



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

**APPROVED MINUTES
COMMISSION REGULAR MEETING NOVEMBER 14, 2017**

The Port of Seattle Commission met in a regular meeting Tuesday, November 14, 2017, at Port of Seattle offices, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bowman, and Felleman were present. Commissioners Gregoire and Creighton were absent.

1. CALL TO ORDER

The meeting was called to order at 12:06 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 one matter relating to litigation, legal risk, and sale or lease of real estate, and one matter related to acquisition of real estate. Following the executive session, which lasted approximately 60 minutes, the public meeting reconvened at 1:17 p.m. Commissioner Albro led the flag salute.

3. SPECIAL ORDERS OF BUSINESS

3a. November 14, 2017, Executive Director Report.

Dave Soike, Interim Executive Director, previewed several items on the day's agenda and announced activities related to the Port's community giving campaign, observance of Veterans Day, and new veterans' fellows.

ANNOUNCEMENT

Commissioner Albro announced that the Port of Tacoma is considering changing its Scheme of Harbor Improvements to include a prohibition on export of petroleum or fossil-fuel products.

3b. Briefing on proposed interlocal agreement between the City of SeaTac and the Port of Seattle for a ten-year term beginning February 2018.

Presentation document(s) included an agenda [memorandum](#), [presentation slides](#), and [draft agreement](#).

Presenter(s): Lance Lyttle, Managing Director, Aviation, and Clare Gallagher, Director, Capital Project Delivery, Public Affairs.

The background of interlocal agreement negotiations with the City of SeaTac and the key terms of the agreement were summarized. Predictability for both the port and the city is an important benefit of the arrangement. The agreement addresses permitting roles of the two agencies, land-use and density, public safety, and traffic planning and enforcement. It also addresses fees related to traffic impacts, permits, and stormwater management. Other topics addressed by the agreement are business-license compliance, neighborhood parking, and permit recordkeeping. The port and city have employed an interlocal agreement since 1997.

New elements of the agreement include port contribution to city public safety and traffic management fees and additional discounting by the city of port stormwater management fees. Also new is an explicit agreement for the city to serve as the lead agency for state environmental review for non-airport-related development of port properties within the city. The port will agree to contribute to a city neighborhood parking program from existing parking taxes as another new element of the agreement. A new Airport Activity Area boundary is proposed to define consistent permitting areas for the port and city, including fire permits.

Commissioners asked for clarification on the percentage of property within the city owned by the port and the size of the Airport Activity Area. The importance of predictable collaboration between the port and the city was underscored, given the unique relationship of the two organizations.

4. UNANIMOUS CONSENT CALENDAR

[Clerk's Note: Items on the Unanimous Consent Calendar are not individually discussed, although commissioners may remove items from the consent calendar for separate discussion and vote in accordance with commission bylaws.]

Agenda item 4d was removed from the Unanimous Consent Calendar for separate discussion and vote.

- 4a. Approval of the [Claims and Obligations](#) for the period October 1-31, 2017, including accounts payable check nos. 919948-920484 in the amount of \$6,597,482.39; accounts payable ACH nos. 002929-003623 in the amount of \$55,741,559.04; accounts payable wire transfer nos. 014735-014772 in the amount of \$11,779,562.08; payroll check nos. 187656-187934 in the amount of \$297,580.64; and payroll ACH nos. 826363-830346 in the amount of \$9,212,284.42 for a fund total of \$83,628,468.57.**
- 4b. Authorization for the Executive Director to execute Change Order 10 to Contract MC-0318654, Central Terminal Stairs Project at Seattle-Tacoma International Airport, to extend the contract duration by 76 calendar days and for the deductive amount of \$64,508.00. No additional funds are being requested (CIP #C800716).**

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

- 4c. Authorization for the Executive Director to execute an interlocal agreement with the Northwest Seaport Alliance to implement a series of support service agreements to allow Port staff to provide services to the NWSA for 2018.**

Request document(s) included an agenda [memorandum](#) and [draft agreement](#).

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

- 4e. Authorization for the Executive Director to execute an indefinite delivery, indefinite quantity contract for parking revenue consulting services in the amount of \$1,550,000 with a duration of up to five years.**

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

- 4f. Authorization for the Executive Director to execute Economic Development Partnership Program contracts with the Cities of Carnation, Woodinville, Pacific, Bothel, and Lake Forest Park to implement local economic development initiatives for an amount not to exceed \$76,265, as detailed below.**

Request document(s) included an agenda [memorandum](#), [presentation slides](#), and [2016 Economic Development Program report](#).

