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APPROVED MINUTES COMMISSION REGULAR MEETING AUGUST 13, 2019

The Port of Seattle Commission met in a regular meeting Tuesday, August 13, 2019, in commission chambers at Port of Seattle offices, 2711 Alaskan Way, Seattle, Washington. Commissioners Bowman, Felleman, and Steinbrueck were present. Commissioners Calkins and Gregoire were excused.

1. CALL to ORDER

Pursuant to Article IV, Section 8, of the commission bylaws, the meeting convened at 11:08 a.m. to conduct an executive session.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The notice posted during the executive session included two matters 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 12:18 p.m. Commissioner Bowman 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):

- David Goebel, Vashon Island Fair Skies, regarding use of the South King County Fund to place noise monitoring equipment on Vashon Island.
- Elizabeth Scallen, shared workspace company WeWork, in support of the Maritime Blue joint partnership agreement in agenda item 8a.
- J.C. Harris, Des Moines resident, regarding relocation of Runway 34R glideslope antennas.
- Glenn Stockwell, Washington State Economic Development Corporation, regarding fast-tracking Franklin D. Roosevelt's Columbia Basin Project. Mr. Stockwell submitted written materials, which are attached as minutes [Exhibit A](#).
- Alex Tsimerman, StandUp America, regarding political corruption.

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 July 9, 2019.

6b. Approval of the Claims and Obligations for the period July 1, 2019, through July 31, 2019, including accounts payable check nos. 930750-931182 in the amount of \$4,003,295.90; accounts payable ACH nos. 018696-019474 in the amount of \$77,447,331.91; accounts payable wire transfer nos. 015154-015179 in the amount of \$14,740,651.21, payroll check nos. 193669-194003 in the amount of \$373,868.60; and payroll ACH nos. 921166-925471 in the amount of \$11,058,067.46 for a fund total of \$107,623,215.08.

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

6c. Authorization for the Port of Seattle Police Department to participate in the Puget Sound Auto Theft Task-Force.

Request document(s) included an agenda [memorandum](#), draft [agreement](#), and Full-Time Equivalent position [request document](#).

6d. Authorization for the Executive Director to execute a contract amendment with Motorola for the Radio Upgrade Project for an increase not to exceed \$670,000. (CIP #C801012)

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

6e. Authorization for the Executive Director to execute contracts for technology renewals with (1) Tierpoint for data center services in the amount of \$1,800,000, and (2) Materna for airport common-use system maintenance in the amount of \$750,000.

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

6f. Approval of a revised Commission 2019 international travel plan to include additional travel in the third quarter.

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

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

In favor: Bowman, Felleman, Steinbrueck (3)

Absent for the vote: Calkins, Gregoire

7. SPECIAL ORDERS of BUSINESS – None.

8. AUTHORIZATIONS and FINAL ACTIONS

- 8a. Authorization for the Executive Director to execute a joint partnership agreement with Maritime Blue, a non-profit agency, to develop and pilot a maritime accelerator initiative, host maritime blue forums, and advance the work of the maritime cluster organization for one year at the rate of \$200,000 and that the commission determine a competitive process is not appropriate or cost effective and exempt this contract from a competitive process consistent with RCW 53.19.020.**

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

Presenter(s): Dave McFadden, Managing Director, Economic Development; Joshua Berger, Governor's Maritime Sector Lead; and Craig Muska, TILT Capital.

Previously, the commission authorized execution of a Maritime Blue Partnership memorandum of understanding on July 23, 2019, under agenda item 3b.

The benefits of a one-year maritime business incubator/accelerator program were described. The mission of the maritime cluster organization would be to support entrepreneurship and sustainability in the maritime sector. Development of an investor base is a critical component of the plan. Commissioners asked about the extent of the port's commitment and the expected outcomes for the first year. They commented on the opportunity for the port to contribute to the goals of the innovation center. Commissioners inquired as to the mission statement of the innovation center, which was described as growing a maritime economy, supporting healthy marine and coastal ecosystems, and supporting equitable and resilient communities.

The nature of the participation of the Northwest Seaport Alliance was discussed. The membership structure for public and private participants was described. Commissioners asked about the program's annual budget and commented on the need for a diversified funding model.

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

In favor: Bowman, Felleman, Steinbrueck (3)

Absent for the vote: Calkins, Gregoire

- 8b. Authorization for the Executive Director to design and prepare construction bid documents for the Remote Aircraft Deicing project at the Seattle-Tacoma International Airport in an amount not to exceed \$2,850,000 of a total estimated project cost of \$24,300,000. (CIP #C801035)**

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

Presenter(s): Mark Coates, Senior Manager, Airport Operations, and Chris Coulter, Capital Project Manager, Aviation Project Management.

The purpose of remote aircraft deicing is to remove ice from aircraft on taxiways, relieving airfield congestion. The addition of new gates as contemplated in the Sustainable Airport Master Plan should

have the same effect for future deicing activities since gate demand would be reduced. All deicing chemicals used for remote deicing are collected for stormwater treatment in accordance with port policy and environmental permits.

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

In favor: Bowman, Felleman, Steinbrueck (3)

Absent for the vote: Calkins, Gregoire

Agenda item 8c was removed from the agenda prior to publication.

8d. Introduction of Resolution No. 3761: A resolution of the Port of Seattle Commission amending Resolution Nos. 3742, 3744, and 3754, regarding bylaws governing the organization and transaction of business of the Port of Seattle Commission, to revise the object statement in Article I.

Request document(s) included an agenda [memorandum](#), draft resolution, and [redline](#) version of the bylaws. A copy of the final draft of [Resolution No. 3761](#) will be made available upon adoption.

