



Commissioners

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Commission Co-President
Courtney Gregoire
Commission Co-President
Tom Albro
Bill Bryant
John Creighton

Tay Yoshitani
Chief Executive Officer

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**APPROVED MINUTES
COMMISSION SPECIAL MEETING JANUARY 14, 2014**

The Port of Seattle Commission met in a special meeting Tuesday, January 14, 2014, 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 special meeting was called to order at 2:05 p.m. by Stephanie Bowman, Commission Co-President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

No executive session was convened at this point in the meeting; however, the Commission recessed into executive session later in the meeting as noted below.

3. MINUTES

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

PLEDGE OF ALLEGIANCE

4. SPECIAL ORDERS OF BUSINESS

None.

5. UNANIMOUS CONSENT CALENDAR

None.

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

- 6a. **Second Reading and Final Passage of Resolution No. 3688: A Resolution of the Port Commission of the Port of Seattle declaring certain real property located in Snohomish County (portions of the Woodinville Subdivision) and any improvements located thereon, including the Snohomish River Bridge, surplus and no longer needed for Port**

purposes, authorizing its transfer to Snohomish County and authorizing the Chief Executive Officer to execute all documents related to such transfer.

Request document(s) provided by Joe McWilliams, Managing Director, Real Estate Division:

- Commission agenda [memorandum](#) dated January 8, 2014.
- Resolution No. [3688](#).
- Purchase and sale [agreement](#).
- Presentation [slides](#), as revised and dated January 14, 2014. *[Clerk's Note: The revision corrected a typographical error on slide 11 where the date of the Port's purchase of the Eastside Rail Corridor in 2009 had been misstated as January 17, 2010.]*

Presenter(s): Mr. McWilliams and Chief Executive Officer Tay Yoshitani.

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

- Purchase of the Eastside Rail Corridor from the Burlington Northern and Santa Fe (BNSF) Railroad and sale of portions of the corridor to various King County jurisdictions has been in progress for over nine years.
- Parties benefitting from the Port's purchase of the rail corridor include King County, Sound Transit, the City of Redmond, the City of Kirkland, and now Snohomish County.
- It is the Port's goal to transfer all of its rail corridor holdings to its public partners.
- The corridor is 100 feet wide and runs from Renton north into Snohomish County.
- The final portion of the corridor still owned by the Port lies within the City of Woodinville, and negotiations are underway to transfer that section to Woodinville.
- Presentation materials originally distributed cited a transaction closing of January 2009 for the Port's purchase of the corridor. That has been corrected to reflect the correct date of December 17, 2009.
- There are approximately 800 existing easements along the rail corridor that have been managed by the Port, including a number of railroad street crossings. Sale of the corridor terminates the Port's responsibility to manage these easements.
- The purchase price for the sale to Snohomish County is \$5 million for a little less than 12 miles of the corridor located within Snohomish County.

Motion for second reading and final passage of Resolution No. [3688](#) – Bryant

Second – Creighton

Motion carried by the following vote:

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

6b. Authorization for the Chief Executive Officer to advertise for construction bids, execute construction contracts, and fund the construction phase of the Terminal 91 C175 Building Roof Replacement Project in an amount not to exceed \$2,210,000 for a total estimated project cost of \$2,450,000 (CIP #C800430).

Request document(s) provided by Michael Burke, Director, Seaport Leasing and Asset Management, and Curtis Stahlecker, Project Manager, Seaport Project Management:

- Commission agenda [memorandum](#) dated January 7, 2014.
- Presentation [slides](#).

Presenter(s): Mr. Burke and Mr. Stahlecker.

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

- In the 1990s, the Port built the C-175 building for refrigerated storage in support of the fishing industry based at Piers 90 and 91. Later converted to lower temperature cold storage, the building is currently leased to tenant Citylce. Under the lease, the roof, which is at the end of its useful life, is the Port's responsibility. There is no cost benefit to the tenant's acquiring responsibility for maintenance of the roof.
- The current request is for construction funding.
- The C-175 roof is approximately 90,000 square feet. About 80 percent of the roof covers freezer space.
- The roof system must be vapor tight to fulfill its function due to low temperatures and a variance in atmospheric pressure from the outside.
- The roof system with the lowest total cost of ownership was selected for this authorization.
- Construction is scheduled to occur in 2014. Environmental sustainability features are included in the design that will lower energy consumption and reduce metal content in stormwater run-off.
- Prevailing wage requirements apply to this construction.
- Containerized rain gardens as a component of stormwater management may not be feasible due to the dimensions of the building and the lack of detention time. Nevertheless, the choice of roofing material will prevent additional zinc from entering the stormwater runoff. A bird deterrent system will also contribute to improving stormwater runoff water quality.
- The length of their lease is an indicator of Citylce's commitment to continuing to support the greater fishing and maritime industrial activities in the community.

Motion for approval of item 6b – Albro

Second – Creighton

Motion carried by the following vote:

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

7. STAFF BRIEFINGS

7a. 2013 Fourth Quarter Update on the Airport's NorthSTAR Program.

