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Stephanie Bowman
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**APPROVED MINUTES
COMMISSION REGULAR MEETING JUNE 25, 2013**

The Port of Seattle Commission met in a regular meeting Tuesday, June 25, 2013, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire were present. Commissioner Gregoire was present from 12:13 p.m. to 12:45 p.m. Commissioner Bryant was absent after 3:44 p.m.

1. CALL TO ORDER

The regular meeting was called to order at 12:08 p.m. by Tom Albro, 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 52 minutes to discuss matters relating to sale or lease of real estate, legal risk, and potential litigation.

At 1:10 p.m., the Commission Clerk announced on behalf of the Commission President that the executive session would be extended until 1:15 p.m. to finish consideration of the matters previously announced.

Following the executive session, which lasted approximately 60 minutes, the regular meeting reconvened in open public session at 1:20 p.m.

Commissioner Gregoire was absent after 12:45 p.m.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

Please refer to the Unanimous Consent Calendar.

4. SPECIAL ORDERS OF BUSINESS

4a. 2013 Fly Quiet Awards.

Presentation document(s): Commission agenda memorandum dated June 18, 2013, provided by Stan Shepherd, Manager, Airport Noise Programs.

Presenter(s): Tom Fagerstrom, Aviation Noise Programs Community Specialist.

Mr. Fagerstrom described the Airport's Fly Quiet Awards program, which is designed to increase noise abatement compliance. To compete for the awards, airlines must have jet aircraft in their fleet. With the exception of regional carriers, an airline must have at least 1,000 operations per year at the Airport. Regional carriers are only required to have 365 annual operations to be eligible. The Fly Quiet Bravo Award is given to the quietest of the top five airlines operating at the Airport. The quietest of all other jet airlines operating at the Airport receives the Fly Quiet Award. The Fly Quiet Regional Airline Award is issued to the quietest regional jet airline operating at the Airport. The following recipients were acknowledged for the 2013 Fly Quiet Awards in the categories indicated:

- Alaska Airlines, Fly Quiet Bravo Award.
- Frontier Airlines, Fly Quiet Award.
- Air Canada Jazz, Fly Quiet Regional Airline Award.

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. Approval of the minutes of the special meetings of April 24 and 25 and May 14, 28, and 29, 2013.**
- 5b. Approval of the [claims and obligations](#) for the period of the May 1, 2013, through May 31, 2013, in the amount of \$39,046,220.43.**
- 5c. Authorization for the Chief Executive Officer to (1) advertise and execute a major construction contract in an amount not to exceed \$1,595,319 for the Parking Garage Emergency Lights Project at Seattle-Tacoma International Airport and (2) authorize the use of Port crews to perform construction services. The total cost of the project, including expense, is \$4,683,370.**

Request document(s): Commission agenda [memorandum](#) dated June 17, 2013, provided by David Soike, Director, Aviation Facilities and Capital Program, and Wayne Grotheer, Director, Aviation Project Management Group.

- 5d. Authorization for the Chief Executive Officer to execute a professional services indefinite delivery, indefinite quantity contract for project control services in the amount of \$1,000,000 with a contract duration of three years and an ordering period of three years in support of upcoming capital improvement and major expense projects for Aviation, Seaport and Real Estate Divisions. There is no budget request associated with this authorization.**

Request document(s): Commission agenda [memorandum](#) dated June 17, 2013, provided by Cassie Fritz, Manager, Seaport Project Management Support Services.

Motion for approval of consent items 5a, 5b, 5c, and 5d – Bowman

Second – Creighton

Motion carried by the following vote:

In Favor: Albro, Bowman, Creighton (3)

