

MINUTES

NWSA Managing Member Meeting, Special Port of Seattle, Special Port of Tacoma
Tuesday, August 3, 2021

The Conference Center at SEA, 17801 International Blvd. Seattle, WA 98158
Dial in: 1 253 617 4257 Conference ID: 368 672 331#

1. CALL TO ORDER

Commissioner Marzano called the meeting to order at 10:00 a.m.

Port of Seattle Commissioners Present:

Stephanie Bowman – Excused
Ryan Calkins – Present by phone
Sam Cho – Present
Fred Felleman – Present
Peter Steinbrueck – Present

Port of Tacoma Commissioners Present:

Kristin Ang – Present
Deanna Keller – Present
John McCarthy – Present
Don Meyer – Present
Dick Marzano – Present

2. EXECUTIVE SESSION

After calling the meeting to order, the Managing Members immediately recessed for an executive session as authorized by RCW 43.30.110(1)(i)(i), to discuss with legal counsel, litigation to which the agency is likely to become a party when public knowledge of such discussion is likely to result in adverse legal or financial consequences to the agency. The executive session was scheduled to last 60 minutes. At 11:00 a.m. Co-chair, Commissioner Marzano extended the session 15 minutes. The session ended at 11:15 a.m. No votes or final actions were taken.

3. RETURN TO ORDER

The Managing Members, Port of Seattle and Port of Tacoma Commissions reconvened in public session at 11:27 a.m.

4. FLAG SALUTE

The Pledge of Allegiance was recited.

5. CHIEF EXECUTIVE OFFICER'S REPORT

CEO, John Wolfe, provided an update on gateway operations. The global supply chain continues to struggle with unprecedented cargo volumes through the global trade lanes. followed by a summary of the agenda.

6. PUBLIC COMMENT

- Barbara Church, Tacoma resident. Commented on comments made by Commissioner Keller at the June 17, 2021, Port of Tacoma Commission meeting which Ms. Church interpreted as Commissioner Keller stressing importance of expanding the fossil fuel industry. She also commented on comments made regarding meetings with Bill Adamson and the South Sound Community Partnership (SSCP) regarding Joint Base Lewis-McCord (JBLM). Ms. Church stated she spoke with JBLM's Community Affairs Director who informed her that Mr. Adamson is not in the official JBLM phonebook and that SSCP has no official capacity to speak on behalf of JBLM. Ms. Church commented on the difficulty of finding a parking space to attend meetings and provide comments.
- Carol Kindt – Tacoma resident, 350 Tacoma, Indivisible Tacoma asked:
 - Whether a meeting with U.S. Oil that includes a port commissioner and the port's executive director is official business.
 - Whether it is ethical for a port commissioner to lobby on behalf of a fossil fuel company.

- Whether documents exist from anyone with authority to speak on behalf of JBLM regarding land use policy.
- She asked for more transparency of meetings with the Port and fossil fuel industries regarding non-interim regulations.
- Oneida Arnold, Tacoma Resident, asked:
 - Why is the Port of Tacoma meeting privately with U.S. Oil?
 - What is the difference between meeting as a community leader in an unofficial capacity and lobbying?
 - Why are the NWSA and ports claiming JBLM will move if land use restrictions are placed on fossil fuel industries at the Port of Tacoma.
 - She requested all meetings be public, that the NWSA not lobby on behalf of U.S. Oil, and that the NWSA fulfill its goal to be a green port.

7. CONSENT AGENDA

It was moved and seconded (Meyer/Keller) to approve the consent agenda as amended including items 7A, 7B (1) and 7C.

- 7A Approval of the minutes from July 7, 2021
- 7B (1). Approve the payment of checks 708379 through 708468, excluding check 708393, and wire transfers in the total amount of \$11,684,382.83 during the period of June 19, 2021, through July 16, 2021.
- 7C **DUAL ACTION NWSA AND PORT OF TACOMA** - Request authorization for the NWSA Managing Members and the Port of Tacoma Commission to add Juneteenth as a recognized holiday for non-represented employees to 2021 Master Benefit & Salary Resolutions. Given that Juneteenth for 2021 has passed, authorize providing one personal holiday for non-represented employees to be taken no later than December 31, 2021.

The motion carried 2-0 for the NWSA. (*Bowman excused*)

The motion carried 5-0 for the Port of Tacoma as to item 7C.

It was moved and seconded (Meyer/Cho) to approve item 7B (2).

- 7B (2). Approve the payment of check 708393 and wire transfers in the total amount of \$5,598.45 to the State Auditor's Office during the period of June 19, 2021, through July 16, 2021.

