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**APPROVED MINUTES
COMMISSION REGULAR MEETING DECEMBER 9, 2014**

The Port of Seattle Commission met in a regular meeting Tuesday, December 9, 2014, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, and Gregoire were present. Commissioner Bowman was absent. Commissioner Albro was absent after 3:15 p.m.

1. CALL TO ORDER

The regular meeting was called to order at 12:09 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 litigation, legal risk, and qualifications for public employment.

Following the executive session, which lasted approximately 55 minutes, the regular meeting reconvened in public session at 1:09 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.]

4a. Approval of the Claims and Obligations for the period November 1-November 30, 2014, in the amount of \$46,782,295.16 including accounts payable check nos. 900570-901115 in the amount of \$38,502,811.87 and payroll check nos. P-178176-178371 in the amount of \$8,279,483.29 for a fund total of \$46,782,295.16.

Request document(s) included a Commission agenda [memorandum](#).

- 4b. Authorization for the Chief Executive Officer to advertise, award, and execute a major public works contract for the construction of the Airport-wide Mechanical Controls Upgrade project. The total amount of this request is \$3,226,000. Previous authorizations for design totaled \$274,000 for a total projected project cost of \$3,500,000 (CIP # C800497).**

Request document(s) included a Commission agenda [memorandum](#).

- 4c. Authorization for the Chief Executive Officer to complete the design for the Concourse B portion of the Gate Improvements Loading Bridges Utilities 400Hz project at Seattle-Tacoma International Airport (CIP #C800019).**

Request document(s) included a Commission agenda [memorandum](#) and [presentation slides](#).

- 4d. Authorization for the Chief Executive Officer to design, advertise for construction bid, and award a construction contract to abate regulated materials in support of tenant projects planned for the Main Terminal at Seattle-Tacoma International Airport. The total estimated cost of this project is \$1,872,000.**

Request document(s) included a Commission agenda [memorandum](#) and [floor plan diagram](#).

- 4e. Authorization for the Chief Executive Officer to advertise and execute one or more consulting services IDIQ contracts for building and structure related design, construction, and other engineering support services for a total not-to-exceed amount of \$1,500,000 with a three-year contract ordering period. No funding is associated with this authorization.**

Request document(s) included a Commission agenda [memorandum](#).

- 4f. Authorization for the Chief Executive Officer to execute a new collective bargaining agreement, the Maintenance Agreement Addendum, between the Port of Seattle and the Building and Construction Trades Council. This contract has a three-year term from January 1, 2013 – December 31, 2015.**

Request document(s) included a Commission agenda [memorandum](#) and [Maintenance Agreement Addendum with 1965 Letter of Agreement](#).

The motion for approval of consent items 4a, 4b, 4c, 4d, 4e, and 4f carried by the following vote:

In favor: Albro, Bryant, Creighton, Gregoire (4)

Absent for the vote: Bowman

5. PUBLIC TESTIMONY

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

- Alex Il, United Food and Commercial Workers Local 21, who commented on applying Quality Jobs standards to the Airport Management Services (Hudson) lease.
- Hayward Evans, Community Coalition for Contracts and Jobs, who commented in opposition to the Host, Hudson, and Anthony's lease extensions.

- John Gibson, SeaTac Bar Group, who commented on the positive qualities of his business on the A Concourse, including equal employment opportunity and wages of \$15 or better per hour.
- Stefan Moritz, Unite Here labor union, who commented in support of lease extensions for Host, Hudson, and Anthony's.
- Charlie James, Martin Luther King County Institute, who commented in opposition to lease extensions for Host, Hudson, and Anthony's.
- Eddie Rye Jr., Community Coalition for Contracts and Jobs, who commented in support of extending leases for Airport Concessions Disadvantaged Business Enterprises.
- Rod O'Neal, SeaTac Bar Group, who commented in opposition to lease extensions for Host, Hudson, and Anthony's.
- Eric Holdeman, Director, Center for Regional Disaster Resilience, who spoke in favor of the mutual aid interlocal agreement between Washington Public Port Districts.
- Seriah Scott, SeaTac Bar Group, who commented on her positive experiences working for the SeaTac Bar Group at the Airport.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

Without objection, the Commission advanced to consideration of –

- 6i. Authorization for the Chief Executive Officer to execute an Omnibus Mutual Aid Interlocal Agreement with Washington Public Ports Districts to enable members to provide assistance to each other in preparation for and during emergencies.**

Request document(s) included a Commission agenda [memorandum](#), [Washington Public Port District Omnibus Mutual Aid Interlocal Agreement](#), and [Western Airports Disaster Operations Group Mutual Aid Plan](#).

