

**Commissioners**

Bill Bryant  
Chair and President  
John Creighton  
Patricia Davis  
Lloyd Hara  
Gael Tarleton



Tay Yoshitani  
Chief Executive Officer

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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>

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

**APPROVED MINUTES  
COMMISSION SPECIAL MEETING OCTOBER 20, 2009**

The Port of Seattle Commission met in a special meeting at 1:00 p.m., Tuesday, October 20, 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 1:04 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**

None.

**4. SPECIAL ORDER OF BUSINESS**

None.

**5. UNANIMOUS CONSENT CALENDAR**

None.

**6. DIVISION, CORPORATE AND COMMISSION ACTION ITEMS**

None.

**7. STAFF BRIEFINGS**

**a. (00:01:25) Briefing on Emergency Management Planning – Green River Flood Planning**

Presentation documents: Commission agenda [memorandum](#) dated October 7, 2009 from Ralph Graves, Managing Director, Capital Development Division; Kathleen Gleaves, Emergency Preparedness Manager, Seaport; and Ron Harmon, Emergency Preparedness Manager, Aviation. A computer slide [presentation](#) titled, “Green/Duwamish River Potential Flood Event – Impacts to the Port of Seattle and Neighboring Businesses” was also provided.

Presenter: Mr. Graves

Mr. Graves provided background information on conditions of the Howard Hanson Dam and potential effects of flooding along the Green River which could occur this winter. He noted that the Dam was built in 1962 for flood control in the Kent Valley.

It was pointed out that the U.S. Army Corps of Engineers (Corps) discovered significant damage and leakage within the earthen portion of the dam following last winter’s record rainfall and that in order to ensure stability of a planned temporary fix, the Corps will not allow the dam’s reservoir to hold as much water as it has in the past. At the time of this briefing, the Corps estimates the probability of flooding to be as high as one in three.

Mr. Graves reviewed potential impacts to the Port if should flooding occur and he also addressed possible needs for evacuation and sheltering. He also spoke about planning and preparation being done by Port staff for a possible flooding event, stating that working groups are being established to address any related issues.

Mr. Graves commented briefly the possibility of a loss of power at the Airport which could result in case of a flood noting that it had led staff to make a related emergency declaration and stated that this was actually the substance of the next item on the Commission agenda.

**b. (00:18:00) Briefing on Emergency Declaration to Provide Back-up Electric Power at Seattle-Tacoma International Airport (Airport)**

Presentation documents: [Memorandum](#) dated October 15, 2009 from Ralph Graves, Managing Director, Capital Development Division and Ray Rawe, Director, Engineering Services and copy of [Declaration of Emergency](#) dated October 16, 2009 and signed by CEO Tay Yoshitani.

Presenter: Mr. Graves

It was noted that once the information was received regarding the damage to the Howard Hanson Dam and potential resulting flooding, staff has been evaluating options for providing 100% back-up power for the Airport. As the Airport receives electric power from Puget Sound Energy substations in the Green River Valley, transmission of power could be interrupted for long periods of time if there is flooding. This analysis led to a decision by the CEO to sign an emergency declaration on October 16 to allow staff to lease generators for back-up power generation at the Airport.

Mr. Graves noted that the potential flooding situation being discussed was very different than a situation such as 9-11 when all airports were closed. He stated that if there is a flooding event, it will be critical for the Airport to remain open as it will be one of the main routes of assistance, both in terms of people and supplies which would come into the region.

Mr. Graves responded to Commissioner Tarleton's questions about working groups in various agencies that would communicate information to the public, stating that various agencies (the Port, the County, the Corps) would each be responsible for communicating specific levels of information.

Mark Reis, Managing Director, Aviation Division, reiterated that the Airlines are in strong support of this approach to the problem, and stated that the best approach is to have back-up support available in advance on site in case it is needed.

## **8. NEW BUSINESS**

None.

## **9. POLICY ROUNDTABLE – BUDGET WORKSHOP**

### **a. (00:43:30) Discussion of Seaport and Real Estate Funding Plans**

Presentation documents: Commission agenda [memorandum](#) dated October 7, 2009 from Dan Thomas, Chief Financial Officer and Elizabeth Morrison, Senior Manager, Corporate Finance. Computer slide presentations on funding plans for [Seaport and Real Estate Divisions](#) were also provided as well as presentations regarding the 2010 Capital Budget for both the [Seaport](#) and [Real Estate](#) Divisions.

Presenters: Mr. Thomas; Ms. Morrison; Boni Buringrud, Manager, Seaport Finance and Budget; Joe McWilliams, Managing Director, Real Estate Division

Mr. Thomas noted that today's presentation incorporated information that the Commission had requested earlier in terms of looking at how the tax levy is used.

