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**APPROVED MINUTES
COMMISSION SPECIAL MEETING JANUARY 13, 2015**

The Port of Seattle Commission met in a special meeting Tuesday afternoon, January 13, 2015, in the Central Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire were present. Commissioner Creighton was absent after 4:16 p.m.

1. CALL TO ORDER

The meeting was called to order at 1:05 p.m. by Commission Co-President Courtney Gregoire, who led the flag salute.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110 – None.

3. SPECIAL ORDERS OF BUSINESS – None.

4. UNANIMOUS CONSENT CALENDAR

[Clerk's Note: Items on the Unanimous Consent Calendar are considered routine and are not individually discussed. Port Commissioners receive the request documents prior to the meeting and may remove items from the Consent Calendar for separate discussion and vote in accordance with Commission bylaws.]

Agenda item 4a was removed from the agenda prior to convening and was therefore not considered as part of the Consent Agenda.

4a. *Removed from the agenda.*

4b. Approval of claims and obligations for the period of December 1, 2014, through December 31, 2014, in the amount of \$48,512,737.97 including accounts payable checks nos. 901191 - 901751 in the amount of \$39,389,473.27 and payroll checks nos. P- 178372 - 178990 in the amount of \$9,123,264.70 for a fund total of \$48,512,737.97.

The motion for approval of consent item 4b carried by the following vote:

In favor: Albro, Bowman, Bryant, Creighton, Gregoire (5)

A recording of this part of the meeting has been made available online.

5. PUBLIC TESTIMONY

Public comment was received from the following individual(s):

- Mike Moore, Pacific Merchant Shipping Association, who commented in favor of water-dependent interim uses of Terminal 5 and the jobs associated with them.
- David DeVilbiss, Seattle, who commented in favor of interim use of Terminal 5 and job opportunities.
- Hank Bynaker, General Manager – West Coast – Marine Systems Inc., who commented in support of interim use of Terminal 5 by Foss Maritime.
- Rob Bohlman, Vice President of Sales, Jones Stevedoring Company, who commented in favor of interim use of Terminal 5 by Foss Maritime.
- Zarna Joshi, Rising Tide Seattle, who commented on Arctic oil drilling and in opposition to interim use of Terminal 5 by Foss Maritime.
- Jimmy Haun, Political Director, Northwest Carpenters, who commented in favor of interim use of Terminal 5 by Foss Maritime and related job opportunities.
- John Lockwood, President, Seattle Marine Business Coalition, who commented in support of interim use of Terminal 5 by Foss Maritime.
- Becca Clark-Hargraves, Rising Tide Seattle, who commented on sustainable energy and in opposition to the interim use of Terminal 5 by Foss Maritime.
- Dan Kovacich, Vice President, Maxum Petroleum, who commented in favor of interim use of Terminal 5 by Foss Maritime.
- Max Vekich, International Longshore and Warehouse Union Local 53, who commented in favor of interim use of Terminal 5 by Foss Maritime.
- James Clouse, Owners Representative, AAL, who commented in favor of interim use of Terminal 5 by Foss Maritime and the associated job opportunities.
- Emily Johnson, 350 Seattle, who commented against Arctic oil drilling.
- Brian Manning, Greenpeace Regional Organizer, who commented against Arctic oil drilling. Mr. Manning submitted written materials, which are included here as minutes [Exhibit A](#) and are available for public review.
- Jason Gross, International Longshore and Warehouse Union Local 19, who commented in favor of interim use of Terminal 5 by Foss Maritime and the associated job opportunities.
- Vince O'Halleran, Sailors Union of the Pacific, who commented in support of interim use of Terminal 5 by Foss Maritime.
- Sasha Pollack, Washington Environmental Council, who commented in opposition to Arctic oil drilling.
- Ahmed Gaya, Rising Tide Seattle, who commented in opposition to Arctic oil drilling.
- Eugene Wasserman, North Seattle Industrial Association, who commented in support of interim use of Terminal 5 by Foss Maritime.
- Louise Stonington, Citizens Climate Lobby, who commented on finding alternative energy sources to replace use of fossil fuels.
- Peter Philips, Philips Publishing Group, who commented in support of interim use of Terminal 5 by Foss Maritime.
- Alan Coté, President, Inland Boatmen's Union, who commented in support of interim use of Terminal 5 by Foss Maritime.

- Peter Goldman, Seattle, who commented in opposition to Arctic oil drilling. He submitted written materials, which are included here as minutes [Exhibit B](#) and are available for public review.
- A letter from Ray Stephanson, Mayor of Everett, supporting the Port of Seattle's lease with Foss Maritime, was submitted. A copy is included here as minutes [Exhibit C](#) and is available for public review.
- Emails opposing the Port's interim lease with Foss Maritime at Terminal 5 were submitted by the following individuals and are included here as minutes [Exhibit D](#). The messages are available for public review.
 - ▶ Brian Zenk
 - ▶ Louise Stonington
 - ▶ Jonny Layefsky
 - ▶ Anne Chafee
 - ▶ Aaron Kahn
 - ▶ Keith Neal
 - ▶ Jan Keller
 - ▶ Antonia Potter
 - ▶ Alice Royer
 - ▶ Jared Howe
 - ▶ Gayle Kosydar

A recording of this part of the meeting has been made available online.

