

THE NORTHWEST SEAPORT ALLIANCE
MEMORANDUM

MANAGING MEMBERS
ACTION ITEM

Item No. 5C
Date of Meeting January 5, 2021

DATE: December 15, 2020

TO: Managing Members

FROM: John Wolfe, CEO

Sponsor: Kurt Beckett, Deputy Chief Executive Officer

Project Manager: Ryan McFarland, Federal Government Relations
Manager

SUBJECT: 2021 federal government affairs agenda

A. ACTION REQUESTED

Staff requests approval of the proposed NWSA 2021 federal government affairs agenda.

B. SYNOPSIS

The 2021 federal government affairs agenda contains priorities the NWSA government affairs team will pursue proactively during the coming year.

C. BACKGROUND

Government affairs staff are proposing modifications to the federal government affairs agenda that will guide our work in 2021, including the addition of three new priorities. NWSA's Legislative Work Group has approved the proposed changes, and staff are now seeking approval of the Managing Members.

Proposed changes compared to the 2020 version of the federal government affairs agenda are marked up in the attached draft 2021 federal government affairs agenda. Below is a list of the priorities in the agenda and, for items for which changes are proposed, an explanation of such changes. For new additions to the agenda (see the final three items in the list), the list below also includes additional explanation of previous approvals by Managing Members on these topics. Please see the attached federal government affairs agenda for the full proposed language for each item.

- **Harbor Maintenance Tax reform** – No substantive changes proposed.
- **Seattle Harbor Deepening** – This change reflects that although supporting the design effort will keep the federal team busy in 2021, we will not need federal funding in the coming year because multi-year design funding was fully appropriated in 2020.
- **Tacoma Harbor Deepening** – No changes proposed.
- **National freight policy**
 - We have added reference to INFRA and two other freight grant programs: the Infrastructure for Rebuilding America (INFRA) program and the Port and Intermodal Improvement Program (previously known as the Port Infrastructure Development Program).
 - We propose to advocate for investment in seaport and transportation infrastructure as a mechanism for economic recovery.
 - Congress will work on a multi-year surface transportation reauthorization in 2021. The Senate Environment and Public Works Committee’s version of that bill includes a new funding program for bridge improvements. The City of Seattle views programs like this and the reauthorization more broadly as an opportunity for funding the West Seattle Bridge. Government affairs staff recommends the NWSA support programs that could fund bridge repairs.
- **Safe and efficient cargo screening** – No substantive changes proposed.
- **Trade policy advancement** – No changes proposed.
- **Puget Sound restoration** – No changes proposed.
- **Electrification, diesel emissions reduction programs & renewable energy** – NWSA and home ports have electrification and other emissions reductions efforts underway. Several carbon reduction proposals have been introduced in the current Congress that would benefit the work we’re already doing. The government affairs team recommends we support those efforts.

We believe our work next year on this item would fit under the following language from item #5, “sustainability,” in the catalogue of government affairs positions: “Support funding for environmental projects at seaports that result in substantive and measurable sustainable benefits, while aiding economic development.”

- **Federal permitting** – Staff recommends adding federal permitting to the agenda because of the significant impacts this issue has on the NWSA’s work. In recent years NWSA has experienced project delays because of regulatory staffing

shortfalls at federal agencies. Funding for sufficient staff is critical. We also have seen federal regulation be applied more stringently here than in other parts of the country. Our competitors in other regions should not be able to benefit from the lack of uniform enforcement. The proposed legislative agenda language also states that our preferred approach for major regulatory change would be for agencies to go through a formal rulemaking process, which entails a review of a wide range of potential impacts of a given policy and would enable ports' perspectives to be taken into consideration.

This item is addressed in the catalogue of government affairs positions in item #4, "environmental policies," as follows: "Support environmental policies based on science that are achievable, verifiable and provide substantive environmental benefit, and can be implemented in ways that minimize negative impacts on competitiveness and cargo diversion."

