for a building versus some other use may be different.
- Commissioner Keller shares the same concerns. She asked if the Commission decided today, which it is not doing, to authorize replacement of the building at another location, how many years would it take to get through the selection of a site, the design process, etc. Staff responded between three and five years. Three years would be very aggressive, due to shoreline permitting, public works contracts, etc. No sooner than three years, likely closer to five. Commissioner Keller also asked if, with the repairs, there are other options for this building besides a tear down. Staff confirmed it depends on how the Port decides to use the area. There may still be opportunity for other uses for the existing building.
- Commissioner Ang sees that the replacement and repairs are necessary to remain in the building and there is no other building option at this time. She agreed with Commissioner Meyer's comments regarding preventative maintenance. The fact that the Port opted for a five-year option indicates to her that the Port thought there would be a new administration building as many as 4-6 years ago. She commented that a decision has to be made regarding Port headquarters otherwise the Port will continue to incur costs in the millions for this space.
- Commissioner McCarthy commented that he made points made by Commissioner Ang a year and a half ago when he voted against replacing the carpet in the building. The more delays, the more

investments need to be made in the existing building to a point where so much money has been spent on the building, there will be no choice but to stay in it.

- Commissioner Marzano agreed that he would like to further along. He commented the pandemic put a lot of the world on hold, including the Port. He wants to move forward with a new building that is accessible to the public. He noted the existing building area may turn to terminal uses, but likely not for 20 years and believes there may be options in the meantime which make repairs to the seawall necessary as well.
- Commissioner Keller commented that the Commissioners have no one to blame but themselves. If it was a priority, the Commission should have made sure to move the project along. The Commission needs to move forward now.
- Eric Johnson, Port Executive Director gave his opinion that he is glad that the Port was not at 90 percent design in March of 2020. He believes the Port dodged a bullet as there would have likely been hundreds of thousands of dollars in architectural design that would be worthless because office spaces of the future will not look the same as pre-pandemic.
- Commissioner McCarthy appreciates the enthusiasm to move forward. He is disappointed in the last year and a half. He stated he attempted to move this issue along at every opportunity. He believes supporting this action is the wrong decision.

2. Administration Building Plumbing Repairs

Presented by David Myers, Engineering Project Manager II

The building was constructed in 1981. Upgrades and repairs to the restrooms completed in 2003 only included sink and faucet replacement. The 2019 building assessment identified the restrooms do not meet ADA requirements, are not code compliant, and need general repairs. Additionally, waste line and toilet carrier failures have occurred and supply lines are at risk of leaks. The scope of the project and schedule were presented.

It was moved and seconded (Keller/Ang) to grant project authorization in the amount of \$755,000 for a total authorized amount of \$880,000 for the Port Administration Building Repairs. MID 101339.02.

The motion carried 4-1 by the following vote:

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	No
Commissioner Marzano	Aye
Commissioner Meyer	Aye

Discussion:

- Commissioner McCarthy reasserted his comments from the previous discussion.
- Commissioner Meyer commented that 40 years is not that long in terms of plumbing and believes there must be something wrong in the design or inferior in materials to have waterlines and carriers failing. Staff commented that mechanical engineers commented that there should have been anchors placed on the back side of the carriers that are missing. Commissioner Meyer expressed his frustration that the Port often ends up paying for something that was probably not designed or constructed right. Copper lines are failing after what he considered a short life.
- Staff confirmed for Commissioner Keller that a higher than typical contingency is included to address cost overruns due to global supply chain issues. Staff noted that the Port is at the mercy of the market right now.

- Commissioner Ang commented that there is no choice. Bathrooms are needed. There are lessons to be learned. There are funding opportunities. She suggested seeking input from staff regarding what they would like to see in a new space and what they feel is not working in the current space.

B. SAFE Boats International, LLC Lease and Building 532 Structural Repairs

Presenters: Scott Francis, Director, Real Estate and David Myers, Engineering Project Manager II.

Staff provided a background on both the lease and the building repair projects.

SAFE Boats requires a three-year lease to meet the requirements for a Navy contract. The lease will consolidate and replace the existing month-to-month leases at Building 532, 1.52 acres of yard space and 3,524 square feet of office space in Building 326. During a building inspection conducted in preparation for the lease, multiple cracks in trusses supporting the roof were discovered. Emergency bracing was installed yet cracks are advancing. The terms of the lease as well as the scope and scheduling of the repair project were presented.

The rationale for waiving two readings is that there is no change to the footprint of the leased area, or the land use. The action combines three leases into one for simplicity. Timing is also an issue. By saving a month by having first reading considered second reading, SAFE Boats will be able to meet its Navy contract.

