

Item: 6B

Date: 1/22/25

Resolution 2025-02-PT: Mitigation Bank Credits Surplus & Sale to Vector Development Co.

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Port of Tacoma Commission Meeting

Date: January 22, 2025



Request adoption of Resolution 2025-02-PT, declaring 0.2 wetland bank credits surplus, pursuant to RCW 53.08.90, and authorizing the sale of those credits to Vector Development Co. for development of the Freeman Road Logistics Project.

Approval will surplus and sell up to 0.2 bank wetland credits for \$386,667 to Vector Development Co. for their Freeman Road Logistics Project:

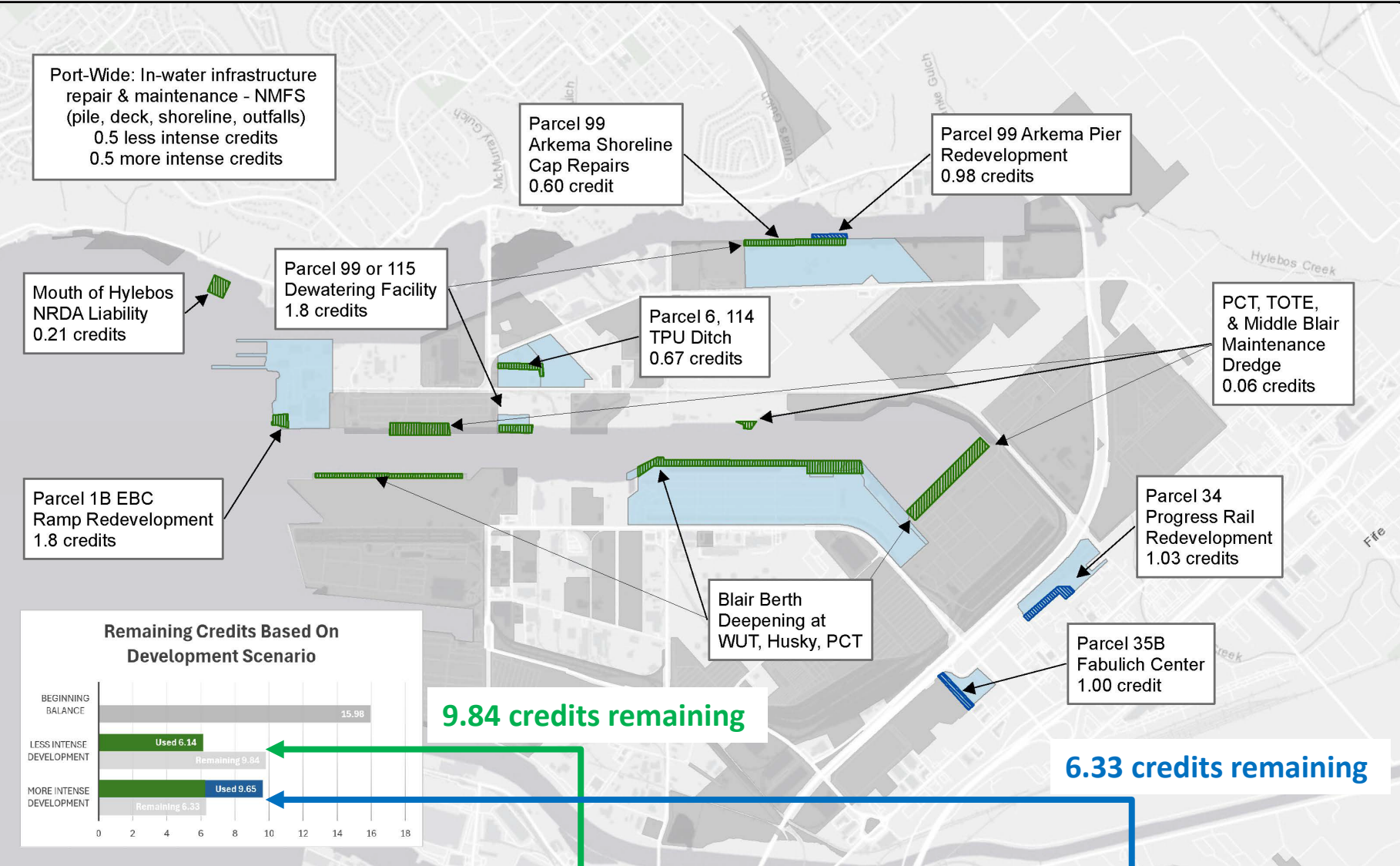
- Two new warehouses (~500,000 SF)
- Vehicle & truck/trailer parking
- Utilities & stormwater management
- Landscaping & Freeman Rd improvements
- Creates living-wage jobs
- Supports cargo logistics and business development opportunities in Pierce County

