



Minutes
Managing Member Meeting – Regular
Tuesday, October 3, 2023
9:30 a.m. Closed Session
11:30 a.m. Open Public Meeting
The Conference Center at SEA, 17801 International Blvd. Seattle, Washington
Live streamed on the meetings page at www.nwseaportalliance.com

Commissioners present:

Port of Seattle:
Ryan Calkins

Fred Felleman
Toshiko Hasegawa
Hamdi Mohamed

Port of Tacoma:
Kristin Ang
Deanna Keller
John McCarthy
Dick Marzano
Don Meyer

Commissioners excused:

Port of Seattle:
Sam Cho

1. Call to Order

The meeting was called to order at 9:30 a.m.

2. Recess

The Managing Members immediately recessed into executive session permissible under RCW 42.30.110(i) to discuss with legal counsel representing the agency litigation or potential litigation to which the agency 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 was scheduled to end at 10:00 a.m. It was extended, by announcement in the public meeting room, and ended at 10:15 a.m. The Managing Members then continued in closed session permissible under Federal Maritime Commission (FMC) regulations and related laws found at 46 U.S.C. § 40306, 46 C.F.R. § 538.608, 46 C.F.R. § 535.701(i)(1) and as authorized by the Port of Seattle/Port of Tacoma Alliance Agreement, FMC Agreement No. 201228. This closed session ended at 11:13 a.m.

3. Return to Order

The Managing Members reconvened in public session at 11:30 a.m. and the meeting was called to order by Commissioner Hasegawa.

4. Flag Salute

The Pledge of Allegiance was recited.

5. Chief Executive Officer's Report

John Wolfe, CEO, summarized the agenda. He then called on NWSA, Director of Engineering, Thais Howard, who provided an updated the Managing Members related to an emergency declaration that was made due to a power failure at Terminal 5 on September 21, 2023.

6. Public Comment

None.

7. Work Group Reports

A. Environmental

Commissioner Keller reported that on September 6, 2023, staff briefed members of the Environmental Working Group on their progress in resolving issues associated with how the Endangered Species Act is being administered by the National Marine Fisheries Service.

B. Legislative

Commissioner Hasegawa reported that on September 27, 2023, on behalf of the Legislative Work Group, she provided testimony before the Citizen’s Commission for the Performance Measurement of Tax Preferences hearing on Interstate transportation public utility tax preferences under review. The Citizen’s Commission will be providing its comments to the Joint Legislative Audit Review Committee by October 31, 2023 which will subsequently provide recommendations to the Legislature by the end of the year. This could include the imposition of a new 1.926% tax on gross revenues associated with interstate cargo passing through the state. Commissioner shared with the Citizen’s Commission that the Alliance agrees with the Legislative Auditor’s conclusion that the preferences make Washington’s commercial transportation industry more competitive as it supports more freight traffic at ports and higher employment in transportation and freight-dependent industries.

8. Consent Agenda

It was moved and seconded (Mohamed/Keller) to approve the consent agenda consisting of items:

8A. Approval of the minutes of the September 6, 2023.

8B. Approval of the payment of checks 711580 to 711690 and wire transfers during the period from August 18, 2023 through September 21, 2023 in the total amount of \$16,215,396.87.

8C. Second reading and adoption of Resolution 2023-05 appointing Lisa Billak as the Public Records Officer for The Northwest Seaport Alliance, superseding Resolution 2019-03.

David Morrison, CFO, clarified transactions from the NWSA to the two Homeports reflected on the check/wire certification report (item 8B). One transaction is the NWSA paying the Homeports for the services they provide through the Service Level Agreements, the other is the distribution to the Homeports of Distributable Cash earned in the last month.

The motion carried unanimously by the following vote:

Port of Seattle:

Ryan Calkins - Aye

Sam Cho - excused

Fred Felleman - Aye

Toshiko Hasegawa - Aye

Port of Tacoma:

Kristin Ang - Aye

Deanna Keller - Aye

John McCarthy - Aye

Dick Marzano Aye

Hamdi Mohamed - Aye

Don Meyer – Aye

9. Actions

A. Terminal 18 (T18) Dock Rehabilitation-Bollard Replacement Project Authorization

Prior to the presentation, Thais Howard, NWSA Director of Engineering, informed the Managing Members that the costs presented include bollard replacement. It has since been determined by the tenant that they no longer need the bollards to be replaced. NWSA staff proposes that even though the cost includes bollard replacement, staff will focus more on the rehabilitation. Staff do not intend to go forward with the bollard replacement scope of work at this time. When the project comes forward for construction, staff will provide a reconciliation of cost.

