



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 OCTOBER 1, 2013**

The Port of Seattle Commission met in a regular meeting Tuesday, October 1, 2013, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire were present.

1. CALL TO ORDER

The regular meeting was called to order at 12:00 noon 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 60 minutes to discuss matters relating to collective bargaining and potential litigation.

Following the executive session, which lasted approximately 55 minutes, the regular meeting reconvened in open public session at 1:15 p.m.

PLEDGE OF ALLEGIANCE

3. APPROVAL OF MINUTES

Minutes available for approval are included in the Unanimous Consent Calendar.

4. SPECIAL ORDERS OF BUSINESS

None

5. UNANIMOUS CONSENT CALENDAR

None.

PUBLIC TESTIMONY

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

- Mike Elliott, Chair of the Washington State Legislative Board of the Brotherhood of Locomotive Engineers and Trainmen. Mr. Elliott submitted comments in written form regarding the proposed SoDo Arena Project. A copy of the document is, by reference, made a part of these minutes, is marked [Exhibit A](#), and is available for inspection in Port offices.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- 6a. Authorization for the Chief Executive Officer to execute a personal services indefinite delivery, indefinite quantity contract to perform continuous process improvement services with a total value of \$750,000 and contract duration of five base years plus two individual option years for a total of seven years. There is no funding request associated with this authorization.**

Request document(s) provided by Kurt Beckett, Deputy Chief Executive Officer; David Soike, Director, Facilities and Capital Program; and Wesley Henrie, Process Improvement Program Manager:

- Commission agenda [memorandum](#) dated September 23, 2013.
- [Presentation slides](#).

Presenter(s): Mr. Beckett, Mr. Soike, and Mr. Henrie.

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

- The contract is seeking a consultant with a detailed knowledge of Lean, particularly in its operational aspects.
- The Commission approved a similar contract two years ago for a three year period.
- Continuous Process Improvement (CPI) connects to the metrics initiative, which aligns efforts with the Century Agenda and Port-wide strategies. Metrics sets targets and measures progress towards larger goals. CPI is an internal work-flow improvement to help meet those measures.
- If approved, the firm would be on board by the end of the year or early 2014.
- An indefinite delivery, indefinite quantity contract will allow staff to specifically identify what each scope of work is for the firm and have them do it.
- The new firm will help staff move forward faster to improve internal processes.
- An example of a process improvement was provided involving the Aviation Maintenance department and their monthly inspections of sprinkler risers. Improvements implemented in this case resulted in an annual savings of 837 work hours, or roughly \$49,000.

In response to Commissioner Bowman, Mr. Henrie responded that for the monthly inspection of sprinkler risers the CPI process was done using Port staff.

In response to Commissioner Bowman, Mr. Soike reported that there is one full-time employee working in the lean program, and another will be added. Mr. Soike noted that Port employees are currently being trained in CPI. Commissioner Bowman noted the opportunity for Port staff to become proficient in CPI in order to end reliance on consultants.

In response to Commissioner Gregoire, Mr. Soike noted that staff is looking for more scientific techniques in the new contract.

In response to Commissioner Albro, Mr. Yoshitani noted that CPI has to become part of the culture to be successful in the long run.

Motion for approval of item 6a – Bowman

Second – Bryant

Motion carried by the following vote:

In Favor: Albro, Bowman, Bryant, Creighton, Gregoire (5)

As noticed on the agenda, the Commission advanced to consideration of –

9a. Delegation of Authority Briefing and Commission/Staff Roundtable Discussion.

Presentation document(s) provided by Ralph Graves, Director Capital Development Division; and Tom Barnard, Commission Policy Analyst:

- Commission agenda [memorandum](#) dated September 16, 2013.
- [Presentation slides.](#)
- [Resolution No. 3628.](#)

Presenter(s): Mr. Barnard; Mr. Graves. Additional participants in the roundtable included Kurt Beckett, Deputy Chief Executive Officer, and David Soike, Director, Aviation Facilities and Capital Program.

