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APPROVED MINUTES COMMISSION SPECIAL MEETING NOVEMBER 13, 2018

The Port of Seattle Commission met in a special meeting Tuesday, November 13, 2018, in the Central Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Calkins, Felleman, Gregoire, and Steinbrueck were present. Commissioner Bowman was present until 4:14 p.m.

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 notice posted during the executive session included one matter related to litigation and legal risk. The time for reconvening was posted as 12:00 noon, in accordance with commission bylaws and the public meeting notice previously published. Following the executive session, which lasted approximately 20 minutes, the public meeting reconvened at 12:00 p.m. Commissioner Gregoire led the flag salute.

3. APPROVAL of the AGENDA

Without objection, the preliminary agenda was revised to remove agenda item 6f from the Unanimous Consent Calendar for separate discussion and to consider it immediately after item 8c.

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):

- Rick Johnson, Des Moines resident, regarding the Federal Aviation Administration's NextGen initiative and airport community impacts.
- Steve Edmiston, the Briefing Project, regarding airport community impacts. Mr. Edmiston submitted written materials, which are attached as minutes [Exhibit A](#).
- Bernedine Lund, Federal Way resident, regarding flight paths and the noise remedy boundary.
- Dana Hollaway, Federal Way resident, regarding airport community impacts.
- Wendy Ghiora, Des Moines resident, regarding airport community health impacts.

- Debi Wagner, Burien resident, regarding airport community impacts.
- Matthew Shelby, Alaska Airlines, regarding the 2019 budget.
- Peter Tarabochia, Seattle Marine Business Coalition, regarding 2019 budget.
- Susan Chesney, Sales Manager, *National Fisherman*, regarding the port tax levy.

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 October 9, 2018.

6b. Approval of the Claims and Obligations for the period October 1, 2018-October 31, 2018, including accounts payable check nos. 926226-926744 in the amount of \$4,750,039.20; accounts payable ACH nos. 011734-012575 in the amount of \$76,030,657.87; accounts payable wire transfer nos. 014980-014997 in the amount of \$11,059,071.21, payroll check nos. 191045-191274 in the amount of \$232,131.76; and payroll ACH nos. 879493-883632 in the amount of \$10,535,627.37 for a fund total of \$102,607,527.41.

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

6c. Authorization for the Executive Director to execute an interlocal agreement with the Northwest Seaport Alliance (NWSA) to implement a series of support service agreements to allow Port staff to provide services to the NWSA for 2019.

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

6d. Authorization for the Executive Director to execute Change Order 1 to Contract MC-0319157, at Seattle-Tacoma International Airport, to extend the contract duration by 116 calendar days to correct an administrative error in the calculation of the contract duration. No additional funds are being requested, nor does the requested time extension represent a delay to the project. (CIP#C800658)

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

6e. Authorization for the Executive Director to: (1) increase the value of the current Unified Pest Management contract at Seattle-Tacoma International Airport by \$550,000 to continue current services from January 2019 through June 2019; (2) competitively bid and execute a new five-year follow-on contract (commencing on or about July 1, 2019, and continuing through June 30, 2024) for a base year and four additional 1-year options for an estimated amount of \$5,000,000.

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

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

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. Proclamation regarding Port of Tacoma Centennial.

Request document(s) included a draft proclamation. The [adopted proclamation](#) is attached.

The commission presented a proclamation acknowledging the Port of Tacoma's importance to the region on its Centennial Anniversary.

The motion for approval of agenda item 7a carried by the following vote:

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

7b. 2019 Maritime and Economic Development Capital Budgets Briefing.

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

Presenter(s): Dave McFadden, Managing Director, Economic Development, and Stephanie Jones Stebbins, Managing Director, Maritime.

An overview of Maritime and Economic Development Division projects for 2019-2023 was given. These projects were discussed in detail at a study session on November 7, 2018.

