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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 APRIL 6, 2010**

The Port of Seattle Commission met in a special meeting at 11:30 p.m., Tuesday, April 6, 2010 at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, Holland and Tarleton were present.

1. CALL TO ORDER

The special meeting was called to order at 11:30 p.m. by Bill Bryant, Chair and President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The special meeting was immediately recessed to an Executive Session to discuss Real Estate (RCW 42.30.110)(b); Legal Risk (RCW 42.30.110)(i); and Personnel (RCW 42.30.110)(g) matters for approximately 90 minutes and reconvened to open public session.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

Motion for approval of Minutes of March 9, 2010 Regular Meeting – Tarleton

Second: Albro

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

4. **SPECIAL ORDER OF BUSINESS**

None.

5. (00:01:31) **UNANIMOUS CONSENT CALENDAR**

- a. **Authorization for the Chief Executive Officer to execute a 20-year no cost [Lease Agreement](#) between the Port and the Federal Aviation Administration.**

Request document: Commission agenda [memorandum](#) dated March 3, 2010 from James R. Schone, Director, Aviation Business Development and D. Jess Qunell, Property Manager, Aviation Properties

- b. **Authorization for the Chief Executive Officer to execute a purchase order for \$326,000 for annual software support for existing Oracle Financial and Human Capital Management systems for 2010.**

Request document: Commission agenda [memorandum](#) dated March 19, 2010 from Kim Albert, Senior Manager, ICT Business Services

- c. **Authorization for the Chief Executive Officer to execute [six Memoranda of Understanding](#) between the Port and various labor unions authorizing minor changes in the Collective Bargaining Agreements covering these employees.**

Request document: Commission agenda [memorandum](#) dated March 30, 2010 from Gary Schmitt, Director, Labor Relations and Craig Watson, General Counsel

Motion for approval of Consent Items 5a-5c – Creighton

Second: Tarleton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

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

- a. (00:02:17) **Authorization for the Chief Executive Officer to execute an Interlocal Agreement (ILA), substantially as drafted, with the City of Seattle, to play \$3.400,000 (net), plus Port staff and consulting resources, for the Spokane Street Widening Project, a Freight Action Strategy (FAST) Corridor Phase I project. (CIP #C001725).**

Request document: Commission agenda [memorandum](#) dated March 26, 2010 and computer slide [presentation](#) from Christine Wolf, Regional Transportation Program Planner, Seaport Division. Also provided was a computer slide [presentation](#) from the Seattle Department of Transportation (SDOT) and a copy of the [proposed ILA and exhibits](#).

Presenters: Ms. Wolf and Stuart Goldsmith, Supervising Project Manager, SDOT.

Ms. Wolf commented on the importance of this request, noting that the project directly supports the landside infrastructure immediately adjacent to one of the Port's terminals. She also noted that this corridor carries two out of every three drayage trucks that serves the Port's terminals, and that it will help separate general purpose traffic from truck traffic as well as trucks from trains.

Ms. Wolf provided a brief overview of the FAST Corridor Project, stating that the FAST Corridor is a series of grade separations in the main North-South rail corridor in central Puget Sound. She noted that in both 1998 and 2003, the Port entered into an agreement of partnership with local communities, the state, and the freight railroads to improve the movement of freight along that rail corridor between Everett and Tacoma, and to mitigate the impact that that freight movement has on the local communities through which it moves. She stated that there are a total of 25 FAST Corridor projects, 11 of which have been completed.

Ms. Wolf noted that currently, the Port has committed over \$31,000,000, and with this project included, that amount will be \$34,500,000, money which has leveraged over \$511,000,000 in funds for the various projects that the Port directly contributed to. She also stated that this project is not only related to the FAST Corridor, but is also one of the projects listed as a complementary system upgrades to the Alaskan Way Viaduct Program, and will be essential in mitigating impacts of constructing the Viaduct by providing alternative routes in the vicinity.

