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**APPROVED MINUTES
COMMISSION REGULAR MEETING APRIL 12, 2011**

The Port of Seattle Commission met in a regular meeting Tuesday, April 12, 2011, 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 regular meeting was called to order at 1:08 p.m. by Bill Bryant, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

None.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

None.

4. SPECIAL ORDER OF BUSINESS

None.

5. (00:01:44) UNANIMOUS CONSENT CALENDAR

Item 5e was removed from the Consent Calendar for separate discussion and vote at the request of Commissioner Albro.

- a. Approval of [Claims and Obligations](#) for the period March 1, 2011, through March 31, 2011, in the amount of \$42,480,753.29.
- b. Authorization for the Chief Executive Officer to execute a Settlement Agreement with the Bonneville Power Administration, Contract No. 11PB-12322.

Request documents: Commission agenda [memorandum](#) dated April 1, 2011, from David Soike, Facilities & Maintenance Director; Craig Watson, General Counsel; and Trevor Emtman, Utilities Manager and Senior Engineer.

- c. Authorization for additional funding required to complete the required and in-progress Fishermen's Terminal Net Locker Code Compliance evaluation & identification of options at an estimated potential additional cost of \$200,000 bringing the total authorized amount of this code compliance work to \$500,000. This is an expense project and is funded by the General Fund. The continuing evaluation phase of the code compliance project was not included in the 2011 Real Estate Operating Budget and this is discussed in the Source of Funds section.

Request documents: Commission agenda [memorandum](#) dated March 21, 2011, from Darlene Robertson, Harbor Services Real Estate Division Director, and Tim Leonard, Capital Development Division Capital Project Manager.

- d. Authorization for the Chief Executive Officer to advertise for construction bids, award and execute the contract, and construct the final phase of the Transportation Worker Identification Credential infrastructure and implementation at Terminal 91. The amount of this request is \$953,000 bringing the total authorized amount of this project to \$2,283,090. (An additional \$294,000 was previously authorized under this grant for training but is not tied to this CIP.) (CIP #C800165).

Request document: Commission agenda [memorandum](#) dated March 30, 2011, from Arif Ghouse, Seaport Security Senior Manager; Russ Read, Seaport Security Program Manager; and Kate Deaver, Capital Project Manager.

- f. Authorization for the Chief Executive Officer to proceed with an authorization for Bell Street Garage Fire Protection System Replacement for an amount not to exceed \$375,500. This is also for the authorization for the use of Port crews. This would also include authorization to execute a contract for the bid purchase of materials if it does exceed \$300,000.

Request document: Commission agenda [memorandum](#) dated April 1, 2011, from Jennifer Pazaruski, Marine Maintenance Project Manager.

- g. Authorization for the Chief Executive Officer to execute a one-year contract for a temporary employment services agency with four one-year renewal options to be exercised at the sole discretion of the Port of Seattle. Over the five year contract period (2011-2016), this contract will not exceed \$2,200,000. The selection of the

temporary services agency will utilize a fair and competitive process in accordance with our Central Procurement Office policies and procedures.

Request document: Commission agenda [memorandum](#) dated April 4, 2011, from Gary Buchanan, Human Resources and Development Director; Kim DesMarais, Employment Manager; and Derek Bender, Employment Program Coordinator.

Motion for approval of consent Items 5a, 5b, 5c, 5d, 5f, and 5g – Albro

Second – Tarleton

Motion carried by the following vote:

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

- e. (00:03:13) Authorization for the Chief Executive Officer to execute a five-year lease, substantially as drafted in Attachment 1 and according to the terms laid out in this memorandum, at a fair market rate, with Golden Alaska Seafoods L.L.C. at the World Trade Center West Building. (CIP #C800126).**

Request document: Commission agenda [memorandum](#) dated April 6, 2011, from Melinda Miller, Portfolio Management Director, and Patricia Spangler, Real Estate Manager. Also provided was a copy of the [lease](#) agreement between the Port of Seattle and Golden Alaska Seafoods LLC, including [Exhibit A](#), [Exhibit B](#), [Exhibit C](#), [Exhibit D](#), and [Exhibit E](#).

Presenter: Ms. Miller.

