



Commissioners

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Chair and President
John Creighton
Patricia Davis
Lloyd Hara
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(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 NOVEMBER 3, 2009**

The Port of Seattle Commission met in a regular meeting at 1:00 p.m., Tuesday, November 3, 2009 in the Commission Chambers at Pier 69, 2711 Alaskan Way, Seattle, WA. Commissioners Bryant, Creighton, Davis, Hara and Tarleton were present.

1. CALL TO ORDER

The regular meeting was called to order at 1:05 p.m. by Bill Bryant, Chair and President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

None.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

Motion for approval of the minutes of the October 6, 2009 regular meeting – Hara

Second – Tarleton

Motion carried by the following vote:

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

Commissioner Creighton was absent from the subject meeting.

4. SPECIAL ORDER OF BUSINESS

None.

5. (00:01:38) UNANIMOUS CONSENT CALENDAR

- a. Authorization for the Chief Executive Officer to execute Change Order No. 005 for the Transportation Security Administration's (TSA) C-1 Building Tenant Improvements Project to add an additional 302 days to complete the project. There are no additional project funds requested with the change order.**

Request document: Commission agenda [memorandum](#) dated October 22, 2009 from Ralph Graves, Managing Director, Capital Development Division.

- b. Authorization for the Chief Executive Officer to execute Change Order No. 005 for the Duwamish Trail Link – West Marginal Way SW Project to add an additional 196 days to complete the project. There are no additional project funds requested with the change order.**

Request document: Commission agenda [memorandum](#) dated October 22, 2009 from Ralph Graves, Managing Director, Capital Development Division.

- c. Authorization for the Chief Executive Officer to select a consultant and execute an Indefinite Quantity/Indefinite Delivery (IDIQ) Service Agreement to support the Engineering Department in performing Airfield Pavement Management Services at the Airport for a not-to-exceed amount of \$500,000 and a duration of three years for pavement management analysis and evaluation, pavement ratings and airfield pavement design.**

Request document: Commission agenda [memorandum](#) dated Bob Maruska, Assistant Director, Engineering.

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

Second – Creighton

Motion carried by the following vote:

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

6. DIVISION, CORPORATE AND COMMISSION ACTION ITEMS

- a. (00:02:47) Resolution No. 3628, Second Reading and Final Passage. Amending Resolution No. 3605, as amended; the Master Policy Directive**

Request documents: Commission agenda [memorandum](#) dated October 28, 2009 from Tom Barnard, Research and Policy Analyst and Ralph Graves, Managing Director, Capital Development Division. Also provided was a computer slide [presentation](#) and a [matrix](#) of language being incorporated into the Resolution.

Presenters: Mr. Barnard and Mr. Graves

Mr. Barnard reviewed changes to the Resolution which have been incorporated since First Reading. He noted that drafts had been sent out to a number of stakeholders for review as well as posting it on the internet for public review. Following review and input, some of the suggested revisions were incorporated and Mr. Barnard reviewed those specific changes. Mr. Graves noted that one of the major revisions was raising the threshold for requiring Commission approval of contract actions and projects from \$200,000 to \$300,000. He stated that in addition, also being set at the \$300,000 authorization threshold is that for goods and purchased services

Mr. Graves clarified, in response to comments by Commissioner Hara, that under emergency conditions the CEO can act without Commission approval and could then come back to the Commission, and in a critical situation, would have a limit of \$500,000. in an emergency situation the CEO would not have a limit but would need to be financially prudent.

Motion for approval of Resolution No. [3628](#), Second Reading and Final Passage, amending Resolution No. 3605, as amended; the Master Policy Directive (Delegation of Authority) – Davis

Second – Hara

Motion carried by the following vote:

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

Following the vote, Commissioner Hara asked for confirmation that the additional information provided to the Commission regarding resolution sections 4.2.3.5 and 4.2.3.8 would be included in the final Resolution. Staff verified that this language would be included in the Resolution. Mr. Barnard stated the language referred to which was included in the matrix presented at this meeting would be a part of the proposed final Resolution.

- b. (00:33:53) Authorization for the Chief Executive Officer to execute up to five Indefinite Quantity/Indefinite Quality (IDIQ) on-call consulting services contracts for Environmental Compliance and Management to be used to assist the Seaport to access, plan, perform and monitor environmental compliance for Port-owned Seaport or Real Estate properties or projects. This request is only for contracting authority; funding will be authorized separately under the**

regular environmental reserves authorization process or through project-specific authorizations. The value of the contracts will not exceed \$3,750,000.

