



THE NORTHWEST SEAPORT ALLIANCE
SPECIAL MANAGING MEMBER MEETING MINUTES
TUESDAY, AUGUST 14, 2018

The Conference Center at Sea-Tac International Airport, Room International A
17801 International Blvd. Seattle, Washington 98158

SEATTLE COMMISSIONERS PRESENT:

Stephanie Bowman, Vice President
Fred Felleman, Co-Secretary
Ryan Calkins, Commissioner
Peter Steinbrueck, Commissioner

TACOMA COMMISSIONERS PRESENT:

Don Meyer, Co-Chair
Clare Petrich, Vice President
Don Johnson, Co-Secretary
Dick Marzano, Commissioner
John McCarthy, Commissioner

SEATTLE COMMISSIONERS EXCUSED:

Courtney Gregoire, Co-Chair (*excused due to travel*)

NWSA STAFF PRESENT:

John Wolfe, CEO
Don Esterbrook, Deputy CEO
Kurt Beckett, Deputy CEO
Carolyn Lake, Legal Counsel
Tom Tanaka, Legal Counsel
Curt Stoner, Sr. Manager NWSA Real Estate
Sara Cederberg, Sr. Project Manager, Environmental
Nicola Graham, Environmental Analyst II
Erin Galeno, CFAO
Mark Little, Dir. Contracts & Purchasing
Tong Zhu, CCO
Tony Warfield, Sr. Project Manager, Environmental
Jason Jordan, Dir. Environmental Programs
Nick Demerice, Director, Public Affairs
Juliet Campbell, Clerk of the Port

9:30 AM: EXECUTIVE SESSION:

1. CALL TO ORDER:

Acting Co-Chair Stephanie Bowman called the Special Managing Member (MM) Meeting to order at 9:30 am and recessed into Executive Session for approximately two hours.

2. RECESS INTO EXECUTIVE SESSION:

One (1) litigation/potential litigation item – RCW 42.30.110(1)(i)

No decisions were made and no votes were taken.

11:30 AM: SPECIAL MANAGING MEMBER MEETING PUBLIC SESSION:

1. RETURN TO ORDER:

Acting Co-Chair Stephanie Bowman reconvened the Special Managing Member Meeting at approximately 11:35 am and a flag salute was performed.

Prior to proceeding with the day's agenda, Commissioner Bowman commented on the tragic event of August 10, 2018 involving a Horizon aircraft from Sea-Tac Airport. She expressed appreciation for the work and dedication from airport staff, employees of Horizon and others impacted. Commissioner Bowman also emphasized that public safety is the first priority at the airport and marine terminals. She stated they are doing everything they can to secure borders at the air and sea ports. She noted the airport's positive reputation for security. She also commented on the importance of mental illness awareness and the need to support all employees.

2. CONSENT AGENDA:

A. Minutes of July 17, 2018

B. Check Certification approving the payment of checks 703648 through 703765 and wire transfers in the total amount of \$10,154,054.86 during the period of July 7, 2018 through August 3, 2018.

Motion was made by Commissioner Meyer; seconded by Commissioner Calkins:
"Approve the consent agenda."

PORT OF SEATTLE VOTE:

Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

PORT OF TACOMA VOTE:

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

MOTION CARRIES 4-0 / 5-0

3. PUBLIC COMMENT: None

The order of the Action Agenda was revised without objection. It was decided to hear Item 4D (the second reading of Resolution 2018-01) before Item 4C (the first reading of Resolution 2018-03) for timing purposes.

4. ACTION AGENDA:

A. Food Express Inc. Term Lease

Presented by Curt Stoner, Sr. Manager, NWSA Real Estate

Motion was made by Commissioner Petrich; seconded by Commissioner Johnson:

“Authorize the Chief Executive Officer (CEO) or his delegate to sign a five-year term lease with Food Express, Inc. for approximately 0.4 acres of land including a rail spur at 3701 Taylor Way, Tacoma, WA.”

