



COMMISSION REGULAR MEETING AGENDA

March 26, 2024

To be held virtually via MS Teams and in person at the Seattle-Tacoma International Airport – Conference Center, International Room, located at 17801 International Blvd, Seattle WA, Mezzanine Level. You may view the full meeting live at meetings.portseattle.org. To listen live, call in at +1 (425) 660-9954 or (833) 209-2690 and Conference ID 770 513 230#

ORDER OF BUSINESS

10:30 a.m.

1. CALL TO ORDER

2. **EXECUTIVE SESSION** – *if necessary, pursuant to RCW 42.30.110 (executive sessions are not open to the public)*

▶ 12:00 noon – PUBLIC SESSION

Reconvene or Call to Order and Pledge of Allegiance

3. **APPROVAL OF THE AGENDA** (*at this time, commissioners may reorder, add, or remove items from the agenda*)

4. SPECIAL ORDERS OF THE DAY

5. EXECUTIVE DIRECTOR'S REPORT

6. COMMITTEE REPORTS

7. **PUBLIC COMMENT** – *procedures available online at <https://www.portseattle.org/page/public-comment-port-commission-meetings>*

During the regular order of business, those wishing to provide public comment (in accordance with the Commission's bylaws) on Commission agenda items or on topics related to the conduct of Port business will have the opportunity to:

1) Deliver public comment via email: All written comments received by email to commission-public-records@portseattle.org will be distributed to commissioners and attached to the approved minutes.

2) Deliver public comment via phone or Microsoft Teams conference: To take advantage of this option, please email commission-public-records@portseattle.org with your name and agenda item or topic related to the conduct of Port business you wish to speak to by 9:00 a.m. PT on Tuesday, March 26, 2024. ***(Please be advised that public comment is limited to agenda items and topics related to the conduct of Port business only.)*** You will then be provided with instructions and a link to join the Teams meeting.

3) Deliver public comment in person by signing up to speak on your arrival to the physical meeting location: To take advantage of this option, please arrive at least 15 minutes prior to the start of any regular meeting to sign-up on the public comment sheet available at the entrance to the meeting room to speak on agenda items and topics related to the conduct of Port business.

For additional information, please contact commission-public-records@portseattle.org.

8. CONSENT AGENDA (*consent agenda items are adopted by one motion without discussion*)

- 8a. Approval of Minutes of the Regular Meeting of March 12, 2024. **(no enclosure) (p.4)**
- 8b. Authorization for the Executive Director or Designee to Sign and Execute the Next 5-Year Interlocal Agreement for Waterfowl (Canada Goose) Management Program and the First Year's Cooperative Service Field Agreement Between the Port of Seattle and the United States Department of Agriculture Wildlife Services in the Requested Amount of \$12,500 for Five Years. ([memo](#), [agreement 1](#), [agreement 2](#), and [report enclosed](#)) **(p.12)**
- 8c. Authorization for the Executive Director to Authorize Design and Preparation of Construction Bid Documents for the Public Safety Distributed Antenna System Upgrade Project, to Advertise, Bid, and Execute a Major Works Construction Contract, Execute Related Project Change Orders, Amendments, Work Authorizations, Purchases, Contracts, and Take Other Actions Necessary to Support and Deliver the Distributed Antenna System Project within the Approved Budget, to Authorize Use of Port of Seattle Crews to Support the Design and Construction Activities, and to Increase the Project Authorization by \$10,976,000, for a Total Estimated Project Cost of \$11,226,000. (CIP# C801238) ([memo](#) and [presentation enclosed](#)) **(p.31)**
- 8d. Authorization for the Executive Director to Authorize an Early Work Construction Contract for Baggage Optimization Phase 3 Including Construction of D1 and C94 Transfer Lines; to Procure Long Lead Items; and to Increase the Project Authorization by \$7,500,000, for a Total Estimated Project Cost of \$955,000,000. (CIP# C800612) ([memo](#) and [presentation enclosed](#)) **(p.45)**
- 8e. Authorization for the Executive Director to Approve Construction Funding for a Design-Build Construction Contract for the Maritime Industrial Center Electrical Infrastructure Replacement Project in the Amount of \$7,948,000, and a Total Estimated Project Cost of \$12,408,000. (CIP# C801241) ([memo](#) and [presentation enclosed](#)) **(p.64)**
- 8f. Authorization for the Executive Director to Execute a New Collective Bargaining Agreement Between the Port of Seattle and the International Association of Firefighters, Local 1257, Representing Fire Alarm Technicians at the Port Fire Department Covering the Period from March 26, 2024, through December 31, 2024. ([memo](#) and [attachment enclosed](#)) **(p.86)**
- 8g. Authorization for the Executive Director to Advertise and Execute a Public Works Building Engineering Systems Contract in the Amount of \$4,553,000 to Replace the Bell Street Garage Guardrail System in the Central Parking Garage, for a Total Requested Project Cost of \$4,853,000. (CIP# C801406) ([memo](#) and [presentation enclosed](#)) **(p.131)**

10. NEW BUSINESS

- 10a. ¹Industrial Development Corporation Annual Meeting – Approval of Minutes, Designation of Officers, and Annual Report for 2023. ([IDC packet](#) and [minutes](#) enclosed) (p.148)
- 10b. Authorization for the Executive Director to Authorize Final Design and Preparation of Construction Bid Documents; to Advertise, Award, and Execute a Major Public Works Construction Contract; to Procure Long Lead Material Items; to Include a Project Labor Agreement for the Contract; to Authorize Use of Port Crews for Abatement Work for the Taxiway A Circuit Replacement Project at Seattle-Tacoma International Airport in the Amount Requested of \$39,205,000 and a Total Estimated Project cost of \$39,500,000. (CIP# C801303) ([memo](#) and [presentation](#) enclosed) (p.168)
- 10c. Authorization for the Executive Director to Authorize the Preparation of Construction Bid Documents; to Advertise, Award, and Execute a Major Public Works Construction Contract for the Food and Beverage Introductory Kiosk Project in the Amount of \$5,850,000, and a Total Estimated Project Cost of \$7,050,000. (CIP# C801111) ([memo](#) and [presentation](#) enclosed) (p.181)
- 10d. Order No. 2024-05: An Order Establishing the Responsible Tourism Committee as a Port of Seattle Commission Special Committee. ([order](#) enclosed) (p.200)

11. PRESENTATIONS AND STAFF REPORTS

- 11a. 2023 Financial Performance Briefing. ([memo](#), [report](#), and [presentation](#)) (p.202)
- 11b. 2023 Annual Report for the Office of Equity, Diversity and Inclusion. ([memo](#), [annual report](#), [progress report](#), and [presentation](#)) (p.318)

12. QUESTIONS on REFERRAL to COMMITTEE and CLOSING COMMENTS

13. ADJOURNMENT

¹ This is a special meeting of the Industrial Development Corporation. The Regular Commission Meeting will recess, and the Commission will enter into the separate IDC meeting as Directors of the IDC. The regular meeting of the Commission will reconvene once the IDC meeting has adjourned.



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APPROVED MINUTES COMMISSION REGULAR MEETING

March 12, 2024

The Port of Seattle Commission met in a regular meeting Tuesday, March 12, 2024. The meeting was held at the Port of Seattle Headquarters Building, Commission Chambers, 2711 Alaskan Way, Seattle Washington, and virtually on Microsoft Teams. Commissioners Calkins, Cho, Felleman, Hasegawa, and Mohamed were present.

1. CALL to ORDER

The meeting was convened at 10:32 a.m. by Commission President Hamdi Mohamed.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The public meeting recessed into executive session to discuss one item regarding litigation/potential litigation/legal risk per RCW 42.30.110 (1)(i) for approximately 45 minutes, with the intention of reconvening the public session at 12:00 p.m. Following the executive session, the public meeting reconvened at 12:04 p.m. Commission President Mohamed led the flag salute.

3. APPROVAL of the AGENDA

The agenda was approved as presented without objection.

**In favor: Calkins, Cho, Felleman, Hasegawa, and Mohamed (5)
Opposed: (0)**

4. SPECIAL ORDERS OF THE DAY

There were no Special Orders of the Day presented.

5. EXECUTIVE DIRECTOR'S REPORT

Executive Director Metruck previewed items on the day's agenda and made general and meeting-related announcements.

6. COMMITTEE REPORTS

Commission Strategic Advisor Erica Chung provided committee reports.

Digital recordings of the meeting proceedings and meeting materials are available online – www.portseattle.org.

Equity and Workforce Development Committee

On February 27, 2024, Commissioners Hasegawa and Calkins convened the Equity and Workforce Development Committee where they were briefed on two items: a report out of the work directed by the Language Access Order thus far; and a preview of OEDI's Annual Report. Both items will be coming to full commission later this year.

Waterfront and Industrial Lands

On February 27, 2024, Commissioners Felleman and Calkins convened the Waterfront and Industrial Lands Committee where they were briefed on two items: a briefing on WOSCA and how early conversations are taking shape along with a touchpoint on Mayor Harrell's South Downtown Vision; and a review of the Waterfront and Industrial Lands committee workplan for 2024.

7. PUBLIC COMMENT

- The following person spoke regarding Agenda Item 10c, asking the Port to preserve tree canopy and not develop lands in the Riverton Heights area or North Seatac Park: Sandy Shettler.
- The following person spoke on behalf of Carnival Corporation, noting environmental efforts of the cruise corporation: Sandy Olsen.
- The following person spoke regarding the Commission's bylaws applicable to public comment rules of participation and freedom of speech: Alex Tsimerman.
- In lieu of spoken comment, the following persons submitted written comments regarding Agenda Item 10c, the Port's Land Stewardship Plan and Tree Replacement Standards resolution, asking the Port to preserve tree canopy in near airport communities; and not to develop lands in the Riverton Heights area or North Seatac Park: Julia Shettler; Joe Olson; Daniel Heath; Lassie Webster; Jill Doran; Jessica Dixon-Horton; Jessica Bookwalter; Mar Dee; Megan Tully; Temple Loveli; Ashley Cohen-Lewe; Ashley Shain; Sadie Ciccia-Strain; Elizabeth Hurd; Robin Dragovich; Laura Davoli; Ellen Arnstein; Paula Sjunneson; Moani Russell; Erin Tenney; Ethan Bickel; Evelyn Horan; Andy Stewart; Steve Durham; Assaf Oron; Jennifer Houston; Jill Anderson; Jo Berliner; Sharon Clarke; Malak Crisp; Karen Crum; Angela Dahl; Courtney Davis; Alexa Fortuna; Alice Frayne; Jeppa Hall; Kellan Howes; Adrianna Hulscher; Cristin Mattione; Olivia Moore; Jenna Morris; Karen Muller; Marissa Ohoyo; Anne Roda; Arcelia Rodriguez; Linnea Scott; Leah Scott-Zechlin; Daniel Smith; Cody Stetzel; Marcy Stone-Francois; Carina Swain; Erin Tenney; Drake Urness; John Valett; S. Whipple; and Hera Won.

[Clerk's Note: All written comments are combined and attached here as Exhibit A.]

8. CONSENT AGENDA

[Clerk's Note: Items on the Consent Agenda are not individually discussed. Commissioners may remove items for separate discussion and vote when approving the agenda.]

[Clerk's Note: Item 8f received no objection to consolidation of resolution readings, allowing for introduction and adoption of the resolution on the same day.]

- 8a. Approval of Minutes of February 27, 2024, and Special Meetings of February 29 - March 1, 2024.**

- 8b. Approval of the Claims and Obligations for the Period February 1, 2024, through February 29, 2024, Including Accounts Payable Check Nos. 952115 through 952590 in the Amount of \$9,609,372.94 Accounts Payable ACH Nos. 063491 through 064431 in the Amount of \$66,770,474.75; Accounts Payable Wire Transfer Nos. 016247 through 016267 in the Amount of \$10,500,465.15; Payroll Check Nos. 211165 through 211566 in the Amount of \$187,182.90; and Payroll ACH Nos. 1179748 through 1184517 in the Amount of \$15,337,284.36 for a Fund Total of \$102,404,780.10.**

Request document(s) included an agenda memorandum.

- 8c. Monthly Notification of Prior Executive Director Delegation Actions February 2024.**

Request document(s) included an agenda memorandum.

- 8d. Authorization for the Executive Director or Designee to Dispose of Surplus Personal Property, Consisting of Seventy Obsolete Fleet Assets in Accordance with the General Delegation of Authority and Port Policy AC-13.**

Request document(s) included an agenda memorandum.

- 8e. Adoption of Resolution No. 3819: A Resolution Adopting the 2021 Versions of the Washington State Building Codes, as Required by RCW 19.27.031, and Repealing Resolution No. 3783.**

Request document(s) included an agenda memorandum and resolution.

- 8f. Adoption of Resolution No. 3820: A Resolution Amending the Policy Directive for Salaries and Benefits for Employees Not Covered by a Collective Bargaining Agreement Established by Resolution No. 3807 and Providing an Effective Date for all Amendments as of March 24, 2024.**

Request document(s) included an agenda memorandum and resolution.

- 8g. Authorization for the Executive Director to Extend the Provisional Pay Program for Non-Represented Employees to Similarly Situated Represented Employees through Collective Bargaining.**

Request document(s) included an agenda memorandum.

The motion for approval of consent agenda items 8a, 8b, 8c, 8d, 8e, 8f, and 8g carried by the following vote:

**In favor: Calkins, Cho, Felleman, Hasegawa and Mohamed (5)
Opposed: (0)**

10. NEW BUSINESS

10a. Authorization for the Executive Director to Advertise and Execute a Construction Contract for 2024 Airfield Projects–Contract 2; to Transfer Budget/Authorization as Necessary Between the 2024 Airfield Projects; to Procure Long Lead Items; to Include a Project Labor Agreement for the Contract; and to Authorize Use of Port Crews for Abatement Work, for an Amount Requested of \$13,074,500 and a Total Estimated Combined Project Cost of \$189,650,500. (CIP#s C800930 and C801333)

Requested document(s) included an agenda memorandum and presentation.

Presenter(s):

Robert Kikillus, Development Manager, Airfield Operations
Jeff Sedlak, Project Manager, AV Project Management Group
Mark Coates, Senior Manager, Airport Operations
Mengqi Wu, Capital Program Leader, AV Project Management Group

Clerk Hart read Item 10a into the record.

Executive Director Metruck introduced the item and presenters.

The presentation addressed:

- scope of the project;
- project location;
- the 2021-25 airfield pavement and supporting infrastructure replacement program;
- N14 WB and N15 NB common use gates; and
- project schedule and budget.

Discussion ensued regarding whether or not additional ground support would be provided for electric tugs on the airfield. Staff advised that nothing is planned for the tugs at this time, but that plug-in is planned for Gate 14.

The motion, made by Commissioner Cho, carried by the following vote:

**In favor: Calkins, Cho, Felleman, Hasegawa and Mohamed (5)
Opposed: (0)**

10b. Authorization for the Executive Director to Execute Contract(s) in the Amount of \$5,955,000 for Acquisition of Approximately Sixty-three Fleet Vehicles or Equipment to Support Operational Needs, Changing Technological Standards, Improved Safety Systems, Environmental Standards and the Electrification Strategy Set Forth in the Maritime Climate Air and Action Plan, Sustainable Fleet Plan and the Century Agenda.

Requested document(s) included an agenda memorandum and presentation.

Presenter(s):

Delmas Whittaker, Director, Marine Maintenance
Shayla Fortin, Fleet Asset Project Manager, Marine Maintenance Fleet

Clerk Hart read Item 10b into the record.

Executive Director Metruck introduced the item and presenters.

The presentation addressed:

- the Maritime Climate and Air Action Plan detailing proactive electrification goals of the Maritime division;
- transitioning to 100 percent electric vehicles by 2040 by prioritizing fleet conversions to electrified vehicles when feasible for operational necessity;
- 27 of the requested vehicles/equipment meeting this electrification goal, including an ARC mobility trailer;
- current state of the Maritime fleet and assets planned for electrification in the future; and
- anticipated outcomes.

Discussion ensued regarding:

- how and when stock vehicles modifications are made based on purpose of the vehicle;
- sourcing issues related to procuring electric vehicles;
- broadening reach to acquire the needed fleet;
- available charging infrastructure;
- technology advancements being made; and
- meeting emission reduction goals.

The motion, made by Commissioner Hasegawa, carried by the following vote:

In favor: Calkins, Cho, Felleman, Hasegawa and Mohamed (5)

Opposed: (0)

10c. Introduction of Resolution No. 3821: A Resolution Adopting SEA Tree Replacement Standards for Airport Activities Area and the SEA Land Stewardship Plan for Seattle-Tacoma International Airport.

Requested document(s) included an agenda memorandum and presentation.

Presenter(s):

LeeAnne Schirato, Deputy Chief of Staff, Commission Office
Sarah Cox, Director, AV Environment and Sustainability
Chipper Maney, Environmental Program Manager, AV Environmental Programs Group

Clerk Hart read Item 10c into the record.

Executive Director Metruck introduced the item and presenters.

The presentation addressed:

- land stewardship principles;

- guidelines and objectives of the Land Stewardship Plan;
- management approach;
- site plans;
- equity in the land stewardship plan;
- tree replacement standards;
- stewardship credits;
- the public engagement process; and
- public comment responses received.

