

MINUTES
COMMISSION MEETING
July 16, 2020

The Port of Tacoma Commission met for its regular meeting, Thursday, July 16, 2020. Commissioners Ang, Keller, McCarthy, Marzano and Meyer were all present via telephone/video conference.

CALL TO ORDER AND EXECUTIVE SESSION:

Commissioner McCarthy called the meeting to order at 10:15 a.m. and announced that after a short break, the Commission would recess into executive session to discuss one litigation item (RCW 42.30.110(1)(i)); one item related to both potential litigation and to the legal and financial risks of a proposed course of action (RCW 432.30.110(1)(i) and (iii)); and one review of the performance of a public employee (RCW 42.30.110(g)). The executive session began at 10:30 a.m. and lasted approximately one hour. No votes or actions were taken.

PUBLIC SESSION

1. RETURN TO ORDER:

Commissioner McCarthy reconvened the meeting at 12:00 noon.

2. CONSENT AGENDA:

It was moved and seconded to approve consent agenda

A. Approval of the Minutes of June 18, 2020

B. 1. Approval of the payment of checks 227244 through 227287 and 227289 through 227527 and wire transfers in the total amount of \$7,163,459.27 during the period June 6, 2020 through July 3, 2020, certified by the Port of Tacoma auditor.

The motion carried 5-0.

It was moved and seconded to approve consent agenda

B. 2. Approval of the payment of check 227288 in the total amount of \$113.10 issued on June 12, 2020, certified by the Port of Tacoma auditor.

The motion carried 4-0 (McCarthy abstained).

3. PUBLIC COMMENT: None.

4. ACTIONS:

A. Commission International Travel Approval July – December 2020.

Presented by Tong Zhu, Chief Commercial and Strategy Officer

Staff recommended forgoing any international travel at this time due to Covid-19. Tentative events requiring international travel were displayed. Commissioners commented that should any of the events, tentatively scheduled later in the year, come to fruition, international travel approval can be revisited. No action was taken.

B. Interlocal Agreement with Washington Public Ports Association (WPPA).

Presented by Tony Warfield, Environmental Senior Project Manager

It was moved and seconded to give authorization to enter into one of two presented Interlocal Agreements (ILAs) with the Washington Public Ports Association and certain member ports to reinstate the National Marine Fisheries Services (NMFS)/US Fish and Wildlife Service (USFWS) liaison position in the amount of \$202,000 for a total authorized amount of \$202,000.

The motion carried 5-0.

Discussion:

- The Port of Tacoma originally hired the liaison position about 20 years ago to help with the consultation process as required under the Endangered Species Act. This helped expedite permits from the Corps of Engineers. Excess capacity of the FTE was shared with other ports through Interlocal Agreements where those ports could reimburse the Port of Tacoma for their use of the liaison's time. When the liaison retired, the Port of Tacoma management chose not to fill the position. No other port picked up the position to maintain the same model.
- WPPA was willing to hold the position (pay and benefits) and the position will be housed at the National Marine Fisheries Services building in Lacey Washington.
- Components of the ILA were discussed.
- The Commission is being requested to approve one of two proposed ILAs. One includes the Port of Longview, the other doesn't. There is no cost difference to the Port of Tacoma whether Port of Longview joins or doesn't.
- Historically, this model was working fantastic for the Port of Tacoma. The person in this position was able to complete consultations in half to one quarter of the time it normally took. The downside was the general workload of all the ports had decreased to a point where the Port of Tacoma was not recouping all our costs.
- Commissioner McCarthy asked whether the function this position is providing is one that should already be provided by the federal government. Staff responded that this position is augmenting federal staff so the Port can get permits quicker. He also asked about the timing of filling/funding the position. Staff informed that there is a consultation that has been waiting two years and there is an upcoming dredge maintenance where scheduling is critical particularly to Washington United. Staff wants to have someone in this position before submitting any permitting packages for that project.
- Commissioner Ang asked about the impact if one of the ports withdraws from the ILA. The Port has a fixed cost, so no change.
- Commissioner Marzano shared that when the position was originally being considered, the then Commission asked the same questions, specifically, "why are we paying for a government agency to do their job?" The reality is that once approved it was found to be money well spent with regard to timing and everything else. He supports the proposal.
- Executive Director Eric Johnson gave perspective as the former Executive Director of the WPPA. It is new for the WPPA but is a much needed service and he has no doubts that WPPA will be able to do it.