Commissioners asked for further exploration of the funding model and cost-sharing options for cruise terminal electrification. They also discussed the amount and uses of the contingency fund and pointed out that the budget is a blueprint for future projects, but each one will need individual authorization before proceeding.

7c. Briefing on the Tax Levy and Draft Plan of Finance for 2019-2023.

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

Presenter(s): Elizabeth Morrison, Director Corporate Finance.

Airport and non-airport projects have different funding models. Federal Aviation Administration regulations restrict the use of airport revenue. Tax levy dollars do not go to the airport, but they do go to projects to support surrounding communities. Tax levy funds are used for the Maritime and Economic Development Divisions, and the Port of Seattle's participation in the Northwest Seaport Alliance.

Two forms of debt are leveraged to increase funding: revenue bonds, which are paid for by revenues generated by business opportunities; and general obligation bonds, which are supported by the tax levy. Debt funding is best used for long-term assets that will generate revenue for many years.

Commissioners pointed out that tax levy funds have been used to fund projects with broad benefits, like the State Route 99 tunnel and Safe and Swift Corridor. Maritime facilities, which are supported by tax levy funds, are considered public assets.

The level of the tax levy is \$72 million and has not increased for 10 years. Of the \$6,000 paid for a King County home at the median value, \$69 goes to the Port of Seattle. An increase to the tax levy of three percent would add \$1.39 to the median homeowner's tax bill in 2019. Increasing the tax levy amount by three percent over the next five years, and buying bonds to maximize funds, would result in an additional \$127 million in capital funds.

8. AUTHORIZATIONS and FINAL ACTIONS

- 8a. Introduction and public hearing of Resolution No. 3751: A resolution of the Port Commission of the Port of Seattle adopting the final budget of the Port of Seattle for the year 2019; 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 2019.**

Request document(s) included an agenda [memorandum](#), [presentation slides](#), and draft resolution. A copy of the final draft of [Resolution No. 3751](#) will be made available upon adoption.

Previously, a presentation on Resolution No. 3751 was made on October 23, 2018.

Presenter(s): Dan Thomas, Chief Financial Officer, and Michael Tong, Assistant Finance Director – Budget.

The budget process, highlights, and key initiatives were summarized. The framework for the budget is support of the Port's economic development and community priorities. Changes that occurred after the publication of the preliminary budget were summarized and are detailed on slides 8 and 9 of the presentation that accompanies this agenda item. 2019 financial performance is expected to continue to be strong.

When asked about the increase to Central Services expenses, staff responded that the general Central Services expense budget is a relatively small category of miscellaneous expenses; the bulk of expense funding is allocated to operating divisions.

A summary of full-time equivalent positions (FTEs) was provided. Staff noted that total FTE numbers were increased significantly by the employee screening and internship programs. Commissioners requested more information about Central Services FTEs, especially those associated with construction projects at the airport.

Funding sources for the port budget were reviewed.

PUBLIC HEARING on Resolution No. 3751

Upon a motion and second for introduction of Resolution No. 3751, Commissioner Gregoire declared the public hearing for the resolution open. Comment was received from the following individual(s):

- J.C. Harris, Des Moines resident.
- Dana Hollaway, Federal Way resident.

Following conclusion of public comment, the public hearing on Resolution No. 3751 was closed.

The meeting was recessed at 2:46 p.m. and reconvened at 2:56 p.m., chaired by Commissioner Gregoire.

AMENDMENT

An amendment was offered to set the amount of the contingency fund at eight percent of the total dollar value of the projects identified in the 2019-2022 Maritime and EDD CIPs, which would be \$24,640,000. The funds set aside for contingency would be used primarily for asset preservation and maintenance of port facilities and properties.

Commissioners engaged in a discussion about the contingency fund, including past use of the fund. It was suggested that the amendment be divided into two questions: the amount of the contingency fund and the acceptable uses of the contingency fund.

The amendment was laid on the table without objection.

