



P.O. Box 1209  
Seattle, Washington 98111  
www.portseattle.org  
206.787.3000

**APPROVED MINUTES  
COMMISSION REGULAR MEETING JULY 14, 2015**

The Port of Seattle Commission met in a regular meeting Tuesday, July 14, 2015, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bryant, Creighton, and Gregoire were present. Commissioner Bowman participated by telephone and was absent after 3:30 p.m. Commissioner Bryant was absent after 3:45 p.m.

**1. CALL TO ORDER**

The meeting was called to order at 12:10 p.m. by Commission Vice President John Creighton.

**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, sale or lease of real estate, and employment matters. Following the executive session, which lasted approximately 60 minutes, the public meeting reconvened at 1:20 p.m., chaired by Commissioner Gregoire.

**PLEDGE OF ALLEGIANCE**

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

**3. SPECIAL ORDERS OF BUSINESS**

**3a. July 14, 2015, CEO Report.**

Ted Fick, Chief Executive Officer, reported on the passage of a transportation investment package by the state Legislature, announcement of a second Emirates non-stop flight to Dubai, and unprecedented passenger growth this year at Seattle-Tacoma International Airport. He introduced three new additions to the Executive Team at the Port of Seattle.

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

**3b. Forum on Seattle-Tacoma International Airport's International Arrivals Facility:  
Introduction to Scoping, Planning, and Financing.**

Presentation document(s) included presentation [slides](#).

**Discussion One: Other Airports' IAF Metrics**

Presenter(s): Michael Ehl, Director, Airport Operations, and Mike Merritt, Interim Commission Chief of Staff.

Relevant metrics related to capacity issues, customer service, and airport competitiveness were compared for a handful of similar airports and Sea-Tac. The inadequacies related to international passengers being held onboard aircraft at gates, at hardstands, or inside the Federal Inspection Services facility were noted. The goal of reducing connect times from 90 minutes to 75 or possibly 60 minutes was discussed. Wait times at similar airports during peak operations were compared. The goal of reducing wait time from almost 20 minutes to 10 minutes was noted. The low level of service represented in the aging South Satellite facility was described and compared to the age of other Sea-Tac facilities. The intention is to upgrade the South Satellite consistent with the scope undertaken in the upgrade of the North Satellite as part of the NorthSTAR program. A renovated South Satellite could be complete by 2024. It was announced that to ensure the broadest accessibility among international carriers to facilities at Concourse A, all gates in the new International Arrivals Facility will accommodate common use by multiple airlines.

**Discussion Two: Independent Review**

Presenter(s): Elizabeth Leavitt, Director, Aviation Planning and Environmental Services.

Provision for independent review of the International Arrivals Facility architectural planning process was described. This effort is independent of the third-party cost validation efforts for the facility. Parties have been secured to conduct the review, and an in-depth presentation with recommendations is planned for July 28.

**Discussion Three: Airport Capital Financing at Sea-Tac and Elsewhere**

Presenter(s): Borgan Anderson, Director, Aviation Finance and Budget, and Jim Burchett, Vice President Financial Services, AvAirPros.

Aspects of airport capital financing were summarized. The five overarching principles behind Federal Aviation Administration (FAA) rates and charges policy focus on fairness and nondiscrimination, direct relationships between airports and airlines, airport financial self-sustainability, and reinvestment of revenue only for airport uses. The FAA stipulates that rates and charges be based on historic costs but allow them to be set using a variety of reasonable methods. Equalized terminal rents for the same use based on rentable square footage is permitted.

At Seattle-Tacoma International Airport, direct relationship with airlines is by a signatory lease and operating agreement (SLOA). In the event agreement cannot be reached, airports may resort to rates and charges set by resolution. The characteristics of SLOAs were summarized. Sea-Tac's agreement is based on partial or full cost recovery principles. It includes equalized terminal rent, a Federal Inspection Services (FIS) facility that is a separate cost center, revenue sharing, and a majority-in-interest process by which airlines can disapprove capital projects resulting in their delay.

The restrictions on use of capital funding sources were outlined. Grants and passenger facility charges are excluded from the airline rate base. Net income and bonds are the most flexible funding sources for the Airport. Customer facility charges are state regulated and have been used only to fund construction of the Consolidated Rental Car Facility at Sea-Tac. Tax levy funding may

be used as directed by Port policy. The tax levy has funded noise mitigation efforts by the Airport not eligible for other airport funding.

