



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

Audio and video recordings of the meeting proceedings, as well as 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 AUGUST 10, 2010**

The Port of Seattle Commission met in a regular meeting at 12:00 p.m., Tuesday, August 10, 2010 in Commission Chambers, Pier 69, 2711 Alaskan Way, Seattle, WA. Commissioners Bryant, Creighton, Holland, and Tarleton were present. Commissioner Albro was absent.

1. CALL TO ORDER

The regular meeting was called to order at 1:02 a.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 the minutes of the June 1, 2010 regular meeting – Tarleton

Second – Holland

Motion carried by the following vote:

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

Commissioner Albro was absent for the vote.

4. SPECIAL ORDER OF BUSINESS

a. (00:01:42) Seafair Fleet Week Presentation

Presentation document: Commission agenda [memorandum](#) dated August 3, 2010 from Phil Lutes, Deputy Managing Director, Seaport Division and JoAnne Lee, Protocol and Program Manager, Public Affairs. Photos of the Fleet Week event were also provided.

Mr. Lutes provided brief background information on the Port's participation in the Seafair event when ships arrive, noting that this year, the Port is providing a home to the fleet at Terminal 25, Terminal 46 and Pier 66. As part of Fleet Week, ship tours will be available to the public.

Mr. Lutes acknowledged the participation of JoAnne Lee, and her help in making this event a success. He also acknowledged Commander Steven Richards, US Navy, who played a key role in the logistics coordination of the event.

Mr. Lutes then introduced Diane and Tom Jaffa, Seafair Fleet Week Events Co-chairs, who commented on the success of the event, and presented gifts to the Commission on behalf of various participants.

New Business was advanced on the agenda as follows, to allow for public comment on various topics, as noted below.

8. (00:15:13) NEW BUSINESS

- Paul Berendt, Strategies 360. Mr. Berendt provided a copy of a letter to the Commission and CEO Yoshitani, dated August 9, 2010, from Ron Dautzauer, CEO of Strategies 360, related to STITA. A copy is, by reference, made a part of these minutes; is marked Exhibit 'A'; and is on file in Port offices.
- Eddie Rye, Community Coalition for Contracts and Jobs. Mr. Rye commented on the Port's participation with small businesses, stating his belief that the Port does not provide a level playing field for small companies to become involved in contracting services with the Port.
- Tony Benjamin, Director, Urban League of Metropolitan Seattle. Mr. Benjamin commented on items that he sees as barriers to the Port's participation with small businesses, as well as suggestions for solutions to these issues. A written copy of Mr. Benjamin's remarks was provided; is, by reference, made a part of these minutes; is marked Exhibit 'B'; and is on file in Port offices.

5. (00:28:01) UNANIMOUS CONSENT CALENDAR

- a. Authorization for the approval of outstanding [Claims and Obligations](#) for the Period of July 1 through July 31, 2010 in the amount of \$49,754,602.91**
- b. Authorization for the Chief Executive Officer to 1) execute the 2010 Aviation wetland mitigation site plant maintenance project; and 2) authorize the Port Construction**

Services to perform work using both Port crews and small works contracts. The total project cost is \$390,000. These funds were already authorized in the 2010 operating budget; therefore, no funding is associated with this authorization to perform work.

Request document: Commission agenda [memorandum](#) dated July 18, 2010 from Bob Duffner, Water Resources Manager, Aviation Environmental and Elizabeth Leavitt, Director, Aviation Planning and Environmental

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

Second: Holland

Motion carried by the following vote:

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

Commissioner Albro was absent for the vote.

6. DIVISION, CORPORATE AND COMMISSION ACTION ITEMS

- a. (00:28:56) Authorization for the Chief Executive Officer to enter into and implement a three-year Interlocal Agreement (ILA) with the Muckleshoot Indian Tribe for services to assist with coordination of Treaty fishing and commercial vessel access at the Port's marine terminal facilities. The total cost to implement this agreement is an estimated range of \$978,000 to \$1,260,000.**

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

Presenters: Mr. Burke and Charlie Sheldon, Special Projects, Executive Team

Mr. Sheldon noted that this agreement was signed by the Tribal Chair of the Muckleshoot Tribal Council, the previous Friday, and was now being presented for Port CEO authorization.

Motion for approval of Item 6a – Holland

Second – Creighton

Motion carried by the following vote:

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

Commissioner Albro was absent for the vote

- b. (00:35:34) Resolution No. 3642. Amending Unit 20 of the Comprehensive Scheme of Harbor Improvements of the Port of Seattle by declaring certain real property surplus**

and no longer needed for Port district purposes; deleting Unit 20 from the Comprehensive Scheme of Harbor Improvements; and authorizing the Chief Executive Officer to execute all documents necessary to transfer title of the property to the State of Washington Department of Transportation (WSDOT). The Port will receive \$6,320,021. plus interest of approximately \$67,095. in total compensation for the sale of the property.