Absent for the vote: Bryant, Gregoire

PUBLIC TESTIMONY

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

- Yonas Kesete, 19013 33rd Avenue Northeast, Lake Forest Park. Mr. Kesete commented on the difficulty for truck drivers to comply with the Port's clean truck standards and on the cost of trucks relative to the amount of funding available for the clean truck program as described in agenda item 6a.
- Aynalem Moba, 20607 37th Place West, Lynnwood. Mr. Moba commented on loss of income to truck drivers following the move of the Grand Alliance to the Port of Tacoma and the inability of most truck drivers to afford to buy a new truck to meet the Port's clean truck standards.
- Yesalke Berehnre, 4910 194th Street Southwest, Lynnwood. Mr. Berehnre commented on the hardships facing truck drivers during the recession, particularly after the movement of the shipping companies to the Port of Tacoma.
- Nicole Keenan, Policy Analyst for Puget Sound Sage. Ms. Keenan commented on the need for a fair solution to the problems in the drayage truck system. She opined that the amount of money proposed to be used to assist with buying new trucks was inadequate and stated the burden for cleaning up drayage trucks should be focused on multinational corporations rather than on drivers and the public.
- Gamal Ibrahim, 7607 Martin Luther King Jr. Way, Seattle. Mr. Ibrahim urged the Commission to consider the cost to truck drivers to buy new trucks and noted that many drivers would not be able to leave work in the middle of the day to testify before the Commission.

Commissioner Bryant was present after 1:36 p.m., until 3:44 p.m.

- Jordan Royer, Government Affairs Manager, Pacific Merchant Shipping Association. Mr. Royer commented in support of the Northwest Ports Clean Air Strategy and the emissions reductions it represents.
- Andrew Green, Director of Air Quality Programs, Puget Sound Clean Air Agency. Mr. Green commented in support of the update to the Northwest Ports Clean Air Strategy and complimented the diesel exhaust and greenhouse gas emissions components of the strategy. He said that reducing these emissions will save lives.
- Renee Klein, President and CEO, American Lung Association of the Mountain Pacific. Ms. Klein commented on emissions-reduction progress under the Northwest Ports Clean Air Strategy. She spoke in favor of the strategy update and noted the receipt by the Port of the American Lung Association's Breath Easy Award.
- Stan Harrelson, USO Board. Mr. Harrelson commented in favor of agenda item 6d, relating to a USO lease at the Seattle-Tacoma International Airport. He spoke of the

services provided to U.S. military personnel and their dependents by the USO at the Airport and the USO's reliance on private donations.

Without objection, the Commission advanced to consideration of –

7. STAFF BRIEFINGS

7a. Draft Northwest Ports Clean Air Strategy Update.

Presentation document(s): Commission agenda [memorandum](#) dated June 17, 2013, Northwest Ports Clean Air Strategy [draft update](#), and [revised presentation slides](#) dated July 22, 2013, provided by Stephanie Jones Stebbins, Director Seaport Environmental and Planning, and Janice Gedlund, Seaport Air Quality Program Manager. The revised presentation slides corrected an error in the original slides circulated prior to the meeting. Both presentations are available in the meeting record.

Presenter(s): Ms. Jones Stebbins and Ms. Gedlund.

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

- The original Northwest Ports Clean Air Strategy was adopted in 2008.
- Based on an inventory in October 2012, diesel particulate matter has been reduced 27 percent and greenhouse gases have been reduced 5 percent compared to 2005 numbers.
- The strategy update sets numeric reduction goals for the first time. It will require diesel particulate matter reductions per ton of cargo compared to 2005 levels of 75 percent by 2015 and 80 percent by 2020.
- Greenhouse gases will be reduced per ton of cargo compared with 2005 levels by 10 percent by 2015 and 15 percent by 2020.
- Under the strategy update, emissions-reduction actions also will be measured for their effectiveness.
- Emissions-reduction goals are not categorized by industrial sector or transportation mode, but are port-wide measures.
- Going forward, greenhouse-gas emissions will be a greater focus of the strategy than in the past. Actions that reduce diesel particulate matter focus on cleaner fuels and cleaner engines and do not necessarily result in reduction of greenhouse gases. Actions that reduce greenhouse gases tend to focus on fuel efficiency and alternative fuels.
- Partners in the strategy update include the ports of Seattle, Tacoma, Metro Vancouver (British Columbia), the U.S. Environmental Protection Agency, Washington Department of Ecology, Puget Sound Clean Air Agency, and Environment Canada.
- The public comment period on the strategy update opened June 11, 2013, and closes July 26, 2013. *[Clerk's Note: The materials circulated in advance of the meeting incorrectly listed the close of the public comment period as July 24, 2013. This information was corrected verbally during the presentation as reflected in the revised presentation materials.]* Comments received during this period will be reviewed by the strategy partners for potential revision of the strategy update.
- A final draft of the update is expected for Commission approval before the end of the year.

