

Commissioners

Gael Tarleton
Commission President
Tom Albro
Bill Bryant
John Creighton
Rob Holland



Tay Yoshitani
Chief Executive Officer

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**APPROVED MINUTES
COMMISSION REGULAR MEETING FEBRUARY 7, 2012**

The Port of Seattle Commission met in a regular meeting Tuesday, February 7, 2012, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Creighton, Holland, and Tarleton were present. Commissioner Bryant was absent. Commissioner Creighton was absent after 2:55 p.m.

1. CALL TO ORDER

The regular meeting was called to order at 1:03 p.m. by Gael Tarleton, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

None.

PLEDGE OF ALLEGIANCE

3. (00:01:22) APPROVAL OF MINUTES

Regular meeting of November 22, 2011.

Motion for approval of minutes for the regular meeting of November 22, 2011 – Creighton

Second – Albro

Motion carried by the following vote:

In Favor: Albro, Creighton, Holland, Tarleton (4)

Absent for the vote: Bryant

4. SPECIAL ORDERS OF BUSINESS

4a. (00:02:10) Commission Activities Report.

Presentation document(s): Commission agenda [memorandum](#) dated February 1, 2012, provided by Mary Gin Kennedy, Director of Commission Services.

Commissioner Creighton commented on several Commission activities during January 2012, including passage of preliminary Century Agenda goals and a motion regarding human trafficking awareness on January 10, 2012; a Commission retreat on January 17, 2012, to discuss Commission operational and policy issues; testimony by Commissioners before the State Legislature on matters relating to transportation, the Leasehold Excise Tax, and human trafficking; submission to legislators of a letter on airport concessions; participation in meetings of the Freight Mobility Strategic Investment Board; participation in a roundtable discussion hosted by Congressman Dave Reichert on free trade and job creation; launch of the Airport's Music Initiative; events honoring Dr. Martin Luther King, Jr.; and celebrations for the Chinese New Year.

(00:09:25) Announcements – Portfolios and Board Memberships.

Commissioner Tarleton announced assignment of the following portfolios of subject matter responsibility for Commissioners based on discussion at the Commission's January 17, 2012, retreat:

International Logistics Hub:

Commissioners Bryant and Albro (leads) with Commissioner Holland (secondary).

Tourism Destination/Business Gateway:

Commissioner Creighton (lead) with Commissioner Bryant (secondary).

Workforce Development/Small Business Growth:

Commissioner Holland (lead) with Commissioner Albro (secondary).

Green Port:

Commissioner Tarleton (lead) with Commissioner Creighton (secondary).

Commissioner Tarleton announced 2012 board memberships as follows based on the portfolios identified above and Commissioner interest:

- King County Aerospace Alliance – Commissioner Tarleton
- Alaskan Way Viaduct Oversight Committee – Commissioner Bryant (a gubernatorial appointment)
- Art Oversight Committee – Commissioner Bryant
- Century Agenda – Commissioners Albro and Creighton (co-chairs)
- Audit Committee – Commissioners Albro (chair) and Bryant, with Commissioner Creighton as alternate
- Economic Development District – Commissioner Holland
- EnterpriseSeattle – Commissioner Holland
- Freight Mobility Strategic Investment Board – Commissioner Creighton (continuation of an existing gubernatorial appointment)
- Highline Forum – Commissioner Creighton (Highline Forum Co-Chair) and Commissioner Tarleton
- Lower Duwamish Transportation Management Association – Commissioner Tarleton
- Puget Sound Regional Council Executive Board – Commissioner Bryant, with Commissioner Albro as alternate
- Radio Executive Policy Committee – Commissioner Tarleton
- Seattle Convention and Visitors Bureau Advisory Board – Commissioner Creighton

- Southwest King County Economic Development Initiative – Commissioner Tarleton
- SR-509 Executive Committee/South Access Project – Commissioner Albro, with Commissioner Bryant as alternate
- Transportation Policy Board – Commissioner Creighton
- Tribal Liaison – Commissioner Bryant
- Washington Tourism Alliance – Commissioners Bryant and Creighton
- Waterfront Group – Commissioner Albro
- Washington Council on International Trade – Commissioner Holland
- Workforce Development – Commissioners Holland and Albro
- Washington Public Ports Association Board of Trustees – Commissioner Albro

[Clerk's Note: Subsequent to this meeting, the following additional board memberships were announced: Joint Advisory Committee (regarding the Airport and the City of SeaTac) – Commissioners Tarleton and Albro; and Trade Development Alliance – Commissioner Creighton.]

