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An audio of the meeting proceedings and meeting materials are available on the Port of Seattle web site -

<http://www.portseattle.org/about/organization/commission/commission.shtml>

(The approximate point in the audio recording for the specific item is identified by minutes and seconds; example: 01:30.)

**APPROVED MINUTES
COMMISSION SPECIAL MEETING FEBRUARY 3, 2009**

The Port of Seattle Commission met in a special meeting at 1:00 p.m., Tuesday, February 3, 2009 in the Commission Chambers at Pier 69, 2711 Alaskan Way, Seattle, WA. Commissioners Bryant, Creighton, Davis, and Hara and Tarleton were present.

1. CALL TO ORDER

The regular meeting was called to order at 1:04 p.m. by Bill Bryant, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

None.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

(00:00:57) Motion for approval of the minutes of the December 9, 2008 special meeting and the special meeting of December 11, 2008 – Creighton

Motion carried by the following vote:

In favor: Bryant, Creighton, Davis, Hara, Tarleton (5)

4. SPECIAL ORDER OF BUSINESS

None.

5. (00:01:32) UNANIMOUS CONSENT CALENDAR

- a.** Authorization to execute a four-year lease for multifunction document devices for the Airport Office Building for a total estimated cost of \$402,470. *Item Withdrawn*

Commission Bryant clarified that the item being withdrawn would be discussed at a future meeting.

- b. Authorization for Chief Executive Officer to execute all documents necessary to complete the relocation of the residents of Parcel Numbers 344500-0110, 344500-0141, 344500-0145, and 344500-0155, commonly known at Town and Country Mobile Home Parks in the City of SeaTac.**

Request document: Commission agenda [memorandum](#) dated January 27, 2009 from Stan Shepherd, Manager, Airport Noise Programs and Jude Barrett, Manager, Aviation Property Acquisition and Relocation.

Motion for approval of Unanimous Consent Item 5b – Tarleton

Motion carried by the following vote:

In Favor: Bryant, Creighton, Davis, Hara, Tarleton (5)

Prior to moving forward with scheduled agenda items, Commissioner Bryant announced that following regular business, there would be a Policy Roundtable discussion held on “Jobs and Competitiveness.”

6. POLICY AND STAFF BRIEFINGS

- a. (00:03:09) Briefing on the proposed Amendments to Port Commission Bylaws**

Presentation document: Computer slide [presentation](#) titled, “Commission Bylaws Briefing”

Presenter: Mary Gin Kennedy, Director, Commission Services

Ms. Kennedy provided a background of the Commission Bylaws including the purpose of the Bylaws; topics covered within the Bylaws; and major proposed changes to the Bylaws.

Ms. Kennedy noted that the First Reading of a resolution to amend the Bylaws would take place at the next Commission meeting, followed by the Second Reading and Final Passage in approximately 30 days.

Commissioner Davis suggested moving language regarding duties of the Commission forward from Article 9 to Article 2. She also suggested that within the preamble, the language regarding the Port's primary mission, be slightly revised in its order of phrases.

Another suggestion made by Commissioner Davis was regarding Executive Sessions. She stated that she would prefer a motion be passed annually regarding the number of Executive Sessions to be held rather than including that as part of the Bylaws.

The suggestion was made that the Bylaws state there would be four meetings held per year outside of the Port, rather than saying one meeting quarterly would be held outside of the Port.

Commissioner Davis noted the presence of Dr. Olson, Professor Emeritus of Political Science, University of Washington, and asked if he might review the Bylaws document that was being proposed.

Commission discussion followed regarding whether or not the seconding of motions was necessary to have as a requirement within the Bylaws as well as the length of time allowed for Commissioners to participate as board members.

Staff noted that following today's discussion, a revised document would be provided for Commission review, which would then be presented for First Reading, followed by a Second Reading at the end of March, which would still allow ample time for any further input.

7. MARINE ITEMS

a. (00:37:48) Authorization for the next stages of three component projects contained within the Marine Domain Awareness (MDA) Program: (1) to increase project authorization by \$180,000 for a total Project Authorization of \$7,351,000 for the Transportation Workers Identification Credential Project; (2) to advertise major works bid package based on the design prepared and completed for the Incident and Response Communications Network and Area Surveillance Implementation Projects; and (3) to advertise major works bid package based on the design prepared and completed for the Area Surveillance Hardware Upgrade Project.

