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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>

Please note that the October 6, 2009 meeting has 2 separate audios

(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 OCTOBER 6, 2009**

The Port of Seattle Commission met in a regular meeting at 1:00 p.m., Tuesday, September 1, 2009 in the Commission Chambers at Pier 69, 2711 Alaskan Way, Seattle, WA. Commissioners Bryant, Davis, Hara and Tarleton were present. Commissioner Creighton was absent.

1. CALL TO ORDER

The regular meeting was called to order at 12:03 p.m. by Bill Bryant, Chair and President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

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

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

(Audio part 1 -00:01:02) Motion for approval of the minutes of the August 11 regular meeting - Davis

Second – Hara

Motion carried by the following vote:

In Favor: Bryant, Davis, Hara, Tarleton (4)

Commissioner Creighton was absent for the vote

Motion for approval of the minutes of the August 18 special meeting – Hara

Second – Davis

Motion carried by the following vote:

In Favor: Bryant, Davis, Hara (3)

Commissioner Tarleton was absent from the subject meeting

Commissioner Creighton was absent for the vote

Motion for approval of the minutes of the August 24 special meeting and the August 25 regular meeting – Tarleton

Second – Hara

Motion carried by the following vote:

In Favor: Davis, Hara, Tarleton (3)

Commissioner Bryant was absent from the subject meetings

Commissioner Creighton was absent for the vote

4. SPECIAL ORDER OF BUSINESS

None.

5. (00:03:13) UNANIMOUS CONSENT CALENDAR

- a. Authorization for the Chief Executive Officer to issue Change Order No. 0102 for the Consolidated Rental Car Facility (RCF) in the amount of \$302,885.**

Request document: Commission agenda [memorandum](#) dated September 28, 2009 from Ralph Graves, Managing Director, Capital Development Division

- b. Authorization for the Chief Executive Officer to issue Changer Order No. 0105 for the Consolidated Rental Car Facility (RCF) in the amount of \$583,570.**

Request document: Commission agenda [memorandum](#) dated September 25, 2009 from Ralph Graves, Managing Director, Capital Development Division

- c. Authorization for the Chief Executive Officer to execute a Letter of Understanding ([LOA](#)) between the Port of Seattle and the International Union of Operating Engineers Local No. 286 representing Operating Engineers in Aviation Maintenance.**

Request document: Commission agenda [memorandum](#) dated September 25, 2009 from Gary Schmitt, Labor Relations Manager

Motion for approval of Consent Calendar Items 5a-5c – Tarleton

Second: Davis

Motion carried by the following vote:

In favor: Bryant, Davis, Hara, Tarleton (4)

Commissioner Creighton was absent for the vote

6. DIVISION, CORPORATE AND COMMISSION ACTION ITEMS

- a. (00:04:01) Resolution No. [3629](#), First Reading. 1) Declaring real property known as the 3-acre parcel (King County Parcel 322304-9332) surplus and no longer needed for Port district purposes, and; 2) Authorization for the Chief Executive Officer to execute all necessary documents for the sale of the real property interests to the Highline School District.**

Request document: Commission agenda [memorandum](#) dated September 2, 2009 from James R. Schone, Director, Aviation Business Development and W. Allan Royal, Manager, Port Real Estate Development. Also provided were a [map](#) of the property and a copy of the purchase and sale [agreement](#).

Presenter: Mr. Royal

Mr. Royal provided background information on the related piece of property to be, noting that it had been in possession of the Airport since 1942, and that since the construction of SR 509, there had not been any use identified for Port purposes. He stated that Highline School District has had a desire to obtain this property for a long time, and that they are currently in the position to do so.

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

- Peter Folkins, Consultant to Highline School District. Mr. Folkins read into the record a statement on behalf of the Highline School District supporting the sale of

this property to the school district. A written copy of Mr. Folkins' remarks is, by reference, made a part of these minutes, is marked as Exhibit '[A](#),' and is on file in Port offices.

Commissioner Bryant then declared the meeting to be an open public hearing, and seeing no further comment, the public hearing was closed and returned to the Port Commission meeting.

Motion for Resolution No. 3629, First Reading; and Authorization for the Chief Executive Officer to execute all necessary documents for the sale of the real property interests to the Highline School District - Hara

Second – Davis

Motion carried by the following vote:

In Favor: Bryant, Davis, Hara, Tarleton (4)

Commissioner Creighton was absent for the vote.

