

Minutes

Tuesday, December 1, 2020

NWSA Managing Member Regular Meeting

In accordance with the governor's proclamation 20-28.13 public attendance at this meeting was allowed remotely only. No in-person attendance was permitted. The meeting was streamed live on the NWSA's website <http://portal.veconnect.us/p/nwseaportalliance> and the call in number of 1-253-617-4257, Conference ID: 347 009 404# was provided for those who wished to listen live by phone.

Executive Session

The regular meeting of the Managing Members was called to order at 9:00 a.m. Commissioner Steinbrueck announced that the Managing Members would immediately recess for an executive session pursuant to RCW 42.30.110(1)(i)(i) and (iii) to discuss with legal counsel three items of litigation or potential litigation and the legal risks of a proposed course of action or current practice. The executive session lasted two hours. No votes or actions were taken.

Return to Order and Flag Salute

The Managing Members reconvened at 11:30 a.m. and the roll was taken. Port of Tacoma Commissioners Ang, Keller, McCarthy, Marzano, and Meyer were all present via video/telephone conference. Port of Seattle Commissioners Calkins, Cho, and Steinbrueck were also present via video/teleconference. Commissioners Bowman and Felleman were briefly delayed but joined at 11:34 a.m. Commissioner Steinbrueck then lead the Pledge of Allegiance.

Chief Executive Officer's Report

Provided an overview of the day's agenda.

Commissioner Keller played a significant role in securing a Flood District Grant anticipated to be awarded in late December. He thanked her for her and staff for their work.

Consent Agenda

It was moved and seconded to approve the consent agenda as presented consisting of the minutes of the meetings of November 3, 2020 and November 9, 2020 and the payment of checks 707570 through 707657, and wire transfers in the total amount of \$16,595,270.63 during the period of October 17, 2020 through November 13, 2020.

The motion passed unanimously.

Public Comment

None.

Actions

5A. First Reading: Associated Petroleum Products, Inc (APP). Lease at Terminal 115.

A presentation was made by Curt Stoner, Sr. Manager Real Estate. Staff requested a waiver of two readings and for the Managing Members to authorize at this first reading, the Chief Executive Officer or his delegate to sign a Lease in substantially the same form as the draft provided to the commissioners, with Associated Petroleum Products, Inc. to operate an automated commercial vehicle fueling facility at Terminal 115 to commence January 1, 2021 with an annual revenue of approximately \$145,000.00.

It was moved and seconded to waive two readings and authorize the CEO to sign the lease as requested, however, after discussion, the motion was withdrawn without objection.

It was then moved and seconded to accept this as first reading and advance the lease to a second reading at the January 5, 2020 meeting.

The motion carried unanimously.

Discussion:

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- Commissioner McCarthy the lease that was approved by the Managing Members in 2014 was a five year lease. He asked why the lease had not been negotiated earlier and also, whether the terms of payment are retroactive. Staff informed the Managing Members that the lease has been in hold over status. In 2019 staff was wrapped up on North Harbor Strategy and allowed the holdover status. Other issues arose, including COVID and the tenant asked that the rate increase not be put into effect. Staff confirmed that the terms presented today are not retroactive but would be effective January 1, 2021. Commissioner McCarthy stated he does not support the practice of staff making such decisions without consult with the Managing Members.
- Commissioner Felleman expressed concern that the permit was being held by the NWSA. The NWSA will continue to hold the MS4 permit. Associated Petroleum Products, Inc. is responsible to submit a Storm Water Pollution Prevention Plan and perform all required source control and Best Management Practices. No Industrial Stormwater General Permit is required. No maintenance activity is taking place at the location. Roy Kuroiwa, the Project Manager for environmental issues surrounding T115 informed the Managing Members that the existing issues at the car lot facility related to a former operator. The issues have been known for approximately 15 years and staff continues to monitor the conditions and have seen no migration toward the Duwamish. The Port of Seattle just signed an Ecology Agreed Order with Boeing and there will be a lot of follow up work. The reason staff asked Associated Petroleum Products, Inc. to do a ground water study is to get a complete current picture.
- Legal counsel for the NWSA comment regarding the timing of the rent increase. Some of this came about when there was a moratorium in Seattle on rent increases, including commercial rents. Commissioner Bowman would like confirmation that this is the case. She said she doesn't believe that this set of circumstances meets the intent of that Seattle Ordinance so would like clarification. Commissioner Bowman would also like to know the financial differential of what APP did not have to pay – the dollar amount. She commented the Managing Members should have been informed of the hold over status if nothing else. She noted that the Port of Seattle has had hundreds of tenants requesting rent relief and other measures and the Port of Seattle has had to make hard decisions about that. Decisions about who gets rent increases and who doesn't is a policy decision that should be brought to the Managing Members for the protection of staff and the Managing Members. CEO Wolfe agreed and said he does not like the practice of letting expired leases go into holdover status. He and the team will work to ensure such situations are the exception and not the rule.
- Commissioner Meyer commented that he likes that the terms indicate an adjustment to fair market value but concerned that tenant improvements are not included in the calculation of fair market value. He wants the definition of what is considered major improvements defined.

5B. Flood District Grant Acceptance and Interlocal Agreement for Wapato Creek Bridge and Culvert Removal Project.

