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## **APPROVED MINUTES COMMISSION REGULAR MEETING JUNE 11, 2019**

The Port of Seattle Commission met in a regular meeting Tuesday, June 11, 2019, in commission chambers at Port of Seattle offices, 2711 Alaskan Way, Seattle, Washington. Commissioners Bowman, Felleman, and Steinbrueck were present. Commissioner Gregoire was present after 12:41 p.m. Commissioner Calkins was present until 4:27 p.m.

### **1. CALL to ORDER**

Pursuant to Article IV, Section 8, of the commission bylaws, the meeting convened at 11:16 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 65 minutes, the public meeting reconvened at 12:20 p.m. Commissioner Bowman led the flag salute.

### **3. APPROVAL of the AGENDA**

Without objection, the preliminary agenda was revised to remove agenda item 6k from the Unanimous Consent Calendar for separate discussion and vote and to consider agenda item 8b immediately before item 8a.

### **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):

- Tom Norwalk, President/CEO, Visit Seattle, regarding the promotion of Seattle tourism.
- Jan von Lehe, Seattle resident, regarding environmental issues and the carbon footprint of aviation and maritime activities, especially cruise.
- Daniel Nguyen, owner, Bambuza, regarding Airport Dining and Retail lease group 5 and small business participation in airport contracts.
- Alex Tsimerman, Stand Up America, regarding Seattle politics.

**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 May 14, 2019.**

**6b. Approval of the Claims and Obligations for the period May 1, 2019, through May 31, 2019, including accounts payable check nos. 929872- 930370 in the amount of \$5,872,837.94; accounts payable ACH nos. 017196-017970 in the amount of \$64,786,162.73; accounts payable wire transfer nos. 015123-015138 in the amount of \$10,644,273.67, payroll check nos. 192800-193132 in the amount of \$383,952.80; and payroll ACH nos. 910700-916934 in the amount of \$16,097,515.33 for a fund total of \$97,784,742.47.**

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

**6c. Adoption of Resolution No. 3758: A resolution of the Port of Seattle Commission authorizing the issuance and sale of intermediate lien revenue bonds in one or more series in the aggregate principal amount of not to exceed \$550,000,000 for the purpose of financing or refinancing capital improvements to aviation facilities; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.**

Request document(s) included an agenda [memorandum](#) and draft resolution. A copy of the final draft of [Resolution No. 3758](#) will be made available upon adoption.

*Previously, Resolution No. 3758 was introduced on May 28, 2019.*

**6d. Authorization for the Executive Director to execute a new collective bargaining agreement between the Port of Seattle and Teamsters Local 174, representing Truck Drivers at both Marine Maintenance and Port Construction Services, covering the period from June 1, 2018, through May 31, 2022.**

Request document(s) included an agenda [memorandum](#), [redlined agreement](#), and [final draft agreement](#).

**6e. Authorization for the Executive Director to (1) proceed with the airfield Surface Area Management System project at Seattle-Tacoma International Airport; (2) execute a contract for required hardware, software, vendor services, and maintenance for the Surface Area Management System; (3) proceed with design for sensor and camera installation, (4) use Port staff for implementation; and (5) execute a contract for up to ten years for license, service, and maintenance fees estimated at \$12,000,000, which will be paid for out of annual expense funds. The amount requested for project implementation under this authorization is \$4,782,000 out of a total estimated project cost of \$6,600,000. (CIP #C800650)**

Request document(s) included an agenda [memorandum](#) and [letters of endorsement](#).

- 6f. Authorization for the Executive Director to execute contract documents for software and maintenance services for a port-wide inspections application platform for up to 10 years at an estimated cost not to exceed \$1,500,000. This request includes the implementation and subsequent upgrades and ongoing maintenance for this new inspection platform.**

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

- 6g. Authorization for the Executive Director to increase the budget of the Delta Inflight Services Tenant Reimbursement Agreement project at Seattle-Tacoma International Airport by \$80,000 to account for costs accrued to resolve unforeseen site conditions encountered during construction for a total estimated project cost of \$1,276,000. (CIP #C800883)**

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

- 6h. Authorization for the Executive Director to execute a contract for waste and recycling receptacles at Seattle-Tacoma International Airport for a period of up to five years. The estimated amount of the contract is \$1.9 million.**

