



Minutes - Corrected
Managing Member Regular Meeting
Port of Seattle Commission | Port of Tacoma Commission Special Meeting
Tuesday, May 2, 202
9:30 a.m. Closed 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

1. Call to Order.

Commissioner Keller called the meeting to order at 9:31 a.m.

Port of Seattle Commissioners Present:

Ryan Calkins

Sam Cho

Fred Felleman

Toshiko Hasegawa

Hamdi Mohamed

Port of Tacoma Commissioners Present:

Kristin Ang

Deanna Keller

John McCarthy

Dick Marzano

Don Meyer

2. Federal Maritime Commission (FMC) Closed Session

After calling the meeting to order, the Managing Members immediately recessed for a closed session permissible 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 No. 201228. The closed session lasted two hours ending at 11:31 a.m.

3. Return to Order

The Managing Members reconvened at 11:41 a.m. Commissioner Ang announced that the meeting is also a special meeting for the Port of Seattle and Port of Tacoma Commissions (Homeport Commissions) as noticed and as reflected in the posted agenda.

4. Flag Salute

The Pledge of Allegiance was recited.

5. Report by Chief Executive Officer

CEO, John Wolfe, provided an overview of the agenda.

6. Public Comment

None.

7. Work Group/Committee Reports

Commissioner Cho reported that the NWSA received a clean audit.

8. Consent Agenda

Commissioner Keller reminded all that today’s Managing Member meeting is also a special meeting for the Homeport Commissions. The consent agenda includes Dual Actions for both Homeports. The voting procedure was confirmed by unanimous consent of the Managing Members and the individual Homeport Commissions.

It was clarified that changes to the Service Level Agreements do not impact the process for approval process for international travel.

It was moved and seconded (Mohamed/Meyer) to approve the consent agenda:

- A. Approval of the April 4, 2023 minutes.
- B. Approval of the payment of check and wire transfers during the period from March 17, 2023 through April 20, 2023 in the total amount of \$21,240,868.55.
- C. (1). **NWSA Managing Member** authorization for the CEO or his delegate to approve revisions to the 2023 Port of Seattle-NWSA & Port of Tacoma-NWSA Service Level Agreements (SLAs) to clarify that Commissioner travel expenses for NWSA travel paid by the Homeports can be charged to the NWSA and to make the SLAs consistent in provided Commission services.
(2). **Port of Seattle Commission** authorization for the Executive Director or his delegate to approve a revision to the 2023 Port of Seattle-NWSA SLA to clarify that Commissioner travel expenses for NWSA travel paid for by the Port of Seattle can be charged to the NWSA and specify the scope of Commission provided services as the Port of Tacoma SLA.
(3). **Port of Tacoma Commission** authorization for the Executive Director or his delegate to approve a revision to the 2023 Port of Tacoma-NWSA SLA to clarify that Commissioner travel expenses for NWSA travel paid for by the Port of Tacoma can be charted to the NWSA.
- D. Authorization for the CEO or his delegate to execute the Fourth Amendment to the Stevedoring Services of America (Tacoma) (SSAT) Lease at the West Sitcum Terminal.

The motion carried unanimously for the Managing Members, the Port of Seattle Commission (for Item 8C. (2)) and the Port of Tacoma Commission (Item 8C. (3)).

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

9. Actions

- A. **Water Resources Reform and Development Act (WRRDA) Section 2106 and Harbor Maintenance Tax (HMT) Donor Port Fund Use – Port of Seattle – Port of Tacoma Joint Resolution POS NO. 3813 | Pot No. 2023-09-PT).**

David Morrison, CFO and Ryan McFarland, Director of Government Affairs presented.

A general background was provided. The United States Army Corps of Engineers (USACE) did not disburse HMT funds as expected, interpreting the disbursement as discretionary versus mandatory. Staff is working with congressional staff, AAPA and other ports to codify HMT disbursement as mandatory for 2024.

Staff presented its recommended approach for using 2106 funds received, and though no HMT funds were disbursed for 2023, staff proposes using the same approach should any be received.

Staff recommended:

- the Homeports commit total 2023 HMT/2106 of funding for eligible NWSA projects.
- that staff return to the Managing Members each year for authorization for the use of that year's funds.
- With today's action, Managing Members maintain authority to approve or disapprove individual projects.

