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**APPROVED MINUTES
COMMISSION SPECIAL MEETING JULY 29, 2014**

The Port of Seattle Commission met in a special meeting Tuesday, July 29, 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 12:05 p.m. by Stephanie Bowman, Commission Co-President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The special meeting was immediately recessed to an executive session estimated to last 60 minutes to discuss matters relating to litigation and legal risk. Following the executive session, which lasted approximately 55 minutes, the special meeting reconvened in open public session at 1:05 p.m.

PLEDGE OF ALLEGIANCE

3. SPECIAL ORDERS OF BUSINESS

ANNOUNCEMENT

The Commission paused to acknowledge the death of former Port Commissioner Paul Schell on July 27, 2014. Mr. Schell served as Port Commissioner from 1990-1997, leaving to become Mayor of Seattle in 1998.

3a. 2013 Small Business Champion Award Presentation.

Presentation document(s) provided by Luis Navarro, Director, Office of Social Responsibility:

- Commission agenda [memorandum](#) dated June 27, 2014.

Presenter(s): Mian Rice, Small Business Program Policy Manager, Office of Social Responsibility.

Mr. Rice described the Small Business Champion Award program, which seeks to reduce barriers to Port procurement and contract participation for small businesses. The award acknowledges both an internal and external recipient. Mr. Rice introduced Michele King, Manager of Airport Concessions in Aviation Business Development, who was recognized for her work developing the

small business kiosk program. He also introduced Gloria Rosario, Owner, Ideal Commercial Uniforms, who was recognized for her company's high product quality and excellent customer service. Ms. King and Ms. Rosario were presented with awards and congratulated by the Port Commission.

3b. 2015 Aviation Business Plan Discussion.

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

- Commission agenda [memorandum](#) dated June 9, 2014.
- Presentation [slides](#).
- [Aviation Division Business Plan](#) dated June 17, 2014.

Presenter(s): Mr. Reis and David Soike, Director, Aviation Facilities and Capital Program.

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

- Airline mergers and consolidation are resulting in reduced capacity and corresponding high load factors.
- Alaska Air Group commands over 50 percent of the Seattle market and Delta Air Lines is increasing international and domestic traffic.
- At the Seattle-Tacoma International Airport, operations and passengers are expected to grow over the next five years and then stabilize.
- The signatory lease and operating agreement (SLOA) executed in 2013 introduced revenue sharing with the airlines, reducing nonaeronautical net operating income. Making up for this loss is a focus of the 2015 Aviation business plan.
- Major and new initiatives for 2015 include rebuilding Runway 16C/34C, completion of the sustainable airport master plan, and implementing new programs under the updated Part 150 noise mitigation plan. Noise mitigation might include a ground run-up enclosure, or "hush house."
- The noise insulation program will be expanded to include multi-family residences. Expansion of noise insulation will involve pilot projects in 2015. Approximately 9,600 homes have been insulated over a 30-year period. Provision of replacement triple-pane windows for those that fail over time is not funded by the Federal Aviation Administration and would involve significant costs.
- Environmental work in support of the Sustainable Airport Master Plan is not expected to be complete until 2016.
- Ensuring emergency back-up power for all parts of the Airport terminal is an initiative for 2015. Previously, generators were acquired to ensure sufficient power for the Airport to be used as a shelter if necessary, but not all facilities to move aircraft would be accommodated by those generators. Additional generators were leased later to keep the majority of the Airport operational, but those leases have expired. No majority-in-interest vote of the airlines has yet been taken on permanent emergency back-up power.
- Leasing of off-Airport Aviation Division property, most of which was acquired for noise mitigation, is among the priorities for 2015. This real estate might be used for air cargo or other aeronautical purposes.

- Other initiatives of the Aviation Division for 2015 include the following:
 - ▶ Design and construction of a new International Arrivals Facility.
 - ▶ Completion of the NorthSTAR project.
 - ▶ Creation of a master record as-built drawing system.
 - ▶ Near-term updates to the South Satellite concourse interior that might cost \$2 million - \$3 million. More extensive updates for the South Satellite would probably not be proposed until 2020 or so.
 - ▶ Completion of the Airport Retail and Dining Plan, with lease transitions commencing in 2015 and continuing for approximately five years.
 - ▶ Improvement of the recently implemented Parking Revenue Control System.
 - ▶ Completion of a request for proposals for taxi and limousine contracts.
 - ▶ Expansion of the continuous process improvement program.
 - ▶ Negotiation for extension of the Port's interlocal agreement with the City of SeaTac, which expires in 2016.
- In 2015, there will be work to increase the value of Airport contracts with small businesses. The Office of Social Responsibility will participate in this effort. Mr. Reis clarified an error in the business plan in its current form, in which the strategy was presented to aim for 25 percent of eligible dollars spent. The correct percentage for 2015 is 40 percent. This correction does not affect the workplan.
[Clerk's Note: See page 5 of the business plan attached to this presentation.]