- 4g. Authorization for the Executive Director to: (1) advertise and execute a single major works construction contract comprised of Taxiways A/B Reconfiguration; Taxiway L Relocation; Taxiway Q Mitigation; 2018 Airfield Pavement Replacement Projects; B Concourse Industrial Waste System Upgrade; and Taxiway H Signage herein to be referred to as 2018 Taxiway Improvement Projects and (2) award an irregular bid or bid greater than 10% over engineer's estimate, should that occur, with Commission notification only, provided the total project remains within authorized budget (CIP #C800914).**

Request document(s) included an agenda [memorandum](#) and [diagram](#).

Agenda item 4h was removed from the agenda prior to publication.

- 4i. Authorization for the Executive Director to execute a new collective bargaining agreement between the Port of Seattle and the International Association of Firefighters, Local 1257, representing firefighters at the Port of Seattle covering the period from January 1, 2017, through December 31, 2020.**

Request document(s) included an agenda [memorandum](#) and [draft agreement](#).

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

In favor: Albro, Bowman, Felleman (3)

Absent for the vote: Gregoire, Creighton

5. PUBLIC TESTIMONY

An opportunity for public comment was provided, but none was offered at this time.

The Commission advanced to consideration of –

ITEMS REMOVED FROM CONSENT

- 4d. Authorization for the Executive Director to (1) spend environmental remediation liability funds for 2018 in the amount of \$19,800,000; (2) approve a five-year plan of \$88,800,000 for the Environmental Remediation Liability Program for 2018-2022 of which an amount estimated not to exceed \$30,000,000 will be obligated during 2018 to be spent in future years.**

Request document(s) included an agenda [memorandum](#) and maps of [north](#), [south](#), and [aviation properties](#).

Presenter(s): Kathy Bahnick, Senior Manager, Environmental Programs; and Don Robbins, Senior Environmental Program Manager.

Commissioners asked about use of Model Toxics Control Act funding and job creation resulting from environmental remediation.

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

In favor: Albro, Bowman, Felleman (3)

Absent for the vote: Creighton, Gregoire

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- 6a. First Reading and Public Hearing of Resolution No. 3738: A resolution of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2018; making, determining, and deciding the amount of taxes to be levied upon the current assessment roll; providing payment of bond redemptions and interest, cost of future capital improvements and acquisitions, and for such general purposes allowed by law which the Port deems necessary; and directing the King County Council as to the specific sums to be levied on all of the assessed property of the Port of Seattle District in the Year 2018.**

Request document(s) included an agenda [memorandum](#), [draft resolution](#), and [presentation slides](#). A copy of the final draft of Resolution No. 3738 will be made available upon adoption.

Presenter(s): Dan Thomas, Chief Financial Officer; Michael Tong, Assistant Finance Director – Budget; and Elizabeth Morrison, Director, Corporate Finance.

Previously, a presentation on the preliminary budget for the port's operating divisions was provided on October 10, 2017. Written responses to commissioner questions at that time were prepared and presented for further review on October 24, 2017.

General Information

In summary, the 2018 budget anticipates \$670 million in operating revenues and in excess of \$422 million in operating expenses. Net operating income for 2018 is forecast above \$247 million, and the

2018 capital budget is proposed at slightly more than \$878 million with a five-year capital spending plan at approximately \$3.1 billion. The tax levy proposed for 2018 is \$72 million, the same as 2017 and 2016. Capital spending at the airport is driven by passenger growth measured as a nearly 50-percent increase in enplaned passengers.

Full-Time-Equivalent Positions

Whether there is need for new full-time-equivalent positions related to port priorities on energy and sustainability, equity, priority hire, and women- and minority-owned business enterprise contracting were discussed. Commissioners expressed the hope that applying continuous process improvement methodology would eventually be quantified by the ability to redeploy existing personnel to pursue port priorities rather than adding FTEs to port staff.

Updates to the Preliminary Budget

There is \$200,000 proposed for inclusion in the Energy and Sustainability Fund not shown in the presentation slides. Other changes or refinements since presentation of the preliminary budget on October 10 were summarized, including increased nonaeronautical revenues and a \$1.9 million increase for airport janitorial services. Commissioners asked that the customer service outcomes related to the additional spending be reported back in 2018. Other budget updates include additional funding in conjunction with the new interlocal agreement with the City of SeaTac and additional revenue from operations of the Northwest Seaport Alliance.

