



Commissioners

Tom Albro
Interim Commission President
Bill Bryant
John Creighton
Rob Holland
Gael Tarleton

Tay Yoshitani
Chief Executive Officer

P.O. Box 1209
Seattle, Washington 98111
www.portseattle.org
206.787.3000

**APPROVED MINUTES
COMMISSION REGULAR MEETING JANUARY 8, 2013**

The Port of Seattle Commission met in a regular meeting Tuesday, January 8, 2013, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, Holland, and Tarleton were present. Commissioner Creighton was present after 1:50 p.m. and absent after 3:02 p.m. Commissioner Holland participated by telephone and was absent after 3:06 p.m.

1. CALL TO ORDER

The regular meeting was called to order at 12:15 p.m. by Tom Albro, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The regular meeting was immediately recessed to an executive session estimated to last approximately 45 minutes to discuss matters relating to a complaint against a public official, conditions of employment of a public employee, sale or lease of real estate, potential litigation, and legal risk. Following the executive session, which lasted approximately 40 minutes, the regular meeting reconvened in open public session at 1:18 p.m.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

Please refer to the Unanimous Consent Calendar.

4. SPECIAL ORDERS OF BUSINESS

4a. Election of Officers.

Commissioner Bryant moved the following slate of officers for 2013:

- President – Commissioner Albro
- Vice President – Commissioner Creighton
- Secretary – Commissioner Holland
- Assistant Secretary – Commissioner Bryant

Second – Tarleton

Motion carried by the following vote:

In Favor: Albro, Bryant, Holland, Tarleton (4)

Absent for the vote: Creighton

ANNOUNCEMENTS

Commissioner Albro made several announcements, noting all Port Commissioners had signed an annual transparency code of conduct, a copy of which is, by reference, made a part of these minutes, is marked [Exhibit A](#), and is available for inspection in Port offices. He described the process for filling the Commission vacancy that would be created following Commissioner Tarleton's resignation, effective January 31, 2013, including electronic submission of applications, a town-hall-style informational meeting planned for January 22, 2013, and the process for determining finalists for the appointment with the goal to select an appointee at the Commission's March 5, 2013, public meeting.

Commissioner Albro reported that the members of the Audit Committee in 2013 would be Commissioner Bryant, serving as the Chair, and Commissioner Creighton, serving as Secretary and alternate member until the selection of a replacement for Commissioner Tarleton, at which time the new Commissioner would serve as the alternate member of the Audit Committee. Ms. Christina Gehrke will continue to serve as the non-voting, public member of the Audit Committee.

In recognition of her service on the Port of Seattle Commission, Commissioner Tarleton received a replica of a Hanjin container ship. As of January 8, 2013, the model was still en route from South Korea, but in its place a photograph of the model was presented to Commissioner Tarleton. Commissioner Bryant commented on Commissioner Tarleton's service on the Port Commission and the achievements toward a new, more transparent Port since 2008 while protecting family-wage jobs and the environment. Commissioner Tarleton thanked the Commission and CEO for their service and commented on the prospects for advancing a high quality of life in the Puget Sound region and the importance to the community of extending the lease at Terminal 46 with Total Terminals Inc. and associated cargo carrier, Hanjin.

4b. Commission Activities Report.

Presentation document(s): Commission agenda [memorandum](#) dated January 2, 2013, provided by Mary Gin Kennedy, Director of Commission Services.

Commissioner Bryant summarized Commission activities in December 2012, including adoption of the Century Agenda, testimony before the King County Council in favor of the ordinance authorizing acquisition by King County of portions of the Eastside Rail Corridor, attendance at the Joint Advisory Committee meeting with councilmembers from the City of SeaTac, and attendance at the Seattle Convention and Visitors Bureau board meeting.

5. UNANIMOUS CONSENT CALENDAR

[Clerk's Note: Items on the Unanimous Consent Calendar are considered routine and are not individually presented or discussed; however, the Port Commissioners receive the request documents for review prior to the meeting and have an opportunity to remove items from the Consent Calendar for separate discussion and vote in accordance with the Commission bylaws.]

5a. Approval of the minutes of the regular meeting of October 9, 2012, and the special meeting of October 23, 2012.

5b. Authorization (1) for the Chief Executive Officer to execute a major works construction contract in the amount of \$666,300 to relocate several Port utilities in advance of and to

accommodate Sound Transit's South Link project due to bids exceeding the engineer's estimate by at least 10 percent and (2) request a budget increase of \$220,000 for a revised project budget of \$1,170,000. All costs associated with this work are expected to be reimbursed in full by Sound Transit consistent with the memorandum of agreement dated August 15, 2012.

