



Commissioners

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Tay Yoshitani
Chief Executive Officer

Audio and video recordings of the meeting proceedings and meeting materials are available on the Port of Seattle website – www.portseattle.org.

**APPROVED MINUTES
COMMISSION REGULAR MEETING FEBRUARY 5, 2013**

The Port of Seattle Commission met in a regular meeting Tuesday, February 5, 2013, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, and Holland were present.

1. CALL TO ORDER

The regular meeting was called to order at 1:06 p.m. by Tom Albro, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

None.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

Please refer to the Unanimous Consent Calendar.

4. SPECIAL ORDERS OF BUSINESS

4a. Presentations by Semi-finalists for Port Commissioner appointment.

Presentation document(s): Commission agenda [memorandum](#) dated January 29, 2013, and news releases of [December 19, 2012](#), and [January 16, 2013](#), provided by Mary Gin Kennedy, Director of Commission Services.

Presenter(s): Ms. Kennedy.

Ms. Kennedy reported that there are 29 applicants for the vacancy in Port Commission Position No. 2, and that all but two of the applicants were present to offer statements to the Commission. The term of the appointment and requirements for subsequent running for election to fill Position No. 2 were summarized. Ms. Kennedy described the ground rules for the day's presentations to the Commission, noting that applicants would be called upon to speak in alphabetical order and would have three minutes each for their comments. Following today's presentations, she explained that the Commission would select up to six finalists to return for moderated town-hall-

style public forums in which they would have the opportunity to respond to various questions about their proposed service on the Port Commission. She announced the forums would be held on February 26, 2013, at the Seattle Public Library and on February 27, 2013, at Renton City Hall. A final decision on the appointee is expected in mid-March.

The Commission received written comments from Dan Gatchett of Quilcene and William Pontius of Seattle, who were not present, but whose statements were read aloud to the Commission in their proper order. In addition to these two, verbal presentations were made by the following applicants:

- Chris A. Adekoya of Federal Way;
- E. Glenn Anderson of Issaquah;
- Patsy Tsui Bonincontri of Bellevue;
- Charles A. Bookman of Seattle;
- Stephanie Bowman of Seattle;
- Selena Carsiotis of Seattle;
- Robert H. Coyle of Clyde Hill;
- Jan Drago of Seattle;
- Fred Felleman of Seattle;
- Mark W. Freitas of Federal Way;
- Courtney Gregoire of Seattle;
- Dr. Arun Jhaveri of Burien;
- Claudia Kauffman of Kent;
- Deborah K. Knutson of Seattle;
- Chuck Lare of Seattle;
- Greg Lund of Kirkland;
- Janet C. O'Brien of Seattle;
- Vicki Orrico of Bellevue;
- Alex Parkman of Mercer Island;
- Lloyd B. Robinson of Bellevue;
- Martin S. Rood of Lake Forest Park;
- Natasha A. Savage of Seattle;
- Bob Sternoff of Kirkland;
- S. Michael Wolfe, Jr., of Seattle;
- Ben J. Wolters of Seattle;
- Nancy E. Wyatt of Kent; and
- Al Yuen of Bellevue.

4b. Commission Activities Report.

Presentation document(s): Commission agenda [memorandum](#) dated January 29, 2013, provided by Mary Gin Kennedy, Director of Commission Services.

Commissioner Creighton reported on activities of the Port Commission during January 2013, noting participation in public meetings related to filling the vacancy in Port Commission Position No. 2, various interviews and speaking engagements, visits to state legislators in connection with the Freight Mobility Strategic Investment Board, participation in various board and advisory group

meetings focused on economic development, trade, and tourism, and meetings with representatives of communities surrounding the Airport.

5. UNANIMOUS CONSENT CALENDAR

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

5a. Approval of the minutes of the regular meeting of November 27, 2012.

5b. Authorization for the Chief Executive Officer to execute an indefinite delivery, indefinite quantity contract not to exceed \$450,000 for (1) Air Balancing Services on Seattle-Tacoma International Airport Heating Ventilation and Air Conditioning systems; and (2) annual smoke testing on Airport systems as required by building and safety codes, with a contract duration of three years.

