



Commissioners

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Chair and President
Tom Albro
John Creighton
Rob Holland
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(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 SEPTEMBER 7, 2010**

The Port of Seattle Commission met in a regular meeting at 12:00 p.m., Tuesday, September 7, 2010 in Commission Chambers, Pier 69, 2711 Alaskan Way, Seattle, WA. Commissioners Albro, Bryant, Creighton, Holland, and Tarleton were present.

1. CALL TO ORDER

The regular meeting was called to order at 12:05 .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 RCW 42.30.110 (1) (i) Legal Risk and RCW 42.30.110 (1)(g) Personnel matters for approximately forty-five minutes and reconvened to open public session.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

Motion for approval of the minutes of the July 13, 2010 special meeting – Tarleton

Second – Creighton

Motion carried by the following vote:

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

Motion for approval of the minutes of the July 27, 2010 regular meeting – Creighton

Second – Holland

Motion carried by the following vote:

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

Commissioner Bryant was absent from the subject meeting.

4. **SPECIAL ORDER OF BUSINESS**

None.

5. (00:02:19) **UNANIMOUS CONSENT CALENDAR**

- a. Authorization for the Chief Executive Officer to issue Change Order Number 001 for the 2010 Airfield Improvement Projects – Contract 2, for a non-compensatory time extension of 353 calendar days to complete the South 160th Street Bridge Removal and Miller Creek Restoration portions of the project.

Request document: Commission agenda [memorandum](#) dated August 27, 2010 from Ralph Graves, Managing Director, Capital Development Division

- b. Authorization for the Chief Executive Officer to execute an extension to the Collective Bargain [Agreement](#) between the Port and the ILWU Local 9 representing Aviation Operations and Security for a 90-day term from July 31, 2010 through October 31, 2010.

Request document: Commission agenda [memorandum](#) dated September 1, 2010 from Kim Ramsey, Labor Relations Manager

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

Second – Albro

Motion carried by the following vote:

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

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

- a. (00:03:14) Authorization for the Chief Executive Officer to authorize Port Construction Services to perform work in conjunction with small works contractors and issue small works contracts in support of the Concession Unit Readiness Project (CIP# C-800147) at

Seattle-Tacoma International Airport. This authorization is for \$229,000 of a total estimated project cost of \$2,087,000.

Request document: Commission agenda [memorandum](#) dated August 19, 2010 and computer slide [presentation](#) from James R. Schone, Director, Aviation Business Development and Deanna Zachrisson, Manager, Aviation Concessions Business

Presenter: Ms. Zachrisson

Ms. Zachrisson commented briefly on her previous presentation to the Commission when she provided an update on the status of the Airport concessions program, noting that she spoke at that time about the many challenges faced over the past 18 months, and stating that at this point, things seem to have stabilized and are moving toward the positive, with a number of opportunities for the future.

She noted that the request being made today is to ask for support for a further development of the concessions program at the Airport, which will both improve revenues and improve customer offerings to the traveling public. She stated that the specific opportunity is for duty-free business. She said that a strong field of contenders is expected, as a result of an RFP which was issued earlier this year.

Ms. Zachrisson reviewed artist renderings of the areas of current and proposed duty-free locations within the terminal. She also emphasized that duty-free business is an area that requires a significant level of expertise, as it is quite unique and highly regulated, and she expects that the contenders for this business will be the established duty-free companies.

Ms. Zachrisson noted that should today's request be authorized by the Commission, anticipated dates of occupancy for the new locations would range between January and March of 2011.

Commissioner Albro commented on sales per square foot in the various locations, and raised the questions of how various use of spaces compare and how the decision had been made to use these locations for duty-free.

Ms. Zachrisson responded, noting that in most instances, duty-free will provide higher revenues than regular specialty retail. She also reiterated that any traveling passenger is allowed to buy from duty-free locations, with the only restriction that they cannot purchase tobacco or alcohol.

Commissioner Albro commented that it would be helpful for him to see an analysis of how uses are determined for various spaces in the terminal, and noted that there may be a place for more flexibility to allow the private sector to respond to the demand.

Motion for approval of Item 6a – Creighton

Second – Tarleton

Motion carried by the following vote:

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

- b. (00:32:55) Authorization for the Chief Executive Officer to execute all documents necessary for settlement of the condemnation action by the City of Des Moines to acquire Port-owned property and other property interests necessary for the construction of the South Correctional Entity (SCORE) jail facility.**

Request document: Commission agenda [memorandum](#) dated August 25, 2010 from Joe McWilliams, Managing Director, Real Estate and Craig Watson, General Counsel

Presenter: Mr. McWilliams

Mr. McWilliams referred to a discussion which had been held earlier with Commissioners on this subject, and noted that this request is to establish a value for the jail site being sold to a consortium of south Sound cities. He stated that this is the result of a settlement which was negotiated during mediation in August of this year. He said that in addition to the value being established, also addressed are various access issues at the site. The settlement also resolves what would have been pending litigation.

Motion for approval of Item 6b – Tarleton

Second – Holland

Motion carried by the following vote:

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

7. STAFF BRIEFINGS

- a. (00:35:16) Briefing on Port Liability Insurance Renewal for 2011**

Presentation documents: Commission agenda [memorandum](#) dated September 7, 2010 and computer slide [presentation](#) from Jeff Hollingsworth, Risk Manager

Presenter: Mr. Hollingsworth

Mr. Hollingsworth noted the following major areas of liability coverage that the Port carries:

- Operations, both aviation and non-aviation
- Law enforcement
- Public officials, which extends
- Auto program

The second tier of coverage includes, among others, fiduciary coverage, which covers the liability of the Port's employee benefit plans, and crime coverage, which covers dishonest acts of Port employees.

