



MINUTES

MANAGING MEMBER MEETING - REGULAR

Tuesday, February 7, 2023

9:30 AM Executive Session / Closed FMC

11:30 AM Open Public Meeting

The Conference Center at SEA 17801 International Blvd. Seattle, WA 98158

Streamed live at www.nwseaportalliance.com.

1. CALL TO ORDER

Port of Seattle Commissioners Present:

Ryan Calkins
Sam Cho
Fred Felleman
Toshiko Hasegawa
Hamdi Mohamed

Port of Tacoma Commissioners Present:

Kristin Ang
Deanna Keller
John McCarthy
Dick Marzano
Don Meyer

Commissioner Cho called the meeting to order at 9:32 a.m.

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

After calling the meeting to order, the Managing Members immediately recessed to an executive session pursuant to RCW 42.30.110(1)(g) to review the performance of a public employee and RCW 42.30.110(1)(i) to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, 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 ended at 10:42 a.m.

Directly following executive session at 10:42 a.m., the Managing Members held a closed and confidential session 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 No. 201228. The FMC session ended at 11:33 a.m.

3. RETURN TO ORDER

The Managing Members reconvened in public session at 11:45 a.m. All commissioners were present.

4. FLAG SALUTE

The Pledge of Allegiance was recited.

5. REPORT BY CHIEF EXECUTIVE OFFICER

CEO Wolfe provided a summary of the meeting agenda. He then called on staff to provide reports on offshore wind, an emergency declaration at West Sitcum Terminal, a gateway operations update, and a letter of support for a maritime and logistics skills center partnership in Pierce County.

Offshore Wind Update

Jason Jordan, Director, Environmental and Planning Programs NWSA and Port of Tacoma and LeeAnne Shirato, Deputy Chief of Staff, Port of Seattle, provided a brief overview of the state of the offshore wind energy industry with a focus on the West Coast. The states of California, Oregon and Washington are all at various stages of policy and engagement. Staff highlighted the following:

- California passed legislation requiring the California Energy Commission to prepare a strategic plan for developing offshore wind. Their initial goal is five gigawatts of offshore wind by 2030 with an additional 25 gigawatts by 2045.
- The Bureau of Ocean Energy Management (BOEM) completed the first West Coast lease auction in December 2022. BOEM generated an estimated \$757million in revenue for five lease areas off California's coast.
- Oregon moved to develop three gigawatts of offshore floating wind by 2030 with a bill that was passed in 2021. BOEM is preparing for lease auctions for the Oregon offshore area for the end of 2023.
- Regarding Washington state, BOEM is reviewing two unsolicited lease requests from developers

looking to initiate floating offshore wind projects along the Washington Coast (Trident Winds and Hecate Energy). The projects would be sited off the coast of Gray's Harbor, Washington.

Opportunities and considerations for the homeports and the NWSA presented by staff include:

- Cargo, marshalling, manufacturing and storage opportunities.
- Load requirements - staff noted the size and scale of offshore wind facilities are difficult to comprehend.
- Workforce opportunities for Longshore, engineering, and all the trades.
- Boat building opportunities for barges, and service vessels for the offshore wind facilities.

Discussion:

Commissioner Meyer requested staff provide a study on an existing wind port.

Commissioner Calkins commented that the trip to Denmark in late April is to get a sense of what a wind port looks like. The port in Denmark services both floating and fixed foundation wind farms but should still be able to provide insight to some of the capabilities of Puget Sound ports based on the Puget Sound's characteristics.

He added that there was recently an announcement from the Port of Long Beach that they will be pursuing this business including a 400-acre facility in Long Beach Harbor to address one of the key bottlenecks in offshore wind on the West Coast which is port space. He noted the NWSA must be at the table for those discussion.

Commissioner Ang noted the amount of industrial land available. She is focused what the NWSA's specific role would be in the offshore wind industry; whether it would be to eventually expand its real estate be more along the lines of a boat-building sector/Jones Act related.

Commissioner Felleman attended a wind conference in Europe and noted the lack of conversation regarding environmental impact or any downside to the industry. He commented there are concerns regarding the siting of lease areas in routing areas and impacts to large marine life near the shelf break. He commented that there are reservations, not insurmountable, but that need to be addressed fully.

As to the unsolicited bids for off the West Coast, he stated that the NWSA's and the homeports' interests in being in the supply chain should have nothing to do with siting.

