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**APPROVED MINUTES
COMMISSION SPECIAL MEETING MARCH 27, 2014**

The Port of Seattle Commission met in a special meeting Thursday, March 27, 2014, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire were present.

1. CALL TO ORDER

The special meeting was called to order at 1:09 p.m. by Stephanie Bowman, Commission Co-President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

None.

3. MINUTES

No minutes were proposed for approval on this date.

PLEDGE OF ALLEGIANCE

4. SPECIAL ORDERS OF BUSINESS

“THE SEATTLE MARITIME INDUSTRY: DECLINE OR RENAISSANCE?”

In addition to the Port of Seattle Commissioners, the following individuals participated in the roundtable discussion:

- Andrea Riniker, Deputy Mayor, City of Seattle
- Steve Sewell, Maritime Lead, Washington State Department of Commerce
- Brian Thomas, Principal and Chief Operating Officer, Kvichak Marine
- Jan Koslosky, Vice President of Supply Chain Management, Ocean Beauty Seafoods
- Charlie Costanzo, Vice President-Pacific Region, American Waterways Operators
- Captain Mike Moore, Vice President, Pacific Merchant Shipping Association
- Tay Yoshitani, Chief Executive Officer, Port of Seattle
- Sally Clark, Councilmember, City of Seattle
- Thomas Barnard, Policy Analyst, Port of Seattle
- Doug Dixon, General Manager, Pacific Fishermen Shipyard
- Vince O'Halloran, Branch Agent, Sailors Union of the Pacific
- Dave Gering, Executive Director, Manufacturing Industrial Council

- Admiral John Lockwood, Ret., President, Seattle Marine Business Coalition
- John Odland, Vice President, Macmillan Piper Inc.

The following materials were provided to the roundtable participants:

- [Maritime Industry Workforce presentation from Mr. Barnard](#)
- [2013 Washington State Maritime Cluster Economic Impact Study from the Economic Development Council of Seattle and King County](#)
- [Three Seattle Times articles by Coral Garnick and Susan Kelleher on maritime and fishing topics](#)
- [Map of Port of Seattle facilities around Elliott Bay](#)
- [Department of Commerce presentation from Mr. Sewell](#)
- [Port of Seattle Working Waterfront brochure](#)
- [Port of Seattle 2014 Regional Transportation Update](#)

Commissioners Bowman and Albro welcomed the panelists and participants and outlined the purposes of the roundtable conversation. Examination of opportunities and obstacles to growth of Seattle's maritime industry, identification of investment and public policy changes at all levels of government needed to facilitate growth in the maritime industry, and discussion of the Port of Seattle's role in fostering maritime industry growth were given as priorities for the meeting. The health of the maritime industry was described as critical to the expansion of middle-class jobs and economic opportunity in the Pacific Northwest.

4a. Maritime Industry Impact on the City of Seattle

Deputy Mayor Riniker commented on the importance of the maritime sector to Seattle's economic health and jobs. She spoke of Seattle's natural deep-water port and the need for the port to remain globally competitive. She stressed the value of all of Seattle's interest groups' working collaboratively to define an approach to marine and industrial business that balances and benefits all interests, such as freight, bicycles, and clean water.

Ms. Riniker commented on Mayor Ed Murray's openness to discussing industrial land use in the Duwamish Manufacturing and Industrial Center, development of a City freight plan, opportunities for a heavy-haul corridor, and related driver and permitting issues and funding alternatives. She commented on interest in discussion of alternatives for stormwater regulation and compliance locally and at the state level. Ms. Riniker announced the Mayor's upcoming Maritime Industrial Summit in May to address making progress on issues relevant to the maritime industrial sector.

4b. Washington Maritime Industry Regional Impact

Department of Commerce Maritime Lead Steve Sewell spoke about Governor Inslee's priorities for revitalizing Washington's economy and building a 21st century workforce. The governor has focused on major industrial sectors, including maritime, for which Mr. Sewell is the sector lead. Elements of the sector, for which he serves as an advocate, are cargo, logistics, and freight; fishing and seafood processing; shipbuilding; recreational boating; and passenger vehicles, such as ferries. He commented on maritime's perception as an old, traditional industry, but noted that it embraces sophisticated, modern technology and is a growing sector. He echoed the industry's call

for communities and regulators to stop hindering maritime enterprises and noted that the industry is not well understood in Seattle, even though there are cargo terminals along the downtown waterfront and the Ship Canal runs right through the city.

Mr. Sewell noted a number of factors at play to consider while forming statewide coalitions to better market the maritime industry collectively. These include land use, transportation infrastructure, dynamics between the ports of Tacoma and Seattle, federal tax policy including reform of the Harbor Maintenance Tax, role of fishing throughout the maritime sector, workforce development needs, and the importance of have a government champion for the industry in Olympia.

