



Commissioners

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

**APPROVED MINUTES
COMMISSION REGULAR MEETING FEBRUARY 8, 2011**

The Port of Seattle Commission met in a regular meeting at 1:03 p.m., Tuesday, February 8, 2011, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, Holland and Tarleton were present.

Commissioner Bryant welcomed the Port of Moses Lake Commissioners D. Kent Jones, Brian P. McGowan and Michael B. Conley to the Port of Seattle for participation in a Policy Roundtable during the meeting. He also welcomed Port of Moses lake Executive Manager Craig Baldwin and Facilities Manager Rich Mueller.

1. CALL TO ORDER

The regular meeting was called to order at 1:03 p.m. by Bill Bryant, Chair and President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

None.

4. SPECIAL ORDER OF BUSINESS

None.

5. UNANIMOUS CONSENT CALENDAR

Item 5b was removed from the Consent Calendar for separate discussion and vote.

- a. **(00:02:33) Authorization for the Chief Executive Officer to proceed with project management, design, environmental support and preparation of 100% design level construction documents for the Tye Valley Golf Course Area Mitigation. The design will be completed using outside services procured through a Professional Services Indefinite Delivery Indefinite Quantity (IDIQ) Contract previously authorized by the Commission. The estimate for design work is \$109,000. The total estimated project cost is \$800,000.**

Request documents: Commission agenda [memorandum](#) dated February 1, 2011, and a [map and photos](#) of the Tye Golf Course Mitigation Site from Wayne Grotheer, Director, Aviation Project Management Group; Elizabeth Leavitt, Director, Aviation & Environmental Services; and Ralph Wessels, Airfield Program Leader, Project Management Group.

Motion for approval of the Consent Agenda covering Item 5a - Tarleton

Second - Holland

Motion carried by the following vote:

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

- b. **Authorization for the Chief Executive Officer to execute an Extension to the Collective Bargaining Agreement between the Port of Seattle and ILWU Local #9, representing Aviation Operations and Security for a ninety (90) term from January 1, 2011, to March 31, 2011. This extension agreement creates no associated costs for the Port of Seattle.**

Request documents: Commission agenda [memorandum](#) dated February 1, 2011, from Kim Ramsey, Labor Relations Manager. Also provided was a copy of the Extension [Agreement](#) by and between the Port of Seattle and the International Longshore and Warehouse Union, Local 9, representing Aviation operations and Aviation Security.

Staff available for questions: Kim Ramsey

Commissioner Albro encouraged the negotiators of the agreement to scrutinize the “baked in” COLA increases in the agreement.

Commissioner Tarleton requested staff comments. Ms. Ramsey stated she was aware of the Commissioner’s concerns. This is a standard extension agreement during the term of negotiations. No COLA agreement has been reached.

Motion for approval of Item 5b - Creighton

Second - Albro

Motion carried by the following vote:

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

6. DIVISION, CORPORATE AND COMMISSION ACTION ITEMS

- a. (00:05:33) Authorization for the Chief Executive Officer to execute an Interlocal Agreement (ILA), substantially as drafted, with the City of Auburn (City), obligating the Port to pay the City \$771,400, plus Port staff and consulting resources, for the M Street Grade Separation Project (Project), a Freight Action Strategy for the Everett-Seattle-Tacoma (FAST) Corridor Phase 2 project. The total cost of the project is \$773,900, and it is funded by the tax levy.

Request documents: Commission agenda [memorandum](#) dated January 21, 2011, from Christine Wolf, Regional Transportation Program Planner, Seaport. Also provided was a draft Interlocal [Agreement](#) between the Port of Seattle and the City of Auburn for the M Street SE Grade Separation dated January 21, 2011, and [Exhibit "A," Exhibit "B,"](#) and [Exhibit "C;"](#) a computer slide [presentation](#) from the Port of Seattle and a computer slide [presentation](#) from the City of Auburn.

Presenters: Ms. Wolf, and introducing Mr. Jacob Sweeting, City of Auburn Project Manager and Ms. Carolyn Roberts, Government Relations Manager

Ms. Wolf provided background and an update on the progress of the FAST Corridor, which is a series of strategic freight mobility infrastructure projects between Everett and Tacoma built as a partnership between the Ports of Seattle, Everett and Tacoma, local jurisdictions, and railroads. The goal of the FAST Corridor is to increase the movement of freight and mitigate the impact of freight movements on local communities like the City of Auburn. This corridor was one of the first freight corridors in the country and has spawned other corridor programs at the federal level, like the Heartland corridor.

