

COMMISSION SPECIAL MEETING MINUTES
May 23, 2023 - 12:00 PM Public Session Start
Fabulich Center, Room #104: 3600 Port of Tacoma Road, Fife



The Port of Tacoma Commission met for a special meeting on **May 23, 2023** at the Fabulich Center, 3600 Port of Tacoma Road, Fife, WA. Commissioners Keller, Ang, McCarthy, Marzano and Meyer were present in person.

CALL TO ORDER | EXECUTIVE SESSION:

Commissioner Deanna Keller, Port of Tacoma Commission President, called the meeting to order at **11:00 a.m.** and announced that the Commission would recess into a closed **Special order of Business** until **11:30 a.m.** to discuss a labor collective bargaining agreement.

RETURN TO ORDER and FLAG SALUTE:

Commissioner Keller returned the meeting to order at **12:00 p.m.**, followed by the Pledge of Allegiance. Commissioner Keller acknowledged that we are situated on the shores of the Salish Sea and reside on the ancestral lands of the Puyallup Tribe of Indians.

APPROVAL OF AGENDA:

The agenda was adopted by unanimous consent.

EXECUTIVE DIRECTOR'S REPORT:

- The Port of Tacoma received the Environmental Stewardship Award from the Washington Public Ports Association for the lower Wapato Creek habitat enhancement project.
- The Port is in the process of hiring interns again this year.
- As part of the Commission's workforce training objective, the Port of Tacoma was a sponsor of Pierce County Career Day. This is the largest technical and building trade outreach fair in the county.

PUBLIC COMMENT:

- Megan Jendrick, Assistant City Manager and Park Recreation & Aquatics Director for the City of Fife, addressed the Commission on their jobs program which works to assist homeless individuals with housing, job placement, food & hygiene services. Although that program helps to assist those who are interested in getting back on their feet, it doesn't address street outreach efforts. Last year, the City of Fife partnered with Pierce County on a street outreach program, but that funding is coming to an end. The Port reached out and agreed to assist the City of Fife through a proposed Interlocal Agreement (ILA) to support their outreach program. She offered her thanks to the Commission and the Port of Tacoma for this support.

CONSENT AGENDA:

- A. Minutes: May 4, 2023
- B. Approval of Check Certifications: Checks during the period of 4-5-23 to 5-4-23

MOTION: "Approve Consent Agenda as presented."

Motion was made by Commissioner Meyer and seconded by Commissioner Ang.

DISCUSSION: None

VOTE: Motion Carried 5-0

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	Aye
Commissioner Meyer	Aye
Commissioner Marzano	Aye

COMMISSION ACTIONS:

A. ILA City of Fife Regarding Homelessness

Matthew Mauer, Government Affairs Manager for the Port of Tacoma, requested spending authorization in the amount of \$72,000 for funds associated with a proposed ILA with the City of Fife to support their homelessness street outreach program. This is in response to Resolution 2022-19-PT which directed Port staff to develop alternatives to assist local governments in responding to an increasing number of people experiencing homelessness.

MOTION: “Authorize \$72,000 in total funding for the proposed ILA with the City of Fife to support their homelessness street outreach program.”

Motion was made by Commissioner McCarthy and seconded by Commissioner Ang.

DISCUSSION:

- The area of focus and clarification of location were discussed.
- The City of Fife and Port staff were commended on their efforts to address homelessness.

VOTE: Motion Carried 5-0

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	Aye
Commissioner Meyer	Aye
Commissioner Marzano	Aye

B. Resolution 2023-03-PT: Master Policy Annual Update

Heather Burgess, Legal Counsel for the Port of Tacoma, presented annual update on the Master Policy. A briefing on the proposed changes was provided at the last meeting and questions or comments on the content were solicited at that time.

MOTION (Original Resolution): “Approve Resolution 2023-03-PT, a resolution superseding Resolution 2022-06-PT and all prior resolutions adopting Master Policy directives.”

Motion was made by Commissioner Meyer and seconded by Commissioner Ang.

