



Commissioners

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

The Port of Seattle Commission met in a regular meeting Tuesday, August 7, 2012, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, Holland, and Tarleton were present. Commissioner Holland was absent after 3:28 p.m.

1. CALL TO ORDER

The regular meeting was called to order at 1:07 p.m. by Gael Tarleton, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

None.

PLEDGE OF ALLEGIANCE

3. (00:01:25) APPROVAL OF MINUTES

Special meeting of June 18, 2012, and regular meetings of June 26, 2012, and July 10, 2012.

Motion for approval of minutes for the special meeting of June 18, 2012, and the regular meetings of June 26, 2012, and July 10, 2012 – Albro

Second – Creighton

Motion carried by the following vote:

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

4. SPECIAL ORDER OF BUSINESS

4a. (00:02:33) Commission Activities Report.

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

Commissioner Bryant presented a report on Commission activities during July, noting participation in Century Agenda presentations and a retreat to discuss the Century Agenda and the 2013 budget and several meetings on subjects of regional interest, including a Joint Advisory Committee meeting with the City of SeaTac, the Highline Forum, the Economic Development District Board, and a *Publicola* panel discussion on a proposed new sports arena in the Duwamish Manufacturing Industrial Center. Celebrations marking the commencement of nonstop airline service to Tokyo by All Nippon Airways and the 45th anniversary of the Port's sister port relationship with the port of Kobe, Japan, were held, and Commissioners attended meetings of the Freight Mobility Strategic Investment Board, Transportation Policy Board, and Puget Sound Regional Council Executive Board during July.

5. (00:05:03) UNANIMOUS CONSENT CALENDAR

- 5a. Authorization for the Chief Executive Officer to advertise and execute a consulting services indefinite delivery, indefinite quantity contract for crane inspection and engineering support services for \$750,000 with a three-year contract ordering period. No funding is associated with this authorization.**

Request document(s): Commission agenda [memorandum](#) dated July 27, 2012, provided by Cassie Fritz, Manager, Seaport Project Management Support Services.

- 5b. Authorization for the Chief Executive Officer to execute area-specific contracts to provide contracted snow removal services for the air operations areas and the landside roads and parking areas. The contracts will be structured as one-year agreements with up to four years of additional service to be determined annually by the Port.**

Request document(s): Commission agenda [memorandum](#) dated July 27, 2012, provided by John Christianson, General Manager, Aviation Maintenance.

- 5c. Authorization (1) for the Chief Executive Officer to amend the Terminal 91 Lift Station #4 Replacement project budget by \$65,000 for a total project budget authorization of \$315,000; and (2) for use of Port crews to construct the project. Additional funds for the project are available due to under-spending in other Seaport small project CIPs.**

Request document(s): Commission agenda [memorandum](#) dated July 27, 2012, provided by Rees Robinson, Senior Marine Maintenance Project Manager, and Greg Englin, Manager, Maritime Operations.

Motion for approval of consent items 5a, 5b, and 5c – Creighton

Second – Holland

Motion carried by the following vote:

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

(00:05:55) PUBLIC TESTIMONY

As noted on the agenda, public comment was received at this time. At the request of Commissioner Tarleton, the following unsolicited written remarks were entered into the meeting

record. A collected copy of these comments is, by reference, made a part of these minutes, is marked [exhibit A](#), and is available for inspection in Port offices.

