



Minutes – Special Meeting

The Northwest Seaport Alliance (NWSA) Managing Member and Port of Tacoma Commission

Wednesday, September 6, 2023

10:30 a.m. Executive Session

11:30 a.m. Open Public Meeting

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

Live streamed on the meetings page at www.nwseaportalliance.com

Managing Members:

Port of Seattle Commission:

Ryan Calkins - excused

Sam Cho - present

Fred Felleman - present

Toshiko Hasegawa- present

Hamdi Mohamed – present public session only, via Teams

Port of Tacoma Commission:

Kristin Ang - present

Deanna Keller - present

John McCarthy - present

Dick Marzano - present

Don Meyer - present

1. Call to Order

Co-Chair Keller called the meeting to order at 10:30 a.m.

2. Recess

The Managing Members immediately recessed to executive session permissible under RCW 42.30.110(1)(i) to discuss with legal counsel representing the agency two matters of litigation to which the agency is or is likely to become a party. The executive session, scheduled to end at 11:05 a.m. was extended by 15 minutes; an announcement was made in the public meeting room. Executive session ended at 11:20 a.m.

3. Return to Order

The Managing Members reconvened and the Port of Tacoma Commission convened in public session at 11:50 a.m.

4. Flag Salute

The Pledge of Allegiance was recited.

Co-Chair Keller followed the pledge with a tribal land acknowledgment regarding the Puyallup Tribe.

5. Chief Executive Officer's Report

CEO, John Wolfe, provided a summary of the meeting agenda. He provided remarks on NWSA's role in trade policy and advocating for trade. Commissioners were encouraged to participate in the Washington Council on International Trade's Washington DC fly-in event September 26, 2023. Discussion took place regarding rebuilding market share in the export community, including apple growers and trade partnerships between India and the United States and Southeast Asia. Commissioners reported on attendance at Asia Pacific Economic Cooperation (APEC) meetings/receptions. The Port of Seattle had the opportunity to showcase to the Small Medium Enterprise ministerial delegates Terminal 5, Terminal 18, fisheries operations and their grain terminal. There was interest in fostering relationships between the Gateway and emerging

economies. Commissioners would like a write up regarding the events attended by staff and commissioners and to ensure commercial staff follow up on opportunities.

6. Public Comment

None.

7. Work Group Reports

A. Legislative.

Commissioner Hasegawa provided a report from the September 5, 2023 Legislative Work Group. The Work Group received a briefing from government affairs staff related to setting the state and federal government affairs agendas for 2024. Commissioners in the Work Group were able to provide input on specific and general items as well as potential strategies. Staff will draft preliminary agendas and the Work Group will convene again in the next month or two to finalize their recommendations to the Managing Members.

8. Consent Agenda

It was moved and seconded (Cho/Meyer) to approve the Consent Agenda.

- 8A. Approve the minutes from
 - (1). the August 1, 2023 regular meeting; and
 - (2). the August 17, 2023 special meeting

- 8B. Approve the payment of checks 711474 through 711579 and wire transfers during the period of July 21, 2023 through August 17, 2023 in the total amount of \$16,061,577.55. (sixteen million, sixty-one thousand, five-hundred seventy-seven dollars and fifty-five cents).

- 8C. Adopt Resolution 2023-07 and associated Delegation of Authority Master Policy, as set forth in Exhibit “A” attached thereto for the purpose of delegating from the Managing Members administrative authority to the CEO, superseding Resolution 2020-02.

- 8D. Advance Resolution 2023-05 appointing Lisa Billak as the Public Records Officer for The Northwest Seaport Alliance, superseding Resolution 2019-03, to a second reading.

- 8E. Authorize the CEO or his delegate to enter into a five-year Interlocal Agreement, M.O.A. 2023-078/12584, between the Northwest Seaport Alliance and the U.S. Department of Commerce National Oceanic and Atmospheric Administration, National Ocean Service Center for Operational Oceanographic Products and Services for the Management, Operation, Maintenance and Repair of NOAA’s Tacoma and Seattle Physical Oceanographic Real-Time Systems for \$450,800.00.

