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**APPROVED MINUTES
COMMISSION REGULAR MEETING JUNE 26, 2012**

The Port of Seattle Commission met in a regular meeting Tuesday, June 26, 2012, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bryant, Holland, and Tarleton were present. Commissioner Creighton participated by telephone and was absent after 1:38 p.m.

1. CALL TO ORDER

The regular meeting was called to order at 12:32 p.m. by Gael Tarleton, Commission President.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The regular meeting was immediately recessed to an executive session estimated to last approximately 30 minutes to discuss matters relating to litigation, legal risk, and real estate. Following the executive session, which lasted approximately 30 minutes, the regular meeting reconvened in open public session at 1:11 p.m.

PLEDGE OF ALLEGIANCE

3. (00:01:45) APPROVAL OF MINUTES

Special meeting of April 24, 2012, and regular meeting of May 1, 2012.

Motion for approval of minutes for the special meeting of April 24, 2012, and regular meeting of May 1, 2012 – Albro

Second – Bryant

Motion carried by the following vote:

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

4. SPECIAL ORDERS OF BUSINESS

4a. (00:02:15) 2012 Fly Quiet Awards.

Presentation document(s): Commission agenda [memorandum](#) dated June 19, 2012, provided by Stan Shepherd, Manager, Airport Noise Programs.

Presenter(s): Mr. Shepherd.

Mr. Shepherd explained that the Fly Quiet Awards help to reduce noise levels in the communities surrounding the Airport and reflect adherence to flight noise abatement procedures and engine testing rules and the use of quiet aircraft. He reported that in order to encourage competition among airlines of different sizes, the awards have been categorized to distinguish between the top five carriers at the Airport (Fly Quiet Bravo Award) and all other carriers (Fly Quiet Award), as well as to provide a category for regional carriers (Fly Quiet Regional Airline Award). Commissioner Tarleton introduced the following recipients of the 2012 Fly Quiet Awards:

- Fly Quiet Bravo Award – Alaska Airlines
- Fly Quiet Award – Virgin America
- Fly Quiet Regional Airline Award – SkyWest Airlines

4b. (00:07:35) Recognition of the Port of Seattle Police Department 2012 Officer of the Year.

Presentation document(s): Commission agenda [memorandum](#) dated June 4, 2012, provided by Port of Seattle Police Chief Colleen Wilson.

Presenter(s): Chief Wilson.

Chief Wilson presented the Port of Seattle Police Department's 2012 Officer of the Year Award, which is a peer-awarded recognition, to Detective Steve Ivey, whom she described as exemplifying the principles of leadership, accountability, and integrity.

4c. (00:09:30) Recognition of the Port of Seattle Fire Department 2012 Firefighter of the Year.

Presentation document(s): Commission agenda [memorandum](#) dated June 15, 2012, provided by Port of Seattle Fire Chief Randy Krause.

Presenter(s): Chief Krause.

Chief Krause presented the Port of Seattle Fire Department's 2012 Firefighter of the Year Award, which is a peer-awarded recognition, to Captain Todd Starkey, whom the Chief acknowledged for his commitment, loyalty, and hard work.

5. (00:12:30) UNANIMOUS CONSENT CALENDAR

5a. [Approval of the claims and obligations](#) for the period of May 1, 2012, through May 31, 2012, in the amount of \$34,422,712.01.

- 5b. Authorization for the Chief Executive Officer to authorize design of the Laptop Power in the Concourses project. This authorization is for \$402,500 out of a total estimated project cost of \$2,070,000 (CIP #C800484).**

Request document(s): Commission agenda [memorandum](#) dated June 18, 2012, provided by Jim Witzman, Manager, Airport Operations Passenger Experience; and Wayne Grotheer, Director, Aviation Project Management Group.

