



MINUTES

MANAGING MEMBER REGULAR / POS SPECIAL MEETING

Wednesday, September 7, 2022

11:00 AM Open Public Meeting

Fabulich Center (3600 Port of Tacoma Rd., Tacoma, WA)

1. CALL TO ORDER
2. RECESS TO CLOSED FEDERAL MARITIME COMMISSION (FMC) SESSION

A closed and confidential discussion 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 11:06 AM.

Port of Seattle Commissioners Present:

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

Port of Tacoma Commissioners Present:

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

4. FLAG SALUTE

The Pledge of Allegiance was recited.

5. REPORT BY CHIEF EXECUTIVE OFFICER

A. Gateway Operational Update

Tom Bellerud, Chief Operations Officer, provided an update on the Gateway. The terminals are in good shape and fluidity is good in both international and domestic terminals. No vessels have been at anchor in several months. Import cargo is available at the terminals for pick up. Delays we experienced several months ago have gone away. Rail cargo backlog has improved. Terminal 5 is seeing a surge of volume from MSC vessels.

B. Alaska Update

Steve Balaski, Director, Business Development and Karen Matthias, NWSA Alaska Representative, provided an update on the Alaska Business. Ms. Matthias provided an overview of Alaska depending upon shipping. The Port of Anchorage is the largest container port in Alaska. There are no other shipping options with the infrastructure to serve the state. Replacing the infrastructure of the Port of Anchorage is crucial. 20% of NWSA container volumes is the domestic business and 80% of that makes up the Alaska business, over 312,000 TEUs. Modernization at the Port of Alaska is important to the Alliance business. There is a vulnerability for the Alliance in that the Port of Alaska docks are in terrible shape. If they were to fail, it would have an immediate, direct and material effect on the Alliance. The dock facility has exceeded its useful life. The engineers estimate the docks would have to close in 8 years if not replaced. The Port of Alaska have taken a phased modernization program to replace the docks. The total project is estimated to be \$1.8 billion.

Mr. Balaski gave an overview of the key drivers of the Alaskan Economy, potential business opportunities and the role of the NWSA.

6. PUBLIC COMMENT

Dan McKisson, ILWU19 provided public comment on Item 8B: First Amendment to the Crane ILA between Port of Seattle and NWSA and T46 Crane Maintenance Project.

He's speaking on behalf of the Local 19 in Seattle and they are fully in support of getting those cranes back in action. It's a huge asset for the Port of Seattle and the NWSA in getting that terminal back to a two-berth container terminal. That will be huge for the region. With some transload leases, and after watching the meeting last month on Phase II of Terminal 5, they don't feel removing the CFS Container freight station is the best thing right now.

7. CONSENT AGENDA

A. Approval of the minutes:

- January 11, 2022
- February 1, 2022
- March 15, 2022
- April 5, 2022
- May 2, 2022
- June 7, 2022
- August 2, 2022

B. Check Certification

Approve the payment of checks 710004 through 710105 and wire transfers during the period from July 23, 2022, through August 18, 2022, in the total amount of \$19,827,462.76.

It was moved and seconded (Cho/Keller) to approve the consent agenda items 7A and 7Ba.

Motion carried by a vote of 2-0 by the following vote:

Port of Seattle – 1

Calkins – Aye

Cho – Aye

Felleman – Aye

Hasegawa – Excused

Mohamed – Aye

Port of Tacoma – 1

Ang - Aye

Keller – Aye

Marzano – Aye

McCarthy – Aye

Meyer – Aye

8. ACTION AGENDA

A. DUAL VOTE: Terminal 106 U.S. Customs and Border Protection Facility Renovation Project

Request Managing Members of the Northwest Seaport Alliance authorization for the Chief Executive Officer or their delegate to enter into a First Addendum to the Interlocal Agreement between the Port of Seattle and the NWSA regarding the Port of Seattle's Use of a portion of building 2W located on Terminal 106.

Request the Commissioners of the Port of Seattle authorization for the Executive Director or their delegate to enter into a First Addendum to the Interlocal Agreement between the Port of Seattle and the NWSA regarding the Port of Seattle's Use of a portion of building 2W located on Terminal 106.