- The next emissions inventory that will be used to gauge the effectiveness of the numeric reduction goals will be conducted in 2016.
- Oceangoing vessels account for about 78 percent of diesel particulate matter emissions for all three partner ports collectively and for the Port of Seattle individually.
- When the 2016 inventory is conducted, the North American Emissions Control Area will have been in effect for a year. Therefore, the percentage of diesel particulate matter emissions from oceangoing vessels is expected to decrease in 2016.
- Oceangoing vessels account for only 46 percent of greenhouse gas emissions for all three ports. At the Port of Seattle the ratio is 45 percent.
- Trucks account for 28 percent of greenhouse gas emissions at all three ports collectively and 37 percent of greenhouse gas emissions at the Port of Seattle.
- Pilot and demonstration projects will be a greater focus of the strategy update than in the past. The aim of these projects is to advance emission-control technology. Each port will commit to engage in at least one pilot or demonstration project per year. Information from pilot projects will be shared with stakeholders.
- Targets for oceangoing vessels focus on compliance with Emissions Control Area requirements and tracking use of emissions-control technologies and strategies and on participation in programs that promote continuous emissions improvements. Because of the large percentage of emissions for which they are responsible, oceangoing vessels will contribute most significantly to emissions reductions going forward.
- Targets for harbor vessels, such as tugs, focus on promoting engine upgrades and use of best practices. Participation in programs that promote continuous emissions improvements is also an action for this group of vessels.
- Repowering of harbor vessels to use alternative fuels or to use hybrid diesel/electric engine design is usually prohibitively expensive and not reinforced by specific regulatory requirements.
- For cargo-handling equipment, use of cleaner fuel and cleaner engines will continue to be a focus, along with targets for fuel efficiency. Fuel efficiency upgrades should improve emission of diesel particulate matter and greenhouse gases while saving money for terminal operators.
- Targets for locomotives used for switching in the rail yards near terminals focus on fuel efficiency and engine upgrades.
- Targets for emissions sources directly controlled by the ports, such as port-owned fleet vehicles, office buildings, and support facilities, focus on increasing use of cleaner vehicles, standards for construction equipment used on port-led construction projects, and facilitating energy studies at port facilities.
- Truck targets for 2015 and 2020 focus on meeting or surpassing U.S. Environmental Protection Agency emission standards for model-year 2007 trucks. Because greenhouse gas emissions reductions do not become viable until model-year 2014 engines, the strategy partners have opted not to include greenhouse-gas emissions standards in the timeframe of this update.
- Transportation solutions that help move freight faster and promote quicker turning of cargo also help to address emissions goals for trucks.

- The Puget Sound Clean Air Agency is pursuing a request for proposals for a pilot project to convert existing trucks to use of alternative fuels. It is hoped that more information on the feasibility of the technology will be available within the next year.

Regarding the January 4, 2011, motion to accelerate clean air goals to 2015, Ms. Gedlund noted that the Commission did not compel staff to implement accelerated clean air goals as a mandatory requirement when presented with options on December 4, 2012. She explained that ongoing communication with stakeholders and strategy partners had continued, as directed by the Commission. Rationale from drivers on the Driver Advisory Group for not accelerating the goal for mandatory use of 2007 model-year or equivalent trucks before 2017 included the following:

- The existing program has already successfully reduced truck emissions 53 percent compared with 2005 data and account for only seven percent of the Port's total emissions.
- Work for drivers has dropped during the recession and since the move of the Grand Alliance to the Port of Tacoma, which has likely reduced emissions further due to reduction in trips.
- Drivers are still paying for loans on trucks purchased to meet the 2010 clean air target.
- Cost and availability of replacement trucks make the newer trucks prohibitively expensive.
- Enforcement inconsistency between the ports of Tacoma and Seattle is problematic for drivers.

