



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
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 MAY 4, 2010**

The Port of Seattle Commission met in a regular meeting at 1:00 p.m., Tuesday, May 4, 2010 at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, and Tarleton were present. Commissioner Holland was absent.

1. CALL TO ORDER

The regular 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 Real Estate matters for approximately 30 minutes and reconvened to open public session.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

None.

4. SPECIAL ORDER OF BUSINESS

None.

5. (00:01:04) UNANIMOUS CONSENT CALENDAR

- a. Authorization for the Chief Executive Officer to execute a contract for materials and manufacturer technical support to coordinate installation, startup and training to replace five (5) crane cable reels at the Seaport's Terminal 5 (T-5) for a total Port capital investment estimated at \$3,500,000.**

Request document: Commission agenda [memorandum](#) dated April 5, 2010 from Michael Burke, Director, Seaport Cargo Services and Michael Kuhlmann, Capital Project Manager

Motion for approval of Item 5a – Tarleton

Second – Creighton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Commissioner Holland was absent for the vote

6. DIVISION, CORPORATE AND COMMISSION ACTION ITEMS

- a. (00:02:49) Authorization for the Chief Executive Officer to execute an Agreed Order with Washington State Department of Ecology (Ecology) for the completion of remediation investigation actions at Terminal 91. This order will replace the 1998 Agreed Order # DE 98HW-N108.**

Request document: Commission agenda [memorandum](#) dated April 16, 2010 from Stephanie Jones Stebbins, Senior Manager, Seaport Environmental Programs; Kathy Bahnick, Manager, Seaport Environmental Programs; and Susan Ridgley, Senior Port Counsel. Also provided was an Ecology Fact Sheet for the Terminal 91 Site. Also provided was a copy of the [Agreed Order](#) with exhibits.

Presenter: Ms. Bahnick

Ms. Bahnick provided background information the site, which consists of four acres that encompass a former tank farm, constructed in 1920, that was located just north of the Magnolia Bridge. A portion of the tank farm was operated as a dangerous waste treatment and storage facility, and once that facility was closed, a part of it was used as a fuel storage facility, primarily for petroleum. That site was demolished in 2005. The Resource Conservation and Recovery Act (RCRA) permit under which the Site is regulated, requires that cleanup of the site be implemented under an agreed order with the State, under the State's cleanup laws.

Ms. Bahnick stated since the original Agreed Order was implemented in 1998, two of the parties to that Agreed Order have gone out of business, and the geographic definition of the site will encompass all of Terminal 91. She clarified that this Agreed Order will be to develop a Remedial Investigation (RI) Feasibility Study (FS) and a draft Cleanup Action Plan (CAP). Once this is

complete, staff will return to Commission to request authorization for funding to actually perform the cleanup.

Commissioner Albro raised the issue of using outside vs. in-house consulting for work related to this project. Ms. Bahnick clarified that staff currently does not have the time to do the day-to-day activities which are required, but that hopefully within the year, there will be Port staff handling the communication with Ecology.

Motion for approval of Item 6a – Albro

Second – Tarleton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Commissioner Holland was absent for the vote

b. (00:11:46) Resolution No. 3636, First Reading. Adopting a Self-Funded Health Insurance Program.

Request document: Commission agenda [memorandum](#) dated April 28, 2010 from Tammy Woodard, Senior Manager, Total Compensation and Jeff Hollingsworth, Risk Manager. Also provided was a copy of the proposed [Resolution](#).

Presenter: Ms. Woodard

Ms. Woodard referred to a previous briefing to the Commission regarding this Resolution, noting that there could be a savings of up to \$1,000,000 in plan administration costs as a result. She stated that this change to the Port's program will affect only the Premera Health and the Washington Dental Service plans, but not the current Group Health plan.

Responding to a question from Commissioner Creighton, Ms. Woodard confirmed that should the self-funding method of administering these plans not result in the anticipated cost savings, the Port can return to a fully-insured method.

