



MINUTES

MANAGING MEMBER REGULAR – PORT OF SEATTLE SPECIAL MEETING

Tuesday, December 7, 2021

9:00 AM Executive/FMC Closed Session

11:00 AM Open Public Meeting

Location: SeaTac Conference Center. 17801 International Blvd., SeaTac, WA

Call in information: Dial: 1-253-617-4257 Conference ID: 631 713 619#

Meeting live stream: <http://portal.veconnect.us/p/nwseaportalliance>

1. CALL TO ORDER

Commissioner Felleman called the meeting to order at 9:00 a.m.

Port of Seattle Commissioners Present: Port of Tacoma Commissioners Present:

Stephanie Bowman – Present

Kristin Ang – Present

Ryan Calkins – Present

Deanna Keller – Present

Sam Cho – Present

John McCarthy – Present

Fred Felleman – Present

Don Meyer – **Excused**

Peter Steinbrueck – Present

Dick Marzano – Present

2. RECESS TO EXECUTIVE SESSION AND CLOSED FEDERAL MARITIME COMMISSION (FMC) SESSION

One item pursuant to RCW 42.20.110(1)(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.

A portion of these privileged discussions are also protected pursuant to laws and regulations found at 46 U.S.C. § 40306, 46 C.F.R. § 538.608, 46 C.F.R. § 535.701(I)(1) and as authorized by Port of Seattle/Port of Tacoma Alliance Agreement, FMC Agreement #201228.

3. RETURN TO ORDER

The Managing Members reconvened in public session at 11:00 a.m.

Port of Seattle Commissioners Present: Port of Tacoma Commissioners Present:

Stephanie Bowman – Present

Kristin Ang – Present

Ryan Calkins – Present

Deanna Keller – Present

Sam Cho – Present

John McCarthy – Present

Fred Felleman – Present

Don Meyer – Present

Peter Steinbrueck – Present

Dick Marzano – Present

4. FLAG SALUTE

The Pledge of Allegiance was recited.

5. REPORT BY CHIEF EXECUTIVE OFFICER

- John Wolfe, CEO, provided a preview of the meeting agenda topics.
- Tom Bellerud, Chief Operations Officer, provided an update on Gateway congestion. He explained the terminal operators long-term handling fees implemented to encourage BCO's to move cargo off the terminals.
- Commissioner McCarthy asked, in terms of congestion, what kind of analysis are we doing to determine if this is a short-term problem or long-term problem. It's important because staff talked about solutions that may take years at great expense.
- Commissioner Bowman asked Mr. Wolfe to talk about what he's heard from the working group that use the port and what they see are the issues.
- CEO Wolfe answered that the biggest frustration he's hearing from the export community is last minute schedule changes combined with the delivery window for their export.

- Commissioner Meyer questioned what the difference between long-stay rehandling fees and demurrage and the second part of that question would be when is our tariff applicable to the lease terminals relative to the amount they could or could not charge.
- Mr. Bellerud explained our tariff is a guideline for the terminal operators to use. The difference between a long-stay rehandling fee and demurrage fee. The long-stay rehandling fee is for a load that has been made available to a customer for a period but wasn't picked up and is still on the terminal after a length of time. They are then subject to this fee. The demurrage fee is a fee charged to the ocean carrier.
- Commissioner Ang asked if it mattered if the cargo was relocated to an off-side dock. The answer is no.
- Commissioner Calkins asked if a container has been moved can the customer use their own equipment to pick it up. Staff asked for clarification. Commissioner Calkins to send contact information.
- CEO Wolfe recognized the two outgoing Commissioners: Bowman and Steinbrueck.

6. PUBLIC COMMENT

- Dan McKisson, ILWU Local 19, shared appreciation for outgoing commissioners: Bowman and Steinbrueck.
- Eric Wright, Washington Trucking Associations, provided comments on the NWPCAS. He thanked the NWSA staff on the strategy and engagement and conversions they had.

7. AUDIT COMMITTEE REPORT

- Audit co-chair, Keller, provided the Audit Committee's recommendation of item 8D, restricting the competitive solicitation for financial audit services to the Home Port financial auditors per RCW 53.19.020. The reason: the restriction is the most cost effective. An unrestricted solicitation potentially introduces a third auditor in addition to the home port auditors and they must then become familiar with the operations internal controls and systems at the NWSA and both home ports.
- The second item is for transparencies sake. In August 2021, a commissioner expressed concern with our customer, CMA CGM's participation in the 2020 rail incentive program to CEO Wolfe. Due to CMA's past due balance, we were in negotiations with them in 2020 and well into 2021 before we entered into the modification agreement provided by this body on October 28 of this year. CEO Wolfe has referred the commissioner's concerns to the Audit Committee as well as directed Darren Arakaki, Director of Accounting and Port Auditor, to brief the State Auditor's Office during the State Auditor's accountability audit that began in October 2021. RSM, the NWSA's external financial auditors, began their planning portion of 2021 financial statement audit. They will review the incentive program in conjunction with the 2021 financial statement. The Audit Committee evaluated whether to recommend to the Managing Members that this matter be subject to a third, separate third-party audit. It was concluded that a separate referral was not necessary. The committee concluded the State Auditor's Office and RSM review this as part of their typical audit process with a flag to examine the commissioner's concerns is sufficient and appropriate.
- Commissioner Meyer questioned whether the approval of the extensions of the home port financial auditors was approved by the Audit Committee or the full board. He supports what's being proposed but feels the final decision on extensions should be approved by the Managing Members. Staff clarified the MMs make the final decision.

