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## **APPROVED MINUTES COMMISSION REGULAR MEETING MARCH 22, 2016**

The Port of Seattle Commission met in a regular meeting Tuesday, March 22, 2016, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bowman, Creighton, Felleman, and Gregoire were present. Commissioner Bowman was absent after 4:24 p.m.

### **1. CALL TO ORDER**

The meeting was called to order at 12 noon by Commission President John Creighton.

### **2. EXECUTIVE SESSION pursuant to RCW 42.30.110**

The public meeting was immediately recessed to an executive session estimated to last 60 minutes to discuss three matters relating to litigation and legal risk and one matter related to national security. Following the executive session, which lasted approximately 50 minutes, the public meeting reconvened at 1:06 p.m. Commissioner Creighton led the flag salute.

### **3. SPECIAL ORDERS OF BUSINESS**

#### **MOMENT OF SILENCE**

The Commission paused for a moment of silence to remember the victims of terrorist attacks at the airport and metro station in Brussels, Belgium, that had occurred earlier in the day.

#### **3a. March 22, 2016, CEO Report.**

Ted Fick, Chief Executive Officer, reported on kick-off of the Port's PortGen small business accelerator program, marketing and staff awards, and February Airport passenger growth that exceeded twice the growth previously forecasted. Slides presented during the CEO's report were provided at the meeting. These are included here as minutes [Exhibit A](#) and are available for public review.

*A recording of this part of the meeting has been made available online.*

*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.]*

- 4a. Approval of the minutes of March 8, 2016.
- 4b. Approval of the [Claims and Obligations](#) for the period February 1-February 29, 2016, in the amount of \$57,400,288.29 including accounts payable check nos. 905277-905971 in the amount of \$8,237,758.82; payroll check nos. P-180138-180398 in the amount of \$12,719,992.85; wire transfers nos. 013566-013623 in the amount of \$14,334,612.31; and EFTs nos. 036081-036753 in the amount of \$22,290,895.26 for a fund total of \$57,400,288.29.
- 4c. Authorization for the Chief Executive Officer to execute a contract to provide record keeping, investing, reporting, and educational services for the Port's 457 and 401(a) deferred compensation plans. The contract will be a five-year contract with the option to extend, subject to fee negotiations, up to an additional five years. The maximum value of the contract over 10 years is estimated at \$4.25 million.

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

- 4d. Authorization for the Chief Executive Officer to execute contracts for the purchase of airfield snow removal equipment (CIP #C800775) at Seattle-Tacoma International Airport for a total authorization of \$3,275,000.

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

- 4e. Authorization for the Chief Executive Officer to (1) proceed with the Airport Voice Paging upgrade project at Seattle-Tacoma International Airport; (2) procure required hardware, software, vendor services, and maintenance; and (3) use Port staff for implementation, for a total project cost not to exceed \$1,600,000. (CIP #C800709)

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

- 4f. Update of the Commission's 2016 international travel plan to include additional travel in the second quarter.

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

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

In favor: Albro, Bowman, Creighton, Felleman, Gregoire (5)

*A recording of this part of the meeting has been made available online.*

*Following consideration of the Unanimous Consent Agenda, the Commission advanced to consideration of –*

## 5. PUBLIC TESTIMONY

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

- Sheila Stickel, Puget Sound Dispatch, regarding the current status of data and funds from Puget Sound Dispatch to the Port and the need for transportation network

companies to comply with the intention of the Port's environmental requirements for ground transportation.

- Donnell Harvey, Regional Director, Corporate Real Estate, Delta Air Lines, in support of South Satellite Interior Renovations (agenda item 6b).

*A recording of this part of the meeting has been made available online.*

*Following consideration of Public Testimony, the Commission returned to consideration of –*

**3b. Sustainable Airport Master Plan Roundtable with Airline Representatives.**

The following individuals were present to participate in the policy roundtable discussion:

- Matt Shelby, Managing Director, Airport Real Estate, Alaska Air Group.
- Gary Weiss, Vice President and General Manager, Pacific Northwest, ANA (All Nippon Airways).
- Christina Spiry, Sales Manager, Northwest, Cargolux.
- Donnell Harvey, Regional Director, Corporate Real Estate, Delta Air Lines.
- Joel Chusid, Executive Director - USA , Hainan Airlines.
- Monica Del Rio, Manager, Airport Affairs, Southwest Airlines.

Presenter(s): Lance Lyttle, Managing Director, Port of Seattle Aviation Division; Suzanne Fletcher-Juneau, President Emeritus, Puget Sound Business Travel Association; and Pete Crow, Puget Sound Business Travel Association.

Presentation document(s) included a Commission agenda memorandum and airline customer slides. Additional presentation slides were provided on the day of the meeting. These are included here as minutes [Exhibit B](#) and are available for public review.