Presenter(s): Russ Read, Manager, Seaport Security.

Mr. Read reported that the agreement has been adopted by ten Washington port districts, including the Port of Tacoma. The agreement provides for a framework to lend and accept mutual assistance to and from other Washington ports in case of a catastrophic event, such as a major earthquake. The agreement resembles the Western Airports Disaster Operations Group agreement, to which the Airport is a signatory. The agreement was reviewed by legal counsel and is strictly voluntary. Under the terms of the agreement, the first eight hours of mutual aid are provided at no cost to the receiving port. Thereafter, expenditures are based upon actual costs or current equipment rate.

The motion for approval of agenda item 6i carried by the following vote:

In favor: Albro, Bryant, Creighton, Gregoire (4)

Absent for the vote: Bowman

Following consideration of agenda item 6i, the Commission returned to consideration of –

- 6a. Authorization for the Chief Executive Officer to execute an amendment to the lease and concession agreement with Anton Airfoods (operated by Host International/HMSHost)**

for an additional two years and three months under modified terms and conditions. The draft lease amendment is attached, substantially as drafted (Exhibit B).

Request document(s) included a Commission agenda [memorandum](#), [presentation slides](#), and the [first amendment to the lease and concession agreement](#).

Presenter(s): Deanna Zachrisson, Business Leader, Airport Dining and Development.

The Commission received one comprehensive presentation on items 6a, 6b, and 6c that included the following relevant information:

- The Airport Dining and Retail (ADR) lease phasing plan lays the groundwork for future leasing opportunities in the ADR program and is oriented toward the passenger customer. The plan provides for staggered lease expirations over several years to avoid widespread closures in 2017, when 60 leases are due to expire. Staggering leases preserves provision of services to passengers and steady revenue to the Port. It also provides employment stability to the 1,600 jobs supported by the ADR program.
- All units are subject to competition, but competition will be delayed in some cases. The plan calls for early return of 13 concessions units and extension of 27 units by lease amendment or new leases to reduce the number of leases expiring between 2017 and 2019 from 60 to 22.
- To ensure that all stakeholders are fully informed, ADR staff has conducted individual and group meetings with all tenants regarding the long-term plans for their units and locations.
- Anthony's restaurant is operated by HMS Host under the dba Anton Airfoods. Staff intends to extend the Anthony's lease by 2 years and 3 months, to September 2017, bringing the total lease term to 12 years and 3 months. Current five-year options would be eliminated and rent would increase from 8 percent to 10.5 percent of gross sales.
- Host International, a master concessionaire, will return six units early. These become available for new leases between 2015 and 2017. No reimbursement for these units is planned. Six Host/Seattle Restaurant Association units will expire on time on December 31, 2016. Ten new leases would be executed for concessions concepts exclusive to Host, including Starbucks Coffee. The lease changes for Host include additional investment by Host and higher rent.
- Hudson's large tenant package will be divided into two smaller packages to be awarded separately. The first package, expiring in 2022, will consist of six units and two NorthSTAR-limited duration units. The second package, expiring in 2024, will consist of nine units. Hudson will return seven units early, which will be leased between 2015 and 2016, with no reimbursement of remaining value. Hudson's reinvestment will result in increased rent.

In the ensuing discussion, Commissioners noted the introduction of lease phasing and long-term opportunities and continuity for the ADR program not previously built into the concessions program. The month-to-month nature of lease holdovers and tenant notices were discussed. Commissioners noted the impact of current litigation and the rationale behind extension of the lease with Anthony's rather than holding it over in a month-to-month arrangement. Although Quality Jobs provisions will not apply to lease extensions, it was noted that Host and Hudson already provide compensation

and benefits that exceed the Quality Jobs standards. The importance of outreach by staff to tenants and subtenants affected by lease transitions and hold-overs was strongly emphasized. Commissioners stressed the need for consistency in treatment of tenants regardless of the legal environment and the need for proactive outreach to the community, particularly small, local, and disadvantaged business enterprises.

There was a discussion on the value and clarity of analysis and communication to the Commission from the ADR program. It was questioned whether the criteria used to evaluate leases is sufficiently objective to withstand litigation risks. Commissioner Creighton expressed a lack of confidence in the analysis behind staff's lease proposals in agenda items 6a, 6b, and 6c, despite his support of the ultimate outcome.