Motion for First Reading of Resolution No. 3636 – Tarleton

Second – Creighton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Commissioner Holland was absent for the vote

- c. (00:16:59) Authorization for the Chief Executive Officer to proceed with authorization of Maintenance Shop Solution projects, including: Engineering analyses and design, project management, preparation of construction documents, advertisement for bids and execution of construction contract, purchase of materials and Shop self-performance of work under Maintenance Shop Solution Projects (CIP # C800187) for a total cost not to exceed \$2,300,000. (\$50,000 was previously authorized under CIP # 800243)

Request document: Commission agenda [memorandum](#) dated April 16, 2010 from Rees Robinson, Project Manager, Marine Maintenance and Lindsay Pulsifer, General Manger, Marine Maintenance

Presenters: Ms. Pulsifer and Ms.Robinson

Ms. Robinson stated that this request is for combining two steps of the Resolution No. 3605 process, i.e. requesting authorization for design as well as authorization for construction. She noted that minimal design work is needed and also stressed the importance of completing the construction without disrupting maintenance operations.

Ms. Robinson briefly reviewed the five projects which would be completed should this request be authorized:

- Roof Replacement
- Office Space Expansion
- Kitchen and Break Room Relocation
- Power and Computer Network Upgrades
- North-end Office Construction

She noted that all of the projects, with exception of the North End Office, will occur within the existing maintenance shop footprint. She stated that the Roof Replacement project will be accomplished using a Major Construction contract, and the remaining work will be done using Marine Maintenance crews. She also noted that the goal is to complete all five projects by the end of the current year.

Responding to a question from Commissioner Tarleton as to whether or not staff has the ability to draw on outside labor if necessary in order to keep to schedule and costs, should an emergency arise requiring the assistance of Port crews, Ms. Pulsifer replied in the affirmative.

Motion for approval of Item 6c – Tarleton

Second: Albro

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Commissioner Holland was absent for the vote.

d. (00:25:30) Authorization for the Chief Executive Officer to execute a ten-year lease with PCC Logistics, a division of Pacific Coast Container, Inc. and provide funds for broker fees in the amount of \$145,387.

Request document: Commission agenda [memorandum](#) dated April 28, 2010 from Michael Burke, Senior Manager, Container Leasing and Operations and Steve Queen, Manager, Container Operations. Also provided was a draft copy of the [Lease Agreement](#).

Presenters: Mr. Burke and Mr. Queen

Mr. Burke provided brief background information on Terminal 104, which has been vacant for nearly a year, but is a key site for supporting the Port's container business. The previous terminal operator at the site defaulted on its lease, mainly due to the current economic downturn, and was evicted. He noted that a Request for Proposals (RFP) had been issued, seeking a new tenant for the terminal.

Mr. Queen provided background information on the RFP, and stated that there was only one response received, that being from PCC Logistics, who is also currently a Port tenant at Harbor Island. He noted that this selection will result in the creation of 90 new jobs.

Responding to Commissioner Creighton's question as to whether PCC Logistics will be vacating their current space (at Harbor Island), Mr. Queen clarified that this is expansion for them, as they have found additional new business opportunities.

Motion for approval of Item 6d – Tarleton

Second – Creighton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Commissioner Holland was absent for the vote

Following the vote, Mr. Yoshitani invited a representative from PCC Logistics to address the Commission. Mr. Al Muehlenbruch, NW Regional Manager, PCC Logistics, stated that the company is happy to be adding a new facility at the Port of Seattle. He commented on their success at their Harbor Island location, and stated that they are looking at this new site as a huge opportunity to get involved with a lot of new cargo which will go through the Port of Seattle.

e. (00:33:38) (Item tabled, following discussion) Authorization for the Chief Executive Officer to issue a Request for Proposals (RFP) for the Renewal/Replacement of forty-two Escalators and 2 New Escalators Project (CIP # C800237) at Seattle-Tacoma International Airport (Airport).

