



**Commissioners**

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

Tay Yoshitani  
Chief Executive Officer

P.O. Box 1209  
Seattle, Washington 98111  
[www.portseattle.org](http://www.portseattle.org)  
206.787.3000

**APPROVED MINUTES  
COMMISSION REGULAR MEETING APRIL 22, 2014**

The Port of Seattle Commission met in a regular meeting Tuesday, April 22, 2014, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bowman, Bryant, and Gregoire were present.

Commissioner Creighton was absent.

**1. CALL TO ORDER**

The regular meeting was called to order at 12:02 p.m. 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 legal risk. Following the executive session, which lasted approximately 60 minutes, the regular meeting reconvened in open public session at 1:06 p.m.

The Commission also recessed into executive session later in the meeting as noted below.

**PLEDGE OF ALLEGIANCE**

*Without objection, the Commission advanced to the order of –*

**6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS**

*– and proceeded to consideration of the following agenda item –*

- 6a. Authorization for the Chief Executive Officer to terminate two existing leases and enter into two new leases with Clipper Navigation Inc. that include Pier 69 for a term of 15 years ending April 30, 2029, with one 5-year option to extend and a separate lease for the Vine Street Submerged Land for a term of 7 years, 8 months and 15 days with a first option to extend until April 30, 2029, and a second 5-year option substantially as drafted in Attachment 1 and according to the terms laid out in this memorandum at a fair market rate.**

Request document(s) provided by Patricia Spangler, Real Estate Manager, and Melinda Miller, Director, Portfolio and Asset Management:

- Commission agenda [memorandum](#) dated April 14, 2014.
- Presentation [slides](#).
- Lease [agreement](#) between the Port of Seattle and Clipper Navigation Inc.
- [Memorandum of agreement](#) between the City of Seattle and the Port of Seattle.

Presenter(s): Ms. Spangler and Darrell Bryan, President & CEO, Clipper Navigation Inc.

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

- Clipper Navigation Inc. has been a tenant of the Port since 1989. Its premises include administrative offices, a ferry terminal at Pier 69, a repair shop, interior storage, a south apron, a berthing area, and a loading dock.
- Clipper employs 104 full-time staff, a number that rises to 139 during the peak summer season.
- The current leases have been amended over time, and expire in 2019.
- The leased area includes a submerged portion of the Vine Street right-of-way, for which the Port holds a permit with the City of Seattle that cost \$13,500 in 2014 and is subject to increases.
- Current appraisal of the premises indicates a market rent higher than that currently paid by the tenant.
- Staff proposes a restructuring of two current leases to separate Clipper's Pier 69 premises from the Vine Street submerged land portion of the premises. Both would be 15-year leases with one 5-year option to extend. Rent will increase to \$294,650, with consumer price index adjustments and renegotiation opportunities every five years.
- Clipper will reimburse the Port for the Vine Street submerged land permit under the new leases and plans a number of improvements to the premises at Pier 69.
- Mr. Bryan commented on the collaborative and positive working relationship between his company and the Port during negotiation of the new leases.

**Motion for approval of item 6a – Bryant**

**Second – Albro**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Bryant, Gregoire (4)**

**Absent for the vote: Creighton**

*Following the vote on agenda item 6a, the Commission returned to consideration of –*

**3. SPECIAL ORDERS OF BUSINESS**

**3a. Recognize Winners of the 2013 Seattle-Tacoma International Airport Green Gateway Environmental Excellence Awards.**

Presentation document(s) provided by Elizabeth Leavitt, Director Aviation Planning & Environmental Services, and Leslie Stanton, Environmental Strategy Manager:

- Commission agenda [memorandum](#) dated April 4, 2014.
- Presentation [slides](#).

Presenter(s): Ms. Leavitt and Jeremy Webb, Environmental Program Manager, Aviation Environmental Programs Group.