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

The language updates to the object statement are an attempt to improve the value-oriented text of the object statement of the commission's bylaws. Commissioners commented on the desire for better clarity and consistency related to this language. Commissioners were asked to consider a proposal for further improvement of the same language, although no amendment to the resolution was offered at this time.

The motion for approval of introduction of Resolution No. 3761 carried by the following vote:

In favor: Bowman, Felleman, Steinbrueck (3)

Absent for the vote: Calkins, Gregoire

9. PRESENTATIONS, REPORTS, and STAFF BRIEFINGS

9a. 2019 Second Quarter Capital Improvement Projects Report.

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

Presenter(s): Dave Soike, Chief Operating Officer; Anne Porter, Director, Seaport Project Management; Lance Lyttle, Managing Director, Aviation; Jermaine Murray, Construction Inspector; Frederic Robinson, Capital Project Manager, Aviation Project Management; Greg Carey, Assistant Director, Aviation Project Management; and Krista Sadler, Director, Information and Communications Technology, Technology Delivery.

Executive Director Metruck announced the reorganization of the Capital Development Department functions within the port's operating divisions, and a presentation was provided on the impact of port

capital development activities, growth in passenger volumes at the airport and seaport cruise facilities, and resulting operational and budget impacts to the port.

Commissioners asked about progress of work on a new cruise facility at Terminal 46 and questioned whether not reflecting schedule “delays” on the project was appropriately transparent, while acknowledging that the project is still in a pre-design phase. They inquired about financial benefit of the project and the general scope intended.

Commissioners inquired about progress on completing a new restaurant for tenant Duke’s Chowder House at Shilshole Bay Marina and other capital improvements for marina tenants.

The statuses of the largest Aviation capital development programs were summarized. These include the International Arrivals Facility, North Satellite Upgrades, and Baggage System Optimization. The International Arrivals Facility is expected to be complete by June 6, 2020, despite delays related to steel delivery. Commissioners commented on the need to consider port staffing needs in the preparation of the 2020 budget and asked about Customs and Border Protection staffing for the new facility. Nine new gates are open at the North Satellite with new amenities, and the second phase of work has begun. The Baggage Optimization schedule was extended by six months but has not experienced new delays. Commissioners asked about the relationship of the International Arrivals Facility to the overall baggage system.

Aviation projects at risk of cost increases or schedule delays were noted and selected completed and in-progress projects were highlighted. Commissioners asked about the schedule for Central Terminal renovations.

Commissioner Bowman suggested scheduling an airport noise insulation update.

9b. Preliminary 2020 Maritime and Economic Development Capital and Funding Briefing.

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

Presenter(s): Steve Metruck, Executive Director, and Elizabeth Morrison, Director Corporate Finance and Treasury.

The complexity and degrees of uncertainty inherent in planning capital improvements were reviewed. There are six project statuses for budgeting purposes ranging from Status 1, or Preliminary Status, in which a project is considered a placeholder and not listed on the capital improvement project list, to Status 6, or Completed Status, at which time the project is completed and ready for booking to assets. The degree of certainty about scope, cost, and schedule increases as project status increases. Commissioners asked how the request to approve the rolling five-year capital improvement plan can be made to reflect the associated degree of cost certainty.

Staff presented an analysis of 20 years of capital project delivery by all operating divisions in response to requirements of Motion 2018-14. On average, annual capital spending was approximately 57 percent of what was budgeted, and five-year spending averaged about 80 percent of budget. In 2002, the port spent 120 percent of what was budgeted in the 1998 five-year capital

forecast. Accuracy in forecasting capital spending increases when the projects are at a later stage of development and have greater cost certainty. Best practices for capital project estimating were summarized.

Commissioners commented on the role they play in affecting capital spending by applying public policy considerations to projects as they develop. They remarked on the importance of not collecting tax levy funding that might go unused in the annual budget year for which it was collected.

There was a discussion of the need for greater transparency of capital plan development between the first and fifth years of the five-year capital improvement plan.

The current port tax levy amount of \$74 million was contrasted with the \$104 million maximum the port is legally allowed to collect. It was reported that in 2019 the tax paid for a median home value in King County is about \$71.39. A policy recommendation for designating capital contingency is expected in September.

9c. Q2 2019 Financial Performance Briefing.

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

Presenter(s): Dan Thomas, Chief Financial Officer; Michael Tong, Director, Corporate Budget; Borgan Anderson, Director, Aviation Finance and Budget; and Kelly Zupan, Seaport Finance Director.

Overall financial performance in the second quarter of 2019 included the following highlights:

- Operating revenue was \$7.9 million favorable to budget and \$37.7 million over 2018 actual.
- Non-Aviation revenue was \$5.4 million favorable to budget and \$3.6 million higher than 2018 actual.
- Operating expenses were \$16 million below budget and \$25.2 million over 2018 actual.
- Net operating income before depreciation was \$23.9 million favorable to budget and \$12.5 million over 2018 actual.
- Total capital spending was \$287.5 million for the quarter.

Progress on airport business and customer service goals was reported. Maritime and Economic Development Division financial performance and progress on business goals were presented. Commissioners inquired about revenue from cruise operations and the budget for cruise promotion. They asked about the Aviation Division's cost allocation for Port police services and environment and sustainability budget savings.

10. QUESTIONS on REFERRAL to COMMITTEE – None.

11. ADJOURNMENT

There was no further business, and the meeting adjourned at 4:02 p.m.

Prepared:

Attest:

Paul J. White, Commission Clerk

Peter Steinbrueck, Commission Secretary

Minutes approved: October 8, 2019.