Passenger facility charges (PFCs), which are regulated by federal law, were discussed. PFCs are capped at \$4.50 and are widely charged by other airports at the maximum amount to fund terminal and airfield projects. They cannot be used for operating and maintenance costs. Use of PFCs must be approved by the FAA. It was reported that had no PFCs been used to fund the construction of the Third Runway, the landing fee would have needed to rise to \$5.50 to compensate. The current landing fee of \$3.48 is considered middle-of-the-road and competitive, but \$5.50 is high compared to competitor airports. Use of PFCs translates into lower airline costs through the lowering of the rate base.

The next presentation on IAF financing will focus on recent examples of funding plans for international facilities based on a comparison to new construction in the U.S. since 2000 at a large hub airport in which the project was funded by the airport rather than airlines or third parties.

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

#### **RECESSED AND RECONVENED**

The meeting was recessed at 2:15 p.m. and reconvened at 2:30 p.m., chaired by Commissioner Gregoire.

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

#### **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.]*

*Agenda items 4d and 4i were removed from the Unanimous Consent Calendar for separate discussion and vote.*

- 4a. Approval of the minutes of the regular meetings of December 2 and 9, 2014, and the special joint meeting and evening town hall meeting of December 3, 2014.**
- 4b. Approval of the [Claims and Obligations](#) for the period June 1-June 30, 2015, in the amount of \$39,421,435.11 including accounts payable check nos. 904700-905276 in the amount of \$2,452,890.57, payroll check nos. P-179967-180137 in the amount of \$8,355,200.17, wire transfer nos. 013508-1-013565 in the amount of \$11,593,117.59, and EFTs nos. 035478-036080 in the amount of \$17,020,226.78 for a fund total of \$39,421,435.11.**
- 4c. Authorization for the Chief Executive Officer to execute a contract for tourism consulting services in the United Kingdom, for a cost not to exceed \$750,000 with a contract duration of one year plus 2 one-year options.**

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

*As noted above, the following agenda item –*

- 4d. Authorization for the Chief Executive Officer to proceed with contracting and construction of Terminal 18 Maintenance Dredging for an estimated cost of \$2,071,000, bringing the total authorization to \$3,216,000. (Expense Project U00033). [temporarily postponed]**

*– was temporarily postponed.*

- 4e. Authorization for the Chief Executive Officer to (1) utilize Port crews, and (2) advertise, award, and execute a major public works contract for reconfiguration of the construction laydown facilities as part of the Construction Logistics Expansion project at Seattle-Tacoma International Airport for an additional \$4,447,000. (CIP #C800688)**

Request document(s) included a Commission agenda [memorandum](#) and logistics site maps.

- 4f. Authorization for the Chief Executive Officer to execute a new collective bargaining agreement between the Port of Seattle and the International Brotherhood of Teamsters, Local 174 covering the period from June 1, 2015, through May 31, 2018, regarding seven Truck Driver employees.**

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

- 4g. Motion of the Port of Seattle Commission Appointing a Member of the Commission Ethics Board for 2015-2018.**

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

- 4h. Authorization for the Chief Executive Officer to increase the budget for the S4 and S6 International Corridor Connector Project (CIP #C800662) to address increased asbestos abatement costs, the additional cost to retain the full use of Gate S5 and the use of Port crews. The amount of this request is \$457,000 for a total estimated project cost of \$5,307,000.**

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

*As noted above, the following agenda item –*

- 4i. Authorization for the Chief Executive Officer to proceed with design and preparation of construction documents for the Terminal 102 Harbor Marina Corporate Center Roof and Heating, Ventilation, and Air Conditioning Units Replacement Project for an estimated cost of \$402,000, bringing the current authorization for this project to \$472,000 for a total estimated project cost of \$6,300,000. (CIP #C800196) [temporarily postponed]**

*– was temporarily postponed.*

**The motion for approval of consent items 4a, 4b, 4c, 4e, 4f, 4g, and 4h 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):

- Mark Hennon, Seattle, who commented on the Port's decision-making process.
- Zarna Joshi, Seattle, who commented on oil drilling in the Arctic.
- Goodspaceguy, King County, who commented on parking and the minimum wage.
- Fred Felleman, Friends of the Earth, who asked for clarification on agenda items 4d and 4i.
- Mike Sotelo, King County Hispanic Chamber, who commented on the Airport Jobs Center.
- Stefan Moritz, Unite Here Local 8, who commented on implementation of the Employment Continuity Pool for the Airport Dining and Retail Program.
- Anna Pavlik, City of Seattle Labor Equity Program Manager, who commented on expansion of workforce development and apprenticeship programs.
- Michael Foster, who commented on air pollution and increased aircraft traffic.
- Letters regarding expansion of the Airport's International Arrivals facility were received from Lufthansa and Hainan Airlines. Copies of the documents are attached as [Exhibit A](#) and [Exhibit B](#), respectively, and are available for public review.

