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APPROVED MINUTES COMMISSION REGULAR MEETING OCTOBER 9, 2018

The Port of Seattle Commission met in a regular meeting Tuesday, October 8, 2018, in commission chambers at Port of Seattle offices, 2711 Alaskan Way, Seattle, Washington. Commissioners Felleman, Gregoire, and Steinbrueck were present. Commissioners Bowman and Calkins were excused.

1. CALL to ORDER

Pursuant to Article IV, Section 8, of the commission bylaws, the meeting convened at 11:05 a.m. to conduct an executive session.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The public meeting was immediately recessed to an executive session to discuss one matter relating to potential litigation and legal risk with the intention of reconvening the public session at 12:00 p.m. Following the executive session, which lasted approximately 50 minutes, the public meeting reconvened at 12:10 p.m. Commissioner Gregoire led the flag salute.

3. APPROVAL of the AGENDA

Without objection, the preliminary agenda was revised to remove agenda item 6g from the Unanimous Consent Calendar for separate discussion and vote.

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):

- Steve Edmiston, The Briefing Project, regarding airport community impacts. Mr. Edmiston submitted written materials, which are attached here as minutes [Exhibit A](#).
- Glen Stockwell, Chairman, Washington State Economic Development Council, regarding fast track completion of the Columbia Basin project.
- Alex Tsimerman, SUA, regarding Claims and Obligations (item 6b).
- Ralph B. Ibarra, President, Diverse America Network, regarding the affirmative action report (item 9b). Mr. Ibarra submitted written materials, which are attached here as minutes [Exhibit B](#).
- J.C. Harris, Des Moines resident, regarding airport community impacts.

- Jama Muse, Seattle resident, regarding the International Market.

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 regular meeting of September 11, 2018

6b. Approval of claims and obligations for the period of September 1, 2018, through September 30, 2018, including accounts payable check nos. 925723-926225 in the amount of \$5,942,361.29; accounts payable ACH nos. 011041-011733 in the amount of \$65,070,425.49; accounts payable wire transfer nos. 014961-014979 in the amount of \$9,843,898.29, payroll check nos. 190788-191044 in the amount of \$241,492.11; and payroll ACH nos. 875255-879492 in the amount of \$10,571,253.62 for a fund total of \$91,669,430.80.

6c. Authorization for the Executive Director to proceed with design and prepare construction documents for the replacement of distressed pavements and related utilities for the 2019 Airfield Pavement portion of the 2016-2020 Airfield Pavement Replacement Program at the Seattle-Tacoma International Airport in an amount not to exceed \$1,325,000. (CIP # C800483)

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

6d. Authorization for the Executive Director to (1) prepare design and construction bid documents; and (2) advertise and award a major public works contract for Phase 1 of the North Employee Parking Lot Improvements project at Seattle-Tacoma International Airport. This request is for both design and construction and is for an amount of \$570,000 for a total Phase 1 estimated project cost of \$615,000. (CIP #C800957)

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

6e. Authorization for the Chief Executive Officer to execute Lease Amendment No. 25 (Exhibit A attached) of the existing Main Lease and Lease Amendment No. 3 (Exhibit B attached) of the C1 Building Lease with the General Services Administration for the current occupancy of the Transportation Security Administration.

Request document(s) included an agenda [memorandum](#), [exhibit A](#), [exhibit B](#), and [exhibit C](#).

6f. Nomination of Mr. Weldon E. Ihrig as Chair of the Terminal 91 Neighbors Advisory Committee.

Request document(s) included an agenda [memorandum](#), [nomination letter](#), and [resume](#).

As noted above, agenda item 6g was temporarily postponed.

The motion for approval of consent items 6a, 6b, 6c, 6d, 6e, and 6f carried by the following vote:

In favor: Felleman, Gregoire, Steinbrueck (3)

Absent for the vote: Bowman, Calkins.

7. SPECIAL ORDERS of BUSINESS – None.

The Commission advanced to consideration of –

ITEMS REMOVED from CONSENT

6g. Authorization for the Executive Director to (1) proceed with the construction of the Commission Chambers Refresh project and the Lobby Improvements project at Pier 69 and (2) use a Port Construction Service contract and Port work crews to complete the work. This single authorization funds both the Commission Chamber Refresh project and the Lobby Improvements project, for a total additional \$381,000. The total combined estimate for both projects is \$715,000. (CIP #C800216)

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

Presenter(s): Amy Kiessling, Capital Project Manager and Nick Milos, Manager Corporate Facilities.

