



**Commissioners**

Bill Bryant  
Commission President  
Tom Albro  
John Creighton  
Rob Holland  
Gael Tarleton

Tay Yoshitani  
Chief Executive Officer

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*Audio and video recordings of the meeting proceedings and meeting materials are available on the Port of Seattle web site – [www.portseattle.org](http://www.portseattle.org). The approximate point in the video recording for each agenda item is identified by hours, minutes, and seconds; example: 00:01:30.*

**APPROVED MINUTES  
COMMISSION REGULAR MEETING NOVEMBER 8, 2011**

The Port of Seattle Commission met in a regular meeting Tuesday, November 8, 2011, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Holland, and Tarleton were present. Commissioner Creighton was absent.

**1. CALL TO ORDER**

The regular meeting was called to order at 12:05 p.m. by Bill Bryant, Commission President.

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

The regular meeting was immediately recessed to an executive session estimated to last approximately 60 minutes to discuss matters related to real estate and litigation. Following the executive session, which lasted approximately 50 minutes, the regular meeting reconvened in open public session at 1:04 p.m.

**PLEDGE OF ALLEGIANCE**

**3. (00:01:18) APPROVAL OF MINUTES**

Regular meeting of August 23, 2011.

**Motion for approval of minutes for the August 23, 2011, regular meeting – Tarleton**

**Second – Albro**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Holland, Tarleton (4)**

**Absent for the vote: Creighton**

**4. SPECIAL ORDER OF BUSINESS**

- a. (00:01:50) Adopt a motion commemorating Veterans Day and honoring veterans and service members of the Armed Forces of the United States of America.

Presentation document(s): Commission agenda [memorandum](#) dated November 8, 2011, and attached [motion](#) provided by Kim DesMarais, Employment Manager, and Derek Bender, Employment Program Coordinator.

Presenter(s): Ms. DesMarais and Mr. Bender.

Chief Executive Officer Tay Yoshitani, Ms. DesMarais, and Mr. Bender commented on the transition of veterans to the civilian workforce, the contributions of veterans to peace and freedom around the world, and the importance of veterans in the history of the Port of Seattle. Ms. DesMarais remarked on the importance of the Port's veterans fellowship program, and Mr. Bender recognized the Port's eighth class of veterans fellows and acknowledged all veterans in attendance at the meeting. Ms. DesMarais announced the Port's annual Veterans Day event to be held at 8:00 a.m. on November 11, 2011, at the Seattle-Tacoma International Airport.

Mr. Yoshitani commented on the importance of recognizing that veterans are a valuable resource with a variety of valuable skills to be leveraged by integration into the civilian workforce.

Ms. DesMarais requested adoption of the motion, which reads as follows:

**The Port Commission of the Port of Seattle hereby acknowledges and honors our veterans for their commitment to protecting the freedoms, justice and principles of the United States of America. We encourage all Americans to demonstrate their support for our veterans through any appropriate public and private ceremony on each Veterans Day and to reflect upon their contributions to the cause of peace and freedom around the world.**

**Motion for approval of item 4a – Tarleton**

**Second – Albro**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Holland, Tarleton (4)**

**Absent for the vote: Creighton**

**5. (00:14:55) UNANIMOUS CONSENT CALENDAR**

- a. **Authorization for the Pier 69 Cooling Tower Replacement project and for additional funding to complete construction of the project at an additional cost of \$65,000 for a total project cost of \$340,000. Additional funds for the project are available due to under-spending in other Real Estate projects (Project #104505, CIP #C800359).**

Request document(s): Commission agenda [memorandum](#) dated October 27, 2011, provided by Rees Robinson, Marine Maintenance Project Manager.

- b. **Authorization for the Chief Executive Officer to execute an easement agreement with the Washington State Department of Natural Resources for an initial term of 10 years and the potential for two additional 10-year terms for the use of state-owned aquatic land at Terminal 10 to install a connection to a new stormwater conveyance system, improve an existing upland cap, and install an outfall structure.**

Request document(s): Commission agenda [memorandum](#) dated October 27, 2011, and easement document provided by Mike Campagnaro, Manager, Leasing and Asset Management, and Paul Meyer, Environmental Programs Manager.

