

MINUTES  
MANAGING MEMBER REGULAR MEETING  
Tuesday, June 2, 2020  
Remote video/teleconference

**SEATTLE COMMISSIONERS PRESENT:**

Stephanie Bowman  
Ryan Calkins  
Sam Cho  
Fred Felleman  
Peter Steinbrueck

**TACOMA COMMISSIONERS PRESENT:**

Kristin Ang  
Deanna Keller  
John McCarthy  
Dick Marzano  
Don Meyer

**STAFF PRESENT:**

John Wolfe, CEO  
Kurt Beckett, Deputy CEO  
Don Esterbrook, Deputy CEO  
Dana Henderson, NWSA General Legal Counsel  
Tong Zhu, Chief Commercial and Strategy Officer  
Jennifer Maietta, Senior Manager Alliance Real Estate  
Tom Bellerud, Director, Business Development  
Stanley Ryter, Engineering Senior Project Manager  
Scott Francis, Director, Real Estate  
Dustin Stoker, COO  
Dakota Chamberlain, Chief Facilities Development Officer  
Juliet Campbell, Clerk  
Leilani Berinobis, Executive Administrative Assistant

**EXECUTIVE SESSION:** The meeting was called to order at 11:00 a.m. and immediately recessed to executive session for 30 minutes to discuss the legal risk of a proposed course of action pursuant to RCW 42.30.110(1)(i)(iii). No votes or actions were taken.

**PUBLIC SESSION:**

1. **RETURN TO ORDER AND PLEDGE OF ALLEGIANCE:** Commissioner Steinbrueck reconvened the special meeting at 11:40 a.m. and lead the Pledge of Allegiance.
2. **CHIEF EXECUTIVE OFFICER'S REPORT:** The NWSA gateway is functioning at a high level. Volumes are down between 15% - 20% year-over-year. Soft volumes are expected over the next few months. The NWSA along with partners, Pac Rail, UP and Tacoma Public Utilities was awarded a grant toward the purchase of electric trucks. Pac Rail has agreed to fund the balance of the total cost. The NWSA was recognized as a green supply chain partner by Inbound Logistics for the sixth year in a row. Agenda items were highlighted.
3. **CONSENT AGENDA:**  
**It was moved and seconded** to approve consent agenda items 3A, 3B-1 and 3C consisting of the minutes of the May 5, 2020 Managing Member meeting and the payment of checks 706993 through 707031, 707033 through 706992 and wire transfers in the total amount of \$7,278,325.91 during the period of April 28, 2020 through May 22, 2020 and a no cost extension for the Interlocal Agreement with Washington State University for an Air Quality Modeling Study.  
**The motion carried unanimously 10-0.**

**It was moved and seconded** to approve consent agenda item 3B-2, the check certification for the payment of check 707032 to the State Auditor's Office.

**The motion carried unanimously 9-0** (McCarthy abstained)

4. **PUBLIC COMMENT:** None.

5. ACTIONS:

A. Second Reading: Master License Agreement (MLA) with FOSS – Terminal 46 Extension

Presenter: Jennifer Maietta

**It was moved and seconded** to authorize the Chief Executive Officer, or his delegate, to approve a one-year extension of the Master Lease Agreement with FOSS for Terminal 46.

**The motion carried 9-0 by the following vote.**

Port of Seattle Commissioners:

Bowman	Aye
Calkins	Aye
Cho	Aye
Felleman	Aye
Steinbrueck	Aye

Port of Tacoma Commissioners:

Ang	Aye
Keller	Aye
McCarthy	No
Marzano	Aye
Meyer	Aye

Discussion included:

