



Commissioners

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Audio and video recordings of the meeting proceedings and meeting materials are available on the Port of Seattle website – www.portseattle.org.

**APPROVED MINUTES
COMMISSION SPECIAL MEETING FEBRUARY 26, 2013**

The Port of Seattle Commission met in a special meeting Tuesday, February 26, 2013, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, and Holland were present.

1. CALL TO ORDER

The special meeting was called to order at 12:02 p.m. by Tom Albro, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The special meeting was immediately recessed to an executive session estimated to last approximately 45 minutes to discuss matters relating to sale or lease of real estate and potential litigation. Following the executive session, which lasted approximately 30 minutes, the special meeting reconvened in open public session at 1:02 p.m.

PLEDGE OF ALLEGIANCE

ANNOUNCEMENTS

Commissioner Albro announced that Commissioner appointee finalist Deborah Knutson had decided to withdraw from the Commissioner selection process for health reasons. He noted that moderated, town-hall-style meetings would be held at 6:00 p.m. the night of February 26 and 27, 2013, at the Seattle Public Library and Renton City Hall, respectively.

Commissioner Albro stated that applications for appointment to fill the vacancy in Port Commission Position No. 3 would follow a similar process with an application period opening on March 16 and that the Commission hopes to appoint a new Commissioner for Position No. 3 at the end of April or early May.

3. APPROVAL OF MINUTES

Please refer to the Unanimous Consent Calendar.

4. SPECIAL ORDER OF BUSINESS

None.

5. UNANIMOUS CONSENT CALENDAR

[Clerk's Note: Items on the Unanimous Consent Calendar are considered routine and are not individually presented or discussed; however, the Port Commissioners receive the request documents for review prior to the meeting and have an opportunity to remove items from the Consent Calendar for separate discussion and vote in accordance with the Commission bylaws.]

5a. Approval of the minutes of the regular meeting of December 4, 2012.

5b. Approval of the [claims and obligations](#) for the period for January 1, 2013, through January 31, 2013, in the amount of \$49,166,926.33.

5c. Authorization for the Chief Executive Officer to execute a new collective bargaining agreement between the Port of Seattle and the International Brotherhood of Electrical Workers, Local Union No. 46, representing utility workers covering a period from June 1, 2012, through May 31, 2017, and affecting seven full-time equivalent positions. The total estimated additional cost to the Port for the duration of the five-year contract is \$79,683.

Request document(s): Commission agenda [memorandum](#) dated February 20, 2013, and collective bargaining [agreement](#) provided by Lisa Hornfeck, Labor Relations Manager.

5d. Authorization for the Chief Executive Officer to execute a new collective bargaining agreement between the Port of Seattle and the IBEW Local Union No. 46, representing Electricians for June 1, 2012, through May 31, 2017, effecting 68 full-time equivalent positions. The estimated combined total of annual cost increases to the Port for the duration of the contract is \$1,561,636.

Request document(s): Commission agenda [memorandum](#) dated February 18, 2013, and collective bargaining [agreement](#) provided by Kim Ramsey, Labor Relations Manager.

5e. Authorization for the Chief Executive Officer to execute an amendment to the Lower Duwamish Waterway Group Administrative Order on Consent to provide for additional studies being required by the U.S. Environmental Protection Agency and the Washington State Department of Ecology to further the agencies' decision-making process for Lower Duwamish site remediation actions. No new funding is requested. Funds to perform this work will be included in the Environmental Remediation Liability annual authorization.

Request document(s): Commission agenda [memorandum](#) dated February 19, 2013, and [amendment](#) to the order on consent provided by Stephanie Jones Stebbins, Director Seaport Environmental and Planning, and Kathy Bahnick, Manager, Seaport Environmental and Planning.

- 5f. Authorization for the Chief Executive Officer to issue Change Order #19 for an 85-day non-compensable time extension to December 16, 2011, for the 2011 AIP Pond M Mod & SDS 6/7 Vault Mod Contract 3 project.**

Request document(s): Commission agenda [memorandum](#) dated February 8, 2013, provided by Ralph Graves, Managing Director, Capital Development Division, and Janice Zahn, Assistant Engineering Director, Construction.

