



Commissioners

Bill Bryant
Commission President
Tom Albro
John Creighton
Rob Holland
Gael Tarleton

Tay Yoshitani
Chief Executive Officer

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

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**APPROVED MINUTES
COMMISSION REGULAR MEETING APRIL 5, 2011**

The Port of Seattle Commission met in a regular meeting at 1:00 p.m., Tuesday, April 5, 2011, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, Holland, and Tarleton were present.

1. CALL TO ORDER

The regular meeting was called to order at 12:00 p.m. by Rob Holland, Commission Vice President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The meeting was immediately recessed to an Executive Session to discuss legal and labor issues for approximately an hour and reconvened to open public session at 1:07 p.m.

PLEDGE OF ALLEGIANCE

3. (00:01:10) APPROVAL OF MINUTES

Approval of the Minutes for the Regular Meetings of February 1, 2011, and February 8, 2011.

Motion for approval of the minutes – Albro

Second – Holland

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

4. **SPECIAL ORDER OF BUSINESS**

a. **(00:01:39) The Port Centennial – Moment in History.**

Presentation documents: Commission agenda [memorandum](#) dated March 29, 2011, from Jane Kilburn, Public Affairs Director. Also provided was a computer slide [presentation](#).

Commissioner Tarleton presented the Port Centennial Moment for April, which highlighted the Port of Seattle's commitment to the environment. Commissioner Tarleton listed a number of environmental initiatives the Port is involved in and noted that the Port of Seattle has repeatedly been recognized for environmental leadership.

5. **(00:03:24) UNANIMOUS CONSENT CALENDAR**

a. **Approval of [Claims and Obligations](#) for the period February 1 through February 28, 2011, in the amount of \$33,197,673.61.**

b. **Authorization for the Chief Executive Officer to execute competitively procured Indefinite Delivery Indefinite Quantity (IDIQ) Service Agreements in support of the Aviation, Seaport and Real Estate Divisions for services related to 1) Construction Safety Services for the Construction Safety Section for a total amount of \$500,000 over a three year term; and 2) Special Testing, Inspection and Investigation Services in support of the Construction Management, Port Construction Services (PCS), Engineering Design and Marine Maintenance departments for a total amount of \$2,300,000 over a three-year term.**

Request documents: Commission agenda [memorandum](#) dated March 18, 2011, from Raymond P. Rawe, Engineering Services Director.

c. **Authorization for the Chief Executive Officer to advertise for bids, execute and award major construction contracts and perform contract administration for the Rental Car Facility (RCF) Main Terminal Way-Finding Signage and Curbside Modifications project as part of the RCF program at Seattle-Tacoma International Airport in the amount of \$2,799,254. This authorization is within the current revised budget (CIP #C100266).**

Request documents: Commission agenda [memorandum](#) dated March 17, 2011, from Michael Ehl, Airport Operations Director, and George England, Project Management Group Program Leader.

d. **Authorization for the Chief Executive Officer to proceed with design of the Claim Device 14 and Lower Inbound Conveyor Replacement at Seattle-Tacoma International Airport. The amount of this request is \$539,000. The total cost of the project is \$3,900,000. (CIP #C800374).**

Request document: Commission agenda [memorandum](#) dated March 25, 2011, from David Soike, Aviation Facilities and Capital Program Director, and Wayne Grotheer, Aviation Project Management Group Director.

- e. **Authorization for the Chief Executive Officer to procure new Common Use Podiums for Gates S1, S6, S7, S8 and S9 located at the South Satellite of the Seattle-Tacoma International Airport and utilize Port crews to demolish the existing podiums and install the new podiums. This authorization is for \$425,000 out of a total project cost of \$3,018,000. (CIP #C800276).**

Request document: Commission agenda [memorandum](#) dated March 25, 2011, from Michael Ehl, Airport Operations Director, and Wayne Grotheer, Aviation Project Management Director.

Motion for approval of consent items 5a – 5e – Tarleton

Second – Holland

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

6. DIVISION, CORPORATE AND COMMISSION ACTION ITEMS

- a. **(00:04:17) Centennial Park Resolution, First Reading of Resolution No. 3651 authorizing the renaming of the Port of Seattle's Elliott Bay Park as Centennial Park in honor of the Port's Centennial Celebration.**

Request document: Commission agenda [memorandum](#) dated March 18, 2011, from Lindsay Pulsifer, Marine Maintenance General Manager, and Jane Kilburn, Public Affairs Director. Also provided were a computer slide [presentation](#) and a copy of [Resolution No. 3651](#).

Presenter: Ms. Pulsifer.