- 2020 NWSA projected revenue through the Master License Agreement is net \$500,000.
- The original Master License Agreement was approved without a vote by Managing Members; however, the extension requires approval by the Managing Members.
- Staff explained the decision to move a vessel from the north berth (Port of Seattle revenue) to the south berth (Port of Seattle/NWSA shared revenue). Placement of the vessel was to accommodate the Mercy at the onset of the Covid-19. The Mercy did not come. When the initial temporary license expired the licensee wanted the vessel to remain. The NWSA informed that if the vessel is to stay, it will need to be moved to the south berth. The NWSA has approval rights over the MLA and has priority.
- The Third Amendment to the Interlocal Agreement between the NWSA and the Port allowed interim maritime uses within the 29 acres leased from the NWSA to the Port of Seattle. Revenue within the 29 acres goes to Port of Seattle.
- Current construction activity does not hinder the potential short-term use of the terminal. Scheduled crane removal will not hinder potential short-term uses either. If a large vessel were to come in, loading and unloading could have an effect.
- Commissioner McCarthy opposes the agreement stating that MLAs are unusual under the law and that he believes the proposal should have been opened up to others before it was entered into without Managing Member approval.
- Commissioner Bowman asked about the Request for Proposal that was issued and whether there has been interest from other terminal operators or maritime customers. Staff confirmed demand for terminal space is not high and also reminded commissioners that the MLA is non-exclusive.

B. Second Reading: Yang Ming Line Third Amendment – Lease Agreement Extension

Presenter: Tom Bellerud

**It was moved and seconded** to authorize the Chief Executive Officer or his delegate to approve the Third Amendment to the Yang Ming Line (YML) Lease Agreement which provides for a two-year lease extension to their IPI Rail guarantee.

**The motion carried unanimously 10-0.**

Discussion included:

- Yang Ming is in the third year of a three-year IPI rail volume agreement. Its third-year commitment was met in full by the end of April. In year two, YML had a rail lift shortfall and has been invoiced by the NWSA for \$203,149 as a shortfall penalty. As an alternative to requiring YML to pay the shortfall, staff is recommending instead that the agreement in second amendment be extended two years with an increased rail lift commitment of 33,000 each of the two years.
- The impacts of counting cargo through Washington United Terminal (WUT) were discussed. Regardless of whether volume moved through Husky or all through WUT, the NWSA will fare better financially than if it collected the penalty.
- Commissioner Marzano noted the increase of jobs associated with an increase in the number of rail lifts.

C. Wapato Creek Bridge and Culvert Removal

Presenters: Tom Bellerud and Stanly Ryter

**It was moved and seconded** to grant project authorization in the amount of \$2,050,000 for a total authorized amount of \$2,350,000 for the Wapato Creek Bridge Replacement and Culvert Removal, Master Identification Number 201070.01.

**The motion carried unanimously 10-0.**

Discussion included:

- The requested project will provide truck access to the PCT truck queue improving operational flow to this high-volume terminal. It will also resolve concerns raised regarding trucks staging on the shoulder of S.R. 509. The project will allow AWC access to the Portac site for auto storage.
- The culvert failed December 2018 and an emergency was declared by the NWSA January 2019. The emergency allowed procurement of design and construction of a temporary bridge and a permanent solution. The permanent solution is now ready for public bid.
- Staff provided a description of the project objectives, scope of work financials and environmental impact review.
- Truck queuing areas are not significantly impacted.
- Fish passage improvements gained by the project were discussed. This culvert repair is not part of the statewide obligations covered by court order.
- There will be continuous access to the Parcel 15 site throughout the project. Staff does not anticipate the Taylor Way project or other will be impacted.

D. First Amendment to the Everport Terminal Services Gate Efficiency Program

Presenter: Dustin Stoker

**It was moved and seconded** to authorize the Chief Executive Officer or his delegate to amend the Gate Efficiency Program with Everport Terminal Services.

**The motion carried unanimously 10-0.**

Discussion included:

- A background of the program was provided.
- International container volume at Everport is down 25.9 percent year-to-date. They are down 47.7 percent in April 2020 compared to the month of April 2019. Everport has also been impacted by fluctuations in volumes from blank sailings. They have requested an amendment to the program agreement that will allow some flexibility during low volume weeks.
- Everport has been a good partner in the program. Since entering into the agreements their service level has risen and the supply chain community have offered praise of their performance. Staff made note of Everport's commitment to running the extra gates despite the downturn in volume and volume fluctuations.
- Commissioner McCarthy appreciates Everport's comments to the supply chain and working with them. He noted the need to follow through with non-compliance consequences.

