



Commissioners

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Commission President
Tom Albro
John Creighton
Rob Holland
Gael Tarleton

Tay Yoshitani
Chief Executive Officer

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(The approximate point in the audio recording for the specific item is identified by hours, minutes, and seconds; example: 00:01:30)

**APPROVED MINUTES
COMMISSION REGULAR MEETING JUNE 14, 2011**

The Port of Seattle Commission met in a regular meeting Tuesday, June 14, 2011, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, and Tarleton were present. Commissioner Holland was excused. Commissioner Bryant was excused after 2:30 p.m.

1. CALL TO ORDER

The regular meeting was called to order at 1:12 p.m. by Bill Bryant, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

None.

PLEDGE OF ALLEGIANCE

3. (00:01:16) APPROVAL OF MINUTES

None.

4. (00:01:18) SPECIAL ORDER OF BUSINESS

None.

5. (00:01:22) UNANIMOUS CONSENT CALENDAR

- a. Approval of [Claims and Obligations](#) for the period of May 1 through May 31, 2011, in the amount of \$45,414,093.18.

- b. **Port Commission ratification of the Chief Executive Officer's exercise of authority pursuant to the previous Port Commission's December 15, 2009, direction and delegation of authority.**

Request document(s): Commission agenda [memorandum](#) with [Exhibit A](#) and [Exhibit B](#), dated June 8, 2011, from Paul Bintinger, Senior Port Counsel.

- c. **Authorization to increase the budget by \$340,000 for the Marine Maintenance Solution Capital Improvement Project for a total estimated project cost of \$2,640,000. This will cover costs beyond budgetary estimates due to a regulated material survey; regulatory requirements to install insulation and design and install a roof fall protection system which were not included in the original scope of work; design, code requirements, computer network and communications for the north-end office; and the 80% overhead rate on Port labor during the first quarter of 2011. The funding increase will allow completion of all projects in CIP #C800187.**

Request document(s): Commission agenda [memorandum](#) dated June 6, 2011, from Rees Robinson, Marine Maintenance Project Manager, and Lindsay Pulsifer, General Manager of Marine Maintenance.

- d. **Authorization for the Chief Executive Officer to execute one Indefinite Delivery, Indefinite Quantity contract to perform environmental support services for the Seaport air quality programs including the Northwest Ports Clean Air Strategy, the Green Gateway Initiative, the Green Gateways Partners Award Program and other Seaport air quality programs for a total amount of \$500,000 for a three-year term with the option to extend for two additional years. The contract will support and provide continuity for the next phase of the Clean Air Program that is due to be implemented in 2015. No funding is associated with this authorization.**

Request document(s): Commission agenda [memorandum](#) dated June 7, 2011, from Sarah Flagg, Senior Environmental Program Manager, and Kate Deaver, Capital Project Manager.

- e. **Authorization for the Chief Executive Officer to: 1) authorize design of the Airport Signage – Airline Realignment project at Seattle-Tacoma International Airport (Airport). This authorization is for \$238,000 of a total project cost of \$646,000, and 2) execute a professional services Indefinite Delivery Indefinite Quantity contract for signage design services totaling \$400,000 for four (4) years in support of upcoming capital improvement projects, including the Airport Signage – Airline Realignment project at the Airport (CIP #C800474).**

Request document(s): Commission agenda [memorandum](#) with [attachment](#) dated June 3, 2011, from Michael Ehl, Director of Airport Operations, and Wayne Grotheer, Director of Aviation Project Management Group.

- f. **Authorization for the Chief Executive Officer to authorize design of the Exterior Gate Improvements – Airline Realignment in the amount of 499,000 at Seattle-Tacoma**

International Airport. This authorization is for \$499,000 out of a total project estimated cost of \$2,650,000 (CIP #C800472).

Request document(s): Commission agenda [memorandum](#) dated June 3, 2011, from Michael Ehl, Director of Airport Operations, and Wayne Grotheer, Director of Aviation Project Management Group. Also provided was a copy of the [Airline Realignment Project List](#).

