



Commissioners

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Courtney Gregoire
Commission Co-President
Tom Albro
Bill Bryant
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**APPROVED MINUTES
COMMISSION REGULAR MEETING FEBRUARY 4, 2014**

The Port of Seattle Commission met in a regular meeting Tuesday, February 4, 2014, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bowman, Bryant, and Creighton were present. Commissioner Gregoire was absent.

1. CALL TO ORDER

The regular meeting was called to order at 12 noon by Stephanie Bowman, Commission Co-President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The regular meeting was immediately recessed to an executive session estimated to last 60 minutes to discuss matters relating to sale or lease of real estate and performance of a publicly bid contract. Following the executive session, which lasted approximately 40 minutes, the regular meeting reconvened in open public session at 1:01 p.m.

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

[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. Authorization for the Chief Executive Officer to proceed with design and construction of the Pier 69 Carpet Replacement Project, including: design completion, advertisement, award of bid, and construction; for a total project cost not to exceed \$1,200,000. This request is time-sensitive and seeks a single authorization for design and construction.**

Request document(s) provided by Robert Hoyman, Marine Maintenance Project Manager, and Nick Milos, Manager Corporate Facilities, Pier 69 Facility Management:

- Commission agenda [memorandum](#) dated January 28, 2014.
- Preliminary [design](#) identifying areas to receive flooring.

5b. Motion to select an executive search firm to recruit candidates for Port Chief Executive Officer as follows: The Commission hereby selects executive search firm Spencer Stuart as its consultant for the 2014 search for a Chief Executive Officer for the Port of Seattle.

Request document(s):

- [Text of adopted motion.](#)

Motion for approval of consent items 5a and 5b – Bryant

Second – Creighton

Motion carried by the following vote:

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

Absent for the vote: Gregoire

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. Authorization for the Chief Executive Officer to increase the professional service agreement/contract (AECOM P-00317417) with AECOM Technical Services Inc. for cleanup oversight services at the Terminal 117 Non-Time Critical Removal Action Cleanup Project by \$1,400,000 for a new contract total of \$3,100,000. In accordance with RCW 53.19.060, this memorandum constitutes notification to the Commission that the amended amount of the contract exceeds 50 percent of the original not-to-exceed contract value of \$1,700,000. There is no funding increase to the project amount as a result of this authorization.

Request document(s) provided by Stephanie Jones Stebbins, Director, Seaport Environmental & Planning; Kathy Bahnick, Manager, Remediation Program; and Roy Kuroiwa, Senior Environmental Program Manager:

- Commission agenda [memorandum](#) dated January 24, 2014.

Presenter(s): Ms. Bahnick and Mr. Kuroiwa.

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

- Terminal 117 is located in the South Park neighborhood. The clean-up work is being done pursuant to an order by the U.S. Environmental Protection Agency.
- Clean-up began in June 2013, and most of the in-water activities are expected to be completed by February 15, 2014.
- Clean-up of sediments in the Terminal 117 uplands was complicated by unexpected discovery of barrels of regulated waste that required remediation. This resulted in an August 2013 declaration of emergency and delayed work on the Terminal 117 uplands by 4-5 months. Delay of in-water work has resulted in more intensive and complicated compliance monitoring needs.
- AECOM is the Port's project environmental consultant providing compliance monitoring, oversight, and documentation for the Terminal 117 clean-up.
- The contract increase provides for additional services and extends AECOM's compliance support. Project approval and funding was included in the 2014 environmental remediation liabilities authorization in December 2013. The original budget for professional services is sufficient to cover the agreement increase. No additional funding is required.
- Due to the terms of the extended professional services agreement, the increase does not constitute a cost overrun or add to the overall project cost.
- Seattle City Light is a partner in the cleanup and the Department of Ecology is providing funding pursuant to the Model Toxics Control Act (MTCA). Approximately \$13 million of matching grant funds were recently awarded for the project. The Port is the lead agency for design and clean-up.
- South Park neighborhood associations are actively involved in the project.

Motion for approval of item 6a – Albro

Second – Bryant

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 direct staff to purchase materials, advertise for construction bids, execute construction contracts, and fund the construction phase of the stormwater improvements portion of the Terminal 46 Development Program in the amount of \$6,500,000, bringing the total amount currently authorized for the program to \$12,500,000.

Request document(s) provided by Michael Burke, Director Seaport Leasing & Asset Management and Ticson Mach, Capital Project Manager:

- Commission agenda [memorandum](#) dated January 27, 2014.
- [Diagram](#) of Terminal 46.

