



Commissioners

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

Ted Fick
Chief Executive Officer

P.O. Box 1209
Seattle, Washington 98111
www.portseattle.org
206.787.3000

**APPROVED MINUTES
COMMISSION SPECIAL MEETING NOVEMBER 4, 2014**

The Port of Seattle Commission met in a special meeting Tuesday, November 4, 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 2:09 p.m. by Courtney Gregoire, Commission Co-President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

None.

PLEDGE OF ALLEGIANCE

Without objection, the Commission advanced to consideration of –

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 Commissioner Bowman, agenda item 4f was removed from the Unanimous Consent Calendar and was laid on the table without objection.

4a. Authorization for the Chief Executive Officer to design and prepare construction bid documents for the Domestic Piping Branch Replacement project at Seattle-Tacoma International Airport. This authorization is for \$558,000 of a total estimated project cost of \$1,950,000.

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

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

- 4b. Authorization for the Chief Executive Officer to execute an amendment to extend maintenance and support for the Ultra system for the next five years, at a cost not to exceed \$753,000.**

Request document(s) provided by Peter Garlock, Chief Information Officer:

- Commission agenda [memorandum](#) dated October 28, 2014.

- 4c. Authorization for the Chief Executive Officer to execute a contract amendment to the Radio System Upgrade project in the amount of \$460,000 for a total contract amount of \$4,653,414. This request does not require the authorization of additional project funds.**

Request document(s) provided by Peter Garlock, Chief Information Officer, David Soike, Director, Aviation Facilities and Capital Programs, and Colleen Wilson, Chief of Police:

- Commission agenda [memorandum](#) dated October 28, 2014.

- 4d. Authorization for the Chief Executive Officer to execute a new collective bargaining agreement between the Port of Seattle and the International Brotherhood of Electrical Workers, Local No. 46, covering the period from June 1, 2014, through December 31, 2017, and affecting 53 positions, including Electronic Technicians employees.**

Request document(s) provided by Milton Ellis, Labor Relations Manager:

- Commission agenda [memorandum](#) dated October 29, 2014.
- Collective bargaining [agreement](#).

- 4e. Authorization for the Chief Executive Officer to submit information to the Securities and Exchange Commission under the Municipal Continuing Disclosure Cooperation (MCDC) initiative and consent to settlement terms, if any, applicable under the MCDC initiative.**

Request document(s) provided by Craig R. Watson, General Counsel, and Elizabeth Morrison, Director, Corporate Finance:

- Commission agenda [memorandum](#) dated October 15, 2014.

As noted above, the following agenda item –

- 4f. Authorization for the Chief Executive Officer to execute two indefinite delivery/indefinite quantity contracts for real estate services for the Port of Seattle with a contract ordering period of three years and a combined value not to exceed \$4,000,000. [laid on the table]**

– was laid on the table without objection.

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

Second – Creighton

Motion carried by the following vote:

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

Following the vote on agenda items 4a, 4b, 4c, 4d, and 4e, the Commission returned to consideration of –

3. SPECIAL ORDERS OF BUSINESS

3a. Update on the Seaport Alliance between the Ports of Seattle and Tacoma.

There were no presentation documents provided for this briefing.

Presenter(s): Kurt Beckett, Deputy CEO.

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

- Public comment submitted via the Port of Seattle and Port of Tacoma websites is being tracked and responded to by staff from both ports. Questions that cannot yet be answered are being flagged for follow-up.
- There will be a town hall meeting held in Gig Harbor on Thursday, November 6, to raise awareness of the proposed Seaport Alliance.
- A King County town hall meeting for the same purpose is being scheduled for early December.
- Public comment made at town halls will be tracked and flagged for follow-up when necessary.

Agenda items on the Unanimous Consent Calendar having been disposed of previously, the Commission advanced to consideration of –

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. Public Hearing on Airport Dining & Retail Principles and Quality Jobs.

- Airport Dining and Retail [Draft Motion](#).
- Quality Jobs [Draft Motion](#).

Presenter(s): Larry Ehl, Commission Chief of Staff; Mark Reis, Managing Director, Aviation; and Luis Navarro, Director, Office of Social Responsibility.