Discussion Included:

1. Food Express has agreed to pay \$28,800 annual rent and invest \$126,000 to upgrade the rail infrastructure to Federal Railroad Administration standards as a tenant improvement.
2. There is no NWSA capital investment or operating expense associated with establishing this lease and no expected capital investment needed during the five-year lease.
3. The lease term for the adjacent property that this will be serving is the same.
4. The rail spur is approximately 12' wide with an additional 12' lane next to it for transloading. There is no other physical structure.
5. Commissioner Marzano asked about the impact of trucks servicing Food Express to infrastructure on Taylor Way. It was clarified that impact will be limited to one dedicated truck showing up three to four times a day for about one and one-half hours each time.
6. The rate was determined by reviewing the market value for similar properties in the area. It was determined that a level \$6,000 per acre, per month was appropriate and multiplied that by .4 acres plus LET.
7. Rights of First Offer and First Refusal were submitted to Wallenius Wilhelmsen Logistics (WWL); they declined.
8. The nature of adjacent businesses was discussed, as was the property's proximity to Hylebos Creek.

PORT OF SEATTLE VOTE:

Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

PORT OF TACOMA VOTE:

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

MOTION CARRIES 4-0 / 5-0

B. Interlocal Agreement (ILA) with the Department of Ecology (ECY)

Presented by Sara Cederberg, Environmental Sr. Project Mgr. and Nicola Graham, Environmental Analyst II

Motion was made by Commissioner Meyer; seconded by Commissioner Felleman:

“Authorization for the NWSA CEO or his delegate to enter into an Interlocal Agreement with the Washington State Department of Ecology to receive a Clean Diesel Grant in the amount of \$234,000 for the Clean Truck Fund, Master Identification No. 201050.02.”

Discussion Included:

1. The purpose of the grant was described. The \$234,000 of ECY grant funding will supplement the difference between the trade-in and scrap value for approximately 39 truck owners enrolled in the Clean Truck Fund. Awards for scrap incentives are limited to a maximum amount of \$10,000 per scrapped vehicle.
2. There is a system in place to verify the trucks are scrapped to Department of Ecology requirements.
3. To be eligible for the fund, the truck owner must already be within the Clean Truck Program registry and have worked in this gateway for at least two years. The trucker must complete the entire approval process. They must be approved for a loan, scrap the old truck and submit the documentation to the Program to verify. Only then will the funds be released. They cannot take possession of a new truck without verification of scrapping the old one.
4. The time between scrapping the old truck and taking possession of a new truck is estimated to be a couple of days, minimizing downtime for truckers.
5. The breadth of support for the program was commented on. The City of Seattle and King County have been approached for contributions to the fund. It was recommended that commissioners reach out to the City of Tacoma and Pierce County as well.
6. Commissioner McCarthy commented that this grant represents a positive piece of the Clean Truck Fund Program, but to be consistent with his previously stated opposition to the Clean Truck Fund Program overall, he will be opposing this action.
7. Commissioner Meyer requested movement toward domestic terminals becoming part of the Clean Truck Program by the end of the next quarter. He requested staff follow up on the topic of a demonstration site for electronic vehicles. Commissioner Felleman pointed out that discussions and demonstrations for alternate technologies should be integrated with outreach plans and timelines associated with the Northwest Ports Clean Air Strategy efforts.
8. Clauses in both ECY grants (the Clean Diesel Grant and the VW State Funds) allow for alternate proposals for equivalent projects related to air quality for undistributed funds.
9. Commissioner Bowman requested regular updates on trucker demand for accessing the fund.

PORT OF SEATTLE VOTE:

Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

PORT OF TACOMA VOTE:

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Nay
Commissioner Marzano	Aye

MOTION CARRIES 4-0 / 4-1

C. First Reading: NWSA Management Structure Resolution No. 2018-03

Presented by Erin Galeno, CFAO

Motion was made by Commissioner Johnson; seconded by Commissioner Petrich:

“Approve First Reading Resolution 2018-03, addressing the future management structure.”

Discussion Included:

1. Commissioners continued discussions regarding the transition plan and future management structure of the Alliance and the Port of Tacoma. The Proposed NWSA Management Structure 7/23/18 graphic was discussed at length. Commissioners want clarification of the category “Purchased Support Services.” The possible redundancy of certain support services was highlighted as were issues related to employer of record versus function of position.

