



**Commissioners**

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Chair and President  
Tom Albro  
John Creighton  
Rob Holland  
Gael Tarleton

Tay Yoshitani  
Chief Executive Officer

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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 SPECIAL MEETING OCTOBER 12, 2010**

The Port of Seattle Commission met in a special meeting at 1:00 p.m., Tuesday, October 12, 2010 at Renton City Hall, 1055 S. Grady Way, Renton, WA 98057. Commissioners Albro, Bryant, Creighton, Holland\*\*, and Tarleton were present.

**1. CALL TO ORDER**

The special meeting was called to order at 1:15 p.m. by Bill Bryant, Chair and President. Commissioner Bryant thanked the Renton City Council for use of their chambers for the meeting.

**2. EXECUTIVE SESSION pursuant to RCW 42.30.110**

None.

**PLEDGE OF ALLEGIANCE**

**3. APPROVAL OF MINUTES**

None.

**4. SPECIAL ORDER OF BUSINESS**

None.

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

**7. STAFF BRIEFINGS**

**(00:02:42) Briefing by the Washington State Transportation Commission (WSTC) on Washington Transportation Plan (WTP) 2030.**

Presentation documents: Commission agenda [memorandum](#) dated October 1, 2010 from Geraldine Poor, Regional Transportation Manager and Clare Gallagher, State Government Relations Manager and computer slide [presentation](#). Also provided was a summary draft document, "[Connecting Washington for a Prosperous Future](#)."

Presenters: Ms. Poor; Dick Ford, Washington State Transportation Commissioner; and Paul Parker, WSTC Senior Policy Analyst.

Ms. Poor provided introductory comments, noting that through their role in the Washington Public Ports Association (WPPA), she and Ms. Gallagher had participated as part of an advisory committee over the past year as the WTP was being developed. She stated that chief recommendations include that the plan should set some priorities, in particular, to highlight the inter-reliance of the state's international gateway with the state's transportation system. She stated that Port staff will be drafting a comment letter, which will include comments from today's discussion.

Mr. Ford noted that the Washington State Transportation Plan was legislatively created, with the Transportation Commission being the agency assigned to develop the plan, which would include elements of impartial input from both the public and the private sectors. He stated that the plan currently being used is one prepared approximately four years ago to meet Federal requirements, and now needs to be updated. He noted that this plan is not one that incorporates a number of projects; rather is a plan to help the legislature focus at the policy level of transportation issues, and will hopefully help form a framework in which transportation projects can be evaluated and prioritized.

Mr. Parker stated that within the WTP 2030, which looks out over 20 years, one part included is to identify the short-term and long-term actions to recommend that the governor and legislature take in order to move toward the 2030 transportation goal. He noted that the project began in April, 2009 and the final plan is to be released in December, 2010.

Mr. Parker said that this is expected to be a transitional plan, with broad changes and policy transitions taking place over the next four years, with the federal transportation policy also evolving and fuel tax revenue declining.

Mr. Parker note the following three key themes which drive the transportation plan:

- The transportation network needs to work as an integrated network, effectively connecting modes and jurisdictions
- Preservation and maintenance of the existing system is the most critical need
- The state faces a transportation funding problem with additional revenue needed

Mr. Parker commented on transportation investments currently being made, as well as transportation revenue sources for cities, counties, ports, and transit.

Mr. Ford commented on the problem that not enough money is currently being spent on maintenance, which is a critical issue, with the condition of roadways declining, and in some areas, seriously so.

Mr. Parker noted the following strategic drivers to the plan, considered in addition to the previously mentioned themes:

- Transportation policy should support and reinforce other state policy objectives
- The relationship between land use and transportation is key
- Significant differences across regions across the state – one size does not fit all
- The need exists to continue to move toward performance based programs

Mr. Parker then commented briefly on the following draft areas of strategy and action items, which are also included in the summary provided:

- Economic vitality
- Preservation
- Safety
- Mobility
- Environment
- Stewardship

Mr. Ford commented on the positive safety record of transportation in Washington State, compared to other states. Comments were also made regarding safety issues as related to possible earthquakes, the need to maintain the ability to move people and goods, and the fact that we are facing not only a growing population in the state, but an increase in the elderly population.

Commissioner Tarleton commented on the importance of the extraordinary amount of dependence on our transportation systems of the US Military. Discussion followed, and Mr. Parker stated that this may be a concern that should be specifically addressed in the plan, due to its huge impact to the area.

Mr. Ford commented on the need to communicate clear accountability; that the plan will provide a good return on investment; and that at the same time, it will not be possible to solve everyone's priorities.