Without objection, the Commission advanced to consideration of –

7. STAFF BRIEFINGS

– and proceeded to consideration of the following agenda item –

7d. Update from Legal Counsel on Implementation of Resolution no. 3694, as amended.

Presenters: Isabel Safora, Deputy General Counsel, and Mark Reis, Managing Director, Aviation Division.

It was reported that implementation of the Quality Jobs Initiative adopted in Resolution No. 3694 on July 22, 2014, is on hold pending litigation. Implementation will be delayed until 45 days after a Supreme Court decision is issued on this litigation, pursuant to provisions of the resolution itself. Airport business partners have been formally notified of the Airport's intent to translate the resolution into specific rules and regulations. Draft regulations were posted online for review and comment, and a final version is now available. The Aviation Division is prepared to implement the new regulations as soon as the 45-day period is complete.

Commissioners inquired about ongoing clarifications for stakeholders on the proposed rules and regulations. Commissioners also requested clarification of the status of the Port's policy initiative based on the Court's analysis undertaken prior to denial of an injunction on the initiative's implementation.

A recording of this part of the meeting has been made available online.

The Commission advanced to consideration of the following agenda item –

7c. Seaport Briefing – Terminal 5 Modernization Project, East and West Waterway Deepening Project, T-5 Interim Uses, and Pier 34 Mooring Dolphins.

Presentation document(s) included a Commission agenda [memorandum](#) and [presentation slides](#). A letter from Paul Stephens, President and CEO of Foss Maritime, was provided at the meeting. The letter is included here as minutes [Exhibit E](#) and is available for public review.

Presenter(s): Linda Styrk, Managing Director, Seaport Division; Paul Stephens, President and CEO of Foss Maritime; Kurt Beckett, Deputy CEO; and Beth Osborne, Manager, Federal Government Relations.

The Commission received a presentation on closely related projects having to do with harbor improvements and attendant uses, particularly at Terminal 5. The schedule and modifications planned for Terminal 5 modernization were summarized. Net operating income losses and the rationale for interim use of the terminal were described. The costs to the Port of leaving Terminal 5 vacant during redevelopment were noted. Commissioners acknowledged the potential impact to taxpayers of Terminal 5 redevelopment. Pros and cons of various alternative interim uses that were not pursued were presented. These included bulk and break-bulk cargo, roll-on, roll-off (ro-ro) cargo, and project cargo such as assembly of components for a liquefied natural gas plant in Canada. The rationale for pursuing the moorage and provisioning opportunity with Foss Maritime in connection with its services to the Shell Oil Company was presented.

Commissioners requested clarification on the nature of nondisclosure of Foss's client, Royal Dutch Shell, and the vessels that would be serviced under that contract during consideration of a lease at Terminal 5 with Foss Maritime. Commissioner Gregoire asked whether environmental review was conducted on Foss's interim use. Mr. Beckett responded that based on its anticipated scope, the interim use was not expected to rise to the level of requiring additional environmental review under the State Environmental Policy Act, and that any appropriate review would accompany the staff work on the interim use throughout.

Commissioners directed staff to expedite redevelopment of Terminal 5 as much as possible. They expressed interest in scalability of improvements to avoid early obsolescence. The potential to use a progressive design-build project delivery method was discussed.

The history and reputation of Foss Maritime and the economic benefits of its contract with Royal Dutch Shell were discussed. Issues concerning the environmental implications of Shell's activity in Alaska and Shell's safety record were also discussed. The jurisdictional authority to regulate Arctic oil drilling was discussed. Commissioners asked about the urgency for the lease to be executed right away and for clarification on the jobs linked to the contract.

Commissioners expressed concern that Shell's interest in extension of its exploration leases may lead to pressure to extend the lease for the interim use beyond two years with two 1-year extension options. Re-opening a redeveloped Terminal 5 on schedule is critical for the Port's long-term strategy for attracting ultra-large container ships to Puget Sound. Clarification was requested on the tenant's coordination with the Coast Guard and other regulatory agencies. Given that Foss's

contract with Shell was publicly announced less than a week before, Commissioners asked whether additional public outreach had been conducted by Foss Maritime regarding the project and were told there had been no direct efforts.

An overview was provided of the U.S. Department of the Interior's policies regarding oil exploration leases in the Chukchi Sea and the Gulf of Mexico. Contact information for the Bureau of Ocean Energy Management was provided.

