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APPROVED MINUTES COMMISSION REGULAR MEETING JUNE 27, 2017

The Port of Seattle Commission met in a regular meeting Tuesday, June 27, 2017, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bowman, Creighton, and Felleman were present. Commissioner Gregoire was absent.

1. CALL TO ORDER

The meeting was called to order at 12:05 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 litigation and legal risk and performance on a publicly bid contract. Following the executive session, which lasted approximately 60 minutes, the public meeting reconvened at 1:19 p.m. Commissioner Albro led the flag salute.

3. SPECIAL ORDERS OF BUSINESS

3a. June 27, 2017, Executive Director Report.

Dave Soike, Interim Executive Director, previewed several items on the day's agenda and made announcements regarding Port participation in the Government Alliance on Race and Equity, new Veterans Fellows for 2017, new airline service to Mexico, and the Duwamish Valley Cumulative Impact Analysis.

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

3b. 2016 Economic Development Partnership Program Results Presentation.

Presentation document(s) included a Commission agenda [memorandum](#) and [presentation slides](#). A [prospectus](#) describing the Seaside Media Campus was provided at the meeting by the City of Shoreline and was used during their presentation. The City of Renton provided [presentation slides](#) at the meeting, and Port staff provided a [2016 final report](#) on the 2016 City Economic Development Partnership Program as a supplemental item on the day of the meeting.

Presenter(s): David McFadden, Managing Director Economic Development; Dan Eernisse, Economic Development Manager, City of Shoreline; Chris Craig, Economic Development Specialist, City of Burien; Cliff Long, Economic Development Director, City of Renton; and John Collum, Community Development Project Manager, City of Renton.

Representatives of the cities participating in the 2016 Economic Development Grant Program described their communities' economic development efforts aided by Port funding. Programs highlighted included development of the Seaside Media Campus in the City of Shoreline, downtown wayfinding and tourism marketing in the City of Burien, and branding, small business development, and development of a digital business real estate inventory in the City of Renton.

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

3c. Recognition of the 2017 Raisbeck Aviation High School Environmental Challenge Award Winners.

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

Presenter(s): Arlyn Purcell, Director Aviation Environment and Sustainability; Steven Rybolt, Environmental Program Manager; and Troy Hoehne, Raisbeck Aviation High School.

Payton Adams, Charleisha Cox, Matthew Morin, and Brian Phuong were recognized as recipients of the Port's 2017 Raisbeck High School Environmental Challenge Award. The students' land-use proposal for vacant properties near the Airport included warehouse and flight kitchens using sustainable building practices and a community program to help maintain and enhance vegetated areas. The environmental challenge program aims to apply an interdisciplinary approach to true-to-life environmental challenges in the aviation sector.

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 Port staff and Commissioner Bowman, agenda items 4a and 4f, respectively, were removed from the Unanimous Consent Calendar. Agenda item 4a was laid on the table without objection, and agenda item 4f was temporarily postponed for separate discussion and vote.

4a. Approval of the minutes of the special and regular meetings of June 13, 2017. *[laid on the table]*

4b. Approval of the Claims and Obligations for the period May 1-31, 2017, in the amount of \$58,041,577.45 including accounts payable check nos. 917377-917885 in the amount of \$4,874,830.91; accounts payable ACH nos. 000002-000312 and accounts payable EFT nos. 049451-049836 in the amount of \$31,410,382.22; accounts payable wire transfer nos. 014640-014680 in the amount of \$12,723,627.03; payroll check nos. 185855-186088 in the amount of \$270,058.16; and payroll ACH nos. 805079-808795 in the amount of \$8,762,679.13 for a fund total of \$58,041,577.45.

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

- 4c. Authorization for the Executive Director to (1) proceed with the Rental Car Facility Fleet Tracking System project to track and display bus arrival information and provide related customer service enhancements 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 \$1,055,000 (CIP #C800929).**

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

- 4d. Authorization for the Executive Director to (1) proceed with the Enterprise Network Firewall Upgrade project; (2) procure required hardware, software, vendor services, and maintenance; and (3) use Port staff for implementation, for a total project cost not to exceed \$1,500,000 (CIP #C800908).**

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

- 4e. Authorization for the Executive Director to use Port Construction Services to repair damaged stormwater pond nets at Seattle-Tacoma International Airport in 2017 in the amount of \$455,000.**

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

As noted above, agenda item 4f was temporarily postponed.

- 4g. Authorization for the Executive Director to (1) prepare design and construction bid documents for the Industrial Wastewater System Glycol Management Improvements project at Seattle-Tacoma International Airport; (2) use Port crews and small works contracts to purchase and install all necessary equipment and devices; and (3) advertise and award a construction contract. The amount of this request is \$1,092,000 for a total estimated project cost of \$1,142,000 (CIP #C800655).**

Request document(s) included a Commission agenda [memorandum](#), [wastewater system diagram](#), and [aerial diagram of the lagoon system](#).

