



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 JUNE 22, 2010**

The Port of Seattle Commission met in a regular meeting at 1:00 p.m., June 22, 2010 in the International Auditorium at Seattle-Tacoma International Airport, Seattle, WA. Commissioners Albro, Bryant, Creighton, Holland and Tarleton were present.

1. CALL TO ORDER

The regular 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 May 11, 2010 special meetings – Creighton

Second: Tarleton

Motion carried by the following vote:

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

4. SPECIAL ORDER OF BUSINESS

a. (00:02:16) Recognition of Fly Quiet Incentive Program Winners

Presentation document: Commission agenda [memorandum](#) June 7, 2010 from Stan Shepherd, Manager, Airport Noise Programs

Presenter: Mr. Shepherd

Mr. Shepherd provided brief background of the Fly Quiet Incentive Program, which was created as a way to provide positive incentive for airlines to reduce noise within surrounding communities. The winners of the 2010 Fly Quiet Awards were announced as follows:

- 1st Place Airline – Air Canada Jazz
- 2nd Place Airline – SkyWest Airlines
- Honorable Mention – Virgin America

Representatives of the three winning airlines were in attendance and were presented their awards by Commissioner Bryant and then participated in a photo opportunity with the full Commission.

b. (00:06:49) Recognition of Goodwill Graduate of the Year – Michael Bulling

Presentation document: Commission agenda [memorandum](#) dated June 8, 2010 from Charla Skaggs, Corporate Media Officer. Also provided and shown was a video

Ms. Skaggs provided brief background information about Mr. Bulling, noting that he is employed by Capital Building Maintenance, and works at Sea-Tac Airport in the baggage claim area on the custodial team.

A short video was then shown, highlighting the Goodwill program and what Michael does at the Airport.

Mr. Bulling then made some brief remarks regarding his personal life history, and the opportunities which have resulted from his participation with Goodwill, including his current job at the Airport.

Wendy Martindale, of Goodwill Industries, commented on the mission of Goodwill, which is to help people get jobs, noting their work with youth with disadvantages, seniors, as well as people with developmental disabilities.

Bob Kendrick, President, Capital Maintenance then spoke about his experience of working with Mr. Bulling, commenting on his positive attitude and hard work.

A photo opportunity was then provided for Michael, the Commissioners and Mr. Yoshitani.

c. (00:19:01) Recognition of Washington Association of Sheriffs and Police Chiefs Accreditation

Presentation document: Commission agenda [memorandum](#) dated June 22, 2010 from Chief Colleen Wilson, Port of Seattle Police Department

Mr. Yoshitani noted that last month the Port of Seattle Police Department again received State accreditation, noting that in order to receive this status, the Department must prove compliance with 140 specific standards that represent industry standards and best practices for contemporary law enforcement. He also noted that the Department is currently working on National accreditation, which they plan to accomplish by November 2011.

Mr. Yoshitani expressed his admiration to the Department acknowledged the accreditation team. He then introduced Chief Colleen Wilson, who received a plaque from the Commissioners and participated in a photo opportunity with the Commission and CEO Yoshitani.

5. (00:23:54) UNANIMOUS CONSENT CALENDAR

- a. Authorization for the Chief Executive Officer to enter into an Indefinite Delivery Indefinite Quantity (IDIQ) contract for Natural Resources Consulting Services to support Aviation, Seaport, Real Estate and Capital Development Divisions Service Directives. The IDIQ contract for these services will not exceed \$750,000 over a four4-year period. No funding is associated with this authorization request.**

Request document: Commission agenda [memorandum](#) dated May 28, 2010 from Bob Duffner, Water Resources Manager, Aviation Environmental and Elizabeth Leavitt, Director, Aviation Planning and Environmental

- b. Authorization for the Chief Executive Officer to issue Change Order #340 for the Consolidated Rental Car Facility (RCF) in the amount of \$325,000. This Change Order will supplement Force Account Change Order #265 executed for \$225,000 for a cumulative estimated total cost of \$550,000.**

Request document: Commission agenda [memorandum](#) dated June 8, 2010 from Ralph Graves, Managing Director, Capital Development Division

Motion for approval of Consent Items 5a and 5b – Albro

Second – Creighton

Motion carried by the following vote:

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

6. DIVISION, CORPORATE AND COMMISSION ACTION ITEMS

- a. (00:25:01) Resolution No. 3637. Authorizing the issuance and sale of Intermediate Lien Revenue and Refunding Bonds, Series 2010, in the aggregate principal amount of Not To Exceed \$600,000,000 to refund existing debt and to fund a portion of the five-year Capital Improvement Program as Seattle-Tacoma International Airport.**

- 1. Amend Resolution No. [3637](#)**
- 2. Second Reading and Final Passage of Resolution No. 3637, as amended**

Request Document: Commission agenda [memorandum](#) dated June 16, 2010 from Elizabeth Morrison, Senior Manager, Corporate Finance and Diane Campbell, Senior Financial Analyst. Also provided was a copy of the [Resolution](#).

