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

The Port of Seattle Commission met in a regular meeting Tuesday, November 24, 2015, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bowman, Creighton, and Gregoire were present. Commissioner Bryant participated by telephone until 2:21 p.m.

1. CALL TO ORDER

The meeting was called to order at 12:04 p.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 three matters relating to litigation and legal risk and one matter relating to litigation, legal risk, and performance of a publicly bid contract. At 1:02 p.m., the Commission Clerk announced on behalf of the presiding officer that the executive session would be extended until 1:17 p.m. to finish consideration of the matters previously announced. Following the executive session, which lasted approximately 75 minutes, the public meeting reconvened at 1:33 p.m. chaired by Commission Co-President Courtney Gregoire, who led the flag salute.

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

3. SPECIAL ORDERS OF BUSINESS

3a. November 24, 2015, CEO Report.

Ted Fick, Chief Executive Officer, reported on Airport security readiness in the wake of terrorist attacks in Paris, France, recognition of the Airport's pre-conditioned air project, and small and disadvantaged business development opportunities, including the launch of a new small business accelerator program.

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.]

- 4a. **Approval of the minutes of the regular meeting of May 12 and the special meeting of November 10, 2015.**
- 4b. **Approval of Claims and Obligations for the period October 1-October 31, 2015, in the amount of \$51,567,011.63 including accounts payable check nos. 907017-907632 in the amount of \$6,611,627.06, payroll check nos. P-180750-180954 in the amount of \$8,152,806.94, wire transfer nos. 013725-013780 in the amount of \$10,486,859.11, and EFTs nos. 037841-038365 in the amount of \$26,315,718.52 for a fund total of \$51,567,011.63.**
- 4c. **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 117, covering the period from January 1, 2015, through December 31, 2017, and affecting 15 Police and Fire Communication Specialist position.**

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

- 4d. **Revision of the December 9, 2014, authorization for the Chief Executive Officer to execute a lease and concession agreement with HMS Host to remove one food service location from their lease and reduce their Minimum Annual Guarantee by \$77,000.**

Request document(s) included a Commission agenda memorandum.

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

5. PUBLIC TESTIMONY

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

- Roxan Seibel, United Food and Commercial Workers (UFCW) and Hudson, regarding leave policies and wages for Airport Dining and Retail employees.
- Amran Ibrahim, UFCW and Hudson, regarding wages for Airport Dining and Retail employees.
- Stefan Moritz, Unite Here, regarding the Airport Dining and Retail street pricing policy.
- Joe Mizrahi, UFCW Local 21, regarding the Airport Dining and Retail street pricing policy.
- In lieu of verbal testimony, Steven Sterne, General Manager, Keeney's Office Supply, submitted a letter regarding the proposed office supply procurement in agenda item 6f, which is attached as minutes Exhibit A and is available for public review.
- In lieu of verbal testimony, Elaine Holmes, Port of Seattle Construction Labor Group, submitted written comments regarding Port salaries and benefits, agenda item 6c. A copy is attached as minutes Exhibit B and is available for public review.

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 execute a contract to construct Phase Two of the South Satellite Interior Renovations project at Seattle-Tacoma International Airport. This request is for \$2,435,000 of a total estimated project cost of \$4,356,000. (CIP #C800549).**

Request document(s) included a revised Commission agenda memorandum and presentation slides.

Presenter(s): Wayne Grotheer, Director, Aviation Project Management, and Daniel Zenk, Senior Manager Airport Operations.

There was a presentation on the requested action, including the history of phasing of South Satellite improvements and the scope of the improvements currently proposed. A typographical error on page 3 of the memo was corrected to indicate proposed authorization in the fourth, rather than the third, quarter of 2015.

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. Second Reading and Final Passage of Resolution No. 3713, as amended: A resolution of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2016; making, determining, and deciding the amount of taxes to be levied upon the current assessment roll; providing payment of bond redemptions and interest, cost of future capital improvements and acquisitions, and for such general purposes allowed by law which the Port deems necessary; and directing the King County Council as to the specific sums to be levied on all of the assessed property of the Port of Seattle District in the Year 2016.**

Request document(s) included a Commission agenda memorandum, draft resolution, and presentation slides.

Presenter(s): Dan Thomas, Chief Financial Officer, and Dave McFadden, Managing Director, Economic Development.

Previously, First Reading of Resolution No. 3713 was approved on November 10, 2015.

The proposed 2016 budget was summarized. Operating revenue is forecast at \$584.6 million; operating expenses are budgeted at \$336.0 million; net operating income is forecast at \$248.6 million; the capital budget for 2016 is \$408.4 million; and the tax levy is proposed at \$72 million, a \$1 million reduction from 2015. Key budget drivers were described. Workforce development and career pathway programs included in the Economic Development budget were noted. Commissioners commented favorably on increased attention in the budget for workforce development and provided direction on the need for strategic workforce development efforts. There was discussion on the merit of reducing the tax levy to \$72 million. The Port's uses of tax levy funding were summarized. Clarification of budget increases in the recently reorganized Maritime Division was requested.

