



MINUTES
NWSA Managing Member Special Meeting
Wednesday, September 8, 2021
Remote.
Dial in: 1 253 617 4257 Conference ID:751 265 43#

1. CALL TO ORDER

Commissioner Marzano called the meeting to order at 10:02 a.m.

Port of Seattle Commissioners Present:

Stephanie Bowman – Present
Ryan Calkins – Present
Sam Cho – Present
Fred Felleman – Present
Peter Steinbrueck – Present

Port of Tacoma Commissioners Present:

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

2. CLOSED FMC AND EXECUTIVE SESSION

After calling the meeting to order, the Managing Members immediately recessed for a closed session as authorized by Federal Maritime Commission laws and regulations found at 46 U.S.C. §40306 and C.F.R. 46 § 538.608 and C.F.R. 46 § 535.701(i)(1). A portion of the closed discussions were also protected pursuant to RCW 43.30.110(1)(i)(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. These closed/executive sessions lasted one hour and 37 minutes. No votes or final actions were taken.

3. RETURN TO ORDER

The Managing Members reconvened in public session at 12:03 p.m. Roll was taken, and all commissioners were present.

4. FLAG SALUTE

The Pledge of Allegiance was recited.

5. CHIEF EXECUTIVE OFFICER'S REPORT

- John Wolfe, CEO, provided a preview of the meeting agenda topics.
- Tom Bellerud, COO, provided a gateway operations update. Significant congestion continues. Examples of the aggressive actions being taken by the marine terminal operators (MTOs) were given, including refusal of in-bound rail empties. The NWSA is involved with ocean carriers and MTOs and the entire supply chain looking for solutions.
 - Terminal 46 (T46) is being used in multiple ways to relieve some of the pressure, however COO Bellerud stated it needs to be used more and that will be part of their carrier outreach push.
 - The possibility of also using T46 for berthing of vessels to relieve anchorages was discussed.
- Commissioners Marzano, Felleman, Cho, and McCarthy participated in a roundtable discussion with industry experts and Deputy Secretary of Commerce, Don Graves last week.
- Commissioner Meyer traveled with NWSA staff to attend the grand opening of a local intermodal rail terminal hosted by Savage in Pocatello, ID. Commissioner Meyer commented that the opening of the rail hub removes \$2 million truck miles between Pocatello, ID and Salt Lake City, UT.

6. PUBLIC COMMENT

None.

7. CONSENT AGENDA

It was moved and seconded (McCarthy/Bowman) to approve the consent agenda as amended including the following items:

- A. Approval of the minutes of (1). June 29, 2021, (2). July 14, 2021, and (3). July 23rd, 2021.
- B. *Removed for separate consideration.*
- C. ILA for a Shore Power Grant with Department of Commerce – Authorization to accept a grant in the amount of \$4,268,000 to support installation of shore power system components of the Terminal 5 Berth Modernization Program, MIDs. C800132, C800726, C800988.
- D. (1). Authorization increase in the amount of \$60,000.00 for work associated the Lighting Upgrade at the **North Intermodal Yard (NIM)**, MID 201127.01. Bringing the total authorized amount to \$540,000.
(2). Authorization increase in the amount of \$10,000.00 for work associated with the Lighting Upgrade at the **East Blair 1 (EB1)**, MID 201122.01, bringing the total authorized amount to \$220,000.
- E. *Removed for separate consideration.*
- F. Authorization for the CEO or his delegate to increase the contract amount and spending authorization with the Stokes Lawrence law firm for legal services to resolve a dispute with the Terminal 5 tenant and to draft and negotiate any agreements related thereto and/or relating to Terminal 5 initial operations.
- G. PCT Wapato Creek Bridge – An **authorization** increase in the amount of \$230,000 for a total authorized amount of \$3,300,000 for work associated with the Wapato Creek Bridge and Culvert Removal MID 201070.01

The motion carried unanimously.