The motion for approval of agenda item 6a carried by the following vote:

In favor: Albro, Bryant, Gregoire (3)

Abstaining: Creighton

Absent for the vote: Bowman

6b. Authorization for the Chief Executive Officer to: (1) amend the current lease and concession agreements with Host International and Seattle Restaurant Associates to remove eight units and provide for the early return of six units, and (2) execute a new lease and concession agreement with Host International to operate ten food service locations at Seattle-Tacoma International Airport for a term that will expire in 2023.

Request document(s) included a Commission agenda [memorandum](#), [presentation slides](#), and the [Host/Seattle Restaurant Associates phasing plan for 2015-2023](#).

Presenter(s): Deanna Zachrisson, Business Leader, Airport Dining and Development.

The comprehensive presentation for agenda items 6a, 6b, and 6c is described above under agenda item 6a.

The motion for approval of agenda item 6b carried by the following vote:

In favor: Albro, Bryant, Gregoire (3)

Abstaining: Creighton

Absent for the vote: Bowman

6c. Authorization for the Chief Executive Officer to: (1) amend the lease and concession agreement with Airport Management Services LLC (Hudson) to remove 14 units and provide for the early return of seven units; (2) terminate a separate lease and concession agreement with Airport Management Services LLC covering the "Hudson Marketplace" unit; and (3) execute two new lease and concession agreements with Airport Management Services LLC for the continued operation of convenience retail and specialty retail. The first lease and concession agreement will include seven convenience retail locations and one specialty retail location for a term that will expire

in 2022. The second lease and concession agreement will include seven convenience retail locations and two specialty retail locations for a term that will expire in 2024.

Request document(s) included a Commission agenda [memorandum](#), [presentation slides](#), and the [Hudson phasing plan](#).

Presenter(s): Deanna Zachrisson, Business Leader, Airport Dining and Development.

The comprehensive presentation for agenda items 6a, 6b, and 6c is described above under agenda item 6a.

The motion for approval of agenda item 6b carried by the following vote:

In favor: Albro, Bryant, Gregoire (3)

Abstaining: Creighton

Absent for the vote: Bowman

6d. Authorization for the Chief Executive Officer to implement (1) a five-year spending plan of \$64,088,000 for the Environmental Remediation Liability (ERL) Program for the Seaport, Real Estate, and Aviation Divisions for 2015-2019; and (2) environmental remediation liabilities funds for 2015 in the amount of \$36,804,000, of which (a) \$16,804,000 is forecasted to be spent in 2015 and (b) an amount estimated not to exceed \$20,000,000 of the remaining funds approved in the five-year plan will be obligated during 2015 to be spent in future years.

Request document(s) included a Commission agenda [memorandum](#), [ERL Sites Seaport North map](#), [ERL Sites Seaport South map](#), and [ERL Sites Aviation map](#).

Presenter(s): Kathy Bahnick, Manager, Environmental Programs, Seaport Environmental; Don Robbins, Senior Environmental Program Manager, Aviation Environmental Programs; and Dan Thomas, Chief Financial and Administrative Officer.

The use of the funds requested for 2015 was described. Environmental investigation, design, clean-up, and monitoring covered in the annual authorization includes provisions for existing and new mitigation projects at sites throughout the Port's division portfolios. The status of projects at Terminals 30, 91, and 117, Lora Lake Apartments, and the Lower Duwamish Waterway were summarized.

The request authorizes funding of \$16,804,000 for project execution in 2015; approximately \$20 million that can be obligated during 2015 to be spent in future years; and describes planned spending of \$64,088,000 between 2015 and 2019. The five-year spending plan is included to provide visibility into the level of resources expected to be required over the next five years to mitigate environmental liabilities. The single annual authorization in this form provides greater efficiency in executing multi-year contracts. Additional Commission authorization is required to enter into new legal commitments such as agreed orders with the state's Department of Ecology.

Commissioners noted that the tax levy is used to fund environmental mitigation because these efforts are for the general public good. Other funding sources are also pursued. Most of the spending for 2015 has already been booked under the expense category.

The motion for approval of agenda item 6d carried by the following vote:

In favor: Albro, Bryant, Creighton, Gregoire (4)

Absent for the vote: Bowman

6e. Authorization for the Chief Executive Officer to advertise for and award a contract to construct Phase One of the South Satellite Interior Renovations project at Seattle-Tacoma International Airport using a combination of a major contract and Port resources. This request is for an amount not to exceed \$950,000 of a total estimated project cost of \$5,167,000.

Request document(s) included a Commission agenda [memorandum](#).

