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**APPROVED MINUTES
COMMISSION REGULAR MEETING APRIL 10, 2012**

The Port of Seattle Commission met in a regular meeting Tuesday, April 10, 2012, 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 1 p.m. by Gael Tarleton, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

None.

PLEDGE OF ALLEGIANCE

3. (00:01:32) APPROVAL OF MINUTES

Regular meeting of February 14, 2012.

Motion for approval of minutes for the regular meeting of February 14, 2012 – Albro

Second – Holland

Motion carried by the following vote:

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

4. SPECIAL ORDERS OF BUSINESS

4a. (00:02:00) Customs and Trade Partnership Against Terrorism Recertification.

Presentation document(s): Commission agenda [memorandum](#) dated March 30, 2012, provided by Mike McLaughlin, Director Cruise & Maritime Operations, and Russ Read, Seaport Security Program Manager.

Presenter(s): Mr. McLaughlin and Mr. Read.

Mr. McLaughlin reported that on January 16, 2012, the Port of Seattle was selected by the U.S. Department of Homeland Security for recertification of its Customs and Trade Partnership Against Terrorism (C-TPAT) credential. He stated that following review on February 6, 2012, the Port was recertified and is in compliance with the C-TPAT program. Mr. Read described the voluntary C-TPAT program, which he said is designed to secure the U.S. supply chain by sea, air, and rail. He explained that participants are selected at random for recertification approximately every two years, which involves review of hiring policies, data access credentials, and container terminal tenant policies and practices. Mr. Read noted that the Department of Homeland Security had made some recommendations, which the Port has implemented.

5. (00:05:55) UNANIMOUS CONSENT CALENDAR

At the discretion of the Chair, agenda item 5f was withdrawn from the meeting agenda prior to convening and therefore was not considered as part of the Unanimous Consent Calendar.

5a. Approval of the [claims and obligations](#) for the period of March 1, through March 31, 2012, in the amount of \$40,372,974.52.

5b. Authorization for the Chief Executive Officer to proceed with the Bell Street Sky Bridge Repainting project. This authorization is a combined authorization and includes authorization of the project design, advertisement and execution of a major construction contract, and construction management to be funded within the 2012 Deferred Maintenance Marine Maintenance budget for an amount not to exceed \$440,000.

Request document(s): Commission agenda [memorandum](#) dated April 2, 2012, provided by Pat Spangler, Real Estate Manager, and Beth Britz, Marine Maintenance Project Manager.

5c. Authorization for the Chief Executive Officer to execute a combined purchasing and concession agreement between the Port of Seattle and a catering company, to provide catering services for the Port's Conference Center at the Seattle-Tacoma International Airport, for a term of three years, with an option to renew for two one-year periods.

Request document(s): Commission agenda [memorandum](#) dated March 29, 2012, provided by Tony Baca, Senior Manager Airport Building and Facility Services, and Michele Fideler, Airport Facilities Manager.

5d. Authorization for the Chief Executive Officer to (1) authorize design for the International Ticket Lobby Window Wall Ticket Counters project at Seattle-Tacoma International Airport and (2) purchase equipment and fixtures for this project. The total amount of this request is \$1,575,000. The total projected program cost is \$4,025,000 (CIP #C800490).

Request document(s): Commission agenda [memorandum](#) dated March 30, 2012, and [diagram](#) provided by Michael Ehl, Director, Airport Operations; and Wayne Grotheer, Director, Aviation Project Management Group.

- 5e. Authorization for: 1) additional budget authorization of \$1,467,000 because the bids exceeded the engineer's estimate by greater than 10 percent; and 2) the Chief Executive Officer to execute a contract in the amount of \$6,553,964 with the low responsive and responsible bidder for the 2012 Exterior Gates and Airfield Improvement projects. This request increases the budget authorization by \$1,467,000 as a result of the higher-than-expected bids for a total project cost of \$10,500,000. (CIP #C102573, #C800112, #C800472, and #C800017).

Request document(s): Commission agenda [memorandum](#) dated April 4, 2012, provided by Ralph Graves, Director, Capital Development Division.

Motion for approval of consent items 5a, 5b, 5c, 5d, and 5e – Creighton

Second – Holland

Motion carried by the following vote:

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

At the discretion of the Chair, the following agenda item –

- 5f. Authorization for the Chief Executive Officer to proceed with the design, permitting, and project management for the proposed Fishermen's Terminal Net Sheds Code Compliance Improvements project in the amount of \$650,000. The preliminary total estimated project cost is approximately \$6,000,000. The final cost will be determined as part of the design process (CIP #C800045).

– was withdrawn from the meeting agenda prior to convening.