1. First Reading of Resolution No. 3642
2. Public Hearing

Request document: Commission agenda [memorandum](#) dated August 5, 2010 from Mike Burke, Senior Manager, Container Leasing and Operations and Michael Campagnaro, Manager, Container Leasing and Operations. Also provided were a copy of Resolution No. [3642](#) and a [photo](#) of the site.

Presenters: Mr. Burke and Mr. Campagnaro

Mr. Campagnaro stated that this action will finalize a transfer of title of land area to the Washington State Department of Transportation.

Commissioner Tarleton commented on the reason the Commission needs to authorize this transaction, noting that the project is related to the viaduct/seawall replacement and is deemed critical to the continued operation of the Port of Seattle.

Motion for First Reading of Resolution No. 3642 – Tarleton

Second - Holland

Prior to the vote, Commission Bryant then declared the meeting an open Public Hearing. There were no comments from the public, and the Public Hearing was declared closed.

Motion carried by the following vote:

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

Commissioner Albro was absent for the vote

- c. (00:42:05) Authorization for the Chief Executive Officer to direct staff to 1) proceed with project management, design, environmental support, and preparation of 100% design level construction documents for the replacement of slot drains, pavement and joint seal at the South Satellite at Seattle-Tacoma International Airport (Airport); 2) execute and award outside professional service agreements; 3) pre-purchase common-use gate equipment; and 4) allow Port Construction Services to self-perform work, advertise for bids, and execute and award small works construction contracts for common use equipment installation. Project costs to accomplish this work are estimated at \$394,000; and the total project cost is estimated at \$10,500,000 within a total estimated multi-year program of \$30,800,000.

Request document: Commission agenda [memorandum](#) dated July 19, 2010 from Michael Ehl, Director, Airport Operations and Wayne Grotheer, Director, Aviation Capital Improvement Program

Presenters: Rob Kikillus, Airport Operations Development Manager and Ralph Wessels, Capital Project Manager

Mr. Kikillus noted that this request is related to a multi-year program, to replace some of the worst pavement and joint seal areas at the Airport, and stated that in general, the most critical areas will be replaced first. He provided brief background information on the pavement slot drains, a system related to stormwater regulations which was initially built in 1971, and is at the end of its useful life.

Mr. Kikillus clarified that the Airlines have not yet voted on this project, but a vote will be taken before there is a request to proceed with construction, and no problems with the vote are anticipated.

Commissioner Tarleton voiced her support of the project, and asked that staff explore and adopt appropriate sustainable practices regarding the life-cycle analysis of materials used and future operations.

Motion for approval of Item 6c – Tarleton

Second – Holland

Motion carried by the following vote:

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

Commissioner Albro was absent for the vote.

d. (00:48:54) Authorization for the Chief Executive Officer to execute a new Memorandum of Agreement (MOA) between the Port of Seattle and the International Association of Firefighters, Local 1257.

Request document: Commission agenda [memorandum](#) dated June 21, 2010 and MOA from Trish Murphy, Labor Relations Manager and copy of [MOA](#).

Presenter: Ms. Murphy

Ms. Murphy provided background details of this proposed one-year extension to an existing collective bargaining agreement with Local 1257, and which includes a Cost of Living Agreement (COLA), as well as a base-wage increase. She also noted that during 2009, as a part of budget mitigations negotiations, the firefighters had agreed to give up 2 ½ % of their wages, which were never regained.

Comments were made by Commissioners, acknowledging the importance of the Fire Department as a whole, and thanking them for their service, not only to the Port, but to the citizens of King County.

Motion for approval of Item 6d – Holland

Second – Tarleton

Motion carried by the following vote:

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

Commissioner Albro was absent for the vote

Commissioner Bryant stated his wish for staff to look at the appropriateness of continuing to have minimum COLA adjustments going forward, in light of having certain deflationary pressures. He noted that he would like to see this reviewed during the upcoming budget process.

- e. (00:54:16) Resolution No. 3640, First Reading. Declaring certain personal property surplus for Port of Seattle purposes: One Port firefighting vehicle, a 1986 Darley Fire Engine, POS #052, Engine #712, is surplus and further declaring that said property should be transferred to the Puget Sound Skills Center in Burien, Washington, a specialized secondary technical education program offered by the Highline School District, which includes a Fire Services training program. The estimated value of this transfer is between \$7,000 and \$9,000.**

Request documents: Commission agenda [memorandum](#) dated June 30, 2010 and copy of Resolution No. [3640](#) from Randy Krause, Fire Chief

Presenter: Chief Krause

Chief Krause provided highlight information on the proposed transfer of this vehicle to the Skills Center, a part of the Highline School District, and their ability to find significant value in what will be a surplus Port asset, no longer of use to the Port.