- Eric Miller. Mr. Miller submitted comments supporting use of private investment for a public sports arena, noting benefits of a new arena for construction jobs, and describing the need for traffic improvements.
- Jason Puckett of Seattle sports radio station KJR. Mr. Puckett criticized the Port for using tax revenue to support a public relations campaign against a new arena.
[Clerk's Note: Detailed information on the sources and uses of tax levy funding by the Port of Seattle is available on the Port website – www.portseattle.org. The 2012 tax levy budget document published there is, by reference, made a part of these minutes, is marked [exhibit B](#), and is available for inspection in Port offices.]
- Brandon Moen, lifelong Puget Sound resident. Mr. Moen commented in opposition to the Port's response to a new sports arena in the SoDo portion of the Duwamish Manufacturing and Industrial Center, noting the land uses in the area are not at the Port's discretion and stating public decision-making should not be based on the Port's plans for job and shipping growth, which he characterized as tentative.
- Ted Mah of Renton, Washington. Mr. Mah remarked that the reaction by Port Commissioners to the new sports arena proposal is disturbing and displays a lack of leadership.
- Ellen Monrad, Chair of the Queen Anne Community Council. Ms. Monrad commented on behalf of the Queen Anne Community Council that the Port's need to move freight should take priority over development of a new arena in the SoDo portion of the Duwamish Manufacturing and Industrial Center. She noted the impact of Port operations on the King County economy and the Port's plans to add 100,000 new jobs and increase annual container volume through Seattle's seaport to 3.5 million TEUs (twenty-foot equivalent units) over the next 25 years.
- Constance Knudsen of Seattle, Washington. Ms. Knudsen commented on traffic congestion in the SoDo area of the Duwamish Manufacturing and Industrial Center, on the importance of road and rail access to Seattle's industrial district, on the wealth of National Basketball Association (NBA) players, owners, and commissioners, and on the low quality of long-term jobs represented by expansion of service industries in the area.
- John Kane, Chief Executive Officer and President, Kane Environmental Inc. In a copy of an email directed to the Seattle City Council, Mr. Kane encouraged serious consideration of Port CEO Tay Yoshitani's letter to them of July 18, 2012, regarding impacts of a new stadium on Port operations and the need for a complete State Environmental Policy Act (SEPA) review of the stadium proposal.
- Vincent Koskela of Seattle, Washington. Mr. Koskela commented on past public financing for Safeco Field, Qwest Field (now CenturyLink Field), and Key Arena and asserted the need for a public vote on a proposal to locate an additional sports arena in the SoDo portion of the Duwamish Manufacturing and Industrial Center. He noted various economic considerations and questioned the availability of adequate square footage for a new arena and adequate parking capacity in the area.
- James Owenby of West Seattle. Mr. Owenby commented on his concern over the traffic impact represented by a new sports arena in the SoDo area of the Duwamish

Manufacturing and Industrial Center. He described his personal experience as a commuter affected by traffic congestion in the area.

- Dale Nielsen of Seattle, Washington. Mr. Nielsen suggested creating truck-only or freight-priority lanes for use during periods of traffic congestion.
- Kelly Charlton of Seattle, Washington. Mr. Charlton recommended all rail and mass transit traffic be routed into underground tunnels to alleviate traffic congestion in the SoDo portion of the Duwamish Manufacturing and Industrial Center.
- Tad Sommerville of Seattle, Washington. Mr. Sommerville described a decline of the Port of Seattle and stated traffic in the SoDo area of the Duwamish Manufacturing and Industrial Center results from access problems at freight terminals.
- Dick Falkenbury of Seattle, Washington. Mr. Falkenbury commented in favor of using a monorail to alleviate traffic congestion in connection with a new Seattle sports arena, including analysis of a monorail proposal.
- Terry Forsyth of Friday Harbor, Washington. Mr. Forsyth recommended building an elevated, two-lane roadway over the tracks of the BNSF Railroad to provide exclusive freight and Port access between the Port and interstate highways, alleviating traffic congestion on sportsfan roadways.

Additional public comment was received from the following individual(s):

- John Odland, Chair of the Manufacturing Industrial Council Executive Committee and Vice President of container freight company MacMillan-Piper Inc. Mr. Odland commented on preservation of industrial zoning in the Duwamish Manufacturing and Industrial Center and stated that locating a new sports arena there puts business and household incomes at risk.
- John Kane, Chief Executive Officer and President, Kane Environmental Inc. In addition to his written comments noted above, Mr. Kane commented in opposition to circumventing the SEPA review process for a new arena and described the extent of the review process he is obligated to for projects smaller in scope than a new arena.
- Vince O'Halloran, Seattle Branch Agent, Sailors Union of the Pacific, and President of the Puget Sound Ports Council of the Maritime Trades Department, AFL-CIO (American Federation of Labor and Congress of Industrial Organizations). Mr. O'Halloran spoke in favor of a return to Seattle of an NBA team, but stated he was opposed to locating an arena in the SoDo area of the Duwamish Manufacturing and Industrial Center, which he said would cripple the ability of the Port to do business and put people out of work. He referenced the February 10, 2009, report by Martin Associates on the economic impact of the Port of Seattle and the May 2009 report for the City of Seattle titled Seattle's Maritime Cluster.