- b. Resolution No. [3630](#), First Reading. Providing acquisition by purchase and/or condemnation of certain real property located at 14431 Des Moines Memorial Drive South (King County Tax ID Number 202304-9177), in the City of Burien, Washington.**

Request document: Commission agenda [memorandum](#) dated September 1, 2009 an [map](#) from James R. Schone, Director, Aviation Business Development and Jude P. Barrett, Manager, Acquisitions and Relocation

Presenter: Luis Navarro, Manager, Aviation Properties

Mr. Navarro provided background on the location of the property, stating that it is located within the Day Night Limit noise contour at the Airport, which necessitates the proposed acquisition. He stated that the property had been appraised, but an agreement on the price had not been reached with the owner. Responding to Commissioner Tarleton's question about the nature of the disagreement, Mr. Navarro replied that there was a significant difference in the appraisal amounts arrived at by the Port and the one provided by the owner, and that a mutual agreement of the price was needed.

Motion for Resolution No. 3630, First Reading. Providing acquisition by purchase and/or condemnation of certain real property located at 14431 Des Moines Memorial Drive South (King County Tax ID Number 202304-9177), in the City of Burien, Washington – Tarleton

Second – Davis

Motion carried by the following vote:

In Favor: Bryant, Davis, Hara, Tarleton (4)

Commissioner Creighton was absent for the vote

7. STAFF BRIEFINGS

(00:17:08) Prior to remaining scheduled agenda items, Dave Soike, Deputy Director, Aviation Division, provided a pre-brief on several items which would be coming forward to the Commission over the next month.

Upcoming requests which were briefly reviewed by Mr. Soike included:

- Extensions to leases with rental car companies which are due to expire at the end of this year. Lease extensions would allow these companies to operate in the Airport garage until the Rental Car Facility is completed.
- Extension of a contract approved approximately 18 months ago for environmental field support services at the Airport.
- Shuttle bus procurement related to the Rental Car Facility.
- Authorization for stormwater facility improvements at the Airport to meet NPDES requirements.

8. NEW BUSINESS

(00:22:59) Before moving on to the Budget Workshop, public comment was received from Tom Albro regarding potential flooding of the Green River Valley and the possible short-term rental of vacant port properties to businesses in that area. Mr. Albro provided written comments, a copy of which is, by reference, made a part of these minutes, is marked Exhibit 'B,' and is on file in Port offices.

A brief recess was called for by Commissioner Bryant at 1:42 and the meeting was reconvened at 1:54 p.m.

9. POLICY ROUNDTABLE

a. (Audio part 2 – 00:00:14) Discussion of Aviation Seaport and Real Estate Operating and Capital Budgets

Presentation documents: Commission agenda [memorandum](#) dated September 30, 2009 from Borgan Anderson, Finance and Budget Manager, Aviation Division and Boni Buringrud, Finance & Budget Manager, Seaport Division. Also provided were computer slide presentations from the [Aviation](#) Division, the [Seaport](#) Division and the [Real Estate](#) Division.

Presenters: Mark Reis, Managing Director, Aviation and Mr. Anderson (Aviation); Joe McWilliams, Managing Director, Real Estate and Property Management and Ms. Buringrud (Real Estate); and Charlie Sheldon, Managing Director, Seaport and Ms. Buringrud (Seaport)

Aviation Division

Mr. Reis referenced the two lines of business at the Airport – the airline side and the non-airline side, and that the focus of each of them for 2010 is to try to address the following objectives: On the airline side, the focus continues to be ways to reduce the cost per enplanement (CPE) and on the non-airline side, the focus is to grow the net operating income (NOI). He also noted that at the division-wide level, there is the effort to maintain at least 10 months of operating and maintenance (O&M) on the balance sheet in unrestricted cash and investments as a cushion.

Mr. Reis stated that no increase to enplanements is anticipated. He also noted that non-airline revenues are projected to be down 8.3% from the budget which was approved last fall but are only down .7% from the 2009 projected actuals. Also, the airline revenues are projected to be up 4.5% due to increases capital costs.

Regarding expenses, Mr. Reis noted that the targeted 5% reduction had been achieved (over the 2009 approved budget) with only two exceptions.

Mr. Anderson provided background information on how the division had achieved the 5% reduction over the 2009 budget numbers and significant budget cuts which had been necessary in order to meet that goal. He noted that few costs are directly tied to enplanements, and that most revenues are driven by the economic climate. He commented on cuts needed to be made to reach the budget target, which impacted a number of departments, including operations, utilities, facilities and infrastructure, and maintenance.

Responding to Commission Tarleton's question as to the number of people who might come to the Airport by use of light rail, Mr. Reis stated that predictions by Sound Transit indicate that 60% of those who use light rail will be employees.