In response to Commissioner Albro's question about ascertaining the market rate for the space at the World Trade Center West, Ms. Miller explained that a multilayered approach is used to determine lease rates. She stated that this approach takes into account the various constraints or benefits unique to the space, comparable asking rates in the area, net present value, and variables including tenant improvements and negotiated concessions. Ms. Miller confirmed that the World Trade Center West facility is 36 percent vacant, the Port has a leasing arrangement with Kidder Mathews, the space has been vacant for over a year, and has been widely exposed to the market.

Commissioner Tarleton noted that Golden Alaska Seafoods leases a warehouse at Terminal 46 and suggested that their continued success might lead to more job creation at their World Trade Center headquarters.

In response to Commissioner Creighton, Ms. Miller stated that an appraisal might be used for a specific transaction when needed to clarify the market for the commercial real estate, but added that information on commercial real estate value is usually readily available.

Joe McWilliams, Real Estate and Property Management Managing Director, addressed issues surrounding property appraisal by the Port, including the potential for a disadvantage in negotiations and the high cost of regular appraisal of Port property relative to the value of specific

appraisals, which may not reflect comparable property values. Mr. McWilliams added that when considered timely and useful, the Port does conduct appraisals.

Commissioner Albro stated that the Port's real estate is a means to an end, and evaluation of real estate separate from an overall vision of the Port's mission would be short-sighted.

Motion for approval of Item 5e – Albro

Second – Creighton

Motion carried by the following vote:

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

6. DIVISION, CORPORATE AND COMMISSION ACTION ITEMS

- a. (00:14:56) **Resolution No. 3651, Second Reading and Final Passage, authorizing the renaming of the Port of Seattle's Elliott Bay Park as Centennial Park in honor of the Port's Centennial Celebration.**

Request documents: Commission agenda [memorandum](#) dated April 4, 2011, from Lindsay Pulsifer, Marine Maintenance General Manager, and Jane Kilburn, Public Affairs Director. Also provided was a copy of [Resolution No. 3651](#). *A corrected copy of the memorandum dated April 21, 2011, with the correct resolution number (shown here) was subsequently substituted and linked to this meeting's agenda, which was also corrected.*

Motion for Second Reading and Final Passage of [Resolution No. 3651](#) – Holland

Second – Tarleton

Motion carried by the following vote:

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

- b. (00:17:18) **First Reading of Resolution No. 3650, adopting, revising, and updating existing Port State Environmental Policy Act (SEPA) procedures to conform with current law and Port structure, and formalizing new Port policies clarifying how greenhouse gas emissions and climate considerations will be incorporated into SEPA review when the Port is acting as the "lead agency."**

Request documents: Commission agenda [memorandum](#) dated April 6, 2011, from Elizabeth Leavitt, Aviation Planning & Environmental Programs Director; Stephanie Jones Stebbins, Seaport Planning & Environmental Programs Director; Michael Lufkin, Senior Environmental Program Manager; and Paul Meyer, Permitting and Compliance Manager. Also provided were a copy of [Resolution No. 3650](#), including [Exhibit A](#) with [Attachment 1](#) and [Attachment 2](#), and a computer slide [presentation](#).

Presenters: Ms. Jones Stebbins, Mr. Lufkin, and Mr. Meyer.

Ms. Jones Stebbins summarized the public notice process for the resolution, which attempts to strike a balance between maintaining up-to-date, defensible environmental policies and preserving the Port's competitive advantage.

Mr. Lufkin described the resolution as a revision of existing procedures and creation of a new procedure related to assessment of greenhouse gas emissions and climate considerations as a component of SEPA review.

Mr. Lufkin stated that existing SEPA procedures updated by the resolution address consolidating procedures into a single document, revisions to conform with current law, changes in Port organization, and technical edits. He added that these revisions to existing procedures were not substantive in nature.

Mr. Lufkin noted that Port staff already analyzes greenhouse gas emissions in conjunction with SEPA review. He explained that the new climate change and greenhouse gas emission portion of the procedures is intended to ensure a common Port-wide approach during environmental review, improve consistency of environmental decision-making, and promote project mitigation measures that address greenhouse gas emissions.

Mr. Lufkin outlined the components of the new procedures, including a clear statement that greenhouse gas emissions are to be considered during environmental review, methodology for reasonable calculation of project emissions, encouragement of project proponents to engage in mitigation efforts, provision of guidance to staff in issuing threshold SEPA determinations, and consideration of the effects of climate change on projects in locations vulnerable to those effects.