- c. Authorization for the Chief Executive Officer to execute a new collective bargaining agreement (CBA) between the Port of Seattle and Teamsters Local 117, representing police non-sworn supervisors. The CBA covers the period from January 1, 2011, through December 31, 2013.**

Request document(s): Commission agenda [memorandum](#) dated October 31, 2011, and collective bargaining [agreement](#) provided by Trish Murphy, Labor Relations Manager.

**Motion for approval of consent items 5a, 5b, and 5c – Albro**

**Second – Holland**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Holland, Tarleton (4)**

**Absent for the vote: Creighton**

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

- a. (00:15:35) First Reading of 2012 Budget Resolution No. 3654: A Resolution of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2012; making, determining, and deciding the amount of taxes to be levied upon the current assessment roll; providing payment of bond redemptions and interest, cost of future capital improvements and acquisitions, and for such general purposes allowed by law which the Port deems necessary; and directing the King County Council as to the specific sums to be levied on all of the assessed property of the Port of Seattle District in the Year 2012.**

Request document(s): Commission agenda [memorandum](#) dated October 28, 2011, [Resolution No. 3654](#), and computer slide [presentation](#) provided by Dan Thomas, Chief Financial and Administrative Officer, and Michael Tong, Corporate Budget Manager.

Presenter(s): Mr. Tong; Mr. Thomas; Borgan Anderson, Senior Manager, Aviation Finance and Budget; and Elizabeth Morrison, Senior Manager, Corporate Finance.

Mr. Tong outlined the 2012 budget process and timeline.

**Aviation**

Mr. Anderson summarized three notable changes to the Aviation budget subsequent to previous Commission briefings. These included a reduction in anticipated parking revenues by \$1.3 million, restoration of one inadvertently omitted full-time-equivalent (FTE) position for emergency preparedness training, and increased expense for SR-518 improvements to the Washington State Department of Transportation in the amount of \$2,068,055. He explained that the changes are considered relatively minor and that the reduction of parking revenue would reduce the Airport's debt-service coverage slightly. He added that the additional FTE would raise the cost per enplanement by \$0.01.

Mr. Tong reported on the key revenue and expense trends affecting changes to the 2012 Aviation budget. He noted increases in operating revenue and operating expense, the latter due primarily to costs associated with the Consolidated Rental Car Facility and Terminal Realignment projects.

Commissioner Albro commented on the 2012 budget's expense growth being higher than revenue growth. Regarding proportionality of revenue growth compared with expense growth, Mr. Tong pointed out that the base for the revenue growth increase is larger than that for expenses. Commissioner Bryant noted that if aeronautical revenue and expenses for the Consolidated Rental Car Facility and Terminal Realignment projects were removed from consideration, the amount of expense increase compared to the 2011 budget would still be considerably higher than the revenue increase, notwithstanding the larger revenue base.

### **Portwide Overview**

Mr. Tong presented a summary of the portwide 2012 operating budget by division, noting a 4.9-percent increase in total budgeted operating revenues from \$492.8 million in the 2011 budget to \$516.8 million. He also noted an 8.4-percent increase in operating expenses from \$285.8 million in the 2011 budget to \$309.8 million. He reported the Port's net operating income for 2012 is projected at \$207 million, which he said is \$48,000 higher than the 2011 budgeted amount. Mr. Yoshitani commented that the Port's asset base is in excess of \$6 billion.

Mr. Tong presented a comprehensive non-capital budget summary, noting total 2012 budgeted revenues of approximately \$722 million, a 1.5-percent increase over the 2011 budgeted amount of \$711 million; total 2012 expenses of about \$642 million, a 0.3-percent drop from the 2011 budget of \$644 million; and projected change in 2012 net assets of \$79.4 million, an increase of 19.4 percent over the 2011 budgeted amount of \$66.5 million.

Mr. Tong reported that there are 1,793.7 proposed FTEs for 2012, a net increase of 82.5 FTEs, of which 59 are in support of the Consolidated Rental Car Facility, particularly the Bus Maintenance Facility. He presented a capital budget summary for 2012-2016 and capital spending trends between 2002 and 2012. In response to Commissioner Tarleton, Mr. Anderson clarified what projects constitute small projects as presented in the capital budget summary, noting that the projects within particular capital projects are all less than \$300,000.

