

**Commissioners**

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



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**APPROVED MINUTES  
COMMISSION REGULAR MEETING MAY 6, 2014**

The Port of Seattle Commission met in a regular meeting Tuesday, May 6, 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 after 1:10 p.m. Commissioner Creighton was absent after 4:28 p.m.

**1. CALL TO ORDER**

The regular meeting was called to order at 11:59 a.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 potential litigation, legal risk, and performance of a public employee. Following the executive session, which lasted approximately 70 minutes, the regular meeting reconvened in open public session at 1:10 p.m.

**PLEDGE OF ALLEGIANCE**

**3. SPECIAL ORDERS OF BUSINESS**

**3a. Seaport Presentations: Maritime Festival and Opening of Cruise Season.**

Presentation document(s) provided by Michael McLaughlin, Director, Cruise and Maritime Operations, and Jane Kilburn, Director, Tourism Development:

- Presentation [slides](#).

Presenter(s): Mr. McLaughlin; Ms. Kilburn; Sally del Fierro, Senior Manager, Community Engagement; Ken Saunderson, Producer, Seattle Maritime Festival; Fred Kiga, Vice President of Government Affairs, Vigor Industrial.

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

- The 2014 cruise season opened May 3.
- The Seattle cruise market is 16 years old and has grown from six annual vessel calls to 178, or 805,000 passengers. An average of 17,000 passengers move through each of the Port's two cruise terminals daily during the summer weekends.
- Alaska is the most desired domestic cruise destination in the United States.
- Starting next year, Holland America, Princess Cruises, and Royal Caribbean cruise lines will homeport more, larger, or newer vessels at the Port, increasing Port cruise revenue significantly.
- Seattle's ratings as a homeport among cruise passengers are consistently high.
- The cruise industry contributes \$132 million in annual local business revenue, with an estimated \$2.2 million contributed to the local economy each time a home-ported ship calls in Seattle. The cruise industry currently generates 3,934 Seattle-area jobs and \$16.6 million in annual state and local taxes.
- A "Cruise and Stay" marketing campaign is underway to encourage cruise passengers to add time in the Seattle area to their cruise experience. Key targeted markets are in Germany and Japan.
- The Port has joined the United Kingdom (U.K.) Cruise Industry Association.
- Seattle cruises booked from Germany increased 26 percent in 2013. Cruises booked from the U.K. increased 40 percent during the last quarter of 2013. In France, the number of travel agencies selling cruises out of Seattle increased by 60 percent.
- The annual Seattle Maritime Festival will begin May 8. The Port has been a Festival sponsor since 1999, and many events take place at Port facilities.
- The 2014 Maritime 101 initiative began in early April and will continue through the end of May. It has staged over 30 events so far. Maritime 101's goal is to promote to the public the Northwest maritime industry, with emphasis on maritime career opportunities. Key educational elements include the maritime industry's economic impact, its products and services, its commitment to sustainability, and how business, government, labor, and industrial organizations are working together to promote a working waterfront. Twenty businesses participate directly in Maritime 101. Over 35 businesses contribute financially. Most of these contributions have been over \$1,000, with ten businesses contributing over \$5,000.

#### **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 minutes of the regular meeting of December 10, 2013, and the special meeting of December 17-18, 2013.**

- 4b. Authorization for the Chief Executive Officer to (1) approve construction funding for the rehabilitation of the central section of the Shilshole Bay Marina seawall for an amount of \$713,000 for a total project cost of \$915,000 and (2) use Port crews in performance of the work. (CIP #C800088)**

Request document(s) provided by Darlene Robertson, Director, Harbor Services, Real Estate Division; Tracy McKendry, Senior Manager, Recreational Boating Facilities; and Mark Longridge, Project Manager, Capital Development Division:

- Commission agenda [memorandum](#) dated April 29, 2014.
- Site location and existing condition [photographs](#).

**Motion for approval of consent items 4a and 4b – Bryant**

**Second – Creighton**

**Motion carried by the following vote:**

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

**Absent for the vote: Gregoire**

## **5. PUBLIC TESTIMONY**

As noted on the agenda, an opportunity for public comment was provided, although none was offered at this time.