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

In favor: Albro, Bowman, Creighton, Felleman (4)

Absent for the vote: Gregoire

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):

- John Yasutake, Washington State China Relations Council, Seattle, in support of Aviation Managing Director Lance Lyttle and equity efforts in the airport's dining and retail program.
- Erik Van Rossum, Unite Here Local 8, in support of food service workers and new concessions leasing policies of lease group 4.
- Lourdes Barredo, Unite Here Local 8, in support of progress for airport dining and retail workers.
- Eddie Rye, Jr., Civil Rights Coalition, regarding the airport dining and retail program and racial discrimination.
- Matt Shelby, Managing Director of Airport Real Estate, Alaska Airlines, in support of the North Satellite renovations projects, central terminal enhancements, and baggage system improvements.
- James Masoero, General Manager, Delta Air Lines, in support of baggage system improvements.
- Ralph Ibarra, Diverse America Network, regarding the port's affirmative action plan. Mr. Ibarra submitted written materials, which are included here as minutes [Exhibit A](#) and are available for public review.
- Vince O'Halloran, Puget Sound Ports Council Maritime Trades, regarding the importance of the Hiram M. Chittenden (Ballard) Locks.
- Charles Costanzo, American Waterways Operators, regarding the importance of the Hiram M. Chittenden (Ballard) Locks.
- Joshua Berger, Governor's Maritime Sector Lead in the Washington Department of Commerce regarding the importance of the Hiram M. Chittenden (Ballard) Locks.
- Chris Woodley, Groundfish Forum, regarding the importance of the Hiram M. Chittenden (Ballard) Locks.
- Abdullahi Jama submitted written comments read aloud by Luis Navarro, Office of Social Responsibility. These materials are included here as minutes [Exhibit B](#) and are available for public review.
- Brian Surratt, Director, City of Seattle Office of Economic Development, read aloud by Lindsay Wolpa Local Government Relations Manager, regarding the importance of the Hiram M. Chittenden (Ballard) Locks. These materials are included here as minutes [Exhibit C](#) and are available for public review.
- Eugene Wasserman, North Seattle Industrial Association, regarding the importance of the Hiram M. Chittenden (Ballard) Locks.

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

The Commission advanced to consideration of –

ITEMS REMOVED FROM CONSENT

- 4f. Authorization for the Executive Director to execute up to six professional services indefinite delivery, indefinite quantity contracts for architect services for a total**

capacity not to exceed \$9 million. Up to three of these contracts will be set aside for small businesses. There is no funding associated with this request.

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

Presenter(s): Sean Anderson, Capital Program Leader, Aviation Project Management.

Previously, a similar action request was proposed but laid on the table without objection during the regular meeting of June 13, 2017.

It was reported that the current form of the request increases the number of contract opportunities set aside for small businesses to three while balancing the overall size of the contract packages to preserve their competitiveness and account for the amount of work each covers.

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

In favor: Albro, Bowman, Creighton, Felleman (4)

Absent for the vote: Gregoire

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

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

6a. Authorization for the Executive Director to (1) transfer Airport Dining and Retail Infrastructure Modifications project scope and associated budget of \$6,190,000 (CIP C800638) to the Central Terminal Infrastructure Upgrade project (CIP C800722); (2) increase this combined CIP budget by \$4,032,000 for the construction of the project; (3) use Port crews and small works contracts for construction work; and (4) advertise and award a major works construction contract for the Central Terminal Infrastructure Upgrade project. This authorization is for \$4,032,000 for a total estimated project cost of \$16,834,000.

Request document(s) included a Commission agenda [memorandum](#) and [presentation slides](#). A concept video of the project area has been made available for public review.

Presenter(s): Aviation Managing Director Lance Lyttle; Capital Project Manager Bradley Benson; and Senior Business Manager Scott Van Horn.

The context of airport passenger growth and the need to expand dining and retail services, including expansion into the central terminal mezzanine, was described. Cost increases were discussed in light of the current boom in construction in the Seattle area and the desire to maintain a high level of service to the traveling public during construction. Commissioner asked about impacts to central terminal businesses and opined on various options for providing alternative dining and retail options in the area. Staff presented a video depicting the central terminal area during construction.