- g. Authorization for the Chief Executive Officer to approve all work and contracts, including executing and amending any and all necessary contracts and service directives, for the Common Use System Emulation Migration Project in an amount not to exceed \$485,000.**

Request document(s): Commission agenda [memorandum](#) dated June 6, 2011, from David Soike, Director of Aviation Facilities and Capital Program.

- h. Authorization for the Chief Executive Officer to advertise, award and construct 950 feet of replacement fender system at Pier 91 as Phase II of this fender system improvement project in the amount of \$3,575,000, for a total funding authorization of \$5,700,000 (CIP# C800183).**

Request document(s): Commission agenda [memorandum](#) dated June 6, 2011, from Michael McLaughlin, Director of Cruise and Industrial Properties; Marie Fritz, Cruise Services Manager; and Mark Longridge, Capital Project Manager.

- i. Authorization for the Chief Executive Officer to approve all work and contracts, including executing and amending any and all necessary contracts and service directives for the Maintenance Planning and Scheduling Software Project in an amount not to exceed \$402,000. An estimated annual increase of \$25,000 will be included in the Information and Communications Technology operating budget for software license and maintenance agreements.**

Request document(s): Commission agenda [memorandum](#) dated June 6, 2011, from Peter Garlock, Chief Information Officer.

- j. Authorization for the Chief Executive Officer to approve all work and contracts, including executing and amending any and all necessary contracts and service directives for the Airline Activity Management Project in an amount not to exceed \$500,000 (CIP #C800222).**

Request document(s): Commission agenda [memorandum](#) dated June 3, 2011, from James Jennings, Aviation Properties Manager, and Krista Sadler, ICT Program Office Manager.

Motion for approval of consent Items 5a-5j – Albro

Second – Tarleton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Absent for the vote: Holland

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- a. (00:02:13) **Authorization for the Commission President to transmit to the State Auditor’s Office (SAO) by July 1, 2011, the Port of Seattle’s “Annual Action Status Report” of the 2010 SAO’s Performance Audit of the Port of Seattle’s Real Estate Management and Selected Programs as required by RCW 43.09.470.**

Request document(s): Commission agenda [memorandum](#) dated June 2, 2011, from Michael Burke, Director of Lease and Asset Management; Mark Griffin, Director of Real Estate Development; and Rudy Caluza, Director of Accounting & Financial Reporting. Also provided was a copy of the [Annual Action Status Report](#) for the State Auditor’s Office Performance Audit dated July 1, 2011; the State Auditor’s Office [Performance Audit](#) on Port of Seattle Real Estate Management and Selected Programs dated December 13, 2010; and the State Auditor’s Office [Accountability Audit Report](#) issued December 13, 2010.

Presenter(s): Mr. Burke.

Mr. Burke noted that the Commission recommendations provided at the briefing on the SAO Report at the May 24, 2011, Commission Special Meeting were incorporated into the final report. Mr. Yoshitani complimented the SAO on their professionalism and noted that the Port’s response was also very professional. Although the Port did not agree with all the recommendations, there were a lot of useful suggestions provided by the SAO, and the process was very positive.

Commissioner Tarleton noted that the SAO participated in an Audit Committee meeting during the 2010 calendar year, which helped build trust and shared responsibility. She also noted that the CEO and the team has been keeping the Commission informed, which is helping in the revision of the delegation of authority.

A copy of the transmittal letter is, by reference, made a part of these minutes, is marked [Exhibit A](#), and is on file in Port offices.

Motion for approval of Item 6a – Tarleton

Second – Creighton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Absent for the vote: Holland

- b. (00:09:47) Authorization for the Chief Executive Officer to: (1) amend the outside professional services agreement for construction engineering, testing and commissioning services in the amount of \$335,711 with Carl Walker, Inc., for a total contract value of \$764,500; (2) perform project management and contract administration; and (3) advertise for bids and execute a major public works construction contract for the 8th Floor Weather Proofing project at Seattle-Tacoma International Airport. Total value of this request is \$12,450,000, bringing the total authorized amount to \$13,050,000. In accordance with RCW 53.19.060, this memorandum constitutes notification to the Commission that the amended value of the Carl Walker, Inc., contract exceeds 50% of the original not-to-exceed value. A copy of this memo will be made available at the Bid Desk (CIP #C800274).