Commissioner Hara commented on the possibility of increasing advertising to bump up revenues and Mr. Reis responded that the demand for advertising has actually gone down.

Mr. Anderson reviewed the division budget summary vs. the divisional financial goals, and also provided an overview of the capital budget through 2014.

Risks were discussed, which included the fact that economic conditions remain uncertain which may result in airlines adjusting their schedules further. On the other hand as an opportunity, it was noted that should the economy improve, a result could be an increase in enplanements as well as non-airline revenues.

Another topic discussed was possible impacts to the Airport should there be flooding this winter due to issues with the Howard Hanson Dam. Mr. Anderson noted that it was believed the Airport would be able to function fully as far as the aspect of receiving fuel, but it could be extremely serious should there be power lost to the Airport. He talked about the need for some provision of backup power in case this occurs.

Real Estate Division

Ms. Buringrud began the presentation by reviewing 2010 Key Assumptions for the Real Estate Division, which include decreases in occupancy of several Port properties. She then reviewed the division revenues, broken out by group.

On the expense side, it was noted that payroll costs will be going up as well as electric rates. Also addressed was the budget increase for implementing a deferred maintenance plan. Ms. Buringrud also stated that there is expected to be an increase in environmental reserves due to an obligating event occurring in 2010.

Ms. Buringrud and Mr. McWilliams addressed the need for adjustments to Full-Time Equivalent (FTE's) positions in order to prepare for the 2010 budget, noting that some staff was transferred, some took advantage of the Voluntary Separation Program (VSP), and some were affected as a result of layoffs.

Ms. Buringrud noted that the Maintenance Staff supports both the Real Estate and Seaport Divisions, so those dollars are split in the budgeting process.

While reviewing the Real Estate budget summary, Ms. Buringrud noted that overall, in looking at the Net Operating Income (excluding environmental grants and reserve), that relative to the 2009 budget, Real Estate Division is within \$146,000 of that budget.

Ms. Buringrud reviewed possible upcoming risks, which included the current economic downturn and how that could impact vacancies and tenants' ability to pay; unknowns with the Eastside Rail Corridor; unexpected maintenance work; an electrical rate increase; and performance audit implications.

The Real Estate Capital Budget was then discussed for 2010-2014 and also 2015-2019. Projects within various categories were reviewed, such as Under Contract, Commission Authorized; Division Pending, and Business Plan Prospective (both Revenue/Capacity Growth and Renewal/Enhancement).

Responding to Commissioner Hara's question about when it is expected that this division will become profitable, Mr. McWilliams answered the expectation is 5 to 6 years, partly due to the fact that the economy needs to begin to recover first. Commissioner Hara commented on the importance of maximizing the utilization of Port assets.

Seaport Division

Mr. Sheldon noted the three Seaport strategies for 2010:

- Protect our current business
- Position ourselves for recovery and change in the container shipping market
- Collaborate with others to advance our key initiatives

He also spoke of critical work for 2010:

- Maintain high performance levels for critical functions
- Deliver on commitments:
 - NW Ports Clean Air Strategy
 - Clean Truck Plan
 - Container Terminal Customer Support Plan
- Continue transition and development of T-91 into a multi-use facility
- Adjust and align resources to meet business strategies

Mr. Sheldon reviewed Key Assumptions for 2010 used in creating the budget, as well as some of the upcoming expense issues, which include asset evaluation and repairs & improvements.

Ms. Buringrud reviewed Revenues, broken out by groups, which include containers & support properties and cruise and industrial properties. In addressing the expense budget, she noted that there have been staffing reductions, which results in a flat payroll cost despite upcoming salary increases. She also stated that in 2009 there were some large recurring expenses which would not be taking place in 2010, or have been reclassified.

Ms. Buringrud reviewed the budget summaries for containers & support properties; cruise; and industrial docks & properties as well as potential upcoming risks.

A review of the Seaport Division's 2010 preliminary capital budget was provided and included information on projects; committed; under contract; Commission authorized; division pending; and business plan prospective, for revenue/capacity growth; renewal/enhancement, and environmental/safety.

Following regular business on the agenda, Commissioner Bryant announced that the next Commission meeting would be held on Thursday, October 8 in Commission Chambers and would take place from 9:00-11:00 a.m.

Commissioner Davis reported that recently, following her trip to Asia with CEO Yoshitani, a group of people from China who had been involved with the eco-partnership event there, had visited the Port of Seattle last week.

10. ADJOURNMENT

There being no further business, the meeting was adjourned at 3:57 p.m.

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

Lloyd Hara
Secretary