[Clerk's Note: The 2009 Martin report is available on the Port website – www.portseattle.org – and the document published there is, by reference, made a part of these minutes, is marked [exhibit C](#), and is available for inspection in Port offices. The 2009 Seattle Maritime Cluster report is available on the City of Seattle website – www.seattle.gov – and the document published there is, by reference, made a part of these minutes, is marked [exhibit D](#), and is available for inspection in Port offices.]

- Peter Phillips, President of Phillips Publishing Group and President of the Seattle Marine Business Coalition. Mr. Phillips commented in support of a return of an NBA team to

Seattle, but stated he was concerned about the proposed site in the Duwamish Manufacturing and Industrial Center (SoDo). He commented on the economic impact of Seattle's maritime industry and the interrelationship between the industrial areas north of the Seattle Ship Canal and the Duwamish Manufacturing and Industrial Center, including the SoDo area, and on the loss of business that would occur on game days.

- Cameron Williams, President of ILWU (International Longshore and Warehouse Union) Local 19. Mr. Williams commented on concerns of the ILWU over locating a new sports arena in the SoDo neighborhood of the Duwamish Manufacturing and Industrial Center, despite the desire of ILWU members for a return of an NBA team to Seattle.
- John Persak, member of the ILWU (International Longshore and Warehouse Union) Local 19. Mr. Persak commented on a recent City of Seattle Planning Commission report describing the likelihood of job loss and environmental impacts due to congestion associated with a new arena in SoDo.
- Jordan Royer, Government Affairs Manager, Pacific Merchant Shipping Association (PMSA). Mr. Royer advocated completion of an environmental impact statement prior to execution of any agreement for the proposed arena in the Duwamish Manufacturing and Industrial Center, noted a lack of analysis and public review of the proposal, and commented on displacement of jobs and businesses and threats to taxable revenue associated with the SoDo arena location. He referenced a July 27, 2012, Seattle Planning Commission report on the proposed arena and the 2007 Seattle Planning Commission Industrial Lands Study.

[Clerk's Note: The July 27, 2012, City of Seattle Planning Commission Review of the Proposed Sports Arena in the Duwamish Manufacturing and Industrial Center is available on the City of Seattle website – www.seattle.gov – and the document published there is, by reference, made a part of these minutes, is marked [exhibit E](#), and is available for inspection in Port offices. The 2007 City of Seattle Planning Commission Industrial Lands Study is available on the City of Seattle website – www.seattle.gov – and the document published there is, by reference, made a part of these minutes, is marked [exhibit E](#), and is available for inspection in Port offices.]

- Dave Gering, Executive Director, Seattle Manufacturing Industrial Council. Mr. Gering described having his left foot run over by a car hit by a tractor trailer at the intersection of First Avenue and South Atlantic Street and complimented the Commission for its communications to the King County and City of Seattle Councils on the transportation and related perils represented by location of a new sports arena in the Duwamish Manufacturing and Industrial Center.
- Dan Gatchet, Chair, Freight Mobility Strategic Investment Board (FMSIB). Mr. Gatchet commented on impacts to freight mobility in the Duwamish Manufacturing and Industrial Center posed by the addition of a new sports arena in the SoDo neighborhood and the importance of traffic mitigation in connection with such a project.
- Max Vekich of Seattle, Washington. Mr. Vekich commented on his background as a marine clerk and former state legislator and on the importance of Seattle's industrial lands to sustain local jobs.
- Scott Barrows, Co-Owner of event-ticket-sales company Epic Seats. Mr. Barrows spoke in favor of a new sports arena and the importance of cooperation among Seattle business owners.

