

MINUTES
PORT OF TACOMA COMMISSION REGULAR MEETING
AUGUST 19, 2021

The Port of Tacoma Commission met for its regular meeting, Thursday, August 19, 2021, in room 104 of the Fabulich Center, 3600 Port of Tacoma Road, Tacoma, WA. Commissioners Ang, Keller, McCarthy, Marzano and Meyer were all present.

1. CALL TO ORDER

Commission President, Dick Marzano, called the meeting order at 9:30 a.m.

2. EXECUTIVE SESSION

He then announced the Commission would be recessing for an executive session pursuant to RCW 42.30.110(1)(b), (c), and (g). Prior to recessing, he called on the Port's Executive Director, Eric Johnson, to announce factors impacting the price of real estate including relative to the Strategic Plan, supporting maritime commerce, job creation potential, and ancillary benefits to the community such as targeted economic clusters. The Commission then recessed in executive session for two hours.

3. RETURN TO ORDER AND FLAG SALUTE

The Commission reconvened in public session at 12:08 p.m. The Pledge of Allegiance was recited.

4. APPROVAL OF THE AGENDA

The agenda was adopted by unanimous consent.

5. SPECIAL ORDERS OF BUSINESS / PROCLAMATIONS

None.

6. CONSENT AGENDA

It was moved and seconded (Meyer/McCarthy) to approve the consent agenda as presented
The motion carried unanimously.

- A. 1. Approval of the July 13, 2021, minutes
2. the July 21, 2021, minutes and
3. the July 15, 2021, minutes
- B. Approval of the payment of checks 230392 through 230562, and wire transfers in the total amount of \$8,776,961.38 during the period of July 1, 2021, through July 30, 2021.
- C. Adoption of Resolution 2021-12-PT Adopting the 2021 Amended and Restated Bylaws.

8. EXECUTIVE DIRECTOR'S REPORT

- Budget process for 2022 is underway. Today's agenda includes an overview of the Capital Improvement Plan. A study session will take place next week.
- Community outreach continues. The Museum of Glass thanked the Commission for its investment through the Local Economic Development Investment Fund used for their "Weekends on the Waterway" project.
- Boat Tours are tentative only given the new COVID-19 protocols. A decision will be made soon.
- The Commission was updated on the lower Hylebos Creek realignment project status. Construction started in earnest a little over a week ago. The activity has caused a bit of a nuisance to the community due to access

- Discussion continues with the City of Tacoma related to their draft language development regulations that are intended to replace the interim regulations.
- The Port's new local government Matt Mau affairs staff member was introduced to the Commission.

9. COMMISSION ACTIONS

- A. Executive Director's Annual Performance Review – Discussion and Potential Action Related to Compensation
Presenters: Commission President Dick Marzano

It was moved and seconded (Marzano/Meyer) to approve a four percent salary increase for the Port of Tacoma Executive Director, Eric Johnson, based on a current salary of \$215,000 resulting in a new annual salary of \$223,600. In addition, Mr. Johnson will receive a one-time lump sum payment of \$4,300 (two percent of his current salary of \$215,000).

The motion carried unanimously.

Discussion:

- Last year it was the decision of Mr. Johnson, supported by the Commission, that he not take an annual increase.
- There has been a reorganization/realignment of management resulting in more staff as direct reports to the Port Executive Director.
- Commissioners commented on the uniqueness of the position post formation of The Northwest Seaport Alliance. They expressed full confidence in Mr. Johnson's performance. Specifically, they commented on his work on the Port's Strategic Plan especially during the pandemic.

- B. Parcel 103 (Steam Plant)
Presenter: Sara Weeks, Environmental Project Manager

A presentation was given by Ms. Weeks providing the background, scope and schedule. Tacoma Power and the Port are jointly developing a cleanup action plan for the Parcel 103 Steam Plant Site to allow for future cleanup of the property. Additional project authorization is needed to support the environmental investigation.

It was moved and seconded (Ang/Keller) to grant project authorization in the amount of \$200,000 for a total authorized amount of \$955,000 for the Parcel 103 Steam Plant Environmental Cleanup – MID 101243.01.

The motion carried unanimously.

Discussion:

- The financial summary does not include reimbursement of \$661,263 received. Commissioner Meyer wants future presentations to show the uses and source of funds.

- C. Parcel 15 (Portac) Cleanup Phase 1
Presenters: Norman Gilbert, Engineering Project Manager II

A presentation was given by Mr. Gilbert providing the background, scope, and schedule of the Project. The Port entered into an Agreed Order in 2018 with Ecology to implement the cleanup at Parcel 15. There are two phases to the cleanup.

Phase 1 includes the design, permitting and construction of a permeable reactive barrier and storm drain improvements. This request is for the design and permitting.

It was moved and seconded (McCarthy/Ang) to grant design authorization in the amount of \$691,000, for a total authorized amount of \$741,000, for the Parcel 15 (Portac) Cleanup Phase 1, MID 101531.01.

The motion carried unanimously.

