

**MINUTES
PORT OF TACOMA COMMISSION SPECIAL MEETING
JUNE 8, 2021**

The Port of Tacoma Commission met for a special meeting, June 8, 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 9:30 a.m.

2. EXECUTIVE SESSION

The Commission then recessed to an executive session pursuant to RCW 42.30.110(1)(i), to discuss with its legal counsel, one item of litigation or potential litigation. The executive session lasted 15 minutes. No votes or final actions were taken.

3. RETURN TO ORDER AND FLAG SALUTE

The Commission reconvened in public session at 10:00 a.m. Commissioner Marzano lead the Pledge of Allegiance.

4. APPROVAL OF THE AGENDA

The agenda was adopted by unanimous consent.

5. PUBLIC TESTIMONY

None.

6. COMMISSION ACTIONS

- A. Unlawful Detainer Litigation Request for Premises at 3502 Lincoln Avenue, Tacoma, Washington
Presenter: Scott Francis, Director, Real Estate

It was moved and seconded (Meyer/McCarthy) to approve the Port to file litigation where the Port is the party plaintiff to allow the Port to pursue unlawful detainer relief in response to Port month-to-month tenant's non-payment of rent for a term of nine months, with past due amount of \$28,717.01 as of June 1, 2021.
The motion passed unanimously.

Discussion:

- Commissioner Meyer finds the no contact from the tenant since agreeing to a repayment plan to be bothersome. He does not like taking this action against a small business. That said, he commented that this is the only prudent path, as the Port has a responsibility as a public entity for its financial performance and the use of a Port asset. The Port is still open to discussion to find a way through this short of litigation.

7. STUDY SESSION

- A. Midyear Financial Update
Presenter: Britt Doughtie, Treasurer and Director of Financial Planning & Treasury

Discussion:

- An update on the 2021 financial results for the Port of Tacoma through April was provided. The presentation included discussion regarding the Port's Tax Levy and General Obligation Bonds (GO Bonds), capital spending, ending cash, minimum cash and investments, outstanding debt, debt service coverage, and debt capacity.

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- Commissioner Meyer is interested in operations margins and cash from the Northwest Seaport Alliance. He would like that information included in future presentations. He is also concerned with cost increases and delayed lease payments of Terminal 5 and its impact of the Port of Tacoma financials.
- Commissioner Ang wanted to know if the forecast includes a budget for the Port's new headquarters. Staff responded it is included in the CIP, but he will need to confirm the spend years. She also inquired regarding whether spending for the Northwest Ports Clean Air Strategy (NWPCAS) implementation was included. This presentation was based on last year's budget. NWPCAS project budget items will be refreshed in the budgeting process. She is also concerned about the Terminal 5 Modernization Program costs and delays on the Port's budget.
- Commissioner McCarthy:
 - Prefers a year-over-year (YOY) comparison vs. a comparison if actuals to the budget.
 - Requested the presentation history begin with 2016 for an accurate evaluation of how the Port of Tacoma is doing vis-à-vis The Northwest Seaport Alliance (NWSA or Alliance). Expense analysis should begin in 2016. Of particular significance are cost allocations between the Homeports and the NWSA. If expenses are increasing for both, that would be contrary to the philosophy of when the Alliance was created, in that the thought was that the creation of Alliance would create certain efficiencies. If that is not the case, then we need to be honest about it and evaluate if the Alliance is working as intended.
 - Regarding the Tax Levy and General Obligation Bonds (GO Bonds). It is important to remind Pierce County citizens that the Port froze itself at a three percent per year increase rather than by virtue of property tax evaluations.
 - Important to him to reduce debt. When making decisions about projects he wants to be informed whether the project will result in a policy decision to borrow more money.
- Commissioner Keller requested an analysis of marine cargo terminals as cost centers.

