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APPROVED MINUTES COMMISSION REGULAR MEETING AUGUST 11, 2015

The Port of Seattle Commission met in a regular meeting Tuesday, August 11, 2015, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire were present. Commissioner Bryant was absent after 4:37 p.m.

1. CALL TO ORDER

The meeting was called to order at 12:03 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 sale or lease of real estate. Following the executive session, which lasted approximately 60 minutes, the public meeting reconvened at 1:20 p.m.

PLEDGE OF ALLEGIANCE

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

3. SPECIAL ORDERS OF BUSINESS

3a. August 11, 2015, CEO Report.

Chief Executive Officer Ted Fick reported that Lindsay Pulsifer had been appointed interim Director of the Port's Maritime Division following the departure of Linda Styrk.

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

Without objection, the Commission advanced to consideration of public testimony regarding agenda item 3b –

PUBLIC TESTIMONY

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

- Monty Anderson, Seattle Building Trades, who commented in support of the Port's redevelopment plans with Norwegian Cruise Lines at Pier 66 and in support of a project labor agreement for the work to be done.
- Abdul Yusuf, a for-hire driver, who commented on competitive opportunities for for-hire drivers at the Port's cruise terminals.

- Samatar Guled, a for-hire driver, who commented on competitive opportunities for for-hire drivers at the Port's cruise terminals.
- Fred Felleman, Friends of the Earth, who commented on the speed of executing the lease at Pier 66 and noted specific environmental concerns.
- Bruce Borem, Puget Sound Dispatch and Yellow Cab, who commented on the opportunity for any metered cab to operate at the Port's cruise terminal at Pier 66.

3b. Request Commission authorization for the Chief Executive Officer to execute: (1) Lease Agreement with Norwegian Cruise Line Holdings Ltd. at the Bell Street Cruise Terminal at Pier 66; (2) Sublease Agreement with Norwegian Cruise Line Holdings Ltd.; (3) Amended and Restated Cruise Terminal Lease Agreement with Cruise Terminals of America LLC; (4) Second amendment to the Conference and Event Center Management Agreement with Columbia Hospitality Inc.; (5) Lease Agreement with Columbia Hospitality Inc. for premises in the World Trade Center West building; and (6) as necessary to meet the Port's obligations under the Bell Street Cruise Terminal Lease Agreement, an authorization for an early lease termination agreement with owners of the Bell Street Deli; with the exception of item #6, all substantially in the form provided with this memo.

Request document(s) included a Commission agenda [memorandum](#), [lease agreement](#) between the Port and NCLH, [sublease agreement](#) between the Port and NCLH, [lease agreement](#) between the Port and CTA, [amendment](#) to management agreement between the Port and CHI, and [lease agreement](#) with CHI for space at the World Trade Center Seattle.

Presenter(s): Michael McLaughlin, Director, Cruise and Maritime Operations; Paul Bintinger, Senior Port Counsel; Colin Murphy, Senior Vice President – Destination & Port Operations, Norwegian Cruise Line; Tom Norwalk, President, Visit Seattle; and Brian Flaherty, Vice President of Columbia Hospitality and General Manager of Bell Harbor and World Trade Center.

The need for improved cruise facilities at Pier 66, based on projected passenger growth, was summarized. Staff reported on the proposal by Norwegian Cruise Line Holdings to partner with the Port to upgrade the Pier 66 facilities. The lease would apply to about 152,000 square feet at Pier 66 and includes apron, dock, and berthing areas. Norwegian would manage the terminal and perform a number of capital improvements. The term is 15 years with a five-year option to extend. Renovations are estimated at \$30 million, which the Port and Norwegian would split evenly.

Rights of use of the facilities during and outside of cruise season were described and alterations to the Port's agreements with Cruise Terminals of America and Columbia Hospitality were explained. Mr. Murphy, Mr. Norwalk, and Mr. Flaherty all spoke favorably of the arrangement and the collaborative relationships of their respective organizations with the Port.

The motion for approval of agenda item 3b 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.

