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**APPROVED MINUTES
COMMISSION REGULAR MEETING MAY 26, 2015**

The Port of Seattle Commission met in a regular meeting Tuesday, May 26, 2015, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bowman, Bryant, and Creighton were present. Commissioner Gregoire participated by telephone.

1. CALL TO ORDER

The meeting was called to order at 11:58 a.m. by Commission Co-President Stephanie Bowman.

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 five matters relating to litigation and legal risk, one matter related to sale or lease of real estate, and one matter related to qualifications for public employment. Following the executive session, which lasted approximately 65 minutes, the public meeting reconvened at 1:20 p.m. Commissioner Bowman led the flag salute.

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

3. SPECIAL ORDERS OF BUSINESS – None.

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.]

4a. Approval of the minutes of the special meetings of March 27 and October 28, 2014.

4b. Authorization for the Chief Executive Officer to proceed with design and construction documents for the Central Terminal HVAC Upgrade project at Seattle-Tacoma International Airport for an amount not to exceed \$1,114,000 of a total estimated project cost of \$6,612,000. (CIP #C800722).

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

4c. Authorization for the Chief Executive Officer to (1) execute an interagency agreement with the Puget Sound Clean Air Agency, substantially as drafted and attached to this request, to

provide matching funds for a Congestion Mitigation and Air Quality grant obtained by the Agency; and (2) increase the authorized amount for the Clean Truck Program drayage truck scrapping/replacement project by \$250,000 for a revised total of \$7,348,000.

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

4d. Authorization for the Chief Executive Officer to execute Amendment No. 2 to Interlocal Agreement No. 2014-052 with the Puget Sound Clean Air Agency for administering the ScRAPs 2 drayage truck replacement program to add work associated with Local Agency Agreement LA-8464 between the Port and Washington State Department of Transportation under a federal Congestion Mitigation and Air Quality Supplemental grant No. CM-1140(060). There is no funding request as part of this authorization because the Commission authorized the budget for this grant on July 22, 2014.

Request document(s) included a Commission agenda [memorandum](#) and amended interlocal [agreement](#).

4e. Authorization for the Chief Executive Officer to execute a modified ground lease and an option agreement amendment with Panattoni Development substantially in the attached form to support development of the Federal Aviation Administration's new regional offices.

Request document(s) included a Commission agenda [memorandum](#), site [plan](#), ground lease agreement, and amendment to option to ground lease agreement.

The motion for approval of consent items 4a, 4b, 4c, 4d, and 4e 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.

5. PUBLIC TESTIMONY

Public comment was received from the following individual(s):

- Andrew Harrison, Executive Vice President, Chief Revenue Officer, Alaska Airlines, regarding airline participation in the planning of a new International Arrivals Facility.
- Joe Sprague, Senior Vice President, Communication and External Relations, Alaska Airlines, regarding costs of and airline participation in planning of a new International Arrivals Facility.
- Thomas Sykes, British Airways, regarding costs of a new International Arrivals Facility and airline concerns over the proposed location of the new facility.
- Michael Yost, United Airlines, in opposition to the International Arrivals Facility funding model outlined in the motion for agenda item 6c.
- Paul Berendt, Stita Taxi Company, regarding Airport contracts for ground transportation services and concerns over activity of transportation network companies at the Airport.
- Samatar Guled, Seattle/King County For-Hire Association, regarding the Airport's relationship with Yellow Cab and transportation network companies operating at the Airport.

- Ali Yusuf Abdulle, speaking with the assistance of a translator, regarding immigrant for-hire drivers and equal access to passengers at the Airport.
- Ahmed Abdi Ali, Orange Cab, regarding equal access to passengers at the Airport.
- Abdul Yusuf, Seattle, regarding opportunity to compete for ground transportation business at the Airport.
- Chris Van Dyk, General Manager, Quality Ground Transportation, regarding the Port's open bidding process for ground transportation services at the Airport. Mr. Van Dyk submitted written materials, which are included here as minutes [Exhibit A](#) and are available for public review.
- Jim Kelly, United For Hire, in opposition to extending the Airport's contract with Yellow Cab.
- Adam Kadir Burqa, Oromo Cultural Center, regarding for-hire service and customer preference.
- Anna Kovalyk, Airport Jobs, in support of the work of Airport Jobs.
- Dennis Paul, Swissport Fueling Service, in support of the work of Airport Jobs.
- Monty Anderson, Seattle Building Trades, regarding funding for pre-apprenticeship programs for the building trades.
- Dot Fallihee, Workforce Development Council of Seattle-King County, in support of workforce development efforts at the Port of Seattle and in support of Port Jobs.
- Daniel Villao, Managing Director, Intelligent Partnerships, in support of apprenticeship and pre-apprenticeship programs and workforce development.
- M.A. Concepcion Aguilar, Port Jobs, in support of the work of Airport Jobs, particularly Airport University.
- Nicole Ferrer, Executive Director, Apprenticeships and Non-Traditional Employment for Women (ANEW), in support of staff recommendations for workforce development efforts.
- Amin A. Shifow, General Manager, Seattle Yellow Cab, in support of extension of the Port's contract with Yellow Cab at the Airport.
- Mark Hennon, Seattle, regarding environmental concerns and lack of environmental consideration in the charter for the Seaport Alliance with the Port of Tacoma.
- Petter Kuel, Kent, regarding opportunities for all modes of ground transportation to do business at the Airport.
- Zarna Joshi, Seattle, regarding Arctic oil drilling and support of Airport for-hire drivers.
- Jeff Jett, Station Manager, Ready Jet, in support of funding for the Airport Jobs program.
- Dawn Gearhart, Teamsters Local 117, representing taxi drivers, regarding public safety and insurance considerations related to for-hire drivers.