Responding from Commissioner Creighton's question about funding recommendations for the plan, Mr. Ford stated that although it is a complex issue, the simple answer is that it needs to start with sustainable funding, which will allow to then have legitimate discussion regarding priorities of the plan.

\*\* Commissioner Holland was present at the meeting from this point forward

Mr. Parker stated that there is still a funding section which will be a part of the plan, but is not included in the draft. He noted that the draft had been provided to the public with a focus on policy issues, and that the next step to set priorities among funding recommendations, and then focus more on the areas of revenues and finance.

Commissioner Tarleton commented on the fragility of the transportation system, stating her belief that it will be even more fragile over the next 10 years, stated the need for infrastructure enhancements.

Mr. Ford noted that, as a practical matter, the current gas tax will no longer exist in a certain number of years; oil prices will continue to rise; and people will be driving less. He commented that one viable option to consider would be a vehicle miles traveled tax. He also noted his belief that many of the transportation issues cannot really be addressed on a single state basis and that there needs to be Federal help and a coherent Federal transportation policy.

Commissioner Albro voiced his support of use of a vehicle miles traveled program. He also stated that there needs to be not only conversation about funding, but also about how expenditures and projects to be done are governed.

Mr. Ford commented on the need to have a better level of working together and being supportive of end results, or at least conclude what the intended end result is to be. He also noted that it is key that we have a better transit system than we currently have, stating that current out-of-control costs undermine public trust. He commented on the need for more rail service as well as for more HOV lanes. He also noted the importance of cost as well as service to customers.

Responding to Commissioner Holland's question about consideration of public/private funding, Mr. Ford stated that there has been extraordinary opposition to this by leadership in the legislature, and noted that this type of funding is not necessarily a cure-all for all of our problems.

**5. (00:59:06) UNANIMOUS CONSENT CALENDAR**

- a. Approval of [Claims and Obligations](#) for the period of September 1 through September 30, 2010, in the amount of \$45,575,442.61.
- b. Authorization for the Chief Executive Officer to direct staff to proceed with the construction phase of the Terminal 91 Waterline Replacement Project by (1) funding the remaining work in the amount of \$3,555,000, bringing the total project authorization to \$4,255,000; (2) purchasing materials necessary for the construction, and using Port Construction Services (PCS) and Maintenance to self-perform majority of the construction work; and (3) using existing or new small works construction contracts to implement the remaining work. (CIP #800298)

Request document: Commission agenda [memorandum](#) dated September 9, 2010 from Mike McLaughlin, Senior Manager, Cruise and Industrial Properties and Rod Jackson, Capital Construction Project Manager, Seaport Division

- c. Authorization for the Chief Executive Officer to amend the Professional Service Agreement with Floyd/Snider for environmental investigation and evaluation for remediation methods for the Lora Lake Apartments Site in the amount of \$950,000 (to increase the contract from \$1,555,315 to \$2,505,315) and to provide notification to the Port of Seattle Commission, in accordance with RCW 53.19.060, that the amended amount exceeds 50% of the original contract amount.**

Request document: Commission agenda [memorandum](#) dated October 1, 2010 from Elizabeth Leavitt, Director Aviation Environmental Programs; Paul Agid, Manager, Aviation Environmental Programs; and Don Robbins, Senior Environmental Program Manager

**Motion for approval of Consent Items 5a—5c – Tarleton**

**Second - Holland**

**Motion carried by the following vote:**

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

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

- a. (00:01:02) (1) Commission determination that a competitive solicitation process is not appropriate or cost effective, in accordance with RCW 53.19.020(5), for the *Agreement Regarding Groundwater Monitoring Costs at Seattle-Tacoma International Airport* (Agreement), a multi-party agreement between the Port of Seattle, Delta Airlines and, Collectively, the Rent-A-Car companies; and (2) authorization for the Chief Executive Officer to execute (a) the Agreement consistent with the Model Toxics Control Act Agreed Order Groundwater Study, and (b) a contract with SLR International Corporation, as one of five parties, for environmental consulting services for groundwater monitoring consistent with the Agreement, for an estimated cost of \$132,800 of which the Port of Seattle's allocated share is 25.5% or \$33,864.**

Request document: Commission agenda [memorandum](#) dated September 17, 2010 from Elizabeth Leavitt, Director, Aviation Planning and Environmental Programs; Paul Agid, Manager, Aviation Environmental Programs; and Susan Ridgley, Port of Seattle Senior Legal Counsel. Also provided was a draft copy of the [Agreement](#).

