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**APPROVED MINUTES
COMMISSION REGULAR MEETING JULY 10, 2018**

The Port of Seattle Commission met in a regular meeting Tuesday, July 10, 2018, in commission chambers at Port of Seattle offices, 2711 Alaskan Way, Seattle, Washington. Commissioners Bowman, Calkins, Felleman, Gregoire, and Steinbrueck were present.

1. CALL to ORDER

The meeting was called to order at 11:00 a.m. by Commission President Courtney Gregoire.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The public meeting was immediately recessed to an executive session to discuss two matters related to legal risk with the intention of reconvening the public session at 12:00 noon. Following the executive session, which lasted approximately 40 minutes, the public meeting reconvened at 12:03 p.m. Commissioner Gregoire led the flag salute.

3. APPROVAL of the AGENDA

Without objection, the preliminary agenda was approved without revisions.

4. EXECUTIVE DIRECTOR'S REPORT

Executive Director Steve Metruck previewed items on the day's agenda and made announcements.

5. PUBLIC COMMENT

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

- Janice Traven, Neighbors Advisory Committee member, regarding the Neighbors Advisory Committee and the Magnolia Bridge.
- Susie Schulmeyer, tenant, Salmon Bay Marina, regarding liveboard policies. Ms. Schulmeyer submitted written materials, which are attached as minutes [Exhibit A](#).
- Jerry Effenberger, tenant, Salmon Bay Marina, regarding liveboard policies. Mr. Effenberger submitted written materials, which are attached as minutes [Exhibit B](#).
- Noah Hanson, tenant, Salmon Bay Marina, regarding liveboard policies.
- Michael Prault, Service Employees International Union Local 6, regarding Prospect Airport Services' employment practices.
- Dhanice Capote, employee, Prospect Airport Services, regarding employment practices.
- Mohammed Rage, employee, Prospect Airport Services, regarding employment practices.

- Steve Edmiston, The Briefing Project, regarding airport community impacts. Mr. Edmiston submitted written materials, which are attached as minutes [Exhibit C](#).
- Joshua Welter, Organizer, Teamsters Local 117, regarding the airport taxi contract.
- Eskinder Yirgu, driver, E-cab, regarding the airport taxi contract.
- Walelein Tesfaye, flat-rate driver, regarding the airport taxi contract.
- Cindi Laws, Director/Lobbyist, Wheelchair Accessible Taxi Association, regarding the airport taxi contract.
- J.C. Harris, Des Moines resident, regarding airport community impacts.
- Suldan A. Mohamed, taxi driver, regarding the airport taxi contract.

6. UNANIMOUS CONSENT CALENDAR

[Clerk's Note: Items on the Unanimous Consent Calendar are not individually discussed. Commissioners may remove items for separate discussion and vote when approving the agenda.]

6a. Approval of the minutes of the special meetings of February 13 and 27 and the regular meeting of March 13, 2018.

6b. Approval of the Claims and Obligations for the period June 1, 2018, through June 30, 2018, including accounts payable check nos. 924343-924792 in the amount of \$4,145,569.91; accounts payable ACH nos. 008587-009585 in the amount of \$55,684,782.46; accounts payable wire transfer nos. 014907-014921 in the amount of \$8,694,839.86, payroll check nos. 189685-190192 in the amount of \$427,303.23; and payroll ACH nos.860479--866646 in the amount of \$15,660,703.54 for a fund total of \$84,613,199.00.

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

6c. Authorization for the Executive Director to execute up to three indefinite delivery, indefinite quantity contracts for graphic design services for a total maximum value of \$600,000 and a contract ordering period of three years. No funding is associated with this authorization.

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

6d. Authorization for the Executive Director to (1) proceed with construction of a fueling and vehicle maintenance site for port vehicles at the port-owned property of 1795 West Emerson Place for a total project cost not to exceed \$375,000 and (2) use port crews to construct the project (CIP #C800892).

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

6e. Authorization for the Executive Director to increase the Airfield Operations Area Perimeter Fence Line Standards Compliance project scope and budget by \$1,255,000 for a revised total project cost of \$6,935,000 (CIP #C800842).

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

The motion for approval of consent items 6a, 6b, 6c, 6d, and 6e carried by the following vote:
In favor: Bowman, Calkins, Felleman, Gregoire, Steinbrueck (5)

7. SPECIAL ORDERS of BUSINESS

7a. Neighbors Advisory Committee Annual Report.

