



Commissioners

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Tom Albro
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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 28, 2010**

The Port of Seattle Commission met in a regular meeting at 12:00 p.m., Tuesday, September 28, 2010 in the International Auditorium at Seattle-Tacoma International Airport, Seattle, WA. Commissioners Albro, Bryant, Holland** were present. Commissioner Creighton participated via telephone.

1. CALL TO ORDER

The regular meeting was called to order at 12:17 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 RCW 42.30.110 (l)(b)(i) Real Estate and Legal Risk matters for approximately forty-five minutes and reconvened to open public session.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

Motion for approval of the August 3 special meeting – Tarleton

Second – Albro

Motion carried by the following vote:

In Favor: Albro, Creighton, Tarleton (3)

Commissioner Bryant was absent from the subject meeting

Commissioner Holland was absent for the vote.

Motion for approval of the August 10 regular meeting – Tarleton

Second: Creighton

Motion carried by the following vote:

In Favor: Bryant, Creighton, Tarleton (3)

Commissioner Albro was absent from the subject meeting.

Commissioner Holland was absent for the vote.

Motion for approval of the August 17 special meeting – Albro

Second – Tarleton

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

Commissioner Holland was absent from the subject meeting and absent for the vote.

4. SPECIAL ORDER OF BUSINESS

a. (00:03:21) Swearing in of New Firefighters and Police Officers

[Memorandum](#) dated September 21, 2010 was provided from Randy Krause, Fire Chief and Colleen Wilson, Police Chief.

Commissioner Bryant commented on the importance of the Fire and Police Departments, noting that they both play vital roles in protecting the facilities at the Airport, the Seaport, and Port facilities throughout the county.

To highlight the significance of the two departments, the following members were sworn in to office:

- Christopher Clark, Fire
- Andrew Eicher – Fire
- Colton Fogelberg – Fire
- Doug Carlton – Police
- Mark Kegley – Police
- Steve Lobdell – Police

5. (00:06:45) UNANIMOUS CONSENT CALENDAR

- a. Approval of Claims and Obligations for the period of August 1 through August 31, 2010 in the amount of \$41,766,529.23.
- b. Authorization for the Chief Executive Officer to (1) complete design of the entire Airport Water Isolation Valve Upgrade Project; (2) execute a contract to purchase valves and related equipment; and (3) utilize Port crews to complete installation of the isolation valves in non-secure Airport areas. The amount of this request is \$1,149,000. The total cost of the project is estimated to be \$2,147,000. (CIP #C-102334)

Request document: Commission agenda [memorandum](#) dated September 13, 2010 from David Soike, Director, Aviation Facilities and Capital Program and Wayne Grotheer, Director, Aviation Project Management Group

- c. Authorization for the Chief Executive Officer to (1) advertise construction project, (2) execute a contract to purchase timber piling, and (3) execute a construction contract for the replacement of the damaged fender piling at Terminal 18 (T-18) in the amount of \$4,724,000, for a total funding authorization of \$5,738,000. (CIP #C-800416)

Request document: Commission agenda [memorandum](#) dated August 31, 2010 from Michael Burke, Director, Cargo and Container Operations and Ticson Mach, Capital Project Manager

- d. Authorization for the Chief Executive Officer to (1) advertise and award construction contracts; (2) authorize Port Construction Services to perform work for the Terminal 91 (T-91) Roadway Pavement Project in the amount of \$757,000, bringing the total authorized amount of this project to \$895,000.

Request document: Commission agenda [memorandum](#) dated August 30, 2010 from Mike McLaughlin, Director, Cruise and Industrial Properties and Fred Chou, Capital Project Manager, Capital Development

Motion for approval of consent items 5a--5d – Albro

Second – Tarleton

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. (00:07:45) Resolution No. 3642, First Reading, As Amended and Restated. 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 said property from Unit 20 of 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 \$6,320,021.00 plus interest of approximately \$67,095.00 in total compensation for the sale of this property.

Request document: Commission agenda [memorandum](#) dated August 18, 2010 from Isabel Safora, Deputy General Counsel. Also provided was a copy of the [Resolution](#)

Presenter: Ms. Safora

Ms. Safora stated that staff is returning to Commission to amend and restate the Resolution as it was previously presented. Essentially, this will finalize the sale of the property noted, as required by statute. She stated that the Resolution as previously presented included an amendment allocating the sale proceeds, which turned out to be inconsistent with Port bond resolutions. Today's action is for First Reading of the same Resolution, and removing that amendment.