Request document(s): Commission agenda [memorandum](#) dated June 8, 2011, from Michael Ehl, Director of Airport Operations, and George England, Program Leader of Aviation Capital Improvement Program.

Presenter(s): Mr. England and Peter Lindsay, Airport Operations Development Manager.

Mr. England noted the request is also to enter into a Project Labor Agreement (PLA), which was not in the memorandum. He stated that the purpose of the project is to protect the Airport's parking garage, which is the largest generator of non-airline revenue. He noted the following:

- The garage was constructed over 40 years during three different projects;
- The membrane ranges from 10-20 years old;
- The membrane has received limited maintenance and is deteriorating;
- The project will replace about 600,000 square feet of the membrane;
- In areas of high vehicle movements a more durable product will be installed;
- All expansion joints and the drainage system in the joints have to be replaced;
- Flashing around the elevator towers needs to be replaced;
- The lobbies will be sealed along with any other cracks in the project area; and
- The project is estimated to create 100 jobs and pay nearly \$900,000 in sales tax.

Staff is recommending the use of a PLA because the work must be done in good weather and requires the use of different trades, and a number of the union contracts expire during the construction season. Construction is expected to start in fall 2011 and be complete in 2012.

In response to Commissioner Creighton, Mr. England stated that the 50 percent increase in the Carl Walker contract is not due to an error in the estimate, but is caused by a staff decision to authorize the project in increments. Mr. Yoshitani stated that a decision to use a PLA needs to be fact-driven, and that is how the decision was reached for this project. Commissioner Creighton stated that he believed it would be helpful for the Commission to be briefed on the use of PLAs.

Commissioner Albro asked if Carl Walker, Inc., had any connection to Walker Parking. Mr. England stated that Carl Walker, Inc., is not connected to Walker Parking Consulting, which is working on the Rental Car Project. Commissioner Albro asked whether the contract would be proposed as an indefinite delivery/indefinite quantity contract if it were rebid under current

practices. Mr. England responded that it would be procured the same way because it is very specialized work.

Commissioner Albro expressed concern with the PLA and expressed concern about how large a pool of contractors could compete for the project, if they have to be a union shop. Mr. England noted that the project manager and the team compile information before the decision to pursue a PLA is decided. He noted that a number of contractors who would be able to do the work are generally populated by unionized contractors. Commissioner Albro stated that it should be evaluated when considering a PLA if it is acceptable to close the opportunity to non-unionized shops because it is important to bring work opportunities to the communities.

In response to Commissioner Tarleton, Mr. England stated the funding for the project was included in the budget for 2011. Commissioner Tarleton requested that capital and expense projects that are likely to use a PLA be identified in the 2012 budget process.

Motion for approval of Item 6b – Creighton

Second – Albro

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Absent for the vote: Holland

- c. (00:30:41) Authorization of an additional \$3,498,000, bringing the currently authorized capital amount to \$12,883,000, and authorizations for the Chief Executive Officer to proceed with the final design and execute a contract to purchase equipment for the Seattle-Tacoma International Airport Gate Aircraft Utilities Improvements Project (#C800019).**

Request document(s): Commission agenda [memorandum](#) dated June 3, 2011, from Michael Ehl, Director of Airport Operations, and Wayne Grotheer, Director of Aviation Project Management Group.

Presenter(s): Nick Harrison, Senior Manager of Airport Operations, and Mr. Grotheer.

Mr. Harrison stated this project will bring both power and potable water to the aircraft at the gates, which standardizes the gates. Currently, aircraft using gates that do not provide potable water and power are supplied by gas-powered vehicles, which cost money, pollute the atmosphere, and increase the risk of an accident around the footprint of the aircraft. Providing potable water and power at the gate negates the need for these vehicles.

Mr. Grotheer explained that the project was originally authorized in 2007, but in 2009, due to financial conditions, the project was put on hold at 90 percent design. Mr. Grotheer noted the following changes in the project scope:

- The addition of two gates, bringing the total included in the project to 31;
- Providing additional power at the South Satellite for Boeing 787s; and

- The project now requires upgrades to power centers.