- Kris Brannan of Tacoma, Washington. Mr. Brannan commented on his activities as the “Sonics Guy,” the loss of the Seattle SuperSonics NBA franchise, his hope for a return of professional basketball to Seattle, and the potential to work out the details to address the traffic issues in SoDo and also build a new arena in the area.
- Alex Popescu, aircraft fueler at Seattle-Tacoma International Airport. Mr. Popescu commented on his Marine Corps service and the hardships associated with his low-wage work as an aircraft fueler at the Airport and asked the Commission to advocate for better pay and increased safety for jobs at the Airport.
- Abdi Ali, aircraft fueler at Seattle-Tacoma International Airport. Mr. Ali commented on adverse conditions for aircraft fuelers at the Airport.
- Claudia Alexandra Paras, Coalition Organizer with Puget Sound Sage. Ms. Paras spoke in support of aircraft fuelers and other service providers at Seattle-Tacoma International Airport who perform difficult work for low wages.

At the discretion of the Chair, the Commission advanced to consideration of –

7. STAFF BRIEFINGS

7c. (00:39:04) Briefing on Potential Transportation, Economic, and Land Use Implications of a Proposed SoDo Arena.

Presentation document(s): [Report](#) dated August 7, 2012, and computer slide [presentation](#) provided by Marnie Heffron, P.E., P.T.O.E., Principal and President of Heffron Transportation; [report](#) dated August 6, 2012, and computer slide [presentation](#) provided by Paul Sorensen, Principal of BST Associates; and [report](#) dated August 7, 2012, and computer slide [presentation](#) provided by Peter Steinbrueck, FAIA, Principal of Steinbrueck Urban Strategies LLC.

Presenter(s): Michael Merritt, Local Government Relations Manager; Ms. Heffron; Mr. Sorensen; and Mr. Steinbrueck.

Mr. Merritt described the traffic congestion, freight mobility, and economic challenges associated with construction of a new sports arena in the SoDo area of the Duwamish Manufacturing and Industrial Center and proposed that the City of Seattle and King County should study alternative sites for a new sport arena and assess the potential risks and benefits before committing public money to an arena project.

Ms. Heffron presented findings of a study intended to describe the concerns of the Port of Seattle related to development of a new sports arena in the Duwamish Manufacturing and Industrial Center. She noted the preliminary nature of the proposal’s transportation analysis conducted so far, the current effects of arena events in the area on Port terminal operations, the addition of events and concurrent events represented by building a new arena, and the lack of commitment for transportation mitigation by the project proponents.

Deficiencies in the new arena proposal’s preliminary study were enumerated; a side-by-side comparison of eight transportation elements studied for the environmental impact statements for Key Arena, Safeco Field, CenturyLink Field, and the preliminary new arena study was presented showing that the preliminary study addressed only two of eight elements; the number of

intersections evaluated for the four proposals was presented showing that for Key Arena 15 intersections were evaluated, for Safeco Field, 31 were evaluated, for CenturyLink Field, 54 were evaluated, but that for the preliminary study, no intersections were evaluated; and incorrect assumptions in the preliminary study regarding Port and event traffic in the SoDo area of the Duwamish Manufacturing and Industrial Center were noted.

Ms. Heffron described the effect of additional events at a new arena on freight mobility, cargo shipping costs, and the ability of the Port to attract and retain customers, based on the premium placed by shippers on travel time and reliability of turns per day. She presented data regarding the inventory of industrial land linked to Port operations in the Duwamish Manufacturing and Industrial Center, the amount of traffic entering the SoDo area from I-90 early in the afternoon on Mariners game days, and reduction of the Port's effective operating hours at Terminal 46 due to Mariners games in 2012. The effect of the Port's operation of night gates on hourly traffic volumes was also presented. Ms. Heffron addressed the effects of street vacations in the SoDo area associated with the new arena proposal on traffic flow, especially at the intersection of First and Atlantic Streets, and noted safety concerns related to increased vehicle and pedestrian traffic at train crossings on Holgate Street.

Ms. Heffron presented findings from a King County expert review panel on the impact of concurrent events on traffic congestion on two-thirds of the weekdays in a year.

Ms. Heffron noted the lack of consideration in the new arena proposal for alternative sites and the absence of detailed mitigation needs or mitigation funding sources. She proposed completion of an environmental impact statement, evaluation of alternative arena sites, identification of mitigation measures that retain Port operations, collaboration with the Port on event traffic controls, and commitment to mitigation funding and implementation.

In response to Commissioner Bryant, Ms. Heffron stated that there would not be enough parking in the SoDo area to accommodate two concurrent major-league sporting events. Other, non-arena-event demands on parking in the area were discussed, and Ms. Heffron noted the extra traffic created by vehicles searching for parking and circulating through the traffic system multiple times.

