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Chief Executive Officer

An audio of the meeting proceedings and meeting materials are available on the Port of Seattle web site -

<http://www.portseattle.org/about/organization/commission/commission.shtml>

(The approximate point in the audio recording for the specific item is identified by minutes and seconds; example: 01:30.)

**APPROVED MINUTES
COMMISSION REGULAR MEETING SEPTEMBER 22, 2009**

The Port of Seattle Commission met in a regular meeting at 12:00 p.m., Tuesday, August 25, 2009 in the International Conference Center, Airport Office Building, Seattle-Tacoma International Airport, Seattle, WA. Commissioners Bryant, Creighton, Davis, Hara and Tarleton were present.

1. CALL TO ORDER

The special meeting was called to order at 12:30 p.m. by Bill Bryant, Chair and President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The regular meeting was immediately recessed to an executive session to discuss Legal Risk and Real Estate matters (RCW 42.30.110 (1)(i)(c)) for approximately one-half hour and reconvened to public session.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

None.

4. SPECIAL ORDER OF BUSINESS

None.

5. UNANIMOUS CONSENT CALENDAR

None.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- a. (00:01:30) Authorization for the Chief Executive Officer to enter into three indefinite delivery, indefinite quantity (IDIQ) project-specific contracts for sediment site support for Harbor Island Superfund Site, Lower Duwamish Superfund Site and Elliott Bay/Puget Sound for a total value of all contracts Not To Exceed \$6,000,000 and no individual contract will exceed \$2,500,000. Contracts will be awarded for four years with two one-year options.**

Request document: Commission agenda [memorandum](#) dated August 22, 2009 from Stephanie Jones Stebbins, Senior Manager, Seaport Environmental Programs and Kathy Bahnick, Environmental Program Supervisor, Seaport Environmental Programs

Presenter: Ms. Jones Stebbins and Doug Hotchkiss, Senior Environmental Program Manager

Ms. Jones Stebbins stated that today's request was related to necessary Superfund cleanup work, noting that much of the work done by the environmental group is supported in some way by technical contracts. She also mentioned that over the next several months, a number of procurement items would be coming forward as there will be several open order contracts that will expire at the end of 2009.

It was noted that staff intends to go out with a Request for Proposals (RFP) within the next couple of weeks, and reiterated the fact that they had worked closely with the Office of Social Responsibility to ensure there will be opportunities for small business to apply for work.

Staff verified for the Commission that this request, as well as the request for Agenda Item 6b, was for contracting authority only, and not for spending of funds, noting there would need to be separate Commission authorization for the actual spending.

Commissioner Tarleton asked whether or not this funding would be coming out of the tax levy and Dan Thomas, Chief Financial Officer clarified that although it is part of an environmental reserves accounting entry, it ultimately comes from the tax levy when the project is funded.

Motion for approval of Item 6a – Davis

Second: Creighton

Motion carried by the following vote:

In Favor: Bryant, Creighton, Davis, Hara, Tarleton (5)

CEO Yoshitani suggested that there had been discussion of a possible review of the policy regarding what environmental expenses or capital expenditures should be paid out of the levy or not, and noted that staff is working on a recommended policy to make those distinctions.

- b. (00:10:37) Authorization for the Chief Executive Officer to execute up to four individual indefinite delivery, indefinite quantity (IDIQ) project-specific contracts for consultant support for remediation activities at these locations: (1) Harbor Island (includes Terminals 10 and 18); (2) Terminal 5; (3) Terminal 91, and (4) Terminal 117 for a total value Not To Exceed \$2,500,000, and no individual contract will exceed \$1,050,000.**

Request document: Commission agenda [memorandum](#) dated August 25, 2009 from Stephanie Jones Stebbins, Senior Manager, Seaport Environmental Programs and Kathy Bahnick, Environmental Program Supervisor, Seaport Environmental Programs

Presenters: Ms. Jones Stebbins and Roy Kuroiwa, Senior Environmental Program Manager

Ms. Jones Stebbins noted that this procurement request was similar to the previous request on the agenda, but that this was for consultant support at the specific sites named in the request.

Commissioner Tarleton pointed out that the use of IDIQ contracts is a good way to figure out how to get money into the hands of small businesses. She noted the importance of tracking how much money is being spent and how many jobs are being created as a result of the projects.

Motion for approval of Item 6b – Tarleton

Second – Davis

Motion carried by the following vote:

In Favor: Bryant, Creighton, Davis, Hara, Tarleton (5)

- c. (00:14:32) Authorization for the Chief Executive Officer to execute a lease amendment to the Prime Lease and Concessions Agreements of [Host International](#), [Seattle Restaurant Associates](#) and [Concessions International](#) to cap mid-term refurbishment requirements to no more than \$100 per square foot, and specify dates for completion of mid-term refurbishments in concessions units.**

Request document: Commission agenda [memorandum](#) dated August 18, 2009 from James R. Schone, Director, Aviation Business Development and Deanna Zachrisson, Manager, Concessions Management

Presenters: Mr. Schone and Ms. Zachrisson

Ms. Zachrisson commented that today's request was for an approval of an amendment to the current lease agreements with the three prime concessionaires at Sea-Tac Airport, Host International, Seattle Restaurants, and Concessionaires International. She noted that the change would apply to their subtenants as well. The leases require, at mid-term, that concessionaires do necessary refurbishments to their units to bring them up to 'like new' conditions after years of wear and tear that occurs naturally after years of use.

