

THE NORTHWEST SEAPORT ALLIANCE
Port of Seattle and Port of Tacoma
Special Joint Meeting
TUESDAY, SEPTEMBER 3, 2019
The Pacific Grill Events Center, Pacific Ballroom
1530 Pacific Avenue, Tacoma, Washington

SEATTLE COMMISSIONERS PRESENT:

Stephanie Bowman
Ryan Calkins
Fred Felleman
Courtney Gregoire
Peter Steinbrueck

TACOMA COMMISSIONERS PRESENT:

Don Johnson
John McCarthy
Dick Marzano
Don Meyer
Clare Petrich

STAFF PRESENT:

John Wolfe, CEO
Kurt Beckett, Deputy CEO
Don Esterbrook, Deputy CEO
Carolyn Lake, Legal Counsel
Tom Tanaka, Legal Counsel
Tong Zhu, Chief Commercial and Chief Strategy Officer
Eric Schinfeld, Sr. Mgr. Federal and Intergovernmental Relations POS
Bob Meyer, Director Port Operations
Mark Little, Director, Contracts and Purchasing
Jason Jordan, Director, Environmental Programs
Graham VanderSchelden, Environmental Project Manager I
David Morrison, Director, Financial Planning and Treasury
Elizabeth Black, Legal Counsel POS
Judi Doremus, Executive Assistant to CEO, Commission, Managing Members
Juliet Campbell, Clerk of the Port

9:00 AM – CALL TO ORDER AND EXECUTIVE SESSION:

1. **CALL TO ORDER:** Commissioner Petrich called the meeting to order at 9:00 a.m. and recessed into executive session.
2. **EXECUTIVE SESSION:** Commissioners met for 30 minutes to discuss two litigation items (RCW 42.30.110(1)(i)). No votes or actions were taken during executive session.
3. **CLOSED SESSION:** Following executive session, at 9:30 a.m., a confidential closed session was held pursuant to 46 C.F.R. 535.701(1), 46 USC §535.608 and 46 U.S. Code §40306 and as authorized by the Port of Seattle/Port of Tacoma Alliance Agreement – Federal Maritime Commission (FMC) Agreement No. 201228. The closed session lasted until 11:17 a.m.

11:30 AM – PUBLIC SESSION:

1. **RETURN TO ORDER:** Commissioner Petrich reconvened the meeting at 11:31 a.m. and lead the Pledge of Allegiance. The agenda was modified without objection to remove action item 5C from the agenda.

2. CHIEF EXECUTIVE OFFICER'S REPORT

CEO Wolfe provided an overview of the day's agenda. He then introduced Eric Schinfeld and Tong Zhu who made a presentation on trade and tariffs.

A. TRADE AND TARIFF

Presenter(s): Eric Schinfeld and Tong Zhu

- Staff reported on the challenges and impacts of United States and China tariffs on trade through the gateway. Staff reported that exports are more impacted than imports. Concerns were discussed that once market share is lost it can take years to get it back
- Actions taken to mitigate impact include an extensive outreach strategy encouraging our ports as first ports of call. Other near-term actions being taken include work on a Seattle Times Op-ed on this topic. Staff has also completed a draft letter to the President from the ports of Los Angeles, Long Beach, Oakland, Portland, Tacoma and Seattle. This will be the first time joining together with just west coast ports on this kind of issue. It will also be the first time writing directly to the President. Staff identified the biggest concern is for our exporters and the long-term impacts of market loss as new trade partners for China gain foothold.
- There is a DC fly-in from the Washington Council on International Trade the week of September 23, 2019. Commissioner involvement was requested.

3. CONSENT AGENDA:

- A. Approval of the Minutes of August 6, 2019.
- B. To approve the payment of checks 705794 through 705986, and wire transfers in the total amount of \$25,675,196.53 during the period of July 27, 2019 through August 23, 2019.
- C. *Pulled prior to the meeting and placed on the action agenda as item 5D.*
- D. To authorize to extend the duration of the Interlocal Agreement with Washington State University to complete an Air Quality Modeling Study from terminating on May 31, 2019 to May 31, 2020.

It was moved and seconded to approve the consent agenda with the August 6, 2019 minutes as amended.

The motion carried unanimously.

4. PUBLIC COMMENT: None.

5. ACTION AGENDA:

A. REACHSTACKERS

Presenter(s): Bob Meyer

It was moved and seconded to authorize the Chief Executive Officer or his delegate to solicit bids for either the purchase of, or lease of two reachstackers. Staff shall return to the Managing Members with the information on both options at a subsequent meeting in a timeframe that coincides with the contracting process.

The motion carried unanimously

B. NWSA AND PORT OF SEATTLE – LITIGATION SETTLEMENT WITH PUGET SOUNDKEEPER ALLIANCE AND TTI

Presenter(s): Elizabeth Black, Legal Counsel POS

It was moved and seconded:

1. **Port of Seattle Action:** to authorize the Port of Seattle Executive Director to sign the proposed consent decree and to carry out the requirements of the consent decree related to cruise operations.

The motion carried unanimously.

It was moved and seconded:

2. **NWSA Action:** to authorize the NWSA to carry out the requirements of the consent decree related to cargo operations, which may entail costs in excess of \$300,000 for required best management practices and if it becomes necessary to upgrade or replace, the existing stormwater treatment system at Terminal 46.

The motion carried 9-1.

