

THE NORTHWEST SEAPORT ALLIANCE
MANAGING MEMBER MEETING
TUESDAY, May 7, 2019
The Fabulich Center, 3600 Port of Tacoma Road
Tacoma, Washington 98424

SEATTLE COMMISSIONERS PRESENT:

Fred Felleman
Courtney Gregoire
Peter Steinbrueck

Excused:

Stephanie Bowman
Ryan Calkins

STAFF PRESENT:

John Wolfe, CEO
Don Esterbrook, Deputy CEO
Tong Zhu, Chief Commercial Officer & Chief Strategy Officer
Carolyn Lake, Legal Counsel
Tom Tanaka, Legal Counsel
Jean West, Chief HR Officer
Loni Shorten, HR Manager
Tom Bellerud, Director Container Business Development
Lou Paulsen, Director Strategic Operations Projects & Risk Management
Trevor Thornsley, Interim Director Engineering
Nicola Graham, Environmental Analyst II
Deanna Seaman, Environmental Project Manager
Elizabeth Black, Senior Port Counsel, POS
Jason Jordan, Director Environmental & Planning Services
Judi Doremus, Executive Assistant
Juliet Campbell, Clerk of the Port

TACOMA COMMISSIONERS PRESENT:

Don Johnson
John McCarthy
Dick Marzano
Don Meyer

Excused:

Clare Petrich

9:00 AM – CALL TO ORDER AND EXECUTIVE SESSION:

1. **CALL TO ORDER:** Commissioner Johnson called The Northwest Seaport Alliance Managing Member Regular Meeting to order at 9:00 a.m. and recessed into executive session.
2. **EXECUTIVE SESSION:** Commissioners met for two hours and fifteen minutes to discuss one real estate leasing item RCW 42.30.110(1)(c) and three litigation potential litigation items pursuant to RCW 42.30.110(1)(i). No votes or actions were taken during executive session.

11:30 AM – REGULAR MEETING PUBLIC SESSION:

1. **RETURN TO ORDER:** Commissioner Johnson reconvened the Regular Managing Member Meeting at approximately 11:30 a.m. and lead the Pledge of Allegiance.
2. **CONSENT AGENDA:** It was moved and seconded to approve the payment of checks 705102 through 705300, and wire transfers in the total amount of \$20,516,404.26 during the period of March 23, 2019 through April 26, 2019. **The motion carried unanimously.**

3. PUBLIC COMMENT: None

4. ACTION AGENDA:

A. MASTER BENEFIT AND SALARY RESOLUTION (MBSR) 2019-01:

Presenter(s): Loni Shorten and Jean West

It was moved and seconded to adopt Resolution 2019-01, the Master Benefits and Salary

- Commissioners Gregoire asked whether a pay equity analysis has been done that would identify disparity not attributable to performance factors or seniority that the NWSA should be addressing. The consultant that the NWSA is using has not identified any, the NWSA will be updated in June on the results of the Total Rewards Project.
- Commissioner McCarthy noted changes made to have separate line items for salary increases, lump sum payments and market adjustments.

The motion carried unanimously.

B. HUSKY TERMINAL AND STEVEDORING LEASE OPERATING AGREEMENT:

Presenter(s): Tom Bellerud and Lou Paulsen

It was moved and seconded to authorize the Chief Executive Officer or his delegate to execute the Fifth Amendment to the Husky Terminal and Stevedoring Lease and Operating Agreement.

- Husky Terminal and Stevedoring (Husky) leases Terminal 3 and 4 in the South harbor. The fifth amendment to this lease operating agreement will expand Husky's leased premises by approximately 33 percent. If the action passes, Husky will construct various improvements to its leased premises beginning in June 2019. Increases volumes impact jobs not just revenue. Other operational benefits made possible by this amendment were highlighted by staff. Commissioners noted other benefits beyond increased revenue including jobs and the ability to handle surge capacity the bigger ships bring in.
- Other than the TOTE terminal, there are no other cold ironing capabilities on the peninsula. Some facilities have conduit but without wiring. The challenge with building such requirements into existing leases, is how to share in the cost of that infrastructure. Currently we need to lean on partnerships with customers and with state and federal grant dollars and partnerships with power companies. With new law being signed today, it might be worth doing a new model for us to understand the cost allocations shifts that might be possible.
- Increased revenue generation is just over an additional \$2 million annually plus CPI and the modeled rate of return meets or exceeds the targeted rate of return for the NWSA.

The motion carried unanimously.