[Clerk's Note: This amendment was not taken up for further consideration prior to budget adoption on November 27.]

Commissioners reiterated a desire for more information about proposed new FTEs, especially regarding aviation projects.

The possibility of using additional tax levy funds for projects benefitting airport communities was discussed, and commissioners requested exploration of this concept.

Increasing the quality and scope of the internship program, the fair work center pilot project, and the Youth Maritime Co-op were also discussed, and commissioners requested more exploration of these initiatives.

Commissioner Steinbrueck stated his intention to abstain and commented on his need for more information regarding the funding of a fair work center pilot project and partnership opportunities with organized labor.

The motion for introduction of Resolution No. 3751 carried by the following vote:

In favor: Bowman, Calkins, Felleman, Gregoire (4)

Abstaining: Steinbrueck

- 8b. Introduction of Salary and Benefits Resolution No. 3752: A resolution of the Port of Seattle Commission amending the policy directive for salaries and benefits for employees not covered by a collective bargaining agreement established by Resolution No. 3739 and providing an effective date for all amendments of January 1, 2019.**

Request document(s) included an agenda [memorandum](#), [presentation slides](#), [exhibit](#), draft resolution, [redline version](#), and [summary of changes](#). A copy of the final draft of [Resolution No. 3752](#) will be made available upon adoption.

Previously, a presentation on Resolution No. 3752 was made on October 23, 2018.

Presenter(s): Ann McClellan, Total Rewards Manager and Jeniann Kaelin, Total Rewards Consultant.

Staff provided an overview of 2019 Salary and benefits. Major changes this year include elimination of retiree medical plans and the addition of a personal day. There is also a clarification to the reporting structure for the Internal Audit Director.

The motion for approval of introduction of Resolution No. 3752 carried by the following vote:

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

Commissioner Bowman was present until 4:14 p.m.

- 8c. Authorization for the Executive Director to execute a contract amendment with VIP Hospitality (Contract Number S-00318180) for support services in the International Arrivals Facility at Seattle-Tacoma International Airport for an estimated amount of \$3,220,000.**

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

Presenter(s): Michael Ehl, Director Airport Operations and Sabin Mudaliar, Airport Duty Manager.

International passenger growth is steadily increasing. Measures such as the addition of passport control kiosks, queue revision, and the addition of gates have been implemented to manage passenger congestion. Authorization of this contract amendment will provide for the additional staff that are needed to help customers make their way through the facility.

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

In favor: Calkins, Felleman, Gregoire and Steinbrueck (4)

Absent for the vote: Bowman

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

- 6f. Authorization for (1) the Executive Director to spend environmental remediation funds for 2019 in the amount of \$17,025,000 and (2) approving a five-year spending plan for \$116,026,000 for the environmental remediation liability (ERL) program for 2019-2023,**

of which an amount estimated not to exceed \$30,000,000 will be obligated during 2019 to be spent in future years.

Request document(s) included an agenda [memorandum](#) and attachments [one](#), [two](#), and [three](#).

Presenter(s): Kathy Bahnick, Senior Manager, Environmental Programs and Don Robbins, Senior Environmental Program Manager.

This authorization will fund actions at 19 port properties. Approximately \$17 million is authorized to be spent, but reimbursement will be sought from polluters. Reimbursement has historically contributed about 86 percent to covered environmental actions.

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

In favor: Calkins, Felleman, Gregoire and Steinbrueck (4)

Absent for the vote: Bowman

9. PRESENTATIONS, REPORTS, and STAFF BRIEFINGS

Without objection, agenda item 9a was temporarily postponed until November 27, 2018.

10. QUESTIONS on REFERRAL to COMMITTEE – None.

11. ADJOURNMENT

There was no further business, and the meeting adjourned at 4:44 p.m.

Prepared:

Attest:

Amy Dressler, Deputy Commission Clerk

Ryan Calkins, Commission Secretary

Minutes approved: .