Request Managing Member authorization to: (1) approve project authorization in the amount \$935,000 which is to be allocated in full to the Port of Seattle following substantial completion of all work associated replacement of the building 2W roof, Master Identification No. 2022-75; and (2) develop, advertise, and execute an alternative public works delivery contract using the Design-Build project delivery method.

Jointly, request the Commissioners of the Port of Seattle authorization to: (1) approve project authorization in the amount \$1,700,000 to complete all work associated replacement of the building 2W roof, POS WP U00701; and (2) develop, advertise, and execute an alternative public works delivery contract using the Design-Build project delivery method.

It was moved and seconded (Cho/Keller) to approve item 8A.

Discussion

- Commissioner McCarthy asked about the project estimate of \$1.7 million, the procurement management is \$500,000, is that procurement management by the people performing the work? He wanted clarification that part of that cost is going to Port of Seattle staff for construction management.
- Staff answered yes.
- Commissioner McCarthy asked if that was the case with all contracts where we use Port of Seattle engineers on project management and was a part of the allocations paid by the Alliance. Staff answered yes.
- Commissioner Mohamed asked when the CBP lease ended.
- Staff answered there is a current lease that Port of Seattle manages and once most of the work is completed staff will work with CBP on a new lease commencing once this project is completed. It's a one-year term with 9 successive, one-year terms that will automatically renew. The agreement will be similar to the CBP agreement in the South Harbor.
- Commissioner Felleman questioned flat roofs in rainy cities and asked about the drainage of the new roof. Did staff feel the failure might have something to do with adequacy of the draining?
- Staff explained the roofing failure mechanism was the material. Ponding is not the intended design and will be addressed. The original material didn't fail for the first 15 years.

Motion carried by a vote of 2-0 by the following vote:

Port of Seattle – 1

Calkins – Aye

Cho – Aye

Felleman – Aye

Hasegawa – Excused

Mohamed – Aye

Port of Tacoma – 1

Ang - Aye

Keller – Aye

Marzano – Aye

McCarthy – Aye

Meyer – Aye

B. DUAL VOTE: First Amendment to the Crane ILA between Port of Seattle and NWSA and T46 Crane Maintenance Project.

Request Managing Members of The Northwest Seaport Alliance (NWSA) authorization for the Chief Executive Officer or their delegate to approve the First Amended and Restated Interlocal Agreement between the Port of Seattle and The Northwest Seaport Alliance regarding The Northwest Seaport Alliance’s Use of Port Owned Crane (Crane ILA) first entered into July 13, 2021, to incorporate the access, repair, certification and all on-going maintenance of cranes 81 and 82 into the Crane ILA.

Request Commissioners of the Port of Seattle (POS) authorization for the Executive Director or their delegate to approve the First Amended and Restated Interlocal Agreement between the Port of Seattle and The Northwest Seaport Alliance regarding The Northwest Seaport Alliance’s Use of Port Owned Crane” (Crane ILA) first entered into July 13, 2021, to incorporate the access, repair, certification and all on-going maintenance of cranes 81 and 82 into the Crane ILA.

This item was taken in separate votes: It was moved and seconded (Mohamed/McCarthy) to approve item 8B – First Amendment to the Crane ILA between Port of Seattle and NWSA.

Discussion

- Commissioner Keller thanked the Port of Seattle for purchasing those cranes. She is supportive of this action and is anxious to get Terminal 46 up and running for marine cargo purposes.
- Commissioner Felleman believes the Alliance is more than saying thank you and that we are aligned to share the risks and benefits associated with doing marine cargo which we’re all committed to doing. This is a commitment we’re bullish on this and we should definitely go forward for that ability to capture more of the market, however, I find it unfortunate that the Port of Seattle still owns the disposal obligation for these cranes which would put us a million dollars in the hole if our bullish expectations don’t pan out. We’re willing to invest collectively in the maintenance but if it doesn’t pan out, the Port of Seattle is holding the bag. We also know that had the port not made the purchase we would not have been able to be in this position in the first place. He asked if POS obtained a portion of the PCMC rent of the cranes.
- Staff explained PCMC doesn’t pay rent for the cranes. Both the Alliance and POS shares equally in the benefit of the lease.
- Commissioner Meyer noted Commissioner Felleman’s comments and believes this is one area we need to look at as a customer and lease are signed at Terminal 46.
- Commissioner McCarthy stated there are many factors to consider as we weigh and balance who is assuming responsibility for bearing the liability for certain things.