Request document(s): Commission agenda [memorandum](#) dated January 25, 2013, provided by David Soike, Director Aviation Facilities and Capital Program.

5c. Authorization for the Chief Executive Officer to proceed with the Airport-wide Heating Ventilation and Air Conditioning Controls Upgrade project, and direct staff to prepare design documents. The total amount of this request is \$274,000 and the total projected cost is \$2,157,000.

Request document(s): Commission agenda [memorandum](#) dated January 25, 2013, provided by David Soike, Director, Aviation Facilities and Capital Program, and Wayne Grotheer, Director, Aviation Project Management Group.

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

Second – Creighton

Motion carried by the following vote:

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

PUBLIC TESTIMONY

As noted on the agenda, an opportunity for public comment was provided, although no public comment was offered at this time.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

6a. Second Reading and Final Passage of Resolution No. 3674: A Resolution of the Port Commission of the Port of Seattle declaring certain personal property surplus (Port of Seattle Cranes No. 65, 67, 80, 81, 82 and related spare parts) for the Port of Seattle purposes; authorizing its sale to Total Terminals International LLC; and authorizing the Chief Executive Officer to execute all documents related to such sale or disposal.

Request document(s): Commission agenda [memorandum](#) dated January 29, 2013, and [Resolution No. 3674](#) provided by Mike Campagnaro, Manager, Seaport Leasing and Asset Management, and Josh Peterson, Property Manager II, Seaport Leasing and Asset Management.

There was no presentation at this time. The Port Commissioners received a briefing on Resolution No. 3674 during its consideration on January 22, 2013, and the request documents were distributed for review prior to the meeting of February 5, 2013.

Motion for [Second Reading and Final Passage](#) of Resolution No. 3674 – Bryant

Second – Holland

Motion carried by the following vote:

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

- 6b. Authorization for the Chief Executive Officer to proceed with design and preparation of construction documents for: (1) the Fishermen’s Terminal Net Shed #9 Roof Overlay Project for an estimated cost of \$80,000, bringing the current authorization for this project to \$130,000 for a total estimated project cost of \$498,000; and (2) the Maritime Industrial Center Building A-1 Roof Replacement Project for an estimated cost of \$88,000, bringing the current authorization to \$138,000 for a total estimated project cost of \$1,456,000.**

Request document(s): Commission agenda [memorandum](#) dated January 13, 2013, and [presentation](#) slides provided by Kenneth Lyles, Senior Manager, Fishing and Commercial Vessels, Real Estate Division; Rebecca Schwan, Real Estate Manager, Portfolio Management; and Rod Jackson, Project Manager, Seaport Project Management.

Presenter(s): Mr. Jackson; Fred Chou, Capital Project Manager; and Joe McWilliams, Managing Director, Real Estate Division.

The Commission received a presentation that included the following relevant information:

- The roofs described in the request constitute approximately 250,000 square feet;
- Professional roofing consultants have performed roof assessments every 4-5 years and due to the poor condition of the two roofs noted in the request, they have been prioritized to be replaced in 2013;
- The facilities are in close proximity to one another, a single design consultant was used to prepare the preliminary engineering report, and staff hopes to obtain project delivery savings by packaging both roofs into a single construction contract;
- The structure of the roof at Net Shed No. 9 allows for a roof overlay, while Building A-1 will require a built-up roof replacement;
- All current scenarios for the Fishermen’s Terminal 25-year plan include retention of Net Shed No. 9; and
- A request for construction approval is likely in late April or early May.