Staff provided an example of how the cash flows and identified impacts and options for the Homeports should there be delays to NWSA projects.

Staff provided a preview of its approach to 2024 funds and outlined risks identified with future HMT funding.

It was moved and seconded for the **Port of Tacoma** (Ang/Marzano) to adopt the Joint Resolution of the Port of Seattle (No. 3813) and the Port of Tacoma (2023-09-PT) committing the Port of Seattle and the Port of Tacoma to providing an amount equivalent to the 2023 HMT / Section 2106 funds received by each Port to eligible projects in their respective harbor that does not impact the 50/50 split of membership interest based on the distributed amount to the NWSA, and authorizing the return of cash to the two Homeports for expensed projects. The Homeports will now take on responsibility for reporting 2106 / HMT fund usage to USACE on spending.

It was moved and seconded for the **Port of Seattle** (Hasegawa/Calkins) to waive second reading, and to adopt the Joint Resolution of the Port of Seattle (No. 3813) and Port of Tacoma (2023-09-PT) committing the Port of Seattle and the Port of Tacoma to providing an amount equivalent to the 2023 HMT / Section 2106 funds received by each Port to eligible projects in their respective harbor that does not impact the 50/50 split of membership interest based on the distributed amount to the NWSA, and authorizing the return of cash to the two Homeports for expensed projects. The Homeports will now take on responsibility for reporting 2106 / HMT fund usage to USACE on spending.

Discussion:

- Advocacy efforts to expand eligible projects from maintenance dredging to deepening projects may be an option for future. Staff provided brief history of negotiations and shared the position of Energy Transfer Ports of not making it easier for all ports, but them to deepen their harbors.

- Staff was asked to clarify the basis for the Homeports being the recipients of funds versus the NWSA. Staff provided history regarding the development of the funding formula.
- Commissioner Marzano expressed his concerns regarding the USACE’s interpretation of the discretionary disbursement of HMT. He suggested that in the NWSA’s efforts with senators, that NWSA leadership resurrect a committee to address with Congress intact cargo bypassing, Mexico and Canada to the United States.
- Commissioner McCarthy supports the proposed recommendation for 2023, however expressed concern with a strategy for future years that gives the NWSA the discretion to decide based on its preferred criteria that may be different than that of either Homeport.
- Estimates based on 2022 data indicate that 97 percent of HMT is generated from NWSA business, but 100 percent would be distributed.
- Commissioner Calkins commented on barriers to trade that Canada and Mexico do not face. He suggested it would be better to get rid of the HMT and that the federal government pay for the infrastructure needed.
- Commissioner Mohamed stated regarding the 97 percent of HMT coming from NWSA business, that the split makes sense adding that equitable is not equality, but addressing things where the need is greatest.
- Commissioner Felleman noted there is no shortage of need. Staff commented that currently there is more demand in Seattle for the NWSA business than in Tacoma, but as the 2024 budget process advances, more Tacoma projects will likely be identified. Staff anticipates adequate opportunity to use all the HMT funds. Staff acknowledged there could be delays due to permitting and other factors, however staff would argue that the funds were obligated.

The motions carried unanimously for the Port of Seattle and for the Port of Tacoma.

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

B. Maintenance Dredging at T18, T30 and T46 Project Authorization

Arthur Kim, Capital Project Manager, Port of Seattle presented.

To ensure compliance with lease agreements and design depths, it is necessary to perform maintenance dredging at Terminal 18 (T18), Terminal 30 (T30), and Terminal 46 (T46) berths to achieve a depth of -50’ MLLW at each location. The backgrounds, project descriptions, schedules and financial implications for each of the three projects were presented.

It was moved and seconded (Cho/Calkins) to provide:

- Project authorization in the amount of \$900,000 for a total authorized amount of \$1 million, for work associated with the Maintenance Dredging at Terminal 18, MID No. N10204; and

- Project authorization in the amount of \$575,000 for a total authorized amount of \$675,000 for work associated with the Maintenance Dredging at Terminal 30, MID No. N10205; and
- Project authorization in the amount of \$675,000 for a total authorized amount of \$775,000 for work associated with the Maintenance Dredging at Terminal 46, MID No. N10206.

