

Commissioners

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Tom Albro
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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 REGULAR MEETING JUNE 1, 2010**

The Port of Seattle Commission met in a regular meeting at 12:00 p.m., Tuesday, June 1, 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 regular meeting was called to order at 12:00 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 to discuss Legal Risk matters for approximately 1 hour and then reconvened to open public session.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

Motion for approval of Minutes of the regular meeting of April 27, 2010 – Tarleton

Second – Creighton

Motion carried by the following vote:

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

Commissioner Holland was absent from the subject meeting.

Motion for approval of Minutes of the regular meeting of May 4, 2010 – Tarleton

Second – Creighton

Motion carried by the following vote:

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

4. SPECIAL ORDER OF BUSINESS

None.

5. (00:02:11) UNANIMOUS CONSENT CALENDAR

Item 5a was removed from the Unanimous Consent Calendar for discussion

- a. Authorization to separate Stormwater Retention Pond M (Pond M) from the other 2010 Airfield Improvement Projects – Contract 2 (AIP-2) and delay construction until 2011.**

Request document: Commission agenda [memorandum](#) dated May 24, 2010 from Ralph Graves, Managing Director, Capital Development Division

Presenter: Wayne Grotheer, Director, Aviation Project Management Group

Mr. Grotheer noted that the delay of this part of the Airfield Stormwater Improvements program is being requested, as the State Department of Ecology's dam safety permit has not yet been received, and because there is further design and analysis which needs to be completed. He also noted that this is a project which will need to be completed in the drier summer months, which is why a one-year delay is being requested. Mr. Grotheer noted that to delay all of the Stormwater projects is not a favorable option because by so doing, there would be a significant regulatory risk.

Commissioner Tarleton reiterated that staff will be adhering to the permitting process for this work, commenting on the monetary and regulatory consequences should the project not be completed in 2011.

Motion for approval of Item 5a – Tarleton

Second – Holland

Motion carried by the following vote:

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

6. DIVISION, CORPORATE AND COMMISSION ACTION ITEMS

- a. (00:07:03) **Authorization for the Chief Executive Officer to execute a new Collective Bargaining Agreement between the Port of Seattle and the Teamsters Local 117, representing Communication Specialists for a three-year period from January 1, 2009 through December 31, 2011.**

Request document: Commission agenda [memorandum](#) dated May 10, 2010 from Trish Murphy, Labor Relations Manager. Also provided was a copy of the [Agreement](#).

Presenter: Ms. Murphy

Motion for approval of Item 6a – Tarleton

Second – Holland

Motion carried by the following vote:

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

- b. (00:10:05) **Authorization for the Chief Executive Officer to execute a Category III professional services contract to provide consultant services and support for planning and pre-design; design services, construction and monitoring support; and post-construction monitoring expected to be required by a pending Environmental Protection Agency Administrative Settlement Agreement and Order on Consent at the Terminal 117 [Early Action Area](#) cleanup site. (Funding for this work has already been authorized, and was included in the Commission's 2010 environmental reserve spending authorization, approved on November 30, 2009) The consultant will be selected through a competitive process.**

Request document: Commission agenda [memorandum](#) dated May 14, 2010 from Stephanie Jones Stebbins, Senior Manager, Seaport Environmental Programs; Roy Kuroiwa, Senior Environmental Program Manager; and Anne Porter, Capital Project Manager.

Presenters: Ms. Jones Stebbins; Mr. Kuroiwa and Ms. Porter

Mr. Kuroiwa provided a brief background of the clean-up program at Terminal 117, located on the Lower Duwamish River, noting that the project is moving from a phase of clean-up planning to clean-up design. He also noted that Seattle City Light is a partner in the clean-up process. He stated that there will be a 30-period for [public](#) comment regarding the clean-up, beginning in several days.

Commissioner Tarleton raised questions regarding the City of Seattle and the Department of Ecology and what resources they may be setting aside for participating in this design and the restoration. Mr. Kuroiwa responded that the City will be contributing 40% of the funds for design and clean-up and the Department of Ecology has committed to continue offering ecology grant

funds. He also noted that the Port also has a settlement of the former owners of the site, which will also contribute to the clean-up.

Motion for approval of Item 6b – Albro

Second – Tarleton

Motion carried by the following vote:

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

- c. (00:18:27) Authorization for the Chief Executive Officer to execute consultant services contracts or services directives, advertise and award small works contracts, and employ Port staff, for a total of up to \$1,500,000 for street vacations at Terminals 5, 18, and 105. The total project cost is estimated at \$4,000,000.**

Request document: Commission agenda [memorandum](#) dated April 29, 2010 from Michael Burke, Senior Manager, Container Leasing and Operations and Catherine Chu, Capital Construction Project Manager

Presenters: Mr. Burke and Ms. Chu

Mr. Burke stated that the Commission had been briefed in February of this year regarding the background and status of the street vacations referenced in today's request, and noted that at that time, it had been pointed out that while the funding was authorized to continue to do the work, it had been authorized under the previous delegations of authority, and today's request was to reauthorize that funding under the current delegations in order to align with current rules and procedures.

