



**Commissioners**

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Commission President  
Stephanie Bowman  
Bill Bryant  
John Creighton  
Courtney Gregoire

Tay Yoshitani  
Chief Executive Officer

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**APPROVED MINUTES  
COMMISSION REGULAR MEETING SEPTEMBER 24, 2013**

The Port of Seattle Commission met in a regular meeting Tuesday, September 24, 2013, in the International Auditorium at Seattle-Tacoma International Airport, Seattle, Washington. Commissioners Albro, Bowman, Bryant, Creighton, and Gregoire were present.

**1. CALL TO ORDER**

The regular meeting was called to order at 12:04 p.m. by Tom Albro, Commission President.

**2. EXECUTIVE SESSION pursuant to RCW 42.30.110**

The regular meeting was immediately recessed to an executive session estimated to last approximately 60 minutes to discuss matters relating to legal risk, potential litigation, and performance on a publicly bid contract.

Following the executive session, which lasted approximately 30 minutes, the regular meeting reconvened in open public session at 1:05 p.m.

**PLEDGE OF ALLEGIANCE**

**3. APPROVAL OF MINUTES**

Minutes available for approval are included in the Unanimous Consent Calendar.

**4. SPECIAL ORDERS OF BUSINESS**

None.

**5. UNANIMOUS CONSENT CALENDAR**

*[Clerk's Note: Items on the Unanimous Consent Calendar are considered routine and are not individually discussed. Port Commissioners receive the request documents prior to the meeting and may remove items from the Consent Calendar for separate discussion and vote in accordance with Commission bylaws.]*

**5a. Approval of the minutes of the special meeting of August 20, 2013.**

**5b. Approval of the [claims and obligations](#) for the period of August 1, 2013, through August 31, 2013, including accounts payable checks nos. 815553 through 816608 in the**

amount of \$27,050,846.88 and payroll checks nos. P-174913 through 175132 in the amount of \$11,914,395.31 for a fund total of \$38,965,242.19.

- 5c. **Request for (1) Commission ratification of the Great Northern Corridor Coalition Memorandum of Understanding between the Montana Department of Transportation and the Port of Seattle and (2) authorization for the Chief Executive Officer to provide \$5,000 for a portion of the local match of a \$299,910 federal grant awarded to the Port of Northern Montana to complete the Great Northern Corridor Multistate Planning and Development Study.**

Request document(s) provided by Dan Burke, Program Lead Planner, Public Affairs:

- Commission agenda [memorandum](#) dated September 13, 2013.
- Great Northern Corridor Coalition [Memorandum of Understanding](#).
- Port of Seattle [letter](#) to the U.S. Department of Transportation dated April 3, 2013.
- Port of Seattle [letter](#) to the U.S. Department of Transportation dated December 19, 2011.

- 5d. **Authorization for the Chief Executive Officer to execute a Seventh Amendment to Ground Lease with AMB/AFCO Cargo SEA LLC, substantially in the form attached, to reflect a reduction of leased premises in lieu of the lease termination that was authorized by the Commission on September 25, 2012.**

Request document(s) provided by James R. Schone, Director, Aviation Business Development, and James Jennings, Manager, Aviation Properties:

- Commission agenda [memorandum](#) dated September 16, 2013.
- [Lease](#).
- [Exhibit](#) to the lease.
- Lease boundary [attachment](#).

- 5e. **Authorization for the Chief Executive Officer to execute two ten-year license agreements, substantially as drafted in Attachments 1 and 2, according to the terms laid out in this memorandum, with Comcast Cable Communications Management LLC, to provide back-up fiber data service to the Alaska Airline's air cargo building and the Alaska hangar facility at Seattle-Tacoma International Airport. There is no funding requested or net proceeds to the Port associated with this request.**

Request document(s) provided by James R. Schone, Director, Aviation Business Development; James Jennings, Manager, Aviation Properties; and Jolene Culler, Senior Property Manager, Aviation Properties:

- Commission agenda [memorandum](#) dated September 18, 2013.
- License agreement [attachment 1](#).
- License agreement [attachment 2](#).
- Aerial map [exhibit](#).

- 5f. **Authorization for the Chief Executive Officer to: (1) execute the Model Toxics Control Act Consent Decree for the design and implementation of the environmental remediation for the Lora Lake Apartments Site; and (2) design and prepare construction documents for the environmental remediation at the Lora Lake Parcel.**

Request document(s) provided by Elizabeth Leavitt, Director, Planning and Environmental, and Bob Duffner, Manager Environmental Programs:

- Commission agenda [memorandum](#) dated September 16, 2013.
- [Presentation slides](#).
- [Consent decree](#).