Presenter: Ms. Leavitt

Ms. Leavitt provided brief background information on the item, noting that in 2008, the Airport completed a Groundwater Study which had been required by the Department of Ecology (Ecology) in order to determine whether the contamination at the Airport below the tarmac was likely to

migrate off of Port property, and impact either surface water or groundwater. With the model used for the study, it was confirmed that the contamination was limited to Airport property and it was unlikely that it would ever migrate anywhere that would cause concern.

Following vetting with the public, Ecology determined that there should be some groundwater monitoring in order to confirm that the assumptions that the model made were in fact valid. An agreement was entered into with Delta Airlines and some of the other responsible parties at the Airport, in order to conduct the groundwater monitoring.

After completing studies, it was determined that the Airport should be responsible for approximately 25.5% of the costs; Delta Airlines for approximately 37.6%; and the rental car companies as a whole for approximately 36.9%.

**Motion for approval of Item 6a, part 1 (exemption) – Albro**

**Second – Tarleton**

**Motion carried by the following vote:**

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

**Motion for approval of Item 6a, part 2 (CEO authorization) – Creighton**

**Second – Holland**

**Motion carried by the following vote:**

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

**7. STAFF BRIEFINGS**

**b. (01:06:43) Briefing on the Lower Duwamish Waterway Feasibility Study**

Presentation documents: Commission agenda [memorandum](#) dated September 23, 2010 and computer slide [presentation](#) from Stephanie Jones Stebbins, Senior Manager, Seaport Environmental Programs and Kathy Bahnick, Environmental Program Supervisor, Seaport Environmental Programs.

Presenters: Ms. Jones Stebbins and Ms. Bahnick

Ms. Jones Stebbins opened the presentation, noting on the following points:

- Cleanup is required of contamination in the Lower Duwamish Waterway to protect human health and the environment
- A feasibility study will be available to the public this Friday ((October 15), outlining different alternatives for cleaning up the sediment

- All alternatives presented will protect the environment with a reduction of approximately 90% in PCBs achieved; however the alternatives presented do differ in some ways
- Environmental Protection Agency (EPA) and Department of Ecology (Ecology) will select the cleanup alternative

Providing context of the topic, Ms. Jones Stebbins noted that the Lower Duwamish Waterway is an important area, with both industrial and cultural history and legacy. The area was listed as a Superfund site in 2001, and the Port, along with partners of the County, City, and Boeing have studied the site to better understand the contamination, the risks, and how the site might be cleaned up to help protect human life and the environment.

Responding to Commissioner Tarleton's question about the funding sources of the four major partners working on the cleanup, Ms. Jones Stebbins stated that of the three public agencies, about half of their share has come from State grant funding, and the remaining share has come from taxpayers.

Ms. Jones Stebbins noted that there are different areas of the site with different levels of contamination, and will therefore require different actions.

It was noted that the document being released later in the week is the second draft of the feasibility study, which follows extensive work done with EPA and Ecology to incorporate their feedback and input. Public review of the document will begin following its release, and will include a number of outreach meetings and opportunities for comment. Public input will be key during this time while the agencies are working to select their preferred alternative. She stated that the period for public comment will close on December 23.

Ms. Jones Stebbins commented on the stakes being currently high in a number of ways, including outcomes to people and animals that live in or near the river, as well as money needing to be spent on the cleanup.

Addressing cleanup goals and areas impacted, Ms. Jones Stebbins commented on the following areas:

- Seafood consumption by humans
- Direct contact with sediments
- Risks to beings (benthic organisms) which live in the sediment
- Fish and wildlife

Ms. Jones Stebbins commented that key risks in the Duwamish at this time relate to levels of cleanup that is achievable, and noted that the highest level of risk is currently related to seafood consumption.

Commissioner Tarleton raised the question of whether or not the risk assessment being discussed is scientifically based and whether or not there is a consensus among all of the parties involved in establishing these risk levels that these are good ways to measure the risk. She also asked who established the levels of risk – are they federal or state or some combination of regulatory bodies.

Ms. Jones Stebbins responded that the risks being presented come from the studies which have been done by the Lower Duwamish Waterway Group under the direction of Ecology and EPA, and that these risks apply to the Lower Duwamish Waterway, and not all of Puget Sound. She also stated that in terms of the actual risk levels used to establish the goals, those come primarily from Department of Ecology standards.

Discussion followed regarding the findings in the study related to the risk of seafood consumption, and how the final numbers were achieved. Ms. Jones Stebbins stated that the seafood consumption levels chosen came mainly from regulatory agencies.