Request document: Commission agenda [memorandum](#) dated April 16, 2010 from Wayne Grotheer, Director, Aviation Project Management Group and David Soike, Director, Aviation Facilities and Capital Program

Presenters: Mr. Grotheer and Joe Nessel, Capital Project Manager

Mr. Grotheer noted that this request is for authorization to proceed with a design-build approach to this project, and stated that this project will modernize more than half of the escalators at the Airport; escalators which have been in daily use for nearly forty years, and are increasingly subject to failure and high levels of emergency repair. He commented on the previous Commission authorization to issue a Request for Qualifications (RFQ) for the project, noting that it will be issued this month. He stated that should today's request be authorized, staff would select a short list of no more than five qualified bidders from the responses to the RFQ, and then issue a Request for Proposals (RFP) to that short list in July.

Mr. Grotheer clarified that no additional funding is being requested at this time, and that staff expects to do so in January, 2011, when they are anticipating asking for authorization to award a design-build contract.

Mr. Nessel spoke about the competitive environment of escalator work, noting that a good level of interest in the project has been seen, and that several manufacturers who have contacted the Port expressing their interest in this project. Mr. Grotheer stated the understanding that this is one of the largest escalator projects nationwide which will be coming forward over the next several years, and that competitive bids are expected for the project.

Commissioner Albro raised the issue of what staff would do should they not receive more than one or two responses to the RFQ. Mr. Nessel stated that should that occur, staff would need to re-evaluate the process based on how competitive the responses appear to be. Commissioner Albro proposed that if staff receives fewer than two responses to the RFQ, they not move forward with an RFP, and then stated that there should really be three or more in order to have an effective procurement process.

Ralph Graves, Managing Director, Capital Development Division suggested that should there be fewer than three responses to the RFQ, staff would return to Commission with a proposal of how they would like to move forward.

Commissioner Bryant raised the issue of the project being dependent on the issuance of future bonds rather than the Airport Development Fund (ADF), noting that the issuance of those bonds has not yet been decided by the Commission.

Dan Thomas, Chief Financial Officer, responded to Commissioner Bryant's question, stating that the project is likely to have split funding, both through bonds and ADF cash, although he did not know the specific split at this time. He noted that staff will be before the Commission for a discussion of the bond issue the following week.

Mr. Grotheer clarified to the Commission that time sensitivity for this project is related to the increasing rate of failure and of escalators being out of service.

Following discussion of authorizing this request, prior to any bonds being issued, Mr. Yoshitani suggested delaying the item until after such discussion takes place. He suggested there be further discussion of the bonding program, the Plan of Finance, and the Capital Program.

Commissioner Albro agreed that it would be prudent to delay this item to allow for further discussion.

Item 6e tabled.

- f. (00:51:57) Authorization for the Chief Executive Officer to execute an Interlocal Agreement (ILA) with King County in a form substantially as attached, for stream gaging services in support of mandatory requirements of environmental permits for the Third Runway and other Master Plan Update (MPU) projects, basin steward services for the Miller and Walker Creek basins and other surface water management services.**

Request document: Commission agenda [memorandum](#) dated April 9, 2010 from Bob Duffner, Water Resources Manager, Aviation Environmental and Elizabeth Leavitt, Director, Aviation Planning and Environmental. Also provided was a copy of the [ILA](#).

Presenter: Mr. Duffner

Mr. Duffner noted that there is no funding associated with this authorization request; rather the source of funds to support the work provided under the ILA, will come from Commission-approved annual operating budgets or future independent project authorizations.

Mr. Duffner provided background of what will be covered under this ILA, noting that the two primary work items are stream gaging, which is measurement of flow in streams, and basin stewardship services in support of a multi-jurisdictional agreement through the Miller Creek Basin planning effort.

Motion for approval of Item 6f – Creighton

Second – Tarleton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Commissioner Holland was absent for the vote

- g. (01:01:23) Authorization for the Chief Executive Officer to approve all work and contracts including executing and amending any and all necessary contracts and service directives to purchase and implement IT hardware and software; plus casework**

design services for the Flight Information Management System (FIMS) Upgrade Project in an amount not to exceed \$5,400,000 toward an ultimate project cost of \$7,000,000. This project is being authorized using the procedures outlined in Section 5 of Resolution No. 3605.

