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**APPROVED MINUTES
COMMISSION SPECIAL MEETING MAY 22, 2012**

The Port of Seattle Commission met in a special meeting Tuesday, May 22, 2012, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bryant, Creighton, Holland, and Tarleton were present.

1. CALL TO ORDER

The special meeting was called to order at 11:24 a.m. by Gael Tarleton, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The special meeting was immediately recessed to an executive session estimated to last approximately one hour, 40 minutes to discuss matters relating to legal risk and lease or sale of real estate. Following the executive session, which lasted approximately one hour, 40 minutes, the special meeting reconvened in open public session at 1:23 p.m.

PLEDGE OF ALLEGIANCE

3. (00:02:52) APPROVAL OF MINUTES

Regular meeting of March 27, 2012.

Motion for approval of minutes for the regular meeting of March 27, 2012 – Albro

Second – Bryant

Motion carried by the following vote:

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

4. SPECIAL ORDERS OF BUSINESS

None.

5. (00:03:28) UNANIMOUS CONSENT CALENDAR

At the discretion of the Chair, agenda item 5b was withdrawn from the meeting agenda prior to convening and therefore was not considered as part of the Unanimous Consent Calendar.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 April 1 to April 30, 2012, in the amount of \$39,067,621.61.

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

- 5b. Ratification of critical work performed during the snow and ice storm in January 2012 and authorization for the Chief Executive Officer to execute a three-year contract for snow removal services starting October 2012.

– was withdrawn from the meeting agenda prior to convening.

- 5c. Authorization for the Chief Executive Officer to (1) execute services agreements; (2) prepare full design documents; and (3) allow Port Construction Services to perform work for the Rental Car Deactivation and Remediation Project at Seattle-Tacoma International Airport for a total cost of \$1,244,000.

Request document(s): Commission agenda [memorandum](#) dated May 15, 2012, provided by Michael Ehl, Director, Airport Operations; and George England, Program Leader, Aviation Project Management Group.

Motion for approval of consent items 5a and 5c – Bryant

Second – Creighton

Motion carried by the following vote:

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

(00:04:25) PUBLIC TESTIMONY

As noted on the agenda, an opportunity for public comment was provided, although no public comment was offered at this time.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- 6a. (00:05:10) **First Reading of Resolution No. 3662: A Resolution of the Port Commission of the Port of Seattle declaring certain real property located in King County (portions of the Woodinville Subdivision) and any improvements located thereon surplus and no longer needed for Port purposes, authorizing its transfer to King County and authorizing the Chief Executive Officer to execute all documents related to such transfer; and further authorizing the Chief Executive Officer to execute a permanent easement granting King County easement rights over a portion of the Port's freight section of the Woodinville Subdivision for future recreational trail uses. The Port will receive \$15,000,000 (minus 50 percent of closing costs and a \$1,900,000 credit to King County for the previous acquisition of an easement over the property to be transferred.**

Request document(s): Commission agenda [memorandum](#) dated May 9, 2012, [Resolution No. 3662](#), and property legal [descriptions](#) provided by Joe McWilliams, Managing Director, Real Estate Division.

Presenter(s): Mr. McWilliams.

Mr. McWilliams commented on past briefings of the Commissioners and reported that closing and transfer of title would occur in late July 2012, although there would be no payment to the Port by King County for three years.

Motion for first reading of Resolution No. 3662 – Creighton

Second – Bryant

PUBLIC HEARING on Resolution No. 3662

Commissioner Tarleton declared the public hearing for Resolution No. 3662 open.

Public comment was received from the following individuals:

- Robert Scheuerman, representing Eastside Rail Now. Mr. Scheuerman commented on potential ridership for commuter rail on the east side of King County and stated his hope that construction of trails in the rail corridor by King County will neither occasion removal of rails nor prevent future return of rail service to the East Side.

Following conclusion of public comment, the public hearing on Resolution No. 3662 was closed.