C. WEST SITCUM PAVEMENT REPAIRS:

Presenter(s): Trevor Thornsley

It was moved and seconded to authorize project authorization in the amount of \$275,000, for a total authorized amount of \$575,000, for the West Sitcum Pavement Repairs, Master Identification No. 201059.01.

- Commissioner Steinbrueck asked about best practices for preventative maintenance. It was noted by staff that each lease is different as it relates to maintenance responsibilities.

- Commissioner McCarthy commented on changes he would like to see to the Master Policy Resolution related to the delegation of authority to the CEO. He stated projects should be brought to the Managing Members in beginning if there is the possibility the project will go over the delegated authority (\$300,000). That way the Managing Members can ask the questions before the project is under way. Here, \$300,000 was authorized and now coming to the Managing Members for the additional authorization, but the project is already under way.
- The area is part of the Commencement Bay Nearshore/Tideflats Superfund Site. Maintenance activities trigger a report notification to the EPA.
- Commissioner Felleman noted that the NWSA is in the large overwater structure business, and it would be great to know if there are better/alternative materials that can still meet the load demands, explored.

The motion carried unanimously.

D. GREEN MARINE MEMBERSHIP:

Presenter(s): Nicola Graham

It was moved and seconded to authorize project authorization in the amount of \$10,083, for a total authorized amount of \$10,083, for the Green Marine Membership, Master Identification No. 201037.02.

- Green Marine is a voluntary marine industry initiative with the goal of achieving levels of environmental performance that exceed regulatory requirements.
- There is a self-evaluation and also an independent certification process. Members must demonstrate continuous improvement. Scores are published annually.
- Staff described the performance indicators evaluated. The NWSA improved in greenhouse gases and air pollutants moving from a 3, to a 5 rating (maximum level achievable) and moving from a 3 to a 4 environmental leadership.
- Commissioners asked whether there was overlap in membership since the NWSA is a member and the Port of Seattle (POS) is also a member. The focus of the POS would not be for NWSA licensed property – rather the focus would be cruise.

The motion carried unanimously.

E. SOUNDKEEPER / APMT CLEAN WATER ACT LAWSUIT:

Presenter(s): Deanna Seaman

It was moved and seconded to authorize project authorization in the amount of \$350,000, for a total authorized amount of \$1,052,230, for work associated with the Soundkeeper/ APMT / POT/ SSATT Clean Water Act Lawsuit, Master Identification No. 201046.01.

- Staff reported on motions pending before the Court.
- Commissioner McCarthy stated that the first five authorizations provided in the financial summary appear to have exceeded the delegated authority under the Master Policy Directive for both personal service contracts or project authorizations.
- Staff explained that the West Sitcum lawsuit was booked as a project in the Capital Investment Plan and the current CIP allocates \$1,626,000 for this effort over three years. This request is still within the Managing Member approved allocation.

- Commissioner Gregoire stated that she struggles with the idea that staff would book litigation costs in the CIP. She said the most transparent way to do this would be to manage what you will in house, and when outside legal services are needed, come to the Managing Members for authorization for a Personal Services contract. Legal services should consistently be treated in that way. She further stated that a conversation with the Managing Members should take place as soon as a lawsuit is filed that is believed may go to litigation.
- CEO Wolfe noted that the Master Policy Delegation of Authority is being reviewed to address the underlying fundamental concern of what is truly the delegated authority and how do we be more transparent about that.
- Staff clarified that of the \$350,000 requested today, \$309,000 is for attorney fees and \$41,000 is for staff time. Of the \$1,052,230 authorized amount shown in the financial summary, approximately \$850,000 is for legal costs, the remainder is for staff time. Legal counsel clarified that staff time wouldn't be something that should figure into the amount for the Managing Member authorization. Legal will look into the staff time amounts provided. Any personal services contract over \$300,000 would come before the Managing Members for authorization.

The motion carried unanimously as amended.

F. SOUNKEEPER / TTI CLEAN WATER ACT LAWSUIT:

Presenter(s): Elizabeth Black

It was moved and seconded to authorize additional legal authorization in the amount of \$300,000 for a total authorized amount of \$600,000 for work associated with the Soundkeeper / TTI Clean Water Act lawsuit.