(00:07:08) PUBLIC TESTIMONY

As noted on the agenda, public comment was received from the following individuals:

- David Fukuhara, Managing Partner, Concourse Concessions. Mr. Fukuhara commented on the food and beverage concessions program at the Airport and the disproportionate share of investment, costs, and rent he said are shouldered by small businesses in return for placement in low-traffic areas. He spoke in favor of the motion proposed in agenda item 8a, but added that negotiations should be completed before the end of the year. Mr. Fukuhara submitted a letter dated April 3, 2012, and presentation comparing sales, build-out costs, and rents of several Airport concessionaires. A copy of the document is, by reference, made a part of these minutes, is marked [exhibit A](#), and is available for inspection in Port offices.
- Jerry Whitsett, Owner of SeaTac Bar Group. Mr. Whitsett commented on the investments of his Airport Concessions Disadvantaged Business Enterprise (ACDBE) to operate two bars at the Airport and his support for the motion in agenda item 8a.
- Dan Eberhardt, Owner and Managing Member, Concourse B Quiznos. Mr. Eberhardt commented on his ACDBE and the devastating consequences to his business of locating a McDonald's franchise on Concourse B. He suggested additional concessions signage on Concourse B and spoke in favor of the motion described in agenda item 8a.

- Rod O'Neal, Co-Owner of SeaTac Bar Group. Mr. O'Neal commented on his and his partner's significant investment in their business at the Airport and declining sales at the Airport. He spoke about his business's high rent and build-out costs.
- Steve Rodrigues, President of the Black Ball Line LLC. Mr. Rodrigues commented on his ownership of the motor vessel *Kalakala*.
- Steve Williamson, representing UFCW (United Food and Commercial Workers) Local 21. Mr. Williamson spoke in favor of including provisions for worker retention and labor harmony in the request for proposals for the Airport's duty-free concession.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- 6a. (00:21:12) First Reading and Public Hearing of Resolution No. 3661: A resolution of the Port Commission of the Port of Seattle declaring certain personal property surplus and no longer needed for Port purposes, authorizing its transfer to the Burke Museum of Natural History and Culture, and authorizing the Chief Executive Officer to execute all documents related to such transfer. The Port will make a one-time payment of \$117,045 to the Burke Museum to cover the costs of professional packaging, storage, and cataloging of the materials.**

Request document(s): Commission agenda [memorandum](#) dated March 30, 2012, [Resolution No. 3661](#), interlocal [agreement](#) including inventory attachment A, Port of Seattle [letter](#) of June 1, 2011, and Port of Seattle [letter](#) of March 26, 2012, provided by Mike McLaughlin, Director, Cruise and Maritime Operations.

Presenter(s): Mr. McLaughlin and George Blomberg, Senior Environmental Program Manager.

Mr. McLaughlin described the terms of the proposed transfer of certain Native American artifacts. He explained that the Port has been responsible for artifacts excavated during construction of Port projects over the past 20 years. He stated that the Burke Museum maintains the artifacts and makes them available for study and display.

Mr. Blomberg reported on the locations where the artifacts were uncovered at Terminal 107 and the World Trade Center and described the kinds of artifacts included in the collection.

Commissioner Albro requested more information on the Muckleshoot Indian Tribe's letter dated April 4, 2012, and including a copy of the tribe's letter dated December 13, 2011, in which they expressed interest in meeting with Port staff to discuss the proposed transfer of the artifacts to the Burke Museum. He commented on delaying first reading of the resolution pending a meeting with representatives of the tribe. Mr. McLaughlin stated that holding such a meeting would be a priority prior to staff's requesting second reading and final passage of the resolution. A copy of the Muckleshoot Indian Tribe's April 4, 2012, letter to the Commission, including a copy of their letter of December 13, 2011, is, by reference, made a part of these minutes, is marked [exhibit B](#), and is available for inspection in Port offices.

Commissioner Tarleton stated she had confirmed with Mike Jerry Sr., Member of the Muckleshoot Tribal Council and Chair of its Preservation Program, that the Commission would not take a final action prior to meeting with tribal representatives.

An opportunity was provided for the public to comment on the resolution, although no public comment was offered at this time. Commissioner Creighton offered a motion for First Reading of Resolution No. 3661, with the understanding that staff would report on further discussion with the tribes prior to the Commission's entertaining second reading and final passage. The motion failed to be considered for lack of a second.

6b. (00:32:07) Authorization for the Chief Executive Officer to (1) authorize preliminary project funding of \$1,200,000 for the North Satellite Renovation project at Seattle-Tacoma International Airport; (2) execute a consulting contract for design and construction support services; (3) execute a consulting contract for program management services; and (4) authorize the use of Port crews and consultants to conduct regulated materials management surveys and provide field support services for preliminary project planning tasks (CIP #C800544).

Request document(s): Commission agenda [memorandum](#) dated April 4, 2012, Port of Seattle [letter](#) of April 5, 2012, and computer slide [presentation](#) provided by Michael Ehl, Director, Airport Operations; and Wayne Grotheer, Director, Aviation Project Management Group.

Presenter(s): Mr. Grotheer and Tina Soike, Senior Manager Airport Operations.

Ms. Soike reported on the proposed airline realignment, for which planning commenced in 2010, and summarized Alaska Air Group's plans for expansion at the Airport's north satellite. She noted the improvements included in the project had been christened "NorthSTAR" for North Sea-Tac Airport Renovations and encompassed the north drives, north end of the Main Terminal, Concourses C and D, and the North Satellite.