In response to Commissioner Creighton, Ms. Jones Stebbins explained that the Port of Prince Rupert is in a different airshed from the ports of Tacoma, Seattle, and Metro Vancouver, British Columbia. Commissioner Creighton noted the potential competitive advantages to the Port of Prince Rupert due to their not participating in the Northwest Ports Clean Air Strategy. Ms. Jones Stebbins outlined the steps for inclusion of new ports in the strategy, including conducting an emissions inventory and committing to reporting annually on all sectors contributing to emissions for the port.

Chief Executive Officer Yoshitani commented on the possibility for pilot programs to alleviate the viability concerns of truck drivers struggling to stay in business.

Following consideration of agenda item 7a, the Commission returned to consideration of –

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- 6a. Authorization for the Chief Executive Officer to: (1) execute a Local Agency Agreement with the Washington State Department of Transportation, substantially as drafted and attached to this request, to accept a Congestion Mitigation Air Quality (CMAQ) grant; and (2) proceed with the CMAQ-funded project that will replace or upgrade drayage trucks to the emissions equivalent of a 2007 model-year engine. The total project amount requested is \$4,202,000, of which the Port will contribute \$667,000.**

Request document(s): Commission agenda [memorandum](#) dated June 17, 2013, Puget Sound Regional Council grant approval [letter](#), draft local agency [agreement](#), and 2012 grant [application](#)

provided by Stephanie Jones Stebbins, Director Seaport Environmental and Planning, and Janice Gedlund, Seaport Air Quality Program Manager.

Presenter(s): Ms. Jones Stebbins and Ms. Gedlund.

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

- The Port actively competed for the grant, which would support a project to reduce diesel truck emissions by replacing or upgrading 160 or more pre-2007-model-year drayage trucks.
- Trucks not retrofitted through this program would be scrapped.
- The project will be implemented between 2013 and 2014.
- Model-year-2007 trucks are 10 times cleaner than older trucks.
- The Port's contribution of 13.5 percent is approximately \$667,000, including \$115,000 in costs that are not eligible for grant funding.
- The total project cost is about \$4.2 million.
- The 2013 cost is included in the budget.
- The incentive level of up to \$20,000 per truck, which is comparable with other similar programs around the country, is expected to cover $\frac{1}{4}$ to $\frac{1}{2}$ of the cost of a used truck with a model-year 2007 engine. As costs for trucks fluctuate, the incentive amount may change accordingly.

In response to Commissioner Creighton, Ms. Gedlund and Ms. Jones Stebbins reported that State Auditor issues with the Clean Truck program were limited to cases where a new truck was not purchased. They contrasted the auditor's concerns from those related to the At-Berth Clean Fuels program. Commissioner Albro asked if the grant money would need to be spent before the end of 2014 or if there is flexibility in the timing of using the funding. Commissioner Albro commented on his concerns that the program be structured equitably so as to provide assistance where it is most needed rather than subsidizing recapitalization of truck fleets that would have occurred with or without the existence of the program.

Motion for approval of item 6a – Bryant

Second – Creighton

Motion carried by the following vote:

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

Absent for the vote: Gregoire

6b. Authorization for the Chief Executive Officer to complete design, to purchase construction materials and equipment, to utilize Port crews, to award contracts as allowed by Washington law, and to construct the work necessary to install a stand-alone heat source for building heat and domestic hot water at the Pier 66 Cruise Terminal and Bell Harbor Conference Center for an estimated cost of \$1,350,000 bringing the total authorized amount of this project to \$1,400,000.

Request document(s): Commission agenda [memorandum](#) dated June 17, 2013, and [letter](#) from Seattle Steam provided by Melinda Miller, Director Real Estate Portfolio and Asset Management, and Mark Longridge, Capital Project Manager.

Presenter(s): Pat Spangler, Real Estate Manager.

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

- Heating and hot water at the Port's Pier 66 facilities are dependent on supply of steam to the buildings.
- Seattle Steam provides the steam to Pier 66 and notified the Port on May 10, 2013, that the service will be discontinued due to construction of the Elliott Bay Seawall Replacement Project.
- In lieu of supplied steam, four natural-gas hot-water boilers and related infrastructure would be installed in the mechanical penthouse of the building.
- Staff is working to minimize impacts to tenants while facilitating installation on an expedited schedule.
- There is a possibility the completion of the work and switch-over to the new system may be able to be delayed until after the end of cruise season, and staff is monitoring the seawall replacement schedule carefully.

