



**THE NORTHWEST SEAPORT ALLIANCE
SPECIAL MANAGING MEMBER MEETING**

TUESDAY, JANUARY 16, 2018

The Fabulich Center, Room 104

3600 Port of Tacoma Road – Tacoma, Washington

TACOMA COMMISSIONERS PRESENT: SEATTLE COMMISSIONERS PRESENT:

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| 1. Don Meyer, Co-chair | 1. Courtney Gregoire, Co-chair |
| 2. Clare Petrich, Vice President | 2. Stephanie Bowman, Vice President |
| 3. Don Johnson, Co-Secretary | 3. Fred Felleman |
| 4. John McCarthy, 1 st Assistant Secretary | 4. Peter Steinbrueck |
| 5. Dick Marzano, 2 nd Assistant Secretary | 5. Ryan Calkins |

NORTHWEST SEAPORT ALLIANCE (NWSA) STAFF PRESENT:

1. John Wolfe, CEO
2. Don Esterbrook, Deputy CEO
3. Kurt Beckett, Deputy CEO
4. Carolyn Lake, Legal Counsel
5. Tom Tanaka, Legal Counsel
6. Thomas, Bellerud, Director Business Development
7. Jason Jordan, Director Environmental Programs
8. Sara Cedeberg, Environmental Senior Project Manager
9. Judi Doremus, Executive Assistant
10. Leilani Berinobis, Executive Administrative Assistant
11. Juliet Campbell, Clerk of the Port

9:00 A.M. – EXECUTIVE SESSION:

1. CALL TO ORDER:

Co-chair Meyer called the meeting to order at 9:00 a.m. and recessed into Executive Session for approximately one hour and forty-five minutes.

2. RECESS INTO EXECUTIVE SESSION:

- A. One (1) Labor/collective bargaining item – RCW 42.30.140(4)(b)
- B. One (1) Potential litigation item – RCW 42.30.110(1)(i)
- C. One (1) Real estate selling/leasing item – RCW 42.30.110(1)(c)
- D. One (1) Personnel/annual review item – RCW 42.30.110(1)(g)

12:00 NOON – SPECIAL NWSA MANAGING MEMBER MEETING:

1. RETURN TO ORDER:

Co-chair Meyer returned the meeting to order at 12:01 p.m. and a flag salute was performed.

2. CONSENT AGENDA:

- A. Minutes of December 5, 2017
- B. Check Certifications: Checks 702533 through 702696 and wire transfers in the total amount of \$12,423,103.14 during the period of November 28, 2017 through December 29, 2017, were certified.

*Motion was made by Commissioner Petrich; seconded by Commissioner Gregoire:
“Approve the consent agenda.”*

PORT OF SEATTLE VOTE:

Commissioner Gregoire	Yay
Commissioner Bowman	Yay
Commissioner Felleman	Yay
Commissioner Steinbrueck	Yay
Commissioner Calkins	Yay

PORT OF TACOMA VOTE:

Commissioner Meyer	Yay
Commissioner Petrich	Yay
Commissioner Johnson	Yay
Commissioner McCarthy	Yay
Commissioner Marzano	Yay

MOTION CARRIED 5-0 / 5-0

3. PUBLIC COMMENT:

Dennis Mateo, CFO, Auto Warehousing Company (AWC): Provided comment regarding the Port of Tacoma Parcel 77 development project. AWC is interested in expanding its auto processing business and would like to pursue a lease with NWSA for Parcel 77. AWC intends to submit a proposal in the next week.

Craig Kenworthy, Executive Director, Puget Sound Clean Air Agency (PSCAA): Provided comment on the NWSA's Clean Truck Program. Began with a brief history/summary of the Clean Truck Program. The deadline of January 1, 2018 to have a 2007 or newer engine model for entry to the Ports has been in place for over 10 years. He urged the Managing Members keep the January 1, 2018 deadline (the proposed grace period would effectively make the deadline April 1, 2018), stating that enforcing the deadline respects the investments that drivers have made to comply. He stated the PSCAA would work with the ports on legislation that would allow the ports to have a loan program. He stated the overall community should be considered regarding the emission of air pollutants. There is currently a bill being considered to force the deadline.