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

- 6a. Authorization for the Chief Executive Officer to design, advertise, and construct stormwater modifications and upgrades at Terminal 115 in the amount of \$473,000 for a project total of \$548,000 and use Port crews in the performance of the work. (CIP #C800689)**

Request cruise document(s) provided by Mike Burke, Director, Seaport Leasing & Asset Management, and Mark Longridge, Project Manager, Capital Development Division:

- Commission agenda [memorandum](#) dated April 29, 2014.
- Presentation [slides](#).

Presenter(s): Mr. Longridge and Josh Peterson, Property Manager, Seaport Leasing & Asset Management.

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

- Terminal 115 consists of 98 acres, of which 70 are leased to Northland Services. Other areas of the site are leased separately. Northland is currently required by the Department of Ecology to take corrective action to improve the water quality of the stormwater runoff it processes from its leased area. Stormwater from approximately 1.5 acres of the site not leased by Northland drains onto Northland's leased area.

- The project would segregate the stormwater leaving these 1.5 acres of separately leased area to prevent Northland from being responsible for processing that runoff as part of its corrective action. The water from the 1.5 acre area would be redirected to an existing advanced stormwater system in the northeast corner of the property.
- The preliminary design concept proposes the installation of a pumped or forced main conveyance system, parallel to the existing conveyance systems. Construction would include the replacement of two catch basins, the installation of a submersible pump, and the construction of approximately 900 linear feet of piping.
- The project team considered other solutions, including three options for gravity-driven systems. While these avoid the installation and maintenance costs of a mechanical system, the area under consideration is so flat that any gravity-driven system would lead to a large impact on a much larger area of Terminal 115 property.
- The project completion deadline is September 30, 2014.

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

**Second – Creighton**

**Motion carried by the following vote:**

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

**Absent for the vote: Gregoire**

**6b. Authorization for the Chief Executive Officer to complete the construction of the Long-Term Cell Phone Lot at the Seattle-Tacoma International Airport for an additional amount of \$822,100 for a total authorization of \$2,207,100. (CIP #C800324)**

Request document(s) provided by Mike Ehl, Director, Airport Operations; and Wayne Grotheer, Director, Aviation Project Management Group:

- Commission agenda [memorandum](#) dated April 29, 2014.
- Presentation [slides](#).

Presenter(s): Mark Reis, Managing Director, Aviation; George England, Capital Program Leader, Aviation Project Management Group; Peter Lindsay, Airport Operations Development Manager, Airport Operations, Landside.

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

- The Seattle-Tacoma International Airport's old cell phone lot, with 150 parking stalls, has become insufficient for current and future needs, especially during the peak summer season. The construction of a new cell phone lot, with 200 stalls, is partially complete, but currently suspended due to unforeseen design and budgetary obstacles.
- Both old and new cell phone lots are currently in use.
- The old cell phone lot was on course to be relocated as part of the Cargo 5 capital project, which would convert former United States Postal Service and other facilities to

provide overnight aircraft parking. This was a temporary measure due to future construction plans for Cargo 5.

- The Cargo 5 project, construction of a replacement cell phone lot, and the Cargo 2 & 6 project were combined in order to save approximately \$10 million in construction costs. These projects were at different phases of their respective schedules, and project design for the cell phone lot was accelerated to bring it into alignment with the rest of the combined project.
- Despite challenges along the way, the project team now estimates that \$12 million can be saved through project consolidation. Lessons learned from the project's challenges were discussed.
- A major issue is the permanent access control to the cell lot. A roundabout was originally chosen over a traffic signal due to cost. At completion of 60 percent design, the roundabout design experienced unforeseen cost growth. The project team is evaluating permanent access alternatives and will present the Commission with a separate request at a later date.
- Depending on the alternative selected, construction of permanent access control may require an additional \$779,000 to \$2 million of authorization, resulting in an estimated total project cost ranging from \$3 million to \$5 million, 50 percent higher than the original \$2 million budget.
- The additional \$5 million in project cost is justified by the additional hardstand capacity provided by the Cargo 5 project.
- At this time, the cell phone lot and the permanent access control cannot be separated from the hardstand projects and constructed on their own budget at a later date due to costs for cell phone lot construction work already completed coming due and high customer demand for use of the lot.

