

Meeting: Port of Tacoma Commission October 2019 Regular meeting

Date: Thursday, October 17, 2019 at The Fabulich Center, 3600 Port of Tacoma Road, Tacoma, WA.

Commissioners present: Clare Petrich, President and presider, Don Johnson, Don Meyer, Richard Marzano, John MacCarthy.

Others Present: Eric Johnson, Port Executive (CEO), commission staff and other port employees. Presenters on World Trade Center, Economic Development Board Tacoma-Pierce, Pierce County (re: a major transportation update), businesses affected by Port decisions, and a few members of general public.

LWV Observer: Rosemary Powers

Commission president Clare Petrich opened the meeting with an acknowledgement of the just finished executive session involving two real estate items and one litigation/potential litigation item. No decisions were made at the executive session.

Consent Agenda: Following flag salute, the commission approved the consent agenda with a request by McCarthy for specific information on a wire transfer of \$4800 to Pacific Lutheran University for sponsorship of an event. He encouraged staff to keep commissioners aware of such sponsorships as background for their interaction with community groups.

Updates: The commission heard three updates without requests for action (Memos and presentations for these are available on the commission's meeting page under the agenda and/or archived video of the meeting for this date at <http://portal.veconnect.us/p/portoftacoma>).

Public Comment: One comment by Ralph Ibarra, chair of Washington District Export Council (appointed by US Secretary of Commerce), urged commission to continue its relationship and funding support for the World Trade Center.

Updates:

--*World Trade Center Tacoma* (<https://wtcta.org>) : Introduced by Tom Pierson of Tacoma Pierce County Chamber (which manages the WTCTA), presenter Michael Fowler emphasized the World Trade Center's focus on collaboration, fee for service, and efficiency, noting the center's role in providing training events for businesses seeking international markets and the beginning success of their online export store (with queries from multiple countries). He noted that Washington State has been deeply affected by the current tariff situation, especially with China. He described a firm that sends raw material to China for processing (that they then return to the US for manufacturing product). They were hit with a 25% tariff to bring material back—leading them to seek another country for processing (likely Mexico). Commission discussed problems with current national trade policy. Presenter noted that consultants from Heritage Foundation urged entities like the WTC to focus more on the growth potential that is being lost with these tariffs rather than the damage being caused by them. Commission praised the work of the WTCTA and its partnership with the Port.

--*Economic Development Board for Tacoma-Pierce County* (<https://www.edbtacomapierce.org>) : Presenter Bruce Kendall began with the EDB's motto: "Compete Everywhere Forever". He noted the role of the board in supporting economic infrastructure, developing a network of supplier firms to be able to recommend to newly-locating businesses, and assisting the primary

firms the board engages on an ongoing basis. Kendall stated that regarding these specific firms the EDB assists, money invested in EDB efforts (considered in 5 year increments,) returns \$184 for every dollar invested. Kendall emphasized cluster acceleration teams for health, aerospace, information technology (see investpierccounty.com). Commission asked about their financial planning, and clarified that EDB has a 5-year basis for work plan, but works with 2 year contracts as with the Port (with currently completing a second 2-year commitment with the Port). The Port staff group dealing with the EDB contract is being shifted, and commission will likely be asked to commit to a one year contract to complete activities and expenses under current 5 year work plan.

--*Canyon Road Regional Connection Project*. This update provided by project manager Leticia Neal of Pierce County and will be of interest to those traveling, living, doing business anywhere near Fife, Fredrickson, and Port of Tacoma near to Canyon Road. Neal provided a detailed Powerpoint, available on Commission meeting page, either through the archived video, or by a link on the meeting Agenda. Thirty years in the planning, this project will involve three new structures (over railroad, across Clark's Creek, and another across Puyallup River) as well as multiple lanes and pedestrian/bicycle amenities (including a pedestrian suspension bridge under roadway). Planning has involved multiple jurisdictions, with the railroad crossing bridge planning about 90% complete, and the creek/river crossings about 30%. Current Milroy bridge will be removed as a functional bridge, but as historical structure, will need some option for preservation. A very complex planning and execution process involved, with estimated \$250-300 million dollar cost—largest in Pierce County history (and projected construction of the final and major river crossings section in 2027).

Action Agenda:

Order of agenda was modified to deal with action items prior to final update planned (CIP Forecast) due to scheduling conflict for Commissioner McCarthy.

--Second Reading and action regarding Purchase and Sale Agreement and Long Term Lease. Following lengthy discussion at last month's first reading before commission, (and this observer's assumption that the proposal had likely been addressed in today's executive session), the commission debated the risks and benefits of a decision to enter the sale and lease arrangement with the firm Prologis. The agreement covers selling a large warehouse (needing extensive renovation) with a 50-year lease on a 14.2 acre parcel of prime port property (with optional 25-year extension). During discussion, Commissioner McCarthy made a motion to table, but while Commissioner Meyer concurred, the other three defeated the motion to table. Petrich, Johnson and Marzano supported the sale and lease, arguing that a long lease is not necessarily an unreasonable constraint since Prologis has a parallel mission to the Port and having Prologis renovate the warehouse would free up Port resources for other priorities that must be considered. McCarthy and Meyer had a deep concern about such a long commitment of prime seaport property, and public comment from two port employee union members made this same point. All discussed the importance of reviewing Port's current approach to deferred maintenance of facilities (given that this warehouse needs millions of dollars in repair and renovation). After legal clarification to ensure the contract followed appropriate requirements for property appraisal before sale (involving real property (land) vs buildings), the proposal passed three to two.

--Two other leases were approved – for Executive Director to enter into a .a three-year lease with Pac-Van Inc for 9.18- acre premises at 1701 Port of Tac Rd, and a five-year lease with The North West Company (International) for the premises at 2000 Taylor Way.

--The commission agreed to authorize the Executive Director to accept an award from the Department of Homeland Security of \$686,483 that includes a 25% match of 228,828. This includes (in addition to other specifically committed projects) a 75% support by DHS for firewall replacement for one of the two systems used by the Port (protecting from outside network attacks). These systems have reached end of their service and need to be replaced. Thus, in addition to the 25% match for one system, the Port will have to find additional funds to replace the other firewall system, and that will be detailed in budget. This request sparked lively discussion, with employee union officer expressing concern about the safety of fellow employees and questioning how this funding provided assurances.

--The final action concerned a request to authorize a new contract with Optic Fusion for datacenter space and services not to exceed \$1,855,980 + WA sales tax for 60-mo. period of January 2020 to December 31, 2024. This request was passed without discussion. While a large authorization, this contract appears to be a basic “utility” cost for a major economic entity requiring dependable technical capacity to move and track large quantities of goods.

Note: Agenda for this meeting was available online at Port Commission meetings page <http://portal.veconnect.us/p/portoftacoma> well in advance as well as in print at the meeting. Full-color pages of presentation slides were also available on line and in print form. A video version of the meeting was archived and made available on the Commission Meeting webpage at <http://portal.veconnect.us/p/portoftacoma>. The Port Commission has a number of different meetings each month, with its regular meeting scheduled for the third Thursday of the month from noon to 2 pm at the **Fabulich Center 3600 Port of Tacoma Road, Tacoma, WA 98424**. The Commission webpage states that meeting times may need to be changed (and often are). Fortunately, those with time and interest do have access to the archived videos of open meetings.