Joshua Johnson, Washington Trucking Association (WTA): Provided comment on the Clean Truck Program. Stated that WTA represents about 600 companies in Washington, a large portion of which, he states, are within the intermodal community. Stated he is favor of moving forward with the proposed deadline of January 1, 2018. He stated many of the companies WTA represents made significant investments in updating their equipment to be compliant by the deadline. He stated those companies now have a higher cost of doing business and are at a competitive disadvantage with companies that have not made those investments and believes enforcing the deadline will help level the playing field.

Carl Morse, C&D Trucking: Provided comment on the Clean Truck Program. He asked the Managing Members to consider the significant financial hardship of what is being asked of him and other truckers in situations like his. He asked that the deadline be extended beyond April 1, 2018.

Al Muehlenbruch, PCC Logistics: Provided comment on the Clean Truck Program. Stated PCC offers direct drayage to and from the ports. Stated that their truckers were all waiting on a buy back ScRAPs program that did not happen. He said his truckers are all looking for new trucks now, but are concerned about the April 1, 2018 deadline. He stated PCC supports clean air, but does not believe this requirement will work and does not think a two-month grace period is fair. He suggested a grace period of at least six months.

Eric Wright, Portland Container: Provided comment on the Clean Truck Program. Stated his company has spent millions of dollars on upgrades, and as a result have taken diminished margins and experienced increased maintenance costs. Stated a clear deadline is needed for the trucking community to adequately plan.

Willie Washington, Horizon: He is an independent contractor. Provided comment on the Clean Truck Program. Stated his opinion that the newer truck engines being required are not designed to do rail-to-pier work. Stated the issue of turn times at the pier do not afford the truckers the ability to pay for a \$70,000-\$80,000 truck.

Stephen Rogers: Provided comment on Clean Truck Program. Noted there is a difference between long distance runs in California and the work done in this region, and that the newer trucks do not work in this environment. He suggested the deadline be extended an additional year and that the ports work with the trucking community to assist.

Julie Roberts, Freight Expeditors: Provided comment on the Clean Truck Program. Discussed the hardship on her company to upgrade to newer trucks. Stated that since implementing the upgrades her company's maintenance costs have increased 80-percent. Stated that the newer trucks do not work in a port setting. In her opinion, the ports are creating a competitive disadvantage by not enforcing the deadline. She stated she is unable to enforce a substantial rate increase to her customers to offset some of the cost of complying, as non-compliant truckers can cut her company's rates.

Danny Briehl, HyTech Power: Provided comment on the Clean Truck Program. Discussed the availability of less expensive solutions than purchasing newer trucks. Discussed retrofit devices. Suggested the NWSA consider alternate methods of approval, such as penalty deferment for drayage providers that are waiting for less costly technologies to satisfy the Clean Truck Program requirements.

George Mitchell, Mercer Transport: Provided comment on the Clean Truck Program. He stated he agrees with his peers that the newer trucks are not designed to start-stop, start-stop. Stated his fleet is almost 100 percent compliant and he required his independent contractors to also be compliant. Stated his company has experienced a decrease in efficiency and an increase in costs. In his view, the larger issue is the congestion and idle times at the ports.

Karen Zima, RoadOne Intermodal Logistics: Provided comment on the Clean Truck Program. Has been facilitating discussion for some of the challenges in the gateway of the drayage community. Acknowledged the challenges to both compliant and non-compliant drayage providers. Discussed the need for financing for newer truck purchasing and alternatives to address emissions. Will be having more outreach sessions. Stated there needs to be a clear timeline so the drayage community can manage their businesses.