Discussion ensued regarding:

- the importance of green spaces;
- community events for land stewardship;
- public outreach and incorporation of public input into the plan;
- uses of real estate and the separate Port real estate plan being developed;
- the plan serving as a model for other port entities;
- the areas encompassed in the plan;
- Port-owned properties;
- Leased properties not included in the inventory;
- stewarding undeveloped property while looking at economic community impacts;
- making the distinction between what is included in the Sustainable Airport Master Plan (SAMP) and the Land Stewardship Plan and the creation of an FAQ document regarding what areas are governed by which plans; and
- SAMP is currently under environmental review and future opportunities for a public comment period on that plan.

Members of the Commission acknowledged Commissioner Hasegawa for her work with the community and staff regarding the plan; the staff for the work they have put into developing the plan and standards; and the community for their engagement and feedback.

The motion to introduce Resolution No. 3821, made by Commissioner Hasegawa, carried by the following vote:

In favor: Calkins, Cho, Felleman, Hasegawa and Mohamed (5)

Opposed: (0)

11. PRESENTATIONS AND STAFF REPORTS

11a. Briefing of Action Items from Language Access Order 2023-05 and Request for a Multiphase Extension to Complete the Remaining Deliverables, Moving the Due Date on These Deliverables from February 29, 2024, to February 28, 2026.

Presentation document(s) included agenda memorandum, draft resolution, Exhibit B, and presentation.

Presenter(s):

Bookda Gheisar, Senior Director, Office of Equity, Diversity and Inclusion
Guadalupe Torres, Community Investments Program Manager, Office of Equity, Diversity and Inclusion

Clerk Hart read Item 11a into the record.

Executive Director Metruck introduced the item and presenters.

The presentation addressed:

- language access commitments;
- the Commission's previously adopted Order No. 2023-05 and its directives;
- the Language Access Order timeline;
- status of achieving the directives of the Order;
- language access at work;
- key findings of the assessment;
- King County and Port of Seattle language similarities;
- language access training;
- determining need;
- staff members as interpreters;
- organizational spending on language access and high usage departments;
- types of information needed in other languages;
- key recommendations from the language access cohort; and
- proposed next steps.

Discussion ensued regarding:

- composition of the language access cohort;
- how high usage departments were determined/measured;
- gathering data related to language access needs for travelers at SEA; and
- development of a language access manual and inclusion of Port Jobs at SEA.

Members of the Commission thanked staff for their report and extended the remaining deliverables deadline of Order No. 2023-05 to February 28, 2026.

12. QUESTIONS on REFERRAL to COMMITTEE and CLOSING COMMENTS

Members of the Commission, Executive Director Metruck, and Bookda Gheisar, Senior Director of the Office of Equity, Diversity, and Inclusion recognized Luis Navarro, Director of Workforce Development, for his career and achievements at the Port of Seattle and wished him a happy retirement.

Commissioner Felleman commented that he would have liked to have seen a cease fire between Israel and Gaza before the start of Ramadan.

13. ADJOURNMENT

There was no further business and the meeting adjourned at 2:35 p.m.

Prepared:

Attest:

Michelle M. Hart, Commission Clerk

Ryan Calkins, Commission Secretary

Minutes approved: March 26, 2024



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8b

ACTION ITEM

Date of Meeting March 26, 2024

DATE: March 5, 2024

TO: Stephen P. Metruck, Executive Director, and Karen Goon, Deputy Executive Director

FROM: Laurel Dunphy, Director Airport Operations

SUBJECT: 5-Year Interlocal Agreement for Waterfowl Management and 2024 Cooperative Service Field Agreement with US Dept of Agriculture

Amount of this request: \$12,500 for 5-Years

Total estimated contract cost: \$12,500 for 5-Years

ACTION REQUESTED

Request Commission authorization for the Executive Director or Designee to sign and execute the next 5-Year Interlocal Agreement for Waterfowl (Canada Goose) Management Program and the first year’s Cooperative Service Field Agreement between Port of Seattle and United States Department of Agriculture Wildlife Services to begin in 2024.

EXECUTIVE SUMMARY

Commission authorization is requested for the Executive Director, Deputy Executive Director, or designee to sign and execute the next multi-agency 2024-2028 (5-year) Interlocal Agreement for the Waterfowl (Canada Goose) Management Program and the first year’s 2024 Cooperative Service Field Agreement between Port of Seattle and United States Department of Agriculture Wildlife Services so wildlife damage management services can continue. The last 5-year agreement involving the Port expired in 2023. Continuing with these agreements helps the Port meet the intent of Federal Aviation Regulations (FAR) 139.337 and the Wildlife Hazard Management Plan, which is part of the Airport Certification Manual. Total cost for all services provided under these agreements equals \$12,500 (\$2,500 annually) and are included in the airport’s baseline Operational Budget for 2024 through 2028.

JUSTIFICATION

- Seattle-Tacoma International Airport’s (Airport) Wildlife Hazard Management Plan (WHMP), Appendix 1 of Federal Aviation Administration (FAA)-approved Airport Certification Manual (ACM), requires the Port to manage wildlife that is hazardous to aviation safety.

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- Canada Geese and other waterfowl have been documented to impact human health and safety by contaminating land and water with their droppings and being a serious risk to aviation safety (reference “Miracle on the Hudson”, 2009).
- The Port of Seattle has been a member of the Seattle Waterfowl Management Committee (SWMC) via the Interlocal Agreement for Waterfowl (Canada Goose) Management Program (Interlocal Agreement, ILA) for over a decade to manage local Canada Geese populations at a regional level.
- Port of Seattle participation in the Interlocal Agreement is the only effective way of controlling goose numbers off airport property.

Diversity in Contracting

Not applicable. Request is for an interlocal agreement, not a procurement.

DETAILS

The Port of Seattle is required to manage wildlife hazardous to aviation safety as per the Wildlife Hazard Management Plan (WHMP), Appendix 1 of the FAA-approved Airport Certification Manual (ACM). Canada Geese, large-bodied birds capable of causing significant damage to aircraft, are hazardous to aviation safety.

The Seattle Waterfowl Management Committee (SWMC), established in 1994, is a resource management group that has a mission of maintaining manageable numbers of waterfowl, especially Canada Geese, within King and adjacent counties. The United States Department of Agriculture Wildlife Services (USDA-WS) receives funds from each participating member to continue management efforts that include spring/summer population monitoring, egg addling, and lethal removal. The Port of Seattle, in cooperation with USDA-WS and several SWMC agencies and municipalities, utilizes the Interlocal Agreement as one of many management approaches to reduce wildlife hazards to aviation.

USDA-WS provides local Canada Goose damage management services via annual Cooperative Service Field Agreements (CSFA) with SWMC stakeholders, including with the Port of Seattle. The cost of USDA-WS services provided under the Interlocal Agreement and CSFA is \$12,500 for 5-years (\$2,500 annually) and is included in the baseline Operational Budget for 2024 through 2028. The attached Interlocal Agreement and CSFA may only be executed by the Executive Director or Deputy Executive Director per Port Policy EX-2 as authorized by the Port of Seattle Commission.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – No action.

Cost Implications: Zero.

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Pros:

The Port of Seattle saves \$12,500 for 5 Years (\$2,500 annually).

Cons:

The Port of Seattle risks failing to meet the intent of FAR 139.337 and the Airport’s Wildlife Hazard Management Plan (WHMP). If the Port withdraws their participation in the ILA then other agencies may as well, causing the ILA to be less effective at managing local populations. Local Canada Goose populations will increase, and the risk of wildlife strikes with Canada Geese will increase. If increased goose populations result in an aircraft accident the Port of Seattle may be held financially and ethically responsible for failure to act.

Alternative 2 – The Port of Seattle could embark on a new effort to manage local Canada Geese numbers independent of the Interlocal Agreement.

Cost Implications: \$50,000+ for 5 Years (\$10,000+ annually).

Pros:

The Port of Seattle will remain in compliance with FAR 139.337 and the Airport Certification Manual (ACM) and Wildlife Hazard Management Plan (WHMP) so long as the Port takes action to reduce Canada Goose hazards to aviation safety.

Cons:

The Port of Seattle will be required to enter additional agreements with local landowners for land access as Canada Geese breed adjacent to, but not on, Port of Seattle property. The Port of Seattle risks failing to meet the intent of FAR 139.337 and the Airport’s Wildlife Hazard Management Plan (WHMP) if local populations cannot be managed in cooperation with landowners. Additionally, the Port of Seattle will be accountable for all wildlife control actions performed under Port-obtained State and Federal permits to perform work on and off Port property. Port of Seattle employees and contractors will be exposed to hazards during the performance of wildlife (Canada Goose) management including working on or near water, working in public spaces, using firearms on public or private property, and driving on public roadways.

Alternative 3 – Recommended (*Status Quo*) Authorize Executive Director, Deputy Executive Director, or designee to sign and execute 5-Year Interlocal Agreement for Waterfowl (Canada Goose) Management Program and 2024 Cooperative Service Field Agreement between Port of Seattle and United States Department of Agriculture Wildlife Services.

Cost Implications: \$12,500 for 5 Years (\$2,500 annually)

Pros:

The Port of Seattle will remain in compliance with FAR 139.337 and the Airport Certification Manual (ACM) and Wildlife Hazard Management Plan (WHMP). Local Canada Goose populations will be managed by United States Department of Agriculture Wildlife Services (USDA-WS) on a

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regional level via the Interlocal Agreement. USDA-WS will independently obtain any landowner permissions or stakeholder agreements required to access and manage Canada Geese on property not accessible by Port of Seattle employees or contractors. The USDA provides all materials and regulatory permits required to perform Canada Goose management.

Cons:

The Port of Seattle will pay \$12,500 for 5 Years (\$2,500 annually) for Canada Goose management services.

FINANCIAL IMPLICATIONS

\$12,500 for 5 Years (\$2,500 annually), budgeted in Aviation Operations Wildlife Management baseline operating budget.

ATTACHMENTS TO THIS REQUEST

- (1) 2024-2028 Interlocal Agreement for Waterfowl (Canada Goose) Management Program
- (2) 2024 Cooperative Service Field Agreement
- (3) 2023 Seattle Waterfowl Management Committee Report

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- (1) December 11, 2018 – The Commission authorized the Executive Director to reauthorize and execute two five-year agreements between the United States Department of Agriculture Wildlife Services and the Port of Seattle for managing human-wildlife conflicts on or near port property for the period January 1, 2019, through December 31, 2023, in the amount of \$1,560,000 for a cooperative service agreement and \$15,000 for an interlocal agreement for a total of \$1,575,000.
- (2) August 4, 2015 – The Commission authorized the Chief Executive Officer to execute a multiagency 2015-2018 interlocal agreement between the Port of Seattle and United States Department of Agriculture-Wildlife Services for the Waterfowl (Canada goose) Management Program. The agreement commits the Port to contribution over four years of \$8,920.

For Your Action

**2024-2028 Interlocal Agreement for
Waterfowl
(Canada Goose)
Management Program**

Please Note:

Final Form Ready for Your Submittal for Signature and Funding Authorization

**2024 INTERLOCAL AGREEMENT FOR WATERFOWL (CANADA GOOSE)
MANAGEMENT PROGRAM**

WHEREAS, Chapter 39.34.040 RCW (Interlocal Cooperation Act) permits local government units to make the most efficient use of their powers by enabling them to communicate and cooperate with other localities on a basis of mutual advantage and thereby to provide services in a manner pursuant to forms of government organization that will accord best with recreational, park and natural resources and other factors influencing the needs and development of local communities and

WHEREAS, the various agencies, cities, counties, Washington State and agencies of the Federal Government listed in Exhibit A - Page 6 of this Agreement, desire to manage waterfowl, especially Canada Geese; and

WHEREAS, all parties require assistance from the Wildlife Services Program of the U.S. Department of Agriculture, to reduce negative impacts on water quality, minimize resource damage, ensure safety from disease for park visitors, and enhance other property managed; and

WHEREAS, yearly surveys by Wildlife Services indicates a stable to slightly decreasing population trend for Canada geese in Lake Washington from the previous 10 years, expanding smaller groups of geese in surrounding areas and along Puget Sound, earlier pairing and nesting activity and a larger surplus of other waterfowl species in the Seattle area; and

WHEREAS, this program will be an ongoing resource management activity attempting to maintain a manageable number of birds on a year-to-year basis; and

NOW, THEREFORE, in consideration of the covenants herein, it is mutually agreed as follows:

SECTION I - PURPOSE

The purpose of this Agreement is to provide joint funding for an egg addling program, lethal control, population monitoring and census; mainly of Canada Geese, within King, Pierce, and Snohomish Counties.

This program will assist each party in communicating, maintaining, and managing public and selected and approved private site impacts of surplus waterfowl.

SECTION II - SCOPE OF PROGRAM

Wildlife Services (WS) will receive funds from each participating member for the continuation of an egg addling program, lethal control and evaluation during spring and summer 2024-2028.

Using best management practices WS will carry out an egg addling program, seeking as many accessible nesting areas as possible and will make every effort to minimize damage to the surrounding environment.

To request lethal control, WMC members must contact the WS District Supervisor or Assistant District Supervisor at 360-337-2778. WS will work with the member agency to determine if removal is warranted and if the location is suitable for removal operations.

With the assistance of Wildlife Services, the WMC members will continue a yearly program to increase monitoring activities that will enhance our location and access of nests on public and private land and to facilitate expanded egg addling program, including advertisement of an addling and nesting location hotline number for the general public and others, posters and webpage advertising and other activities to keep the public well informed of the Waterfowl Management Program.

WS will also implement a program of "lethal control" as requested by the Waterfowl Management Committee, subject to the terms and conditions of a permit to be issued by the U.S. Fish and Wildlife Service. This will be done on a case by case basis in situations where an over population of Canada geese may result in an impact on human health and safety, such as potable water contamination, bird aircraft strikes, disease transmission or other situations as determined by WMC members.

WS will provide an annual report to the members of the WMC which will include information regarding egg addling, the general location of nests and number of eggs added, number of geese removed, difficulties encountered and whatever other information would be valuable to the WMC.

2024 will be the 31st year of an egg addling program and the 23rd year utilizing "lethal control". All methods and tools utilized to accomplish addling and "lethal control" activities in 2019 will again be used in 2024.

WS will conduct a standardized monthly goose population survey of selected area parks and will annually conduct up to six goose surveys of Lake Washington by boat. As in previous years, census counts will be expanded using staff from local agencies and participants at times and places to be specified. Survey results will be presented annually to the WMC.

Where possible, community outreach and educational programs such as 'don't feed wildlife' and interpretive signage will be initiated to inform the public about urban Canada

Geese, the associated problems, and the efforts of this committee at addressing those problems.

SECTION III - RESPONSIBILITIES

Each party, represented on the Waterfowl Management Committee, as shown on Exhibit "A", and incorporated by reference herein, will share in the ongoing review of the programs carried out by WS.

Each party agrees that if necessary, an Oversight Committee will be appointed to monitor and report back to the general committee on a regular basis. Three members of the Committee will make up the Oversight Committee chaired by the Seattle Parks and Recreation representative.

SECTION IV - COMPENSATION

The total cost of the 2024 waterfowl management program shall not exceed twenty three thousand seven hundred dollars (\$23,700.00).

Each party shall contribute to the financial costs of the program. The costs are shared between the agencies. Individual costs per agency may vary year-to-year and are based upon the total number of agencies actively participating in the program and receiving services. Table 1 shows the 2024 minimum and maximum costs for each agency.

SECTION V - TERM AND EXTENSION

The Term of this Agreement is from January 1, 2024 to December 31, 2028. This Agreement may be extended in time, scope or funding by mutual written consent from all parties referenced herein.

SECTION VI - TERMINATION

This agreement may be unilaterally terminated by any of the parties referenced herein or Wildlife Services upon presentation of written notice to the Oversight Committee at least 30 days in advance of the severance date shown in Section V.

Should termination of this agreement occur without completion of the egg addling, each party shall pay only its' pro rata share of any expenses incurred under the agreement at the date of the termination, and each party shall receive copies of all products resulting from the addling activities up to the time of the termination.

SECTION VII - DELIVERABLE

Using best management practices Wildlife Services will carry out an egg addling program, seeking as many accessible nesting areas as possible and will make every effort to minimize damage to the surrounding environment. Field conditions or changing conditions may increase or decrease the number of eggs addled from previous years' totals. Eggs will be coated with vegetable oil on dates to be determined by USDA-Wildlife Services.

Lethal control will be implemented as requested and the total numbers are established by the U.S. Fish and Wildlife Service Permit. Participants will receive a report on the number of eggs addled and geese euthanized in 2024.

SECTION VIII - FILING

As provided by RCW 39.34.040, this agreement shall be filed prior to its entry and force with the City or County Clerks of the participating parties, the County Auditor and the Secretary of State, and, if found to be necessary, with the State Office of Community Affairs as provided by RCW 39.34.120.

SECTION IX - LIABILITY

Each party to this agreement shall be responsible for damage to person or property resulting from the negligence on the part of itself, its employees, its agents or its officers. No party assumes any responsibility to another party for the consequences of any act or omission of any person, firm, or corporation not at party to this agreement.

