

Port of Tacoma

Date: August 19, 2021

Observer: Lydia Zepeda

Meeting called to order at 12:08

Present: Kristin Ang (1st Assistant Secretary), Deanna Keller (Secretary), Richard Marzano (President), John McCarthy (2nd Assistant Secretary). Don Meyer (vice President)

Absent: none

Others present: Eric Johnson (Executive Director of the Port), staff members listed under agenda items.

1. **APPROVAL OF THE AGENDA** by consent
2. **SPECIAL ORDERS OF BUSINESS** - none
3. **CONSENT AGENDA** - Consent Agenda approved unanimously.
 - A. Approval of the Minutes
 - B. Approval of the Check Certification
 - C. Resolution 2021-12-PT Adopting First Amended Restated Bylaws **Memo Attachment**

Question of clarification on item 3C - if we need a meeting for an executive session are we precluded from doing so unless we also have a regular meeting? You can call a special meeting go to executive as the only item.

4. **PUBLIC TESTIMONY** - none
5. **EXECUTIVE DIRECTOR'S REPORT** - Eric Johnson, Executive Director of the Port
 - a. We are working on the capital budget, the items will be discussed next Tuesday. We want input on your visions and values for the new Port Administration building.
 - b. Community outreach continues. The Museum of Glass thanks the Port for funds for Weekends on the Waterway. The next one is August 28th, coinciding with the Port's boat tours. May not be able to do tours because of new Covid protocols.
 - c. Lower Hylebos Creek, adjacent to 14th in Fife, the habitat remediation process you approved is proceeding.

- d. There are continuing discussions with City of Tacoma Infrastructure and Planning Committee, but have not seen language yet on their proposals.
- e. Introduction of new staff, Matthew Mauer, local government affairs.

Question about number of people signed up for Port boat tour. Sean Eagans responded: 1400 people signed up for boat tours. Not possible to socially distance in the enclosed area on boat. Have considered mandating vaccinated only. Masks are already required.

Question about administration building: commissioners have been shown pictures of buildings, can we get cost estimates? Yes, there will be high-low costs next Tuesday.

6. COMMISSION ACTIONS

- A. Executive Director's Annual Performance Review – Discussion and Potential Action Related to Compensation.

Commission is pleased with Eric's work, but there is much to do in future. Last year no salary increase, now there are more staff under Eric and realignment in NWSA duties, all increase his tasks. Recommendation is based on comparison to other comparable salaries and increased responsibilities. Eric's current salary is \$215,000.

Motion: 2% lump sum payment and 4% salary increase for Executive Director. Approved unanimously.

- B. Parcel 103 (Steam Plant) – Project authorization in the amount of \$200,000 for a total authorized amount of \$955,000 for work associated with the Parcel 103 Steam Plant Environmental Cleanup. Sarah Weeks.

The site is on the Hylebos waterway on Taylor way. It was purchased from Tacoma Power in 2007, submitted a claim over hazardous cleanup. In dispute with Tacoma Power 2012 2020. Settlement in 2020 and TP will pay 84% and Port will pay 16%. Need to do remedial investigation and feasibility study before cleanup. Scope of is pre remedial investigation, e.g. setting up database. In addition to 84% TP will pay Port 20,000 a year for project management. **Memo Presentation**

Motion to authorize \$200,000 for Parcel 103 Steam Plant Environmental Cleanup approved unanimously.

- C. Parcel 15 (Portac) –Normal Gilbert. Design authorization in the amount of \$691,000 for a total authorized amount of \$741,000 for associated with the Parcel 15 Portac Cleanup Phase 1.

Parcel 15 is owned by the Port and was leased to Portac. In 2018 the Port came to a settlement for cleanup: Portac paid \$8.6 million and Port will pay for the rest of the clean-up. Phase 1 includes the design, permitting and construction of a permeable reactive barrier and storm drain improvements. The design and permitting is included in this request. We have also received \$1 million from the department for ecology for cleanup. Future requests will be for cleanup. **Memo Presentation**

Motion to authorize \$741,000 for Phase 1 of cleanup of Parcel 15 approved unanimously.

- D. Parcel 91 (former Sound Mattress) – Authorization for the Executive Director to execute a final Settlement Agreement with Wyeth for a lump-sum payment of \$7.2 million for full release and indemnity against all claims arising out of the site - Rob Healey

Prior owners manufactured silverware and did plating; they used solvents to clean silverware. The company operated for many years but sold the land and building to Sound Mattress. It was eventually purchased by Wyeth (Pfizer) and Sound Mattress leased from them. Later the Port bought the site. In 2015 the building was demolished and PCBs were found, a claim submitted Sound Mattress, they agreed to pay \$3.4 million and Pfizer paid \$1.5 million. A new settlement was negotiated with Wyeth (Pfizer) for \$7.2 m additional and the Port agrees to release Wyeth from all claims. When the Settlement Agreement is approved will then need a cleanup plan and then will do cleanup.