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

- No final action was requested today on this measure.
- The report from the Office of the Inspector General (OIG) of the United States Department of Transportation, referenced in prior public testimony, was prepared as a provision of the 2012 FAA reauthorization bill, which required an annual review of Airport Concessions Disadvantaged Business Enterprises (ACDBEs).
- Seattle-Tacoma International Airport was listed 59 of 64 airports in Exhibit C of the OIG report. This is an alphabetical listing, not a ranking.

- The report, and accompanying exhibits, cover a 1-year period, 2012, and look at new ACDBE contracts. The report notes that due to the long-term nature of airport concession leases, it is not unusual to have none or very few new ACDBE contracts in any given year.
- Of the two new Seattle-Tacoma International Airport contracts in 2012, neither were with an ACDBE. However, two new contracts in 2013 were with an ACDBE.
- Increasing the number of direct leases is beneficial to ACDBE tenants. This is the Airport's current practice, and staff's recommendation moving forward.
- In the past three years, the Airport has exceeded the FAA's goal for ACDBE participation, and plans for the next three years include continuing to exceed this goal.
- Regarding recent public testimony about the Airport's compliance with Title VI of the Civil Rights Act, Mr. Reis noted that the FAA conducted a Title VI audit of the Airport in 2013. This included requirements specific to the ACDBE program. No required actions or recommended best practices to adopt were identified.
- The proposed motion does not specify a concrete measure for growth of ACDBEs.
- Dining and retail program leases to be recompleted between 2015 and 2021 include 120 or more food and beverage concessions. The expectation is that this will include more direct leases with ACDBEs, instead of leases with master concessionaires who sub-contract with ACDBEs. Aviation staff looks forward to direction from the Commission about inclusion of small, local, and disadvantaged businesses in the Airport concessions program.
- The Office of Social Responsibility will act as a liaison between the Aviation division staff and community leaders in order to communicate business opportunities at the Airport, working with key partners such as the Office of Minority Business Enterprises, and will also provide assistance with outreach. Mr. Navarro provided a Statement of Support for the Airport Concessions Program, which by reference is made a part of these minutes, is marked [Exhibit A](#), and is available for review in Port offices.
- The proposed motions have been shared with current and prospective tenants. Stakeholders were encouraged to attend this public hearing, as well as the previous hearing held on October 28, 2014.
- Mr. Navarro spoke about the scope of the Disparity Study. The focus of this study was construction contracts and did not include examination of concession contracts. An executive summary has been shared with some staff and community partners. A full briefing will be provided to Commissioners and the community on December 2, 2014.

PUBLIC HEARING on Airport Dining & Retail Principles and Quality Jobs

Commissioner Gregoire declared the public hearing for Airport Dining & Retail Principles and Quality Jobs, open.

Public comment was received from the following individuals:

- Sharon Tomiko Santos, Washington State Representative (37th District) and Chair, National Asian and Pacific American Caucus of State Legislators. Representative Santos noted that growth of ACDBEs is consistent with the Port's mission statement and goals. She expressed her distress that ACDBEs are continuing to lose ground at the Airport and urged the Commissioners to ensure that staff actions support growth of ACDBE businesses. Representative Santos asked Commissioners to consider the practicality of

asking ACDBEs to meet the employment requirements in the proposed motion. The aspirational goal set forth in the September 11, 2012, motion, for 30 percent of Airport operating units to be small, local businesses, should be reviewed and applied to the current motion.