In addition to the scope changes the budget increase is also due to:

- Updating bid estimates;
- Increasing equipment prices;
- Increased construction contingency;
- Purchase of existing motor generators currently owned by the airlines;
- Asbestos removal; and
- Updated soft costs.

Commissioner Creighton asked what the status was of the Pre-Conditioned Air Project. Mr. Grotheer responded that it is a long and complicated project, but it is under construction and will get pre-conditioned air to all the gates.

Commissioner Tarleton asked if the power supply system added protection against disruptions in the case that there is a loss of power due to the Howard Hansen Dam, or if it is completely independent. Mr. Grotheer stated that it is completely independent.

In response to Commissioner Bryant's question regarding the cost per enplanement, Mr. Grotheer clarified that the \$0.11 increase is for the entire \$13 million project. Mr. Grotheer explained that the money requested will be coming from money included in the allowance capital improvement project, and will not result in an increase to the capital budget.

Motion for approval of Item 6c – Tarleton

Second – Creighton

Motion carried by the following vote:

In Favor: Albro, Bryant, Creighton, Tarleton (4)

Absent for the vote: Holland

7. STAFF BRIEFINGS

a. (00:40:20) International Air Service Growth and Future Facility Requirements.

Presentation document(s): Commission agenda [memorandum](#) dated June 3, 2011, and computer slide presentations on [International Air Service Growth](#) and [Federal Inspection Services](#) from Michael Ehl, Director of Aviation Operations.

Presenter(s): Mr. Ehl, Mr. Harrison, and Kazue Ishiwata, Market Development Manager.

Mr. Ehl noted the following:

- The Federal Inspection Services (FIS) uses an old facility that opened in 1973;
- Airline costs are an important consideration; and

- There is opportunity in being branded as a Pacific Gateway.

Ms. Ishiwata went over the international airline industry, noting that it is highly fragmented. At the Airport, staff works with Delta Air Lines, one of the largest airlines in the world, to position the Airport as a Pacific gateway. Commissioner Creighton asked if any of the other airlines are planning on expanding in the near future, in particular United. Ms. Ishiwata responded that United has a hub in San Francisco and it would be hard for them to have dual hubs on the West Coast.

Ms. Ishiwata responded to Commissioner Tarleton that staff does not know Delta's fleet strategy, but they are cutting back on their Atlantic services, which may free up some aircraft for the West Coast market.

Commissioner Bryant noted that the Los Angeles International Airport has statistics on the number of jobs and the amount of money brought in from each international route, and asked if there were similar numbers for the Seattle-Tacoma International Airport. Ms. Ishiwata responded that the Airport does not have those statistics yet, but is looking into gathering those numbers for the future. Commissioner Albro noted that international routes are important for anchoring businesses to their customers.

Commissioner Creighton asked why there are no Japanese airlines flying into the Airport. Ms. Ishiwata responded that the Japanese airlines only recently started partnering with airlines based in America; without an American partner airline, Seattle would be a destination and origination, which is not profitable.

Ms. Ishiwata noted there is room for growth, and to position Seattle as a West Coast gateway airport with customer-friendly facilities. Mr. Harrison noted that the FIS facility has reached capacity and is outdated. Mr. Harrison stated that 50 percent of international travelers enter FIS during the daily peak time of just 90 minutes. The capacity for the FIS facility has been reached, which affects passengers with connecting flights and the international airlines' turnaround time. In addition, the location of the facility is not ideal. Due to Transportation Security Administration (TSA) regulations, international travelers have to be kept separate from other travelers until they have exited the secure area or have gone through security. In the current FIS location, that means they have to ride in a separate car on the train that connects the passengers to the main terminal.

In response to Commissioner Creighton, Mr. Harrison stated that the primary congestion areas are the waiting area in front of Customs and the booths for primary inspection. The next area is baggage claim, which currently has only four baggage claims, but really needs six to handle the number of passengers coming through. The next issue would be the train because it will only transport a limited number of passengers to the main terminal.

Mr. Harrison then went over two long-term solutions:

- Building a new facility as part of Concourse A; and
- Expanding the old facility.

