

BOARD OF COMMISSIONERS  
THE FABULICH CENTER, ROOM 104  
3600 PORT OF TACOMA ROAD, TACOMA, WASHINGTON

**COMMISSIONERS PRESENT**

Don Meyer, President  
Clare Petrich, Vice President  
Don Johnson, Secretary  
John McCarthy, 1<sup>st</sup> Assistant Secretary  
Dick Marzano, 2<sup>nd</sup> Assistant Secretary

**STAFF PRESENT**

John Wolfe, Chief Executive Officer  
Carolyn Lake, Port Counsel  
Evette Mason, Mgr. Government Affairs  
Rob Healy, Sr. Project Mgr. Environmental Quality  
Scott Francis, Dir. Real Estate  
Deanna Seaman, Sr. Project Mgr. Environmental  
Nick Demerice, Dir. Public Affairs  
Rod Koon, Sr. Mgr. Communications  
Madeline Neubert, Communications Intern  
Juliet Campbell, Clerk of the Port

**3:00 P.M.: EXECUTIVE SESSION**

**1. CALL TO ORDER:**

Commissioner Meyer called the Special Commission Meeting to order at 3:00 p.m. and recessed into Executive Session for approximately one and one-half hours.

**2. RECESS INTO EXECUTIVE SESSION:**

- A. Three (3) Litigation/Potential Litigation Items RCW 42.30.110(1)(i)
- B. One (1) Collective Bargaining Item RCW 42.30.110(1)(b)

No actions or votes were taken.

**5:00 P.M.: SPECIAL COMMISSION MEETING**

**1. RETURN TO ORDER:**

Commissioner Meyer returned the Special Commission Meeting to order at 5:00 p.m. and the Pledge of Allegiance was recited.

**2. CONSENT AGENDA:**

- A. Minutes of June 6, 2018 and June 11, 2018
- B. Check/Wire Certification approving payment of checks 218935 through 219446, and wire transfers in the total amount of \$21,187,783.50 during the period of May 26, 2018 through July 13, 2018.

*Motion was made by Commissioner Petrich; seconded by Commissioner Johnson:*  
**“Approve the Consent Agenda as presented.”**

**VOTE: MOTION CARRIED 5-0**

- 3. PUBLIC COMMENT:** Commissioner Meyer moved the public testimony portion to take public testimony when the agenda item is presented. There was no objection by commissioners, nor by members of the public already present and signed up for public comment.

**4. STAKEHOLDER UPDATE:**

- A. DuPont-Steilacoom Road Improvement Projects  
*Introduced by Evette Mason, Mgr. Government Affairs; Presented by Mike Courts, DuPont Mayor*

**Discussion Included:**

- 1. Mayor Courts thanked the Commission for a \$2500 contribution toward indexing of roads in DuPont.
- 2. The City of DuPont will be coming before the Port of Tacoma to request funding for the widening of DuPont-Steilacoom Road.
- 3. The road serves industrial areas, military areas, residential and commercial development. Congestion concerns for affected businesses were discussed. The mayor stated that \$3 billion in commercial activity comes out of DuPont, much is going to the Port of Tacoma. Examples include Ikea, FedEx Ground, Dania, Pier 1.
- 4. WSDOT is willing to include the expansion of this road in the Connect Washington project if the City of DuPont provides the up-front work. The up-front work includes NEPA associated design and studies. This partnership would reduce the costs of the design/planning phase from the original estimate of

\$900,000 to \$500,000. The City of DuPont has authorized \$250,000, Pierce County, Washington state, are also expected to contribute bringing the NEPA and 50% design funding to \$600,000.

5. Port of Tacoma staff will be bringing a recommendation to the Commission regarding a contribution at a future meeting.

## 5. ACTION AGENDA:

### A. Parcel 15 Portac

*Presented by Rob Healy, Sr. Project Mgr. Environmental Quality*

*Motion was made by Commissioner McCarthy; seconded by Commissioner Johnson:*

- “1. Authorize the CEO or his delegate to amend the 2016 Agreed Order with Ecology to remove Portac as a party to the Agreed Order and to add a draft cleanup action plan as a deliverable.
2. Authorize the CEO or his delegate to amend the 1998 Order on Consent with Ecology to remove Portac as a party to the Consent Order.
3. Authorization in the amount of \$230,000 for a total authorized amount of \$1,560,000, for work associated with the Parcel 15 – Portac Cleanup Investigation.”