- Advance Mitigation Sites
 - Place of Circling Waters – 2011 (3.52 credits)
 - Lower Wapato Creek – 2022 (10.02 credits)
- Upper Clear Creek Mitigation Bank (12.56 credits)
 - Certified June 2020
 - Commission approved ability to sell bank credits in 2022
 - Only bank credits can be sold
- 10.12 credits used & 15.98 credits remaining

Wetland Credit Portfolio Balance History	
(Advance & Bank Mitigation Sites)	Wetland Credits
Credit Generating Site:	
Place of Circling Waters Advance Mitigation Site	3.52
Upper Clear Creek Mitigation Bank	12.56
Lower Wapato Creek Advance Mitigation Site	10.02
Total Credits Generated	26.10
Impact/Credit Use Project	
Arkema Mound Clean Up	0.09
North Lead Tracks	0.02
Off-Dock Container Support Facility	8.33
Parcel 117 Snail Eradication	1.68
Total Credits Used	10.12
Available Credit Balance	
Total Remaining Credits	15.98

- Projected 10-Yr Credit Needs & Portfolio Balance Review
 - Reviewed credit needs based on the Port's 2021-2026 Strategic Plan & NWSA's Coordinated Course 2035
 - Credit balance depends on how aggressive the Port & NWSA are in redeveloping properties (need 6.14 to 9.65 credits)
 - Remaining 10-yr credit balance is 6.33 to 9.84 credits

Figure 1:
10-Year Mitigation
Credit Balance
Projection



9.84 credits remaining

6.33 credits remaining

Legend

- Less Intense Development
- More Intense Development
- Development Parcels
- Port Parcel

0 2,000 Feet

10-Year Mitigation Credit Balance Projection

Less Intense Development
 0.67 credits - Parcel 6, 114 TPU ditches
 1.8 credits - Parcel 1B EBC Ramp Redevelopment
 0.21 credits - Mouth of Hylebos NRDA Liability
 0.50 credits - Blair Berth Deepening at WUT, Husky, PCT
 0.06 credits - PCT, TOTE, Middle Blair Maintenance Dredge
 0.50 credits - In-Water Infrastructure Repair & Maint. (NMFS)
 0.60 credits - Parcel 99 Arkema Shoreline Cap Repairs
 1.8 credits - Parcel 99 or 115 Dewatering Facility
6.14 credits - Subtotal (8 projects)

More Intense Development
 0.98 credits - Parcel 99 Arkema Pier Redevelopment
 1.03 credits - Parcel 34 Progress Rail Redevelopment
 1.00 credits - Parcel 35 Fabulich Center
 0.5 credits - In-Water Infrastructure Repair & Maint. (NMFS)
in addition to 6.14 credits from Less Intense Development
9.65 credits - More Intense Development (12 projects)

Project Details: Scope of Action



Approval of this action will sell up to 0.2 bank credits to Vector Development Co. for their Freeman Road Logistics Project.

Compliance with Credit Use & Sale Policy (MPD Section VII)

- Executive Director reviewed & recommends approval to the commission (MPD VII.C.1.b.iv)
- Staff forecast 6.33 to 9.84 surplus credits (MPD VII.B.2)
- This request seeks commission approval of a resolution to surplus and sell up to 0.2 bank credits (MPD VII.C.1.a)

- Sale is for a cargo logistics project & supports the Port's Strategic Plan Economic Vitality (EV) goals (MPD VII.C.1.b.i)
 - EV-2: Invest in assets that support living-wage job creation throughout Pierce Co.
 - EV-4: Partner with regional organizations to facilitate career development and business growth in Pierce Co.
 - Freeman Logistics Center Project is a cargo logistics project consisting of two warehouses (~500,000 SF) and associated improvements. (Figure 2 – Vicinity Map & Figure 3 – Site Plan)