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

- 6i. Authorization for the Executive Director to execute a contract for state government relations advocacy services for monitoring of state legislation, regulations, and policy developments, acting on behalf of the Port of Seattle at the direction of Port of Seattle staff. The proposed contract term is a two-year contract with three, one-year options for an estimated total cost of \$450,000.**

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

- 6j. Authorization for the Executive Director to (1) prepare design and construction bid documents for the replacement of the passenger loading bridge (PLB) and fixed walkway at Sea-Tac Airport Gate S12; (2) purchase one new PLB and fixed walkway; and (3) use Port crews and small works contracts. The amount of this request is \$1,750,000 for a total estimated project cost of \$1,750,000. (CIP #C801094)**

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

*As noted above, agenda item 6k was temporarily postponed.*

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

**In favor: Bowman, Calkins, Felleman, Steinbrueck (4)**

**Absent for the vote: Gregoire**

*The meeting was recessed at 12:33 p.m. and reconvened at 12:41 p.m., chaired by Commissioner Bowman.*

## **7. SPECIAL ORDERS of BUSINESS**

### **7a. Aviation Customer Service Overview Briefing.**

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

Presenter(s): Julie Collins, Director, Customer Experience and Brand Strategy, and Michael Drollinger, Director, Business Intelligence.

The Aviation Customer Service department was founded in May of 2018 in order to improve the customer experience during the current period of growth. Three customer service measurements are used to provide a well-rounded picture of performance: Air Service Quality (ASQ) surveys are conducted in the airport as people wait at gates; Skytrax conducts comprehensive reviews; and J.D. Power's consumer surveys have a high degree of customer recognition.

Initiatives to improve the customer experience include the following:

- Wi-Fi improvements
- Restroom upgrades
- Hold room upgrades
- Improved dining and retail options and functions
- Seasonal programs and special events
- Increased availability of customer service representatives

Internal and external stakeholders are organized to identify and implement customer service improvements; including the customer service excellence action team, We are SEA, a frequent traveler committee, and a wayfinding roundtable.

Commissioners stressed the importance of providing a positive experience to customers, remarking that negative experiences are more memorable and noteworthy. Special features, such as art, music, and events, must be in addition to excellent performance on the basics, like holdroom comfort and restroom cleanliness.

### **7b. Airport Passenger Travel Awareness Summer 2019 Briefing.**

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

Presenter(s): Lance Lyttle, Managing Director Aviation and Kathy Roeder, Director, External Relations Communication.

The high volume of this year's summer travel season will present challenges to customers in terms of longer security lines, more crowded concessions, and limited parking.

Aviation and External Relations staff plan to mitigate these issues by communicating with passengers about being appropriately prepared for the increased crowds via social media (initiating posts and providing increased staff to answer inquiries), paid advertisement, and by increasing the amount of customer service staff available in the airport.

*The Commission advanced to consideration of –*

**ITEMS REMOVED from CONSENT**

**6k. Authorization for the Executive Director to commit previously approved Environment and Sustainability Center of Expertise funds to support the development of a Seattle Waterfront Clean Energy Strategic Plan in the amount of \$200,000.**

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

Presenter(s): Sandra Kilroy, Director, Maritime Environment and Sustainability and Paul Meyer, Senior Manager Environmental Programs.

These funds will be used for a consultant with the necessary expertise to determine what is feasible regarding a clean energy plan for the waterfront. The total cost of \$250,000 will be comprised of \$50,000 from the maritime environmental budget and \$200,000 from the Environment and Sustainability Center of Expertise fund.

Internal and external teams from the Port of Seattle, Northwest Seaport Alliance (NWSA), City of Seattle, Seattle City Light, Washington Department of Transportation, container and cruise tenants, and maritime industry partners will be involved in developing this strategy.

Commissioners expressed concern about the NWSA's financial participation in this initiative, and emphasized the need to develop a robust strategy quickly.

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

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

**8. AUTHORIZATIONS and FINAL ACTIONS**

*The Commission advanced to consideration of –*

**8b. Authorization for the Executive Director to (1) conduct competitive solicitations and execute lease and concession agreements with selected proposers for the following seven opportunities in Airport Dining and Retail Lease Group 5: CEP FB-1; CEP FB-2; RFP FB-3; CEP SR-1; CEP SR-2; CEP PS-1; CEP PS-2; and (2) implement a pilot program for Lease Group 5 (LG5) for investment incentive payments in the amount of \$5,000 to each proposer that submits a fully responsive, responsible, and competitive proposal for a Competitive Evaluation Process opportunity, but is not selected. Each individual proposing entity in LG5 would be eligible for one such payment.**

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

Presenter(s): Jim Schone, Director, Aviation Business Development, and Dawn Hunter, Senior Manager, Airport Dining and Retail.

