



**THE NORTHWEST SEAPORT ALLIANCE  
MANAGING MEMBER MEETING MINUTES  
TUESDAY, JUNE 5, 2018**

**The Conference Center at Sea-Tac International Airport, Room International A  
17801 International Blvd. Seattle, Washington 98158**

**SEATTLE COMMISSIONERS PRESENT:**

Courtney Gregoire, Co-Chair  
Stephanie Bowman, Vice President  
Fred Felleman, Co-Secretary  
Ryan Calkins, Commissioner  
Peter Steinbrueck, Commissioner

**TACOMA COMMISSIONERS PRESENT:**

Don Meyer, Co-Chair  
Clare Petrich, Vice President  
Don Johnson, Co-Secretary  
Dick Marzano, Commissioner  
John McCarthy, Commissioner

**NWSA STAFF PRESENT:**

John Wolfe, CEO  
Don Esterbrook, Deputy CEO  
Kurt Beckett, Deputy CEO  
Carolyn Lake, Legal Counsel  
Tom Tanaka, Legal Counsel  
Judi Doremus, Executive Assistant  
Leilani Berinobis, Executive Administrative Assistant  
Jason Jordan, Director, Environmental Programs & Planning  
David Myers, Project Manager, Engineering  
Andre Elmaleh, Sr. Manager, Business Development  
Curtis Stahlecker, Capital Project Manager  
Sara Cederberg, Sr. Project Manager, Environmental  
Nick Demerice, Director, Public Affairs

**10:00 AM: EXECUTIVE SESSION:**

**1. CALL TO ORDER:**

Co-Chair Gregoire called the Regular Managing Member (MM) Meeting to order at 10:01 am and recessed into Executive Session for approximately 60 minutes.

**2. ADJOURN INTO EXECUTIVE SESSION:**

Two (2) litigation/potential litigation items – RCW 42.30.110(1)(i)

No decisions were made and no votes were taken.

**11:30 AM: MANAGING MEMBER MEETING PUBLIC SESSION:**

**1. RETURN TO ORDER:**

Co-Chair Gregoire reconvened the regular Managing Member meeting at approximately 11:34 am and a flag salute was performed.

**2. CONSENT AGENDA:**

**A. Minutes of May 1, 2018:**

*Motion was made by Commissioner Meyer, seconded by Commissioner Johnson:*

**"Approve the minutes of May 1, 2018."**

**PORT OF SEATTLE VOTE:**

Commissioner Gregoire	Aye
Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

**PORT OF TACOMA VOTE:**

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

**MOTION CARRIES 5-0 / 5-0**

**B. Check/Wire Certification:**

Approve the payment of checks #70330 through #703428 and wire transfers in the total amount of \$15,523,865.94 during the period of April 21, 2018 through May 18, 2018:

Discussion Included:

1. Commissioner McCarthy asked for clarification on the Bank of America entry, Page 4, in the amount of \$13.3 million. This is in conjunction with the service agreement between the Port of Tacoma and the NWSA.
2. Commissioner McCarthy stated that he would like to see fuller descriptions in the check certification report. Staff responded that there are limitations with the amount of descriptors that can be put into the system; this would require a manual entry. Staff will (1) Review the report in advance of it being distributed to Commissioners and proactively expand descriptions for items that are likely to cause questions; (2) Respond quickly to specific questions from Commissioners; (3) Commissioners can always remove an item before voting to certify the report. All checks are approved through a process consistent with the Master Policy prior to the report being presented for MM approval.
3. Commissioner Bowman stated that she feels the descriptions are actually fairly comprehensive.