C. Lower Wapato Creek Habitat Project

Presented by David Myers, Engineering Project Manager II and Tony Warfield, Environmental Senior Project Manager

It was moved and seconded to authorize an increase to the project authorization in the amount of \$800,000 for a total authorized amount of \$1,925,000 for work associated with the Lower Wapato Creek Habitat Project, Master Identification No. 101449.01

The motion carried 5-0.

Discussion:

- Eric Johnson provided an introduction prior to the presentation. He noted that this project has been around in one form or another for several years. It is a complex project involving improving a portion of Wapato Creek to its old habitat by removing some fish passage barriers. It involves moving power transmission lines and complicated hydrology. The Port has had a lot of partnerships as it has proceeded with this project, including partnerships with the Puyallup Tribe (Tribe), Tacoma Public Utilities (TPU), Washington Department of Transportation (WDOT), City of Tacoma, City of Fife and others. Today's request is just a piece of a larger project. Staff has worked hard to be transparent as to the totality of the project which is much larger than the \$800,000 requested for today. There are potential habitat mitigation credits the Port can gain and there is fill material that will be generated that will count against the Port's contribution to the highway 167.
- Staff provided a background of the project. The Puyallup Tribe had expressed concerns with the Port's previous design in 2014 and the project was put on hold. The Port and the Tribe have been working collaboratively to address and resolve those concerns. Staff reported that the Tribe fully supports this project.
- Through the validation and permitting process several items were identified that require modification or additional exploration to ensure project viability. Including replacement of a planned culvert at the 12th street Wapato Creek crossing with a bridge, relocation of wood power poles with steel salinity and hydrogeologic data collection and modelling and other adjustments.
- Staff went through the major components of the projects. An image showing the differences between the previously planned culvert and the new bridge design was displayed. The new design resolves the fish passage concerns even during high water as fish can escape to the shallower slower moving waters on the sides. It also meets agency requirements for freeboard in an elevated water situation. The proposed power pole/line adjustments anticipate future needs of SR 509 and 167 to avoid any impacts to the habitat site.
- Staff described the advantages of mitigation in advance, it reduced ratios that you need to mitigate the impacts you are having. Staff went over Wetlands and Fish Habitat accounting.
- The scope of work schedule was presented.
- Commissioner Keller commented that this is a great project and good intergovernmental process to do some great things with our environment.
- Commissioner Meyer asked how this project impacts the Blair Waterway dredging project forward. Parcel 14 was the upland dredge disposal site. This would use the last bit of 14. There is an option for upland dredge disposal at Parcel 88 north. The Port is required to reclaim that site someday. Part of the reclamation process will be grading slopes less deep and more stable. That would be the future dredge disposal site if needed to go upland with material.

- Commissioner McCarthy commented he returned to the Commission two and one half years ago, and has had the opportunity during this time to work with staff and attend consultations with Tribe over this project found approach taken by all to be very positive and is glad staff has been able to work carefully and closely with the Tribe and that the project is moving forward. He noted the ultimate price tag is high and noted an increase to the capital budget in the works to accommodate the potential cost now. This is an issue in all our capital projects and will be part of the Port's prioritization discussion when Commissioners complete its strategic plan. He is in support of moving forward with design costs.

D. Second Reading: Concrete Tech Lease

Presented by Scott Francis, Director of Real Estate

It was moved and seconded to authorize the Executive Director or his designee to enter into a three-year lease with Concrete Technology Corporation for the premises located at 1202 Port of Tacoma Road, Tacoma, Washington.

The motion carried 5-0.

