



MANAGING MEMBER and PORT OF SEATTLE SPECIAL MEETING  
Tuesday, November 1, 2022  
9:30 AM Executive Session/FMC  
12:30 PM Open Public Meeting  
The Fabulich Center 3600 Port of Tacoma Road, Tacoma, WA  
and virtually at [www.nwseaportalliance.com](http://www.nwseaportalliance.com)

1. CALL TO ORDER

Co-Chair Meyer called the special meeting to order at 9:35 a.m.

**Port of Seattle Commissioners Present: Port of Tacoma Commissioners Present:**

Ryan Calkins - virtually  
Fred Felleman  
Hamdi Mohamed - virtually

Kristin Ang  
Deanna Keller  
John McCarthy  
Don Meyer  
Dick Marzano - virtually

**Port of Seattle Commissioners Excused:**

Sam Cho  
Toshiko Grace Hasegawa

2. RECESS CLOSED EXECUTIVE SESSION IMMEDIATELY FOLLOWED BY A FEDERAL MARITIME COMMISSION (FMC) CLOSED SESSION

Immediately after calling the meeting to order the Managing Members recessed into executive session to discuss two items pursuant to RCW 42.30.110(1)(i)(i).

The executive session was immediately followed by a closed and confidential session authorized under Federal Maritime Commission regulations and laws pursuant to 46 U.S.C. § 40306, 46 C.F.R. § 538.608, 46 C.F.R. § 535.701(l)(1) and as authorized by Port of Seattle/Port of Tacoma Alliance Agreement, FMC Agreement #201228. Together, the executive session and FMC session lasted a total of three hours.

3. RETURN TO ORDER

Co-Chair Meyer returned the special meeting of the Managing Members and Port of Seattle to order at 12:35 p.m.

4. FLAG SALUTE

The Pledge of Allegiance was recited.

5. REPORT BY CHIEF EXECUTIVE OFFICER

CEO Wolfe summarized the agenda. He then introduced Emma Del Vento, Capital Program Leader, Port of Seattle and Thais Howard, Director, Engineering NWSA, who provided an update on the Terminal 5 (T5) Modernization Program. Highlights included:

- T5 is now operational as a one-berth facility and NWSA is looking forward to it being a two-berth fully operational terminal by the end of next year.
- NWSA received an award notification for the 2022 MARAD PIDP grant. The grant provides \$17 million and will be used for the Gate Complex and Container Yard Expansion projects.
- Phase 2 in water work was accepted by the Agencies and there is limited need for in water work for this water window.
- Dispute Resolution Board (DRB) adjudication has increased the risk profile though the budget profile remains the same this quarter.

- P-85 value for the program is currently \$442.8 million
- NWSA's lease obligations are in progress per agreements with the tenant.
- T5 is designed with cold ironing capabilities. Each vessel is a bit different. There was a software configuration issue with a recent vessel. Extensive troubleshooting is taking place between the NWSA, SSA and the ship operator on what is needed to commission the ships as they come in. There will be costs associated with that, but the costs, roles and responsibilities have not yet been defined.

6. PUBLIC COMMENT

**It was moved and seconded** (Calkins/Felleman) to suspend Article 5 of the NWSA By-Laws limiting public comment to three-minutes per commentor.

**The motion carried.**

Comments included:

- Jared Faker, President, ILWU 23, Tacoma. Stated ILWU 23 supports the comments to be made by ILWU 19 President, Harold Ugles.
- Harold Ugles, President, ILWU 19, Seattle. Provided Local 19's position on United States Coast Guard expansion at Pier 30 and 46. Local 19 wants to accommodate the Coast Guard without loss of container or cargo space. December 2, 2022 is the deadline to submit comments to the EIS. EIS Alternative 1 guts Pier 46. A loss for Port of Seattle is a loss for Port of Tacoma and vice versa. Berth capacity is key; a loss of two berths in Seattle is a loss of 25% capacity. Parking is not water dependent and according the EIS, parking accounts for much of the area.

7. WORK GROUP REPORTS

- The Legislative Work Group plans to bring a proposed agenda to the Managing Members before the end of the year.
- The Internal Governance Work Group will present proposed changes to the Charter today as agenda item 9C.
- The Trucking Work Group recommended the NWSA play a strong role in facilitating the transition to a zero-emission drayage fleet, integrating equity goals into the formation of Puget Sound Zero Emission Truck Collaborative, include robust community and trucker outreach elements, and coordinate closely with the City of Seattle led effort to electrify heavy duty vehicles in the Duwamish Valley, and aggressively pursue funding support from federal, state and industry partners.