*Motion was made by Commissioner Bowman, seconded by Commissioner Johnson:*

**"Approve the Check Certification Report during the period of April 21, 2018 through May 18, 2018."**

**PORT OF SEATTLE VOTE:**

Commissioner Gregoire	Aye
Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

**PORT OF TACOMA VOTE:**

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

**MOTION CARRIES 5-0 / 5-0**

**3. PUBLIC COMMENT:** None

**4. BUSINESS BRIEFING:**

**A. Q1 Review: NWSA CEO Goals & Expectations:**

1. WWL Project Status: Agreement is in place. Call for bids went out. Bids will be opened on 6/13/18. Goal is to complete Phase I construction by end of 2018. NWSA deferred this project to the Port of Tacoma. Once costs are known staff can return to brief the Managing Members.
2. Commissioner Meyer stated that he is concerned about operating margins. He requests a mid-year financial review with more of a deep dive. Staff will bring forward a year-to-date financial performance/trade outlook in July when they start the budget process.
3. Regarding completing the transition activities, Commissioner Meyer stated that the Port of Tacoma is having a public session workshop on 6/06/18. He added that the May 1<sup>st</sup> deadline has passed, and the Port of Tacoma Commission will get underway as quickly as they can to complete these activities.
4. Emerging issue: Trade relations status with China and others has emerged this year as a priority. CEO Wolfe has been making significant efforts to talk about the risks of a trade war, tariffs and the impact to our gateway and the entire West Coast, including testifying before the House Ways and Means Committee in Washington D.C. Commissioner Marzano recommends reaching out to the other West Coast CEOs to speak collectively on this topic. Commissioner Gregoire requests a briefing on trade relations with China and other countries at an upcoming meeting. CEO Wolfe stated that at the July meeting, while reviewing the outlook for trade, volumes and financial status year-to-date it would be an opportune time to also review the impacts of a trade war on our economy.
5. Commissioner Felleman stated that our Clean Air Strategy needs aggressive outreach. He asked about the outreach strategy. He wants to ensure that ensure progress is made on this.

6. DERA grants and Volkswagen Fund: CEO Wolfe stated that a Clean Truck Program briefing will be given later in the meeting today and staff can address these questions during the briefing.
7. Business Innovation: Commissioner Petrich thanked the Seattle Commissioners for the Port of Seattle hosting the SM Line reception. It was good to see them in Seattle and celebrating their entry into the NWSA. Commissioners McCarthy and Petrich attended this event.

## 5. ACTION AGENDA:

### A. East Sitcum Terminal and North Intermodal Yard Stormwater Treatment and Repairs:

*Motion was made by Commissioner McCarthy, seconded by Commissioner Meyer:*

- 1) "Approve project authorization in the amount of \$1,145,000 for a total authorized amount of \$1,300,000 for work associated with the East Sitcum Terminal Stormwater Improvement project, Master Identification No. 201054.01."

#### Discussion Included:

1. Background on the East Sitcum Terminal was given, including the needed repairs.
2. MMs asked if lining the pipe was a possibility. Staff responded that this can't be done with corrugated metal. The corrugated metal tube preexisted the project four years ago and is approximately 50 years old.
3. Evaluation of Basins No. 3, 4, 5 is planned for next summer. Staff will take care of Basin No. 1 now, with completion anticipated in mid to late October.
4. MMs asked if this project is under enforcement and about our legal exposure. Currently, the project is identified as a Level 2 action. This corrective action will meet the requirements.
5. Capital investment plan has been adjusted for these two projects. They were not anticipated during the budget process last year. These funds will come from the unallocated capital budget fund.
6. The amount the NWSA spends on stormwater was discussed. Even when we are not the operator, we still take responsibility to make sure it is done correctly.
7. Commissioner McCarthy stated that the schedule is aggressive and asked if this will create additional costs. Other projects have experienced cost increases with short timeframes. Staff replied that no additional costs are anticipated. This is more of an "off the shelf" item. This project is carrying a higher contingency due to the volatile market. Current estimates were given one week ago. MMs stated that Washington State has the lowest levels of allowed pollutants. If staff waits until the rainy season it could put us into a Level 3 corrective action, which would be much more expensive.

#### **PORT OF SEATTLE VOTE:**

Commissioner Gregoire	Aye
Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

#### **PORT OF TACOMA VOTE:**

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

#### **MOTION CARRIES 5-0 / 5-0**

*Motion was made by Commissioner McCarthy, seconded by Commissioner Johnson:*

- 2) "Approve project authorization in the amount \$932,500 for a total authorized amount of \$1,150,000, for work associated with the North Intermodal Yard (NIM) Stormwater Treatment project, Master Identification No. 201055.01."