Emergency Declaration Update – West Sitcum Terminal

Thais Howard, Director, Engineering, provided an update regarding the Declaration of Emergency from January 22, 2023. The Declaration was due to a fault at West Sitcum Substation 1 in the South Harbor. Most of the facility is running in a temporary way (there remains one generator feeding other generators). The buildings, lighting and power at the wharf are on. The contractor is working to source additional cables. Once on sight there will be a planned shutdown to make repairs. The repairs will be sufficient to keep the facility running, but in the upcoming budget cycle, staff will be proposing a project to replace the substation as well as the other substation that services this facility. Staff noted that this substation was assessed in 2019 and at that time repairs were recommended, but there was not a recommendation for immediate replacement. This immediate repair (including generator rental and fuel, contractors work, and repairs) is estimated to cost around \$100,000.

Gateway Operations Update

Tom Bellerud, COO provided an update on gateway operations. Due to a drop in container volumes, terminal operators have adjusted gate hours of operation which has contributed to congestions issues. Truckers have been made aware of the change in hours at the terminals.

Discussion:

Commissioner McCarthy asked for staff's prediction for what is to come in the next few months. Staff responded that the status of the labor agreement will impact recovery.

Contributors to the traffic and congestion issues were discussed along with staff's strategy and efforts to address.

Volumes on the East Coast have been increasing at the expense of the West Coast. CEO Wolfe noted that the cure is more volume. The NWSA has lost market share during this time of uncertainty with PMA.

Reasons for diversion of cargo to Mexico and Canada include nearshoring and manufacturers looking for alternatives to the main manufacturing center in China.

Discussion continued regarding work hours, flex hours and shifts at the terminals and comparing the North and South Harbor strategies.

Commissioner Cho cautioned against using the labor agreement as a scapegoat noting that there are other economic factors impacting volumes, including a strained relationship with NWSA's number one trading partner, China.

Letter in Support of Maritime Skills Center Tacoma

The Managing Members discussed a letter to be signed by CEO Wolfe in support of a request from Joshua Garcia, Superintendent Tacoma Public Schools for a Maritime and Logistics Skills Center Partnership in Pierce County. CEO Wolfe explained request is primarily for assistance in making contacts with the NWSA's customer base to better understand their needs so they can focus training on a future maritime workforce and to seek possible paid intern opportunities with NWSA business customers in the future.

Discussion took place regarding the worker shortage in the maritime industry and the region-wide benefits training opportunities would bring.

A commissioner made the point that it is not cheap to educate people for these high skilled careers, but it is a societal need. He suggested that consolidated and collaborative efforts rather than one-off projects will provide more funding opportunities.

There was disagreement on whether the letter was too narrow and instead should address support beyond a specific project.

6. PUBLIC COMMENT

Matt Ventoza – ILWU Local 19 Vice President – Seattle. Seattle has taken the position that Terminal 46 (T46) will be a two-berth facility, and for no net loss of space at T46 or Terminal 30 (T30). He states the ports and the NWSA should be looking at work outside of the region to find work for Longshore and keep all the businesses functional.

7. WORK GROUP REPORTS

No reports.

8. CONSENT AGENDA

It was moved and seconded (Meyer/Ang) to approve the consent agenda.

- A. Approve the minutes from the January 4, 2023, Managing Member meeting.
- B. Check Certification – Approve the payment of checks 710557 through 710703 and wire transfers during the period of December 16, 2022, through January 19, 2023, in the total amount of \$24,155,294.59.
- C. First Reading – Requesting the Managing Members adopt proposed Resolution 2023-01 replacing Resolution 2015-04 designating its claims agent.

The motion carried unanimously.

9. ACTION AGENDA

- A. *Item removed from the agenda prior to the meeting. Commissioner Cho announced that the first reading of a Terminal 46 lease with Pacific Crane Maintenance Company (PCMC) was postponed.*
- B. First Reading: Resolution 2023-02 US Coast Guard Base Seattle Expansion.
Presenter: Ryan McFarland, Director of Government Affairs

The Coast Guard has a major project underway to modernize Base Seattle and prepare for the arrival of new polar security cutters. In addition to the modernization project, the Coast Guard is also exploring expanding the base to accommodate up to four additional major cutters. All the alternatives the Coast Guard is considering for base expansion would require the Port of Seattle to sell the Coast Guard portions of properties that are licensed to the NWSA for marine cargo operations. Specifically portions Terminals 30 and/or 46.

The NWSA is planning a work session to be held in public on this topic.

Ryan McFarland, Director of Government Affairs summarized a draft resolution presented by the NWSA Co-Chairs for discussion among the commissioners of the NWSA Managing Members. The summary included the following:

- NWSA recognizes importance of the Coast Guard's mission.
- NWSA will assist the Coast Guard in implementing a plan that enables the Coast Guard to expand its presence in Seattle while also allowing the NWSA to maintain or increase capacity for cargo operations.
- Impacts on marine cargo operations should be minimized.
- NWSA intends to continue to use T46 and T30 for cargo activities and seeks to preserve the potential for a two-berth cargo operation at T46.
- Encourages the Coast Guard to engage affected governments, tribes, and stakeholders and to mitigate the impacts of base expansion.