Ms. Safora also clarified that any discussion related to allocating sale proceeds could be done at Second Reading, by motion, and would not need to be done by amending the Resolution.

Motion for First Reading of Resolution No. 3642, as Amended and Restated – Tarleton

Second – Albro

Motion carried by the following vote:

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

Commissioner Holland was absent for the vote.

- b. (00:11:16) Authorization for the Chief Executive Officer to approve all work and contracts including executing and amending any and all necessary contracts and service directive to acquire necessary hardware, software, and contract implementation services for the PeopleSoft Financials Upgrade Project in an amount not to exceed \$5,000,000.

Request document: Commission agenda [memorandum](#) dated September 3, 2010 from Dan Thomas, Chief Financial Officer and Peter Garlock, Chief Information Officer

Presenter: Mr. Garlock

Mr. Garlock stated that this request is for authorization to replace the existing financial system, a project which includes the following three major components:

- Replacing the software currently used to manage our finances
- Replacing the underlying infrastructure
- Eliminating 'bolt-on' applications currently being used

Commissioner Tarleton commented on occurrences within public agencies of the risk of not having appropriately estimated the price, as well as the functions, needed for IT systems, and stated the importance of including a contingency when budgeting for such items. She also suggested that this IT system upgrade be tracked in the same way all other capital projects are tracked, on a quarterly basis.

Motion for approval of Item 6b – Albro

Second – Tarleton

Motion carried by the following vote:

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

Commissioner Holland was absent for the vote.

- c. (00:27:03) Authorization for the Chief Executive Officer to execute a contract for delivery service of bulk fuel to the Port. The contract is for one year with four (4) one-year renewal options. Estimated value per year is \$750,000 for an estimated not-to-exceed total of \$5,000,000 to allow for future year price escalations.**

Request document: Commission agenda [memorandum](#) dated September 14, 2010 from Ralph Graves, Managing Director, Capital Development Division

Presenter: Mr. Graves

Mr. Graves provided background information on the item, noting that it is related to gasoline, diesel and bio-diesel fuels that are provided by the Port to its vehicles. The fuel is replenished through a bulk fuel contract, which is due to expire and needs to be recompleted.

Responding to Commissioner Tarleton's question as to whether or not there is a way to incentivize the access to alternative fuels now for what may be needed in the future, Mr. Graves noted that the contract could be amended in the future to address this, if necessary.

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

7. STAFF BRIEFINGS

(00:31:39) Prior to moving forward with regularly scheduled agenda items, Elizabeth Morrison, Senior Manager, Corporate Finance, provided brief background information on an action item which to be presented at the October 5 Commission meeting, First Reading of a Bond Resolution for Passenger Facility Charge (PFC)-backed Bonds to refund a portion of currently outstanding PFC-backed bonds, which were originally issued in 1998.

Commissioner Tarleton noted that it would be helpful to have a more specific understanding of how much we will be saving in interest costs by the re-issuing of bonds. Ms. Morrison stated that information related to that could be provided.

Commissioner Albro stated that he would also like to see the Port's blended borrowing costs tracked at any point in time.

a. (00:39:07) Monthly Rental Car Facility Briefing

Presentation documents: Commission agenda [memorandum](#) dated September 17, 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: Mr. England and Ms. Zahn

Ms. Zahn began the briefing by providing a construction update and noting that progress is now over 60%% complete, with approximately 310 workers on site daily and a total of 818,000 work hours completed. She noted that roofing work is ongoing in order to be ready for winter weather. She also commented that construction safety on the project is below the national average.

Mr. England then commented on design issues, noting that bids had been opened on the Bus Maintenance Facility; however, due to some missing paperwork, the work was not awarded to Bayley Construction, the apparent low bidder. He stated that notice of intent to award would soon be issued to Ferguson Construction, the second lowest bidder.

Mr. England reported that an industry technical meeting had been held in September, which included discussions on signage at the facility.

Commissioner Tarleton spoke about the importance of good signage, commenting on the connection between that (perhaps including multiple languages) and encouraging tourism to the area. Mr. England stated that a full mock-up of the actual signs will be done.

Responding to Commissioner Albro's question of whether or not travelers will have the ability to print boarding passes at the facility, Mr. England noted that there will be the infrastructure capacity to install kiosks for this purpose; however, staff is currently revisiting that option due to the number of kiosks that are available in the terminal.

b. (00:54:19) Staff Briefing on Capital Budgets

Presentation documents: Commission agenda [memorandum](#) dated September 20, 2010 from David Soike, Director, Aviation Facilities and Capital Program; Boni Buringrud, Finance & Budget Manager, Seaport Division; and Michael Tong, Corporate Budget Manager. Also provided was a computer slide [presentation](#).