- This is the second reading. The first reading was presented at the June Port of Tacoma meeting.
- Staff provided the background and went over the primary lease terms.
- Concrete Tech's facility is located adjacent to the Port's property at 1202 Port of Tacoma Road. They need additional space. The 1202 property provides the needed space but is currently leased to Milestone Trailer Leasing, LLC (Milestone). Milestone has agreed to move to a new location. Moving costs to be paid by Concrete Tech.
- Rent is at market value and meets the scheduled income for this property in the 2020 Budget. Return on Investment (ROI) for this property is 235 percent. This high ROI is because the property was purchased in 1998 for approximately \$150,000. This use represents the highest and best use of this property.
- Commissioner Ang thanked staff for their flexibility, coordination and responsiveness to both Concrete Tech and Milestone. She asked if switching the locations of these companies impacts the environment in any way. Staff responded that it does not. Both properties are used for above ground storage.

E. Second Reading: Milestone Trailer Leasing, LLC.

Presented by Scott Francis, Director of Real Estate

It was moved and seconded to authorize the Executive Director or his designee to enter into a three-year lease with Milestone Trailer Leasing, LLC for the premises located at 1721 Thorne Road, Tacoma, Washington.

The motion carried 5-0.

Discussion:

- This is the second reading. The first reading was presented at the June Port of Tacoma meeting.
- Staff provided the background and went over the primary lease terms.
- To accommodate Concrete Technology's request to lease the 1202 property, Milestone has agreed to relocate and lease the property located at 1721 Thorne Road.
- Rent exceeds the scheduled income for this property in the 2020 Budget. The ROI for this property is 19 percent. This represents the 2006 purchase price for this property which was approximately \$3 million. This use represents the highest and best use for this property.

- Commissioner Keller thanked Milestone for their flexibility. She stated both companies are good companies and the Port is happy to have them on Port-owned property.
- Permits for some of the utilities needed may impact the August 1, 2020 lease start date.

F. Local Economic Development Investment Fund.

Presented by Leslie Barstow, Manager, Community Relations.

It was moved and seconded to amend the request to include a \$5000 award to the Sister Cities Program which was properly processed through the Local Economic Development Fund Committee. **The motion carried 5-0.**

It was then moved and seconded to authorize the Executive Director or his designee to execute an Interlocal Agreement with Pierce County and to fund investments to four Pierce County non-profit organizations at the following amounts and to include the addition of the Sister Cities Program, from the Local Economic Development Fund, for a total authorized amount of \$79,000.

Asia Pacific Cultural Center	\$25,000
Chambers Creek Foundation	\$4,000
Gig Harbor Canoe and Kayak Racing Team	\$10,000
Pierce County Economic Development Dept.	\$10,000
Points Northeast Historical Society	\$25,000
Sister Cities Program	\$5,000

The motion carried 5-0.

Discussion:

- Commissioner Keller opened the discussion. The LEDIF Committee reviewed 23 different proposals. Four infrastructure projects were previously authorized by the Commission. There were monies left over in the fund and the Committee has identified additional proposals.
- These contributions fall \$26,000 below the amount budgeted for these investments in 2020 (the published memo incorrectly states \$53,000).
- The Port's allocation will be committed for up to two years and payable on a reimbursement basis.
- Sister City request in the amount of \$5,000 was circulated to the Commissioners within the last day. Committee members had an opportunity to discuss and agreed to bring this item to the Commission as part of its recommendations.
- Commissioner McCarthy noted concerns about the budget, the effect of the pandemic on the budget and the effect of the Northwest Seaport Alliance (NWSA) and their debt distribution on the Port of Tacoma on its budget capabilities. He commented that there were many great applicants and that these recommended programs are great programs that the Commission looks forward to this work.