### **Tax Levy and Seaport Funding**

Ms. Morrison presented a summary of sources and uses for the proposed tax levy assessment amount for 2012 of \$73.5 million. In response to Commissioner Albro, Ms. Morrison reported that the \$40.3 million general obligation debt service incorporates savings realized from general obligation bond refunding earlier in 2011, which results in a savings of a few hundred thousand dollars in each year from 2012-2016. She clarified that recent revenue refunding bonds are not reflected in this number.

In response to Commissioner Holland, Ms. Morrison confirmed that Port Jobs funding is included as a tax levy use. In response to Commissioner Albro, Ms. Morrison stated that the inclusion of Port Jobs funding as a tax levy use was based on previous Commission decisions. Mr. Yoshitani noted that the total funding for Port Jobs is approximately \$600,000, most of which is supplied by

the Aviation operating budget, and that the program is a public benefit without a direct financial return to the Port. In response to Commissioner Albro, Mr. Thomas clarified the difference between the Port Jobs and Port Jobs Apprenticeship programs and noted that the funding is represented in the operating budget for the Office of Social Responsibility. Commissioner Holland commented on the benefit of workforce development programs for the community. Commissioner Albro stated his concern over use of tax levy funding for a relatively small program.

Ms. Morrison reported that the Seaport funding plan includes an increased fund balance expected to reduce Seaport project deferrals from \$25 million to \$14 million between 2012 and 2016.

Mr. Tong summarized the remaining schedule for consideration of the 2012 budget.

Commissioner Holland commented on various long-term commitments of the Port that may necessitate increases to the Port's tax levy assessment and asked whether a modest increase to the levy amount beginning in 2012 would help cover deficits anticipated in the future.

Commissioner Albro stated that there would not necessarily be a deficit to cover in future years since current assumptions do not anticipate improvement in the real estate market or income from environmental liability claims, especially given the news that additional unexpected funds are now available for the Seaport division funding plan. Rather than propose a tax levy increase, he stated the Commission might be able to propose a modest decrease in the levy amount. Commissioner Holland opined that it would be detrimental to reduce the tax levy now only to increase it later. In response to Commissioner Holland, Mr. Thomas stated that there could be program deficits in the years following 2016 if the tax levy remains at its current level and that there are several contributing factors, making it important to consider a range of outcomes.

Commissioner Tarleton commented on the importance of identifying new markets and ongoing re-evaluation of the Port's financial position and clarified that the Port has continued to increase its taxing authority by the statutory one-percent maximum to retain options in the event of unforeseen circumstances, even though the amount levied has remained constant at \$75.3 million.

In response to Commissioner Bryant's request for confirmation that the 2012 proposed budget maintains the Commission's obligation to fund Port Jobs, Mr. Thomas stated that the Port Jobs Apprenticeship program is funded in 2012 at approximately \$160,000, which he said is slightly less than the historic funding level for that program. Commissioners Bryant, Holland, and Tarleton requested clarification on the funding of the Port Jobs program for 2012. Commissioner Tarleton asked for clarification about a week before second reading of the resolution.

**Motion for first reading of Resolution No. 3654 – Tarleton**

**Second – Holland**

**PUBLIC HEARING on 2012 Budget Resolution No. 3654**

Commissioner Bryant declared the public hearing for Resolution No. 3654 open. There was no public comment offered at this time. Following the opportunity for public comment, the public hearing on Resolution No. 3654 was closed.

Commissioner Bryant commented on the preliminary nature of the budget as presented for first reading and urged continued caution and fiscal discipline as the budget proposal is refined. He asked staff to identify additional savings prior to second reading.

The question recurred on the motion by Commissioner Tarleton, seconded by Commissioner Holland, for first reading of Resolution No. 3654.

