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## **APPROVED MINUTES COMMISSION REGULAR MEETING FEBRUARY 28, 2017**

The Port of Seattle Commission met in a regular meeting Tuesday, February 28, 2017, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bowman, Felleman, and Gregoire were present. Commissioner Creighton was absent. Commissioner Bowman was present until 4:25 p.m.

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

The meeting was called to order at 12:04 p.m. by Commission President Tom Albro.

### **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 two matters relating to performance on a publicly bid contract. Following the executive session, which lasted approximately 55 minutes, the public meeting reconvened at 1:14 p.m. Commissioner Albro led the flag salute.

*[Clerk's Note: See below for information related to an additional executive session held during this regular meeting.]*

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

#### **3a. February 28, 2017, CEO Report.**

Dave Soike, Interim Chief Executive Officer, previewed several items on the day's agenda and announced issuance of general obligation bonds and open house sessions relating to Port internships.

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

### **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 Commissioners Felleman and Albro, agenda items 4b and 4e, respectively, were removed from the Unanimous Consent Calendar for separate discussion and vote.*

#### **4a. Approval of the minutes of the regular meeting of February 14, 2017.**

*As noted above, consideration of agenda item 4b was temporarily postponed.*

- 4c. Authorization to execute Change Order 22 to Contract MC-0318407, South Satellite Interior Renovations Phase 2, extending the contract duration by 66 days. This Change Order additionally increases the contract by \$64,379.85, which will come from existing project contingency funds (CIP #C800549).**

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

- 4d. Authorization for the Chief Executive Officer to (1) proceed with design for the replacement of the passenger loading bridge (PLB) at Gate B10 and the PLB and fixed walkway at Gate S11; (2) purchase two new PLBs and a fixed walkway; (3) use Port crews and small works contracts. The amount of this request is \$2,200,000 (CIP #C800793).**

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

*As noted above, agenda item 4e was temporarily postponed.*

- 4f. Authorization for the Chief Executive Officer to conduct a competitive procurement and execute a service agreement with a dental claims administrator for the Port's self-insured dental plan for five years with a possible extension of an additional five years and a maximum duration of 10 years. The contract will be effective January 1, 2018, and have an estimated value of \$1,900,000.**

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

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

**In favor: Albro, Bowman, Felleman, Gregoire (4)**

**Absent for the vote: Creighton**

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

## **5. PUBLIC TESTIMONY**

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

- Mark Hennon, Seattle resident, regarding financial transparency and the environment. Mr. Hennon submitted written materials, which are included here as minutes [Exhibit A](#) and are available for public review.
- Gary Weiss, Vice President and General Manager, ANA Airways, in support of the South Satellite renovations project (agenda item 6b).
- Roger Kadeg, SeaTac resident, regarding tree removal and the proposed air quality study of ultrafine particulate matter in Airport communities (agenda items 6a and 6c). Mr. Kadeg submitted written materials, which are included here as minutes [Exhibit B](#) and are available for public review.

- Kent Palosaari, SeaTac resident, regarding the proposed air quality study of ultrafine particulate matter in Airport communities (agenda item 6c).
- Jenny Scaman, Puyallup resident, regarding noise monitoring in areas around the Airport. Ms. Scaman provided written materials based on her own noise monitoring efforts that are included here as minutes [Exhibit C](#) and are available for public review.
- Susan Petersen, Federal Way resident, regarding emissions and noise from aircraft.
- Rick Johnson, Des Moines resident, regarding tree removal and the negative effects of the Federal Aviation Administration's NextGen air traffic control program.
- Debi Wagner, Burien resident, regarding aircraft emissions, global fuel consumption, and aviation biofuels.

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

*The Commission advanced to consideration of –*

#### **ITEMS REMOVED FROM CONSENT**

- 4b. Approval of the [Claims and Obligations](#) for the period January 1-January 31, 2017, in the amount of \$60,133,290.75, including accounts payable check nos. 915437-915881 in the amount of \$10,011,556.63; accounts payable ACH nos. 046875-047481 in the amount of \$28,168,472.26; accounts payable wire transfers nos. 014485-014530 in the amount of \$12,804,282.60; payroll check nos. 184904-185122 in the amount of \$225,467.82; and payroll ACH nos. 790710-794275 in the amount of \$8,923,511.44; for a fund total of \$60,133,290.75.**

Request document(s) included a Commission agenda memorandum.

Presenter(s): Rudy Caluza, Director, Accounting and Financial Reporting.