- Commissioner McCarthy restated his concern regarding the Master Policy Resolution Delegation of Authority. He noted that \$300,000 had already been spent prior to coming before the Managing Members. He said these items/issues need to come to the Managing Members at the beginning. He stated that the Managing Members are clients and he does not feel that the Managing Members have been sufficiently engaged in the parameters of resolutions such that he feels the attorney client relationship has been adequate.
- Commissioner Gregoire noted two items that would improve the process. 1. There needs to be clarity as to who is the client at the very outset. 2. If using an external law firm, outside counsel needs to be present during executive session discussion so Managing Members are fully informed of why certain elements of legal strategy are being pursued.

The motion carried 3-0/3-1

PORT OF SEATTLE VOTE:

Commissioner Felleman: Aye

Commissioner Gregoire: Aye

Commissioner Steinbrueck: Aye

PORT OF TACOMA VOTE:

Commissioner Johnson: Aye

Commissioner McCarthy: Nay

Commissioner Marzano: Aye

Commissioner Meyer: Aye

5. GENERAL BUSINESS:

A. Clean Truck Briefing:

Presenter(s): Jason Jordan and Nicola Graham

The Director of Environmental Planning reported on the status of the alliance's Clean Truck Program.

- The international truck fleet serving the international container terminals is 100 percent compliant. It was noted that the size of the fleet serving the terminals is virtually unchanged.
- There are approximately 75 trucks with 2007 or older engines, serving domestic terminals.
- Discussion took place on how to address the remaining funds in the Clean Truck Fund.

B. CEO Announcements, Events, Recognitions:

- Deputy CEO Don Esterbrook reported on outreach activities.
 - The NWSA will hold a peak planning meeting on May 14, 2019 with stakeholders for the 2019 peak shipping season.
 - The Agriculture Transportation Coalition (AgTC) is returning to Tacoma for its annual meeting in June 2019.
 - A team from the NWSA and marine terminal operators attended a round table in Wenatchee related to the unique export requirements with perishable items from the Wenatchee Valley and Chelan County.
- CEO John Wolfe reported on the following:
 - The NWSA annual breakfast was a success. Special thanks were given to Leslie Barstow and Lisa Yost.
 - Acknowledgment was given to Senators Joe Nguyen and Hans Zeiger and to Representatives Joe Fitzgibbon and Jake Fey for their work and contributions during the legislative session. He also thanked staff and Lisa Thatcher for work on the various initiatives.
 - The NWSA joined Matson CEO and president at a celebration at Terminal 5 (T5). The event was held in recognition of the new Matson vessel calling at T5. It is the largest container ship ever built in the United States.

6. COMMISSIONER COMMENT:

Commissioner Steinbrueck: Will testify on behalf of the NWSA at the May 7, 2019 Kent City Council Meeting during the public hearing on trucking-intensive uses interim zoning ordinance.

Commissioner McCarthy: Stated that Senator Patty Murray reported that the Harbor Maintenance Tax came up during an infrastructure meeting with President Trump. Port of Tacoma has selected Eric Johnson as new Executive Director of the Port.

Commissioner Gregoire: Will be spending time this evening with the Duwamish PCAT which is the community action team that the Port of Seattle developed based upon an Environmental Justice Grant we received from the federal government about how we can do better integrated outreach and engagement with the community that is impacted by our marine operations down there and the resulting pollution. Suggested a briefing to the NWSA on how they structured the PCAT and how it has been meaningful.

Commissioner Meyer: The NWSA should consider requiring two readings for long-term leases. He would like this added to the June Managing Member Meeting agenda.

Commissioner Marzano: The NWSA should send follow-up letters thanking legislative leaders. He thanked Commissioner Steinbrueck for addressing the Kent valley issues.

Commissioner Johnson: Reported the NWSA received another clean audit. The Audit Committee authorized a discretionary audit of the Pier 4 Port of Tacoma project.

7. **ADJOURNMENT**: There being no further business, Commissioner Johnson adjourned the meeting at approximately 2:07 p.m.

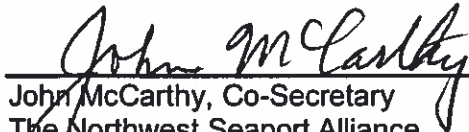


Clare Petrich, Co-Chair
The Northwest Seaport Alliance

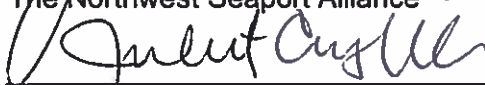


Stephanie Bowman, Co-Chair
The Northwest Seaport Alliance

ATTEST:



John McCarthy, Co-Secretary
The Northwest Seaport Alliance



Juliet Campbell, Clerk of the Port
The Northwest Seaport Alliance



Peter Steinbrueck, Co-Secretary
The Northwest Seaport Alliance