It was moved and seconded (Meyer/Keller) to authorize the Executive Director to enter into a three-year lease with SAFE Boats International, LLC for Premises located at 401 Alexander Avenue, Tacoma, Washington, and to waive the first reading of the lease approval, and for authorization for a building repair project in the amount of \$1,100,000 for a total authorized amount of \$1,250,000 for work associated with Building 532 structural repairs MID 101541.01.

The motion carried unanimously.

Discussion:

- Investments made to the building by SAFE Boats did not include the roof. They included skimming a portion of the building and some minor upgrades to the office area.
- Building 326 is leased at \$.86/sq.ft. slightly less than market rate. This is due to the condition of the property at the time of the lease. Building 532 is a similar situation. It isn't comparable to a typical modern warehouse lease. The building has asphalt floors, no heat, no insulation, and leaking siding. It is rented at \$.33/sq.ft. A certain amount of yard space is included for the office space parking. Extra yard space is provided at a rate of \$6,000/per acre/per month. They are leasing 1.5 acres of extra yard space. Commissioner Meyer is pleased to see what may be considered marginal space be useful for SAFE Boats, contributing to jobs on the waterfront, and also contributing to the Port's diversity of business.
- Repairs are planned to be finished before Q1 as to not interfere with the Navy contract.
- The repairs are to known deficiencies and are temporary. This is very old building and consideration must be given to the amount of money invested in it. Improvements made by the tenant are subject to the Port's tenant improvement process. Tenants must submit their request and plans. They are reviewed by engineering to make sure plans meet the structural integrity required and is properly permitted.
- The current SAFE Boat Navy contract is for six vessels and may increase to 16. If it increases to 16, SAFE Boat may need to extend the lease.
- Commissioner Keller commented that SAFE Boats is a great company. The Commission, when considering this investment, needs to consider the potential loss if the Navy contract goes away and there is no lease after the initial three years.
- Commissioner McCarthy asked about TOTE's lease rates and whether they had expressed any interest in expanding to that area. Staff confirmed TOTE's rate was negotiated many years ago and is below

\$6000/acre. The TOTE lease requires approximately 15 acres of satellite space. That obligation is met through other properties.

- Commissioner McCarthy also asked, if not for the purpose of this lease, what would be the direction for this property. Staff responded that for many years the Port has envisioned this area be used as a marine service center. Other tenants in the area include another boat builder and a vessel servicing company. The property does not have a lot of potential for terminal expansion. He then commented that he likes the diversity of supporting this industry for the jobs aspect but acknowledged that over the years many boat builders have closed business. He also noted that the Port will be expending more funds than what is taken in on the lease. If the Port were to move toward construction of a new building in the future, the tenant would need to be in a position to fulfill a long term obligation and meet the financial aspect would need to comply with the Port's requirements for investment.
- Commissioner Marzano likes that the Port is a diversified Port with the ability to attract the kind of work being done at the Earley Business Center (EBC). If this is what the Port wants to maintain, it will have to make those investments. It won't give the same return on investment as marine terminal operators, but it gives a return to the community with diverse and family-wage jobs. He recommended a study session to look at the future of the EBC.

C. Parcel 86 Bank Stabilization Project

Presenter: Hughes Wike, Engineering Project Manager II and Rob Healy, Senior Project Manager, Environmental Quality

Prior to the staff presentation, the Port's executive director explained that the bank that is eroding supports a piece of property licensed to The Northwest Seaport Alliance (NWSA or Alliance). The determination was made in consult with the NWSA that the stabilization project is a Homeport cost because the actual leasehold licensed to the NWSA is not the part that is eroding, the part eroding is next to the licensed property on Homeport property.

Staff continued with a presentation including a history of the property. Erosion of the Hylebos Creek bank has progressed landward threatening the integrity of environmental cap and stormwater infrastructure. This project seeks to eliminate the continued erosion of that bank. The environmental impacts, schedule, benefits and funding were presented.

It was moved and seconded (Keller/Meyer) to grant construction authorization in the amount of \$222,757 for a total authorized amount of \$510,000 for the Parcel 86 Bank Stabilization Project. MID 101493.01
The motion carried unanimously.

Discussion:

- Commissioner McCarthy inquired whether creek flow impacted by a drainage ditch may have contributed to the erosion issues and whether the drainage district or drainage ditch company may bear some responsibility. Staff informed the Commission creek flow is not fast enough to be the cause. They believe the erosion to be due to groundwater runoff and the tide affecting the bedding underneath the stormwater pipe.
- Commissioner Meyer commented that it appears from the image shared in the slide presentation, that the issue appears to be a clogged drain. Staff informed that initially thought the manhole was leaking and causing the problem. In fact, water collecting is not just from the cap, but also from the rail line. Pondage that takes place in the winter is getting into the pipe bedding and then there is the tide. Staff stated it is just too much velocity.

