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APPROVED MINUTES COMMISSION REGULAR MEETING OCTOBER 8, 2019

The Port of Seattle Commission met in a regular meeting Tuesday, October 8, 2019, 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 12:10 p.m. by Commission Vice President Fred Felleman, who led the flag salute.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110 – None.

3. APPROVAL of the AGENDA

Without objection, the preliminary agenda was revised to add agenda item 9c, a presentation on the Maritime and Economic Development Divisions 2020 Capital Budgets, and to consider the staff briefings in the following order: 9c, 9b, and 9a.

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):

- Jan von Lehe, 350 Seattle, regarding expansion of the port's cruise line of business.
- Stacy Oaks, 350 Seattle, regarding requirements for the port's request for proposals for the new cruise facility at Terminal 46. Ms. Oaks submitted written materials, which are attached as minutes [Exhibit A](#).
- Carlo Gneccchi, Interbay tiny house village resident, in support of the port's renewal of the lease of the Tsubota property for temporary housing.
- Kamika Jones, Interbay tiny house village resident, in support of the port's renewal of the lease of the Tsubota property for temporary housing.
- Kyle Monzingo, Interbay tiny house village site coordinator, in support of the port's renewal of the lease of the Tsubota property for temporary housing.
- Janis Traven, Seattle resident, in support of the port's renewal of the lease of the Tsubota property for temporary housing.
- Joseph Procella, Seattle resident and past Interbay tiny house village resident, in support of the port's renewal of the lease of the Tsubota property for temporary housing.

- Aaron Monts, Pastor of Queen Anne United Church, provide service to village, in support of the port's renewal of the lease of the Tsubota property for temporary housing. Mr. Monts submitted written materials, which are attached as minutes [Exhibit B](#).
- Alex Tsimerman, Seattle resident, regarding political corruption.
- Dani Amory, Interbay tiny house village resident, in support of the port's renewal of the lease of the Tsubota property for temporary housing.
- In lieu of spoken comment, Josh Castle, Seattle resident, submitted written materials regarding Interbay Village, which are attached as minutes [Exhibit C](#).
- In lieu of spoken comment, Melissa Rankin and the Reverend Marci Scott-Weis, Magnolia Church of Christ, submitted written materials regarding Interbay Village, which are attached as minutes [Exhibit D](#).

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 August 13, 2019.

- 6b. Approval of the [Claims and Obligations](#) for the period September 1, 2019, through September 30, 2019, including accounts payable check nos 931646-932175 in the amount of \$5,853,652.18; accounts payable ACH nos. 020175-020842 in the amount of \$69,415,025.71; accounts payable wire transfer nos. 015199-015217 in the amount of \$5,730,932.44, payroll check nos. 194263-194512 in the amount of \$265,268.93; and payroll ACH nos. 929895-934210 in the amount of \$11,096,629.74 for a fund total of \$92,631,509.00.**

Request document(s) included an agenda memorandum.

- 6c. Authorization for the Executive Director to (1) accept a Federal Emergency Management Agency Port Security Grant Program award in the amount of \$659,843 for the procurement of one Port of Seattle police boat; (2) execute a contract to buy a police boat; and (3) authorize the Port of Seattle share of the project in the amount of \$240,157, which includes a 25-percent cost match mandated by the FEMA grant program, for a total procurement cost of \$900,000.**

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

- 6d. Authorization for the Executive Director to execute a new one-year contract with four additional one-year options to extend for Pier 66 janitorial services, with a value up to \$575,000.**

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

- 6e. Authorization for the Executive Director to execute a new collective bargaining agreement between the Port of Seattle and the International Brotherhood of Teamsters, Local 763, Teamsters, Police Commanders, representing the Police Department for the Port of Seattle covering the period from January 1, 2019, through December 31, 2021.**

Request document(s) included an agenda [memorandum](#) and bargaining agreement [redline](#).

- 6f. Authorization for the Executive Director to execute a new collective bargaining agreement between the International Union of Operating Engineers Local 302, representing the Operating Engineers in our Aviation Maintenance Department, covering the period from June 1, 2018, through May 31, 2023.**

Request document(s) included an agenda [memorandum](#) and bargaining agreement [redline](#).

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

7. SPECIAL ORDERS of BUSINESS

- 7a. Authorization for the Executive Director to renew the lease agreement for one year with the City of Seattle for continued use of the Tsubota site (1601 15th Avenue West, Seattle) for a temporary homeless encampment.**

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

Presenter(s): Veronica Valdez, Commission Specialist; Meg Olberding, Director of External Affairs, Human Services Department, City of Seattle; and Sharon Lee, Executive Director, Low Income Housing Institute.