B. Strategic Plan Implementation and Key Performance Indicators

Presenter: Erin Galeno, Chief Administrative & Finance Officer

Discussion:

- The Port completed its Strategic Plan in March 2021. Staff reviewed the timeline of the Strategic Plan's development. The staff is now challenged with creating the implementation plan including development of Key Performance Indicators (KPIs), actions and success measures, implementing plan actions and costs with the budget, modifying commission action requests to identify alignment with the plan goals and progress report design.
- High-level draft KPIs for each of the five Foundational Goals (economic vitality, environmental leadership, organizational success, transportation advocacy, and community connections).
- Economic Vitality KPIs
 - Commissioner Marzano stressed the Port strives to provide living wage jobs.
 - Commissioner Ang commented that with the formation of the NWSA for marine cargo, the focus of the Port of Tacoma outside of that alliance, is economic development as a real estate developer. She commented on the need for financing projects through public private partnerships with the Port as leaders. She also noted the patient capital of the Port for industrial land development.
 - Commissioner Meyer finds a structure that does not integrate the Port's expectations for the NWSA unacceptable. He stated he does not disagree with what has been presented but that it is not comprehensive.
 - Commissioner McCarthy commented that the KPIs presented are too high level. They represent what is already known and do not bring the Port any closer to what it wants to accomplish. Specific implementation actions and success measures are needed, for example, actions surrounding plans for the 11th Street corridor.

- Commissioner Keller commented that Strategic Plan should deal with things that the Port can control. Though the Port is part of the NWSA, it is a different entity. Including items regarding how the NWSA is going to perform or operate brings items in the Strategic Plan outside of the control of the Port. NWSA items should be addresses at the NWSA , where the Port has 50 percent of the conversation in the decision making progress.
- Commissioner Meyer advocated for the integration of NWSA expectations into the plan. He commented that this is not to say the Port has control, but to reflect that the Port considers expected outcomes on its investments in marine terminals, etc. Commissioner Keller questioned how to build metrics over items out of the Port's control. Commissioner Meyer wants the integration of information that clarified the comprehensive direction of the Port.
- Commissioner Ang appreciates the conversation. This is exactly what the Port if facing, the Port has a maritime and trade identity, but what is the Port beyond the maritime/NWSA. She noted also examples of things the Port has control over (though perhaps not 100 percent as collaboration needed) that support the NWSA/marine cargo, such as the Port's transportation advocacy goals.
- Commissioner Marzano recommended as study session on KPIs. What is being presented today is high level and do not speak to how the Port accomplishes the KPIs. The noted the NWSA success is directly related and involved with how and what the Port does. Though the Alliance and Port cannot be totally separate, there are items that are Port of Tacoma specific.
- Commissioner McCarthy does not see a need to discuss the KPIs presented today which he described as obvious. He advocated for identifying the top five to 10 priorities and then to delve into how to accomplish them. He does not want to wait three more months to get there, he stated he's been waiting two years for the Commission and staff to get pragmatic.
- Environmental Leadership KPIs
 - Commissioner McCarthy repeated he does not see the need to continue to discuss these known high level KPIs . The discussion should focus on implementation.
 - Commissioner Meyer would like fish habitat to be included.
 - Commissioner Ang will be interested to see how the NWPCAS goals integrate with the Port of Tacoma and NWSA integration plans.
- Organizational Success KPIs
 - Commissioner Ang commented that having a world class headquarters attracts and retains talent. It also contributes to economic development. The process itself should reflect the Port's values e.g. the Port as collaborators. The space will be symbolic of the Port's identity. She wants the headquarters to be completed. She also recommended profession development for employees, not just satisfaction surveys. She commented that staff responsible for achieving all the things the Port Commission sets as policy. She wants focus on how to create a culture of empowerment for employees and integrate diversity.
 - Commissioner Meyer would like to add points to the financial results KPI, to include a positive operating margin as a measure of efficiency. He would also like to include that there be a disciplined approach on accessing the tax levy.
 - Commissioner McCarthy commented that the public has entrusted \$1.4 billion worth of assets to the Port. He does not agree that positive net income over tax levy is sufficient, stating that it seems to be undercutting what the public expects the Port to do with those assets. He does not know at this time if he agrees that 2x debt service coverage is sufficient or how important surveys are in analyzing a quality work environment. He doesn't recall discussion regarding the first three KPIs presented for organization success and is not ready to accept them as presented without further discussion and analysis.
 - Commissioner Keller agrees that positive net income before tax levy is not sufficient. She stressed the importance of reinvesting income into assets and community. Reinvestment strategies need to be part of the development of KPIs.