Request document: Commission agenda [memorandum](#) dated April 27, 2010 from Michael Ehl, Director, Aviation Operations and Peter Garlock, Chief Information Officer

Presenters: Mr. Garlock and Mr. Ehl

Mr. Ehl provided background information regarding the FIMS, noting that the current system is one which uses rear projection screens, a method which has been superseded by advances in technology, such as plasma, LED and LCD. He noted that the current outdated technology has a high operating and maintenance cost associated with it.

He reviewed a second element of this project, which is the installation of a visual paging system, which is required to maintain full compliance with the Americans with Disabilities Act (ADA).

Mr. Garlock briefly reviewed the technical aspects of the project, emphasizing that the current system is extremely unreliable, noting several major outages which have occurred over the past year.

Responding to Commissioner Creighton's question as to whether or not the Airlines have approved this project, Mr. Ehl confirmed that they have unanimously done so by a Majority-In-Interest (MII) vote.

Motion for approval of 6g – Tarleton

Second: Albro

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Commissioner Holland was absent for the vote

- h. (01:12:36) Authorization for the Chief Executive Officer to direct staff to proceed with project management, design, and preparation of 60% level construction documents for the future replacement of runway 16 center / 34 center (16C/34C) at Seattle-Tacoma International Airport (Airport). Pre-construction project costs to accomplish the 60% design are estimated at \$669,000.**

Request document: Commission agenda [memorandum](#) dated April 8, 2010 from Michael Ehl, Director, Airport Operations and Wayne Grotheer, Director, Aviation Capital Improvement Program

Presenters: Mr. Grotheer and Rob Kikillus, Airport Operations Development Manager

Mr. Kikillus noted that Runway 16C/34C was constructed in 1969 with a 20-year design life and is now well beyond its reasonable expected life, although since 1993, as part of a Runway Improvement Program, many of the concrete panels have been replaced. He stated that in 2009, as an effort to defer costs, Airport staff decided that the runway would be reconstructed in 2016, but that the design process should begin in 2010.

Mr. Grotheer commented on the benefits of taking the design to a 60% level, noting that it would allow staff to proceed more quickly to full design, should it become necessary to replace the runway prior to 2016. He stated that staff does not think it appropriate to proceed to 100% design at this time, because of the possibility that some aspects of the design could change before 2016, such as FAA-driven components or technology or regulatory requirements.

Motion for approval of Item 6h – Albro

Second – Tarleton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Commissioner Holland was absent for the vote

i. (01:18:01) Authorization for the Chief Executive Officer to:

- 1. Execute all necessary documents to acquire by purchase two King County Parcels 042204-9218 and 042204-9139 (Property) owned by Mrs. Mary A. Rickard and located at 19453 and 19521 – 28th Ave. S., SeaTac, WA 98188 for \$1,375,000, and**
- 2. Execute all necessary documents to demolish the improvements on the Property and restore it in accordance with the Interlocal Agreement with the City of SeaTac for \$80,000. The total request is \$1,455,000.**

Request documents: Commission agenda [memorandum](#) dated April 9, 2010 and map from James R. Schone, Director, Aviation Business Development and W. Allan Royal, Manager, Port Real Estate Development

Presenter: Mr. Royal

Mr. Royal commented on the [location](#) of the property, noting that it is located in the midst of existing Port property, and completes an assemblage of parcels which will provide the Port a better opportunity for future development.

Motion for approval of Item 6i – Creighton

Second – Albro

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Commissioner Holland was absent for the vote

7. STAFF BRIEFINGS

None.

8. NEW BUSINESS

(01:22:27) Public comment was received from the following individuals:

- M.C. Halvorsen, who stated her opinion that the Port only owns up to the mean high water mark in the Duwamish, and not the 500 feet that they claim. A number of documents regarding Ms. Halvorsen's belief were submitted; they are, by reference, made a part of these minutes; are collectively marked Exhibit 'A'; and are on file in Port offices.
- Fred Felleman, Friends of the Earth. Mr. Felleman stated his concern over whether or not cruise ships will be allowed to discharge while at dock in the future.

9. POLICY ROUNDTABLE – BUDGET WORKSHOP

None.

9. ADJOURNMENT

There being no further business, the meeting was adjourned at 2:37 p.m.

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

John Creighton
Assistant Secretary