(00:15:00) Temporary Policies and Procedures Committee.

Commissioner Tarleton announced the Commission's intention to form a temporary committee composed of Commissioners Tarleton and Albro for the purpose of reviewing Commission policies and procedures. She explained that the committee would not be empowered to take final actions, but would be charged with responsibility to review issues and make recommendations to the full Commission in accordance with Article III, Section 6, of the Commission Bylaws.

Motion to form a temporary committee to review Commission policies and procedures – Albro

Second – Holland

Motion carried by the following vote:

In Favor: Albro, Creighton, Holland, Tarleton (4)

Absent for the vote: Bryant

5. UNANIMOUS CONSENT CALENDAR

None.

(00:16:14) PUBLIC TESTIMONY

As noted on the agenda, public comment was received from the following individuals:

- Marshall Fein, President of Unison-CRS Inc. Car Rental Services and Activation Advisor for the Port of Seattle and the Seattle Rental Car Industry. Mr. Fein commented on the importance of curbside assistants to provide necessary customer service at the new Consolidated Rental Car Facility when it launches and for an appropriate length of time.
- Lorie Tallarico, Attorney at Avis Budget Group. Ms. Tallarico commented on the importance of curbside assistants to provide necessary customer service at the new Consolidated Rental Car Facility when it launches and for an appropriate length of time.

- Bridget Long, Regional Rental Manager for Enterprise Rent-A-Car. Ms. Long commented on the importance of curbside assistants to provide necessary customer service at the new Consolidated Rental Car Facility when it launches and for an appropriate length of time.
- David Mendoza, Policy Analyst for Puget Sound Sage. Mr. Mendoza commented on the difficulty for independent truck drivers to acquire and maintain 2007 EPA-compliant trucks.
- Steve Lansing, Community Organizer for UFCW (United Food and Commercial Workers) Local 21. Mr. Lansing commented on the burden placed on low-income immigrant drivers to bear the high cost of reducing truck pollution contrasted with lease reductions offered to large multinational corporations.
- Cariño Barragán Talancon, Lead Organizer for Casa Latina. Ms. Barragán Talancon commented on the low-income immigrant community in the South Park area and urged a more equal distribution of the burden of the cost for clean trucks.
- Robin Everett, Associate Regional Representative for the Sierra Club. Ms. Everett commented on management of trucks calling at the Port as a fleet operated by the Port or trucking companies to reduce the impact to individual truck drivers. Ms. Everett submitted her comments in written form. A copy of the document is, by reference, made a part of these minutes, is marked [exhibit A](#), and is available for inspection in Port offices.
- Jasmine Marwaha, Community Organizer for Unite Here Local 8. Ms. Marwaha stated that Airport concessions workers are in solidarity with Port truck drivers and said the Port's clean truck policy is unfair because it burdens workers.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- 6a. (00:34:40) Authorization for the Chief Executive Officer to advertise and execute a contract for curbside services in support of the rental car transit operation including queue management and as-needed baggage assistance and coordination of services for customers with special needs at Seattle-Tacoma International Airport. The contract is expected to be a minimum of six months in duration and may be extended for up to three years. The maximum value of the contract is \$1,489,800. Funding for this contract request was included in the Port's 2012 budget passed by the Commission on November 22, 2011.**

Request document(s): Commission agenda [memorandum](#) dated January 27, 2012, rental car facility [diagram](#), and [letter](#) from Unison-CRS Inc. Car Rental Services dated January 17, 2012, provided by Michael Ehl, Director Aviation Operations.

Presenter(s): Mr. Ehl; and Jeff Hoebet, Senior Manager Airport Operations.

Mr. Ehl reported that opening day for the Consolidated Rental Car Facility is scheduled for May 17, 2012, and outlined recent project milestones including receipt of 29 new compressed natural gas buses and acceptance of 82 new Port employees in connection with the new facility. He commented on the importance of curbside assistants to a successful launch of the new operation. Commissioner Creighton commented on previous briefings on the need for curbside assistants and stated his support for the request.