In response to a question from Commissioner Albro about direct and indirect greenhouse gas emissions, Mr. Lufkin emphasized the need to review proposals on a project-by-project basis. He added that staff currently distinguishes between direct and indirect emissions when conducting SEPA review. Ms. Jones Stebbins noted that the proposed procedures do not dictate use of a specific methodology for calculating direct and indirect emissions due to the current development of standard calculation methodologies.

In response to Commissioner Creighton, Mr. Lufkin described how the proposed policy would apply to situations where staff might not have the ability or knowledge to assess the effect of indirect emissions despite use of the best available methodologies.

Commissioner Tarleton commented that the new greenhouse gas emissions policy will continue to change as new technology and quantification resources become available and asked for regular review and revision of the policy as appropriate.

Mr. Lufkin summarized the public comment process and noted that no public comment was received on the new procedures. He concluded by outlining the remaining steps for policy implementation, including second reading and final adoption of the resolution on May 3, 2011.

Motion for First Reading of Resolution No. 3650 – Tarleton

Second – Holland

In response to Commissioner Albro's question about assessing operational sources of carbon emissions, Mr. Lufkin commented that the Port conducts an annual inventory of Port-owned carbon emissions sources and a five-year review that includes carbon emissions by the Port's business partners. He added that the Port has banked credits with the Puget Sound Clean Air Agency for projects that reduce emissions, and these credits are available for SEPA project mitigation.

Regarding designation of the responsible official and delegation of the responsible official's responsibilities (See Exhibit A, Sections 5.2 and 5.3), Commissioner Albro proposed an amendment that delegation of the responsibilities of the responsible official to another Port official be subject to the concurrence of the Chief Executive Officer.

Commissioner Albro requested clarification on the issuance of revenue bonds for projects that have not completed SEPA review. Mr. Lufkin noted that Section 6.7 – Industrial Revenue Financing – was a pre-existing component of the Port's SEPA-review policies and explained that WAC 197-11-800 exempts certain financing activities from SEPA review, but not the underlying projects. Dan Thomas, Chief Financial Officer, added that the Commission always retains the ultimate authority over approving revenue bond sales. He explained that the existing policy restates State Law that allows issuance of bonds prior to completion of the SEPA review process and described circumstances under which the Commission may want to issue revenue bonds prior to completion of the SEPA review process. He stated that the stipulated use of the bonds typically is sufficiently flexible to allow for reallocation of the proceeds should a project be discontinued.

Commissioner Tarleton stated that she would prefer stipulations on reallocation of bond proceeds be tied to the bond issuance rather than be incorporated into the environmental review policy.

In response to Commissioner Albro, Mr. Meyer explained that the kinds of projects referred to in Section 9.3 as categorically exempt from SEPA review are explicitly outlined in WAC 197-11-800.

Commissioner Albro requested amendment of the policy to provide more information about the criteria for providing additional optional notice (See Exhibit A, Section 15.2).

Without objection, at the request of Commissioner Albro, Resolution No. 3650 was amended to require concurrence of the Chief Executive Officer for delegation of the responsibilities of a SEPA responsible official to another Port official under Section 5.3 and to clarify the conditions for exercising additional optional notice under Section 15.2. The question recurred on the motion for First Reading of Resolution No. 3650, with amendment(s).

Motion carried by the following vote:

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

- c. (00:50:18) **Authorization for the Chief Executive Officer to select an Underwriting, Remarketing, and Debt Services Finance Team through a competitive selection process and execution of contract(s) with the Finance Team following Commission authorization of the debt issuance. No underwriting contract(s) exist until the Commission approves the sale of bonds. The Finance Team is selected every three to five years.**

Request document: Commission agenda [memorandum](#) dated April 4, 2011, from Elizabeth Morrison, Corporate Finance Senior Manager.

Presenter: Ms. Morrison.

Ms. Morrison described the composition and function of the Finance Team, investment banks that underwrite Port bonds during initial offering and remarket variable-rate bonds on an ongoing basis. She stated that the current team is comprised of Barclays Capital, Goldman Sachs, Morgan Stanley, and Siebert Brandford Shank. The new team would be selected through a competitive process in coordination with the Central Procurement Office, and no contract would be executed until bonds are authorized for sale by the Commission. Ms. Morrison commented that small firms will be encouraged to participate and the new team is expected to be selected in June 2011.