- 5c. Authorization for the Chief Executive Officer to execute a pipeline easement with Northwest Pipeline GP across the Eastside Rail Corridor right-of-way in Snohomish County to accommodate the installation and maintenance of an underground natural gas pipeline crossing the Eastside Rail Corridor Railroad right-of-way near railroad milepost 32.27, near Maltby in Snohomish County, Washington. The Port will receive \$2,500.00 for the easement rights granted.**

Request document(s): Commission agenda [memorandum](#) dated June 19, 2012, [easement](#), and [plan view](#) provided by Melinda Miller, Director Portfolio and Asset Management, and Sean Sullivan, Real Estate Manager.

- 5d. Authorization for the Chief Executive Officer to (1) settle claims filed by RST Enterprises Inc. through authorization of the purchase of four adjacent tax lots owned by Nick Properties LLC for fair market value of \$1,238,000.00, with closing contingent on release of claims; and (2) execute all documents necessary for purchase and conveyance of said property as well as authorize the post-acquisition costs related to demolition of existing improvements on said property and site stabilization/restoration in the amount of \$362,000 for total authorized amount of \$1,600,000. The terms of the purchase and sale agreement for which approval is requested shall be as substantially set forth in the attached agreement; the property proposed for purchase is described in exhibits A-1, A-2, A-3, and A-4 to the proposed agreement; and the terms of the release of claims shall be as substantially set forth in exhibit B to the proposed agreement.**

Request document(s): Commission agenda [memorandum](#) dated June 18, 2012, purchase and sale [agreement](#), [release of claims](#), and aerial site [photo](#) provided by Craig Watson, General Counsel, and Elizabeth Leavitt, Director, Aviation Planning and Environmental Programs.

- 5e. Authorization for: (1) additional budget authorization of \$400,000, and (2) approval of project scope change to add two additional fuel hydrant pits as part of the airline realignment program (CIP #C800472).**

Request document(s): Commission agenda [memorandum](#) dated June 19, 2012, provided by Michael Ehl, Director, Airport Operations; and Wayne Grotheer, Director, Aviation Project Management Group.

- 5f. Authorization for the Chief Executive Officer to execute up to two professional services indefinite delivery, indefinite quantity contracts for roofing inspection and design support services for \$2,000,000 (\$1,000,000 each) with a three-year contract ordering period. No funding is associated with this authorization.**

Request document(s): Commission agenda [memorandum](#) dated June 15, 2012, provided by Cassie Fritz, Manager, Seaport Project Management Support Services.

5g. Authorization for the Chief Executive Officer to proceed with design and preparation of construction documents, project management, and permitting for the design phase of the Pier 69 Built-up Roof Replacement Project. The amount of this request is \$404,000, bringing the current authorization for the project to \$445,000 for a total estimated project cost of \$2,012,000 (CIP #C800314).

Request document(s): Commission agenda [memorandum](#) dated June 18, 2012, provided by Nick Milos, Manager, Corporate Facilities; and Curtis Stahlecker, Capital Project Manager.

5h. Authorization for the Chief Executive Officer to execute an indefinite delivery, indefinite quantity contract for environmental consulting services totaling \$800,000 with a five-year contract ordering period. There is no budget request associated with this authorization.

Request document(s): Commission agenda [memorandum](#) dated June 18, 2012, provided by Bob Duffner, Senior Manager Aviation Environmental Programs, and Roger Maney, Aviation Environmental Management Specialist.

5i. Authorization the Chief Executive Officer to prepare, advertise, award, and execute appropriate contract documents to procure an HVAC system maintenance service agreement for chillers at Seattle-Tacoma International Airport. The agreement would be structured to execute a one-year contract with four one-year service options to be determined annually by the Port. Total contract cost over the requested five-year period is not to exceed \$1,970,000.

Request document(s): Commission agenda [memorandum](#) dated June 15, 2012, provided by John Christianson, General Manager Aviation Maintenance.

5j. Authorization for the President of the Commission to sign the attached nomination letter for Mr. John Kriese as Chair of the Neighbors' Advisory Committee.

