



Commissioners

Tom Albro
Commission President
Stephanie Bowman
Bill Bryant
John Creighton
Courtney Gregoire

Tay Yoshitani
Chief Executive Officer

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**APPROVED MINUTES
COMMISSION REGULAR MEETING JUNE 4, 2013**

The Port of Seattle Commission met in a regular meeting Tuesday, June 4, 2013, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bowman, Creighton, and Gregoire were present. Commissioner Bryant was absent.

1. CALL TO ORDER

The regular meeting was called to order at 1:05 p.m. by Tom Albro, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

None.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

Please refer to the Unanimous Consent Calendar.

4. SPECIAL ORDERS OF BUSINESS

None.

5. UNANIMOUS CONSENT CALENDAR

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

5a. Minutes of the regular meeting April 23, 2013.

5b. Authorization for the Chief Executive Officer to execute a construction contract with Airport Mechanical Services in the amount of \$579,260.22 to refurbish the existing Passenger Loading Bridge (PLB) and associated fixed walkway section at Gate S12. Airport Mechanical Services was the only bidder for this contract, and Resolution No. 3605, as amended by Resolution No. 3628, requires the Commission to approve contracts as a bid irregularity when there is only one bidder. No additional funding is being requested (CIP #C800267).

Request document(s): Commission agenda [memorandum](#) dated May 28, 2013, provided by John Christianson, General Manager, Aviation Maintenance; and Wayne Grotheer, Director, Aviation Project Management Group.

- 5c. Authorization for the Chief Executive Officer to: (1) change the scope of the project to include the purchase of five tunnel x-ray machines; and (2) purchase and install up to a total of five large tunnel x-ray machines for the cruise terminals at Pier 66 and Terminal 91 for a total amount not to exceed \$360,000, of which \$236,520 may be eligible for reimbursement by the federal government through the fiscal year 2009 Department of Homeland Security Seaport Security Grant program, with a required Port of Seattle funding match of \$123,480.**

Request document(s): Commission agenda [memorandum](#) dated May 28, 2013, provided by Russ Read, Seaport Security Program Manager; Catherine Chu, capital Project Manager, Seaport Project Management.

- 5d. Authorization for the Chief Executive Officer to execute a new collective bargaining agreement affecting 15 positions between the Port of Seattle and the Teamsters Local 117, representing Police and Fire Communication Specialists for January 1, 2012, through December 31, 2014.**

Request document(s): Commission agenda [memorandum](#) dated May 28, 2013, and collective bargaining [agreement](#), provided by Trish Murphy, Labor Relations Manager.

- 5e. Authorization for the Chief Executive Officer to execute a new collective bargaining agreement between the Port of Seattle and the Teamsters Local Union No. 117, representing the Employee Parking Bus Drivers and Public Parking Service Revenue Representatives, covering the period June 1, 2012, through May 31, 2015, and affecting 41 positions, including regular full-time, regular part-time, and unscheduled part-time employees.**

Request document(s): Commission agenda [memorandum](#) dated May 28, 2013, and collective bargaining [agreement](#) provided by Kim Ramsey, Labor Relations Manager.

- 5f. Authorization for the Chief Executive Officer to execute a new collective bargaining agreement between the Port of Seattle and the Teamsters Local Union No. 117, representing Credential Specialists, Credential Specialist Lead and Credential Center Receptionist covering the period July 1, 2012, through June 30, 2015, and affecting eight positions.**

Request document(s): Commission agenda [memorandum](#) dated May 8, 2013, and collective bargaining [agreement](#) provided by Kim Ramsey, Labor Relations Manager.

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

Second – Gregoire

Motion carried by the following vote:

In Favor: Albro, Bowman, Creighton, Gregoire (4)

Absent for the vote: Bryant

PUBLIC TESTIMONY

As noted on the agenda, an opportunity for public comment was provided, although no public comment was offered at this time.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

Without objection, items 6a and 6b were presented together –

- 6a. Authorization for the Chief Executive Officer to execute a lease substantially as drafted in Exhibit 1 with ATZ Inc. for a term of five years, with two five-year extension options upon mutual agreement, for operation of the parking facility commonly known as the Doug Fox Parking Lot located north of South 170th Street and east of the Northern Airport Expressway in the City of SeaTac.**

Request document(s): Commission agenda [memorandum](#) dated May 28, 2013, proposed draft lease and concession [agreement](#), and [diagram](#) of Doug Fox project site location provided by James Schone, Director, Aviation Business Development; and Jeff Wolf, Manager, Aviation Business Development and Analysis.