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

*The Commission advanced to consideration of the following agenda item, which was removed from the Unanimous Consent Calendar for separate discussion and vote, as noted above –*

### **4d. Authorization for the Chief Executive Officer to proceed with contracting and construction of Terminal 18 Maintenance Dredging for an estimated cost of \$2,071,000, bringing the total authorization to \$3,216,000. (Expense Project U00033)**

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

Presenter(s): Catherine Chu, Capital Project Manager, Seaport Project Management.

Ms. Chu clarified the field work and disposal methods investigated for mitigating contaminated soils involved in maintenance dredging at Terminal 18 on the Duwamish River's East Waterway.

**The motion for approval of agenda item 4d 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.*

*The Commission advanced to consideration of the following agenda item, which was removed from the Unanimous Consent Calendar for separate discussion and vote, as noted above –*

- 4i. Authorization for the Chief Executive Officer to proceed with design and preparation of construction documents for the Terminal 102 Harbor Marina Corporate Center Roof and Heating, Ventilation, and Air Conditioning Units Replacement Project for an estimated cost of \$402,000, bringing the current authorization for this project to \$472,000 for a total estimated project cost of \$6,300,000. (CIP #C800196)**

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

Presenter(s): Joe McWilliams, Managing Director, Real Estate, and Tim Leonard, Capital Project Manager, Seaport Project Management.

Mr. Leonard clarified the roof replacement project's consideration of using photovoltaic cells, which were not compatible with the structural limitations of the building. He outlined other environmental remediation measures included in the project.

**The motion for approval of agenda item 4i 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.*

**6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS**

- 6a. Authorization for the Chief Executive Officer to continue design and permitting, prepare final construction documents, purchase test piles, advertise for construction bids for test pile installation, and conduct a test pile program as part of the Terminal 5 Berth Modernization for an estimated cost of \$5,000,000. The funding is in addition to the previously Commission-authorized amount of \$5,000,000 for a new total authorization of \$10,000,000 and was anticipated and accounted for in the 2015 budget.**

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

Presenter(s): Kurt Beckett, Deputy CEO; Michael Burke, Director, Seaport Leasing and Asset Management; and Anne Porter, Capital Project Manager, Seaport Project Management Group.

The presentation on Terminal 5 modernization included the following relevant information:

- Terminal 5 is an asset that will transition to the Northwest Seaport Alliance in 2016. The due diligence team and the Port of Tacoma are aware of the progress of the project and are supportive of this action request.
- Design is at 60 percent. Major project elements include strengthening the docks, deepening the berth, and provision of power adequate to support the newest class of ultra-large container ships.
- In-water work and the need to respect fish windows are among the many project challenges. Nevertheless, every effort is being made to expedite the project.

Commissioners expressed interest in strong communication and outreach with the community. Community engagement will transition to the Northwest Seaport Alliance, with support from the Port of Seattle, the terminal's home port. Comment will be fielded initially by the Alliance. Commissioners also discussed noise effects from the redevelopment. The use of vibratory pile drivers may mitigate some noise concerns in the community, although the final 30-50 feet of pile driving will require impact hammers.

**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: (1) execute the Model Toxics Control Act Consent Decree for the design and implementation of the environmental remediation for the Lora Lake Apartments Site; (2) to design and prepare construction documents for the environmental remediation at the Lora Lake Apartments Site, and (3) to amend the Floyd|Snider Service Agreement to complete additional design work for an estimated amount of \$985,000.**

Request document(s) included a Commission agenda [memorandum](#), presentation [slides](#), and consent decree and clean-up action [plan](#).

Presenter(s): Bob Duffner, Senior Manager, Aviation Environmental Programs, and Don Robbins, Senior Environmental Program Manager, Aviation Environmental Programs.

The purpose of the request is to execute the consent decree for environmental remediation at the Lora Lake Apartments site in the City of Burien and to commence design work and amend a service agreement in support of clean-up efforts. The consent decree delineates the technical requirements for clean-up by the Department of Ecology.