- Steve Marquardt, United Food and Commercial Workers Local 21 (UFCW Local 21). Mr. Marquardt referenced comments and suggestions for language previously submitted. He commented on the anxiety caused by recompetition for contracts, particularly as it affects future employment continuity. Mr. Marquardt relayed that UFCW Local 21 feels the current path is appropriate and thanked the Commissioners for their actions.
- Hayward M. Evans, Community Coalition for Contracts & Jobs. Mr. Evans expressed the opinion that existing ACDBEs should be provided with support to remain in their current units. He also encouraged the Commission to establish a system monitoring staff activities to ensure that they are compliant with current policy.
- Mark Johnson, Vice President, Government Affairs, Washington Retail Association. Mr. Johnson commended the Commission for recognizing the importance of growing broad business participation for both small and large retailers. It is the position of the Washington Retail Association that compensation and benefits should be dictated by the market, and left to the discretion of business operators.
- Eddie Rye, Jr, Community Coalition for Contracts & Jobs. Mr. Rye discouraged the Commission from voting on the proposed motions until they have seen the disparity study expected to be published in December 2014.
- Richard Johnson, Director of Public Relations, Kent Black Action Commission. Mr. Johnson expressed concern about the current state of ACDBEs at the Airport. He observed that the guiding principles set forth in the Century Agenda promote small business and workforce development, and notes that this is in opposition to the proposed Airport Dining and Retail Plan.
- David Fukuhara, Managing Partner, Concourse Concessions. Mr. Fukuhara requested that the proposed motions contain direction to fully implement the motion passed on September 11, 2012. Mr. Fukuhara provided the Commission with a diagram showing the locations of ACDBEs in the Airport, which is by reference made a part of these minutes, is marked [Exhibit B](#), and is available for review in the Port offices. He noted that ACDBEs are given space in lower-traffic areas away from the Central Terminal.
- Doug Chin, Organization of Chinese Americans. Mr. Chin expressed his opinion that specific metrics are needed to track the performance of the ACDBE program. He also expressed his disagreement with the idea that equal opportunity is more important than equal results. Finally, he stated that a more aggressive plan is needed for involving the Office of Social Responsibility in Airport leasing procedures.
- Bob Armstead, President, National Association of Minority Contractors, Washington Chapter. Mr. Armstead requested more opportunity to participate in discussions about the Port's policies surrounding DBEs, and advised review of the disparity study prior to acting on the proposed motions.
- Jerry Whitsett, Seattle Bar Group. Mr. Whitsett expressed skepticism that the proposed motions will be implemented, when the motion passed September 11, 2012, was not.

- Rod O'Neal, Owner, Africa Lounge. Mr. O'Neal spoke about the high stakes of operating a business in the Airport, for employees as well as the business owners. He also spoke about the September 11, 2012, motion and his wish that it be fully implemented.

Following conclusion of public comment, the public hearing on Airport Dining & Retail Principles and Quality Jobs was closed.

No final action was proposed or taken on agenda item 6a.

6b. Authorization for the Chief Executive Officer to execute appropriate contract documents for the purpose of renewing the Port's Microsoft Enterprise Software License Agreement through December 31, 2017, at a cost not to exceed \$2.5 million.

Request document(s) provided by Peter Garlock, Chief Information Officer:

- Commission agenda [memorandum](#) dated September 24, 2014.

Presenter(s): Peter Garlock, Chief Information Officer, and Kim Albert, Assistant Director, Information & Communications Technology Business Services.

Commissioner Gregoire announced that she would recuse herself from consideration of this action item due to her employment with Microsoft.

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

- This agreement provides the Port with maintenance capability to update Microsoft products.
- A maintenance agreement provides for fast implementation of security updates.

Motion for approval of item 6b – Creighton

Second – Albro

Motion carried by the following vote:

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

Abstaining: Gregoire

7. STAFF BRIEFINGS

7a. Commission Briefing – 2015 Salary and Benefits Resolution.

Presentation document(s) provided by Ann McClellan, Compensation Manager, Human Resources & Development:

- Commission agenda [memorandum](#) dated October 17, 2014.
- Presentation [slides](#).
- Salary [schedule](#).

Presenter(s): Ann McClellan, Compensation Manager, Human Resources and Development.

