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**APPROVED MINUTES
COMMISSION REGULAR MEETING MARCH 24, 2015**

The Port of Seattle Commission met in a regular meeting Tuesday, March 24, 2015, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire were present. Commissioner Bowman was absent after 4:28 p.m. Commissioner Bryant was absent after 3:24 p.m.

1. CALL TO ORDER

The meeting was called to order at 12:20 p.m. by Commission Co-President Courtney Gregoire.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The public meeting was immediately recessed to an executive session estimated to last 60 minutes to discuss matters relating to litigation, legal risk, and sale or lease of real estate. Following the executive session, which lasted approximately 30 minutes, the public meeting reconvened at 1:15 p.m.

PLEDGE OF ALLEGIANCE

A recording of this part of the meeting has been made available online.

3. SPECIAL ORDERS OF BUSINESS

None.

Without objection, the Commission advanced to consideration of –

5. PUBLIC TESTIMONY

Public comment opposing the Port's lease with Foss Maritime at Terminal 5 was received from the following individuals:

- Emily Johnston, Seattle
- Steve Keeler, Edmonds, who submitted written materials, which are included here as minutes [Exhibit A](#) and are available for public review.
- Mary Nicol, Greenpeace
- Zarna Joshi, Seattle
- Jack Smitt, Seattle
- Frannie Ein, Seattle
- Richard Voget, Seattle

- Mike Dash, Seattle
- Michael Foster, Plant for the Planet
- Peter Goldman, Seattle
- Kenan Block, Seattle
- Kailyn Nicholson, Socialist Alternative, who submitted written materials, which are included here as minutes [Exhibit B](#) and are available for public review.
- Kurtis Dengler, Coalition for Port Accountability, who submitted the same written comments provided by Kailyn Nicholson above that are marked Exhibit B
- Lee Colleton, Socialist Alternative
- Sue Kay, Seattle
- Hildegard Nichols, Green Party of Seattle
- Carlo Voli, 350 Seattle, Rising Tide Seattle
- Cynthia Linet, Raging Grannies
- James Kahn, Socialist Alternative
- Lisa Marcus, Seattle
- Harmony Shenk, Seattle
- Darwin Cyphers Manning, Seattle
- Olivia One Feather, Voice for Mother Earth
- John Deans, Greenpeace
- In lieu of written comment, Erin Cook submitted written materials, which are included here as minutes [Exhibit C](#) and are available for public review.

Public comment in support of the Port's lease with Foss Maritime for interim use of Terminal 5 was received from the following individuals:

- Dallas Delay, Seattle-King County Building and Construction Trades Council
- Jordan Royer, Pacific Merchant Shipping Association
- Cameron Williams, International Longshore and Warehouse Union Local 19
- Paul Stevens, President and CEO, Foss Maritime
- Beth Smith, Foss Maritime
- Colleen Rosas, Senior Vice President Human Resources, Saltchuk Resources
- Dave Gering, Manufacturing Industrial Council
- John Demaree, Owner, Demaree Services
- Josh Turgeon, International Longshore and Warehouse Union Local 19
- Skip Volkle, Vice President and General Counsel, Foss Maritime
- Mike Lauer, Seattle
- David Bergsvik, Senior Director of Tax, Saltchuk Resources
- Heigh Krohn, United Transportation Union, Washington State Legislative Director
- Ellen Cooper, Saltchuk Resources
- Steve T. Scalzo, Scalzo Marine Services
- John Marcantonio, Foss Maritime
- Allan Meyers, Saltchuk Resources
- Vince O'Halloran, Sailors Union of the Pacific
- Betsy Seaton, Saltchuk Resources

In addition, public comment regarding Terminal 5 was received from the following individual(s):

- Shawn Brennan, who commented on the need for nighttime operation of container terminals and the need to use Terminal 5 for containerized cargo.

A recording of this part of the meeting has been made available online.

RECESSED AND RECONVENED

The meeting was recessed at 2:44 p.m. and reconvened at 2:55 p.m., chaired by Commissioner Gregoire.

Without objection, the Commission advanced to consideration of –

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

6a. Draft motion of the Port of Seattle Commission regarding Seaport Accountability.

Request document(s) included the text of the [motion](#).