Commissioner Creighton commented on his reluctance to support the property transfer to King County under the current terms. He noted the difficulty associated with the sustained effort to obtain the rail corridor for public ownership by the Port and its partners and acknowledged the support of the King County Council, particularly that of Councilmembers Phillips and Hague. He contrasted the disparity in the current terms of the transfer with those agreed to by the County in their original memorandum of understanding and noted that other regional partners had concluded their transfers on terms consistent with their original written agreements. Specifically, he noted the County's original commitment of \$24 million to the current terms of \$15 million, which could be in the form of property exchange, and stated that reliability is critical in further collaboration with King County on issues of importance to both agencies.

In response to Commissioner Albro, Mr. McWilliams explained that the easement previously granted to King County in consideration of a payment of \$1.9 million was granted in December 2009. Commissioner Albro stated he would oppose the agreement in its current form and asked whether the December 2009 easement is still binding under the circumstances. He commented on the collective interest of all the collaborating parties and the importance of being able to rely on the parties to fulfill their commitments.

Commissioner Tarleton commented on the history of the Eastside Rail Corridor project and the transparency with which the participating agencies have concluded their agreements. She acknowledged the work of staff of King County and the Port of Seattle, although noting the current agreement is not what had been expected. She said it is important for the Port and the County to continue to collaborate to build trails, preserve freight mobility, and create family-wage jobs.

The question recurred on the motion by Commissioner Creighton, seconded by Commissioner Bryant, for first reading of Resolution No. 3662.

Motion carried by the following vote:

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

Opposed: Albro (1)

6b. (00:24:07) Authorization for the Chief Executive Officer to: (1) execute the South Link Memorandum of Agreement (MOA) with Sound Transit to establish the real property, financial, design, and construction arrangements regarding the South Link Project at Seattle-Tacoma International Airport; (2) execute all other necessary documents and take all necessary actions to fulfill the terms of the MOA; and (3) spend up to \$2,600,000 in expense funds for Port of Seattle staff and consultant time spent in support of this project as outlined in the MOA. These funds will be fully reimbursed to the Port by Sound Transit.

Request document(s): Commission agenda [memorandum](#) dated May 15, 2012, memorandum of [agreement](#), and computer slide [presentation](#) provided by Elizabeth Leavitt, Director, Aviation Planning and Environmental Programs; and George England, Program Leader, Project Management Group.

Presenter(s): Mr. England.

Mr. England described the project to extend Sound Transit Link light rail south of the Airport to South 200th Street and explained that the requested authorization would minimize impacts to utilities and Airport operations while preserving opportunities for future Airport access needs to the south consistent with plans for future extension of SR-509. He reported that the agreement records the roles and responsibilities for Sound Transit and the Port of Seattle for design and construction and implementation of the project and stipulates funding and liability risk sharing between the agencies. He noted that Port staff and consultants would be reviewing design and overseeing construction using a design-build project model.

Mr. England reported that construction for the South Link project is expected to begin early in 2013, with service planned to start in the fall of 2016. In response to Commissioner Bryant, Mr. England confirmed that all of the project funding will be reimbursed by Sound Transit.

Motion for approval of item 6b – Bryant

Second – Albro

Motion carried by the following vote:

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

6c. (00:32:07) Authorization (1) to authorize the use of Port Construction Services crews in support of design development; and (2) for the Chief Executive Officer to authorize full

design for the C60 - C61 BHS Modifications project. The total amount of this request is \$1,789,000 and the total projected program cost is \$10,969,000 (CIP #C800168).

Request document(s): Commission agenda [memorandum](#) dated May 10, 2012, and computer slide [presentation](#) provided by David Soike, Director, Aviation Facilities and Capital Program; and Wayne Grotheer, Director, Aviation Project Management Group.

Presenter(s): Mr. Soike and Arland Fagerstrom, Manager, Airline Systems and Needs.