Request document(s): Commission agenda [memorandum](#) dated June 18, 2012, John Kriese [biography](#), and [nomination letter](#) provided by Marie Fritz, Cruise Services Manager.

Motion for approval of consent items 5a, 5b, 5c, 5d, 5e, 5f, 5g, 5h, 5i, and 5j – Bryant

Second – Albro

Motion carried by the following vote:

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

(00:13:25) PUBLIC TESTIMONY

As noted on the agenda, public comment was received from the following individual(s):

- Robert Scheuerman, representing Eastside Rail Now. Mr. Scheuerman commented on agenda item 6b, stating his hope that King County will preserve the tracks in the portion

of the Eastside Rail Corridor proposed to be transferred to the County and that there will soon be commuter rail service available in the Corridor.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

6a. (00:15:15) Motion regarding relief for Airport Concessions Disadvantaged Business Enterprises and other small business at Seattle-Tacoma International Airport.

Request document(s): Commission agenda [memorandum](#) dated June 22, 2012, and text of [motion](#) provided by Mary Gin Kennedy, Director, Commission Services; and Deanna Zachrisson, Manager, Aviation Concessions Business.

Motion to indefinitely postpone item 6a to a time to be determined by the Chair in order to allow opportunity for additional public comment – Bryant

Second – Holland

Motion carried by the following vote:

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

6b. (00:19:10) Second Reading and Final Passage 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 June 19, 2012, [Resolution No. 3662](#), [exhibit A](#), [exhibit B](#), and purchase and sale [agreement](#) provided by Joe McWilliams, Managing Director, Real Estate Division.

Presenter(s): Mr. McWilliams.

Mr. McWilliams reported that, if approved, the property transfer would close summer of 2012, with final payment to be made by the County during the next three years. In the interim between closing and final payment, he stated the County would pay interest to the Port and would have the opportunity to propose land exchanges to the Port in lieu of cash payment, which if proposed would require further approval. He stated that dual use of the Corridor is provided for in the transfer documents, as is a protocol for examining environmental issues.

Motion to indefinitely postpone second reading and final passage of Resolution No. 3662 – Creighton

Second – Albro

Commissioner Creighton stated the final passage of the resolution should be postponed until Port staff has had an opportunity to fully analyze the proposal being considered by the City of Seattle and King County for a new Seattle sports arena and to recommend to the Commission appropriate mitigation for the proposal. He commented on the need for regional cooperation between the Port and the County, including a history of reliability. The question recurred on the motion by Commissioner Creighton, seconded by Commissioner Albro, to indefinitely postpone agenda item 6b, second reading and final passage of Resolution No. 3662.

Motion carried by the following vote:

In Favor: Albro, Creighton, Holland (3)

Opposed: Bryant, Tarleton (2)

Agenda item 6b was indefinitely postponed and Resolution No. 3662 did not receive second reading.

Commissioner Creighton was absent after 1:38 p.m.

At the discretion of the Chair, the Commission advanced to consideration of –

7. STAFF BRIEFINGS

7a. (00:26:55) Airport Terminal Development Challenges at Seattle-Tacoma International Airport.

Presentation document(s): Commission agenda [memorandum](#) dated June 15, 2012, and computer slide [presentation](#) provided by Mark Reis, Managing Director, Aviation Division; and Elizabeth Leavitt, Director, Aviation Planning and Environmental.

Presenter(s): Mr. Reis and David Tomber, Aviation Planning Program Manager.

Mr. Reis presented a briefing on the challenges facing the Airport in light of the need for increased throughput of passengers in a facility of limited size, intense airline competition, and operational flexibility driven by constantly evolving technology. He described current passenger volume and projected growth by passenger volume and number of anticipated arrivals of international widebody aircraft, including an analysis by peak arrival times. He noted the importance in discussions with potential international carriers of the quality and aesthetics of the Airport's international facilities and the vulnerability to the Airport posed by passenger congestion.

