

MINUTES  
COMMISSION SPECIAL MEETING – BUDGET PUBLIC HEARING  
NOVEMBER 25, 2019

The Port of Tacoma Commission met in a special meeting Monday, November 25, 2019, in the Fabulich Center, 3600 Port of Tacoma Road, Tacoma, Washington. Commissioners Johnson, McCarthy, Marzano, Meyer and Petrich were all present.

**CALL TO ORDER AND EXECUTIVE SESSION**

Commissioner Petrich called the meeting to order at 11:30 a.m. and recessed into executive session for 15 minutes to discuss one real estate purchasing item RCW 42.30.110(1)(b). No votes or actions were taken.

**PUBLIC SESSION**

**1. RETURN TO ORDER:**

Commissioner Petrich reconvened the meeting at 12:03 p.m. and lead the Pledge of Allegiance.

**2. CONSENT AGENDA:**

- A. Approval of the minutes of the regular October 17, 2019 meeting.
- B. Approval of the check/wire certification: Approving the payment of checks 224851 through 224981, 224983 through 225152, and wire transfers in the total amount of \$7,938,324.19 during the period of October 5, 2019 through November 8, 2019, certified by the Port of Tacoma auditor.
- C. Approval of the check certification: Approving the payment of check 224982 in the total amount of \$1,641.64 during the period of October 5, 2019 through November 8, 2019 certified by the Port of Tacoma Auditor.

**It was moved and seconded to approve consent agenda items 2A and 2B.  
The motion carried 5-0.**

**It was moved and seconded to approve consent agenda item 2CB.  
The motion carried 4-0. Commissioner McCarthy abstained.**

**3. PUBLIC COMMENT:**

Public comment was received from the following individual:

Ralph Ibarra, Diverse America Network. Acknowledged outgoing commissioners. Offered his support and assistance in actualizing Port of Tacoma Strategic Plan elements once a consultant is selected.

**4. ACTIONS:**

**A. PUBLIC HEARING AND COMMISSION ACTION**

2020 Port of Tacoma Budget, Tax Levy and Interlocal Agreement (ILA) for Support Services

Presenter: David Morrison, Director Treasury and Financial Planning

Changes made to the draft 2020 budget since the November 7, 2019 study session include an update to The Northwest Seaport Alliance (NWSA) distributable revenue, \$6 million in Lower Wapato Creek spending moved from 2020 to 2021, and a technology program that had been eliminated from the operating budget was removed from the Capital Investment Plan (CIP).

Staff answered a commissioner's question on the impact of adding \$5 million to the land acquisition budget. An explanation of the estimates in the budget for the Port Administration building was also given.

Tax levy overall valuations increased. The Port's policy has been to keep the millage rate at the same rate of \$0.18365 per \$1,000.00. Monthly tax levy at that rate is \$5.71 per month. Staff corrected an error in slide 9. The road contribution is actually the gateway park contribution to the City of Tacoma.

The operating budget was then discussed. Commissioner Meyer noted his concern over shrinking margins. Staff noted that the NWSA gets 50 percent of its net income as new capital assets added to the Alliance. Depreciation expenses reduce the net income from the Alliance, so while there will be a decrease in margin, cash is increasing.

Promotional hosting, memberships, capital project list for this year only for the statutory budget and the 2020 CIP expensed projects were described.

Discussion took place regarding a \$16 million Port of Tacoma budget item for long rail tracks needed, primarily for NWSA intermodal customers. This is consistent with the NWSA Charter. The Charter also provides that the NWSA can make a determination that a project is for the benefit of NWSA and opt to pay for a portion or all of a project. Commissioners would like more discussion at a future date related to this budget item.

Staff went over the 2020 statutory budget and highlighted the \$12.1 million noted in Interest Income represent the funds moved from Revenue to Interest Income as a result of GASB 87.

The Plan of Finance was also discussed. Income before tax levy and expenses in 2021 will be a challenge as there are several one-time expenses at Terminal 5 and crane removal at the Port of Tacoma.

#### PUBLIC HEARING

Commission President Petrich opened the public hearing at 12:46 p.m. pursuant to Washington state law.

Ralph Ibarra: President of Diverse America Network. Relayed his confidence in the Port's execution of its fiduciary responsibilities to the homeport and the Alliance. He offered to provide insight to ensure small businesses and workers in the jurisdiction get ample opportunity to benefit from capital improvement projects.

There being no further public comment, Commissioner Petrich closed the public hearing at 12:52 p.m. and returned to the action agenda.

