

MANAGING MEMBER REGULAR MEETING

Tuesday, November 5, 2024

9:30 AM Executive and Closed Sessions

11:30 AM Open Public Meeting

The Fabulich Center, 3600 Port of Tacoma Road, Tacoma, WA

Live streamed <http://www.nwseaportalliance.com/about-us/governance>

MINUTES

Commissioners Present:

Port of Seattle

Ryan Calkins
Sam Cho
Fred Felleman
Toshiko Hasegawa
Hamdi Mohamed (public session via Teams)

Port of Tacoma

Kristin Ang
Deanna Keller (via Teams)
John McCarthy
Dick Marzano
Don Meyer

Commissioners Excused:

1. Call to Order

Commissioner Ang called the meeting to order at 9:31 a.m.

- ##### 2. Recess to Executive and Closed Sessions:
- The Managing Members immediately recessed to hold an executive session pursuant to RCW 42.30.110(1)(i)(iii) to discuss with legal counsel representing the agency two matters of 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 an adverse legal or financial consequence to the agency and the legal risks of a proposed course of action. This session ended at 10:52.

Immediately following, the Managing Members held 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. This closed session was extended until 11:45 a.m. by announcement in the public meeting room. It ended at 11:58 a.m.

3. Return to Order

The meeting returned to order at 12:09 p.m.

4. Flag Salute

The pledge of allegiance was recited.

5. Report by the Chief Executive Officer

CEO, John Wolfe, provided a summary of the meeting agenda, including an update on two EPA Clean Ports Program grants.

6. Public Comment

None.

7. Work Group / Committee Reports

Commissioner Marzano provided a report from the Audit Committee.

Commissioner McCarthy provided a report from the Legislative Work Group.

8. Consent Agenda

- A. Approval of the minutes of the October 1, 2024 meeting.
- B. (1). Approval of disbursements totaling \$11,778,464.10 on checks 152 through 160 and 162 through 453 and electronic payments issued during the period of September 20, 2024 through October 28, 2024.
(2). Approve disbursement of \$2,573 on check 161 to the State Auditor's Office issued September 25, 2024.
- C. Authorization for the CEO to accept Charging and Fueling Infrastructure grant funding in the amount of \$12 million from the Federal Highway Administration and to expend subject funds to support the Zero Emission Drayage Truck Incentive Program.
- D. Dual Action NWSA and Port of Tacoma. Direct legal counsel to file an appeal of the 2025 Industrial Stormwater General Permit (ISGP) to the Pollution Control Hearings Board (PCHB), contingent on the final permit including any of the most critical issues identified by staff and further, that the Managing Members approve \$600,000 in funding from the Northwest Seaport Alliance for such appeal.

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

Staff provided commissioners clarification regarding two payments made to Washington Maritime Blue (Quiet Sound payments) and a lost car reimbursement for a personally owned vehicle theft (unrelated to NWSA auto business).

It was moved and seconded (McCarthy/Marzano) 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 - Aye
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/Calkins) to approve item 8B(2), the disbursement of \$2,573 on check 161 to the State Auditor's Office issued September 25, 2024.

The motion carried by the following vote:

Port of Seattle

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

Port of Tacoma

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

9. Actions

A. Budget Adoption, Capital Investment Plan (CIP) Approval, Delegation of Authority to the CEO for Service Level Agreements (SLAs) with the Homeports.

David Morrison, CFO presenter. A summary of the budget, CIP and SLAs. The topics were covered in detail at the October 25, 2024 public budget study session.