Presenters, Dan Thomas, Chief Financial and Administrative Officer and Ms. Campbell

Ms. Campbell provided information on the Resolution and the amendments, which are related to establishing parameters under which the Series 2010 Bonds can be sold, along with minor administrative changes to clarify language or correct errors. Ms. Campbell clarified that if the Bonds cannot be sold within these parameters prior to September 20, 2010, further Commission action will be required. She noted that one additional amendment is the appointing of the Bank of New York Trust Company as the escrow agent.

Ms. Campbell acknowledged two members of the Port's finance team present, Richard Schober of Seattle Northwest Securities and Cynthia Weed of K&L Gates.

Mr. Thomas called attention to the fact that the actual amount of the refunding savings is estimated at \$10 million over the remaining life of the Bonds, and noted that this information was also included in the memo regarding this item.

He then addressed several questions which were raised at First Reading regarding the Port's underwriting team, specifically related to some of the Wall Street firms which had been involved in some of the sub-prime mortgage issues and received TARP funding through the Federal Government and also questions related to participation of small businesses.

He clarified that the makeup of the underwriting team, was put together through an RFP process several years ago, and noted that there is some flexibility to make modifications to that team, but do not currently recommend doing so. With respect to the TARP funding question, he stated that he doesn't believe TARP funding indicates any wrongdoing or unethical behavior on the part of any particular firm, noting that the purpose of the TARP program in general was to provide enhanced liquidity in the financial system, ideally resulting in increased lending at a time of significant economic downturn. Mr. Thomas noted that firms on our team who have received TARP funding have returned/repaid it. He commented on the importance of having a large and robust underwriting team, and noted the excellent service which has been provided by the current team.

Regarding small business participation, Mr. Thomas stated that we do, and always have had small business representation on the Port's finance team, and noted that related to this specific transaction, it is far enough into the process that it would be difficult to make major changes, and stated that best efforts would be made to broaden, to the extent possible, that participation.

Mr. Schober responded to questions regarding uses of the bonds proceeds as well as questions related to the 2001B First Lien Bonds.

Motion to amend Resolution No. 3637, as proposed – Tarleton

Second – Holland

Motion carried by the following vote:

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

**Motion for Second Reading and Final Passage of Resolution No. [3637](#), as amended –
Creighton**

Motion carried by the following vote:

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

- b. (00:48:03) Authorization for the Chief Executive Officer to issue a Request for Proposals (RFP) for the Renewal/Replacement of Forty-Two (42) Escalators and Two (2) New Escalators Project (CIP #C800237) at Seattle-Tacoma International Airport (Airport).**

Request document: Commission agenda [memorandum](#) dated June 4, 2010 from Wayne Grotheer, Director, Aviation Project Management Group and David Soike, Director, Aviation Facilities and Capital Program

Presenters: Mr. Soike and Mr. Grotheer

Mr. Soike noted that there are 79 escalators at the Airport, of varying age, and stated that this project is the beginning of the replacing of that fleet.

Mr. Grotheer stated that this will be a design-build project which has a time-critical schedule due to impacts it will have on the traveling public while the escalators are being replaced. He stated that a Request for Qualifications (RFQ) has been issued, and staff hopes to select a short list from qualified responses to the RFQ, and then issue a Request for Proposals (RFP) to that short list in mid-July. He also noted that terms of a Project Labor Agreement for the Project have been negotiated, which is pending signature. Mr. Grotheer stated that staff anticipates returning to the Commission in January, 2011 to request authorization to award the contract, and would also request additional funding authorization at that time.

Motion for approval of Item 6b - Tarleton

Second – Holland

Motion carried by the following vote:

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

- c. (00:51:39) **Authorization for the Chief Executive Officer to execute a contract for a maximum of six years for the operation and management of the Seattle Ramp Tower at Seattle-Tacoma International Airport. The initial term of the contract is three years with an option to extend for three additional years at the Port's sole discretion. The first three-year term has an estimated cost of \$4,700,000. If the option to extend is exercised, the total estimated value of the contract to be authorized is \$9,400,000**

Request document: Commission agenda [memorandum](#) dated May 26, 2010 from Michael Ehl, Director, Airport Operations

Presenters: Mark Coates, Senior Manager, Airport Operations, Airfield and David Crowner, Manager, Combined Communication Center, Airport Operations

Mr. Coates provided a brief history of the operation of the Seattle Ramp Tower Facility, with its focus on safety as well as resulting improvements in operations and a significant reduction in greenhouse emissions.

Commissioner Albro raised the question of whether or not contracting the operation/management of the Ramp Tower is the best method, rather than developing and hiring a staff that could take it over.