Motion carried by a vote of 2-0 by the following vote:

Port of Seattle – 1

Calkins – Aye

Cho – Aye

Felleman – Aye

Hasegawa – Excused

Mohamed – Aye

Port of Tacoma – 1

Ang - Aye

Keller – Aye

Marzano – Aye

McCarthy – Aye

Meyer – Aye

Request project authorization in the amount \$2,150,000 for a total authorized amount of \$2,200,000 for work associated with the T46 Crane Maintenance project, Master Identification No. N10106.

It was moved and seconded (Mohamed/Marzano) to approve item 8B – Project authorization in the amount of \$2,150,000 for a total authorized amount of \$2,200,000 for work associated with the T46 Crane Maintenance project

Discussion

- Commissioner McCarthy stated we're moving quickly on this. We all understand we hope the negotiations between several customers results in some agreement in the near future. I, for one, and I think others feel, we're moving forward in this fashion and really the support for this is dependent upon the CEO and staff to put together a favorable agreement with tenants and hopefully that will be forthcoming fairly soon. I also think this agreement, even though we're moving forward in maintaining these cranes, is subject to the understanding that whatever agreement that's put together with the tenant, the tenant will adequately assume and pay the costs of maintaining those cranes. I'm supportive of this action at this time subject to that understanding.
- Commissioner Cho hopes this is a strong signal to the market as well as potential tenants or partners for T46 that the Seaport Alliance is committed to maintaining T46 as a cargo terminal and that is our first priority. That is why we are making this investment and there are no other reasons for that. I hope for our brother and sisters at Longshore and any potential partners as tenants get that message loud and clear.

Motion carried by a vote of 2-0 by the following vote:

Port of Seattle – 1

Calkins – Aye

Cho – Aye

Felleman – Aye

Hasegawa – Excused

Mohamed – Aye

Port of Tacoma – 1

Ang - Aye

Keller – Aye

Marzano – Aye

McCarthy – Aye

Meyer – Aye

- C. First Reading: Terminal 104 Pacific Coast Container New Lease
No action requested at this first reading. The following action will be requested at the October 4, 2022, Managing Members meeting: Request Managing Members of the Northwest Seaport Alliance authorization for the Chief Executive Officer of their delegate to execute a new lease agreement with Pacific Coast Container, Inc. at Terminal 104.

Discussion

- Commissioner Marzano commented he liked there will be no capital expenditures to this request.
- Commissioner McCarthy commented he liked we are getting this property to market rate. He was surprised to learn that they were paying 1/3 the market rate in recent years. He was curious to know if the previous agreement had market rate or CPI adjustments written into it.
- Staff responded that the lease has a history. When PCC took over that lease in 2010 there was no interest in that property. An RFP was issued, and PCC was the only applicant. It was not in good condition, there was a scaled interest built into the lease based on improvements they would make.
- Commissioner Ang asked that we do CPI but every 5 years we do a market adjustment?
- Staff responded she was correct. It's at our request. It's standard in the north harbor.
- Commissioner Meyer asked that we include the number of employees so commissioners can have that in front of them as a reminder.
- Staff assured they will have that at second reading.

- D. First Reading: Terminal 18 Pacific Coast Container New Lease
No action is requested at this first reading. The following action will be made at the October 4, 2022, meeting: Request Managing Members of the Northwest Seaport Alliance (NWSA) authorization for the Chief Executive Officer or their delegate to execute a new lease agreement with Pacific Coast Container, Inc. at Terminal 18.

Discussion

No discussion took place.

- E. First Reading: Terminal 10 Ray-Mont Logistics Seattle, Inc.
No action is requested at this first reading. The following action will be made at the October 4, 2022, meeting: Request Managing Members of the Northwest Seaport Alliance (NWSA) authorization for the Chief Executive Officer or their delegate to execute a new lease with Ray-Mont Logistics Seattle, Inc. at Terminal 10.