Request document(s): Commission agenda [memorandum](#) dated December 27, 2012, provided by Wayne Grotheer, Director, Aviation Project Management, and Elizabeth Leavitt, Director, Aviation Planning and Environmental Programs.

5c. Authorization for the Chief Executive Officer to advertise for bids and award and execute a major construction contract for the North End Main Terminal Roof Replacement Project at Seattle-Tacoma International Airport for an estimated cost of \$3,669,000. The total project cost is estimated at \$4,770,000.

Request document(s): Commission agenda [memorandum](#) dated December 27, 2012, and terminal [diagram](#) provided by Wayne Grotheer, Director, Aviation Project Management Group, and David Soike, Director, Aviation Facilities and Capital Program.

5d. Authorization for the Chief Executive Officer to issue Change Order No. 7 for Contract MC-0317155, Exterior Gates and Airfield Improvement Projects at Seattle-Tacoma International Airport to add 109 calendar days to the contract duration. There is no funding associated with this request.

Request document(s): Commission agenda [memorandum](#) dated December 27, 2012, provided by Ralph Graves, Managing Director, Capital Development, and Janice Zahn, Assistant Engineering Director.

5e. Authorization for the Chief Executive Officer to execute a memorandum of understanding between the Port of Seattle and the Teamsters Local Union No. 117, representing Rental Car Facility bus drivers, establishing shift start and stop times. There is no estimated increased cost to the Port.

Request document(s): Commission agenda [memorandum](#) dated December 28, 2012, and [memorandum of understanding](#) provided by Lisa Hornfeck, Labor Relations Manager.

Motion for approval of consent items 5a, 5b, 5c, 5d, and 5e – Bryant

Second – Tarleton

Motion carried by the following vote:

In Favor: Albro, Bryant, Tarleton (3)

Absent for the vote: Creighton, Holland

PUBLIC TESTIMONY

As noted on the agenda, public comment was received from the following individual(s):

- Fred Felleman, Northwest Consultant for Friends of the Earth. Mr. Felleman commented on using public funds for the At-Berth Clean (ABC) Fuels program, noting his opinion that it is appropriate to use public funds to protect public health and stressing the value of using shorepower for cruise ships.

- Karen Gruen, Vice President Corporate Real Estate, Alaska Air Group. Ms. Gruen commented on the business conducted by Alaska at Seattle-Tacoma International Airport including connections to international flights and growth of business by Alaska since 2009. She spoke in favor of an airline rate structure that would promote efficient, productive use of Airport facilities, which she stated the current proposal does not do.

As noticed on the agenda, the Commission advanced to consideration of –

9. POLICY ROUNDTABLE

9a. Port of Seattle Roundtable on industrial business growth.

Presentation document(s): Commission agenda [memorandum](#) dated January 2, 2013, provided by Tom Barnard, Commission Policy Analyst.

Presenter(s): Mike Merritt, Manager Government Relations, Puget Sound, Washington.

In addition to the presentation documents noted above and made available to the public prior to the meeting, a computer slide presentation was provided to the Commission at the meeting. A copy of the presentation is marked [Exhibit B](#) and is available for inspection in Port offices.

The following roundtable participants were present:

- Sally Clark, Seattle City Council President;
- Fred Kiga, Vigor Shipyards;
- Matt Lyons, Nucor Steel;
- Dave Gering, Manufacturing Industrial Council;
- Rachel Shrewsbury, Western Towboat Company; and
- Ric Shrewsbury, Western Towboat Company.

The Commission received a presentation that included the following relevant information:

- It is a long-standing objective of the Port to protect and enhance the Duwamish Manufacturing and Industrial Center (MIC) of which the SoDo neighborhood is a part;
- The current arena proposal in this area brings with it potential pressure for redevelopment of the area for uses not compatible with this objective;
- The Port's objectives include expansion of industrial business activity in the MIC, reduction of sprawl by retaining business growth within the MIC, and ensuring the planned arena does not harm Port operations and that the City of Seattle will require adequate mitigation for the arena's impacts;
- Port strategies include retaining or improving access to container terminals, promoting growth of existing industrial uses, protecting industrial land from encroachment by incompatible uses, and improving transit and non-motorized transportation to reduce vehicle trips in the SoDo area;
- Efforts underway in support of these efforts include discussion of a Port Overlay Zone to protect maritime and industrial uses, establishment of stronger criteria to limit changes in industrial lands, identification of possible incentives for industrial expansion, identification of utility infrastructure needs, and potential streamlined permitting;
- Comments by the Port on arena preliminary scoping documents include the importance of considering alternative sites, the need to study transportation impacts in greater detail

than has so far occurred, the need to consider a lack of land-use compatibility of the proposed arena, and the implications of the loss of industrial land and speculative pressure on other industrial uses in the area;