EXHIBIT A

2024 WATERFOWL MANAGEMENT COMMITTEE PARTICIPANTS

City of Bellevue.....Andy
Heider

City of Kirkland.....Jason Filan

City of Mountlake Terrace.....Ken Courtmanch

Port of Seattle – Seattle-Tacoma International Airport.....David
Crownier

City of Renton.....Cailin Hunsaker

City of SeaTac.....Mike Fitzpatrick

City of WoodinvilleAmy Ensminger

Seattle of Parks and Recreation..... Bridget Kelsh

University of Washington.....Rodney Worden

U.S.D.A. Wildlife Services..... Mike Linnell

TABLE I

<u>PARTICIPATING AGENCIES</u>	<u>CONTRIBUTIONS</u>
	MAXIMUM (Total 10 agencies)
Seattle Parks and Recreation	\$3,700.00
All other agencies	\$2,500.00

All checks will be made payable to the USDA-APHIS-WS, earmarked for the Wildlife Services and sent to the following addresses, or we can invoice the charge which can be paid by credit card

Mr. Mike Linnell
State Director -Wildlife Services Program
U.S. Department of Agriculture
720 O'Leary Street Northwest
Olympia, Washington 98502
(360) 753-9884

In case of procedural questions regarding this project, please contact:

Michelle Rodriguez, Supervisory Budget Analyst
Wildlife Services Program
(360) 753-9884 FAX: 753-9466

For questions regarding implementation of control measures and census, please contact:

Brook Zscheile
District Supervisor
U.S. Department of Agriculture
10265 Central Valley Rd NW
Poulsbo, WA 98370
360-337-2778

SECTION X. - SEVERABILITY

If any section of this agreement is adjudicated to be invalid, such action shall not affect the validity of any section so adjudged.

This agreement shall be executed on behalf of each party by its authorized representative. It shall be deemed adopted upon the date of execution by the last so authorized representative.

This agreement is approved and entered into by the undersigned county and local government units, university and other private parties.

<p>City of Bellevue By: _____ Michael Shiosaki, Director of Parks and Community Services Date: _____</p>	<p>Port of Seattle – Seattle-Tacoma International Airport By: _____ Stephen P. Metruck, Executive Director Date: _____</p>
<p>City of Kirkland By: _____ Lynn Zwaagstra, Kirkland PCS Director Date: _____</p>	<p>Seattle Department of Parks and Recreation By: _____ Anthony-Paul Diaz, Superintendent Date: _____</p>
<p>City of Mountlake Terrace By: _____ Jeff Niten, City Manager Date: _____</p>	<p>City of SeaTac By: _____ Mike Fitzpatrick, Parks Projects & Operations Manager Date: _____</p>
<p>City of Renton By: _____ Armondo Pavone, Mayor Date: _____</p>	<p>University of Washington By: _____ Rodney Worden Director of Facilities Maintenance & Construction Date: _____</p>
<p>City of Woodinville By: _____ Brandon Buchanan , City Manager Date: _____</p>	

COOPERATIVE SERVICE FIELD AGREEMENT
between

_____ (Cooperator)

and
**UNITED STATES DEPARTMENT OF AGRICULTURE
ANIMAL AND PLANT HEALTH INSPECTION SERVICE
WILDLIFE SERVICES**

ARTICLE 1

The purpose of this agreement is to cooperate in a wildlife damage management project as described below.

ARTICLE 2

Under the Act of March 2, 1931, as amended (7 USC 426), and the Act of December 22, 1987 (7 USC 426c), the Secretary of Agriculture may conduct a program of wildlife services with respect to injurious animal species and take any action the Secretary considers necessary in conducting the program. Additionally, the Secretary of Agriculture, except for urban rodent control, is authorized to conduct activities to control nuisance mammals and birds and those mammal and bird species that are reservoirs for zoonotic diseases. In carrying out a program of wildlife services involving injurious and/or nuisance animal species or involving mammal and bird species that are reservoirs for zoonotic diseases, the Secretary is authorized to cooperate with States, local jurisdictions, individuals, public and private agencies, organizations, and institutions.

APHIS-WS and the Cooperator agree:

ARTICLE 3

1. APHIS-WS will provide the requested wildlife damage management service;
2. The Cooperator will provide, at time of service, a certified or cashier's check, personal check or money order payable to USDA, APHIS in the amount of \$_____ for: _____
3. The monies received by APHIS-WS will be used for the purpose stated above.
4. The performance of WDM actions by APHIS-WS under this Agreement is contingent upon a determination by APHIS-WS that such actions are in compliance with the National Environmental Policy Act, Endangered Species Act, and any other applicable environmental statutes. APHIS-WS will not make a final decision to conduct requested WDM actions until it has made the determination of such compliance.
5. Nothing in this Agreement shall prevent any other individual or organization from entering into separate Agreements with APHIS-WS for the purpose of controlling wildlife damage.
6. That APHIS-WS has advised the Cooperator that other private sector service providers may be available to provide wildlife management services and notwithstanding these other options, Cooperator requests that APHIS-WS provide wildlife management services as stated under the terms of this Agreement.

ARTICLE 4

This Agreement is contingent upon the passage by Congress of an appropriation from which expenditures may be legally met and shall not obligate the requisitioning agency upon failure of Congress to so appropriate. This Agreement also may be reduced or terminated if Congress only provides the Agency funds for a finite period under a Continuing Resolution.

ARTICLE 5

Pursuant to Section 22, Title 41, United States Code, no member of or delegate to Congress shall be admitted to any share or part of this Agreement or to any benefit to arise there from.

ARTICLE 6

APHIS assumes no liability for any actions or activities conducted under this agreement except to the extent the recourse or remedies are provided by Congress under the Federal Tort Claims Act (28 USC 1346(b), 2401(b), 2671-2680).

All WDM activities will be conducted in accordance with applicable Federal, State, and local laws and regulations.

This agreement is not a procurement contract (31 U.S.C. 6303), nor is it considered a grant (31 U.S.C. 6304). In this agreement, APHIS provides goods or services on a cost recovery basis to nonfederal recipients.

This Agreement shall become effective _____, 20____, and shall continue through _____, 20____ not to exceed one year. This agreement may be amended or terminated at any time by mutual agreement of the parties in writing. Further, in the event the Cooperator does not, for any reason, deposit necessary funds, APHIS-WS is relieved of the obligation to provide services under this Agreement.

Cooperator Name, Address, and Phone Number

Cooperator's Signature

Date

WS Representative Signature

Date

Phone Number

State Director's Signature

Date

Fax Number

Cooperator's Tax ID No. or Social Security No.
(As required by Debt Collection Improvement Act of 1996)

Seattle Waterfowl Management Committee

Fall 2023 Report



*Submitted by:
United States Department of Agriculture
Animal and Plant Health Inspection Service
Wildlife Services
720 O'Leary St. NW
Olympia, Washington 98502
(360) 753-9884*

Overview

The Seattle Waterfowl Management Committee (SWMC) was formed in 1994 and consists of 9 entities in cooperation with the United States Department of Agriculture, Animal and Plant Health Inspection Services, Wildlife Services (WS). Formulation of the committee was intended to create a partnership between local municipalities that were impacted by the abundance of geese within the Lake Washington region, with a goal of monitoring local abundances and working with WS to mitigate the impacts of a growing population. Impacts consist of defecation in city parks, elevated coliform bacteria levels at local swim beaches, aggressive behavior by geese towards humans when protecting nests, and frequent calls and complaints by city residents regarding goose activity on their property. Additional risks to human health and safety generally result from feeding by humans, such as food aggression and habituation.

Monitoring Surveys

Boat Surveys

WS conducts five boat surveys on Lake Washington between March and August. Surveys consist of driving the outer perimeter of Lake Washington and along the perimeter of Mercer Island, scanning the shoreline, rooftops, docks, lawns, bridges, parks, and coves in search of geese and recording the number of adults, goslings (if present), and their location. Starting in 2023, Lake Union is now incorporated into this survey.



*Figure 1 - Geese on dock at Lake Washington waterfront home.
Note: Geese habituated to coyote effigy.*



Figure 2 - Geese at Gas Works Park.

Vehicle Surveys

Surveys are conducted once per month from a vehicle. Angle Lake, several city parks, and a retention pond near SeaTac airport were added in 2023, bringing the current total to 31 sites within the King County and Lake Washington areas that are surveyed. The same information as the boat surveys is recorded during the driving surveys.

Control Methods

Non-lethal Control

WS employs various tools to haze geese loafing at city parks. These tools consist of dogs, lasers, pyrotechnics, mylar tape, and harassment by firearms and paintball guns. It is important to diversify the techniques used throughout the year as geese become habituated to tools that are used routinely.



Figure 3 - Use of pyrotechnics to scare geese from a city park.



Figure 4 - Geese contained in a pen during a roundup.

Permitted Take

There are several methods employed by WS as approved take by the United States Fish and Wildlife Service (USFWS). Methods consist of egg oiling, egg addling, shooting, and roundups. Some of these tools require a permit from USFWS and assist in directly reducing the number of geese frequenting an area. WS possesses the necessary permits for this work and renews these permits annually.

Observations

Boat Surveys

The number of adult geese and the number of goslings observed per survey from 2019 through 2023 were plotted against each other (Figure 5). When considering data over the past 5 years, the linear trendline for adults observed per survey is on a slight decline, suggesting that current non-lethal and permitted take methods are functioning in a manner to stabilize, and possibly slightly reduce, the population of adult geese around Lake Washington. The linear trendline for juveniles is flat, implying that these same methods, in addition to egg oiling, are proving successful in reducing the number of juvenile birds being recruited into the adult population. It is important to note that juvenile geese are generally born March – May and are recorded as adults when they become fully grown, typically by July.

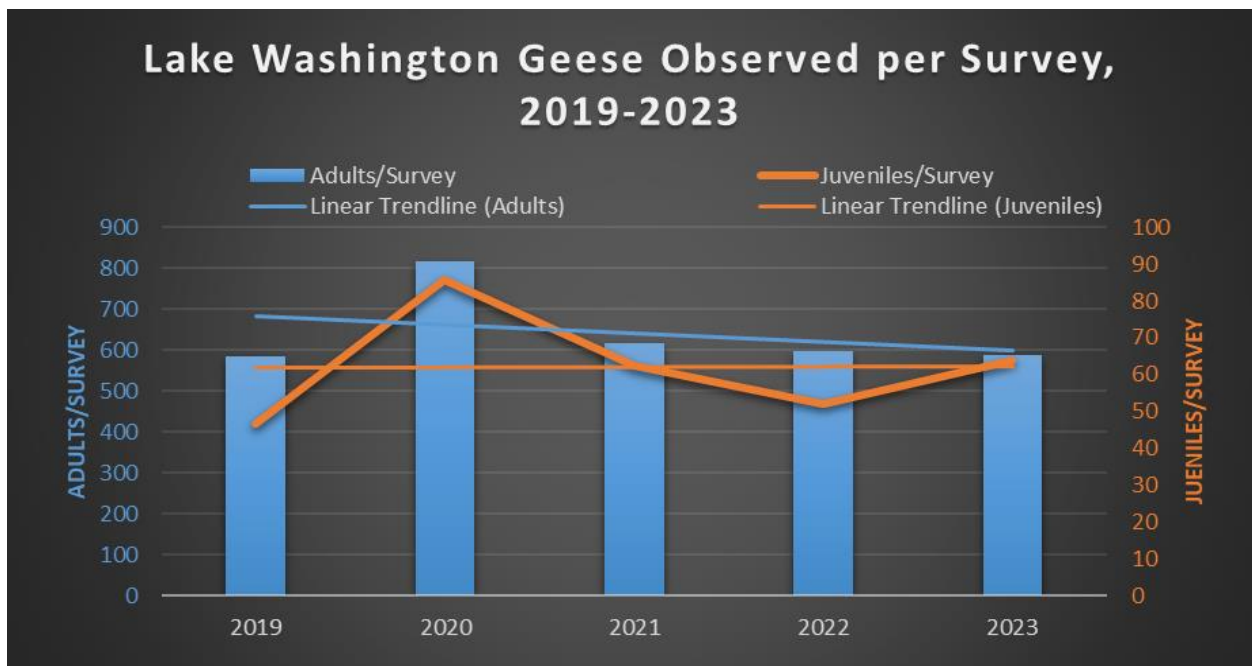


Figure 5 - Lake Washington geese observed per survey with a linear trendline for adults and juvenile geese. NOTE: Lake Union was added to this survey for 2023, likely resulting in a slight increase in the number of geese recorded in 2023.

While geese were distributed throughout Lake Washington, a Kernel density analysis of observations collected during this survey was conducted to identify any locations in which geese congregated in numbers greater than in other areas (Figure 6). Union Bay held the highest numbers of geese. This was followed by the East Channel, and then the north end of Lake Washington in Kenmore and Fairweather Bay in Hunts Point.

Vehicle Surveys
 Vehicle surveys conducted in the Lake Washington area/King County show an overall increase in the number of geese in the surrounding areas

of Lake Washington/King County (Figure 7). While the data from 2020-2021 is absent, the increasing trend remains. This suggests that goose populations are on the rise in areas outside the reaches of roundups, egg oiling, and harassment conducted on/near Lake Washington. This highlights the importance of permitted take and non-lethal actions to maintain a stable population on and in the immediate vicinity of Lake Washington. If this increase continues in future years, the participating members of the Waterfowl Committee should engage in discussions about increasing egg oiling activities and roundups, as well as pursuing other municipalities, State agencies, and large businesses that may be impacted by growing Resident Canada goose numbers to partner with the SWMC.

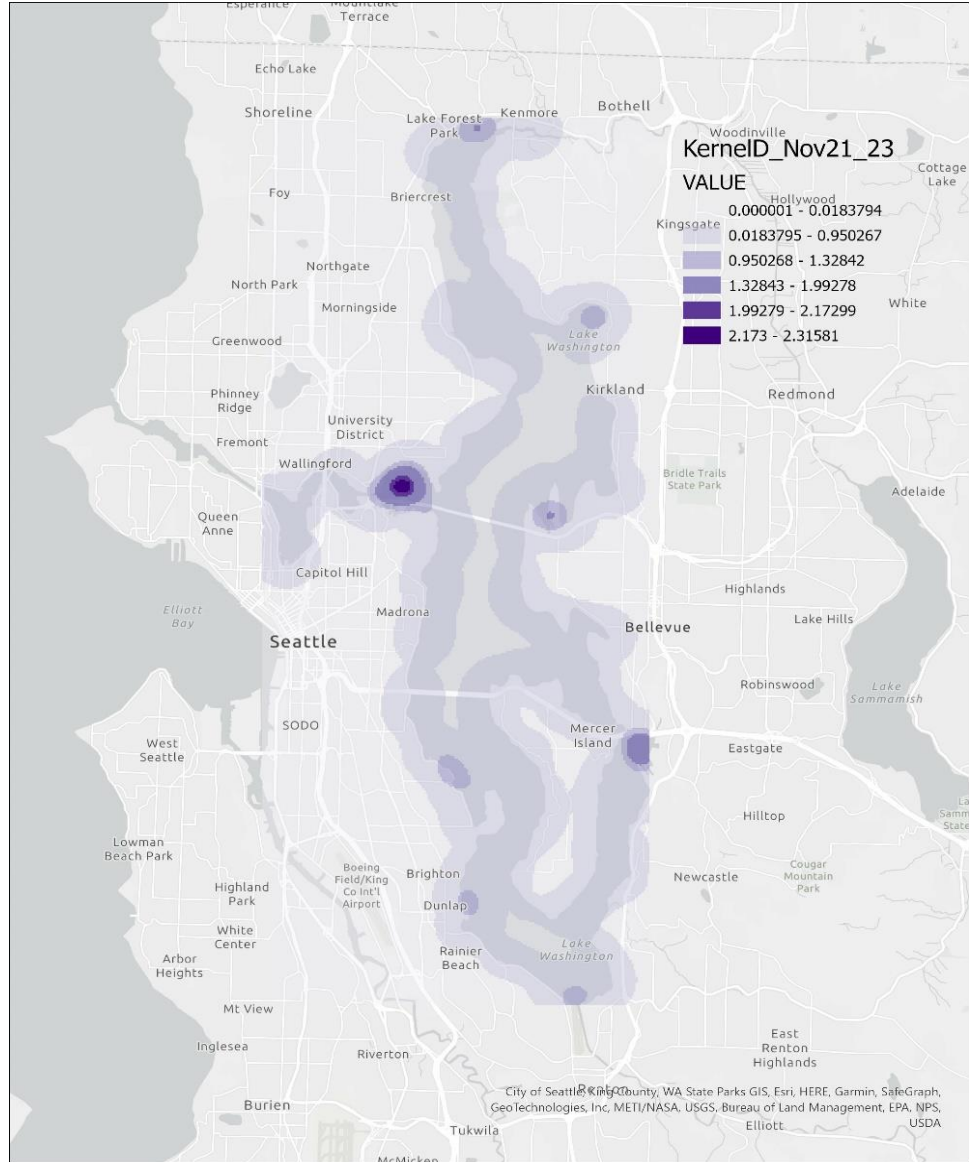


Figure 6 - Kernel density analysis of Lake Washington goose observations. These data are from 2022-2023 and are presented in the number of geese per 200'x200' area.