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

- The master delegation authority was created to define and differentiate levels of authority at the Port.
- Goals of the resolution are to provide for both the necessary accountability and public trust and the need to run the day-to-day operations of the Port in as efficient and cost-effective a way as possible.
- Washington ports are the only ports in the country that have elected commissions.
- Originally the Port Commission made all the executive decisions.
- In 2007 the State Auditor released a report and recommended that the Port Commission evaluate the delegation of authority in place at that time.
- Resolution No. 3605, as amended by Resolution No. 3628, sought to:
 - ▶ Clarify the relationship between the Commission and the CEO that allows the Commission to set broad policy goals and the CEO to provide the operational capacity to implement them.
 - ▶ Improve the quality of information available to the Commission so it could approve both long-term and annual expenditures in a fiscally responsible way.
 - ▶ Make the procedures the Commission follows to approve expenditures transparent.

In response to Commissioner Creighton, Mr. Barnard stated that the delegation of authority has not been revised since 2009. Commissioner Creighton opined on the importance of looking at the delegation of authority every two years, though changes are not always necessary. Commissioner Bryant agreed with Commissioner Creighton that it is appropriate to step back and look at some of the issues and determine whether or not they are providing the Commission with the information needed to understand whether projects are moving along well. Commissioner Bryant voiced concern that a dollar figure might not provide the information desired by the Commission. He noted

that using a percentage of the contract might be a useful tool for change orders. Commissioner Bryant noted the Commission wants to know if projects are moving ahead as anticipated and information should focus on Commission priorities. The delegation of authority would be changed to conform to those priorities.

Mr. Graves noted that staff is looking to bring less items for approval to the Commission and instead provide more comprehensive reports. Commissioner Bryant noted that there needs to be flexibility. Mr. Graves noted that the Rental Car Facility is an example of a large project that required less authorization, but had monthly reporting. Commissioner Albro noted there is a large focus in the delegation of authority on spending and construction, but stated the structure of the delegation of authority does not reflect the importance of the Port as an economic development agency. Commissioner Creighton noted that the monthly briefings for the large projects is helpful, although there is no mechanism for it in the delegation of authority. Commissioner Creighton noted that there is not much public discussion of how facilities will be run after construction, such as what the management of the Rental Car Facility would look like once it is built.

Mr. Barnard suggested another conversation about how to communicate the communal benefit of Port projects to the community.

Commissioner Bowman asked what problem a revision would try to solve. Commissioner Bryant noted that the dollar amount is not the most important aspect of a project. Mr. Barnard stated that staff is looking to ensure that the Commission is using the Commission's time as it desires, and that staff is as efficient as possible.

In response to Mr. Graves, Commissioner Bryant noted that he does not want to wait to find out that a project is over budget when the project is over budget, but wants to know beforehand.

Commissioner Gregoire noted that she does not feel like enough information is provided to the Commission, for the Commission to help solve front end problems such as bid irregularities. Mr. Beckett stated that the Port's mission is often accomplished through development and deployment of infrastructure. It was noted that it is not always easy to balance the amount of information and detail beneficial to the Commission's decision-making process.

Commissioner Bowman suggested that the Commission be regarded as the public face of the Port, and that topics brought to the Commission for consideration should be examined through a public lens. Mr. Yoshitani stated that staff tries to anticipate and be responsive to the needs of the Commission. Commissioner Gregoire noted that she would like to see a document that streamlines the burden on staff; empowers the subject matter experts to do what they need to do to make a meaningful impact; provides clearer direction is given on what should be focused on for the agenda; and what should be included in Commission memos. Mr. Barnard noted that there might need to be another process for describing the economic development role the Commission fills. In response to Commissioner Albro, Mr. Yoshitani stated that the delegation of authority document may not be the right document to address some of the questions raised.

Commissioner Gregoire asked if the delegation of authority appropriately helps staff and the Commission prioritize their time. Commissioner Bowman added the importance of fulfilling the Commission's responsibilities to the public.

In response to Commissioner Gregoire, Mr. Graves noted that staff has been working on revising the delegation of authority for two years. Commissioner Gregoire asked to have a discussion about what topics should be in the delegation of authority.

Following consideration of agenda item 9a, the Commission returned to consideration of –

7. STAFF BRIEFINGS

7a. 2014 Capital Budget Briefing.

Presentation document(s) provided by Dan Thomas, Chief Financial and Administrative Officer, and Michael Tong, Corporate Budget Manager:

- Commission agenda [memorandum](#) dated September 23, 2013.
- [Presentation slides](#).