William Shelton, Capital Project Manager, Port of Seattle gave a presentation. Findings of a structural inspection of the pier at T18 identified pile caps in Development Unit 7302 in need of repair to maintain safe logistics operations at the terminal. The project schedule and source of funds, pending approval, were presented.

It was moved and seconded (Keller/Mohamed) to grant project authorization in the amount of \$4,040,000 for a total authorized amount of \$4,940,000 for design work associated with the T18 Dock Rehabilitation and Bollard Replacement project, Master Identification Number U00687.

Discussion:

- This project is included on the Capital Investment Projects list. The design cost is included, the construction costs are estimates. Staff clarified for Commissioner McCarthy that this project was not on the list of projects identified as discretionary.
- Pending approval of this action, staff will return to the Managing Members at the end of design to request construction authorization, prior to going out to bid.
- A commissioner asked whether the requested amount should be reduced as the bollards are not included. Staff responded that the bollard replacement costs were minimal, the bulk of the work is in the dock rehabilitation.
- In the area where 100% inspection was conducted, staff knows what needs repair. In other areas 20% inspections were conducted based on previous inspection reports. This is a continuous, ongoing maintenance asset preservation effort. Staff intends to continue to do inspections at this facility, and as those are conducted, future projects will come up.
- Staff works with SSA developing phasing plans to mitigate impacts to SSA's operations.
- Permits were discussed. Commissioner Felleman asked whether staff envisions impact to tribal fisheries for this overwater work. Staff responded they do not anticipate direct impact, but cannot state for certain how that will play out in discussions with the stakeholders. Commissioner Felleman asked whether staff anticipated any mustering of equipment on the water or is all the work going to be done topside. Staff described that access panels will be cut into the deck and scaffolding will be placed under the deck. No large mobilization of barges, etc. are expected.

- Commissioner Felleman asked that, though the tenant does not think bollard replacement is necessary, the materials presented show two have failed. Placement of the bollards, if they were to be replaced, was discussed. He asked if there were any economies of scale to bollard replacement given the mustering of equipment for the rehabilitation. The plans were to replace bollards in the same location and potentially increasing their size. Staff responded they anticipate there would be some savings with the economies of scale if the same contractors performed the work than a separate mobilization under a different contract. Commissioner Felleman wants to know the estimate for the bollards and the delta that might be achieved with the mobilization of just once. Staff will get that information to the commissioners.

Commissioner Hasegawa called for the vote.

The motion carried unanimously by the following vote:

Port of Seattle:

Ryan Calkins - Aye

Sam Cho - Excused

Fred Felleman - Aye

Toshiko Hasegawa - Aye

Hamdi Mohamed - Aye

Port of Tacoma:

Kristin Ang - Aye

Deanna Keller - Aye

John McCarthy - Aye

Dick Marzano Aye

Don Meyer – Aye

B. Terminal 18 Shore Power Project Authorization.

Thais Howard, NWSA Director of Engineering and William Shelton, Capital Project Manager, Port of Seattle gave a presentation.

The condition assessment and preliminary design work has been completed, and design phase can start.

A 30% design has been completed for two berths. The 30% design found that the current proximity of the crane rail to the dock face requires extensive concrete work at the edge of the pier to add the receptacles. This is an issue unique to T18 and results in higher-than-normal design and construction costs for shore power.

This Authorization will allow for completion of design and preparation of the bid documents for the project. Staff will make a future request to the Managing Members to approve the construction Dates to advertise following completion of design are heavily dependent on permitting timelines.

It was moved and seconded (Meyer/Mohamed) to grant project design authorization in the amount of \$8,200,000 for a total authorized amount of \$9 million for design work associated with the T18 Shore Power project, Master Identification Number U00670.

Discussion:

- The substations and transformers are at a voltage specific to shore power. The voltage level needed for shore power is different from what is needed for cargo-handling equipment. Commissioner Calkins asked what is being done to ensure that Seattle City Light (SCL) is providing renewable power at the substations, commenting that if using coal fired peaker plants, then we have accomplished nothing. Staff will have to follow up regarding what conversations may have taken place with SCL.
- Commissioner Calkins commented, if just looking at environmental justice gains, Managing Members must ask themselves if this is the best use of \$80 million. For that price tag, he said, the Alliance could literally just buy 250 electric trucks and give them to drivers. He stated authorization for design is appropriate, but prior to project authorization for construction, he wants to see an “apples-to-apples” comparison of the actual GHG reductions anticipated from this project and also the alternative investments the Alliance could make where the results would be similar and how much would that cost. He asked if there is opportunity to make the case for the state to significantly increase its funding from \$14 million, to \$40 million, or all of it because the impacts for the local airshed and the state’s goals on GHG reductions significantly benefit from this project. The project is expensive, and important, but its cost should not be borne solely by the Alliance.
- Discussion continued regarding concerns over the large increase in costs and regarding sources of funding. Staff was also asked to explain why the costs at T18 are more than four times the costs at other terminals. Staff explained when Pier 3 and Pier 4 were modernized, they included work in the infrastructure and more of the work was upland; much of the civil infrastructure was in place. At T18, there are physical challenges limiting where things will fit. Escalations in labor materials and construction also contribute to the higher cost.
- Commissioner Mohamed commented that in principle and in values, the Managing Members want to move forward, but there is a policy question surrounding the NWSA investing shore without being able to ensure or being able to require vessels plug in. Whether there is a need for three berths at T18 was also discussed.
- Staff was asked to explore possibility of electric bunkering barges.
- Commissioner Hasegawa noted decarbonization is a priority the community wants to hear about and commented on the magnitude of the project, not just in dollars, but in impact, commercially, environmentally, and environmental justice. She would like this discussion to be included at a future retreat as the NWSA assess whether to have its own strategic plan. She asked staff to explain the messaging strategy surrounding this topic. Director of Communications, Melanie Stambaugh provided an overview.
- Commissioner McCarthy commented that investments such as these represent discretionary spending, not spending passed on to tenants so the costs come out of the bottom line. He said Managing Members must be careful and pragmatic or they could end up putting themselves out of business.

Commissioner Hasegawa called for the vote.

The motion carried unanimously by the following vote:

Port of Seattle:

Ryan Calkins - Aye

Sam Cho - Excused

Fred Felleman - Aye

Toshiko Hasegawa - Aye

Hamdi Mohamed - Aye

Port of Tacoma:

Kristin Ang - Aye

Deanna Keller - Aye

John McCarthy - Aye

Dick Marzano Aye

Don Meyer – Aye

10. Briefings

A. Grants Update

NWSA Director of Environmental and Planning Services, Jason Jordan and Grants Specialist, Cassandra de Kanter provided the Managing Members with an update on the NWSA's Grant Management Program. Staff described the process by which the Grant Steering Committee identifies emerging grant opportunities and approach taken when considering a recommendation to pursue a given opportunity. Grants considered by the Grant Steering Committee in September were discussed, status of submitted grant applications, active grants and a look at future grant opportunities for CIP projects.

Discussion:

- Commissioner Ang wants to understand how the NWSA will pursue Climate Pollution Reduction Grants through the Puget Sound Clean Air Agency, noting the EPA has set aside \$5 billion for the Puget Sound Region. She would also like to be informed on grants to address coastal resiliency, sea-level rise and other climate related hazards. She would also like information on ports' relations to the Healthy Environment for All (HEAL) Act and Cap and Trade. She commented that the ports are not necessarily the impacted communities, but the ports affect the communities and that some of that funding, if the NWSA were to use it, would address environmental justice issues and the health disparities map. Staff will report to the Managing Members in a weekly report. With respect to sea level rise related funding, once a vulnerable assessment is developed and the policies to support implementation, there is significant grant money available that can be pursued.
- Commissioner Felleman requested more visibility to the alternatives analysis done by the Grant Steering Committee. Staff is developing that process.
- Commissioner Keller asked staff about coordination with the South Sound Military and Community Partnership, which is doing a study on behalf of Joint Base Lewis-McCord (JBLM) on sea level rise with regard to the Port of Tacoma. Staff has reached out to the and commented that once policy direction is confirmed, that may be a potential source of funding.
- Commissioner Calkins reported on his takeaways from a recent listening session related to the Advanced Research Projects Agency – Infrastructure (ARPA-I) established withing the U.S. Department of Transportation (DOT). the federal administration is doing around the creation of ARPA related to transportation. There will be several listening sessions which will inform a problem statements the DOT can take to the U.S. Congress to request funding to address through the ARPA-I. Commissioner Calkins recommend

leaning into supporting this on a legislative level. He added there is chasm between research and commercialization that when it does not get fulfilled, you can have a great idea that can never reach the industrial scale needed to make it profitable. Another area for attention is the Inflation Reduction Act (IRA) funding specific to green energy manufacturing and mobilization surrounding that. He said the Alliance needs to be thinking about unique opportunities to access funds related to manufacturing in port-adjacent properties to facilitate green economy manufacturing.