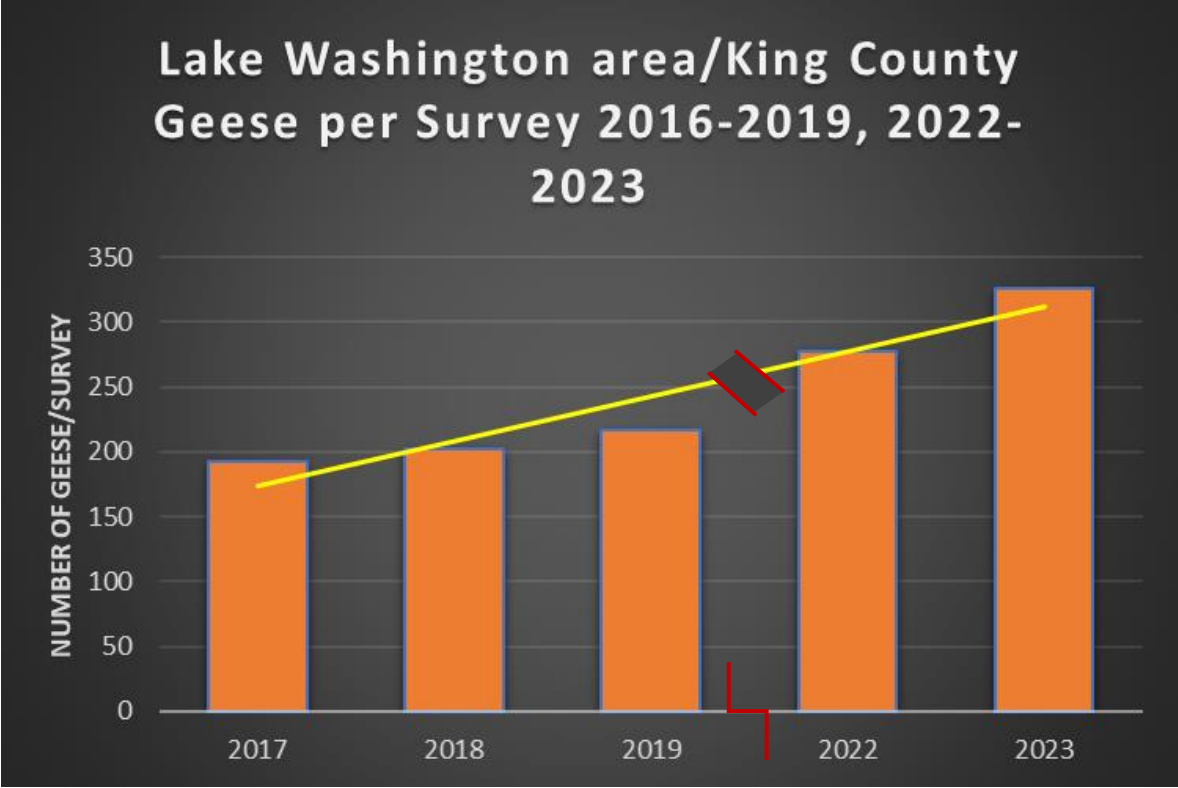


Figure 7 - Lake Washington/King County area vehicle survey observations conducted 2015-2019, 2022-2023. Due to park closures and work restrictions resulting from the Covid-19 pandemic, vehicle surveys were not conducted in 2020 and 2021.

For questions regarding this report, please reach out to Brook Zscheile at 360-337-2778 or at brook.zscheile@usda.gov.



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8c

ACTION ITEM

Date of Meeting March 26, 2024

DATE: March 19, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Mike Tasker, Director, Aviation Maintenance
Eileen Francisco, Director, Aviation Project Management

SUBJECT: Public Safety Distributed Antenna System (DAS) Upgrade (CIP #C801238)-Design & Construction Authorization

Amount of this request: \$10,976,000
Total estimated project cost: \$11,226,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) authorize design and preparation of construction bid documents for the Public Safety Distributed Antenna System Upgrade project, (2) advertise, bid, and execute a major works construction contract, execute related project change orders, amendments, work authorizations, purchases, contracts, and take other actions necessary to support and deliver the Distributed Antenna System project within the approved budget, (3) authorize use of Port of Seattle crews to support the design and construction activities, (4) increase the project authorization by \$10,976,000 for a total project cost estimated at \$11,226,000.

EXECUTIVE SUMMARY

The Distributed Antenna System (DAS) supplies in-building public safety and critical radio coverage to first responders and mission/business-critical responders operating at the SeaTac International Airport at locations where the outdoor radio signals cannot penetrate dense below-ground structures. It contains 12 Bi-Directional Amplifiers (BDAs) that augment coverage to areas throughout SeaTac International Airport, including all terminals, FAA tower, Rental Car Facility, and underground pathways connecting these locations. The DAS legacy equipment has reached end of useful life, and its infrastructure needs to be upgraded to mitigate potential loss of public safety and critical communication due to equipment failure.

JUSTIFICATION

During the notebook and planning phase of this project, a comprehensive study was prepared to survey the scope of work, coordinate with the Authority Having Jurisdiction (AHJ), permitting officials, stakeholders, and system experts to prepare scoping narrative and design

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recommendation reports. This study found many additions to the scope of work required to be compliant with the new fire codes NFPA-72 & 1225 and Rules of Airport Construction (RAC). The project is also required to conduct wireless coverage testing to determine current system deficiencies. This represents a substantial increase in the project scope and budget compared to the original preliminary estimated budget of \$5.6M. The original Status 2 document was preliminary in nature and the project scope was not based on the field investigation or system condition. Increase in the project scope of work, cost escalation, and inflation have resulted in an increase to the budget estimate which is now \$11.2M. Airport leadership approved the additional scope of work and budget in Q4, 2023.

The project will replace aging infrastructure and provide 15+ years of useful life for the associated active hardware, and 25+ years useful life for the associated passive infrastructure. Failure of any equipment can result in loss of radio coverage impacting life-safety and emergency communication. The DAS will be upgraded to a digital and modular design which will carry multiple range of frequencies such as Port public safety and mission critical 700/800 MHz spectrum, Very High Frequency (VHF) spectrum used by Customs and Border Protection (CBP) and Federal Bureau of Investigation (FBI), support Long Term Evolution (LTE) and nationwide public safety broadband FirstNet Band 14.

Diversity in Contracting

Women & Minority Business Enterprises (WMBE) aspirational goal for the design service directive is 10%. WMBE construction aspirational goal will be established, post design efforts.

DETAILS

The tables below provide a breakdown of the requested increase in budget.

Description	Original Budget (Status 2)	New Budget	Total Change
Design	\$2,360,000	\$4,270,000	\$1,910,000
Construction	\$3,240,000	\$6,956,000	\$3,716,000
Total Estimated Cost	\$5,600,000	\$11,226,000	\$5,626,000

Scope of Work

The project occurs throughout the SeaTac International Airport, including all terminals, FAA tower, Rental Car Facility, and underground pathways connecting these locations.

The key elements of project’s scope of work include, but are not limited to, the following:

- (1) Replacement of existing 12 BDAs and associated components with digital and modern equipment.
- (2) 2-hr fire rated home run fiber optic cabling for each BDA.

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- (3) Coverage testing to evaluate wireless coverage.
- (4) Replacement of distribution equipment and cabling.
- (5) Additional redundant cabling and hardware to improve reliability.
- (6) Modularity and expandability for future additions.
- (7) Compliance with applicable codes, standards, and AHJ requirements.
- (8) Integration with the fire alarm system, a separate monitoring system, and dispatch system.
- (9) Possible improvements to spaces where equipment is deployed to ensure appropriate fire rating and protection of those spaces.

Schedule

Activity

Design start	2024 Quarter 4
Construction start	2026 Quarter 2
In-use date	2027 Quarter 4

Cost Breakdown

	This Request	Total Project
Design	\$4,020,000	\$4,270,000
Construction	\$6,956,000	\$6,956,000
Total	\$10,976,000	\$11,226,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Status Quo. Do not proceed with the project.

Cost Implications: Expenses incurred for project notebook development and planning - \$200,000 will need to be expensed.

Pros:

- (1) Capital investment won't be required.

Cons:

- (1) Increases the risk of failure of any equipment which can result in loss of radio coverage impacting life-safety and emergency communications.
- (2) The DAS will not be compliant with the new fire codes NFPA-72 & 1225 and RAC.
- (3) The DAS will not have redundant cabling and equipment and will rely on a single feeder.

This is not the recommended alternative.

Alternative 2 – Proceed with the additional scope of work and budget.

Cost Implications: Capital investment of \$11,226,000.

Pros:

- (1) The DAS will be compliant with the new fire codes NFPA-72 & 1225 and RAC.
- (2) Wireless testing will be performed to analyze and improve the reliability of the system.
- (3) The DAS will be redundant in cabling and hardware.

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- (4) The DAS will be continuously monitored after integration to the monitoring and dispatch system.
- (5) The DAS equipment will be replaced to a modular and digital design along with the ability to carry multiple range of frequencies.

Cons:

- (1) High capital cost.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate (Status 2)	\$5,600,000	\$0	\$5,600,000
Current change	\$5,626,000	0	\$5,626,000
Revised estimate	\$11,226,000	0	\$11,226,000
AUTHORIZATION			
Previous authorizations	\$250,000	0	\$250,000
Current request for authorization	\$10,976,000	0	\$10,976,000
Total authorizations, including this request	\$11,226,000	0	\$11,226,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

Public Safety Distributed Antenna System (DAS) Upgrade CIP #C801238 is included in the 2024-2028 capital budget and plan of finance with a budget of \$5,600,000. The capital budget increase of \$5,626,000 will be transferred from the Aeronautical Allowance CIP #C800753 resulting in no net change to the Airport capital budget. The funding sources will be the Airport Development Fund and future revenue bonds.

Financial Analysis and Summary

Project cost for analysis	\$11,226,000
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base.
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.03 in 2028

Future Revenues and Expenses (Total cost of ownership)

The scope of the project is to replace existing equipment which is beyond useful life and not to introduce any additional assets. Replacement of the equipment will require a similar level of maintenance; therefore, Aviation Maintenance anticipates a negligible or no impact on future

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operating and maintenance costs for the electronic technicians group as the equipment will be pre-programmed. Any potential impact will be absorbed by radio-trained technicians. Utilizing new electronic equipment will result in energy efficiency as compared to old analog amplifiers.

ADDITIONAL BACKGROUND

A Concourse Extension for Delta Lounges project is expected to expand the public safety DAS system in the A concourse by installing new DAS equipment similar to this DAS Upgrade project. The DAS Upgrade project should coordinate with A Concourse Extension for Delta Lounges project for system & network architecture and integration.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

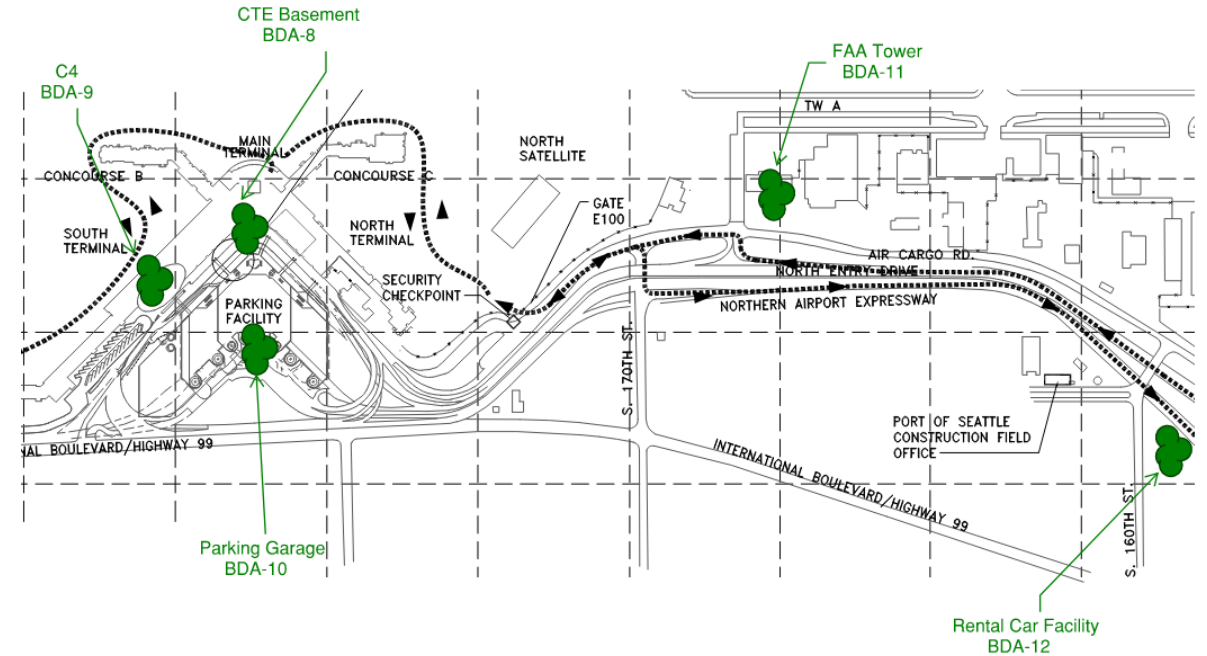
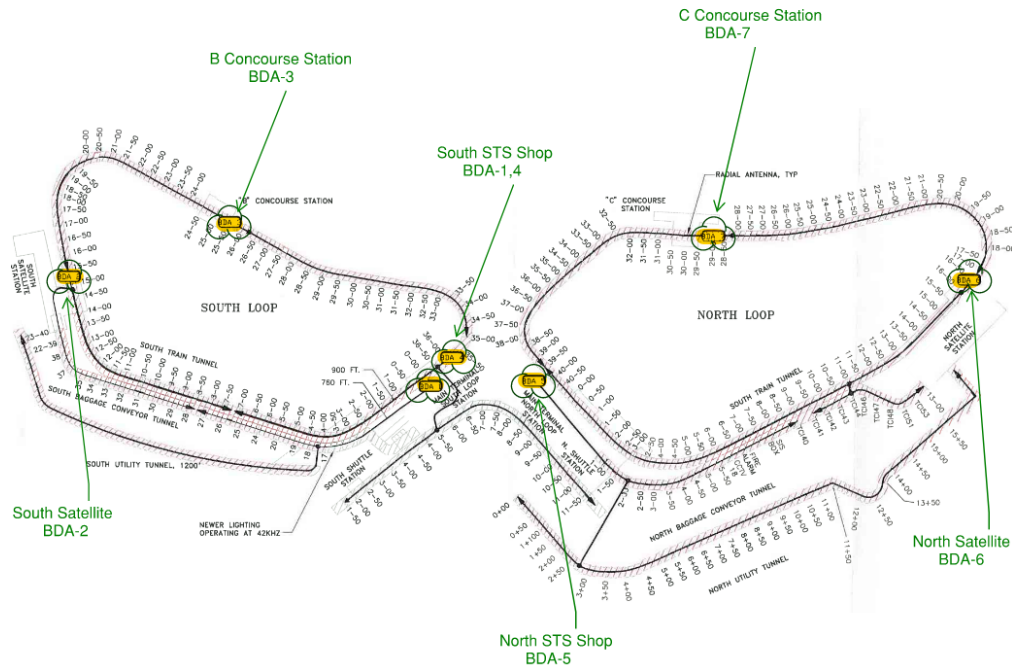
N/A

Public Safety Distributed Antenna System (DAS) Upgrade C801238 | N06489

Trevor Emtman
AV-PMG

Project Scope

BDA-Bi-Directional Amplifier






- Provides in-building public safety and critical radio coverage to responders at SEA.
- DAS is beyond useful life and needs upgrade to digital and modular design.

Project Justification

- Failure can result in loss of radio coverage impacting life-safety and emergency communication.
- Modern equipment can carry multiple frequency range such as 700/800MHz, VHF spectrum, FirstNet Band 14, & LTE.
- Compliance with NFPA-72 & 1225 and fire protection improvements.
- RAC requires a redundant radio coverage system in case of single feeder failure.
- Wireless coverage testing to determine deficiencies.