Ms. Morrison provided a brief review of the preliminary tax levy briefing which was provided to the Commission on September 17. She stated that other topics to be addressed would include:

- Preliminary levy scenario
- Updated scenario
- Preliminary Assessor Information
- Draft Levy Policy
- Seaport Self-Sufficiency

Ms. Morrison noted that the levy scenario being presented includes the known uses of the levy, but does not include any estimate of the Port's contribution to a bored tunnel on SR99, nor does it include some of the future environmental expenses that are not completely known at this time. It was assumed that the levy would continue at the same amount it has been for the last two years.

The changes mentioned since the September 17 presentation included the areas of environmental expenses as well as updated information on the use of the tax levy for the Real Estate Division for both operating and capital needs.

Commissioner Bryant stressed that at this time, the discussion is about having a budget that does not have the Seaport Division relying on the tax levy, and that if there is discussion about reducing the tax levy, it is not discussion about cutting back on capital programs for the Seaport.

Discussion followed about the importance of preserving options for taxing capacity, not necessarily exercising those options. It was stated that much of the public believes that the Port taxes to the maximum amount allowed, and that people need to understand that is not the case.

The financial impact of the tax levy on home owners was reviewed for different rates and it was noted that the amount of Port tax for homeowners depends on the dollar amount of the Port's levy.

Ms. Morrison stated that based on Century Agenda guidelines, staff was drafting a levy policy, currently a work in progress, which put levy uses into the two broad categories: of Public Good and Business Support. She noted that discussions would continue into next year before finalizing the policy.

Ms. Morrison noted that the current analysis assumes that the Seaport Division will be self sustaining with no additional tax levy needed for future projects in the next five years and that the Real Estate Division will receive interim levy support as the Port develops a long-term financial strategy.

It was noted that staff will return for first reading of the budget and will take direction from the Commission and incorporate it into future documents and presentations with

respect to the levy assumptions. Staff will return with a Resolution that will specifically increase the maximum levy as discussed earlier, and clarified that this will be a separate resolution from the budget resolution that sets the levy amount.

Boni Buringrud addressed the 2010 Seaport Division Capital Budget and the impacts of self-sufficient funding. She noted that under the parameters for the tax levy use presented earlier, \$150 million of 2010-2014 projects would need to be deferred. Projects to be deferred were listed on the computer slide presentation and discussed by the Commission and staff. Commissioner Bryant commented on the importance of the fact that not only is Seaport moving toward self-sufficiency, but is doing so while still assuming a lot of the environmental costs.

Ms. Buringrud and Mr. McWilliams then presented information on the 2010 Real Estate Division Capital Budget and the impacts of a \$67 million flat levy amount for 2010-2014. Upcoming Real Estate projects were reviewed and discussed by Commissioners and staff and are listed individually in the slide presentation which was given.

Following discussion, CEO Yoshitani commented that staff would like to have some guidance as to where they would like to see the levy amount end up in the budget for next year.

Commissioner Davis stated that she would like to see the levy proceed with a flat amount, and that if there is any money left over from that, that it be banked or kept as a reserve for the future needs related to transportation and environmental issues.

Commissioner Tarleton stated that she would like to understand the consequences for the subsequent years 2-5 on the Capital Plan of Finance should a \$67 million dollar tax levy be adopted. Mr. Thomas clarified that the same number of projects would be funded in that scenario.

Commissioner Bryant shared that he thought it would be prudent to have reserves for the areas of transportation and environmental obligations. He said it would be good to look at the staffing levels of both Seaport and Real Estate.

Commissioner Creighton noted that he was also inclined to stay with the flat dollar amount and then clarified that he was referring to an amount of \$67 million.

Commissioner Hara commented on the need to look at potential methods of saving to operating expenses and also greater utilization of the Port's assets.

In summary of discussion points, Commissioner Bryant mentioned the following:

- There was apparent support for 1% on the levy ceiling. He re-emphasized that that amount would not be collected nor spent.

- Providing a scenario holding the level at \$67 million and look for another \$8 million in cuts to help absorb some of the costs that are currently in the capital budget
- Have a level of \$75 million and bank or reserve \$8 million
- Hold the level at \$67 million for 2010 and raise it to \$79 million beginning in 2011

Public comment regarding Item 9a was received from the following individuals:

- Paul Marvy, Citizens for Port Reform. Mr. Marvy stated that voters of King County have supported tax increases when they relate to community values, such as support for libraries, parks and jobs. He also stated his belief that the Port would likely run into public skepticism if taxes were raised according to one of the scenarios presented today.
- Fred Felleman, Friends of the Earth. Mr. Felleman stated his appreciation of the decision to set the Seaport Division free from the tax levy. He stated his concerns about the changes made since September which reflect an increase to the environmental budget.
- Mr. Felleman also commented on an issue not on the agenda, which was the cruise ship discharge policy recently released by the International Maritime Organization (IMO). A copy of the circular released by the IMO was provided by Mr. Felleman, is by reference, made a part of these minutes; is marked Exhibit '[A](#)' and is on file in Port offices.

## **10. ADJOURNMENT**

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

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

Bill Bryant  
President