8. CONSENT AGENDA

**It was moved and seconded** (McCarthy/Felleman) to approve the consent agenda consisting of:

- A. Approval of the minutes from the October 4, 2022 Managing Member meeting.
- B. Approve the payment of checks 710210 through 710344 and wire transfers during the period from September 16, 2022, through October 21, 2022, in the total amount of \$24,541,176.29.
- C. Project authorization in the amount of \$215,000 for a total authorized amount of \$365,000 to complete work associated with EB1 vault repairs.

**The motion carried unanimously.**

9. ACTION AGENDA

- A. Puget Sound Zero Emission Truck Collaborative  
Presenters: Steve Nicholas, Sr. Manager Air Quality and Sustainable Practices and Graham Vander Schelden, Environmental Project Manager

A presentation was given including the background of the existing Clean Truck Program and the next phase of the Program moving toward a zero-emission drayage fleet with the formation of the Puget Sound Zero Emission Truck Collaborative. The project would be funded by a \$400,000 contribution

from WSDOT and \$440,000 of NWSA staff time over two years. The project description, scope of work and financial implications were presented.

**It was moved and seconded** (McCarthy/Keller) to grant project authorization in the amount of \$725,000 for the Puget Sound Zero Emission Truck Collaborative.

Discussion:

- The City of Seattle Office of Sustainability and Environment, and Seattle City Light have dollars in their respective budgets toward development of a zero-emission drayage fleet in the Duwamish valley.
- Commissioners thanked staff for including equity as part of the project.
- The scoping report *Making and Managing the Transition to zero-Emission Drayage Trucking in the Puget Sound Region: Findings and Recommendations* suggested creating a secondary market for zero-emission trucks, possibly from trucks circulating California. Staff will follow up with Commissioners regarding lessons learned from California.
- The Advance Clean Truck Rule out of California has been adopted by reference in Washington state. It requires 40% of new sales of Class A Tractors to be zero-emission by 2035.
- Total cost of ownership of battery-electric vehicles is expected to be at parity by 2030. However, that is new-to-new, not new-to-used. The drayage market is usually second or third market. Hydrogen trucks are more expensive and could take longer to pencil out. Lastly, staff noted that the analyses in the study were pre inflation and supply chain issues.
- Commissioner Ang asked if California has a zero-emission fleet servicing its ports. Responded that California is in a similar state as Washington as to drayage, but somewhat ahead on bringing these first-generation technologies to the ports. Staff expects Washington's Clean Fuel Standard and Climate Commitment Act will accelerate the market for these technologies in the state.
- Commissioner Felleman commented that \$700,000 is a high dollar amount for getting a group together. Staff clarified that the budget is over two years, \$400,000 is from WSDOT, the other \$300,000 is a refocusing of staff efforts within the existing Clean Truck Program budget.
- Comments were made regarding the fragmented efforts of various entities. Standing up the collaborative will perhaps lead to some dove-tailing, and will definitely use lessons learned from the other pilot programs.
- Commissioner Felleman brought up the need to focus on the issue as property owners or purchasers for providing infrastructure. He mentioned projects such as "AltAir" on the East Coast as a way to address economic and health disparities among those that may not be able to afford the investment in a zero-emission truck.
- Commissioner Calkins asked for staff's thoughts on reducing the fleet size. CEO Wolfe described some of the technology advancements leading toward more efficient managing of the queues. Deputy CEO Esterbrook mentioned the inland rail hub model as a way of avoiding drayage from Eastern Washington over to the ports.
- Commissioner Calkins added that if there is technology that can allow truck drivers to get three turns instead two, it can impact payback period for the investment in a new truck, and creates better paying jobs for the truck drivers – as they are paid per turn. Discussion took place on how the NWSA can incentivize MTOs to better dwell times. CEO Wolfe stated that besides their own incentive to provide great customer service, there is no incentive for MTOs to address it. MTOs are focused on cost of operations. Running a second shift is extremely expensive and the volumes typically don't justify the expense.