ITEMS REMOVED FROM CONSENT

It was moved and seconded (Meyer/Ang) to approve item 7E authorizing the CEO to enter an interlocal agreement between the NWSA and the University of Washington Sea Grant Fellowship Program, under which the Alliance will host a fulltime Herhman Fellow for one year, from Sept. 2021 to Sept. 2022. The Alliance will pay the program \$29,000 which is one half of the total cost of the Fellowship.

Discussion:

- Discussion took place regarding whether to remove this item from Consent to be heard separately.
- Commissioner McCarthy stated he supports this type of program. He asked if commissioners thought discussion was necessary regarding whether there should or is a policy that this type of arrangement should be a NWSA agreement, through a Homeport with a service agreement to the NWSA.
- Commissioner Ang commented that this supports goals of collaboration with universities, introducing students to the maritime industry, and helps with the NWSA's clean air goals.
- Commissioner Felleman commented that the Herhman Fellow holds a JD in addition to a BA.
- Commissioner Keller supports.
- Commissioner Calkins commented that likely all 10 commissioners support this item and acknowledged Commissioner McCarthy's question regarding process. Commissioner Calkins supports passing the motion in this instance and ask staff in the future to consider whether such opportunities should be a NWSA issue or Homeport issue.

The motion carried unanimously.

It was moved and seconded (Keller/Felleman) to approve item 7B, approving the payment of checks 708469 through 708583, and wire transfers during the period July 17, 2021, through August 20, 2021, in the total amount of \$22,758,604.90.

The motion carried 2-0 by the following vote:

Port of Seattle – 1

Bowman – Aye

Calkins – Aye

Cho – Aye

Felleman – Aye

Steinbrueck – Aye

Port of Tacoma – 1

Ang – Aye

Keller – Aye

McCarthy – No

Marzano – Aye

Meyer – Aye

8. ACTION

- A. Master Policy on Delegation of Authority Review – Internal Governance Work Group Recommendation to the Managing Members.

Commissioner Marzano presented the recommendation of the Internal Governance Work Group (IGWG). The Managing Members review the Master Policy annually. The task is typically referred to the IGWG. The IGWG met on August 12, 2021. The notes from that meeting were provided to all commissioners on August 13, 2021. The IGWG is recommending no changes this year.

It was moved (Bowman) that the Managing Members accept the Internal Governance Work Group's review and recommendation of no changes to the Master Policy Delegation of Authority for this year 2021.

The motion carried unanimously.

- B. Managing Member Meetings – In person or virtual during Covid-19 Pandemic.

Commissioner Marzano presented the recommendation of the co-chairs to move forward with virtual Managing Member meetings until further notice. The basis for this recommendation is the severity of the Covid-19 pandemic and how it is going. He then invited discussion.

It was moved and seconded (Meyer/Felleman) that Managing Member meetings occur entirely virtually until at least December 31, 2021, unless Governor Inslee issues a proclamation before that date requiring open public meetings to occur in person.

Discussion:

- Commissioner Calkins supports meetings remaining virtual in the face of the pandemic. He acknowledged the many merits of meeting in person. However, the needs of the presenters and the public are to be considered.
- Commissioner McCarthy requested a legal analysis from NWSA legal counsel. He stated virtual meetings are an exception to the rule and that the rule is that meetings be held in public. In his opinion, virtual meetings are not effective. The Managing Members main job is to deliberate, debate, communicate and make decisions in public and listen to the public. He stated there are remedial/intermediary actions that could be considered, such as compelling vaccinations, requiring masks, or perhaps outdoor meetings, before limiting the public's access to the Managing Members.
- Commissioner Ang believes the Managing Members need to hear from the public and that virtual meetings may make meetings more accessible to the public. She commented that requiring meetings be held in person imposes risk on staff who are required to be

present. While she appreciates meeting in person, for the safety of staff and the public she will support the motion presented.

- It was confirmed for Commissioner Bowman, by NWSA legal counsel that though the meetings are virtual, they are “public”, and the Managing Members are complying with the Open Public Meetings Act.
- Commissioner Felleman commented the strength of the virus and new variant, make it imprudent to put ourselves and staff at risk. He noted efforts to solicit public input for meetings, both in-person and virtual, could be improved.
- Commissioner Keller commented that these are unprecedented times. She stated that while commissioners may want to meet in person, by doing so, staff is required to be present as well, and they may have concerns. She supports the motion.