Mr. Soike described the project, noting the need for asbestos removal and possible availability of federal funding. He summarized the history of construction of the current baggage handling facility, which was begun prior to the attacks of September 11, 2001, after which the C60-C61 system was completed to a functional status. He stated the project is necessary to provide more baggage loading space for airlines, to increase system capacity to accommodate growing enplanements, and to keep pace with technical requirements of changing security mandates from the Transportation Security Administration (TSA).

Mr. Fagerstrom presented a diagram of the C60-C61 baggage handling system, which serves 19 airlines and the entire south side of the Airport, including all of the Airport's international carriers, and handles over 3 million outbound bags out of an Airport total of approximately 22-25 million bags. In response to Commissioner Albro, Mr. Fagerstrom explained that the bags handled by the C60-C61 system represent nearly 40 percent of bag volume and that the technology necessary to track individual bags for the TSA is more up-to-date on other baggage systems at the Airport.

Mr. Fagerstrom described several of the system challenges intended to be resolved by the modification project and noted that after completion of the airline realignment, the demand on the system is expected to increase.

Motion for approval of item 6c – Bryant

Second – Holland

Motion carried by the following vote:

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

6d. (00:48:10) First Reading of Resolution No. 3663: A Resolution of the Port Commission of the Port of Seattle restating the Port of Seattle Statement of Investment Policy; authorizing its implementation by the Treasurer of the Port and Repealing Resolutions No. 3569 and No. 3589 in their entirety.

Request document(s): Commission agenda [memorandum](#) dated May 10, 2012, [Resolution No. 3663](#), statement of [investment policy](#), and [redline version](#) of investment policy statement provided by Craig J. Kerr, Treasury Manager.

Presenter(s): Mr. Kerr.

Mr. Kerr reported that the changes to the investment policy are primarily related to management of repurchasing agreements. He explained that a repurchasing agreement is a short-term security in the form of a collateralized loan agreement of a few days or weeks in duration. He stated that collateralization must be in accordance with state law and Port policy, and collateral is held by a third-party custodian. Mr. Kerr commented that current Port policy requires collateral exceed a market value of two percent of the amount of the repurchase in agreements of 1-30 days and five percent in agreements of 31-60 days.

In response to Commissioner Bryant, Mr. Kerr explained that the proposed municipal securities limits to be defined in section 10 of the policy are not a deviation from the Port's current practice.

Mr. Kerr described the primary proposed policy changes, including allowing the Port to enter into repurchase agreements with security dealers and financial institutions on an approved list, notwithstanding their status as Primary Dealers, and extension of collateral maturity to a maximum of 10 years rather than the current five years.

In response to Commissioner Tarleton, Mr. Kerr commented on the healthy track record of the Port's conservative investment policy.

Motion for approval of item 6d – Albro

Second – Creighton

Motion carried by the following vote:

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

6e. (00:58:56) Authorization (1) to increase scope and budget for the Doug Fox Lot Service Upgrades project at the Seattle-Tacoma International Airport parking lot to include resurfacing, lighting, building, and road signage; and (2) for the Chief Executive Officer to execute utility agreements and prepare full design documents for the project in an amount not to exceed \$768,000. An amount of \$5,095,000 will be added to an earlier authorization of \$1,028,000 for storm drainage work for a total new project budget of \$6,123,000 (CIP #C800451).

Request document(s): Commission agenda [memorandum](#) dated May 11, 2012, and [aerial photo](#) of the project site provided by James R. Schone, Director, Aviation Business Development; Jeff Wolf, Manager, Aviation Business Development and Analysis; and George England, Program Leader, Aviation Project Management.

Presenter(s): Mr. Wolf and Mark Reis, Aviation Division Managing Director.

Mr. Wolf described the parking area known as the Doug Fox Lot, which he reported provides surface parking for the Airport and is leased to a third party. He explained that the market for off-site parking is highly competitive near the Airport, that the Doug Fox Lot represents approximately 7.5 percent of the stalls in the market, and that pricing at the lot is in the mid-to-upper range in the market.

