



Commissioners

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**APPROVED AMENDED MINUTES
COMMISSION REGULAR MEETING AUGUST 5, 2014**

The Port of Seattle Commission met in a regular meeting Tuesday, August 5, 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 regular meeting was called to order at 12:05 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 legal risk, qualifications for public employment, and 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.

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.]

At the request of Port staff, without objection, agenda item 4f was removed from the Unanimous Consent Calendar and laid on the table.

- 4a. Authorization for the Chief Executive Officer to advertise for construction bids, execute construction contracts, and fund the installation of four replacement mooring dolphins at Pier 34. The total amount of this request is \$1,500,000, for a total estimated project cost of \$1,800,000. (CIP #C800090)**

Request document(s) provided by Mike McLaughlin, Director, Cruise and Maritime Operations, and Mark Longridge, Capital Project Manager:

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

4b. Authorization to approve a global settlement and issue two associated change orders in the combined amount of \$11,273,500 to resolve all remaining claims associated with the Consolidated Rental Car Facility project. There is no additional funding associated with this request, as there is adequate project budget remaining to cover the expenditure.

Request document(s) provided by Ralph Graves, Managing Director, Capital Development; Janice Zahn, Assistant Engineering Director – Construction Management Services; and Paul Bintinger, Senior Port Counsel:

- Commission agenda [memorandum](#) dated July 23, 2014.

4c. Authorization for the Chief Executive Officer to (1) transfer budget and combine the Main Terminal Center and North Low Voltage System Upgrade (CIP #C800231) with the Main Terminal South Low Voltage System Upgrade (CIP #C800061) into a single CIP; (2) direct staff to proceed with project management, design, and preparation of final construction documents for the combined Main Terminal Low Voltage System Upgrade project at Seattle-Tacoma International Airport; and (3) execute a contract for design services. The total value of this request is \$6,072,000 of an estimated total project cost of \$20,730,000.

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 July 29, 2014.
- Presentation [slides](#).

4d. Authorization for the Chief Executive Officer to execute up to three contracts with a temporary staffing agency in support of staffing needs for the Accounting & Financial Reporting, Finance and Budget, and Internal Audit Departments. The sum of the usage against contract(s) will not exceed \$1,500,000.

Request document(s) provided by Dan Thomas, Chief Financial and Administration Officer:

- Commission agenda [memorandum](#) dated July 8, 2014.

4e. Authorization for the Chief Executive Officer to approve a personal injury settlement in the amount of \$650,000.

Request document(s) provided by Craig Watson, General Counsel, Chief Compliance Officer, and Anne Purcell, Senior Port Counsel:

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

As noted above, the following agenda item –

- 4f. Authorization for the Chief Executive Officer to execute the proposed 2014 Duty to Defend Settlement Agreement and Partial Release between the Port of Seattle and Great American Insurance Company and Great American Insurance Company of New York. [postponed]**

– was laid on the table without objection.

- 4g. Authorization for the Chief Executive Officer to execute a major public works construction contract with the sole responsive and responsible bidder to perform the 2014 Airfield Improvement Project at Seattle-Tacoma International Airport. (CIP #C102573)**

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

- Commission agenda [memorandum](#) dated July 29, 2014.

[Clerk's Note: The following vote detail was inadvertently omitted from the minutes as approved September 30, 2014, and was inserted by amendment on November 25, 2014.]

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

Second – Albro

Motion carried by the following vote:

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

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) authorize additional project funding of \$16,000,000 for the new International Arrivals Facility (IAF) 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. (CIP #C800583)**

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

- Commission agenda [memorandum](#) dated July 29, 2014.

Presenter(s): Mr. Grotheer, David Soike, Director, Aviation Facilities and Capital Program; and Frederick Robinson, Capital Program Leader, Aviation Project Management Group.

Presentation slides were provided by staff too late to be included with the publicly posted meeting materials. The presentation, by reference, made a part of these minutes, is marked [Exhibit A](#), and is available for inspection in Port offices. The Commission received a presentation that included the following relevant information:

- Primary objectives are to provide enough gates for domestic and international aircraft, and improve customer service metrics, including:
 - ▶ Frequency with which passengers are held on incoming international flights while waiting for a gate
 - ▶ Holding of passengers in corridors leading to Passport Control
 - ▶ Square footage for restrooms and concessions
 - ▶ Number of concessions
 - ▶ Hold room square footage and electrical outlets
- Three consultant entities are doing independent analyses of cost and schedule for this project. These will be examined by staff in order to arrive at the single best summary. Results are scheduled to be available in October 2014.
- Approval of the RFP, under the design-build approach, is equivalent to authorizing advertisement of a construction contract under the design-bid-build procurement approach.
- During the first quarter of 2015, staff anticipates awarding the contract to the selected design-build team.
- Authorization of the guaranteed maximum price is anticipated in the third quarter of 2016.
- As each trade package is decided and released, the risk shifts from the Port to the design-build team.
- The independent cost validation currently underway, is an extraordinarily extensive examination and review of the project cost estimate.
- Knowledge of the project gained by staff since July 2013, when the project was first brought before the Commission, includes scope changes that affect the cost estimate.