Commissioner Creighton complimented Ms. Heffron's analysis of the key issues surrounding the effect of a new arena on Port operations and emphasized the presence of extensive data on the importance of the Port's operations on the regional economy and the maritime industry's need for traffic mitigation in the SoDo area.

Mr. Sorenson reported on overall increases to shipping costs associated with a new arena in the SoDo area of the Duwamish Manufacturing and Industrial Center, and noted the potential for increased conversion of industrial lands in the area to non-industrial uses in association with the addition of a new arena. He reported that the Port's opportunities for market expansion are strong and that, based on a conservative estimate of 2-3 percent annual growth, the Port should be able to achieve its Century Agenda goal of increasing seaport annual container volume to 3.5 million TEUs (twenty-foot equivalent units) by 2039.

Mr. Sorenson commented on the importance of access of freight carriers, narrow margins, and cost controls for companies deciding whether to do business through the Port of Seattle. He described the types and numbers of jobs represented in the Duwamish Manufacturing and Industrial Center and emphasized the link between those jobs, which he characterized as middle-class jobs, and the Port's container terminals. He commented on the statewide extent of the industries exporting and importing goods through the Port of Seattle. He described the inflation of costs resulting from traffic congestion and reduced freight mobility in the SoDo area on those mostly small businesses.

In response to Commissioner Creighton, Mr. Sorenson confirmed that displacement of cargo operations from the Port of Seattle to the Port of Tacoma would drive up costs for Seattle-based businesses and stated it was unclear whether all the infrastructure and intermodal capability represented by the Port of Seattle would be able to be accommodated by the Port of Tacoma.

Commissioner Albro noted that many small businesses whose costs would be affected by displacement of cargo from the Port of Seattle might not be able to afford to compete under the changed circumstances, resulting in a net loss of business in the region. Mr. Sorenson commented on increased reliance on transloading operations as a contradiction to the assumption that freight at the Port of Seattle simply moves from terminal to rail, and the need for transloading operations to be located in close proximity to the Port.

Mr. Steinbrueck described the land-use and planning considerations for a proposed new arena in the SoDo area. He commented on the framework established by the Growth Management Act for local land-use regulation, identified the extent of the Duwamish Manufacturing and Industrial Center, and provided background on the City of Seattle's establishment of the Stadium Transition Overlay District in the northern end of the Duwamish Manufacturing and Industrial Center.

Mr. Steinbrueck commented that in establishing the Stadium Overlay, the intent was not to add a third arena or proliferate building of new arenas, but rather to protect the surrounding industrial area from further encroachment by non-industrial uses and to improve pedestrian connections to downtown Seattle and Pioneer Square. He emphasized that the land in Seattle's industrial core is highly utilized land the use of which for industrial purposes is important to benefit the community.

Mr. Steinbrueck explained that, as a regional manufacturing and industrial center (MIC) defined in accordance with the Growth Management Act, the Duwamish MIC is legally defined as an area having statewide importance under the Act. He commented on the applicability of city zoning, the city's comprehensive plan, and countywide planning policies to the uses allowed in the Duwamish MIC, and outlined the following policies and regulations for determining appropriate land use under the City of Seattle's land-use code, in order of conformance:

- The regional designation, under the Growth Management Act, of the Duwamish MIC, including the container port provisions of the Act;
- The City of Seattle Comprehensive Plan;
- The Manufacturing and Industrial Center Neighborhood Plan;
- The Stadium Transition Overlay District; and
- The zoning designation of Industrial-Commercial.

Mr. Steinbrueck described the role of the zoning overlay in establishing appropriate land uses. In response to Commissioner Tarleton, he stated that the land-use regulations applicable to the proposed arena site would implement requirements of the City's Comprehensive Plan and the Duwamish MIC and would be known to a buyer at the time the land was obtained.

Mr. Steinbreuck recommended removal of language in the proposal memorandum of understanding that binds the City of Seattle to a specific location; commencement of a two-phase programmatic SEPA (State Environmental Policy Act) review by the City of Seattle; collaborative discussions between the City and the Port on new container port provisions and safeguards; and consideration of a new mechanism to protect the Duwamish Manufacturing and Industrial Center.