**Motion for approval of consent items 5a, 5b, 5c, 5d, 5e, and 5f – Bryant**

**Second – Bowman**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Bryant, Creighton, Gregoire (5)**

### **PUBLIC TESTIMONY**

As noted on the agenda, public comment was received from the following individual(s):

- John Lockwood, Senior Advisor, Vigor Shipyards, Seattle. Mr. Lockwood commented on agenda item 7a and the economic impact of maritime industry in the Duwamish Manufacturing Industrial Center and noted that workers in the area's boatyards earn wages approximately 45 percent higher than the national private-sector average. He noted the workforce development efforts of Vigor's welder training center on Harbor Island. Mr. Lockwood submitted his comments in written form. A copy of the document is, by reference, made a part of these minutes, is marked [Exhibit A](#), and is available for inspection in Port offices.
- Mike Elliott, spokesman for the Washington State Legislative Board of the Brotherhood of Locomotive Engineers and Trainmen and representing the United Transportation Union/SMART Trade Crafts (Sheet Metal, Air, Rail, and Transportation Workers). He commented on agenda item 7a, noting his organization's opposition to gentrification in the SoDo area of the Duwamish Manufacturing and Industrial Center and the siting there of a third sports arena. He noted safety concerns and inadequacy of study on the arena proposal.

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

### **7. STAFF BRIEFINGS**

#### **7a. Update on the Proposed SoDo Sports Arena Environmental Impact Statement.**

Presentation document(s) provided by Mike Merritt, Manager, Puget Sound/Washington Government Relations, and Geri Poor, Regional Transportation Manager:

- Commission agenda [memorandum](#) dated September 18, 2013.
- [Presentation slides](#).
- [Letter](#) from the Port of Seattle to the City of Seattle Department of Planning and Development dated November 30, 2012.

Additional, independent presentation slides were provided during the meeting by Randy Cerf, JRC Consulting. A copy of the document is, by reference, made a part of these minutes, is marked [Exhibit B](#), and is available for inspection in Port offices.

A copy of the Seattle Arena Draft Environmental Impact Statement issued August 15, 2013, as provided online by the City of Seattle at [www.seattle.gov](http://www.seattle.gov), is, by reference, made a part of these minutes and is marked [Exhibit C](#).

Presenter(s): Mr. Merritt; Ms. Poor; Traci Goodwin, Port Senior Counsel; Marnie Heffron, President and Principal Engineer for Heffron Transportation; and Randy Cerf, JRC Consulting.

The Commission received a presentation that included the following relevant information:

### **Arena Proposal**

- The proposal to develop a new sports arena in SoDo was announced February 16, 2012.
- Preliminary agreements to proceed with the project were executed by King County and the City of Seattle in October 2012.
- The proposal is for a 20,000 seat arena and sports facility of about 750,000 square feet located on First Avenue South at Holgate Street. The proposed site is within the Duwamish Manufacturing Industrial Center (MIC) and the city's Stadium Transition Overlay District.
- The location is close to rail yards and cargo terminals and is in the middle of a regional transportation hub where manufactured and export goods from throughout the United States' Northern Tier of States converge. This transportation hub with infrastructure investment by railroads, the State of Washington, local transportation agencies, and private warehousing and transloading operations cannot be duplicated anywhere else in the state of Washington. As much as 70 percent of goods imported through the hub move by rail to the Midwest, and the remainder is distributed locally and out of state by truck through logistics and warehousing centers in the Kent/Auburn Valley. The employment base in the logistics hub is 50,000 jobs that contribute significantly to the regional economy and tax base.
- Holgate Street is one of only three east-west connecting streets in this part of the Duwamish MIC. It is also an important transportation connection for the Beacon Hill neighborhood. There are 17 rail crossings on Holgate Street, including maintenance yard tracks and the main line.
- The BNSF rail yard is immediately adjacent to the project site.
- The proposal includes the city's vacation of and developer acquisition of a portion of Occidental Avenue South between South Holgate Street and South Massachusetts Street. Traffic currently using this section of Occidental Avenue would be diverted to First Avenue South.
- Proposal elements intended to mitigate the use of the public right-of-way on Occidental Avenue include public amenities such as plazas and open space.
- It is not clear how the city would justify the public benefit derived from vacating this section of Occidental Avenue, which currently helps to relieve congestion on First Avenue and provides an alternate route when rail crossings are blocked.
- Parking would be provided off site at existing commercial parking lots.