Commissioners discussed the motion, originally introduced at the March 10 public meeting. Arguments favoring the motion's adoption included the desire to act consistently with community values relating to the oil drilling supported by the lease activity, the importance of protecting the opportunity to redevelop Terminal 5 for its intended cargo use, the economic dependence of Seattle on the maritime industry, and the legal and business ramifications of breaking the Port's lease with Foss. Foss's good environmental and safety records were acknowledged. Despite regulatory control over Arctic oil drilling by the federal government, it was noted that local debate on the subject is appropriate.

The motion reads as follows:

Unless otherwise decided by a vote of the Port of Seattle Commission, pursuant to due process and compliance with Washington State's Open Public Meetings' Act, the Port of Seattle Term Lease Agreement No. 002652 with Foss Maritime Company (dated February 9, 2015) shall not be amended in any way, and further:

- 1. The Commission hereby reserves to itself all decisions pertaining to the following elements of the lease: any tenant request for expansion (Section 1.2); mutual options to extend (Section 2.4); any approval for tenant requested changes of use (Section 5.1); any authorization of tenant assignment and/or sublease (Section 13.1); election of remedies in the case of tenant default (Section 14.2); and, consent for holding over (Section 18.3).**
- 2. Consistent with paragraph 1 above, the CEO is hereby directed to administer said lease to ensure tenant vacates the premises at the end of the initial term of two (2) years unless instructed otherwise by future public action of the Commission.**
- 3. As part of the development of Policy Directives as called for under the new General Delegation (Resolution 3704, currently under consideration), the Commission will establish new requirements for leases of significant public interest including, at a**

minimum, a 30-day public comment period and the completion of all relevant environmental reviews in advance of Commission consideration.

The motion setting conditions on executive actions on the Port's lease with Foss Maritime, as listed above (agenda item 6a) carried by the following vote:

In favor: Albro, Bowman, Bryant, Creighton, Gregoire (5)

A recording of this part of the meeting has been made available online.

Without objection, the Commission advanced to consideration of –

5. PUBLIC TESTIMONY

Additional public comment was received from the following individual(s):

- Steve Sisneros, Director, Airport Affairs, Southwest Airlines, who commented on the cost of the Airport's new International Arrivals Facility and the financing of the project.

A recording of this part of the meeting has been made available online.

Following conclusion of public testimony, the Commission returned to consideration of –

4. UNANIMOUS CONSENT CALENDAR

[Clerk's Note: Items on the Unanimous Consent Calendar are considered routine and are not individually discussed. Port Commissioners receive the request documents prior to the meeting and may remove items from the Consent Calendar for separate discussion and vote in accordance with Commission bylaws.]

As noted on the agenda, item 4b was removed from consideration prior to agenda publication.

- 4a. Approval of the [Claims and Obligations](#) for the period February 1-February 28, 2015, in the amount of \$37,307,920.66 including accounts payable check nos. 902355-902906 in the amount of \$29,511,929.17 and payroll check nos. P-179294-179442 in the amount of \$7,795,991.49 for a fund total of \$37,307,920.66.

[Agenda item 4b removed]

- 4c. Authorization for the Chief Executive Officer to take the following actions related to the North Satellite Renovation & North Satellite Transit Station Lobbies (NSAT) Project at the Seattle-Tacoma International Airport: (1) Increase project scope to include the construction of underground natural gas infrastructure to support the Airport Dining and Retail businesses planned for the NSAT project with no increase in budget; (2) Execute a developer agreement with Puget Sound Energy (PSE) to extend the existing underground natural gas line located along the west side of Air Cargo Road; (3) Grant and transfer a utility easement, if necessary, to PSE on Port property located along the west side of Air Cargo Road and across the north apron to the North Satellite; and (4) Authorize \$200,000 to reimburse PSE, subject to the developer agreement, for underground natural gas line design and construction.

Request document(s) included a Commission agenda [memorandum](#) and presentation [slides](#).