In response to Commissioner Bryant, Mr. McWilliams stated that although the current Fishermen's Terminal 25-year-plan scenarios call for keeping Net Shed No. 9, it was possible the Commission could approve a broader plan for the Fishermen's Terminal uplands. In response to Commissioner Albro, Mr. McWilliams reported that the risk from postponing the net shed roof for a year was relatively low. He added that the 25-year plan to be presented in May 2013 would include updated information on market conditions and required capital as well as a discussion of relevant zoning considerations. In response to Commissioner Bryant, Mr. Chou noted that delaying design for the net shed roof would likely result in postponing construction to 2014. In response to Commissioner Albro, Mr. Jackson reported that the savings from bundling the two roofs would be approximately \$40,000-\$65,000 on soft costs, that there would be hard cost savings, and that cleanup for any leaks would be a Port liability. Mr. Chou noted the majority of savings from bundling the projects would be realized in construction management and in hard costs related to re-mobilization of contractors.

AMENDMENT

At the request of Commissioner Bryant, without objection, the requested action was amended to remove part (1) related to funding the Fishermen's Terminal Net Shed No. 9 Roof Overlay Project. The requested action now reads as follows:

Authorization for the Chief Executive Officer to proceed with design and preparation of construction documents for the Maritime Industrial Center Building A-1 Roof Replacement Project for an estimated cost of \$88,000, bringing the current authorization to \$138,000 for a total estimated project cost of \$1,456,000.

Motion for approval of item 6b, as amended – Bryant

Second – Creighton

Motion carried by the following vote:

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

6c. Authorization of the Commission's 2013 international travel plan.

Request document(s): Commission agenda [memorandum](#) dated January 28, 2013, provided by Mary Gin Kennedy, Director of Commission Services.

Presenter(s): Ms. Kennedy.

Ms. Kennedy reported that the annual request authorizes potential yearly travel for Port Commissioners; not all approved trips necessarily materialize; and additional travel not included in the request memorandum would require subsequent approval.

Motion for approval of item 6c – Creighton

Second – Bryant

Motion carried by the following vote:

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

6d. Motion amending the Port's Chief Executive Officer Retention Agreement.

Request document(s): [text of motion](#) provided by Mary Gin Kennedy, Director of Commission Services.

Presenter(s): Chief Executive Officer Tay Yoshitani.

Mr. Yoshitani noted that in the review of his participation on the Board of Directors of Expeditors International on October 23, 2012, former Washington Supreme Court Chief Justice Gerry Alexander had recommended that future employment contracts for the CEO include provisions requiring Commission approval of the CEO's membership on the board of any private equity company. Although Mr. Yoshitani's current retention agreement included a provision allowing such outside private board participation, and despite the fact that the current agreement is already approved through June 2014, Mr. Yoshitani explained that he was willing to modify his current agreement to include such a provision now in the event a similar private board opportunity arises in the future. He noted that it was highly unlikely to become an issue again during his tenure as CEO, but that the provision would have an impact on future Port CEOs. Mr. Yoshitani cautioned the Commission against precluding learning opportunities for future CEOs related to private board membership, provided conflict of interest considerations are carefully reviewed, as was the case for his Expeditors International board participation.

Commissioner Albro read the motion for the record, the text of which is as follows:

The Commission and Mr. Yoshitani agree to amend Section 2 of the Retention Agreement between the Commission and Mr. Yoshitani adopted on March 1, 2011, to read as follows:

Section 2. Participation as a Member of a Private For-Profit Board of Directors. During the term of this Agreement, CEO may on his own time (e.g. after close of business or while on Paid Time-Off), participate as a member of a Board of Directors for a private for-profit entity; provided, that prior to accepting any such appointment (excepting CEO's current service on the Board of Directors of Expeditors International of Washington, Inc.), the Commissioners approve by affirmative vote the participation and the Port's General Counsel determines that CEO's participation would not create or appear to create a conflict of interest, or is contrary to any other provision of the Port's Code of Ethics for Employees. This section does not apply to CEO's participation as board member of a private non-profit, public or community organization where the CEO's participation (a) is consistent with and in furtherance of the CEO's Port responsibilities and (b) is in compliance with the Agreement and applicable Port procedures and rules, including the Port's Code of Ethics for Employees.

Motion to amend the CEO's retention agreement as noted above – Creighton

Second – Holland

Motion carried by the following vote:

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

7. STAFF BRIEFINGS

7a. Implementation of New Bylaws Amendment: Potentially Significant Legislative Issues.

