



MANAGING MEMBER REGULAR MEETING  
TUESDAY, OCTOBER 4, 2022 | 9:00 AM  
THE CONFERENCE CENTER AT SEA

MANAGING MEMBER MEETING – REGULAR MINUTES | OCTOBER 4, 2022

1. CALL TO ORDER

The Northwest Seaport Alliance (NWSA) Managing Members met for their regular monthly meeting on October 4, 2022. The meeting was held at The Conference Center at SEA, 17801 International Boulevard, Seattle, Washington 98158. Co-Chair Calkins called the meeting to order at 9:08 am.

2. EXECUTIVE SESSION AND FEDERAL MARITIME COMMISSION (FMC) CLOSED SESSION

The Managing Members immediately recessed for an executive session to discuss three items pursuant to RCW 42.30.110(i) to discuss with legal counsel representing the agency matters relating to litigation or potential litigation to which the agency is a party when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency. The executive session lasted 40 minutes.

The executive session was immediately followed by a closed, confidential discussion protected pursuant to laws and regulations found at 46 U.S.C. § 40306, 46 C.F.R. § 538.608, 46 C.F.R. § 535.701(l)(1) and as authorized by Port of Seattle/Port of Tacoma Alliance Agreement, FMC Agreement #201228. The closed FMC session lasted one hour and 19 minutes.

3. RETURN TO ORDER

The Managing Members returned to order at 11:27 am. Port of Seattle Commissioners Calkins, Felleman, Hasegawa, Mohamed and Port of Tacoma Commissioners Ang, Keller, McCarthy, Marzano and Meyer were all present. Port of Seattle Commissioner Cho was excused.

4. FLAG SALUTE

The Pledge of Allegiance was recited.

5. REPORT BY THE CHIEF EXECUTIVE OFFICER

NWSA Chief Executive Officer (CEO) John Wolfe outlined the agenda. He called special attention to an opportunity to return Terminal 46 (T46) in Seattle to an international marine cargo facility with a short-term lease for marine cargo operations. T46 is strategic asset for the NWSA as a waterfront industrial property. The NWSA wants to preserve waterfront assets for the purposes of regional maritime business, especially water dependent uses and cargo. T46 is a rare asset with industrial property adjacent to deep water. The financial benefits as well as NWSA's commitment to environmental stewardship are part of the evaluation process.

A. GATEWAY OPERATIONAL UPDATE

NWSA Chief Operating Officer (COO) Tom Bellerud provided a monthly Gateway Operational Update. Highlights included:

- The international container market is softening causing ocean carriers to review their vessel deployments. This has resulted in blank sailings and COO Bellerud expects blank sailings to increase.
- Washington United Terminals (WUT) will be receiving an ad-hoc vessel this week bringing 500 empty reefers to the marketplace, specifically targeted for regional agriculture export market.
- Construction continues on Terminal 5 (T5).
- Terminal operators in the South Harbor are looking for ways to densify their terminals and create more cargo space in preparation for the next cargo surge.
- Centerm, operated by DP World in Vancouver BC Canada has been gaining attention for its technology, gate and rail infrastructure improvements. COO Bellerud compared and contrasted some of the features of this competitor's technology. He also described potential advantages for Centerm due to differences in the labor shifts between the US and Canada. Centerm also claims ability to run a rail ramp 24 hours a day seven days a week.
- Overall container volume year-to-date is down six to eight percent over last year. International container business is down closer to 10 percent.
- The NWSA would benefit if carriers that are exploring ways to separate Canadian calls from the Seattle-Tacoma calls achieve that goal.
- Congestion in Canada and its causes were discussed.
- The impacts of a proposed merger of Canadian Pacific and Kansas City Southern (opposed by the NWSA) and its impact on the NWSA gateway were discussed. Such a merger would enhance the North-South trade vs. the East-West trade so may not be as substantial of an impact as previous expansions Canadian railroads have found entering the US.
- The amount of investment by the Canadian federal government into its ports is hundreds of millions of dollars more than the US federal government invests into its ports. More investment by US federal government, specifically in its West Coast ports is needed. The NWSA gateway is the closest gateway to transpacific trade partners in Asia. And the NWSA is the most environmentally friendly gateway.
- Harbor Maintenance Tax (HMT) and rail rates continue to impact the NWSA negatively.
- There is a shift in the way cargo moves. The trend is toward less intact intermodal and more transload. The NWSA is leaning into the transload business and domestic play as this trend will continue.
- Costs for shuttling ILWU labor back and forth to T5 due to the West Seattle Bridge closure came in \$180,000 under budget. The \$2 million budget was a Port of Seattle only expense that, though outside of the terminal, benefitted the gateway.