**COMMISSION ACTION**

**It was moved and seconded to add \$5 million for land purchases to the 2020 Port of Tacoma budget.**

**The motion passed 3-2 by the following vote:**

**In favor:** McCarthy, Marzano and Meyer

**Opposed:** Johnson and Petrich

**It was moved and seconded to adopt Resolution 2019-13-PT directing the Secretary to certify to the Clerk of County Council of Pierce County, Washington, tax levy of \$23,157,554 for the year 2020.**

Commissioner Meyer does not support tax levy based on millage rate.

Commissioner Marzano pointed out that though an increase of approximately \$0.40 per month, the Port has maintained its levy under the maximum allowed by approximately \$197 million over several years.

Commissioner McCarthy noted the number of jobs created in the County by the Port and the great economic benefit to the region with the Port's work and the work of the Alliance. He noted the Port is limited in how it collects money and believes this approach is reasonable and fair.

**The motion passed 4-1 by the following vote:**

**In favor:** Johnson, McCarthy, Marzano and Petrich

**Opposed:** Meyer

**It was moved and seconded to adopt Resolution 2019-14-PT addressing the tax levy requirements pursuant to RCW 84.55.120 and RCW 84.55.092; and preserving the opportunity for future increase in the limit factor for maximum levy capacity pursuant to RCW 84.55.0101.**

Commissioner Johnson supports this motion, explaining that the Port will be beginning its strategic plan and this allows an avenue of funding should the Port identify a worthwhile opportunity.

**The motion passed unanimously 5-0.**

**It was moved and seconded to adopt Resolution 2019-12-PT adopting a budget for the Port of Tacoma for the year 2020 - the statutory budget with an increase of the capital budget by \$5 million and ending cash reduced by \$5 million.**

Commissioner Meyer does not support the budget as it includes property tax receipts. It is not clear to him in this budget the level of maintenance on assets. He wants to see an outcome-based budget document.

Commissioner McCarthy supports the budget. He shares Commissioner Meyer's concerns regarding deferred maintenance. He is satisfied there is a path forward to get a handle on maintenance issues. For next year, he would like to see a plan to pay down debt. He also wants a long-term trending analysis for the Port to compare side by side with the that of the NWSA.

**The motion passed 4-1 by the following vote:**

**In favor:** Johnson, McCarthy, Marzano and Petrich

**Opposed:** Meyer

**It was moved and seconded to authorize the Executive Director be the signatory on the interlocal agreements (ILA) for support services with the Northwest Seaport Alliance.**

**The motion passed unanimously 5-0.**

**It was moved and seconded to authorize the Executive Director to enter into interlocal agreements for support services with the Northwest Seaport Alliance.**

Going forward, Commissioner McCarthy would like an executive summary of changes to the ILAs to be included in the materials.

Public Comment: Ralph Ibarra, President of Diverse America Network agreed with suggestion for an executive summary.

**The motion passed unanimously 5-0.**

- B. 2020 Personal Services Agreement for General Legal Services  
Presented by Mark Little, Director of Contracts and Purchasing.

**It was moved and seconded to authorize the awarding of a personal services agreement or general legal counsel services to be provided by Goodstein Law Group, PLLC effective January 1, 2020 for one year with the option to renew for two additional one-year terms in the amount not to exceed \$756,491 over a three-year period.**

**The motion passed unanimously 5-0.**

- C. Fiber Optic Lines to Lot F  
Presented by Lou Paulsen, Director Strategic Operations Projects and Risk Management and David Myers, Project Manager II - Engineering

Staff identified for commissioners a variety of outcomes and benefits of moving forward with this project including improved remote security monitoring of Lot F which lies in the central part of the General Central Peninsula. It will increase the bandwidth and ability to provide redundant access to the remote diagnostics and performance monitoring of the eight super post-Panamex cranes installed on piers 3 and 4. The tenant at terminal 3 and 4 will have the ability to install an off dock gate complex on a portion of Lot F that will then allow the reallocation of the existing property for container yard use. Lastly, it will allow the collection of RFID data to validate trucker compliance with the Clean Track Program.

**It was moved and seconded to authorize project authorization in the amount of \$779,500 for a total authorized amount of \$970,000 for the installation of new fiber optic lines from the Husky Administration Building to Lot F, Master Identification No. 101286.01.**

**The motion passed unanimously 5-0.**

- D. Arkema Manufacturing Facility Project Authorization Scope Change.  
Presented by Scott Hooton, Project Manager II – Environmental

**It was moved and seconded to** authorize project authorization to reallocate previously authorized funds to complete additional deliverables required under an Ecology Agreed Order for the Arkema Manufacturing Area, Master Identification No. 096201.