Schedule





	2024				2025				2026				2027				
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
PLANNING		CX Design															
SD EXECUTED																	
DESIGN																	
CONSTRUCTION																	

CX Construction

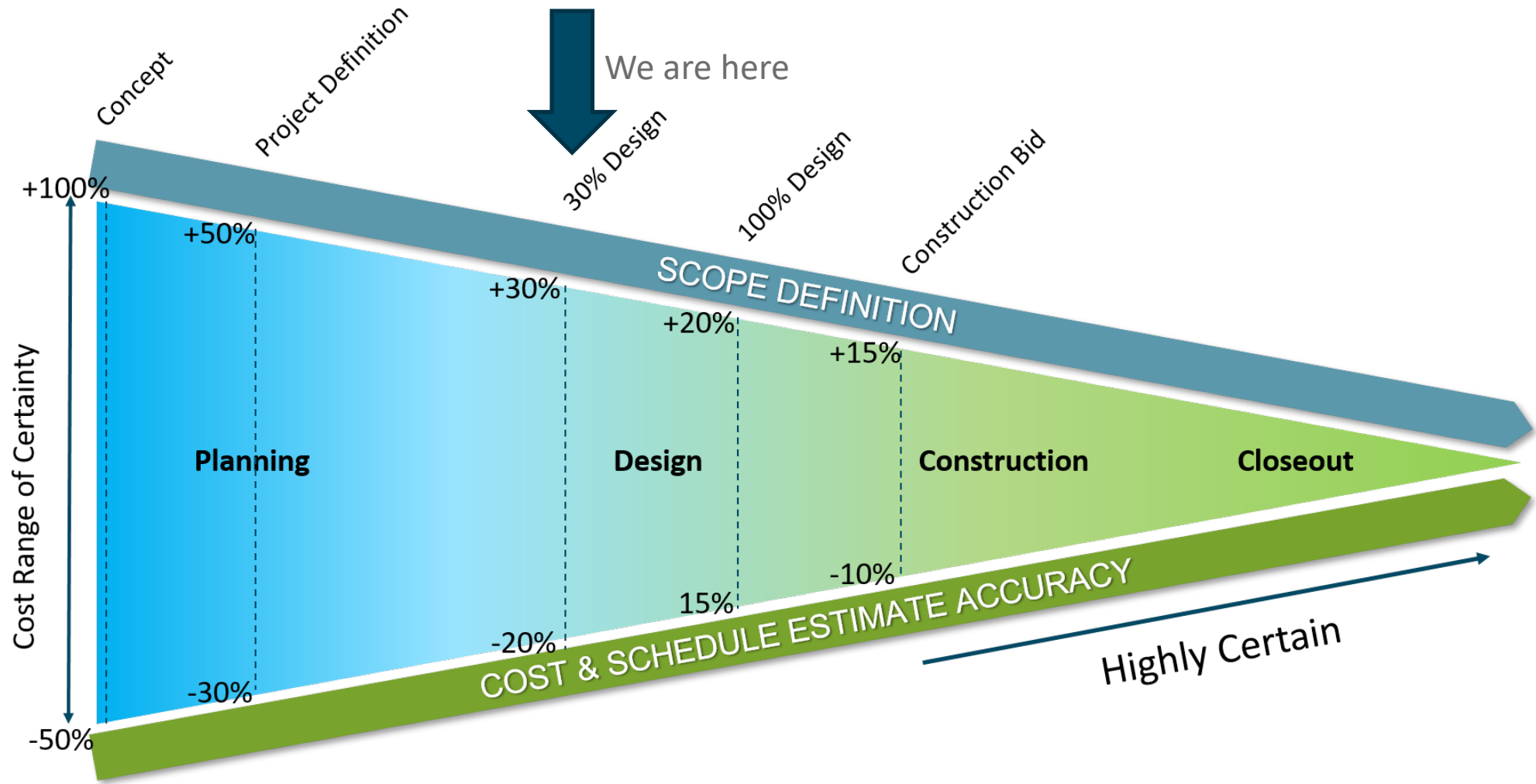
Substantial
Completion

Risks

 = High  = Medium  = Low

Risk	Impact	Probability	Mitigation Plan
Lead Time to Delivery: 16 weeks - Fiber optic cables 12 weeks - Wireless equipment			This is the current lead time to delivery expected as of Q2, 2023. It is expected to go down as the project progresses towards construction.
CIBS communication rooms are not 2-hour fire rated.			DAS project is not expected to bring comm rooms to 2-hr fire rating. Coordinate with AV F&I and POSFD on this risk as the project progresses. AV F&I and POSFD are working on a solution to make all comm rooms to be 2-hr fire rated for continuous fire rating.

Cone of Certainty



Requesting

- Commission authorization for \$10,976,000 to complete design, construction, and closeout phases of this project.
- Approval to increase the project budget to a total estimated \$11,226,000.

Requested Authorization

Authorization	Project Phase	Amount
Previous Authorizations	Notebook + Survey	\$250,000
Current request for Authorization	Design + Construction + Closeout	\$10,976,000
Total authorizations, including this request	Notebook + Survey + Design + Construction + Closeout	\$11,226,000
Remaining amount to be authorized	N/A	\$0

QUESTIONS?





**COMMISSION
AGENDA MEMORANDUM**

Item No. 8d

ACTION ITEM

Date of Meeting March 26, 2024

DATE: March 18, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Eileen Francisco, Director Aviation Project Management
Wendy Reiter, Director Airport Security

SUBJECT: **Baggage Optimization Phase 3 Enabling Construction Work**

Amount of this request: \$7,500,000

Total estimated project cost: \$955,000,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) authorize an early work construction contract for Baggage Optimization Phase 3 including construction of D1 and C94 transfer lines, (2) procure long lead items, and (3) increase the project authorization by \$7,500,000.

EXECUTIVE SUMMARY

Baggage Optimization is an airport-wide public safety and security program that improves customer service for both airlines and passengers. This is a long-term, three-phase program that is anticipated to be completed in 2027. The program allows the flexibility for bags to be checked in from any ticket counter and be conveyed to serve any gate. The project is being bid and constructed in three separate phases. Phase 1 has been completed, Phase 2 is under construction, and development of Phase 3 began in Q3 2022. Phase 2 is approximately 88% complete and is expected to be substantially complete in Q3 2024. Due to the lack of interconnectivity until the project is complete, near continuous operation, and a fixed footprint, this project has various constraints requiring detailed construction sequencing plans. A General Construction/Construction Manager (GC/CM) was selected for Phase 3. To leverage the benefits during the preconstruction period, procuring long lead essential conveyor material as part of enabling work will allow for construction to stay on schedule. This request is a limited initial request to support the procurement of long lead items, and authorize the construction for two key pieces of work that require early action. The project will return to Commission in Q4 to request full authorization of the program.

Meeting Date: March 26, 2024

JUSTIFICATION

Early Work Construction Contract:

The baggage handling system is a complicated system that requires detailed and methodical sequencing plans for minimal disruptions to airline and airport operations. Enabling construction work packages and construction of the D1 and C94 transfer lines will allow the project to perform work that will prepare the construction groundwork for minimal disruptions. The project team is working closely with the Contractor, Airline Technical Representative (ATR), and Port stakeholders to develop the sequencing plans.

Procure Long Lead Items:

Procurement of essential long lead conveyor material as part of the enabling work package is critical to the project's schedule. Currently the lead time for the conveyor material is upwards of 40 weeks. In collaboration with the Contractor, the long lead essential conveyor material has been identified for the initial steps in the sequencing plan and planned for an on-time material delivery allowing for construction to start on time.

Project Authorization Increase:

The cost of the early work construction package including the purchase of conveyor material is within our current budget and estimated at \$7,500,000. We are requesting authorization for this initial request to support the procurement of long lead items, authorize the construction for two key pieces of work that require early action, and allow for the contracting of the special inspection firm. The project will return to Commission in Q4 to request full authorization of the program.

Diversity in Contracting

Baggage Optimization Phase 3 construction contracts have a 4% Women and Minority Business Enterprises (WMBE) goal.

DETAILS

Scope of Work

Baggage Optimization Phase 3 will conclude the Baggage Optimization Program allowing for complete baggage flexibility to check in any bag into any ticket counter and be delivered to any airplane. It also accommodates passenger volume growth and meets TSA safety mandates. This phase will tie-in all the south end systems into the centralized screening, including the International Arrivals Facility (IAF), and finalize the sortation and ticket counter connections.

Schedule

Phase 1 was completed in 2020. Phase 2 is currently under construction and scheduled to be completed in Q3 2024. Phase 3 design is under way along with GC/CM preconstruction activities and construction is scheduled to complete in Q2 2027.

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<u>Phase</u>	<u>Design</u>	<u>Construction</u>
Phase 1	Q3 2015	Q1 2016 – Q2 2020
Phase 2	Q1 2020	Q3 2020 – Q3 2024
Phase 3	Q3 2022 – Q1 2024	Q4 2024 – Q2 2027

Activity

Commission design authorization	2013 Q1
Design start	2022 Q3
Commission construction authorization	2024 Q4
Construction start	2024 Q4
In-use date	2027 Q2

Cost Breakdown

	This Request	Total Project
Design	\$0	\$80,731,152
Construction	\$7,500,000	\$874,268,848
Total	\$0	\$955,000,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not proceed with approval of early work construction contract. Proceed with approval of only the procurement of essential conveyor material that have long lead times.

Cost Implications: \$4.3M for the initial purchase of long lead items.

Pros:

- (1) Procurement of essential conveyor material with long lead times allows the Port to get into the manufacturing queue in hopes of on time delivery for construction to start.

Cons:

- (1) Early work construction contract not being approved could cause more construction shutdowns to be more impactful to Airline and Airport operations.

This is not the recommended alternative.

Alternative 2 – Do not proceed with approval of purchasing of essential conveyor material with long lead times.

Cost Implications: \$4,500,000.

Pros:

- (1) No further project budget would need to be approved at this time. Design would continue until construction is ready to begin and full construction authorization is needed.

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Cons:

- (1) A delay of 40 weeks or more waiting for essential conveyor material to arrive will delay our construction schedule and have budget impacts.

This is not the recommended alternative.

Alternative 3 – Approve the request to proceed with the authorization of enabling construction work and early work packages for Baggage Optimization Phase 3 including construction of D1 and C94 transfer lines, procure long lead items, and increase the project authorization by \$7,500,000.

Cost Implications: \$7,500,000.

Pros:

- (1) Authorizing the Contractor to perform enabling work allows for work to be performed in a less impactful manner for airport and airline operations.
- (2) Authorization for the Contractor to purchase long lead items aids in ensuring the essential conveyor material is ordered and under production for on time delivery to start construction.

Cons:

- (1) If the project and General Contractor do not negotiate and come to terms with a Maximum Allowable Construction Cost. The Port would have to warehouse and store the pre-purchased material for an extended duration. The monthly charge for the warehouse space is estimated at \$30,000 per month.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

	Budget / Estimated Project Cost	Current Authorization	Notes
Phase 1	\$101,375,000	\$101,375,000	• Complete
Phase 2	\$395,675,000	\$415,675,000	• Anticipated Savings of \$20M (Reflected in Ph 3 Budget). • Substantial Completion Q3 2024.
Phase 3	\$432,450,000	\$47,215,000	• Commission Range presented April 2022 is \$400M - \$500M. • MII anticipated Q3 2024.
Executive Management Reserve	\$10,000,000	\$10,000,000	
CCE Transfer	\$15,500,000	\$15,500,000	• Commission approval April 2022.

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TOTAL	\$955,000,000	\$589,765,000	
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<i>Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$317,000,000	\$150,000	\$317,150,000
Previous changes – net	\$637,134,000	\$716,000	\$637,850,000
Current change	\$0	\$0	\$0
Revised estimate	\$954,134,000	\$866,000	\$955,000,000
AUTHORIZATION			
Previous authorizations	\$589,299,000	\$466,000	\$589,765,000
Current request for authorization	\$7,500,000	\$0	\$7,500,000
Total authorizations, including this request	\$596,799,000	\$466,000	\$597,265,000
Remaining amount to be authorized	\$357,335,000	\$400,000	\$357,735,000

Annual Budget Status and Source of Funds

This project, C800612, was included in the 2024-2028 capital budget and plan of finance with a budget of \$954,134,000. This project has prior Majority In Interest (MII) airlines approval for Phase 1 and 2. The Phase 3 MII ballot is anticipated in Q3 2024. The funding sources would be revenue bonds.

Financial Analysis and Summary

Project cost for analysis	\$955,000,000
Business Unit (BU)	Baggage System
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.34 in 2020, \$0.96 in 2024 and \$2.73 in 2028

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- January 24, 2023 - Request Commission authorization for the Executive Director to: 1) execute an OTA with TSA for a 24-month time extension for the period of performance on the Baggage Optimization Program, 2) execute future Change Orders on the Baggage Optimization Project Phase 2 and Phase 3 construction contracts (C800612) up to the executed Commission authorization amount that exceed \$300,000 and/or

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- exceed 60 calendar days' time extensions, and 3) include a Project Labor Agreement (PLA) for Phase 3.
- July 26, 2022 – Request Commission authorization for the Executive Director to: (1) execute an agreement with the Transportation Security Administrative (TSA) to provide clear access to screening equipment for Phase 2, (2) authorize \$34,215,000 for Phase 3 to complete pre-construction services, (3) utilize, advertise, and execute a General Contractor/Construction Manager (GC/CM) for Phase 3, (4) advertise and execute a project specific Construction Management (CM) and Airline Technical Representative (ATR) contract for Phase 3, (5) amend Service Agreement (SA) P-00317641 to add \$18,340,000 for a total contract value of \$49,500,000 to complete design services and provide construction support for Phase 3, and (6) utilize Port crews for Phase 3 activities, for Baggage Optimization Project at Seattle-Tacoma International Airport. The total amount of this request is \$34,215,000.
 - April 19, 2022 – Baggage Optimization Program Update – Quarter 2, 2022.
 - January 28, 2020 – Commission Authorization to: (1) execute a construction contract with the low responsive and responsible bidder for the Baggage Optimization Phase 2 Project at Seattle-Tacoma International Airport, notwithstanding the low bid exceeding the estimate at time of bid by more than 10 percent, and (2) authorize an additional \$190,737,800 for Phase 2 construction and Phase 3 design for a total program authorization of \$540,050,000.
 - April 23, 2019 – Commission Authorization to: (1) advertise, award, and execute a construction contract for the Baggage Optimization Phase 2 project at Seattle-Tacoma International Airport; (2) employ a project labor agreement (PLA); and (3) utilize Port crews and small works contracts to perform construction work.
 - February 26, 2019 – Baggage Optimization Quarter 4 Project Briefing.
 - October 23, 2018 – Baggage Optimization Quarter 3 Project Briefing.
 - June 12, 2018 – Baggage Optimization Quarter 2 Project Briefing.
 - January 9, 2018 – Baggage Optimization Quarter 4 Project Briefing.
 - September 26, 2017 – Baggage Optimization Quarter 3 Project Briefing.
 - June 27, 2017 – Commission authorization to (1) authorize additional design and project management funds to expand the capacity to 60 million annual passengers (MAP); (2) use Port crews and small works contracts to perform additional construction work; and (3) amend Service Agreement P-00317641 to add \$10,160,000.
 - October 25, 2016 – Baggage Optimization Quarter 4 Project Briefing.
 - July 12, 2016 – Commission authorization to advertise and execute a contract for Construction Phase 1.
 - June 28, 2016 – Baggage Program Briefing.
 - May 17, 2016 – Checked Baggage Optimization Project Briefing.
 - March 8, 2016 – Commission authorization for the Chief Executive Officer to amend the Baggage Optimization Design Services contract.
 - June 23, 2015 – Checked Baggage Optimization Project Briefing.

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- September 10, 2013 – The Commission authorized the execution of an Other Transaction Agreement (OTA) with TSA for reimbursable costs for design and construction, to authorize \$15 million to continue from 30% to 100% design and execute a consultant service agreement for program management support services.
- August 20, 2013 – Response to questions from Commissioners asked during the August 6, 2013 Commission Meeting.
- August 6, 2013 – The Commission was briefed on the near-term and long-term challenges related to handling checked baggage at the Airport.
- January 22, 2013 – The Commission authorized \$5 million for staff to begin design through 30%, and to enter into an agreement to allow reimbursement from the federal government to the Port for eligible elements of the 30% design effort.
- January 8, 2013 – Baggage Systems Briefing.
- August 14, 2012 – Baggage system recapitalization/optimization was noted in the 2013 business plan and capital briefing as a significant capital project not included in 2013-17 capital program.
- August 7, 2012 – Baggage system recapitalization/optimization was referenced as one of the drivers for the need to develop an Airport Sustainability Master Plan.
- June 26, 2012 – The Airport’s baggage systems were discussed during a briefing on terminal development challenges.
- May 10, 2012 – TSA’s interest in a national recapitalization/optimization plan for all baggage-screening operations was referenced in a design authorization request for the C60-C61 Baggage Handling System Modifications Project.

Item No.	8d_supp
Date of Meeting	March 26, 2024

Baggage Optimization Phase 3 Enabling Construction Work

March 26, 2024

Commission Day



Commission Request

- **Early Work Construction Contracts**
 - Enabling construction work contracts and construction of the D1 and C94 transfer lines will allow the project to perform work that will prepare the construction groundwork for minimal disruptions.
- **Procure Long Lead Items**
 - Procurement of essential long lead conveyor material as part of the enabling work package is critical to the project's schedule.
 - Currently the lead time for the conveyor material is upwards of 40 weeks.
- **Project Authorization Increase**
 - Initial request of \$7,500,000 for enabling work and procurement of long lead items.