Request document: Commission agenda [memorandum](#) dated October 7, 2009 from Stephanie Jones Stebbins, Senior Manager, Seaport Environmental Programs and Paul Meyer, Environmental Program Supervisor, Seaport Environmental Programs

Presenter: Mr. Meyer

Mr. Meyer stated that this request was to replace a contract that expires at the end of 2009, and that the intent was to divide the contract into a number of separate contracts for the duration of three years. He noted that by doing so it would give small businesses a chance to apply for these contracts.

Motion for approval of Item 6b – Tarleton

Second – Creighton

Motion carried by the following vote:

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

- c. (00:37:36) Authorization for the Chief Executive Officer to complete the sound mitigation work on Building 9 at Highline Community College at an estimated cost of \$2,017,377, including administrative expenses. This authorization request is for \$1,261,332 and will bring the total authorization for this CIP to \$6,254,930.**

Request document: Commission agenda [memorandum](#) dated October 23, 2009 from Stan Shepherd, Manager, Airport Noise Programs

Presenter: Mr. Shepherd

Mr. Shepherd stated that the sound mitigation work at Highline Community College is one of the most important programs in the Port's sound mitigation plan which has been ongoing since 1994. He noted that the program has historically been funded by Airport funds, but within the past year that fund has been transferred to FAA Airport Improvement Grant funds and that there is about an 80% available match of funds and that the Port will pay the additional 20%.

Responding to a question from Commissioner Bryant regarding an end date for the project, Mr. Shepherd stated that there is not an end date within the Memorandum of Understanding with the college.

Motion for approval of Item 6c – Davis

Second – Tarleton

Motion carried by the following vote:

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

- d. (00:47:50) Authorization for the Chief Executive Officer to complete the relocation of residents of parcel numbers 344500-0110; 344500-0141; 344500-0145; 344500-0155, commonly known as Town and Country Mobile Home Parks located in the City of SeaTac, Washington, which are located within the 1998 70 Day Night Noise Level noise contour, at an estimated cost of \$2.6 million, including legal and administrative expenses. The request will bring the total authorization for the CIP Project C2000037 to \$52,306,110. Eighty percent of the costs are reimbursed by the Federal Aviation Administration (FAA).**

Request document: Commission agenda [memorandum](#) dated October 14, 2009 from James R. Schone, Director, Aviation Business Development; Jude Barrett, Manager, Aviation Property Acquisition and Relocation; and Luis Navarro, Manager, Aviation Properties

Presenter: Mr. Barrett

Mr. Barrett stated that the Town & Country Mobile Home Parks is the last in a series of mobile home parks scheduled for acquisition within a noise-impacted area south of the Airport. He noted that staff is on schedule to have all of the residents relocated by early 2010 and that this authorization would allow those final relocations as well as the complete demolition of the remaining manufactured homes by contract or Port crews.

Commissioner Creighton asked whether there were any possible ideas for the use of the property going forward. Mr. Shepherd responded that it is tentatively scheduled for a freeway extension by the Department of Transportation, but is not currently funded.

Motion for approval of Item 6d – Creighton

Second – Davis

Motion carried by the following vote:

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

- e. (00:52:42) Authorization for the Chief Executive Officer to execute a 5-year sole source Technical Assistance Agreement to support the Underground Train System at the Airport with Bombardier Transportation, Inc., in the total amount of \$1,535, 803. Justification for entering into the sole source contract has been reviewed and approved by the Central Procurement Office (CPO)**

Request document: Commission agenda [memorandum](#) dated October 7, 2009 from John R. Christianson, General Manager, Aviation Maintenance

Presenter: Gary Richer, Manager, Aviation Maintenance

Mr. Richer provided background information on the underground train system at the Airport, which has been in service since 1973. He stated that the Port has always had the same service, with an on-site representative for 28 years, and the most recent representative has been on-site since 2004. He noted that for a major system such as this, a vendor has proprietary systems and sub-systems that only they can support. In order to maintain the continuity and reliability of supporting the underground train system, staff recommended extending the contract with Bombardier.