Motion for approval of item 6a – Bryant

Second – Albro

Motion carried by the following vote:

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

6b. 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; and (4) use General Contractor/Construction Manager (GC/CM) alternative public works contracting and prepare and advertise for a GC/CM contractor. This request is for \$15,717,800 of an estimated total project cost of \$405,532,944. (CIP #C800556)

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

- Commission agenda [memorandum](#) dated July 29, 2014.

Presenter(s): Mr. Soike, Mr. Grotheer, and George England, Capital Program Leader, Aviation Project Management Group.

Presentation slides were provided by staff too late to be included with the publicly posted meeting materials. The presentation is, by reference, made a part of these minutes, is marked [Exhibit B](#), and is available for inspection in Port offices. The Commission received a presentation that included the following relevant information:

- Staff is working closely with Alaska Airlines' personnel on this project to make sure that the scope of the project is correct.
- One of the biggest objectives of the project is to provide an adequate number of gates for Alaska flights.
- Another objective is to increase space and concessions in hold areas.
- Additional aspects of the project include:
 - ▶ Behind-the-scenes elevators for concessions and maintenance
 - ▶ Improved signage
 - ▶ Aesthetics that reflect those of the rest of the Airport
- The project will not be bid until early 2016; changes to market conditions may affect the projected cost.
- Scope additions may be requested by Alaska, including expansion of the baggage system, which would cost approximately \$14 million.
- Staff anticipates that movement within the program budget, as well as the program contingency, will likely allow for budget increases on this project without increasing the overall program budget.

Commissioner Gregoire noted for the record that a family friend, Bill Slaybaugh, is working on this project.

Motion for approval of item 6b – Albro

Second – Bryant

Motion carried by the following vote:

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

6c. Authorization for the Chief Executive Officer to prepare design and construction bid documents and execute a design contract for the South Satellite Interior Renovations

project at Seattle-Tacoma International Airport for an amount not to exceed \$921,000 of a total estimated project cost of \$5,167,000. (CIP #C800549)

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

- Commission agenda [memorandum](#) dated July 29, 2014.
- Presentation [slides](#).
- [Letter](#) from Delta Air Lines.
- [Excerpt](#) of letter from international carriers.

Presenter(s): Mr. Ehl and Sean Anderson, Capital Project Manager, Aviation Project Management Group.

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

- These improvements are proposed as a “no regrets” solution, with knowledge of current and future needs, in order to accommodate existing growth until the IAF is completed.
- The project has been endorsed by nine signatory airlines – the carriers who operate daily international flights, as well as Delta Air Lines.
- The project will be completed in two phases, with the first phase completed before the summer of 2015, and including carpet replacement, paint, and other easily installed items.
- The second phase will be completed by the summer of 2016, and will include more design-intensive elements.
- Improvements will include:
 - ▶ Replacement of worn carpet
 - ▶ New podiums and backstands
 - ▶ Replacement of wall panels
 - ▶ Paint
 - ▶ Consolidated, more attractive vending areas
 - ▶ Payphones will be consolidated and relocated
 - ▶ Sign clouds, dating from 1973, will be removed and replaced
 - ▶ Drinking fountains will be replaced with water bottle filling stations

Motion for approval of item 6c – Creighton

Second – Albro

Motion carried by the following vote:

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

6d. Authorization for the Chief Executive Officer to execute a professional services agreement for design development of the Service Tunnel Renewal/Replacement project at Seattle-Tacoma International Airport in the amount of \$4,500,000 of an estimated total project cost of \$27,900,000. (CIP #C102112)

Request document(s) provided by Michael Ehl, Director, Airport Operations; Wayne Grotheer, Director, Aviation Project Management; and George England, Capital Program Leader, Aviation Project Management:

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

Presenter(s): Mr. England and Jeff Hoevet, Senior Manager, Airport Operations.

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

- The service tunnel is an important part of Airport infrastructure, is used for concession deliveries, houses the central heating plant, and is used for the employee parking busing operation.
- It has been without significant upgrade for 45 years.
- Airline partners are in favor of this project.
- The lack of as-built information presents a significant challenge; additional funds for more thorough investigation has been included in this request.
- This project requires coordination with operations in order to minimize inconveniences and interruptions.
- Staff originally recommended conventional design-build methodology for this project, but are now requesting a more traditional design-bid-build approach.
- Staff intends to seek construction authorization in mid-2016, with project completion anticipated in 2018.
- The airlines have approved this project through the majority-in-interest ballot process.