2. In the proposed structure, most staff will have a dual role supporting the Homeport of Tacoma and the NWSA. The major difference would be a new executive leader hired by the Port of Tacoma with sole responsibility over the economic development of the Homeport of Tacoma.
3. The commissioners deliberated on the benefits and challenges of hiring the future Port of Tacoma leader now to participate in the development of the future structure versus hiring once the structure is established.
4. Commissioner McCarthy commented that several organizational structures were considered throughout this process and he questioned why a resolution for only one option was presented. Commissioners discussed how the structures progressed through a process of deliberation, meetings and guidance to staff, resulting in the option reflected in the resolution before them today. Commissioner McCarthy expressed concern that the process may be moving too quickly and that additional options should be brought forward in the form of alternate resolutions.
5. Commissioner Bowman noted that this is the first reading and the vote will be whether to advance the resolution through the process toward a second reading and final adoption. If the vote is to move the resolution forward, there is still time between the first and second reading to make changes, propose amendments, and offer alternatives.
6. Transparency for the process is vital. The public should be aware of the rationale behind any final vote on the topic. Documentation reflecting the process and deliberations will be gathered and made available.

PORT OF SEATTLE VOTE:

Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

PORT OF TACOMA VOTE:

Commissioner Meyer	Nay
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Nay
Commissioner Marzano	Aye

MOTION CARRIES 4-0 / 3-2

D. Second Reading/Final Adoption: Master Policy Resolution No. 2018-01

Presented by Mark Little, Dir. Contracts & Purchasing

Motion was made by Commissioner Petrich; seconded by Commissioner Johnson:

“Adopt Master Policy Resolution 2018-01, Delegation of Authority Master Policy.”

Discussion Included:

1. Changes requested at the first reading in March 2018 were incorporated into the Resolution and presented.
2. Commissioner McCarthy provided comments and several examples where, in his opinion, the authority granted to the CEO under the delegation of authority is too broad. He is not satisfied with delegation of authority and suggested the Managing Members consider hiring someone that works just for the commissioners to review this issue and provide proposed changes. Commissioner Bowman suggested this as a possible agenda item for a retreat.
3. Changes to the real estate broker commission structure were briefly discussed. Commissioner Meyer would like the topic studied prior to taking an action to change. Commissioner Johnson pointed out that commissions are identified in the project when it comes before the body to approve. If the Managing Members do not agree with the commission terms, they have options, including not authorizing the project.
4. Commissioner Marzano noted that when the Managing Members began this entire process, the delegated amount was much lower. The threshold was raised as the body found themselves dealing with the day-to-day operations of a billion-dollar asset, from what are technically part-time positions. The \$300,000 amount is consistent with both the Port of Seattle and Port of Tacoma delegations of authority.
5. Commissioners Bowman and Johnson expressed their preference to operate at a strategic level and hold the CEO accountable for the day-to-day operations and for keeping the Managing Members informed.

PORT OF SEATTLE VOTE:

Commissioner Bowman Aye
Commissioner Felleman Aye
Commissioner Calkins Aye
Commissioner Steinbrueck Aye

PORT OF TACOMA VOTE:

Commissioner Meyer Aye
Commissioner Petrich Aye
Commissioner Johnson Aye
Commissioner McCarthy Nay
Commissioner Marzano Aye

MOTION CARRIES AS STATED 4-0 / 4-1

Commissioner Bowman excused herself momentarily at 1:36 p.m. prior to taking up Item 4E. She returned during the presentation of Item 4F. Commissioner Meyer presided over the meeting during her absence.

E. Tacoma Harbor Deepening

Presented by Tong Zhu, CCO and Tony Warfield, Environmental Sr. Project Manager

Motion was made by Commissioner Calkins; seconded by Commissioner Johnson:

“Authorize the CEO or his delegate to sign a Feasibility Cost Sharing Agreement with the US Army Corps of Engineers to study the feasibility of deepening the navigation channels in the Tacoma Harbor and obligate the NWSA to funding \$1,500,000 of the study as the non-federal sponsor.”