- 5g. Authorization for the Chief Executive Officer to complete the design, advertise for, and proceed with construction of the Sanitary Sewer Pump Station Upgrade project at the Seattle-Tacoma International Airport. This request seeks a single authorization to perform the design and construct the sewer upgrades to complete the work quickly and take advantage of an existing, competitively bid, indefinite delivery, indefinite quantity contract. The amount of this request is \$1,133,000 and the total projected cost is \$1,133,000.**

Request document(s): Commission agenda [memorandum](#) dated February 19, 2013, provided by David Soike, Director, Aviation Facilities and Capital Program, and Wayne Grotheer, Director, Aviation Project Management Group.

Motion for approval of consent items 5a, 5b, 5c, 5d, 5e, 5f, and 5g – Creighton

Second – Holland

Motion carried by the following vote:

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

PUBLIC TESTIMONY

As noted on the agenda, public comment was received from the following individual(s):

- Michael Wolfe, 4820 45th Avenue South, Seattle, Washington. Mr. Wolfe commented on agenda item 7a, stating he favors raising the limit on passenger facility charges, but cautioned against measures that might jeopardize Airport Improvement Program funding.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- 6a. First Reading of Resolution 3677: A Resolution of the Port Commission of the Port of Seattle establishing a rates and charges methodology and other policies for the use of facilities at Seattle-Tacoma International Airport; and authorizing the Managing Director, Aviation Division to calculate Airline rates and charges in accordance with said methodology, and implement all other provisions of this Resolution.**

Request document(s): Commission agenda [memorandum](#) dated February 19, 2013, [Resolution No. 3677](#), and [attachments](#) provided by Mark Reis, Managing Director, Aviation.

Without objection, agenda item 6a was indefinitely postponed and Resolution No. 3677 did not obtain first reading.

- 6b. Request (1) First Reading and Public Hearing of Resolution No. 3675: A Resolution of the Port Commission of the Port of Seattle declaring four parcels of certain real property located at: 28th Avenue and 200th Street, and on 28th Avenue south of 200th Street, SeaTac, Washington, to be surplus and no longer needed for port district purposes and authorizing the Chief Executive Officer to execute all documents necessary for conveyance of the title to and sale of the real property to Sound Transit; and (2) approval of a permanent easement for the Sound Transit guide way and related facilities. The value of the real property being sold, determined by appraisal, is \$3,393,000. The value of the easement was determined by appraisal and reduced by 50% by agreement. The resultant value of the easement is \$3,194,165.00.**

Request document(s): Commission agenda [memorandum](#) dated February 19, 2013, [Resolution No. 3675](#), [Exhibit A](#), and [Exhibit B](#) provided by W. Allan Royal, Manager Real Estate Development.

Presenter(s): Mr. Royal.

Mr. Royal reported that approval of the resolution would fulfill the Port's obligations under a memorandum of agreement with Sound Transit to negotiate transfer of property and easements necessary for Sound Transit to extend Link Light Rail service south of the Airport.

In response to Commissioner Creighton, Mr. Royal reported that restrictions on use of revenue generated by the sale of parcels previously purchased using federal aircraft noise mitigation grants would apply according to an established hierarchy of options.

Motion for first reading and public hearing of Resolution No. 3675 – Creighton

Second – Holland

PUBLIC HEARING on Resolution No. 3675

Commissioner Albro declared the public hearing for Resolution No. 3675 open. There was no public comment offered at this time. Following the opportunity for public comment, the public hearing on Resolution No. 3675 was closed.

The question recurred on the motion by Commissioner Creighton, seconded by Commissioner Holland, for first reading and public hearing of Resolution No. 3675.

Motion carried by the following vote:

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

- 6c. First Reading of Resolution No. 3676: A Resolution of the Port Commission of the Port of Seattle, authorizing the sale and issuance of limited tax general obligation refunding bonds of the Port in the aggregate principal amount of not to exceed \$115,000,000; and authorizing a Designated Port Representative to approve certain matters relating to the bonds including the manner of sale of the bonds; approval of the bid offering, acceptance of bids for the bonds (if the G.O. refunding bonds are sold by competitive**

sale) or a purchase contract (if the bonds are sold by negotiated sale), execution of all documents and actions necessary to sell and deliver the bonds, preparation and dissemination of a preliminary official statement and final official statement; appointing an escrow agent and authorizing the execution of an escrow agreement; and providing for continuing disclosure.

Request document(s): Commission agenda [memorandum](#) dated February 13, 2013, and [Resolution No. 3676](#) provided by Elizabeth Morrison, Director, Corporate Finance.

Presenter(s): Ms. Morrison and Dick Schober, Seattle-Northwest Securities.