Presenter(s): David Soike, Director, Aviation Facilities and Capital Programs; Boni Buringrud, Director, Seaport, Finance & Budget; Michael Burke, Director, Seaport Leasing and Asset Management; Kim Albert, Assistant Director, ICT Business Services; and Joe McWilliams, Managing Director, Real Estate.

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

Aviation

- Category A projects, which are projects already underway, include:
 - ▶ International Arrivals Facility;
 - ▶ Checked baggage;
 - ▶ NorthSTAR;
 - ▶ Electrified Ground Support Equipment.
- Category B projects, which are pending, include:
 - ▶ Runway 16 center 34 center;
 - ▶ Service Tunnel Rehabilitation;
- Category C projects, pending future authorization, include:
 - ▶ Airfield Ramp Paving Program;
 - ▶ Parking Garage Lights;
 - ▶ Concession Infrastructure;
 - ▶ Enhanced Wi-Fi;
 - ▶ Industrial Wastewater System Segregation Meters.
- The final category is small projects under \$300,000.
- The aeronautical allowance is for unforeseeable projects.
- Additional considerations include:
 - ▶ Electrical code changes anticipated;
 - ▶ The need to strengthen and streamline ancillary support systems – processes and people in multiple departments;
 - ▶ Anticipating and managing possible impacts to airlines, concessions and travelers.

Seaport

- The project to upgrade of existing docks at Terminal 5 was accelerated, resulting in an increase in expenditure.
- Seaport capital projects are not funded by the tax levy.
- Projects listed as authorized have some portion of project authorized, such as design funding.
- Pending authorization 2013/2014 projects include:
 - ▶ Terminal 91 lighting upgrade.
- Pending future authorization projects, which require more scoping, include:
 - ▶ Pier 34 Dolphins and Catwalks for four barges;
 - ▶ Second gangway per Berth at Terminal 91;
 - ▶ Terminal 91 Berth 6 and 8 redevelopment;
 - ▶ Terminal 5 upgrade 600 feet existing docks;
 - ▶ Waterway deepening;
 - ▶ Terminal 30 Dock Rehabilitation;
 - ▶ Terminal 25 Dock Rehabilitation.

Real Estate

- Authorized projects include:
 - ▶ Pier 66 Steam Replacement.
- Pending authorization in 2013/2014 include:
 - ▶ Shilshole Bay Marina Restroom Replacement;
 - ▶ Fishermen's Terminal Paving and Storm Upgrades.

Corporate

- Authorized projects include:
 - ▶ Radio System Upgrade;
 - ▶ PeopleSoft Financials upgrade;
 - ▶ SharePoint Records and Document Management.
- New projects include:
 - ▶ 911 Computer Dispatch Upgrade;
 - ▶ Contractor Data System Replacement;
 - ▶ Network Switch Replacement.

In response to Commissioner Creighton, Mr. Reis noted that expansion of the Center Runway could accommodate larger, widebody aircraft in the future, including cargo aircraft. In response to Commissioner Gregoire, Ms. Buringrud noted that the projects that are part of the street vacations began in 1995 for Terminal 5 and 2002 for Terminal 18, and that several conditions had to be met before the City of Seattle would vacate the streets; the Port is still working to meet all the conditions. In response to Commissioner Bryant, Mr. Burke stated the conditions included making sure the utilities of the street are protected and accounted for. Mr. Burke reported that there was a concern about traffic backing up onto Spokane Street from Terminal 18. In response to Commissioner Bryant, Mr. Burke noted that there was a requirement for traffic evaluation and mitigation from the City of Seattle before the city would vacate the street.

In response to Commissioner Albro, Mr. Burke noted the Terminal 46 development is related to dock improvements and other upgrades required by the lease amendment.

Commissioner Bowman requested a slide breaking down the projects by what they are trying to accomplish, not just the Century Agenda but the larger context. Commissioner Albro suggested projects be outlined by terminal and then aggregated together.

Commissioner Bryant expressed concern over the projects backlogged in 2017-2018. Commissioner Gregoire asked if projects could be accelerated. Mr. Burke noted that permitting is the biggest issue regarding the acceleration of future projects.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

9a. Delegation of Authority Briefing and Commission/Staff Roundtable Discussion.

Agenda item 9a having been disposed of previously, no additional policy roundtables were conducted.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 3:45 p.m.

Bill Bryant
Assistant Secretary
Minutes approved: November 5, 2013.