Presentation document(s): Commission agenda [memorandum](#) dated January 31, 2013, provided by Mike Merritt, Manager, Puget Sound Government Relations; Clare Gallagher, Manager, State Government Relations; and Beth Osborne, Manager, Federal Government Relations.

Presenter(s): Mr. Merritt, Ms. Gallagher, and Ms. Osborne.

The Commission received a presentation that included information concerning potentially significant public policy legislation at local, state, and federal levels. It was emphasized that the Port's legislative program supports the Century Agenda by advocating for efforts to improve freight mobility, promote transportation infrastructure investment and economic development, and oppose taxation and business policies that damage Port competitiveness. The prospects for tolling on I-90, funding for the Model Toxics Control Act (MTCA), potential taxes on containers, stevedoring services, and business and occupation taxes for drayage trucks were noted. Support for tourism promotion, economic development, and workforce development were emphasized, as was the Port's role in review of the local proposal to site a new sports arena in the Duwamish Manufacturing and Industrial Center. Other local issues of significance to the Port include replacement of the Alaskan Way Viaduct, preservation of the Seattle seawall, and development of the Central Waterfront with emphasis on freight mobility, connectivity between industrial areas, access to cruise facilities, and minimizing negative impacts to Port activities. Federal issues, including inequities associated with the Harbor Maintenance Tax, potential to influence caps on airline passenger facility charges, and staffing of Customs officers were discussed.

7b. Enterprise Technology Risk and Performance Assessment.

Presentation document(s): Commission agenda [memorandum](#) dated January 25, 2013, [Protiviti report](#), and [Protiviti slide presentation](#) provided by Joyce Kirangi, Director, Internal Audit.

Presenter(s): Anthony Samer, Managing Director, Protiviti.

The Commission received a presentation that included the following relevant information:

- The purpose of the assessment was to review information technology enterprise-wide and perform a risk and performance assessment;
- Benchmarking analysis revealed that the Port's cost profile information technology (IT) processes were generally aligned with comparable organizations, and it was noted that the Port often outperformed on cost compared to comparable organizations, particularly in day-to-day operations;
- Opportunities for improvement were summarized in the areas of core processes, alignment of the Information and Communications Technology (ICT) department in general with IT functions within the Aviation division, and communication between ICT management and senior executives and the Port Commission;
- Recommendations for IT governance include development of a more effective and better defined role for ICT support of business plan strategies, improved alignment between ICT and Aviation Maintenance, and improved communication with senior leadership;

- The overall size and cost of the IT function at the Port is consistent with the Port's size and mission;
- Areas for further growth in operational capabilities included upgrades for data center facilities, expansion of the IT security organization, and enhancing IT service continuity processes;
- It is recommended that the Internal Audit calendar be revisited annually, that the parking system be reviewed in 2013, and that there be an Internal Audit role following implementation of the new PeopleSoft system; and
- Within two-thirds of the IT performance categories measured, the Port's ICT department performs better than average.

7c. Terminal 115 Declaration of Emergency.

Presentation document(s): corrected Commission agenda [memorandum](#) dated February 1, 2013, with attached declaration of emergency dated January 25, 2013, provided by Ralph Graves, Managing Director, Capital Development Division, and Tina Soike, Chief Engineer.

Presenter(s): Mr. Graves.

Pursuant to the requirements of the Port's Delegation of Authority provisions under Resolution No. 3605, as amended, and state law, Mr. Graves reported that there was a water line break at Terminal 115 on December 26, 2012, that was repaired by December 31, 2013. The break released about 13 million gallons of water over a 24-hour period. He explained that due to the need to determine the extent of subsurface damage caused by the incident, a declaration of emergency was issued on January 25, 2013. Mr. Graves noted that repairs would be aimed to be complete by April, which is the start of the tenant's peak season. He reported that it was not yet known whether expedited public works involvement would be required.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 4:01 p.m.

Bill Bryant
Assistant Secretary
Minutes approved: April 2, 2013.