Related to Commissioner Albro's questions, Commissioner Tarleton commented that with the structure of the proposed contract for an initial term of three years with options to then extend, would allow for the opportunity to evaluate whether or not this is the most effective way to proceed, or perhaps consider accelerating another line of business.

Motion for approval of Item 6c – Tarleton

Second – Creighton

Prior to the vote, Mr. Coates responded to Commissioner Creighton's question as to whether or not the amount of the proposed contract would need to be increased if air traffic increases at Sea-Tac, stating that based on current projections and growth, staff believes the amount proposed will be the maximum amount needed.

Motion carried by the following vote:

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

- d. (01:01:04) **Authorization for the Chief Executive Officer to approve spending an additional \$180,000 to allow Port of Seattle staff and the project consulting team to continue work necessary for final approvals essential to the Terminal 10 (T-10) utility improvement project. The total project cost is estimated at \$6,700,000 (CIP# C800264).**

Request document: Commission agenda [memorandum](#) dated May 20, 2010 from Paul Meyer Manger, Environmental Permitting and Compliance and Michael Kuhlmann, Capital Construction Project Manager, Seaport Division

Presenters: Mr. Kuhlmann and Mr. Meyer

Mr. Kuhlmann provided a brief review of the project at T-10, an 11-acre site owned by the Port of Seattle and located on Harbor Island. He noted that the scope of the project includes installation of a drainage system, lighting, installation of a new outfall, as well as installing some fencing and striping. He stated that the primary use of the facility will be for over-night truck parking to support the Port's container operations. Mr. Kuhlmann said that staff will return to Commission at a future date to request authorization for construction.

Mr. Meyer commented on the difficulties in obtaining necessary permits for the project on this site,

Motion for approval of Item 6d – Tarleton

Second – Holland

Motion carried by the following vote:

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

- e. (01:09:05) Request Commission authorization to update the 2010 international travel plan.**

Request document: Commission agenda [memorandum](#) dated June 15, 2010 from Mary Gin Kennedy, Director of Commission Services

Ms. Kennedy noted that in addition to potential International travel approved by the Commission in January, today's request was to add to that approval, travel to Canada to the American Association of Port Authorities meeting as well as possible travel associated with a trip to China, which would include a trip to Vietnam.

Motion for approval of Item 6e – Albro

Second – Tarleton

Motion carried by the following vote:

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

7. STAFF BRIEFINGS

- a. (01:11:34) Part 150 Study Aircraft Noise and Land Use Compatibility Study Update**

Presentation documents: Commission agenda [memorandum](#) dated June 16, 2010 from Stan Shepherd, Manager, Airport Noise Programs

Presenters: Mr. Shepherd

Mr. Shepherd noted that since the last time staff was before the Commission in March, there had been another public workshop held, the second in a series of six, to be held throughout the course of the Part 150 study. He commented on main goals of the workshop, and noted that topics of discussion included suggestions to improve the study; recommendations for reducing noise; implementation conversion; and an explanation of how noise data is used, and what has been collected thus far.

Mr. Shepherd stated that there was also a general question and answer period, as well as discussion of next steps, which include beginning temporary noise monitoring within the community; analyzing of noise data in preparation of draft DNL contours; and the next public workshop which will be held in the Fall. He noted that a full workshop report will be published and placed on the web. He commented that staff is continuing with regular briefings to the Highline Forum and have offered to provide briefings to local city councils.

Commissioner Albro commented on the importance of understanding what the future impact may be for a fully utilized airport, and suggested that staff work to come up with a way of modeling, based on the current mix of aircraft and load factors, to see what the 65DNL would be in a maximally utilized facility.

Commissioner Creighton asked that staff inform the Commission as soon as a date is scheduled for the next public workshop in order for them to protect their calendars for possible attendance.

Commissioner Bryant asked that staff prepare bulleted information which can be provided to local Mayors as an update to the Part 150 process.

b. (01:21:41) Monthly Briefing on the Consolidated Rental Car Facility (RCF) Program

Presentation documents: Commission agenda [memorandum](#) dated June 14, 2010 from Michael Ehl, Director, Airport Operations; George England, Program Leader, Project Management Group; and Janice Zahn, Assistant Director, Engineering Construction Services. Also provided were an informational [attachment](#) and a computer slide [presentation](#).

Presenters: Ms. Zahn and Mr. England

Mr. Zahn provided a brief update on the construction aspect of the project, noting that there are currently up to 290 workers on site, and commented that they are doing well related to safety, noting that recordable incidents are below the State average. Construction is at approximately 50% completion, and stated that the project is on track for a topping off ceremony in July.

Mr. England then provided a brief update on the design efforts of the facility, noting the accelerated construction of the Bus Maintenance Facility project, as well as work being done with the rental car

industry to extend the tenant improvement design schedule. He stated that the opening of the Rental Car Facility is currently anticipated to be in March, 2012.