At the discretion of the Chair, the Commission advanced to consideration of –

8. NEW BUSINESS

(02:16:08) Motion Concerning the Proposal for Siting a Sports Facility in SoDo [in the Duwamish Manufacturing and Industrial Center].

Commissioner Albro presented a statement in support of the following motion for inclusion in the record of the meeting, and a copy of the statement is available for inspection in Port offices. The motion reads as follows:

The Commission believes additional study of this proposal is necessary, taking into account the concerns expressed by the Port, the Seattle City Planning Commission, the Washington State Transportation Commission, the Chairs and Ranking Members of both House and Senate Transportation Committees, BNSF Railway, the Manufacturing Industrial Council, the International Longshore and Warehouse Union, the Machinists Union, the Seattle Maritime Business Coalition, the Pacific Merchant Shipping Association, the Seattle Mariners, and others.

To this end, the Commission opposes the signing of binding commitments for the siting of a sports facility in the SoDo neighborhood prior to completing a full programmatic environmental impact statement (EIS). The EIS needs to include the consideration of alternative sites, the types and costs of impacts on the maritime and industrial sectors, and the identification and availability of funding to mitigate the impacts if a sports and entertainment facility is built in SoDo.

Commissioner Albro commented on the responsibility of the Port Commission to competitiveness and jobs and pointed out that the motion is not a reflection of opposition to a return of professional basketball to Seattle. He stated the Commission's concern is to its mission to maintain jobs in the community today and to create jobs for future generations.

Motion opposing signing of binding commitments for the siting of a sports facility in the SoDo neighborhood prior to completing a full programmatic environmental impact statement – Albro

Second – Creighton

Motion carried by the following vote:

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

Commissioner Holland was absent after 3:28 p.m.

Commissioner Tarleton directed that a copy of the motion and statement in support of the motion be forwarded to the Seattle City Council.

The Commission returned to consideration of –

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- 6a. (02:21:53) First Reading and Public Hearing of Resolution No. 3665: A Resolution amending Unit 20 of the Comprehensive Scheme of Harbor Improvements of the Port of Seattle (Lower Duwamish Industrial Development District) by: (i) declaring certain real property surplus and no longer needed for port district purposes; (ii) authorizing its transfer to BNSF Railway Company; (iii) deleting said property from Unit 20 of the Comprehensive Scheme; and (iv) adding to Unit 20 of the Comprehensive Scheme certain real property transferred by BNSF to the Port. Further requesting authorization for the Chief Executive Officer to take all necessary steps and execute all documents, including an Exchange Agreement necessary to accomplish the exchange of properties with BNSF Railway Inc. in accordance with state law; and requesting authorization for Port staff to approve escrow settlement for the Port's net cost at closing of approximately \$51,000. The Port's obligation for closing costs of approximately \$167,000 will be partially offset by BNSF's \$97,000 reimbursement to the Port for BNSF's share of the survey costs incurred related to this land exchange transaction and offset by other prepaid credits. These offsetting payment obligations are reflected in the closing documents for the land exchange title transfer.**

Request document(s): Commission agenda [memorandum](#) dated August 2, 2012, [Resolution No. 3665](#), [attachment 1](#), [attachment 2](#), and [exchange agreement](#) provided by Michael Burke, Director, Container Leasing and Asset Management.

Presenter(s): Mr. Burke and Leonard Johnson, Seaport Real Estate Specialist.

Mr. Burke reported that the resolution finalizes the process of expanding of Terminal 5 completed in the 1990s.

Mr. Johnson commented on a previous briefing to the Commission on the property transfer on July 24, 2012, and noted that a reduction of the Port's responsibility for estimated closing costs to approximately \$152,000 would be reflected in the final form of the action to be presented for second reading and final passage. He stated that closing on the transfer is expected at the end of August 2012.

Motion for first reading of Resolution No. 3665 – Bryant

Second – Creighton

PUBLIC HEARING on Resolution No. 3665

Commissioner Tarleton declared the public hearing for Resolution No. 3665 open. There was no public comment offered at this time, and following the opportunity for public comment, the public

hearing on Resolution No. 3665 was closed. The question recurred on the motion by Commissioner Bryant, seconded by Commissioner Creighton, for first reading of Resolution No. 3665.