- Commissioner Meyer supports this action considering all the circumstances that exist today. However, does not like the program overall stating the Port is too involved in operations of the terminal operators.
- Effectiveness of appointment systems for the truckers and terminal operators were discussed.

E. US Customs and Border Protection (USCBP) Lease

Presenter: Scott Francis

**It was moved and seconded** to authorize the Chief Executive Officer or his delegate to approve an \$871,000 increase in the estimated tenant improvement costs for a total estimated tenant improvement cost of \$2,191,000 including a five percent contingency for the previously approved 10-year lease with Harsch Investment Properties, LLC for approximately 14,200 square feet of office space and approximately 5,000 square feet of secured parking area located at 4813 Pacific Highway East, Fife, Washington, and to direct staff to return next month with additional information and clarification on costs and use of this facility.

**The motion carried 9-0 by the following vote:**

Port of Seattle Commissioners:

Bowman	Aye
Calkins	Aye
Cho	Aye
Felleman	Aye
Steinbrueck	Aye

Port of Tacoma Commissioners:

Ang	Aye
Keller	Aye
McCarthy	No
Marzano	Aye
Meyer	Aye

Discussion included:

- The lease obligations were approved by Managing Members in 2017 and pre-date several of the commissioners currently serving.
- Commissioners discussed the risks and implications of delaying the vote for a month. Those risks include impacts to Terminal 5 Phase 1 operations and increased costs if required to rebid.
- Commissioners want transparency of the services provided by USCBP at the location as to whether activities benefit solely the NWSA, just the NWSA activities in the Port of Tacoma, or Port of Tacoma only activities. Staff will report back. If it is found that the Port of Tacoma exclusively benefits from certain services, the commissioners will revisit the apportionment of costs. If there are other beneficiaries of USCBP services from this facility, they should partner in the expense.
- Commissioners also discussed their frustration with the apparent open-ended demands of scope and design and with federal mandates that require USCBP to inspect all cargo coming through the harbor and requiring Port provide the space without providing funds.
- A motion to postpone the vote on this action was rescinded without objection.

*Commissioner Calkins left the meeting at 1:36 p.m.*

6. GENERAL BUSINESS:

A. Financial Update

Presenters: Tong Zhu and David Morrison

- Staff provided a financial performance update and summary of management actions in response to economic conditions. Changes to Capital Improvement Plan (CIP) spending were detailed including the elimination of \$4.32 million in cancelled projects. Other CIP reductions and increases were provided. Expense projects that are eliminated, reduced and increased were presented.
- The presentation also included an update on trends in cargo volume. Discussion took place regarding the NWSA's trade with the Asia market.
- Monthly updates on cargo volumes were requested as was a briefing on the NWSA's federal legislative strategy.

B. CEO Announcements, Events, Recognitions. None.

C. Commissioner Comments:

Commissioner Ang: Expressed her support for the Black Lives Matter movement.

Commissioner Felleman: Drew attention to the West Seattle Bridge issues.

Commissioner Steinbrueck: Noted a meeting scheduled with Seattle Mayor, Jenny Durkan, regarding the implications of the West Seattle Bridge issues has been delayed.

7. ADJOURNMENT: The meeting ended at 2:26 p.m.



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John McCarthy, Co-Chair  
The Northwest Seaport Alliance



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Peter Steinbrueck, Co-Chair  
The Northwest Seaport Alliance

ATTEST:



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Sam Cho, Co-Secretary  
The Northwest Seaport Alliance



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Don Meyer, Co-Secretary  
The Northwest Seaport Alliance



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Juliet Campbell, Clerk  
The Northwest Seaport Alliance