



MINUTES

MANAGING MEMBER MEETING - REGULAR

Tuesday, March 7, 2023

9:30 AM Executive Session / Closed FMC

11:30 AM Open Public Meeting

The Fabulich Center, 3600 Port of Tacoma Road, Tacoma, WA 98424

Streamed live at www.nwseaportalliance.com.

1. CALL TO ORDER

Port of Seattle Commissioners Present:

Ryan Calkins (*via Teams*)
Sam Cho
Fred Felleman
Toshiko Hasegawa
Hamdi Mohamed

Port of Tacoma Commissioners Present:

Kristin Ang
Deanna Keller
John McCarthy
Dick Marzano
Don Meyer

Commissioner Keller called the meeting to order at 9:30 AM

2. RECESS EXECUTIVE SESSION AND CLOSED FEDERAL MARITIME COMMISSION (FMC) SESSION

After calling the meeting to order, the Managing Members immediately recessed to an executive session pursuant to RCW 42.30.110(1)(g) to review the performance of a public employee and RCW 42.30.110(1)(i) to discuss with legal counsel representing the agency litigation or potential litigation to which the agency, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency.

A portion of the executive session discussion was also 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 (FMC session). The executive session ended at 11:54 a.m.

The Managing Members continued FMC discussion on two additional topics. The FMC session was extended at 12:15 p.m. an announcement was made in open public session that the FMC session would be extended to 12:40 p.m. The FMC session ended at 12:34 p.m.

3. RETURN TO ORDER

The Managing Members reconvened in public session at 12:46 p.m. All commissioners were present. Commissioner Calkins was present via Teams.

4. FLAG SALUTE

The Pledge of Allegiance was recited.

5. REPORT BY CHIEF EXECUTIVE OFFICER

CEO Wolfe provided a summary of the meeting agenda. He provided an update regarding changes to the gateway over the last six to 12 months. In addition to congestion, the gateway is experiencing a drop in container volume and softening market. Retailers have excess inventory. Operators are showing loss of income therefor reducing gate yard hours of operation. The reduced hours present challenges to exporters. NWSA does not operate the terminals but has met with exporters and is working on solutions.

6. PUBLIC COMMENT

Matt Ventoza – ILWU Local 19 Vice President – Seattle. Spoke in support of action item 9C, the adoption of Resolution 2023-02 stating the NWSA's current preferred position on the proposed United States Coast Guard (USCG) Base Seattle Expansion.

7. WORK GROUP REPORTS

No reports.

8. CONSENT AGENDA

It was moved and seconded (Meyer/McCarthy) to approve consent agenda items 8A, 8B.1 and 8C.

- A. Approve the minutes from the February 7, 2023, Managing Member meeting.
- B.1 Check Certification –Approve the payment of checks 710704 through 710731 and 710733 through 710831 and wire transfers during the period from January 20, 2023, through February 16, 2023, in the total amount of \$10,775,798.11.
- C. Second Reading – Requesting the Managing Members adopt proposed Resolution 2023-01 replacing Resolution 2015-04 designating its claims agents.

The motion carried unanimously.

It was moved and seconded (Cho/Ang) to approve consent agenda item 8B.2.

- B.2 Check Certification –Approve the payment of check 71073 in the amount of \$2728.35 during the period of January 20,2023 through February 16, 2023, to the State Auditor's Office.

The motion carried 2-0 by the following vote.

Ryan Calkins - Aye

Sam Cho - Aye

Fred Felleman - Aye

Toshiko Hasegawa - Aye

Hamdi Mohamed - Aye

Kristin Ang - Aye

Deanna Keller - Aye

John McCarthy - *Abstained*

Dick Marzano - Aye

Don Meyer - Aye

9. ACTION AGENDA

A. **CEO Evaluation Discussion and Potential Action Regarding Compensation.**

Item postponed to the April 4, 2023, meeting by unanimous consent.

B. **Master Benefit and Salary Resolution 2023-03**

NWSA Human Resources Manager, Trisha Perez, gave a presentation summarizing changes to the Master Benefit and Salary Resolution. Recommended changes include a three percent adjustment to the salary ranges for non-represented employees, updates to job titles and respective proposed salary ranges, and the addition of Washington Paid Medical Family Leave benefits for a death of a child per SB 5649.

It was moved and seconded (Cho/Hasegawa) to waive two readings and adopt Resolution 2023-03, the Master Benefit and Salary Resolution, which amends and supersedes Resolution 2022-01.