Figure 2:
Vicinity Map

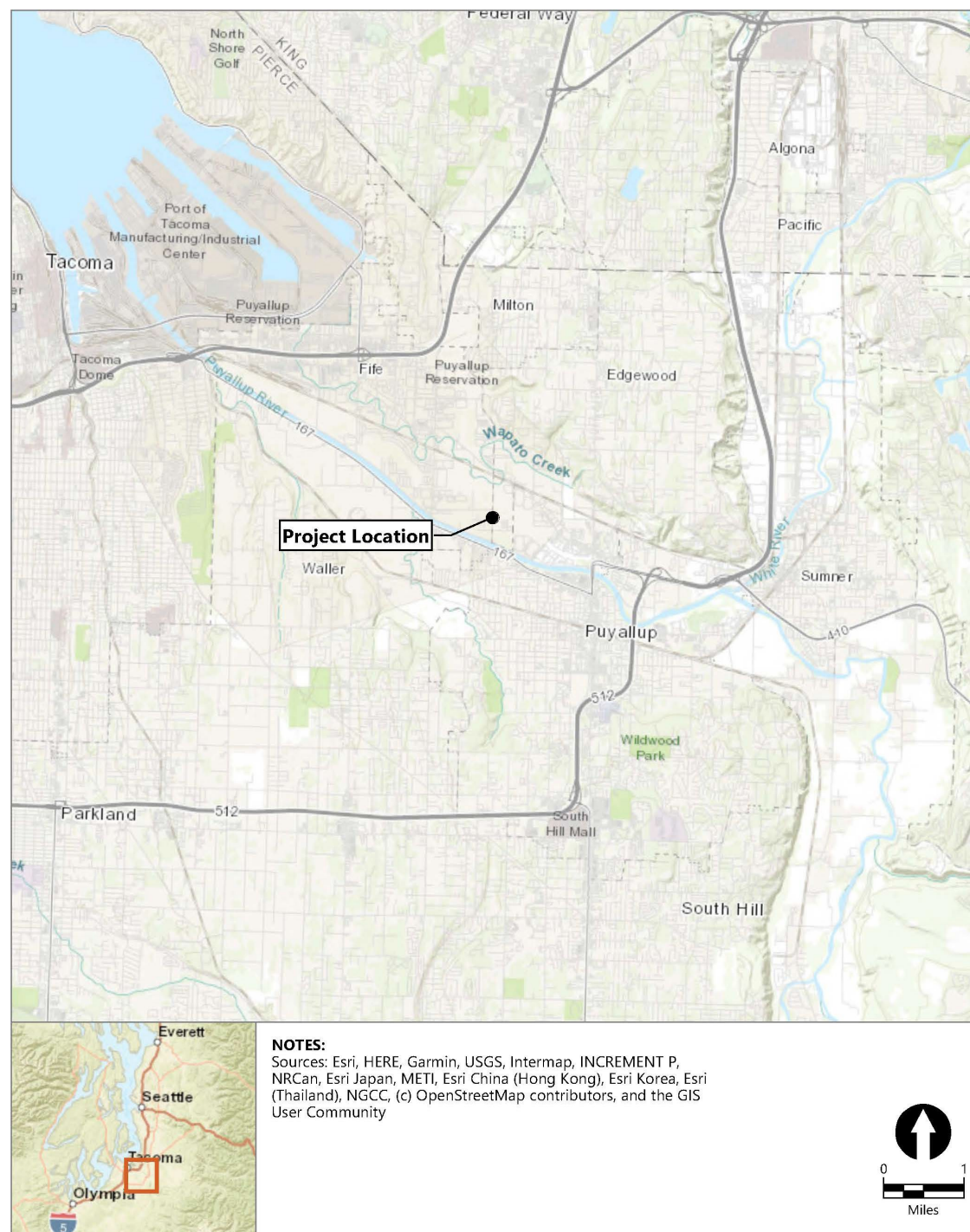
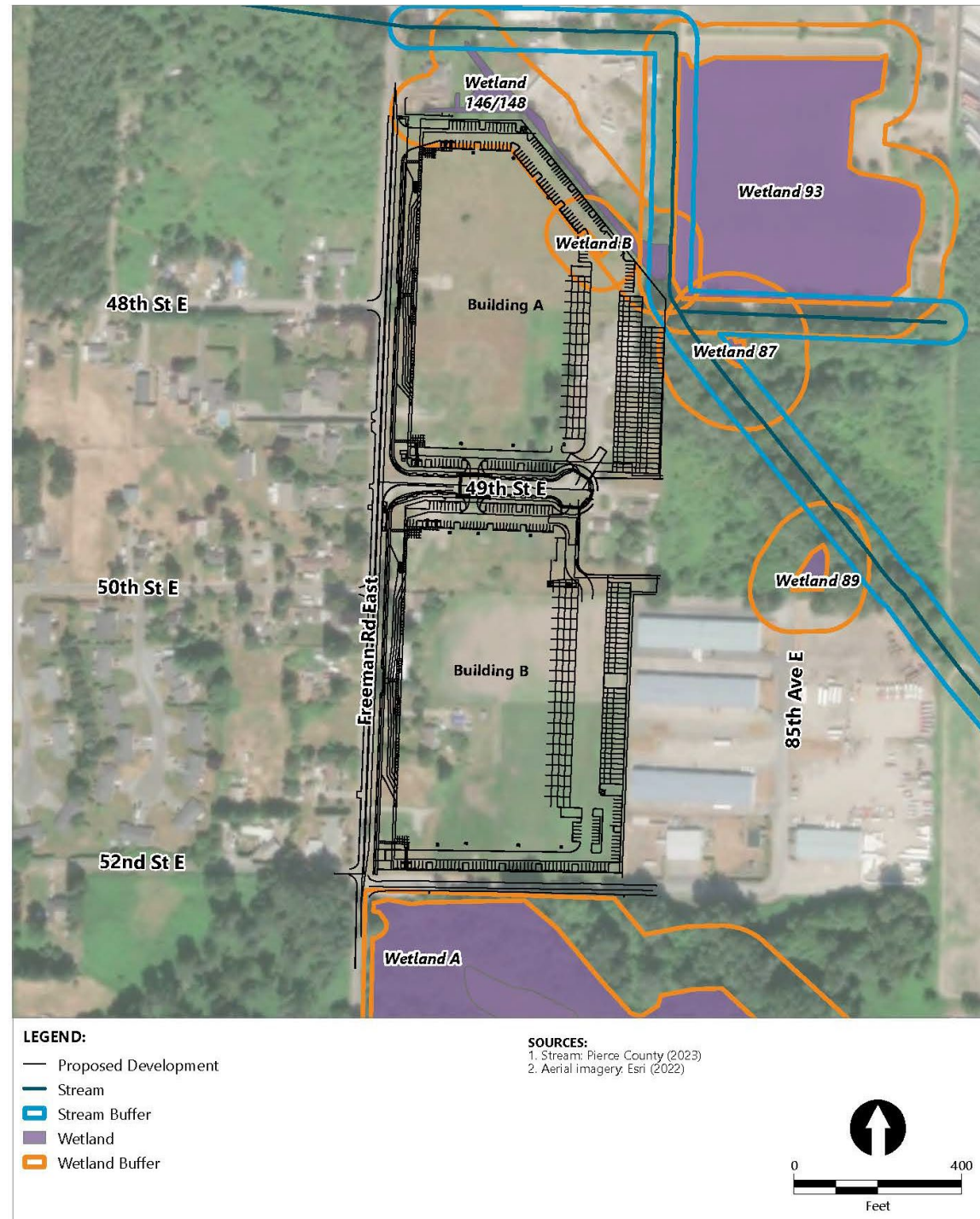