Presentation document(s) provided by George England, Program Leader, Aviation Project Management Group; Michael Ehl, Director, Aviation Operations; and David Soike, Director, Aviation Facilities and Capital Programs:

- Commission agenda [memorandum](#) dated January 8, 2014.
- Presentation [slides](#).

Presenter(s): Mr. England.

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

Budget Status

- The NorthSTAR program implements a letter of agreement with Alaska Airlines to renovate Concourse C, portions of the Main Terminal, Satellite Transit System stations, and the North Satellite.
- Expenditures are tracking within budget, including individual capital project contingency funds, and approximately \$5 million in management reserve has been identified. There are delays to the Baggage Handling System project and the North Satellite project attributed to a delay in completing the 15-percent design stage and the undecided proposal to expand the footprint of the North Satellite.
- The project element to add exterior stairs at Concourses C and D to accommodate dual-door deplaning remains a pending, unauthorized component of the program. This component may become an airline project rather than a Port project.
- There is a pending transfer of \$175.6 million from the project element that renovates the North Satellite Transit System that would be used to fund expansion of the North Satellite footprint.

Accomplishments

- Options for tri-taxi lanes around the North Satellite have been developed.
- A project labor agreement for the entire program has been executed.
- Heery International has been selected for construction management services.
- The Airport/Airline Affairs Committee (AAAC) has received a program update.
- A Port/Alaska Airlines summit was held at the end of December 2013.
- A draft program dashboard for tracking program progress online has been developed.
- The project phasing schedule has been developed.
- The project has been registered for possible LEED™ (Leadership in Energy and Environmental Design) certification. It will be known at about 30-percent design whether LEED certification will be sought.

Program Metrics

- Metrics identified for tracking include quarterly cash flow, budget status, percentage of schedule completed, and remaining contingency. Compared to forecast, these reflect schedule delays for the fourth quarter.
- Cash flow was lower than forecast due to schedule delays.
- Budget increased from \$314.7 million to \$490.3 million due to the proposed scope increase to expand the North Satellite footprint.
- In response to Commissioner Albro, Mr. England confirmed that contingency going forward assumes the increase in scope to expand the North Satellite with an increased budget of \$490.3 million and that with the expanded scope, contingency drops from about \$41.2 million to approximately \$29.5 million.

North Satellite Expansion/Rear Boarding

- Fifteen percent conceptual design for the North Satellite is complete.

- An Airport-wide gate utilization study contributed to the decision to propose an expansion of the North Satellite footprint. The expansion would add eight gates and 86,000 square feet of space for a total of 20 gates at the North Satellite.
- Alaska is interested in accommodating dual-door boarding within the NorthSTAR program and is evaluating options. A decision on whether to provide for simultaneous boarding at the front and rear of aircraft is expected in about a week.
- In a dual-boarding scenario, some passengers board at the front of the aircraft via a passenger loading bridge while others board aft of the aircraft from the ground.
- Ballots for a majority-in-interest vote of the airlines are expected to go out for this project in January.

Concourse C Vertical Circulation

- The Concourse C Vertical Circulation project is poised to enter its construction phase.
- In the context of this project, vertical circulation refers to provision of sloped walkways and additional elevators to move passengers from the concourse level to the ground level to board aircraft.
- Metrics for this project focus on impacts to Horizon operations, including lost baggage, flight delays due to contractor actions, daily safety reports, number of customer complaints, and change orders.

Main Terminal Improvements

- Ballots for a majority-in-interest vote of the airlines for this project are expected go out in January.
- Preliminary scope for consultant procurement is in development.
- Upgrades to Checkpoint 5 to increase capacity are part of this project and are being coordinated with the Transportation Security Administration.

Baggage Refurbishment

- Design for this project is nearly at 100 percent.
- This project is designed with options to make it compatible with possible expansion of the North Satellite.
- A performance issue with the consultant accounts for the schedule delay for this project.
- Metrics are being developed consistent with project milestones.

Work in 2014

- Anticipated accomplishments for NorthSTAR in 2014 include completing or nearing completion of 60-percent design.
- Concourse C Vertical Circulation should be 50-60 percent complete by the end of 2014.
- Tunnel refurbishment for the Baggage System Refurbishment should be completed in 2014. The rest of this project is expected to be completed by May 2015.
- Main Terminal Improvements should be nearing 30-percent completion.

7b. Briefing on NorthSTAR Program – North Satellite Terminal Expansion – Seattle-Tacoma International Airport.

Presentation document(s) provided by Michael Ehl, Director Airport Operations; Elizabeth Leavitt, Director Aviation Planning & Environmental; and Wayne Grotheer, Director Aviation Project Management:

- Commission agenda [memorandum](#) dated January 8, 2014.
- Presentation [slides](#).

Presenter(s): Mr. Ehl; George England, Program Leader, Aviation Project Management Group; Mark Reis, Managing Director, Aviation Division; and Susan Kostoff, NorthSTAR Program Leader for Alaska Air Group.

