



**Commissioners**

Tom Albro  
Commission President  
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*Audio and video recordings of the meeting proceedings and meeting materials are available on the Port of Seattle website – [www.portseattle.org](http://www.portseattle.org).*

**APPROVED MINUTES  
COMMISSION SPECIAL MEETING FEBRUARY 14, 2013**

The Port of Seattle Commission met in a special meeting Thursday, February 14, 2013, at Auburn City Hall, 25 West Main Street, Auburn, Washington. Commissioners Albro, Bryant, Creighton, and Holland were present.

**1. CALL TO ORDER**

The special meeting was called to order at 1:00 p.m. by Tom Albro, Commission President.

**2. EXECUTIVE SESSION pursuant to RCW 42.30.110**

None.

**PLEDGE OF ALLEGIANCE**

Following the flag salute, Commissioner Albro introduced Pete Lewis, Mayor of the City of Auburn, who welcomed the roundtable participants and recognized Auburn City Councilmembers Nancy Backus, Rich Wagner, Bill Pelozza, Wayne Osborne, and John Holman and Green River Community College President Dr. Eileen Ely.

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

**9. POLICY ROUNDTABLE**

**9a. Challenges for Warehouse and Distribution Centers in the Kent/Auburn Valley.**

Presentation document(s): Commission agenda [memorandum](#) dated February 13, 2013, [presentation slides](#), [freight route corridor data](#), and [regional freight route map](#) provided by Tom Barnard, Port of Seattle Research and Policy Analyst. An aerial map with statistics on the Valley Cities summarizing zoning by acreage and proportion of state sales tax was provided at the meeting by Dennis Dowdy, City of Auburn Public Works Director. A copy of the map is, by reference, made a part of these minutes, is marked [Exhibit A](#), and is available for inspection in Port offices.

Presenter(s): Mr. Barnard and Mr. Dowdy.

The following individuals, who were present to participate in the policy roundtable discussion along with Port of Seattle Commissioners Albro, Bryant, Creighton, and Holland, introduced themselves:

- Pete Lewis, Mayor of the City of Auburn;
- Dan O'Neal, Chair of the Washington State Transportation Commission;
- Bart Byrnestad, Panattoni Development Company;
- Tom McLaughlin, Executive Director, Center for Advanced Manufacturing in Puget Sound (CAMPS);
- Don Meyer, President of the Port of Tacoma Commission;
- Tay Yoshitani, Chief Executive Officer, Port of Seattle;
- Dave Freiboth, Executive Secretary, Martin Luther King County Labor Council;
- Steve Kidd, President of CIM-tech; and
- Suzette Cooke, Mayor of the City of Kent.

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

- Distribution throughout the Kent/Auburn Valley of warehouse and distribution centers;
- The manufacturing cluster in the Valley is the second largest on the West Coast and the fourth largest in the U.S., and is a distribution center for several large retailers;
- Seventy percent of the goods manufactured or warehoused in the Valley are bound for markets in the Midwest;
- Sales tax was previously collected by the jurisdiction from which a product was shipped or delivered, but is now collected by the jurisdiction in which the product's destination is located, which disadvantages the Valley cities' sources of revenue to pay for transportation maintenance and improvements needed to continue to move the freight being taxed;
- The deferred maintenance cost for freight routes in the cities in the Kent/Auburn Valley is estimated at \$127 million;
- Approximately 24 percent of these freight routes are classified with poor or very poor pavement condition;
- The relative costs to restore road conditions to good status were described for roads in fair, poor, or very poor condition;
- For every paving dollar spent by local cities, it is estimated that 65 percent is returned to the local economy through various channels; and
- To restore all of the routes described to good condition would require an investment that is estimated to result in the creation of 65 new, permanent jobs over the next 10 years.

The panelists discussed issues surrounding the importance of freight mobility infrastructure to the region's economic development and the need to identify sources of funding for maintenance of freight corridors. The importance of collaboration between jurisdictions was emphasized and parallels were made with the coalitions formed to implement the Freight Action Strategy for the Everett-Seattle-Tacoma Corridor (FAST Corridor), a partnership of 26 local cities, counties, ports, federal, state, and regional transportation agencies, railroads, and trucking interests with the goal of solving freight mobility problems in the Puget Sound region.

Funding sources were discussed, as was the current challenging economic climate at local, state, and federal levels. Pressures to rezone industrial and warehousing lands and the challenge of

reduced sales tax revenue in the Kent/Auburn Valley were described. Other challenges to industry and warehousing in the Valley were noted, including a lack of skilled workers for trades doing business in the industrial sector and the need for improvement of the Green River levee system to obtain Federal Emergency Management Agency (FEMA) accreditation.