Motion for approval of item 6a – Albro

Second – Holland

Motion carried by the following vote:

In Favor: Albro, Creighton, Holland, Tarleton (4)

Absent for the vote: Bryant

6b. (00:39:18) First Reading and Public Hearing of Resolution No. 3657: A resolution of the Port Commission of the Port of Seattle declaring certain real property located in the City of SeaTac, Washington, to be surplus and no longer needed for Port District purposes and authorizing the Chief Executive Officer to execute all documents necessary for transfer of the title to certain road improvements and real property to the City of SeaTac and the State of Washington and to transfer title to certain utility improvements to the City of Seattle. The value of the improvements and real property being transferred is estimated at \$19,484,500.

Request document(s): Commission agenda [memorandum](#) dated January 27, 2012, and [Resolution No. 3657](#) provided by Allan Royal, Real Estate Development Manager.

Presenter(s): Mr. Royal.

Mr. Royal reported that the property transfer is part of the development agreement for the Consolidated Rental Car Facility site and related improvements. He explained that the respective municipalities will take on maintenance and liability for the various assets described in the resolution and stated there is no budget request associated with the resolution.

Motion for first reading of Resolution No. 3657 – Creighton

Second – Albro

PUBLIC HEARING on Resolution No. 3657

Commissioner Tarleton declared the public hearing for Resolution No. 3657 open. There was no public comment offered at this time. Following the opportunity for public comment, the public hearing on Resolution No. 3657 was closed.

In response to Commissioner Creighton, Mr. Royal stated that the funds spent on the improvements to be transferred had been included in the cost of the project.

The question recurred on the motion by Commissioner Creighton, seconded by Commissioner Albro, for first reading of Resolution No. 3657.

Motion carried by the following vote:

In Favor: Albro, Creighton, Holland, Tarleton (4)

Absent for the vote: Bryant

6c. (00:43:25) First Reading of Resolution No. 3658: A resolution of the Port Commission of the Port of Seattle authorizing the issuance and sale of intermediate lien revenue refunding bonds in one or more series for the purpose of refunding certain outstanding revenue bonds of the Port; delegating authority for the sale of the bonds by negotiated sale, the negotiation, approval and execution of the bond purchase contract and the preparation and dissemination of a preliminary official statement and final official statement; authorizing the appointment of an escrow agent and execution of an escrow agreement; providing for continuing disclosure; and providing for a negotiated sale of the bonds to J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, Barclays Capital Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Backstrom McCarley Berry & Co. LLC and Drexel Hamilton LLC. The issuance and sale of the intermediate lien revenue refunding bonds is in an amount not to exceed \$730,000,000.

Request document(s): Commission agenda [memorandum](#) dated January 27, 2012, and [Resolution No. 3658](#) provided by Elizabeth Morrison, Senior Manager Corporate Finance.

Presenter(s): Ms. Morrison and Richard Schober, Managing Director of Public Finance for Seattle Northwest Securities Corporation.

Ms. Morrison reported that the purpose of the resolution is to refund several series of outstanding bonds, take advantage of current low interest rates, and achieve debt service savings. She stated the intermediate lien revenue bonds are to refund bonds issued primarily to fund Airport projects and described the potential bond refunding candidates, including the bond series into which they would be refunded as follows:

- Series A governmental purpose bonds exempt from federal income tax that primarily funded the Third Runway and airfield investments;
- Series B currently-callable private activity bonds subject to alternative minimum tax but exempt from other federal income taxes; and
- Series C not-currently-callable private activity bonds that are fully taxable.

Ms. Morrison explained that the taxable bonds to be refunded achieve their target savings despite being subject to federal taxes. She clarified that the "draft 3" cover on the distributed copy of the resolution is not material to the resolution and would be removed prior to second reading and added that the body of the resolution distributed was not in draft form, but was in final form for Commission consideration.

Ms. Morrison described the parameters under which the Chief Executive Officer would be allowed to approve the bond sale, including maximum par amount of \$730 million and savings of at least 3.75 percent and noted that the delegation to approve the sale would expire on August 14, 2012.

Mr. Schober explained that Seattle Northwest Securities Corporation is serving as the Port's financial advisor on the bond refunding transaction and reported on the status of the market noting current low interest rates and low market volume for the year.

In response to Commissioner Albro, Ms. Morrison stated that the standard approach is to reduce debt service to benefit annual cash flow without a substantial change to the amount of debt and

added that the bonds are amortized and scheduled annual payments are made that pay down the bond principal based on the amortization schedule. She explained that the principal amount reflected in the memorandum is the amount to be refunded, not necessarily the original principal amount. Commissioner Albro requested additional information on the debt retirement schedule and comparative principal amounts for the bonds to be refunded.