- 6b. Authorization for the Chief Executive Officer to: (1) Advertise, award, and execute a major public works contract for the construction of the Doug Fox Parking Lot Service Upgrades Project in the amount of \$3,322,000 for construction, construction management, project management, and other soft costs; and (2) execute a Developer Extension Agreement with the Valley View Sewer District to connect to a sewer pipeline within the S. 170th St. right-of-way. This amount is in addition to \$1,796,000 previously authorized for a total project cost of \$5,118,000.**

Request document(s): Commission agenda [memorandum](#) dated May 28, 2013, and [diagram](#) of upgrades provided by James Schone, Director, Aviation Business Development; and George England, Program Leader, Aviation Project Management.

Presenter(s): Mr. Schone, Mr. Wolf, and Mr. England.

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

- Staff has conducted two evaluations of the property to determine the highest and best use for it. Both evaluations determined that the best near-term use was to keep the property as a parking facility. A higher and better use was unlikely until 10 or 15 years in the future.
- The term of the lease is for five years, with two five-year options based on the evaluations of the property.
- The facility is currently near the end of its useful life.
- A request for proposal (RFP) was issued, five firms asked questions, but only two firms submitted proposals. One bid was determined to be non-responsive. Only one firm met the minimum financial criteria.
- The RFP included a three-mile radius in which firms could not have an interest in a competing facility.

- ATZ Inc. is a locally owned small business.
- The current contract ends September 30, 2013.
- The new contract includes a minimum annual guarantee, and ground transportation fees will be bundled with the concession fee. None of the other ground transportation operators will be charged for Doug Fox ground transportation trips.
- The net present value is calculated at \$4.8 million with a payback of seven years.
- The property currently generates of \$2 million of annual non-aeronautical revenue.
- The proposed improvements to the lot are \$1 million under the original budget presented to the Commission on May 22, 2012.
- Improvements to the lot will create jobs.
- The City of SeaTac is the permitting agency for the project.
- Improvements to the lot include:
 - New storm drainage.
 - Lot resurfacing.
 - New sanitary sewer pipeline.
 - Improvement to the lighting and control system to be more energy efficient.
 - New modular building, cashier booths, and entrance and exit lane canopy.
 - Minor landscaping around the building.
 - Demolition of the old building.
 - New way-finding signage.
- The environmental process was completed for the requested improvements with a determination of non-significance.
- Design for the improvements is complete.
- Construction would start in the fall of 2013 and is expected to be completed in September 2014.
- Staff will return to the Commission to execute a property surplus and transfer ownership of the new sewer line.

Commissioner Bowman expressed concern that only one group was able to meet the minimum qualifications of the RFP. Mr. Schone noted the five-year lease term may have dissuaded some potential bidders, but that it is not clear why there was only one responsive bidder. In response to Commissioner Creighton, Mr. Schone clarified that the nonresponsive bid did not meet the required concession fee that was in the RFP. Mr. Yoshitani noted that the second firm met the minimum qualifications, but did not meet the requirements of the RFP. Commissioner Bowman noted her concern over the three-mile non-competition radius and asked if that had an impact on potential bidders. Commissioner Creighton asked if there were ways to structure the relationship with the winning bidder to address the conflict of interest issues instead of including the non-compete clause in the bid process. Commissioner Gregoire noted that she supported staff efforts to eliminate conflicts of interest and considered the three-mile noncompetition radius to be a logical approach. Commissioner Gregoire asked Mr. Yoshitani to provide general information on the number of times the Port receives only one qualified bidder in response to an RFP. Mr. Schone noted that ATZ does operate a competing facility in the three-mile radius, but that the ATZ proposer will divest himself of his interest in the competing facility, Shuttle Park Two, to operate Doug Fox.

Commissioner Albro asked how the three-mile radius was determined. Mr. Schone replied that shuttles can quickly take passengers within that three-mile radius to another parking facility. Commissioner Albro asked if there were facilities outside the three-mile radius that serve Airport passengers.

In response to Commissioner Albro, Mr. Wolf stated that the net present value included all option years. Commissioner Albro expressed concern over the likely other uses for the facility that could involve throwing away some of the improvements before the seven-year payback, or the 15 years that were included in the net present value. Commissioner Albro stated the greatest flexibility would be for the Port of Seattle to run the lot.