Figure 3:
Site Plan



- **Credit Price = \$1,933,333 per bank credit**
(greater of fair market value and replacement cost) (MPD VII.C.1.b.ii)
 - 2024 fair market analysis: \$1,933,333 per credit
 - 2024 replacement cost analysis: \$1,862,722 per credit
 - Pro-rated price for 0.2 credits is \$386,667
- The sale will have a minimum value of \$350,000 regardless of the number of credits sold (MPD VII.C.1.b.iii)

Next Steps

- If approved, Port staff & Legal Counsel will draft and execute sale transaction documents.

Previous Cost of Bank Credit

- Est. cost to date is \$684,000 (non-escalated) or \$978,000 (escalated by CPI) per credit for 2024.
- Est. cost of 0.2 credit is \$136,800 (non-escalated) or \$195,600 (escalated).
- All costs associated with establishing the mitigation bank and associated credits to date have been accounted for in previous budgets and authorizations.

Estimated Cost for This Request

- There will be staff time associated with drafting and executing the bank credit sale.

- Proceeds received will be recorded as non-operating income in the month that the sale takes place and is a direct increase to the Port's bottom line in that period.

- The Freeman Road Logistics Project will provide warehouse, transportation, and logistical infrastructure and create well-paid jobs in Pierce County.
 - Invests >\$10M in public infrastructure & traffic impact fees
 - Creates Jobs: 200 construction, 250 operations

- Alternative 1) Do nothing
 - Port retains 0.2 bank credits
 - Vector Development Co. finds alternative mitigation
- Alternative 2) This request
 - Surplus & sell 0.2 bank credits
 - Supports Strategic Plan Economic Vitality goals (EV-2 & EV-4)
 - Authenticates the first Port bank credit use/sale
- Alternative 2 is the recommended course

- Request adoption of Resolution 2025-02-PT, declaring 0.2 wetland bank credits surplus, pursuant to RCW 53.08.90, and authorizing the sale of those credits to Vector Development Co. for development of the Freeman Road Logistics Project.



Thank You

Questions & Discussion



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