Discussion:

- Commissioner McCarthy expressed concern over increasing salary ranges due primarily to a budget shortfall and the NWSA not receiving the anticipated revenue from Harbor Maintenance Tax (HMT) funds. CFO Morrison discussed the flow of HMT to the Homeports, vs. the NWSA and impacts to the current budget. He confirmed the proposed action would not impact the immediate budget acknowledging that over time, if the range increases and it is the NWSA's keeps salary ranges at mid-point, it would eventually increase over time. He confirmed the NWSA exceeded the 2022 budget by \$10 million.
- Commissioner Hasegawa received clarification from staff regarding particulars of Washington State Medical and Family Leave benefits for the death of a child per SB 5649 as to death of a child vs. death of a family member and for late-term miscarriage.

The motion carried unanimously.

C. **Second Reading: Resolution 2023-02 United States Coast Guard Base Seattle Expansion.**

NWSA Senior Manager Strategic Projects, Lindsay Wolpa, reported that in conversations with the USCG, it was shared that the final Environmental Impact Statement (EIS) and the Record of Decision (ROD) that were anticipated this Spring are now expected to be issued closer to the end of the year.

Co-Chair Keller stated that the planned work session on this topic was not able to occur due to scheduling and the TPM23 conference. She and Co-Chair Cho worked on revisions to the previously draft for consideration today. Ms. Wolpa provided a summary of those changes.

Co-Chair Cho commented the NWSA supports the USCG and its modernization but also that the Port of Seattle as a Homeport and the NWSA both have preferences for how facilities are used. The proposed language of Resolution 2023-02 specifies that the NWSA wants flexibility to maintain T46 with a preference for a two-berth cargo terminal, and also that impacted tribes and the federal government are included in the proceedings.

Co-Chair Keller added that the language was included in the Resolution to address that the scope of the USCG's Draft Environmental Impact Statement (DEIS) was insufficient.

It was moved and seconded (Meyer/Mohamed) that the Managing Members of the Northwest Seaport Alliance adopt Resolution 2023-02, stating its current preferred position on the proposed United States Coast Guard Base Seattle Expansion.

Discussion:

- Commissioner Hasegawa acknowledged the importance of the USCG, particularly re homeland security and environmental research. She commented on other factors at play in balancing her support. She stated the benefits that the USCG brings can be achieved by their expansion anywhere in Washington state. Deficiencies in the DEIS, impacts to tribal treaty rights, unknown impacts of expansion on functionality of supply chain and prospective customers for the North Harbor and hesitancy to sell waterfront property are some of the factors she considered in her analysis.
- Commissioner Felleman commented that it is irrefutable that consultation with tribes will be required whether expansion takes place to the south or to the north.

It was moved and seconded (Felleman/Mohamed) to amend the proposed Resolution to strike the words "to the south" from the ninth Whereas statement to read:

WHEREAS, Managing impacts of new developments associated with expanding USCG Base Seattle ~~to the south~~ will require the USCG to engage in close coordination with the Port of Seattle, the NWSA, the Muckleshoot Indian Tribe, the Suquamish Tribe, federal agencies, state and local government jurisdictions and other affected stakeholders.

The motion to amend the proposed Resolution carried 2-0 by the following vote:

Ryan Calkins - Aye	Kristin Ang - Aye
Sam Cho - Aye	Deanna Keller - Aye
Fred Felleman - Aye	John McCarthy - No
Toshiko Hasegawa - Aye	Dick Marzano - Aye
Hamdi Mohamed - Aye	Don Meyer - No

- Commissioner McCarthy acknowledged the importance of Longshore and dock work associated with operating a viable terminal critical to the Pacific Northwest. He noted also that the USCG employes a workforce of around 1900 employees and provides opportunities to a young and often divers workforce. He does not want to discourage the USCG from what they bring to the community. He stated he believes a single berth facility will works and does not think it is necessary to take a position that a double-berth facility is a priority. He supports the Resolution, but emphasized he wants the NWSA to assist the USCG, not want to discourage expansion and the jobs it will bring.

- Commissioner Meyer commented on the complexity of the issue. He stated the USCG needs more thought given to off-water uses and innovation. He supports a preference for a two-berth facility reference. He stated losing a berth impacts the ability to grow the Gateway. He supports the Resolution and notes that everyone acknowledges that the delay in the ROD is recognition that more work by the USCG on the EIS and ROD is needed.
- Commissioner Marzano called attention to language in the resolution supporting the USCG expansion. And, though he states he would prefer language that states that T46 “shall” utilize a two-berths supports the proposed resolution as written.
- Commissioner Mohamed supports the proposed resolution and continued prioritization of a working waterfront and cargo operations. She also stated her support for the USCG and a need to continue to work for win-win situations. She does not believe the proposed resolution takes anything away from that.
- Commissioner Ang stated this resolution is not anti-Coast Guard. She further stated that if it were anyone else, she would be hesitant about including them in the Gateway because of how she views the role of the NWSA. She noted impacts to National Security, the Gateway’s role in the Arctic economy as well as climate policy she sees this action as impactful beyond the region and to the entire country. She supports and welcomes the USCG into the Gateway.
- Commissioner Calkins generally agrees with the sentiments of the other Commissioners. Commented on the complexity of the issue. Stated his desire to see as much of the potential expansion footprint utilizing spaces that are not currently being used waterfront maritime dependent uses both to the south and potentially in adjacent facilities. He strongly supports base modernization efforts and the fact that the USCG wants to double down on its presence in Seattle. He wants staff to have as much leeway as possible to negotiate in this instance, as well as in the larger picture of the use of T46 as a cargo facility.
- Co-Chair Cho commented on the clarity of the position in the proposed resolution and expressed his appreciation for the process in coming to a resolution draft that all support.
- Co-Chair Keller commented on meetings with ocean carriers talking about T46 where many stated they would not be interested as a one-berth facility but would be interested in a long-term lease if it were to be a two-berth facility.