Commissioner Meyer asked whether Real-Time systems (item 8E) could assist in analysis of sea level rise. He noted the system has been in place in the South Harbor for approximately 10

years. Jason Jordan, NWSA Director of Environmental and Planning Services responded that data can be logged and analyzed. Commissioner Meyer would like that analysis.

Commissioner Hasegawa asked for information regarding a payment for “truck scrapping” listed on the check and wire transfer certification (item 8B). Jason Jordan explained that the Alliance has been operating its SCRAPS program for several years. Model 2007 or newer engines are required on trucks calling international container terminals in the North and South Harbors. By 2025, this will be a requirement at domestic terminals as well. SCRAPS is a program to assist truckers in purchasing compliant trucks.

The motion carried by the following vote:

Port of Seattle:

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

9. Actions

- A. Husky and Washington United Terminals Berth Deepening Design and Permit Application.
- B. **Port of Tacoma Commission Action** East Commencement Bay Habitat Opportunity (ECHO) Project.

CEO Wolfe introduced Port of Tacoma Executive Director, Eric Johnson who provided a brief overview the relationship between action agenda items 9A and 9B. The Blair Waterway will be deepened for maintenance dredging and general deepening for larger ships. These projects will provide clean sediment that can be put to beneficial use in creating habitat along the east side of Commencement Bay along Marine View Drive, specifically the shelf area off of Browns Point. He provided a brief history of the area and stated that the East Commencement Habitat Opportunity (ECHO) project is an opportunity to create habitat that will protect the waterfront where the road is, create fish habitat, and cover the wood pollution left by bark from a former log raft area.

Engineering Project Manager II, Norman Gilbert, gave presentations on items 9A(1) the Husky Berth Deepening and 9A(2) the Washington United Terminals (WUT) Deepening Design and Permit Application Project Authorizations followed by item 9B, for the Port of Tacoma Commission, project authorization for work associated with the Port of Tacoma’s ECHO project.

Following both presentations, NWSA Co-Chair, and Port of Tacoma Commission President, Deanna Keller, called for motions on all three requests before opening the topics for one combined discussion.

For the NWSA:

It was moved and seconded (Hasegawa/Cho) that the Managing Members of the NWSA:

- 9A(1). grant project authorization in the amount of \$1,275,000 for a total authorized amount of \$1,575,000 for work associated with the Husky Berth Deepening, Master Identification No. 201169.01 and
- 9A(2). grant project authorization in the amount of \$1,695,000 for a total authorized amount of \$1,995,000 for work associated with the Washington United Terminals Berth Deepening, Master Identification No. 201166.01.

For the Port of Tacoma:

- 9B. It was moved and seconded (Ang/Meyer) that the Port of Tacoma Commission grant project authorization in the amount of \$400,000 for a total authorized amount of \$700,000 for work associated with the East Commencement Habitat Opportunity project, Master Identification No. 101631.01

Discussion:

- Staff explained project cost detail tables for the Husky and WUT projects. Construction costs shown are estimates and no construction authorizations have been requested. Staff will return to the Managing Members later for those authorizations. The estimated costs are for the berthing areas at the two terminals and not related to the Blair Waterway work.
- Commissioner Meyer asked staff to explain how costs will be kept to a minimum and the coordination between the berth deepening and channel deepening projects. Port of Tacoma Senior Project Manager, Tony Warfield, explained the impact of construction sequencing on cost.
- Staff confirmed that the total project cost of the berth deepening projects includes the added cost of creating the habitat as deepwater disposal would be significantly cheaper. Staff added that creation of a berm allows for creation of a mitigation site for credits.
- Commissioner McCarthy recalled that the Port would not get mitigation credits in this area, formerly called, Saltchuk. Staff clarified that it was the entire 65-acre leasehold area that was formerly known as Saltchuk. The area of the ECHO project is owned and controlled by the Port, and it believes it will get mitigation credits.
- Commissioner McCarthy also raised concerns of impacts to property owners on either side of the inter-tidal site area, whether notice has been provided, or studies done regarding, by way of example, potential erosion issues. He said he is concerned with the Port doing a project, spending extra money on the project only to find that the Port, the Puyallup Tribe and other property owners on either side of the inter-tidal site are at crossed purposes. Staff explained that Puyallup Tribal staff will be involved with the Port in discussions with the Corp on what can be done and as part of the design process with the Corp, impacts to surrounding property will be analyzed.