- **COVID-19 relief and recovery funding** - This will be a priority of the new administration and will be of continued importance to our organization. The managing members authorized NWSA staff to work on this item at the April 2020 meeting.

D. ATTACHMENTS TO THIS REQUEST

- Draft 2021 federal government affairs agenda, with proposed changes marked up.
- Catalogue of government affairs positions

E. PREVIOUS ACTIONS OR BRIEFINGS

The Managing Members approved the 2020 federal government affairs agenda on January 14, 2020, and much of the proposed 2021 agenda is unchanged from the 2020 version. Managing members authorized NWSA staff to work on the COVID-19 item at the April 2020 Managing Members meeting. Staff briefed the NWSA's Legislative Work Group on the proposed 2021 agenda. The Legislative Work Group approved the plan to bring the current draft to the Managing Members for approval.



2021 Federal Government Affairs Agenda

Harbor Maintenance Tax (HMT) Reform

Continue efforts to reform the HMT to ensure US tax policy does not disadvantage US ports and to provide greater equity for HMT donor ports through expanded use of Harbor Maintenance Trust Fund revenues. ~~Support~~ Secure appropriations for the “donor port” HMT rebate program authorized under Section 2106 of the 2014 Water Resources Reform and Development Act to compensate for the current structure and impacts of the HMT.

Seattle Harbor Deepening Project

Support ~~design phase of project appropriations for design and construction~~ to deepen the federal channels serving T-18, T-30 and T-5 in Seattle Harbor.

Tacoma Harbor Deepening Project

Support the feasibility study on deepening channels in Tacoma Harbor to accommodate ultra-large container ships at key NWSA cargo facilities.

National Freight Policy and Funding

~~Support~~ Advocate for implementation of and increased federal funding for a strengthened national multimodal freight strategy and related grant programs, including continued authorization and funding for the TIGER/BUILD, INFRA and PIDP discretionary grant programs, as well as increased funding for bridges. Advocate for investment in seaport and transportation infrastructure as a mechanism for economic recovery. Support establishing a sustainable funding source for freight infrastructure and ensure user fee proposals 1) do not hurt the competitiveness of the Northwest trade corridor relative to others in North America; 2) are mode neutral; and 3) funds should spent on improvements that benefit users who pay the fees and not diverted to other uses.

Safe and Efficient Cargo Screening

~~Support~~ Advocate for adequate CBP staffing levels to ensure efficient movement of cargo through the Puget Sound gateway. The NWSA seeks increased federal funding for CBP staffing at maritime ports of entry and reforms to expedite the hiring of new CBP officers. Pursue efforts to ensure the federal government resumes responsibility for funding CBP services, equipment and facility development.

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Trade Policy Advancement

Advocate for new trade agreements and productive engagement that ensure a fair and level playing field for mutually beneficial trade and that protect workers and the environment. The NWSA believes tariffs and quotas should be used as a measure of last resort and, when necessary, be narrowly targeted to minimize unintended impacts on American producers and consumers.

Puget Sound Restoration

Advocate for increased federal resources for Puget Sound and Southern Resident Killer Whale restoration, including funding to support habitat restoration and other strategies to sustain Chinook and other species critical to SRKW recovery, to help cleanup legacy sources of contaminants that affect SRKW, and to manage stormwater runoff. Support appropriations for the Puget Sound Nearshore Ecosystem Restoration Project, the National Estuary Program, the Puget Sound Geographic Program and the Pacific Coastal Salmon Recovery Fund. Support reforms to federal regulatory processes to speed the approval and creation of NWSA and home port habitat sites.

Electrification, Diesel Emissions Reduction Programs and Renewable Energy

Advocate for federal programs and funding that support electrification, alternative fuel use, and other emissions reductions strategies at ports. Support programs to advance renewable ocean energy development.