- There is a private access road proposed along the east side of the project site intended to provide access from the Safeco Field parking garage to South Holgate Street. It would be open only when there is an event at the arena.
- Funding is proposed to be a combination of private investment and King County and City of Seattle tax revenue up to \$200 million. Prior to use of public funds, permits, a street vacation, and a National Basketball Association (NBA) team with a non-relocation agreement must be secured by the developer.

### **Environmental Review Process**

- The State Environmental Policy Act (SEPA) is the State of Washington's fundamental environmental policy statement. Its intent is to lead agencies to make informed decisions about environmental impacts of development. Under SEPA, agencies consider environmental impacts and may propose mitigation for impacts or deny development requests.
- The City of Seattle is the lead agency for preparation of the environmental impact statement (EIS) for the SoDo sports arena.
- A draft EIS was issued August 15, 2013. A 45-day comment period expires September 30, 2013. The city has denied the Port's request for a 15-day extension of the comment period. Port staff is preparing comments on the EIS.
- The City of Seattle will accept comments, prepare responses, and issue a final EIS in early 2014. The master use permit subsequently issued by the city may include conditions arising out of environmental review. The final EIS will address all comments received during the 45-day comment period on the draft EIS. After issuance of the final EIS, there is a 14-day period under the city's municipal code during which appeals may be filed. Both the final EIS and the master use permit are appealable to the city's Hearings Examiner.
- Despite the Port's request in 2012 that the city prepare a higher-level programmatic EIS, a project-level statement has been prepared. Programmatic environmental impact statements were prepared for construction of Safeco Field and CenturyLink Field when those facilities underwent environmental review.
- The arena project is being reviewed under standards applicable to a private project, despite the use of public funds and the eventual public ownership of the land. Public projects are required to consider "reasonable alternatives," which might have included project locations outside the city that were not considered.
- Alternatives considered in the EIS include no action, an 18,000 seat facility at the same location, construction of a new Key Arena at the Seattle Center, and new construction at the Seattle School District's Memorial Stadium at the Seattle Center.
- Ms. Goodwin reported that when a project has intertwined public and private components, SEPA rules provide that the lead agency must treat the project as a public project.
- SEPA requirements for public projects are more demanding in their insistence on consideration of more alternatives than have to be considered for private projects.
- During the scoping phase, the Port noted that the arena project is a public project. The draft EIS indicates that the proponent is a private entity; therefore, the project is considered private by the city. There is no other justification provided in the draft EIS for considering the proposal a private project.

- SEPA rules do not require review of economic or socio-economic impacts of development; however, these impacts were addressed in the EIS by the City of Seattle.

### **Port Analysis of the Environmental Impact Statement**

As reviewed by Port staff, the draft EIS for the arena proposal was characterized as follows:

- The proposal for siting the arena in SoDo encourages incursion of incompatible land uses into the industrial area. The development is contrary to prior city policy aimed at protecting Port and industrial facilities.
- Direct and indirect impacts of the proposal that were not considered affect traffic congestion, rail operations, safety, and irreversible incompatible land use.
- Alternative sites were not fully evaluated.
- The directives of the Seattle Comprehensive Plan to protect industrial uses and preserve industrial land and water-dependent uses are at odds with the arena proposal.
- The transportation analysis provides only a p.m. peak-hour modeling analysis. There is no analysis of post-game traffic or the impact of adding more event days of traffic. The impact of increased street volume on rail traffic is not addressed, nor is the impact of the loss of the vacated portion of Occidental Avenue South on all-day operations.
- The draft EIS does show inadequate street capacity for safe pedestrian operations.
- There is no proposal in the draft EIS to mitigate traffic impacts.
- The economic impact analysis appendix to the draft EIS addresses gentrification, rising industrial land values and rents, conflicts with incompatible uses, and operational traffic impacts. The only quantifiable traffic impact presented is a per-truck delay of four minutes during the p.m. peak, which is correlated to an hourly trip value of \$48 per truck. This four-minute-per-truck impact is cited by the draft EIS as the upper limit of the potential impact on the Port. The economic impact analysis recommends consideration of adverse impacts to customer and carrier perceptions of Seattle as an unreliable and congested port, but claims this risk to port competitiveness cannot be reliably quantified.
- The order of magnitude of traffic upgrades proposed in the economic impact analysis is insufficient, and there is no commitment within the draft EIS to performing mitigation.
- Based on the information contained in the draft EIS, the proposal to build the arena in SoDo appears to be based on insufficient information and differing assumptions that result in the SoDo location appearing to be better suited to the proposal.
- No quantification or protection of the effect of the proposal to spur incompatible redevelopment in the Duwamish MIC is provided by the draft EIS.
- The draft EIS acknowledges the following:
  - ▶ Economic impacts of the arena proposal are a topic of controversy;
  - ▶ Siting an arena in SoDo represents an irreversible change in land use; and
  - ▶ Economic benefits of construction and the cumulative effects of increased event venues of an arena are the same regardless of the arena's location.
- Despite not having secured an NBA team and not having determined the arena site by the city, street vacation is planned as early as 2014.