Discussion:

Co-Chair Keller made note that in considering the draft language, Co-Chairs listened to public comment, met with the Coast Guard and tribal partners. She stated her support of a two-berth container terminal at T46.

Commissioner Calkins requested that staff not limit their analysis to T46. The analysis should consider the entire gateway and include various potential outcomes if compelled to sell in terms of overall throughput of marine cargo and competitiveness.

Commissioner Mohamed supports the proposed resolution and looks forward to the work session. She added Labor partners to the stakeholders and constituents mentioned. She commented that she has heard the call for "no net loss" at facilities but would also like see pathways to a "net positive" presented.

Commissioner Felleman commented that it is unreasonably narrow to talk about square footage, the discussion should surround preserving cargo capacity. He also noted that the Coast Guard has not yet responded to extensive comments provided by the NWSA, the ports and many other constituencies, including the ILWU.

Commissioner Hasegawa raised concerns over language in the draft that states the NWSA wishes to support the Coast Guard's expansion of its presence in the Seattle Harbor. While she agrees with expansion, there are too many unknowns to support a statement of where that expansion will be, such as environmental impacts and impacts to tribal fishing rights.

Commissioner Ang commented that the resolution language is geared toward T46 and the Coast Guard. She recommends discussing this issue in a larger context at the Managing Member retreat.

Commissioner Meyer commented that this is a 20–30-year decision and though the market is soft right now, that can change and the NWSA needs to be able to react. He stressed due diligence and a look toward opportunities. He stated he supports diversity of cargo and is an advocate for a working waterfront.

Commissioner McCarthy stated he supports the Coast Guard's efforts. He stated he has heard from individuals in industry operations that:

- a two-berth facility at T46 is not likely, not possible, and not necessarily needed.
- T46 does not have the necessary balance between dock and backlands to support two berths.
- to have two berths at T46, a major customer would likely demand automation of the terminal.
- to bring T46, which in essence has had no containers since 2017, to be a two-berth, fully operational facility would take 2400 diesel trucks per day, five days a week travelling East Marginal Way, Interstate 90 and Edgar Martinez Road.

He stated he favors maximizing T46 as a single berth facility and allowing the Coast Guard to expand. He does not agree with stating a preference for something that is likely not possible and would result in spending money on something that will not become a reality.

Commissioner Marzano noted that historically the industry has had its ups and downs adding that it wasn't too long ago that there were 18 ships in Elliot Bay waiting to get in. He noted that over the past 25 plus years the number of ILWU Locals always increase because the throughput also increases in the gateway. He said that to be competitive and stay in the maritime business the NWSA must be prepared for the future and that it has the capability for competitive pricing and production that will result in moving more cargo through the NWSA gateway.

10. BRIEFING AGENDA

A. Terminal 5 (T5) Modernization Program Quarterly Update – Q4 2022

Emma Del Vento, Capital Program Leader, Port of Seattle provided the regular T5 update.

- There have been no variations to scope this quarter.
- Progress on the Berth Modernization Project includes completion of startup dredging pile repairs. Concrete pours continue.
- Regarding the Uplands Improvement Projects, Stormwater Phase 1 is ready to turn over to the vendor for installation. A Notice of Intent to Award has been issued regarding the South Marine Building. Movement on the Phase 2 lease obligations is taking place, though slower than predicted.
- Cost to date is \$273 million and is on track with progress and the current estimate of completion.
- The MARAD 2022 PIDP Grant and the National Highway Freight Program dollars are \$17 million and \$1.5 million respectively.
- The P-85 remains under the authorized amount at \$449.2 million; however, the risk profile has increased this quarter mainly due to the ongoing contractor dispute, volatile supply chain, escalation, and the early stages of some of the projects. The current expected cost of the Program is \$414.4 million.
- The status of the overall programmatic schedule was presented.
- Reimbursement opportunities are on track with project milestone.
- Staff provided a lookahead to Q1 2023.
- Berth dredging on the North berth took place last year. The toe wall needed to be installed prior to dredging on the South berth and there is some cleanup/leveling needed at the North berth. Those costs are included the budget.

B. External Funding Strategy – Grants, Earmarks and Harbor Maintenance Tax (HMT)

Deirdre Wilson, Senior Planning Manager and Ryan McFarland, Director Government Affairs gave a presentation reviewing 2022 grant activity and providing a lookahead to funding strategies for 2023.