**The motion carried unanimously.**

- B. Terminal 106 Customs and Border Protection (CBP) Facility Renovation Project – Additional Funding  
Presenters: Stefan Wynn, Capital Project Manager, Maritime and Waterfront, Port of Seattle and Erin DeBroux, Sr. Real Estate Manager, NWSA

A presentation was given providing background of project objectives and prior actions of the Terminal 106 Customs and Border Protection Facility Renovation Project. Ports of entry are generally required by CBP to provide office, workspace and parking pursuant to various titles of the United States Code. While existing facilities may continue in their current state, once there is a seaport operations change, or a new facility is established, CBP can request suitable facilities based on their requirements. Activity at T5 related to radiation portal monitors constituted a seaport operations change and triggered CBP's request and this project.

Staff provided the primary factors for the elevated bids values which included the bids received were based on actual design while the engineers estimate was based on a conceptual space plan. Also, the engineers estimate was completed five months before the Basis of Design was developed and did not account for unique requirements. Lastly escalation increased to 16% from 4.95% in the engineers 2021 estimate due to inflation, cost of labor in the region and supply chain issues.

Project details and financial implications were reported. The initial estimated total cost of the project was \$8,102,000, the revised estimate reflects a \$499,600 increase for the NWSA and \$347,600 decrease for the Port of Seattle. Cost allocation between the NWSA and Port of Seattle is 87% to the NWSA and 13% to the Port of Seattle for total renovation costs and ongoing operational costs. The separate roof authorization NWSA and Port of Seattle agreed to cost allocation for the low slope roof replacement on a pro-rata cost share of NWSA 55% and Port of Seattle 45% based on square footage.

**It was moved and seconded** (Felleman/Calkins) that:

1. The Managing Members approve a project authorization increase in the amount of \$1,300,000 to complete all work associated with the T106 United States Customs and Border Protection Facility Renovation Project Master Identification No. U00520 and U00690 for a total authorized amount not to exceed \$7,702,000 and approval to develop, advertise and execute an alternative public works delivery contract using the Design-Build project delivery method; and
2. The Port of Seattle Commission approve a project authorization increase in the amount of \$169,000 for a total authorized amount not to exceed \$1,001,260 which is to be reimbursed in full to the Port of Seattle following the substantial completion of all work associated with the T106 United States Customs and Border Protection Facility Renovation Project No. U00690 and approval to develop, advertise and execute an alternative public works delivery contract using the Design-Build project delivery method.

Discussion:

- Commissioner McCarthy noted that the original engineer's estimate was that it would cost the NWSA \$4,650,000. The final cost is now estimated at \$8 million but there was a roof added to the original design. The current construction bid estimate came in at \$5.6 million, \$1 million over the original construction bid estimate and the additional procurement cost bring the staff's request up to \$1.3 million. Commissioner McCarthy commented that the estimates are so far off that he is unable to support. He asked what is included in the \$2.1 million in procurement management and project cost. Staff responded it includes the procurement process, project and construction management time, testing, hazardous materials handling. When asked if that is a high number compared to the actual construction costs, staff responded it is pretty standard. Staff also stated it includes approximately \$500,000 in contingency. The factors for the elevated estimate were repeated and included an escalation from under 5% to over 16%,

the estimate not capturing the uniqueness of CBP cargo facility design standards – such as 100% redundancies, and space plan concept versus actual design. Staff mentioned the learning curve as more design-build projects are done. Staff commented that the issue is more the estimate being off from the beginning versus overpricing for the project now.

- Commissioner McCarthy asked why CBP facilities are not a consideration of the federal government and why the cost is an expectation placed on the ports. CEO Wolfe noted that the AAPA has worked to address this issue at a federal level. A few years ago, this wasn't the expectation. The NWSA was one of the entities that originally raised this issue, but timing was and continues to be an issue. He recalls a bill is being considered related to this issue, but the NWSA is in the middle of the project so may not be able to take advantage whatever benefit may come from that legislation.
- Commissioner Ang asked for clarification that the increase is based on accuracy of design not necessarily inflation and labor costs. Staff is lowering escalation from the 16% back to 12% and farther out projects to 6%. Staff noted there is a lot of civil work going on with bridges and roads that creates a tight labor market. Electrical work has a long lead time. Heavy civil work such as electrical substations compared to for example, roofing projects will have different escalation considerations. The former remaining at a 16-18% escalation.
- Commissioner Felleman noted that estimates get better the closer you get to the final project. Staff added that Cargo Facility Standards are not user friendly. There was a huge range in the estimates in the original bids due to bidders interpreting the standards differently. Negotiations led to more consistency in the interpretation to the point the best and finals came in within 7% of each other.