### **Independent Analysis of the Environmental Impact Statement**

As reviewed by independent transportation and financial services consultants, the draft EIS for the arena proposal was characterized as follows:

- The draft EIS concludes there will be significant pedestrian safety impacts on Holgate Street South. After an event, closure of one rail crossing for rail traffic could create a queue of pedestrians that would cross the remaining 16 rail crossings on Holgate Street South. Mitigation proposed includes surface improvements only and does not commit to a pedestrian overpass.
- The current existing condition of Holgate Street is not addressed in the draft EIS.
- There is no meaningful data included in the EIS to compare alternative arena sites.
- Arena economic costs are underestimated or disregarded while economic benefits are stressed based on tenuous analysis.
- Tax revenue from the arena is presented as an economic benefit to the city although the arena memorandum of understanding diverts the \$275 million in project tax revenue to debt service. These include ticket and sales taxes.
- Increased property value from the arena development will enlarge the county's property tax pool, but because the arena land will become public property, the tax burden of the increased property values will be shifted to other Seattle property owners.
- Economic costs unaddressed in the draft EIS include loss of port or industrial jobs, the necessary mitigation investment to offset traffic impacts, cost of accelerating development on city projects that would be displaced, assessment of amplified marginal effects, revenue loss to Key Arena and nearby businesses, assessment of the number and type of jobs lost versus those gained by building the arena, and whether arena traffic would discourage patronage of Pioneer Square or Downtown Seattle.
- The economic impact analysis does not address that about 60 percent of an NBA team's revenue is funneled to key players, coaches, and owners and leaves the city's economy, whereas the industrial jobs that would be displaced by an arena have a multiplier effect in the community.
- Commuter costs and time spent in traffic is unaddressed in the draft EIS.
- The consensus of economic research is that there is no statistically significant positive correlation between sports facility construction and economic development.
- The draft EIS concludes \$230 million to \$260 million of incremental annual economic activity earning \$103 million for Seattle alone from a new arena, which according to Mr. Cerf would make it the most profitable collection of businesses in U.S. history.

Commissioner Creighton noted that the BNSF rail yard is the only one of its size and importance in the United States that is bisected by a major arterial street (South Holgate Street). BNSF anticipates with normal growth in rail traffic that Holgate Street would be closed 25 minutes out of every hour. In response to Commissioner Creighton, Ms. Poor reported that a grade separation for rail and street traffic on Holgate Street has already been deemed unfeasible by the City of Seattle.

Commissioner Creighton opined that the Port should quantify and propose a mitigation cost for the impacts. Ms. Poor noted that the Port is currently working with other groups to quantify current baseline needs for freight in the Duwamish MIC and that mitigation for effects of the arena development would need to be addressed along with these baseline requirements.

In response to Commissioner Gregoire, Ms. Poor noted the inadequacy of the transportation analysis during the scoping period, which contributes to the lack of adequate data upon which to base mitigation measures and costs in the draft EIS. Because of this, elected officials are unable to make an informed decision about the proposal, which is the fundamental purpose of the SEPA process.