C. GENERAL BUSINESS:

A. Strategic Plan Outreach Update

Presented by Rod Koon, Senior Manager Communications

Discussion:

- An on-demand open house launched July 8, 2020 and will remain open through December 2020. www.portoftacoma.com/openhouse

- When launching the open house, extensive email outreach efforts included emails to citizens, civic groups, chambers of commerce, customers, elected officials, environmental groups, the Puyallup Tribe, schools and universities.
- Staff described the contents of the website. It contains the history of the Port, an overview of the powers that ports have in the state of Washington. It also provides an overview of the strategic plan process, a list of the proposed goal areas along with specific examples.
- A study session on the Strategic Plan is scheduled for July 23, 2020.
- The website contains a 9-10 minute survey to gather input from citizens regarding priorities. Approximately 71 responses to the survey at the time the materials were submitted. Staff expects soon to reach 100 responses. To date approximately 900 people have been on the website. A snapshot of the questions and responses was provided.

B. 2020 Budget Process Preview

Presented by David Morrison, Director of Finance and Treasury

Discussion:

- Staff provided the 2021 Budget focus. That is keeping everyone safe, continuing to grow Port investments, strategic projects and keep business strong. Forecasts were provided in March and June. Staff will return in the October/November timeframe with a forecast update.
- The focus will also continue to grow Port revenue, achieve a positive net income before tax levy. Staff emphasized that tax levy is never to subsidize Port operations. A fully diluted revenue bond debt service coverage greater than 2 times coverage is another focus.
- The 2021 budget schedule was presented. In late October the preliminary budget document will be sent to the commission and will be released to the public for review.
- Tax levy options were presented. Staff will be seeking Commission guidance by mid-September. This will play an important role in the 2021 budget.

C. Executive Director Announcements, Events, Recognitions

- The Port's mitigation bank at Upper Clear Creek has received its final approval from the federal government.
- Thanked staff for their work in preparation for this meeting.
- He and Rod Koon were interviewed by Tacoma TV. They provided an overview of the Port of Tacoma and focused on the strategic plan.
- Cautiously implementing staff's return to the office processes.
- Director of Contracts and Procurement, Mark Little is moving on to another position outside the Port. He was thanked for all of his service to the Port.
- A Strategic Plan study session is scheduled for July 23, 2020.

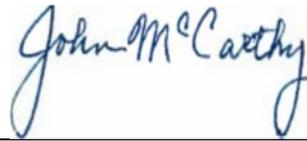
D. COMMISSIONER COMMENTS:

- Commissioner Ang: Thanked staff for their hard work on habitat and mitigation. It shows the Port has been a steward of the environment on the Tidelands and this is an ongoing project. Thanked staff for the high level of work during this pandemic. Happy Pride. Tacoma celebrates in July. She, Commissioner McCarthy and staff were able to raise the Pride flag at the Port Administration Building along with the United States Flag. Stay safe, wear masks.

- Commissioner Keller: Echoed Commissioner Ang's comment imploring the public to wear masks and social distance. Businesses owners are excited to open, educators want to get kids back in school, but they are frustrated and afraid that people are not taking the safety guidelines seriously.
- Commissioner Marzano: Thanked staff for their work under the current conditions. Agrees with the comments about wearing masks. Wishes more people would be concerned for their fellow human beings.
- Commissioner Meyer: Thanked the Port customers and labor partners for their responsiveness to safety measures.
- Commissioner McCarthy: Seattle Mayor Durkan issued a press release declaring the West Seattle High-Rise Bridge a City emergency. She has requested state and federal assistance to stabilize that asset. The NWSA will have an op-ed piece in the newspaper explaining the bridge's significance to the NWSA and the NWSA's use of the lower bridge for access to Terminal 5. Commissioner McCarthy said his heart goes out to the approximately 200,000 sailors stuck on vessels around the world because of border restrictions. Shout out to the Port's IT staff and WorkTank, the Port's video producer for their expertise in making virtual meetings happen.

E. ADJOURNMENT:

There being no further business before the Commission, the meeting adjourned at 2:03 p.m.



John McCarthy, President
Port of Tacoma Commission

Attest:



Don Meyer, Secretary
Port of Tacoma Commission



Juliet Campbell, Clerk of the Port
Port of Tacoma