Mr. Reis acknowledged the need for development of career ladders as part of a workforce development strategy for Airport workers in the 2015 business plan.

4. UNANIMOUS CONSENT CALENDAR

None.

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

6a. Authorization for the Chief Executive Officer to (1) execute contract documents for required vendor services and (2) authorize Port staff to implement the Contractor Data System Upgrade project for a total project cost not to exceed \$675,000.

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

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

Presenter(s): Mr. Graves and Paul Powell, Senior Manager, Public Works Contracting, Central Procurement Office, Construction.

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

- Information managed by the Contractor Data System includes invoices for construction contracts, change orders, payments to subcontractors and labor, safety, insurance, etc.

- This data is critical in maintaining compliance with state and federal prevailing-wage regulations, labor agreements, and Port goals for small business contracting and apprenticeship utilization.
- The current database is an SQL database using Microsoft Access as an interface.
- Port priorities for diversity in contracting reflective of the larger community will be supported by data in the Contractor Data System.

Motion for approval of item 6a – Albro

Second – Creighton

Motion carried by the following vote:

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

Without objection, the following agenda item –

- 6b. Authorization for the Chief Executive Officer to (1) authorize additional project funding of \$16,000,000 for the new International Arrivals Facility at Seattle-Tacoma International Airport; (2) advertise a request for qualifications to procure a team for delivery using the progressive-design-build (PDB) method; (3) authorize use of Port crews; and (4) authorize procurement of the South Satellite to Concourse A Connector in the same PDB contract as the IAF building to be located adjacent to Concourse A. [postponed]**

– was laid on the table.

Without objection, the following agenda item –

- 6c. Authorization for the Chief Executive Officer to take the following actions related to the North Satellite Renovation & North Satellite Transit Station Lobbies Project at the Seattle-Tacoma International Airport: (1) increase the project scope to expand the building, add five additional aircraft gates, and add additional vertical circulation to facilitate aircraft boarding and deplaning, increasing the budget by an estimated \$191,323,143 for a revised total budget of \$405,532,944; (2) complete the design for an additional \$15,717,800 and execute amendments to existing design, planning, and program management consulting contracts accordingly; (3) execute future consulting contracts for construction testing and inspection, safety services, alternative contracting procurement support, and gate planning and utilization analysis; (4) use General Contractor/Construction Manager (GC/CM) alternative public works contracting and prepare and advertise for a GC/CM contractor; and (5) perform \$5,000,000 in GC/CM pre-construction services to support completion of the project design. [postponed]**

– was laid on the table.

7. STAFF BRIEFINGS

7a. Local Government Affairs Update.

Presenter(s): Mike Merritt, Manager, Government Relations, Puget Sound & Washington.

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

- Work by the City of Seattle and a broad spectrum of other organizations to address issues surfaced during the Mayor's Maritime Industrial Summit of May 19 and the Port's Maritime Industry Roundtable of March 27.
- Organizational efforts by the state Maritime Federation.
- Workplan development by the Legislative Task Force on Maritime Manufacturing.
- Advocacy at the federal level for financing of fishing vessel construction and refurbishment from the Fisheries Financing Program.
- Creation of a Seattle heavy-haul corridor to facilitate movement of freight through the city, including development of appropriate local legislation.
- Local efforts to lobby the U.S. Secretary of Transportation to prevent shipment of Bakkan crude oil in older style train tank cars. BNSF has announced its commitment to updating older tank cars and to adopt more stringent safety standards.
- Progress on the joint freight access study by the Port and the Seattle Department of Transportation focused on north and south industrial areas.
- State legislative issues for 2015, including transportation and environmental regulation and funding. Of particular interest are options for funding of transportation infrastructure needs.
- Continuing advocacy for completion of SR-509.
- U.S. House of Representatives' reauthorization of the Travel Promotion Enhancement and Modernization Act, otherwise known as "Brand U.S.A."
- U.S. Army Corps of Engineers' study of harbor deepening of the East and West Waterways around Harbor Island.
- U.S. Senate freight legislation in connection with reauthorization of the Moving Ahead for Progress in the 21st Century Act (MAP-21).
- Federal legislation to provide \$11 billion to replenish the Highway Trust Fund.

8. NEW BUSINESS

ANNOUNCEMENT

Commissioner Bryant announced receipt by the Audit Committee of an outside consultant report on efficiency of the Central Procurement Office with recommendations. He reported that for some projects, such as major public works projects, performance appears to be on par with other ports and other agencies. However, in areas such as professional services contracts, performance is well behind the benchmark. A management response has been requested by the Committee.

10. ADJOURNMENT

There being no further business, the special meeting was adjourned at 2:10 p.m.

Tom Albro
Secretary

Minutes approved: September 11, 2014