



**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](http://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 SPECIAL MEETING MAY 11, 2010**

The Port of Seattle Commission met in a special meeting at 3:00 p.m., Tuesday, May 11, 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 3:13 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 the special meeting of April 6 2010 – Creighton**

**Second – Tarleton**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Creighton, Holland, Tarleton (3)**

4. SPECIAL ORDER OF BUSINESS

None.

5. (00:01:38) UNANIMOUS CONSENT CALENDAR

- a. Authorization for approval of outstanding [Claims and Obligations](#) for the period of April 1, through April 30, 2010.
- b. Authorization for the Chief Executive Officer to execute a [Purchase and Sale agreement](#) between the Port of Seattle and Ash Grove Cement Company for a portion of Ash Grove's real property located at 3801 East Marginal Way S., Seattle, Washington, 98103, consisting of 1,832 square feet for the East Marginal Way Grade Separation Project. No additional funds are requested because funds for this public expense project, which is funded by the tax levy, were previously authorized.

Request document: Commission agenda [memorandum](#) dated March 30, 2010 from Gary Wallinder, Capital Project Manager and Linda Styrk, Managing Director, Seaport Division

- c. Authorization for the Chief Executive Officer to execute an [Improvement Agreement](#) between the Port of Seattle and Louis Dreyfus Corporation apportioning the responsibilities of the Terminal 86 improvements authorized by the Commission on March 23, 2010. No additional funds are requested.

Request document: Commission agenda [memorandum](#) dated May 6, 2010 from Phil Lutes, Deputy Director, Seaport Division and Scott Pattison, Manager, Industrial Properties

**Motion for approval of Items 5a-5c – Albro**

**Second – Tarleton**

**Motion carried by the following vote:**

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

6. DIVISION, CORPORATE AND COMMISSION ACTION ITEMS

- a. (00:02:22) Resolution No. [3636](#), Second Reading and Final Passage. Adoption of a Self-Funded Health Insurance Program.

Request documents: Commission agenda [memorandum](#) dated May 11, 2010 from Jeff Hollingsworth, Risk Manager; Tammy Woodard, Senior Manager, Total Compensation. Also provided was a copy of the Resolution.

Presenter: Ms. Woodard

As was noted at the introduction of Item 6a, the Commission has been fully briefed on the item, and the First Reading of the Resolution occurred on May 4, 2010.

There was no discussion of the item prior to the vote.

**Motion for [Resolution No. 3636](#), Second Reading and Final Passage – Creighton**

**Second – Tarleton**

**Motion carried by the following vote:**

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

- b. (00:03:59) (1) Determination that the competitive solicitation process is not appropriate or cost-effective and that contracts for third party medical and dental claims administrative services in 2011 are therefore exempt from certain requirements of Chapter 53.19 RCW; and (2) Authorization for the Chief Executive Officer to execute (a) a one-year contract for medical claims administration services for 2011 in the amount of \$1,200,000; and (b) a one-year contract for dental claims administration services for 2011 in the amount of \$400,000.**

Request document: Commission agenda [memorandum](#) dated May 11, 2010 from Jeff Hollingsworth, Risk Manager; Tammy Woodard, Senior Manager, Total Compensation; and Nora Huey, Director, Central Procurement Office.

Presenters: Ms. Woodard and Mr. Hollingsworth

Ms. Woodard noted that as a follow-up to the adoption of Resolution No. 3636, staff is seeking to select claims administrators for both medical and dental claims in order to implement a self-funded benefit program.

Mr. Hollingsworth provided background information related to the request for exemption from the competitive solicitation process, noting the following points in support of the request:

- The request for exemption is being sought for one year only, and the intent is to use the competitive selection process for claims administration beginning with the 2012 plan year.
- The ability to negotiate claims administration contracts without a competitive process will allow the Port to recognize direct cost savings in 2011, an amount which could be up to \$1 million.
- The conversion to self funding with Premera and Washington Dental Service as claims administrators for the first year would give Human Resources and Development more time to develop processes, train internal staff on the new processes, and prepare effective communication materials for Port staff.
- Waiving competition for the 2011 plan year will allow the Port to move to self funding in 2011 without changing the provided networks employees currently utilize.

