



THE NORTHWEST SEAPORT ALLIANCE
MANAGING MEMBERS SPECIAL MEETING
TUESDAY, MARCH 20, 2018
Fabulich Center, Conference Room 104
3600 Port of Tacoma Road, Tacoma, Washington 98424

TACOMA COMMISSIONERS PRESENT:

Don Meyer, Co-Chair
Clare Petrich, Co-Vice President
Don Johnson, Co-Secretary
Dick Marzano, Commissioner
John McCarthy, Commissioner

SEATTLE COMMISSIONERS PRESENT:

Courtney Gregoire, Co-Chair
Stephanie Bowman, Co-Vice President
Fred Felleman, Co-Secretary
Ryan Calkins, Commissioner
Peter Steinbrueck, Commissioner

NWSA STAFF PRESENT:

Kurt Beckett, Deputy CEO
Don Esterbrook, Deputy CEO
Carolyn Lake, Legal Counsel
Tom Tanaka, Legal Counsel
Jean West, Chief Human Resources Officer
Loni Shorten, Manager, Human Resources
Mike Campagnaro, Director, Alliance Real Estate
Mark Little, Director, Contracts and Purchasing
Pedro Reyes, Project Manager II, Engineering
Tong Zhu, Chief Commercial Officer
Jane Vandenberg, Director, Engineering
Sara Cederberg, Senior Project Manager, Environmental
Jan Shawyer, Project Manager I, Engineering
Andre Elmaleh, Senior Manager, Business Development
Dustin Stoker, Chief Operations Officer
Erin Galeno, Chief Financial and Administrative Officer
Judi Doremus, Executive Assistant
Juliet Campbell, Clerk of the Port

10:30 A.M. – EXECUTIVE SESSION:

1. CALL TO ORDER:

Co-Chair Gregoire called the Special Meeting of The Northwest Seaport Alliance Managing Members to order at 10:30 a.m. and adjourned into Executive Session for approximately one hour.

2. ADJOURN INTO EXECUTIVE SESSION:

- A. One (1) litigation/potential litigation item – RCW 42.30.110(1)(i)
- B. One (1) performance of a public employee item – RCW 42.30.110(1)(g)

No decisions were made and no votes were taken.

11:30 A.M. – PUBLIC SESSION:

1. RETURN TO ORDER:

Co-Chair Gregoire reconvened the Special Meeting of The Northwest Seaport Alliance Managing Members at approximately 11:35 a.m. and a flag salute was performed.

2. CONSENT AGENDA:

- A. Minutes of February 6, 2018
- B. Check/Wire Certification approving payment of checks 702865 through 703079 and wire transfers in the total amount of \$24,268,689.61 during the period of January 27, 2018 through March 9, 2018.

Motion was made by Commissioner Johnson; seconded by Commissioner Petrich:
“Approve the Consent Agenda.”

PORT OF SEATTLE VOTE:

Commissioner Gregoire Aye
Commissioner Bowman Aye
Commissioner Felleman Aye
Commissioner Calkins Aye
Commissioner Steinbrueck Aye

PORT OF TACOMA VOTE:

Commissioner Meyer Aye
Commissioner Petrich Aye
Commissioner Johnson Aye
Commissioner McCarthy Aye
Commissioner Marzano Aye

MOTION CARRIES 5-0 / 5-0

3. PUBLIC COMMENT: None.

4. ACTION AGENDA:

A. Second Reading and Adoption of Master Benefits and Salary Resolution (MBSR)
Number 2018-02:

Motion was made by Commissioner Petrich, seconded by Commissioner Meyer:

“Adopt Resolution No. 2018-02 the Master Benefit and Salary Resolution, amending and superseding Resolution 2016-07, which concerns The Northwest Seaport Alliance’s benefits and salary programs.”

Discussion Included:

1. Last year the NWSA approved offering employees paid parental leave. To date no employees have applied for this benefit.
2. The paid parental leave benefit does not supplant accrued sick leave or FMLA. Vacation, sick leave, and parental leave may be taken consecutively.
3. Unrepresented employee salary ranges will be included in future presentations at the request of Commissioners.

PORT OF SEATTLE VOTE:

Commissioner Gregoire Aye
Commissioner Bowman Aye
Commissioner Felleman Aye
Commissioner Calkins Aye
Commissioner Steinbrueck Aye

PORT OF TACOMA VOTE:

Commissioner Meyer Aye
Commissioner Petrich Aye
Commissioner Johnson Aye
Commissioner McCarthy Aye
Commissioner Marzano Aye

MOTION CARRIES 5-0 / 5-0

B. First Reading of Master Policy Resolution Number 2018-01:

Motion was made by Commissioner Bowman, seconded by Commissioner Calkins:

“Approve the first reading of Master Policy Resolution Number 2018-01.”

Discussion Included:

1. Reporting requirements to the Managing Members were discussed, including the reporting of all professional and service contracts, real estate commissions paid, settlement of claims, and NWSA memberships.
2. The importance of coordination between the two Homeports on matters of the Alliance was stressed.