Ms. Pulsifer gave a brief history of Elliott Bay Park and noted this resolution would rename Elliott Bay Park as Centennial Park. In response to Commissioner Creighton's question about the Port logo and signage replacement, Ms. Pulsifer noted that there was already money in the budget for 2011 to upgrade the existing park signs to the new Port logo and that the name change would be made easily at the same time.

Motion for first reading of Resolution No. 3651 – Holland

Second – Tarleton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

- b. **(00:08:28) Authorization for the Chief Executive Officer to (1) prepare full design documents using an existing Indefinite Delivery Indefinite Quantity (IDIQ) contract; and (2) execute and amend service agreements for the Central Terminal Freight Elevator project at Seattle-Tacoma International Airport for an estimated cost of \$634,000. The total estimated cost of the constructed project is \$6,664,000. (CIP #C800334).**

Request documents: Commission agenda [memorandum](#) dated March 25, 2011, from David Soike, Aviation Facilities and Capital Program Director; James R. Schone, Aviation Business Development Director; and Wayne Grotheer, Aviation Project Management Group Director. Also provided were a computer slide [presentation](#) and [Exhibit A](#), [Exhibit B](#), and [Exhibit C](#).

Presenters: Mr. Soike and Deanne Zachrisson, Aviation Concessions Business Manager.

Mr. Soike gave an overview of the process involved to bring materials into the Airport for the concessionaires noting that there are two small service elevators in the center part of the Airport that were not designed with the proper size or load capacity for the concessions program. Ms. Zachrisson noted that the concessions program in the Central Terminal has brought in more revenue in five years than it was expected to bring in ten years.

Ms. Zachrisson commented that the elevators do not just provide access to the upper floors for the concessionaires and are also used by the janitorial staff, operations staff, maintenance staff, and construction crews. Extra labor is required to keep the elevators working. She noted that deliveries have to be broken up into smaller packages before they can fit into the elevators.

Mr. Soike stated that the service elevators have less than ten years of life left, but that can be extended if their usage decreases. In addition, a new, fully functioning elevator system will increase the potential revenue from the concessions program. In response to Commissioner Bryant, Mr. Soike clarified that there are other infrastructure projects coming forward involving elevators at the Airport, but those will be separate Commission items. He explained that since the entire terminal was built around the same time, the elevators are coming to the end of their useful life at the same time.

Commissioner Tarleton asked how the airport can track the anticipated benefits of incorporating the infrastructure improvements. Mr. Reis noted the cost of the elevators will go into the terminal cost pool, which is assessed to tenants by square footage leased. Mr. Soike commented that it is difficult to track, but if re-competition of the concessions leases yields a 1-2 percent increase, it would cover the cost of the new elevators. Commissioner Tarleton stated that she wants to see a way to verify how the costs are being shared and recouped, but that she does not expect 100 percent of the costs to be recovered. Commissioner Albro stated it is important to maintain a competitive environment.

Mr. Soike pointed out that certain needs were not anticipated when the elevators were originally designed, such as having the recycling located below the Central Terminal, and the success of the concessions program has exceeded expectations. Staff considered putting the new elevators in the same location as the old elevators, but that location is surrounded by too much infrastructure, which would make the upgrade far more costly.

Public comment was received from the following individual:

- Pat Hedges, HMST Host, regarding the safety risks to employees involved with the elevators and how often the elevators are out of service.

Motion for approval of Item 6b – Albro

Second – Holland

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

- c. (00:33:09) Authorization for the Chief Executive Officer to execute up to two (2) professional services Indefinite Delivery Indefinite Quantity (IDIQ) contracts for the Baggage Handling System Design and Construction Support Services (future CIPs) totaling \$10,000,000, with a Contract Ordering Period of five years in support of upcoming capital improvement projects for baggage handling systems at Seattle-Tacoma International Airport. No funding is associated with this authorization.**

Request document: Commission agenda [memorandum](#) dated March 24, 2011, from Wayne Grotheer, Aviation Project Management Group Director.

Presenter: Mr. Grotheer.

Mr. Grotheer noted that baggage project demands come from three sources: system modifications to meet changed airline and Transportation Security Administration (TSA) requirements; replacement or refurbishment of older existing systems; and adding or modifying systems to increase flexibility and efficiency of airline and airport operations. The baggage systems are large, complex, mechanical and electrical systems, which must operate perfectly and interconnect with TSA screening systems. The complexity of the system requires a higher design and construction support cost for baggage system projects than other airport projects.

In response to Commissioner Bryant, Mr. Grotheer noted that the baggage systems work but the systems wear out and airline and TSA requirements change over time, which requires modifications to the baggage system. Commissioner Tarleton expressed concern that as more passengers are expected to travel, space constraints will limit growth. Mr. Grotheer noted that the space constraints are part of why the baggage projects cost as much as they do, but it should not be an obstacle for passenger growth. Commissioner Albro highlighted that it is a complicated system.