Further discussion followed regarding what is actually going to be mitigated and what levels of cleanup are actually going to take place, given that there is a degree of limited resources.

Commissioner Albro noted that it is important to remember that we are really trying to manage the health of Puget Sound, and that investing in other related areas, such as the Skagit, may be important in order to help accomplish that. He also commented of the importance of really being able to see that there are dramatic differences in the proposed cleanup alternatives, both environmentally and cost-wise.

Ms. Jones Stebbins stated that the feasibility study includes 12 alternatives, which vary in a number of ways, including technologies which are available to assist in the cleanup. All of the alternatives include some amount of dredging, as well as different combinations of other technologies.

Commissioner Tarleton commented that although the choices will be presented in depth as part of the study, the 12 alternatives were not clearly defined in this presentation, and she noted the importance of being able to be able to see that the choices about the technologies referenced actually relate to reducing the risks which have been identified as needing to be corrected.

Commissioner Tarleton commented that the public is often given a great deal of information to comment on, but they are not given a real sense of what their choice implies in terms of cost, and what they are giving up by making a certain choice.

Responding to questions raised by Commissioner Creighton, Ms. Jones Stebbins commented on the importance of a focus on source control, noting that wherever the river ends up is driven by what comes into the river from upstream. She stated that there are actually two kinds of source control – both lateral (along the river) and upstream (that which enters from the Green River).

Ms. Jones Stebbins briefly reviewed tradeoffs to consider between dredging and non-dredging (capping, engineered and monitored natural recovery) alternatives. She also stated that any technology used would require monitoring to ensure it is functioning as intended.

A timeline of how the process is expected to proceed over the next few years was then reviewed. Ms. Jones Stebbins also commented on funding impacts to the region, noting that the range of cleanup costs is large, and does not include Early Action Areas, such as Terminal 117 and source



control work being done. She also noted that there is uncertain availability of MTCA (Model Toxics Control Act) grant funds.

Commissioner Holland commented on the importance of the public having an understanding of a working river during the time remaining before the final cleanup decision is made. Ms. Jones Stebbins clarified that it will be up to the regulatory agencies to make the decision, but that it is absolutely appropriate for the Port to help the public understand the trade-offs of the alternatives.

Commissioner Albro stated his concern that there is not enough discussion about the trade-offs and that he would like to see a way engage with the EPA, Ecology, and other elected leaders around the state and Puget Sound on the topic.

Regarding ways in which the Commission can provide input on this subject, Ms. Jones Stebbins reiterated that this can happen in a number of ways over a variety of times, including providing direction to Port staff, talking about impacts to the Port in public settings, and speaking to peers and other elected officials.

Commissioner Holland stated that he does not think leaving this up to the EPA is the correct way to go, and believes there should be ways to interject opinions, either as a body or at the staff level, and he reiterated his belief that further public education needs to take place in the community.

Commissioner Albro suggested that the Commission consider drafting a brief policy resolution, in the very near term, which would show the sense of the Commission as a body relative to the issues being discussed. Commissioner Bryant agreed.

CEO Yoshitani asked for clarification from the Commission as to their direction as to developing policy positions, and whether they prefer to do so speaking as the Port, or else collaborate with the other stakeholders to try to develop a position which is common to the four stakeholders. He noted his belief that the positions of the other entities are fairly similar.

Commissioner Bryant suggested first having one-on-one discussions among the Commission; putting together a position among the five of them, and then decide how best to proceed with the other parties.

Public comment regarding Item 7b was received from the following individuals:

- Mary Catherine Halvorsen. Ms. Halvorsen commented on the proposed 'fish plan,' which first surfaced in 1998 and was drawn up by environmentalists, and which she believes will do more harm than good.
- BJ Cummings, Duwamish River Cleanup Coalition. Ms. Cummings commented on seafood sustainability on the river, noting that the numbers used in the study are highly reduced regarding the consumption rate. She also noted her belief that the Feasibility Study does not meet all four objectives provided by the EPA and Ecology, specifically that regarding human health related to consumption of fish. Ms. Cummings provided a copy of a flyer regarding public meetings scheduled in December for discussion of the Duwamish

issues. A copy is, by reference, made a part of these minutes, is marked Exhibit 'A', and is on file in Port offices.

**c. (02:27:03) Tax Levy Briefing**

Presentation documents: Commission agenda [memorandum](#) dated October 4, 2010 and computer slide [presentation](#) from Dan Thomas, Chief Financial and Administrative Officer and Elizabeth Morrison, Senior Manager, Corporate Finance

Presenters: Mr. Thomas and Ms. Morrison

Mr. Thomas noted that today's presentation would provide preliminary information regarding the tax levy, with numbers based on assumptions and directions provided by the Commission as part of last year's budget process as well as earlier in this year's budget process in terms of the amount of the levy and the types of expenditures currently being funded by the levy based on Commission policy.

