



Commissioners

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**APPROVED MINUTES
COMMISSION REGULAR MEETING JUNE 24, 2014**

The Port of Seattle Commission met in a regular meeting Tuesday, June 24, 2014, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire were present.

1. CALL TO ORDER

The regular meeting was called to order at 12:03 p.m. by Courtney Gregoire, 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. Following the executive session, which lasted approximately 60 minutes, the regular meeting reconvened in open public session at 1:11 p.m.

[Clerk's Note: An additional executive session was convened later in the meeting as noted below.]

PLEDGE OF ALLEGIANCE

3. SPECIAL ORDERS OF BUSINESS

None.

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.]

Agenda item 4f was removed from the Unanimous Consent Calendar for separate discussion and vote.

4a. Approval of the minutes of the regular meetings of January 28, 2014, and February 4, 2014.

- 4b. Authorization for the Chief Executive Officer to execute a professional services indefinite delivery, indefinite quantity contract for Passenger Loading Bridge design services in the amount of \$2,000,000 with a contract duration of four years in support of upcoming capital improvement projects at Seattle-Tacoma International Airport. There is no budget request associated with this authorization.**

Request document(s) provided by Wayne Grotheer, Director, Aviation Project Management Group:

- Commission agenda [memorandum](#) dated June 16, 2014.

- 4c. Authorization for the Chief Executive Officer to (1) complete design and (2) authorize Port crews to proceed with construction of the Baggage Claim Device 8 Refurbishment and Security Door Replacement project at Seattle-Tacoma International Airport. This authorization seeks a single Commission authorization of \$263,730 to perform the design and construction for a total project cost of \$303,730 (CIP #C800368).**

Request document(s) provided by David Soike, Director, Aviation Facilities and Capital Program; and Wayne Grotheer, Director, Aviation Project Management Group:

- Commission agenda [memorandum](#) dated June 16, 2014.

- 4d. Authorization for the Chief Executive Officer to increase the authorized amount for the Clean Truck Program truck scrapping project by \$1,608,000 for a revised total of \$6,335,000. Of the additional \$1,608,000, the United States Environmental Protection Agency Diesel Emission Reduction Act Grant will provide \$1,200,000 and the Port will contribute \$408,000.**

Request document(s) provided by Janice Gedlund, Manager, Seaport Air Quality Program; and Jessica Durand, Grants Manager Specialist, U.S. EPA/Grants & Interagency Administration Division:

- Commission agenda [memorandum](#) dated June 3, 2014.
- EPA Assistance Reward [Notice](#).
- Port of Seattle Drayage Truck Replacement Project EPA [Request](#).

- 4e. Authorization for the Chief Executive Officer to (1) enter into an agreement with Puget Sound Clean Air Agency (“Agency”) to complete the “Feasibility Analysis for Upgrading Drayage Truck Engines” (“Feasibility Analysis”) and (2) to expend \$269,000 to complete the Feasibility Analysis.**

Request document(s) provided by Janice Gedlund, Seaport Air Quality Program Manager:

- Commission agenda [memorandum](#) dated May 29, 2014.
- Interlocal [Agreement](#).

As noted above, the following agenda item –

- 4f. Authorization for the Chief Executive Officer to prepare design and construction bid documents for the Parking Garage Lighting project at Seattle-Tacoma International Airport. This authorization is for \$1,243,000 of a total estimated project cost of \$6,235,700 (CIP #C800581) [postponed]**

– was temporarily postponed.

- 4g. Authorization for the Chief Executive Officer to execute a new collective bargaining agreement between the Port of Seattle and the ILWU Local Union No. 9 representing Tour Group Coordinators. This contract has a two-year term from March 1, 2014, to February 28, 2016, covering the 2014 and 2015 cruise seasons.**

Request document(s) provided by Kim Ramsey, Labor Relations Manager:

- Commission agenda [memorandum](#) dated June 16, 2014.
- Interlocal [Agreement](#).