In response to Commissioner Bryant, Joe McWilliams, Managing Director, Real Estate Division, reported that the project would result in a negative variance in the 2013 use of tax levy funding for the Real Estate Division. Commissioner Albro noted the unanticipated nature of the need to replace the provision of steam by Seattle Steam.

Motion for approval of item 6b – Creighton

Second – Bowman

Motion carried by the following vote:

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

Absent for the vote: Gregoire

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.

Request document(s): Commission agenda [memorandum](#) dated June 17, Fishermen's Terminal Advisory Committee [email](#), and [presentation slides](#) provided by Darlene Robertson, Director, Harbor Services, Real Estate Division; Kenneth R. Lyles, Senior Manager, Fishing and Commercial Vessels; and Fred Chou, Capital Project Manager, Seaport Project Management.

Presenter(s): Mr. Chou and Mr. Lyles.

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

- The net sheds at Fishermen's Terminal are an essential asset important to the Century Agenda strategy to double the economic value of the fishing and maritime sector.
- There are nine net shed buildings containing 246 individual lockers.
- In 2009, the Port was cited for noncompliance with City of Seattle building and fire codes.
- On June 5, 2012, the Commission selected one of four options for code compliance improvements at the Fishermen's Terminal net sheds. The option selected was labeled Option 1 and had an estimated cost of \$2 million. At that time, staff was asked to determine whether Option 1, which was not the recommended alternative, would be workable.
- Challenges affecting Option 1 include separation of commodities and loss of storage capacity in the individual lockers.
- The types of commodities and methods of storage as described in the applicable codes were described. Option 1 is considered non-high-piled storage, and commodities must be separated horizontally and vertically within each net locker and between abutting net lockers. Maximum heights of commodities also apply. The parameters of Option 1 are more restrictive than the condition in which net locker contents are currently stored.
- A master storage plan that dictates how commodities are stored is considered impractical. The alternative inclusion of buffer zones between lockers results in a loss of storage volume of as much as 20 percent.
- Installation of plywood walls between net lockers and rack shelving is recommended to maximize storage and simplify the master storage plan. These enhancements enable higher storage and remove many of the commodities-separation issues in the lockers.
- Use of lidded, corrugated boxes and wooden storage boxes removes the need to segregate Class I-IV commodities and Group A Plastics. The Seattle Fire Department has agreed to the potential use of these enhancements to mitigate the need for commodities segregation.
- The enhancements described would allow for storage of commodities up to 12 feet in height and would eliminate the need for two-foot buffers between commodities and abutting net lockers.
- Anchoring of rack shelving to the asphalt flooring of many of the net sheds will complicate construction.
- Staff recommends Port provision and installation of the racks to ensure code compliance.
- The pilot project that retrofitted two net lockers based on the refined design has been well received by tenants and has been endorsed by the Fishermen's Terminal Advisory Committee.
- The enhanced design is estimated to cost \$2.95 million, due to the addition of partition walls and the need to purchase additional rack shelving units. The original preferred alternative, Option 3, was estimated to cost between \$4.7 million and \$6 million.
- Construction would commence in September 2013 and is expected to be complete by mid-2015.
- Net sheds 3, 4, 7, and 8 would be included in a later phase of the code compliance project.

Motion for approval of item 6c – Bowman

Second – Creighton

Motion carried by the following vote:

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

Absent for the vote: Gregoire

6d. Authorization for the Chief Executive Officer to (1) execute a lease, substantially as drafted in the attached Exhibit 1, with the United Services Organization Northwest (USO) for a term of ten years, with two five-year options, for operation of the Airport service members' lounge located in the Main Terminal of the Seattle-Tacoma International Airport; (2) complete design of the Second Floor Utilities Preparations project at Seattle-Tacoma International Airport; (3) advertise and execute major construction contracts; and (4) utilize Port crews. The total amount of this request is \$2,666,000, which is also the total projected program cost.