Presentation document(s) included an agenda memorandum and report. A written copy of Mr. Winkelman's remarks were provided at the time of the meeting, and are attached as minutes [Exhibit D](#).

Presenter(s): Rosie Courtney, Manager, Community Engagement, and Bill Winkelman, NAC Chairperson.

A summary was provided on the activities of the Neighbor's Advisory Committee (NAC) for 2016-17. The expected closure of the Magnolia Bridge, especially the effect such a closure in combination with Terminal 91 traffic, is a major future concern for the NAC.

It was noted that the NAC is an example of successful partnership with community leaders. Commissioners expressed interest in exploring this model with other neighborhoods.

8. AUTHORIZATIONS and FINAL ACTIONS

Without objection, the Commission advanced to consideration of –

8d. Authorization for the Executive Director to (1) execute a Second Amendment to Concession Agreement Between the Port of Seattle and Eastside for Hire Inc. for on-demand, metered, and flat-rate for-hire transportation services at Seattle-Tacoma International Airport and (2) assume the subcontract between Eastside for Hire Inc. and SP Plus Corporation for related curbside management services.

Request document(s) included an [agenda memorandum](#), [draft amendment](#), and [draft subcontract](#).

Presenter(s): Tom Tanaka, Senior Port Counsel.

Key provisions of the contract amendment include the following:

- The total vehicle number will be set at 405 cars.
- The subcontract with SP Plus will be assumed by the Port.
- No new Eastside for Hire fees will be implemented without Port consent.
- No termination of owner/operators shall occur for incidents that happened before July 10, 2018. Eastside for Hire otherwise retains the right to terminate for cause.
- New contracts will be offered to current owner/operators in September.
- The fee paid by drivers will be set through May 31, 2019, at \$155 per week, dropping to \$60 per week on June 1, 2019.

Commissioners requested a reexamination of the ground transportation system at the airport in light of industry changes.

The motion for approval of agenda item 8d carried by the following vote:

In favor: Bowman, Calkins, Felleman, Gregoire, Steinbrueck (5)

The Commission returned to consideration of –

8a. Authorization for the Executive Director to authorize project funding and to proceed with executing a contract to hire one firm experienced in airport sound insulation projects to provide consulting services for noise remediation for condominium complexes near Seattle-Tacoma International Airport (CIP #C200095).

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

Presenter(s): Stan Shepherd, Manager, Airport Noise Programs, and Alan Olson, Capital Project Manager, Aviation Project Management.

There are approximately 240 condominium units in the FAA-approved noise remedy boundary that are eligible for, but have not yet received, noise remediation. Staff anticipates \$5 million in design costs, and \$15 million in construction. Participation in the program will be voluntary. Port staff will communicate with Homeowners Associations to coordinate project work. The cost of the work is funded through the FAA and airport revenue; there is no cost to homeowners. The port receives and aviation easement in exchange for the work, which grants air rights to the parcel, and is required by state law.

Commissioners observed that the price per unit is about \$85,000. They asked about prior noise mitigation work, including window failures and lessons learned about sourcing and warranties. Over the course of this work, staff has learned that window failures tend to occur during shipping, and shipping process requirements have been built into port processes.

The motion for approval of agenda item 8a carried by the following vote:

In favor: Bowman, Calkins, Felleman, Gregoire, Steinbrueck (5)

8b. Authorization for the Executive Director to (1) increase the Main Terminal Low Voltage System Upgrade project scope and forecasted budget by \$79,570,000 for a revised total estimated project cost of \$100,300,000; (2) advertise and execute a professional services contract for design; (3) advertise and execute a general contractor/construction manager (GCCM) construction contract and authorize pre-construction services; (4) negotiate and execute a project labor agreement; and (5) utilize port crews for pre-construction activities and abatement. This authorization of \$22,586,000 brings the total funding authorized to date to \$30,733,000 (CIP #C800061).

Request document(s) included an [agenda memorandum](#), [presentation slides](#), and [map](#).

Presenter(s): Wray Smith, Capital Project Manager, Aviation Project Management, and Denise Dennis, Senior Engineer, Aviation Facilities and Infrastructure.

Commissioners asked clarifying questions about the metering capabilities of the new panels. They will arrive from the factory with meters installed for each individual circuit, which will allow

monitoring of energy use for individual tenants. This should provide data that can be used for billing and targeted energy reduction measures. In response to questions about using energy-efficient lighting to brighten lighting levels, staff indicated that they had explored LED lighting. However, lighting changes are considered impractical at this time because of short lamp life and the need for asbestos remediation.