**.Memo
Presentation**

Cost estimate for cleanup is “unestimable” because they do not have a work plan or feasibility study. The engineers have calculated a rough estimate of cost of clean-up and the settlement covers this.

The Commissioners praised the staff and it was noted that Mark Nadler was the legal council who negotiated the deal.

Motion to authorize Settlement Agreement with Wyeth approved unanimously.

7. NON-ACTION – NEW BUSINESS

Will work on a letter of support for infrastructure package stalled in Congress.

8. COMMITTEE REPORTS

- A. Workforce Development Work Group
Staff working on surveys, have not done them yet.

9. ISSUE BRIEFINGS

- A. CIP Study Session **Presentation**

Brit Dowdy Director of Finance presented capital investment plan (CIP) for next 5 years.

Wants input on new building and 11th street bridge.

New projects go through 2 stage approval project.

2021 budget \$55.6 m, spending was about \$10 million less than budgeted

The 3 biggest CIP projects for 2021, Land Acquisition money not spent \$20 million, current Port of Tacoma Administration building repairs are under budget, Early Business Center, came in under budget, IT spending is lower.

Question about full budget with Northwest Seaport Alliance (NWSA). Response: We are not presenting NWSA expenses, they will be about \$213 million for 2022-6 and Port budget will be about \$202.6 million for 2022-6. The expenses for both can be covered

for next couple years. However in late 2023-4 may have to sell commercial paper to cover expenses (Port has \$100 million in commercial paper available).

Question: The Lower Wapato Creek project, have there been unexpected things? Yes, more slag found on property, but still within budget after cleaning it up.

Comment: We have discussed selling mitigation credits for Port remediation projects.

Reponse: There will be a briefing in September for options to think about value of mitigation sites, whether selling or using credits.

2022 CIP, the 2 biggest drivers; \$22 million for Commencement Bay project (of which 20m is for land acquisition), \$1million for roads, \$1.8 million for lighting, \$1.5 million for IT, \$3 million for banana yard switch replacement.

There is no money in the CIP yet for the new administration building, requests
Commissioners think about how much and what years?

2023; 7 projects are 90% of budget: 1.5 cleanup 25 million Thorne Road off dock container support facility, IT, Banana Yard replacement , Wapato creek, Petroleum remediation.

Meyer: if we have to carve out money, the Thorne Road project is expendable.

Comment: We don't need to invest in land for land's sake, we are looking for return on investment. Response: yes we calculate return on investment

Meyer: We don't want to be in position of Sound Transit, buying land only when you need it at the highest price.

Meyer: New building will need funding in 2022 not 2023.

CIP does not include new administration building. A few years ago, the estimate was \$35 million.

Eric wants some idea of ranges of dollars the Commissioners want to put in the CIP budget for 2022 for administration building.

Marzano: It is important we have some parameters like square footage before we seek public input

Ang: The process we use to seek input will say a lot about the transparency of the Port. We may need to borrow, so would like to know about how federal and other partners contributed to costs.

11th street project currently has no money in the budget. The City of Tacoma budgeted \$150 million to repair the bridge, but got no federal money and so there is no actual money for it. So Port has no help for safety repairs. There is nothing in the Port budget either.

McCarthy: we need to identify specific costs and develop a plan to provide access to the Port to seek federal or state funds.

Response: We could partner with City of Tacoma to help them prioritize the bridge for federal infrastructure money.

Marzano: Port has properties on 11th street. In 10 years, what will the Port look like?
How will Port expand? Will it become a terminal and hence bridge may not be needed?
Meyer: We can address costs after we set our criteria and priorities.

Dowdy gives example of Investment Decisions and Development processes

McCarthy: we need to think about which projects are priorities.

Ang: What is the value of acceleration of remediation projects?

Eric: There are other places where we could make some deals and get land into productive use.

10. ANNOUNCEMENTS / COMMISSIONER COMMENTS

no announcements

Ang: get vaccinated

Keller: please get vaccinated, please wear masks, please socially distance

McCarthy: It is so important for me that we meet in person. We need to look at a vaccination policy for our employees.

Meyer: Talk to your doctor, they will tell you to get vaccinated. The virus is impeding our business.

Marzano: I do not want to cancel the boat tours, but we need to assure safety. Prior tours have lots of kids who are too young to be vaccinated. While I agree that in person meetings are best, we need to prioritize safety.

Adjournment at 2pm