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

5. PUBLIC TESTIMONY

In addition to the testimony provided earlier on agenda item 3b, public comment was received from the following individual(s):

- Sandy Sun, Manchu Wok at the Airport, who commented on the proposed use of her lease space and on favoritism in leasing within the Airport Dining and Retail program.
- Rod O’Neal, Sea-Tac Bar Group and the Africa Lounge at the Airport, who commented on what he described as unethical actions and offensive comments made by staff within the Airport Dining and Retail program.
- Goodspaceguy, King County resident, who commented on Norse languages, homelessness, and the minimum wage.
- Eddie Rye Jr., Community Coalition for Contracts and Jobs, who commented on investigation of reported discriminatory and offensive comments by Port staff. Mr. Rye submitted a letter from the Washington Legislature’s Members of Color Caucus regarding complaints of discrimination against Port staff. The letter is attached as minutes [Exhibit A](#) and is available for public review.
- Dale Bright, Laborers Union Local 242, who commented on lack of oversight of tenant reimbursement agreements for compliance with prevailing wages. Mr. Bright submitted written comments, which are included here as minutes [Exhibit B](#) and are available for public review.
- David Fukuhara, Concourse Concessions, who commented on lack of support for small and disadvantaged businesses bidding on leases at the Airport.
- Fred Felleman, Friends of the Earth, who commented on the lack of community engagement in working out a lease with Norwegian Cruise Lines at Pier 66 and on use of emissions scrubber systems on cruise ships.
- John Head, General Manager – Delta Air Lines Corporate Real Estate, submitted a letter regarding Delta’s supplier diversity program. A copy is attached as minutes [Exhibit C](#) and is available for public review.

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

3c. Forum on Seattle-Tacoma Airport’s International Arrivals Facility: Airline Roundtable.

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

Facilitator: Kate Snider, Principal, Floyd Snider.

The following individuals were present to participate in the policy roundtable discussion:

- Ted Fick, CEO, Port of Seattle.
- Joe Sprague, Sr. Vice President Communications and External Relations, Alaska Airlines.
- Kirk Hotelling, Managing Director, Properties and Airport Affairs, American Airlines.

- Gary Weiss, Seattle General Manager, ANA.
- Tom Sykes, Seattle Station Manager, British Airways.
- David Hamm, Managing Director, Corporate Real Estate, Delta Air Lines.
- Brian Zerwas, Airport Service Officer, Emirates.
- Joel Chusid, Executive Director, USA, Hainan Airlines.
- Jinho Kim, Seattle Station Manager, Korean Air.
- Maria Haeckermann, Seattle Station Manager, Lufthansa.
- Steve Sisneros, Director, Airport Affairs, Southwest Airlines.
- Sam Esayian, Airline Representative, Sun Country Airlines.
- Nathan Lopp, Managing Director, Corporate Real Estate, United Airlines.

Participants discussed the Airport's plans for a new International Arrivals Facility. Matters of interest included ease of connections and reduction of connection times, the need for improvements to the South Satellite and customer service standards for international passengers, access for international carriers to lounge facilities essential to their customers, accessibility of gates to airlines, increasing passenger volumes, the need for better connection of international passengers to the Port's cruise facilities, the need for ease of baggage connections, doubts about the accuracy of forecasted passenger growth, and concerns about the cost of the facility.

Domestic carriers emphasized the need for an equitable financing plan based on the principle that the users of the facility should bear its cost. They proposed a variety of alternatives, including hardstand and towing operations, aimed at reducing the project's scope and cost. International carriers noted needs for wheelchair accessibility and expressed concerns regarding increasing instances of passengers being held on board for extended periods of time. Some expressed concerns about the compatibility of a sky bridge connector between the South Satellite and landside IAF with potential movement of larger aircraft, such as the Airbus 380, on the taxiways. Use of preclearance opportunities at foreign airports, optimal use of technology to manage passenger throughput, and the proper use of passenger facility charges to fund the new facility's construction were discussed.

Discrepancies were noted in the argument that international passengers and airlines should bear the burden of the cost of the IAF, based on their contribution over time to airport improvements that had no exclusive benefit to international passengers and based on the understanding that the Airport's proposed use of passenger facility charges is comparable and moderate when compared to the use of PFCs by peer airports. The Commission expressed its openness to design alternatives and its concern about overall cost, but emphasized the need for the new IAF to accomplish its purposes and contribute to the marketability of Seattle-Tacoma International Airport.

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

RECESSED AND RECONVENED

The meeting was recessed at 4:15 p.m. and reconvened at 4:25 p.m., chaired by Commissioner Gregoire.