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

In favor: Albro, Bowman, Creighton, Felleman (4)

Absent for the vote: Gregoire

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

- 6b. Authorization for the Executive Director to conduct competitive solicitations and execute lease and concessions agreements with selected proposers for 12 new opportunities encompassing 21 units in Airport Dining and Retail Lease Group 4: Competitive Evaluation Process (CEP) Food – 1; CEP Food – 2; CEP Food – 3; CEP Food – 4; CEP Food – 5; CEP Food – 6; Request for Proposal (RFP) Food – 7; CEP – Retail 1; CEP Retail – 2; CEP Retail – 3; CEP Retail – 4; and RFP Retail – 5. This authorization includes the removal of one unit, NS-2, from Lease Group 3 Food Service – Small Package 7 and insertion of that unit in Lease Group 4 RFP Food – 7.**

Request document(s) included a Commission agenda [memorandum](#), [presentation slides](#), and [quality jobs memorandum of November 11, 2015](#).

Presenter(s): Aviation Managing Director Lance Lyttle and Senior Business Manager Scott Van Horn.

Mr. Van Horn summarized Commission guidance on the Airport Dining and Retail lease program and presented the packages comprising Lease Group 4. Changes to the competitive evaluation of lease proposals made since scoring of Lease Group 3 and including Commission direction were summarized. These included disqualification of firms not fully compliant with back-wage requirements under City of SeaTac Municipal Code Chapter 7.45 (City of SeaTac Ordinance 1020 or “Proposition One”), revised evaluation of proposed wages and medical/retirement benefits, changes to scoring of small business participation, local concept preference scoring, and labor peace agreement requirements. Staff continues to propose the use of a competitive selection process.

Commissioners asked about composition of the evaluation team and non-staff observers. There was discussion on the degree of subjectivity involved in the bid evaluation process.

Commissioner Albro offered an amendment to the proposed Lease Group 4 labor peace requirement exemption as proposed in the staff presentation, to remove reference to small business with 35 or fewer badged airport employees and to substitute the stipulation that small businesses be exempt if they have up to two locations at the airport. He noted the prohibition on franchisees of national brands would prevent the exemption from applying to Wendy’s or McDonald’s. He added that the amendment would expand the exemption to existing small businesses at the airport in support of other Commission priorities for the ADR program, such as diversifying risk by incentivizing small businesses with more than one location at the airport. This motion failed to obtain a second.

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

In favor: Bowman, Creighton, Felleman (3)

Opposed: Albro (1)

Absent for the vote: Gregoire

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

- 6c. First Reading of Resolution No. 3735: A Resolution of the Port Commission of the Port of Seattle authorizing the issuance and sale of intermediate lien revenue and refunding bonds in one or more series in the aggregate principal amount of not to exceed**

\$800,000,000, for the purpose of financing or refinancing capital improvements to aviation facilities and for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

Request document(s) included a Commission agenda [memorandum](#) and draft resolution. A copy of the final draft of [Resolution No. 3735](#) will be made available upon adoption.

Presenter(s): Corporate Finance Director Elizabeth Morrison.

Ms. Morrison summarized the relevant finance, policy, and tax restrictions applicable to the \$800 million in bonds, part of which represents new debt and part of which is refunding of existing debt for debt-service savings of over \$40 million. The bonds are expected to be issued within six months. Commissioners commented on this being the Port's largest-ever bond issuance and noted the large size of the airport capital investment it represents.

The motion for approval of First Reading of Resolution No. 3735 carried by the following vote:

In favor: Albro, Bowman, Creighton, Felleman (4)

Absent for the vote: Gregoire

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

6d. Authorization for the Executive Director to: (1) increase project authorization for the North Satellite Renovation & North Satellite Transit Station Lobbies Project by \$200,000,000; (2) execute Preliminary Work Amendment No. 3 with Hensel Phelps for up to \$200,000,000; (3) authorize Port staff to execute all change orders to the Hensel Phelps contract within authorized budget and project scope without returning for additional Commission authorization; and (4) authorize Port Construction Services to execute small works contracts and use Port crews to support North Satellite construction (CIP #C800556).

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

Presenter(s): Program Leader George England.

The Commission received a presentation summarizing progress on the project, indicating minimal negative impacts to Alaska Airlines' operations, and explaining that the current authorization would permit project work to continue on schedule until a maximum allowable construction cost (MACC) and associated budget increase can be authorized in August.

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

In favor: Albro, Creighton, Felleman (3)

Absent for the vote: Bowman, Gregoire

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

- 6e. Authorization for the Executive Director to (1) authorize additional design and project management funds to expand the capacity of the baggage system at Seattle-Tacoma International Airport to 60 million annual passengers; (2) use Port crews and small works contracts to perform additional construction work; and (3) amend Service Agreement P-00317641 to add \$10,160,000 for a total contract value of \$31,160,000 to design this additional capacity. The amount of this request is \$637,000 (CIP #C800612).

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

Presenter(s): Capital Project Manager Ed Weitz.