**The motion passed unanimously 5-0.**

- E. Local Economic Development Investment Fund Project Scope Change  
Presented by Leslie Barstow Manager, Community Relations

**It was moved and seconded to** approve a scope change and continued funding from the Local Economic Development Investment Fund for a study of possible boat launch sites on or near the Foss Waterway.

The original application was for a one-time, capital investment in a new boat ramp in a specific location on the Foss Waterway. The modified scope would use funds to identify several suitable sites for a boat launch.

Discussion took place regarding whether there is funding out there for the construction and what other entities are contributing to the project.

Public Comment: Norm Gollub, Foss Waterway Development Authority. Offered clarity on funding contributions scope change.

Commissioner McCarthy attended a stakeholder meeting to discuss the topic and he reported there was much enthusiasm for this project. Commissioner Johnson mentioned the need for sufficient parking for boat trailers and trucks.

**The motion passed unanimously 5-0.**

- F. First Reading: Five-Year Lease with KAG West, LLC  
Presented by Scott Francis, Director Real Estate

Staff provided the primary lease terms for the premises located at 401 Alexander Avenue, Tacoma WA. At Second Reading, staff will request that the Commission authorize its Executive Director to enter into a five-year lease with KAG West, LLC.

Commissioner would prefer a three-year lease. He appreciates the customer but expressed reservation of not having a water dependent use on what he considers a prime piece of real estate. Number of ship repair facilities in the last few years and they haven't survived.

The business use of this property is strictly for parking, some maintenance takes place in the warehouse. All the trucks and trailers stored there are empty (they have one fuel truck on site parked in a containment area). Trucks are dispatched from there to U.S. Oil and other places nearby.

G. First Reading: Five-Year Lease with Thermo Fluids, Inc.

Presented by Scott Francis, Director Real Estate

Staff provided the primary lease terms for the premises located at 1851 Alexander Avenue, Tacoma WA. At Second Reading, staff will request that the Commission authorize its Executive Director to enter into a five-year lease with Thermo Fluids, Inc.

Thermo Fluids, Inc. is affiliated with Emerald Services which provides oil and antifreeze recycling services and products of that nature. Staff reported that Thermo Fluids does not the recycling and will not be bringing in any of those products into the location. The location will be used for office space, warehouse, parking, vehicle maintenance and storage of emergency response equipment for marine and land cleanup operations. Staff will confirm this business will not impact Interim Regulations prior to second reading.

Public Comment: Jeremy Moss, Emerald Refinery General Manager. Provided background information on Thermo Fluid's parent company, Clean Harbors, Inc. Clean Harbors is the largest environmental services company in the country, largest used oil recycler in the world and maintains management of the largest hazardous waste companies in the country.

5. GENERAL BUSINESS:

A. Events, Acknowledgments and Recognitions:

Presented by Eric Johnson, Executive Director

- The Washington Public Ports Association (WPPA) held its annual meeting last week. They were welcomed by Puyallup Tribe of Indians. Three past presidents of the WPPA are currently on the Port of Tacoma Commission.
- The Port's food drive wraps up today.
- The Strategic plan RFPs are in and staff will be working with commissioners to evaluate those.

6. COMMISSIONER COMMENTS:

Commissioner Myer thanked Port of Tacoma staff for its support of the WPPA.

Commissioner Marzano reflected on the contributions of Finn Wollebek to the Port of Tacoma. Mr. Wollebek recently passed away. Commissioner Marzano also thanked staff for their work on the budget.

Commissioner Petrich returned from Singapore and Shanghai and commented on the changes. She reported the goal in Shanghai is to have 35% of cars be electric within 15 years.

7. ADJOURNMENT:

There being no further business before the Commission, Commissioner Petrich adjourned the meeting at 2:35 p.m.

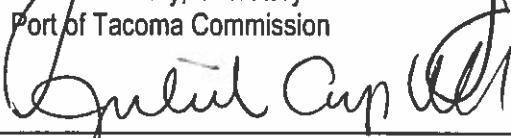


Clare Petrich, President  
Port of Tacoma Commission

Attest:



John McCarthy, Secretary  
Port of Tacoma Commission



Juliet Campbell, Clerk of the Port  
Port of Tacoma