Jamal Ali, Paragon Cartage: Provided comment on the Clean Truck Program. Discussed the African Chamber of Commerce's (ACC) efforts to facilitate financial assistance to truckers toward compliant trucks. Stated at a previous meeting a compliance date of 2019 was being discussed, so he was disappointed that the earlier date is now being recommended.

Alemu Haile, Paragon Cartage, 3G Brothers, LLC: Provided comment on the Clean Truck Program. Discussed the cost of the newer trucks and the increased maintenance costs. Stated he supports clean air, but needs more time to control the financial process.

John Clark, OMTK: Provided comment on the Clean Truck Program. In his opinion, the solution to the problem is CNG. Recommended that the trucking community explore their options under the Volkswagen settlement.

Michael Alazar, Great West Trucking: Provided comment on the Clean Truck Program. Stated his opinion that the NWSA should be putting less focus on truck drivers and concentrating on locomotives and steam ships that he believes are larger polluters.

Tom Bently, RFM Trucking: Provided comment on the Clean Truck Program. Stated they were told that the deadline was real and they complied. He stated his opinion that indecisiveness of the NWSA in enforcing the deadline has resulted in pitting the trucking community against each other.

Jeremy S. Weiver: Provided comment on the Clean Truck Program. Stated the newer trucks are built for heat and they cannot stay warm in a port setting. Pointed to idle time and turn times in the port as the issues. Stated he wants to be compliant, but it is a huge financial investment. He gets paid per move, not hourly, and there is no standby rate and he often sits for hours waiting for one haul.

4. STAFF BRIEFINGS:

A. Clean Truck Program: NWSA staff provided a briefing on its proposed motion regarding the Clean Truck Program.

Discussion included:

1. Staff summarized its recommended motion to continue with a January 1, 2018 deadline, but to allow a 90-day grace period to allow the trucking community to make necessary adjustments. The grace period would also allow NWSA to negotiate lease amendments to include a contractual requirement for 2017 or newer engine model trucks, and to implement a manual sticker program in the South Harbor until gate technology can be implemented and to be able to flip the switch on the gate technology in the North Harbor.
2. Background of the Clean Truck Program was provided. It was noted that in 2007 the Ports of Tacoma and Seattle formerly adopted clean air strategies separately. NWSA never took action to collectively adopt it. By virtue of the NWSA forming it agreed to these terms of this in 2015.
3. Overarching goals of the clean air strategy are to reduce greenhouse gases by 15% by 2020; and to reduce diesel particulate matter (DPM) by 80% by 2020 (from baselines established 2005).
4. Discussed examples of NWSA activity related to emission reductions in sectors other than heavy-duty trucks to reach the overarching goals including ocean going vessels, harbor craft, locomotives, cargo handling equipment and administration activities.
5. Staff provided information on the outreach efforts made with the trucking community and future outreach planned.