Presenter(s): Wayne Grotheer, Director, Aviation Project Management Group, and Nick Harrison, Senior Manager, Airport Operations.

The nature of the work to be performed and the support of various airlines was described. The South Satellite has one of the Airport's oldest interiors and its restrooms become crowded during peak hours.

The motion for approval of agenda item 6e carried by the following vote:

In favor: Albro, Bryant, Creighton, Gregoire (4)

Absent for the vote: Bowman

6f. Authorization for the Chief Executive Officer to increase the budget for the S1 Ramp project by \$200,000. The new authorized total project cost will be \$1,405,000.

Request document(s) included a Commission agenda [memorandum](#).

Presenter(s): Wayne Grotheer, Director, Aviation Project Management Group, and Nick Harrison, Senior Manager, Airport Operations.

It was reported that the purpose of the project is to accommodate remote hardstand parking of aircraft and provide access for remotely parked passengers to the terminal level of the South Satellite. Accessibility for wheelchairs and other wheeled items is necessary. Special equipment, including a lift truck, accessible high-capacity buses, and a passenger ramp are needed to successfully move passengers in remote hardstand operations. The budget increase is due to receipt of only one bid to construct the ramp. Despite receiving only one bid, staff recommends executing the contract with the sole bidder due to the urgency of the project and current construction market conditions.

The motion for approval of agenda item 6f carried by the following vote:

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

Absent for the vote: Bowman

6g. Second Reading and Final Passage of Resolution No. 3702: A resolution of the Port Commission of the Port of Seattle declaring the Port-owned sewer mains and manhole located within the public right of way on S 170th Street, SeaTac, Washington, to be surplus and no longer needed for port district purposes and authorizing the Chief Executive Officer to execute all documents necessary for transfer of the title of the sewer mains and manhole to the Valley View Sewer District.

Request document(s) included a Commission agenda [memorandum](#), [Resolution No. 3702](#), and [Valley View Sewer District Warranty Bill of Sale](#).

There was no presentation at this time; however, the resolution was presented at the time of First Reading and public hearing on December 2, 2014, and Port Commissioners received the request documents for review prior to the meeting of December 9, 2014.

The motion for Second Reading and Final Passage of [Resolution No. 3702](#) carried by the following vote:

In favor: Albro, Bryant, Creighton, Gregoire (4)

Absent for the vote: Bowman

6h. Second Reading and Final Passage of Resolution No. 3701 Repealing Resolution No. 3549, as amended: A Resolution of the Port Commission of the Port of Seattle extending the Port's non-discrimination policy to Port contractors for the provision of domestic partner benefits.

Request document(s) included a Commission agenda [memorandum](#), [Resolution No. 3701](#), and [Resolution No. 3549, as amended](#).

There was no presentation at this time; however, the resolution was presented at the time of First Reading on December 2, 2014, and Port Commissioners received the request documents for review prior to the meeting of December 9, 2014.

The motion for Second Reading and Final Passage of [Resolution No. 3701](#) carried by the following vote:

In favor: Albro, Bryant, Creighton, Gregoire (4)

Absent for the vote: Bowman

Agenda item 6i having been decided earlier, no further division, corporate, and Commission action items were considered.

7. STAFF BRIEFINGS

7a. Annual Government Relations Briefing for 2015.

Presentation document(s) included a Commission agenda [memorandum](#).

Presenter(s): Beth Osborne, Manager, Federal Government Relations; Clare Gallagher, Manager, State Government Relations; and Mike Merritt, Manager, Puget Sound Government Relations.

Accomplishments in 2014 and areas of continued focus for 2015 in the area of Government Relations activities and advocacy were described. It was noted that officials at all levels of government have responded positively to the work of the ports of Seattle and Tacoma to form a Seaport Alliance.

Past areas of focus continue to be followed closely with regard to Harbor Maintenance Tax reform, Federal Aviation Administration reauthorization, restrictions on passenger facility charges, TIGER (Transportation Investment Generating Economic Recovery) funding for Port projects, and harbor deepening.

Government relations will monitor progress in 2015 on a statewide transportation package that would include funding for completion of SR-509 and SR-167 and improvements for other key trade corridors. The state Marine Tourism bill will be followed closely, as will legislation to fund statewide tourism promotion. Opportunities for federal advocacy for Puget Sound Gateway competitiveness and the recapitalization of the Alaska fishing fleet will be areas of interest in 2015.