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

- Seattle's robust economy and geographic proximity to quickly growing markets for air travel position the Airport well for growth.
- Domestic carrier Alaska Airlines continues to experience success, and Delta Air Lines has chosen Seattle-Tacoma International Airport as its international West Coast gateway.
- The last increase to the Airport's gate capacity was 10 years ago with the addition of Concourse A. Overall gate inventory has been decreased during this period due to changes in aircraft design.
- Previous Airport Sustainable Master Plan studies indicated a need for 105 gates at Sea-Tac by 2028 and a need for 120 gates beyond 2028. There are currently 78 gates available.
- Following completion of airline realignment in May 2013, it was the intention to consolidate Alaska Air Group's operations in the northern part of the Airport. Airline consolidation and the strength of Alaska locally are expected to reduce the number of new domestic carriers entering the market.
- Realignment aimed to focus international operations in the southern part of the Airport.
- Based on service expansion plans by Delta Air Lines, staff anticipates 40 percent more Delta activity in 2014 than in 2013. This will consume the capacity derived from the realignment as early as this summer and activate plans to add new gates. In 2004, the comprehensive development plan recommended when adding new gates to build them at the North Satellite, a plan that complements Alaska's NorthSTAR renovations. The reasoning for building first at the North Satellite predated Alaska's renovation plans and was based on a variety of carrier-neutral rationales.
- Merger of U.S. Airways and American Airlines brings consolidation of those merged operations on Concourse D by January 2015, likely requiring the relocation of Frontier and JetBlue gates.
- Construction activity for the NorthSTAR and International Arrivals Facility will also have an effect on gate availability.
- Staff believes Delta expansion at the Airport will continue, although airline consolidations will likely reduce some of the Airport's gate capacity needs.
- Activating gate increases only when demand warrants it has been the Airport's strategy for accommodating growth for about 10 years.
- The Airport currently reserves 13 out of its 78 gates for common use by multiple carriers.

- An Airport-wide gating analysis has been conducted with projections through 2018 with a focus on efficient turns of aircraft at the gates. This analysis concludes the need for five additional gates at the North Satellite based on peak demand.
- The negative availability number in the gating analysis summary indicates that by 2018, there would be insufficient gates by five to meet demand on Concourse N during peak demand. The demand indicated appears to reflect airline scheduling demands independent of recent announcement of new service. The gating analysis is also reflective of more detailed scheduling information than was available at the start of the NorthSTAR program.
- The gating analysis contemplated various creative alternatives to manage passenger capacity, such as use of new boarding technology and increased integration of concessions and hold rooms.
- Alternatives to expansion of the North Satellite footprint considered included expansions of the South Satellite or Concourse A, which would involve demolition of existing facilities, and expansion of Concourse B, which would require alterations to existing roadways.
- Expansion of the North Satellite footprint is consistent with various priorities of the Port and Alaska. The addition will require a budget increase from \$208.3 million to \$383.5 million. Other project elements under consideration would accommodate further future growth and have the potential to increase the budget by another \$22 million. This represents the possibility of roughly doubling the original project budget of \$208.3 million to \$405.5 million. Decisions on the possible \$22 million in changes should be concluded during the 30-percent design phase.
- Accommodation of dual-door boarding would potentially cost an additional \$90 million to \$110 million. Future removal of dual-door boarding should the facility later be used by an airline that does not support this boarding option could cost about another \$30 million.
- The proposed expansion of the North Satellite will not require building a new fire station.
- A majority-in-interest ballot of the airlines on expansion of the North Satellite is expected to be issued at the end of January.
- Eventual expansion of the Airport to provide 120 gates from the current 78 would include application of a balanced facility requirement. Airfield capacity would be a consideration.
- Actual domestic passenger growth in 2013 was 6.9 percent for Alaska Air Group; 10.4 percent for Delta Air Lines; and 4.7 percent for all airlines in aggregate. International passenger growth in 2013 was 10.2 percent.

Commissioner Albro stated his opinion that it would be a mistake to increase capacity beyond actual market need at the Airport, noting trends toward steady passenger growth at the Airport as opposed to sudden increases. He requested a carefully mapped out report on expected demand that would include alternative proposals. Commissioner Albro also requested additional information on the increased project management and soft costs associated with the North Satellite expansion from \$3.5 million to \$9.1 million and from \$9.9 million to \$19.0 million as reflected in the financial implications section of the Commission agenda memorandum.

Susan Kostoff, Alaska's NorthSTAR Program Leader, reported on Alaska Air Group's appreciation of its collaborative relationship with the Port on the NorthSTAR program. She commented on

congestion in the North Satellite and expressed Alaska's support for expansion of the North Satellite footprint.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

None.

RECESSED AND RECONVENED

The special meeting was recessed at 3:30 p.m. to an executive session estimated to last two hours to discuss matters relating to potential litigation. Following the executive session, which lasted approximately two hours and 15 minutes, the special meeting reconvened in open public session at 5:43 p.m.

10. ADJOURNMENT

There being no further business, the special meeting was adjourned at 5:43 p.m.

John Creighton

Assistant Secretary

Minutes approved: June 10, 2014.