Mr. Hollingsworth then commented on factors of consideration which contribute to premium rates, which include, among others:

- Operating and capital budgets of the Port
- Past claims history
- Payroll
- Size of fleet

Mr. Hollingsworth stated that the period of coverage for this renewal will be from October 1, 2010 to October 1, 2011. He also noted that as part of the renewal process, Risk Management networks with other port and airport entities to check on market limits available, as well as deductibles and coverage exclusions or enhancements that are available. At that time, the Port submits their completed application packages to the Port's broker.

Responding to Commissioner Albro's question as to what changes were made to the coverage in the years 2008-2010, Mr. Hollingsworth stated that recommendations had been made from the broker to use a blended premium for several the areas to be covered, as opposed to having three separate premiums for those three areas, a resulting of which was cost to the Port.

Mr. Hollingsworth stated that staff expects to receive renewal proposals next week from the broker, which will result in discussions with the various divisions before finalizing the renewal. He noted that the assumptions going into these discussions are that an attempt will be made to keep things flat for the year, and that the total cost is estimated to be \$675,000 to \$700,000.

Mr. Hollingsworth responded to Commissioner Creighton's question about self-insuring, noting that staff regularly looks at this, particularly in the area of risk as well as the ability for staff to adjust related claims in a cost-effective manner.

b. (00:51:47) Capital Improvement Projects Report for the Second Quarter 2010

Presentation documents: Commission agenda [memorandum](#) dated August 27, 2010 and computer slide [presentation](#) from Ralph Graves, Managing Director, Capital Development Division. Also provided was a copy of the Capital Improvement Projects Second Quarter [Report](#) 2010

Presenter: Mr. Graves and Peter Garlock, Chief Information Officer

Mr. Graves stated that he would be providing summary statistics for this quarterly briefing, and describing projects which had recently changed in their status. He noted that of the 83 projects in the report, 47 are within or ahead of target schedule and budget; 33 have either target or budget schedule off; and 3 projects have both schedule and budget off.

He then reviewed a summary of the projects for the Aviation, Seaport; Real Estate and Corporate Divisions, including quarterly reportable variances of each.

Specific to the ICT department within the Corporate Division, the following two areas with schedule variances were mentioned:

- Business Continuity
Insufficient power in the Airport data center required unplanned infrastructure upgrades for the new High Capacity Realtime Storage Device.
- Internet Redesign
In 2nd quarter 2010, an RFP was advertised for an implementation vendor to assist with the design and development of the new Port of Seattle website. Unfortunately, there were limited responses (only one) and the Central Procurement Office is in the process of re-advertising for the procurement request. This will delay the estimated completion until June 2011.

Responding to Commissioner Tarleton's question as to what staff attributes only receiving one response to the RFP for the website redesign, and why they are now expecting multiple responses, Mr. Garlock stated that he believes there were issues when the first RFP was issued in getting the word out to the kind of companies that do this type of work.

Mr. Garlock then informed staff that he would be returning to Commission in the near future to request authorization to re-implement the Port's financial system, noting that the current software being used was last upgraded about seven years ago, and is running old infrastructure, leaving the system more and more at risk.

c. (01:03:01) ITEM WITHDRAWN Seattle-Tacoma International Airport (Airport) Taxi Service Briefing

Commissioner Bryant stated that, for the public's information, the Port recently received a motion for summary judgment related to the issues identified for this discussion of Item 7c, and as a result, the Item would be removed from the agenda. He stated that anyone present to comment on the subject would be allowed to do so, however, under New Business.

8. NEW BUSINESS

Public comment regarding Item 7c (Airport Taxi Service) was received from the following individuals:

- Ron Dotzauer commented on the Port's approach to the Taxi contract bid, stating his belief that the process was flawed and needs to be re-evaluated.
- Mike Goldfarb, attorney for STITA. Mr. Goldfarb commented on changes which he believed were added to the contract after the last time it came before the Commission, and spoke specifically about the issue of deadheading.

- Chester Gul, STITA Taxi. Mr. Gul thanked the Commission for allowing time for comment on this topic, and requested that his time be allocated to the attorney for further comments. The request was denied.
- Dharam Dal Singh, STITA Taxi. Mr. Singh requested that Commission review STITA's case related to the taxi contract decision.
- Harpreet Bassi, STITA Taxi. Mr. Bassi commented on prior Commission discussions regarding the percentage of taxis which will be required to be 'green.'
- Jesse Buttar, STITA Taxi. Mr. Buttar commented on the contract with Yellow Cab to provide taxi services at the Airport. He raised the question of whether or not the Commissioners had reviewed and approved changes to the contract before it was signed.
- John Ruhl, speaking on behalf of STITA. Mr. Ruhl stated his belief that the contract signed with Yellow Cab in August 2010 is not the contract which was attached to the RFP in the fall of 2009, or the contract that was attached at the December 15, 2009 presentation to the Commission. He stated that it does not include crucial information that Yellow Cab had made in its bid. He asked that the contract be set aside and that all companies be allowed to re-bid.

Commissioner Holland thanked those who had given public comment, and noted the importance of being able to do so. He then stated that he had some areas of concern, noting that he does not believe that the decision to go ahead with the contract as is is the right thing to do. He said he would like to see additional information on items presented during public comment, specifically things mentioned by Mr. Goldfarb. He also commented that there are issues concerning deadheading.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 2:38 p.m.

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

Rob Holland
Secretary