Presenters: Various, as noted below for each division.

Dan Thomas, Chief Financial and Administrative Officer introduced the presentation, noting that it is the first in a series of discussions and briefings over the next several meetings on the proposed 2011 budget. He pointed out that in this briefing, the capital plan will be presented in the categories of committed, business plan prospective, and other prospective, noting that he had earlier sent information to the Commissioners with further explanation of those categories.

Mr. Thomas also noted that the plans being presented today have not undergone complete formal funding analysis at this point, but are in process.

Mr. Tong then provided a brief overview of the capital budget summary by division. He noted that some of the business plan prospective projects may change, depending on the outcome of tax levy discussions, and that the numbers being provided today assume that the tax levy for 2011 will be the same as in 2010, at \$73.5 million.

Corporate and Capital Development Division

Presenters: Peter Garlock, Chief Information Officer and Kim Albert, Senior Manager, ICT Business Services

Ms. Albert noted that the Information and Communication Technology (ICT) Department makes up the lion's share of the budget for these divisions, with both small and large capital projects. She stated that all ICT projects are reviewed for approval by the ICT Governance Board, which is chaired by Dan Thomas. She also pointed out that ICT has projects related specifically to the Aviation budget as well as the Seaport and Real Estate budgets, which will be shown in their respective presentations.

Seaport Division

Presenter: Ms. Buringrud

Ms. Buringrud noted that during the capital budget review process, the information is reviewed by cross-functional teams and there is a review of all existing projects as well as of identified new

projects. She stated that since the first draft of the Seaport 2011 Capital Budget was presented in August with the Business Plan, none of the projects have changed; however, there have been some updates since then based on costs.

Ms. Buringrud noted that funding capacity for projects has not yet been determined, and the projects have been ranked according to priority until that capacity is determined.

Ms. Buringrud provided individual lists of capital projects for the business groups of containers and support properties; cruise; bulk, industrial properties and docks; and security and other.

**Commissioner Holland was present at the meeting from this time forward.

Ms. Buringrud then provided summary information of Seaport's Environmental Projects, both committed and business plan prospective.

Real Estate Division

Presenter: Ms. Buringrud

Ms. Buringrud stated that as it is for the Seaport Division, the Real Estate Capital Budget is reviewed by cross-functional teams, and all existing and identified new projects are reviewed. She noted that since the August presentation of the Business Plan, which included draft information on the Capital budget, there have been no changes in the projects.

Ms. Buringrud provided information on Real Estate projects, broken out in the areas of under contract with pending Commission authorization; under contract, committed; Commission authorized; committed, Division pending; and business plan prospective.

Aviation Division

Presenter: Mr. Soike

As introduction to the presentation, Mr. Soike noted that the Aviation Division has about 17 new projects, along with 142 which are currently in the pipeline.

Mr. Soike stated that the new projects are categorized in accordance with the division's following strategic priorities:

- Capacity and customer needs
- Safety and security
- Customer service – for both passengers and carriers
- Non-aeronautical business – key to earning a profit and reinvesting
- Environmental sustainability – making up a large percentage of costs
- Asset preservation: Renewal and replacement – most future spending will be in this area

Mr. Soike commented on the capital spending between 1999 and 2009 and how it compares to the planned budget for 2010-2015. He pointed out that much of the capital program spending is beginning to trend down at this point.

Mr. Soike gave brief background information on many of the projects included on the list which was provided as part of the slide presentation.

Commissioner Tarleton commented on the importance of attracting, retaining and expanding Air Cargo opportunities.

Mr. Soike provided a summary sheet, reflecting a review of the CIP allowance status, in order to provide assurance that there are adequate allowances remaining.

Mr. Soike then provided more specific financial information related to the projects within each of the strategic priority categories mentioned earlier in the presentation.

In summary, Mr. Soike noted that capital spending over the next five years is expected to be moderate compared to the previous ten years and stated that the two major drivers of spending are airline customers and asset management (renewal and replacement). He reiterated that the Airlines support major new capital projects, and that the five-year budget maintains capacity within allowance CIPs to accommodate new projects.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE – BUDGET WORKSHOP

None.

9. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 3:17 p.m.

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

Rob Holland
Secretary