Federal Permitting

Support increasing regulatory staff funding for the U.S. Army Corps of Engineers, NOAA Fisheries and the U.S. Fish and Wildlife Service in order to reduce permit backlogs. Federal regulatory and permitting regimes should be applied consistently across the country. Significant modifications to federal permitting regulations should be made only through an act of Congress or a formal rulemaking process. The NWSA opposes changes to the process for permitting projects that jeopardize the ports' ability to fulfill their economic, environmental and social missions.

COVID-19 Relief and Recovery Funding

Communicate to administration and congressional leadership regarding the economic impacts of the ongoing COVID-19 pandemic on the NWSA, tenants and associated industries. Advocate for additional federal funding if appropriate, prioritizing infrastructure development and basic operational support.

Catalogue of Government Affairs Positions

1. **Competitiveness:** Support tax, regulatory and international trade policies that result in the increased movement of goods through the Puget Sound gateway, with particular attention paid towards exports. The intention is that this will lead to increases in well-paying Alliance-related jobs and revenues, while also driving logistics and trade-related infrastructure investments in our region.
 - a. Engage with local, state and national partners to advocate for trade policies—such as the Trans-Pacific Partnership— that open new markets and level playing fields for Washington employers and others who use the NWSA as their international gateway, while creating verifiable, measureable and enforceable standards to protect workers and the environment.
 - b. The NWSA believes tariffs and quotas should be used as a measure of last resort and, when necessary, be narrowly targeted to minimize unintended impacts on American producers and consumers.
 - c. Support legislation exempting vehicles shipped as marine cargo that operate within a port area from requirements to register with the state.
2. **Harbor Maintenance Tax:** Support reforms to the Harbor Maintenance Tax (HMT) to ensure U.S. tax policy does not disadvantage U.S. ports and maritime cargo, and to provide greater equity for HMT donor ports through expanded uses of harbor maintenance tax revenue. Support funding for the “donor port” rebate program authorized under Section 2106 of the 2014 Water Resources Reform and Development Act (WRRDA) to address the HMT cost disadvantage relative to Canadian ports.
3. **Infrastructure:** Support freight infrastructure funding, policies, and projects that have potential to maintain, preserve, or increase capacity at NWSA assets. This includes:
 - a. Emphasize projects identified in the Alliance’s strategic commercial planⁱ.
 - b. Infrastructure investments to occur across all modes—rail, road, bridge and water as well as the intermodal connectors between them.ⁱⁱ
 - c. Support reforms to Army Corps of Engineers processes that benefit NWSA properties.

ⁱ Examples include, but are not limited to terminal improvement projects, the Seattle Harbor Deepening Project, the Tacoma Harbor Deepening Project and the Port Community Technology System and other comparable data solutions.

ⁱⁱ Examples include, but are not limited to the Puget Sound Gateway Project, the Interstate 5/Port of Tacoma Road Interchange Project, the Lander Street Grade Separation and the East Marginal Way Improvement Project. This includes support for proposals to authorize tolling on the Puget Sound Gateway Corridor as well as toll scenarios that incentivizes the use of these corridors by freight vehicles.