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RECESSED AND RECONVENED

The meeting was recessed at 2:19 p.m. and reconvened at 2:28 p.m., chaired by Commissioner Bowman.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- 6a. Authorization for the Chief Executive Officer to advertise, award, and execute a major works construction contract for the Concourse A and B Airport Fiber to Backstands**

Project (CIP #C800464) to improve data and communications infrastructure to gates at Concourses A and B of the Seattle-Tacoma International Airport. The amount of this request is \$2,406,000 of a total estimated project cost of \$3,195,000.

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

Presenter(s): Wayne Grotheer, Director, Aviation Project Management Group.

Mr. Grotheer described the contributing factors for project budget increases in agenda items 6a and 6b.

The motion for approval of 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.

6b. Authorization for the Chief Executive Officer to execute a consultant contract and prepare design and construction bid documents for the replacement of the Concourse C Roof at Seattle-Tacoma International Airport for an amount not to exceed \$874,000 of a total estimated project cost of \$5,596,000. (CIP #C800702).

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

Presenter(s): Wayne Grotheer, Director, Aviation Project Management Group.

Mr. Grotheer's presentation for agenda items 6a and 6b is noted above.

The motion for approval of agenda item 6b 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.

6c. Approval of a motion providing guidance to the CEO for modeling funding of the Airport 5-year Capital Improvement Program.

Request document(s) included a Commission agenda [memorandum](#) and text of the [motion](#).

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

There was a presentation summarizing the purpose of the motion in the context of an upcoming bond issuance for Aviation projects. Commissioners expressed concerns over the cost of the new International Arrivals Facility and stressed the need for stakeholder engagement and further review. Commissioners noted the need for broad guiding principles and striking a balance between the mission and needs of airlines versus those of the Airport while maintaining a collaborative relationship between the two. Passenger growth and the competitive relationship between airline tenants were acknowledged. The Commission's role in considering alternatives and their

respective scope and project delivery methodology, how other U.S. airports deal with FIS rates and other funding alternatives, and endorsement of a comprehensive plan of finance were discussed.

AMENDMENT

Commissioner Albro offered an amendment to insert a new Section 2 and renumber the remaining sections, which was adopted without objection.

The motion now reads as follows:

The Port of Seattle Commission seeks to provide early guidance to the CEO for modeling an overall balanced funding plan for inclusion in upcoming bond offering documents and proposed budgets.

Consistent with the Statement in Support of the Motion, the Port of Seattle Commission directs staff to:

- 1. Model a preliminary funding plan for the International Arrivals Facility (IAF) based on the following:**
 - (a) Competitive Federal Inspection Service (FIS) rates that consider the rates at international airports in Seattle-Tacoma International Airport's market, such as Denver, Los Angeles, Portland, San Francisco, and Vancouver;**
 - (b) Judicious use of airport cash and foregone amortization (without charging the FIS rate base an amortization fee) combining approximately \$200 million of airport cash investment,**
 - (c) Use of Passenger Facility Charges (PFCs) as either (or both) a source of direct project funding or to pay revenue bond debt service in order to achieve the desired FIS rate;**
 - (d) Maintaining a cost per enplaned passenger (CPE) and the landing fee rates that remain competitive within the middle third of peer airports ("market rate"); and**
 - (e) Avoiding establishing competitive advantages or disadvantages between and among Sea-Tac Airport airline tenants, but instead maintaining a level playing field.**
- 2. Given significant changes in cost projections, technology, and airline service patterns since the initial IAF plan options were considered, and the Airport's other large capital infrastructure programs (NorthSTAR and baggage handling, for example), the Commission will work with the Airport staff to engage key stakeholders, including senior-level representatives of all signatory airlines, in a transparent joint airport/airlines planning review to be held over 90 days to discuss key issues and work towards a solution to concerns raised about the project scope and funding. Such work will include outside subject matter experts with knowledge of large airport capital projects to provide input and guidance.**