Funding for FAST projects is more difficult to obtain, and project completion has slowed. Thirteen of 25 FAST projects have been completed. Originally, the Port agreed to fund \$28.4 million for FAST projects, but the total amount is now \$34.3 million because prior Commissions had agreed to accept responsibility for the cost overrun on East Marginal Way.

The Port supports the M Street Grade Separation project because it will decrease freight delays and allow an increase of freight trains on Stampede Pass in the future as business grows.

Mr. Sweeting pointed out the location of the proposed M Street Grade Separation project. M Street S.E. is a principal arterial corridor in Auburn. It connects SR-167 and SR-164 and many warehouses in South Kent and North Auburn. The BNSF Stampede rail line crosses M Street about halfway through the Corridor.

The project will widen M Street from two to five lanes, lower it approximately 25 feet and raise the tracks three to four feet. It will reduce truck delays by 235 hours per day, mitigate the future expansion of the Stampede Pass rail line, complete the M Street Corridor and provide safety benefits. The total cost of the project is \$22.8 million. The funding package consist of \$6 million of city funds (already committed), just under \$1 million of federal grants, \$6 million from the Freight Mobility Strategic Investment Board, contributions from FAST partners, a sewer line agreement with King County, and the remaining 6.8 million

from a pending public works trust fund loan. The project should be under construction by the end of the year.

Ms. Wolf noted that the Port will provide its funding when project is half-way completed and the balance when it is fully operational. The request is for funding of \$771,000 plus \$2,500 for staff support and auditing.

Commissioner Creighton commented that in 1998, when this project was initially discussed, it was the first time that the Port invested significantly in an outside project. The Port has committed to invest about \$350 million dollars in state and local road projects. He emphasized that he wants the Port to be recognized as being a good partner, but there needs to be a better way to fund these types of necessary freight projects.

Commissioner Holland agreed. He said the Port should be involved in these types of projects. South King County probably has the largest warehousing and trans-load area on the West Coast outside of Los Angeles. While there are other opportunities like shopping malls to "fill the coffers," these developments don't provide the family wage jobs that projects like this and SR-509 do.

Commissioner Tarleton introduced a group of high school seniors who were in the audience from Sammamish High School. They are working on a project about the Port of Seattle. She highlighted the M Street project in Auburn as one of the ways the Port helps King County. The project demonstrates how the Port's tax levy, which funds this project in Auburn, actually benefits all the people in King County. The Port is working on projects that benefit all of King County and all of the people in Washington State.

Commissioner Albro pointed out how vital the warehousing and distributing functions in Auburn, Kent and the Green River Valley are to the Ports of Seattle and Tacoma, both of which support this project. He also noted that shifting the streamlined sales tax from the warehousing and distributing operations that happen within the City of Auburn to the point of consumption undermines the transportation network and makes it more difficult for cities like Auburn to deal with the wear-and-tear on their roads caused by freight trucks. Commissioner Albro would like to re-examine state tax policy as it pertains to maintaining the distribution and warehousing functions.

Commissioner Bryant stated that the M Street project is a project of statewide importance, not just a local project. Jobs in Washington State depend on projects like this. The state needs to come up with better ideas for funding these projects beyond putting them on the backs of the county or city where the project is occurring. This is a project which will help Stampede Pass handle the increase of trains going through the pass.

Motion for approval of Item 6a - Holland

Second - Tarleton

Motion carried by the following vote:

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

7. STAFF BRIEFING

None

8. NEW BUSINESS

- a. **(00:29:24) Pre-Brief by Airport Managing Director Mark Reis on air cargo. Full briefing is scheduled to be given at the February 22 meeting.**

Presenter: Mr. Mark Reis, Managing Director, Aviation Division

Mr. Reis announced that on February 22 the Commissioners will receive a briefing on air cargo from Tom Green, who manages air cargo for the Airport, and Tom Phillips, a consultant hired to assist in developing an air cargo strategy. The briefing is, in part, a response to Commissioner Tarleton's request to discuss the investments the Airport is considering in support of air cargo in the next few years. The briefing will also cover the significance of air cargo to the greater Seattle area and the role the Airport plays in facilitating air cargo shipments.

Mr. Reis provided some key facts related at the Airport's air cargo business.