#### Discussion Included:

1. Commissioner Meyer sought clarity that by taking this action, the Port of Tacoma will assume liability for Portac’s actions on that property. Staff confirmed that is correct.
2. Staff confirmed that these actions have the approval of the Department of Ecology.

#### **VOTE: MOTION CARRIED 5-0**

### B. Port Parcel 60-2 Purchase and Sale Agreement (Frederickson Parcel)

*Presented by Scott Francis, Dir. Real Estate*

*Motion was made by Commissioner Marzano; seconded by Commissioner Petrich:*

- “Approve the Purchase and Sale Agreement dated June 6, 2018 with Logistics Property Company, LLC (Buyer) to sell Port Parcel 60-2 also known as Tax Parcel 0319363040, located on 192<sup>nd</sup> Street East in Unincorporated, Pierce County (Frederickson), Washington, and authorize the CEO or his designee to execute any and all additional documents and take any and all additional actions necessary or required in connection with the completion of the sale.”

#### Discussion Included:

1. The property was originally listed for \$4.50/sq. foot. This purchase price represents \$5.00/sq. foot. The increase reflects a good market and improvements done to the property under the previous purchase and sale agreements that terminated within the due diligence period. The Port has been able to pass these through to the new buyer.
2. Commissioner McCarthy noted when he was on the Port Commission before, they focused on getting purchasers that they knew would develop the land for industrial use and create lots of jobs. It appears to him that now the only restriction is that the land be for industrial or commercial use. He believes there is a shift in the Port not being involved in the type of industry that went into some of the Port’s Frederickson property. Commissioner Marzano offered that the market itself changed. Historically, the Commission tried to get businesses there that were complimentary to the waterfront and how we ship. That wasn’t taking place anymore and the Port was left with property that had been purchased over 50 years ago. They needed to consider how to use it. The Commission didn’t want to change the industrial and job focus, but needed to look at how to create good, family wage jobs to the community though may not be strictly related to the waterfront.
3. The importance of preserving and creating more industrial properties was discussed.
4. The business model has changed and the type of use this buyer intends supports the Port’s core business with warehouse distribution activity.
5. Commissioner Meyer stated when selling property, the Port should know what the buyer intends to do with the property and the level of investment to be made. He also expressed his preference for a sliding scale for broker commissions which he intends to address under Master Policy revisions

#### **VOTE: MOTION CARRIED 5-0**

### C. Calbag Tacoma, LLC Lease – 1602 Marine View Drive, Tacoma, WA

*Presented by Scott Francis, Dir. Real Estate*

*Motion was made by Commissioner Petrich; seconded by Commissioner Johnson:*

- “Authorize the CEO or his designee to enter into a five-year lease with four five-year mutually approved extension options with Calbag Tacoma, LLC for the 3.31-acre premises located at 1602 Marine View Drive Tacoma, WA, and to waive the second reading, which is otherwise required of

**the Port of Tacoma lease approvals pursuant to Commission Master Policy on Delegation of Authority, Section III. B. 2.”**

Discussion Included:

1. Terms of the proposed lease were discussed, including insurance requirements, utilities and maintenance. Lessee is also responsible for the stormwater system, eliminating the need for an estimated \$400,000 stormwater modification by the Port. This was a consideration of entering this lease. The stormwater system that this tenant put in place on other property at the Port is a positive example of how a stormwater system should be installed.
2. Calbag is a long-term customer, employs 24 people, supports numerous businesses, transportation services and recyclers in the area. Calbag ships an average of 60 containers through the Port each month.
3. Calbag is an affiliate company of WJR Tacoma, LLC. This lease is part of a lawsuit settlement between the Port and WJR.
4. In this instance, Commissioner Meyer supports waiving the second reading as required by the Master Policy as this is a long-time customer and involves a legal matter. He does not want to see waiver of second reading become routine.