- Staff responded to questions from Commissioner Felleman regarding coverage of wood waste versus its removal. He made note of parameters staff should consider when determining the total cost of the operation. Soil characterizations have been completed on sediments from maintenance dredging at two facilities and were shown to be eligible for open water disposal. Soil near the cut-back area could be a concern, there was a chemical plant across the street. He asked whether pilots, and other stakeholders are good with impacts to navigational width in the channel. Staff responded yes and that it was ship simulation, etc. from the pilots that helped determine the needs in the bank cut-back area.
- Commissioner Felleman also noted the importance of working beyond a staff-to-staff level with the Puyallup Tribe. Staff responded that quarterly meetings take place with Puyallup Tribal staff and electeds. Though this particular project is not always on the Tribe's list of priorities to discuss at those meetings, it is always on the list for potential discussion.
- Toe wall needs were discussed. The exact extent of toe wall needs will be determined as the project progresses into design. Staff has the understanding that Pier 3 at Husky will need a toe wall. When Pier 4 was realigned, future deepening was anticipated, so it would not need a toe wall. At Washington United Terminal, with the exception of the most current extension, the entire length of the older facility would need a toe wall.
- Maintenance dredging will continue to be a possibility even with the deepening at the berths. Deepening will not be a need, unless larger vessels start being produced and used. Staff commented that maintenance dredging to -51' has been an eight to 10-year cycle which is slow deposition.
- Commissioner Ang commented that the deepening and habitat can be a win-win. Assurances are needed that the habitat is sustainable, that the process will be transparent, that there will be testing, that there will be no harm, that the soil is truly uncontaminated. She asked the value of the mitigation credits. Mr. Warfield explained the credit structure and stated projects, such as ECHO, provide a bucket of credit the Port can use into the future to cover its own repair and maintenance liabilities.
- CEO Wolfe assured Commissioner Ang that the NWSA has had extensive conversations with Husky and WUT and by extension with the carriers that call there, related to the scheduling and sequencing of activity so the work, to the extent possible, can work around vessel operations. This coordination will be an ongoing effort as the schedule continues to evolve.
- Commissioner Hasegawa commented on the complexity described with project sequencing and asked whether alternative approaches to address sediments in the wood waste areas were considered. Staff responded there are really only two choices. Either bury the waste or dig it out. Digging it out is extraordinarily expensive and the waste material is resuspended and can drift.
- Staff confirmed for Commissioner McCarthy that a vote to authorize item 9B is for partial design work, not the entire project. Once staff gets to 30 percent design,

staff will return to the Port of Tacoma Commission for full design authorization, and then for future construction authorization.

The motion carried by the following vote for item 9A(1) Husky Berth Deepening:

Port of Seattle:	Port of Tacoma:
Sam Cho - Aye	Kristin Ang - Aye
Fred Felleman - Aye	Deanna Keller - Aye
Toshiko Hasegawa - Aye	John McCarthy - Aye
Hamdi Mohamed – Aye	Dick Marzano Aye
	Don Meyer – Aye

The motion carried by the following vote for item 9A(2) Washington United Terminals:

Port of Seattle:	Port of Tacoma:
Sam Cho - Aye	Kristin Ang - Aye
Fred Felleman - Aye	Deanna Keller - Aye
Toshiko Hasegawa - Aye	John McCarthy - Aye
Hamdi Mohamed – Aye	Dick Marzano Aye
	Don Meyer – Aye

Port of Tacoma Commission motion carried by the following vote for item 9B ECHO:

Port of Tacoma:
Kristin Ang - Aye
Deanna Keller - Aye
John McCarthy - Aye
Dick Marzano Aye
Don Meyer – Aye

C. Tacoma Gateway Automobile Business Agreements and Amendments.

Andre Elmaleh, Senior Manager Business Development, NWSA and David Morrisson, CFO, NWSA and Debbie Shepack, Director of Real Estate and Economic Development, Port of Tacoma gave a presentation on three action items associated with the automobile business in the South Harbor. A background of the automobile business was provided. The auto business is part of the Alliance’s and Port’s diversified business portfolio and has grown over the past year resulting in Tacoma being the fifth largest automotive gateway in the United States. Reasons for this growth were described. Factors contributing to the growth were described.