Mr. Webb noted the purpose of the award program, which is recognition of the Port of Seattle's tenants, airlines, and business partners for their outstanding environmental leadership. He introduced the following award recipients, noting their specific achievements: Alaska Airlines received recognition for their leadership in the Greener Skies Initiative and transition to electric ground support equipment, Dufry/The Hudson Group in the Environmental Performance category, and HMS Host received recognition for their outstanding performance in the Airport Food Bank Donation Program and their waste reduction efforts in casual dining concepts.

### **3b. Briefing – Environmental Accomplishments for 2013.**

Presentation document(s) provided by Elizabeth Leavitt, Director Aviation Planning and Environmental Services, and Stephanie Jones Stebbins, Director, Seaport Environmental and Planning:

- Commission agenda [memorandum](#) dated April 3, 2014.
- Port of Seattle presentation [slides](#).
- Seaview Boatyard presentation [slides](#).

Presenter(s): Ms. Leavitt, Ms. Jones Stebbins, and Phil Riise, President, Seaview Boatyard.

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

- Alaska Airlines will reduce an estimated 1,000 tons of greenhouse gases and save \$300,000 a year in fuel costs due to their participation in the Electric Ground Support Equipment Project.
- The Renewable Fuel Program has endowed the Airport with more electric charging stations than any other airport on the West Coast.
- At the end of 2013, the Port's Clean Air Strategy was adopted, and the Port intends to reduce its greenhouse gas emissions 20 percent by 2018.
- The Port's Greener Skies Initiative began inaugural flights in 2013. Gradual descent of aircraft in lieu of the traditional "stair step" descents commonly used, airlines will be able to reduce emissions and fuel consumption.
- Food bank donations by Airport partners have increased about 40 percent.
- The Sustainable In-Sights program has been launched and consists of messages posted around the terminal that educate passengers on Aviation Environmental Program projects.
- Development of the Sustainable Airport Master Plan is underway.
- Key environmental program metrics were described.

- The 2013 Northwest Ports Clean Air Strategy update included introduction of measurable emissions reduction goals for the ports of Tacoma, Seattle, and Metro Vancouver.
- There is a revised truck scrappage program (Scrappage and Retrofits for Air in Puget Sound, or “ScRAPs”) that will launch in May. The goal is to replace older truck engines with newer, cleaner, engines.
- Environmental remediation efforts continue at Terminal 91, the East Waterway Superfund Site, Terminal 117, and the Lower Duwamish Waterway Superfund Site.
- Seaview Boatyard, a Port tenant for 41 years, has implemented many environmentally conscious programs. Much of the boatyard’s pollution reduction is due to scrupulous adherence to regulations.

#### **4. 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.]*

- 4a. Approval of the [claims and obligations](#) for the period of March 1 through March 31, 2014, including accounts payable checks nos. 822533-823590 in the amount of \$28,208,388.18 and payroll checks nos. P-176321-176526 in the amount of \$7,914,097.68 for a fund total of \$36,122,485.86.
- 4b. Authorization for the Chief Executive Officer to: (1) execute the East Marginal Way Grade Separation project’s (WP #102007) Memorandum of Agreement Between The City of Seattle and the Port of Seattle Regarding the East Marginal Way Grade Separation (MOA) and expend \$800,000 for final close-out construction elements and the conveyance of required properties/easements to the City of Seattle for a total project cost of \$56,256,171; (2) advertise, award, and execute a major works construction contract for the East Marginal Way Phase II project (WP#104866), and increase the project authorization in the amount of \$2,400,000 for a total project authorization of \$3,375,000; (3) execute the Argo Yard Truck Roadway Supplemental Agreement to Memorandum of Understanding to authorize acquisition of real property interests and term permit necessary for the Argo Yard Truck Roadway project (WP#’s 104739/104751/104754); and (4) advertise, award, and execute a major works construction contract for the Argo Yard Truck Roadway project (WP#’s 104739/104751/10754), and increase the project authorization in the amount of \$1,200,000 for a total project authorization of \$7,750,000.

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

- Commission agenda [memorandum](#) dated April 15, 2014.
- [Memorandum of Agreement](#).
- [Supplemental Agreement](#) to Memorandum of Understanding with exhibits.