Commissioner Albro asked if the parties currently running Shuttle Park Two are associated and related.

Motion to postpone items 6a and 6b – Bowman

Second – Creighton

Motion carried by the following vote:

In Favor: Albro, Bowman, Creighton (3)

Abstaining: Gregoire

Absent for the vote: Bryant

At the discretion of the President, the following agenda item –

6c. Authorization for the Chief Executive Officer to (1) proceed with the construction phase of the Fishermen's Terminal Net Shed Buildings Code Compliance Project (enhanced Option 1) including use of Port crews to perform the work; and (2) execute contracts to purchase materials for the project for an estimated cost not to exceed \$2,300,000 bringing the total authorization of the project to \$2,950,000.

– was removed from the meeting agenda prior to convening.

6d. Authorization for the Chief Executive Officer to enter into an interlocal agreement substantially as drafted with the City of Seattle to reimburse the City of Seattle up to \$250,000 in Federal Surface Transportation Program grant funds awarded to the Port of Seattle for the Industrial Areas Freight Access Project.

Request document(s): Commission agenda [memorandum](#) dated May 23, 2013, draft interlocal [agreement](#), [request for qualifications](#), and [presentation slides](#) provided by Dan Burke, Program Lead Planner, Public Affairs; and Christine Wolf, Seaport Transportation Program Planner, Seaport Division.

Presenter(s): Ms. Wolf and Mr. Burke.

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

- There is currently no freight master plan for the City of Seattle.
- The project will focus on the Duwamish and Ballard Interbay Northend Manufacturing and Industrial Centers (MICs).
- A similar project for the Duwamish MIC was completed in the late 1990s, and is referred to as Access Duwamish.
- Seattle is one of the first cities in the United States to move forward with a citywide freight master plan.
- The master plan will include all freight in the industrial centers, not just freight relating to the Port, and the key connections from the MICs to the regional transportation system.
- Budget for the freight master plan is limited. The federal grant received by the Port was \$250,000. The city is contributing \$34,000 as a local match, in addition to staff time. The Port also will be contributing staff time.
- The study will help identify the major truck routes.
- The Port will be on the selection team for the consultant for the freight master plan.
- The request for proposals is crafted to ensure no over-runs, and the scope will be limited to ensure the project stays within budget.
- The Seaport division is planning to update the terminal access study, and will work with the Seattle Department of Transportation and the selected consulting team to coordinate that effort with the freight master plan.
- The final freight master plan will be a City of Seattle planning document.
- The project will begin in August 2013, and is expected to be completed in March 2014.

In response to Commissioner Creighton, Ms. Wolf responded that only truck traffic affecting the two manufacturing centers will be incorporated in the freight master plan, and that trucks making deliveries to Port terminals from Eastern Washington would be considered.

In response to Commissioner Gregoire, Ms. Wolf stated that truck drivers will be engaged in the project. In response to Commissioner Albro, Mr. Burke stated that there is communication between the parties responsible for the bike route master plan and the freight master plan. In response to Commissioner Bowman, Ms. Wolf noted that there is already work being done regarding safety issues on Holgate and East Marginal Way. She stated the city is updating its bike master plan, but that it is not possible to do everything on every street as part of this project due to the limited budget.

In response to Commissioner Creighton, Mr. Burke noted that the project is not looking at the state system and therefore Washington State Department of Transportation is not involved in the project.

Motion for approval of item 6d – Creighton

Second – Gregoire

Motion carried by the following vote:

In Favor: Albro, Bowman, Creighton, Gregoire (4)

Absent for the vote: Bryant

6e. Motion to appoint three new members to the Seattle Port Commission's Ethics Board.

Request document(s): Commission [motion](#) dated June 4, 2013, provided by Mary Gin Kennedy, Director of Commission Services.

Presenter(s): Commissioner Albro.

Commissioner Albro noted that the Commission passed Resolution No. 3681, as amended, updating its ethics policy, and the Commission is appointing three members to their Ethics Board. Commissioner Albro stated there would be staggered terms, with one member serving one year, another two years, and the last one three years. In subsequent years, there will be an annual appointment of one individual for a three-year term.