- An industrial freight access study currently underway has goals to maintain and improve freight mobility and access to accommodate cargo growth, ensure connectivity between industrial areas such as the Duwamish MIC and the Ballard-Interbay-Northend MIC, coordinate freight planning with bicycle, pedestrian, and transit improvements;
- Work by the Port and the Seattle Department of Transportation (SDOT) includes consideration for a heavy-haul corridor, bicycle versus freight conflicts, the East Marginal Way freight route, and the use of intelligent transportation systems;
- A survey of transportation and mitigation needs of businesses in the Duwamish MIC is currently underway by the Manufacturing Industrial Council; and
- Current plans by developers in the SoDo area for housing, retail, hotels, and open space that would redevelop industrial land were summarized.

Commissioner Creighton was present after 1:50 p.m.

The roundtable participants engaged in a discussion that included the following information:

- The business plan for Vigor Shipyards calls for doubling, over the next two or three years, its current business of \$500 million in annual sales, which includes work building new ships, repair and maintenance of commercial fishing vessels, and military contracting;
- Transportation challenges as well as changes to zoning and the City of Seattle Shoreline Master Plan have limiting impacts on maritime businesses;
- Lack of workforce development results in inability to fill existing family-wage jobs in the maritime and industrial sectors;
- Transportation, utility rates, workforce development, and legislation affecting business are of interest to companies operating in the MIC;
- The ability to form consensus on cleanup of the Duwamish Superfund Site is significant for further collaboration with businesses and regulatory agencies within the Duwamish MIC;
- Protection of industrial uses in the Duwamish MIC requires consideration of transportation issues and building codes in addition to zoning considerations;
- Transportation through the SoDo area and Spokane Street Corridor is vital to boat building in the Duwamish MIC as is connectivity to the Ballard-Interbay-Northend MIC;
- The City of Seattle is actively involved in projects to benefit the industrial infrastructure in the Duwamish MIC with other “deep-pocketed” partners;
- Predictability of utility rates is important to industrial businesses in the MIC;
- Consideration for impacts to Port-related operations needs to be integral to the City’s planning efforts for the Duwamish MIC;
- The implications of Washington regulations for public investment in economic development were discussed;
- Difficulties faced by maritime businesses navigating shoreline management regulations when the nature of their operations is not well understood were discussed;
- Lack of positive press coverage of the maritime sector was discussed;
- Cost of compliance with stormwater regulations, which some consider inconsistent or overly burdensome, is a barrier to maritime businesses;

- Participation by the Port in funding regional transportation projects was noted;
- The importance of mass transit to complement increased population density and the current lack of adequate transit was noted;
- The importance and amount of commercial activity taking place in the Ballard-Interbay-Northend MIC was noted; and
- It was noted that industrial lands in SoDo account for a third of the City of Seattle's tax base.

At the discretion of the Chair, the Commission advanced to consideration of –

PUBLIC TESTIMONY

At the discretion of the Chair, public comment was received from the following individual(s):

- M.C. Halvorsen, 10002 Aurora Avenue North, Seattle. Ms. Halvorsen commented on her opinion that the plans by the Port's environmental staff for areas on the Duwamish River are inconsistent with the Port's priorities to preserve industrial lands and connectivity between industrial areas and with federal regulations.
- Selena Carsiotis, Ballard District Council Member. Ms. Carsiotis suggested holding a discussion similar to today's roundtable with participants from the Ballard-Interbay-Northend MIC.

RECESSED and RECONVENED

The regular meeting was recessed at 3:02 p.m. and reconvened at 3:20 p.m. after rearrangement of Commission Chambers, chaired by Commissioner Albro.

Commissioner Creighton was absent after 3:02 p.m.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

At the discretion of the President, the following agenda item –

6a. Motion of the Port of Seattle Commission concerning the At-Berth Clean Fuels Program.

– was temporarily postponed. Commissioner Albro announced that no final action would be taken on agenda item 6a, but that the staff presentation would be taken up following agenda item 7b.

6b. First and Second Reading and Final Passage of Resolution No. 3673: A Resolution of the Port Commission of the Port of Seattle amending Resolution No. 3611, as amended by Resolution No. 3672, the Seattle Port Commission Bylaws, regarding the appointment of an interim Port Commissioner in the event of a vacancy in the office of Port Commissioner.