- d. Support implementation and increased federal funding for a strengthened national multimodal freight strategy and related grant programs, including continued authorization and funding for a variety of discretionary grant programs including, but not limited to, BUILD, INFRA, and PIDP. Support establishing a sustainable funding source for freight infrastructure and ensure user fee proposals 1) do not hurt the competitiveness of the Northwest trade corridor relative to others in North America; 2) are mode neutral; and 3) funds should be spent on improvements that benefit users who pay the fees and not diverted to other uses.
 - e. Support the implementation and increased state funding for a strengthened Washington State Freight Mobility Plan.
 - (1) Support legislation enhancing FMSIB's freight network planning and investment capabilities, with a focus on rail.
 - (2) Support the adoption of, and funding for, state grants for infrastructure projects for ports handling marine cargo, including, but not limited to, highway or rail infrastructure that develops or extends intermodal connectivity, intermodal facilities, marine terminal equipment, wharf construction or redevelopment, vessel alternative fueling access and distribution, fuel efficient cargo handling equipment, freight intelligent transportation systems, and digital infrastructure systems.
 - (3) Encourage Washington state to develop a strategy for developing additional truck parking capacity in areas where demand regularly surpasses supply, with an emphasis on the Interstate 90 corridor between Issaquah and North Bend.
 - f. Support the implementation of the Seattle Freight Master Plan, and the Tacoma Transportation Master Plan.
4. **Environmental Policies:** Support environmental policiesⁱⁱⁱ based on science that are achievable, verifiable and provide substantive environmental benefit, and can be implemented in ways that minimize negative impacts on competitiveness and cargo diversion.
- a. Support increased federal resources for Puget Sound and Southern Resident Killer Whale restoration, including funding to support habitat restoration and other strategies to sustain Chinook and other species critical to SRKW recovery, to help cleanup legacy sources of contaminants that affect SRKW, and to manage stormwater runoff. Support appropriations for the Puget Sound Nearshore Ecosystem Restoration Project, the National Estuary Program, the Puget Sound Geographic Program and the Pacific Coastal Salmon Recovery Fund.
 - b. Support maintaining the ability of ports and others to engage in environmentally appropriate dredging and disposal.
 - c. To better manage the public funds that ports provide for environmental initiatives, including enhanced stormwater treatment, support regulatory updates clarifying that marine cargo

ⁱⁱⁱ Including clean water standards.

wharves without industrial activities as defined by, and consistent with, EPA's multisector general permit are not subject the NPDES permit program driven by the Federal Clean Water Act (CWA). Industrial activities are defined by CWA as vehicle maintenance, equipment cleaning operations, airport deicing operations.

5. **Sustainability:** Support funding for environmental projects at seaports that result in substantive and measurable sustainable benefits, while aiding economic development.^{iv}
 - a. Support the authority for public ports to invest in air quality improvement equipment, fuels and other methods that provides emission reductions for engines, vehicles and vessels.
 - b. Support funding for remediation projects at the homeports as well as mechanism to increase and stabilize the Hazardous Substance Tax revenue generated under the Model Toxics Control Act to support the pursuit of a healthier Puget Sound and efforts to stabilize the MTCA account to ensure long-term funding availability for programs.
6. **Climate Change:** Support funding for environmental projects at seaports that result in substantive and measurable greenhouse gas and black carbon emissions reductions and improved resiliency of port infrastructure and equipment in the face of climate change. Support efforts to reduce greenhouse gas and black carbon emissions provided those efforts do not result in a consequential loss of cargo volumes in the gateway; should these efforts generate additional revenue for the government (such as through a mechanism like a carbon tax), support efforts to invest this revenue into climate change adaptation, further emission reductions, energy conservation and transportation and freight mobility infrastructure.

Support enactment of legislation that will incent the implementation of transportation fuels that reduce emissions related to port operations. Specifically, support adoption of a state clean fuels standard that supports the deployment of clean transportation fuel technologies and reduces the carbon intensity of fuels sold in Washington, and that can promote price competitiveness between the market for sustainable transportation fuels in Oregon, California, and Washington states.
7. **Industrial Lands:** Support land use and transportation policies and mechanisms that maintain or enhance maritime and manufacturing lands, and the critical road and rail infrastructure required for freight mobility.
 - a. Support mechanisms to ensure the state articulates its interests in local land use decision making when it comes to the preservation and health of essential public facilities.
 - b. Oppose efforts to locate new professional sports facilities in the area south of downtown Seattle, known as "SoDo." The goals being to preserve industrial lands, freight mobility, allow for the anticipated development of marine cargo facilities and support the growth of related middle-class jobs. This will include supporting stakeholder efforts to seek an alternative site for an arena, opposing the vacation of a portion of Occidental Avenue and ensuring a balanced and thorough review of all possible impacts of the proposal.