The motion to adopt the Resolution 2023-02 as amended carried unanimously.

D. Wooden Light Pole Replacement Program Authorization

NWSA Sr. Manager, Real Estate, Curt Stoner, provided a background on the Wooden Light Pole Replacement Program. In 2019 in severe windstorm a high mast wooden light pole failed. The event caused the operations and engineering teams to inspect the 226 wooden poles in the South Harbor. It was determined that 47 needed to be replaced in the near term. This program funds that effort. From commercial, safety, asset valuation preservation and lease obligation perspectives, staff recommends the Managing Members authorize funding the Program.

Brett Ozolin, Engineering Project Manager II, NWSA continued the presentation providing information on factors included in the inspection, the project description which includes design funding for preliminary design, engineering, and alternatives analysis. This funding request is for preliminary design and design. Construction authorization would be requested later and is estimated at approximately \$3 million.

It was moved and seconded (Cho/Meyer) that the Managing Members grant project authorization in the amount of \$420,000 for a total authorized amount of \$630,000 for design work associated with the Wooden Light Pole Replacement Program, Master Identification No. 201148.01.

Discussion:

- The average age of the poles being replaced is 40 years. Used a significant portion of their service life. Some will remain in place. The alternatives analysis being conducted will look at whether to continue using timber poles or upgrade to steel poles.
- Commissioner Ang requested information on Tacoma Public Utilities' role. Staff commented they have not been involved with this project, though they are parallel activities. Operations, maintenance and environmental are engaged or are engaging in a comprehensive evaluation of lighting in the South Harbor. Staff will ensure those pursue answers to the questions raised regarding advancements in technology.
- Staff explained the high cost associated with design work of replacing poles. The poles are not just used for lighting fixtures. They house security, electrical distribution and communication lines needed for active terminal operations. Each site is unique and the needs from and for each pole are unique as well.
- Commissioners were concerned regarding the choice of timber versus more robust material for the poles. Alternatives analysis will include review of material choice. Flexibility of terminal layout is a consideration.
- Overall lighting strategy was discussed.
- Commissioner Felleman requested staff investigate cross laminated timber as an option.

The motion carried unanimously.

E. Pierce County Terminal (PCT) Fender Replacement

Port of Tacoma Engineering Project Manager, David Myers, provided the background, scope of work and project schedule. The existing fenders at PCT were installed in 2004 and are designed to support 6,000 to 6,500 TEU vessels. Vessels currently calling PCT range from 6,000 to 12,000 TEU vessels and are not sufficient.

It was moved and seconded (Marzano/Ang) that the Managing Members grant project authorization in the amount of \$4,658,000 for a total authorized amount of \$4,945,000 for the Pierce County Terminal Fender Replacement Project, Master Identification No. 201145.01.

Discussion:

- This project is HMT fund eligible. Staff expected to use 2023 HMT funds. News received last week that HMT funds will be less than anticipated. CFO Morrison informed Commissioners that there are HMT funds remaining from last year to fund this project. Projects after October 1 could qualify for FY2024 funds. CFO Morrison answered Commissioner questions regarding the PCT depreciation schedule from 2004.
- Staff provided additional information regarding the sequencing of the project to avoid vessel and yard operation disruption.

The motion carried unanimously.

F. Term Lease Agreement – Puyallup Tribe of Indians

Deputy CEO, Don Esterbrook and Sr. Real Estate Manager, Curt Stoner presented.

In July of 2022, the NWSA approached the Puyallup Tribe of Indians asking to lease approximately seven acres north of East Blair-1 facilities due to year-over-year record growth in the breakbulk line of business. The Tribe agreed to lease the seven acres. The initial term was for six months and then it was to convert to a month-to-month lease for the remaining 12 months. The agreed upon amount at the time was \$5000 per acre per month plus a 10% Tribal Leasehold Tax. In December the Managing Members approved, However, in January, the Tribe informed the NWSA that they were making a market rate adjustment and the new rates would be \$7500 per acre per month plus the 10% Tribal Leasehold Tax.