Request document(s): Commission agenda [memorandum](#) dated June 12, 2013, terminal lease [agreement](#), [diagram](#) of existing and proposed lease area, [site plan](#) of proposed lease area, and [presentation slides](#) provided by James Schone, Director, Aviation Business Development; James Jennings, Manager, Aviation Properties; and Wayne Grotheer, Director, Aviation Project Management Group.

Presenter(s): Mr. Jennings and Jude Barrett, Lease Administration Supervisor.

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

- The USO is seeking additional space for its operations at Seattle-Tacoma International Airport, a long-term lease with the Airport, and the opportunity to pursue a major tenant improvement.
- The USO has operated at the Airport since the mid-1960s and serves military personnel and their families, who arrive and depart on military charters at all hours of the day. Passengers are required to check in for military charters up to 24 hours before departure. The USO provides important services for these travelers as they wait in a pre-security area to make connections to commercial flights.
- The USO at Seattle-Tacoma International Airport hosts approximately 120,000 visitors annually. These individuals often travel with families, have to stay at the Airport for an extended period, and generally have a large amount of luggage. Amenities include showers, a place to sleep, and washing machines.
- There is interest from commercial airlines in the space currently used by the USO.
- The USO would invest about \$1.2 million in renovation of the new proposed space, which is part of the 1947 Airport terminal building and is currently unleaseable due to lack of visibility to the public, its elevation, which is several feet below the mezzanine level, and its lack of necessary infrastructure, such as a heating, ventilation, and air conditioning (HVAC) system.
- The leased space would be about 7,000 square feet. The lease term would be 10 years with two 5-year options.

- The USO's annual rent would be a nominal \$10, but the tenant will invest \$1.2 million to demise the space and make it able to be occupied by the USO and other potential tenants in nearby space that will become usable after the USO's improvements.
- Tenant energy usage above an established baseline will be charged to the USO.
- The space includes regulated materials that will need to be abated.
- Of the funding requested for improvements, \$1.27 million will be specific to the USO lease area and \$1.39 million is for improvement of the remaining, currently unusable, adjacent space in preparation for future tenants.

Motion for approval of item 6d – Bryant

Second – Bowman

Motion carried by the following vote:

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

Absent for the vote: Gregoire

Without objection, the following agenda item –

6e. Authorization for the Chief Executive Officer to execute a contract with Northwest Center, consistent with RCW 39.23, to provide janitorial services at Pier 69, for a total amount of \$1,017,125, for a five-year term with the option to extend for one additional five-year term.

– was postponed to a subsequent Commission meeting.

6f. Authorization for the Chief Executive Officer to (1) proceed with the Security Checkpoint Wait Time Project at Seattle-Tacoma International Airport; (2) execute contracts to purchase hardware, software, vendor services, and construction design services; and (3) authorize the use of Port staff for implementation. The amount of this request is \$1,325,000. The total project cost is estimated to be \$3,600,000.

Request document(s): Commission agenda [memorandum](#) dated June 17, 2013, provided by Michael Ehl, Director, Airport Operations.

Presenter(s): Nick Harrison, Senior Manager, Airport Operations, and Mark Blakemore, IT Project Manager.

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

- The purpose of the project is to measure and display for the public the current wait times at the Airport's five security checkpoints.
- Security checkpoints are not as amenable as other phases of passenger check-in to technology solutions for streamlining passenger flow, such as self-service baggage drop and ticketing options.
- Passengers consistently rate the checkpoint wait times at the Airport as poor although they consistently rate the importance of checkpoint wait time as high.

- On the busiest days of the year, there are about 50,000 people processed through the security checkpoints.
- All checkpoints provide access to all gates. It is hoped that passengers, especially those without baggage to check, will select their own checkpoint based on relative wait time and balance the checkpoint volumes without the need to use personnel to re-route passengers to less congested checkpoints. Currently, balancing the passenger load at checkpoints is a labor-intensive proposition.
- The proposed system would display the wait time at the checkpoint and the wait times at all the other checkpoints.
- Long lines do not necessarily translate into long wait times, depending on how checkpoints are staffed by the Transportation Security Administration.
- The request is for the system to measure the wait times and for the equipment to display the information.
- Construction would be authorized at a later time, and the nature of the installation will depend on the technology options available.