In response to Commissioner Creighton, Ms. Morrison reported that the savings for the full set of bonds would be approximately \$20 million and that the range of savings in present value could be as high as \$40 million.

Commissioner Tarleton commented on the debt level and cash reserves being within established policy. In response to Commissioner Albro, Ms. Morrison explained the status of cash-funded bond reserves, which she said typically are used to pay the final year of the bond's debt service.

Motion for first reading of Resolution No. 3658 – Albro

Second – Creighton

Motion carried by the following vote:

In Favor: Albro, Creighton, Holland, Tarleton (4)

Absent for the vote: Bryant

6d. (01:00:51) Approval of the Chief Executive Officer's calendar year 2012 Goals and Objectives.

Request document(s): Commission agenda [memorandum](#) dated January 31, 2012, and the Chief Executive Officer (CEO) [Goals and Objectives for 2012](#) provided by Mary Gin Kennedy.

Commissioner Tarleton commented on previous circulation of the CEO goals and objectives, which she said were developed in collaboration with the Commission, and which are required to be agreed upon by the Commission in accordance with Article II of the Commission bylaws. Mr. Yoshitani thanked the Commission for its participation in developing the goals and objectives.

Commissioner Holland commented on the goal to build a constituency of public, administration, and congressional support and develop and circulate draft legislation to eliminate the "land border loophole" that enables some shippers to divert U.S.-destined cargo to Canadian or Mexican ports to avoid paying the Harbor Maintenance Tax. Commissioner Holland also noted inclusion of the goal to develop a succession strategy for all senior management positions for presentation to the Commission in the fourth quarter of 2012, develop and implement a leadership development plan for directors and management-level employees, and implement a robust program to recruit diverse candidates to all levels of Port management in support of Port values in hiring a diverse workforce.

Commissioner Creighton noted that the 2012 goals are more focused on long-term strategic objectives than internal organizational issues as they have been in the past.

Motion for approval of item 6d – Albro

Second – Creighton

Motion carried by the following vote:

In Favor: Albro, Creighton, Holland, Tarleton (4)

Absent for the vote: Bryant

7. STAFF BRIEFINGS

7a. (01:11:22) Briefing on the Northwest Ports Clean Air Strategy.

Presentation document(s): Commission agenda [memorandum](#) dated January 31, 2012, and computer slide [presentation](#) provided by Stephanie Jones Stebbins, Director Seaport Environmental and Planning.

Presenter(s): Ms. Jones Stebbins and Ellen Watson, Environmental Program Manager.

Based on data from the 2005 Puget Sound Maritime Air Emissions Inventory, Ms. Jones Stebbins reported that diesel particulate matter is responsible for almost three-quarters of the air toxics health risk in the Seattle/Duwamish Valley area and that maritime emissions represent approximately 29 percent of the airshed's diesel particulate matter emissions. She stated that of the Port's contribution to this 29 percent, slightly more than half is produced by ocean-going vessels. Another third is attributable to cargo handling equipment, 12 percent to rail, and three percent to trucks.

Ms. Jones Stebbins outlined the requirements of the Commission's January 4, 2011, motion to accelerate achievement of the Port's clean air goals, including direction to conduct a 2011 emissions inventory and to present recommendations with associated costs and schedules to the Commission in public session.

Commissioner Tarleton noted that the postponement in presenting draft recommendations from December 2011 to February 2012 was due to Commission scheduling rather than staff delay.

Ms. Jones Stebbins presented the 2010 and 2015 target performance measures of the Northwest Ports Clean Air Strategy. She stated that an implementation report on achievement of the 2010 goals is due to Commission in the middle of 2012.

Ms. Watson reported on 2011 implementation success relative to the 2010 goals, noting that 70 percent of all frequent ocean-going vessel calls met or exceeded the 2010 performance measure. She stated that 60 percent of cargo vessels and 100 percent of cruise vessels met the goal. She described the 2011 results for the tiered At-Berth Clean (ABC) Fuels program, including reduction of 261 metric tons of sulfur emissions. In response to Commissioner Tarleton, Ms. Watson reported that new shipping companies making calls at the Port do not participate in the ABC Fuels program and are interested in a higher incentive. Ms. Jones Stebbins pointed out that the 70 percent rate for participation is the highest nationwide and added that the International Maritime

Organization's Environmental Control Area (ECA) that becomes effective in North American waters in August 2012 is expected to increase participation in the ABC Fuels program.