The Airport Dining and Retail (ADR) program is driven by a need to provide excellent customer service and improved travel experience, generate revenue for reinvestment in the airport, and provide economic opportunities in the region.

In 2018, ADR and Diversity in Contracting engaged in a joint effort to introduce small businesses to working with and at the airport. Six informational sessions were held, attended by a total of 300 firms. In partnership with Airport Jobs, the employment continuity pool database helps to connect new employers with displaced employees. As of the third quarter of 2018, 593 employees in the continuity pool were placed in new jobs.

A summary was provided regarding the results of bidding for lease groups 4 and 4a. Fifty-eight proposals were received from 28 firms, 11 of whom were new to the airport. Twenty-six of the 28 proposals included an Airport Concessions Disadvantaged Business Enterprise, small, or locally owned business component. Scoring criteria based on a "Northwest Sense of Place" will be revised for future lease groups based on Federal Aviation Administration (FAA) guidance.

Operating at the airport is more expensive for businesses. Some options explored to alleviate these increased costs for Lease Group 5 bidders included increased price flexibility, lowered building costs, extended lease terms, modified labor peace requirements, and modified percentage rent. The Executive Director recommendation is to: update the pricing policy to allow for street pricing plus 10 percent; provide a \$5,000 stipend to non-selected proposers; retain the current labor peace agreement policy; investigate options for mitigating the cost of construction and improving the timeliness of project delivery; and modify scoring for Northwest Sense of Place in order to comply with FAA guidelines.

Commissioners discussed the challenges inherent in balancing various values such as labor harmony, support of small business, quality jobs, and excellent customer service, and stressed the importance of developing tenant selection criteria that strike the right balance.

Commissioner Steinbrueck noted his intention to vote against the proposed lease group, citing concerns about the current approach to labor peace agreements.

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

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

**Opposed: Steinbrueck (1)**

*The Commission returned to consideration of –*

**8a. [Motion 2019-09](#): a motion of the Port of Seattle Commission amending prior policy statements of the Port Commission regarding street pricing principles for the Airport Dining and Retail program at Seattle-Tacoma International Airport; implementing an amended pricing policy for the Airport Dining and Retail program; and authorizing the**

**Executive Director to take such necessary actions to implement the amended pricing policy.**

Request document(s) included a draft motion.

Presenter(s): Aaron Pritchard, Commission Policy Manager.

This motion targets the street pricing policy only. It is likely that in the future, codification of a broader policy directive will be called for.

The standard for requiring street pricing at airport businesses was established in 2004-2005, during the redevelopment of the ADR program. In 2015, a moderate increase to street price plus 2.5 percent was approved in order to assist tenants struggling to implement the quick increase of minimum wage to \$15 an hour. ADR tenants are currently set to return to straight street pricing in January of 2020, meaning comparable items would have the same cost inside and outside of the airport.

Commissioners discussed the extra costs of running a business at the airport in relation to the position airport consumers are in as a captive audience with limited capacity to comparison shop, and requested an examination of prices at the airport to determine the level of compliance with current policy.

**AMENDMENT 1**

Commissioner Bowman proposed the following amendment:

On page 1, strike line 36 and insert:

charge street pricing plus a maximum of five percent in 2020 and ten percent in 2021.

On page 2, line 54, strike “not more than ten percent (10%)” and insert:

not more than five percent (5%) in 2020 and not more than ten percent (10%) in 2021

On page 2, line 79, strike “of ten percent (10%)” and insert:

of five percent (5%) and beginning on January 1, 2021, up to a maximum of ten percent (10%)

On page 3, line 107, strike “up to 10 percent (10%)” and insert:

not more than five percent (5%) in 2020 and not more than ten percent (10%) in 2021

On page 3, line 111, insert after the period:

However, the Commission is aware of the effect of price increases on airport customers and wants to ensure that any prospective increases are stepped in over two years.