Program Purpose and Scope

Purpose:

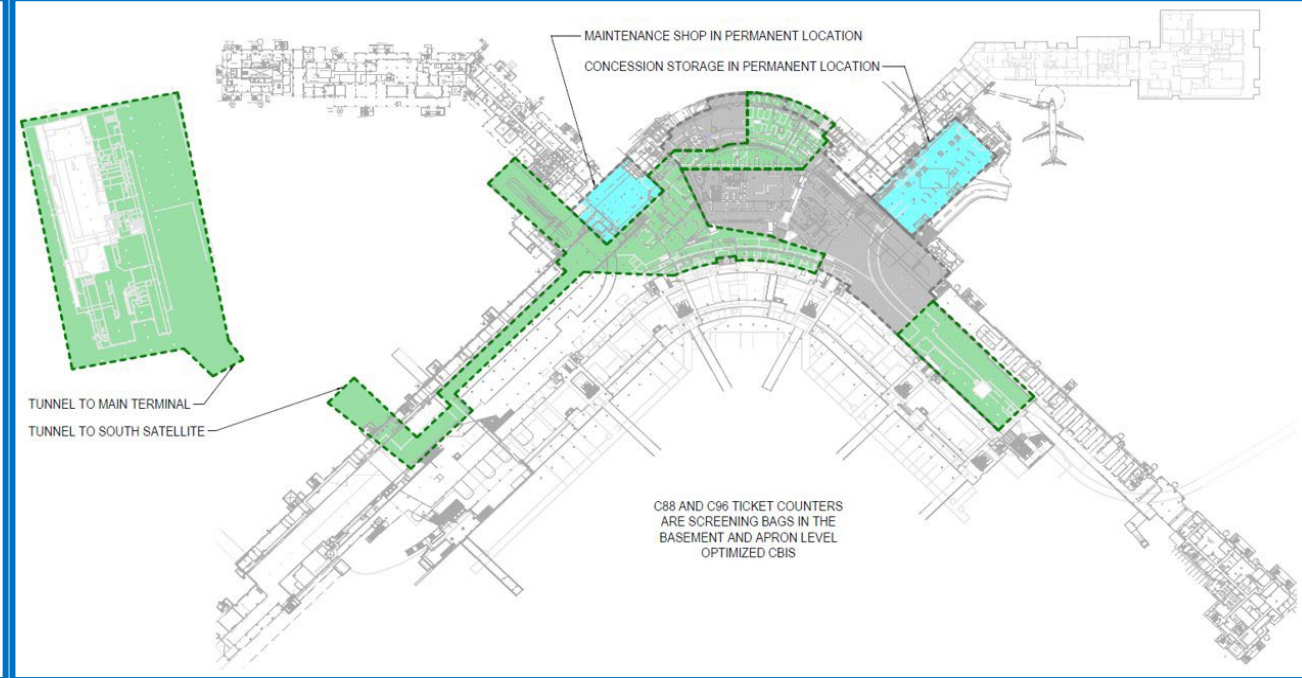
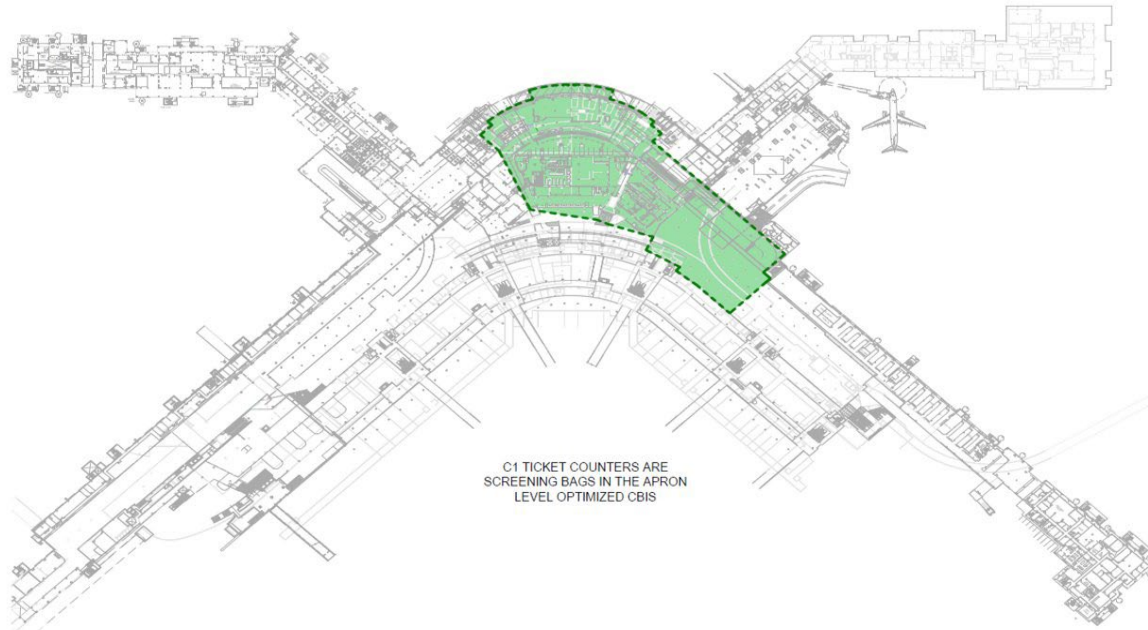
- Airport wide public safety and security program that improves customer service for both airlines and passengers by providing flexibility, reliability, and efficiency.

Scope:

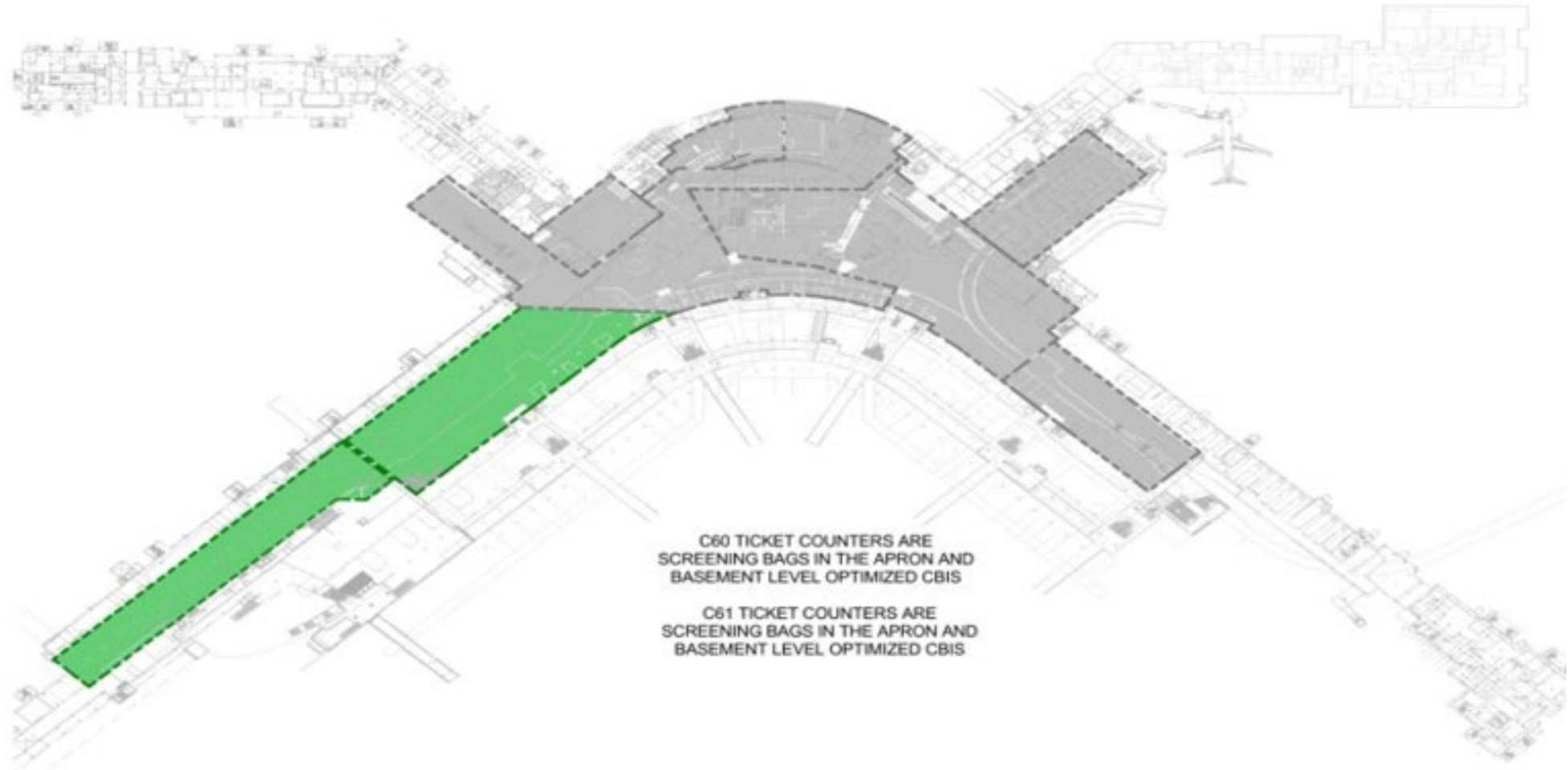
- The Baggage Optimization project replaces six individual baggage screening systems with a centralized system that optimizes the operation and functionality of the checked baggage system.

Phase 1

Phase 2



Phase 3



Phase 1 & Phase 2 Benefits

Phase 1

- Renewal/replacement of screening equipment
- Built a new centralized Check Baggage Resolution Area (CBRA) that creates efficiency for TSA
- Connected existing ticket counters zones to the new central screening

Phase 2

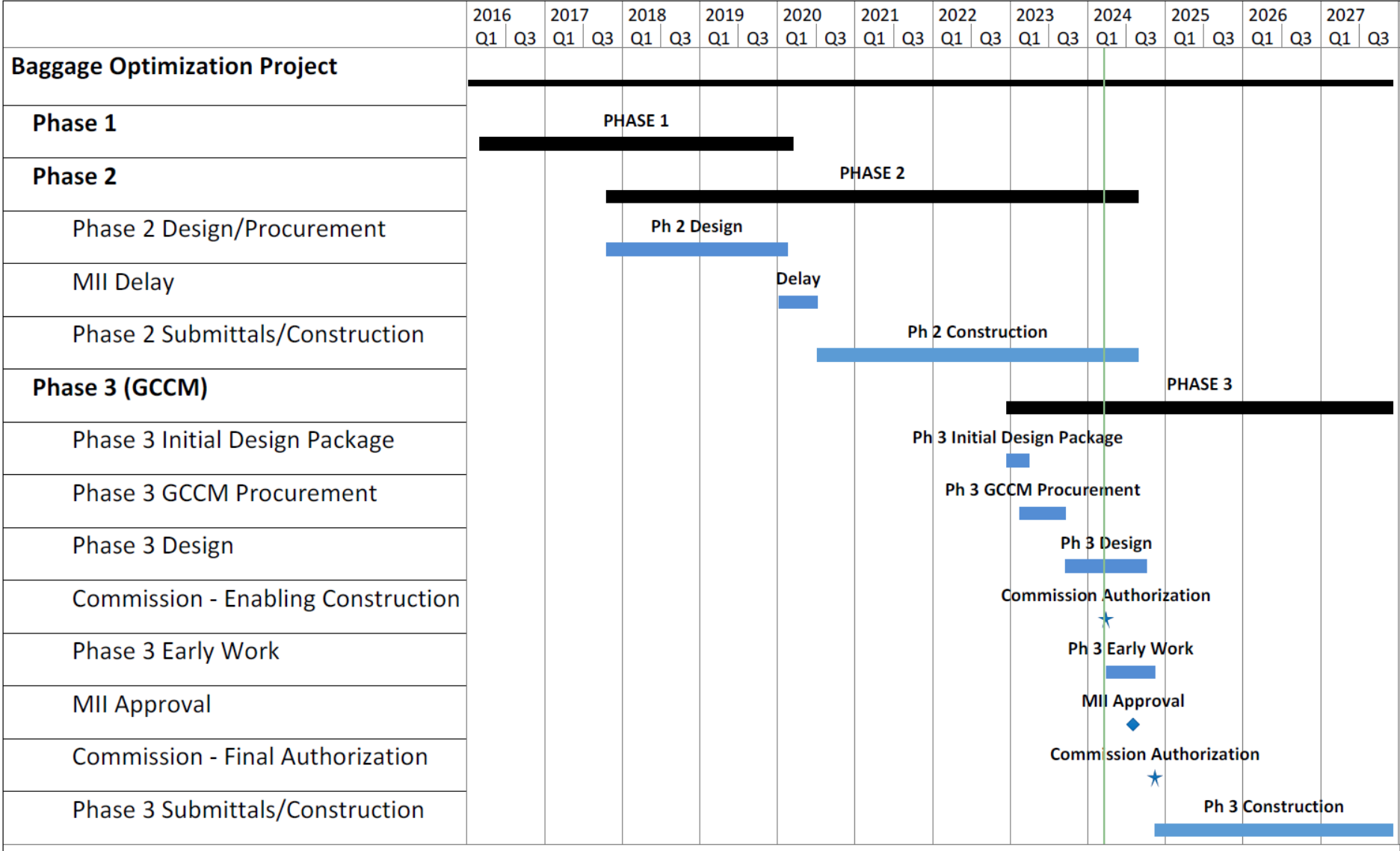
- Removed 4 out of 6 individual screening systems and connected them to centralized screening
- Constructing final baggage handling sortation matrix
- Adding South Satellite makeup capacity

Phase 3 Benefits

Phase 3

- Connects south end carriers to centralized screening and sortation system
- Modify International Arrivals Facility (IAF) baggage to facilitate final sortation destination makeup devices
- Long term energy savings
- Increase screening capacity

Schedule



Phase 3 Long Lead Items

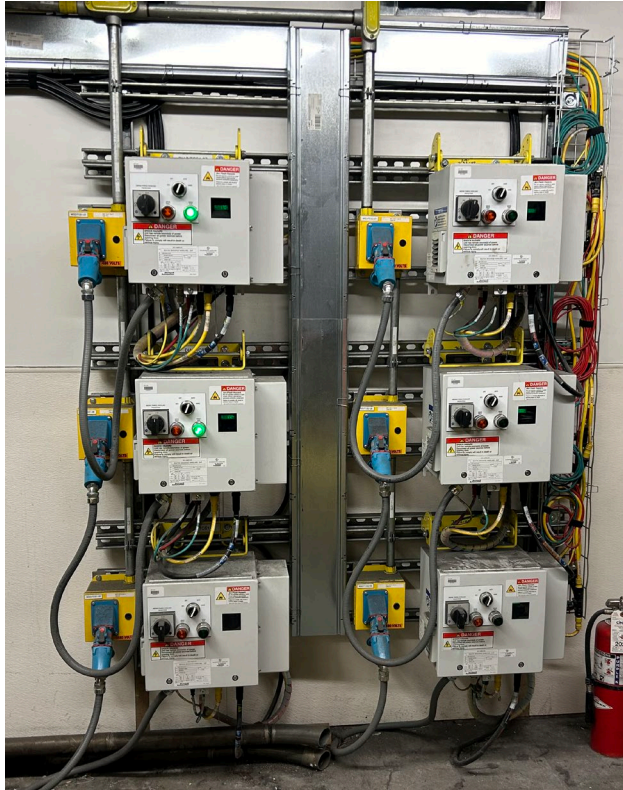


High Speed Diverter
Lead Time: 42 Weeks



Power Turn
Lead Time: 24 Weeks

Phase 3 Long Lead Items



Drive In A Box
Lead Time: 20 Weeks

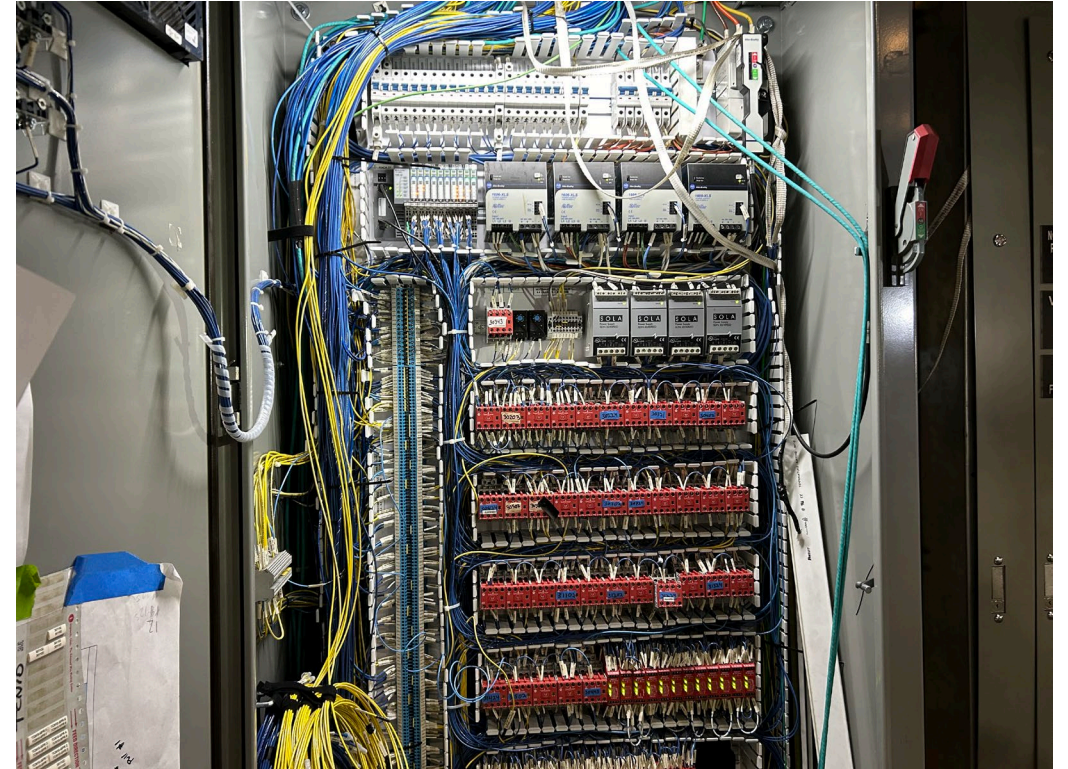


Motor Gear Boxes
Lead Time: 18 Weeks

Phase 3 Long Lead Items



Automatic Tag Readers (ATR)
Lead Time: 16 Weeks



Motor Control Panels
Lead Time: 16 Weeks

Authorizations

	Budget / Estimated Project Cost	Current Authorization	Notes
Phase 1	\$101,375,000	\$101,375,000	• Complete
Phase 2	\$395,675,000	\$415,675,000	• Anticipated Savings of \$20M (Reflected in Ph 3 Budget) • Substantial Completion Q3 2024
Phase 3	\$432,450,000	\$47,215,000	• Commission Range presented April 2022 is \$400M - \$500M • MII anticipated Q3 2024
Executive Management Reserve	\$10,000,000	\$10,000,000	
CCE Transfer	\$15,500,000	\$15,500,000	• Commission approval April 2022
TOTAL	\$955,000,000	\$589,765,000	



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8e

ACTION ITEM

Date of Meeting March 26, 2024

DATE: February 23, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Kelly Purnell, Capital Project Manager
Jennifer Maietta, Director, Real Estate Asset Management
Kenneth Lyles, Director of Maritime Operations and Security

SUBJECT: Maritime Industrial Center Electric Equipment Procurement (C801241)

Amount of this request: \$7,948,000

Total estimated project cost: \$12,408,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to approve construction funding in the amount of \$7,948,000 for a Design-Build construction contract for the Maritime Industrial Center Electrical Infrastructure Replacement project.