Motion for approval of consent items 4a, 4b, 4c, 4d, 4e, and 4g – Albro

Second – Bryant

Motion carried by the following vote:

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

5. PUBLIC TESTIMONY

Public comment was received from the following individual(s):

- Jay Herzmark, affiliated with Safe Work Washington. Mr. Herzmark spoke in favor of better wages for Airport workers, opining that travelers and business executives could afford to pay more.
- Alex Hoopes, employed in the airline industry and affiliated with the Service Employees International Union (SEIU). Mr. Hoopes commented on the needs of Airport workers for better wages and on Alaska Airlines' profits.
- Jess Spear, Organizing Director for 15 Now. Ms. Spear commented on City of SeaTac Proposition One, related to a local minimum wage and criticized the Port for challenging the validity of the jurisdiction of the city to set a minimum wage at the Airport
- Amy Hawkins, affiliated with 15 Now. Ms. Hawkins spoke in favor of an increased minimum wage at the Airport.
- Ronnie Rodriguez, affiliated with 15 Now. Mr. Rodriguez spoke in favor of an increased minimum wage at the Airport and criticized Alaska Airlines for not supporting workers.
- Pedro de los Santos, an airline industry worker. Mr. de los Santos spoke in favor of a \$15/hour minimum wage at the Airport.

The Commission advanced to the following agenda item, which was removed from the Unanimous Consent Calendar for separate discussion and vote, as noted above –

- 4f. Authorization for the Chief Executive Officer to prepare design and construction bid documents for the Parking Garage Lighting project at Seattle-Tacoma International Airport. This authorization is for \$1,243,000 of a total estimated project cost of \$6,235,700 (CIP #C800581).**

Request document(s) provided by David Soike, Director, Aviation Facilities and Capital Program, and Wayne Grotheer, Director, Aviation Project Management Group:

- Commission agenda [memorandum](#) dated June 16, 2014.

Presenter(s): Mr. Soike and Mary Todd, Senior Infrastructure Systems Engineer, Conservation.

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

- The Seattle-Tacoma International Airport parking garage has over 65,000 light fixtures. Upgrading light fixtures from the current 150 watt fixtures to LED fixtures can reduce energy consumption in the garage by over 60 percent and serve long-term environmental goals.
- Extra lighting is required on the first floor and for the fourth floor Customer Service facility. The Airport's Facilities Department is not large enough to effectively perform The design to be contracted to an outside firm.
- Actual replacements will be performed over the next few years by Port staff. A possible need for extra staff is included in the budget.
- The Department of Commerce has assured a grant of approximately \$500,000 if work can commence by June.
- Use of a possible Bonneville Power Administration grant of \$250,000 is under consideration. This funding could be used instead for other Airport conservation projects.

Motion for approval of item 4f – Creighton

Second – Albro

Motion carried by the following vote:

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

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- 6a. First Reading and Public Hearing of Resolution No.3692: A Resolution of the Port Commission of the Port of Seattle declaring certain real property located in the Cities of Woodinville and Bothell, in King County (a portion of the Woodinville Subdivision) and any improvements located thereon, surplus and no longer needed for Port purposes, authorizing its transfer to the City of Woodinville 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 June 9, 2014.
- [Resolution No. 3692](#).
- Real Estate Sale and Purchase [Agreement](#).
- Ancillary Property Purchase and Sale [Agreement](#).

Presenter(s): Mr. McWilliams.

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

- The property comprises 2½ miles of land, the last remaining Port-owned portion of the Eastside Rail Corridor, originally purchased by the Port of Seattle from BNSF Railway in 2009.
- The purchase price is \$1.1 million in the aggregate, paid to the Port by the City of Woodinville. This price is consistent with the sale to Snohomish County.
- Purchase will take place as two separate transactions, closing contemporaneously with one another, due to the property being bifurcated north to south.
- Besides the purchase price, the City will also provide an environmental indemnity, in benefit of the Port.

Motion for first reading of Resolution No. 3692 – Creighton

Second – Bowman

PUBLIC HEARING on Resolution No. 3692

Commissioner Gregoire declared the public hearing for Resolution No. 3692 open. There was no public comment offered at this time, and the public hearing on Resolution No. 3692 was closed. The question recurred on the motion by Commissioner Creighton, seconded by Commissioner Bowman, for first reading of Resolution No. 3692.

Motion carried by the following vote:

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

6b. Authorization for the Chief Executive Officer to proceed with the stage III mechanical energy conservation project and execute a contract through the State Department of Enterprise Services for an audit of mechanical systems and preliminary design of energy-saving improvements. This request is for \$330,000 of an estimated total project cost of \$3,500,000 (CIP #C800658).

