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**APPROVED MINUTES
COMMISSION REGULAR MEETING MARCH 14, 2017**

The Port of Seattle Commission met in a regular meeting Tuesday, March 14, 2017, at Port of Seattle Headquarters, Commission Chambers, 2711 Alaskan Way, Seattle, Washington. Commissioners Albro and Felleman were present. Commissioner Bowman participated by telephone. Commissioners Creighton and Gregoire were absent.

1. CALL TO ORDER

The meeting was called to order at 1:00 p.m. by Commission President Tom Albro, who led the flag salute.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110 – None.

3. SPECIAL ORDERS OF BUSINESS

3a. March 14, 2017, CEO Report.

Dave Soike, Interim Chief Executive Officer, previewed several items on the day's agenda and made announcements concerning the latest Executive Order banning travel to the United States from certain countries, increases to parking rates at the Airport parking garage, and the March 13 blessing of the fishing fleet at Fishermen's Terminal.

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

Without objection, the Commission advanced to consideration of –

5. PUBLIC TESTIMONY

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

- Mark Hennon, Seattle resident, regarding improved fire fighting equipment at the Airport.

Further public testimony was offered later under the order of Additional New Business.

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

Following consideration of public testimony, the Commission returned to consideration of –

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.]

At the request of Commissioner Albro, agenda item 4b was removed from the Unanimous Consent Calendar for separate discussion and vote.

4a. Approval of the minutes of the special meetings of February 2 and 28, and the regular meeting of February 28, 2017.

The motion for approval of consent item 4a carried by the following vote:

In favor: Albro, Bowman, Felleman (3)

Absent for the vote: Creighton, Gregoire

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

The Commission advanced to consideration of –

ITEMS REMOVED FROM CONSENT

4b. Authorization for the Chief Executive Officer to execute a procurement for two 3,000-gallon Aircraft Rescue Firefighting (ARFF) Vehicles at a cost of \$2,200,000 including equipment and taxes (CIP #C800878).

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

Presenter(s): Randy Krause, Fire Chief.

Chief Krause summarized the request and described the readiness of the Airport fire fighting team and equipment, which includes another 3,000-gallon vehicle and a 4,500-gallon vehicle able to extend to reach 65 feet that was procured in 2016. He explained that following closure of Taxiway J in 2015, the Fire Department immediately established an interim station to comply with Federal Aviation Administration requirements for minimum airfield response times, which were never compromised. Commissioners asked about disposal and surplus options for older equipment.

The motion for approval of agenda item 4b carried by the following vote:

In favor: Albro, Bowman, Felleman, (3)

Absent for the vote: Creighton, Gregoire

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

Public testimony was considered previously, and the Commission advanced to consideration of –

6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS

- 6a. Authorization for the Chief Executive Officer to prepare design documents for Airport Signage and Wayfinding Short-Term Improvements and to advertise and execute major construction contracts and utilize Port crews to complete immediate and short-term improvements at Seattle-Tacoma International Airport for an estimated cost of \$2,000,000 (CIP #C800898).**

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

Presenter(s): Jeffrey Brown, Director, Aviation Facilities and Capital Programs; Heather Karch, Architect, Aviation Facilities and Infrastructure; and Joseph Labozan, Principal, Labozan and Associates.

Commissioners received a presentation that summarized the methodology and considerations, such as scale, height, illumination, and number of signs, involved in proposing short-term improvements to signage and wayfinding at the Airport. Current conditions were presented and factors affecting potential improvements were explained. Commissioners requested a protocol be developed to inform the trade-offs between informational and advertising signage, which often compete for passengers' attention in the Airport terminal. Commissioners commented on the readability of the departure and arrival information in the flight information display system signs and confusion inherent in signs pointing to the Airport's internal transit system connecting the North and South Satellites versus Sound Transit's light rail system.

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

In favor: Albro, Bowman, Felleman (3)

Absent for the vote: Creighton, Gregoire

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

- 6b. Authorization for the Chief Executive Officer to: (1) design and prepare construction documents for the relocation of Taxiway L and mitigation of safety concerns at Taxiway Q at Seattle-Tacoma International Airport; (2) transfer \$3,045,000 previously authorized budget from the NorthSTAR program (North Satellite Taxiway A/B Reconfiguration) to combined Taxiway A/B/L/Q capital improvement project; and (3) execute a project labor agreement for these projects (CIP #C800914).**

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

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

The request, including combining work on taxiways A and B with work on taxiways L and Q and execution of a project labor agreement, was summarized.

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

In favor: Albro, Bowman, Felleman (3)

Absent for the vote: Creighton, Gregoire

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

6c. Industrial Development Corporation (IDC) – Approval of minutes, designation of officers, and annual report.

Request document(s) included IDC agenda [memorandums](#) regarding approval of minutes, election of officers, and 2016 annual report.

[IDC meeting minutes of March 14, 2017](#), will be made available for public review upon approval.