- Should this exemption not be granted, the Port would not be able to move toward a self-funded program at this time.

Responding to Commissioner Tarleton's question related to the calculation of a cost savings of up to \$1 million in 2011, Mr. Hollingsworth stated that the dollar savings, based on the initial feasibility study and a breakdown which was presented earlier to the Commission, is related to costs if the Port should remain with a fully-funded program.

Ms. Woodard clarified to the Commission that since a relationship with Premera and Washington Dental Service would be maintained by using their services as claims administrators for 2011, staff would be able, at the end of that time, to compare anticipated savings to the actual savings which resulted.

**Motion for approval of Item 6b(1) – Tarleton**

**Second – Holland**

**Motion carried by the following vote:**

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

**Motion for approval of Item 6b(2) – Albro**

**Second – Creighton**

**Motion carried by the following vote:**

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

- c. (00:16:53) Authorization for the Chief Executive Officer to execute and award an outside professional services agreement for design services and to proceed with engineering and design analysis, preparation of construction documents (plans and specifications), permit acquisition and project management of replacement of existing Heating, Ventilation and Cooling System (HVAC) on the C15 Building at Fishermen's Terminal in the amount of \$807,021. The preliminary estimated cost of the project, prior to design work and completion of the Engineer's Estimate, is \$3,967,000.**

Request document: Commission agenda [memorandum](#) dated April 15, 2010 from Melinda Miller, Director, Portfolio Management and Kate Deaver, Capital Project Manager

Presenter: Ms. Deaver

Ms. Deaver stated that today's request is for design services only for this project and noted that staff will return to the Commission for authorization of construction funding once the design phase is completed. She noted that this is a renewal/replacement project.

Responding to Commissioner Tarleton's comments about possible disruptions to the building occupants during design and construction, Ms. Deaver gave assurance that little disruption is anticipated, as much of the design work can be done during off-hours. She noted the goal of completing the project with the least amount of impact possible to tenants.

**Motion for approval of Item 6c – Tarleton**

**Second – Creighton**

**Motion carried by the following vote:**

**In favor: Albro, Bryant, Creighton, Holland, Tarleton (5)**

*Item 7a was advanced on the agenda as follows:*

**7. STAFF BRIEFINGS**

**a. (00:24:01) Staff Briefing on Intermediate Lien Revenue Bonds, Series 2010**

Presentation documents: Commission agenda [memorandum](#) dated May 3, 2010 and computer slide [presentation](#) from Elizabeth Morrison, Senior Manager, Corporate Finance

Presenters: Dan Thomas, Chief Financial and Administrative Office and Ms. Morrison

Prior to Ms. Morrison's presentation on upcoming bonds sale, Mr. Thomas briefly commented on a conversation which was held at last week's Commission meeting regarding the escalator renewal and replacement project at the Airport, which had been identified as using bonds proceeds from the upcoming bond issue, specifically related to the timing of that. For clarification, he provided to the Commissioners more background information on the Port's capital planning and funding process.

Mr. Thomas stated that bonds are usually issued approximately every year or two, they are not normally issued for individual projects, noting that the Rental Car Facility was an exception.

Ms. Morrison then addressed issues more specifically related to this current bond issue, with a focus on refunding opportunities to be included in the bond issue as well as the new funding portion for new projects at the Airport. She noted that the bonds will be used for the purposes of refunding existing debt at lower interest rates and also to fund new capital projects at the Airport. She stated that it is expected that the bonds will fund or refund between \$300-\$550 million.

Responding to a question from Commissioner Tarleton regarding whether or not information is provided in the plan of finance regarding how bond-funded projects will be clustered, Ms. Morrison stated that the plan of finance does not get to that level of detail; rather that information is included when a bond issuance is brought forward.