Port of Seattle

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

Port of Tacoma

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

NWSA Discussion Included:

- Commissioner McCarthy asked for clarification, and staff confirmed, that by the NWSA agreeing on a motion to carry out the requirements of the Consent Decree, it is agreeing to the terms of the entry of the Consent Decree, as well.
- He asked for assurance that settlement dollars paid to the Rose Foundation will not go to the law firm pursuing this action on behalf of the Soundkeepers. Staff responded the Rose Foundation only awards grants for local environmental restoration projects.
- He also noted that consent decree does not reflect that participation by a private law firm in future inspections is at their own expense. Staff responded that this was negotiated as part of an earlier draft. Soundkeeper had requested an ongoing obligation to be reimbursed for any fees associated with future inspections. That language was removed from the consent decree and instead there is a one-time payment for attorney fees.

- He said he has concerns with giving a private law firm the ability to participate in subsequent inspections and/or some sort of a dispute resolution rather than dealing with the regulatory agency. This is especially of concern in the event that the private law firm doesn't agree with what experts might determine to be the best course of action.
- Commissioner Felleman asked about the likelihood of being subject to the requirement of upgrading the stormwater treatment system. He noted the intensity of use would be much lower due to 1/3 of the terminal being put to an entirely different use. Staff replied that at this time they believe the system will meet the demand. Staff added that the Department of Ecology will be the ultimate decider of whether any new selected system is appropriate. Staff also noted that to prompt the requirement, there would need to be a new international container facility, or a different operation, that triggers a Level 3 Corrective Action.
- Staff was asked to explain stormwater. Stormwater is the water that comes from the sky when it rains and gets mingled with whatever happens to be on the ground which then flows, in our case, into Puget Sound. The biggest challenges around stormwater and water quality flowing into Puget Sound come from urban runoff. There is a smaller subset of stormwater that comes off of industrial and port facilities on the waterfront. In terms of the impacts to Puget Sound, it is much smaller than urban runoff, but it is still impactful and there are different tools in the regulatory tool box, including the industrial stormwater general permit.
- Possible implications of the earlier denial of the motion to dismiss were discussed.

C. *PULLED*

D. TOTAL REWARDS

Presenter(s): Jean West

This item was removed from the consent agenda without objection and placed on the action agenda as item 5D.

It was moved and seconded that the Managing Members and the Commissioners for the Port of Tacoma approve the Total Rewards Programs for non-represented employees of the NWSA and Port of Tacoma. The programs are independent for each entity, but the programs' elements are identical. The programs include the following items:

- Overall Total Rewards philosophy
- Modified vacation and sick leave benefit
- Expanded options for personal leave without pay
- Policy for partial day absences for exempt employees
- Revised salary increase model for the Performance Management Program.

The motion carried. 7-2 NWSA / 3-2 Port of Tacoma

Port of Seattle

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

Port of Tacoma

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

Discussion included:

- Commissioner Meyer said this represents incrementalism at its worst. He does not support adding to costs at a time where there is a lot of uncertainty in terms of the book of business. He asked to be shown the fringe benefits costs and how they increase year over year and how that compares to the ability to raise money from customers.
- Commissioner Johnson supports the motion. He said the challenge is to make sure employees truly appreciate the total compensation, not just the take-home pay. The biggest risk factor is the cost of health care though it has substantially improved from 10 years ago.
- The importance and means of communicating the total benefits to employees was discussed. The contract with Gallagher includes a communication piece. This year HR put out a benefit cost summary of salary and benefits and they have received a lot of positive feedback. Staff agreed with commissioners that there is a need to be much more visual and clearer when communicating benefits and pay.
- Commissioner McCarthy stated his concerns related to the Performance Management Program recommendations. He said it is really a bonus. He said he is not convinced this governing body will be attentive enough to the performance bonuses to be included within the overall budget. He is also concerned with salary comparison between the Port of Seattle and Port of Tacoma. He said we've allowed ourselves to use the Port of Seattle standard instead of other public entities.

6. GENERAL BUSINESS:

A. CEO ANNOUNCEMENTS, EVENTS AND RECOGNITIONS: None.

7. COMMISSIONER COMMENT:

Commissioner McCarthy: Appreciates the sound system.

Commissioner Felleman: Encouraged by the level of questions from Lauren Brand of MARAD during a tour of the North Harbor. He was appreciative of her desire to help the alliance achieve a grant. He said she's a great champion for the alliance in D.C.

Commissioner Petrich: Brovary Ukraine is a Sister City to the City of Tacoma. They were in need of an ambulance. Tacoma surplused an ambulance. Once the ambulance was paid for and ready to go, the Port community helped get the ambulance there. Commissioner Petrich thanked Wallenius Wilhelmsen who for responding to this humanitarian request by shipping it aboard one of their ships. She also thanked Gwen Salisbury of Sound Brokerage and Port staff for assisting with the paperwork. The ambulance was received by the entire fire department in Bovary in a great celebration.

8. **ADJOURNMENT:** There being no further business, Commissioner Petrich adjourned the meeting at approximately 1:54 p.m.



Clare Petrich, Co-Chair
The Northwest Seaport Alliance



Stephanie Bowman, Co-Chair
The Northwest Seaport Alliance

ATTEST:



John McCarthy, Co-Secretary
The Northwest Seaport Alliance



Peter Steinbrueck, Co-Secretary
The Northwest Seaport Alliance



Juliet Campbell, Clerk of the Port
The Northwest Seaport Alliance