4c. Opportunities and Challenges for Industry

Brian Thomas, Chief Operating Officer of Kvichak Marine, described the differences between boat building and shipbuilding, especially with regard to smaller infrastructure needs and differences in water dependency for boat building. He commented on the challenges of regulatory incursion by the City of Seattle, including on compensation issues, and the uncertainties for business connected to the speed with which new regulations are progressing. He noted the natural reaction for business investment in a climate of regulatory uncertainty is to pull back, slowing or stifling potential economic growth. Mr. Thomas commented on challenges related to King County's high prevailing wage and on the aging of the maritime workforce and the need to recruit younger workers into the industry.

Mr. Thomas identified as industry opportunities oil drilling on Alaska's North Slope and related shipyard activity and recapitalization of the Alaska fishing fleet over the next 20-25 years. He urged elected officials to advocate for the industry to change the conversation from one focused on how to stop damaging the maritime industry to one of how to grow the maritime industry.

Jan Koslosky, Vice President of Supply Chain Management, Ocean Beauty Seafoods, described the company's activity in Alaska. He noted the role of Alaska Airlines in the seafood industry and the industry's reliance on the Airport. Mr. Koslosky commented on the growth of business to respond to emerging consumer markets and trends. He emphasized the importance of robust distribution networks to the success of the fishing industry.

Opportunities noted by Mr. Koslosky included the need for a predictable business climate and the ability of different agencies to work together with a holistic view to support the industry. He noted concerns over freight mobility through Seattle and the direct impact of City decision making on factors critical to business and industry. Among these are stormwater regulation and minimum wage legislation.

Sally Clark, Councilmember, City of Seattle, commented on the challenge of serving a public that may not have a personal connection to the region's industrial base through friends or family members or personal experience. She noted the need for transportation infrastructure spending and transit options to address traffic congestion. Ms. Clark noted that many of the people working in the region cannot afford to live in the City of Seattle and commented on the challenge that poses.

Ms. Clark noted opportunities for increased collaboration between agencies on forging common priorities, especially given new leadership in the Mayor's Office. The prospect of targeting workforce development to employers' needs was noted as an opportunity for better coordination.

Mike Moore, Vice President, Pacific Merchant Shipping Association, spoke of the interdependence of trades within the maritime cluster. He described the global shipping trends toward ever larger vessels with increasing cargo capacity and the drop in container volumes and market share for Puget Sound ports. Capt. Moore commented on the need for ports to be competitive while simultaneously facing new regulatory requirements, such as for reduction of fuel sulfur content. He noted the challenge faced by suppliers of highly sensitive profit margins. This directly affects choice of ports and cargo routing options and could attract business away from the Port of Seattle. Capt. Moore noted his hope that the upcoming negotiation of a new contract with the International Longshore and Warehouse Union (ILWU) will have a positive outcome.

Capt. Moore commented on the need for more efficient use of terminal space. He noted the alignment of Canadian government at all levels to draw cargo away from U.S. ports and stressed the importance of educating the public about these trends and their implications. He remarked on the need to balance shipping competitiveness needs with safety and environmental regulation, including costly and challenging stormwater restrictions. Capt. Moore pointed to the Port's proximity to Asia, Harbor Maintenance Tax reform, pilotage reform, cooperation between the Ports of Seattle and Tacoma, and development of a coordinated and sustainable strategy for industry success as opportunities for Seattle's maritime industry.

Charlie Costanzo, Vice President-Pacific Region, American Waterways Operators, noted that the public is educable about the importance of maritime industry and urged adoption of bold solutions to the industry's challenges. He described the origins of the Jones Act, which he said restricts U.S. coastwise movements, such as barge and towing operations, to be conducted under U.S. ownership with a U.S. crew, and stressed the need to preserve it.

Mr. Costanzo also advocated Coast Guard inspection for domestic vessels as an opportunity to level the playing field for domestic vessel companies and drive continuous improvement. The need for consistent environmental regulatory standards was noted as a challenge to the maritime industry. A Puget Sound No-Discharge Zone would prevent discharge of treated waste water from vessels and pose significant cost to the industry. Discharge of untreated water is already prohibited. Mr. Costanzo noted that applying a no-discharge zone to impaired or endangered areas rather than all of Puget Sound would allow environmental benefits without placing undue burden on domestic vessel operators.

Vince O'Halloran, Branch Agent, Sailors Union of the Pacific, spoke in favor of an increase to the minimum wage. He commented on his concern over loss of regional market share in cargo operations and noted that exports are dependent on imports and the containers imports provide.

Mr. O'Halloran recommended the Port Commission engage key stakeholders in the maritime industry, with labor, to find immediate solutions. He suggested focusing on immediate strategies for reinforcing the region's industrial base and engagement with railroads to improve the routing of discretionary cargo over land. He encouraged cooperation between the Ports of Seattle and

Tacoma. Mr. O'Halloran stated that labor is committed to working with other maritime stakeholders to find meaningful solutions.