#### **PORT OF SEATTLE VOTE:**

Commissioner Gregoire	Aye
Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

**PORT OF TACOMA VOTE:**

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

**MOTION CARRIES 5-0 / 5-0**

**B. Vessel Service Agreements:**

*Motion was made by Commissioner Petrich, seconded by Commissioner Meyer:*

**“Authorize the CEO or delegate to enter into Vessel Service Agreements (VSAs) with the following current and prospective customers between July 1, 2018 and June 30, 2019:**

- A. NYK Ro-Ro**
- B. Mitsui OSK (MOL Ro-Ro)**
- C. World Logistic Services (WLS)**
- D. Hyundai-GLOVIS Ocean Group**
- E. Siem Car Carriers**
- F. Eastern Car Liner (ECL)**
- G. “K” Line Ro-Ro.”**

**Discussion Included:**

1. WWL is not listed above, as they have considerably higher throughput than all others combined and is handled separately.
2. Commissioner McCarthy asked about the tariffs and service agreement specifics. Throughput rate was explained. He has concerns about authorizing open-ended agreements, since we don't know exactly what each shipping line's cargo volume will be. Staff estimates volume to determine each shipper's discount. The more tonnage we get the bigger the discount (based on volume). Roughly 90% of this LOB is fixed by contract. This affects the smaller players (10% of breakbulk business). The discount is to entice more volume throughput. Staff is asking for this flexibility so that they can hold onto and grow this business. Agreements are made with each shipping line on an annual basis. The contracts are subject to public disclosure. MMs request that staff report back on yearend performance annually. They can also report on this specific breakbulk (BB) business.
3. Commissioner Marzano stated that this business has been handled this way for 20 years. He doesn't want to financially support shipping lines, but does want to be diversified, so MMs make concessions for the breakbulk business. This is an industry standard procedure.
4. Operating Margin: Staff anticipates a slight decrease. The criteria for discounts was discussed. Staff looks at the types of cargo and volume to achieve exclusivity. In 2018 the NWSA started paying \$500,000 in rent, but is saving a \$6 million investment in not having to make the terminal deck strong enough for heavy duty cargo. MMs request staff show a report card on each unit of BB business (ie. ro-ro, military, etc) to inform decisions on discounts to tariffs. The 2017 actual revenue was \$6.3 million; the 2018 budget is estimated at \$5.9 million in revenue.
5. Timing: VSAs and tariff agreements are done at the same time, usually July 1<sup>st</sup>.
6. Commissioner Meyer would like to see a general reference to what we are doing on the tariff side during mid-year review.

**PORT OF SEATTLE VOTE:**

Commissioner Gregoire	Aye
Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

**PORT OF TACOMA VOTE:**

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

**MOTION CARRIES 5-0 / 5-0**

**C. North Harbor Surplus Crane Disposition:**

*Motion was made by Commissioner Johnson, seconded by Commissioner Calkins:*

**“Approve removal of four surplus ship-to-shore container cranes from the North Harbor terminals in an amount not to exceed \$4,000,000 for work associated with the North Harbor Surplus Crane Dispositions, Master Identification No. U00293.”**

Discussion Included:

1. MMs asked if there is a write-off on the cranes. Staff responded that they have no value and were fully written off prior to the formation of the NWSA. The cost to get the steel to a recycler would far outweigh the funds that would be received.
2. Staff is not waiting until next year, as other projects needed to be pushed out.
3. NWSA expense to remove cranes: This was figured into the valuation process with formation of the NWSA. This lowered the value of the asset that the Port of Seattle contributed.
4. Commissioner Petrich asked about the possibility of a smaller port utilizing these cranes. Staff has discussed this. They are the smallest cranes (35 gauge) and 35 years old. It was deemed not practical, as moving them through the Panama Canal would cost \$1 million per crane. We are obligated to take the lowest bid for removal. Most likely, they will be disassembled on-dock and then removed by barge. This is the standard procedure on the West Coast; however, staff will get bids and solutions from the contractors.
5. Commissioner Petrich stated that at the GreenPort Congress she met a representative from the Freeport of Monrovia. They need everything from cranes to garbage trucks. Commissioner Petrich requested that staff contact the Freeport of Monrovia to see if they need and could arrange the logistics of moving the cranes. Staff will also reach out to ZPM and other vendors on the West Coast.
6. MMs suggested that utilizing NuCor Steel, a steel recycler south of Seattle, could be the most cost-effective solution. They also asked if bids have environmental guidelines. The cranes contain lead paint and minor PCB's. The contractors will be advised and they will take appropriate action to disassemble without affecting groundwater, etc.
7. Staff will follow through on the outreach suggested above, but they do have concerns with delaying the removal of the cranes, as they are up against a timeline and could miss the window of opportunity this year. One customer at T18 requested we remove three cranes because they are in the way of their operations. The plan is to go out to bid in July, make a decision in August and complete the project by end of 2018. Staff can return to brief the MMs prior to awarding the contract.
8. For T5, staff anticipates that the lessee will buy the cranes.
9. Commissioner McCarthy suggested the MMs vote today to authorize the bid only, and then have staff return for project authorization. Commissioner McCarthy made a motion to table this item. The Chair said the motion was out of order since another motion was being considered. The stated motion will be voted on first prior to an amendment.
10. In total, 14 cranes will be removed and disposed of. There will be 10 more in the next two years.

