

Commissioners
John Creighton
Chair and President
Bill Bryant
Patricia Davis
Lloyd Hara
Gael Tarleton



Tay Yoshitani
Chief Executive Officer

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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.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 WORK SESSION AUGUST 19, 2008**

The Port of Seattle Commission met in a special work session at 12:00 p.m., Tuesday, August 19, 2008 in the Commission Chambers at Pier 69, 2711 Alaskan Way, Seattle, WA. Commissioners Bryant, Creighton, Davis, Hara and Tarleton were present.

1. CALL TO ORDER

The special work session was called to order at 12:13 p.m. by John Creighton, Chair and President.

PLEDGE OF ALLEGIANCE

2. (00:01:09) UPDATE ON TERMINALS 30 AND 91

Presentation Documents: Commission Agenda [Memorandum](#) dated August 1, 2008 from Michael Burke, Director, Container Operations and Janice Zahn, Assistant Director of Engineering, Construction Services and computer slide [presentation](#) titled, "Update on the Terminal 30 Container Reactivation and Terminal 91 Cruise Terminal Relocation Project"

Presenters: Ralph Graves, Managing Director, Capital Development and Ms. Zahn

The computer slide presentation was comprised of photographs of work as completed thus far for the project. Photographs included were:

- Aerial View of Terminal Building Slab and Structural Framing
- Aerial View of Terminal Building Roof Installation
- Aerial View of Terminal Building from Southwest

- Roof Level Looking North
- Main Entry to Terminal Building
- Terminal Building East Façade
- Terminal Building West Façade
- View Looking South from Second Level

Mr. Graves commented that for future briefings regarding the T30/91 project, staff would alternate providing a narrative, pictorial presentation and providing information which included more of the financial information related to the project.

3. (00:11:04) SECOND QUARTER PERFORMANCE BRIEFING

Presentation Documents: Commission Agenda [Memorandum](#) dated August 4, 2008 from Michael Tong, Corporate Budget Manager and computer slide [presentation](#) titled, “Second Quarter Performance Report as of June 30, 2008.”

Presenters: Mr. Tong, Mark Reis, Managing Director, Aviation, and Boni Buringrud, Manager, Seaport Finance and Budget

Topics reviewed:

- Overall
 - Total Port Income Results
 - Total Port 2008 Capital Spending
- Aviation
 - Business Highlights
 - Year-to-Date Enplanements
 - Q2 Operating Results
 - 2008 Issues
 - Year-end Forecast Summary
 - Key Measures
 - Capital Budget
- Seaport
 - Business Goals
 - Organizational Goals
 - Q2 Year-to-Date Operating Results
 - Key Variances
 - Business Groups
 - Full Year Operating Forecast
 - Seaport Capital 2008
- Real Estate
 - Year-to-Date Key Events
 - Business Goals
 - Organizational Goals
 - Q2 Operating Results
 - Q2 Key Variances

- Real Estate Business Groups
- Full Year Forecast
- Real Estate Capital 2008
- Corporate Professional & Technical Services
 - Operating Results
 - Corporate Highlights
 - Corporate Indicators

During the Real Estate portion of the Briefing, it was noted that the occupational injury rate was up in 2008 over 2007 within the Maintenance Department. Commission comments reflected the need to focus on safety. CEO Yoshitani stated that perhaps a separate briefing would be in order regarding safety and injury issues.

Following discussion of where costs reside within the budget as related to ongoing extra legal expenses; for example, fraud investigations, investigations related to the State Auditor's Office Report, it was suggested by commissioners that these costs be incorporated into the Commission budget, rather than the Port-wide contingency budget in order to provide more transparency to the public.

4. (01:06:42) SEAPORT BUSINESS PLAN BRIEFING

Presentation Documents: Commission Agenda [Memorandum](#) dated August 4, 2008 from Phil Lutes, Deputy Managing Director, Seaport and Wayne Grotheer, Director, Seaport and Finance Asset Management and computer slide [presentation](#) titled, "Seaport Division 2009 Business Plan Overview."

Presenters: Boni Buringrud, Manager, Seaport Finance and Budget and Mike Burke, Director, Cargo and Cruise Services

Topics Reviewed:

- Seaport Strategies, 2009
- Critical 2009 Work
- 2009 Market Outlook
- Financial Outlook
- Growth Risks
- Containers
 - Financial Overview
 - Major Goals
- Cruise
 - Financial Overview
 - Major Goals
- Industrial Docks & Properties
 - Financial Overview
 - Major Goals

- Service Units Major Goals
 - Finance
 - Planning
 - Security
 - Environmental

Commissioner Tarleton suggested it would be helpful to see an analysis of what can be expensed under the new Governmental Accounting Standards Board (GASB) rules and also information on legitimate ways of using the Harbor Maintenance Tax.

5. (01:44:45) REAL ESTATE BUSINESS PLAN BRIEFING

Presentation Documents: Commission Agenda [Memorandum](#) dated August 4, 2008 from Joe McWilliams, Managing Director, Real Estate and Property Management and computer slide [presentation](#) titled, “Port of Seattle Real Estate Division 2009 Business Plan.:

Presenter: Mr. McWilliams and Boni Buringrud, Manager, Seaport Finance and Budget

Topics Reviewed:

- Real Estate Division Structure
- Real Estate Division Senior Management
- Real Estate Development and Planning, Including Financial Overview
- Portfolio Management and Leasing, Including Financial Overview
- Harbor Services, Including Financial Overview
 - Recreational Boating – Financial Overview
 - Fishing & Commercial – Financial Overview
- Marine Maintenance
- Business Planning and 2009 Budget
 - Portfolio Management and Leasing
 - Harbor Services
 - Marine Maintenance
 - P69 Facilities Management

6. (02:15:25) AIRLINE INDUSTRY UPDATE RELATED TO SEATTLE-TACOMA INTERNATIONAL AIRPORT

Presentation Documents: Commission Agenda [Memorandum](#) dated July 232, 2008 from Mark Reis, Managing Director, Aviation and computer slide [presentation](#) titled, “Status of Airline Industry.”

Presenter: Mr. Reis

Topics Reviewed:

- Airline Industry Strategies Critical to Airport Economics / Planning
- Cumulative Net Profits 1978-2007
- Bankruptcies
- Recent Financial Challenges
- Investment in Airline Industry
- Impact of Fuel Cost Increases
- 2008 Jet Fuel Expense Will Break 2007 Record
- Airline Industry Growth Overseas
- New Air Service
- Cumulative Operating Profits
- Sea-Tac Q4 Schedule Comparison: 2008 vs. 2007
- Sea-Tac Capacity Changes by Destination
- Q4 2008 and 2009 Sea-Tac Traffic Outlook

Prior to adjourning the meeting, Commissioner Creighton provided a brief re-cap of the joint meeting with the Seattle City Council which was held at Seattle City Hall on September 18.

7. ADJOURNMENT

There being no further business, the special work session was adjourned at 3:07 p.m.

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

Bill Bryant
Secretary