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Holland, Tarleton (4)**

**Absent for the vote: Creighton**

- b. (01:15:50) **First Reading of 2012 Salary and Benefit Resolution No. 3655: A Resolution of the Commission of the Port of Seattle establishing jobs, pay grades, salaries, allowances and adjustments for Port employees not represented by a labor union; authorizing and establishing conditions in connection with the following benefits: social security; industrial insurance; unemployment compensation; military leave; retirement; compensated leave, including civic duty, bereavement leave, holidays, paid time off/extended illness leave, shared leave, and awarded time; insurance benefits, including medical, dental, life and long-term disability; and authorizing this Resolution to be effective on January 1, 2012, and repealing all prior resolutions dealing with the same subject, including Resolution No. 3647.**

Request document(s): Commission agenda [memorandum](#) dated November 1, 2011, [Resolution No. 3655](#), [redline version of Resolution No. 3655](#), [salary range table](#), and computer slide [presentation](#) provided by Tammy Woodard, Total Rewards Senior Manager; David Leon, Benefits Manager; and Ann McClellan, Compensation Supervisor.

Presenter(s): Ms. Woodard.

Ms. Woodard noted a discrepancy in the salary and benefits resolution briefing of November 1, 2011, noting that the presentation of 18 percent as the number of non-exempt employees receiving overtime was in fact the percentage of total non-union employees receiving overtime. She explained that slightly more than half of the overtime-eligible, non-union employees received overtime pay in 2010 and 2011.

Ms. Woodard presented the resolution, explaining that it covers 56 percent of Port employees and establishes holidays, health care coverage, and other benefits, including the merit-based Pay for Performance program. She noted key considerations in updating the resolution for 2012, including slight upward trends in average market pay increases, the Consumer Price Index, and benefit changes that represent additional employee contribution. Ms. Woodard outlined wording changes for clarity and consistency, a salary range increase of two percent that she stated would cost approximately \$10,000, removal of the Chief Executive Officer from the salary range structure consistent with Commission discretion over this position's pay, updates to the holiday calendar, reduction of the maximum paid-time-off (PTO) balance from 800 to 700 hours, and removal of a little-

used long-term sick leave account. She concluded by stating that the proposed changes versus the 2011 resolution would be minimal and the salary range adjustment reflects a conservative approach.

In response to an inquiry from November 1, 2011, Ms. Woodard reported that 24 percent of current non-union employees were hired prior to the 1999 implementation of the current PTO program.

In response to Commissioner Albro, Ms. Woodard reported that the proposed average Pay for Performance increase would be three percent and that staff is still examining distribution of the merit-based increase.

**Motion for First Reading of Resolution No. 3655 – Holland**

**Second – Albro**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Holland, Tarleton (4)**

**Absent for the vote: Creighton**

- c. (01:25:55) **Authorization for the Chief Executive Officer to execute all documents necessary to complete the sound mitigation work on Building 4 at the Highline Community College (HCC) at an estimated project cost of \$2,154,266, including administrative expenses. This authorization request is for \$1,939,689 and will bring the total authorization for various sound mitigation projects at HCC to \$8,194,619 (CIP #200042).**

Request document(s): Commission agenda [memorandum](#) dated November 1, 2011, with map attachment provided by Stan Shepherd, Airport Noise Program Manager.

Presenter(s): Mr. Shepherd.

Mr. Shepherd commented on the importance and effectiveness of the sound insulation program and clarified that the current authorization relates to the Highline Community College, not the Highline School District. He stated there are 22 buildings eligible for renovation on the college's campus, of which the Port has participated in upgrades to 13.

He described Building 4 and summarized the total approximate renovation project cost of \$2,496,000 of which the Port's obligation for noise mitigation is approximately \$2,154,000. He said the cost difference is for incidental upgrades and will be borne by the community college. Mr. Shepherd reported that the project is approved by the Federal Aviation Administration for grant funding of eligible costs at approximately 80 percent.

In response to Commissioner Tarleton's question about the status of state funding for the community college's capital program, Michael Dooley, Facility Project Manager for Highline Community College, reported that funds for renovation of Building 4 are funded during the current biennium and are secure.

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

**Second – Albro**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Holland, Tarleton (4)**

**Absent for the vote: Creighton**

- d. (01:29:44) Authorization for the Chief Executive Officer to (1) execute a contract with the low responsive and responsible bidder for the Transportation Worker Identification Credential infrastructure and implementation at Terminal 91 and (2) expend additional funding to complete the project. The amount of this request is \$299,400, bringing the total authorized amount of this project to \$2,582,490 (CIP #C800165).**

Request document(s): Commission agenda [memorandum](#) dated October 27, 2011, provided by Arif Ghouse, Seaport Security Senior Manager, and Kate Deaver, Capital Project Manager.

