



Minutes

Managing Member Regular Meeting | Port of Tacoma Special Meeting

Tuesday, October 1, 2024

9:30 a.m. Closed Session

11:30 a.m. Open Public Meeting

The Conference Center at SEA, 17801 International Blvd. Seattle, Washington

Live streamed on the meetings page at www.nwseaportalliance.com

Commissioners present:

Port of Seattle:

Ryan Calkins

Sam Cho

Toshiko Hasegawa

Hamdi Mohamed

Port of Tacoma:

Kristin Ang

Deanna Keller

John McCarthy

Dick Marzano

Don Meyer

Commissioners excused:

Port of Seattle Commissioner Fred Felleman

1. Call to Order

Co-Chair Ang called the meeting to order at 9:32 a.m.

2. Executive and closed sessions.

The Managing Members immediately recessed for an executive session pursuant to RCW 42.30.110(1)(i) to discuss with legal counsel representing the agency matters relating to litigation or potential litigation to which the agency is or is likely to become a party when public knowledge regarding the discussion is likely to result in adverse legal or financial consequence to the agency and (iii) the legal risks of a proposed course of action that the agency had identified when public discussion of the litigation or legal risks is likely to result in an adverse legal or financial consequence to the agency.

The executive session ended at 9:56 a.m. and was followed by a closed discussion pursuant to Federal Maritime Commission (FMC) regulations and related laws found at 46 U.S.C. § 40306, 46 C.F.R. § 535.608, 46 C.F.R. § 535.701(i)(1) and as authorized by the Port of Seattle/Port of Tacoma Alliance Agreement, FMC Agreement No. 201228. The closed FMC session ended at 11:22 a.m.

3. Return to Order

The Managing Members reconvened in public session at 11:45 a.m. The meeting was also a special meeting of the Port of Tacoma Commission as to items 9E(2) and 9F(2). The special meeting was noticed pursuant to RCW 42.30.080.

4. Flag Salute

The Pledge of Allegiance was recited.

5. Chief Executive Officer's Report

CEO, John Wolfe, summarized the agenda.

6. Public Comment

None.

7. Work Group Reports

Commissioner McCarthy gave the Legislative Work Group Report.

Co-Chair, Commissioner Mohamed gave the Internal Governance Work Group Report.

8. Consent Agenda

A. Approval of the minutes of the September 4, 2024 meeting.

B. (1) Approval of disbursements totaling \$13,966,082.44 on check 11 through 55 and 57 through 315 and electronic payments during the period of August 1, 2024 through September 19, 2024.

(2) Approval of disbursement of \$5,202.34 on check 56 to the State Auditor’s Office during the period of August 1, 2024 through September 19, 2024.

C. Project authorization in the amount of \$347,000 for a total authorized amount of \$397,000 for work associated with the Terminal 18 Protective Relay Replacement Project, MID. N10575.

Co-Chair Ang removed item 8B(2) from the consent agenda for separate consideration.

It was moved and seconded (Cho/McCarthy) to approve the consent agenda as amended.

The motion carried by the following vote:

Port of Seattle:

Ryan Calkins - Aye

Sam Cho - Aye

Fred Felleman - Absent/excused

Toshiko Hasegawa - Aye

Hamdi Mohamed - Aye

Port of Tacoma:

Kristin Ang - Aye

Deanna Keller - Aye

John McCarthy - Aye

Dick Marzano - Aye

Don Meyer - Aye

It was moved and seconded (Meyer/Mohamed) to approve disbursement of \$5,202.34 on check 56 during period of August 1, 2024 through September 19, 2024 to the State Auditor’s Office.

The motion carried by the following vote:

Port of Seattle:

Ryan Calkins - Aye

Sam Cho - Aye

Fred Felleman - Absent/excused

Toshiko Hasegawa - Aye

Hamdi Mohamed - Aye

Port of Tacoma:

Kristin Ang - Aye

Deanna Keller - Aye

John McCarthy - Abstained

Dick Marzano - Aye

Don Meyer – Aye

9. Actions

A. Pacific Rail Services, Inc. (PRS) Third Amendment

Deputy CEO, Don Esterbrook and Sr. Manager, Real Estate, Curt Stoner gave the presentation.