Discussion followed regarding the differences between tenants which are located on Concourse A at the Airport vs. those located in the Central Terminal, and whether or not it might be a good idea to have more calibrated lease requirements for various tenants who are located where there is far less traffic. Ms. Zachrisson clarified that within the requirement for mid-term refurbishments, there is no result of money coming to the Port, even though it does benefit the Port and the travelling public. She noted that it was more of an assurance that the tenant will take care of their own asset, assuring that they will maximize their own sales potential, which in turn affects the Port, as the Port is dependent on their success.

Commissioner Tarleton suggested that the Audit Committee may want to put the issue of tenant refurbishments on a cycle next year to review how effectively the adherence to the terms, conditions and expectations are being met.

Motion for approval of Item 6c – Davis

Second – Tarleton

Motion carried by the following vote:

In Favor: Bryant, Creighton, Davis, Hara, Tarleton (5)

- d. (00:33:36) Authorization for the Chief Executive Officer to execute a one-year extension to the Services Agreement for the continued operation of the Seattle-Tacoma International Airport Ramp Control Tower Facility for an estimated cost of \$1,019,000.**

Request document: Commission agenda [memorandum](#) dated September 4, 2009 from Michael Ehl, Director, Airport Operations

Presenter: Mark Coates, Senior Manager, Airport Operations

Mr. Coates noted the support of the Airlines to extend this current contract with Robinson Aviation, and gave examples of Robinson's efficiency in operating the Tower Facility. He noted that this would be the last option for extension of the contract and that next year it would go out for a competitive bid. He commented that staff has requested a 5% reduction in fees, and stated that a response would be forthcoming.

Motion for approval of Item 6d – Tarleton

Second – Hara

Motion carried by the following vote:

In Favor: Bryant, Creighton, Davis, Hara, Tarleton (5)

- e. (00:36:54) **Approval of the Commission Policy regarding the Chief Executive Officer's Annual Performance Goals and Objectives, Performance Evaluation and Compensation Review. ITEM DEFERRED**

Request document: Commission agenda memorandum dated September 14, 2009 and attachment from Mary Gin Kennedy, Director of Commission Services

Presenter: Ms. Kennedy

Ms. Kennedy noted that this request is for a new policy which would provide a framework and methodology for setting the Chief Executive Officer's (CEO) annual performance goals and objectives, evaluating the CEO's performance, and undertaking the CEO's compensation review.

Commissioner Davis suggested two additions to the document provided (and linked to these minutes), those being (with additional language in bold, below):

- Page 1, I. Policy Goals. Goals and Objectives related to achieving Port financial and budgetary annual performance goals and aligning budget priorities to the Port's core mission, **and as stated in our bylaws.**
- Page 2, General Considerations, Executive salary adjustment decisions involve both quantitative and qualitative assessments. The Commission recognizes that its own decisions **and/or changed market conditions** may affect the CEO's ability to accomplish specific goals and this factor will be taken into consideration during performance evaluation and salary adjustment deliberations.

Commissioner Creighton mentioned the issue of 'ranking' for CEO compensation, commenting that he felt it should be within the same framework range as that of Port staff, and noted that within this document the ranges went from 'minimally acceptable' to 'excellent.' He stated that he would not be prepared to vote on the document as currently written.

Commissioner Tarleton stated her belief that a CEO should never drop below a level of an excellent performance, and also commented that she felt a CEO of a public agency should not receive a pay increase greater than staff members are allowed. Commissioner Tarleton also stated her desire that the document be made available for the public to look at.

Commissioner Hara suggested the possibility of the establishment of a salary commission to take a look at what is felt to be fair as there would be some expertise to look at the market. Commissioner Davis commented that she believes the Commission body is fully capable of establishing the criteria for the CEO salary. Commissioner Tarleton said she believes a salary commission might be helpful. Commissioner Creighton stated that he does not see any compelling reason to deviate from what the Commission has done in the past.

CEO Yoshitani asked that the Commission consider when a body evaluates his performance, that the body fully understand the complex issues involved in his job and exactly what he does.

Commissioner Bryan asked that Commissioners Creighton and Tarleton work on possible revisions to the document as brought forward and return with those revisions. A vote on the item was deferred.

Public comment regarding Item 6e was received from the following:

- Paul Marvy, King County Citizens for Port Reform. Mr. Marvy stated his belief that Mr. Yoshitani's current pay is out of line with industry standards

Following public comment, Mr. Yoshitani noted although staff has received salary adjustments for the previous year in amounts of 3-5%, he has not received any such adjustments, and if offered, would not accept it.

