

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5e

ACTION ITEM

Date of Meeting September 24, 2013

DATE: September 18, 2013

TO: Tay Yoshitani, Chief Executive Officer

FROM: James R. Schone, Director, Aviation Business Development
James Jennings, Manager, Aviation Properties
Jolene Culler, Senior Property Manager, Aviation Properties

SUBJECT: License Agreement(s) between Comcast and the Port of Seattle for Fiber Data Service to the Alaska Airline Air Cargo Building and the Alaska Airline Hangar Facility located on Port of Seattle Property

ACTION REQUESTED

Request Commission authorization for the Chief Executive Officer to execute two ten-year license agreements, substantially as drafted in Attachments 1 and 2, according to the terms laid out in this memorandum, with Comcast Cable Communications Management LLC, to provide back-up fiber data service to the Alaska Airline's air cargo building and the Alaska hangar facility at Seattle-Tacoma International Airport. There is no funding requested or net proceeds to the Port associated with this request.

SYNOPSIS

The Seattle-Tacoma International Airport is Alaska Airline's hub airport and most strategic location. Alaska currently has a single network provider, CenturyLink, to provide data service in support of Alaska's operations at the Airport. Any failure by CenturyLink's network will result in a major disruption of service across the North American continent to all the destinations Alaska serves. Alaska has a business requirement to have network carrier diversity at all of their strategic locations. Therefore, they are requesting to bring Comcast Cable Communications into their air cargo and hangar facilities.

Failure to proceed with the proposed license could negatively affect Alaska's ability to operate efficiently at the Airport.

BACKGROUND

In order to install the fiber, Comcast will need to install a vault on the public right-of-way, and run underground conduit through Port of Seattle property to the air cargo and hangar facilities. The location of these facilities are depicted in Exhibit A. The proposed project has been reviewed by the Airport Site Review Committee and the Sea-Tac Telecommunications

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

September 18, 2013

Page 2 of 3

Architectural Review Team. Comcast has agreed to incorporate all suggested revisions into the project plans accordingly.

The proposed agreements are described as licenses that have similar characteristics to a lease. Each of the proposed agreements involve ten-year terms terminable within 90 days of a material breach of said agreements or upon 120 days' notice if the Port decides to undertake a major capital improvement project that requires displacement of Comcast's back-up fiber data service facilities. Neither agreement requires payment of rent or any security.

The back-up fiber data service facilities that Comcast proposes to install and run through Port property via underground conduit will enable continuity of operations for Alaska flights. Comcast is not interested in paying rent but has requested a ten-year term and termination parameters in consideration of its investment in installation and maintenance of the facilities. The proposed agreements thus accommodate utilities and facilities to enable continuity of operations generally at the Airport.

The Port's Legal Department has reviewed and approved the proposed agreements and believes the provisions of the agreements adequately protect and promote the Port's interests in that they are for non-exclusive use, provide adequate indemnification for the Port, and do not require the Port to undertake any new financial obligation. In addition, characteristic of licenses, the agreements specifically state no legal title or leasehold interest in Port property is created or vested in Comcast.

TERMS OF THE PROPOSED LICENSES

The major elements of the proposed term lease are outlined below:

Term:	Ten years commencing on date of permit approval, with two, five-year options upon mutual agreement by both parties.
Use:	Back-up fiber data service at Alaska Airline's air cargo and hangar facilities.
Premises:	TBD upon receipt of final construction drawings.
Base Rent:	N/A
Rent Increase:	N/A
Operating Expenses:	N/A
Port Improvements:	N/A
Insurance/Liability:	\$2 million General Liability.

COMMISSION AGENDA

Tay Yoshitani, Chief Executive Officer

September 18, 2013

Page 3 of 3

ALTERNATIVES AND IMPLICATIONS CONSIDERED

- Alternative 1 – Do not execute license agreement. Not executing the proposed license will negatively affect Alaska’s ability to provide desired redundancy to ensure an uninterrupted operation at the Airport and could result in flight disruptions across North America. This is not the recommended alternative.
- Alternative 2 – Execute proposed license agreement. Proceeding with the proposed license agreement will strengthen Alaska’s ability to operate efficiently at the Airport. **This is the recommended alternative.**

ATTACHMENTS TO THIS REQUEST

- Exhibit A – map of facility locations.
- Attachment 1 – Agreement for 2600 South 165th Street.
- Attachment 2 – Agreement for 18650 Alaska Service Road.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- None.