3. Update the Commission as part of the annual development of the Port's plan of finance about changes to the following four factors (or any other elements that could materially impact the FIS rates in 2019):
 - (a) The then-current projection of the final cost of the IAF;
 - (b) Provisions of either a subsequent Signatory Lease and Operating Agreement or a Rates and Charges Resolution;
 - (c) The federal cap on the amount of locally imposed PFCs; and
 - (d) The relative balance of international and domestic passengers at Seattle-Tacoma International Airport.
4. Provide the Commission with quarterly briefings that give full and transparent updates on design and construction costs of the IAF. Annually, upon completion of the budget and plan of finance, provide projected FIS rates, landing fee rates, and CPE for the five-year forecast period. Compare the CPE, landing fee, and FIS rates to the best available information for peer airports.
5. Seek Commission input prior to presenting a final financing plan for Commission approval. The Commission will evaluate project costs to ensure value for airline partners and the traveling public.

The motion for approval of agenda item 6c, as amended and described above, 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.

7. STAFF BRIEFINGS

7a. Airport Taxi Service and Transportation Network Companies Briefing.

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

Presenter(s): Mark Reis, Managing Director, Aviation.

The presentation to the Commission summarized the history of the current Airport contract with Puget Sound Dispatch and the dynamic market of ground transportation options currently available to the traveling public. Entry into the market of transportation network companies (TNCs), sometimes referred to as ridesharing or ridesourcing companies, such as Uber and Lyft, are the most recent contribution to this market dynamism. Factors in balancing passenger needs and regulatory considerations such as public safety and access to use limited public facilities were discussed. The recommendation of staff involves extending the current Puget Sound Dispatch contract for a year and finalizing an operating agreement with existing TNCs while the impact of TNCs is better assessed with the goal of issuing a new request for proposals at the end of the expiration of the contract extension.

Commissioners provided direction on expectations that on-demand transportation services provide quality, capacity, and reliability, and contribute to non-aeronautical revenue. General principles posed to staff included embracing the objective to promote small business, sponsoring a competitive and well publicized RFP, and focusing on expanding economic opportunity to all members of the community. Commissioners requested clarification on the process for the Airport to gather data on TNC operations, especially with regard to safety concerns and complaints. Direction provided included the need for comprehensive and expeditious outreach and further presentation to the Commission before going forward with staff proposals.

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

7b. 2016-2020 Aviation Business Plan Discussion.

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

Presenter(s): Mark Reis, Managing Director, Aviation.

The status of the airline industry, passenger growth at Seattle-Tacoma International Airport, and the Aviation Division's 2016 business plan in response to this growth were presented. Commissioners asked about the rate of growth and when it would become appropriate to consider an aviation or other transportation mode investment elsewhere in the region. The role of the Sustainable Airport Master Plan and Commission direction to rely on it as a catalyst for a comprehensive economic development plan for the Airport's neighboring communities was noted. Commissioners also inquired about performance on past business plans.

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

7c. 2014 Office of Social Responsibility Annual Report to Commission.

Presentation document(s) included a Commission agenda [memorandum](#), Social Responsibility [Report](#), Port Jobs 2014 annual [report](#), and presentation [slides](#).

Presenter(s): Luis Navarro, Director, Office of Social Responsibility; Marie Kurose, Workforce Development Program Manager, Office of Social Responsibility; and Heather Worthley, Executive Director, Port Jobs.

The presentation to the Commission highlighted Port performance on small business program goals and metrics in alignment with the Century Agenda. Commissioners requested clarifications and emphasized the need for small business goals throughout the Port's organization and the importance of making measurable progress toward small business goals and goals for minority, women-owned, and disadvantaged business enterprises.

The 2014 annual report for Port Jobs was presented. Commissioners requested clarifications on Port Jobs programs, budget, and funding opportunities.

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

7d. Workforce Development Strategy Update and Recommended Options.

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

Presenter(s): Luis Navarro, Director, Office of Social Responsibility, and Marie Kurose, Workforce Development Program Manager, Office of Social Responsibility.

The status of workforce development efforts and rationale for proposed increased Port investment were presented. Commissioners opined on the proposal for a sector approach to workforce development and questioned the emphasis on particular sectors. Commissioners provided direction on the comprehensiveness of the workforce development strategy and the need to foster measurable career advancement. Commissioners stressed the need to get better return on workforce development investment.

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

8. ADDITIONAL NEW BUSINESS – None.

9. ADJOURNMENT

There was no further business, and the meeting adjourned at 4:55 p.m.

Tom Albro
Secretary

Minutes approved: December 8, 2015.