- Commissioner Ang noted that the KPI for financial results presented is what the Port already does and which resulted in better bond rating for the Port. However, she noted the Port doesn't want to just pile up funds, the public expects that the Port knows what to do with assets, and to reinvest in economic development.
- Commissioner Marzano commented, regardless of the vehicle for doing so, management needs to hear and understand from employees regarding employee satisfaction.
- Transportation Advocacy
 - Commissioner Ang is questioned whether funding and other considerations for resiliency and emergency planning and climate adaptation belongs under transportation advocacy or environmental leadership or both. These impact economic vitality and financial health.
 - Commissioner Keller noted the need to work with other agencies to fund some of the infrastructure projects needed to be ready for electric trucks and shore power.
 - Commissioner McCarthy expressed his frustration with a KPI of setting priorities and developing a plan. After years of discussion, the Port is at a stage where an implementation action plan must be discussed. Implementation plan discussions will reveal the priorities. He noted the safety and congestion issues of the 11th Street corridor the Lincoln Avenue bridge and Portland Avenue.
 - Commissioner Meyer agreed. He advocates modernization of the Port's road rail and land infrastructure. For example intelligent management/technology for coordinating the flow of traffic, and future infrastructure for electric vehicles throughout the Tideflats.
 - Commissioner Ang POT NWSA are establishing together the road and rail infrastructure priorities. One of the current priorities is to reduce congestion. I hear comments, we need tech improvements, including digital highway. How do we measure without
 - Commissioner Marzano commented that there is a Subarea Plan Process taking place, and the fact is that as much as the Port may want to control, it is not the only entity making those decisions. He also noted he is also frustrated, however noted that, for example, that studies were done surrounding the 11th Street Bridge, and the price tag at that time was around \$40 million. He stated the City of Tacoma won't touch it. The Port can consider such projects but to do so, the Port may need to go into debt on a project with no rate of return to do so.
 - Commissioner McCarthy commented that the Port needs to have these conversations and also needs to stop waiting for the NWSA to come up with its complete plan. By waiting, nothing gets done and the Port is losing opportunities to make the property more valuable, improve usability of the central peninsula, and seek funding from the state and federal governments. If there is a plan, the Port can seek funds.
 - Commissioner Ang added that the area of the Tideflats where the future Port headquarters is currently being proposed, is an area where collaboration with City of Tacoma and other community partners for its development has no conflict. She commented that there are government agencies that have money they want to spend and have told her to bring proposals.
 - Commissioner Meyer recommended a study session on the 11th Avenue issue.
 - Commissioner Marzano proposes a study session for the Port headquarters and another specific to all aspects of the 11th Avenue area.
- Community Connections
 - Commissioner Marzano would like to add a Citizens Advisory Board as brought forward by Commissioner Keller.
 - Commissioner Ang noted that the KPIs do not reflect the Port's efforts regarding improving its relationship with the Puyallup Tribe.
 - Commissioner Meyer is an advocate for standing up a Citizens Advisory Board.
 - Commissioner Keller would like a quicker turnaround time by the Port Commissioners in responding to constituent questions and/or comments.

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- Next steps include finalizing the KPIs and completing an Implementation Action Plan.
- There were different recollections amongst commissioners about the extent of action taken regarding a new Port administration building. The record from previous Commission meetings will be reviewed.
- Commissioner Keller shared her experience participating along with Port staff volunteering and the Emergency Food Network (EFN). She challenged the Commissioners to volunteer as a group to repack at EFN.
- Commissioner Ang commented that as with anything else, the hardest thing for us to do will be to make the decision. Once decisions made, things will fall into place.

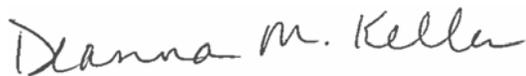
14. ADJOURN

The meeting ended at 11:53 a.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