Commissioner Gregoire commented on the challenge of balancing the commitment of growing middle class jobs and the maritime industry with the commitment to environmental sustainability. It was proposed that stewardship of public assets for the public good involves choices that demand more than business-as-usual consideration. Commissioner Gregoire noted several environmental concerns associated with the implications of the lease for interim use of Terminal 5 by Foss Maritime. She expressed frustration over the conflict between the present need to respond quickly to business decisions with appropriate professionalism and confidentiality versus the desire for a transparent process open to public engagement.

Commissioner Gregoire affirmed that the Commission's taking a closer look at the lease with Foss Maritime was not intended to be emblematic of a precedent to scrutinize all leases in the future, but represented instead respect for the community values entwined with the activities to be supported in the case of this particular lease.

Commissioner Albro spoke to the Commission's commitment to increasing the value of the maritime industry and anchoring the industrial land base. He stressed that collaboration with the regulatory interests of the City of Seattle and King County is essential to the success of the Port's Century Agenda goals for increasing cargo volume to 3.5 million TEUs and doubling its value in 25 years. Commissioner Albro added that it was not likely the people of King County would support these Century Agenda goals if meeting them required Seattle to become the homeport for Arctic oil exploration by Royal Dutch Shell. He stressed that Maintaining public support is necessary in order for a public agency to deliver on its commitments to the public it serves. A desire for additional public comment was expressed.

Commissioner Creighton commented on various, possibly more effective means of obtaining positive environmental policy changes than opposing a Port lease with Foss.. There was discussion of developing energy and sustainability policies and environmental guidelines to avoid the need to debate the environmental implications of every individual circumstance or lease. Commissioner Creighton commented on the effect of rejecting the lease with Foss as a negative signal to business and the maritime industrial community.

Commissioner Bowman commented on how to strike the correct balance between individual political or personal priorities and the process of conducting Port business. The short-term nature of the lease was noted. The need for an energy policy for the Port, developed with input from the public, the environmental community, business, and labor, was stressed.

Commissioner Bryant commented on the environmental efforts of the Port of Seattle and individual Commissioners. Whether rejection of the lease with Foss would have an effect on Arctic oil

exploration was discussed. The cost in jobs and related industrial activity of rejecting the lease was also noted.

RECESSED AND RECONVENED

The meeting was recessed at 3:55 p.m. and reconvened at 4:07 p.m., chaired by Commissioner Gregoire. Consideration of agenda item 7c continued.

Commissioner Albro offered a motion proposing that the Commission should approve any interim use of Terminal 5 until such time as berth deepening, dock strengthening, and electrical service upgrades are complete. There was discussion of whether the Commission was prepared to authorize every potential lease opportunity at Terminal 5. Commissioners Bryant and Gregoire noted that three Commissioners had made statements supportive of the CEO executing a lease with Foss Maritime for interim use of Terminal 5 and that two Commissioners had commented unfavorably on proceeding with the lease. The motion was not seconded and no vote was taken.

A recording of this part of the meeting has been made available online.

Commissioner Creighton was absent after 4:16 p.m.

Following consideration of agenda item 7c, the Commission returned to consideration of –

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

6a. Authorization for the Chief Executive Officer to execute a purchased services contract for Manual Encoding Services at Seattle-Tacoma International Airport for up to five years, not to exceed \$775,000.

Request document(s) included a Commission agenda [memorandum](#).

Presenter(s): David Soike, Director, Aviation Facilities and Capital Program.

The motion for approval of agenda item 6a carried by the following vote:

In favor: Albro, Bowman, Bryant, Gregoire (4)

Absent for the vote: Creighton

A recording of this part of the meeting has been made available online.

7. STAFF BRIEFINGS

7a. Update on the Airport's International Arrivals Facility Program.

Presentation document(s) included a Commission agenda [memorandum](#), presentation slides ([deck 1](#) and [deck 2](#)), and a [memorandum](#) from Thaxton Parkinson PLLC.

Presenter(s): Mark Reis, Managing Director, Aviation Division, and Frederick Robinson, Program Leader, Aviation Project Management Group.

Commissioners received a presentation on the growth of the cost estimate for the International Arrivals Facility (IAF) program from about \$596 million to \$608 million. The process for proceeding with requests for proposals, selection of a design-build team, and cost validation were summarized.

Airline concerns over the project's cost growth were discussed.

A recording of this part of the meeting has been made available online.

Without objection, the following agenda item –

7b. Sustainable Airport Master Plan Planning Update. [laid on the table]

– was laid on the table to be considered instead on January 27, 2015.

Agenda items 7c and 7d were considered previously, and there were no further Staff Briefings.

8. ADDITIONAL NEW BUSINESS – None.

9. ADJOURNMENT

There was no further business, and the meeting adjourned at 4:51 p.m.

Stephanie Bowman
Secretary

Minutes approved: February 9, 2016.