Comments were made in support of the project. Updating this 25 year-old space to be in alignment with current energy codes, security best practices, and accessibility practices is in the public interest.

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

In favor: Felleman, Gregoire, Steinbrueck (3)

Absent for the vote: Bowman, Calkins.

8. AUTHORIZATIONS and FINAL ACTIONS

8a. Introduction of Resolution No. 3750, a resolution of the Port of Seattle Commission replacing the current policy prohibiting illicit and non-stormwater discharges from being discharged through the stormwater system on Port of Seattle Maritime properties; providing revised definitions and describing fully prohibited, conditionally allowable, and permissible discharges; and repealing existing policy in Resolution No. 3596.

Request document(s) included an agenda [memorandum](#), [presentation slides](#), draft resolution, and draft resolution with changes highlighted. A copy of the final draft of [Resolution No. 3750](#) will be made available upon adoption.

Presenter(s): Sandra Kilroy, Director Maritime Environment and Sustainability and Jane Dewell, Senior Environmental Program Manager.

Storm water discharge policies were previously set in 2008 by Resolution No. 3596. Practices have been updated in keeping with state and local regulations; this resolution will align documented policy with current practice and regulations, and is consistent with Century Agenda objectives.

The motion for approval of introduction of Resolution No. 3750 carried by the following vote:

In favor: Felleman, Gregoire, Steinbrueck (3)

Absent for the vote: Bowman, Calkins.

8b. Authorization for the Executive Director to increase Marine Stormwater Utility rates by 8.2 percent in 2019.

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

Presenter(s): Sandra Kilroy, Director Maritime Environment and Sustainability and Srinivas Pendikatla, Utility Program Manager.

The Stormwater Utility was formed in 2014 in order to protect water quality. Since that time, urgent repairs have been performed and feedback from tenants has been positive. Pipe assessment is underway and is on track to be complete by the end of 2019, meeting the goal set upon formation of the utility. On average, fees are 17% lower than city rates.

This rate increase was recommended by the steering committee, along with a 5-year rate path with 8.2% annual increases in order to maintain reserves and prevent overspending of revenue. With these increases, rates will continue to be significantly lower than City of Seattle rates.

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

In favor: Felleman, Gregoire, Steinbrueck (3)

Absent for the vote: Bowman, Calkins.

9. PRESENTATIONS, REPORTS, and STAFF BRIEFINGS

9a. Presentation on Washington Initiative 1631, state carbon “pollution fee” proposal.

Ballot Title as ordered on April 6, 2018: Initiative Measure No. 1631 concerns pollution. This measure would charge pollution fees on sources of greenhouse gas pollutants and use the revenue to reduce pollution, promote clean energy, and address climate impacts, under oversight of a public board.

Initiative Title as filed March 13, 2018: Initiative Measure No. 1631, an act relating to reducing pollution by investing in clean air, clean energy, clean water, healthy forests, and healthy communities by imposing a fee on large emitters based on their pollution; and adding a new chapter to Title 70 RCW.

Presentation document(s) included an agenda [memorandum](#), [presentation slides](#), [ballot title](#), [full ballot text](#) and [correspondence](#).

Presenter(s): Eric ffitch, Manager, State Government Relations.

Background was provided for the measure, based on the Secretary of State's review. The measure establishes a public oversight board and establishes a fee of \$15 per ton of CO₂ emitted, beginning in 2020. The fee targets fossil fuels and is based on the carbon content of the fuel as determined by the Department of Ecology. Aviation and marine fuels will be impacted.

The fees will be distributed to clean air and energy investments, and efforts to promote clean water, healthy forests, and healthy communities (to include wildfire preparedness and high speed rural broadband). Fiscal analysis indicates that the tax will raise \$2.3 billion over the first five years. A permanent investment plan will be formed within five years of passage.