In response to Commissioner Creighton, Ms. Jones Stebbins compared the fuel sulfur requirements of the ABC Fuels program and the ECA. In response to Commissioner Albro, Ms. Watson described the average levels of fuel sulfur coming into the Port of Seattle at approximately three percent, compared to a worldwide limit of 4.5 percent.

Ms. Watson described 2011 implementation of performance targets for cargo-handling equipment emissions, noting that equipment failure and subsequent change in U.S. Environmental Protection Agency (U.S. EPA) status for the affected technology resulted in removal of filters from all the equipment. She commented on installation of anti-idling equipment and electrification of rail equipment and use of low-sulfur fuel by harbor vessels. Commissioner Tarleton requested more information regarding emissions reductions for rail equipment. Linda Styrk, Seaport Managing Director, commented on the lengthening of trains and stacking of containers for energy efficiency.

Ms. Jones Stebbins reported on implementation of goals related to drayage trucks, noting 100-percent attainment of 2010 performance measures, removal of older trucks through the Scrapage and Retrofits for Air in Puget Sound (ScRAPs) program, and implementation of the drayage truck registry. She noted the publishing on April 19, 2011, of a request for information on alternative ways to upgrade trucks to U.S. EPA standards equivalent to a 2007 model-year diesel truck engine. In response to Commissioner Albro, Ms. Jones Stebbins commented on technical solutions for truck emissions still in development internationally.

Ms. Watson reported on the 2011 Puget Sound Maritime Air Emissions Inventory, including the inventory partners, data collection period, and anticipated report timeframe in mid-2012. In response to Commissioner Tarleton, Ms. Watson confirmed that the Puget Sound Clean Air Agency is involved in the 2011 inventory effort. In response to Commissioner Albro, Ms. Jones Stebbins stated that the inventory data would be able to be correlated to economic activity.

Ms. Jones Stebbins commented on the U.S. EPA's SmartWay for Drayage certification program. Discussion ensued on the fairness of the burden of the cost of new clean truck technology, caution in accelerating implementation, collaboration between the Port and the U.S. EPA and between ports in the Puget Sound region, focusing on clean air goals, and when to decide how best to leverage resources to achieve the most emissions improvement.

Commissioner Creighton was absent after 2:55 p.m.

Ms. Jones Stebbins noted that several of the drayage companies calling at the Port are already SmartWay certified and that SmartWay shippers acknowledge higher cost for use of cleaner trucks.

Commissioner Holland commented on the ability of large companies to upgrade to cleaner trucks when individual drivers cannot. Commissioner Albro commented on the importance of having access to capital in order to make the necessary investments to upgrade to cleaner trucks and stated that small companies should have as much opportunity to do business with the Port as large companies.

Ms. Jones Stebbins presented the following possible programmatic options and pointed out the key legal, operational, and financial considerations for each:

- No change to goals;
- Accelerating long-term truck goals to 2015; and
- Achieving model-year-2007 equivalent particulate matter emissions in older trucks.

She presented the following possible funding options, noting operational and truck-owner considerations:

- No use of Port funding;
- Implementation of a second version of the ScRAPS incentive program; and
- Pilot projects to deploy new truck technologies.

In response to Commissioner Tarleton, Ms. Jones Stebbins reported that 25 percent of the trucks in the Port's truck registry are already model-year 2007 equivalent for emissions and that the number is lower for trucks that called at the Port at least 12 times in 2011.

There was discussion on the effect of clean truck programs on individual truck owners and the dynamics of incentives and market forces in voluntary versus mandatory programs.

Ms. Jones Stebbins reported on operational and financial considerations involved in providing shorepower for ocean-going vessels at Pier 69 or a cargo terminal. She commented on possible changes to the ABC Fuels program in light of implementation of the ECA standards, including potential replacement of the current program with a new fuel efficiency incentive program. She commented on use of electric rubber-tired gantry cranes and yard trucks, which are owned by terminal operators, and on pursuit of retrofits to reduce idling.

Ms. Jones Stebbins commented on public outreach efforts and outlined next steps through 2012.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 3:25 p.m.

Tom Albro
Secretary

Minutes approved: April 3, 2012.