Commissioners commented on consistency of content in the budget document between divisions, noting the Aviation Division's description of baseline budget requests in terms of problems/needs and opportunities. Commissioners opined on the benefit of seeing the financial contributions and expenses for individual non-Aviation business units early in the budget process for 2018.

Capital Improvement Program

A list of \$119 million in Maritime and Economic Development Division capital projects recommended for inclusion in the port's five-year capital spending plan was presented. The list of capital projects recommended for deferral for the five-year period was also presented.

Tax Levy

Regarding the port's tax levy, it was noted that rising property values, increased housing stock, and the reduction of the levy from \$75.9 million in 2009 to \$72 million in 2016, 2017, and 2018 has resulted in an overall reduction in the port's property tax millage rate by about 30 percent. The port has not levied the maximum amount allowed since 1991, foregoing about \$491 million in property tax revenue during that time.

AMENDMENT

Commissioners noted opportunities to improve the recitals, or whereas clauses, of the budget resolution. The commissioners engaged in a discussion of potential refinements to the proposed budget for first reading. In particular, clarifications were provided on potential spending for tourism development and the valet program for cruise passenger baggage in which baggage is conveyed directly to the airport from the cruise ships. Clarification was also offered regarding investment in

internships as a workforce development tool, feasibility of remote airline baggage check-in at locations in eastern King County, and funding to explore possible acquisition of Salmon Bay Marina.

Without objection, the commission authorized for inclusion in the budget before second reading the following provisions:

- Funding to explore acquisition of Salmon Bay Marina;
- Provision of \$200,000 to explore the feasibility of remote airline baggage check-in;
- Provision of \$100,000 for tourism promotion, including \$50,000 focused on ecology tourism and \$50,000 focused on international tourism;
- Increased funding to grow the port's high-school internship program by ten percent to 90 internships; and
- Elaboration in the whereas recitals regarding the port's strategic mission and incorporation in the budget resolution of a statement of adoption pertaining to the strategic content of the preliminary budget, as appropriately amended.

Although budget provisions in support of the cruise baggage valet program were not altered by commission direction at this time, commissioners stressed the need for the service to be monetized and promoted to relevant stakeholders in the expectation that external funding partners would be identified in 2018 in order to continue the program.

PUBLIC HEARING on Resolution No. 3738

Upon a motion and second for First Reading of Resolution No. 3738, as amended, Commissioner Albro declared the public hearing for the resolution open. There was no public testimony offered at this time, and the public hearing was closed.

The motion for approval of First Reading of Resolution No. 3738, as amended, carried by the following vote:

In favor: Albro, Bowman, Felleman (3)

Absent for the vote: Gregoire, Creighton

6b. First Reading of Resolution No. 3739: A resolution of the Port Commission of the Port of Seattle establishing jobs, pay grades, pay ranges, and pay practices for Port employees not represented by a labor union; authorizing legally required benefits, other benefits for Port employees not represented by a labor union including retirement, paid leave, healthcare, life insurance and disability benefits, benefits for Port of Seattle retirees, and benefits for Port of Seattle commissioners; and authorizing this resolution to be effective on January 1, 2018, and repealing all prior resolutions dealing with the same subject, including Resolution No. 3727 as amended by Resolution No. 3734.

Request document(s) included an agenda [memorandum](#), [presentation slides](#), [draft resolution](#), [redline](#), [summary of changes](#), and [pay range exhibit](#). A copy of the final draft of Resolution No. 3739 will be made available upon adoption.

Presenter(s): Ann McClellan, Total Rewards Manager, Human Resources, and Jeniann Kaelin, Total Rewards Consultant, Human Resources.

Previously, a presentation on Resolution 3739 was provided on October 24, 2017.

Commissioners asked for clarification on the new parameters affecting dual reporting of selected positions to both the Executive Director and the Port Commission.

The motion for approval of First Reading of Resolution No. 3739 carried by the following vote:

In favor: Albro, Bowman, Felleman (3)

Absent for the vote: Creighton, Gregoire

6c. Authorization for the Executive Director to increase the Marine Stormwater Utility 2018 rates by 7.75 percent.

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

Presenter(s): Stephanie Jones Stebbins, Managing Director, Maritime Division and Director, Marine Stormwater Utility, and Srin Pendikatla, Stormwater Utility Program Manager.

Staff provided a summary of the port's efforts as the first port in the U.S. to create its own stormwater utility and described the utility's rates as well below those of the City of Seattle. Assessment of the marine stormwater infrastructure for rehabilitation is underway. Commissioners commented on the benefit that the port's operation of its own utility makes it possible to put revenue from stormwater fees to work directly improving maritime impacts on the health of Puget Sound. Commissioners asked about permeability conditions and fee assignment models.