Request document: Commission agenda [memorandum](#) dated January 2, 2009 from Arif Ghouse, Director, Seaport Security and Rod Jackson, Capital Project Manager, Capital Development Division

Presenters: Mr. Ghouse and Mr. Jackson

Responding to a question from Commissioner Tarleton, staff clarified that the Port's tax levy does contribute toward the receipt of Marine Domain Awareness security grants.

Motion for approval of Item 7a – Tarleton

Motion carried by the following vote:

In Favor: Bryant, Creighton, Davis, Hara, Tarleton (5)

8. AVIATION ITEMS

None.

9. CAPITAL DEVELOPMENT

None.

10. REAL ESTATE

a. (00:56:40) Authorization for design, asbestos abatement construction for an amount of \$425,000 for replacement of windows at the Fishermen’s Terminal West Wall Building.

Request document: Commission agenda [memorandum](#) dated January 22, 2009 from Lindsay Pulsifer, General Manager, Seaport Maintenance

Presenters: Ms. Puslifer and Kate Deaver, Seaport Maintenance Project Manager

Motion for approval of Item 10a – Davis

Motion carried by the following vote:

In Favor: Bryant, Creighton, Davis, Hara, Tarleton (5)

11. GENERAL BUSINESS

None.

12. NEW BUSINESS

None.

(01:01:29) Commissioner Bryant called a brief recess, and the meeting was reconvened at 2:20 for a Policy Roundtable Discussion with the focus on Jobs and Competitiveness.

(1) (01:15:48) ECONOMIC IMPACT STUDY

Presentation documents: Commission agenda [memorandum](#) dated January 15, 2009 from Michael Tong, Corporate Budget Manager and computer slide [presentation](#) titled, “2007 Economic Impact of the Port of Seattle.”

Presenter: John Martin, President, Martin Associates

Mr. Martin provided information on the most recent economic impact study that was completed, which looks specifically at the areas of impact to the local community by all Port divisions. The study examines the business revenues, state and local taxes generated, and the jobs generated.

Following Mr. Martin’s presentation, he replied to Commission questions regarding how he responds to the general public about not only the numbers of current jobs, but also the value of those jobs.

Responding to a question from Commissioner Hara regarding looking forward over the next 5 years, Mr. Martin stated that within the Seaport division, he felt it was critical to maintain a positive working relationship with the railroads and to continue to improve productivity and efficiencies of terminal infrastructure.

In response to Commissioner Bryant’s question regarding where the Port might wisely put dollars over the next few years, if there is a limited amount, Mr. Martin stressed that the Port needs to not only create new jobs, but to maintain current jobs.

Commissioner Davis commented on the importance of trade to the region.

(2) (02:19:57) JOBS FIRST FOR A SUSTAINABLE PORT

Presentation document: Computer slide [presentation](#) titled, “Jobs First for a Sustainable Port”

Presenter: Commissioner Gael Tarleton

Commissioner Tarleton provided information on an initiative she is preparing regarding a way for the Port to frame decisions going forward regarding ways to help the region recover from the current recession. She commented on the need not only to create jobs, but also to sustain quality jobs for the future.

Commissioner Tarleton stressed the need to think now about the next 50 years as well as about how the Port will be spending capital dollars, noting that the direction of spending needs to be aligned with the Port’s priorities.

Commissioner Tarleton stated the need to focus on two goals: To save the largest number of jobs possible as well as creating new jobs.

Commissioner Tarleton commented on the need to know where to spend investment dollars as the market begins to thaw in order to best help develop infrastructure for the future.

(3) (02:34:11) PORT COMPETITIVENESS – Roundtable Discussion

Commissioner Bryant suggested the question he hoped the panelists could help answer was what should the Port be doing during these months of recession in order to capture cargo and passengers once the recovery begins.

The panelists were then introduced by Commissioner Bryant, and following a brief staff presentation, each provided opening remarks and thoughts. The panel was consisted of David J. Olson, Professor Emeritus of Political Science, University of Washington; Jennifer Spall, Senior Manager, Public Affairs & Government Relations, Wal-Mart Stores, Inc.; and Captain Mike Moore, Vice-president, Pacific Merchant Shipping Association (PMSA).