Presenter(s): Ms. Deaver and Mr. Ghouse.

Mr. Ghouse described the project to automate existing access gates and integrate Transportation Worker Identification Credential (TWIC) card readers into the Port's security system at Terminal 91. He reported that the card readers are expected to become a federal regulatory requirement in the near future and that performing the project now makes it possible to take advantage of federal funding.

Ms. Deaver described the federal grant reimbursement potential for the project, noting the remaining Port obligation of approximately \$130,000. She outlined the factors contributing to the engineer's estimate for the project being significantly lower than the bids received, noting false assumptions about contractor demand, failure to account for additional paperwork and reporting due to the grant funding associated with the project, scheduling and access restrictions for the contractor, and omission of some construction management costs and grant-related Port administrative costs from the original requested project budget.

In response to Commissioner Tarleton, Ms. Deaver stated no additional authorization requests related to the project are anticipated. She also confirmed that the bid is for a fixed-price contract.

**Motion for approval of item 6d – Albro**

**Second – Tarleton**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Holland, Tarleton (4)**

**Absent for the vote: Creighton**

- e. (01:35:25) Authorization to (1) purchase eight to ten police vehicles, a police dive van, a mobile incident command vehicle and, (2) provide systems maintenance and perform**



**project management to carry out the fiscal year 2009 Port Security Grant Program and fiscal year 2010 Port Security Grant Program. The cost of the purchases and Round 9 maintenance is \$2,146,843 with \$1,757,199 eligible for reimbursement to the Port with grant funding, leaving \$389,644 in net Port costs (CIP #800432 and CIP #800433).**

Request document(s): Commission agenda [memorandum](#) dated October 27, 2011, provided by Arif Ghouse, Seaport Security Senior Manager; Russ Read, Seaport Security Program Manager; Kate Deaver, Capital Project Manager; and Colleen Wilson, Chief of Police.

Presenter(s): Mr. Ghouse, Ms. Deaver, and Chief Wilson.

Mr. Ghouse described the authorization request, noting this is the first time the Port has been awarded federal funds for operations maintenance of existing systems.

Chief Wilson explained that the equipment described in the request is for replacement of existing equipment, all of which she stated is necessary. She described the use and deterioration of the equipment and noted that the majority of the funding for the police equipment comes from narcotics seizure funds.

Upon recommendation by Craig Watson, General Counsel, Commissioner Bryant announced there would be a division of the question into item 6e part 1, a motion for the following:

**Authorization to (1) purchase eight to ten police vehicles, a police dive van, a mobile incident command vehicle.**

and item 6e part 2, a motion for the following:

**Authorization to (2) provide systems maintenance and perform project management to carry out the fiscal year 2009 Port Security Grant Program and fiscal year 2010 Port Security Grant Program.**

Commissioner Tarleton noted the wisdom of dividing the question, given federal auditing considerations applicable to use of moneys specifically for equipment. Regarding remarks related to unexploded ordnance at Terminal 91, Mr. Ghouse clarified that any discarded military munitions left by the U.S. Navy in the area of Terminal 91 have been dealt with through the appropriate federal government channels and pose no threat to the public, as affirmed by the Army Corps of Engineers and the U.S. Coast Guard.

**Motion for approval of item 6e part 1 – Tarleton**

**Second – Holland**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Holland, Tarleton (4)**

**Absent for the vote: Creighton**

**Motion for approval of item 6e part 2 – Albro  
Second – Holland**

**Motion carried by the following vote:**

**In Favor: Albro, Bryant, Holland, Tarleton (4)**

**Absent for the vote: Creighton**

**7. STAFF BRIEFINGS**

None.

**8. NEW BUSINESS**

None.

**9. POLICY ROUNDTABLE**

None.

**10. ADJOURNMENT**

There being no further business, the regular meeting was adjourned at 2:47 p.m.

Tom Albro

Secretary

Minutes approved: January 10, 2012.