PORT OF SEATTLE VOTE:

Commissioner Gregoire Aye
Commissioner Bowman Aye
Commissioner Felleman Aye
Commissioner Calkins Aye
Commissioner Steinbrueck Aye

PORT OF TACOMA VOTE:

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

MOTION CARRIES 5-0 / 5-0

- C. Project Authorization for the West Sitcum Terminal Stormwater Treatment Project:

POSTPONED

- D. West Sitcum Container Property Repurpose Project:

Motion was made by Commissioner Petrich, seconded by Commissioner Johnson:

“Approve project authorization in the amount of \$556,000 for a total authorized amount of \$706,000 for work associated with the West Sitcum New Container Property Repurpose Project.”

Discussion Included:

1. The project was originally contained in the CIP, but is now considered repair and maintenance and will be expensed.
2. The potential revenue source of this property comes from charging for its use for overflow parking, military shipments and some overflow of large agricultural shipments, though revenue is not guaranteed. The NWSA Tariff identifies certain lots and the prevailing rates that will be charged. It is anticipated that the expense could be paid back in approximately one year.

PORT OF SEATTLE VOTE:

Commissioner Gregoire	Aye
Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

PORT OF TACOMA VOTE:

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

MOTION CARRIES 5-0 / 5-0

- E. Terminal 7 Modular Relocation and Restroom Renovations Project:

A presentation was given. The Managing Members require additional information prior to bringing a motion.

TABLED TO THE APRIL MEETING

- F. Washington United Terminals (WUT) Intermodal Yard Pavement Replacement Project:

Motion was made by Commissioner Petrich, seconded by Commissioner Marzano:

“Approve project authorization in the amount of \$1,676,000, for a total authorized amount of \$1,776,000 for the WUT Intermodal Yard Pavement Replacement Project.”

Discussion Included:

1. Paving projects in general were discussed. Staff provided a brief general description of the types, number and locations.
2. The WUT lease expires in 2034.
3. WUT’s intermodal yard usage has declined and is not likely to change. A significant portion of the intermodal yard usage that was at WUT has moved to Terminal 18 in the North Harbor. This was attributed to shipping lines forming new alliances.

PORT OF SEATTLE VOTE:

Commissioner Gregoire Aye
Commissioner Bowman Aye
Commissioner Felleman Aye
Commissioner Calkins Aye
Commissioner Steinbrueck Aye

PORT OF TACOMA VOTE:

Commissioner Meyer Aye
Commissioner Petrich Aye
Commissioner Johnson Aye
Commissioner McCarthy Aye
Commissioner Marzano Aye

MOTION CARRIES 5-0 / 5-0

G. NWSA Clean Drayage System Project:

Motion was made by Commissioner Felleman, seconded by Commissioner Steinbrueck:

“Approve project authorization in the amount of \$2,264,000, for a total authorized amount of \$2,599,000 for work associated with the NWSA Clean Drayage System Program.”

Commissioner Bowman left at approximately 1:45 p.m.

Discussion Included:

1. Effective April 1, 2018, all trucks entering NWSA international container terminals must comply with the NWSA Clean Truck Program requirements or have a temporary access pass. Temporary passes require a commitment from the trucker to be compliant by the end of 2018.
2. Commissioner Calkins noted there is no mechanism to revoke a temporary pass if good faith steps are not taken toward compliance. He noted risks of not having such a mechanism. Operational challenges with revoking a temporary pass were discussed.
3. The number of compliant trucks or trucks with temporary passes is very close to what NWSA staff hoped to have in place prior to April 1, 2018.
4. Continuing efforts to assist the drayage community toward compliance were described. Continued conversations and outreach include an emphasis that the deadlines are hard deadlines.
5. There are multiple vendors certified to provide DPF retrofits.
6. Commissioner Meyer finds it unacceptable that domestic terminals are not part of the Clean Truck Program. Staff has engaged with the domestic terminal operators, communicating that it is intended that domestic terminals will soon be included in the Clean Truck Program.
7. The NWSA Clean Drayage System project includes technology upgrades for the Homeport of Tacoma and enhancements to existing Radio Frequency Identification (RFID) systems at the Homeport of Seattle.
8. International terminals have existing infrastructure and that can be leveraged to support the requested technology. This is not the case at domestic terminals. The NWSA can expect higher costs associated with installing such technology at the domestic terminals due to design, permitting, cable and construction.
9. This technology lays foundation for improved efficiency to the gateway in the future, such as creating an appointment system.
10. The reasons for choosing a hardwire system versus a GPS system were discussed, as were the concerns and reasons for recommending a proprietary system versus an open sourced system for this project.

PORT OF SEATTLE VOTE:

Commissioner Gregoire Aye
Commissioner Bowman *Absent for the vote*
Commissioner Felleman Aye
Commissioner Calkins Aye
Commissioner Steinbrueck Aye

PORT OF TACOMA VOTE:

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

MOTION CARRIES 4-0 / 5-0

H. One-time Membership Interest Affirmation:

Motion was made by Commissioner Meyer, seconded by Commissioner Marzano:
“Approve the CEO’s recommendation to defer the final review of the One-time Membership Interest Affirmation to March 31, 2019.”