Collaboration with local agencies was strong in 2014 and included participation in Mayor Ed Murray's Maritime and Industrial Summit. The summit catalyzed efforts surrounding promotion of industrial development, preservation of industrial lands, and freight transportation improvements. The Port was engaged in helpful updates to the City of Seattle Shoreline Master Plan and formation of the SoDo Business Improvement District. In 2015, staff will closely follow developments in the City's seawall replacement and Central Waterfront planning, as well as the launch of a City freight master plan.

In 2015, the Port will create its own stormwater utility and will begin payments toward its \$300 million contribution to the Alaskan Way Viaduct Replacement project. It is expected that payment obligations by agency partners in the transfer of the Eastside Rail Corridor will be concluded in 2015.

Commissioner Albro was absent after 3:15 p.m.

7b. 2014 Third Quarter Capital Improvement Projects Report.

Presentation document(s) included a Commission agenda [memorandum](#), [presentation slides](#), and [2014 Third Quarter Report](#).

Presenter(s): Ralph Graves, Managing Director, Capital Development.

Mr. Graves reported on the status of capital improvement projects, noting variances to schedule and budget. Automation-related projects managed by Information and Communications Technology are also tracked in this report, which outlined 101 projects. There are 63 projects within or ahead of target schedule and budget. Thirty-three projects are over budget or behind schedule for various reasons. These are inclusive of variances reported in the past. Progress is being made toward Capital Development Division goals for reducing variances. The goal for projects to be both on schedule and within budget is 60 percent of total projects; the goal for projects to have negative variances in both schedule and budget is zero.

Specific projects highlighted included Central Plant Pre-Conditioned Air, Cargo 2 West Cargo Hardstand together with Cargo 6 Enhancements, the Doug Fox Site Improvements, Long-Term Cell Phone Lot, Airport-Wide Mechanical Control System, Emergency Lighting, Eighth Floor Weatherproofing, and Central Terminal Expansion Freight Elevator. Progress on street vacations has been slow, requiring budget transfers to facilitate the work.

7c. Aviation Standby Power Facility.

Presentation document(s) included a Commission agenda [memorandum](#) and [presentation slides](#).

Presenter(s): David Soike, Director, Aviation Facilities and Capital Programs, and Trevor Emtman, Senior Systems Engineer/Utility Business Manager, Aviation Facilities and Infrastructure.

The electrical demands of the Airport and its vulnerability to power loss due to natural disaster or electrical grid outage were summarized. Key risk elements include dependence on a single Bonneville Power Administration substation, energy usage peaks during the summer, and the current provision of only enough back-up power to support limited life and safety functions. Current back-up energy capacity is inadequate to maintain reasonable customer service levels during an emergency. Aircraft would have the ability in an emergency to maintain air conditioning and other systems by using auxiliary power units, essentially running their engines to remove their energy needs from the amount of electricity the Airport would need to generate in such situations.

Standby power capability during a regional disaster event would secure the Airport's role as a critical regional asset for emergency response and prolonged support for regional communities. A single standby power generating facility could be built to provide power to the entire Airport. The most likely location is south of the Airport near 188th Street, east of the present fuel farm. Generators could be used that could run on regular diesel fuel or jet fuel from the fuel farm.

The size, capacity, response time, and cost of a standby power facility were summarized. The proposed project delivery system for the estimated \$37.2 million project would be pursuant to the requirements of RCW 39.04.290. A two-step performance-specification competitive procurement process would be used. This method permits discovery of innovative solutions and expedites construction as well.

The standby power facility concept will be presented for a third time to the Airline-Airport Affairs Committee early in 2015, and assuming a positive majority-in-interest vote of the airlines, could

progress to the design phase in early 2016. On this schedule, the project would be complete by mid-2017.

8. NEW BUSINESS

8a. Announcement of the Record of Decision for the Duwamish Waterway Clean-up.

Stephanie Jones-Stebbins, Director, Seaport Environmental and Planning, reported that the U.S. Environmental Protection Agency released a Record of Decision on December 2, 2014, regarding the Lower Duwamish Waterway Superfund site. The Record of Decision describes the EPA's plan for clean-up of the Lower Duwamish River. The EPA acknowledged early action efforts by the Port and its partners. These efforts amount to approximately \$190 million in studies and environmental mitigation. It is expected that more fish and shellfish from the Duwamish will be edible, although the river is unlikely to produce an unlimited amount of seafood. Efforts by King County and the City of Seattle were recently announced to extend mitigation efforts beyond the Superfund site to encompass the entire watershed.

9. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 3:40 p.m.

Tom Albro
Secretary

Minutes approved: July 14, 2015.