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

**Second – Creighton**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Creighton (3)**

**Opposed: Bryant (1)**

**Absent for the vote: Gregoire**

**RECESSED AND RECONVENED**

The regular meeting was recessed at 2:21 p.m. and reconvened at 2:27 p.m. chaired by Commissioner Bowman.

**7. STAFF BRIEFINGS**

**7a. Legislative Update for May 6, 2014.**

There were no presentation documents for this briefing.

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

Issues and measures being tracked by the Port governmental relations team include the following:

**Federal Government**

- The Maritime Goods Movement Act, a Port of Seattle-supported proposal to reform the Harbor maintenance tax.
- The Port's Transportation Investment Generating Economic Recovery (TIGER) grant application for the Terminal 46 Modernization Project, which would include dock repair and rehabilitation, crane rail extension, and stormwater improvements.
- Water Resources Development that may include reforms to harbor maintenance programs that increase operation and maintenance funding for river ports. Funds may be expanded for uses beyond dredging, and a rebate program may be provided for ports affected by potential cargo diversion.
- The Obama Administration's Grow America Act, a surface transportation reauthorization proposal that includes a \$302 billion investment in transportation programs, with \$10 billion for freight and \$5 billion for TIGER grants.
- Surface transportation reauthorization legislation in the U.S. Senate.
- Lack of traction for a debate in the U.S. Senate on raising the federal minimum wage to \$10.10 per hour.

**State Government**

- On April 29, 2014, Governor Inslee issued an executive order on climate change to limit state carbon emissions. It creates a Carbon Emissions Reduction Task Force (CERT), to provide recommendations on a cap-and-trade program to be presented in the 2015 legislative session.
- New derelict vessel legislation, especially the implementation of section 501, which creates obligations on the part of moorage providers and is of concern to the Port.

**Local Government**

- The City of Seattle's approval of permits for Hemp Fest, which is held annually in Myrtle Edwards Park and the Port's Centennial Park.
- Mayor Ed Murray's upcoming Maritime Industrial Summit on May 19, of the City, Port, and maritime and industrial community leaders to discuss critical issues, including transportation, land use regulations, and communications.
- Mayor Murray's proposal to gradually raise Seattle's minimum wage to \$15 per hour. Most business and labor community members endorse the plan, but some business owners support longer phase-in periods for small businesses, and a separate training wage.

**7b. Project Delivery Briefing for the Airport's International Arrivals Facility program. (CIP #C800583)**

Presentation document(s) provided by: Ralph Graves, Managing Director, Capital Development Division; Wayne Grotheer, Director, Aviation Project Management Group; Michael Knize, Project Manager, AECOM; Michael Gasparro, West Region Aviation Market Leader, AECOM; Steve

McCabe, Associate Vice President, AECOM; Robynne Parkinson, Attorney, Thaxton Parkinson PLLC; and Andrew Thompson, P.E., Granite Construction Company:

- Commission agenda [memorandum](#) dated April 22, 2014.
- Port of Seattle presentation [slides](#).
- AECOM presentation [slides](#).
- Thaxton Parkinson presentation [slides](#).

Presentation slides were provided at the meeting by Mr. Thompson of Granite Construction. A copy of the presentation is, by reference, made a part of these minutes, is marked [Exhibit A](#), and is available for review in Port offices.

Presenter(s): Mr. Grotheer, Mr. Graves, Mr. Knize, Mr. Gasparro, Mr. McCabe, Ms. Parkinson, and Mr. Thompson.

