



**Commissioners**

Bill Bryant  
Chair and President  
Tom Albro  
John Creighton  
Rob Holland  
Gael Tarleton

Tay Yoshitani  
Chief Executive Officer

P.O. Box 1209  
Seattle, Washington 98111  
[www.portseattle.org](http://www.portseattle.org)  
206.787.3000

*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 MARCH 9, 2010**

The Port of Seattle Commission met in a regular meeting at 1:00 p.m., Tuesday, March 9, 2010 at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, Holland and Tarleton were present.

**1. CALL TO ORDER**

The special meeting was called to order at 1:10 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 Minutes of February 9, 2010 Regular Meeting – Tarleton**

**Second: Albro**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)**

**4. SPECIAL ORDER OF BUSINESS**

**a. (00:01:44) Recognition of the Winner of the Charles Blood Champion of Diversity Award**

Presentation document: Commission agenda [memorandum](#) dated February 23, 2010 from Marjorie Hillson, Senior Manager, Diversity and Consulting Services

CEO Yoshitani recognized the 2009 winner of the Charles Blood Champion of Diversity Award, Alley Greymond. He provided a brief background of the award, which was established in 2000, noting it honors a Port employee who challenges behaviors and practices that do not align with the Port's commitment to diversity; has demonstrated an appreciation and respect for people of all backgrounds, communication styles, and approaches to business; and confronts and addresses difficult diversity issues.

**b. (00:05:51) Introduction of Fire Chief Randy Krause**

Presentation document: Commission agenda [memorandum](#) dated March 2, 2010 from Wendy Reiter, Director, Aviation Security Department and Emergency Preparedness

Mark Reis, Managing Director, Aviation Division, introduced Randy Krause, recently selected as the new Fire Chief of the Port of Seattle Fire Department. A brief background of Chief Krause's career was provided.

Mr. Reis also recognized Ron Harmon, Manager of Emergency Preparedness, Aviation Division, who had served for the previous two months in the capacity of acting Fire Chief during the selection process for the new Fire Chief.

**c. (00:11:35) Introduction of the Port of Seattle Fire Department Firefighter of the Year, Lt. David Jewett**

Presentation document: Commission agenda [memorandum](#) dated March 3, 2010 from Randy Krause, Fire Chief, Fire Department

Chief Krause introduced Lieutenant David Jewett as the recipient of the 2009 Firefighter of the Year Award. A brief history of Lt. Jewett's career with the Port was provided.

**5. (00:15:38) UNANIMOUS CONSENT CALENDAR**

*Item 5c was removed from the Consent Calendar for a separate vote.*

**a. Authorization for the Chief Executive Officer to execute a five-year contract to purchase printers as needed to support Airport common-use passenger processing at Seattle-Tacoma International Airport for an amount not to exceed \$400,000. No funds are requested for this procurement.**

Request document: Commission agenda [memorandum](#) dated February 17, 2010 from Krista Sadler, Enterprise Systems Manager and Todd VanGerpen, Airport Shared Facilities Manager

- b. Authorization for the Chief Executive Officer to execute a contract for security services to be performed at Terminal 91 with an estimated value ranging from \$400,000-\$600,000 annually. The contract will be competitively bid with an initial term of one year and four (4) additional one-year options to renew. Maximum contract term will be five years.**

Request document: Commission agenda [memorandum](#) dated March 2, 2010 from Greg Englin, Manager, Dock Operations and Russ Read, Seaport Security Program Manager

- d. Authorization for the Chief Executive Officer to execute Amendment 2 to Contract P-00314525 for the Consolidated Rental Car Facility (RCF) Helix Art Project for the not-to-exceed amount of \$1,000,000. Amendment 2 will increase the value of the contract by \$850,000 and extend the contract by one year to December 31, 3012. No new budget is required for this amendment as the total cost of the art project was included in the May 13, 2008 authorization.**