Discussion:

- Discussion took place regarding how the maintenance dredging may be impacted by this week’s announcement by the EPA regarding dredging of the main channel. Specifically, Commissioners want to know if any of the work requested duplicative and whether there is any way to reduce expenses on one side or the other. Staff will explore any sort of cost savings possible within the design process.
- Thais Howard, Director of Engineering noted that the requested projects are not deepening, they are dredging to the currently permitted depth. The concern would be if contaminated materials are in the berth area. The requested work of this action should be able to move forward despite what is happening in the East Waterway.
- Commissioner Felleman commented on the implications of encouraging the United States Coast Guard to move south and the timing. He suggested potential cleanup in advance of the Superfund process.
- Dredging contamination is legacy. Costs of disposal estimates were discussed.

The motion carried by the following vote:

Port of Seattle:	Port of Tacoma:
Ryan Calkins - Aye	Kristin Ang - Aye
Sam Cho - Aye	Deanna Keller - Aye
Fred Felleman - Aye	<i>John McCarthy – not present for the vote</i>
Toshiko Hasegawa - Aye	Dick Marzano - Aye
Hamdi Mohamed - Aye	Don Meyer - Aye

C. PCT Operating Pavement Repair 2023-2027

Curt Stoner, Sr. Real Estate Manager and Brett Ozolin, Engineering Project Manager presented.

Curt Stoner provided a history of the Pierce County Terminal (PCT) pavement project. The pavement was installed in 2004. There was an initial deficiency in construction. The pavement started exhibiting areas of distress as early as 2005. It was determined that the pavement was primarily suffering from failure caused by asphalt stripping. Maintenance is the responsibility of the Lessor.

The PCT pavement maintenance budget has been \$900,000 per year for the last 10 years. As construction costs have increased and the pavement has aged (approaching 20 years old) and requires ongoing significant maintenance. The originally approved funding is inadequate to meet maintenance needs.

The project background, description and financial summary were provided.

It was moved and seconded (Meyer/Marzano) to provide project authorization in the amount of \$7,492,500 for a total authorized amount of \$7.5 million for the PCT Operating Pavement Repair 2023-2027 Project, MID No. 201038.02.

Discussion:

- This authorization is for not more than five years, the project will be bid each year.
- Issues with the mix design during construction, among other factors in 2004 contributed to the failure. Commissioner Hasegawa asked if the NWSA would be disputing the costs, and whether the NWSA retain the former contractor for this authorized project.
 - Staff informed Commissioners that this issue was ‘worked out’ almost 20 years ago and there is no recourse now regarding cost. Staff also noted repairs are not being redone in the same areas already repaired. They address the same type of problems in different areas throughout the terminal.
 - Staff was unable to confirm if the contractor continues to do business with The NWSA and noted the high bar to debar a contractor in a low-bid Public Works situation. Staff cannot guarantee that The NWSA will not work with the contractor that did the original paving.
- Commissioner Felleman asked whether paving with concrete had been considered. Staff responded no, not in the last 10 years. It is believed that analysis was completed years ago and maintenance was the solution. Cost was the main reason given for not repaving with concrete versus repairs. He also commented regarding scoring previous performance of contractors. Staff noted it does not have the opportunity to score previous performance or experience for Public Works contracts in Washington State - it is strictly low bid.
- Commissioner Keller stated that, in her opinion, the condition where straddle carriers work at Husky Terminal is dangerous.

The motion carried by the following vote:

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

10. Briefings

A. Terminal 5 Modernization Program Quarterly Update.

Thais Howard, Director of Engineering and Emma Del Vento, Capital Program Leader, Port of Seattle presented.

There have been no scope changes to the Berth Modernization since the last briefing. A pending dispute with the contractor, the volatile supply chain and escalation environment have increased the risk profile of the program.

Progress of the Berth Modernization and Uplands Improvements projects was presented. Highlights included a successful shore power connection and the rebar connection of the north and south berths.

Financials were presented. Costs to date align with progress and the estimated completion. Emerging issues forecast and risk were presented. The P-85 reflects uncertainties and one method change. The numbers are the same, but the method of modeling is now more conservative.

The programmatic schedule was presented.

Discussion:

- The City of Seattle will administer the Quiet Zone contract and The NWSA will reimburse. This should be finished by Q1 2024.