RECESSED AND RECONVENED

The regular meeting of the Port of Seattle Commission was recessed at 1:54 p.m. to hold the annual meeting of the Industrial Development Corporation of the Port of Seattle. The regular meeting of the Port of Seattle Commission reconvened at 2:06 p.m., chaired by Commissioner Albro.

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

7. STAFF BRIEFINGS

7a. 2016 Fourth Quarter Capital Improvement Projects Report.

Presentation document(s) included a Commission agenda [memorandum](#), [presentation slides](#), and [capital improvement project report](#).

Presenter(s): Ralph Graves, Senior Director, Capital Development.

Mr. Graves provided an update on the status of projects in the Port's capital improvement program, including new variances to budget and schedule and notable achievements. Regarding bid irregularities and potential combination of the C3 Holdroom Expansion and CTE HVAC (Central Terminal Expansion Heating, Ventilation, and Air Conditioning) Projects, Commissioners inquired about the benefits of combining the projects and the factors involved in bids exceeding engineer's estimates. Commissioners asked for better insight when projects have bid irregularities but are not yet definitively behind schedule or over budget. Commissioners asked for an estimate of projects expected to run over budget, especially at the Airport, and the related eligibility for federal grant funding represented by those projects.

Commissioners requested clarification about the drivers of schedule variances, which appear to be more common than budget variances. There was a discussion of the budget benchmarks established during project design and potentially reset upon construction funding authorization versus change orders, including scope changes, that arise during construction and are reported as variances.

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

7b. 2016 Financial Performance Briefing.

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

Presenter(s): Michael Tong, Assistant Finance Director – Budget; Kelly Zupan, Director, Maritime Finance & Budget; and Hanh Nguyen, Manager, Aviation Finance & Budget.

Portwide Summary

Overall financial performance for 2016 was presented, including record performance in operating revenues and net operating income. Total operating revenue in 2016 of \$598.5 million was \$13.9 million above the 2016 budget forecast and \$39.5 million above actual 2015 performance. Net operating income before depreciation in 2016 of \$273.2 million was \$24.5 million above the 2016 budget forecast and \$32.1 million above actual 2015 performance.

Aviation Division

Aviation Division 2016 financial performance highlights were reported to include record passenger volume of 22.6 million passengers, an eight percent increase over 2015 performance. Seattle-Tacoma International Airport is now the ninth busiest airport in North America by passenger volume, up from thirteenth busiest in 2015. It was reported that nonaeronautical revenue was \$12.7 million higher than budget forecast owing to passenger growth and strong performance in ground transportation, parking, and dining and retail revenue. Operating expenses in the Aviation Division were also lower than expected in 2016. The Airport's 2016 cost per enplanement was \$10.10, the lowest it has been since 2003. Commissioners asked for more detail regarding increased ground transportation revenue and projected 2017 forecasts. Commissioners asked about the effectiveness of computer tracking of transportation network company vehicles, such as Uber and Lyft.

Maritime Division

Maritime Division 2016 business highlights were presented, including recovery of more than \$4 million in insurance payments for environmental remediation. Net operating income of \$3.7 million in 2016 was \$1.5 million higher than budget forecast, although \$3.3 million lower than actual 2015 performance. Net operating income for the Port's stormwater utility was \$1.2 million higher than budget forecast for 2016. Commissioners inquired about the drop in net operating income attributed to the recreational boating line of business compared with 2015 performance, which was attributed to staffing challenges and inability to manage moorage turnover optimally.

Economic Development Division

Economic Development Division 2016 business highlights were presented, including a 97-percent occupancy rate for leased properties compared to the target rate of 95 percent. Net operating income in 2016 was \$4.5 million higher than budget forecast and \$4.2 million lower than 2015 actual performance, which was attributed to business disruption at Pier 66 resulting from construction on improvements at that facility. Commissioners asked about a noticeable drop in marina office and retail occupancy in the third quarter of 2016

Corporate Division

Business highlights of the Corporate Division in 2016 were presented, including contribution to the SR-99 Alaskan Way Viaduct Replacement Project and implementation of paid parental leave. Corporate operating expenses in 2016 of \$113.3 million were 10.7 million lower than budget. This was attributed to payroll savings from delayed hiring and savings in outside services, such as for the Sustainable Airport Master Plan, and capital development project savings.

Commissioners commented on savings in the Port's capital program and requested a report of the historic trends in how much of planned capital spending is actually used annually and the amount of the Airport Development Fund actually retained to cover Airport operations versus the targeted reserve amount with consideration given to the effect on reserving cash or accelerating bond issuance.

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

8. ADDITIONAL NEW BUSINESS

Interim CEO Dave Soike previewed several items on upcoming Commission agendas.

5. PUBLIC TESTIMONY

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

- Brian Martin, owner of animation and marketing company BrandAnimate, regarding wayfinding and signage at the Airport. Mr. Martin submitted written materials, which are included here as minutes [Exhibit B](#) and are available for public review.

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

9. ADJOURNMENT

There was no further business, and the meeting adjourned at 3:05 p.m.

Fred Felleman
Assistant Secretary

Minutes approved: April 11, 2017.