7. STAFF BRIEFINGS

a. (01:14:32) Briefing on the Consolidated Rental Car Facility (RCF)

Presentation documents: Commission agenda [memorandum](#) dated September 11, 2009; [attachment](#); and computer slide [presentation](#) from Michael Ehl, Director, Airport Operations; George England, Program Leader, Project Management Group; and Janice Zahn, Assistant Director, Engineering Construction Services

Presenters: Mr. England, Ms. Zahn, and Colleen McPoland, Art Program Manager, Aviation Facilities and Infrastructure

Ms. Zahn provided an update on current ongoing work at the RCF, and noted that contractors are working on Saturdays to remove contaminated soil which was recently

found. She stated that the work is being done on Saturday's in an attempt to make up time.

Mr. England reported on the remaining design items, specifically regarding the off-site road package and also spoke of ongoing talks with local utilities as related to the off-site roads package as well to the bus maintenance facility.

Ms. McPoland presented information on the art which planned for the RCF, which is proposed to be a 'draping' of steel mesh fabric at various areas of the facility and around the helices located there. The mesh would have LED lights within it, which would be programmed to change color.

Commissioner Tarleton stated her concern of possible optical illusions to drivers using the helices due to the bright lights, changing colors, and driving in a circular path to go up or down the helix, as well as the impact it could all have on visibility though the windshields of vehicles. It was suggested that staff talk further with the artist as well as transportation people regarding these issues. Staff agreed to do so.

Mr. Yoshitani commented that Commissioner Tarleton's thoughts will be taken into account and that he would ask staff to come up with recommended language to the Port's Art Policy to assure that further art work is looked at from a practical standpoint.

b. (01:29:39) Seattle-Tacoma International Airport Facility Functionality and Readiness Briefing

Presentation documents: Commission agenda [memorandum](#) dated September 2, 2009 and computer slide [presentation](#) from Dave Soike, Deputy Director, Aviation Division

Presenter: Mr. Soike

Mr. Soike stated that the objective of his presentation was to provide some background as to how the Airport facility is aging; to show work which has been accomplished as well as work still needing to be done. He commented that over the upcoming year there would be a number of these projects coming to the Commission for authorization.

Infrastructure areas reviewed included:

- Vertical circulation (elevators and escalators)
- Electrical systems (power centers/generators; communication systems; lighting systems)
- Mechanical (chillers/boilers; air handling systems; piping systems)
- Baggage infrastructure (conveyors; screening systems; programming systems)
- Passenger loading bridges (in various states of condition – need to be dependable and reliable)
- Building roof (last major reroof program occurred 1991-97; warranties expire soon)

- Pavement and joint seal infrastructure (ongoing need at an airport)

Mr. Soike stressed the need for the Airport to maintain functional readiness as well as the importance of prioritizing projects that consume capital investment capacity

c. (01:46:17) Briefing on the Port's Liability Insurance Renewal

Presentation documents: Commission agenda [memorandum](#) dated September 22, 2009 and computer slide [presentation](#) from Jeff Hollingsworth, Risk Manager

Presenter: Mr. Hollingsworth

Mr. Hollingsworth reviewed the Port's existing coverages and noted this was a renewal process which would begin on October 1, 2009.

Major liability coverages mentioned by Mr. Hollingsworth included:

- Police operations
- Public officials and Employment practices
- Seaport, or more specifically, all non-Airport operations
- Airport-only operations
- Auto – liability of the Port's fleet

Several insurance premium factors were reviewed, including the total operating/capital budget of the Port; the record of past losses and claims; payroll; strength of indemnity agreements with our tenants; operations controlled by the Port vs. those under ownership of the tenant; size of the Port's fleet; and the number and concentration of employees.

It was noted that the renewal coverage would run from October 1, 2009 to October 1, 2010. Mr. Hollingsworth stated that following a competitive bid process, the Port had selected a new broker who has identified a small business partner, and that a 10% target goal of small business involvement is included in the broker service agreement. He noted that the broker also agreed to the 5% fee reduction being asked by the Port of its consultants.

8. NEW BUSINESS

Trip Reports:

Commissioner Davis reported on her September 4 – September 14 trip to Asia, with CEO Yoshitani, which included visits to China, Korea, Hong Kong, Singapore and Tokyo. She noted that the purpose of the trip was to personally thank the Port's overseas representatives for their services in those offices which are now being closed by the CEO as a necessity of cost-cutting.

She also referenced customer calls made during the trip and attendance at the ‘China Green Tech Initiative, a 2-day conference.

Commissioner Bryant noted that today would be Rick Williamson’s last day working at Commission meetings, and thanked him for the superb (I.T.) service and support he has provided to not only the Commission, but the community and King County related to the recording of Commission meetings.

9. POLICY ROUNDTABLES

None.

10. ADJOURNMENT

There being no further business, the meeting was adjourned at 3:18 p.m.

(A digital recording of the meeting is available on the Port’s website.)

Lloyd Hara
Secretary