The motion carried 2-0 by the following vote:

Port of Seattle – 1
Bowman – Aye
Calkins – Aye
Cho – Aye
Felleman – Aye
Steinbrueck – Aye

Port of Tacoma – 1
Ang – Aye
Keller – Aye
McCarthy - No
Marzano – Aye
Meyer – Aye

- C. Second Reading – Lafarge PNW Inc. at Terminal 107
Presenter: Erin DeBroux, Real Estate Manager

Authorization for the CEO to execute a new lease agreement with Lafarge PNW Inc. at Terminal 107.

The First Reading was held at the August 3, 2021, Managing Member meeting. No concerns or unresolved questions raised at that time. Staff reminded the commissioners of the lease key terms.

It was moved and seconded (Meyer/Cho) to authorize the Chief Executive Officer or his delegate to execute a new lease agreement with Lafarge PW Inc. at Terminal 107.

Discussion:

- Staff explained the circumstances where lessor may choose to forego market rate adjustment. The decision would be made at staff level. Commissioner Meyer would prefer it be via action of the Managing Members. If remains a CEO level decision, he wants the Managing Member commissioners to be informed prior to the CEO acting.

The motion carried unanimously.

- D. Terminal 18 Shore Power Grant
Presenter: Graham VanderSchelden, PhD
Environmental Project Manager II

One of the objectives of the NWSA’s recently adopted Northwest Ports Clean Air Strategy (NWPCAS) is to install shore power at the NWSA’s major international container terminals by 2030. The shore power project will be for a shore power connection system at Terminal 18.

The \$2 million in grant funds being offered to the NWSA are from the Federal Volkswagen Settlement, managed by the Washington State Department of Ecology (Ecology). Staff

negotiated special considerations which allows for \$1 million of grant funds to be used for design costs (excluding internal staff).

Risks and conditions of the grant were described. The \$2 million award requires a 75 percent match which obligates the NWSA to spend at least \$6 million. Staff plans to pursue other grants to meet a target of 50 percent external funds for the project. The grant agreement requires the NWSA to return funds spent on design if the shore power system is not installed by the end of 2026, unless otherwise agreed to by Ecology and the NWSA. It also required a 50 percent match of the \$1 million used for design costs.

Staff presented a detailed description of the scope of the project. The estimated schedule which has design beginning Q1 2022-Q2 2023 and construction tentatively beginning in Q1 2024 and continuing through Q4 2026.

Funding strategies to move forward with construction means a minimum of \$12 million is needed to meet the target of 50 percent external funding. The best opportunities appear to be large federal grants for example PIDP and RAISE. Staff will also be evaluating tentative Biden administration infrastructure package for opportunities.

It was moved and seconded (Felleman/Ang) to grant authorizations to accept grant funds in the amount of \$2,000,000 from the Washington State Department of Ecology, through the Federal Volkswagen Settlement Program to support the installation of shore power infrastructure at Terminal 18.

Discussion:

- Commissioner Meyer would like more information on shore power capable calls. He would like domestic terminals to be included in the NWPCAS goals. He supports the action requested and acknowledges the risks.
- Commissioner Steinbrueck requested additional information as the global picture regarding ocean carriers to the extent they are equipping and retooling for shore power hook up and what the NWSA is doing with any of its affiliations with global shipping association for advancing shore power quicker. He commented that Ports all over the world are eventually going to require hook up to shore power. Staff reported briefing on trends in Asia and California.
- The largest source of air emissions is from vessels underway. The largest exposure to the community is from cargo handling equipment and vessels at berth. Staff was asked how the NWSA is handling moving Tier 0 cargo handling equipment off terminals. The approach to date is to include in the leases that when equipment is replaced, it be replaced with Tier 4 equipment or better.

The motion carried unanimously.