6. PUBLIC COMMENT- None.

7. WORK GROUP REPORTS

- A. TRUCKING: Commissioner Mohamed provided an update. At the last meeting staff provided information on an upcoming Clean Truck Collaborative and other zero-emission initiatives. Reaching the goal of a zero-emission trucking industry will require technology testing, funding opportunities and collaboration across industries and government. Staff will be issuing a Request for Proposal (RFP) for a facilitator to develop a zero-emission trucking collaborative. The air quality team will provide a full report on the Clean Truck Program at the November 2022 meeting of the Managing Members. The Trucking Work Group was joined by the Port of Seattle's Office of Equity and Inclusion. They will be working alongside staff to integrate equity practices into trucker engagement. The Trucking Work Group met with small business truckers impacted by the proposed Terminal 10 (T10) Ray-Mont Logistics, Seattle, Inc. lease. Commissioner Mohamed is happy to inform that during those conversations they were able to come to an agreeable path forward.
- B. INTERNAL GOVERNANCE (IG): Commissioner Calkins provided an update. The IG Work Group met in September, and will meet again via telephone conference on October 24, 2022. The IG Work Group is working through revisions to the NWSA Charter tackling issues such as the handling of insurance and litigation claims between the Homeports, adding and removing properties from the NWSA should that occur, and which Homeport should be responsible for certain types of expenses, such as for environmental expenses/costs, tribal payments, etc.

8. CONSENT AGENDA

It was moved (Co-Chair Meyer) and seconded (Commissioner Ang) to approve the Consent Agenda consisting of:

- A. Approving the Check Certification for the payment of checks 710106 through 710209 and wire transfers in the total amount of \$18,803,230.85; and
- B. Approving the minutes from the September 7, 2022 Managing Member meeting.

The motion passed unanimously.

9. ACTION AGENDA

- A. Second Reading: Terminal 10 Ray-Mont Logistics, Seattle, Inc.

Erin DeBroux, Senior Real Estate Manager for the NWSA, presented the second reading of key terms of a proposed lease with Ray-Mont Logistics Seattle, Inc. at T10. The first reading took place at the September 7, 2022 Managing Member public meeting.

It was moved (Commissioner Ang) and seconded (Commissioner McCarthy) to authorize the CEO or his delegate to execute a new lease with Ray-Mont Logistics Seattle, Inc. at Terminal 10.

Discussion:

- President and CEO of Ray-Mont Logistics, Charles Raymond, provided background on the company and its position in the supply chain. The company backhauls import cargo that comes through North America. It is investing in systems at T10 for loading empty containers at the same rate as loading bulk vessels, opening access to markets for smaller shippers and attracting carriers.
- Commissioner Felleman heard from NWSA labor partners that they would have liked to have been involved earlier in the lease discussions. Earlier involvement and visibility may lay the path for a less contentious process. He suggested going forward the NWSA may want to consider a labor liaison.
- Commissioner Meyer asked what happens if Phase II does not happen by the October 31, 2024 deadline. Staff explained that once the lease is fully executed, work will begin to obtain approvals for expanding the uses at T10. The lease language allows for extending this period without amendment, for as long as is reasonably necessary to obtain approvals. Worst case scenario, if it appears necessary approvals are unable to be secured, Ray-Mont has the option to terminate the lease, with a 60-day notice or it may continue to use the terminal for an additional five years for truck and chassis storage.
- Commissioner Hasegawa asked Mr. Raymond to discuss the jobs and labor unionization aspect. Mr. Raymond comment that when he referenced skipping a step, that he meant skipping a step in the system that is not job related. He further responded that there have been pushes for unionization, most recently in Prince Rupert, however a union is not in place.
- Phase I of the lease allows additional parking on T10. This allows Ray-Mont to increase operations from day one allowing for an estimated 60 new family-wage jobs. Once Phase II is in place and operations increase, Ray-Mont estimates adding 100 more.

The motion passed unanimously.

## 10. BRIEFINGS

### A. 2023 NWSA Budget Objectives.

NWSA Chief Financial Officer (CFO) David Morrison gave a presentation identifying a majority of budget priorities for the 2023-2027 operating and Capital Improvement Plan (CIP) budgets. The priorities were categorized in the areas of commercial initiatives, gateway operations, financial performance, environmental stewardship, government affairs, planning and logistics, and organizational performance.