On page 4, line 126, strike “10% pricing” and insert:

5% pricing in 2020 and 10% pricing in 2021, gives time for the airport to understand the impact greater pricing flexibility has on the price of consumer goods at the airport.

**The amendment carried by the following vote:**

**In favor: Bowman, Felleman, Gregoire, Steinbrueck (4)**

**Opposed: Calkins (1)**

**The motion for adoption of Motion 2019-09 (agenda item 8a), as amended, carried by the following vote:**

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

**8c. Authorization for the Executive Director to: (1) proceed with the construction phase of the Pier 66/Bell Harbor International Conference Center Modernization Project; (2) advertise and execute a major public works contract; (3) execute purchasing contracts; (4) employ a project labor agreement for the project; and (5) approve additional funding of \$10,350,000 for a total estimated cost of \$11,560,000. (CIP #C800889)**

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

Presenter(s): Melinda Miller, Director, Asset Management; Fred Chou, Capital Program Leader; and Rafael Vinoly, Partner-in-Charge, LMN Architects.

Changes in the conference and event industry since this venue opened 24 years ago necessitate a refresh in order for the facility to remain competitive. The proposed design changes in the facility were described.

LEED certification is not an option on this particular remodel because it is not significant enough in terms of scope, but Commissioners expressed interest in prioritizing energy efficiency and sustainable materials. Commissioners also provided feedback regarding exterior signage.

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

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

**8d. Authorization for the Executive Director to execute a contract for up to 10 years to provide a Crowd Sourced Incident Reporting Application at Seattle-Tacoma International Airport for an estimated cost of \$1,500,000.**

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

Presenter(s): Krista Sadler, Director, ICT Technology Delivery.

This application will allow for quick reporting of safety issues, cleanliness, and other conditions within the airport, including activity potentially related to human trafficking. Reporters have the option of remaining anonymous, and will be encouraged to call 911 immediately for emergencies warranting a medical, fire, or police response.

A vendor has not yet been selected. Applications of this type are currently used heavily by public transportation systems, but airports are starting to deploy them as well. The Denver airport deployed their reporting application several months ago.

The target users are airport employees, tenants, service providers, and others who spend significant time in the terminal. Confusion between this and the current mobile application will be addressed via clear branding, although the possibility of linking the two will be explored eventually.

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

**In favor: Bowman, Calkins, Felleman, Steinbrueck (4)**

**Absent for the vote: Gregoire**

*Commissioner Calkins was present until 4:27 p.m.*

## **9. PRESENTATIONS, REPORTS, and STAFF BRIEFINGS**

### **9a. 2020 Aviation Division Business Plan and Budget Development Briefing.**

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

Presenter(s): Lance Lyttle, Managing Director, Aviation, and Borgan Anderson, Director, Aviation Finance and Budget.

The process of analyzing and aligning Aviation division strategic priorities was described. Examples of strengths, weaknesses, opportunities, and threats (SWOT) were summarized. Division strategic priorities were noted and customer service objectives were outlined. These include processing passengers from the airport drives through security checkpoints in less than 45 minutes and maintaining a minimum international passenger connect time of 75 minutes. Strategies to accomplish these goals include improvement of communication tools and facility and technology improvements.

Facilities objectives for the next five years include attainment of optimum service levels, maintaining existing functionality, and adding capacity for growth. Financial objectives for the next five years were summarized. Exploration of future vehicle access fees was discussed. Employment objectives for talent development and controlling turnover rates were described.

Major new projects for 2020 will include the following:

- Addressing the seismic deficiencies of the South Satellite
- Additional checkpoint lane capacity
- Adding dining and retail, lounge, and office space
- Airline realignment
- Part 150 noise projects

New and ongoing multiyear, non-baseline costs in the 2020 operating budget will include the following:

- The taxi curbside contract
- Operations and maintenance costs for the International Arrivals Facility
- Completion of environmental review for the Sustainable Airport Master Plan

Commissioners expressed apprehension about the projected capital project load for aviation activities and suggested looking at ways to manage and pare down the portfolio.

**10. QUESTIONS on REFERRAL to COMMITTEE – None.**

**11. ADJOURNMENT**

There was no further business, and the meeting adjourned at 5:10 p.m.

Prepared:

Attest:

Amy Dressler, Deputy Commission Clerk

Stephanie Bowman, Commission President

Minutes approved: July 9, 2019.