Request document: Commission agenda [memorandum](#) dated March 2, 2010 from Keith Gillin, Architecture Manager and Colleen McPoland, Manager, Aviation Art Program

- e. Authorization for the approval of outstanding [Claims and Obligations](#) for the period of February 1 through February 28, 2010 in the amount of \$35,202,787.**

**Motion for approval of Items 5a, 5b, 5c and 5d – Tarleton**

**Second – Holland**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)**

- c. (00:16:45) Authorization for the Chief Executive Officer to direct staff to proceed with permitting, project management, in-house design and preparation of construction documents for the future replacement of water main distribution systems at Terminal 91. Pre-construction projects costs are estimated not to exceed \$700,000. Preliminary estimates of total project costs are currently projected to be \$4,700,000.**

Request document: Commission agenda [memorandum](#) dated February 17, 2010 from Mike McLaughlin, Senior Manager, Cruise and Industrial Properties and Rod Jackson, Capital Construction Project Manager, Seaport

Presenters: Mr. McLaughlin and Mr. Jackson

Mr. McLaughlin noted that today's request is for funding authorization for pre-construction activities, the first of two steps for this project; stating that staff will return to the Commission later in the year for funding of construction costs.

Commissioner Tarleton commented on the importance of highlighting major infrastructure projects and critical work which is being completed by the Port. She also noted the importance of being certain that the engineer's estimates are adequate, and that people need to understand what is involved in developing an engineering estimate. She stated that she would like to see this project used as an example of how this can be managed in order to avoid 'budget creep.'

Commission Creighton commented on this infrastructure being at a critical stage, and raised the question of whether there is adequate staffing in place at this time should an emergency happen before the project is completed. Mr. McLaughlin responded that he believes that Seaport Maintenance and Port Construction Services are adequately staffed and knowledgeable of any of the areas of concern, and would be able to perform any repair that would need to happen.

**Motion for approval of Item 5c – Creighton**

**Second – Tarleton**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)**

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

- a. (00:28:42) **Resolution No. 3635, First Reading. Providing the Chief Executive Officer the authority to submit an [application](#) to reorganize General Purpose Foreign Trade Zone No. 5 under the Alternative Site Framework program and for the Chief Executive Officer to implement the program through agreements with prospective companies that desire to utilize the Port's Foreign Trade Zone (FTZ), after prior notification to the Port of Seattle Commission.**

Request document: Commission agenda [memorandum](#) dated February March 2, 2010 from Tom Tanaka, Senior Port Counsel and Charlie Sheldon, Seaport Managing Director and [proposed Resolution](#)

Presenters: Mr. Tanaka and Mr. Sheldon

Mr. Sheldon opened the presentation stating that by adopting this proposed Resolution, the Port would be simplifying the process of taking advantage of the Foreign Trade Zone vehicle.

Mr. Tanaka provided background of the foreign trade zone, an area on Harbor Island which the Port has operated since 1949. Until about twenty years ago the area was known as a 'general purpose zone.' At that time, US Customs introduced a program allowing the Port to designate its properties as sites capable of being designated a foreign trade zone upon a simple application.

He noted that about a year ago, US Customs announced the Alternative Site Framework program, which simplifies the ability to designate properties within King County as a foreign trade zone site.

For clarification, Mr. Tanaka explained that a foreign trade zone is an area of land that is technically outside of U.S. Customs jurisdiction. He noted as an example, regarding imports, in the case of a foreign trade zone, goods are brought in directly to the foreign trade zone; there is no paperwork or processing fee at that time, and there is no duty paid until those goods leave the foreign trade zone. Advantages in this instance would include streamlining of necessary paperwork, as well as saving money for both the shipper and the importer and encourages cargo to come in.

Responding to Commissioner Holland's question as to whether or not this could be an opportunity to target certain companies or industries for participation in the foreign trade zone, staff responded that they would bring such information when they returned for Second Reading and Final Passage of the Resolution.