Admiral John Lockwood, Ret., President, Seattle Marine Business Coalition, identified opportunities for the maritime industry in the upcoming recapitalization of the Alaska fishing fleet, support services to oil and gas exploration in the Arctic. He noted the need to advocate for state incentives to attract ship building and described Seattle as an optimal hub for maritime activity in the Arctic. Adm. Lockwood noted that recent vessel support for vessels operating in the Arctic supported roughly 400 jobs for an extended period of several months. Much of that work was related to enabling compliance with environmental regulations. He pointed to examples of the Seattle maritime industry's commitment to good environmental stewardship.

Adm. Lockwood pointed out that in the near future, U.S. Navy nuclear vessels would require decommissioning. Vessels are disassembled, their nuclear reactors are removed, and these are shipped for disposal to the Hanford Nuclear Reservation in Richland, Washington. This represents an opportunity for middle-class jobs comparable to fishing fleet recapitalization for the region over a 25-year period. Adm. Lockwood commented on the progress of South Seattle College's successful career training efforts at the Harbor Island Training Center at Vigor Industrial.

4d. The State of Maritime Workforce Education and Training

Mr. Dave Gering, Executive Director, Manufacturing Industrial Council, reported that Seattle Public Schools, Youth Maritime Training Association, the Manufacturing Industrial Council, and the Boeing Company are partnering to create a maritime skill and technology center at Ballard High School. The program will be modeled on an aerospace technology program currently available at Rainier Beach High School. There are 30 similar programs statewide offered at 160 high schools through the state of Washington's CorePlus Program. The program is designed to develop analytical skills and mechanical aptitudes that reinforce the knowledge, skills, and abilities critical to a variety of industrial careers.

Commissioner Courtney Gregoire underscored the interest at the Seattle Colleges (formerly Seattle Community College) to serve the industrial sector by helping to prepare new workers through the college's Seattle Maritime Academy. She encouraged the panel to recommend to the college ways to better match training to industry needs. She also commented on the benefit of coordinating the college's programs with those of the Seattle Public Schools. Commissioner Gregoire highlighted the need for educators and industry leaders to echo the message that careers in industry are desirable and well compensated.

Doug Dixon, General Manager, Pacific Fishermen Shipyard, noted that programs such as the Seattle Maritime Academy and CorePlus are already having a positive impact on maritime industry. He stressed the importance of having a strategy to raise awareness and involvement among youth in the maritime sector.

Mr. Dixon noted the need for interagency support through various services, such as public transportation, to help make maritime education programs successful. He opined on a lack of support from City and County governments.

John Odland, Vice President, Macmillan Piper Inc., commented on the value of cooperation between the ports of Seattle and Tacoma and the prospect for increased lumber and steel trade with Japan as that country continues to rebuild in the aftermath of its 2011 earthquake and tsunami.

Mr. Odland cited regulatory intrusion, particularly stormwater regulation, as a barrier to industry success in the region.

Commissioner Creighton commented on the benefits that have accrued to the region as a result of the Port's willingness to take risks, such as embracing containerization in the 1950s and cruise business in the 1990s. He stressed the importance to invest in Port infrastructure and maritime opportunities in the future. He noted tourism opportunities connected to pleasure yachting and the need to reform taxing policies that discourage this business.

Commissioner Bryant opined on the need to raise awareness within the Seattle community of the importance of the maritime industry and the destructive effects of uncertain regulation. He pointed to the need for expansion of vocational education, completion of truck routes and SR-509, investment in infrastructure to attract newer, larger container vessels, and deeper collaboration between the ports of Seattle and Tacoma.

Commissioner Albro clarified that although no agreements can be made during closed sessions with the Port of Tacoma under Federal Maritime Commission permission, the product of those discussions will become fruitful later in open public sessions. He commented on raising awareness of Seattle's personal connection to the maritime industry, the need to build a cooperative agenda with other governmental agencies to encourage and grow the industry, and the importance of defining and advocating for regulatory balance.

Commissioner Gregoire commented on the importance of a strategy of industry growth that addresses industry needs concretely and fosters growth of middle-class jobs across the maritime sector.

Tay Yoshitani, Chief Executive Officer, Port of Seattle, noted the widespread message that the maritime industry is generally underappreciated. He noted that the ability to pursue many of the opportunities discussed today as an alliance would differentiate the Puget Sound from competitors and contribute to industry success.

Commissioner Bowman offered brief concluding comments, noting the 100th Anniversary of Fishermen's Terminal.

5. UNANIMOUS CONSENT CALENDAR

None.

PUBLIC TESTIMONY

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

- Gary Stauffer, with the Youth Maritime Training Association. Mr. Stauffer commented on the upcoming Seattle Maritime Festival and Maritime Career Day as an opportunity to promote the maritime industry in Seattle.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

None.

7. STAFF BRIEFINGS

None.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

See item 4 above.

10. ADJOURNMENT

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

Tom Albro
Secretary

Minutes approved: May 26, 2015.