- Record Distributable Cash from the NWSA to the Homeports is forecast for 2024 and budgeted for 2025.
- Distributable Cash plus the amount of anticipated federal funds from Harbor Maintenance Tax (HMT) / Section 2106 of Water Resource and Development Act (WRDA) funds total approximately \$54 million.
- Memberships budgeted for 2025 total \$237,400. Memberships over \$10,000 require Managing Member approval and include American Association of Port Authorities, Pacific Northwest Waterways Association, Washington Council on International Trade, Green Marine, and Clean and Prosperous Washington. All other Memberships under \$10,000 are budgeted to be \$75,400 (included in the \$237,400 total).
- Promotional Hosting is budgeted for 2025 in the amount of \$261,875, below the 2025 statutory limit of \$696,261. Examples of such hosting by the NWSA was provided North Star Awards, participation in the Transpacific Maritime meeting hosting a reception or NWSA customers, Peak Planning and support for AgTC in Tacoma.
- The 2024-2029 CIP includes categories: Maintenance, Terminal 5, Operational Upgrades, Husky Improvements, Environmental and Support Systems (Customs and Border Protection (CBP) improvements). Projects to be authorized over \$350,000 were listed.
- The compound annual growth rate (CAGR) in Distributable Cash since the formation of the Alliance in 2016 has been about 3.3% but since 2020 has grown at 9%.

It was moved and seconded (Calkins/Marzano) to approve the 2025 Operating Budget, the 2025-2029 Capital Investment Plan (CIP), and to delegate to the Northwest Seaport Alliance Chief Executive Officer, authority to enter into and execute the Service Level Agreements with the Homeports.

Discussion:

- 2025 Harbor Maintenance Tax funds are not guaranteed.
- Lower return on revenue for 2023 and forecast for 2024 is reflective of depreciation from the \$500,000,000 investments the Managing Members authorized for Terminal 5, Husky and other terminals.
- Not all environmental programs that total the \$37 million are specifically called out in the materials.
- Concerns expressed commissioners included administrative costs, overhead, salaries, remote work policy and certain projects in the CIP.
- Commissioner Meyer requested the depreciation differential in 2025 as it relates to Terminal 5.
- Commissioner McCarthy noted that though he has concerns over CIP items, he will bring his concerns forward as projects are brought to the Managing Members for consideration. He supports the budget however is relying on the CEO to manage staff and the growth of administrative costs.
- North Harbor lists no variable revenue. This is due to minimum annual guarantees (MAGs) not being met this year.

The motion to approve the 2025 Operating Budget, including Memberships over \$10,000 and Promotional Hosting carried by the following vote:

Port of Seattle

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

Port of Tacoma

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

The motion to approve the 2025-2029 Capital Investment Plan carried by the following vote:

Port of Seattle

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

Port of Tacoma

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

The motion delegating to the Northwest Seaport Alliance Chief Executive Officer authority to enter into and execute the Service Level Agreements with the Homeports carried by the following vote:

Port of Seattle

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

Port of Tacoma

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

B. State and Federal Government Affairs Agendas

Ryan McFarland, Director of Government Affairs and Sean Eagan, State Government Affairs, presenters.

State:

Staff presented the draft 2025 State Legislative Affairs Agenda. Priorities listed relate to the ISGP, transportation budget, operating budget, capital budget.

Staff highlighted one change to the draft since circulated and posted as follows (deletions shown in ~~strikethrough~~, additions shown underlined) “The NWSA supports ~~legislation~~ efforts that helps the regulated community better comply with the 2025 industrial stormwater general permit (ISGP).”

It was moved and seconded (Meyer/Hasegawa) to approve the 2025 State Government Affairs Agenda as amended.

State Discussion:

- At the request of Commissioner Meyer, and without objection, the first bullet point under “Operating budget” at the second sentence was revised to read “The intention is that this will lead to increases in well-paying ~~Alliance~~ trade-related jobs and revenues... .”

The motion carried by the following vote:

Port of Seattle

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

Port of Tacoma

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

Federal:

Staff presented the draft 2025 Federal Legislative Affairs Agenda. Priorities identified include HMT reform, Seattle and Tacoma Harbor deepening projects, national freight policy and funding, trade policy advancement, Puget Sound restoration, electrification, diesel emissions reduction programs and renewable energy, federal permitting and funding for CBP officer staffing, facilities and equipment.