In response to Commissioner Holland, Ms. Morrison stated the selection process is designed to provide opportunity for small firms to apply both to co-manage and senior-manage transactions, depending on the firm's qualifications, Port review of the firm's capitalization, and transaction size.

Commissioner Creighton urged consideration of local and West Coast-based banks in the Finance Team selection.

At the request of Commissioner Tarleton, Ms. Morrison described the forms of contract available for the selected banks: a bond purchase agreement executed by the Port and the underwriters at the time of bond sale and an ongoing remarketing agreement entered into upon issuance of variable-rate bonds.

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. (01:05:05) Foreign Trade Zone No. 5.

Presentation documents: Commission agenda [memorandum](#) dated April 6, 2011, from Linda Styrk, Seaport Division Managing Director. Also provided were an [attachment](#) and a computer slide [presentation](#).

Presenter: Ms. Styrk.

Ms. Styrk reported on the background of Foreign Trade Zone (FTZ) No. 5, noting the following:

- Reorganization of FTZ No. 5 under the Alternative Site Framework following Commission approval on March 23, 2010;
- Formation of a group to consider how best to administer, promote, and market FTZ No. 5 under the new framework;
- Description of the background of the FTZ program;

- Management of the FTZ program in the U.S. by the FTZ Board within the U.S. Departments of Commerce and Treasury;
- Treatment of the FTZ as if outside the U.S. with no formal Customs entry;
- Ability to manipulate, store, or assemble goods brought into the FTZ;
- Use of the FTZ to attract and maintain U.S. jobs;
- Benefits of the FTZ program to warehouse operators, shippers, manufacturers, logistics companies, and customers;
- Locations of 273 U.S. FTZs and 647 Subzones, which account for 11.54 percent of all U.S. foreign imports and 330,000 U.S. jobs;
- Growth in FTZs over the past 40 years;
- Locations of 13 General Purpose FTZs and 6 Subzones in Washington State;
- Changing FTZ warehouse models over time;
- Approval of the U.S. Department of Commerce for reorganization of FTZ No. 5 under the Alternative Site Framework (ASF) in October 2010;
- Use of the ASF to expedite requests to extend the FTZ authority of FTZ No. 5 to additional locations;
- Five FTZ sites encompassing 1,391 acres in King County;
- Opportunities to increase the physical size of FTZ No. 5 using the ASF process; and
- Recent merchandise activity and jobs associated with FTZ No. 5.

Ms. Styrk summarized the Port's request to the State Legislature, in consultation with the Port of Everett, for a boundary amendment for FTZ No. 5 to include a portion of Woodinville lying in Snohomish County. The boundary amendment was granted by Senate Bill 5157 and signed into law April 5, 2011. Ms. Styrk noted other companies interested in taking advantage of FTZ No. 5 boundary amendments and highlighted the role of Enterprise Seattle in promoting the use of the FTZ. Ms. Styrk provided promotional materials marketing FTZ No. 5 developed in conjunction with Enterprise Seattle.

Preliminary Briefing on Upcoming Real Estate Action Requests. (01:46:58)

Presenter: Michael Burke, Lease and Asset Management Senior Manager.

Mr. Burke reported on the following planned real estate action requests slated for consideration in the near future:

- An amendment to reduce the Crowley submerged lands lease agreement to allow new adjacent berths to be more completely used to generate additional revenue;
- Granting of easements in conjunction with expansion of Terminal 18 to facilitate street vacations on Harbor Avenue; and
- An amendment to the Terminal 18 lease with SSA Marine to shift ownership of cranes to the tenant rather than continue the practice of the tenant maintaining Port-owned cranes.

Regarding amending the SSA lease, Commissioner Tarleton requested additional information about SSA's purchase and lifecycle costs of maintenance and operations of the cranes and the total cost of the waivers requested by SSA in exchange for purchasing the cranes outright.

Commissioner Creighton requested a comparison of the Port's savings in shifting ownership of the cranes relative to the rental income from the cranes over their lifecycle. He also asked for more information about necessary berth depth for larger cranes and the relative impact of purchasing multiple cranes.

8. NEW BUSINESS

a. (02:04:28) Seattle Port Commission motion honoring and supporting public employees.