8. CONSENT AGENDA

It was moved and seconded (McCarthy/Bowman) to approve the consent agenda as presented:

- A. Approval of the minutes
- B. Check Certification
 - a. NWSA Check Certification and wire transfers – October 16 – November 19, 2021, in the total amount of \$14, 084,084.56.
 - b. *Removed for separate consideration.*
- C. Request authorization for CEO to accept EPA DERA Grant in the amount of \$719,957 to provide an additional 32 truck scrapping bonuses in the existing Domestic Scrapping Program.
- D. Request authorization to restrict the competitive solicitation for financial audit services to the Home Port financial auditors per RCW 53.19.020.
- E. Second Reading: Northwest Ports Clean Air Strategy Implementation and Resolution 2021-08: Request the Managing Members of the NWSA adopt Resolution 2021-08 adopting the NWSA's 2021-2025 Clean Air Implementation Plan.

The motion carried 2-0.

ITEMS REMOVED FROM CONSENT

It was moved and seconded (Bowman/Keller) to approve item 8Bb, approving check certification in the total amount of \$2,375.10 to the Washington State Auditor's Office.

The motion carried 2-0 (*McCarthy abstained*):

9. ACTION AGENDA

- A. T-30 Central Substation Replacement Project
Replace construction authorization in the amount of \$5,000,050, for a total authorized amount of \$7,850,000, for work associated with the T-30 Central Substation Replacement.

It was moved and seconded (Calkins/Steinbrueck) to replace construction authorization in the amount of \$5,000,050 for a total authorized amount of \$7,850,000 for work associated with the T-30 Central Substation Replacement Project.

Discussion

- Commissioner Marzano asked if staff anticipates any delays in permitting processes. Staff doesn't expect a delay in permitting.
- Commissioner Bowman asked if there are any federal grants for this project. Staff said no federal funding tied to this project.
- Commissioner Meyer addressed concern over the lack of maintenance of the previous substation.
- Commissioner Felleman asked the age of the substation. Staff answered the substation was built in the 1980's.

The motion carried 2-0

- B. First Reading: T-103 Northwest Aggregates Lease Renewal
Request authorization for the CEO or their delegate to execute a new lease agreement with Northwest Aggregates Company at Terminal 103.

Discussion

- Commissioner McCarthy had a few issues with this proposal:
 - Hold-over status of 5 years. We've collected limited amounts of rent. We're at half of what we're charging.
 - Burdensome – customer has gotten benefit in the years they weren't charged what the property was worth
 - 10-years to amortize the new dock for a 5-year lease.
- Commissioner Calkins asked if there were any possibility in the future to load trains on the train bridge crossing the property. Staff was unsure of the structure.
- Commissioner Bowman wanted confirmation that the dock repair was the responsibility of GCC. Yes.
- Commissioner Felleman asked who is responsible for any contaminants found when the dock is repaired. The tenant, as the sub-tenant, would be responsible.

No action required at first reading.

- C. Tacoma Harbor Deepening Project
Request authorization in the amount of \$188,000, for a total authorized amount of \$1,817,000, for work associated with the Tacoma Harbor Deepening.

It was moved and seconded (Meyer/Marzano) to increase project authorization in the amount of \$188,000, for a total authorized amount of \$1,817,000, for work associated with the Tacoma Harbor Deepening Project.

Discussion

- Commissioner McCarthy expressed concerns of the possibility of the Corps coming back and requesting more money. With the infrastructure bills and legislation on the horizon, does staff anticipate any of the Corp of Engineers funds for projects like this or mainly for roads and docks and items like that. CEO Wolfe answered yes, but it's also a timing issue regarding projects and when funding would be available. It's important to get in the queue for funding to ensure our projects are added to the list and funded.
- Commissioner Meyer expressed that we need Corp and the federal agencies to be adequately staffed in the permitting process.
- Commissioner Felleman asked for clarification on funding allocation. Staff answered the Alliance is paying for the feasibility study and environmental assessment and the home port pays for design and construction.

The motion carried 2-0

10. GENERAL BUSINESS

A. CEO Announcements

- CEO Wolfe informed the commissioners they would receive a memo in preparation of grants applications highlighting the different types of projects staff sees are priorities based on the categories.
- General Counsel Henderson asked the Managing Members to recess to executive session after commissioner comments are finished under RCW 42.30.110(1)(i), to discuss with Counsel pending litigation.

B. Commissioner Comments

- Commissioner Keller recognized NWSA staff member, Thais Howard, for the work she's done and the award she received for her work.
- Commissioner Meyer wished everyone an enjoyable holiday with their family. We have a lot of things to be thankful. Fond farewell to commissioners Bowman and Steinbrueck.
- Commissioner Bowman thanked staff for their work and expressed her gratitude.
- Commissioner Marzano wished everyone a happy holiday and wanted to mention at no time in history has the port been looked at nationally and now is the time to we need the government to work with us and not against us. For example, the permitting process and how we're at a disadvantage with Canada.
- Commissioner Steinbrueck thanked the co-chairs for their work throughout the year.
- Commissioner Calkins thanked Commissioner Meyer his work on the executive committee of WPPA.
- Commissioner McCarthy wished everyone happy holidays.
- Commissioner Ang thanked Commissioners Bowman and Steinbrueck for their work. This is an opportunity to engage our regional government partners.
- Commissioner Felleman thanked his fellow co-chair for his work.

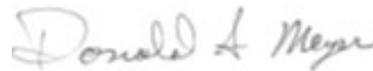
The Managing Members recessed to executive session at 2:30 pm.

11. ADJOURNMENT

With no further business, the meeting was adjourned at 2:47 pm.



Ryan Calkins, Co-Chair
The Northwest Seaport Alliance



Don Meyer, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Kristin Ang, Co-Secretary
The Northwest Seaport Alliance



Toshiko Hasegawa, Co-Secretary
The Northwest Seaport Alliance

Leilani Berinobis

Leilani Berinobis, Acting Clerk
The Northwest Seaport Alliance