Motion for approval of Item 6c – Tarleton

Second – Albro

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

- d. (00:40:25) Authorization for the Chief Executive Officer to advertise and execute a construction contract for the 2011 Stormwater Detention System (SDS) Pond M Modifications and SDS 6/7 Vault Outfall Structure at the Seattle-Tacoma International Airport in the corrected amount of \$4,246,000. The corrected amount aligns with the budgeted amount of \$4,400,000 that had been reserved for the remaining Pond M work. The Commission authorized this contract in the amount of \$1,389,000 on March 1,**

2011, but the wrong cost estimate was used in determining the total project cost, necessitating the new contract authorization. No additional budget is requested since funds are available from previously authorized budget for the Third Runway Project (CIP #C100172).

Request documents: Commission agenda [memorandum](#) dated March 18, 2011, from Michael Ehl, Airport Operations Director; Wayne Grotheer, Aviation Project Management Group Director; and Elizabeth Leavitt, Aviation Planning and Environmental Programs Director.

Presenter: Ralph Wessels, Capital Construction Project Manager.

Commissioner Bryant noted that this item was not on the consent calendar because of the amount of the difference in the amount requested.

Mr. Wessels stated that Pond M has been constructed in three different phases. In preparing the contract estimate for Commission consideration on March 1, 2011, an error was made that resulted in the request of the incorrect amount. New measures have been instituted to prevent future miscommunication of this kind.

Commissioner Creighton suggested that the current state of the Port of Seattle's stormwater program as a discussion topic for the Highline Forum. He noted there have been a number of questions raised at the Highline Forum previously about the Port's stormwater program.

Motion for approval of Item 6d – Creighton

Second – Tarleton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Holland, Tarleton (5)

7. STAFF BRIEFINGS

a. (00:43:27) Monthly briefing: Update on the Consolidated Rental Car Facility (RCF) Program.

Presentation documents: Commission agenda [memorandum](#) dated March 9, 2011, from Michael Ehl, Airport Operations Director; George England, Project Management Group Program Leader; and Janice Zahn, Engineering Construction Services Assistant Director. Also provided were [Attachment A](#), [Attachment B](#), and a computer slide [presentation](#).

Presenters: Mr. England; Scott Thomas, Construction Manager; Ralph Graves, Capital Development Managing Director; and Elizabeth Morrison, Corporate Finance Senior Manager.

Mr. Thomas gave an update on project construction noting the following:

- Construction status summaries for the Main Terminal, off-site roadway improvements, and bus maintenance facility;

- Major project milestones and work in progress;
- Contractor schedule updates;
- Cost status summary, noting that the construction contingency for off-site roads showing a negative balance of \$321,404 has been offset by execution of a contaminated soil change order and the correct figure is a positive balance of \$638,000; and
- Change-order forecast trends compared to the construction contingency budget.

Mr. England discussed Main Terminal design items and noted a settlement had been reached with Walker Parking for design claims. The rental car companies have submitted their 100-percent design drawings; however, two of them had to be resubmitted and are going through the review process. He stated that all of the rental car companies are behind schedule in submitting their 100-percent design drawings, but some of the time should be made up through an expedited building-permit review. Mr. England reported that the industry has selected Anchorage-based Pfeiffer Development as their facility and fueling management company. The Port of Seattle will have to approve the contract with Pfeiffer Development. In response to Commissioner Tarleton, Mr. England noted that so far the Bus Maintenance Facility has not been significantly affected by the weather.

Ms. Morrison gave an update on the financing for the Rental Car Facility project focusing on the variable-rate debt portion, which was initially to be funded by a line of credit from Bank of America that is due to expire in 2011. Ms. Morrison described the benefits of replacing the line of credit with short-term, unsecured promissory notes (commercial paper), a flexible alternative that would not require new debt issuance. Commercial paper is sold to investors, primarily money market funds, and the capacity of the Port's commercial paper program is \$250 million, which is backed by two letters of credit from Bank of America and Bayerische Landesbank. Currently \$42 million of commercial paper is outstanding, and an expected \$51 million is projected for use in the Rental Car Project. Ms. Morrison described the alternatives to using commercial paper and stated that the next step would be to cancel the Bank of America line of credit and use commercial paper as needed for the project.