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

In favor: Albro, Bowman, Felleman (3)

Absent for the vote: Creighton, Gregoire

6d. Authorization of construction funding and for the Executive Director to advertise and award a major public works contract for (1) the replacement of the Shilshole Bay Marina restroom and laundry facilities for an amount not to exceed \$8,500,000 for a total project authorization of \$10,100,000 and (2) the replacement and overlay of Shilshole Bay Marina paved parking areas for an amount not to exceed \$1,750,000 for a total project authorization of \$2,000,000 (CIPs #C800356 and #C800355).

Request document(s) included an agenda [memorandum](#), [presentation slides](#), [Attachment A](#), and [Attachment B](#).

Presenter(s): Stephanie Jones Stebbins, Managing Director, Maritime Division; Tracy McKendry, Director, Recreational Boating; and Mark Longridge, Capital Project Manager, Maritime Project Management.

Customer service facility improvements at Shilshole Bay Marina were summarized. Commissioners commented on energy efficiency improvements and storage uses at the marina and asked about the schedule for public engagement on the project.

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

In favor: Albro, Bowman, Felleman (3)

Absent for the vote: Creighton, Gregoire

- 6e. Authorization for the Executive Director to (1) increase the project budget for the Flight Corridor Safety Program – Phase 1 by \$2,600,000 for a new total of \$5,806,000; (2) execute change order(s) in excess of \$300,000 as necessary to complete the tree removal work; and (3) advertise and execute a major works construction contract to remove invasive species and complete revegetation for Flight Corridor Safety Program Phase 1 at Seattle-Tacoma International Airport.**

Request document(s) included an agenda [memorandum](#) and [site plan](#).

Presenter(s): Mike Ehl, Director, Airport Operations, and Ralph Wessels, Capital Project Manager, Aviation Project Management.

In response to commission questions, staff confirmed that the tree removal and replanting efforts described in the current phase of the project are for areas P-4 and P-5.

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

In favor: Albro, Bowman, Felleman (3)

Absent for the vote: Creighton, Gregoire

- 6f. Authorization for the Executive Director to (1) execute a lease amendment for office space for the Capital Development Department and Central Procurement Office Major Works Department to move into the SeaTac Office Center for \$6,829,000 and (2) execute contracts to purchase office furniture and design and install communications infrastructure to support business needs for \$2,228,000 (CIP #C800982).**

Request document(s) included an agenda [memorandum](#) and proposed [lease amendment](#).

Presenter(s): Ralph Graves, Senior Director, Capital Development, and James Jennings, Senior Manager, Aviation Properties.

The need for additional office space for increased aviation division staffing and the relative costs for office space were presented.

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

In favor: Albro, Bowman, Felleman, (3)

Absent for the vote: Creighton, Gregoire

7. STAFF BRIEFINGS

Agenda items 7a and 7b were removed from the agenda prior to publication.

7c. International Arrivals Facility Quarter 3 Program Update (CIP #C800583).

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

Presenter(s): Ralph Graves, Senior Director, Capital Development, and David Brush, IAF Program Leader.

The quarterly update on the International Arrivals Facility program included a brief summary of current project work and accomplishments. Regarding negotiations on the guaranteed maximum price, Mr. Brush explained that negotiations have been ongoing for the past year with nine key cost elements under consideration. Not all of the work related to the cost elements has yet been bid, so much of the negotiation is based on estimates. He reported that the team hopes to conclude negotiations and identify the guaranteed maximum price by the end of 2017. In the meantime, work continues to keep to the project schedule. Project design is at 90 percent.

Commissioners asked that the time spent in negotiating the guaranteed maximum price be monetized and factored into a future assessment of the lessons learned from the IAF project, which is the first to be attempted by the Port of Seattle using the progressive design-build delivery model.

New considerations affecting completion of the arrivals-hall portion on the project include discovery of environmental contamination on the site, which has had a greater impact on schedule than project budget. Design of the arrivals hall may also be affected by emergent technology that employs facial recognition software and may change the design related to the flow and queuing of passengers. There is potential for facial recognition to add four-to-six months to final project completion.

8. ADDITIONAL NEW BUSINESS – None.

9. ADJOURNMENT

There was no further business, and the meeting adjourned at 5:24 p.m.

Prepared:

Attest:

Paul J. White, Commission Clerk

Ryan Calkins, Commission Secretary

Minutes approved: May 8, 2018.