Ms. Chu then briefly reviewed the project scope and schedule.

Mr. Burke commented on the importance of working with the City in future agreements related to street vacations. Commissioner Tarleton agreed, noting that the benefits are more than financial and economic.

Motion for approval of Item 6c – Tarleton

Second: Creighton

Motion carried by the following vote:

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

- d. (00:29:37) Resolution No. 3637, First Reading. Authorizing the issuance and sale of Intermediate Lien Revenue Bonds and Revenue Refunding Bonds, in multiple series in the aggregate principal amount of not to exceed \$350,000,000 - \$600,000,000.**

Request documents: Commission agenda [memorandum](#) dated May 14, 2010 from Elizabeth Morrison, Senior Manager, Corporate Finance and copy of proposed Resolution.

Presenters: Dan Thomas, Chief Financial Officer; Ms. Morrison; and Diane Campbell, Senior Corporate Financial Analyst

Mr. Thomas provided introductory comments, noting that staff had previously been before the Commission to provide a briefing on the plan for selling revenue bonds, both for refunding purposes to capture interest rate savings, as well as for new money needs at the Airport.

Ms. Morrison commented on the projects expected to be funded by the new proceeds from the bonds, noting that the cash flows may vary a bit as projects move through their design and authorization, and stating that the list within the request memo is substantially what is expected to be used to fund projects. She also clarified that no projects can proceed from this bond issuance without appropriate authorization.

Ms. Campbell noted that at Second Reading and Final Passage of the Resolution, scheduled in June, staff will seek approval of the sale of the bonds, and that at that time, necessary amendments to the Resolution will include the parameters under which approval can be made.

Commissioner Creighton noted that he has some unease with some of the banks staff will be working with in the bonds issuance, and asked if there might be room to reconsider the banks to be involved in underwriting team or the negotiated sale team, and whether agreements with the banks could be structured to exclude banks which received TARP funds or have otherwise acted recklessly.

Mr. Thomas responded to Commissioner Creighton's comments and questions, noting that staff generally selects a whole team of banks in order to benefit from a variety of areas of expertise, given the complex nature of the Port's financings, and that a great deal of criteria is used in making these decisions. He stated that it might be altering the terms of procurement if there was an attempt to change the team in the middle of the term we have with them. Staff also clarified that none of the banks on the current team have been convicted of any wrongdoing, and that in areas which would affect the Port, there are also no allegations of wrongdoing.

Commissioner Tarleton noted comments she had recently made in an email to staff suggesting a review of risk management of the Port's debt and the way bond refinancing is handled, as an element of risk analysis through the Audit Committee in their workplan for next year. Mr. Thomas suggested that this be broadened as a review of overall financial risk management.

Commissioner Holland reiterated his desire to see more opportunities for greater participation of minority firms. Staff noted that they will work closely with the Office of Social Responsibility to address this for the next solicitation.

Commissioner Creighton again raised the question of whether or not there might be some wiggle room to rearrange the current agreement the Port has with the underwriting team or the negotiated

sale team, and noted that he would like to receive further clarification from staff. Mr. Thomas stated that staff will work with the Office of Procurement to answer the question of flexibility.

Commissioner Albro noted his wish to see a look at the total approach to capital, and his desire to see more of a local influence. Mr. Thomas clarified, in response, that although the banks on the team are not headquartered in Seattle, they all have local offices.

Motion for Resolution No. [3637](#), First Reading, with caveat that staff provide to the Commission further clarification of details as requested by Commissioner Creighton, prior to Second Reading and Final Passage - Tarleton

Second – Albro

Prior to the vote, Commissioner Holland reiterated his desire that staff also address the issue of small business participation

Motion carried by the following vote:

In Favor: Albro, Bryant, Tarleton (3)

Opposed: Creighton, Holland (2)

7. STAFF BRIEFINGS

a. (01:03:22) Port Construction Services (PCS) Briefing

Presentation documents: Commission agenda [memorandum](#) dated May 26, 2010 from Ralph Graves, Managing Director, Capital Development Division and Dwight Rives, General Manager, Port Construction Services. Also provided was a computer slide [presentation](#).

Presenters: Mr. Graves and Jim Rosmond, Lead Construction Manager, Port Construction Services

Mr. Graves emphasized the importance of PCS in accomplishing some of the major construction and major maintenance activities at the Port, and also commented on changes which have been put in place following the 2007 audit.

Mr. Rosmond reviewed the mission and three major functions of PCS, which are:

- Construction
- Regulated Materials Management
- Field Operations

Mr. Rosmond then commented on the advantages of using Port Construction Services, noting that requests for their work are received from both the Airport and the Seaport divisions. He noted the strong external relationships which exist with outside small works contractors. Also noted was the

flexibility and quick response of PCS crews, along with their strong knowledge of Port facilities and operations.

A review of PCS operations for 2009 was then provided, as well as review of their 2009 expenses.

Commissioner Tarleton raised a question about the role of PCS as related to tenant inspections and notifications regarding regulated materials management. She commented on the possibility of either a city or county need to have a workshop or roundtable to discuss best practices for doing inspection of public facilities in very constrained circumstances.