Commissioners requested clarification on the controls in place for ensuring that monthly disbursements are in keeping with the Port budget and Commission policy direction. Mr. Caluza acknowledged the value of further review of how monthly expenditures are described by category. He explained that the statutorily mandated process of approving the payments already disbursed during the previous month is only one of many controls applied prior to disbursement. He noted examples of controls on spending, which include a lengthy vetting of the Port's annual capital and operating budgets, internal controls to ensure that money is spent in accordance with the budget, and execution of fiscal policies and procedures, particularly regarding procurement and contracting regulations. He described the tens of thousands of monthly transactions covered under the monthly claims and obligations approval and noted that their approval in summary form following application of internal controls is consistent with best practices common to other local governments in Washington. Although many of the transactions are routine, such as for payroll and taxes, in the interest of better transparency, staff has endeavored to describe the thousands of transactions by grouping them into understandable categories and will continue to address improved fiscal transparency. There was discussion of providing a cover memo along with the monthly claims and obligations as a way of describing the spending controls in place without sacrificing the document's function as a defined financial record. Commissioner Albro pointed out that the Commission's

approval of payments already disbursed is a function of legal compliance, not a point of control, and that there are numerous and rigorous controls in place prior to those payments being issued.

**The motion for approval of agenda item 4b carried by the following vote:**

**In favor: Albro, Bowman, Felleman, Gregoire (4)**

**Absent for the vote: Creighton**

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

**4e. Authorization for the Chief Executive Officer to execute three professional services indefinite delivery, indefinite quantity contracts for project management services in the amount of \$5,000,000 per contract for a total of \$15,000,000. There is no budget request associated with this authorization.**

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

Presenter(s): Wayne Grotheer, Director, Aviation Project Management Group.

Mr. Grotheer described the nature of the contracts, which would supplement staff expertise in support of the efforts of the Project Management Group. He corrected an error in the agenda memorandum regarding the cost of hiring a staff project manager for five years. In the memo, it was listed in alternative 3 incorrectly as \$783,000, but should have been quoted at \$803,000 as it was in alternative 2. He explained the efficiency and cost factors involved in recommending the use of consultant services for certain work versus the hiring of full-time-equivalent positions.

**The motion for approval of agenda item 4e carried by the following vote:**

**In favor: Albro, Bowman, Felleman, Gregoire (4)**

**Absent for the vote: Creighton**

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

*Without objection, the Commission advanced to consideration of –*

## **7. STAFF BRIEFINGS**

### **7b. Energy and Sustainability Committee Policy Directive Briefing.**

Presentation document(s) included a Commission agenda [memorandum](#), a [policy direction motion adopted January 26, 2016](#), an [advisory committee roster](#), [proposed Energy Production Project Evaluation Framework](#), and [presentation slides](#) provided at the meeting.

Presenter(s): Aaron Pritchard, Commission Issues & Policy Manager; Leslie Stanton, Manager, Environmental Sustainability; Kevin Wilhelm, CEO, Sustainable Business Consulting; Tracey Morgenstern, Policy Advisor, City of Seattle Office of Sustainability; Mathew Combe, Program Operations Director, Seattle 2030 District; Stephanie Jones Stebbins, Director, Environment and Planning, Maritime Environmental Services; Sasha Pollack, Director, Climate and Clean Energy

Program, Washington Environmental Council; and Christina Billingsley, Public Environmental Program Manager.

The Commission received a presentation on the work of the Energy & Sustainability Committee, which was chartered by the Commission on January 26, 2016, to propose policy directives for Commission consideration in support of reducing greenhouse gas emissions. Commissioners Gregoire and Felleman, who serve on the committee, described some of the work and aims of the group. The committee and its work groups, including external stakeholders, met throughout 2016. Recommendations related to the Northwest Ports Clean Air Strategy and work of the Northwest Seaport Alliance were not within the initial scope of the committee, although there are pilot projects proposed that would involve collaboration with the Northwest Seaport Alliance.

### **Goals and Regional Alignment**

Mr. Wilhelm and Ms. Stanton presented an overview of the work of the Goals and Regional Alignment work group, including developing attainable goals and comparing baselines and targets for the state of Washington, City of Seattle, King County, and the Port of Seattle. Scope 1 emissions were defined as direct emissions, as from burning fuel. Scope 2 emissions were described as emissions from what others burn on your behalf, such as to produce electricity. Scope 3 emissions were described as all remaining emissions, or indirect emissions. They explained that, in principle, the Port, like an individual, exercises most direct control over scope 1 and 2 emissions. The difficulties presented by aligning with King County's definitions, assumptions, and goals while avoiding counting emissions or reductions twice were discussed. The use of intensity targets to measure emissions against a business unit of measure, such as enplanements or twenty-foot-equivalent units (TEUs) was discussed. Pursuing goals in the aviation sector to produce dramatic results in emissions reduction, such as through facilitation of use of aviation biofuels, was discussed.