- 160,000 jobs in Washington State are in some way related to the air cargo that goes through the Airport.
- Goods valued at \$15 billion are shipped through the Airport, making it the fifth largest gateway for cargo on the West Coast.
- 22% of the cargo goes to Asia, 14% goes to Europe and the remainder is domestic cargo.
- Asian imports increased by 25% in 2010, and exports increased by 27%. European imports went up by 17%, and European exports decreased by 6%, due to the falling value of the Euro.
- Air cargo is generally considered a leading indicator of economic activity.
- The 2010 air cargo growth rates indicate there is a business opportunity and point out the changes the Airport needs to make to add capacity on and off the airfield.

Commissioner Creighton concurred with Commissioner Tarleton in that we have a great opportunity in air cargo. The volume isn't as great, but it is of higher value and has the same potential as sea cargo in providing good paying jobs and economic activity in the region.

9. POLICY ROUNDTABLE

- a. **(00:34:30) Presentation by the Port of Moses Lake Commission.**

Request document: Computer slide [presentation](#) from the Port of Moses Lake.

Commissioner Bryant noted that the Port Commission is hosting one of its periodic Policy Roundtables and is joined by the Port of Moses Lake (POML), which is becoming a major manufacturing hub in Washington State. The two ports have a mutually beneficial relationship. Commissioners will discuss collaboration on transportation infrastructure and other issues after a presentation by the POML.

Presenters: Commission President D. Kent Jones; Commission Vice President Brian P. McGowan; Commission Secretary Michael B. Conley; and Craig Baldwin, Executive Manager.

Executive Manager Baldwin provided information about the Port of Moses Lake (POML).

- The POML has three Commissioners and four staff members.
- The POML and its tenants support 2,500 jobs in Grant County.
- The POML has 4,700 acres of land and is the Grant County International Airport.
- The POML is certified by NASA as a Spaceport.
- It includes an Aircraft Rescue Fire Fighting training facility and a commercial pilot flight program through Big Bend Community College. The Million Air Club and Columbia Pacific Aviation are also located at the Airport.
- Boeing has used the Airport for 747-800 testing. Joint Base Lewis McChord uses the Airport for training. Fairchild Air Force Base has relocated aircraft to Moses Lake during 2011 while its runway is being repaved.
- The Port's Industrial Park is 100% occupied with a waiting list. There are 48 buildings and 58 tenants. Genie Industries, headquartered in Redmond, manufactures man-lifts in a converted B-52 hanger and employs 750 people. Takata (TK Holdings) produces propellant for airbags and also employs about 750 people.
- The FTZ has grown from two to five customers in 2011. REC Silicone (solar industry) is the newest company operating in the FTZ.
- SGL/BMW is building manufacturing facilities to make carbon fiber for BMW's Megacity electric vehicle and will operate through the FTZ. The BMW project is not located in the POML but is located in the port district. Production is scheduled to start by July 1, 2011. The raw material will be shipped from Japan through the Port of Seattle to Moses Lake. It will be processed and shipped back through the Port to Germany to be used in car bodies. SGL/BMW will initially employ about 80 people.
- The benefits of the Port of Moses Lake are the low cost of power, the low cost of land and the waste water facilities.
- The POML has seen a lot of growth, even during the economic downturn.

In response to Commissioner Creighton's question about road and rail in Port of Moses Lake, Mr. Baldwin explained that the problem was two-fold: the rail line stops just south of the Grant County Airport and does not reach the Industrial Park, and the Stampede Pass Tunnel does not allow freight cars to be double-stacked so a majority of the production from Moses Lake has to be trucked. Moses Lake has plans to extend the rail line (Segment 2) to the east side of the Airport for the Industrial Park. There are also plans to build a new rail from the current line to the other industrial area in Moses Lake (Wheeler). This is a big project and important for Moses Lake to grow, but there is not enough money to fund Segment 1. Commissioner Bryant commented that it is the best interest of both ports to have a robust manufacturing hub in Moses Lake and a partnership to ensure that both Interstate-90 (I-90) and the rail system work.

b. (01:04:30) Discussion between the Port of Seattle and the Port of Moses Lake Commissioners.

Commissioner Jones suggested that the Port think about how the resources and space in Moses Lake could help the Port of Seattle and complement each other. Commissioner Albro said is appreciated the

POML's entrepreneurial bent and hopes to learn more about its FTZ operation. He is looking forward to exploring ways for the POML and the Port to help support each other and grow Washington's economy.

Commissioner Tarleton asked if there has been an organized strategic approach to attract companies to take advantage of the access to military and civilian markets or if it was completely opportunistic. Commissioner Jones responded that the growth was generally opportunistic.