Expanding the South Satellite where the old facility is located would require excavating underground, but would double the space. It does not lose any gate space and would move the location of the escalators and elevators. In addition, it would involve creating a tunnel to connect to the main terminal. In response to Commissioner Tarleton, Mr. Harrison stated the tunnel would probably include a people mover conveyor. The benefits of this option are the following:

- The project can be phased incrementally; and
- It will be easier to gain the interest of the carriers.

The negatives of the project include the following:

- A difficult gating operation;
- It is an underground location;
- It will still require passengers to claim their bags twice
- Construction in an operational facility is difficult; and
- It will take 5-7 years to complete.

Mr. Harrison discussed the alternative plan, building a new facility near Concourse A, which involves a high level bridge that connects to the South Satellite. The gates would remain at the South Satellite because the wide-body planes used for international flights won't fit in most of the gates on A Concourse. Mr. Harrison discussed the pros and cons of a new Concourse A facility. Mr. Ehl stated the real benefit of the Concourse A option is that it will be a new facility that will provide a better first impression of the Airport and the region, and could potentially include a hotel. The big downside to a new facility is that while it will not cost significantly more than completely renovating the old space, it will be years before passengers will be able to use the facility. Mark Reis, Managing Director of Aviation, stated the Airport will be doing a master plan update over several years. He commented that the limitations of the current FIS facility could cost the Airport new international routes. Mr. Reis noted that the Airport's relationship with Customs and Border Protection is the reason the current FIS facility has been able to handle the number of international flights it currently has operating out of the Airport by maintaining flexible staffing and security checkpoints to accommodate peak arrival times.

Mr. Ehl stated that the airlines are forming a task force to address the FIS solution for the mid-term.

Commissioner Bryant was excused after 2:30 p.m. and the remainder of the meeting was chaired by Commissioner Creighton.

At the discretion of the Chair, consideration of –

b. (01:49:55) Briefing on the Port Property Insurance Renewal for the Policy Year Beginning on July 1, 2011.

– was postponed to a subsequent Commission meeting.

c. (01:50:27) Capital Improvement Projects Report for the First Quarter 2011.

Presentation document(s): Commission agenda [memorandum](#) dated June 8, 2011, from Ralph Graves, Managing Director of Capital Development Division. Also provided was a computer slide [presentation](#) and [report](#).

Presenter(s): Mr. Graves.

Mr. Graves went over the status of the capital improvement projects by division, noting the following:

- The FIS, demolition of the United States Post Office site, and the Delta Sky Club projects at the Airport are behind schedule.
- The Delta Sky Club is forecasting an overrun due to scope changes.
- The Terminal Escalator Modernization project at the Airport is ahead of schedule.
- Baggage connection system at the Airport has additional scope and therefore additional costs, but is nearly finished.
- At the Seaport, the T-5 Crane Cable reels are delayed.
- In the Real Estate Division, the Fishermen's Terminal Heating, Ventilation, and Air Conditioning project is behind schedule because the consultant schedule took longer than anticipated.
- Two Information and Communication Technology projects are behind schedule: the Business Continuity project and the Ground Transportation Management project.
- The PeopleSoft Upgrade did not complete the procurement process due to failed negotiation, and therefore the project is delayed about a year.

(01:56:10) Preliminary Briefing on Upcoming Stormwater Items.

Presenter(s): Stephanie Jones Stebbins, Director of Seaport Environmental and Planning Programs.

Ms. Jones Stebbins announced that on the July 12, 2011, Commission meeting there will be two items related to stormwater on the agenda. The first municipal stormwater permit that the Port has is going to expire and the Port must issue a notice of intent to reapply. It will commit the Port to more than \$300,000, so staff will be coming to the Commission for authorization. Additionally, staff is looking for consultant support for the stormwater program and will be coming to Commission for authorization of an indefinite delivery/indefinite quantity contract. In response to Commissioner Creighton, Ms. Jones Stebbins stated the contract would be for the period of the permit, which is expected to be 5-6 years. Commissioner Tarleton asked if the Shoreline Master Plan would affect the stormwater permit. Ms. Jones Stebbins noted the Port will have to meet both requirements, but they are independent.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 3:13 p.m.

John Creighton

Secretary

Minutes approved: August 9, 2011.