Motion for First Reading of Resolution No. 3640 – Tarleton

Second – Creighton

Motion carried by the following vote:

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

Commissioner Albro was absent for the vote

f. (00:58:19) Resolution No. 3641, First Reading. Declaring certain personal property surplus for Port of Seattle purposes: One Port firefighting vehicle, a 1992 Oshkosh T-3000, POS #824, Truck #762, is surplus, and further declaring that said property should be transferred to the Washington State Patrol Fire Training Academy located in North Bend, Washington. The estimated value of this transfer is between \$35,000 and \$50,000.

Request documents: Commission agenda [memorandum](#) dated August 3, 2010 and copy of Resolution No. [3641](#) from Randy Krause, Fire Chief

Presenter: Chief Krause

Chief Krause commented briefly on the transfer of this piece of equipment to be transferred to the WSP Training Academy, which is a regional training facility for aircraft firefighting, used by multiple firefighting agencies.

Motion for First Reading of Resolution No. 3641 – Tarleton

Second – Holland

Motion carried by the following vote:

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

Commissioner Albro was absent for the vote

g. (01:01:07) The Commission regular meeting was recessed to a [special meeting](#) of the Industrial Development Corporation of the Port of Seattle. Following its adjournment, the regular meeting of the Port Commission was reconvened.

7. STAFF BRIEFINGS

a. (01:40:57) Second Quarter Financial Performance Briefing

Presentation documents: Commission agenda [memorandum](#) dated July 27, 2010; computer slide [presentation](#); and [report](#) from Dan Thomas, Chief Financial and Administrative Officer and Michael Tong, Corporate Budget Manager

Presenters: Mr. Tong, who also introduced various presenters from the separate divisions, as noted below.

Mr. Tong kicked off the presentation by noting the strong results for the second quarter. He provided a summary of Portwide income for the quarter, and then reviewed major variances for both revenues and expenses. Also reviewed by Mr. Tong was the Portwide year-end forecast as well as total Port 2010 capital spending.

Aviation Division:

Presenter: Borgan Anderson, Senior Manager, Aviation Finance and Budget

Mr. Anderson began his portion of the briefing by stating the reminder that at the Airport, the economy is the real driver behind air travel, and that currently there is still much uncertainty with the economy. He noted that at the same time, there are currently some very positive signs from airlines both at the local and national level.

Mr. Anderson reviewed business highlights for the Aviation Division, commenting on the following areas:

- Airline activity, with enplanements being up slightly
- Concessions spending, which seems to be on the rise
- Parking revenue, which also has some positive indicators
- Airline cost per enplanement (CPE) – anticipated to come in well under the budgeted figure

Also reviewed by Mr. Anderson were both year-to-date operating revenues and expenses. He also commented on the difficulty in budgeting for areas such as consulting contracts, and the actual timing of when those contracts may be paid during the year.

Related to the operating expense forecast, Mr. Anderson commented on anticipated savings, some of which will result from utilities costs being low, due to favorable winter weather and also to an increase in recycling. He also commented on an impact anticipated to the budget due to emergency generators which are to be deployed again this winter, in order to have backup power in place.

Other areas reviewed by Mr. Anderson included:

- Aeronautical and Non-Aeronautical Business
- Aeronautical and Non-Aeronautical Key Indicators

During Mr. Anderson's summary, he noted that it is likely there will be additional environmental reserves related to the Lora Lake property and those numbers will be built into the next forecast, but they are not yet finalized.

Regarding Capital spending for the Aviation Division, Mr. Anderson noted that the Rental Car Facility is the largest contributor to the current positive variance, and that other capital spending is tracking well.

Seaport Division

Presenter: Boni Buringrud, Manager, Seaport Finance and Budget

Ms. Buringrud provided a review of the Seaport Division's business goals, noting the following:

- TEU volumes are up
- Grain volume up
- Cruise operations are on track to meet 2010 budgeted passenger volume of 850,000 passengers
- New 10-year lease has been executed with PCC Logistics at T-104
- Louis Dreyfus exercised the option for a 5-year lease extension at T-86

Ms. Buringrud commented on the Division's organizational goals, noting that related to Environmental Stewardship, there is continuing implementation of the Northwest Ports Clean Air Strategy. She then briefly reviewed the year-to-date operating results, followed by more detailed information on key variances both to revenues and expenses. She stated that expense timing issues will continue to show an impact, but will even out by the end of the year, and a favorable variance is expected for the year.