Discussion

- Commissioner Mohamed stated the truck work group met with the 7 small business trucking companies and staff were able to provide them with really good alternative options and she thanked staff for their work and for facilitating the conversations with commissioners who are part of the truck work group. She asked about the sub-leasing process with Ray-Mont and those trucking companies: will staff help facilitate those conversations?
- Staff assured Commissioner Mohamed they will assist. Staff has already mapped out what each tenant's footprint will look like and that has been provided to them.
- Commissioner Calkins asked why we won't be able to use the approximately 5 acres they are losing.

- Staff explained approximately 1.5 acres is the rail going into the south. Vigor Shipyards is using about 2.5 acres.
- Commissioner Felleman acknowledged the amount of work that was involved in trying to make the drivers whole. In exhibit D of the agreement, it shows where the polluted areas are. How much is predicated on coming to an agreement with EPA? Does it affect their leasing obligations?
- Staff explained they have an option to terminate the lease.

9. BRIEFING AGENDA

A. Terminal 25 South Drayage Support Parking Briefing

Discussion

- Commissioner Meyer asked about the mitigation decree and the environmental improvements that are being anticipated. Is that a result of some impact on another project? What's the policy motivation behind that?
- Staff explained the motivation behind the environmental impacts should be better discussed in executive session.
- Commissioner Felleman assumes if we were to pave or gravel the rest of this lot, there would be a storm water obligation that would be a part of that. He assumes there would be an alternative means of storm water treatment on the Alliance property and the green strip the Port of Seattle has is exclusively for the habitat restoration. Why aren't we both benefitting from that?
- Staff believes both parties are benefitting and explained how the Green Stormwater section does so.
- Commissioner McCarthy was wondering why some of this was licensed property. It seems the Alliance inherited this huge problem regarding habitat areas. What was the thinking of why this was licensed property.
- Staff explained 25 South isn't part of the habitat and is managed by the Port of Seattle and is separated out. We would have to factor in the original valuation of that property.
- CEO Wolfe explained the objective of the licensing was to get to a 50/50. We get that through the net present value of 10 years worth of revenue stream of the properties in Tacoma and Seattle. When we initially identified the main terminals, there was an imbalance and other properties needed to be included to get to that 50/50 split based upon the revenue streams created at that time under those leases.

B. CIP Study Session and Presentation

Discussion

- Commissioner McCarthy raised concerns that the majority of dollars presented in the CIP for 2022 were towards projects in the North Harbor. 2022 – 2023 projects over \$300,000, the big-ticket item is Terminal 18. We just spent \$450 – 500 million dollars on Terminal 5. There is a disparity between expenditures of the South Harbor and North Harbor and it raises concerns.
- CEO Wolfe anticipated this question and gave context, wholistically, to the gateway. He pointed out priorities for the next five years. Terminal 18 is one to keep the revenue stream going. He shifted to the Tacoma Harbor and pointed out you won't see the numbers on this

slide. Major expansion of Husky Terminal is being planned. The dollars aren't on the current slide because those costs will show up in outer years. Looking at this snapshot doesn't give the full picture. It's 60/40 today. 60 in Seattle and 40 in Tacoma. It will change.

- Commissioner Calkins wanted to suggest an attitude they should be taking regarding the projects. He asks that commissioners think regionally rather than defending the interests of either the Port of Seattle or Port of Tacoma and create the greatest benefit for the region as a whole.
- Commissioner Cho feels we should be grateful we don't have to make investments in both harbors at the same time. We can focus on one harbor then the other.

10. GENERAL BUSINESS

A. CEO Announcements

CEO Wolfe gave an update on upcoming travel for the NWSA.

B. Commissioner Comments

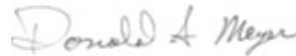
- Commissioner Ang requested staff provide a one-pager of HMT eligible projects and how much the Alliance has received.

11. ADJOURNMENT

With no further business, the meeting was adjourned at 2:07pm.



Ryan Calkins, Co-Chair
The Northwest Seaport Alliance

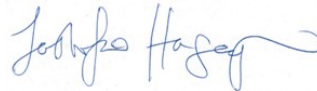


Don Meyer, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Kristin Ang, Co-Secretary
The Northwest Seaport Alliance



Toshiko Hasegawa, Co-Secretary
The Northwest Seaport Alliance



Leilani Berinobis, Acting Clerk
The Northwest Seaport Alliance