On November 16, 2019, the port's existing lease with the City of Seattle for use of the Tsubota site on 15th Avenue West for a temporary homeless encampment will expire. Renewal is proposed for one year. The model for providing shelter and services to homeless at the site was summarized and measurable outcomes for transition of residents to permanent housing was reported at 37 percent, an increase since 2017's 22-percent transition rate. There are currently 42 tiny houses at the site with electricity, heat, and access to plumbed toilets, showers, and laundry and community kitchen facilities. Garbage collection and utilities are underwritten by the city. Residents may keep their pets and the number of residents with disabilities has increased. An early State Environmental Policy Act challenge was resolved, paving the way for installation of plumbed toilet and shower facilities, and there is no current pending litigation.

Commissioners acknowledged that facilitating housing and homelessness solutions are not part of the port's typical suite of community endeavors while noting the negative effect of the homelessness crisis on tourism, trade, and economic development in the region. Although the port provides the land for the encampment, it does not underwrite the services provided there. There were comments about potentially extending future leases for a longer term. Contrasts were noted between the current tiny-house village model with basic amenities and access to services to transition to permanent housing and Seattle's Hooverilles of the 1930s.

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

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

8. AUTHORIZATIONS and FINAL ACTIONS

- 8a. Introduction and public hearing for Resolution No. 3762: A Resolution of the Port of Seattle Commission declaring surplus and no longer needed for port district purposes approximately 417,963 square feet (9.6 acres) of Port-owned real property located in the City of SeaTac, King County; and further authorizing the Executive Director, or his designee, to finalize negotiation and prepare and execute all necessary documents to transfer said real property to WSDOT for use in the extension of SR-509 in connection with WSDOT's SeaTac to I-5 Freeway Extension/SR-509 Corridor Completion Program Phase I Project.**

Request document(s) included an agenda [memorandum](#), [presentation slides](#), and draft resolution. A copy of the final draft of [Resolution No. 3762](#) will be made available upon adoption.

Presenter(s): Allan Royal, Aviation Property Manager.

PUBLIC HEARING on Resolution No. 3762

Upon a motion and second for introduction of Resolution No. 3762, Commissioner Bowman declared the public hearing for the resolution open.

The commission received a presentation on the resolution that included appraisal details, a report of Federal Aviation Administration approval, and a recapitulation of the memorandum of agreement executed between the port and the Washington State Department of Transportation in support of extension of SR-509.

Commissioners asked about the effect of the transfer on reducing traffic congestion in SeaTac and the extent of the acreage to be taken by the state.

An opportunity for public testimony was provided, but none was offered at this time and the hearing was closed.

The motion for approval of introduction of Resolution No. 3762 carried by the following vote:

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

- 8b. Authorization for the Executive Director to (1) prepare design and construction bid documents for the Terminal Solid Waste Improvements project at Seattle-Tacoma International Airport; (2) execute a long-term contract for standardized solid waste compactors through a competitive process for a period of up to 10 years; and (3) use Port crews for preconstruction activities. The amount of this request is \$1,225,000 for a total estimated project cost not to exceed \$6,400,000 (CIP #C800945).**

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

Presenter(s): Michael Dysart, Capital Project Manager, and Tom Beirne, Aviation Facilities and Infrastructure, Utility Program Manager.

The effect of passenger growth and new initiatives on the airport's waste diversion program was described. Additional space for waste collection is needed and investment in capacity for compostable waste is considered critical to meeting waste diversion goals.

Commissioners asked about the breadth of the program, which includes passenger-related and dining-and-retail-related waste. They inquired about disposal fees for tenants and effects of rising recycling costs. It was reported that using waste to generate energy is a factor that will be considered in developing a solid waste master plan. Commissioners asked about efforts to prohibit sale of plastic water bottles and other single-use plastics at other airports. Airline and flight kitchen waste is handled separately from general airport waste management.

The design cost estimate for the proposed solution was summarized.

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 set 2020 Marine Stormwater Utility rates with an increase of 8.2 percent.

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

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

Commissioners received a presentation covering the formation of the port's stormwater utility, the status of the system's condition assessment, and the proposed utility rate increase of 8.2 percent. It was noted that improvements and repairs of the utility directly benefit port tenants and facilities, which was a reason for forming the utility in 2014. It was also explained that increased utility fees will remain lower than comparable fees of the City of Seattle. Commissioners asked whether a larger increase was considered. It was noted that additional system improvements also require workload capacity on the part of the utility. There was a discussion of how the system manages stormwater capacity fluctuations and comparisons to source-control measures of other ports.

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 increase funding for the Interim Westside Fire Station Design-Build Contract by \$3,679,000 for a new total project cost of \$9,179,000 (CIP #C800876). [subsequently amended]

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

Presenter(s): Sean Anderson, Capital Program Leader, and Randy Krause, Fire Chief.