In Commissioner Conley's opinion, the best thing that could have happened to Moses Lake was the closure of Larson Air Force Base because it provided the opportunity for job growth that wasn't focused on the military or the Post Exchange. The closure of the sugar beet plant was a bigger hit to the Moses Lake economy. Moses Lake has traditionally attracted Foreign Direct Investment, such as REC (Norwegian), Takata (Japanese), Eka Nobel (Swedish) and SGL/BMW (German).

Commissioner Conley said the POML is concerned with generating revenue. The POML has a big, under-utilized airport that should be the Port's cargo hub. The POML would like to become the Airport's alternate airport when Sea-Tac is "maxed out." Commissioner Conley also described some of the POML's infrastructure projects that must be funded, such as new roofing, an expansion of the waste water plant and a fire suppression system. Without continuing Federal Aviation Administration (FAA) funding, it will be hard for the POML to maintain its aviation assets. Commissioner Conley concluded by pointing out the need for a rail line extension to the POML.

Commissioner Bryant asked how the two ports can work together in air freight to benefit both airports. Commissioner Conley suggested that the Grant County International Airport could be an alternate airport when Seattle-Tacoma International Airport is at capacity. Commissioner Holland suggested the possibility of a joint study to see where there may be opportunities for working together. Commissioner Creighton noted that the products manufactured in Moses Lake are shipped through the Port of Seattle, benefitting both regions. He thanked Moses Lake for its support and advocacy at the state level for construction of the Third Runway and indicated that we should continue to foster mutually-beneficial relationships, such as road-to-rail connections. Commissioner Albro noted that there needs to be an actionable item for cooperation and concurred that the two ports should identify how they could work together to use their differing but complementary strengths and unique advantages like FTZs to drive jobs and prosperity in Washington state.

Commissioner Bryant asked if widening and crowning Stampede Pass without the rail extension would help the Moses Lake manufacturing hub and suggested that an alliance of the two ports on I-90 and the completion of the Stampede Pass tunnel system provides the basis for both ports to work together. Commissioner Jones commented that agricultural commodities in eastern Washington also rely on rail and I-90.

Commissioner Tarleton suggested that the ports consider ways they can work together with the Washington Congressional delegation on issues, such as the FAA reauthorization bill. Airport runways are critical to an export-based economy.

Mr. Yoshitani said the Port had been looking at locations for a Logistics Center in nearby locations, such as Kent and Auburn, but he said he would sit down with Mr. Baldwin to see if another location closer to Moses Lake would work. He also suggested that the two ports work together to identify opportunities like the

SGL/BMW project where cargo goes through the Port and is manufactured in Moses Lake. Commissioner Bryant commented that Moses Lake is a huge industrial hub and also requires I-90 to tie the two areas together. Commissioner Tarleton observed that the ports could do more through their relationships in Asia and Europe to encourage the clustering of businesses or manufacturing facilities in Moses Lake.

Commissioner Conley commented that the retail sector in Moses Lake is poor because of the small population, but getting the rail line extension is important for economic development. He suggested that the rail line could open up “thousands of acres” of industrial zones around Moses Lake. In response to Commissioner Bryant’s question of how to finance the rail line extension, Commissioner Jones said some funding for the rail project is tied up in the federal budget. Commissioner Conley noted there is no revenue stream or return on investment for the POML from the rail line and the POML should not go into debt to do the rail extension. The POML does not want to operate the short line railroad, and there is a limit to how much users can be charged.

Commissioner Conley mentioned that the POML had expanded its FTZ boundaries so FTZ status could be extended to an applicant anywhere east of the Cascades. The FTZ was created as a public entity overseen by the POML, not as part of the port district. The POML has also applied for the Alternative Site Framework which allows it to grant FTZ approval to a new company much more quickly. Arrangements with companies include ground leases, leasing buildings or private ownership of the land and buildings.

Commissioner Albro outlined the next steps to be taken by CEO Yoshitani and Executive Manager Baldwin, including sketching out areas for further exploration when the two ports meet again in April and collaborating on the rail extension and FTZs. He also suggested putting together a symposium with end-users to raise the ports’ profile with the companies that have taken advantage of the FTZ. Mr. Baldwin said the Logistics Center makes sense. The Airport is already used as a diversionary airport when Seattle-Tacoma International Airport has bad weather. Air cargo could be off-loaded and cleared through customs in Moses Lake.

The POS Commission agreed to visit the POML in April. Commissioner Tarleton thanked the POML for supporting the American Association of Port Authorities annual convention to be held in Seattle in September 2011 and invited the POML to attend.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 2:57 p.m.

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

John Creighton
Secretary