In response to Commissioner Tarleton, Mr. Reis stated that the Airport could handle the doubling of widebody aircraft arrivals by redirecting some domestic flights from the South Satellite to other concourses.

In response to Commissioner Bryant, Mr. Reis noted that the federal inspection services facility is a dedicated facility that is specifically designed for reception of international passengers and that overall international schedules with various flight connections relative to Seattle's physical location preclude redistributing these flights to balance passenger volumes throughout the day.

At the discretion of the Chair, consideration of agenda item 7a was temporarily postponed and the Commission advanced to consideration of –

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- 6c. (00:41:40) First Reading and Public Hearing of Resolution No. 3664: A Resolution of the Port Commission of the Port of Seattle approving the First Amendment of the Interlocal Agreement between the City of Auburn and the Port of Seattle to transfer approximately 55 acre feet of surplus floodplain storage credit to the City of Auburn and authorizing conveyance of a permanent easement to the City of Auburn. There is no funding associated with this Amendment.**

Request document(s): Commission agenda [memorandum](#) dated June 15, 2012, [amendment](#) to the interlocal agreement, November 13, 2012, [letter](#) to the City of Auburn, 1998 interlocal [agreement](#), [Resolution No. 3664](#), and [property diagram](#) provided by Bob Duffner, Senior Manager, Aviation Environmental Programs; and Allan Royal, Manager, Real Estate Development.

Presenter(s): Mr. Duffner and Mr. Royal.

Mr. Duffner presented the resolution and described the wetland mitigation associated with construction of the Third Runway, the mitigation enhancements that provided additional flood storage capacity, and the desire of the City of Auburn to have a portion of the flood storage capacity reassigned in support of development by the City. He stated the proposed amendment would formalize this understanding with the City of Auburn as well as the right of the Port to use some of the additional flood storage capacity in support of its own potential adjacent development.

Motion for first reading of Resolution No. 3664 – Bryant

Second – Holland

PUBLIC HEARING on Resolution No. 3664

Commissioner Tarleton declared the public hearing for Resolution No. 3664 open.

Public comment was received from the following individuals:

- Pete Lewis, Mayor of the City of Auburn. Mr. Lewis spoke in favor of the resolution as supportive of the economic development interests of the Port and the City of Auburn and commented that a majority of the Auburn City Council has expressed support for the amendment to the interlocal agreement.

Following conclusion of public comment, the public hearing on Resolution No. 3664 was closed.

The question recurred on the motion by Commissioner Bryant, seconded by Commissioner Holland, for first reading of Resolution No. 3664.

Motion carried by the following vote:

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

Absent for the vote: Creighton

Following consideration of agenda item 6c, the Commission returned to consideration of –

7. STAFF BRIEFINGS

7a. (00:50:30) Airport Terminal Development Challenges at Seattle-Tacoma International Airport.

Mr. Reis continued his briefing on challenges facing the Airport by noting recent airline mergers and entry of new airlines that have affected changes to airline market share at the Seattle-Tacoma International Airport as of 2011.

Mr. Reis described the physical constraints of the Airport's landside facilities resulting in congestion on the Airport drives and curbs and pressures associated with aging terminal facilities and the need for improved passenger circulation within the terminal. He noted several factors affecting terminal capacity, including control of security checkpoints by the Transportation Security Administration, deficiencies in the Airport's baggage handling systems, and rehabilitations and ongoing pavement replacement on the airfield.

Mr. Reis commented on opportunities to enhance customer experience by embracing enhancement of the Airport's federal inspection services for international passengers and increased use of developing technologies, passenger self-service options, and common-use infrastructure to accelerate passenger throughput. He described airline concerns over the timing of facilities investments and the Port's interest in using improvements to increase Airport capacity. He commented on goals for the future of the Airport in relation to Century Agenda goals, customer service, and technology developments and noted the synergy between the Airport's approach to accommodating capacity needs and that of the International Air Transport Association.