The NWSA has leases with both the BNSF and the Union Pacific (UP) on the same parcel. The NWSA also has a contract with PRS as the ramp operator. PRS in turn has a labor agreement with International Longshore and Warehouse Union (ILWU) Local 23. The NWSA's agreement with the railroads expires in August 2025. The NWSA's contract with PRS as its ramp operator also expires August 2025. However, the labor agreement that PRS had with ILWU Local 23 expired at the end of the year. Negotiations between ILWU and PRS resulted in an increase cost per lift of around \$6. The NWSA's contract with PRS only built in an increase of \$1. PRS approached the NWSA for assistance asserting contract rate is no longer compensatory.

After discussions with the railroads and PRS, staff is proposing that the NWSA increase the amount it pays PRS by an additional \$1 per lift. Staff will negotiate with the railroads to get that \$1 back and protect margin. Going forward, all the contracts (NWSA with the railroads, the NWSA with PRS, and PRS's agreement with ILWU) will align to expire at the same time.

The combined 2024 operating revenue of UP and BNFS is approximately \$16.4 million. The increase in the lift rate fee from PRS will decrease the 2024 annual income for the NWSA by approximately \$110,000.

It was moved and seconded (Meyer/Marzano) to authorize the Chief Executive Officer or his delegate to execute the Third Amendment to the Amended and Restated Operating Contract with Pacific Rail Services.

Discussion:

- The new labor agreement negotiated between ILWU and PRS resulted in a \$6 increase from the previous labor agreement wage rate. The Alliance's agreement with PRS built in a \$1 increase, leaving \$5 difference. With the action requested today, the Alliance would agree to be billed an additional \$1 per lift; PRS would absorb the \$4. The delta was verified by Alliance staff with both ILWU and PRS.
- This ILWU workforce is not under the Pacific Maritime Association - ILWU contract.
- Staff stated the concession is intended to avoid disruption. Commissioner McCarthy commented that he supports this action, but recalls that the contract obligation of PRS to the Alliance is to provide the service and to pay the Longshore. He questioned whether legally PRS had the right to disrupt by not entering into an agreement.

The motion carried by the following vote:

Port of Seattle:	Port of Tacoma:
Ryan Calkins - Aye	Kristin Ang - Aye
Sam Cho - Aye	Deanna Keller - Aye
<i>Fred Felleman - Absent/excused</i>	John McCarthy - Aye
Toshiko Hasegawa - Aye	Dick Marzano - Aye
Hamdi Mohamed - Aye	Don Meyer - Aye

- B. Installation of Radio Frequency Identification (RFID) at Domestic Terminals
NWSA Sr. Project Manager, Air Quality & Sustainable Practices, Steve Nicholas, Port of Seattle Capital Project Leader, Stefan Wynn, and Port of Tacoma Engineering Project Manager II, Kyle Smith gave the presentation.

The NWSA Managing Members committed to implementing the Clean Truck Program’s 2007 engine requirement at the two domestic terminals in Tacoma (TOTE and West Sitcum) and one in Seattle (Terminal 115 (T-115)) - in the NWSA Clean Air Implementation plan 2021-25.

This project authorization is to install RFID infrastructure at these three terminals during 2024-25 in preparation for the requirement coming into effect at the end of 2025. This will bring these domestic terminals into alignment with the international container terminals.

It was moved and seconded (Keller/Mohamed) to grant project authorization for work associated with the installation of RFID for the following terminals in the following amounts:

- (1). \$230,000 for a total authorized amount of \$430,000 at TOTE, M.I.D. 201214.01
- (2). \$250,000 for a total authorized amount of \$450,000 at West Sitcum M.I.D. 201215.01
- (3). \$280,000 for a total authorized amount of \$330,000 at Terminal 115) M.I.D. N10574.

Discussion:

- Staff confirmed that Clean Truck Program rule means that by the end of 2025, trucks that do not meet the 2007 engine requirement will not be able to enter domestic or international terminals.
- Commissioner Hasegawa encouraged adding a trusted messenger model to the NWSA’s outreach and education efforts in informing the truckers of the transition support programs offered.
- Staff clarification regarding the limitations of the Domestic Truck Scrapping Program structure.

The motion carried by the following vote:

Port of Seattle:	Port of Tacoma:
Ryan Calkins - Aye	Kristin Ang - Aye
Sam Cho - Aye	Deanna Keller - Aye
<i>Fred Felleman - Absent/excused</i>	John McCarthy - Aye
Toshiko Hasegawa - Aye	Dick Marzano - Aye
Hamdi Mohamed - Aye	Don Meyer - Aye

C. Vessel Service Agreements (VSAs)

Sr. Manager, Business Development, Andre Elmaleh and David Morisson, CFO gave the presentation.