- E. South Harbor Electrification Roadmap Project.
Presenter: Graham VanderSchelden
Environmental Project Manager II

It was moved and seconded (Felleman/Cho) to grant project authorization in the amount of \$280,000 for a total authorized amount of \$330,000 for work associated with the South Harbor Electrification Roadmap, MID 201117.01

Discussion:

- Commissioner Felleman expressed concerns regarding the future availability of electricity to the terminals and questioned whether the NWSA should be looking past electricity to hydrogen or some other form of energy that may be more plentiful. Staff commented that

as for electricity, what they are hearing from the utilities is that things are good on the generation and transmission side, the challenge is on distribution. Staff also noted that the studies as part of this project will include looking at possible energy mixes.

- The top three priorities of the strategy include looking at shore power to support marine cargo first, followed by zero emission cargo handling equipment and drayage trucks. Dr. VanderSchelden works closely with the Port of Seattle's project manager of its Seattle Waterfront Clean Energy Strategic Plan. Staff from the Port of Seattle and the NWSA will continue working together to ensure the plans of the Port and the NWSA complement each other.
- Tacoma Power Utility (TPU) stands to be a benefit greatly from this project study, specifically regarding tasks 3 and 4, (develop future energy demand scenarios and distribution capacity analysis and infrastructure needs assessment). Commissioner Meyer asked if staff has TPU to contribute to its funding. TPU staff will be supporting the work through gathering all the electrical data. They have not approached TPU regarding funding.
- Commissioner Calkins commented that the NWSA/Port equipment doesn't work just for the NWSA. He asked how much of this study could be done collaboratively with the City of Tacoma, Pierce County and other entities that have regulatory impact on the same interests. Staff commented that more thought is needed toward how to engage other agencies and understand what other planning is taking place. Discussion took place regarding the need to expand on creative new business models to offset some of the cost of infrastructure.
- Commissioner Ang commented that if the NWSA really wants shore power to be legislated, it would not be difficult if the NWSA supports it.

The motion carried unanimously.

F. Port Community System (PCS)

Presenter: Zack Thomas, Director, Operations Service Center

Staff plans to expand the existing PCS system on the NWSA website by adding an Appointment Capacity Dashboard and link to Advent eModal's website. This expansion is consistent with the NWSA's strategic initiative to "develop a roadmap to enhance visibility in a sustainable and fiscally responsible manner." The project will be done in three phases. Staff is requesting funds needed for the development, implementation, support, and ongoing subscription fees for Phase I (Proof of Concept).

Staff presented the background, project description and details, schedule and financial implications.

The PCS system investment is an investment in digital infrastructure to improve operational efficiency and reduce congestion. Though it does not show a direct return-on-investment, it may result in additional cargo through the gateway by improving terminal efficiency.

It was moved and seconded (Keller/Cho) to grant project authorization in the amount of up to \$265,000 for the Proof of Concept (Phase I) to expand the Port Community System to include appointment system data.

Discussion:

- The proposed project takes measured approach that will be able to provide accurate repeatable data.
- A sole source contract is required because the appointment data belongs to Advent eModal. Discussion took place regarding efforts at other ports with other vendors.

Staff described this project plan as a measured approach which will reduce the risk of the NWSA getting locked into using one vendor when there may be better tools a few years from now.

- Domestic terminals are not using Advent eModal. In order to incorporate domestic terminals into the project they would need to be using an appointment system.
- The Pier Pass system in Southern California was discussed. The Pier Pass system is forced through regulation. What the NWSA's project hopes to accomplish is to give visibility to the terminal operators so they can work that information into their business processes.
- Commissioners were concerned with double bookings. Staff commented that what is being done through this project will not assure double bookings. What it will allow is real time visibility to how appointments are filling up at the terminal. Hopefully as dispatchers gain confidence the reliability of the appointments, double booking will be discouraged. Commissioner Bowman commented that the true outcome the NWSA is looking for is more efficiency at the terminal and hopes that disincentives for double bookings are considered.

The motion carried unanimously.

G. CanAm Roof Truss Repair

Presenter: Curt Stoner, Senior Real Estate Manager

On May 10, 2021, an emergency was declared due to three roof trusses failing at the CanAm Warehouse (Managing Members were notified May 11, 2021).