Request document(s): Commission agenda [memorandum](#) dated January 2, 2013, [Resolution No. 3673](#), [redline version](#), and [attachments](#) provided by Mary Gin Kennedy, Director of Commission Services.

Presenter(s): Ms. Kennedy.

Ms. Kennedy reported that the primary change proposed to the Commission bylaws is for consistency with state law and would lengthen the amount of time the Commission has to fill a vacancy in the office of Port Commissioner from 60 to 90 days. She noted other minor procedural changes to the vacancy-filling process, consistent with the direction given by the Commission in planning sessions during a Commission retreat. She explained that due to the absence of Commissioner Creighton, unanimous consent to combine first and second readings and adopt the resolution at the same meeting at which it was introduced would not be possible; therefore, the vote today would be for first reading only [*Commission Bylaws Article VIII, Section 1*].

Motion for First Reading of Resolution No. 3673 – Bryant

Second – Tarleton

Motion carried by the following vote:

In Favor: Albro, Bryant, Holland, Tarleton (4)

Absent for the vote: Creighton

Resolution No. 3673 did not obtain second reading at this time.

6c. Authorization for the Chief Executive Officer to proceed with the design of the Security Exit Lane Breach Control-Phase 2 project at Seattle-Tacoma International Airport. This authorization is for \$590,000 and the total estimated project cost is \$3,750,000.

Request document(s): Commission agenda [memorandum](#) dated December 27, 2012, terminal [diagram](#), and [concept drawing](#) provided by Wayne Grotheer, Director, Aviation Project Management Group, and Wendy Reiter, Director, Aviation Security and Emergency Preparedness.

Presenter(s): Ms. Reiter and Mr. Grotheer.

Commissioner Holland was absent after 3:06 p.m.

The Commission received a presentation that included the following relevant information:

- The request would allow design work for four exit lanes prior to completion of the test phase of the pilot project;
- Postponing design of the next phase of the exit lane project would delay installation by about a year;
- Three U.S. airports currently use the exit lane control technology, do not require staffing at these exit lanes, and have not experienced a failure in the use of the technology to date;
- The technology has been in use in European airports for over 10 years;
- In the unlikely event that phase one of the project is unsuccessful, most of the design work to be approved in this action request would be reusable; and
- Operational risks are mitigated by incorporating an uninterruptable power supply, classification of the system as a priority system in the event of a long-term power outage, and the ability to open the automatic doors and staff the exit lanes as is the current practice.

Motion for approval of item 6c – Tarleton

Second – Bryant

Motion carried by the following vote:

In Favor: Albro, Bryant, Tarleton (3)

Absent for the vote: Creighton, Holland

7. STAFF BRIEFINGS

7a. Tourism program briefing.

Presentation document(s): Commission agenda [memorandum](#) dated December 27, 2012, and computer slide [presentation](#) provided by Jane Kilburn, Director of Tourism Development.

Presenter(s): Ms. Kilburn and Eve Gardiner Lane, Director, First Public Relations, London, United Kingdom.

The Commission received a presentation that included the following relevant information:

- Tourism is Washington's fourth largest industry;
- Visitors spent \$16.4 billion in Washington in 2011, generated almost \$1 billion in state and local taxes, supported 150,000 jobs, and generated earnings of \$4.5 million;
- For every 35 international visitors, one job is created in Washington;
- The tourism industry in Washington lacks consolidated leadership;
- Of Washington's tourism businesses, 80 percent are considered small businesses;
- There has been no state tourism office since 2011;
- The Washington Tourism Alliance (WTA) is an industry-led partnership;
- The Airport has direct flights to the United Kingdom, Germany, France, Japan, and China;
- A plan for sustainable tourism funding is expected to be introduced during the 2013 Washington legislative session;
- States with competing tourism markets have significantly larger budgets than in Washington;
- The market for tourism to Washington in the United Kingdom is strong; and
- Characteristics of travelers from the United Kingdom were described.

7b. Future Baggage Handling at Seattle-Tacoma International Airport.

Presentation document(s): Commission agenda [memorandum](#) dated December 28, 2012, computer slide [presentation](#), and video provided by Wendy Reiter, Director, Aviation Security, and David Soike, Director, Aviation Facilities and Capital Program.

Presenter(s): Ms. Reiter and Mr. Soike.