VSAs are a common negotiation tool for ports to attract shipping lines, ensure port exclusivity and increase cargo volume. They allow ports and carrier customers to negotiate reasonable rates discounted from the published tariff based on anticipated volumes, labor rate increases and market conditions.

Key changes in the requested VSAs from previous versions include a rate increase from October to June 30, 2025, a longer term, a mid-term rate change formula, rate change alignment with the annual ILWU PMA wage/benefit change in July of each year, secondary dockage waiver, and the addition of Terminal 46 to the list of piers that qualify for secondary dockage/vessel security waiver for Glovis Ocean.

It was moved and seconded (Marzano/Keller) to authorize the Chief Executive Officer or his delegate to enter into Vessel Service Agreements from October 2, 2024 through June 30, 2026 in substantially the same form as presented with:

- (1). MOL (Americas) LLC acting for and on behalf of Mitsui O.S.K. Lines, Ltd.
- (2). “K” Line America, Inc. on behalf of Kawasaki Kisen Kaisha, Ltd. (“K” Line)
- (3). Hyundai-Glovis Co., Ltd.

Discussion:

- Commissioner McCarthy requested information regarding the impacts of the secondary dockage waiver. Staff will follow up and provide those calculations.

The motion carried by the following vote:

Port of Seattle:	Port of Tacoma:
Ryan Calkins - Aye	Kristin Ang - Aye
Sam Cho - Aye	Deanna Keller - Aye
<i>Fred Felleman - Absent/excused</i>	John McCarthy - Aye
Toshiko Hasegawa - Aye	Dick Marzano - Aye
Hamdi Mohamed - Aye	Don Meyer - Aye

D. Phase 1 Hydrogen Hub Funding Subaward Agreement

Environmental Project Manager, Graham VanderSchelden, gave the presentation.

The driver of the NWSA’s involvement in the Pacific Northwest Hydrogen Hub (PNWH2) is the Northwest Ports Clean Air Strategy and its goal to phase out emissions from seaport activities by 2050. While there is a heavy focus on electrification staff noted a number of applications where hydrogen may be the better or only fit for operational need.

This opportunity both supports the buildout of the hydrogen economy regionally and brings in funding to help subsidize and incentivize the deployment of hydrogen trucks and cargo handling equipment (CHE). An overview of hydrogen was provided as well as a description of the Department of Ecology Clean Hydrogen Hubs Program.

An overview of the PNWH2 was provided along with details of the NWSA's project within the PNWH2. Air Liquide will be building a liquefaction facility in Boardman, Oregon which will take hydrogen produced by Mitsubishi nearby liquify it and distribute it regionally for use primarily in heavy duty transportation applications. The NWSA would be an end-use partner using hydrogen hub funding to incentivize the purchase and deployment of hydrogen trucks and CHE. Phase 1 of the NWSA project will be market research and incentive program design.

It was moved and seconded (Hasegawa/Meyer) to authorize the Chief Executive Officer or his delegate to enter into a sub-recipient agreement with the Pacific Northwest Hydrogen Association to accept funding in the amount of \$45,370 with a match of \$55,170 to support the Alliance's Phase 1 work under the Department of Energy's Regional Clean Hydrogen Hubs Program.

Discussion:

- Commissioner Calkins commented that the duty cycle of harbor vessels lends itself to hydrogen or hydrogen cell technologies. He noted that if the NWSA is going to start investing in hydrogen, the larger the market that can be created, the more capital costs can be amortized.
- Hydrogen is not intended to replace electric trucks, but is a part of a suite of solutions and the application will dictate which direction it will go.
- The importance of sourcing hydrogen from low carbon sources was discussed. Hubs using natural gas reformation are required to have carbon capture as part of their project.
- Commissioner McCarthy asked for assurances that as the process moves along, that projects will continue to be evaluated to ensure the benefit is enough to continue pursuing.
- Commissioner Cho expressed that he senses the PNWH2 does not understand or appreciate that there is far greater demand for hydrogen and its derivatives beyond a few trucks. He noted that the NWSA is the conveyor of all the demand for these fuels, whether trucks, gate operators, yard equipment or ocean carriers. He implored staff to push them to understand. He stated he supports this action, but is not happy with the constraints of the studies.
- Commissioner Keller emphasized the need for infrastructure, commenting that it is not responsible to buy and promote hydrogen vehicles if there is no supporting infrastructure.
- Commissioner Meyer emphasized the end user. Staff assured Commissioners that assessing the demand of end users is included in the market research of Phase 1 tasks.