EXECUTIVE SUMMARY

The Maritime Industrial Center (MIC) Electrical Infrastructure Replacement project has reached approximately 60% design. Throughout the course of the discovery phase of the design, including extensive due diligence in surveying, archival research, and field investigation, it has become apparent that the MIC property has complex and at-risk site conditions, and is severely operationally constrained. The risk to operational continuity at the site, constrained site access for industry equipment and large trucks, and aging site infrastructure that must be addressed and worked around during construction are challenging to overcome without early direct input from a general contractor that can apply valuable input to the design and construction methodology for the project. Additionally, an overlapping project to improve storm water management on the leased eastern portion of the site further complicates and adds risk to the electrical project due to location and timing.

Late Q4 2023, the MIC Electrical Infrastructure Replacement project delivery method of Design-Bid-Build with Owner Furnished Equipment was reevaluated by the project team and leadership in Waterfront Project Management, Engineering, and the Central Procurement Office. At that time, the decision was made to transition the project delivery method to a Design-Build contract.

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This action will authorize all remaining design and construction funding for the project as a Design-Build project delivery.

Background

The MIC site, located just west of Fishermen’s Terminal, currently has a tenant mix of storage, warehouse, maintenance and repair shops, boatyard and marine services, and fishing vessel support operations. A large majority of the electrical infrastructure that serves the tenants is approximately 25 years old. Though electrical systems generally last 20 to 30 years, their proximity to water has caused it to deteriorate at an expedited rate. An arc flash study and condition assessment were performed on the property in 2020 and determined that several pieces of equipment need replacement for safety reasons as they are not compliant with National Electrical Code (NEC) standards and are too dangerous to service properly.

The replacement of the infrastructure is critical to maintaining reliable and resilient operations for the MIC facilities, ensure that the Port meets its tenant obligations, and continues to leverage the economic opportunities that result in well managed and maintained assets. Transitioning this project to a Design-Build project delivery will provide the necessary upgrade to the overall site to meet these obligations, and reduce risks associated with the constraints of the site during construction.

In October 2022 the Port Commission authorized staff to proceed with the design and permitting phase of the project, and to proceed on long lead material procurement in March 2023. Additional funds were authorized in October 2023 to supplement the electrical equipment procurement for higher than anticipated bids.

JUSTIFICATION

This project supports the following Century Agenda and Maritime Division strategic goals:

Century Agenda:

1. Responsibly Invest in the Economic Growth of the Region and All Its Communities.
2. Be a Highly Effective Public Agency.

Maritime Division:

1. Asset Management
2. Sustainability

The project will include necessary upgrades to the electrical system by replacing current equipment that is dangerous to work on and at risk of failure. This investment will increase the asset value of the MIC by ensuring that the site facilities are functioning well and efficiently, removing dangerous water intrusion into electrical areas, and increasing the reliability of power to the Port’s tenants. Additionally, the upgraded electrical equipment will provide the flexibility

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to utilize electrical capacity for additional future sustainable EV charging capabilities and potential additional shore power that is not currently possible with the existing equipment.

Diversity in Contracting

WMBE goals will be established for the larger general construction contract that will be solicited when the project is ready to be advertised for the Design-Build contract.

DETAILS

Maritime Industrial Center – 2700 Commodore Way, Seattle, WA 98199

Electrical Infrastructure Replacement – C801241

The project consists of demolishing existing switchboards and structural concrete pads; decommissioning conduits and wire; and replacing all with new structural infrastructure, conduits, wires, switchboards, and associated equipment. The switchboards will be upsized from existing capacity of between 400 and 600 amps to 2000 amps for the smaller switchboards and from 2500 Amps to 4000 Amps for the main switchboard for future capacity needs (e.g., EV chargers, shore power). This project will not increase the electrical load at the site at this time.

Scope of Work

The following electrical equipment will be replaced:

1. Switchboard 4SP and 2SPN (service entry to site)
2. Switchboard 4W and 2W (wharf)
3. Switchboard 4P and 2P (NE side of Building A-1)
4. Switchboard EY4 (east side of Building A-1)
5. Switchboard SEY4 (lighting connection for east lot)
6. Switchboards EY4 and SEY4 will be consolidated with 4P and 2P in one location that has better access. Additionally, this will eliminate a stormwater intrusion point at EY4.

Site work:

1. Provide new conduits and conductors from Seattle City Light to new MIC main distribution switchgear.
2. Provide new conduits and conductors from new MIC main distribution switchgear to:
 - a. New electrical switchboard at Mooring Pier
 - b. New electrical switchboard at Wharf
3. Provide new electrical vaults.

Meeting Date: March 26, 2024

Schedule

Activity

Commission design authorization	October 11, 2022
Design start	October 21, 2022
Commission authorization for major electrical equipment procurement	March 28, 2023
Commission authorization for additional electrical equipment procurement funds	November 14, 2023
Commission construction authorization for Design-Build contract – this request	2024 Quarter 1
Construction Start	2025 Quarter 2
In-Use Date	2026 Quarter 1

*Change in project delivery delays in-use date 4-6 months due to the time needed to prepare the Request for Qualifications (RFQ) and Request for Proposals (RFP) required for the Design-Build procurement process. The schedule impact is accepted to mitigate key project risks using Design-Build.

Cost Breakdown

	This Request	Total Project
Design	\$888,000	\$1,738,000
Electric Equipment Procurement – C801241	\$0	\$3,610,000
Construction	\$7,060,000	\$7,060,000
Total	\$7,948,000	\$12,408,000

Previous authorizations included estimated design costs and procurement costs of the major electrical equipment. This authorization includes all remaining funds for design and construction as a Design-Build project delivery. Estimated Costs have increased on C801241 – MIC Electrical Infrastructure Replacement project by 44% since the last authorization request. Increases over previous estimate are based on additional design work completed since the last authorization. Additionally, while Design-Build is more efficient and mitigates construction risk, upfront costs are often higher due to designer fee allowances, costs to develop the Basis of Design (BOD) and the RFQ/RFP documents. Additionally, there are sunk costs in developing the current design to 60%. However, site conditions research and verification and design to the 60% level are valuable tools that will be used as reference documents to inform and streamline a Design-Build contractor’s development of the final design and construction approach to mitigate the risks associated with operational impacts.

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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Defer the electrical replacement project: maintain the current state and delay electrical upgrades and repairs.

Cost Implications:

Assuming a 6% escalation is applied to the project over the next four years delaying the project would cost an additional \$250,000 for each year it is delayed. Current maintenance has been minimal, and the equipment cannot be safely worked on by Port Electricians; therefore, costs to maintain are not included.

Pros:

- (1) Lower initial capital cost.

Cons:

- (1) The equipment cannot currently be serviced safely.
- (2) The equipment is already in a state of advanced disrepair due to the proximity to maritime environment and areas of stormwater intrusion.
- (3) If the equipment fails, a long-term diesel generator will be required to provide power to the tenants. This will impact air quality and cost significantly more over time, in large part due to high fuel costs.
- (4) Major electrical equipment is on order and would need to be stored long-term until project is built.
- (5) Does not allow for streamlining of design and construction of the of the project. Creates more risk for change orders during construction.

This is not the recommended alternative.

Alternative 2 – Continue with electrical replacement project as a Design-Bid-Build project.

Cost Implications: \$1M

Pros:

- (1) Avoids delays to the project for 4 months necessary to transition the project to Design-Build
- (2) Advances Century Agenda goals of investing in maritime industries.
- (3) Is initially less expensive.

Cons:

- (1) This alternative will be difficult to implement the needed conduit and vault system replacement resulting in complex logistics and planning due to overlapping location of with other projects, and operational constraints.
- (2) Adds risk of expensive change orders during construction due to significant risks of complex site conditions and severe operational constraints.

This is not the recommended alternative.

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Alternative 3 – Transition electrical replacement project to Design-Build project delivery.

Cost Implications: \$3.6M

Pros:

- (1) Advances Century Agenda goals and Maritime Division strategic goals.
- (2) Upgrades and replaces degraded electrical infrastructure that is not safe to maintain and does not meet current National Electrical Code (NEC) standards.
- (3) Reduces potential construction escalation costs.
- (4) Will provide for a stronger tenant experience by increasing power reliability and resiliency.
- (5) Will provide for additional electrical capacity for additional future EV charging and possible increased shore power.
- (6) Streamlines construction logistics between for the electrical replacement and provides construction risk mitigation due to complex site conditions and operational constraints.
- (7) Minimizes operational impacts by having a Design-Build contractor engage earlier in the project to plan the best construction methodology prior to construction.

Cons:

- (1) This alternative will have an initial higher upfront cost.
- (2) Delays electrical project 4-6 months to transition the project to Design-Build.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

COST ESTIMATE	Capital	Expense	Total
Original estimate	\$1,500,000	\$0	\$1,500,000
Previous Changes - Net	\$7,090,000	\$0	\$7,090,000
Current Change	\$3,818,000	\$0	\$3,818,000
Revised estimate	\$12,408,000	\$0	\$12,408,000
AUTHORIZATION			
Previous authorizations	\$4,460,000	\$0	\$4,460,000
• Design	\$850,000	\$0	\$850,000
• Electrical Equipment Procurement	\$3,610,000	\$0	\$3,610,000
Current request for authorization	\$7,948,000	\$0	\$7,948,000
Total authorizations, including this request	\$12,408,000	\$0	\$12,408,000
Remaining amount to be authorized	\$0	\$0	\$0

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Annual Budget Status and Source of Funds

This project was included in the 2024 Capital Plan under Maritime Industrial Center Electrical Infrastructure Replacement (C801241) at an estimated total project cost of \$7,179,000. The additional cost of the project will be covered by the Maritime Management Reserve (C800002).

This project will be funded by the General Fund.

Financial Analysis and Summary

Project cost for analysis	\$12,408,000
Business Unit (BU)	Maritime Portfolio Management, and Ship Canal Fishing & Commercial
Effect on business performance (NOI after depreciation)	Annual depreciation will increase by approximately \$414K based on estimated 30-year service life, thereby reducing the NOI by the same amount.
IRR/NPV (if relevant)	NA
CPE Impact	NA

Future Revenues and Expenses (Total cost of ownership)

This project will provide for reliable and resilient electrical power to the MIC facilities for the next 25-30 years. These upgrades will provide protection of Port assets and extend their useful life, provide for additional future electrical capacity to support Port sustainability goals, and increase economic development potential. Maintaining existing assets will preserve the economic vitality of our operations and serve the Port, tenants, and their customers well by providing a safe and sustainable working environment.

ADDITIONAL BACKGROUND

n/a

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

October 11, 2022 – The Commission authorized design for design-bid-build.

March 28, 2023 – The Commission authorized procurement of the electrical equipment for \$1,800,000.

November 14, 2023 – The Commission authorized additional funds for the electrical equipment procurement in the amount of \$1,810,000.

Maritime Industrial Center Electrical Infrastructure Replacement

Design-Build Construction Authorization

Kelly Purnell – Capital Project Manager

Jennifer Maietta – Director, Real Estate Asset Management (Sponsor)

Kenneth Lyles – Director, Fishing and Commercial Operations (Sponsor)

CIP # C801241



Action Requested

Request Commission authorization for the Executive Director to:

1. Approve construction funding in the amount of \$7,948,000 for a Design-Build construction contract for the Maritime Industrial Center Electrical Infrastructure Replacement project.

Amount of this Request: \$7,948,000

Total Estimated Project Cost: \$12,408,000

Project Overview

- Currently authorized for design for Design-Bid-Build project delivery
 - 60% design
 - Severe operational constraints and complex site conditions
 - High probability of high bids and risk for change orders during construction without early onboarding of contractor to determine construction methodology and logistics approach
- Design-Build project delivery
 - Design-Build will allow for cost certainty earlier and provide for more informed decisions before going to construction
 - Minimizes risks associated with site, operational constraints and other projects early through early contractor engagement.

Current Tenant Mix

- Building A-1:
 - Mix of storage, warehouse, repair and maintenance shops, silk screen printing
- Building A-2, yard and moorage:
 - Boat yard and marine services (metal fabrication, woodwork, heating and cooling, electronics)
- Building A-3, A-4, A-5, yard and moorage:
 - Fishing vessel support operations

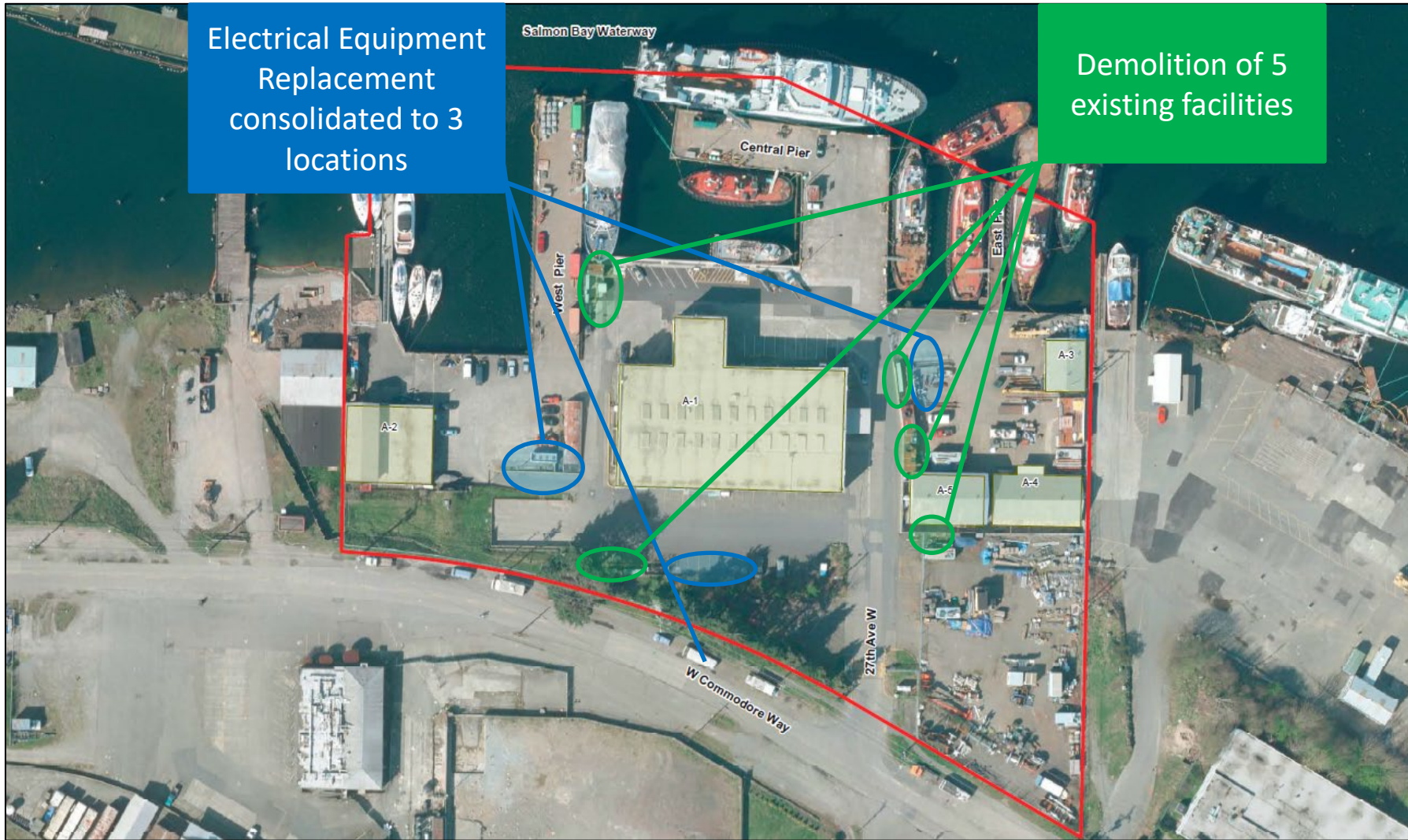
Current Tenants

MIC Tenant	Space Type	Industry/Use
Bristol Wave Seafoods, LLC	Industrial	Boatyard, fishing industry
Alliant Marine Group, LLC	Industrial	Boatyard, recreational vessels
Biely & Shoaf Co.	Warehouse and office	Distribution logistics
Three By Three, Inc	Warehouse	Distribution logistics
Washington State Dept. of Fish & Wildlife	Offices and storage	Law enforcement and biology
Silver Bay Seafoods, LLC	Industrial	Fishing operations
DC Diesel, LLC	Industrial	Marine engine repair
Oxford Screen Printing	Industrial	Commercial printing
Shelford's Boat, Ltd	Storage	Fishing operations
International Pacific Halibut Commission	Storage	Maritime non-profit
Alaskan Leader Fisheries LLC	Storage	Fishing operations

Cost Estimate Increase

- Direct costs updated based on design work completed since last authorization and transitioned to Design-Build.
- Continued market volatility
 - 4% increase in general contractor markups
 - 3% increase in construction escalation