DISCUSSION:

- Discussion ensued on what was changed, real estate assignments, payment of broker fees and commissions, Executive Director authority on personal and professional services, and contracts for outside services.
 - Commissioner Meyer proposed three amendments, one of which was ultimately withdrawn.
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The following motions for amendments were made after discussion on the original motion.

MOTION (Amendment 1): “Amend the wording in Section IV, Item H, Subsection 3 and change ‘shall’ to ‘may’ in the first sentence.”

Motion was made by Commissioner Meyer and seconded by Commissioner Marzano.

DISCUSSION:

- Comment was made in support of a cap and practical considerations around broker fees were made.

VOTE MOTION (Amendment 1): Motion Carried 5-0

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	Aye
Commissioner Meyer	Aye
Commissioner Marzano	Aye

MOTION (Amendment 2): ~~“Amend include additional language ‘Where sales price exceeds two million, the commission may be negotiated, but will never exceed five percent (5%)’ wording in Section IV, Item H, Subsection 3.”~~
~~Motion was made by Commissioner Meyer and seconded by Commissioner Ang.~~

DISCUSSION:

- This amendment was ultimately withdrawn, as the proposal was already addressed in another section.

VOTE: None – Motion Withdrawn

MOTION (Amendment 3): **“Amend to strike wording ‘if over \$350,000’ in Section IV, Item H, Subsection 4.”**
Motion was made by Commissioner Meyer and seconded by Commissioner McCarthy.

DISCUSSION: None

VOTE (Amendment 3): Motion Carried 5-0

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	Aye
Commissioner Meyer	Aye
Commissioner Marzano	Aye

Vote on the original motion was taken after the motion to amend was passed.

VOTE ON MOTION (Original Resolution as Amended): Motion Carried 5-0

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	Aye
Commissioner Meyer	Aye
Commissioner Marzano	Aye

C. Resolution 2023-07-PT: Bylaws Annual Update

Heather Burgess, Legal Counsel for the Port of Tacoma, presented the annual review of the Bylaws. The only update is a change in Article IX implementing “action” or “decision-only” minutes.

MOTION: **“Approve Resolution 2023-07-PT for the Port of Tacoma 2023 Amended and Restated Bylaws.”**
Motion was made by Commissioner Meyer and seconded by Commissioner Ang.

DISCUSSION: None

VOTE: Motion Carried 5-0

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	Aye
Commissioner Meyer	Aye
Commissioner Marzano	Aye

D. Establish Ad Hoc Committee—Code of Governance & Conduct Review

Heather Burgess, Legal Counsel for the Port of Tacoma, presented. This year marks the first annual review on the Code of Governance and Conduct. Following discussion on this topic at last month’s meeting, the Commission wanted to establish an ad hoc committee for a more comprehensive review of the Code of Conduct.

MOTION 1: “Establish an Ad Hoc Committee to review the Code of Governance and Conduct for Port Commissioners” and appoint two (2) members of the Commission to serve on the committee:

Motion was made by Commissioner Ang and seconded by Commissioner Marzano.

DISCUSSION:

- Commissioner Ang and Commissioner Marzano were recommended as the two members to serve.

VOTE: Motion 1 Carried 5-0

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	Aye
Commissioner Meyer	Aye
Commissioner Marzano	Aye

MOTION 2: “Appoint Commissioner Ang and Commissioner Marzano as the two (2) members of the Commission to serve on the Ad Hoc Committee :

Motion was made by Commissioner Meyer and seconded by Commissioner Ang.

DISCUSSION:

- None

VOTE: Motion 2 Carried 5-0

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	Aye
Commissioner Meyer	Aye
Commissioner Marzano	Aye

E. Maintenance Back-up Generator Project Authorization

Devon Froud (Equipment Foreman) and Joe Caldwell (Maintenance PM) for the Port of Tacoma presented on the need to purchase an emergency generator for the Port’s maintenance building. Maintenance is considered an essential department at the Port and the infrastructure to restore operations and offer support during a major disruption in power is needed. In addition, the Maintenance team needs to be available for support at any time, as we are a strategic Port for the military.