### **Energy Production**

Ms. Morgenstern and Ms. Stanton presented recommendations of the Energy Production work group. These included development of a framework to consider environmental goals within a range of community values such as economic and social goals. Also recommended was development of leadership thresholds for making decisions about energy supply so that staff and officials are appropriately involved in decision making. Taking advantage of third-party expertise on emerging environmental technologies was also proposed. Principles considered within the framework used by the City of Seattle for making energy decisions were discussed. Assessment and use of renewable resources, such as waste heat, was discussed.

### **Energy Conservation**

Mr. Combe and Ms. Jones Stebbins presented recommendations of the Energy Conservation work group for reduction of both directly and indirectly controlled emissions. Considerations proposed for Scope 1 and 2 emissions included implementing an internal carbon tax, appropriate vehicle purchases, and recognition that habitat policies benefit carbon sequestration. The internal carbon tax was described as a budget mechanism to incentivize low-carbon-footprint employee activities, such as meeting by video conference rather than traveling long distances for meetings. Considerations proposed for Scope 3 emissions included reducing emissions impacts from tenants

and transportation sources, including commute trip reduction efforts. The use of lease terms to incentivize energy conservation by Port leaseholders was discussed. Enhanced metering to measure conservation efforts with respect to Port tenants is one of the work group recommendations. Commissioners engaged in a conversation on evaluating the impacts of embedded or embodied carbon in energy conservation alternatives and how to account for their depreciation or lifecycle cost. Embodied carbon was described as the emissions cost inherent in the constituent elements of a particular construction or conservation alternative. An example might include the carbon impact of the manufacture or transport of specific project materials or components.

### **Equity**

Ms. Pollack and Ms. Billingsley provided a presentation on environmental equity, noting recommendations for community-based consultation on environmental policy and a community fund to ameliorate environmental impacts on low-income communities, communities of color, and labor communities. The importance of ensuring that environmental activities are informed by community needs and priorities was stressed. There was a discussion of market forces driving displacement of communities, such as through gentrification, and the desire to ensure that environmental benefits accrue to the communities affected by environmental impacts.

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

*Following consideration of agenda item 7b, the Commission returned to consideration of –*

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

- 6a. Authorization for the Chief Executive Officer to prepare environmental, design and contract bid documents for the Flight Corridor Safety Program now-combined Phase 2 and Phase 3 at Seattle-Tacoma International Airport for \$2,373,000. The total estimated project cost is \$7,227,000.**

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

Presenter(s): Clare Gallagher, Director, Capital Project Delivery, Public Affairs; Ralph Wessels, Capital Project Manager, Aviation Project Management; and Bob Duffner, Senior Manager, Aviation Environmental Programs.

*Previously, an authorization request for this project was considered on November 22, 2016.*

Staff summarized community engagement to date on the program, which involves removal and replanting of trees on and near Airport property. Commissioners requested more detail regarding community feedback. Work conducted so far was summarized, including some tree removal, salvaging of cut trees for Duwamish River habitat restoration, removal of invasive plants, and replanting of trees and shrubs. Commissioners asked for clarification on the species chosen for replanting and the plan for irrigation and maintenance of new plantings. It was noted that the funding requested today is for design and that staff would return in the second quarter of 2017 with proposals and alternatives for completion of the work. Commissioners suggested arrangement of community tours of areas where work has already been completed. The next steps for

environmental review were summarized. Commissioners requested more information regarding implementation in wetlands and other critical environmental areas.

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

**In favor: Albro, Bowman, Felleman, Gregoire (4)**

**Absent for the vote: Creighton**

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

**6b. Authorization for the Chief Executive Officer to (1) initiate programming and develop design alternatives for the South Satellite Renovations Project using Port staff and consultants and (2) advertise and execute a project-specific service agreement for project management services for the South Satellite Renovations Project. This authorization is for \$4,300,000. (CIP #C800743)**

Request document(s) included a Commission agenda [memorandum](#), a prior [Commission agenda memorandum](#) considered on September 8, 2015, and [presentation slides](#).