Mr. Grotheer summarized the four elements of the request, noting preliminary project funding of \$1.2 million would initiate overall project design and that airline approval of North Satellite design funding and construction would be sought, in addition to Commission authorization. He described the consolidated nature of the project with related improvements and the nature of program management services to be utilized. Mr. Grotheer summarized use of Port crews and consultants to conduct a regulated materials management survey.

Mr. Grotheer commented on the close collaboration that Airport staff have planned with Alaska Air Group given the nature of the project and the process of estimating the project cost of \$238 million for the North Satellite, of which slightly less than \$200 million would be borne by the Port. He noted the cost estimate will be refined at 30-percent completion of design.

Mr. Grotheer described the phasing schedule of the project and estimated construction completion in late 2016. In response to Commissioner Creighton, Mr. Grotheer summarized the division of project management responsibilities and logistics with Alaska Airlines. Commissioner Albro commented on the collaborative nature of the project and its role in supporting Century Agenda goals related to tourism and support of local business.

Motion for approval of item 6b – Bryant

Second – Holland

Motion carried by the following vote:

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

6c. (00:47:00) Authorization for the Chief Executive Officer to execute a two-year agreement covering 108 trade workers, and extending the current maintenance addendum agreement between the Port of Seattle and the Seattle King County Building and Construction Trades Council. The agreement covers the period of January 1, 2011, through December 31, 2012.

Request document(s): Commission agenda [memorandum](#) dated April 2, 2012, and maintenance agreement [addendum](#) provided by Lisa Hornfeck, Labor Relations Manager.

Presenter(s): Ms. Hornfeck.

Ms. Hornfeck reported that the request covers 108 employees in Marine and Aviation Maintenance and noted that the unions would continue to partner with the Port to address rising health care costs. Commissioner Albro commented in favor of the addendum and asked staff to consider the Port's interests in negotiating future wage increases.

Commissioner Tarleton announced that she would abstain from the vote due to a potential perception of conflict of interest.

Motion for approval of item 6c – Holland

Second – Albro

Motion carried by the following vote:

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

Abstaining: Tarleton (1)

6d. (00:50:02) Second Reading and Final Passage of [Resolution No. 3660](#): A resolution of the Port Commission of the Port of Seattle declaring certain personal property, including copper wire, surplus for Port District purposes and authorizing the Chief Executive Officer to execute all documents necessary for its sale. The estimated value of the property to be surplus is \$31,423.

Request document(s): Commission agenda [memorandum](#) dated March 30, 2012, and [Resolution No. 3660](#) provided by David Soike, Director, Aviation Facility and Capital Program.

The Port Commissioners having reviewed the request documents previously, no presentation was made at this time.

Motion for approval of item 6d – Bryant

Second – Albro

Motion carried by the following vote:

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

7. STAFF BRIEFINGS

(00:51:00) Preliminary Briefing on a Proposed Airport Concessions Lease with McDonald's.

Mark Reis, Airport Managing Director, reported that following further review subsequent to Commission direction on the status of a lease agreement with McDonald's to operate at the Airport, staff is prepared to issue a request for expressions of interest to gauge the potential interest of alternative concessionaires for the space on Concourse B.

Mr. Reis stated the request would stipulate that the concession be a hamburger concept operated by a local operator or franchisee and would describe the level of investment expected and indicate expectation of a similar net present value based on a presumed level of enplanements. He said the request for expressions of interest would be submitted to national and regional brands and that, based on response, more detailed proposals would be requested. He estimated that staff would return to the Commission with a proposal toward the end of May.

In response to Commissioner Creighton's question about the expected \$5 million in revenue representing new revenue or including a siphoning of existing revenue from other concessions, Mr. Reis stated that staff's assessment is that the majority of sales at McDonald's would be incremental, new sales, including sales to passengers who are not currently making any purchases at the Airport.

Commissioner Tarleton commented on her preference that the lease be competitively bid.

8. NEW BUSINESS

8a. (01:01:00) Discussion of a Commission motion regarding future lease opportunities for airport concessions disadvantaged business enterprises at Seattle-Tacoma International Airport.

Presentation document(s): [Text of motion](#) provided by Mary Gin Kennedy, Commission Services Director.

Commissioner Holland commented in favor of the motion, which he said would fairly address all disadvantaged business enterprises at the Airport and would minimize concessions disruptions at the Airport.

Commissioner Albro commented on wording changes to provide for renegotiation of leases before the end of the year and clarifying the language for leaseholders versus subtenants. He noted his support of the motion due to its promotion of additional direct leases with small and ACDBE businesses.

Commissioner Tarleton announced that the motion would be available for public comment for at least 30 days prior to final action and that a copy of the motion would be posted on the Port's website.

Commissioner Tarleton noted that the next public meeting of the Port of Seattle Commission would be held at 1 p.m. on April 24, 2012, at the Georgetown Campus of South Seattle Community College.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 2:09 p.m.

Tom Albro

Secretary

Minutes approved: June 5, 2012.