MOTION: “Approve request for authorization in the amount of \$950,000 for a generator in the Port of Tacoma Maintenance building in the event of a major disruption to the power grid.”

Motion was made by Commissioner Marzano and seconded by Commissioner Meyer

DISCUSSION:

- The budget, funding and the timeframe of the project were addressed.

VOTE: Motion Carried 4-1

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	Nay
Commissioner Meyer	Aye
Commissioner Marzano	Aye

F. Progress Rail Termination

Gloria Fletcher, Sr. Manager—Real Estate & Economic Development presented. Progress rail is requesting termination of their lease since they discontinued operations at this facility and the property is no longer needed.

MOTION: “Authorize the Executive Director, or his designee, to enter into a termination agreement for an existing lease with Progress Rail Services Corporation for the premises located at 4012 SR 509 N Frontage Road, Tacoma, WA, effective August 1, 2023.”

Motion was made by Commissioner McCarthy and seconded by Commissioner Ang

DISCUSSION:

- Building demolition expenses were addressed. Tenants are responsible for demolition of buildings they place, but demolition of buildings that existed prior is the responsibility of the Port, per the lease.
- It was confirmed that an environmental impact assessment was completed.
- Scott Jagger from Progress Rail (tenant) stated for the record that they have agreed to the lease termination.
- Comments by Commissioners were made in support of this.

VOTE: Motion Carried 5-0

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	Aye
Commissioner Meyer	Aye
Commissioner Marzano	Aye

G. Off-Dock Container Support Facility (Thorne Rd) Project Authorization & Governance Review

Norm Gilbert, Engineering Project Manager II for the Port of Tacoma, and Don Esterbrook, Deputy CEO for the Northwest Seaport Alliance, presented on the commercial strategy associated with supply chain and the importers/exporters challenges. The project includes design, permit and construction of a facility capable of supporting off-dock cargo operations and logistics, including refrigeration services. They are requesting construction funding and execution of grant agreements.

MOTION: “Approve to take the following in one vote:”

1. **Project authorization in the amount of \$38,350,000 for a total authorized amount of \$40,350,000, for work associated with the Off-Dock Container Support Facility.**
2. **Authorization to use up to 8.84 mitigation credits from the Lower Wapato Creek Habitat Project for wetland impacts at the Off-Dock Container Support Facility properties.**
3. **Authorization for the Executive Director, or his designee, to execute a grant agreement with the U.S. Department of Transportation’s Maritime Administration (MARAD) for \$15,730,000.**
4. **Authorization for the Executive Director, or his designee, to execute a grant agreement with the Washington State Department of Commerce for \$1,950,000.**
5. **Authorization for the Executive Director, or his designee, to execute a grant agreement with the Washington State Department of Ecology for \$2,001,830.**

Motion to adopt all five requests was made by Commissioner Meyer and seconded by Commissioner Marzano

DISCUSSION:

- Use of the 8.84 mitigation credits and actual construction costs at today's prices were clarified.
- Leasing acreage and projected monthly rents were discussed.
- A new stormwater infrastructure is a significant part of the costs, but needed as we are currently at 95% capacity.

VOTE: Motion Carried 5-0

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	Aye
Commissioner Meyer	Aye
Commissioner Marzano	Aye

H. Commission International Travel

Alisa Praskovich presented on the travel events expected for the last half of the year.

MOTION: "Approve semi-annual Commission International Travel from July 1 through December 31, 2023."

Motion was made by Commissioner Meyer and seconded by Commissioner McCarthy.

DISCUSSION: None

VOTE: Motion Carried 5-0

Commissioner Ang	Aye
Commissioner Keller	Aye
Commissioner McCarthy	Aye
Commissioner Meyer	Aye
Commissioner Marzano	Aye

SPECIAL ORDER OF BUSINESS: None

NEW BUSINESS:

- Proposed Resolution Draft - Commissioner McCarthy drafted a Resolution (see Appendix) which was distributed to the Commissioners at the meeting. Through this motion, the Port of Tacoma Commission would request the Managing Members of The Northwest Seaport Alliance (NWSA) undertake a review from an independent third-party of NWSA projects, Charter and the Interlocal Agreement. Commissioner McCarthy would like to see this Resolution presented at the next meeting and sought feedback of the draft.