Efforts to identify alternate locations in nearby Port or other properties were unsuccessful due in part to the environmental requirements, size and new processing equipment would need to be purchased for that location. Procurement time for the needed equipment is lengthy and puts CanAm and Pabco at risk of losing their business.

CanAm obtained their own structural assessment from PCS Structural Solutions that stated the CanAm warehouse could be repaired.

The NWSA is responsible for maintenance, repair, and replacement of the roof per the lease. Allowing CanAm to conduct the repairs vs. the NWSA allows efficiency to carry out the work while continuing to operate. CanAm engaged in competitive procurement that resulted in one bid and will require compliance with prevailing wage requirements.

The key elements of the project and financial impact to the NWSA were presented.

It was moved and seconded (Felleman/Steinbrueck) to authorize the Chief Executive Officer or their delegate to authorize a not to exceed amount of \$50,000 to reimburse CanAm Minerals for the emergency CanAm Warehouse Roof Truss Repair as a Tenant Improvement.

Discussion: None.

The motion carried unanimously.

H. 2020 Vessel Service Agreements

Presenter: Andre Elmaleh, Senior Manager, Business Development

The NWSA public tariff provided pricing for use of the facility. Vessel Service Agreements (VSAs) are a common negotiation tool for ports to attract business. VSAs have been key

to attracting and retaining the world's largest Ro-Ro shipping lines and their breakbulk cargo to NWSA facilities. The financial implications for EB-1 Terminal were presented.

It was moved and seconded (Keller/Cho) to authorize the Chief Executive Officer or their delegate to enter into 12-month Vessel Service Agreements with the following Ro-Ro shipping lines from October 1, 2021, through September 30, 2022:

- Mitsui OSK (MOL Ro-Ro)
- "K" Line America
- Hyundai-GLOVIS Ocean

Discussion:

- Commissioner McCarthy expressed his concern as to what he described as blank check authority to negotiate discounted rates.
- On average, the tariff has outpaced than VSAs. Staff is confident that the NWSA rates are increasing commensurate with costs.
- Legal counsel confirmed that per the Master Policy Delegation of Authority the Managing Members reserved the authority to approve initial VSAs but have delegated to CEO authorization to amend up to \$300,000.

The motion carried unanimously.

9. GENERAL BUSINESS

A. Capital Investment Plan (CIP) Briefing.
Presenter: David Morrison, CFO

The Managing Members were briefed on the draft 2021-2029 Capital Investment Plan (CIP), 2022 Distributable Cash Target, and budget schedule.

B. CEO Announcements.

- Staff has turned the issue of CMA CGM's participate in the NWSA's rail incentive program to the NWSA Audit Committee and will also be seeking audit by the State Auditor's Office.
- Reflected on the working waterfront and diversity of the business activities in the NWSA gateway.

C. Commissioner Comments.

- Commissioner McCarthy does not find virtual meetings effective. He looks forward to getting together for a "real meeting."
- Commissioner Keller commented she privileged to serve with fellow commissioners.
- Commissioner Felleman proud of the number of clean energy/clean port projects approved today by the Managing Members. Recognized the 20th anniversary of 9/11. Welcomed Aaron Prichard as interim Chief of Staff for the Port of Seattle NWSA liaison.
- Commissioner Cho agrees with Commissioner McCarthy 100%. He reminded the commissioners that there is nothing stopping them from reaching out to each other.
- Commissioners Calkins commented on the beauty of Mr. Rainier National Park.
- Commissioner Marzano working with Co-Chair Felleman and the CEO to manage the agenda.

10. ADJOURNMENT

There being no further business, the meeting adjourned at 3:45 p.m.



Fred Felleman, Co-Chair
The Northwest Seaport Alliance

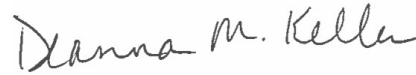


Richard Marzano, Co-Chair
The Northwest Seaport Alliance

ATTEST:



Sam Cho, Co-Secretary
The Northwest Seaport Alliance



Deanna Keller, Co-Secretary
The Northwest Seaport Alliance

Leilani Berinobis

Leilani Berinobis, Acting Clerk
The Northwest Seaport Alliance