A presentation was made by Mark Rettmann, Environmental Project Manager II

[Commissioner Calkins left the meeting at 12:09 p.m.]

It was moved and seconded to authorize acceptance of a Flood District Grant that is anticipated to be awarded in late December 2020 in an amount up to \$931,640 for the Wapato Creek Bridge and Culvert Removal Project, Master Identification No. 201070.01, and enabling the Chief Executive Officer or his designee to enter into an Interlocal Agreement with the Pierce County Flood Control Zone District.

The motion passed unanimously. *(Commissioner Calkins was not present for the vote).*

Discussion:

- Commissioner Keller proud of the work being done by staff. Those scoring the grant proposals were so impressed with the work of the NWSA/POS/POT staff.

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- Commissioner Felleman thanked Commissioner Keller for her work advancing the score. He remarked on the resiliency of nature to be able to make life in a marginal habitat. He is please that progress continues to be made. He noted that some of the fish are fall and winter run species that are of particular importance to the recovery of southern resident killer whales. He also asked how the green bank area to the south is being funded. Staff reported that the area is being funded by the Port of Tacoma as advance mitigation habitat restoration site that will create fish and wetland mitigation credits.
- Commissioner McCarthy recognized Commissioner Keller's work in her role as Port Commissioner on the Flood Control District Committee.

5C. Federal Lobbying Services Contract.

A presentation was made by Ryan McFarland, Federal Government Relations Manager.

It was moved and seconded to authorize the Chief Executive Officer to execute a four-year personal services agreement with Elevate Government Affairs for federal lobbying services in the amount of \$720,000.00.

The motion passed by the 2-0 by the following vote:

Port of Seattle:

Commissioner Bowman	Aye
Commissioner Calkins	<i>Not present for the vote.</i>
Commissioner Cho	Aye
Commissioner Felleman	Aye
Commissioner Steinbrueck	Aye

Port of Tacoma:

Commissioner Ang	No
Commissioner Keller	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye
Commissioner Meyer	Aye

Discussion:

- Commissioner McCarthy asked why the decision was made to go from a two-year contract to a four year contract. Staff responded that Elevate was the Port of Seattle's lobbyist before becoming the lobbyist for the NWSA. The two-year contract was to give the Port of Tacoma a chance to make a change if they so desired two years into the contract.
- Commissioner McCarthy also asked if the change in the administration from Republican to Democrat will have an effect on services that the NWSA receive from Elevate. Staff responded that it would not. Elevate and most lobbying firms are organized with bipartisan staff with bipartisan connections. The NWSA's lead contact at Elevate has great relationships among Republicans and Democrats, all the offices of the congressional delegations and among federal agencies.

General Business:

6A. Announcements, Events Recognitions

- CEO Wolfe reported there have been a total of seven positive cases of COVID with the construction workforce at Terminal 5 (T5). There have been no new cases since early last week. The positive cases were all with the

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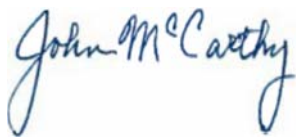
wharf concrete construction crew. We have lost some time with the work scheduled, however at this time the schedule still has substantial completion of Phase 1 of T5 at mid-April. The situation continues to be monitored.

- Deputy CEO, Don Esterbrook, provided a brief update on the intermodal rail incentive program approved in July 2020 which allocated \$1million to attract incremental new intermodal rail business from Canada to the NWSA gateway. Partnering with railroads, ocean carriers and the NWSA's import and export customers. The rail incentive is \$50 per container on any incremental new rail business secured. Pleased to report off to a good start first 3 mo. picked up 7000 TEUs of incremental new business. There has been \$186,000.00 paid in incentives, however, because variable income is generated on the rail loads that move through the Tacoma Harbor based on the structure of leases and because the NWSA actually operates the intermodal yard in Tacoma, the NWSA has collected \$135,000.00 in variable income. The net impact is only \$51,000.00 of the \$1 million.

6B. Commissioner Comments

- Commissioner Steinbrueck noted today's meeting is the last regular meeting of 2020. He thanked staff and commissioners.
- Commissioner Felleman thanked staff for their work through challenging times. He also thanked the co-chairs for rising to the occasion. He appreciates the Canadian focused strategy and finds the rail strategy encouraging. A strategy for addressing the interim period of operation at the North Harbor in light of the West Seattle Bridge condition, and particularly truck traffic, congestion and truck idling in communities, should be a focus in 2021.
- Commissioner Marzano wished all a safe holiday. He noted that the Seahawks are alone in first place, The Huskies made great comeback, and that the Gonzaga Bulldogs are ranked number one.
- Commissioner Bowman thanks to the staff during unprecedented year.
- Commissioner McCarthy noted that the Port of Tacoma will be meeting to discuss committee assignments, and asked commissioners to be thinking about committees they may be interested in serving on.
- Commissioner Meyer thanked the co-chairs for their leadership during this very difficult year.

The meeting adjourned at 12:38 p.m.



John McCarthy, Co-Chair
The Northwest Seaport Alliance



Peter Steinbrueck, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Sam Cho, Co-Secretary
The Northwest Seaport Alliance



Juliet Campbell, Clerk



Don Meyer, Co-Secretary
The Northwest Seaport Alliance

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The Northwest Seaport Alliance