A draft consent decree was executed in 2013. It has been revised subsequent to completion of remedial investigation and feasibility study completed in January 2015. The changes from the draft consent decree include removal of 3,500 cubic yards of contaminated soil from the lake parcel to a containment area to the northeast. Removal of this soil was not required previously because of the need to remove mitigation plantings in the process. Upon further review, the Department of Ecology is requiring the soil removal.

Funding to accommodate the expanded service agreement scope is provided for in the single Environmental Remediation Liabilities authorization by which the Commission approves spending on environmental mitigation every year. Project cost increases are driven by the new soil removal requirement and by economic changes and natural escalation of construction rates.

Commissioners expressed interest in continued close coordination with the City of Burien on the project.

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.*

*Without objection, the Commission advanced to consideration of –*

**6d. Authorization for the CEO to advertise a competitive bid and execute a contract to perform workforce development services in support of Sea-Tac International Airport operations, including job training and educational programs directly associated with Airport-related jobs. The contract term will be two years with three one-year options for an estimated cost of \$775,000 in 2016, \$800,000 in 2017, and a total five-year contract amount of \$4,425,000. [subsequently laid on the table]**

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

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

The request continues the work of the Airport employment center and continues the existing training program at the Airport for two years. Expanded workforce development proposals addressing various sectors will follow in the fall. Additional recommendations will then be proposed for development of career pathways in the Aviation sector at a later date.

Commissioners expressed concern and frustration over the slow progress on meaningful workforce development recommendations and the apparently piecemeal approach of providing for training and job placement without a comprehensive strategy. Some observations were made about improving the strategic approach while maintaining basic services in the meantime.

*Without objection, further consideration of agenda item 6d was laid on the table.*

*Commissioner Bowman was absent after 3:30 p.m. Commissioner Bryant was absent after 3:45 p.m.*

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

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

**6c. Authorization for the Chief Executive Officer to execute a contract for the creation and management of an Employment Continuity Pool program for employees within the Airport Dining and Retail program with an annual estimated cost of \$100,000. The total contract cost is not expected to exceed \$300,000 during an estimated term through mid-2018.**

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

Presenter(s): Deanna Zachrisson, Business Leader, Airport Dining and Retail.



The employment continuity pool is a feature of the Quality Jobs provisions adopted by the Port Commission on November 25, 2014. Existing Airport Dining and Retail program employees displaced by leasing transitions at the Airport will comprise the pool. Employers operating four or more units in the program will be required to interview and hire from the pool. Employers operating three or fewer units will be required to interview from the pool, but will not necessarily be required to hire from it.

The request provides for contracting with a third party to manage the pool. Expectations of the vendor, employers, and employees, including provision and updates of required information were listed. The employment pool will eventually become unnecessary once lease transitions during the key redevelopment period are complete. This will likely occur by mid-2018.

Commissioners discussed the need for careful handling of sensitive personal information in the vendor database.

**The motion for approval of agenda item 6c carried by the following vote:**

**In favor: Albro, Creighton, Gregoire (3)**

**Absent for the vote: Bowman, Bryant**

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

*Agenda item 6d having been considered previously, the Commission advanced to consideration of –*

**7. STAFF BRIEFINGS**

**7a. Pier 66 Terminal Improvements.**

No presentation document(s) were provided.

Presenter(s): Linda Styrk, Managing Director, Maritime Division.

Ms. Styrk announced a development opportunity under discussion with Norwegian Cruise Lines (NCL) to provide significant improvements at the Pier 66 cruise terminal. A 15-year partnership is being discussed that would include a passenger volume commitment, substantial investment at Pier 66 by NCL, and commensurate sharing of tariff revenues. The anticipated economic benefit over the 15-year period is \$2 billion in regional revenues, 900 jobs, and over \$65 million in taxes. A new agreement with NCL would result in modified agreements for the property management of the Paul Schell Center at Pier 66. A CEO-executed, nonbinding letter of intent would be followed later by Commission authorization of a formal agreement.

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

**7b. 2015 Q2 Update on the Airport's NorthSTAR Program.**

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

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

Mr. England provided an update on the progress of the NorthSTAR program for redevelopment of Alaska Air Group's facilities at the Airport, particularly at the North Satellite. He reported on budget and schedules and noted performance relative to agreed project metrics and project accomplishments. He noted in particular the removal from the program of the North Satellite Exterior Stairs project, which will result in a budget decrease for the next quarterly update. Alaska has also decided not to pursue dual-door capabilities in the North Satellite Renovation and North Satellite Transit System Lobbies project.

*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 4:22 p.m.

Tom Albro  
Secretary

Minutes approved: July 28, 2015.