**PORT OF SEATTLE VOTE:**

Commissioner Gregoire	Aye
Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

**PORT OF TACOMA VOTE:**

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Nay
Commissioner Marzano	Aye

**MOTION CARRIES AS STATED 5-0 / 4-1**

**D. Clean Truck Program Intermodal Solutions Contract Renewal: Advent Intermodal Solutions, LLC:**

*Motion was made by Commissioner Felleman, seconded by Commissioner Bowman:*



**"Authorize a two-year contract extension not to exceed \$270,000, for a total authorized amount of \$570,000, with Advent Intermodal Solutions, LLC to support the Clean Truck Program, Master Identification No. 201050.01."**

**Discussion Included:**

1. MMs asked if this will be a semi-permanent cost in the future and if staff anticipates any cost recovery. Staff included this cost in the overall Capital Improvement Plan and will make sure it is embedded in the Environmental Department expenses. It is a forecasted Operations expense. There is no plan for cost recovery.
2. Clean Truck Program equates to truck turns. Will result in an added value by increasing efficiency of truck turns. Turn times were reviewed.
3. MMs asked if this amount has been approved by them. The \$1.3 million in this program was approved. Staff would like MMs to have input on the components of the program that are each under the CEO's \$300,000 threshold individually. This is normally how it is done. The Master Policy states that staff will not intentionally break down projects to avoid bringing them to the MMs for approval. The MMs did approve \$1 million for the Clean Truck Program. This is not coming out of that pot of funds. This will come out of the 1.3 million capital project funds. To have a program at all, this is software is required.
4. This software is proprietary. Marine Terminal Operators (MTOs) will manage the system.
5. Staff plans to use existing technology that they know works. Software itself will not improve truck turn times, but it will give staff more visibility and transparency to the turn times. It will allow staff to work with MTOs and the industry to decide if they want to improve performance. The cost would have to be shared between the NWSA, MTOs and shipping lines. Without a way to measure we won't know if the investments are worth the money spent. To achieve the stated deadline for implementation of the Clean Truck program, staff needed to stay with Advent (currently being used in North Harbor). Staff will continue to evaluate as we go and could make a change in the future if a more cost-effective vendor is found.

**PORT OF SEATTLE VOTE:**

Commissioner Gregoire	Aye
Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

**PORT OF TACOMA VOTE:**

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

**MOTION CARRIES 5-0 / 5-0**

**E. Clean Truck Fund Program:**

*Motion was made by Commissioner Bowman, seconded by Commissioner Johnson:*

**1) "Request authorization for the CEO or delegate to develop and execute the Clean Truck Fund Program design as currently proposed by staff:**

1. The Clean Truck Fund will provide equal access to market rate truck loans by providing a loan loss reserve for Community Development Financial Institutions (CDFIs). Loans issued through the program will be pegged to market rate interest and loan terms;
2. Highest priority for loans will be given to drivers who have frequently called the gateway over the past two years and have the largest limitations for access to fair lending;
3. NWSA will procure a nonprofit agency skilled in financial counseling to coordinate the program through March 2019;
4. Loans will be made by CDFIs who meet NWSA criteria;
5. Less than 10% of the total fund will be used toward administration, loan vetting and financial counseling;

6. The balance of funds will be held in an NWSA account as loan guarantees through the life of the loans. Once the loan is fully repaid, the guarantee is released and the NWSA will be free to invest the funds in other emission reduction strategies."