6. Discussed alternatives considered in an attempt to provide equity for drivers who have already made the investment in new trucks and the associated challenges. Examples included speed lanes, compliant-only gates on certain days or extended gate hours, newer trucks only-schedule, long queue times charged to MTOs, and phasing in requirement over time.
 7. Currently the ports are precluded from investing their own resources in private equipment. Legislative efforts are underway to clarify the authority of port districts to offer programs relating to air quality improvement programs. Staff reported there is positive feedback on the bill.
 8. There is a bill in the House right now that seeks to require that the Port of Seattle and Port of Tacoma require 2007 or newer trucks for entry by 1/1/2019, with a deadline of 2035 to have zero emissions. Commissioner Steinbrueck noted that ports are being singled out and that it should be a state responsibility.
 9. Commissioners requested clarification on how the determination was made that by raising the minimum engine year requirement to 2007 the Clean Truck Program could effectively reduce drayage truck DPM emissions by 85-90% per truck. Staff clarified that the Environmental Protection Agency (EPA) provided that information. Commissioner Gregoire clarified that the EPA measures what comes out of the pipe after "x" period of time in operation. It doesn't consider long haul vs. short haul vs. turnaround.
 10. Discussion took place regarding whether the plan is accomplishing what was intended by the Program and whether it addresses the operations that takes place at ports.
 11. Commissioners cautioned against setting a deadline that cannot be kept. Need a deadline, a hard deadline that the NWSA will stick to, but not an arbitrary deadline.
 12. A discussion of technology associated with equivalent emissions and the costs and suitability of those options took place, including DPF power and retrofit, biofuels, and hydrogen retrofits. LNG/CNG is accepted technology with the DPM levels comparable to the 2007 engines. Some aftermarket trucks are available in the \$35,000-\$50,000 range.
 13. Commissioners discussed whether a pilot project relating to hydrogen retrofits could be an appropriate option perhaps for those who are having the most difficult time meeting the financial obligation.
 14. Commissioner McCarthy noted that the requirement has been a goal for 10 years. He doesn't see the advantage of going through an extended process, and believes the 3-month timeline is not unreasonable. He wants to see decisiveness so we can move forward, including undertaking efforts to assist some people.
 15. Commissioners want data that will provide a better understanding of the fleet serving the gateway and what that cycle looks like. Staff was directed to include in any proposed motion coming forward what the Ports are doing on their side to meet the clean air strategies to improve the idle times, turnaround times and congestion.
 16. Staff presented a financial summary for 2018-2022 CIP related to ongoing Clean Truck Program costs. There is \$1,380,000 allocated for 2018. Commissioner Bowman asked that the \$50,000 allocated for meeting facilitation be reconsidered and any saving go toward truck conversion. The \$800,000 CIP for RFID buildout is separate and will be addressed in March under separate project authorization.
 17. Potential for use of RFID technology in addition to the Clean Truck Program was also discussed.
- 5. COMMISSIONER COMMENT:**
- Co-Chair Meyer:** Welcomed the new commissioners. Noted also that the consequences of the NWSA's actions regarding the Clean Truck Program in the next couple meetings are important. He would like to see additional facts stating there needs to be a better understanding of the fleet and what we're dealing with.

Co-Chair Gregoire: Stated there are other principles that can be brought back into the draft motion. A motion needs to include an explanation of the how the NWSA is addressing turn times, idle times and outline those principles.

Co-Secretary Petrich: Happy New Year and welcome to new commissioners.

6. ADJOURNMENT:

There being no further business, Commissioner Meyer adjourned the meeting at 2:26 p.m.



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




Courtney Gregoire, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Clare Petrich, Co-Secretary
The Northwest Seaport Alliance



Stephanie Bowman, Co-Secretary
The Northwest Seaport Alliance



Juliet Campbell, Clerk of the Port
The Northwest Seaport Alliance



January 16, 2018

Good Afternoon,

My name is Danny Breilh. I am the Director of Business Development at a company called HyTech Power headquartered in Redmond, WA. We produce a retrofit device for diesel engines that decreases harmful emissions by up to 90% and increases fuel efficiency by 15-30% – both of which reduce the carbon footprint of operational equipment.

Our system precisely measures and times the injection of hydrogen into the combustion chamber where it acts as a catalyst to burn more of the diesel already sent to the engine. Due to a more complete burn of the fuel, there are fewer emissions and less Particulate Matter formed. With less Diesel Particulate Matter leaving the engine, after-treatment devices such as Diesel Particulate Filters work less and require less maintenance. For most trucks, users can expect a Return on Investment within one year. We are currently seeking CARB verification for our system and anticipate our 2nd Executive Order by Q3 2018.