- Commissioner Ang commented that the PNWH2 needs to be made aware of the NWSA's Green Corridors program.

The motion carried by the following vote:

Port of Seattle:

Ryan Calkins - Aye

Sam Cho - Aye

Fred Felleman - Absent/excused

Toshiko Hasegawa - Aye

Hamdi Mohamed - Aye

Port of Tacoma:

Kristin Ang - Aye

Deanna Keller - Aye

John McCarthy - Aye

Dick Marzano - Aye

Don Meyer - Aye

- E. Pierce County Terminal (PCT) Maintenance Dredging Construction Authorization and Funding Source Designation
Engineering Project Manager II, Norman Gilbert and CFO, David Morrison gave the presentation.

Commissioner McCarthy left the meeting at 1:32 p.m.

The PCT Maintenance Dredging Project scope is to complete a maintenance dredge addressing high spots resulting from a combination of tidal action, vessel operations and sediment deposits over time that impact the berthing areas at PCT. The project is eligible to be completely funded by Harbor Maintenance Tax (HMT) funds.

(1). It was moved and seconded (Meyer/Calkins) that the Managing Members of the Alliance grant project authorization in the amount of \$1,060,000 for a total authorized amount of \$1,485,000 for work associated with the PCT Maintenance Dredging Construction Project, MID 201114.03.

Homeport Port of Tacoma Commission Action:

(2). It was moved and seconded (Marzano/Keller) that the Port of Tacoma Commission dedicate Section 2106 / Harbor Maintenance Tax funds to fund the full cost of the PCT Maintenance Dredging Construction Project, MID 201114.03.

Port of Tacoma Commission Discussion:

- Commissioner Meyer opposes committing Section 2106 / HMT funds at this time as he needs more information on the Port of Tacoma's 2025 Capital Improvement Program. He added subsidies not identified to a particular project should be left to the Homeport to decide which project they want to spend the money on.
- Commissioner Keller supports committing Section 2106 / HMT funds to the project stating this is a perfect use of the funds as intended.
- Commissioner Ang agrees with both Commissioners Meyer and Keller. She noted that the vote on this particular item does not dictate policy for the rest of the year and sets no precedent.

- Commissioner Marzano supports committing the Section 2106 / HMT funds for this project. In turn, the Homeports need to discuss themselves how they want to manage their policy for HMT funds. He reminded Commissioners that the U.S. Army Corps of Engineers did not want to allocate funding to the Donor Ports.

The motion of the Managing Members of the Alliance to authorize item 9E(1) carried by the following vote:

Port of Seattle:

Ryan Calkins - Aye

Sam Cho - Aye

Fred Felleman – Absent/excused

Toshiko Hasegawa - Aye

Hamdi Mohamed - Aye

Port of Tacoma:

Kristin Ang - Aye

Deanna Keller - Aye

John McCarthy – Absent/excused

Dick Marzano - Aye

Don Meyer - Aye

Homeport Port of Tacoma Commission Vote:

The motion of the Port of Tacoma Commission to authorize item 9E(2) carried by the following vote:

Port of Tacoma:

Kristin Ang - Aye

Deanna Keller - Aye

John McCarthy – Absent/excused

Dick Marzano - Aye

Don Meyer - Nay

- F. TOTE Berth Maintenance Dredge Project Authorization
Engineering Project Manager, David Myers, gave the presentation.

The TOTE Berth Maintenance Dredge Project scope is to complete a maintenance dredging addressing high spots in the berthing area including bidding of a Public Works maintenance dredge construction contract, performing and closing out the project and permits. The project is eligible to be completely funded by Harbor Maintenance Tax (HMT) funds.

(1). It was moved and seconded (Cho/Keller) that the Managing Members of the Alliance grant project authorization in the amount of \$950,000 for a total authorized amount of \$1,250,000 for work associated with the TOTE Berth Maintenance Dredge Project, MID 201156.01.

Homeport Port of Tacoma Commission Action:

(2). It was moved and seconded (Marzano/Keller) that the Port of Tacoma Commission dedicate Section 2106 / Harbor Maintenance Tax funds to fund the full cost of the TOTE Berth Maintenance Dredge Project, MID 201156.01.