Request document(s) provided by David Soike, Director, Aviation Facilities and Capital Program, and Wayne Grotheer, Director, Aviation Project Management Group:

- Commission agenda [memorandum](#) dated May 21, 2014.

Presenter(s): Mr. Soike and Lynn Oliphant, Aviation Infrastructure System Engineer, Aviation Facilities and Infrastructure.

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

- The Seattle-Tacoma International Airport has successfully undertaken two previous mechanical energy conservation projects, yielding annual savings of over \$15,000 a year. It has similar expectations for this project.
- Stage III of the project aims to replace old constant-volume heating and cooling units with modern variable-volume types. This is a continuation of work done in stages I and II. The project will optimize chilled water pumping to reduce the pressure drop and electrical load; and upgrade air conditioning equipment in the electrical and computer rooms to use higher chilled-water cooling temperatures and augment the waterside economizer mode.
- The project will implement controls to reduce the energy required for heating and cooling on the terminal's ticketing level.
- Additional scope includes optimization of central mechanical plant chillers and recovery of heat from condensate in the main terminal for domestic water heating.
- Stage III main costs are design and project management.
- A ten percent or higher return is expected on investments.
- The Airport aims to stay at or below the 2010 electrical load of 17.359 megawatts, which it is currently doing.
- The airlines have unanimously approved this project.

Motion for approval of item 6b – Bryant

Second – Creighton

Motion carried by the following vote:

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

Without objection, the following agenda item –

6c. Authorization for the Chief Executive Officer to execute a Lease Termination Agreement for Terminal 5 and execute related amendments to a crane agreement and lease agreements for Terminal 18 and Terminal 30. [laid on the table]

– was laid on the table.

7. STAFF BRIEFINGS

7a. 2014 First Quarter Capital Improvement Projects Report.

Presentation document(s) provided by Ralph Graves, Managing Director, Capital Development:

- Commission agenda [memorandum](#) dated May 25, 2014.
- Presentation [slides](#).
- First Quarter [Report](#) 2014.

Presenter(s): Mr. Graves.

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

- The Airport currently has four new projects behind schedule and is experiencing delays in its annual Airfield Improvement Project. The Rental Car Baggage Claim Renovation project (C800541) is complete.
- There are no new variances in Seaport and Real Estate projects. The Pier 69 North Apron Corrosion Control project is wrapping up well within its budget and time scale.
- There are no new variances in Corporate projects.
- In 2013, a project was undertaken to clean up Terminal 117. The project included upland and in-water work and encountered unanticipated drums of material. Slightly over \$300,000 has been spent on the resulting supplemental contract.
- The Port of Seattle is meeting some of its small contracting goals for 2014 but not others, standing at an aggregate of 25 percent. Small contractor goals for 2014 may still be met.
- The history of project schedule and budget targets for the years 2011-2014 was presented. Many projects' design and construction phases ran over schedule. Projects historically have a high success rate for staying within budget.
- Delays in execution, conservative cost estimation, and tendency for programs to be delayed result in project under-execution in the three capital budget business divisions.
- The Capital Program has improvements planned relating to programming, critical projects, control of scope growth, and delivery processes.

7b. Briefing on the Port Property Insurance Renewal for the Policy Year beginning on July 1, 2014.

Presentation document(s) provided by Jeff Hollingsworth, Senior Manager, Risk Management:

- Commission agenda [memorandum](#) dated June 5, 2014.
- Presentation [slides](#).

Presenter(s): Mr. Hollingsworth.

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

- The Port of Seattle's insurance coverage renewal is scheduled for July 1, 2014, at an anticipated cost between \$1,490,000 and \$1,510,000.
- Insurance will be renewed with the same structure as last year, with a \$750 million per occurrence limit and a \$500,000 per occurrence deductible.
- Terrorism coverage is provided with a sub-limit of \$350 million per occurrence.
- The Port will have six months of coverage under the expiring Terrorism Risk and Insurance Act. The Port's insurance company, Lexington, has guaranteed to cover any policies renewed prior to the end of 2014. Regardless of the Act's renewal or non-renewal, the Port will have coverage, with a supplement of \$350 million.
- Flood coverage is capped at an annual aggregate of \$25 million above a flat \$500,000 deductible.