The motion carried 2-0 (*Bowman excused, McCarthy abstained*)

8. ACTION

- A. Terminal 5 Intermodal Yard (IMY) Use Agreement / Project Authorization.
 Presenters: Tong Zhu, Chief Commercial and Strategy Officer
 Curt Stahlecker, Capital Project Manager, Port of Seattle

SSAT has expressed its desire to use the IMY when T5 opens in January 2022. The IMY has not been used since 2014 and certain repairs and upgrades are necessary to make it operational.

The IMY is not part of the lease agreement with SSA. A Use Agreement has been drafted. The key terms, financial and environmental implications were presented.

A Switch Payment letter is the formal mechanism used by BNSF to address the upgrade work that will be performed by BNSF.

A new Industry Track Agreement with BNSF and SSAT will be required and will be brought before the Managing Members for consideration at a future meeting.

Staff provided an overview of the IMY improvement project.

It was moved and seconded (Felleman/Keller) to grant:

1. Authorization for the CEO or his delegate to execute a Use Agreement with SSA Terminals (Seattle Terminals) LLC of Seattle for the Intermodal Yard at Terminal 5 for Phase I of the T-5 lease agreement.
2. Authorization for the CEO to execute a Switch Payment Letter for Improvements at Terminal 5 Intermodal Yard with BNSF Railway Company.
3. Project authorization in the amount of \$2,725,000 for a total authorized amount of \$2,950,000 for work associated with the Terminal 5 Intermodal Yard Improvements, MID U00668.

By authorizing these three requests, the Managing Members will be authorizing intermodal yard improvements at a cost of an amount estimated at \$6,554,000.

Discussion:

- Commissioner Meyer commented he voted no on T5 in part due, because getting the IMY ready in time for Phase 1 was not a priority. He noted certain terms of the user agreement are problematic and he would not support if the agreement was long-term. He appreciates getting the IMY in place and recognizing the role it plays in the viability of T5. This keeps trucks off the roads.
- Commissioner Felleman commented that communities are concerned about trains rolling in before establishment of the Quiet Zone. He communicated the need for proactive community outreach and engagement. The project is at a critical point with lots of activity and the community will have questions.
- Commissioner Steinbrueck asked about any testing of soil subsurface conditions in the area. The area is former landfill, and he noted the method to address the current problem of uneven settlement, there is a level of uncertainty and potential for additional work.
- Commissioner McCarthy recognized the IMY is a key to the future of T5 though he expressed concerns with the actual agreement. He commented that the numerous agreements between the NWSA and SSA make it difficult for him to say whether the amount NWSA is charging in this short-term agreement is fair. He acknowledged SSA is clearly a partner, however, it is his perception that often NWSA isn't getting the good end of the deal individually or overall. He mentioned delays in reaching a deal for Phase 2, that the NWSA is building and paying for a new gatehouse at a cost of \$10 million rather than providing use of an existing gatehouse, and SSA's use of T5 for container and chassis storage at essential zero cost. He agrees with Commissioner Meyer in that he supports this in the short-term but would need a more wholistic view for any long-term agreement.
- This project was not included in the 2021 budget. The original model did not include intermodal revenue until Phase 2 was adopted in 2024. Adding a revenue early for a

couple of years will offset some cost to get the IMY ready, which will need to be done anyway.

- The extent of environmental sampling data was discussed.
- Commissioner Meyer clarified that by authorizing these three requests, the Managing Members will be authorizing intermodal yard improvements in an amount estimated at \$6,554,000. He requested complete Terminal 5 analysis including cost, rate of return and the role and relationship of the amounts spent.
- Commissioner Meyer asked what allowances have been made for electrification of equipment on this IMY. Staff informed that no allowance have been included in this short-term lease, however it will be a consideration for any long-term lease. Commissioner Meyer then commented it would be bad public policy to perform work on the IMY now, only to have to later rip it up to advance the Alliance's goals for electrification. He commented the cost of electrification is so high and prohibitive that its consideration must be a routine part of the decision-making process.
- Commissioner Cho asked that any analysis regarding IRR include number of jobs created. He reminded all that the role of the NWSA is to promote growth and economic opportunity. He commented that sometimes that is hard to quantify in traditional terms of return, but it is a return.
- Commissioner Marzano is interested in the types of equipment being used at the IMY. Looking forward, long-term, what type of equipment can help the SSA's and NWSA's footprint be the least devastating to the community. CEO Wolfe commented that SSA has been a good partner in terms of leaning in toward opportunities for electrification.
- Staff has and will continue to identify opportunities for T5 grant/funding opportunities associated with the proposed federal infrastructure package. Other grant/funding opportunities and efforts were discussed.
- Commissioner Felleman hopes the scope includes any up-front cost saving toward electrification.