**The motions carried 2-0 for the Managing Members and 3-0 for the Port of Seattle Commission by the following vote:**

Port of Seattle Commission:

Ryan Calkins - Aye  
Fred Felleman - Aye  
Hamdi Mohamed - Aye  
Sam Cho – Excused  
Toshiko Grace Hasegawa – Excused

Port of Tacoma Commission:

Kristin Ang - Aye  
Deanna Keller - Aye  
John McCarthy - Nay  
Don Meyer - Aye  
Dick Marzano - Aye

C. Proposed NWSA Charter Revisions and Additions  
Presenter: Dana Henderson, General Counsel

General Counsel, Dana Henderson, on behalf of the Internal Governance Work Group (IGWG) outlined four proposed changes to the NWSA Charter. The basis for each of the changes and examples of the impacts of each were included in the presentation.

The changes are generally staff driven to aid in the administration of certain issues between the NWSA and the homeports. Though additional issues are forthcoming and will be discussed by the IGWG, the IGWG agrees that the efficiencies and clarifications provided by today's recommended changes should be adopted now.

**It was moved and seconded** (Ang/Keller) to approve the Internal Governance Work Group's proposed changes and additions to the NWSA Charter on the following topics: Addition or Removal of Properties Licensed to the NWSA (Section 3.1.c.ii); Litigation Management (6.6); Contributed Capital (new section); and Insurance (new section).

**The motion carried unanimously.**

10. BRIEFING AGENDA

The Terminal 5 Modernization Project Quarterly Update for Q3 2022 presentation was moved to the beginning of the agenda as part of the CEO report by unanimous consent.

11. GENERAL BUSINESS

A. CEO Announcements

CEO Wolfe introduced Deputy CEO Don Esterbrook who recognized the NWSA Commercial Team's work in hosting a customer recognition event. The Cargo Anchor Award was presented to Wallenius Wilhelmsen Line (WWL) and the Environmental Stewardship Award was presented to Campbell Trucking.

Commissioner Meyer stated it is the responsibility of the Commissioners to stay close to the customers. He added his thanks to staff and encouraged all Commissioners to attend such functions.

CEO Wolfe announced the NWSA's number one breakbulk carrier, WWL, will be traveling from Europe to meet with the NWSA November 30, 2022.

B. Commissioner Comments

Commissioner Keller noted that ports did not get much from the Infrastructure Bill and it is unfair that the NWSA is paying \$7.7 million for U.S. Customs and Border Protection facilities when they are not paying rent to the NWSA and are using local tax dollars that could be used for roads and local services. She sees a need for the NWSA to take a lead role in looking at this issue and the role of the federal government.

Commissioner Ang thanked ILWU 19 and 23 for attending today's meeting. She acknowledged Native American Heritage month. She thanked the team involved in getting the PIDP grant award, and also thanked Washington senators.

Commissioner Felleman would like to see more of a spotlight on the innovation and leadership in the industry. He encouraged staff, leadership and Commissioners to collectively work to increase the profile of events such as the customer event noted by Deputy CEO Esterbrook, beyond the industry publications. He is interested in adding award categories and elevating the recognition of the significance of such awards.

Commissioner Marzano stated there is a need to seek reimbursement for the monies the NWSA is forced to commit to Customs and Border Protection facilities. The federal government should be responsible for at least half of that cost.

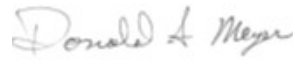
12. ADJOURNMENT

There being no further business, the meeting is adjourned at 3:03 p.m.



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Ryan Calkins, Co-Chair  
The Northwest Seaport Alliance



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Don Meyer, Co-Chair  
The Northwest Seaport Alliance

ATTEST:



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Kristin Ang, Co-Secretary  
The Northwest Seaport Alliance



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Toshiko Hasegawa, Co-Secretary  
The Northwest Seaport Alliance

*Leilani Berinobis*

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Leilani Berinobis, Acting Clerk  
The Northwest Seaport Alliance