Motion carried by the following vote:

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

Absent for the vote: Holland

At the discretion of the President, the following agenda item –

6b. Second Reading and Final Passage of Resolution No. 3662: A Resolution of the Port Commission of the Port of Seattle declaring certain real property located in King County (portions of the Woodinville Subdivision) and any improvements located thereon surplus and no longer needed for Port purposes, authorizing its transfer to King County and authorizing the Chief Executive Officer to execute all documents related to such transfer; and further authorizing the Chief Executive Officer to execute a permanent easement granting King County easement rights over a portion of the Port's freight section of the Woodinville Subdivision for future recreational trail uses. The Port will receive \$15,000,000 (minus 50 percent of closing costs and a \$1,900,000 credit to King County for the previous acquisition of an easement over the property to be transferred).

– was removed from the meeting agenda prior to convening, and Resolution No. 3662 did not receive second reading.

At the discretion of the President, the following agenda item –

6c. Authorization for the Chief Executive Officer to: (1) approve the scope and budget for the creation of an airport sustainability master plan (SMP) at Seattle-Tacoma International Airport, and (2) advertise and execute a contract for consulting services for the Airport SMP, with a total estimated value of \$6.0 million.

– was removed from the meeting agenda prior to convening.

6d. (02:26:43) Authorization for additional funding to complete construction of the Terminal 18 Pilot Pile Cap Repair and Maintenance Project at an additional cost of \$500,000 for a total project cost of \$1,500,000.

Request document(s): Commission agenda [memorandum](#) dated July 27, 2012, computer slide [presentation](#), and video provided by Scott Pattison, Seaport Asset Manager, and Anne Porter, Capital Project Manager.

Presenter(s): Ms. Porter.

Ms. Porter presented a video showing the pile cap conditions discovered during performance of the Terminal 18 Pile Cap Repair and Maintenance Pilot Project. The video included information on the age of the pile caps and noting a reduction in estimates for overall pile cap repair since beginning the pilot project.

Motion for approval of item 6d – Bryant

Second – Albro

Motion carried by the following vote:

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

Absent for the vote: Holland

At the discretion of the President, the following agenda item –

6e. First Reading of Resolution No. 3666: A Resolution of the Port Commission of the Port of Seattle declaring certain personal property surplus (Port of Seattle Cranes No. 51, 52, and 53) for Port of Seattle purposes, authorizing its sale or disposal, and authorizing the Chief Executive Officer to execute all documents related to such sale or disposal.

– was removed from the meeting agenda prior to convening, and Resolution No. 3666 did not receive first reading.

7. STAFF BRIEFINGS

7a. (02:30:50) Recent Marine Maintenance Activities Related to Port Initiatives.

Presentation document(s): Commission agenda [memorandum](#) dated July 27, 2012, [Marine Maintenance index](#), and computer slide [presentation](#) provided by Lindsay Pulsifer, General Manager, Marine Maintenance.

Presenter(s): Ms. Pulsifer.

Ms. Pulsifer presented a report on activities of the Marine Maintenance Department including statistics on the size of the department and number of projects undertaken. She noted department participation on the Development and Diversity Council, community giving, mentoring, and small business initiative programs and noted award-winning department innovations such as for the development of a specialized, environmentally sensitive dock scrubber.

Ms. Pulsifer commented on the importance of the Commission's direction in taking up deferred maintenance projects and reported on the progress made in reducing the backlog of deferred maintenance by the Marine Maintenance Department, including projects related to regulatory compliance or environmental sustainability issues. She stated deferred maintenance is expected to be completed in 2013. Fleet management, recycling, and stormwater compliance and innovative approaches were noted.

Ms. Pulsifer presented data on the distribution of projects by size and years budgeted for project work and commented on the importance of incorporating maintenance costs in annual budgets to avoid future maintenance backlogs.

Ms. Pulsifer commented on the department's participation in continuous process improvement, employee involvement and recommendations, and management of hazardous substances. She reported on the effects of the Alaskan Way Viaduct replacement project on Marine Maintenance operations and the department's collaboration with the Washington State Department of Transportation and Seattle Police Department.