The regular meeting was recessed at 2:24 p.m. due to absence of a quorum and reconvened at 2:25 p.m., chaired by Commissioner Tarleton.

Mr. Reis presented approaches to capacity needs through expansion of facilities at the North Satellite, South Satellite, Concourse D, and Concourse A; improvements to the baggage handling system; mid- and long-term solutions for capacity needs at the Airport's federal inspection services facility; and vertical circulation improvements. He described landside challenges at the Airport curbs and on the Airport drives, which he stated would also be addressed in the Airport master plan update.

7b. (01:23:35) Airline Realignment Update and Briefing on North Seattle-Tacoma International Airport Renovations (NorthSTAR) Program Budget Restructuring.

Presentation document(s): Commission agenda [memorandum](#) dated June 18, 2012, and computer slide [presentation](#) provided by Wayne Grotheer, Director, Aviation Project Management; and Tina Soike, Senior Manager, Airport Operations.

Presenter(s): Mr. Grotheer and Ms. Soike.

Ms. Soike reported on the status of the Airline Realignment Program, summarizing the purpose of the program to rebalance existing facilities throughout the Airport and facilitate renovations included in the NorthSTAR project at the northern end of the Airport. She presented a table of the amounts currently authorized for various projects in the program and showing amounts still to be authorized. She stated that Port projects for the realignment are on schedule, although there have been a few scope delays and schedule changes related to work performed by the airlines. She summarized the progress of projects in design and construction phases and noted anticipated total capital costs of approximately \$40 million and expense costs of \$23 million for the realignment program.

Mr. Grotheer reported on the financial structure of the capital improvement projects comprising the NorthSTAR program, noting Commission authorization of \$1.2 million of preliminary project funding for the North Satellite renovation component of the program on April 10, 2012. He commented on inclusion of five capital projects and one programmatic project in the financial structure of the program and associated funding reallocations. Mr. Grotheer described the capital projects included in the program as including the North Satellite renovation, Main Terminal improvements, Concourse C vertical circulation, Concourses C and D exterior stairs, and baggage system refurbishment. He noted an anticipated authorization request in July 2012 for start of design and design funding for the North Satellite renovation.

In response to Commissioner Tarleton, Ralph Graves, Managing Director, Capital Development Division, stated that the Realignment program has demonstrated to staff the value of the Commission's efforts being focused on policy decisions and the benefit of accommodating the need for Commission oversight through briefings and bundling of programs.

8. NEW BUSINESS

(01:33:00) Retention of Independent Counsel to Review the Injunction Issued in the Matter of *Citylce Cold Storage v. the Port of Seattle*.

Commissioner Albro reported on the progress of the Commission temporary committee composed of himself and Commissioner Creighton to evaluate retaining independent counsel to review the *Citylce* injunction. He stated that the committee recommends retaining Paul Lawrence to advise the Commission on benefits and legal risks associated with pursuing a modification of the injunction issued in the matter of *Citylce Cold Storage v. the Port of Seattle*. He added that provided benefits outweigh costs, the Commission will move to modify the injunction in order to allow the Port to impose worker retention requirements on concessionaires at the Airport.

The regular meeting was recessed at 2:46 p.m. to an executive session estimated to last approximately 30 minutes to discuss matters relating to litigation, legal risk, and real estate. At 3:30 p.m., Commissioner Tarleton announced publicly that the executive session would be extended until approximately 3:50 p.m. Following the executive session, which lasted approximately 60 minutes, the regular meeting reconvened in open public session at 3:49 p.m.

9. POLICY ROUNDTABLE

None.

10. ADJOURNMENT

There being no further business, the regular meeting was adjourned at 3:49 p.m.

Tom Albro

Secretary

Minutes approved: August 7, 2012.