The Commission received a presentation that included the following relevant information:

- Baggage handling system replacement is divided into categories of recapitalization, in which old equipment is replaced with new and optimization, in which significant alterations to the baggage handling systems accompany replacement of machines;
- Optimization projects that demonstrate a 10-year return on investment for the Transportation Security Administration (TSA) can be considered for federal funding at potentially 90 percent of allowable costs;
- The TSA is considering Seattle-Tacoma International Airport as one of three airports that are a priority for optimization;

- The changes to baggage flow at the Airport since September 11, 2001, were summarized, including various improvements that have been implemented from time to time and the construction of new buildings to house the modified systems;
- Seattle-Tacoma International Airport has one of the most narrow ticket lobbies of comparable airports elsewhere in the U.S., and congestion has grown considerably;
- A video depicting the passage of baggage through the Airport baggage system was presented;
- 60,000 to 70,000 bags are processed through the Airport's baggage handling system daily;
- TSA's focus is on replacing scanning machines before failure and reducing the number of machines to reduce maintenance costs and facilitate redeployment of personnel;
- Optimization of the baggage handling system serves the interests of the Airport due to plans to grow passenger volumes while minimizing expansion of the Airport's physical footprint;
- It is estimated that optimization of the baggage handling system might cost about \$150 million, a significant portion of which might be eligible for federal funding; and
- A request to begin 30-percent design will be forthcoming on January 22, 2013.

In response to Commissioner Tarleton, Ms. Reiter reported that the diversion of bags from the baggage handling system to the security checkpoint scanners is a topic of conversation with TSA and the airlines.

In response to Commissioner Albro, Mr. Soike reported that the TSA would pay all the costs of recapitalization of old machines, and that partial federal subsidy might be available for optimization.

Following consideration of agenda item 7b, the Commission returned to consideration of –

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

6a. Motion of the Port of Seattle Commission concerning the At-Berth Clean Fuels Program.

Request document(s): text of motion provided by Mary Gin Kennedy, Commission Services Director.

Presenter(s): Stephanie Jones Stebbins, Director, Seaport Environmental and Planning; Rudy Caluza, Director, Accounting and Financial Reporting; and Tom Tanaka, Senior Port Counsel.

The Commission received a presentation that included the following relevant information:

- The At-Berth Clean (ABC) Fuels program incentivizes use of low-sulfur fuel by ocean-going vessels while docked at Port terminals;
- The Puget Sound Clean Air Agency (PSCAA), with Port assistance, has defrayed some of the cost of the more expensive, low-sulfur fuel since 2009;
- Eight container lines and four cruise lines have participated in the program;
- Approximately 70 percent of frequently calling vessels participate in the voluntary program;
- Since implementation, the program has helped prevent release of 900 metric tons of sulfur dioxide, has reduced sulfur emissions by 28 percent from 2005 statistics, and reduced release of diesel particulate matter by about 34 percent from 2005 statistics;
- New requirements of the North American Emission Control Area have affected the levels of low-sulfur fuel incentivized by the program;

- The State Auditor's Office's annual public accountability audit for 2011 included a finding questioning the Port's authority to engage in or contract for pollution remediation efforts, particularly the ABC Fuels program;
- Similar pollution-reduction efforts are present at other U.S. ports, including competitors of the Port of Seattle;
- The Port believes that it is reasonable to view its contract with the PSCAA as a purchase of services designed to reduce maritime pollution from Port facilities that produces a proven regional benefit; and
- The Port is committed to transparency and cooperation with the State Auditor's Office (SAO) to resolve audit concerns, including consideration of possible additional contract terms with the PSCAA or other mechanism with the goal of continuing the proven benefits of the ABC Fuels program.

Commissioner Albro commented that the reduction of emissions targeted by the ABC Fuels program reduces the Port's environmental footprint and risks to human health. There was a discussion of the benefit of the program to the public good and the technicalities of what could constitute a gift of public funds under Washington law and the SAO assessment that the Port did not have the authority to engage in a program like the ABC Fuels program. Discussion included comments on the competitiveness issues that would be raised by the inability to defray the costs of low-sulfur fuels. Commissioners Albro, Bryant, and Tarleton spoke in favor of finding a way to preserve the program.

Following consideration of agenda item 6a, the Commission advanced to consideration of –

7. STAFF BRIEFINGS

Preliminary Briefing on the Part 150 Airport Noise Study.

Linda Steward, Director of Community Partnerships, reported that on January 22, 2013, the Commission would learn more about proposed noise mitigation recommendations, including a ground run-up enclosure, or "hush house," in connection with the Airport's Part 150 update. She stated that after January 22 the study would be released to the public for review and comment, after which staff will seek Commission approval for a Part 150 submission to the Federal Aviation Administration for its review and approval.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

Agenda item 9a having been disposed of previously, no further policy roundtables were considered.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 4:42 p.m.

Rob Holland
Secretary

Minutes approved: March 12, 2013.