In response to Commissioner Bryant, Ms. Goodwin reported that although the city is required to respond to all comments made on the draft EIS, the responses may not address the Port's concerns as thoroughly or adequately as the Port might want, but that the city has wide discretion in its application of its substantive SEPA authority. She was not aware of a case in which the city has provided funds to mitigate a private project but noted that the lead agency typically requires the proponent pay for the EIS, staff time for review, and mitigation costs associated with probable adverse environmental impacts. Mr. Merritt noted that funds directed toward the Seattle Transportation Benefit District in the form of a Transportation Benefit Fund would be expected to be used not for arena mitigation, but for transportation projects in the SoDo area that would benefit the Port and other users.

In response to Commissioner Albro, Ms. Poor noted that the Stadium Transition Overlay District was created to buffer industrial uses in SoDo from the effects of a stadium. Commissioner Albro commented on the overall economic impact of a SoDo arena and the role of a strong industrial sector in fostering middle class jobs.

*Following consideration of agenda item 7a, without objection, the Commission advanced to consideration of-*

**PUBLIC TESTIMONY**

Additional public comment was received from the following individual(s):

- Justin Hirsch, member of the International Longshore Workers Union, Local 19. Mr. Hirsch commented on the daily transactions of trucks at Port terminals and the disadvantages to freight movement and exports posed by unmitigated traffic impacts in SoDo.
- Scott Martinez, member of the International Longshore Workers Union, Local 19. Mr. Martinez commented on the traffic impacts of a new arena in SoDo on commute hours and the Port's ability to remain competitive with Canadian and other ports.
- Peter Goldman, environmental attorney representing the International Longshore Workers Union. Mr. Goldman commented on the limitations imposed by the city's memorandum of understanding with the arena developer and the document's requirements, which he described as premature. He stated the project should have been reviewed as a public project.
- Warren Aakervik, Jr., retired from Ballard Oil. Mr. Aakervik commented on the effect of another SoDo sports arena on the Ballard-Interbay-Northend MIC, the need to transport petroleum products through SoDo, the length of delays for trucks due to traffic congestion, and the practice of businesses avoiding deliveries through SoDo during sporting events.
- Jordan Royer, Pacific Maritime Shipping Association. Mr. Royer commented on the arena proposal's inconsistency with Seattle land-use policy and on the fact that an arena has more location options than a deep-water seaport.



- John Odland, MacMillan-Piper Inc. Mr. Odland commented on reinstatement of the night shift at his company's transloading facility for agricultural products from Eastern Washington for export. He questioned the accuracy of the draft EIS's assertion that trucks would be delayed only four minutes due to traffic associated with the arena development.
- Eddie Reed, Principal, School of Engineering and Design at Seattle's Cleveland High School Science, Technology, Engineering, and Mathematics (STEM) Program located in SoDo. Dr. Reed commented on the workforce development activities of his school and the negative effects of the proposed arena on the community.

*Following consideration of public testimony, without objection, the Commission returned to consideration of–*

**6. DIVISION, CORPORATE, AND COMMISSION ACTION ITEMS**

- 6a. Authorization for the Chief Executive Officer to: (1) advertise, award, and execute a major public works contract for the construction of the North Satellite Refurbish Baggage System Project; and (2) authorize the use of Port crews. This request of \$11,987,000 is in addition to the \$3,760,000 that was previously authorized for a total project authorization of \$15,747,000.**

Request document(s) provided by David Soike, Director, Aviation Facilities and Capital Program, and Wayne Grotheer, Director, Aviation Project Management Group:

- Commission agenda [memorandum](#) dated September 17, 2013.
- [Diagram](#) of baggage handling systems.

Presenter(s): George England, Capital Program Leader, Aviation Project Management Group.

The Commission received a presentation that included the following relevant information:

- Alaska Air Group is supportive of the request.
- The project is part of the NorthSTAR program and would increase speed and reliability of the existing C-88 and C-92 baggage systems at the North Satellite.
- Alaska expects baggage volumes five times greater than United Airlines, formerly served by this baggage system.
- C-88 is 25 years old; C-92 is 23 years old. A typical useful life for this type of baggage system is 15 years.
- The project scope has been reduced from a complete replacement to replacement of aging components and is expected to cost about \$6 million less than its former iteration.
- Failure analysis for C-88 resulted in the addition of a redundant recirculation conveyor at the North Satellite. Failure analysis of C-92 is currently underway. In the interest of project timing, the requested project scope includes features for C-92 that may not be necessary. Alaska agrees with the approach and staff will brief the Commission on what scope elements are found not to be needed.
- The roughly \$12 million project will be competitively bid after completing 100-percent design and obtaining Alaska's concurrence.