Ms. Morrison reviewed the planned schedule for proceeding with these bonds:

- June 1 – First Reading of Resolution
- June 22 – Second Reading and Final Passage of Resolution
- July – Sell Revenue Bonds
- August – Close Revenue Bonds

Dick Schober, Seattle Northwest Securities, the Port's financial advisor, responded to Commissioner Tarleton's question on the current 'tone of the market', stating that the market has improved dramatically since last year, noting that the Build America Bonds program has been of help in creating liquidity in the market.

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

- d. (01:1:41) **Authorization for the Chief Executive Officer to advertise for bids, apply a Project Labor Agreement (PLA) and to authorize Port Construction Services (PCS) to perform pre-construction work, including moving tenants, for Phase I and Phase II of the Centralized Pre-Conditioned Air (PC Air) Project (CIPO #C800238) at Seattle-Tacoma International Airport (Airport) and execute a construction contract. A separate Notice to Proceed will be issued for each phase (one contract with two separate notices to proceed) as Federal Aviation Administration (FAA) funding becomes available. Award of each phase of the contract will be contingent on grant funds authorized by the FAA. This authorization is for \$36,830,000. Approximately \$25,870,000 is expected to be funded through a Voluntary Airport Low Emissions Program (VALE) Grant from the FAA, with the remaining \$14,730,000 to be the expected Port cost. The estimated total project cost is \$40,600,000.**

Request document: Commission agenda [memorandum](#) dated April 20, 2010 from Dave Soike, Director, Aviation Facilities and Capital Programs; Michael Ehl, Director, Airport Operations; and Wayne Grotheer, Director, Aviation Capital Improvement Program. Also provided was [map](#) of the project area.

Presenters: Mr. Soike and Mr. Grotheer

Mr. Soike commented on the fact that this project could be compared to the Seaport project where ships can be plugged in to the dock for power in order to reduce emissions. In a similar way, this project will allow aircraft to plug in to the Airport gates, enabling them to heat and/or cool their interior cabin areas to keep the passengers comfortable. He reviewed a number of reasons why this is considered a 'good news' project, including the fact that it will eliminate approximately 69,000 tons of carbon dioxide, thereby helping local air quality. He reiterated the fact that the Airlines are in support of moving forward with the project.

Mr. Grotheer stated that the project will occur in two phases. The initial work would begin with the central plant for Concourse A and the South Satellite, and then the work would move to the rest of the terminal. The reason for setting the project up this way is that the two FAA grants for the project are expected to be received separately. He noted that the intent is to award one contract with two separate notices to proceed.

Mr. Grotheer noted that staff is recommending the use of a PLA for the project, primarily due to a risk of Airline operations disruptions if there was a labor-related work stoppage. He stated that the timing of this project is critical in order to be assured of the FAA grants.

Responding to Commissioner Albro's questions about possible impacts on small, minority or women-owned businesses and their ability to participate when a Project Labor Agreement is applied, Craig Watson, General Counsel, noted that he had recently read information from David Leon, Manager, POS Project Labor Agreements, addressing this issue. He noted that are some difficulties of PLA projects as related to small business participation, but that PLA's are the exception rather than the rule, and the Port continues to have a very aggressive small business program.

Ralph Graves also addressed Commissioner Albro's question, noting that a PLA would apply to the general contractor and the sub-contractors, and would impact the ability of non-union firms to participate in the project.

Commissioner Albro requested that staff provide to the Commission a copy of the information referred to by Mr. Watson.

**Motion for approval of Item 6d - Tarleton**

**Second – Albro**

**Motion carried by the following vote:**

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

**e. (01:28:07) Commission Motion in support of comprehensive immigration reform.**

Presentation document: Proposed [motion](#), including statement in support of motion.

Prior to discussion, the motion was introduced as follows:

**Motion: Approval of a motion in support of a letter advocating comprehensive immigration reform as soon as practicable, that the Port of Seattle views the passage of comprehensive Immigration reform as an urgent matter of national economic and security policy, and urges the U.S. Congress to take up this matter. – Tarleton**

Commissioner Creighton then spoke in support of the motion, stating his belief that immigration reform has a direct impact on economic and national security issues and directly impacts the operations of the Port of Seattle, as well as other airports and seaports across the country. It is important to get a better handle on securing our borders at airports and seaports. He also noted that Washington business relies on immigrant labor.