- Coverage for course of construction peril stands at \$50 million; equipment breakdown and business interruption both stand at \$100 million. Major deductibles per occurrence stand at \$500,000 for fire and extended coverage, \$1,000,000 for flood, \$50,000 for course of construction, \$25,000 for fine arts and \$1,000,000 for equipment breakdown. Procuring earthquake insurance was re-evaluated this year and determined to be too costly and inadequate.
- The Airport will start construction on several large projects after July 1, 2015, the current renewal expiration. Risk Management will work with project teams to structure insurance coverage for the project construction phases.
- The main driver for post-property insurances is the Port's total value of \$4.7 billion in insurable assets.
- The estimated premium is \$1.5 billion, a little higher than last year's.

8. ADDITIONAL NEW BUSINESS

8a. Presentation on the Quality Jobs Initiative.

There were no presentation documents provided prior to this briefing. However, materials were made available at the meeting and on the Port website. A copy of these materials is, by reference, made a part of these minutes, is marked [Exhibit A](#), and is available for review in Port offices.

Staff presenter(s): Mark Reis, Managing Director, Seattle-Tacoma International Airport, and Luis Navarro, Director, Office of Social Responsibility.

The presentation included the following relevant information:

- In January, the Port Commission announced the Quality Jobs Initiative, a public process and conversation about job quality at the Seattle-Tacoma International Airport. Data was gathered through public hearings, conversations with employers, employees, and labor representatives, and invited public comment. Third party research and wage and benefit experts were also consulted.
- Important research elements included the over 6,000 Airport employees with direct access to Airport operations areas, and benchmarking the Airport's performance with other airports.
- The high turnover rate of employees associated with the Airport operations area, particularly at the entry level, was considered, including the negative consequences for Airport safety and security. Wage and benefit levels remain low, and entry-level employees have difficulty in advancing further in their careers.
- Short-tenure employees have less experience and less opportunity for recurrent training. Commission action regarding minimum standards of compensation and training is intended to reduce turnover and increase Airport efficiency.
- The Port of Seattle needs a flexible framework that raises standards of living for Airport employees and addresses workforce development issues while accounting for the different needs and operational constraints of the Port and the Port's tenants, customers, and stakeholders.
- Three actions that the Commission is considering to strengthen Airport quality jobs include the following: a safety and security proposal and resolution that establishes new

training, education, work experience, and wage and compensation standards for aeronautical workers; a workforce development and career opportunities proposal and motion to expand career advancement opportunities for Port workers; and a third action relating to Airport dining and retail jobs, which is under development.

- In May 2014, Alaska Airlines announced an investment of \$1.4 million to support job training at the Airport. The Office of Social Responsibility (OSR) plans to use this investment to attract similar investments from community-based stakeholders, greatly expanding education and development opportunities for Airport employees.
- Actions for developing a Commission-approved workforce development strategy include issuing requests for qualifications and requests for proposals, developing internal policies, and awarding contracts to service providers.
- The timeline for accomplishing resolution milestones is June 2014 to January 2015.
- The Commission will propose a resolution reflecting the findings of the last six months, with core elements being hiring standards and an expanded training policy for Airport workers, particularly regarding safety. The Commission will set the standards for wages.
- The minimum wage at the Airport will increase to \$11.22 in January 2015 and \$13.00 in January 2017.
- The minimum total compensation standard will increase to \$13.72 in January 2015 and \$15.50 in January 2017. Paid time off will be at a minimum of one hour per 40 hours worked.
- The workforce development strategy will draw on past experience of Port Jobs, provide new opportunities for career advancement, and promote higher living standards for workers while ensuring employers retain flexibility in structuring compensation packages.

RECESSED AND RECONVENED

The regular meeting was recessed at 2:37 p.m. to an executive session estimated to last 60 minutes to discuss matters relating to qualifications for public employment.

At 4:04 p.m., the Commission Clerk announced on behalf of the Commission Co-President that the executive session would be extended until 4:30 p.m. to finish consideration of the matters previously announced.

Following the executive session, which lasted approximately 90 minutes, the regular meeting reconvened in open public session at 4:35 p.m.

9. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 4:35 p.m.

Tom Albro
Secretary

Minutes approved: February 10, 2015.