- 4d. Authorization for the Chief Executive Officer to take the following actions related to the North Satellite (NSAT) Renovation & North Satellite Transit Station (STS) Lobbies Project at the Seattle-Tacoma International Airport: (1) Authorization for \$3,400,000 to prepare the existing NSAT at four locations to accommodate temporary passenger loading bridges; (2) Authorization for \$600,000 to construct temporary construction offices for Port and General Contractor/Construction Manager staff; (3) Authorization for \$700,000 to complete construction of Satellite Transit Station North Loop Dynamic Display system including the procurement of hardware, software, post implementation maintenance contracts, and vendor services; (4) Authorization for \$600,000 expense funding for regulated materials management, including abatement for the Alaska Air Group NSAT tenant project; and (5) Approval to use Port crew labor and small works contractors to complete early project work.**

Request document(s) included a Commission agenda [memorandum](#), North Satellite Transit System [diagram](#), and North Satellite temporary passenger loading bridge [diagram](#).

- 4e. Authorization for the Chief Executive Officer to (1) authorize the procurement of required hardware, software, and vendor services; (2) authorize Port staff to implement the upgrade of the Airport Video Management System for an additional \$2,936,000; and (3) authorize procurement of post-implementation maintenance contracts. This request would increase this project's authorization to \$4,074,000 out of an estimated total project cost of \$11,000,000.**

Request document(s) included a Commission agenda [memorandum](#).

- 4f. Authorization to execute a First Amendment to the Seaport Alliance Interlocal Agreement with the Port of Tacoma to extend its duration term past March 30, 2015.**

Request document(s) included a Commission agenda [memorandum](#) and the [draft amendment](#).

The motion for approval of consent items 4a, 4c, 4d, 4e, and 4f carried by the following vote:

In Favor: Albro, Bowman, Bryant, Creighton, Gregoire (5)

Agenda item 4b was removed from consideration prior to agenda publication, as noted above.

A recording of this part of the meeting has been made available online.

5. PUBLIC TESTIMONY

Public comment was received previously in the meeting and no further comment was offered at this time.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

Agenda item 6a was considered previously and agenda item 6b was removed from consideration prior to agenda publication.

- 6c. First Reading of Resolution No. 3705 – a resolution of the Port Commission of the Port of Seattle amending Resolution 3699, 2015 Salary and Benefit Resolution, to allow the Chief Executive Officer to offer modified terms related to the Paid Time Off plan to direct-report at-will employees.**

Request document(s) included a Commission agenda [memorandum](#) and draft [resolution](#).

Presenter(s): Tammy Woodard, Assistant HRD Director, Total Rewards, Human Resources & Development.

AMENDMENT

Without objection, the following amendment offered by Commissioner Gregoire was adopted to delete the last sentence at the end of the resolved clause on page 2 as follows:

~~To the extent these terms are in conflict with the Salary and Benefit Resolution, the terms of the employment agreement shall prevail.~~

The motion for First Reading of Resolution No. 3705, as amended, carried by the following vote:

In Favor: Albro, Bowman, Bryant, Creighton, Gregoire (5)

A recording of this part of the meeting has been made available online.

Commissioner Bryant was absent after 3:24 p.m.

- 6d. Authorization for the Chief Executive Officer to take the following actions related to the North Satellite Renovation & North Satellite Transit Station Lobbies Project at the Seattle-Tacoma International Airport: (1) increase the project scope to expand the baggage handling system (BHS) to facilitate the previously approved building expansion, increasing the estimated total project cost by \$14,400,000 for a revised total of \$421,682,944; and (2) complete the BHS design for \$1,954,000, included within the \$14,400,000 above and execute amendments to existing design, planning, and program management consulting contracts accordingly.**

Request document(s) included a Commission agenda [memorandum](#) and presentation [slides](#).

Presenter(s): George England, Capital Program Leader, Aviation Project Management Group.

The motion for approval of item 6d carried by the following vote:

In Favor: Albro, Bowman, Creighton, Gregoire (4)

Absent for the vote: Bryant

A recording of this part of the meeting has been made available online.

7. STAFF BRIEFINGS

7a. 2014 Annual Investment Portfolio Report and Treasury Update.

Presentation document(s) included a Commission agenda [memorandum](#), presentation [slides](#), and [report](#).

In lieu of a presentation, the Commission received briefing materials, which were posted publicly, in advance of the meeting.

A recording of this part of the meeting has been made available online.

7b. 2014 Financial Performance Briefing.

Presentation document(s) included a Commission agenda [memorandum](#), the [report](#), and a [short form](#) and [long form](#) of presentation slides.