Commissioner Creighton said he was aware of and understood and respected the hesitancy of some for the Commission to speak out about an issue not directly under the Port's jurisdiction, but there is precedent for doing so. The Commission has previously passed motions related to issues before the International Maritime Organization; issues before the U.S. Congress, such as Next Generation air traffic control; issues before the state legislature, such as the deep-bored tunnel; and before the Seattle City Council, such as Industrial Lands Policy. This issue is an example of national economic and security policy which directly and in a real way impacts the Port of Seattle's operations.

Commissioner Tarleton spoke in support of the motion and commented on the importance of the individual Commissioner to have the opportunity and the right to have a different sense of timing and appropriateness of bringing up issues that are not directly in front of them, such as ways in which money will be spent. She also noted the importance of having these discussions in public. She also said it is not as crucial for all of the Commissioners always to be in the same place at the same time and that she respects those differences. Comprehensive immigration reform reflects her core belief that a sustainable economic recovery must be an inclusive economic recovery. This motion also reaffirms the Commission's commitment to equal opportunity and economic development for all King County residents that is part of the Commission's Bylaws and was included in the motion on non-discrimination and equal opportunity passed by the Commission in 2009.

Commissioner Holland also spoke in favor of the motion, noting the American ability to absorb differences and allow newcomers to become "Americans."

To clarify a Commissioner Bryant's question regarding the motion, Commission Tarleton stated that the intent of her motion was to have a letter written to Congress, with the content of that letter being the written motion presented in their briefing book.

Commissioner Albro stated that he will be voting against the motion, and read a statement into the record reflecting his rationale for such. A written copy of Commissioner Albro's statement was provided, is, by reference, made a part of these minutes; is noted as Exhibit 'A'; and is on file in Port offices.

### **Second of motion – Creighton**

Commissioner Creighton and Commissioner Holland requested further clarification on the motion, which was understood as an intent that a letter to written to Congress regarding the immigration issue. Commissioner Bryant confirmed.

### **Motion to amend the motion on the floor to add language in the following areas within the proposed letter (proposed language underlined, below): - Holland**

- a. addresses fairly and realistically the status of undocumented workers in the United States through an earned legalization program
- b. creates legal and orderly processes for workers and their immediate families to enter the United States, and eliminated current family barriers.



**Second - Creighton**

**Motion carried by the following vote:**

**In Favor: Creighton, Holland, Tarleton (3)**

**Opposed: Bryant (1)**

Commissioner Albro abstained from the vote.

Commissioner Bryant noted that he would not vote in favor of the motion, as amended, since he was not clear on what was meant by 'an earned legalization program' or 'eliminating current family barriers'.

**Motion carried by the following vote:**

**In Favor: Creighton, Holland, Tarleton (3)**

**Opposed: Albro (1)**

Commissioner Bryant abstained from the vote.

The final language of the motion is as follows:

**STATEMENT IN SUPPORT OF MOTION**

Comprehensive immigration reform, creating legal and orderly processes for people who want to come to the United States to work in trade and tourism-dependent businesses, is part of the economic recovery process.

The Port of Seattle's success is tied to the success of our people and institutions. Economic recovery will take the joint efforts of all our current and future citizens, native and naturalized alike, and documented workers, to establish new businesses and expand trade and commerce. Comprehensive immigration reform would help ensure all people in the United States are contributing fully to the formal economy as is essential to a nation of laws.

The Port of Seattle Commission views the passage of comprehensive immigration reform as an urgent matter of national economic and security policy and urges U.S. Congress to take up this matter.