Discussion:

- Sr. Director of Engineering, Thais Howard explained that this project, the PCT project previously approved, and a separate maintenance dredge project that will be brought to the Port of Tacoma Commission in the future, converge in certain ways but are being kept as three separate projects due to permitting, timing, etc. Staff will look at the best opportunities for bidding/contracting the projects.
- Commissioner Meyer opposes item 9F(2) for the same reasons stated in the previous action 9E(2).
- Commissioner Keller supports item 9F(2) for the same reasons previously stated in item 9E(2).
- Commissioner Ang supports item 9F(2) for the same reasons previously stated in item 9E(2). She notes that with this particular vote there should be parity between HMT in Seattle and Tacoma.

The motion of the Managing Members of the Alliance to authorize item 9F(1) carried by the following vote:

Port of Seattle:

Ryan Calkins - Aye

Sam Cho - Aye

Fred Felleman – Absent/excused

Toshiko Hasegawa - Aye

Hamdi Mohamed - Aye

Port of Tacoma:

Kristin Ang - Aye

Deanna Keller - Aye

John McCarthy – Absent/excused

Dick Marzano - Aye

Don Meyer - Aye

Homeport Port of Tacoma Commission Vote:

The motion of the Port of Tacoma Commission to authorize item 9F(2) carried by the following vote:

Port of Tacoma:

Kristin Ang - Aye

Deanna Keller - Aye

John McCarthy - Absent/excused

Dick Marzano - Aye

Don Meyer - Nay

10. Briefings

A. Grants Update

Grant Specialist, Cassandra de Kanter, provided an update on grant activity since the August 2024 Managing Member meeting.

At 2:00 p.m. the meeting recessed to reestablish quorum. At 2:05 p.m. quorum was reestablished and the meeting returned to order.

11. General Business

A. Cargo/Operations Update

Chief Commercial & Strategy Officer, Tong Zhu and COO, Jeff Bellerud, provided updates on cargo volumes and operations. Discussion took place regarding capacity versus performance, gate service, export reefer activity and incentivizing activity through the north harbor.

B. CEO Announcements

The NWSA gave a presentation on the Alliance gateway to the BNSF Railroad Customer Advisory Group. Staff will provide a write-up regarding specifics of what staff is doing to raise the performance of the gateway.

C. Commissioner Comments

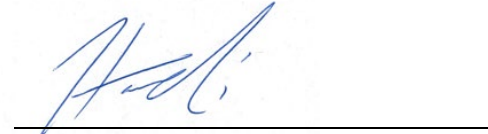
- Commissioner Keller provided commented on the NWSA’s recent customer trip to Asia including feedback from customers on the use of the NWSA rail incentive program.
- Commissioner Cho also commented on the recent customer trip to Asia. He spoke at the Pusan International Port Conference and visited Port of Ulsan. He noted the Port of Ulsan’s work regarding the bunkering of alternative fuels.
- Commissioner Meyer thanked commissioners for representing the NWSA on the recent customer trips. He is harkened by the possibilities and creativity.
- Customer Ang also thanked Commissioners Cho and Keller for representing the NWSA on recent customer trips to Asia. She attended several meetings at the Washington Council of International Trade in Washington D.C. including with the Congressional delegation and senate advocating for better trade policy for the region. She highlighted the issues of de minimis policy and of unlocking funding for Customs and Border Protection (CBP) so that the federal government, not ports, pay for CBP facilities. Advocating efforts toward bringing the Clean Ports Program Grant funds to NWSA’s region and for smarter trade policy with China were noted.
- Commissioner Marzano requested an update on the HMT fund utilization in both Homeports.
- Commissioner Calkins attended the U.N. General Assembly in New York during Climate Week. His stated his key takeaway is that there is a virtual unanimous consensus around the need for carbon costing in shipping and that there is industry power behind the transition from fossil fuel to green economy. He stated that the NWSA is seen as one of the most if not the most aggressive set of ports pursuing the transition to green economy and it is giving the NWSA a business edge.

12. Adjournment

With no further business before the Managing Members, the meeting adjourned at 2:39 p.m.



Kristin Ang, Co-Chair
The Northwest Seaport Alliance



Hamdi Mohamed, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Ryan Calkins, Co-Secretary
The Northwest Seaport Alliance



Dick Marzano, Co-Secretary
The Northwest Seaport Alliance

Prepared by:



Juliet Campbell, Clerk
The Northwest Seaport Alliance