In response to Commissioner Creighton, Mr. Wolf commented that the additional spaces in the Airport parking garage recently vacated by rental car tenants moving to the Consolidated Rental Car Facility represent a distinct segment of the parking market separate from the spaces available at the Doug Fox Lot, and therefore improvements at the Doug Fox Lot are not expected to exert downward pricing pressure on the Airport parking garage.

Commissioner Albro asked whether removing the 1500 parking spaces at the Doug Fox Lot from the parking supply would increase demand for parking at the Airport parking garage. Mr. Reis responded that on-site and off-site parking markets differ substantially and that off-site parking includes a broad range of pricing and services, the result of which is that incremental improvement to the Doug Fox Lot would produce a positive return. He stated that removal of the Doug Fox spaces from the off-site market would not likely increase demand for on-site parking in the Airport parking garage, but rather drive up demand at other parking facilities not controlled by the Airport.

Commissioner Albro commented on the potential for increasing demand among off-site parking providers to drive off-site parking pricing up, reducing the difference between pricing in the off-site parking market and the Airport's on-site parking product.

In response to Commissioner Tarleton, Mr. Reis explained that the Airport does not plan to add more than approximately 300 spaces to the on-site parking market in the near future due to projected lack of sufficient return.

Mr. Reis described analysis of other alternatives considered for the Doug Fox Lot, noting that non-parking uses would not mature for several years. He added that the site is positioned to be the most attractive off-site parking facility in the marketplace due to its prime location, and that the five-year lease term contemplated for the lot with limited extension options provides flexibility in determining future uses of the space, including possible use for air cargo logistics.

Motion for approval of item 6e – Holland

Second – Creighton

Motion carried by the following vote:

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

7. STAFF BRIEFINGS

7a. (01:20:17) Final Monthly Briefing – Update on the Consolidated Rental Car Facility Program.

Presentation document(s): Commission agenda [memorandum](#) dated May 15, 2012, [report attachment](#), and computer slide [presentation](#) provided by Michael Ehl, Director Airport Operations; George England, Program Leader, Project Management Group; and Janice Zahn, Assistant Director Engineering Construction Services. Also provided was a video of Rental Car Facility grand opening proceedings.

Presenter(s): Mr. England and Rad Milosavljevic, Resident Engineer 3.

Mr. England reported that the Consolidated Rental Car Facility (RCF) opened successfully on May 17, 2012, and presented a video of highlights from the grand opening ceremony on May 9, 2012. He summarized the history of the project, noting beginning of construction in March 2008, and described key components of the rental car industry's cut-over from use of space at the Airport parking garage to the new facility between May 16 and 17, 2012. He noted that during the first 24 hours of using the new facility, approximately 12,700 passengers moved between the RCF and the Airport terminal. Mr. England noted minor glitches that occurred during the opening of the facility, but stated representatives of the rental car industry were impressed by the smoothness of the transition.

In addition to LEED certification, Mr. Milosavljevic reported that the RCF project has received an Award of Excellence from the Washington Aggregate and Concrete Association for Excellence in Parking Structures. He stated the core and shell of the RCF received its certificate of occupancy on May 16, 2012, the same day that all the tenant improvement projects received their temporary certificates of occupancy. Mr. Milosavljevic commented on several project statistics, including placement of over 115 cubic yards of concrete over four years, use of approximately 3,000 pounds of steel, placement of about 330 miles of post-tension cable, excavation of 411,000 cubic yards of soil, processing of over 450 million gallons of water released into the stormwater system with turbidity cleaner than drinking water, expending of over 1.5 million labor hours, estimated creation of approximately 3,900 new jobs in the community, loss of only one day of work due to injury, and lack of any life-altering injuries on the project.