**4c. Authorization for the Chief Executive Officer to execute a project-specific professional services contract to provide design services in support of future dining and retail terminal utility upgrades at Seattle-Tacoma International Airport. No funding is associated with this request.**

Request document(s) provided by Dave Soike, Director, Aviation Facilities and Capital Programs, and Wayne Grotheer, Director, Aviation Project Management:

- Commission agenda [memorandum](#) dated April 22, 2014.

**Motion for approval of consent items 4a, 4b, and 4c – Albro**

**Second – Gregoire**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Bryant, Gregoire (4)**

**Absent for the vote: Creighton**

**5. PUBLIC TESTIMONY**

An opportunity for public comment was provided, but no testimony was offered at this time.

**6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS**

*Agenda item 6a having been decided previously, the Commission advanced to consideration of –*

**6b. Authorization for the Chief Executive Officer to (1) authorize design of a passenger ramp for Gate S1 at Seattle-Tacoma International Airport; (2) competitively procure the ramp for Gate S1; and (3) use Port crews to construct and install the ramp at Gate S1. This single authorization is for \$1,185,000 of a total estimated project cost of \$1,205,000.**

Request document(s) provided by Wayne Grotheer, Director, Aviation Project Manager Group, and Michael Ehl, Director, Aviation Operations:

- Commission agenda [memorandum](#) dated April 14, 2014.
- [Map](#) of proposed Federal Inspection Services (FIS) busing plan route.

Presenter(s): Nick Harrison, Senior Manager, Airport Operations, and Sean Anderson, Capital Project Manager, Aviation Project Management Group.

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

- The Airport expects more international arrivals during the peak period than the FIS can accommodate and proposes a bus route that will transport passengers from international flights that have been parked in remote waiting areas or domestic gates to the South Satellite terminal where the FIS is located.
- This operation system requires a lift truck to transport wheelchair passengers and a permanent ramp at the building.

- Currently an elevator exists for wheelchair passengers or passengers with strollers, but is inconvenient and difficult to reach.
- The project will install a ramp at gate S-1 to connect the International Corridor to the apron level at the South Satellite. Preliminary planning resulted in the assessment that a permanent ramp is necessary, rather than the temporary ramp originally in the project scope.
- Code requirements for a gentler slope and intermediate landings have increased the size of the ramp as originally planned.

**Motion for approval of item 6b – Albro**

**Second – Gregoire**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Bryant, Gregoire (4)**

**Absent for the vote: Creighton**

**RECESSED AND RECONVENED**

The regular meeting was recessed at 2:33 p.m. and reconvened at 2:41 p.m., chaired by Commissioner Bowman.

**7. STAFF BRIEFINGS**

**7a. Seattle-Tacoma International Airport Capital Program.**

Presentation document(s) provided by Mark Reis, Managing Director, Aviation:

- Commission agenda [memorandum](#) dated April 16, 2014.
- Presentation [slides](#).

Presenter(s): Mr. Reis; David Soike, Director, Facilities and Capital Program; and Borgan Anderson, Director, Aviation Finance and Budget.

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

- The North Satellite baggage system improvements component of the NorthSTAR project is expected to be brought to the Commission in July.
- The final costs of the International Arrivals Facility (IAF) project and authorization for method of delivery should be presented to the Commission by June.
- Initial capital costs will drive growth in cost per enplanement and debt per enplanement. These costs will drop with greater use of the facility.
- Among similarly positioned origin-and-destination airports in the U.S., Sea-Tac is among the top five fastest growing airports.
- Major capacity projects, such as the International Arrivals Facility and North Satellite expansion, are driven by upward trends in enplanements, number of seats per aircraft, aircraft load factors, and passengers per departure. The trends affecting increased capacity per aircraft help explain why the numbers of arrivals and departures at the

Airport have generally decreased over the same period. Arrivals and departures have begun to rise again and are expected to continue to increase based on projections accepted by the Federal Aviation Administration (FAA), applying capacity pressure to Airport infrastructure.