Ms. Morrison provided a brief overview of the tax levy, noting that the levy amount is established by the Commission each year as part of the budget process. She stated that there are statutory limitations on the amount to be collected annually, and that the Port is currently well within those limitations. She commented briefly on uses of the tax levy, which include payment of General Obligation (G.O.) bond debt service, environmental remediation expenses, freight mobility projects, support for the Real Estate Division, and the Airport noise program which cannot be funded through Airport funds.

Ms. Morrison noted that the levy amount which was established last year is below the maximum statutory levy amount.

To provide some context for the levy, Ms. Morrison noted that the Airport is financially self-sufficient, with the exception of some of the funding for the Highline School District, which does not qualify for Airport funds. Beginning in 2010, the Seaport Division was identified as being self-sustaining financially, with the exception of the G.O. bond debt service associated with the Seaport development and environmental mitigation.

Ms. Morrison then reviewed the existing G.O. bond debt service and the associated projects.

Ms. Morrison noted that last year's tax levy policy discussions led to the establishment of a levy amount of \$73.5 million for 2011, and in addition, direction was given that this amount should remain flat for the five-year forecast period. Although the uses of the levy funds remained much the same as in previous years, support for the Real Estate Division was also identified as an appropriate use, as that division is not self-sufficient.

Changes noted since last year included environmental mitigation costs, which have increased, as well as in the area of real estate spending. These changes are incorporated into the current forecast. Ms. Morrison noted that what is not included in the forecast at this time are items related

to the South Park Bridge contribution, the SR99 tunnel contribution, and any possible additional environmental costs.

In reviewing the updated 2011-2015 forecast, Ms. Morrison commented on the following areas:

- G.O. debt service, which will go down in 2015
- Possible surplus in tax levy at end of 2011
- Deficit moving forward in anticipation of environmental expenditures

Commissioner Tarleton asked that staff provide a five year look at information as to what the projected tax levy fund balance has been that has been carried over year to year. She noted that this information would be helpful for her to understand what the basic pattern has been.

Ms. Morrison concluded the presentation noting that the near term decisions for the Commission are establishing the levy amount for the upcoming year, and providing direction to staff on a levy amount for the five-year forecast.

Commissioner Albro asked to have staff rework the information provided for the 2011-2015 forecast, with other assumptions, including adding another source of funds showing prior amounts of environmental expense booked, bringing that amount into the projected balance. To provide clarification for Mr. Thomas, Commissioner Albro stated that he wanted to see what it would look like to take \$24 million that was expensed, the amount he had been discussing, from the current General Fund balance, and earmark it for environmental costs.

Commissioner Albro stated that he would also like to see projections of what happens to the existing G.O. debt if the bonds are refinanced, and whether or not that would actually make any sense, and would like to see what staff's advice would be related to this.

Commissioner Albro commented on the Real Estate portfolio, noting that decisions need to be made as to what our long-term holdings should be, and that if there is real estate that we hold which is not part of our core mission, it may not be the best use of the public's resource.

Responding to a question from Commissioner Albro about funding of noise insulation in the Highline School District, Mr. Thomas noted that the noise mitigation was part of a negotiated settlement between the Port, the State, and the FAA, and that a portion of the funding by the Airport was deemed ineligible by the FAA.

Mr. Thomas asked for further clarification on Commissioner Albro's earlier request about environmental funds, and whether or not that was to be looked at as a policy change. He noted that this could be done, but it would mean taking funds from the Seaport Division. Commissioner Albro stated that he would like to entertain it as a policy change, but would want to first see what the impacts would be.

Commissioner Holland stated that he would like to see a comprehensive real estate plan, which includes Fishermen's Terminal, our property in South King County, and Central Waterfront properties, with an analysis included.

Mr. Yoshitani stated that such a presentation had previously been given to the Commission and asked that the real estate division provide that information again.

Mr. Thomas noted that staff would return on October 26 to provide a broader plan of finance briefing, with a look at overall funding for the Port, and at that time would also provide answers to questions posed at today's meeting.

Public comment regarding Item 7c was provided by the following individual:

- Mary Catherine Halvorsen

**8. NEW BUSINESS**

**9. POLICY ROUNDTABLE**

None.

**10. ADJOURNMENT**

There being no further business, the special meeting was adjourned at 4:30 p.m.

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

Rob Holland  
Secretary