Mr. Goldsmith reviewed the project site location, noting that it is the oldest part of the entire West Seattle Bridge complex. He spoke briefly about the project goals, which include:

- Improve safety and traffic flow for all travel modes
- Reduce conflicts between modes and enhance freight mobility
- Reduce delays on Spokane's lower roadway at railroad tracks
- Provide new access to surface streets from upper roadway
- Facilitate transit access between West Seattle and downtown

Mr. Goldsmith provided a review of anticipated key schedule dates from the beginning of the project in January, 2010 through May, 2012, when it is expected to be completed.

Commissioner Tarleton voiced concern that the construction for this project may be taking place at the same time a new South Park bridge is under construction.

Commissioner Creighton commended Port and City staff for pushing to help move this project forward, and reiterated the fact that it is critical to the Viaduct Replacement Project.

Responding to questions from Commissioner Creighton about possible impacts to City Light and the need to relocate facilities, Mr. Goldsmith noted that that work is already in process

Ms. Wolf briefly reviewed key elements of the ILA as well as noting that the funds being requested will come from the Tax Levy and are included in the Plan of Finance.

Motion for Approval of Item 6a - Creighton

Second – Holland

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

- b. (00:21:10) Authorization for the Chief Executive Officer to execute and award an outside professional services agreement for design services; to perform contract administration; and to prepare procurement contracts for the Parking System Replacement Project at Seattle-Tacoma International Airport in the amount of \$460,000. The total projected budget for this project is \$9,777,000 (CIP #C800253).**

Request document: Commission agenda [memorandum](#) dated March 18, 2010 from Michael Ehl, Director, Airport Operations and George England, Program Leader, Aviation Capital Improvement Program

Presenters: Mr. England and Paul Grace, Senior Manager, Airport Operations, Landside

Mr. Grace stated that the request for design is the beginning of what is the next generation of parking systems at the Airport Garage, an important revenue generating asset of the Port.

Mr. England briefly reviewed the project, and noted that staff would return later this year or early next year to request authorizations for bids.

Responding to Commissioner Albro's questions about the anticipated useful life of the system, Mr. England stated that technology systems currently look at approximately a ten-year life

Mr. Grace commented on the increased revenue potential of the new system, noting that there will be opportunities in the garage to provide such things as reserved parking and valet parking, and that with the increased flexibility, new revenue is also expected.

Motion for approval of Item 6b - Tarleton

Second – Holland

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

- c. (00:29:42) Authorization for the Chief Executive Officer to prepare design and permit applications for the repair of the damaged fender system at Terminal 18 in the amount of \$143,000, for a total authorization to date of \$273,000 and a total estimated (pre-design) project cost of \$965,000.**

Request document: Commission agenda [memorandum](#) dated February 24, 2010 and computer slide [presentation](#) from Michael Burke, Director, Cargo and Container Operations and Ticson Mach, Capital Project Manager

Presenters: Mr. Burke and Anne Porter, Capital Project Manager

Ms. Porter reviewed the cause of the damages to the fender system, stating that it was a combination of design, construction, and operational issues. She noted that the plan of staff is to proceed with design and permitting over the summer, and return in September for authorization to advertise for bids, and hope to complete construction by spring of 2011.

Motion for approval of Item 6c – Tarleton

Second – Albro

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

7. STAFF BRIEFINGS

a. (00:36:17) Inventory and Assessment of Real Estate Portfolio

Presentation documents: Commission agenda [memorandum](#) dated March 24, 2010 and computer slide [presentation](#) from Joe McWilliams, Managing Director, Real Estate and Property Management

Presenter: Mr. McWilliams

Mr. McWilliams noted that today's presentation and discussion would be the beginning of further strategic discussions about deciding what will be done with the Port's commercial properties over the coming years. He reviewed the thought process of major points for the discussion, which included:

- Honoring principles of the Century Agenda, being sensitive to the Guiding Principles
- Determining Income from Operations/Net Operating Income for each property
- Establishing a range of investment/investor criteria
- Applying criteria to individual properties
- Establishing a range of estimated property values
- Identifying specific attributes that affect individual properties
- Describing obstacles that hinder individual properties

He then reviewed the Guiding Principles which resulted from efforts of the Century Agenda, as follows:

- Encourage manufacturing and industrial growth
- Use of levy funds for community benefit and provide infrastructure that advances trade and commerce
- Advance land use that supports light industry, utilities, freight hauling and public transportation
- Assign priorities based upon a tiered system (3 tiers)

Commissioner Tarleton noted the importance of being clear, within these discussions of land and the potential uses, what the current zoning is, no matter where the location.