Motion for approval of Item 6e – Tarleton

Second – Creighton

Motion carried by the following vote:

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

- f. (00:58:48) Authorization for the Chief Executive Officer to execute an amendment to the Lease and Concession Agreement of SmartCarte, Inc., provided of airport luggage carts and other passenger services at Seattle-Tacoma International Airport (Airport), that would extend the term for an additional five-year period as provided for in the current Agreement, under new negotiated terms.**

Request document: Commission agenda [memorandum](#) dated September 29, 2009 from James R. Schone, Director, Aviation Business Development and Deanna Zachrisson, Manager, Concessions Business. Also provided were copies of the proposed [Amendment](#) and the current [Lease](#).

Presenters: Mr. Schone and Ms. Zachrisson

Ms. Zachrisson stated that the luggage cart concession at the Airport is one of the many businesses which have suffered severe impacts resulting from the recent economic conditions. She noted that the proposal being made today would provide the best possible financial returns for the Airport while assuring a continuity of reliable service for the travelling public. As for going out to bid for these services, Ms. Zachrisson stated that the two other businesses which bid against SmartCarte in 2004 are no longer in the luggage cart business, and also noted that of the top 50 airports, 45 use SmartCarte.

Commissioner Creighton raised the question of airports which might have free luggage service and Ms. Zachrisson responded that Vancouver (Canada) has such a service, but in general airports have not been willing to shoulder that kind of an investment cost.

Commissioner Hara asked about the possibility of advertising on the luggage carts in order to provide additional revenue. Ms. Zachrisson replied that although it is, and always has been a possibility in the contract, SmartCarte has had some difficulty in finding advertisers for their carts.

Commissioner Tarleton stated her concern over this being a proposal for a 5-year rather than a 3-year contract extension and noted that she would prefer to look at a 3-year option in order to see what the impact of the upcoming light rail station might be on luggage service.

Motion for approval of Item 6f – Hara

Second – Davis

Motion carried by the following vote:

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

Opposed: Tarleton (1)

g. (01:16:41) Authorization for the Chief Executive Officer to execute a Collective Bargaining Agreement between the International Union of Operating Engineers Local 286, representing Operating Engineers in Aviation Maintenance and the Port of Seattle.

Request document: Commission agenda [memorandum](#) dated October 27, 2009 from Lisa Hornfeck, Labor Relations Director. Also provided was a copy of the [Agreement](#).

Presenter: Ms. Hornfeck

Ms. Hornfeck provided brief background of which employees at the Port would be covered by this agreement and stated that this is a two-year agreement. She stated that a shorter term agreement than in the past was agreed to largely due to concerns about uncertainty in the market.

Motion for approval of Item 6g – Davis

Second: Tarleton

Motion carried by the following vote:

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

7. STAFF BRIEFINGS

a. (01:19:26) Briefing on the 2010 Salary and Benefit Resolution

Presentation documents: Commission agenda [memorandum](#) dated November 3, 2009 from Tammy Woodard, Senior Manager, Total Compensation. Also provided were a computer slide [presentation](#) and a draft copy of the proposed [Resolution](#).

Presenter: Ms. Woodard

Ms. Woodard stated that changes to the 2010 Resolution would be minimal and noted that benefit program changes will impact employees and retirees more significantly than will the Resolution changes. She also noted that all changes will reflect a conservative approach to pay and benefits for 2010.

Ms. Woodard reviewed what the Salary and Benefit is and does, stating that it delegates authority from the Commission to the Chief Executive Officer to direct administration of pay and benefits to non-represented employees, approximately 53% of Port employees. Ms. Woodard also reviewed differences between Port pay ranges and typical public employer pay ranges, and noted that Port employees do not receive automatic pay increases.

It was noted by Ms. Woodard that employees are paying an increasing share of their medical costs, and that in 2010 additional costs will shift from the Port to employees. She said that this will more closely align the Port's medical benefits with those of other employers.

Ms. Woodard summarized the recommended changes for the 2010 Salary and Benefit Resolution as follows:

- A few minor wording changes
- An updated holiday schedule
- A reduction to paid time off (PTO) accumulation levels
- A new section specifying eligibility of retiring employees for medical and life insurance following retirement
- Salary levels to be held at the 2009 level for 2010

b. (01:42:09) Briefing on 2009 Third Quarter and Year-End Financial Performance

Presentation documents: Commission agenda [memorandum](#) dated October 27, 2009 from Dan Thomas, Chief Financial Officer and Michael Tong, Corporate Budget Manager; computer slide [presentation](#); and quarterly performance [report](#).