Mr. Lyttle introduced the roundtable participants and asked each in turn to address the following discussion questions:

- (1) The airport master plan passenger forecast anticipates 52 million annual passengers by 2024. Sea-Tac Airport saw over 42 million annual passengers in 2015, up from 37 million in 2014. With a growth rate must faster than expected in this immediate time frame, please share your airline's anticipated passenger activity scenario at Sea-Tac for the next five years.
- (2) With robust passenger growth and a strong regional economy, Sea-Tac will likely see more cargo growth, including an increase in belly cargo from passenger aircraft, exports from Washington state companies, and increased e-commerce activity. Please share you airline's anticipated cargo activity scenario at Sea-Tac for the next five years.
- (3) For your company's service, how does Sea-Tac compare to other West Coast gateways for commercial air service? Please provide an assessment of growth and service on the West Coast, including Canada, and please be specific about factors that work well at West Coast gateways to encourage airline growth and investment.

- (4) Please share your top-of-mind service positives and negatives for your operations and for your customers at Sea-Tac.
- (5) The Port of Seattle has several important infrastructure projects underway or in design, including improvements to the baggage system, the International Arrivals Facility construction and South Satellite improvements, and the North Satellite redevelopment (NorthSTAR). Please provide your thoughts on the linkage between these projects and the support for your operations here at Sea-Tac, and which of these projects represents the highest value for you. And if not one of these, please note if there is another project or infrastructure activity, either completed or contemplated, on which you would like to comment.

Within this context, topics covered included discussion of the airlines' perspectives on determining the best timing for critical infrastructure needs, differing emphases on passenger versus cargo operations, particular infrastructure needs for air cargo, the relative benefit of property near the Airport for support of air cargo as opposed to rampside facilities, related regional transportation needs important for airline success, how to appropriately assess the relative benefits of considering other regional locations to support cargo operations, planning for environmental considerations attached to growth in passenger and air cargo volumes, the relative importance of cargo support facilities to aircraft maintenance facilities, and how to appropriately evaluate changes in noise levels occasioned by new flight paths and technology advances for approaching aircraft.

Following the discussion with airline representatives, Ms. Fletcher-Juneau and Mr. Crow presented a business travel perspective on passenger growth at the Airport. They provided opinions on the successes and challenges of the Airport for business travel and compared the Airport to other West Coast gateways. They described the negative impact of passenger delays in monetary terms and loss of productivity for business travelers.

Regarding business travelers' concerns over increased passenger facility charges, Mr. Lyttle emphasized that PFCs are strictly regulated and the funds derived from them can be used only for Airport purposes approved by the Federal Aviation Administration.

Regarding options for future innovation, Commissioners noted interest in further promoting use of public transit to and from the Airport and opportunities for increasing business traveler productivity while in the terminal, such as through improved Wi-Fi or workstation options, the leveraging of remote baggage drops, and the advent of increased pre-clearance opportunities for regular travelers.

*A recording of this part of the meeting has been made available online.*

*Following completion of the policy roundtable, the Commission returned to consideration of –*

**6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS**

- 6a. Second Reading and Final Passage of Resolution No. 3718: A Resolution of the Port Commission of the Port of Seattle amending Unit 18 (Seattle-Tacoma International Airport) of the Comprehensive Scheme of Harbor Improvements of the Port of Seattle, declaring certain real property located in the City of Burien surplus and no longer**

**needed for port district purposes; authorizing its sale to Bridge Burien LLC and deleting said property from Unit 18 of the Comprehensive Scheme and authorization for the Chief Executive Officer to execute all documents necessary for the sale of Port property to Bridge Burien LLC.**

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

*Previously, First Reading of Resolution No. 3718 was approved on March 8, 2016.*

**The motion for approval of Second Reading and Final Passage of [Resolution No. 3718](#) carried by the following vote:**

**In favor: Albro, Bowman, Creighton, Felleman, Gregoire (5)**

*A recording of this part of the meeting has been made available online.*

**6b. Authorization for the Chief Executive Officer to (1) award and execute a major public works construction contract with the low responsive and responsible bidder for the South Satellite Interior Renovations Project, notwithstanding the low bid exceeding the engineers estimate by more than 10 percent; (2) execute a construction change order to provide additional casework for the South Satellite; and (3) increase the project budget by \$1,900,000 (\$1,400,000 for the bid amount and \$500,000 for the change order). The new authorized total project cost will be \$6,256,000 (CIP #C800549).**

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

Presenter(s): Michael Ehl, Director, Airport Operations, and Sean Anderson, Capital Project Manager, Aviation Project Management Group.

It was reported that the lowest responsive and responsible bid for construction exceeded engineers estimate by nearly 61 percent. The difference between the estimate and bids was described as stemming from estimating errors related to use of historical construction costs rather than current market comparisons. Commissioners acknowledged changing market conditions and opined on the benefit of employing a regional market multiplier to better estimate construction costs. Despite the need for a broader master plan for signage at the South Satellite, Commissioners requested using the South Satellite renovations as an opportunity to improve signage in the facility. Commissioners also requested an update in 30-60 days on all of the Port's efforts currently underway to address activity growth at the Airport and airline and customer needs.