Mr. England commented on the receipt of beneficial occupancy by the Bus Maintenance Facility, including the compressed natural gas fueling facility, on May 10, 2012, prior to opening of the RCF. He reported on hiring of 84 new employees and contracting for curbside assistants for 18 months.

Mr. England stated that the final expenditures for the project are expected to be lower than the budget of \$396 million. He noted that revenue from customer facility charges continues to trend above forecast, and stated that based on the overall project numbers, approximately 5,900 jobs are estimated to have been created by the RCF project. He remarked on investment of about 168,000 labor hours by Port staff in the project over 14 years.

7b. (01:41:10) Capital Improvement Projects for the First Quarter, 2012.

Presentation document(s): Commission agenda [memorandum](#) dated May 4, 2012, staff [report](#), and computer slide [presentation](#) provided by Ralph Graves, Managing Director, Capital Development.

Presenter(s): Mr. Graves.

Mr. Graves reported that there are no projects for the first quarter of 2012 that have variances both to schedule and budget. He provided updates on Aviation division projects, including approval of the Stage 2 Mechanical Energy project by a majority in interest vote of the airlines, commencement of the Eighth Floor Weatherproofing project, delays to the Electrified Ground Support Equipment Charging Stations project, opening of the Consolidated Rental Car Facility prior to the summer operating season, and reformulation of the Water System Isolation Valves – Airfield project.

Mr. Graves stated the design-build Terminal Escalator Modernization project is more than 25 percent over estimate, of which he said 60 percent of the cost growth was due to discretionary changes, 20 percent due to unforeseen complications, and 20 percent due to errors and omissions and other changes compared with the original request for proposal. He noted that lessons learned from this project would be used to improve future design-build projects.

Mr. Graves reported there were no Seaport projects with variances to report, and stated there was one Corporate project with a schedule variance, the Common-Use System Emulation Migration.

7c. (01:46:43) Trip Report: The Greater Seattle Chamber of Commerce International Study Mission to Chile with a stop-over in Panama.

Presentation document(s): computer slide [presentation](#) and video.

Chief Executive Officer Yoshitani and Commissioners Creighton and Holland described the Trade Development Alliance of Greater Seattle's International Study Mission to Chile with an additional stop in Panama. The presentation included information on the widening of the Panama Canal and upgrades to the existing canal, the rise and decline of the Port of Valparaiso, Chile, in relationship to the original opening of the Panama Canal, and the parallel implications for the widening of the Canal to modern ports such as Seattle, and the need to focus on strategic planning and the Century Agenda to adapt to the changing face of international trade. A video of the study mission was presented.

(02:09:07) Preliminary Briefing on Part 150 Airport Noise Study Update.

Mark Reis, Aviation Division Managing Director, provided an update on the schedule for the Federal Aviation Administration's (FAA) Part 150 Noise Study process. He stated there would be a formal briefing currently scheduled on August 28, 2012, at which staff will update the Commission on noise exposure maps and draft Part 150 recommendations. In November, Mr. Reis reported there would be an update to the Commission based on FAA comments on the preliminary recommendations, after which another public outreach process would be initiated. Following a public comment period and public hearing, staff will provide a formal recommendation to the Commission in February or March 2013, after which the FAA will conduct a roughly six-month review and approval process.

(02:12:45) 2012 Department of Defense Freedom Award.

Chief Executive Officer Yoshitani announced that the Port of Seattle has been selected as a finalist for the 2012 Freedom Award, the U.S. Department of Defense's highest recognition of employers for support of employees serving in the National Guard and Military Reserve. The Port is one of 30 employer finalists selected from a pool of 3,236 employer nominees, of which 15 will be selected for the prestigious award, five representing small businesses, five representing large businesses, and five representing public agencies.

8. NEW BUSINESS

None.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular/special meeting was adjourned at 3:37 p.m.

Tom Albro

Secretary

Minutes approved: July 10, 2012.