**COMMISSION MOTION**

The Port of Seattle Commission hereby states its support for comprehensive immigration reform and supports an approach to immigration reform providing for a regulated, orderly, safe and secure system of immigration into the United States that:

- a) addresses fairly and realistically the status of undocumented workers in the United States; through an earned legalization program

- b) creates legal and orderly processes and eliminates current family barriers for workers and their immediate families to enter the United States;
- c) protects U.S. and immigrant workers and good faith businesses by protecting all workers' rights and utilizes a verification system that is accurate, effective and efficient;
- d) increases security and safety along our nation's borders;
- e) protects fundamental rights for all in our immigration system; and
- f) promotes immigrant integration.

Public comment regarding Item 6e was received as follows:

- A written copy of comments was submitted by Pramila Jayapal, One America. A copy is, by reference, made a part of these minutes; is marked Exhibit ['B'](#); and is on file in Port offices.

## **7. STAFF BRIEFINGS**

### **b. (01:58:11) First Quarter Financial Performance Briefing**

Presentation documents: Commission agenda [memorandum](#) dated May 12, 2010, computer slide [presentation](#), and [report](#) from Dan Thomas, Chief Financial and Administrative Officer and Michael Tong, Corporate Budget Manager

Presenters: Various, as noted below for each division.

Mr. Thomas began the presentation by providing a recap of account reclassifications which had been undertaken last year in preparation for the 2010 budget to align better with best practices for ports and other enterprise funds.

Mr. Tong provided a brief review of the Portwide first quarter income summary, major variances, year-end forecast, and total Port capital spending. He also clarified that on page 5 of the report which was provided (key performance indicators of container volume and grain volume amounts), there was an error which has since been corrected.

Borgan Anderson, Senior Manager, Aviation Finance and Budget, highlighted two items within the Aviation Division's performance report, those being public parking, which he noted as an area of concern, and the fact that since May 1, the landing fee for the signatory airlines had been reduced from \$3.19 to \$3.00, which resulted from the budget performance last year.

Mr. Anderson commented on trends in the air traffic, noting that enplanements were down slightly, but the load factors have increased significantly.

Commissioner Creighton commented on recent news articles regarding possible impacts related to airline mergers. Mark Reis, Managing Director, Aviation Division, responded that he does not anticipate any significant change at Sea-Tac as a result.

Mr. Anderson also briefly reviewed:

- Operating Expenses
- Aeronautical business and key indicators
- Non-aeronautical business and key indicators

Responding to Commissioner Tarleton's question of tracking savings from the Airport's recycling program, Mr. Anderson confirmed that there is a definite reduction in what is paid for garbage being removed. Commissioner Tarleton commented on the importance of measuring the financial impacts of the energy efficiency programs and the recycling programs which are helping to save operating costs.

Mr. Anderson then briefly reviewed the Capital Spending for the Aviation Division, noting that most of the spending is related to the Rental Car Facility.

Boni Buringrud, Manger, Seaport Finance and Budget, provided a review of the quarterly performance of both the Seaport and Real Estate Divisions.

#### Seaport Division

- Seaport Business Goals
- Seaport Organizational Goals
- First Quarter Operating Results
- Seaport Division Key Variances
- Seaport Business Groups
- Seaport Full-year Operating Forecast
- Seaport Capital Budget, 2010

#### Real Estate Division

- Real Estate First Quarter Key Events
- Real Estate Business Goals
- First Quarter Operating Results
- Real Estate Division Key Variances
- Real Estate Business Groups
- Real Estate Full-year Forecast
- Real Estate Capital Budget, 2010

Ralph Graves, Managing Director, Capital Development Division, provided background information on the first quarter financial performance of the Capital Development Division related to the following areas:

- Capital Development Division Business Events, First Quarter

- Key Indicators
- Operating Results
- Key Variances

Mr. Tong then provided information on the first quarter financial performance of Corporate Professional and Technical Services, noting that overall, the Corporate operating results were very good, and that for expenses, all Corporate departments were under budget for the first quarter.

**8. NEW BUSINESS**

None.

**9. POLICY ROUNDTABLE – BUDGET WORKSHOP**

None.

**9. ADJOURNMENT**

There being no further business, the regular meeting was adjourned at 5:57 p.m.

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

Rob Holland  
Secretary