Mr. McWilliams commented that commercial real estate is, and should be expected to remain, a trailing indicator of what is happening elsewhere in the market. He noted that the economy needs to recover before businesses are confident enough to make long-term commitments on commercial real estate.

Mr. McWilliams reviewed the values of various Port properties, including Harbor Marina Corporate Center; Terminal 34; Pier 2; a portion of Terminal 5 SE (Chelan Café/Mission to Seafarers); World Trade Center West; Bell Street Garage; Central Waterfront (Pier 66 – waterside); and the CEM property.

Commissioner Bryant asked that staff also provide information be separated out which would show the debt service or the outstanding liabilities that exist on those pieces of property. Mr. McWilliams responded that it would be difficult to do so as there are not conventional mortgages on these properties. Commissioner Bryant stated that it would be useful to get a ball-park estimate of what the outstanding debt is, compared to the high and low values.

Valuation of other Port properties was also reviewed, as well as a breakout of which properties were considered to be Tier 1, Tier 2, or Tier 3 properties, and values of properties by property group (Portfolio Management, Harbor Services, Real Estate Development, and Pier 69 Facilities Management).

Commissioner Tarleton commented on the importance of keeping the waterfront in public ownership rather than private.

Mr. McWilliams reviewed, at Commissioner Holland's request, a brief history of the creation of the World Trade Center and its purpose.

Mr. McWilliams provided a list of preliminary property recommendations, reiterating that further discussion needed to take place before any decisions were made.

Commissioner Bryant noted that this was the first of further discussions to be had about real estate this year, and stated his desire to have a strong consensus among the Commission by the end of this year, or in the Centennial Year, regarding guidelines they will to provide to staff for steps going forward with Port properties.

b. (01:19:16) Briefing on the Cruise Ship Lines Memorandum of Understanding

Presentation documents: Commission agenda [memorandum](#) dated April 1, 2010 from Stephanie Jones Stebbins. Also provided was the [MOU](#), including appendices i, ii, and xi.

Presenters: Ms. Jones Stebbins; Mike McLaughlin, Bill Morani, Northwest Cruise Ship Association; and Amy Jankowiak, Department of Ecology

Mr. McLaughlin provided a brief overview of the history of the MOU, stating that the original MOU for cruise ship operations in Washington State was signed in 2004 by the Washington State Department of Ecology, Port of Seattle, and Northwest Cruise Association. He noted that the intent of the MOU was to develop waste-management practices to preserve a clean and healthy environment and demonstrate the cruise industry's commitment to be a steward of the environment. He stated that the agreement has been amended four times prior to this year, and that although the MOU has been previously amended, there is currently no procedure for making any further amendments to the MOU.

Responding to a question from Commissioner Bryant as to whether or not this is a legally binding agreement, imposed on the cruise ship industry, and what might happen if one of the parties pulled out of the agreement, Mr. McLaughlin stated that it is totally a voluntary agreement, and if one party pulled out, that agreement would no longer exist.

Regarding regulations that would be in effect in the absence of the agreement, Ms. Jankowiak stated that it would be current state and federal regulations. She also noted that the voluntary agreement is more stringent than what is included in those regulations.

Ms. Jones-Stebbins reviewed 3 current proposed amendments, which were discussed at the January annual meeting, and brought up by parties outside of the MOU participants. The proposed amendments are related to the following areas:

- Prohibiting the discharge of treated wastewater from the advanced wastewater treatment systems anywhere within the Sanctuary (Olympic Coast National Marine Sanctuary) waters.
- Prohibiting at-berth discharge of treated wastewater.
- Prohibiting incineration by cruise ships within the boundaries of the MOU area.

Ms. Jones-Stebbins noted that the proposed amendments had been posted to the Ecology website for a 30-day public comment period which ended on March 22. She stated that the Department of Ecology received 612 comments, 610 of which supported the amendments, and 2 of which opposed them.