Previously, this project was the subject of authorizations on February 27, 2018 (agenda item 8b) and May 28, 2019 (agenda item 8d). It was the subject of an audit report on September 28, 2018, and was reported by the Audit Committee at a port commission meeting on October 9, 2018 (agenda item 10).

The presentation included information about numerous changes to the project, including scope changes that have added cost and delayed project completion. The facility as currently proposed will be separate from the Paccar building and will be slightly larger. It is still considered an interim solution but may be useful slightly longer than originally expected due to timing refinements to future airfield projects that might compete for use of the same space. It is estimated the facility will be used for at least three years.

Commissioners asked about the current lease arrangement with Paccar and emphasized the need for improved comfort and safety of firefighters. Commissioners asked about the process by which the cost increased from the original estimate of \$2.4 million to the current estimate of approximately \$9.2 million. They asked about investment in design and a detailed cost breakdown. In-house procurement and underestimation of Federal Aviation Administration regulations related to the use of the airfield location and erection of modular units were discussed. Commissioners asked about use of women- and minority-owned business enterprises and the schedule for project delivery. The description in the agenda memorandum of the project changes and the memo's failure to address the systemic challenges in the delivery of the project were criticized by commissioners.

AMENDMENT

The action requested was amended without objection to read as follows:

Authorization for the Executive Director to increase funding for the Interim Westside Fire Station Design-Build Contract by \$3,679,000 for a new total project cost of \$9,179,000 with a lessons-learned and after-action report by management due to the Commission by October 31, 2019 (CIP #C800876). [as amended]

[Clerk's Note: the after-action report prepared by management and dated October 31, 2019, is attached as minutes [Exhibit E](#).]

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

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

RECESSED and RECONVENED

The meeting was recessed at 2:44 p.m. and reconvened at 2:52 p.m., chaired by Commissioner Bowman.

9. PRESENTATIONS, REPORTS, and STAFF BRIEFINGS

Without objection, agenda item 9c, a briefing on the 2020 Maritime and Economic Development Divisions preliminary budgets, and agenda item 9a, recommendations on financial policy updates, were laid on the table. These briefings were considered instead on October 22, 2019.

As noted above, the commission advanced to consideration of –

9b. 2020 Maritime and Economic Development Divisions Preliminary Capital Budget Briefing.

Presentation document(s) included an agenda [memorandum](#), Maritime Division [presentation slides](#), and Economic Development Division [presentation slides](#).

Presenter(s): Stephanie Jones Stebbins, Managing Director, Maritime; Dave McFadden, Managing Director, Economic Development; Kelly Zupan, Director, Seaport Finance and Budget; and Mian Rice, Director of Diversity in Contracting.

Maritime Division

The priorities and budget approach for the Maritime Division for 2020 were summarized, including revenue and expense projections. Growth in cruise business has helped to balance poorer performance in grain exports and some fishing industry revenue. Transfers of full-time-equivalent positions and other expenses were noted.

Commissioners asked about effects on port facilities of fishing and cruise vessel size trends. They inquired about budget for improvements at Terminal 46 and employment numbers associated with cruise expansion there. Commissioners asked if tariff rates are set at the right level and whether variable cost based on demand was under consideration. They commented on being able to describe the public benefit achieved by added staff positions. The port's stormwater utility budget was presented as part of the Maritime Division.

Economic Development Division

The priorities and budget approach for the Economic Development Division for 2020 were summarized, including revenue and expense projections. Conference center revenue is down, affecting the division's capital development priorities. Several port properties are poised for redevelopment. Commissioners asked about capacity for real estate portfolio acquisitions and sales in the event of economic downturn.

Expense trimming in the 2020 budget includes removal of funding for shuttle service to Pier 69 and removal of economic development and trade development memberships. Resources for diversity-in-contracting efforts were transferred from construction incubator, small business training, and women- and minority-owned business enterprise program implementation to new mentor-protégé efforts. Resources for workforce development initiatives are moving to the Office of Equity, Diversity, and Inclusion. Some funding for promotional hosting and sponsorships will be transferred to maritime innovation initiatives.

Commissioners asked about how specific programs help achieve the division's strategic goals. They inquired about state funding for tourism efforts and the status of "cruise-and-stay" efforts.

The transition of workforce development responsibilities to the Office of Equity, Diversity, and Inclusion was discussed.

10. QUESTIONS on REFERRAL to COMMITTEE – None.

11. ADJOURNMENT

There was no further business, and the meeting adjourned at 4:38 p.m.

Prepared:

Attest:

Paul J. White, Commission Clerk

Peter Steinbrueck, Commission Secretary

Minutes approved: November 12, 2019.