A point of order was raised regarding side-bar conversations during public forum and sustained.

- Stormwater represents improvements in water quality since APL was operating in this area.
- Availability of additional state or federal grants was discussed.
- Amortization will be at actual cost.

11. General Business

A. CEO Announcements

- May 10th Peak Planning Session.
- May 24th Offshore Wind Study Session
- Europe customer trip being scheduled for the week of June 25th

B. Commissioner Comments

Without objection, commissioner comments were limited to three minutes per commissioner.

- Commissioner Calkins thanked State Government Affairs staff for a successful session and commented on The NWSA's role in implementation of legislation regarding emissions. He traveled to Scotland and Denmark on a Green Energy delegation with a focus on offshore wind and hydrogen opportunities. He encouraged Commissioners to attend the May 24, 2023 offshore wind study session.
- Commissioner McCarthy suggested that after eight years in existence, changes should be considered to The NWSA Charter. He is concerned that the Internal Governance Work Group has not recommended an independent, third-party review of the Charter. He wants a complete public conversation on the topic of how The NWSA is working.

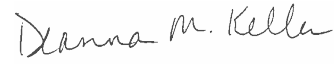
- Commissioner Hasegawa shared takeaways from her participation in the Green Energy delegation trip to Scotland and Denmark. She commented on the maturity of the global ecosystem for offshore wind. She stated The NWSA must be thinking of how to connect into the global supply chain of offshore wind as a coast and wants a feasibility study on “product cargo” because there is demand.
- Commissioner Meyer echoed Commissioner Calkins’ comments thanking the legislative team. He intends to request a third-party review of the Charter and deliver a proposed draft to the Managing Member Commissioners for debate. He stated he supports The NWSA. He is concerned with service delivery at the gates.
- Commissioner Mohamed endorses The NWSA and believes it is beneficial to the Homeports and the citizens of Seattle and Pierce County. She supports open debate and the First Amendment. She is concerned with messages to the public that create unnecessary alarm. She is open to discussion regarding the Charter and the history of The NWSA.
- Commissioner Ang acknowledged Asian American Pacific Islander Heritage month. She thanked the legislative team. She thanked Washington state senators for their work on HMT issues. She stated that the reason The NWSA was founded was to stop detrimental competition between the ports of Seattle and Tacoma. The alliance allows The NWSA to focus on its true competitors – Canadian and East coast ports. It also advocacy as one entity for state and federal funding.
- Commissioner Felleman commented that the business of the Charter is an issue to be addressed between the Managing Members. He questioned the motivation of an op-ed asking the public to affect Charter issues. He believes comments he is hearing question the principle of sharing costs and sharing benefits. He is thrilled with state and federal funding received for ‘green’ initiatives. He commented that pilot emission reduction projects involving dozens of trucks are not enough when there are four thousand trucks serving the gateway.
- Commissioner Marzano stated that he had been notified that there would be an op-ed piece, but did not know the content. He stated that because of the op-ed, her received multiple inquiries from Labor asking if The NWSA was dissolving. He stated that in 2015 The NWSA was formed as one, forward-looking entity. It brings and maintains jobs in the region, both King and Pierce counties. He commented on the increase in ILWU registrations and the associated direct and indirect jobs.
- Commissioner Cho commented that The NWSA is here to stay that it will get stronger and better. He hopes comments made by most Commissioners today alleviated doubts raised by the op-eds. He stated The NWSA is strong and will continue to make the right investments in the right place. He stated the need for mutual respect and courtesy and expressed he felt disrespected as a Co-Chair of the organization.
- Commissioner Keller stated that two Commission made political, self-promoting statements in public regarding The NWSA causing instability in the marketplace and breaching trust. She voiced her commitment to uses capital resources to make terminals attractive to customers regardless of which harbor based on strategy versus geography. She spoke against staff resources being used on projects that do not advance the mission of The NWSA. She made statements against politics hindering business decisions.

12. Adjournment

With no further business, the meeting adjourned at 1:59 p.m.

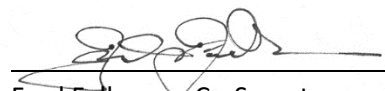


Sam Cho, Co-Chair
The Northwest Seaport Alliance



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