The motion carried 2-0 by the following vote:

Port of Seattle – 1

Bowman – excused
Calkins – Aye
Cho – Aye
Felleman – Aye
Steinbrueck – Aye

Port of Tacoma – 1

Ang – Aye
Keller – Aye
McCarthy - Aye
Marzano – Aye
Meyer – Aye

B. South Intermodal (SIM) Yard Charging Stations of Electric Trucks

Presenters: Jason Jordan, Director Environmental Projects, Hughes Wike, Engineering Project Manager II

Staff is optimistic that this project will benefit from the Biden administration's \$400 million package for reduction in emissions and infrastructure. This project has received approximately \$1 million in grant funding. Staff has been directed to scour for every funding opportunity for this and other environmental projects.

The project objective is to provide electrical system infrastructure to supply power to six electric yard trucks operating on the SIM Yard. This infrastructure project will be managed by the NWSA. Costs will be reimbursed by Tacoma Power Incentive funding, DERA grant funding, and RMS cost sharing. The background, scope, financial implications were described.

It was moved and seconded (Meyer/Steinbrueck) to grant Construction authorization in the amount of \$460,000 for a total authorized amount of \$560,000 for electrical system

infrastructure work required to support the SIM Yard Charging Stations and Electric Trucks Project.

Discussion:

- Commissioners expressed their support for the project.
- Commissioner Felleman requested a calculation on the emission reductions resulting from the project.

The motion carried 2-0 by the following vote:

Port of Seattle – 1

Bowman – excused
Calkins – Aye
Cho – Aye
Felleman – Aye
Steinbrueck – Aye

Port of Tacoma – 1

Ang – Aye
Keller – Aye
McCarthy - Aye
Marzano – Aye
Meyer – Aye

- C. First Reading – Lafarge PNW Inc. at Terminal 107
Presenter: Erin DeBroux, Real Estate Manager

Authorization for the CEO to execute a new lease agreement with Lafarge PNW Inc. at Terminal 107.

Background, key terms, and financial implications of the proposed lease agreement with Lafarge PNW Inc. were presented.

Staff will return to the Managing Members at the September 8, 2021, meeting to request authorization for the CEO or his delegate to execute a new lease agreement with Lafarge PNW Inc at Terminal 107.

- D. Terminal 106 Interlocal Agreement (ILA) Authorization and U.S. Customs and Border Protection Facility Renovation Project – Project Delivery and Funding Request.

Presenters: Tong Zhu, Chief Commercial and Strategy Officer
Jennifer Maietta, Director, NWSA Real Estate
Melinda Miller, Director Real Estate Asset Management, Port of Seattle
Erin DeBroux, NWSA Real Estate Manager
Fred Chou, Capital Program Leader, Port of Seattle

U.S. Customs and Border Protection (CBP) inspection services are integral to the efficient movement of foreign cargo through the gateway. As a condition of their services, all ports of entry are expected to provide suitable office/workspace to CBP. Existing facilities not meeting CBP minimum requirements may continue to operate, however operational changes within the gateway may trigger a requirement for upgrades. According to CBP, NWSA's request for radiation portal monitors (RPMs) at Terminal 5 constitutes a seaport operational change triggering office and workspace upgrade requirements.

Staff commented that CBP is an indispensable part of the international trade and the supply chain. U.S. Congress must adequately fund the critical functions performed by CBP including staffing facilities and necessary equipment, and not push the responsibility of that cost onto the gateways. The NWSA with AAPA and other gateways have made many attempts in this area with no immediate relief. Staff acknowledged the need to take care of CBP officers as well as continuing to urge congressional action.

Staff from the Port of Seattle commented that negotiations between NWSA staff and CBP that have taken place for over three years have brought this project from what were initially 'outrageous demands' to a collaborative partnership at a realistic level.

Terminal 106 CBP premises is owned and managed by the Port of Seattle and is unlicensed property to the NWSA.

The NWSA and Port of Seattle agree to a cost allocation method based upon CBP's anticipated distribution of employees servicing the NWSA and the Port of Seattle respectively and have agreed to equally share costs attributed to others, use. The allocation agreed to is 87% cost to the NWSA and 13% to the Port of Seattle.

The key terms of the ILA between the NWSA and Port of Seattle were presented.

Staff then continued with a presentation on the CBP Office and Facility Renovation Project, including the background, project details, schedule, and financials. The presentation included staff's justification for a design-build process vs. design-bid-build recommendation.

It was moved and seconded (Felleman/Cho) to grant:

1. **DUAL ACTION: NWSA and Port of Seattle** - Authorization by the Managing Members for the NWSA CEO and by the Port of Seattle Commission for the Port of Seattle Executive Director to enter into an ILA between the NWSA and Port of Seattle, to transfer use and management of the U.S. Customs and Border Protection premises located at T106 to the NWSA.
2. Project authorization in the amount of \$6,300,500 for a total authorized amount not to exceed \$6,402,000 to complete all work associated with the T106 CBP Office and Facility Renovation Project. MID 2021-29 NH and the T106 CBP TI Evaluation Project MID U00520; and develop, advertise, and execute an alternative public works delivery contract using the Design-Build project delivery method.