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

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

- The 13th Amendment to the Port's lease with Total Terminals Inc. at Terminal 46 was approved in 2012. The amendment extended the lease by 10 years and committing the Port to a number of improvements at the terminal. These include commitments to capital improvements to improve stormwater standards.
- The terminal operator's proposal to use electro-coagulation was found to be about four times the cost originally projected. An alternative plan more consistent with original budget expectations has been presented to the Department of Ecology for approval.
- Considerations in developing the alternative stormwater treatment plan were one-time capital cost to the Port and reasonable ongoing operational cost for the Port's tenants.
- Stormwater runoff from the terminal does not meet state water-quality standards. All stormwater runoff from Port terminals is contaminated with heavy metals, feces from seabirds, galvanized coatings, and residue from brakes and tires. This is also true of stormwater runoff from city streets. These pollutants are difficult to remove. Drinking water also tends to be contaminated with metals that do not meet state stormwater runoff standards.
- The Port's proposal for stormwater treatment would provide flexibility for future changes to stormwater standards. No known treatments meet the standards of the 1972 Clean Water Act. Even with use of the proposed system, which has been successfully tested, the Port will not be in full compliance with the Act. It is not known whether commensurate stormwater treatment efforts to those proposed by the Port will be employed by the City of Seattle or King County.
- Stormwater compliance efforts are considered in the context of "all known and available reasonable technologies" (AKART). Department of Ecology approval is necessary in order to use alternative stormwater treatment methods. The acceptance of AKART represents an effort to balance environmental and business interests.
- Installation of the stormwater system will occur September 2014. Staff is exploring an extension by the Department of Ecology through the end of 2014 in view of the amount of activity at Terminal 46 and the need to phase construction with minimal operational impact to the tenant.
- Bids for the project would go out February 2014, the contract would be awarded in May, and construction would begin in June.
- Funding will not be spent on the alternative stormwater treatment proposed until it is approved by the Department of Ecology.

Motion for approval of item 6b – Bryant

Second – Albro

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 amend the Lease and Concession Agreement of Airport Management Services LLC (dba Hudson Group), substantially as

drafted in Exhibit A, to remove two news/gift locations from the lease premises at Seattle-Tacoma International Airport. The Commission addressed this matter in December 2011, and this authorization fulfills the intent of that initial action.

Request document(s) provided by James R. Schone, Director, Aviation Business Development and Deanna R. Zachrisson, Manager, Concessions Business:

- Commission agenda [memorandum](#) dated January 28, 2014.
- Draft Lease and Concession [Agreement](#).
- Premises [map](#).

Presenter(s): Ms. Zachrisson.

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

- The request is part of a series of responses to the closure of Borders Bookstore at the Airport in 2011. At that time, the space was leased to Hudson Group, who converted it to a convenience retail concept.
- Hudson agreed to return two nearby units to the Port to use as small business leasing opportunities. In order to lease the spaces to local small businesses, the units must be removed from the leased premises in Hudson's lease agreement.
- Rather than result in loss of jobs, the closure of Borders resulted in creation of new jobs and the commitment by Hudson to retain Borders' former employees.
- The new leases contemplated for these units are short-term leases for less than two years.
- The new tenants will be Metsker Maps and Sub Pop Records.
- There are plans to relocate the Airport's Music Initiative performance area from Concourse C to a location closer to the Sub Pop Records unit.

Motion for approval of item 6c – Albro

Second – Creighton

Motion carried by the following vote:

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

Absent for the vote: Gregoire

7. STAFF BRIEFINGS

7a. 2013 PeopleSoft Financials Upgrade Project Briefing.

Presentation document(s) provided by Rudy Caluza, Director Accounting & Financial Reporting, and Peter Garlock, Chief Information Officer:

- Commission agenda [memorandum](#) dated January 28, 2014.
- Presentation [slides](#).

Presenter(s): Samad Aidane, Information & Communications Technology Project Manager, and Debbi Browning, Assistant Director, Accounting.

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

- The PeopleSoft Financials System supports the Port's accounting, budget management, procurement, and financial reporting functions. Business functions supported by the system include general ledger, commitment control, purchasing, accounts payable, project costing, accounts receivable, billing, and asset management.
- The system processes \$6.6 billion in assets, 730 million operating and non-operating contributions, and 750 million expenditures.
- Key objectives in implementation of the PeopleSoft Financials upgrade included operation of the base application, elimination of customizations, elimination of manual processes, and refreshing hardware infrastructure.
- The project budget was approximately \$5 million. It started in October 2012 and implementation commenced in September 2013.
- Teams from Information & Communications Technology, Finance & Budget, Accounting Financial Reporting and the Capital Development Division participated in the upgrade.
- Improvements gained by the upgrade include better overall performance and user experience, streamlined processes and reporting, increased efficiency by implementing workflows, and elimination of manual processes to improve efficiency.

7b. Legislative Update for February 4, 2014.

No written materials were submitted for this presentation.

Presenter(s): Patricia Akiyama, Director of Public Affairs.

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

Federal Government

- The Port's federal government advocacy includes promotion of policies and legislation favorable to movement of freight, recognition of the significance of ports and intermodal facilities to national freight networks, reform of inequities of the Harbor Maintenance Tax, and Transportation Security Administration staffing of airport exit lanes.
- An executive order by the President is expected to require federal contractors to pay a minimum wage of \$10.10/hour.

State Government

- Port advocacy at the state level is guided by Port support for transportation infrastructure investment with equitable benefit for freight mobility projects, protection for freight conveyors from disproportionate taxation, dedication of MTCA funds first to clean-up of contaminated lands, adoption of achievable water quality standards, promotion of tourism and business growth, and funding for clean-up of derelict vessels.
- The Port does not comment on labor or minimum wage issues at the state level unless there is a direct impact to Port facilities.

Local Government

- Engagement with local governmental partners at the City of Seattle focuses on preservation of industrial land use through comprehensive plan policies, possible

establishment of a heavy haul corridor for freight traffic, and proposals to raise the minimum wage in Seattle.

- Mayor Murray intends to submit a minimum-wage proposal by the end of May for city council action by the end of July.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 1:53 p.m.

Tom Albro
Secretary

Minutes approved: June 24, 2014.