Mr. England commented on the planned media event for the facility topping out ceremony, which will be held on July 14.

c. (01:34:26) Briefing on Port Property Insurance Renewal for the Policy Year Beginning July 1, 2010

Presentation documents: Commission agenda [memorandum](#) dated June 22, 2010 and computer slide [presentation](#) from Jeff Hollingsworth, Risk Manager

Presenter: Mr. Hollingsworth

Mr. Hollingsworth commented on the three structural components of the Property Insurance program, which include major deductibles, available limits for coverage, and the financial solvency of the insurers.

Related to deductibles, the following areas were reviewed:

- \$1 Million Fire and Extended Coverage
- \$1 Million Flood
- \$50,000 Course of Construction
- \$25,000 Fine Arts
- \$100,000 Equipment Breakdown

Related to limits of coverage available, the following areas were reviewed:

- \$1 Billion Fire/Extended Coverage Limit
- \$25 Million Flood Limit (Annual)
- \$50 Million Course of Construction Limit
- \$350 Million Terrorism
- \$100 Million Equipment Breakdown
- \$100 Million Business Interruption

Mr. Hollingsworth noted that the Port's coverage is currently placed in a variety of layers, and commented on the excellent ratings of the Port's insurers.

Responding to Commissioner Creighton's question as to how the current economic situation may impact the ratings of the Port's insurers, Mr. Hollingsworth noted that as the program is layered, there has not been a need to rebalance.

Commissioner Albro raised a question regarding earthquake coverage, and a possible related tsunami, specifically as to whether it would be considered a flood or an earthquake issue, Mr. Hollingsworth stated that any wind-related damage, prior to actual water damage, would be covered under wind, and actual water damage would be covered under flood.

Commissioner Tarleton raised the question of whether or not the Port may be able to purchase insurance which we could extend to critical partners in the trade corridors, such as businesses in the Kent Valley. Mr. Hollingsworth stated that he is not aware of any coverage that the Port could purchase that could be extended to them. Commissioner Tarleton expressed that it might be something that could be looked into with the State Insurance Commissioner and with the region as a whole, because economic impacts of the Port being disrupted are much greater than our property values.

Related to coverage for Capital Projects, Mr. Hollingsworth noted that the Port has separate policies for both the Rental Car Facility and the East Marginal Grade Separation Project.

8. NEW BUSINESS

(01:58:03) Possible Port Contribution to Funding of Construction of new South Park Bridge

Commissioner Bryant commented his contact from King County Executive Dow Constantine, requesting a meeting to discuss possible authorization on the part of the Port for \$5 Million to support the construction of a new South Park Bridge, and noted that the Commission has discussed this item a number of times in the past. He noted that he told Mr. Constantine that he would bring his request to the Port Commission, and stated that today would be a public discussion of the request.

Commissioner Tarleton spoke about the importance of supporting communities and the long-term economic value to doing so. She expressed her support of the contribution being requested, and proposed that the Port include in it the \$500,000 worth of land that is part of the equation that the County needs to replace the bridge.

Commissioner Creighton commented that the South Park community has been supportive of the Port's industrial activities. He spoke in support of the request for a contribution to the new bridge, but also noted that the Port is an agency with limited resources and stated that he believes going forward, the Commission and Port should come up with a set of criteria regarding where best to allocate the Port's funds.

Commissioner Holland expressed his support of the requested \$5 million contribution. He also commented on his support of local communities and spoke about possible future restructuring of local county government as well as more public-private partnerships.

Commissioner Albro acknowledged the tremendous outreach extended to the Port Commission by the South Park Community and various labor organizations, noting the connection to social, environmental and economic justice; however, stated that he does not support this request for contributing to this project. He noted that he does not want the Port to enable the way in which many decisions of this type are being made.

Commissioner Bryant noted his belief that this is related to social and environmental justice, but is not sure this should fall on the Port of Seattle, and that perhaps the County should have considered funding the replacement more seriously long ago. He agreed with comments made by

Commissioner Albro that the bigger issue is that systems and structures are no longer meeting 21st Century needs, and stated his belief that we need to re-evaluate how we set priorities in our transportation spending.

Following Commission discussion, Commissioner Bryant stated that the Port would commit up to \$5 million, subject to the Port's budget process this Fall. Commissioner Bryant stated that he would work with staff to develop a letter and communicate this intent to the King County Executive. He also stated that before the final, final decision is made, criteria needs to be established to do this in a way that does not increase taxes and does not sacrifice the deferred maintenance program which is already in place.

9. POLICY ROUNDTABLE – BUDGET WORKSHOP

None.

9. ADJOURNMENT

There being no further business, the meeting was adjourned at 3:31 p.m.

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

Rob Holland
Secretary