**RECESSED AND RECONVENED**

*The special meeting was recessed at 2:46 p.m. and reconvened at 2:57 p.m., chaired by Commissioner Albro.*

**9b. Policy Discussion – Real Estate Asset Policy.**

Presentation document(s): Commission agenda [memorandum](#) dated February 11, 2013, provided by Joe McWilliams, Managing Director, Real Estate. Mr. McWilliams provided presentation slides at the meeting that outlined the purchase and investment options for inter-divisional property transfers and the likely effects on cash flows and balances over a 25-year period. A copy of the presentation is, by reference, made a part of these minutes, is marked [Exhibit B](#), and is available for inspection in Port offices.

Presenter(s): Mr. McWilliams.

Mr. McWilliams explained that the purpose of the policy discussion was to provide a framework for decision-making regarding real estate assets. Alternative development opportunities for Port assets, considerations for transferring holdings between divisions, and the factors relevant to opportunity cost of keeping property in the portfolio were noted. There was discussion of the ability to use real estate assets in the service of the Century Agenda and the presence of real estate holdings in the Aviation division that are not able to be used for non-Airport purposes and the use of which necessarily involves participation by the Federal Aviation Administration. Hypothetical scenarios for inter-divisional land purchase of 50 acres for \$13 million with required infrastructure investment of \$5.8 million were presented at different capitalization rates to demonstrate effects on cash flow and cash balance over a 25-year period.

Dan Thomas, Chief Financial and Administrative Officer, noted that the Real Estate division is supported by the tax levy and that consideration of various scenarios for land acquisition needs to include the source of the carrying costs and the ability of Real Estate to continue to meet its obligations until a return on investment is realized, particularly if it anticipated the tax levy will not increase during that time. Chief Executive Officer Tay Yoshitani commented on the relative benefit of transferring assets from Aviation to Real Estate for near-term value versus a less viable option with only long-term return.

*Following consideration of agenda items 9a and 9b, the Commission returned to consideration of –*

**3. APPROVAL OF MINUTES**

None.

**4. SPECIAL ORDER OF BUSINESS**

None.

**5. UNANIMOUS CONSENT CALENDAR**

None.

**PUBLIC TESTIMONY**

No public testimony was entertained.

**6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS**

**6a. Motion related to House Bill 1719 related to drayage truck operators.**

Request document(s): text of motion provided at the meeting by Mary Gin Kennedy, Director of Commission Services. A copy of the motion and supporting statement is, by reference, made a part of these minutes, is marked [Exhibit C](#), and is available for inspection in Port offices.

Presenter(s): Michael Merritt, Manager, Governmental Relations, Puget Sound and Washington.

Mr. Merritt reported that House Bill 1719 would apply only to the Port of Seattle and would require the Port to employ drayage truckers calling at the Port or contract to provide drayage services. He stated that the services contemplated in the bill would include loading and unloading of cargo, a service currently within the purview of the International Longshore Workers Union. He emphasized that the bill would significantly damage the Port's competitive position.

Commissioner Albro read for the record the statement in support of the motion.

Commissioner Holland commented on his opposition to the motion, noting that the Port of Seattle is more reliant on drayage trucking than the Port of Tacoma and opining that although imperfect, House Bill 1719 is going in the right direction. He stated the Port of Seattle should make necessary investments to remain competitive and not be in the position of relying on drayage trucks.

Commissioner Albro commented on differences of opinion among truck drivers on the issue of becoming employees rather than remaining independent contractors and noted competitive disadvantages for the Port that could arise from dictating to shipping companies what trucking companies to use.

**Motion to oppose House Bill 1719 – Creighton**

**Second – Bryant**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Creighton (3)**

**Opposed: Holland (1)**

**7. STAFF BRIEFINGS**

None.

**8. NEW BUSINESS**

None.

**9. POLICY ROUNDTABLE**

Agenda items 9a and 9b having been disposed of previously, no further policy roundtables were conducted.

**ANNOUNCEMENTS**

Commissioner Holland announced that he had tendered his resignation of Port Commission Position No. 3 effective March 15, 2013. He commented on his tenure on the Port Commission and on the dedication of his fellow Commissioners.

Commissioner Albro noted that the Commission would hold a public forum on February 26 and again on February 27 as part of the process of filling the vacancy left in Commission Position No. 2 by the resignation of Gael Tarleton. The format for the meetings would be a moderated town-hall style forum with opportunities for applicant finalists to respond to questions from moderators on issues affecting the Port.

**10. ADJOURNMENT**

There being no further business, the special meeting was adjourned at 3:40 p.m.

Bill Bryant  
Assistant Secretary  
Minutes approved: April 9, 2013.