COMMITTEE REPORTS: None

ISSUE BRIEFINGS: None

ANNOUNCEMENTS / COMMISSIONER COMMENTS:

Commissioner Marzano – Tom Bellerud, Chief Operations Officer for the NWSA, is retiring at the end of May. He thanked him for his hard work and dedication.

Commissioner Ang – Echoed Commissioner Meyer’s sentiments on Tom Bellerud. She attended the World Hydrogen Conference which addressed advancements in green hydrogen. The Pacific Northwest has an opportunity to be a hydrogen hub, which could be good for the economy. Excited about offshore wind study occurring on May 24th.

Commissioner Meyer – Also recognized Tom Bellerud for his work and wished him luck on retirement. Requested more action on the Wheeler Osgood properties and would like to see a public participation plan in relation to a master plan. He would like to see a briefing relative to that before presenting the RFQ to the public.

Commissioner McCarthy – None

Commissioner Keller – Announced that the CEO of Youth Marine Foundation will be leaving the organization and a search has begun for her replacement.

ADJOURNMENT:

Commissioner Keller adjourned the meeting at **1:54 p.m.**




Deanna Keller, President
Port of Tacoma Commission

Attest:



John McCarthy, Secretary
Port of Tacoma Commission



Helen Hickman, Clerk of the Port
Port of Tacoma

APPENDIX

Draft

Motion:

That the Port of Tacoma seek the support of the Managing Members of the Northwest Seaport Alliance to undertake a complete review of the Charter documents and interlocal agreement executed in 2015 and 2016. We further seek an independent review of the agreement to consider changes and adjustment to the documents for consideration by the Managing Members.

Whereas,

The NWSA, a Washington Public Port Development Authority (PDA) was formed as a result of an interlocal Agreement and Charter dated August 4, 2015, first amended on January 19, 2016, between the Port of Seattle and the Port of Tacoma; and

Whereas, the Charter has been amended most recently in 2022, and

Whereas the NWSA was formed to eliminate detrimental competition between the two Ports and to increase economic performance of the gateway as a whole, the managing members at that time recognized the metrics for success included maximizing return on investment and maximizing operating income for the equal benefit of both Ports, and

Whereas the original evaluation of the licensed properties which were the contributions of the two Ports to create the Alliance were based on ten year forecasted cash flows reflecting a baseline steady state model that did not consider major new operating plans, investments or significant revisions to existing leases, and

Whereas the assumptions made on maintenance expenses and capital costs also were not intended to be thorough or completely accurate and indeed were not accurate and have not been used to modify the valuations other than the one-time membership interest affirmation of Terminal 5, and

Whereas the eight-year experience of the Alliance has resulted in a significant disparity in where Capital costs and maintenance expenses have incurred which is significantly more in Seattle, the projected budget at Terminal 5 in Seattle has been much higher than planned, and

Whereas, although it was anticipated that the cash flow at the two Ports would be near equal, the cash flow to Tacoma has continued to be much stronger than Seattle, and

Whereas it may be advantageous to strengthen the NWSA by performing periodic reviews of the licensed properties to rebalance interest in the Alliance or to develop policies on how and when repair as opposed to major rebuild is appropriate or to require comparative financial analysis as to where projects and capital are undertaken before they are automatically spent on an existing licensed property, and

Whereas a periodic strategic plan prepared by a third party may be the best way to consider recommendations for the best locations to undertake new projects and what repair level is appropriate, and

Whereas there is no doubt many more or better ideas that may be generated by now undertaking an independent review and analysis of the Charter and agreements, and therefore,

Draft

Be it resolved that the Ports do hereby agree to move forward with a complete review at this time of the Charter and interlocal agreement.