Commissioners received a presentation that explained the need to accelerate the baggage system work based on the current rate of passenger growth. Despite the need to increase design and project management funding by \$24,937,000, savings returned from phase 1 of \$24,300,000 accounts for the current request of only \$637,000. The total project budget will increase for the accelerated capacity needs by a net amount of approximately \$126,000,000.

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

In favor: Albro, Creighton, Felleman (3)

Absent for the vote: Bowman, Gregoire

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

- 6f. **Motion to Be a Signatory to the “We Are Still In” Open Letter Declaring Our Commitment to Reduce the Threat of Climate Change. [subsequently amended]**

Request document(s) included the text of the motion, an [amended version](#) of which is attached.

Presenter(s): Commission Specialist Veronica Valdez.

Ms. Valdez presented the text of the motion and the statement in support of the motion and confirmed that as of today, the Port of Seattle would be the first port authority to endorse the letter. Commissioners commented on the port’s environmental stewardship record and the business benefits to reducing carbon emissions.

AMENDMENT

Commissioner Felleman offered an amendment to the motion also to pledge support for the “Climate Neutral Now” movement of airports striving to become greenhouse-gas-emissions neutral by mid-century. The amendment was adopted without objection. The text of the motion now reads as follows:

The Port of Seattle intends to be a signatory to the “We Are Still In” open letter to the international community and parties to the Paris Agreement declaring our intent to continue to ensure the U.S. remains a global leader in reducing carbon emissions.

We also pledge support for “Climate Neutral Now,” an airport movement sponsored by the United Nations. Our pledge would state that we will strive toward greenhouse gas neutral emissions by mid-century, in line with our Century Agenda greenhouse gas reduction goals, and that we will document our progress through Airport Carbon Accreditation.

A related amendment to the statement in support of the motion was included at this time adding “in submitting an open letter” to the third paragraph of the statement. This text is present in the attached adopted version of the motion. Commissioners requested interlineations to the version of the We Are Still In letter prepared for their signatures acknowledging their participation as officials of a port authority. A copy of the executed letter is attached as minutes Exhibit D.

The motion of the Port of Seattle Commission to be a signatory to the “We Are Still In” open letter declaring our commitment to reduce the threat of climate change, as amended, (agenda item 6f) carried by the following vote:

In favor: Albro, Bowman, Creighton, Felleman (4)

Absent for the vote: Gregoire

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

7. STAFF BRIEFINGS

7a. Port of Seattle’s 2017 Affirmative Action Plan Briefing.

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

Presenter(s): Employee Relations Senior Manager Cynthia Alvarez.

The presentation included information about the purpose of the port’s Affirmative Action Plan as a federally mandated process. Ms. Alvarez explained how employee demographics are benchmarked against local availability of qualified women and minority candidates. She reported that placement goals have not needed to be set for the port for any of the last three years of Affirmative Action Plans due to strong performance at the port in its efforts to employ a workforce representative of the communities from which it recruits and hires employees.

Commissioners discussed the need to continue to grow the pool of qualified employment candidates from historically underrepresented populations. This was identified as an opportunity going forward, along with continuation of compensation equity analysis and equity efforts and diversity and inclusion training. Commissioners urged continued collaboration with other jurisdictions, especially in the area of inclusion of women and minorities in career preparation in skilled trades.

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

7b. Ballard Locks Economic Impact Study Results.

Presentation document(s) included a Commission agenda [memorandum](#), [Port of Seattle presentation slides](#), [presentation slides by the McDowell Group](#), [economic impact study report](#), and [Ballard Locks informational flyer](#).

Presenter(s): Maritime Division Managing Director Lindsay Pulsifer and Charles Costanzo, American Waterway Operators.

Commissioners received a presentation that described the history and economic importance of the Hiram M. Chittenden locks located in Seattle's Ballard neighborhood on the Lake Washington Ship Canal. Despite its robust economic impact, there is concern that operations and maintenance funding by the Army Corps of Engineers is insufficient to properly maintain the asset and preserve its regional benefits.

Commissioners Bowman and Felleman moved as follows:

That the Port of Seattle Commission take a position requesting federal funding to address the Hiram M. Chittenden Locks' major, non-routine maintenance needs and to authorize staff to advocate for this funding alongside other members of the Lake Washington Ship Canal Users Group.

The motion as stated above in support of federal funding for the Hiram M. Chittenden Locks carried by the following vote:

In favor: Albro, Bowman, Creighton, Felleman (4)

Absent for the vote: Gregoire

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

8. ADDITIONAL NEW BUSINESS – None.

9. ADJOURNMENT

There was no further business, and the meeting adjourned at 4:28 p.m.

Stephanie Bowman
Secretary

Minutes approved: July 25, 2017.