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

- The Salary & Benefit Resolution delegates authority from the Commission to the CEO regarding administration of pay and benefits.
- Approximately 53 percent of Port employees are covered.
- Provision of a benefits package, paid time off, merit-based pay increases, and the salary structure for non-union jobs are addressed by this resolution.
- Changes over the past year that have a bearing on the Salary and Benefits Resolution include the addition of a high deductible health plan with a health savings account, elimination of a copay plan, and addition of a small dental premium share.
- The Affordable Healthcare Act's evolving regulations have presented challenges to the administration of Port-sponsored healthcare plans.
- The 2015 resolution includes increases to dependent and dental premiums, and out-of-pocket maximums for Cigna medical plans.
- Eleven salary surveys, which included both public and private employers, were examined in order to determine salary ranges that are in keeping with market pay rates. These indicated that the Port is slightly less than one percent below market, and an increase to the range structure by two percent is recommended.
- The salary range increase will not affect employees' pay unless their current pay falls below the bottom of the new salary range. This will affect approximately eight employees.
- Other changes include updated definitions for at-will and for-cause employment, and the addition of Faith or Conscience days in accordance with new state legislation.
- The recommended changes are consistent with market changes, prior years, and the Port's Total Rewards philosophy.

7b. 2013 Economic Impact of the Port of Seattle.

Presentation document(s) provided by Michael Tong, Corporate Budget Manager:

- Commission agenda [memorandum](#) dated October 27, 2014.
- Presentation [slides](#).
- [Report](#).

Presenter(s): Mr. Tong and John Martin, Founder and Manager, Martin Associates.

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

- The purpose of the study is to provide information to elected officials, Port staff, and the general public about the Port's economic impact on the region.
- This study was contracted in conjunction with the Port of Tacoma via an interlocal agreement.
- The complete report is available on the Port's public website. A copy is also available for examination in Port offices.

- This study replicates prior studies, examining the Port of Seattle by line of business: Seaport (including marine cargo, cruise activity, fishing vessel homeporting, and marinas), Real Estate, and Aviation.
- The methodology of the study involved measuring the baseline economic impacts by operating unit, developing impact models that can be used for sensitivity analysis, and comparing the impacts with the study performed for 2007.
- Port of Seattle activity generates business revenue that goes directly into the economy via payroll, local purchases, and investments. Related user impacts are generated via the value of imports and exports. All of this activity results in state and local taxes.
- Interviews of 1,076 Port tenants and service providers, in-terminal passenger surveys at the Airport, and 600 cruise passengers and crew were conducted. Direct impact models were formulated from interview data.
- Port activity generated benefits as follows:
 - ▶ 216,271 jobs
 - ▶ \$19.8 billion of business revenue
 - ▶ \$9.6 billion of revenue generated by personal income and local consumption
 - ▶ \$90 million of revenue generated in state and local taxes
 - ▶ 511,620 total jobs influenced in the state, directly, induced, and indirect, with importers/exporters using marine terminals, and with air cargo shippers using the Airport.
 - ▶ \$88.1 billion overall in economic value to Washington state.
- The biggest job creator is visitor impact generated by the Airport, followed by Airport on-site operations, the cruise industry, and marine cargo.
- The Airport generated 171,796 jobs, primarily jobs supporting passenger activity.
- Local visitor purchases total \$8.4 billion in revenue. This is primarily spent at restaurants and hotels, followed by retail, entertainment, and in-town transportation.
- Marine cargo generated 23,400 jobs, \$1.8 billion in business revenue, \$2 billion in personal income and local consumption, and \$200 million in state and local taxes.
- Commercial fishing using Port facilities generated 16,089 jobs, \$900 million of business revenue, \$1.3 billion in personal income and local consumption, and \$1 million in local and state taxes.
- Recreational boating activities linked to Port facilities created 323 jobs, \$2.16 million of business revenue, \$19.3 million of personal income and local consumption, and \$1.8 million in state and local taxes.
- Cruise operations generated 3,404 jobs, \$407.8 million in business revenue, \$176.2 million in personal income and local consumption, and \$16.1 million in state and local taxes.
- Each homeport cruise generates \$2.4 million for the local economy.
- Port-owned, non-maritime real estate generated 1,831 jobs, \$439 million in business revenue, \$118 million in personal income and local consumption, and \$11 million in state and local taxes.
- Major changes since 2007 include growth in passenger activity at the Airport, decline in marine cargo activity, and decline in real estate tenants. Economic conditions led to decreased spending, resulting in a lower number of induced jobs and less re-spending.

8. NEW BUSINESS

None.

10. ADJOURNMENT

There being no further business, the special meeting was adjourned at 4:20 p.m.

Tom Albro
Secretary

Minutes approved: January 27, 2015.