Discussion:

- Commissioner Keller requested return on investment projections for T5 and T46 be included for the budget study session.
- Commissioner McCarthy commented that the homeports turn over their most valuable assets to the NWSA to allow it to generate income and economic development. He has seen an increase in the desire to acquire property for this purpose and notes an increase in the expense of purchasing property. He does not think the distributable income level set in the draft budget is in keeping with inflation. He would like to see an increase in distributable income.
- Commissioner Felleman wants a tribal component included in gateway operations as a standing issue, not project specific. He wants greater visibility to the Managing Members regarding environmental stewardship in the global shipping initiatives and a more formal means to address labor relations in lease discussions.
- Commissioner Meyer wants operating margins included in the financial performance measures. He wants more refinement on the outcomes-based aspect from a policy standpoint. He stated clarity in the budget as to outcomes and funding opportunities is needed.
- CEO Wolfe responded to Commissioner Felleman's concerns regarding labor involvement. NWSA leadership meets with labor monthly, they are provided the same Managing Member packets that go out to the commissioners, and they time their monthly meetings to allow for involvement and feedback prior to the NWSA monthly meetings. He acknowledged the system is not perfect, but is headed in the right direction. Commissioner Felleman acknowledged the teams engagement with labor; but he would like better communication to the Managing Members of what the team has heard from labor prior to being asked to make a decision. Commissioner Felleman would also like to have a boilerplate value statement regarding labor in future leases. CEO Wolfe informed that labor is working with their own legal team to come up with some language to include in leases and the ball is in their court.
- Commissioner Hasegawa recommended including an external diversity, equity, and inclusion (DEI) component in the budget document for the areas such as community engagement, tribal/labor relations, and workforce development. Commissioner McCarthy noted that part of the discussion regarding DEI efforts will need to include collaboration as to not spend dollars duplicating what the Homeports may already be doing.
- Commissioner Marzano suggested more meetings are needed to discuss and make choices on priorities.
- Commissioner Mohamed asked if the budget document will show where the NWSA is seeking additional funding opportunities, such as from the Infrastructure Bill. CFO Morrison explained the budget will account for secured grants, but there will be a list that shows what funding opportunities the NWSA plans to go after.

- Commissioner Calkins commented that one of the roles of ports is to figure out how harbor and ocean-going vessels will plug into alternative fueling sources in the future, whether hydrogen, solar, battery. The NWSA customers need to know the Ports of Seattle and Tacoma are ready for the next generation of fueling sources. The budget priorities appear to be missing that component.

## 11. GENERAL BUSINESS

### A. CEO Announcements.

The AAPA annual meeting will take place in Orlando, FL October 17-21, 2022. Shipping lines are now able to be paying members of AAPA. Many will be attending. This adds value to the annual meeting and provides opportunity for the NWSA to meet with its valued customers at this annual conference.

### B. Commissioner Comments.

- Commissioner Marzano commented on the Mariner's post season.
- Commissioner Keller provided comments on her trip to Alaska and Eastern Washington and thanked staff for their work on facilitating those trips.
- Commissioner Ang commented that the NWSA needs to increase its advocacy on trade policies and noted the negative impacts of tariffs on agricultural exports.
- Commissioner McCarthy commented on GLOVIS, a new line of auto business at the Port of Tacoma. He and Commissioner Cho had the honor of representing the Managing Members at the first load of 2000 Hyundais that came into the Port of Tacoma.
- Commissioner Hasegawa acknowledged Filipino History Month and the contribution of Filipino-Americans to the community.
- Co-Chair Calkins commented on an article in Pacific Magazine featuring the maritime industry. He wished Mike Merritt of the Port of Seattle the best in his retirement.
- Commissioner Felleman attended the IAHP conference in Vancouver BC Canada. He commented on the need to create political clout in port representation. He noted that Monday is Indigenous People's Day.

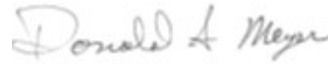
## 12. ADJOURNMENT

There being no further business before the Managing Members, Commissioner Calkins adjourned the meeting at 1:13 pm.



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Ryan Calkins, Co-Chair  
The Northwest Seaport Alliance



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Don Meyer, Co-Chair  
The Northwest Seaport Alliance

ATTEST:



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Kristin Ang, Co-Secretary  
The Northwest Seaport Alliance

Excused from Meeting

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Toshiko Hasegawa, Co-Secretary  
The Northwest Seaport Alliance

*Leilani Berinobis*

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Leilani Berinobis, Acting Clerk  
The Northwest Seaport Alliance