7b. (02:56:55) Second Quarter Financial Briefing.

Presentation document(s): Commission agenda [memorandum](#) dated July 27, 2012, financial and performance [report](#), and computer slide [presentation](#) provided by Dan Thomas, Chief Financial and Administrative Officer, and Michael Tong, Corporate Budget Manager.

Presenter(s): Mr. Tong; Borgan Anderson, Senior Manager, Aviation Finance and Budget; Boni Buringrud, Senior Manager, Seaport Finance and Budget; and Ralph Graves, Managing Director, Capital Development Division.

The Commission was provided with a report outlining second quarter financial performance that noted the following:

- Total Port operating revenues of \$259.2 million, which was 6.5 percent over the second quarter of 2011;
- Operating revenues of \$8.7 million, which was 3.5 percent over budget;
- Portwide operating expenses of \$12.9 million, which was 8.5 percent below budget;
- Net income before depreciation of \$128.7 million, which was 21.8 percent above budget; and
- Net income after depreciation of \$39.9 million, which was 95.9 percent above budget.

In response to Commissioner Tarleton, Mr. Tong credited the strong performance of net income after depreciation to refunding of T-18 revenue bonds and noted major revenue and expense variances for the second quarter. Operating income and 2012 year-end forecasts were summarized. Mr. Tong noted that all divisions expect to be below budget for capital spending for 2012.

Commissioner Albro commented on over-budgeting for capital expenses. Mr. Anderson responded that reductions to capital spending made after proposing capital spending in the plan of finance reflects a disproportionate difference when viewing the plan of finance against actual 2012 spending.

Aviation

Mr. Anderson summarized Aviation Division performance in the second quarter, noting a delay in costs due to delays to the airline realignment program and increased anticipated costs for removal of regulated materials, such as asbestos, in Airport capital projects and costs of unanticipated medical injury litigation. He noted that revenue growth includes the portion of customer facilities charges that offset operating expenses, and that cost per enplanement is on budget and cash flow is over budget. He provided a preview of upcoming authorization requests for future 2012 projects.

Seaport

Ms. Buringrud summarized Seaport Division second quarter financial performance, noting cargo volume at 1.007 million TEUs (twenty-foot equivalent units) and grain volume of 2.9 million metric tons. She noted that the Ports of Metro Vancouver, B.C., and Prince Rupert experienced TEU growth of 14 percent contrasted with a 0.4 percent increase for the Ports of Seattle and Tacoma and a 1.4 percent increase for the Ports of Los Angeles and Long Beach.

Ms. Buringrud summarized year-to-date operating results and key revenue and expense variances for the Seaport Division, including a \$956,000 unfavorable variance in security grant expenses. She noted that all Seaport business groups are above budget for net operating income before depreciation and summarized capital spending.

Real Estate

Ms. Buringrud reported on the financial performance of the Real Estate Division in the second quarter, noting net operating income is expected to be below budget, driven by lower-than-anticipated activity at the Bell Harbor International Conference Center. She stated that occupancy rates for Port-owned properties are higher than the market average, although occupancy at Fishermen's Terminal is below forecast. She noted that although occupancy is slightly below the target for Shilshole Bay Marina, it is higher than for competitors.

Ms. Buringrud stated that net operating income is \$1.3 million above budget, and she presented key revenue and expense variances. She stated all business groups are above budget for net operating income before depreciation, with the exception of the Eastside Rail Corridor, and presented information on capital projects. Ms. Buringrud concluded with a summary of operational issues and costs resulting from the Port's continued management of the Eastside Rail Corridor.

Capital Development

Mr. Graves presented a report on the second quarter financial performance of the Capital Development Division, noting division participation in the purchase-card (P-Card) audit and presenting information on consistent ratios of hard and soft costs, cost growth during construction, design and construction schedule growth, and procurement time. Key expense variances were presented.

Corporate Division

Mr. Tong summarized key metrics for the Corporate Division, including Commission activities and accomplishments by Airport Jobs, and summarized second quarter expenses and year-end forecasts.

Agenda item 7c having been disposed of previously, the Commission advanced to consideration of –

8. NEW BUSINESS

No additional new business was considered at this time.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 4:47 p.m.

Tom Albro
Secretary

Minutes approved: September 25, 2012.