8. NON-ACTION NEW BUSINESS

- Commissioner Meyer, at the last Commission meeting, requested a resolution regarding renaming of Mt. Rainier due to what he believes is an injustice implied by its name. He requested that this potential action be held in abeyance pending input from the Puyallup Tribe.

- Commissioner Keller thanked Commissioner Meyer for bringing the topic forward and letting the Port's tribal partners know that the Port is ready to support them. Commissioner Marzano thanked him as well.
- Commissioner McCarthy commented this is an issue that has been around for a long time. In his opinion this is not the Port's issue and no one has asked the Port to do this. He noted the many names given to the mountain. He commented that there are communities in Pierce County in the areas surrounding Mt. Rainier that should be consulted, and other tribes in addition to the Puyallup that may want a say in the conversation, including the Cowlitz, Muckleshoot, Yakama and Nisqually.
- Commissioner Meyer appreciated the naming history. He commented that he does not want to pretend that the issue belongs to the Port but added that he finds the name Mt. Rainier offensive. He is sensitive the thoughts from the communities surrounding Mr. Rainier. He will be pulling back any efforts on behalf of the Port on this issue at this time.

9. COMMITTEE REPORTS

None.

10. ISSUE BRIEFINGS

A. Land Use Issues

1. Tidelands Subarea Plan Update

Presenters: Eric Johnson, Executive Director and Deirdre Wilson, Senior Planning Manager

Staff provided an update on recently completed elements and upcoming milestones of the Subarea Plan. Recently completed the Visioning Process and a draft Baseline Report. Updates to mapping noted by Commissioners at the last Steering Committee meeting are being corrected by the consultants.

The next milestone is a Steering Committee meeting where the Committee will recommend development alternatives for the plan and Environmental Impact Statement. This process was discussed with commissioners in small groups in anticipation of discussing those items in a public meeting, however, complications with the interim regulations process is having an impact of the Subarea Plan. The delay does not change the timeline of the Subarea Plan for Fall/Winter 2022, but it does reduce the amount of time for discussion of alternatives.

2. City of Tacoma Development Regulations

Presenter: Sean Eagan, Government Affairs Director

In May, Tacoma City Council declined to act on the proposed Industrial Land Use Regulations. Instead extended the interim regulations for up to six months and referred proposed permanent regulations to its Infrastructure Planning and Sustainability (IPS) Committee for review. A recommendation to the full City Council is due no later than August 31, 2021.

The Committee will be holding a series of six work sessions focusing on each of the different aspects of the IPS proposal. Stakeholders to specific aspects will be invited to the various work sessions. Public comment will be taken in written form only. Staff referred commissioners to a Local Government Affairs staffing memo previously provided for dates, topics and a roadmap of this process.

At the request of the IPS Committee, staff provided a simplified narrative summarizing the Port's key issues. A draft was provided to the Commissioners for review and feedback. Upcoming key dates were displayed.

Commissioner Meyer is frustrated the Subarea Plan is taking too long and questioned whether the money the Port has spent on this process will last through the process. He commented he is not interested in spending more money on a process that is taking too long and holding economic initiatives up in the air. What role with the Port play in the scoping process.

An accounting provided by the City at the Port's request indicated roughly 40 percent of the budget spent. The project has not yet reached 40 percent toward completion. The issue has been flagged for the other four local government partners. The city has slowed spending to allow the project to catch up to the budget.

The Port's Executive Director commented that he has never seen a SEPA process where the "no action alternative" as it is here. Until the City adopts its development regulations, the default is unknown. Mr. Johnson informed the Commission on recent development in the space of the Department of Defense and the fuel processing facilities on the Tideflats. Discussions will inform the development regulations.

Commissioner McCarthy commented on the staffing memo previously provided the simplified positions of the Port and stated the issues, positions and recommendations are appropriate.

Commissioners discussed conversations taking place with Department of Defense, City Council, the Puyallup Tribe, Citizens for a Healthy Bay and Union Oil regarding potential impacts interim regulations may have on Joint Base Lewis McCord, specifically the 62nd Airlift Wing. Commissioner Keller has been involved in the discussions as a community leader and veteran – not in her role as a Commissioner representing the Port.

11. COMMISSIONER COMMENTS

- Juneteenth is an official state and federal holiday. She thanked Washington State Representative Melanie Morgan and Senator T'wina Nobles for the work they did.
- Wished Commissioners Meyer McCarthy, Marzano and staff a Happy Father's Day.
- Commissioner Marzano stated the next meeting will be an in-person meeting.

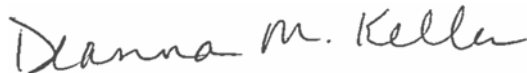
12. ADJOURN

The meeting ended at 2:41 p.m.



Dick Marzano, President
Port of Tacoma Commission

Attest:



Deanna M. Keller, Secretary
Port of Tacoma Commission



Juliet Campbell, Clerk of the Port
Port of Tacoma