**VOTE: MOTION CARRIED 5-0**

- D. Contribution to the Parks on the Foss Capital Campaign  
*Presented by Evette Mason, Mgr. Government Affairs*

*Motion was made by Commissioner McCarthy; seconded by Commissioner Marzano:*

**“Authorize of a \$250,000 advance fee-in-lieu payment to the City of Tacoma’s Public Access Fund per the 2013 Interlocal Agreement Authorizing a Flexible Approach to Shoreline Public Access Provision between the City of Tacoma, and the Port of Tacoma. The Port’s contribution is contingent on the following additional criteria:**

- **City of Tacoma and Metro Parks each commit a minimum of \$750,000 to the Parks on the Foss Capital Campaign by formal action of their elected bodies prior to the initial 2021 payment.**
- **Successful completion of \$11.5 million capital campaign by 6/21.**
- **Port funds would be deposited into Tacoma’s Public Access Fund as credits for future shoreline permits requiring public access.**
- **Port funds dedicated to the development of Waterway Park.**

Public Comment:

The following spoke in support of the Port contributing:

Andy Michels, Kikaha Canoe Club  
Steve Wells, Foss Rowers  
Alan Mackenzie, Pocock Foundation  
Norman Gollub, Foss Waterway Development Authority  
Dean Burke, Tacoma South Sound Sports Commission  
Su Dowie, Citizen

Discussion Included:

1. Commissioner Johnson stated the Port’s mission is to run a business that develops an economy for the entire region. The Port is close to \$600 million in debt. Anything given away is borrowed money.
2. Commissioner Johnson asked how many capital projects are needed that would require \$250,000 worth of in-lieu payments. Staff using the formula in the ILA that estimated that two developments that could each require \$5 million in development within 200’ of shoreline would amount to \$100,000 each in public access fees. A potential larger wharf development project could amount to \$350,000 in public access fees in the 10 to 15-year range. The potential for smaller projects adding up was acknowledged.
3. Language within the ILA and any agreement will need to ensure the fee-in-lieu is secure for future projects.
4. The intended building will accommodate approximately 200 crafts and will include public rentals, privately rented space and access for groups and clubs. Commissioner Petrich noted that the Port does receive taxes and this project is a great way to lend visibility to the importance of the waterway and to be a part of it.
5. Commissioner McCarthy supports this project. He acknowledged the Port’s debt and how that impacts all of the considerations the Port needs to undertake when considering terminal development and other projects. Balanced with importance of public use and access to the waterway, he found the request here to reasonable.
6. Commissioner Meyer concurs with Commissioners McCarthy and Johnson. He emphasized the public and private funding relationship and stated his appreciation to the attention given to the long-term

maintenance of the project. He stated too many projects at the Port are isolated and that this is a project in the right location.

**VOTE: MOTION CARRIED 5-0**

**E. City of Tacoma Stormwater Interlocal Agreement (ILA) Extension**

*Presented by Deanna Seaman, Sr. Project Mgr. Environmental*

*Motion was made by Commissioner Petrich; seconded by Commissioner Johnson*

**“Authorize the CEO to execute a one-year extension of the Interlocal Agreement with the City of Tacoma for Mutual Cooperation and Support Regarding Agency Stormwater Management.”**

Discussion Included:

1. The ILA was entered into in 2013 as a direct result of an appeal by the Port of surface water fees paid by the Port and the Port’s tenants. It was designed to create cooperation between the two MSF permit holders (the Port and the City of Tacoma). A lower surface water fee structure was negotiated.
2. Benefits of the ILA include joint inspections and spill responses, and courtesy review of Site Development Plan.
3. This extension will extend the ILA to September 30, 2019.
4. The University of Washington’s Center for Urban Waters does not participate in any ILAs between the Port and the City of Tacoma with respect to stormwater.

**VOTE: MOTION CARRIED 5-0**

**6. GENERAL BUSINESS:**

**A. Future Management Structure**

Discussion Included:

1. Sequence of events were discussed as to moving this forward. The commission plans to have a public hearing on the subject at their August meeting and then adopt whatever comes from that at the September meeting. All commissioners need to be present for the vote.
2. At the last Northwest Seaport Alliance (NWSA) Managing Member Meeting the commissioners held a discussion and requested further clarity related to employer of record relative to management responsibility and clarity on what is meant by management of the supply change vs. licensed property. Staff contemplates addressing the employer of record in the ILA for management services and will present edited documents at the NWSA and Port of Tacoma August meetings.
3. Commissioner McCarthy expressed his concerns of the proposed structure stating it gives too much control and management of the Port of Tacoma to NWSA. Examples include the issue of liability of the NWSA, Port of Seattle and Port of Tacoma if the NWSA making the management decisions of those employed by the Port of Tacoma. He also suggested possibly reconsidering which properties are licensed to be managed by the NWSA. He emphasized the need for the public to understand the long-term implications.
4. Commissioner Petrich noted the years of investment, consultation and work that took place prior to the formation of the alliance to ensure that the Port of Tacoma was putting the right properties and the right assessments of those properties into the alliance to ensure the increased performance of both the Port of Tacoma and Port of Seattle. She suggested that the liability issue may be what has brought the Port to this discussion. There was a need for a clear delineation in leadership between the NWSA and the Port and a 5-year transition requirement was agreed to by both parties.
5. Commissioner Johnson noted first steps are to philosophically decide how to run the business most effectively. Adjustments will be made, but the fundamental issue is how you want to run the business. The NWSA this year will contribute \$24 million to the bottom line; the Port of Tacoma will contribute \$3 million. The revenue is split 50-50. The purpose of the alliance is to conserve capital and put it to use where it provides the most benefit to both systems.
6. Commissioner Marzano noted that the Ports went into the alliance as 50-50 partners and that is how the properties were evaluated. He expressed his concern that if the Ports go into this process picking and choosing the business areas to continue in the alliance that the ports will be back at square one.
7. Commissioner Meyer emphasized the need for the public to be informed of the process and what it means. He wants both scenarios for the future management structure considered and made visible to the public. He also spoke to the issue of parallel leadership.
8. Discussion continued surrounding the value of the alliance, the positive impacts and the value yet to be proven.

**B. Wheeler-Osgood Update**

*Presented by Scott Francis, Dir. Real Estate*

Discussion Included:

1. Staff provided background on the two Port Parcels (92 and 94) for the purpose of promoting general discussion on the general use and development of the properties.



2. There is an environmental cap in that waterway. The research has not been conducted on that piece of property. A Phase 1 due diligence is in the works. Commissioner McCarthy expressed his hesitancy to use waterfront property for warehousing.
3. Commissioners suggested a separate study session dedicated to the topic of this property.

C. Centennial Celebration Update

*Introduced by Commissioner Petrich*

*Presented by Nick Demerice, Dir. Public Affairs, Rod Koon, Sr. Mgr. Communications and Madeline Neubert, Communications intern.*

Discussion Included:

1. Highlights of the centennial celebration implementation were provided including a retiree party and a partnership with the Tacoma Historical Society on for a Destiny Dinner on October 20, 2018. Commissioner Petrich is one of the co-chairs. Other events included the Chowdown, Transportation Club of Tacoma presentations, and the Longshore pensioners' annual banquet. The Ports centennial was featured on the TV Tacoma's City Line Show.
2. Website and social media efforts were highlighted, as well as the centennial container and other outreach opportunities.

D. CEO Announcements, Events and Recognitions

Commissioner Marzano and Petrich will be celebrating birthdays as will Port counsel Carolyn Lake. Birthday wishes were exchanged.

7. **COMMISSIONER COMMENT:**

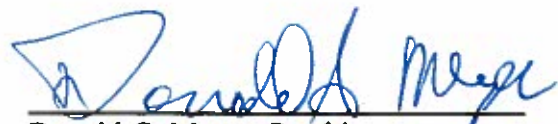
Commissioner McCarthy: On Saturday the Port of Tacoma is going to be the only non-tribal boat participating in the Puyallup Tribe's "Paddle to Puyallup" event. Paddlers will include Commissioners Meyer and McCarthy, CEO John Wolfe, Evette Mason and others in the port community including the Chairman of Saltchuk, the Mayor of Fife, Tacoma City Council members, a representative from Trident and from Citizens for a Healthy Bay. They will participate with representatives from the Tacoma Dragon Boat Association.

Commissioner Petrich: Thanked Geri Fiola and Louis Cooper from Port Security for escorting students from China interested in the Port.

Commissioner Marzano: Thanked staff for all of their work.

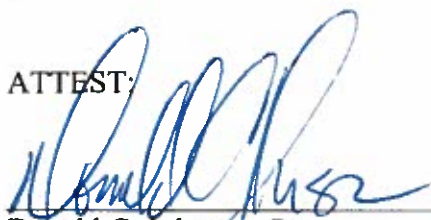
8. **ADJOURNMENT:**

There being no further business, President Meyer adjourned the meeting at 7:54 p.m.



Donald G. Meyer, President  
Port of Tacoma Commission

ATTEST:



Donald C. Johnson, Secretary  
Port of Tacoma Commission



Juliet Campbell, Clerk of the Port  
Port of Tacoma