(02:36:49) Charlie Sheldon, Managing Director, Seaport Division provided a short computer slide presentation. He noted the current global economic crisis and commented on some of the strengths of the competitors of the Port of Seattle, which include Prince Rupert/Port Metro Vancouver; Los Angeles/Long Beach; as well as all-water routes via the Panama Canal. He then reviewed strengths of the Port of Seattle in relation to competitors.

(02:42:21) Capt. Moore commented on several items that Dr. Martin had addressed in his earlier briefing on the Economic Impact Study. He noted, speaking for the PMSA membership, that the most important issues needing to be addressed were cost, reliability, and certainty. As for cost, he commented on the need to keep costs low as well as maintaining good dialogue with the shippers and also with the railroads regarding costs. Regarding reliability, Capt. Moore, urged that the Commission continue to talk with PMSA members regarding freight mobility to ensure that freight mobility obligations are met.

Captain Moore then spoke about the importance of marketing the joint impact of the Ports of Seattle and Tacoma, and then noted the importance of keeping up good relationships with Labor and also encouraging productivity at the terminals. Capt. Moore also stressed the importance of a focus on maintaining community support.

Capt. Moore commented on the need to maintain a level playing field in the arenas of marine safety and environmental issues.

(02:47:50) Ms. Spall noted that proximity to distribution centers is a key issue for Wal-Mart, and commented that they use the Port of Seattle extensively. She commented on the need to look toward the future and stated that the company is always pushing to find

better standards to live up to, for example, their no-idle policy on their entire truck fleet, the largest private fleet in America.

Ms. Spall stated that areas of importance to Wal-Mart for best port practices throughout the world include a good infrastructure with highway and railroad access; efficient gate-terminal operations; on-dock facilities management operations; and port authority and terminal managers that are customer or shipper friendly. Also of importance are terminal proximity to their facilities; a focus on security and environmental issues; and available land for expansion for deep-water ships.

An issue of concern noted by Ms. Spall was the possibility of cargo container taxes, as well as possible hauling fees.

(02:52:34) Dr. Olson commented that in order to understand what makes ports competitive, there must be an understanding of local situation as well as the global situation. He commented on his belief in the vulnerability, in several areas, of the Port of Seattle as well as the Port of Tacoma. He noted that port Commissions and executives must be careful as they proceed with new policy decisions.

Dr. Olson stated that current issues the Port should consider include understanding the Port's external environment; cargo volumes; loss of market shares; avoiding diversionary issues; maximizing the throughput of waterborne and airborne passengers and cargo; looking carefully at the Port's strategies and skills; looking internally at cutting costs, which could include the option of a possible reduction in force; spending as much as possible on capital investments; honing in on the upcoming stimulus package; being willing to accept subsidies; and working aggressively on rail and rate structures.

Following input from panel members, the floor was opened to a discussion of Port Competitiveness.

Responding to Commissioner Tarleton's question about the value of a public subsidy, panelists commented on the level of subsidy at other ports and importance of Washington's trade dependence; the need to show strong, certain, consistent signals of where the Port is headed; and the need to name and make transparent the areas where public subsidy money is being used. They encouraged its use to maintain competitiveness.

Commission Creighton was absent from the meeting from this point forward.

Panelists noted that 'green jobs' are more appreciated overall when the industries are brought to the table for discussion of goals and timelines rather than when policies are simply mandated, as has been the case in California.

Dr. Olson commented that the continuing increase in the cost of energy could result in a structural change in terms of the size of cargo ships in the not-too-distant future.

Commissioner Tarleton stated her belief that changes in the size of ships and the types of energy used in the future could have a definite impact on the cost of operations as well as on trade routes and trade flows

Panelists discussed the composition and capability of the labor force and the need to adapt to the changing market condition. Comments were made about the need to take seriously the longshore work force.

In response to the question of the difference in market share at Prince Rupert or Vancouver and the Ports of Seattle and Tacoma, Dr. Olson noted that at Prince Rupert, there has been and continues to be massive national government subsidy that the Ports of Seattle and Tacoma are not seeing. He also commented about effects of rail rates that are currently in existence.

Brief discussion followed about the importance of serving the needs of customers. Capt. Moore stated that he would provide to the Commissioners a copy of a recent op-ed from Southern California between the PMSA and the ILWU about competitiveness issues.

13. ADJOURNMENT

There being no further business, the meeting was adjourned at 4:40 p.m.

(A digital recording of the meeting is available on the Port's website.)

Lloyd Hara
Secretary