Commissioner Albro commented that by entering into the status of an alternative site framework, the marketplace may change as far as who might be interested in participating, especially if it was promoted within the marketplace. He stated that perhaps policies should be reviewed as far as how the space might be allocated. He commented that there may be a way to use this status to market attractiveness of the Port properties.

**Motion for Resolution No. 3635, First Reading – Tarleton**

**Second – Holland**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)**

- b. (00:53:07) Authorization for the Chief Executive Officer to execute the Eleventh Amendment to the Lease with Total Terminals International LLC (TTI) for Terminal 46. The proposed amendment would clarify how crane productivity is calculated, a factor in the calculation of the box rate used in this lease. The proposed amendment also documents certain modifications to the leased premises.**

Request document: Commission agenda [memorandum](#) dated March 2, 2010 from Michael Burke, Senior Manager, Container Leasing and Operations and Michael Campagnaro, Manager, Container Leasing and Operations. Also provided was a draft copy of the lease [amendment](#).

Presenters: Mr. Burke and Mr. Campagnaro

**Motion for approval of Item 6b - Albro**

**Second – Holland**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)**

- c. (00:59:29) Authorization for the Chief Executive Officer to advertise, award and construct 800 feet of replacement fender system at Terminal 18 South in the amount of \$2,850,000, for a total funding authorization of \$3,300,000.**

Request document: Commission agenda [memorandum](#) dated February 17, 2010 from Michael Burke, Director, Cargo and Container Operations and Mark Longridge, Capital Project Manager

Presenters: Mr. Burke and Mr. Longridge

Mr. Burke provided background of the proposed project, stating that it is for replacement of an 800 foot section of the fender system at the south end of Terminal 18, and noting that this replacement would satisfy current lease obligations. He noted that although there is an additional 400 foot section of fender system which is deteriorated, replacement of the entire 1200 feet is not recommended at this time, due to construction costs.

Mr. Longridge noted that this project would involve replacing the deteriorated timber fender system with a more robust steel system, and stated that the system has been designed to minimize environmental impacts.

Responding to a question from Commissioner Creighton, Mr. Longridge clarified that carrying forward with this work would have no negative impact on the operations of Westway Feed, who berths at the Terminal.

**Motion for approval of Item 6c – Creighton**

**Second – Holland**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)**

- d. (01:12:06) Authorization for the Chief Executive Officer to approve all work and contracts, execute and amend any and all necessary contracts and service directives for the Seattle-Tacoma International Airport (Airport) Data Center Storage Area Network (SAN) Replacement Project in an amount not-to-exceed \$1,200,000.**

Request document: Commission agenda [memorandum](#) dated February 23, 2010 from Peter Garlock, Chief Information Officer

Presenter: Mr. Garlock and Matt Breed, Senior Manager, IT Infrastructure Services

Mr. Garlock stated that over time, storage requirements for data have grown dramatically, mainly due to the fact that more and more information is communicated electronically. Because of this, current capacity is being exceeded, contributing to deteriorating performance.

**Motion for approval of Item 6d – Tarleton**

**Second: Holland**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)**

**7. STAFF BRIEFINGS**

**a. (01:19:19) 2009 Financial Performance Briefing**

Presentation documents: Commission agenda [memorandum](#) dated February 24, 2010 from Dan Thomas, Chief Financial Officer and Michael Tong, Corporate Budget Manager. Also provided were a [report](#) titled, “2009 Performance Report” and a computer slide [presentation](#).

Presenters: Various staff members of each division, as noted below:

As introduction to the presentation, Mr. Thomas provided a recap on key budget reduction efforts made during 2009, including a mandatory two-week furlough; a reduction on travel, training and other expenses; a voluntary separation program; layoffs; and a change to the medical plan for retirees. He also reviewed summaries of operating income and baseline revenues and expenses.

Commissioner Albro suggested that staff consider renaming some categories used which might be more descriptive or intuitive than either operating or non-operating, particularly in the area of environmental.