Commissioner Bryant commented on the relative merit of providing wait time information versus shortening actual wait times and stated his doubt that passengers would choose checkpoints with shorter wait times that were farther from their gates. In response to Commissioner Creighton, Mark Reis, Managing Director, Aviation Division, commented on the importance of pursuing a technological option for security checkpoint wait time that is not currently established at many other airports. He noted that passengers tend not to want to leave a checkpoint after selecting it. He noted that the technology would speed up the flow of passengers by balancing the traffic at the available checkpoints. Mr. Reis stated the Transportation Security Administration (TSA) and the airlines are supportive of the project.

There was a discussion of the information distribution factors – how early the data is available, how up-to-the-minute it is, and how actionable – in providing for a successful checkpoint wait time system.

In response to Commissioner Bowman, Mr. Reis explained that the project is not well suited to a pilot project since in order to be useful, data must be collected Airport-wide.

Chief Executive Officer Yoshitani suggested the option of collecting additional information on whether passengers are self-distributing among the existing security checkpoints.

In response to Commissioner Creighton, Mr. Reis explained that TSA support and funding was previously a subject of interest to the Airport, but that for a variety of reasons, the model was never pursued further by the TSA.

Without objection, further consideration of agenda item 6f was postponed to a subsequent Commission meeting.

6g. Approval of a motion adopting the Total Rewards Philosophy, which includes Overarching and Core Principles that guide management and administration of

everything of value that the Port makes available to employees and their families as a result of their contributions to the Port's mission, including pay, benefits, learning and development, recognition, and participation in the Port experience.

Request document(s): Commission agenda [memorandum](#) dated June 14, 2013, and [text of motion](#) provided by Tammy Woodard, Assistant Human Resources and Development Director – Total Rewards.

Presenter(s): Ms. Woodard.

There was no presentation at this time. The Port Commissioners received a presentation on the Total Rewards Overarching and Core Principles on June 4, 2013, and the request documents were distributed for review prior to the meeting of June 25, 2013.

The text of the motion reads as follows:

The Port of Seattle Commission hereby adopts the Total Rewards Philosophy, which includes:

- ***Overarching Principles*** that apply to all aspects of Total Rewards.
- ***Core Principles*** that apply to elements of Total Rewards unique to each category.

Overarching Principles

- **Mission, Values and Strategy** – Total Rewards must reflect and support the Port's mission, values and long-term business strategy, nurture our unique culture and grow our business.
- **Employees** – Total Rewards must support employees performing their best, as well as their growth and well-being.
- **Sustainability** – Total Rewards must be managed in a fiscally responsible way that is sustainable over time, and Total Rewards decisions must recognize the financial impact on our organization, customers and community.
- **Inclusiveness** – Total Rewards must be applied fairly and consistently among all employees to support one organization working to accomplish overall Port goals.

Core Principles

Pay

- Pay should be at market average.
- Pay increases should be market competitive.
- Similar pay for similar work is important.

Benefits

- The total benefits package should be slightly better than market average.
- Benefits offerings should provide choices to meet diverse employee needs at different life stages.
- Employees should take an active role in understanding and utilizing their benefits responsibly.

- The benefits package should provide at least a minimum level of financial security in the event of a disability.
- Employees should share in the cost of their healthcare.

Learning and Development

- Employees should have access to a range of learning and development activities to increase their capability to serve the Port's needs.
- Employees and the Port share responsibility for employee development.
- Employees should receive regular performance feedback.
- Employees should have written development plans that are reviewed at least annually.
- Leaders should model their support for learning and development through their own development activities.

Recognition

- Employee and team accomplishments should be regularly recognized.
- Recognition should be meaningful to those being recognized.
- Employee tenure should be recognized.
- Retiree contributions to the Port should be acknowledged.

Port Experience

- The Port values the varied perspectives and ideas that come from a diverse workforce.
- The Port offers programs and activities that promote health, safety and preparedness on and off the job.
- The Port recognizes our unique position as an entrepreneurial enterprise within a public sector environment.
- The Port recognizes that work-life balance is important for employees and the organization.
- Working at the Port provides opportunities for both public and community service.