Presenter(s): Michael Tong, Corporate Budget Manager, Craig Watson, General Counsel, Dan Thomas, Chief Financial and Administrative Officer.

Financial performance for 2014 was summarized. Unanticipated legal expenses related to start-up of the Northwest Seaport Alliance and unanticipated litigation were discussed. The Port's tax levy dollar amount of \$73 million remaining flat and not increasing over the past 3-4 years was noted.

7c. Briefing on Sea-Tac Air Cargo as Part of the Sustainable Airport Master Plan.

Presentation document(s) included a Commission agenda [memorandum](#) and presentation [slides](#).

Presenter(s): Tom Green, Manager, Air Cargo Operations and Development; Thomas Hooper, Senior Planner, Aviation; and Mark Reis, Managing Director, Aviation Division.

It was reported that Seattle-Tacoma International Airport is ranked 19th among peer U.S. airports for cargo tonnage by the Airports Council International. It is ranked 3rd on the West Coast for international cargo tonnage. The economic value of this freight traffic was summarized. Martin Associates established a regional value in 2013 of \$22.7 billion. Jobs supported regionally by air cargo shipment amount to a little less than 120,000. The value of \$5.5 million in landing fees associated with air cargo effectively reduced 2014 cost per enplanement by \$0.29. Air cargo revenue is a profitability factor in airlines' deployment decisions.

The countries involved in cargo trade through Sea-Tac and the commodities involved were summarized, including agricultural, machinery, and electronics categories. Continued growth in international air freight is anticipated. It was noted that growth in cargo and international flights are Century Agenda objectives. Air cargo volumes increased overall between 2013 and 2014 by about 9 percent; international cargo tonnage alone increased by over 21 percent.

Constraints on the facilities to support air cargo growth and the relationship of air cargo needs to the overall Sustainable Airport Master Plan were discussed. Facility needs include pass-through

facilities for freight, available hardstands for aircraft parking, provision of ground power for aircraft to conserve fuel and reduce air emissions and aircraft noise, and fueling hydrants that enable aircraft to be fueled while reducing the need to send fueling trucks onto the airfield.

Airfield capacity for cargo is not as susceptible to peak arrival times since cargo can arrive at various times of day. Availability of other facilities and utility needs is a greater factor for ensuring capacity for air cargo growth over the next 20 years. These needs are part of the modeling and phasing considerations included in the Sustainable Airport Master Plan.

Mr. Reis provided an update on passenger growth at the Airport. Overall passenger volume in 2014 increased by 7.7 percent. In just the first quarter of 2015, the rate of growth rose to 12.4 percent. Since it is not possible to build gates fast enough to keep up with this growth rate, staff are examining the options and interactions posed by regular hardstand operations, which involve parking aircraft away from the terminal and busing in passengers.

The space constraints of the overall footprint of the Airport require balancing of need for gates and terminal facilities with location of hangars, cargo facilities, the Airport fire station, and even the highways that feed the Airport. Very preliminary cost estimates for the capital work required to accommodate growth indicate the potential to need to invest over \$10 billion over a 10-20 year period. The eventual need for dialog around siting a new airport in the region was discussed.

A recording of this part of the meeting has been made available online.

Commissioner Bowman was absent after 4:28 p.m.

7d. 2014 Fourth Quarter Capital Improvement Projects Report.

Presentation document(s) included a Commission agenda [memorandum](#), presentation [slides](#), and [report](#).

Presenter(s): Ralph Graves, Managing Director, Capital Development.

Mr. Graves described the current status of capital projects for the fourth quarter of 2014, noting variances to schedule or budget and highlighting significant accomplishments. Installation of an innovative solution for stormwater treatment at Terminal 46 was discussed. Design work on redevelopment of Terminal 5 is approximately 60 percent complete.

8. NEW BUSINESS

8a. ANNOUNCEMENT Regarding Emirates Non-Stop Service to Dubai

Mark Reis, Managing Director, Seattle-Tacoma International Airport, announced that Emirates Airlines has initiated a second non-stop flight from Seattle to Dubai. With both services, over 600 seats daily will fly non-stop to Dubai.

9. ADJOURNMENT

There was no further business, and the meeting adjourned at 4:42 p.m.

Tom Albro
Secretary

Minutes approved: October 13, 2015.