- Construction will continue through March 2015, not October 2014 as stated in the action memorandum attached to these minutes, due to recent phasing considerations.
- Port Construction Services will perform enhancements to the baggage tunnel system.
- The programmatic NorthSTAR project labor agreement (PLA) applies to this project. The PLA is nearing completion of negotiations.

**Motion for approval of item 6a – Bryant**

**Second – Bowman**

**Motion carried by the following vote:**

**In Favor: Albro, Bowman, Bryant, Creighton, Gregoire (5)**

**7. STAFF BRIEFINGS**

*Agenda item 7a having been disposed of previously, the Commission advanced to consideration of –*

**7b. Part 150 Noise and Land Use Compatibility Study Update and Recommendations.**

Presentation document(s) provided by Stan Shepherd, Manager, Airport Noise Programs:

- Commission agenda [memorandum](#) dated September 13, 2013.
- [Presentation slides](#).
- Draft of [Resolution No. 3683](#).

Presenter(s): Mr. Shepherd.

The Commission received a presentation that included the following relevant information:

- The Part 150 study is an opportunity to evaluate the Airport's noise programs as part of the Federal Aviation Administration's (FAA) Federal Aviation Regulation (FAR) Part 150.
- Noise programs included in the Part 150 resolution and approved by the FAA become eligible for up to 80 percent grant funding, depending on availability of funds for any specific program.
- Part 150 actions are not intended to restrict air traffic or move air traffic and noise from one community to another.
- Opportunities for public engagement have been extensive. About 500 people overall attended workshops and meetings to provide comment for the Part 150 process.
- A technical review committee was formed to provide comment for the Part 150 process. It was composed of local land-use planners, participants from the FAA and Washington State Department of Transportation, and airline representatives.
- The schedule for finalizing the Part 150 Study includes First Reading of a resolution on October 8 and Second Reading and Final Passage on October 22. These dates reflect updates to the tentative dates included in the presentation slides. The FAA will conduct a final review that typically takes about eight months.
- Updated noise contours at the 65 day-night level (DNL) define the noise remedy boundary for FAA purposes. This area will shrink under the revised Part 150 Study due primarily to use of newer, quieter aircraft.

- Residences within the former noise boundary that had not yet taken advantage of the Airport's noise insulation program were contacted to enable them to participate in the program before they become ineligible due to the shrinking noise remedy boundary. About 90 responses were received and are being processed now for noise insulation.

#### **Enhancements to Existing Noise Mitigation Measures**

Existing noise mitigation measures proposed to be enhanced in the new Part 150 Study include the following:

- Sound insulation of single family residences would be expanded to include multi-family, owner-occupied residences (condominiums). Since 1985, the Airport has insulated over 9,300 single family homes in the surrounding communities at a cost of approximately \$400 million.
- Modifications to the Airport's Fly Quiet Program are proposed and have already been implemented.
- Upgrades to the Noise Monitoring and Flight Tracking System are proposed.
- In the south approach transition zone, it is recommended to acquire residential structures on a voluntary basis.
- Engine testing regulations would be modified to complement possible construction of a ground run-up enclosure ("hush house").

#### **Existing Noise Mitigation Measures to be Continued in Current Form**

Existing noise mitigation measures proposed to be continued in their current form include the following:

- Property advisory services.
- Local government noise remedy support.
- Funding for land-use and noise compatibility planning.
- Preparation of cooperative local development agreements.
- Working with airlines to limit nighttime flights.
- Use of navigational equipment to keep planes on track.
- Preferential runway use.
- Continued use of flight management system procedures.
- Use of ground equipment to provide preconditioned air for landed aircraft so they do not have to use auxiliary power units.
- Sound insulation of schools.

#### **New Mitigation Measures**

The following new programs are recommended in the new Part 150 proposal:

- A pilot project to install sound insulation in multi-family tenant-occupied residences (apartments).
- A pilot project to purchase avigation easements on parcels with mobile or manufactured homes, which cannot be effectively sound insulated. There are approximately 70 properties on which avigation easements might apply.
- Insulation of places of worship. A feasibility study would be performed for each case.

- Establish feasible locations for a ground run-up enclosure (“hush house”), which could reduce noise exposure by 20 decibels. There are three sites at the Airport that could be used for a ground run-up enclosure. One of these locations is currently being converted to an aircraft hardstand, but could be used in the future for a ground run-up enclosure.