- Significant capital projects underway or imminent include the new IAF, the NorthSTAR revitalization and expansion in partnership with Alaska Airlines, Airport-wide baggage optimization, and rebuilding Runway 16C/34C (the center runway).
- Additional anticipated capital projects include work on aircraft overnight parking, noise mitigation, renovation of the Airport service tunnel, provision of permanent, long-term emergency backup power, and installation of electrical charging stations for ground support equipment.
- Key principles applied in working out the funding for the Airport's capital program include maximizing the use of grants and passenger facility charges (PFCs) to minimize airline costs. There is a target of maintaining a cash balance of about \$200 million to cover 10 months operations and maintenance cost. The minimum debt service coverage ratio is targeted at 1.25.
- Consideration is given in projecting a plan of finance to applying PFCs to bonded debt versus using them to build projects on a pay-as-you-go basis.
- Project funding is typically designed around cost centers such that fees for services related to the improvement help to pay for them.
- Current expectation is that reconstruction of the center runway would be financed with a \$26 million FAA grant and bonds. Baggage optimization will likely be financed through \$93 million in grants from the Transportation Security Administration (TSA) and bonds. The NorthSTAR project will likely be funded through PFCs, funding from the Airport Development Fund, and the majority of the funding would come from bonds. The IAF would similarly be funded from the Airport Development Fund, passenger facility charges, and bonds, with bonds constituting the majority of the funding. About three-fourths of the IAF would be paid for by airlines and one fourth by the Port through nonaeronautical revenue.
- A majority-in-interest vote by the airlines is expected in late May, with ballots returning in June or July on the NorthSTAR program.
- The estimated cost for the IAF at \$316 million is very preliminary. A major fluctuation in that cost would result in re-balancing considerations for other projects in the program and their particular funding mechanisms. Some projects might be scaled back or eliminated and sources of funding could be reallocated.
- Costs associated with building the new IAF will be recovered from international carriers as a discrete cost center. It is expected that a substantial portion of PFCs will be applied to the project as well. This is consistent with the historic low percentage of PFCs used to fund improvements in the existing Federal Inspection Services facility. It is also consistent with negotiations with the airlines to execute the current airline lease, known as the Signatory Lease and Operating Agreement, or SLOA.
- Approximately \$67 million in PFCs are expected to be collected in 2014. PFCs are used first to pay debt service for bonds backed by passenger facility charges and issued in 1998. Only PFCs can be used to pay for this particular bond issuance. The second priority for PFCs is debt service on revenue bonds used for projects eligible to use

- passenger facility charges. Using PFCs in this way helps manage airline costs by keeping bond debt service out of the airline rate base.
- It is important to preserve Sea-Tac's marketability for international service by controlling FIS rates. Sea-Tac's cost per enplanement (CPE) is about in the middle of the range of CPEs for peer airports now and as projected into the future.

Commissioners Bryant and Bowman commented on their need for more concrete funding alternatives and more clearly defined project spending limits based on projected passenger volumes. There is a desire to better understand early in the process what trade-offs will be needed in order to successfully complete needed infrastructure improvements.

Commissioner Albro noted the need to focus on the Airport's marketability in view of its related impact to the funding sources outlined above. Several Commissioners expressed that their interest at this time is focused on the larger IAF and NorthSTAR projects: their estimated costs and the plan for financing them without compromising other airport infrastructure needs. Commissioner Albro commented on the prospect that the proposed Airport capital program might over-build Airport facilities not in line with demand.

#### **8. NEW BUSINESS**

None.

#### **RECESSED AND RECONVENED**

The regular meeting was recessed at 4:07 p.m. to an executive session estimated to last 60 minutes to discuss matters relating to qualifications for public employment. Following the executive session, which lasted approximately 90 minutes, the regular meeting reconvened in open public session at 5:38 p.m.

#### **9. ADJOURNMENT**

There being no further business, the regular meeting was adjourned at 5:38 p.m.

Tom Albro  
Secretary

Minutes approved: January 27, 2015.