



February 11, 2015

Ms. Patti Goldman
Northwest Managing Attorney
Earthjustice
705 Second Avenue Suite 203
Seattle WA 98104

Dear Ms. Goldman:

I am in receipt of your letter dated January 28, 2015 to the Port of Seattle Commissioners concerning the Terminal 5 interim uses.

In considering this interim use, I have taken into account the benefits of job creation to the region, revenue to the Port, and compliance with the State Environmental Policy Act and Port regulations.

Let me provide you with some critical background information. In 2013, the Commission decided to invest in upgrading Terminal 5 as a premier facility to handle significantly larger ships and assure the Port's competitiveness in the global marketplace. Cargo operations at Terminal 5 were relocated in July, 2014 as a part of this modernization program.

The Commission directed Port staff to secure temporary uses for Terminal 5 as we design and construct stronger piers, larger cargo cranes, deeper berths and other improvements; we intend to reopen the terminal as "Big Ship Ready" in 2018. Costs to maintain the terminal without a tenant are estimated at approximately \$2 million annually for security, stormwater management, utilities and other expenses.

Finding suitable cargo-related uses for this limited period is very challenging; and Port staff initially identified more than 40 business opportunities. Only Foss Maritime brought forward a proposal with appropriate cargo terminal uses, sufficient revenue to cover costs, creation of jobs, and within our time-frame for upgrading the terminal.

The Foss Maritime lease would provide the Port \$550,000 per month, or \$13.17 million in rent over the two years of the lease. Foss Maritime will lease 50 acres of the 156-acre Terminal 5. The lease includes the potential for two, one-year options.

The Foss Maritime operations would anchor family-wage maritime jobs at a terminal that today is not operational. Income from the lease would also help support the improvements needed to improve Terminal 5, thus reducing the need for taxpayer support.



Ms. Patti Goldman

The issues you identify about the potential impacts of oil exploration in the Arctic are legitimate; the Port expects they will receive significant consideration by the appropriate federal agencies and potentially federal or state courts. As you know, the Obama Administration announced the intent to permit limited oil exploration in the Arctic, which must meet standards set by the U.S. Department of the Interior and other federal agencies. The Department of Interior is currently reviewing public comments to a Supplemental Environmental Impact Statement that specifically sought to address additional safety and environmental issues related to Arctic exploration. All of these federal decisions are outside the Port's authority.

While the Port Commission has expressed varying views on the issue, following considerable review, I would like to share my decision concerning the Foss Maritime lease. Again, I can respectfully assure you that we have carefully considered your letter and the issues related to the Terminal 5 use.

You have asked whether the Port complied with the State Environmental Policy Act (SEPA) in deciding to enter into the interim lease with Foss Maritime. As lead agency, the Port exercised its discretion and determined that the execution of the lease and the replacement of the bollards at Terminal 5 were categorically exempt from SEPA review. As required by Port Resolution 3650, the Port memorialized its decision in its SEPA record.

For more than 100 years, the Port of Seattle has maintained its status as a leading gateway for commerce with Alaska and the world. Moorage for vessels is an appropriate use for the Port, and will be conducted with full review by appropriate regulatory and enforcement agencies in our harbor. The short-term lease is for normal and accessory cargo activities as permitted, including storage, marshaling and provisioning. Major repairs as necessary will occur only at a permitted shipyard.

Going forward with this temporary use, Foss Maritime has informed the Port that approximately eight vessels will overwinter at Terminal 5. By comparison, the Port received more than 700 vessel calls in Elliott Bay by container, cruise and bulk-carrier vessels in 2014. An average of 13 large at-sea processor fishing vessels homeport with us on an annual basis, all with an outstanding record of environmental compliance.

Our review of the interim use is compliant with SEPA and Port regulations. Under the Port's Terminal 5 master use permit approved by the City of Seattle, cargo activities have undergone thorough environmental review and are approved uses under the Seattle Municipal Code. The proposed interim cargo use at Terminal 5 will represent no change of use from the activities of the previous tenant. The City of Seattle has approved our application for a shoreline substantial development permit exemption for the maintenance and replacement of existing mooring bollards. Normal maintenance and repair of existing structures is exempt under the city Shoreline Master Program and the state Shoreline Management Act.

Ms. Patti Goldman

As a result, I would like to inform you that I signed a lease with Foss Maritime on February 9, 2015, effective immediately, that will permit short-term moorage and vessel operations at Terminal 5.

The Port appreciates the comments by you and other signatories to the letter, and recognizes the diversity of opinion around these leases. Foss Maritime is a Seattle firm with a long track record of excellence and concern for the environment. The Port and Foss remain committed to full compliance with all applicable environmental regulations. Should you have specific questions about the vessels to be moored under the proposed lease, we encourage you to consult Foss Maritime directly.

As we pursue our mission of expanding trade and creating economic opportunity for all citizens, we always consider our responsibilities to the environment. Through our commitment to a range of environmentally-sustainable policies and initiatives, the Port strives to balance the creation of good jobs and a healthy environment.

The Port intends to continue our record of progress on our Century Agenda environmental goals to reduce air emissions, conserve energy, protect Puget Sound's water quality, and expand habitat. We look forward to partnerships with the environmental community to achieve those goals to benefit the region we serve.

Thank you again for your attention on this matter.

Sincerely,



Theodore J. Fick
Chief Executive Officer
Port of Seattle

cc: Commission
Linda Styrk