Commissioner Creighton offered the following [motion](#):

The labor movement has been central to Washington's history and Washington has a proud record of supporting and passing worker protection laws ensuring workplace safety and honoring and safeguarding living wage jobs. The Port of Seattle also has a rich history of working men and women on the docks, in the trades, and other occupations. These workers have provided vital services to our region with professionalism and integrity, and have worked hard to make our communities good places to live, work, and raise families.

Public employees at all levels of government in Washington State are talented, skilled, and hard-working neighbors and family members. The Port of Seattle is responsible directly and indirectly for over 194,000 jobs for our region, and directly employs close to 1,600 public employees. Port employees provide professional, dedicated service throughout their employment, and many of them are union members.

Public employees throughout our nation have lost their jobs and have experienced reduced wages and benefits as a result of the devastating recession. Labor unions and employees around the country – including at the Port of Seattle – have stepped forward to voluntarily participate in wage and benefit reductions, furloughs, and/or other cost-saving measures to preserve the jobs of their fellow employees and assist in managing the impacts of the recession on governmental budgets. These employees have also worked with management to develop creative ways to reduce costs and improve efficiencies.

With this motion, the Port Commission wishes to reaffirm our support to all workers and workers' rights for Port employees as well as employees of Port-related businesses, as expressed in the Commission motion passed in honor of Labor Day on September 1, 2009.

The Port of Seattle Commission hereby moves the following:

The Commission honors and respects the work of all our public employees, and will continue to call on them to carry out their duties and be creative about making the Port more transparent, productive, and efficient.

The Commission reaffirms our support for workers across Washington State to organize and to bargain collectively. We oppose any attempt to restrict or eliminate collective bargaining in the State.

The Commission reaffirms our commitment to a fair and respectful process and to bargaining in good faith with our public employees.

Commissioner Creighton commented on the challenges of the current economy and the Port's efforts to control labor costs, and described labor as an asset. He remarked on the responsibilities of approximately 1,600 direct employees of the Port and the importance of a skilled, experienced workforce to the economic success of the region.

Motion for approval of Item 8a – Creighton

Second – Holland

Public comment was received from Mr. David Freiboth, Executive Secretary-Treasurer of the M. L. King County Labor Council, who reflected on legalization of collective bargaining in 1935 and its extension to state and local governments. Mr. Freiboth urged the Commissioners to support the motion. He stated that the labor movement has asked their political leaders to show support for public employees and that the King County Council unanimously supported a motion affirming collective bargaining for public employees and opposing attempts to restrict collective bargaining.

Commissioner Holland spoke in favor of the motion and announced his intention to work with the labor community, Port Commission, and businesses to promulgate a workforce agenda to ensure preparation of workers in the trades.

Commissioner Albro stated that he would not support the motion, not because he disagreed with it in principle, but because the sentiment does not rise to the level of a resolution. He opined that focusing on issues of this kind diverts attention from the Commission's priority business.

Commissioner Creighton commented that the issue of restricting public employees' collective bargaining rights is relevant to the community and the Commission's constituents.

Commissioner Tarleton expressed solidarity with public employees facing reductions in wages and benefits and her support for the motion.

Commissioner Bryant stated that discipline, consistency, stability, and focus on its core mission are strengths of the Port of Seattle and the Port Commission that serve the Port's competitive advantage and cautioned against distractions of current events or political issues. He described the Port's core mission as investment of public resources to advance trade and commerce, promote industrial growth, and stimulate economic development to create jobs and added that he would abstain from the vote in the interest of discipline and focus on the Port's relevant business.

Commissioner Creighton stated that a motivated workforce is central to the Port's core mission; highlighted his efforts on behalf of freight mobility, tourism, and economic development; and expressed his view that the motion focused on issues relevant to the Port's core mission.

Motion carried by the following vote:

In Favor: Creighton, Holland, Tarleton (3)

Abstaining: Albro, Bryant (2)

Commissioner Albro requested an update on the City of Seattle's freight policies, specifically regarding street rechannelization (road diets) on East Marginal Way and Airport Way South, following the freight mobility policy roundtable on March 29, 2011.

Commissioner Holland announced his concern over the process for developing amendments to the City of Seattle Shoreline Master Plan, to which the Port will prepare an official response, and the potential of the amendments to restrict development of terminals at the Port.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 3:55 p.m.

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

John Creighton
Secretary