It was moved and seconded (Hasegawa/McCarthy) to approve the 2025 Federal Government Affairs Agenda as presented.

Discussion:

- Commissioner Calkins commented on the critical nature of port infrastructure for the national economy, security, defense and resiliency in the face of natural disasters. A federal strategy on catching up on 50 years of deferred maintenance at the nation's ports is needed. He also noted trade with China may never return to the levels of the heyday The NWSA needs to be thinking about reinforcing infrastructure with expansion of trade in Southeast Asia in mind.
- The CBP SPACE Act is legislation that would require merchandise processing fees go toward funding CBP screening activities at ports rather than just going into a general fund. It would also remove any requirement that ports to pay for CBP office buildings.
- Commissioner Cho commented on the need to advocate for trade relationships we think will grow, India, Vietnam, Indonesia where we are seeing a CAGR upwards of 7%.
- Commissioner Cho commented that NWSA's federal legislative efforts must include expanding beyond the NWSA gateway and state delegation to reach members of Congress outside of the NWSA footprint. There are members of Congress in the Midwest that have no idea the goods produced in their local area go out through our gateway and that they stand to benefit tremendously from improved operations more efficiency.
- Commissioner Marzano added that when talking to representatives from those areas, they may be more inclined to listen if they are made aware of the number of workers in the districts, they represent have jobs because what the NWSA does 800 - 1000 miles away.

The motion carried by the following vote:

Port of Seattle

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

Port of Tacoma

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

10. Briefings

A. Inland Hub Update

Steve Balaski, Director, Business Development, provided an update on the NWSA's strategic initiative to support the development of inland rail hubs. Results, highlights/impacts, and next steps were discussed.

11. General Business

A. Cargo/Operations Update

None.

B. CEO Announcements

CEO Wolfe noted it is election day and expressed appreciation to the Managing Members for their support of the budget.

Commissioner McCarthy left 2:04 p.m.

Commissioner Keller left at 2:06 p.m.

C. Commissioner Comments

- Commissioner Calkins congratulated the International Association of Machinists and Aerospace Workers (IAM) on new union contract. Reflected on the importance of voting.
- Commissioner Marzano wished all a Happy Thanksgiving and congratulated Gonzaga on its win against Baylor.
- Commissioner Felleman commented regarding the Puget Sound Restoration State Initiative. It is a bumper year for chum salmon run and all three pods are in Puget Sound right now which is rare.
- Commissioner Ang attended the American Association of Port Authorities (AAPA) conference in Boston. Port of Tacoma and Port of Seattle both received awards. Commissioner Ang commented on a related trip to Port of New Bedford and Rhode Island to see offshore wind. She commented on the opportunity presented for diversification of the NWSA portfolio. The industry has provided thousands of jobs in the area and billions of dollars in economic activity. She was a speaker at the AAPA conference and was interviewed by NPR on the state of decarbonization in the maritime industry. She commented it should be federal policy to strengthen the ports noting the unique role of ports in the clean energy transition and transportation.
- An award presented to PetroCard was for achievements with its green fuel initiative.

12. Adjourn

With no further business before the Managing Members, the meeting adjourned at 2:10 p.m.



Kristin Ang, Co-Chair
The Northwest Seaport Alliance



Hamdi Mohamed, Co-Chair
The Northwest Seaport Alliance

ATTEST:

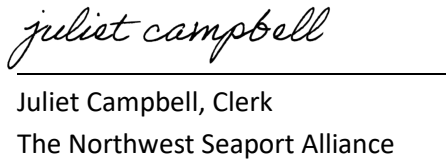


Ryan Calkins, Co-Secretary
The Northwest Seaport Alliance



Dick Marzano, Co-Secretary
The Northwest Seaport Alliance

Prepared by:



Juliet Campbell, Clerk
The Northwest Seaport Alliance