The motion for approval of agenda item 8b carried by the following vote:

In favor: Bowman, Calkins, Felleman, Gregoire, Steinbrueck (5)

8c. Authorization for the Executive Director to take the following actions with respect to the Consolidated Rental Car Facility Renewal Project: (1) execute a professional services contract for design services, (2) proceed with the design and preparation of contract bid documents, and (3) use Port Construction Service crews to perform the early construction work. The total amount being requested under this authorization is \$1,368,000 (CIP #C800977).

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

Presenter(s): Ray Moreno, Capital Project Manager, Aviation Project Management.

This project will include replacement of expansion joints, repair of bridge spalling, and asphalt replacement. The lease agreement with rental car operators indicates that the port is responsible for maintaining this facility. These projects are needed sooner than expected due to value engineering during the original project and greater-than-anticipated use of the facility.

The motion for approval of agenda item 8c carried by the following vote:

In favor: Bowman, Calkins, Felleman, Gregoire, Steinbrueck (5)

9. PRESENTATIONS, REPORTS, and STAFF BRIEFINGS

9a. Preview of 2019 Maritime Division Business Plan and Budget Development.

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

Presenter(s): Stephanie Jones Stebbins, Managing Director, Maritime, and Kelly Zupan, Director, Maritime Finance and Budget.

The budget timeline and process were summarized. Budget priorities for 2019 will align with Century Agenda goals to focus on job creation and the ocean economy while developing strategies to position the Maritime Division and industry for future growth.

Cruise passenger numbers have increased in spite of world events that might have been expected to curtail growth. The outlook for the industry indicates continued growth. Seattle is the top cruise port on the west coast. Ships have gotten larger, which means more passenger revenue but also greater demand on facilities.

The ocean economy is critical to the region's economy. Fishing revenues, at approximately \$9.4 billion a year, make up the largest portion of regional maritime revenue. Fishing vessels are also increasing in size. Accommodating larger and more numerous cruise and fishing vessels, especially during shoulder seasons, is a future challenge for the maritime division.

In recreational marinas, the demand for moorage is high, with two-to-three-year waiting lists for slips (depending on vessel size and the need for liveaboard status). Commissioners noted that tenants at Salmon Bay Marina, which was previously privately owned, are now subject to the same rules about slip transfer as publicly owned facilities, meaning that when vessels are sold, the transfer of the lease cannot be included in the sale. Instead, the slip would be available to the next eligible person on the waiting list.

Challenges for the Maritime Division include negotiating space for larger vessels, regional traffic congestion, capital capacity, escalating construction costs, changing land use in Seattle, and the global trade climate. Strengths include the region's robust maritime industry, geographic proximity to Alaska, and a strong track record in sustainability.

Commissioners requested future reports on the 20th anniversary of the cruise industry in Seattle and the impact of the upcoming Alaskan Way Viaduct closure on cruise business. They suggested a study session to clarify values and goals regarding recreational boating.

The five-year plan beginning in 2019 has the goal of positive net operating income by 2024. Lines of business within the maritime division have varied income potentials. Fishing does not make a great deal of revenue for the port, but has a highly positive impact on the local economy. Cruise is profitable for the port as well as the local economy in general. Commissioners encouraged staff to set goals for each line of business based on indirect revenue and other benefits, and encouraged staff to document contributions to jobs, environmental efforts, and other non-financial benefits.

Strategies that will be employed to increase income include:

- Finding new and expanding current revenue sources, such as the addition of a cruise berth and industrial development.
- Maximizing existing revenue streams through lease renewals, increasing guest moorage, and aligning rates to suit market demand.
- Limiting spending increases through process improvement, technology use, and cost.

Future capital projects for 2019-2023 were summarized. Proposed projects are Terminal 117 restorations, dock upgrades at Fishermen's Terminal, and upgrades to berths 6 and 8 at Terminal 91. Tentative projects include Salmon Bay Uplands Development, Fishermen's Terminal Redevelopment Phase 1, Harbor Island Marina dock rehabilitation, and shore power at Pier 66. The port can currently fund some, but not all, of these projects. An additional cruise facility is not included in the current capital program.

10. QUESTIONS on REFERRAL to COMMITTEE – None.

11. ADJOURNMENT

There was no further business, and the meeting adjourned at 3:10 p.m.

Prepared:

Attest:

Amy Dressler, Deputy Commission Clerk

Ryan Calkins, Commission Secretary

Minutes approved: September 11, 2018.