Related to the first proposed amendment, Commissioner Creighton commented on a letter sent to the Olympic Coast National Marine Sanctuary regarding possible jurisdictional concerns of the cruise lines discharging. A copy of the letter was provided; is by reference, made a part of these minutes; is marked Exhibit 'A'; and is on file in Port offices.

Mr. Morani stated that the Cruise Ship Association has been in dialog with the Marine Sanctuary and offered to work with them outside of the MOU process, and has also encouraged them to take an approach of recognizing voluntary efforts.

Commissioner Bryant asked about DOE's position, given that they are speaking about discharging in Federal waters under NOAA's jurisdiction. Ms. Jankowiak commented that DOE is in favor of the proposed amendment regarding discharging in the Sanctuary.

Commissioner Albro commented on the need to have a good process for amending the MOU and the importance of not rushing into amendments.

Regarding the second proposed amendment, Ms. Jankowiak responded to Commissioner Holland that the DOE supports this proposed amendment.

Responding to the question of whether or not Puget Sound Partnership has weighed in on the current MOU process, Ms. Jankowiak stated that they have not, however they do have on their action agenda, a related issue regarding no-discharge zones that would apply to all vessels.

Commissioner Creighton stated that he would like to see a way to incentivize ships to discontinue discharging while at berth. Ms. Jones-Stebbins commented on the importance of continuing dialog with the cruise lines and looking together at current available data regarding discharges.

Commissioner Albro commented on the need to honor concerns about operational procedures of cruise lines and related impacts to Puget Sound.

Commissioner Holland noted that he would be interested in seeing data regarding impacts related to what is actually being discharged into Puget Sound.

Commissioner Tarleton voiced concern of jeopardizing the continued use of a voluntary MOU, noting the large amount of data that will be coming as a result of the Puget Sound Partnership's work. She also commented on the public's ability to submit proposed amendments to the MOU, rather than just the three MOU participants. She suggested having a statement within the MOU that it is not designed to enforce federal or state regulations, but it is a voluntary compliance program.

Ms. Jones-Stebbins noted that in order for the proposed amendments to go forward at this time, all three participants must agree on them. She stated that currently there is not that agreement, and the parties have agreed to meet in October, at the end of cruise season, to discuss them further.

Commissioner Albro stated his belief that there needs to be further discussion before October.

Mr. Morani stated his belief that the MOU process has worked, but needs to be more formalized, and agreed with the need to have the public be more involved.

Ms. Jankowiak reiterated DOE's commitment to continuing with the MOU, and their desire to strengthen and improve it.

Public Comment regarding Item 7b was received from the following individuals:

- Fred Felleman, Friends of the Earth. Mr. Felleman expressed his concern over discharge policies within the MOU, and noted that cruise ships are prone to carrying contagious diseases. Mr. Felleman provided a copy of a document titled "Findings: The Latest from the Labs." A copy of the document is by reference, made a part of these minutes, is marked Exhibit 'B', and is on file in Port offices.

Commissioner Bryant mentioned that 575 emails had been received in support of the 3 proposed amendments to the MOU, which would be made part of the permanent public record.

- Heather Trim, People for Puget Sound. Ms. Trim noted that strengthening the MOU is something concrete that the Port of Seattle can do to help the Puget Sound partnership work to enhance and improve Puget Sound. She also stated that she would like to see a state permit issued rather than having the voluntary MOU, however. She commented on the need to have a way to verify that incineration on the ships is not taking place, and stated the need for more public involvement in the process.
- Heather Weiner, Change to Win. Ms. Weiner urged the Commission to direct staff to negotiate the MOU in support of the proposed amendments.

8. NEW BUSINESS

Commissioner Creighton noted that the Commission had been approached by some outside stakeholders to take a position on the upcoming process by which the harbor pilots' annual pay increase is determined, currently determined by an outside board appointed by the Governor. He stated that before taking such a position, the Commission should have the opportunity to be briefed by staff and get a perspective as to the ramifications in taking a position.

Commissioner Tarleton expressed condolences to Warren Aakervik, owner of Ballard Oil, who recently lost a grandson in a tragic car accident.

9. POLICY ROUNDTABLE – BUDGET WORKSHOP

None.

9. ADJOURNMENT

There being no further business, the meeting was adjourned at 4:07 p.m.

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