Motion for approval of item 6g, as listed above – Bryant

Second – Bowman

Motion carried by the following vote:

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

Absent for the vote: Gregoire

Commissioner Bryant was absent after 3:44 p.m.

7. STAFF BRIEFINGS

Agenda item 7a having been disposed of previously, the Commission advanced to consideration of –

7b. Quarterly Briefing – Update on the Airport's NorthSTAR Program.

Presentation document(s): Commission agenda [memorandum](#) dated June 17, 2013, and [presentation slides](#) provided by George England, Program Leader, Aviation Project Management

Group; Michael Ehl, Director, Aviation Operations; David Soike, Director, Aviation Facilities and Capital Programs.

Presenter(s): Mr. England.

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

- A column labeled “remaining contingency” has been added to the project budget slide in response to a request by Commissioner Bryant. This data will reflect the use of individual project contingency funding as the NorthSTAR program progresses.
- There is currently a program reserve of about \$4.9 million, based on balancing of funds between program projects in the very early stages of the NorthSTAR program.
- Capital projects typically carry a design allowance as high as 30 percent of the original estimated project construction that drops to zero once design is complete. At the Port, this percentage is usually 20-25 percent.
- Construction contingency is typically 10 percent of construction cost.
- The progress for the component projects within the NorthSTAR program was summarized.
- Early program design milestones were summarized.
- Construction schedules, including phasing considerations aimed at keeping Alaska Airlines functioning throughout construction have been developed. Alaska has determined the need to keep at least 10 gates operating throughout construction. In order to facilitate a schedule with fewer phases, Alaska is looking for gate options not on the North Satellite to accommodate its operations during renovations.
- A level of service study is being conducted that will be used as a baseline for evaluating performance of the new facility.
- There may be a need to examine expanding the footprint of the project to accommodate identified program needs.

Commissioner Albro requested early establishment of program metrics to track important aspects of the NorthSTAR program and the impacts of the renovations on Airport concessions. Mr. England noted that metrics of this sort are in development and that staff is working to identify those metrics in a way that isolates the impact of construction independent of other natural fluctuations that already occur.

7c. Briefing on the Port Property Insurance Renewal for the Policy Year beginning July 1, 2013.

Presentation document(s): Commission agenda [memorandum](#) dated June 17, 2013, and [presentation slides](#) provided by Jeff Hollingsworth, Risk Manager.

Presenter(s): Mr. Hollingsworth.

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

- Port property insurance limits per occurrence are \$750 million for multi-peril, \$50 million for course of construction, \$350 million for terrorism, \$100 million for equipment

breakdown, and \$100 million for business interruption. The aggregate limit for flood is \$25 million.

- Major deductibles per occurrence are \$1 million for multi-peril fire and extended coverage, \$1 million for flood, \$50,000 for course of construction, \$25,000 for fine arts, and \$1 million for equipment breakdown.
- Port property insurance premiums were compared to insurable values since 2003, and it was shown that although insurable values have risen steadily, premiums have dropped or remained steady. This was attributed partly to the fact that the Port does not carry earthquake insurance. The Port's claims record has been good as well.
- Coverage details were summarized, including the annual policy period from July 1 through June 30 and the kinds of events covered by the Port's property insurance.
- Factors affecting property insurance cost were summarized.
- Issues surrounding terrorism coverage and federal caps on losses were described. There is some question as to whether federal backing to cap terrorism losses will be renewed in 2014.
- Challenges affecting earthquake coverage include the low limits compared to values at risk, loss history following the Nisqually earthquake in 2001, the Port's high insurable values, and the aggregation of all values locally by insurers. Staff monitors the earthquake insurance market but continues to not carry earthquake coverage at this time.
- The Port's budget for property insurance renewal is \$1.5 million. The factors affecting the final cost were noted.

In response to Commissioner Creighton, Mr. Hollingsworth noted that emergency preparedness efforts are an important factor in managing property insurance rates.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 4:15 p.m.

Bill Bryant
Assistant Secretary
Minutes approved: July 23, 2013.