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**APPROVED MINUTES
COMMISSION SPECIAL MEETING JULY 28, 2015**

The Port of Seattle Commission met in a special meeting Tuesday, July 28, 2015, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire were present.

1. CALL TO ORDER

The meeting was called to order at 11:59 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 matters relating to litigation, legal risk, and sale or lease of real estate. Following the executive session, which lasted approximately 50 minutes, the public meeting reconvened at 1:08 p.m.

PLEDGE OF ALLEGIANCE

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

As noted on the agenda, the Commission advanced to consideration of –

5. PUBLIC TESTIMONY

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

- Mark Hennon, Seattle resident, who commented on the environmental impact of air traffic and the proposed new International Arrivals Facility.
- Norman Sigler, Seattle resident, who commented on Commission oversight of division heads, environmental issues, the tax levy, and the Seaport Alliance.
- Goodspaceguy, King County resident, who commented on the tax levy and the minimum wage.

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

Following public testimony, the Commission returned to consideration of –

3. SPECIAL ORDERS OF BUSINESS

3a. July 28, 2015, CEO Report.

Chief Executive Officer Ted Fick reported on a Port bond issuance of more than \$582 million for Airport capital projects not including the International Arrivals Facility, but covering projects such as

North Satellite renovations and rebuilding of the Center Runway. The savings on debt service from re-issuance of some of these bonds amounted to about \$42 million. Debt service and cost per enplanement will be reduced as a result in 2015 and 2016. He noted increases to net operating income and Port advocacy for the state's legislative transportation package.

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**3b. Forum on Seattle-Tacoma International Airport's International Arrivals Facility (IAF):
Financing, Planning, and Technology.**

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

Commission Chief of Staff Mike Merritt opened the hearing and made introductory remarks.

Discussion One: Airport Finance Overview

Participant(s): Borgan Anderson, Director, Aviation Finance and Budget; Jim Burchette, Vice President, AvAirPros; and Warren Adams, Managing Partner, WJ Advisors.

The third-party review of the Airport's IAF financing planning process was discussed. A goal of the review was to determine how other airports fund their IAFs. The criteria for establishing baseline comparisons were described, and the Federal Aviation Administration's (FAA) regulatory role in use of passenger facility charges (PFCs) was explained. When they were created in 1990, PFCs were structured with a measure of local control over their applied uses.

Of the 11 airports compared, all use PFCs to fund recent international facilities and there is no apparent correlation of the percentage of international passengers and PFC allocation. The percentage of PFC funding proposed at Sea-Tac is within the middle of the range compared to other airports.

In response to questions raised on July 14, 2015, it was reported that airports with use and lease agreements similar to Seattle-Tacoma International Airport include the Denver International, George Bush Intercontinental, and Los Angeles International Airports. None of these agreements include capital approval provisions. They have no process similar to Seattle's majority-in-interest ballot. It is difficult to determine whether reduction of airline service has resulted from cost-per-enplanement increases, due to the complex nature of airlines' decision-making processes for deploying service and the unavailability of specific data. International facilities are separate cost centers at Denver, George Bush, and Los Angeles International.

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Discussion Two: IAF Planning History

Participant(s): Elizabeth Leavitt, Director, Aviation Planning and Environmental Services; and Ross Payton, Principal, architectural firm Corgan.

Examples of concepts proposed to improve international facilities and ease Airport congestion, including the favored options from a 2009 study, were discussed. The merits of different configurations, deployment of technology, passenger pre-clearance, and rescheduling peak arrivals (slotting) were noted. The factors influencing the current proposal of a landside facility with

a connector bridge to the South Satellite were reviewed. Customs and Border Protection requirements that are factored into IAF planning were presented.

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

Discussion Three: Independent Architectural Review

Participant(s): Andy Bell, Airport Market Sector Lead, Kimley-Horn; Kiran Merchant, CEO, DY Consultants; and Mike Ducette, Deputy Executive Director, Los Angeles World Airports.

The results of independent review of the current IAF design were presented. The design process was found to be holistic and demand-driven, with thoroughly examined alternatives. Reviewers commented on innovative ideas discovered during the design process. They noted that the due diligence exercised exceeds industry norms and remarked favorably on stakeholder engagement. Potential design weaknesses, such as possible passenger choke-points, were noted and inclusion of accommodations for permanent busing operations was recommended. Also recommended was permanent relocation of the Ground Transportation lot beneath the A Concourse. The Commission was cautioned about ancillary capacity issues, such as utility capacity and adequate vertical conveyance capacity. Reviewers endorsed use of the progressive design-build project delivery method. The use of connection times as a key metric was commended. It was noted that technology can ease capacity issues, but is not an alternative to expansion and redevelopment of international facilities.

It was acknowledged that many of the recommendations of the peer review seem to suggest that the project cost might increase, rather than decrease overall costs. It was also acknowledged that the business interests of airlines may differ from the long-term interests of airports.

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Discussion Four: Design-Build Contractor and Validation Process

Participant(s): David Brush, IAF Program Leader, and Lou Palandrani, Senior Vice President, Clark Construction.

It was reported that the design-build contract for the IAF was executed July 20, 2015. A 120-day design-build validation phase is underway and should conclude before December. Concepts and decisions introduced as a result of the Commission's 90-day IAF program comment period will be addressed during validation. A refined IAF concept and target budget and schedule will be produced. Authorization of design will follow validation.

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Discussion Five: Customs and Border Protection; Technology at Federal Inspection Service Facilities

Participant(s): David Brush, IAF Program Leader; Dan Tanciar, Director, Travel and Tourism Initiatives, Customs and Border Protection Office of Field Operations; and Mark Wilkerson, Customs and Border Protection Seattle Area Port Director.

The Airport's strong working relationship with Customs and Border Protection (CBP) was discussed. CBP is enthusiastic about the use of technology and new processes to streamline processing of international passengers. Pre-clearance screening of passengers on foreign soil was discussed. The security requirements for pre-clearance were summarized, and it was noted that budget or security events in either the partner country or the U.S. have the potential to alter pre-clearance agreements. It is possible other countries could perform pre-clearance for U.S. passengers, but not necessarily for passengers bound for Seattle-Tacoma International Airport. Passenger volumes and the increasing shortage of wide-body gates during peak arrival times was discussed.

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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.]

The minutes of the special afternoon meeting of January 13, 2015, were removed from consideration of agenda item 4a without objection. Item 4a was considered as including only the minutes of January 6, 2015, and July 14, 2015.

4a. Approval of the minutes of the regular meeting of January 6, 2015, and the regular meeting of July 14, 2015. [January 13, 2015, removed]

4b. Motion to appoint Mike Merritt to serve as Port of Seattle Commission Chief of Staff.

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

The motion for approval of consent items 4a and 4b 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 received Public Testimony previously, and no further public testimony was offered at this time.

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS – None.

7. STAFF BRIEFINGS – None.

8. ADDITIONAL NEW BUSINESS – None.

9. ADJOURNMENT

There was no further business, and the meeting adjourned at 4:25 p.m.

Tom Albro
Secretary

Minutes approved: September 22, 2015.