Ms. Buringrud spoke next about the Seaport Business Groups, stating that they are all currently exceeding their net operating income (NOI) budget for the year, which is being driven by both revenues and expenses.

Related to the Full Year Operating Forecast, Ms. Buringrud stated it is expected that revenues will exceed budget, and that expenses will catch up. She noted that it is anticipated that approximately 64% of the approved Capital budget will be spent.

Stephanie Jones Stebbins, Senior Manager, Seaport Environmental Programs then addressed questions raised earlier by Commissioner Creighton related to the Northwest Ports Clean Air Strategy. She commented on the success of the At-Berth-Clean (ABC) Fuels program, noting that at this time, the number of participants in the program has exceeded last year's number. She also provided a brief update on air issues related to trucks and rail.

Comments by Commissioners followed as to what incentives might be needed in order to reach 80+% participation in the ABC program by cargo vessels. Ms. Jones Stebbins noted that the goal, harbor-wide, for the upcoming year is to reach 80% and she believes that can be done with current incentives.

Real Estate Division

Presenter: Ms. Buringrud

Ms. Buringrud reviewed 2nd quarter key events, which included the following:

- Full year Net Operating Income forecasted to meet budget
- Terminated Portside Café management agreement and issued RFP for leasing the facility
- Vessel liability insurance requirement effective at Fishermen's Terminal on January 1, 2010. Compliance to date is at 97%

Real Estate Business Goals were then reviewed, noting the following:

- Occupancy of commercial properties are at 89%, which although below the target of 90%, is above 2nd quarter Seattle market average of 87%.
- Occupancy at Fishermen's Terminal and Marinas – Fishermen's terminal exceeding target, at 92%. Marinas, over all, at 92%, slightly below target of 93%. She noted that while Shilshole Bay Marina is on target, and Bell Harbor is above target, Harbor Island Marina remains below target, due in part to some prior concerns related to Howard Hanson Dam.

Regarding year-to-date operating results; Ms. Buringrud stated that net operating income for the Real Estate Division is \$2.1million above budget. She also provided a brief review of key variances, both for revenues and expenses. Commenting on the individual Real Estate business groups, Ms. Buringrud noted that all but one group is above budget as far as hitting their NOI targets.

Ms. Buringrud stated that the Real Estate Division is expecting to meet their target for their full year forecast, with revenues above budget, and expenses somewhat over budget as well. Related to capital spending, Ms. Buringrud noted that the division expects to spend 68% of its approved budget.

Capital Development Division

Presenter: Ralph Graves, Managing Director, Capital Development Division

Mr. Graves provided information on a long list of 2nd quarter business events of the division, highlighting the following two:

- Federal Highway Administration (FHWA) inspection conducted on East Marginal Way overpass project (EMWGS), with excellent results assuring continued status for state and federal grant funds.
- Continued work on system for use of a purchase card, which will help streamline the purchasing of goods and services, and is expected to be implemented later this year.

Mr. Graves stated that work is ongoing in the area of metrics for measuring performance, noting that a report is currently being finalized on how improvements can be made to the system. He also provided a brief review of key indicators, including information on cost growth during construction as well as project schedule growth.

Reviewing the operating results and key variances of the division, Mr. Graves noted that generally speaking, the division is under-executing in the area of payroll, due mostly to a lag in hiring.

Corporate Professional and Technical Services

Presenter: Mr. Tong

Mr. Tong provided a list of key indicators, highlighting the two noted below:

- Staff has responded to 138 public disclosure requests

- 1,123 small businesses have registered on the small business roster, covering a wide variety of industries, and reflecting the efforts the Port has made in reaching out to communities in the region

Commissioner Tarleton stated that it would be useful to see comparison numbers of this year's roster to last year's.

Reviewing operating results for the 2nd quarter, Mr. Tong noted that the division was almost 13% below budget. He also reviewed major expense variances, by account categories, with favorable variances in all categories, specifically noting that payroll, outside services and travel expenses were all under budget. Mr. Tong noted that it is anticipated that the year-end forecast will have a favorable variance of \$320,000 on the revenue side, and \$330,000 under budget on the expense side.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

Prior to adjourning, Commissioner Bryant noted that on Tuesday, August 17, there would be an all-day budget-related Commission meeting, the first part to be held from 8:00-11:00 a.m. and the second from 2:00-5:00 p.m.

There being no further business, the regular meeting was adjourned at 3:45 p.m.

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

Rob Holland
Secretary