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 morning joint meeting of January 13, 2015.**
- 4b. **Approval of the [Claims and Obligations](#) for the period July 1-July 31, 2015, in the amount of \$57,400,288.29 including accounts payable check nos. 905277-905971 in the amount of \$8,237,758.82, payroll check nos. P-180138-180398 in the amount of \$12,719,992.85, wire transfer nos. 013566-013623 in the amount of \$14,334,612.31, and EFTs nos. 036081-036753 in the amount of \$22,290,895.26 for a fund total of \$57,400,288.29.**
- 4c. **Authorization for the Chief Executive Officer to execute Lease Amendment No. 2 of the existing Mezzanine Lease with the Transportation Security Administration represented by the General Services Administration (TSA). This amendment extends the term of the lease for one additional agreement year and increases the rental rate.**

Request document(s) included a Commission agenda [memorandum, Amendment No. 2](#), and [site plan](#).

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

Public testimony having been considered previously, the Commission advanced to consideration of –

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

Without objection, the following agenda item –

- 6a. **Second Reading and Final Passage of Resolution No. 3710: A Resolution of the Port Commission of the Port of Seattle declaring certain personal property surplus (Port of Seattle MHI Cranes No. 70, 71, and 72 and related spare parts at Terminal 18) for Port of Seattle purposes; authorizing their sale to SSA Terminals LLC; and authorizing the Chief Executive Officer to execute all documents related to such sale or disposal. *[laid on the table]***

– was laid on the table and Resolution No. 3710 did not obtain Second Reading.

- 6b. **Authorization for the Chief Executive Officer to: (1) authorize \$11,791,755 of tenant reimbursement budget between the Port and Delta Air Lines for the design and construction of an additional floor on an existing building located between Concourses A and B to house a new Delta SkyClub at Seattle-Tacoma International Airport; (2) execute a Tenant Reimbursement Agreement with Delta for this purpose under the Airport's AV-2 Policy; and (3) authorize \$1,933,245 of non-tenant reimbursement budget for Port-completed utility work and other Port costs including overhead associated**

with this project. This request seeks a single Commission authorization to proceed with design, abatement, and construction. The total cost to the Port for this project shall not exceed \$13,725,000. (CIP #C800690)

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

Presenter(s): James Jennings, Manager, Aviation Properties, and Sean Anderson, Capital Project Manager, Aviation Project Management Group.

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.

Commissioner Bryant was absent after 4:37 p.m.

7. STAFF BRIEFINGS

Without objection, the following agenda item –

7a. 2015 Second Quarter Financial Performance Briefing. *[laid on the table]*

– was laid on the table.

7b. Briefing on Fishermen’s Terminal Long Term Strategic Planning Process.

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

Presenter(s): Stephanie Jones Stebbins, Director, Environmental and Planning Services, Maritime, and Joseph Gellings, Senior Planner, Maritime.

Existing facilities and economic impact of Fishermen’s Terminal were described and the terminal’s background as the hub of the North Pacific fishing fleet was discussed. New scope and goals for strategic planning at Fishermen’s Terminal were summarized. Updated goals for the planning effort include doubling the economic value of the fishing and maritime cluster to 32,000 local jobs and \$2 billion in business revenue, improving overall financial returns to allow fulfillment of commitments to the maritime industry and taxpayers, prioritizing uses in support of commercial fishing, prioritizing development that maximizes utilization of facility assets, and recognizing and enhancing Fishermen’s Terminal as a living community landmark. There was a discussion of the intent of doubling the economic value of the fishing and maritime cluster after adjusting for inflation over the 25-year horizon of the Century Agenda. That value would presumably be much higher than \$2 billion.

Commissioners commented on using Fishermen’s Terminal in a way that promotes other Century Agenda goals beyond the interests limited to the fishing and maritime sector.

Recent Fishermen's Terminal improvements and stakeholder outreach were described. Themes arising from stakeholder involvement include confirmation that the existing zoning of the facility is correct, that the industrial character of the facility should be preserved, that operational conflicts with existing uses should be avoided, and that net shed storage should continue to be offered with incorporation of continued net shed compliance improvements.

Opportunities for redevelopment at Fishermen's Terminal include some net shed over-capacity and two vacant facilities that require improvements in order to be leasable. Staff was encouraged to approach their conversations with fishers from the perspective of inquiring what the Port can do to catalyze tenant business growth, not simply meet immediate needs. Zoning requirements were summarized, and next steps in site planning were outlined. High-level concepts are expected to be presented to the Commission in the first quarter of 2016.

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

Without objection, the following agenda item –

7c. Sustainable Airport Master Plan Update. [laid on the table]

– was laid on the table.

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 5:05 p.m.

Tom Albro
Secretary

Minutes approved: September 22, 2015.