Discussion Included:

1. Less than 10% of funds will go towards administration of the program. Funds will stay with the NWSA.
2. Purpose is to level the playing field for those truck drivers who do not meet requirements for market value loans to purchase new trucks, as many are immigrants without the appropriate credit history.
3. Puget Sound Clean Air Agency produced a video on new truck maintenance. NWSA staff is also holding workshops for truckers to address maintenance issues. This will be taped for those who cannot attend.
4. A new opportunity: There are 10 Southern California trucks that don't meet their threshold, but do meet ours that could be sold up here for no more \$30,000 each. This opportunity will be presented in August.
5. The logistics of this program were reviewed.
6. Budget: Clean Truck expenditures currently have been for consultants, which were not charged to the \$1 million fund.
7. Reliability: The agreement will require truckers who receive financial assistance to continue serving our gateway for a minimum of four years. We will use RFID to track this.
8. Legislation recently passed to allow ports to guarantee these loans.
9. ILA: The differences that would trigger further approval were discussed since we do not have the ILA physically in-hand yet.
10. Another ScRAPs program: Staff is not pursuing this as the timing would not allow truckers to meet the deadline of 12/31/18.
11. Communication of the hard deadline: Compliance is now up to 58%. The hard deadline will be reinforced at four summer workshops. CEO Wolfe suggested that Commissioners get back in front of the trucking community to reinforce this program and the deadline.
12. The 4/01/18 deadline for no entry of additional "old trucks" without an extension has been enforced by MTOs.
13. Commissioner Gregoire asked that staff put a timeline together on benchmarks for the program.
14. Commissioner McCarthy said he was voting against this item because he does not believe ports should be in the business of truck loans or guaranteeing loans. He stated that though the intentions of the plan are good, he lacked confidence in the plan.

**PORT OF SEATTLE VOTE:**

Commissioner Gregoire	Aye
Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

**PORT OF TACOMA VOTE:**

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Nay
Commissioner Marzano	Aye

**MOTION CARRIES 5-0 / 4-1**

*Motion was made by Commissioner Felleman, seconded by Commissioner Marzano:*

- 2) "Enter into a new Interlocal Agreement with the Washington State Department of Ecology for a \$1,200,000 contribution to the Clean Truck Fund."

**PORT OF SEATTLE VOTE:**

Commissioner Gregoire	Aye
Commissioner Bowman	Aye
Commissioner Felleman	Aye
Commissioner Calkins	Aye
Commissioner Steinbrueck	Aye

**PORT OF TACOMA VOTE:**

Commissioner Meyer	Aye
Commissioner Petrich	Aye
Commissioner Johnson	Aye
Commissioner McCarthy	Aye
Commissioner Marzano	Aye

**MOTION CARRIES 5-0 / 5-0**

**6. GENERAL BUSINESS**

**A. Customer Outreach:**

Deputy CEO Esterbrook briefly reviewed customer outreach to include the Peak Planning meeting, the Executive Advisory Council, the Portland customer outreach event and the SM Line reception. He also highlighted the upcoming AgTC Conference in Tacoma next week and the Eastern Washington customer trip.

**7. COMMISSIONER COMMENTS**

Commissioner Meyer: Shared the Environmental Stewardship of the Year Award by the Washington Public Ports Association, which the NWSA received for our Clean Truck Program.

Commissioner Felleman: Stated that the Green Marine Conference also recognized the NWSA for the air inventory work that we've done. It is a major effort by our staff to make this possible.

Commissioner Petrich: She recently attended the GreenPort Congress. This was another great collaboration with our Sister Cities and Ports.

Commissioner Gregoire: Stated that she was recently in Washington D.C. for a federal delegation visit. They had multiple conversations with our entire house delegation about (a) their appreciation of good government and what good collaboration can yield and (b) their steadfast support for transportation infrastructure investments. She thanked Representative Reichert who has been working hard on the NWSA's ~~behalf~~ <sup>behalf</sup> for federal grants.

**8. ADJOURNMENT**

Commissioner Gregoire adjourned the meeting at 2:47 pm.


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

  
Courtney Gregoire, Co-Chair  
The Northwest Seaport Alliance

ATTEST:

  
Donald C. Johnson, Co-Secretary  
The Northwest Seaport Alliance

  
Ryan Calkins, Co-Secretary  
The Northwest Seaport Alliance

  
Judi Doremus, Acting Clerk of the Port  
The Northwest Seaport Alliance