^{iv} This includes, but is not limited to, air quality projects associated with shore power infrastructure, cargo handling equipment and truck retrofits and scrapping.

- c. Support and advance the City of Tacoma’s sub-area plan for the Tideflats area with a goal of preserving industrial lands, freight corridors, and buffers to avoid encroachment and conflict with non-industrial uses and allowing for the predictable and affordable development of marine cargo facilities.
8. **Cargo Security:** Support sustainable security funding for seaports—including adequate Customs and Border Patrol staffing—as well as effective and efficient cargo screening and other security policies, that improves economic development and public safety.
9. **Efficiency:** Support harmonizing regulations across jurisdictions to avoid duplication of effort and make compliance more predictable and cost effective, while ensuring that our jurisdictional authority remains intact.
10. **Supply Chain Optimization:** Advocate for policy and regulatory environment that maximizes our ability to engage with other supply chain stakeholders to improve performance and facilitate goods movement. This includes Federal Maritime Commission approved discussion agreements between the NWSA and its terminal operators regarding key performance indicators and operational efficiencies.
11. **Jones Act:** Support the Jones Act and its crucial role in providing the institutional framework that helps keep the US domestic maritime industry viable. NWSA endorses maintaining limited flexibility to grant waivers from Jones Act regulations in extraordinary cases when domestic shipping capacity is insufficient to respond to a given need and when Puget Sound domestic maritime stakeholders validate that a waiver is necessary to support the vitality of their industry.
12. **Workforce Development:** Support state investments in workforce development in the maritime, manufacturing and industrial sectors for Washington state students and citizens.
13. **NWSA Governance:** Oppose legislation that would create an imbalance of commissioners between the two homeports in their governing of The Northwest Seaport Alliance, and further, advocate that any legislative proposal that would alter the previously voter-established governing structure of either homeport include ratification by citizen vote within the respective homeport district(s).
14. **Immigration:** Support policies that ensure a fair and transparent immigration system to allow for the consistent flow of goods through the gateway.

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Date of Meeting: January 5, 2021



**THE NORTHWEST
SEAPORT ALLIANCE**
Gateway to Solutions

Federal Agenda Approval

Ryan McFarland
Federal Government Relations
Manager

Action Requested

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Proposed Federal Agenda

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Proposed Federal Agenda, continued

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Proposed Federal Agenda, continued

- **National Freight Policy and Funding** - ~~Support~~ Advocate for implementation of and increased federal funding for a strengthened national multimodal freight strategy and related grant programs, including continued authorization and funding for the TIGER/BUILD, INFRA and PIIP discretionary grant programs, as well as increased funding for bridges. Advocate for investment in seaport and transportation infrastructure as a mechanism for economic recovery. Support establishing a sustainable funding source for freight infrastructure and ensure user fee proposals 1) do not hurt the competitiveness of the Northwest trade corridor relative to others in North America; 2) are mode neutral; and 3) funds should be spent on improvements that benefit users who pay the fees and not diverted to other uses.



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Proposed Federal Agenda, continued

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- **Federal Permitting** - Support increasing regulatory staff funding for the U.S. Army Corps of Engineers, NOAA Fisheries and the U.S. Fish and Wildlife Service in order to reduce permit backlogs. Federal regulatory and permitting regimes should be applied consistently across the country. Significant modifications to federal permitting regulations should be made only through an act of Congress or a formal rulemaking process. The NWSA opposes changes to the process for permitting projects that jeopardize the ports' ability to fulfill their economic, environmental and social missions.



Proposed Federal Agenda, continued

- **COVID-19 Relief and Recovery Funding** - Communicate to administration and congressional leadership regarding the economic impacts of the ongoing COVID-19 pandemic on the NWSA, tenants and associated industries. Advocate for additional federal funding if appropriate, prioritizing infrastructure development and basic operational support.



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