Commissioner Albro read the motion into the record as follows:

The Seattle Port Commission, in accordance with Resolution No. 3681, as amended, hereby appoints Gerry Alexander, Jeffrey Coopersmith, and Patrick Dobel to serve as members of the Ethics Board for staggered terms of office. Mr. Alexander shall serve for three years. Professor Dobel shall serve for two years. Mr. Coopersmith shall serve for one year. The appointments shall be effective immediately.

Commissioner Gregoire noted that she would like the Ethics Board to increasingly reflect the diversity of the community as future appointments are made.

Motion for approval of item 6e – Gregoire

Second – Bowman

Motion carried by the following vote:

In Favor: Albro, Bowman, Creighton, Gregoire (4)

Absent for the vote: Bryant

7. STAFF BRIEFINGS

7a. Total Rewards Philosophy Briefing.

Presentation document(s): Commission agenda [memorandum](#) dated May 28, 2013, Total Rewards philosophy [document](#), and [presentation slides](#) provided by Tammy Woodard, Assistant Human Resources and Development Director – Total Rewards.

Presenter(s): Dan Thomas, Chief Financial and Administrative Officer, and Ms. Woodard.

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

- The human resources department at the Port of Seattle conducted a gap analysis in 2012, looking at the Total Rewards philosophy, and the Port's current programs to see if any current programs are not in alignment with the philosophy.
- Total Rewards at the Port of Seattle includes everything of value that Port employees and their families receive and have available to them as a result of their contribution to the Port's mission.
- The total rewards philosophy is comprised of two sets of principles: overarching principles and core principles.
- Overarching principles apply to the entire Total Rewards philosophy.
- The overarching principles connect the Port's mission, values, and business strategy to the Total Rewards philosophy.
- Total Rewards must be sustainable and fiscally responsible.
- The philosophy applies to all groups, union and non-union, though not all programs may be available to all groups.
- There are five categories for Total Rewards, each with its own core principals.
- The categories include: pay; benefits; learning and development; recognition; and the Port experience.
- The gap analysis found that overall the programs are well aligned with the Total Rewards philosophy.
- The foreign language premium policy is unique to the Port, and involves paying a premium when an employee uses foreign language skills for projects outside of his or her normal job duties.
- Not all union employees are paying a share of their health care cost.
- Employee health care costs will continue to increase as the Port aligns closer to market levels.
- Some improvements can be made to the learning and development and recognition categories.

In response to Commissioner Creighton, Ms. Woodard stated that the learning and development program is robust and includes a wide variety of offerings, which includes internal internship opportunities.

7b. Capital Improvement Projects for the First Quarter, 2013.

Presentation document(s): Commission agenda [memorandum](#) dated May 28, 2013, [report](#), and [presentation slides](#) provided by Ralph Graves, Managing Director, Capital Development.

Presenter(s): Mr. Graves.

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

- Of 102 projects, 79 support the Aviation division, 10 support Seaport, 6 Real Estate, and 7 are principally Information and Communication Technology projects.
- Doug Fox Site Improvements is currently delayed until key decisions are made.
- Baggage claim renovation on the first floor of the parking garage has become a major construction project, which requires more documentation and has caused a schedule delay.
- The Commission approved a time extension for the pre-conditioned air project on May 28, 2013.
- The industrial wastewater treatment plant fiber installation project has been delayed because the Federal Aviation Administration is unable to share their conduit for the fiber optic cable. This project is also over budget.
- The federal inspection services short-term project is behind schedule due to scope changes.
- The Commission approved additional budget for the Common Use Lounge Remodel on May 14, 2013.
- The rubber and paint removal equipment project was completed ahead of schedule and under budget.
- Scope on the Doug Fox improvements has been reduced, which has decreased the cost of the project.
- Lagoon 3 Birdwires cost growth is due to a design revision.
- The baggage handling system project, which includes revision of baggage handling equipment in conjunction with airline realignment, is experiencing cost growth due to additional ergonomics and fire sprinkler features.
- No Seaport and Real Estate projects are reporting new variances in the first quarter.

In response to Commissioner Albro, Mr. Graves stated that the low number for goods and services contracting agreements with small businesses might be due to a few large awards made to large businesses during the first quarter. He also noted that staff is still working on a system that will improve the Port's ability to track the small business component of service agreements.

Mr. Graves stated there was a budget transfer from East Marginal Way Grade Separation Phase 1 in order to advance the design of Phase 2. In September staff will return to request authorization to proceed with construction that will complete phase 1 and phase 2 of the project.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 3:07 p.m.

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