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

**In favor: Albro, Bowman, Creighton, Felleman, Gregoire (5)**

*A recording of this part of the meeting has been made available online.*

**7. STAFF BRIEFINGS**

**7a. Transportation Network Company Implementation Plan.**

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

Presenter(s): Lance Lyttle, Aviation Managing Director, and Jeff Wolf, Manager, Aviation Business Development and Analysis.

The presentation to the Commission described the background for discussions with transportation network companies (TNCs) and key contract terms proposed for a one-year pilot program. Commission discussion focused on incentivizing round trips and eliminating deadheading and the need for better signage for travelers. Commissioners requested clarification on geofence parameters and how compliance would be ensured. Commissioners provided direction on facilitating customer feedback directly to the Port for TNC customers. Factors affecting appropriate trade dress for TNCs were discussed, as were environmental key performance indicators. A timeline for implementation of TNC service was presented. There was a discussion of the role of automation and auditing for compliance and data collection. Commissioners discussed the need to synchronize efforts of related interagency groups to effectively implement TNC service and compliance. A report within 30 days of implementation was requested and Commissioners requested clarification about the form of the report.

*A recording of this part of the meeting has been made available online.*

*Commissioner Bowman was absent after 4:24 p.m.*

**7b. Long Range Plan update by Aviation and Small Business Development teams.**

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

Presenter(s): Dave Caplan, Senior Director, Strategic Initiatives; Borgan Anderson, Director, Aviation Finance and Budget; Kazue Ishiwata, Senior Manager, Air Services Development; Tom Green, Senior Manager, Air Cargo Operations and Development; Dave McFadden, Managing Director, Economic Development Division; and Mian Rice, Small Business Program Policy Manager.

The background and methodology for long-range planning efforts of the Strategic Initiatives office and upcoming presentations by different work groups were described. It was reported that Commission authorization would be sought for an independent econometric analysis to substantiate the jobs and economic impact derived from strategic implementation of the Century Agenda. Staff recommended quarterly updates on strategic initiative progress.

**Air Cargo**

Century Agenda goals relating to air cargo, logistics, and making the region a tourism and business gateway were presented in terms of strategic planning within the Aviation Division. The Airport's relative position within relevant markets was discussed. Key actions leading to attainment of Century Agenda goals were summarized. The opportunity for air cargo, maritime cargo, cruise

operations, fishing, and local and small business to support and accelerate mutual growth was discussed and direction was given for strategic working groups to identify related Century Agenda goals for development outside their typical sphere of influence.

### **International Service**

Seattle-Tacoma International Airport's relative position regionally with respect to international service and market potential was discussed. Key actions were summarized that focus on airport marketing, strategic partnerships, and air service incentives. Staff intends to return in May to review marketing results and offer proposals for consideration. Commissioners discussed consistent branding, highlighting the Port's unique potential in collaboration with agency partners, and identification of opportunities to use improved international accessibility with achievement of Northwest Seaport Alliance objectives. Using facilities at the Airport to promote the regional economy was encouraged.

### **Airport Capacity**

Key actions aimed at improving the Airport's capacity in support of Century Agenda goals were summarized. These included completion of a new International Arrivals Facility, reduction of minimum connection times, improved customer service, and use of strategic partnerships to elevate the awareness of the region worldwide. There was a conversation regarding viewing the overall cost of the Airport's capital program in terms relative to its growth rate and capacity demands.

### **Small Business**

The Century Agenda's Port-wide small business contracting goals were presented. Small business development actions leading to Century Agenda goal attainment were summarized. These included increasing the flexibility of thresholds provided for in the Small Contractors and Suppliers program provided for in Resolution No. 3618, which focuses Port efforts on the smallest tier of small business providers and is more restrictive than federal small business standards. It was clarified that the program's goal would continue to be to identify the smallest business enterprises for Port contracts but with increased flexibility to execute qualifying contracts under federal thresholds.

Inclusion of outreach to minority/women-owned/disadvantaged business enterprises and simplifying the Port's contracting processes were discussed. Business incubator and accelerator activities were described and areas for potential Port participation were summarized. It was reported that additional information on the nature of the Port's role in promoting business incubation would be forthcoming.

Forecasted achievements for small business goals were presented. It was noted that as a result of the conclusions of the Port's recent disparity study, race-conscious goals for disadvantaged business enterprises contracting on federal projects would be possible in the coming year. Commissioners provided direction for enhancement of the PortGen accelerator program to offer opportunities for other agencies to address participants regarding competing for contracts with their agencies. There was a discussion of identifying additional employment sectors to engage in small business acceleration in the future.

*A recording of this part of the meeting has been made available online.*

**8. ADDITIONAL NEW BUSINESS**

CEO Fick announced an upcoming briefing on the topic of incentive pay scheduled for April 12. He noted efforts underway to plan for resource allocation in connection with zero-based budgeting efforts and indicated that a request might be made to initiate a related competition waiver, depending on procurement requirements.

*A recording of this part of the meeting has been made available online.*

**9. ADJOURNMENT**

There was no further business, and the meeting adjourned at 5:42 p.m.

Stephanie Bowman  
Secretary

Minutes approved: April 12, 2016.