The motion for Second Reading and Final Passage of [Resolution No. 3713](#), as amended (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 2:21 p.m.

6c. Second Reading and Final Passage of Resolution No. 3712: A resolution of the Port Commission of the Port of Seattle establishing jobs, pay grades, pay ranges, and pay practices for Port employees not represented by a labor union; authorizing legally required benefits, other benefits for Port employees not represented by a labor union including retirement, paid leave, healthcare, life insurance and disability benefits, benefits for Port of Seattle retirees, and benefits for Port of Seattle Commissioners; and authorizing this resolution to be effective on January 1, 2016, and repealing all prior resolutions dealing with the same subject, including Resolution No. 3699. [as introduced without the proposed performance pay section III and subsequently laid on the table]

Request document(s) included a Commission agenda memorandum, draft resolution, comparison document, and salary range document.

Presenter(s): Tammy Woodard, Assistant Human Resources Director – Total Rewards.

Previously, First Reading of Resolution No. 3712 was approved on November 10, 2015.

Commissioners received a presentation that included answers to several clarifications sought during the resolution's presentation on November 10. There was discussion of employee responses to proposed salary and benefits changes for 2016, particularly implementation of a 40-hour work week and provision of a parental leave benefit. Commissioners provided direction regarding responding to employee questions and comments regarding new provisions. In response to Commissioner inquiry, Dan Thomas, Chief Financial Officer, reported that temporary postponement of the salary and benefits resolution would not interfere with the timely filing of the Port's 2016 budget with King County, as required by statute.

Without objection, agenda item 6c was laid on the table and Resolution No. 3712 did not obtain Second Reading.

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

6d. Authorization for the Chief Executive Officer to provide short-term Airport concessions pricing flexibility in order to accommodate City of SeaTac Ordinance 13-1020 (commonly referred to as Proposition One) that increases employee minimum wages to \$15.24. The Chief Executive Officer would be authorized to implement pricing flexibility by revising the Port's policy regarding street pricing in order to allow tenants in the Airport Dining and Retail Program to set prices at not more than 10% above "street" prices for all products and services sold from December 1, 2015, through December 31,

2019. As of January 1, 2020, the policy shall revert to its current state. Consistent with this change, staff also requests the Commission to authorize the Chief Executive Officer to amend all existing leases in the Airport Dining and Retail Program to reflect this change. *[subsequently amended by substitution]*

Request document(s) included a Commission agenda [memorandum](#), a [memorandum](#) to the Commission from CEO Ted Fick, and presentation [slides](#). An [alternative action request](#) was provided on the day of the meeting, but was not introduced for adoption.

Presenter(s): Jim Schone, Director, Aviation Business Development.

In opening remarks on agenda items 6d and 6e, CEO Ted Fick proposed a substitute action request for agenda item 6d, which is provided below.

Commissioners provided direction on providing flexibility to businesses in order to facilitate implementation of provisions of Ordinance 13-1020 in the Airport Dining and Retail program and on appropriate conditions for allowing higher pricing of goods and services relative to street pricing. Commissioners discussed a phased approach to returning to street pricing at the Airport and the need to balance the needs of businesses, employees, and the traveling public.

The substitute action request reads as follows:

Authorization for the Chief Executive Officer to provide short-term Airport concessions pricing flexibility in order to accommodate City of SeaTac Ordinance 13-1020 (commonly referred to as Proposition One) that increases employee minimum wages to \$15.24.

The CEO is authorized to implement pricing flexibility by revising the Port's policy regarding street pricing to allow tenants in the Airport Dining and Retail program to set prices at not more than 10 percent above "street" prices for all products and services sold from Dec. 1, 2015, through Dec. 21, 2019; provided that, said increase will only be extended to current employers if they offer:

- a. The minimum wage standards set forth in the City of SeaTac minimum wage ordinance;**
- b. Payment of sick and safe time, which shall be accrued at the rate of one hour for every 40 hours worked;**
- c. Health insurance to full-time employees, consistent with the Affordable Care Act; and**
- d. Comply with any reasonable request from Port staff for verification of actual wages paid to the tenant's employees.**

These requirements may be waived for employers with a bona fide collective bargaining agreement.

Further, the increase over street pricing will be phased out by January 1, 2020, according to the following schedule:

- a. Pricing for all products and services would be set at no more than 10 percent above street pricing from December 1, 2015, through December 31, 2016;**

- b. Pricing for all products and services would be set at no more than 7.5 percent above street pricing for calendar year 2017;
- c. Pricing for all products and services would be set at no more than 5.0 percent above street pricing for calendar year 2018;
- d. Pricing for all products and services would be set at no more than 2.5 percent above street pricing for calendar year 2019; and
- e. As of January 1, 2020, the street pricing policy shall revert to its current state.

The motion for approval of the substitute action request for agenda item 6d, as described above, 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.