Mr. Rosmond noted that as for PCS, this is a daunting task, simply due to the large number of facilities in the Seaport.

b. (01:27:16) Port Centennial Briefing

Presentation documents: Commission agenda [memorandum](#) dated May 27, 2010 and computer slide [presentation](#) from Jane Kilburn, Director, Public Affairs

Presenter: Ms. Kilburn

Ms. Kilburn provided a review of the strategies for the Port's Centennial, which will be next year. She noted that staff has been working with an internal committee as well as an external Community Leadership Committee to develop a program for the Centennial, and a list of the names of the members of the Leadership Committee was provided.

Ms. Kilburn noted that the Century Agenda strategic planning process will be woven in throughout the Centennial and that there will be ongoing discussions of how the two will interconnect.

Responding to Commissioner Creighton's question about the role of the Leadership Committee, Ms. Kilburn stated that it is to provide input and feedback as plans are developed. She also noted that the chair of the Committee is Bob Donegan of Ivar's. She noted the hope to have more participation by those in the areas of Environment and the Airport as things move forward.

Commissioner Tarleton commented that members of the Century Agenda panels will also be involved.

Ms. Kilburn then noted the following communication objectives related to the Centennial:

- Heighten awareness about the Port's role in the region
- Engage citizens in sustainable future
- Thank and honor community, partners and employees
- Mark 100 years of accomplishments

Program elements and the timeline were then reviewed by Ms. Kilburn, and she noted that staff would return to the Commission later in the month for discussion of next steps as well as funding for this year.

Commissioner Tarleton suggested to Ms. Kilburn that when she returns for the funding authorization for this year, all Commissioners have information regarding what has already been authorized in the budget.

Public Comment regarding Item 7b was received from the following:

- Fred Felleman, Friends of the Earth, who stated that he would like to see a broader representation on the Committee, and commented on the importance of keeping history alive and not only focusing on the future.

c. (01:47:17) Trends and Dynamics in the Aviation Industry

Presentation documents: Commission agenda [memorandum](#) dated May 24, 2010 and computer slide [presentation](#) from Mark Reis, Managing Director, Aviation Division

Presenter: Mr. Reis

Mr. Reis provided a brief outline of what would be included in his briefing, as follows:

- Airline Industry Dynamics
- Implications / Issues for Sea-Tac
- Regional Aviation Strategy Trends
- Sustainability Efforts and Issues
- Other Key Strategic Issues

Mr. Reis briefly addressed results to the Airline industry resulting from a number of economic challenges beginning with 9/11. He noted that the Airlines overall are challenged to cover their cost of capital and also reiterated that demand for domestic air travel has not recovered. He also commented on increasing pressures due to airline fuel costs.

Mr. Reis commented on a number of areas in which the Airlines have cut expenses, including bankruptcy. He also noted several areas of revenue enhancement by the Airlines, including charges for ancillary services, such as providing food, checking bags and imposing fuel surcharges.

Consolidation, in a number of ways, was noted by Mr. Reis, as another area in which Airlines continue to search for benefits to their economic situations. These can include plans anywhere from codesharing to airline mergers.

Mr. Reis commented on the difference between Airlines' and Airports' responsibilities, noting that Airlines tend to have a more short-term commitment to shareholders with ultimately mobile assets, while Airports would be considered to have more long-term responsibilities to communities, such as a 50-year investment.

Mr. Reis reviewed a number of areas in which Sea-Tac has been working with Airlines in an attempt to manage their costs and also commented on the relationship between Cost Per Enplanement (CPE) fees and capital projects.

Mr. Reis noted the increase in international air service since 2005, and Commissioner Creighton noted that staff should be commended.

Responding to Commissioner Creighton's question about cargo screening and offering more services in this area, Mr. Reis noted his belief that it is not the best idea for this to take place at the Airport due to creating resulting bottlenecks.

Mr. Reis reviewed prospective facility realignment options and improvements for the future, and stated that staff would be coming to the Commission soon for authorization of related consulting work and design.

Also reviewed by Mr. Reis were sustainability efforts made to date and future direction of such efforts at Sea-Tac, as well as a number of long-term issues which are being looked at.

8. NEW BUSINESS

Following the scheduled agenda items, Public Comment was received from the following individual:

- Paul Berendt, representing Seattle-Tacoma International Taxi Association (STITA). Mr. Berendt provided a document to the Commissioners titled, "Further objection of STITA Re: RFP #0900061". A copy of this document is, by reference, made a part of these minutes, is marked as Exhibit '[A](#)', and is on file in Port offices.

Mr. Berendt stated objections to elements of the RFP which was recently conducted related to taxi service at Seattle-Tacoma International Airport. He commented on challenges to the RFP process as conducted, some specifically related to deadheading and financial guarantee issues.

9. POLICY ROUNDTABLE – BUDGET WORKSHOP

None.

9. ADJOURNMENT

There being no further business, the meeting was adjourned at 4:35 p.m.

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

Rob Holland
Secretary