Mr. Tong reviewed a summary of non-operating income and major variances for the year. Also reviewed was a breakdown of Capital spending by division as well as explanation of budget variances.

Borgan Anderson, Senior Manager, Aviation Finance and Budget provided a summary of the 2009 financial performance of the Aviation Division, as well as a more in-depth review of the following areas:

- Enplanements and Landed Weight Activity 2009 vs. Prior Year
- Operating Expenses
- Aeronautical Business and Key Indicators
- Non-Aeronautical Business and Key Indicators
- 2009 Capital Spending

Boni Buringrud, Manager, Seaport Finance and Budget, provided background of Seaport key events during 2009, including exceeding 2009 net operating income budget by \$4.6 million; completing major projects at Smith Cove Cruise Terminal and Terminal 30; implementing a

customer support plan for container terminals; and implementing Transportation Worker Identification (TWIC) guidelines at Terminal 91 and Pier 66.

Also reviewed by Ms. Buringrud were the following areas:

- Seaport Business Goals
- 2009 Operating Results
- Division Key Variances
- Capital Spending

Ms. Buringrud then also provided information on the 2009 performance of the Real Estate Division, reviewing the key events of exceeding net operating income budget by \$3.9 million; implementing a requirement for vessel liability insurance; initiating the first phase of outreach for Fishermen's Terminal 20-year plan; entering into a new third party management agreement for the World Trade Center West Building; and adding the Maritime Event Center as an event center to Bell Harbor Conference Center.

Also addressed by Ms. Buringrud were the following areas:

- Real Estate Business Goals
- 2009 Operating Results
- 2009 Key Variances
- Capital Spending

Ralph Graves, Managing Director, Capital Development Division reviewed the 2009 financial performance of that division, commenting on 4<sup>th</sup> Quarter business events; key indicators; division operating results; and key variances to revised budget.

Mr. Tong returned to review the Corporate Division performance report, covering key events including:

- Completed Eastside Rail Corridor acquisition
- Completed Commission review of four citizen panel recommendations and adoption of guiding principles
- Held Community Giving Employee Event at Smith Cove Cruise Terminal
- Instituted two-week furloughs and significantly reduced spending in travel and other accounts
- Implemented modified zero-based budgeting

Mr. Tong also reviewed corporate key indicators and corporate operating results.

**b. (02:42:57) 2009 Annual Treasure and Investment Portfolio Report**

Presentation documents: Commission agenda [memorandum](#) dated February 5, 2010 and computer slide [presentation](#) from Craig J. Kerr, Treasury Manager



Presenter: Mr. Kerr

Mr. Kerr provided background information of the Commission's decision to bring a Treasurer in-house from King County, which was authorized by Resolution in 2001.

Also reviewed was the Port's investment strategy, as well as the conservative composition of the portfolio, which is made up of treasury notes, high grade mortgage-backed securities; repurchase agreements; and federal agencies. Mr. Kerr also addressed the following areas:

- Interest Rate Trends
- 2009 Rates for federal funds; 2-year treasuries; and 5-year agencies
- Treasury yield curve, 2008 vs. 2009
- Actions taken in light of 2009 financial environment
- Portfolio yield 2005-2009
- Fluctuations of the Port's Investment Portfolio
- Portfolio value 2005-2009

#### **8. NEW BUSINESS**

**(02:57:14)** Public comment regarding agenda Item 5c was received from the following:

- Fred Felleman, Friends of the Earth. Mr. Felleman commented on possible environmental issues related to the future replacement of water main distribution systems at Terminal 91.

Prior to adjourning, Commissioner Bryant announced that the March 23, 2010 Commission Meeting would be held at The Cove Community Club, at 1500 Shorebrook Drive in Normandy Park, and one of the topics to be discussed would be the Part 150 Noise Study.

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

None.

#### **9. ADJOURNMENT**

There being no further business, the meeting was adjourned at 4:13 p.m.

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

Rob Holland  
Secretary