6e. Authorization for the Chief Executive Officer to conduct competitive solicitations and execute lease and concession agreements with selected proposers for ten new small business-oriented opportunities: (1) Single Unit #2 – Food Service/Fast Casual; (2) Single Unit #6 – Food Service/Casual Dining; (3) Single Unit #8 - Food Service/Gourmet Coffee; (4) Small Unit #16 – Personal Services/Manicure (1 unit); (5) Small Package #6 – Personal Services/Massage (2 units); (6) Single Unit #12 - Small Specialty Retail; (7) Small Package #2 – Specialty Retail (2 units); (8) Small Package #3 – Specialty Retail/Tech Products (2 units); (9) Single Unit #15 – Specialty Retail; (10) Single Unit #14 – Passenger Services - Baggage/Luggage Storage and Delivery. Unit and package numbers reflect how each is denoted in the ADR master plan. *[as revised]*

Request document(s) included a revised Commission agenda [memorandum](#), [memorandum](#) to the Commission from CEO Ted Fick, revised presentation [slides](#), and the following lease descriptions:

- Food Service [Single Unit No. 2](#)
- Food Service [Single Unit No. 6](#)
- Food Service [Single Unit No. 8](#)
- Personal Services [Single Unit No. 16](#)
- Personal Services [Small Package No. 6](#)
- Specialty Retail [Single Unit No. 12](#)
- Specialty Retail [Small Package No. 2](#)
- Specialty Retail [Small Package No. 3](#)
- Specialty Retail [Single Unit No. 15](#)
- Passenger Service [Single Unit No. 13](#)

Presenter(s): Jim Schone, Director, Aviation Business Development.

[Clerk's Note: A similar lease package proposal was considered by the Commission on August 4, 2015, and was laid on the table at that time.]

The Commission received a presentation that described the changes to the lease package since August 4 and the outreach activities conducted since then, including sessions for architecture, engineering, and consulting businesses (AECs). It was noted that Personal Services Single Unit No. 16 had been revised to remove a unit due to considerations of current litigation. A competitive evaluation process is proposed. This selection method was contrasted with the more complicated request for proposals process.

Commissioners requested clarification regarding staggered lease lengths and offered direction regarding not providing lease extensions in the future program. Commissioners also provided direction on the appropriate use of consultant services for the Airport Dining and Retail program with respect to the competitive evaluation process and the need for broad community involvement in the evaluation process.

Commissioners requested additional clarification regarding the definition of small business vis-à-vis locally owned franchises. There was a robust discussion of the appropriate distribution of points in the evaluation process. Direction was provided on providing scoring weight to environmental stewardship and provision of a Northwest Sense of Place.

Commissioners expressed a desire for revision of evaluation criteria based on Commission direction with the intention of reviewing the request again on December 8.

Without objection, agenda item 6e was laid on the table.

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

6f. Authorization for the Chief Executive Officer to execute contract(s) for up to five years (1 year initial term with four one-year options) for office supplies. The estimated value is \$1,300,000 for five years.

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

Presenter(s): Dave Caplan, Senior Director, Strategic Initiatives, and Tim Jayne, Senior Manager, Purchasing.

[Clerk's Note: A similar authorization request was considered by the Commission on October 27, 2015, and was laid on the table at that time.]

Mr. Caplan described the actions taken in response to Commission direction of October 27. Commissioners requested clarification of the overall strategy associated with the proposed procurement and its relationship to current contracts for office supplies.

Without objection, agenda item 6f was laid on the table.

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

RECESSED AND RECONVENED

The meeting was recessed at 3:51 p.m. and reconvened at 4:04 p.m., chaired by Commissioner Bowman.

7. STAFF BRIEFINGS

7a. Flight Corridor Safety Obstruction Management Briefing.

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

Presenter(s): Mark Coates, Senior Manager Airport Operations, Airfield Operations.

There was a presentation on the airfield safety requirements to remove obstructions within a certain air space above properties near the Airport. In this context, obstructions generally means trees that have grown to a height that requires their removal. The phased approach and community outreach planned were summarized. Ongoing requirements for obstruction evaluation and removal by the Federal Aviation Administration were noted. Commissioners requested that the authorization request be accompanied by a replanting proposal such that there would be no net loss of trees as a result of obstruction removal.

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

7b. 2015 Quarter 3 NorthSTAR Program and North Satellite Project Briefing.

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

Presenter(s): Mark Reis, Managing Director, Aviation, and George England, Capital Program Leader, Aviation Project Management.

The Commission received a presentation that included a brief overview of the history of the NorthSTAR program and the Port's relationship with the project proponent Alaska Airlines. The current status of the projects comprising the overall program was summarized, including schedule and budget variances and attainment of measurable outcomes. Commissioners commented on value engineering efforts being balanced by the need for an inviting facility and on the dynamism of the project and attainment of apprenticeship goals.

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

8. ADDITIONAL NEW BUSINESS – None.

RECESSED AND RECONVENED

The meeting was recessed at 4:35 p.m. to an executive session estimated to last 15 minutes to discuss one matter relating to qualifications for public employment. Following the executive session, which lasted approximately 40 minutes, the public meeting reconvened at 5:15 p.m.

9. ADJOURNMENT

There was no further business, and the meeting adjourned at 5:15 p.m.

Tom Albro
Secretary

Minutes approved: December 8, 2015.