- Staff provided a list of grant activity for 2022 and the status.
- No notices of funding opportunities have been issued related to the Infrastructure Investment and Jobs Act (IIJA), but staff is preparing for when issued.
- Two key pieces of federal legislation that passed that include significant opportunity for the NWSA include the 2021 IIJA and the 2022 Inflation Reduction Act (IRA).
- Staff is preparing a large grant request for the FY23 Port Infrastructure Development Program (PIDP). The IRA includes \$3 billion over several years for grants to reduce air pollution at ports. This has the potential to advance the work the NWSA is doing under the Northwest Ports Clean Air Strategy. Staff submitted a letter to the EPA with recommendations for shaping the program. Terminal 18 (T18) shore power seems a good fit for funding under this grant program.
- Staff presented a priority project list matched with potential funding options.
- Staff corrected a slide in their presentation to note that the \$31 million associated with Husky Terminal optimization and expansion with property acquisition was incorrect. The project elements for three phases of work at that site are in excess of \$300 million.
- The Harbor Maintenance Tax Trust Fund is another source of external funding. Staff estimates that the Port of Seattle and Port of Tacoma will receive \$18 million and \$22 million respectively this year.
- For the 2023-2025 state biennial budget the following were identified as priority projects and have received over \$2 billion in state funds.
 - Puget Sound Gateway (SR 167 and SR 509)
 - Interstate 5 and Port of Tacoma Road Interchange
 - NWSA Clean Truck Demonstration Project
 - Funding for zero-emission cargo handling equipment
- Another \$2.3 billion has gone to other projects that benefit the gateway through the state transportation package.

Discussion:

Commissioner Ang would like more information regarding remedial action grants; she wants the Arkema cleanup accelerated.

Commissioner Calkins stated tens of millions of dollars are going to offshore wind ports on the East Coast representing big percentages of the total costs of the projects. The federal government is leaning in on offshore wind. Related opportunities for the NWSA will only come if it engages.

Commissioner Hasegawa commented on the Puget Sound Gateway project. Part of the project includes a cement wall for noise mitigation. She the project to include tree planting to offset carbon emissions that will occur with growth. She also requested information on staff's engagement with legislation regarding decarbonization of the heavy transportation sector. Staff confirmed that it is engaged with those lobbying efforts.

Commissioner Ang encouraged more advocacy by fellow commissioners for T18 shore power efforts. Commissioner Felleman agreed and would like staff to provide data to assist Commissioners in their advocating efforts.

Commissioner Meyer requested a complete list of both NWSA and homeport HMT-eligible projects.

11. GENERAL BUSINESS

A. CEO Announcements

- The Trans-Pacific Maritime Conference begins February 25, 2023. The NWSA will be meeting with customers and hosting a reception.
- He announced Swire and UWL began direct service to and from Vietnam through the NWSA gateway. They are looking to grow and increase the number of calls. Commissioner Ang represented the NWSA at the ribbon cutting ceremony of WDS's warehouse grand opening in support of that ocean service.

B. Commissioner Comments

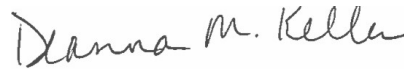
- Commissioner Hasegawa acknowledged the 7.2 magnitude earthquake and death tolls in Syria and Turkey. She states this ignited a renewed sense of urgency that the NWSA consider disaster resiliency and what it means including but beyond infrastructure.
- Commissioner Keller informed that she, CEO Wolfe and Port of Tacoma Executive Director Eric Johnson and Port of Tacoma Director of Government Affairs, Sean Eagan met with Congressman Derek Kilmer to talk about the gateway. The South Harbor has been named one of the top three strategic ports in the United States for the United States Army. She thanked staff and Longshore.
- Commissioner Ang noted that relations with China are hurting agriculture exports. More advocacy is needed toward improving trade relations with China.
- Commissioner Felleman asked staff to look into whether there is a forum on global shipping through Asia-Pacific Economic Cooperation (APEC). Commissioner Cho mentioned that Greater Seattle Partnership is heavily involved and is still hashing out a scheduled.
- Commissioner Cho informed fellow commissioners regarding his recent trip to Washington, DC where discussions took place with House delegation members regarding external funding opportunities.

12. ADJOURNMENT

With no further business before the Managing Members, the meeting adjourned at 2:03 p.m.



Sam Cho, Co-Chair

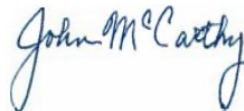


Deanna Keller, Co-Chair

Attest:



Fred Felleman, Co-Secretary



John McCarthy, Co-Secretary



Juliet Campbell, Clerk