Presenters: Mr. Thomas; Mr. Tong; Borgan Anderson, Senior Manager, Aviation Finance and Budget; Boni Buringrud, Senior Manager, Seaport Manager, Seaport Finance and Budget

As introduction to the presentation, Mr. Thomas provided a brief background on issues addressed by staff at CEO Yoshitani's direction in response to financial challenges faced by the organization. He commented on the cost-savings measure of staff furloughs and also noted that the combination of the Voluntary Separation Program (VSP) and the reduction in force would have associated costs which would be accrued to the 2009 budget. He also mentioned a medical cost reversal related to Other Post-Employment Benefits (OPEB), resulting from a change in medical costs for retirees.

Mr. Tong provided an overview of operating budget results for the first three quarters of 2009, which he noted were quite good. He also reviewed the total Port 2009 Capital spending, including an estimate for 4th Quarter of 2009.

(01:56:18) Mr. Anderson reviewed Aviation Business Highlights including:

- Airline activity
 - Year-to-date enplanements down 4.2% from 2008
- Operating budget
 - 2009 forecast \$3.2M over targeted expense reductions due to emergency generators, snow event costs and elevator/escalator repairs
 - Reversal of Other Post-Employment Benefits (OPEB) offset by the Voluntary Separation Program (VSP) costs and the HR-10 costs, which when netted together will save the Airport approximately \$2.6M.
 - Implementation of Expense Savings Plan
- Non-airline revenues
- Capital budget

Also reviewed by Mr. Anderson were:

- Q3 Activity – Enplanements and Landed weight vs. prior year
- Q3 year-to date operating revenues
- Q3 year-to-date operating expenses
- Overall aeronautical summary and key indicators
- Overall non-aeronautical summary and key indicators
- Summary of financial results

(02:01:57) For the Seaport Division, Ms. Buringrud stated that year-to-date, TEU volume was down 14% from 2008, but that that compares favorably to consolidated results for the West coast ports, which are down about 17%. She also noted that TEU volume for 3rd quarter 2009 was up 2% from 3rd quarter 2008. She also spoke about grain volume which was down 18% from 2008, partially due to temporary closures for grain

spout upgrades. Also noted was the record number of calls during the cruise season in 2009.

Ms. Buringrud also briefly reviewed:

- 2009 Seaport expense budget reductions
- Q3 year-to-date operating results
- Division key variances – revenue and expense
- Seaport full year operating forecast

Responding to a question from Commissioner Bryant regarding the budget variance of the Security department, Ms. Buringrud clarified that they are related to security grants and for financial statements, there are security grant revenues with off-setting security grant expenses and that it is a timing issue more than anything else.

(02:05:34) Ms. Buringrud then reviewed information for the Real Estate Division, noting that despite a tough market, commercial properties were at 94% occupancy at the end of the quarter. She also noted that Fishermen's Terminal has exceeded their Q3 year-to-date occupancy target.

Also briefly reviewed by Ms. Buringrud were:

- 2009 Real Estate reductions
- Real Estate Division operating results
- Real Estate Division key variances (revenue and expense)
- Year-to-date variances by business groups
- Real Estate Division full year forecast

(02:10:30) Mr. Graves provided background of the Capital Development Division Q3 report, noting that the department's operating was down about 20% due to a combination of hire deferrals and furloughs. He also spoke about Capital Development business events, an indicator of the department's performance.

Also reviewed by Mr. Graves were divisional key indicators as well as operating results and the year-end forecast for the division.

(02:14:23) Mr. Tong reviewed the Corporate Division operating budget results, noting that at the end of 3rd quarter, the division's budget was nearly \$8.3M below budget. He noted that looking ahead for the year, the forecast for the total expenses is to be \$5.7M below the approved 2009 budget.

8. NEW BUSINESS

Public comment regarding the Eastside Rail corridor was received from the following individual:

- Robert Scheuerman, Eastside Rail Now. Mr. Scheuerman spoke in support of the Port's purchase of the BNSF Eastside rail line, stating his belief that it is of vital importance. A written copy of Mr. Scheuerman's remarks was provided as well as a copy of Sound Transit's summary of its report to the Puget Sound Regional Council (PSRC); a copy of Federal Railroad Administration (FRA) description of rail loans; and a copy of a loan application. These documents are, by reference, made a part of these minutes; are collectively marked Exhibit 'A'; and are on file in Port offices.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the meeting was adjourned at 3:35 p.m.

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

Bill Bryant
President