Discussion Included:

1. The Alliance is a joint venture where the two Homeports contributed a book of business licensing their assets to the Alliance. The Alliance did not purchase assets. The valuation methodology was that the Homeports were contributing future cashflow.
2. The initial NWSA valuation reflected a steady state scenario for revenues, direct expenses, major capital reinvestments to support this steady state and selling, general and administrative support costs.
3. Certain revenues were not secured by long-term agreements. It was anticipated that these would be resolved by the end of 2017, but not all of them were.
4. Speculative revenue was included in the NWSA valuation. Two of the three items met the criteria for the valuation impact. Terminal 5 in the North Harbor did not achieve the baseline revenue assumptions associated with the speculative revenue included in the valuation, contributing to the recommendation to defer the One-time Membership Interest Affirmation to March 31, 2019.
5. The importance of finding a tenant for Terminal 5 prior to March 31, 2019 was stressed.
6. The Alliance needs to seize opportunities to publicize its joint venture so citizens of both King and Pierce Counties know the value the Alliance is bringing to the gateway.

PORT OF SEATTLE VOTE:

Commissioner Gregoire	Aye
Commissioner Bowman	Absent for the vote
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Absent for the vote (momentarily left the room)

PORT OF TACOMA VOTE:

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

MOTION CARRIES 3-0 / 5-0

Commissioner Meyer left at approximately 2:40 p.m.

5. GENERAL BUSINESS:

A. Update on Terminal 5 Interim Use Activity:

Discussion Included:

1. A summary of revenue created from the interim use of Terminal 5 was provided.
2. Terminal 5 is a core strategic asset of the NWSA. Further discussion is needed regarding the strategy for Terminal 5, which includes attracting a long-term tenant and modernization of the terminal.

B. Announcements, Events and Recognitions:

Kurt Becket, Deputy CEO:

1. Thanked Senators Palumbo and Short and Representatives McBride and Griffey for their help in passing SB 6207. Thanked Representative Tharinger for his inclusion of \$1.2 million for the NWSA Clean Truck Program in the capital budget. Thanked Senator King for sponsored legislation related to reforms to the pilotage tariff setting process.

Thanked Senator Chase for her help passing a sense of the legislature calling on Congress to reform the Harbor Maintenance Tax.

2. Thanked the NWSA's contracted lobbyist, Lisa Thatcher, for her representation of the NWSA in Olympia.
3. Thanked the Commissioners for participating in bill signing ceremonies.
4. Announced the capital budget included \$8.1 million in Remedial Action Grant funding for two projects at each of the Homeports.

6. COMMISSIONER COMMENTS:

Commissioner Calkins: During an event announcing steps to preserve the killer whale, Governor Inslee acknowledged Commissioner Felleman for his work on marine mammal protection.

Commissioner Felleman: At this same event, Governor Inslee asked Stephen Metruck and Commissioner Gregoire what the Port of Seattle will do toward those efforts. Commissioner Felleman hopes to apply his expertise in a way that is not onerous to the gateway, but contributing to the effort.

Commissioner Gregoire: In a joint statement from the NWSA responding to the President's comments on tariffs, Commissioner Meyer made a statement emphasizing concerns of retaliatory tariffs and their impact on our agricultural community. He was quoted in the Wall Street Journal.

7. ADJOURNMENT:

There being no further business, Commissioner Gregoire adjourned the meeting at approximately 2:55 p.m.



Donald G. Meyer, Co-Chair
The Northwest Seaport Alliance



Courtney Gregoire, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Donald C. Johnson, Co-Secretary
The Northwest Seaport Alliance



Ryan Calkins, Co-Secretary
The Northwest Seaport Alliance



Juliet Campbell, Clerk of the Port
The Northwest Seaport Alliance



Salary Ranges for Non-Represented Positions



4/1/2018	Annual Salary			Monthly Salary		
Grade	Min	Mid	Max	Min	Mid	Max
E84	\$171,324	\$222,720	\$274,116	\$14,277	\$18,560	\$22,843
E83	\$161,220	\$209,580	\$257,940	\$13,435	\$17,465	\$21,495
E82	\$153,132	\$199,092	\$245,028	\$12,761	\$16,591	\$20,419
D64	\$122,832	\$159,672	\$196,524	\$10,236	\$13,306	\$16,377
D63	\$112,740	\$146,556	\$180,480	\$9,395	\$12,213	\$15,040
D62	\$104,508	\$136,032	\$167,424	\$8,709	\$11,336	\$13,952
D61	\$96,576	\$125,544	\$154,500	\$8,048	\$10,462	\$12,875
C45/C52	\$86,472	\$112,392	\$138,348	\$7,206	\$9,366	\$11,529
C44/C51	\$74,268	\$96,552	\$118,800	\$6,189	\$8,046	\$9,900
C43	\$67,344	\$87,528	\$107,700	\$5,612	\$7,294	\$8,975
C42	\$60,408	\$78,528	\$96,636	\$5,034	\$6,544	\$8,053
C41	\$53,484	\$69,516	\$85,560	\$4,457	\$5,793	\$7,130
C40	\$46,548	\$60,492	\$74,460	\$3,879	\$5,041	\$6,205