Discussion:

- The basis for the cost allocation to the NWSA and the Port of Seattle for construction and ongoing maintenance was discussed.
- Terminal 46 was evaluated as an option. It was determined that it is not large enough for CBPs requirements.
- Terminal 102 is unable to absorb number of combined staff and lacks warehouse and yard space needed by CBP.
- Sustainability standards and requirements for the building were discussed.
- A maximum price will be established through the RFP process. Commissioner Meyer commented that the design-build process is a great way to manage change orders and he would like to see more projects use this process where appropriate.
- Commissioner Cho commented that public entities often disadvantage themselves by disclosing the maximum price before an RFP goes out. He asked relative to design-bid-build, has staff seen less interest in design-build. Staff stated that it is unpredictable during the pandemic how things will shake out. Staff believes there will be ample opportunities to reach out to the community and gather more interest. Commissioner Cho asked if using priority higher or a project labor agreement for this project. Staff does not believe a project labor agreement is necessary for this project but will evaluate further before making a firm decision.

- Commissioner Steinbrueck commented that the overall project cost per square foot of \$343 for a stick frame building is high – double what it would be for a non-public works project.
- He also commented that the GSA standards, which apply here, are the highest you can get. He added that for any sizable project at least basic green building principles should apply, for example LED, Low VOC, HVAC clean energy system, construction waste recycling, local sourcing of labor and materials. He noted that the principles go beyond carbon reduction.
- Regarding the design-build process, he noted there are advantages but also disadvantages. With the design-bid-build, a complete set of documents exist before the project goes out to bid. With design-build there are unknowns, which have led to problems in past projects, however it can speed up process, create better relationship with contractor and result in a better project in the end.

The motion carried unanimously for the NWSA. *(Bowman excused)*

The motion carried unanimously for the Port of Seattle as to item 8D (2). *(Bowman excused)*

9. GENERAL BUSINESS

A. CEO Announcements.

- The annual AAPA Conference and Expo is being held in Austin, TX from September 26-29, 2021. A virtual option is available.

B. Commissioner Comments.

- Commissioner Ang expressed dissatisfaction with communication regarding Joint Base Lewis-McChord's (JBLM) stances on land use issues. She officially requested an invitation be extended to an active duty JBLM official with proper rank and authority to speak on land use issues. She expressed unease with what she described as unofficial meetings being facilitated by Port of Tacoma staff and how those meetings may later influence or direct policy.
- Commissioner Cho encouraged everyone to get a Covid-19 vaccination and wear a mask.
- Commissioner Felleman truck project questions, we have 260 tons of carbon saved per year through this grant funded program. He stated the importance of the NWSA having visibility to Homeport issues that impact the NWSA.
- Commissioner Keller thanked the public for their comments. She read an excerpt from the June 17, 2021, Port of Tacoma Commission meeting minutes regarding her role in conversations with the Department of Defense, Tacoma City Council, the Puyallup Tribe, Citizens for Healthy Bay and U.S. Oil regarding potential impacts of interim regulations on JBLM. She commented that the conversations are with her constituents and her role is to gather information, raise awareness and listen. All points of view must be heard.
- Commissioner Steinbrueck requested the CEO organize a central Washington customer visit trip. He asked that HistoryLink.org be invited to provide a briefing on the results of their agricultural history project, to which the NWSA contributed funding. He requested a briefing, as time permits, on the Maritime Washington National Heritage Area Steering Committee's management plan and input from the Homeports and the Alliance.
- Commissioner McCarthy reflected on the past year as a public entity in a virtual setting. He commented on the value of having an open public meeting where citizens can come in person and the importance of being able to see each other in person.
- Commissioner Felleman supports a parking voucher for public commenters at NWSA meetings. He would like the NWSA website to be easier to navigate for public participation.

- Commissioner Marzano supports a central Washington customer visit trip. He commented on the value of commissioner communication in serving to the betterment of the people they represent.

10. ADJOURNMENT

There being no further business, the meeting adjourned at 2:45 p.m.



Fred Felleman, Co-Chair
The Northwest Seaport Alliance

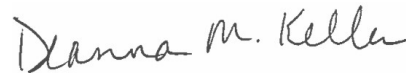


Richard Marzano, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Sam Cho, Co-Secretary
The Northwest Seaport Alliance



Deanna Keller, Co-Secretary
The Northwest Seaport Alliance



Leilani Berinobis, Acting Clerk
The Northwest Seaport Alliance