Due to increases in volume, additional space is necessary to meet demand to help reduce vessel delays. NWSA and Port staff worked together with processors and customers to identify additional property for this purpose. The properties, agreements and/or amendments to agreements necessary to accommodate the business growth were

described along with the key terms of each of the three agreements/amendments and conditions specific to each property.

Staff noted that in the materials provided, the memorandum incorrectly identified a month-to-month lease term regarding the Interlocal Agreement between the NWSA and the Port of Tacoma. It is a term lease beginning September 6, 2023 through December 31, 2028.

NWSA CFO, David Morrison, provided a summary of the financial implications of the agreements/amendments for the Port of Tacoma and for the NWSA. For the Port of Tacoma, with the modifications and the minimum annual guarantee (MAG), and the slight reduction in project costs, this deal now provides a Net Present Value (NPV) back to 2018 of \$7 million and an internal rate of return (IRR) of 10.6 percent on the Port's investment in the auto terminal.

For the NWSA, based on modified modeling through 2034 project costs have increased due land being added and improvements being made. With these changes and the lease payments the NWSA will need to make based on forecasted volume, the IRR is 12.8 percent, essentially the same as original modeling.

It was moved by Commissioner Meyer and Commissioner Ang, acting in a dual role on behalf of the NWSA and as commissioners of their Homeport, Port of Tacoma Commission as follows:

Dual Action - The Northwest Seaport Alliance (NWSA) – Port of Tacoma (Port)

9C(1). that the Managing Member of the NWSA authorize its CEO or his delegate, and that the Port of Tacoma Commission authorize its Executive Director, or his delegate, to enter into an Interlocal Agreement between The NWSA and the Port regarding the use of property located at:

- 1701 Port of Tacoma Road (8.88 acres)
- 2302 Ross Way (4 acres)
- 4215 State Route 509 N Frontage Road (12.11 acres)

Port of Tacoma (Port) Commission Action Only

9C(2). that the Port Commission authorize its Executive Director or his delegate to enter into a month-to-month Lease between the Puyallup Indian Tribe (Lessor) and Port of Tacoma (Lessee) for 13 acres of property.

9C(3). That the Port Commission authorize its Executive Director or his delegate to enter into the "Third Amendment to Lease and Operating Agreement" between the Port and WWL Vehicle Services America, Inc. (WWL)" and authorization to waive the three-month minimum security deposit required by the Port of Tacoma Master Policy Resolution, Section III.B.1, sublease of the Tribal property included within the Third Amendment.

Staff clarified for Commissioners that conditions in the Wallenius Wilhelmsen Vehicle Services, Inc. Third Amendment for the Port of Tacoma, the Port is made whole for the lease payments, by the annual MAG and Revenue Sharing Tiers in the Third Amendment will be adjusted to match rents paid by the Port under the lease with the Puyallup Tribe.

The motion carried by the following vote with the Port of Tacoma Commissioners acting in a dual role as one of the Managing Members of the NWSA for item 9C(1) and as commissioners of their Homeport, Port of Tacoma Commission for items 9C(1) through 9C(3):

Port of Seattle:

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

Following the vote, Commissioner Marzano stated he supported the motion for two reasons, the first being the Port is being made whole, but also because it is disheartening to send ships to another port because there was not enough property to accommodate. With that, he said, go the jobs.

10. Briefings

A. Capital Investment Plan (CIP)

CEO Wolfe provided introductory remarks regarding the difficulty involved in forecasting project costs, into future, the reasons, and changes to the CIP process to address accuracy and to better assist the Homeports from a planning perspective as funding partners for the NWSA.

CFO Morrison presented the draft 2024-2028 CIP and 2023 forecast. The budget schedule was presented followed by an overview of the CIP. The Investment Decision and Development Process (IDDP) process was described. Staff emphasized that although funds for a project are included in the CIP, that does not mean the projects have been authorized. Staff also emphasized that by Managing Members voting to adopt the CIP, projects are not automatically authorized to proceed.