Discussion:

- Commissioner Meyer requested clarification on the perched groundwater treatment. Staff informed that the perched groundwater system is a contingency. Staff is confident that for the initial design permeable reactive barrier will address the issue. The contingency action is likely not necessary, and is would be separate physically from the initial phase. This addressed Commissioner Meyer's concern that the Port not spend funds to perform work that it will have to spend more funds to undo later.
 - The Port received \$8.6 million from Portac in 2018 and will be receiving a \$1 million grant from Ecology for this project.
- D. Parcel 91 (former Sound Mattress) Final Settlement Agreement
Presenter: Rob Healy, Environmental Senior Project Manager

Staff has negotiated a final Settlement Agreement with Wyeth, a subsidiary of Pfizer for an additional lump-sum payment of \$7.2 million for a release and indemnity against all claims arising out of the site. Staff presented a timeline. The property was purchased by the Port in 2006. The Port was indemnified through purchase and sale agreement (PSA) for past contamination. A timeline of the settlement and Agreed Order negotiations was presented. Through the Agreed Order process areas of further negotiation became apparent. Negotiations were reinstated through Port's outside counsel resulting in the proposed Settlement Agreement with Wyeth presented today for consideration. Staff summarized the terms of the proposal.

It was moved and seconded (McCarthy/Marzano) to grant authorization for the Executive Director or his delegate to execute a final Settlement Agreement with Wyeth for a lump-sum payment of \$7.2 Million for a full release and indemnity against all claims arising out of the Site. MID 101042.01.

The motion carried unanimously.

Discussion:

- Commissioner McCarthy stated that the Commission has had the opportunity to thoroughly discuss this issue in executive session consistent with the RCW 42.30.110(1)(i).
- Commissioner Meyer supports this action but would like a reconciliation of future cost. Estimates at this time are rough estimates based upon a reasonable risk scenario.
- Commissioner Keller wants those that that polluted the Tidelands held responsible.
- Commissioner Ang commented on Port staff's expertise and its competitive business upper hand.
- Commissioner Marzano commented that the timeline provided by staff demonstrates how the Port acquires property that often, through no fault of the Port, is contaminated and the Port cleans it up.

10. NON-ACTION – NEW BUSINESS

- Commissioner Keller would like the Commission to provide a letter of support for the transportation and infrastructure package recently passed by the U.S. Senate. Commission President directed the Executive Director to have staff prepare a letter for signature. The letter will be submitted in draft for to the entire Commission prior to sending.

11. COMMITTEE REPORTS

The Work Force Development Committee is waiting for completed surveys for its next meeting so there is nothing to report at this time.

12. ISSUE BRIEFINGS

Capital Investment Plan Study Session

Presenter: Britt Doughtie, Director, Financial Planning & Treasury

Staff provided a CIP overview. The five-year CIP identifies all projects planned or underway. Projects go through a two-stage vetting process with Port leadership, the Investment Decision and Development Process (IDDP) before being added to the CIP. Projects on the CIP are not automatically funded. Those expected to be near \$300,000 require Commission authorization.

The proposed CIP budget 2022-2026 is approximately \$202 million. The spending does not include the Port's contribution to the NWSA. The Port's contribution brings the potential project spending, including its contribution to the NWSA, to a combined \$415 million over the five-year period. Staff commented that if the Port actually spends on all the projects identified, that is more than the Port can fund without additional borrowing. Staff also commented that looking at just the next couple of years, the projects for the Port and its contribution to the NWSA, could be funded without additional borrowing. At some point the Port would need to draw down on its commercial paper sometime in late 2023 or 2024.

Staff noted that the information presented here is very preliminary and will be finetuned between now when the final CIP and budget are presented.

The top seven 2021 CIP budget items were identified. Spending budgeted at \$55 million is now forecast to be \$46 million.

Additional slag was found on the Lower Wapato Creek Combined Habitat property. Cleanup has been ongoing since construction started. It is the understanding of staff that the project remains on budget. Commissioner McCarthy noted the high cost of the project and stressed the need to establish the Commission's policy for handling mitigation credits. This topic is slated for in depth discussion at the September Commission Meeting.

The top eight 2022 CIP budget items were identified. They account for \$40.8 million of the total \$48.2 million budgeted. The top eight 2023 CIP Budget Items represent 90 percent of the CIP budget.

At this point, no money has been budgeted in the CIP for a new Port Headquarters (HQ). Commissioner McCarthy commented there are things listed that are more expendable than a new Port HQ and solution to the 11th Street Bridge. For example, he would rather remove the Thorne Road project and Earley Business Center.

Commissioner Marzano complemented staff on the way the material is being presented. He wants the projected return on investment included as part of the analysis in determining projects.

Executive Director reminded the Commissioners not to forget that federal grant money available may impact some of the project costs.

Discussion took place regarding the Port of Tacoma future HQ, strategies, and concepts.

Commissioner McCarthy would like visibility into the IDDP process noting that there could be projects ruled out by staff that the Commission may want to consider.

Commissioner Ang would like staff to consider the value of accelerating of cleaning of the Arkema site to be put to use.

13. ANNOUNCEMENTS / COMMISSIONER COMMENTS

- Commissioners Ang and Keller encouraged all to get vaccinated.
- Commissioner McCarthy noted the importance of meeting in person. He suggested the Port look into a vaccination policy for its employees.
- Commissioner Meyer stated he hopes that people will check with their doctors regarding vaccinations.
- Commissioner Marzano does not want to have to cancel the boat tours. He also agrees with Commissioner McCarthy regarding in person meetings. He and the Executive Director will be checking with other government agencies as to how they are conducting business. He also commented that safety is top priority.

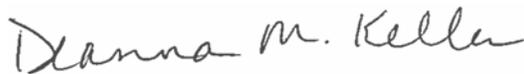
14. ADJOURNMENT

The meeting ended at 2:00 p.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