Motion for approval of item 6d – Bryant

Second – Creighton

Motion carried by the following vote:

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

6e. Authorization for the Chief Executive Officer to prepare design and construction bid documents for an enhanced Wi-Fi system at Seattle-Tacoma International Airport for an amount not to exceed \$1,946,000 out of a total estimated project cost of \$9,880,000. (CIP #C800585)

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

- Commission agenda [memorandum](#) dated July 29, 2014.

Presenter(s): Sean Anderson, Capital Project Manager, Aviation Project Management Group, and David Wilson, Chief Aviation Technologist, Aviation Director's Office.

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

- This request is for design funds.
- Wi-Fi would work on ramps as well as in the terminal.
- While this is primarily a customer service initiative, it would also be used by airline and Port personnel.
- The scope of the project is to provide improved coverage throughout the terminal, increase network performance, and begin supporting modern devices.
- The new system will end dependence on the old antenna system.
- Airline processes such as baggage tracking will be supported.
- The plan is to complete this project in phases, beginning with Concourse C.
- Staff intends to seek airline approval through a majority-in-interest vote.
- Staff will return for construction authorization in January 2015.

Motion for approval of item 6e – Albro

Second – Creighton

Motion carried by the following vote:

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

7. STAFF BRIEFINGS

7a. 2015 Seaport Business Plan Discussion.

Presentation document(s) provided by Linda Styrk, Managing Director, Seaport:

- Commission agenda [memorandum](#) dated July 7, 2014.
- Presentation [slides](#).
- [2015 business plan](#).

Presenter(s): Ms. Styrk.

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

- The 2015 business plan has been designed to align with the Century Agenda strategies of being a premier international logistics hub, being a leading tourism and international business destination, being the greenest, most energy-efficient port in North America, and promotion of small business and workforce development efforts.
- The Seaport Division is dealing with upsizing of both container vessels and cruise ships.
- One challenge for this year is the infrastructure of Terminal 5, which needs to be updated in order to keep pace with trends in ship sizes.
- Upgrades in the design and permit process for Terminal 5 include:
 - ▶ Dock strengthening
 - ▶ Power upgrades
 - ▶ Berth deepening
 - ▶ Design will include scalability so that future upgrades will be easier

- Seaport revenue may not be able to fully fund the Terminal 5 modernization, and staff is taking measures to mitigate that gap as much as possible.
- Since 1997, \$1.5 billion has been contributed to regional road and rail infrastructure projects.
- Improvements are also underway at Terminal 46.
- The Seaport business plan also focuses on maximizing the economic impact of the cruise industry, which includes \$372 million in annual business revenue, \$16.6 million in annual state and local taxes, and 3,934 local jobs.
- Fishing and maritime facilities also contribute to Seaport revenue, and provide local jobs with good salaries and career ladders.
- Environmental remediation efforts include 40 acres of new habitat, 13 of which are at Terminal 117.
- Over the next five years, the Port and tenants are paying \$23 million annually in stormwater fees; this amount could be used to repair and replace 16 miles of stormwater pipe.
- Other environmental initiatives include the Clean Truck Program, Green Gateway Partners, and Green Marine Certification.
- When the East Marginal Way grade separation is completed, anticipated in late 2014 or early 2015, roadways to and from the harbor will be fully grade-separated.
- There is still a need for a heavy haul corridor that will allow containers to move on marine chassis between the harbor and rail transportation. This would increase efficiency by eliminating the need to transfer containers to a chassis intended for highway travel in order to move a short distance.

7b. 2015 Real Estate Business Plan Discussion.

Presentation document(s) provided by Joe McWilliams, Managing Director, Real Estate:

- Commission agenda [memorandum](#) dated July 7, 2014.
- Presentation [slides](#).
- [2015 business plan](#).

Presenter(s): Mr. McWilliams.

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

- The real estate market has changed this year due to the end of the recession and a higher demand for office space in Seattle.
- The Shoreline Master Plan update will have only minor effects on Port property use.
- Interbay Comprehensive Plan amendment will include a new zoning designation that may affect the Tsubota and Terminal 91 sites; the city may enact a new land use designation that would protect the way the Port wants to use these sites.
- Redevelopment plans for Fishermen's Terminal will include building on current development pads.
- The 25-year plan for Fishermen's Terminal are currently ready for presentation to the Commission.

- The Des Moines Creek Business Park build-out is well underway.
- Occupancy levels in central waterfront properties are good despite ongoing construction.
- The final rail corridor transaction is scheduled to close soon.
- Further projects include customer service improvements at Shilshole Bay Marina, improvements to Bell Harbor Marina, and beam rehabilitation at Pier 69.
- Policy issues and challenges include bond maturities in 2016, infrastructure and delays due to Bertha, and land use protection and zoning changes.

8. NEW BUSINESS

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 3:00 p.m.

Tom Albro

Secretary

Minutes approved: September 30, 2014, and amended November 25, 2014.