For projects estimated to be over \$10 million, if the scope is preliminary and cost estimates are based on less than 50 percent design, only the design dollars are included in the plan. For years where to the best of our knowledge, costs are less than \$75 million, Homeports are being told to plan for a minimum of \$75 million in NWSA spending for capital projects. This minimum is based on average of historical NWSA spending. This allows Homeports to plan their cash flow for their own CIPs.

Commissioner Felleman asked whether a forensic accounting takes place when spending is significantly off. Staff responded those conversations take place. Shore power at T18 was used as an example.

Major projects excluded from the budget were presented as well as the basis for their exclusion/delay.

Commissioners commented on the importance of the CIP in informing the approach to legislature or the federal government for additional support. A commissioner requested grant information associated with the various projects be included in the budget presentation. A grant strategy update will be provided as part of the budget process. Commissioner Marzano noted that grant eligibility may impact decisions on project priority.

The plan for use of Harbor Maintenance Tax (HMT) funding for eligible projects was presented. Staff will recommend the two Homeports commit to funding the NWSA for all HMT eligible projects. This is the same recommendation made to and approved by the Managing Member for 2023 funds.

Commissioner McCarthy put forth the policy question of whether the NWSA is better off investing in a new terminal in the South Harbor that includes shore power, or repurposing, fixing, at great expense, older terminals elsewhere. He would like that comparison. CEO Wolfe stated it is important to distinguish between lease obligation spending versus an opportunity. For discretionary funds/opportunities, which he agreed is an important discussion to take place, he suggested a study session wherein the Managing Members and staff spend less time talking about required spending, such as for lease obligations, and more time identifying where choices are to be made.

CFO Morrison explained the NWSA unallocated capital improvement placeholders for 2026, 2027 and 2028 amounts reflect the dollars needed to get to the \$75 million minimum for planning as described earlier.

Commissioner Hasegawa had posed a question from the dais at a previous meeting regarding the Wooden Light Pole Replacement Program and the possibility of using an alternative material to wood. She requested staff evaluate the return on investment to include analysis of expense versus longevity. Director of Engineering, Thais Howard, informed Commissioners that the design team and project manager have since reviewed the lifecycle costs of the project to address questions presented by Commissioners at that previous meeting. Staff intends to bring the project construction authorization to the Managing Members at the October meeting. As preview, she stated the request will be for wooden poles. Wood is considered permanent in the industry.

Commissioner Meyer expressed his desire that Clean Truck Program implementation at domestic terminals be no later than the end of 2024. Staff responded that is its intent, but it design and permitting are still needed.

The five-year CIP totals \$503.1 million, the six-year CIP totals \$617.3 million. Requests for 2024 are primarily design for future maintenance upgrades and operational upgrades. Significant maintenance and operational upgrades may come forward between 2024 and 2028.

11. General Business

A. CEO Announcement. None.

B. Commissioner Comments.

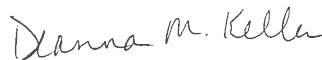
- Commissioner Ang noted the International Longshore Workers Union ILWU contract has been ratified, a Pacific Maritime Association publication reported that when cargo is mitigated to East Coast or Gulf ports, the GHG of shipping increases. The NWSA gateway is direct from the United States to Asia. Issues continue and are likely to continue at the Panama Canal. All which the NWSA should make the most of these conditions.
- Commissioner Marzano expressed his desire for a study session, sooner rather than later, on the topics noted by Commissioner McCarthy regarding investment decisions for a new terminal versus existing terminals.
- Commissioner Keller agreed with a study session or retreat on the topic of investments. She commented on the good discussion of Commissioners.

12. Adjournment

The meeting ended at 2:27 p.m.



Sam Cho, Co-Chair
The Northwest Seaport Alliance

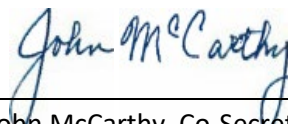


Deanna Keller, Co-Chair
The Northwest Seaport Alliance


ATTEST:



Fred Felleman, Co-Secretary
The Northwest Seaport Alliance



John McCarthy, Co-Secretary
The Northwest Seaport Alliance



Juliet Campbell, Clerk
The Northwest Seaport Alliance