Mr. Graves discussed the Walker Parking Consultants contract, noting the rules and procedures have changed through the life of the project, which was awarded in 2004 and is still active. Mr. Graves explained that the contract was not addressed in the Washington State Auditor's Office (SAO) audit reported in December 2007 nor has it been audited to date. In response to Commissioner Tarleton's question as to whether the terminology "service agreement" in the 2004 contract denoted a "service directive," Mr. England stated that the use of "service agreement" was a reference to the base contract. He noted that, due to uncertainty at the time, the contract was structured with the intent of controlling costs and potential for shift in scope, but the result was a significant number of amendments. In response to Commissioner Bryant, Mr. Graves noted that the amendments were authorized by the Commission. Mr. Graves pointed out the portion of the contract for improvements of the existing first and second floors of the parking garage for rental car improvements was outside the original advertised contract scope but was authorized by the Commission.

Mr. England explained that the nexus between these improvements and the original contract was in the fact that the improvements were required due to the delay of the rental car facility and the

rental car companies were running out of space in the parking garage. Mr. Graves emphasized that the contract was administered in accordance with Port practices at the time, but, if it were done again under current Port practices, the amendments affecting the original contract scope would be handled differently. In response to Commissioner Albro, Mr. England stated that the expectation of staff in 2004 was that the design contract would come to about \$15 million and the rental car project would cost about \$220 million, and that the current \$419 million budget was not anticipated. Mr. England commented on how the extended life of the project contributed to amendments, changes of scope, and growth of project costs. He added that the incremental approach to administering the Walker contract was intended partly to provide options to the Port if it was not satisfied with the work product.

Commissioner Albro asked whether the Port would select the same consultant for a feasibility study and project design under current policies. Mr. England indicated that it would depend on the specific circumstances. Commissioner Tarleton stated that if a task is not in the original solicitation, it is not within the project scope, and, if the requested amount is over the limit of the CEO's delegation of authority, it needs to come back to the Commission for a discussion if not authorization. Mr. England commented that in 2008 Walker was removed as the designer of the Bus Maintenance Facility, and the contract was re-solicited because of changes in Port policies.

Mr. England gave a quick overview of the signage for the Rental Car Facility, including signage for and on the buses. He noted that there are going to be mock-ups using Port staff that are not familiar with the project, after which Port Construction Services can make adjustments to the signs. Commissioner Tarleton suggested using a group of students from the University of Washington College of Engineering Center for Transportation Research. In response to Commissioner Creighton's question regarding signage in foreign languages, Mr. England noted they are adding the international travel symbol for rental cars to the signs. Mr. Reis noted the sign challenge is not limited to the rental cars, but the Airport uses the international symbols for various elements of travel.

b. (01:34:45) Century Agenda Committee Monthly Briefing.

Presentation documents: Commission agenda [memorandum](#) dated March 31, 2011, from Tom Barnard, Research and Policy Analyst, and Geri Poor, Regional Transportation Manager.

Presenters: Commissioner Albro; Commissioner Creighton; and Charla Skaggs, Corporate Media Officer.

Commissioner Albro noted a Century Agenda work plan has been developed, including internal meetings and public meetings, and discussed the upcoming panels. He stated the intention is for the public to have an opportunity to comment and for the Port to have a strategic plan in place with five-year goals. The Commission will be asked to discuss and adopt preliminary strategic objectives, which will be used by staff to develop plans to achieve the goals. Commissioner Creighton commented on the diversity of the media and economic development panels. Commissioner Albro stated that a real-estate strategic goal will be discussed later in the Century Agenda process because real estate serves to accomplish the Port's other objectives and a real-estate objective naturally follows from other strategic objectives.

Ms. Skaggs stated that staff is working on a social media plan for the Century Agenda in part in order to reach out to the demographic of ages 18-30 that would not traditionally provide feedback to the Port. The April panel will feature live tweeting, and a Twitter scavenger hunt is being planned to engage the public and get them to visit Port property. A hash tag will be created for each roundtable in order to bring people into the conversation.

8. NEW BUSINESS

- a. **(01:47:07) Seattle Port Commission Motion to require that any person or organization (or Port of Seattle employee on behalf of such person or organization) requesting a sponsorship or promotional hosting by the Port of Seattle over [\$250] shall obtain Port of Seattle Commission approval in public session.**

Commissioner Creighton noted that a draft motion on the topic of requests for Port sponsorship and promotional hosting had been prepared, but no vote would be taken. He stated that further consideration on modifying and clarifying the process for Port sponsorships would be done best in the form of a resolution. Commissioner Creighton noted there is a committee that approves sponsorships, but he is concerned that there are some holes in the process, such as with sponsorship requests coming from the Commission. He noted that he would appreciate staff looking at the policies again and coming back to the Commission with a report on where they might need clarification.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 2:58 p.m.

(A digital recording of the meeting is available on the Port's website.)

John Creighton
Secretary

Minutes approved: May 24, 2011.