Comment regarding Initiative 1631 was heard from the following individuals:

- Kent Palosaari, SeaTac resident, in favor. Mr. Palosaari submitted written materials, which are attached here as minutes [Exhibit C](#).
- Lee Newgent, opposed.
- Danielle Shaw, Government Affairs Manager, Washington Environmental Council, in favor.
- Cliff Webster, Washington Construction Industry Council, opposed.
- Kimberly Powe, Deputy Director, Puget Sound SAGE, in favor.
- Anne Kroeker, Des Moines resident, in favor.
- Margo Rolf, Saltwater Unitarian Universalist/Climate Action Now, in favor.
- Brian Emanuels, Climate Solutions/Yes on 1631, in favor.
- Michael Mann, President, Cyan Strategies, in favor.

Commissioners discussed the recently-released United Nations report regarding climate change, which underscores the significance of challenges to reversing the warming trend, and pointed out that business would pay the tax but would also be able to benefit by drawing upon the fund to pay for green initiatives. Concerns were raised regarding user exemptions, impacts to small businesses, and the potential for misappropriation of the fund.

9b. Affirmative Action Plan 2018.

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

Presenter(s): Sanders Mayo, Senior Employee Relations Consultant.

Key results of the 2018 report were summarized, detailing the Port's compliance with federal Affirmative Action requirements. Goals are set based on comparison of available women and minorities in the employment area to those employed by the Port. In cases where the Port falls short of an employment goal, good faith efforts to recruit have been documented.

9c. 2019 Central Services Capital Budget Briefing.

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

Presenter(s): Krista Sadler, Director, Information Communications and Technology, Technology Delivery.

Most of the projects proposed for 2019 are information technology-related. Projects underway include upgrades to the radio system and PeopleSoft Financials. New budget projects will include a regional workforce tracker and geographic redundancy of network equipment.

9d. 2019 Operating Division Preliminary Budgets Briefing.

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

Presenter(s): Stephanie Jones Stebbins, Managing Director Maritime; Borgan Anderson, Director AV Finance & Budget; and Kelly Zupan Director, Maritime Finance & Budget.

Aviation Division

Passenger growth has slowed in the past couple of years, but underwent a spike in 2015 and 2016. Peak spending on capital projects is occurring now to catch up with increases in passenger numbers. Aviation division spending priorities are driven by a broad range of Century Agenda goals and wait-time goals.

Aeronautical revenue is expected to grow by 20%, and is based on cost-recovery. Non-aeronautical revenue is growing roughly in line with passenger growth forecasts. There are significant environmental remediation costs attached to the North and South Satellite projects. Cost per Enplanement is increasing by nearly two dollars, which is slightly less than expected and reflects increased capital spending.

Staffing consultant recommendations indicate that the Full Time Employee (FTE) state should be assessed to look for differences between the status quo and what is needed to meet business plan objectives. This will include some limited duration FTEs and emergency hires. Approximately 54 new FTEs are proposed in the 2019 budget. Other 2019 budget increases include club and lounge costs related to increased volume, ground transportation curbside management costs recently assumed by the Port, and utility rate increases.

The capital budget will show significant growth in 2019 in comparison to recent years due to progress on the International Arrivals Facility and North Satellite projects, as well as the C1 building, and airfield replacement projects.

Maritime Division

The maritime division has set a goal to have a positive net operating income (NOI), after depreciation, by 2024. Key initiatives include:

- The Port Valet program: the budget for this has decreased from 2018, because 2018 costs were lower than anticipated. The program is part of premier service that allows for a 20%

- increase in passenger rates, and also provides operational benefits by streamlining luggage procedures at the cruise terminals and airport.
- Maintaining the high demand for recreational boating facilities.
 - Fishing and operations: while the goal is a positive pre-depreciation NOI by 2024, it is not tenable to increase rates to cover capital costs.
 - Capital projects to support the maritime cluster.
 - The stormwater utility; one FTE will be added in 2019 to reduce consulting costs.

The Economic Development Division budget was postponed due to time constraints.

10. QUESTIONS on REFERRAL to COMMITTEE.

Commissioners Felleman and Steinbrueck commented on the temporary fire station facility authorized on February 27, 2018. Following an Internal Audit report about the project, they toured the current facility and found that although the cost is high for a temporary modular structure, improved facilities are needed urgently. Concerns were raised regarding shared tenancy at the current temporary facility and immediate measures that might be taken to improve working conditions for fire department personnel.

11. ADJOURNMENT

There was no further business, and the meeting adjourned at 4:07 p.m.

Prepared:

Attest:

Amy Dressler, Deputy Commission Clerk

Ryan Calkins, Commission Secretary

Minutes approved: November 13, 2018.