#### **Program Management Measures**

The following measures are proposed to assist implementation of noise programs:

- Replace and upgrade the noise monitoring and flight tracking system, which is currently underway.
- Periodically review and update, as needed, noise exposure maps and the noise compatibility program.
- Continue operation of the Airport’s Noise Office.

In response to Commissioner Creighton, Mr. Shepherd reported that there are no retirement homes within the revised noise mitigation boundaries.

Comment periods and public engagement were summarized and the range of comments provided were presented. All comments were accepted and responded to and the FAA was involved throughout the comment period. The comments and responses are included in the final Part 150 document.

In response to Commissioner Creighton, Mr. Adams explained that approval at this stage is an evaluation of individual elements of the recommendations under Part 150. Application for grant funding is a separate step for programs approved by the FAA for Part 150 purposes that also takes into consideration other factors, such as available funding and other grant requests. In response to further questions, Mr. Adams reported there are no measures in the recommendations that staff believe the FAA would disapprove. He also stated that measures not approved for Part 150 purposes could still be implemented by the Port, but that they would not be eligible for FAA grant funding under the Part 150 process.

#### **7c. 2013 Second Quarter Update on the Airport’s NorthSTAR Program.**

Presentation document(s) provided by George England, Program Leader, Aviation Project Management Group; Michael Ehl, Director, Aviation Operations; and David Soike, Director, Aviation Facilities and Capital Programs:

- Commission agenda [memorandum](#) dated September 24, 2013.
- [Presentation slides](#).

Presenter(s): Mr. England.

The Commission received a presentation that included the following relevant information:

- Development of metrics in order to assess operational impacts of construction might include cash flow, program budget, schedule variances, actual vs. forecasted contingency, and turns per gate.
- Gate closures might be tracked and correlated to different phasing options to evaluate project performance.
- Examples of measurement options were presented for airline operations, concessions, and baggage handling.
- Alaska prefers a two-phase approach to construction, although gate availability may complicate this option.
- Recommendations on design concept drawings will be forthcoming soon.
- The International Air Transport Association (IATA) level of service analysis is nearly complete.
- Design for the North Satellite Concourse C Vertical Circulation Project is nearing 100 percent completion.
- Alaska is still considering adding a prospective project to accommodate rear aircraft passenger loading, which can facilitate deplaning of passengers.

**7d. Briefing on the Port liability insurance renewal for the policy year beginning on October 1, 2013.**

Presentation document(s) provided by Jeff Hollingsworth, Risk Manager:

- Commission agenda [memorandum](#) dated September 16, 2013.
- [Presentation slides](#).

Presenter(s): Mr. Hollingsworth.

The Commission received a presentation that included the following relevant information:

- Descriptions of exposure covered were provided.
- The Port is fully self-insured for Workers Compensation and has opted not to purchase excess Workers Compensation coverage for the policy year beginning October 1, 2013.
- Premium factors affecting renewal pricing and rates were presented. The strength of the Port's indemnity agreements with its tenants is an important factor in the pricing of the Port's liability coverage.
- Condition of insurance markets and external events such as flooding are examples of external factors affecting renewal pricing and rates.
- Cost factors controlled by the Port include deductible amounts, limits requested, and procurement of special coverages.
- The liability insurance premium was compared to total revenue for the years 2004 through 2014. The goal is to keep annual premium increases below five to seven percent.
- The renewal coverage process was summarized, including comparing benchmarks with other ports and airports and transactions with brokers.

- The premium for the expiring coverage year was \$781,000. The limits, deductibles, and expiring premiums for various lines of coverage were presented.
- Coverage issues for 2013-2014 include not purchasing terrorism insurance for Aviation, maintaining Airport limits at \$500 million, not pursuing excess Workers Compensation, and options surrounding purchase of cyber liability coverage.
- Operational issues for 2013-2014 were presented and include current exposure as the owner of the Eastside Rail Corridor, maintenance of the East Marginal Way Grade Separation until its transfer to the City of Seattle, and addition of a new fleet of busing operations for the Rental Car Facility.
- The estimate for renewal for 2013-2014 is \$800,000 to \$815,000.

**8. NEW BUSINESS**

None.

**9. POLICY ROUNDTABLE**

None.

**10. ADJOURNMENT**

There being no further business, the regular meeting was adjourned at 4:05 p.m.

Bill Bryant  
Assistant Secretary  
Minutes approved: October 22, 2013.