The Commission received a presentation that included the following relevant information:

- The subject general obligation bonds would be refunded for savings;
- Prior to calling the bonds in November, it would be necessary to remediate tax issues arising from the transfer to private ownership of certain parcels at Terminal 5 and the cranes at Terminal 46, which were partially funded by tax-exempt bonds;
- Series A bonds will refund 2004 Series A bonds for governmental purposes, Series B bonds will refund 2004 Series B bonds and portions of 2004 Series C and 2011 Series A and B bonds;
- Parameters of the sale include a maximum par value of \$115 million, minimum savings of four percent, and the bonds must be sold within six months;
- The average coupon on the combined issuance is 2.8 percent; and
- The amortization of the new bonds will mirror that of the old bonds.

Motion for approval of item 6c – Bryant

Second – Holland

Motion carried by the following vote:

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

7. STAFF BRIEFINGS

7a. Passenger Facility Charge Policy Briefing.

Presentation document(s): Commission agenda [memorandum](#) dated February 19, 2013, [presentation slides](#), [Resolution No. 3253](#), and [Resolution No. 3464](#) provided by Mark Reis, Managing Director, Aviation Division, and Beth Osborne, Manager, Federal Government Relations.

Presenter(s): Mr. Reis and Ms. Osborne.

The Commission received a presentation that included the following relevant information:

- Congressional limitations on collection by airports of per-person charges were summarized, noting in particular actions taken in 1973 and 1990;
- The Passenger Facility Charge (PFC) is a limited exemption to these efforts that was increased in 2000 to \$4.50;

- PFCs are collected by airlines and remitted to airports and can only be charged on the initial two legs of an itinerary;
- Use of PFC revenue is limited to aeronautical capital projects;
- The current value of the \$4.50 allowed in 2000 is now approximately \$2.45;
- PFCs are collected in all 29 large hub airports in the U.S.;
- The Port levied its first PFC in 1992 and increased it to the \$4.50 maximum in 2001;
- PFCs alleviate airlines' contribution to capital projects via the rate base;
- The relative merits of using PFCs to offset debt issuance or to pay for debt service were described;
- Processes for increasing of PFCs and devoting of PFCs to particular uses are federally mandated;
- Advocacy of the airport industry for an increase to the cap on PFCs was described, as was the prospect that federal Airport Improvement Program (AIP) spending might be reduced in connection with changes to PFC rules;
- Increased PFC revenue might be used to fund improvements to the International Arrivals Facility, NorthSTAR program, or reconstruction of the center runway;
- Proposals were outlined to increase the PFC cap to \$8.50 along with a cut to AIP spending of \$1.9 billion and to allow larger airports to set an even higher PFC in exchange for giving up all access to AIP funding;
- Potential effects on small airports of reduction of AIP funding were described;
- Staff intends to seek Commission approval to advocate that Congressional action would only adjust the PFC cap and establish lower AIP spending budgets and that actual change in PFC levels imposed at airports would be the prerogative of the local governing board; and
- If increased PFCs are permitted, Port staff would evaluate the change as an option in the Port's plan of finance and make appropriate recommendations to the Commission.

In response to Commissioner Albro, Mr. Reis reported that the Airport's practice has been to devote 90 percent of PFC revenue, approximately \$59 million, to debt service. Commissioner Albro noted he was generally supportive of the advocacy strategy, although not necessarily in favor of increasing PFCs at Seattle-Tacoma International Airport.

ANNOUNCEMENTS

Ralph Graves, Managing Director, Capital Development Division, reported that a project overrun related to having underestimated the amount needed for asbestos abatement during reconfiguration of ticket counters and office space for Delta and United Airlines at the Airport will soon exceed the capacity of the current contract by approximately \$750,000. He stated that staff anticipates the need to request a change order on March 12, 2013.

Commissioner Albro read a statement for the record related to an anticipated motion to increase Port Commission salaries. A copy of the complete statement is, by reference, made a part of these minutes, is marked [Exhibit A](#), and is available for inspection in Port offices. Commissioner Albro commented on the need to raise the Port Commissioner annual salary from a token \$6,000 in order to encourage a more diverse pool of candidates for the position more representative of the population of King County, and as commensurate with the importance of the work of the Port

Commission in promoting the economic health of the region, the size of the agency, and the size and diversity of the Port's constituency throughout King County. He noted that he intends to waive the salary increase for himself, but he stressed the importance of increasing the salary in the public interest.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular/special meeting was adjourned at 2:05 p.m.

Bill Bryant
Assistant Secretary
Minutes approved: April 9, 2013.