- Commissioner McCarthy requested information on the process and timing for earmarks and other sources of federal funding beyond grants, such as carbon tax funds. Staff responded with the appropriation process and timelines. It was noted that the Department of Ecology is setting up a new program around carbon reduction. It will be responsible for administering many of the grant funds coming available. Staff will be meeting with that program.
- Commissioner Mohamed would like an audit of vessels using shore power in the Gateway. Staff clarified that in order to qualify for certain federal grants related to shore power, the Alliance would have to commit that the infrastructure would be used to a certain level.
- Staff provided a comparison of the federal grants awarded to the Gateway versus other ports. Commissioner Meyer asked for a similar comparison for state grants and what other states are doing. He also wants a commitment to obtain zero emissions at the South Intermodal Yard as a priority. He commented on Wapato Creek and mitigation. He cautioned against putting mitigation sites in the way of potential terminal expansion. He supports the Wapato area mitigation, but wants staff to be careful to be specific about locations.
- Commissioner Hasegawa responded to a comment made by staff that it believes the Managing Members have asked for an actual figure on emission reductions associated with different projects. She clarified that it is not just emission reductions, but also community benefit. She noted that Environmental Justice is a defined term by the EPA and by the Environmental Justice Task Force within the Department of Health. Environmental Justice is specifically earmarked for funding grant opportunities both at the federal and the state level. She added that the Infrastructure Investment and Jobs Act (IIJA) weaves Equity and Environmental Justice considerations into many of its largest programs, and noted other Environmental Justice grant opportunities. At the core of Environmental Justice per the state's definition, is an intersectional lens to address disproportionate environmental and health impacts by prioritizing highly impacted populations. The communities in South Seattle and the Duwamish Valley adjacent to NWSA properties and operations are going to make a very strong case to the assessor for Environmental Justice investments and the NWSA would be a strong contender for big projects for a major and demonstrable impact for the betterment of community health. She further stated the issue is not just about Greenhouse Gas and environmental goals. It is a multidimensional story that needs to be told because it will come with money. That money could go directly into some of the infrastructure CIP projects for which the NWSA seeks funding.

- Commissioner Hasegawa also noted that none of the listed grants are earmarked as Environmental Justice grants and believes that to be missing the mark.

11. General Business

A. CEO Announcements.

Deputy CEO, Don Esterbrook, provided an update.

- The Alliance has experienced an uptick in the intact intermodal rail business. It has doubled since last year due in part to congestion in Canada. He acknowledged that most of the incremental surge in cargo will transition back to Vancouver, Canada after congestion issues resolve. Commercial's mission was to provide excellent service in effort to retain some of the discretionary intermodal cargo, he commended the Commercial team.
- Breakbulk, High and Heavy and project cargo is doing well, underscoring the need to stay true to diversification.
- NWSA along with Marine Terminal Operators (MTOs) and Labor partners are focusing on specific performance metrics. This task force will have its first meeting in October and it is targeting three areas.
 - Move counts on cranes to 32-35 moves per hour. (currently averaging 27).
 - Improve trucker experience to 60 minutes or less total turn time (currently averaging 90 min.)
 - Reduce dwell time for intermodal rail cargo to three days (currently averaging four to five days).

Commissioner Calkins would like to receive updates related to the impact of the drought conditions in Panama and brinksmanship in the South China Sea on West Coast ports.

B. Commissioner Comments

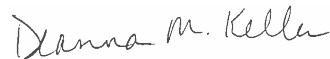
- Commissioner Keller provided an update on her recent trip to Alaska where she and staff attended the Fall Alaska Chamber Forum, and met with Matson and Tote and toured a Safeway distribution center. They toured the Port of Alaska to see their progress on modernization and improvement projects and shoreline restoration projects.
- Commissioner Ang travelled with the Tacoma Propeller Club to the International Propeller Club Conference at the Port of Charleston. There may be opportunity to learn from the other ports on lessons learned regarding deepening projects. Port of Charleston is the exporter of BMW and they have an inland port strategy regarding their automobile business. She would like a comparison of the NWSA's inland port strategy against the Ports of Charleston and Georgia. She is also interested the NWSA's agricultural export strategy in comparison to the Port of Oakland.

12. Adjournment

With no further business before the Managing Members, the meeting ended at 1:55 p.m.



Sam Cho, Co-Chair
The Northwest Seaport Alliance

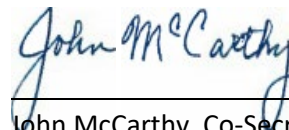


Deanna Keller, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Fred Felleman, Co-Secretary
The Northwest Seaport Alliance



John McCarthy, Co-Secretary
The Northwest Seaport Alliance



Juliet Campbell, Clerk
The Northwest Seaport Alliance