Deputy CFO Esterbrook made the points that the space is still needed, the NWSA is, arguably, receiving a rate below market value, the NWSA is the operator of EB-1 and will be increasing the truck loading and unloading fee per the tariff by an amount that should equate to the incremental increase.

It was moved and seconded (McCarthy/Mohamed) that the Managing Members authorize the Chief Executive Officer or their delegate to enter into a new six-month term lease agreement with automatic month-to-month renewals for up to 12 months for East Blair-1 between the Puyallup Tribe of Indians and the Northwest Seaport Alliance in a combined total amount not to exceed \$762,600.

Sr. Real Estate Manager, Curt Stoner, presented the key lease terms.

Discussion:

- Similarities and uniqueness of a lease with a sovereign tribal nation were briefly summarized by staff including involvement by the federal government.

The motion carried unanimously.

10. BRIEFING AGENDA

A. Blair Waterway Deepening Program

Port of Tacoma Senior Program Manager Environmental Programs Permitting, Tony Warfield and NWSA Director, Government Affairs, Ryan McFarland presented.

There are two harbor deepening projects. One in Seattle and one in Tacoma. NWSA Director, Government Affairs, Ryan McFarland gave a brief overview of the Seattle Harbor Navigation Improvement Project. Appropriations for the projects were described – only the first 56 feet are federally funded, the last foot will be borne by the Port. Only the West Waterway projects is proceeding as cleanup is required prior to the East Waterway project.

Port of Tacoma Sr. Program Manager Environmental Programs Permitting, Tony Warfield continued the presentation presenting the Blair Waterway Deepening Program. The Program will require many Managing Member authorizations over the course of the Program. It will progress in phases over the next several years. Design 1012-2025; Phase 1 construction 2025-2027, Phase 2 construction 2026-2028 and Phase 3 construction 2028-2029.

A graphic showing the various projects of the overall Program by phase and funding source(s) was displayed.

Discussion:

- Cleanup of Tru-Grit may be HMT eligible. Berth improvement toe walls may also be eligible.
- Locations for material that is dredged include the possibility of building habitat and resiliency at Saltchuk, for material suitable can go to an open water marine disposal facility in Commencement Bay. A percentage of the material will not be suitable for either of those options and will require upland disposal.
- Upland disposal is not HMT eligible as this is a deepening project vs. a maintenance project.
- Financial discussion took place regarding a method for charging back or getting financial assistance from other beneficiaries of these projects.
- Commissioner McCarthy suggested that if terminal development and enhancement on the Blair is such a benefit to the NWSA, perhaps the NWSA should look at how the Homeports distribute some of those expenses.

11. GENERAL BUSINESS

A. CEO Announcements

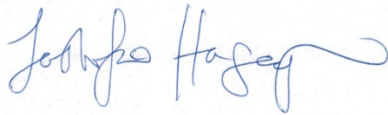
- CEO Welcomed returning staff and gave staff recognition to Executive Assistant Leilani Berinobis, and General Counsel, Dana Henderson for their roles in filling in gaps of previously open positions.
- CEO Wolfe and Deputy CEO Esterbrook provided comments on a successful TPM23 Conference in Long Beach, CA.

B. Commissioner Comments

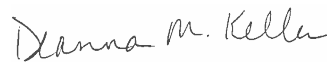
- Commissioner McCarthy asked if a lease previously authorized by the Managing Members, but not yet executed, required use of shore power. For vessels with the capability, use is required. Commissioner McCarthy stated at the next meeting, he may move that the Managing Members reconsider authorization previously granted for the Chief Executive Officer to execute a lease to SSA at Terminal 5.
- Commissioner Hasegawa recognized Women's History Month.
- Commissioner Cho commented on key takeaways from TPM23. Carriers are preparing for tailwinds and so should the NWSA. He is hopeful Labor negotiations will contribute to a rebound the second half of this year.
- Commissioner Ang commented on PCMC's booth at TPM23; Terminal 46 was prominently displayed. She commented on the NWSA gateway – it is expanding.
- Commissioner Marzano commented on TPM23 and Commissioner involvement in meetings.
- Commissioner Keller commented on the success of TPM23 and thanked staff.

12. ADJOURNMENT

With no further business before the Managing Members, the meeting adjourned at 2:55 p.m.



Toshiko Hasegawa, Vice Co-Chair



Deanna Keller, Co-Chair

Attest:



Fred Felleman, Co-Secretary



John McCarthy, Co-Secretary



Juliet Campbell, Clerk