While we understand that deadlines have to be kept and met, we believe there are more solutions to the Clean Truck Program mandate than expensive new trucks, or DPF retrofits that require high maintenance and bear significant costs. I have presented at and attended many of the Trucker Outreach Forums and there are other options available. I have also heard the voices of the drivers moving goods from the ports say how difficult it is to make a living when running costly equipment that is not built for the high idle time of drayage. We have an economically attractive solution for the Northwest Seaport Alliance's Northwest Ports Clean Air Strategy. One that is effective in reducing ALL harmful emissions, scalable to any engine in the ports from reefers to ships, as well as low impact on the operators that are integral in making our local economy grow.

We live in a region with great people and great resources and it is in our collective best interest to decide how we will clean up our air. My hope today is that the managing members of the Northwest Seaport Alliance would consider alternative methods of approval such as local testing or to allow a penalty deferment for the drayage providers that are waiting for products like ours to complete the rest of the lengthy and costly CARB verification process. We, like other alternative solutions companies, are willing to work with the NWSA on a pilot program, provide third-party test results, or any other method that may provide proof that satisfy the requirements of the Clean Truck Program.

Thank you for your service to our community, thank you for your time, and thank you for your consideration.

Very Respectfully,
Danny Breilh
Director, Business Development
HyTech Power

Subject: AWC Statement ~ Port of Tacoma Parcel 77 Auto Terminal Development on the Former Kaiser Site
NWSA Special Managing Member Meeting: January 16, 2018

NWSA SPECIAL MANAGING MEMBER MEETING ~ PUBLIC COMMENTS

Location and Sign-in for Public Comments

Noon, Tuesday, January 16, 2018
Fabulich Center
3600 Port of Tacoma Road, Tacoma, WA 98424

There will be a sign-in sheet to give public comment. Plan to arrive prior to noon to sign in.

Statement – ~~SPEAK SLOWLY~~

Opening

- Good afternoon commissioners
- My name is Dennis Matteo and I am the Chief Financial Officer for Auto Warehousing Company – AWC for short.
- Most of the Port of Tacoma commissioners are familiar with AWC’s business and history at the Port of Tacoma but I am sure many of the Seattle commissioners are not.
- I am here today to make comments about the Port of Tacoma Parcel 77 development, but first, for those who don’t know us, I would like to provide a little background.
- AWC began business Seattle in 1962 and relocated to Tacoma in 1977 to the site of the current Evergreen Terminal. Since then, the Company has grown from one location to (currently) more than twenty processing sites across North America including 7 major port facilities. We have been a responsible tenant and partner with the Port since 1977 ~ over 40 years.
- AWC is the largest exclusive full service auto processor in North America and employs more than 1,800 full time associates with an average tenure of over 14 years. We are a family owned and operated business and based at the Port of Tacoma.

Parcel 77 (Former Kaiser Property)

- Until recently, we were unaware that the Port and WWL were under a non-discloser agreement for the development of a full service auto processing facility **at land lease rates that can be industry competitive.** This became clear in the Seaport Alliance meeting of November 7, 2017.

- AWC has been extremely interested in expanding its auto processing business at the Port of Tacoma for many years but was never able to secure adequate property at competitive rates for such expansion. The last Port RFP for Parcel 77 was in 2013 and the minimum required lease rate required by the RFP at that time was \$6,000 per acre per month for a un-improved ground lease. This number far in excess of what the industry can afford to pay to handle automobiles.

Conclusion:

- In conclusion, given our history at the Port, if this property is now available at rates that can be financially viable for automotive processing, we believe AWC should be considered the leading contender for this parcel. As such, Auto Warehousing Co. is also very interested in pursuing a lease with NWSA for Parcel 77 and intends to submit a proposal later this week.
- **It is extremely important to note, the auto industry is rapidly changing and will undergo significant disruption in the next 10-15 years as a result of autonomous driving, ride sharing and other technology and sociological changes. Unlike the WWL proposal, AWC believes that it can offer a proposal that, by itself, would be financially and operationally favorable to NWSA and also maintain flexibility to navigate the uncertainty facing the industry.**
- We ask that NWSA give AWC's proposal its full consideration and hold off entering into an agreement with WWL until it has done so.