Discussion Included:

1. Justification for the study was discussed. The NWSA has seen an increase in the average ship size, and now sees regular calls of ships in the 10,000 – 14,000 TEU range. The trend toward fewer but larger ships and shipping lines was discussed. The evolution of ship size is likely to mean consolidation of the industry to fewer, larger terminals that can handle large ships efficiently.
2. The larger ships have drafts up to 54'. With the additional 10% of draft under keel required by the Puget Sound Pilots for safe transit, channel depth needed for a fully laden ship is -57' at Mean Lower Low Water (MLLW). The berths and navigation at channels in Tacoma Harbor are 50—51' MLLW. The harbor infrastructure must stay relevant for the large ships to continue to call our gateway. Consideration should be given to deepening the gateway's waterways.
3. Environmental implications extend beyond PCBs and include GHG and noise exposure. These are the types of considerations the public will require as part of an analysis.
4. The Sitcum and Blair waterways are the bounds of the proposed study area. Some areas have gone through remediation or cleanup and have been sampled. Other areas of the channels have not and will require sampling. The potential that the US Army Corps of Engineers (Corps) may require re-sampling exists.
5. Staff provided an overview of the study and how it works. The project would be managed by the Corps. The NWSA as the local sponsor would be obligated to pay 50% of the cost study, or \$1.5M.

PORT OF SEATTLE VOTE:

Commissioner Bowman *Not present for the vote.*
Commissioner Felleman Aye
Commissioner Calkins Aye
Commissioner Steinbrueck Aye

PORT OF TACOMA VOTE:

Commissioner Meyer Aye
Commissioner Petrich Aye
Commissioner Johnson Aye
Commissioner McCarthy Aye
Commissioner Marzano Aye

MOTION CARRIES 3-0 / 5-0

F. NWSA Federal Lobbying Services PSA – Execute Option

Presented by Sean Eagan, Dir. Government Affairs

Motion was made by Commissioner Petrich; seconded by Commissioner Johnson:

“Authorize for the Chief Executive Officer to execute the two-year option contained in personal services agreement number 070409 with Signal Group Consulting, LLC for federal lobbying services.”

Motion Withdrawn: Prior to a vote, the Motion was withdrawn by Commissioner Petrich without objection. The topic was postponed to a future meeting.

5. GENERAL BUSINESS:

- A. Q2 Review CEO Goals and Expectations: The commissioners will review documentation provided and bring any questions to the next meeting.
- B. Fender piling treatment: Jason Jordan, Dir. Environmental Programs and Planning, reported back to the Managing Members regarding a question raised at the July 17, 2018 Managing Member Meeting related to wrapping pilings during repairs at Terminal 7. He reported that after conducting research on the matter, there is no best available science to suggest that the pilings should be wrapped. What is recommended, and what is contained in the permit conditions, is that the manufacturing process be approved and certified, that the piles cure a minimum of three weeks before being put into the water and that the piles must have an ultra-high molecular weight plastic rub strip. Wrapping the pilings is not recommended and would cost an additional \$250,000.00.

6. COMMISSIONER COMMENTS:

Commissioner Steinbrueck: Commented on a response to letter from the ILWU 19. A response letter was delivered to the ILWU leadership and there was a healthy discussion around commercial strategies. CEO Wolfe offered to brief the commissioners individually. The Port of Seattle’s study mission to Eastern Washington was successful.

Commissioner McCarthy: Commented on the Port of Tacoma’s Centennial Celebration kick-off. Port of Tacoma participated in the Puyallup Tribe’s Paddle to Puyallup and were welcomed.


Commissioner Bowman: Sound Transit Elected Leaders Group are going to the Level 2 screening of the alternatives. Staff will put together the ports position taking into considerations the impacts of the alternatives on the NWSA and the Port of Seattle’s operations.

7. ADJOURNMENT:

There being no further business, Commissioner Bowman adjourned the meeting at 2:35 pm.



Donald G. Meyer, Co-Chair
The Northwest Seaport Alliance




Stephanie Bowman, Acting Co-Chair
The Northwest Seaport Alliance

ATTEST:


Donald C. Johnson, Co-Secretary
The Northwest Seaport Alliance



Ryan Calkins, Co-Secretary
The Northwest Seaport Alliance



Juliet Campbell, Clerk of the Port
The Northwest Seaport Alliance