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

- The design and construction of a new International Arrivals Facility (IAF) at the Seattle-Tacoma International Airport is the first step of the Sustainable Airport Master Plan, under development in consultation with Leigh Fisher Associates. Other team members include Aviation Project Management and AECOM. Third-party experts in project management and delivery have also been consulted.
- The decision-making process will culminate in weekly meetings of project leaders. More routine issues will be dealt with at a lower level. There is a focus on providing the Commission with information and gathering Commission direction.
- IAF project team activities include project definition, estimating, and scheduling, with the intention of providing an accurate estimated project cost.
- The entire program has a \$2.5 billion budget over ten years. So far, the Commission has authorized \$375 million, approximately 15 percent of the total budget, with \$700 million of allowances as placeholders for future projects.
- The Port has flexibility to adjust the program to respond to cost growth. Value engineering, alterations of scope, and changes to phasing are only some of the options.
- The team anticipates bringing the estimated budget before the Commission by late summer, along with recommendations for the aesthetic model of the IAF.
- After comprehensive evaluation, the proposed project delivery method is progressive design-build, which consolidates design and construction phases under one contract.
- Benefits of the progressive design-build method include a single point of accountability, schedule compression, selection of the design-build team based on qualifications rather than cost, integration of design and construction work, and a shift of risk from the Port to the design-builder. The design-build team's contract includes a performance warranty that should result in fewer legal claims, faster project delivery, and the opportunity to use advanced design and construction techniques.
- The Port and design-builder will collaborate to design to the Port's validated budget.
- A guaranteed maximum price (GMP) is determined earlier using progressive design-build mythology than in any other project delivery method.

- The Airport will be able to take advantage of RCW 39.10.370, which allows contractors to be selected based on qualifications rather than cost.
- AECOM has successfully used progressive design-build methodology on similar airport projects for ten years. Lessons learned from the San Jose, San Francisco, and San Diego airports are available for the Port and Airport to reference.
- The IAF project has no design or design-builder as yet. The design-builder is scheduled to be chosen in May 2015, early in the project process, preventing lag time between design, procurement, and construction, and allowing early collaboration between design, construction, and management teams.
- The design-builder will revalidate the estimating and scheduling of the project team through inspection of the site, take ownership of all materials, and produce a refined budget and schedule. The team will then reconcile the budget and schedule. The budget will also be estimated by a third party.
- Mr. Knize outlined the following Commission authorizations in the project schedule:
  - ▶ Authorization to issue a request for qualifications once the choice of a connector bridge or tunnel is resolved
  - ▶ Approval to issue a request for proposals
  - ▶ Authorization to award the contract to a design-builder, which triggers project validation
  - ▶ *[Clerk's Note: The Port's presentation materials also included a design-construction authorization following design, cost, and schedule validation.]*
- The design-builder's process is expected to be complete in October 2015.
- The Airport will remain involved and in control of the entire progressive design-build process, collaborating with the design-builder to develop the program. In the unlikely event of termination of construction for whatever reason, the progressive design-build project delivery methodology ensures that the Port retains the design produced. Continuation of the project with a new contractor would not require redesigning the IAF.
- Management will set quality standards, to be met by the contractors. Designers and builders will collaborate to solve challenges.
- The design and construction overlap will be managed to avoid cutting the quality in order to meet a schedule. Portions of the project will be designed and validated, and when they are certain not to change, construction will begin.
- As the project is taking place in an active facility, key project components include phasing, minimization of impacts to operations, and eliminating impacts to the passengers' level of service and experience.
- Risk will be managed through owner and project team collaboration on design throughout the project; robust cost reporting and budget reviews; third-party cost-validation; and competitive solicitation of subcontracts. The integration of design and construction will resolve any issues at the earliest and least expensive stage.
- The team hopes to have completed the project requirements and scope, as well as contractor selection, by the end of 2014.

*Commissioner Creighton was absent after 4:28 p.m.*



**8. ADDITIONAL NEW BUSINESS**

None.

**RECESSED AND RECONVENED**

The regular meeting was recessed at 4:40 p.m. to an executive session estimated to last 45 minutes to discuss matters relating to sale or lease of real estate. Following the executive session, which lasted approximately 80 minutes, the regular meeting reconvened in open public session at 6:07 p.m.

**9. ADJOURNMENT**

There being no further business, the regular meeting was adjourned at 6:07 p.m.

Tom Albro  
Secretary

Minutes approved: February 10, 2015.