Presenter(s): Jeffrey Brown, Director, Aviation Facilities and Capital Programs, and Michelle Brantley, Manager, Airport Capital Development Program.

The age, history, and current condition of the Airport's South Satellite facility were summarized. It was reported that the work covered by the authorization would prepare the analysis of facility alternatives and project delivery methodology. A recommended alternative is expected to be proposed toward the end of 2017. Commissioners commented on applying the proposed Energy Production Project Evaluation Framework recommended by the Energy & Sustainability Committee's Energy Production Subcommittee to the South Satellite Renovations Project.

*[Clerk's Note: The Energy Production Project Evaluation Framework was included above as an attachment to agenda item 7b.]*

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

**In favor: Albro, Bowman, Felleman, Gregoire (4)**

**Absent for the vote: Creighton**

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

**6c. Motion of the Port of Seattle Commission affirming its intention to provide up to \$75,000 in funding support, in partnership with contributions from the State of Washington and Airport-area cities, for a study of the concentrations of ultrafine particulate matter as described in House Bill 1171, and as directed by the Department of Commerce. The substitute amendment to HB 1171 that was adopted by the House Environment Committee on February 9, 2017, reflects changes that were suggested by Port staff in collaboration with researchers from the University of Washington, and enjoys the support of the Port of Seattle Commission. Further, the Commission is**



**interested in working with the bill sponsor to ensure that language in the bill focuses on ultrafine particulate matter. Further, the Commission affirms its interest in remaining engaged with the Legislature, the Department of Commerce, the partner cities, and academic researchers as the study scope is under development.**

Request document(s) included the draft text of the motion, [Substitute House Bill 1171](#), and [House Environment Committee Report on House Bill 1171](#). A [copy of the adopted motion](#) is attached for ease of reference. Also attached are copies of a [letter of support](#) addressed to Senator John Braun and Representative Timm Ormsby issued following adoption of the motion.

Presenter(s): Eric ffitch, State Government Relations Manager, Public Affairs, and Stephanie Meyn, Senior Environmental Program Manager.

Mr. ffitch described the nature of the particulate matter proposed to be studied under HB 1171, the background of the proposed study, and the geographic areas that would be included in the study. Commissioners requested clarification on the model for differentiating emissions sources. Commissioners commented on proposing a refinement to the bill's description of the geographic scope of the study.

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

**In favor: Albro, Bowman, Felleman, Gregoire (4)**

**Absent for the vote: Creighton**

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

## **7. STAFF BRIEFINGS**

### **7a. Airport Community Ecology Fund.**

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

Presenter(s): Pearse Edwards, Director of Government Relations, Public Affairs.

The presentation to the Commission included an overview of development of the Airport Ecology Fund and the public engagement process used to determine the best uses of the fund within the communities neighboring the Airport. The timeline for disbursement of funds over the next two years was presented, and Commissioners provided direction on evaluating recipient projects.

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

*Agenda item 7b was considered previously, and the Commission advanced to consideration of –*

### **7c. Results of Energy and Greenhouse Gas Assessment.**

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



Presenter(s): Leslie Stanton, Manager, Environmental Sustainability.

*Commissioner Bowman was present until 4:25 p.m.*

The presentation described the purpose of the assessment, which is to evaluate and recommend strategies to meet Century Agenda energy and greenhouse gas reduction goals to protect the climate, advance clean technologies, and create jobs. The assessment focused on emissions over which the Port exercises direct control, including Scope 1 and 2 emissions. Annual energy use and greenhouse gas emissions at Airport and Seaport facilities were compared. The relatively flat energy consumption and emissions at the Airport despite record passenger growth was attributed to relatively minor changes in the square footage of Airport facilities so far. Energy consumption and emissions forecasts and their underlying assumptions were presented. Recommendations and their related potential energy reductions were described and next steps for implementation were summarized.

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

*Without objection, the following agenda item –*

**7d. Aviation Biofuels Infrastructure Feasibility Study Results.**

*– was laid on the table for future consideration.*

**8. ADDITIONAL NEW BUSINESS**

Interim CEO Dave Soike previewed upcoming Commission agenda items.

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

**RECESS TO EXECUTIVE SESSION**

The meeting was recessed at 5:00 p.m. to an executive session estimated to last 45 minutes to continue discussion of one matter related to performance on a publicly bid contract. The executive session lasted approximately 70 minutes.

**9. ADJOURNMENT**

Following the executive session, the Commission adjourned at 6:13 p.m. without conducting further business.

Fred Felleman  
Assistant Secretary

Minutes approved: March 14, 2017.