Project Location



2700 W Commodore Way, Seattle, WA 98199

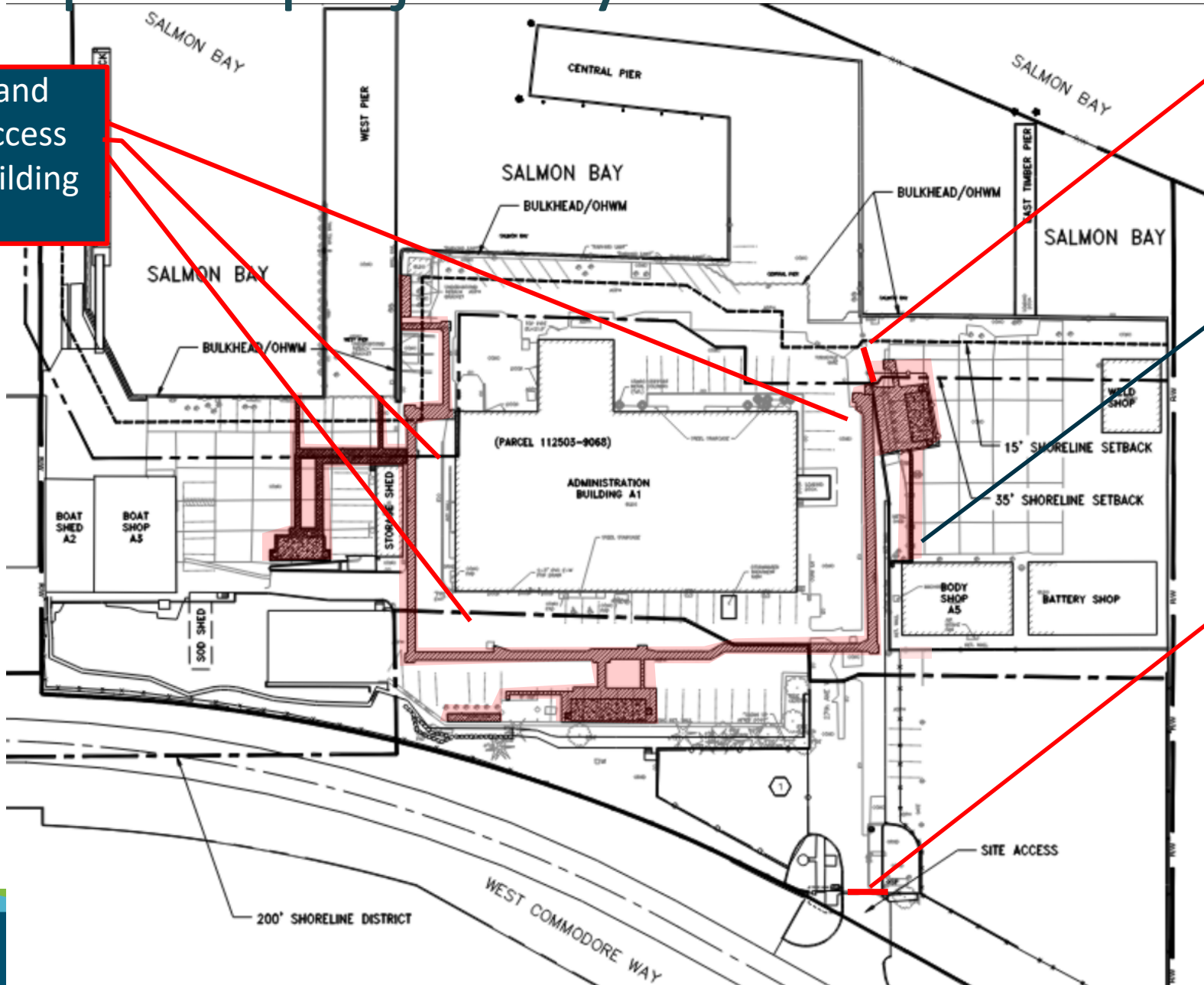
Proposed project layout & Site Constraints

Limited and narrow access around building A-1

Single point of entry to tenant property

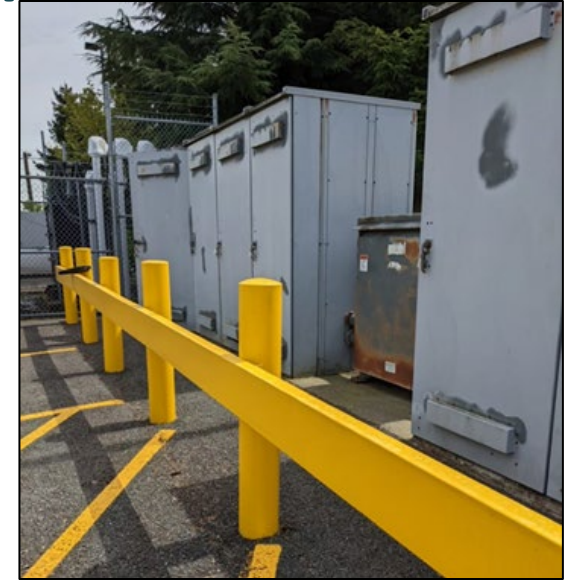
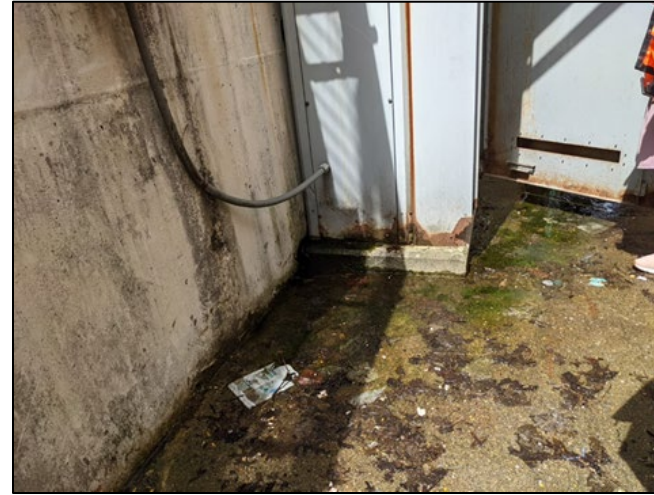
Areas of construction impact

Single point of entry to MIC site off Commodore Way



Current Condition - Electrical

















- Significant corrosion
- Stormwater intrusion
- Degraded protective coatings
- Decaying structural pads



Project Scope – Electrical Replacements

- Demolition of (5) existing switchboards and associated equipment
- Demolition of wharf shed
- Install (5) new switchboards and associated equipment
 - Replace primary switchboards 2SPN and 4SP
 - Replace wharf switchboards 4W and 2W
 - Replace switchboards 2P, 4P, EY4, SEY4
- Install new conduits and vaults
- Potential for contaminated soil remediation

Project Risks

RISKS	DESCRIPTION	PROBABILITY	IMPACT	MITIGATION
Operational Constraints	Impacts to tenants, fishing fleet, and Port operations at the site during construction are likely due to very constrained site access and operating space.	Med 	High 	Transition project to Design-Build to incorporate construction methodology early
Equipment at end of lifespan	Equipment at end of useable life due to exposure to maritime environment and length of use.	High 	High 	Replace electrical switchboards and switchgear.
Power interruptions to buildings/operations	Power will need to be interrupted at the site when installing and switching over to new equipment.	High 	Med 	Transition project to Design-Build to incorporate construction methodology and temporary power logistics early.
Long lead equipment procurement delays	Electrical equipment supply chain has been impacted for years due to high demand and lingering Covid disruptions. Procurement lead times are 65-80 weeks. Delays could impact construction.	Med 	High 	Port is acquiring equipment in advance to mitigate additional delays that would occur by waiting for contractor. Delivery and transfer of equipment to contractor will be included in RFP documents for Design-Build.
1940's and 1950's era sea wall	Two of the sea walls at the property are past typical lifespans for category of structures. Trenching must occur in proximity and risk of damage exists	Med 	High 	Avoidance of sea wall tie-backs in locating equipment, and minimize trenching as feasible. Transition project to Design-Build to incorporate construction methodology early.
Other projects on-site	Other projects (stormwater improvements, EV Charger) are scheduled on the property and could cause more complexity in constructing electrical, impacting schedule and cost.	Med 	High 	Transition project to Design-Build to incorporate construction methodology early. Close coordination with other project design and construction teams.
Unforeseen environmental costs	Site is an old Coast Guard Facility and is across the street from an old petroleum company. Unknown soil contamination may exist that was not captured in geotechnical analysis.	Low 	Med 	Contingency budget associated with unanticipated soil remediation.
Permitting	Delays in permitting due to design issues	Med 	Med 	Submit for shoreline and SEPA exemptions before project goes to a Design-Build contractor. Have contractor obtain grading/building permits.

Opportunities

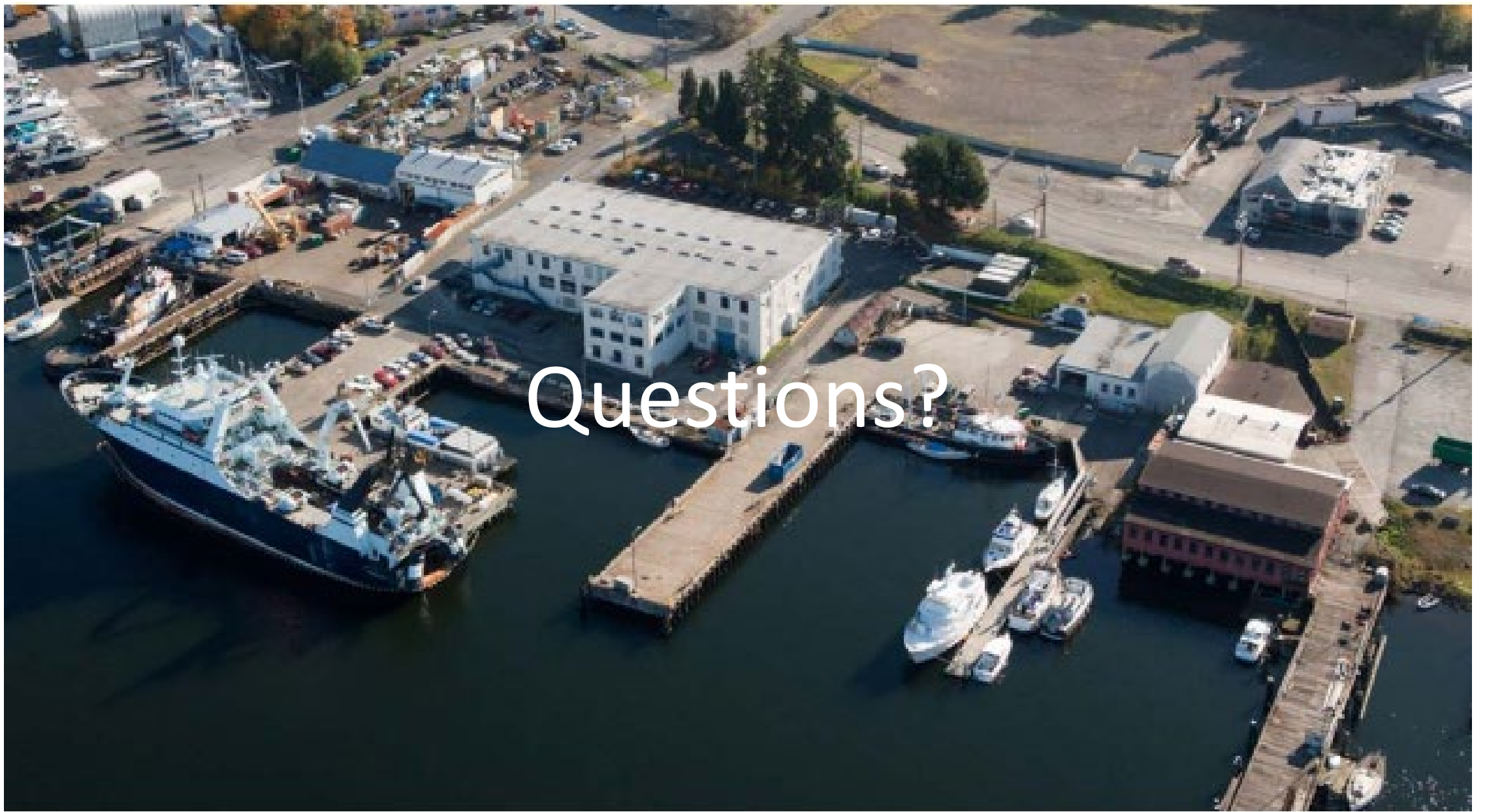
- Opportunities
 - Upgraded and safe equipment with higher load capacities for future site upgrades (EV chargers, shore power, tenant changes)
 - Design-Build allows for early collaboration with general contractor to finish design and determine best construction methodology and logistics
 - Design- Build mitigates risks earlier in the process rather than just in construction.

Preliminary Schedule

Commission design authorization	2022 Quarter 4
Design start	2022 Quarter 4
Commission authorization for major electrical equipment procurement	2023 Quarter 1
Commission Design-Build for remaining design and construction authorization	2024 Quarter 1
Construction start	2025 Quarter 2
In-use date	2026 Quarter 1

Funding

Cost Estimate/Authorization Summary	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$1,500,000	\$0	\$1,500,000
Previous changes - Net	\$7,090,000	\$0	\$7,090,000
Current change	\$3,818,000	\$0	\$3,818,000
Revised estimate	\$12,408,000	\$0	\$12,408,000
AUTHORIZATION			
Previous authorizations	\$4,460,000	\$0	\$4,460,000
• Design	\$850,000		\$850,000
• Electrical Equipment Procurement	\$3,610,000		\$3,610,000
Current request for authorization	\$7,948,000	\$0	\$7,948,000
Total authorizations, including this request	\$12,408,000	\$0	\$12,408,000
Remaining amount to be authorized	\$0	\$0	\$0





**COMMISSION
AGENDA MEMORANDUM**

Item No. 8f

ACTION ITEM

Date of Meeting March 26, 2024

DATE: March 26, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Mikel O’Brien, Senior Director of Labor Relations
Milton Ellis, Labor Relations Manager

SUBJECT: **New collective bargaining agreement between the Port of Seattle and the International Association of Firefighters Union, Local 1257, representing Fire Alarm Technicians**

Total Port Cost Increase for the Duration of the Agreement: \$ 0

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a new collective bargaining agreement between the Port of Seattle and the International Association of Firefighters, Local 1257, representing Fire Alarm Technicians at the Port Fire Department covering the period from March 26, 2024, through December 31, 2024.

EXECUTIVE SUMMARY

Good faith bargaining between the International Association of Firefighters, Local 1257, representing Fire Alarm Technicians and the Port of Seattle resulted in a fair collective bargaining agreement consistent with the Port’s priorities.

There are currently two (2) Fire Alarm Technicians employed at the Port of Seattle who are assigned to the Port of Seattle Fire Department. The Fire Alarm Technicians are responsible for working on the Fire Alarm systems on Port properties. Their primary function consists of maintaining and repairing fire alarm and sprinkler system configurations on Port properties.

The Fire Alarm Technicians were removed from the Firefighters contract because they were not eligible to be enrolled in the Law Enforcement and Firefighters (LEOFF) retirement system similar to Firefighters.¹ As a result, they were not interested arbitration eligible pursuant to RCW 41.56. They therefore had to form their own bargaining unit. This new contract provides the two Fire Alarm Technicians with some of the same benefits that they currently receive under the Firefighters contract.

¹ The two Fire Alarm Technicians are currently members of the Firefighters contract. They will be removed from the Firefighters contract effective March 26, 2024.

Meeting Date: March 26, 2024

This contract represents a first-time agreement for this bargaining group. The agreement is for nine (9) months covering the period from March 26, through December 31, 2024. The estimated total cumulative cost for wages and benefits increase is \$291,164.

The cost is based upon an increase of 5.4% of the base monthly rate of \$10,834 (which includes a nine percent (9.0%) premium for the Fire Alarm Technicians being on day shift and on-call for the nine months of the agreement from March 26, 2024, through December 31, 2024.

The cost also consists of a zero percent (0%) increase in health insurance for the term of the agreement.

Other additions to the agreement consist of a Non-Discrimination provision that recognize the promotion of equity, diversity, and inclusion in the workplace; union leave provision of up to 16 hours per year for the bargaining group; management rights provision that delineates rights of management under the agreement; a seniority and layoff provision; a probationary provision that specifies a one-year probationary period; a discipline and grievance procedure; hours of work provision that allows for an alternate work schedule of forty hours a week; an overtime and call back provision; leave provisions consisting of sick and disability leave, family medical, shared leave, paid parental leave, bereavement, emergency and military leave; and vacation leave. Members of the bargaining group will also be provided with thirteen (13) holidays.

Employees in the bargaining group will remain in the Northwest Firefighters Trust Medical Plan. As part of this medical plan, the Fire Alarm Technicians will be eligible to participate in a Voluntary Employee Benefit Association (VEBA) program that provides an annual Port contribution of \$2,000 for employee only and \$4,000 for Employee and dependents.

Regarding pension, employees in the bargaining group will continue to be covered under the Washington State Public Employment Retirement System (PERS). A Port contribution of \$1.15 per hours worked will be provided only to the two Fire Alarm Technicians who were previously in the Firefighter bargaining unit. This benefit will not be extended to any Fire Alarm Technician hired after October 5, 2023.

The contract also provides for a Port contribution of one hundred dollars (\$100) a month towards the Washington State Council of Firefighters Medical Expense Reimbursement Plan (MERP) to offset employee medical expenses after retirement.

Other additions to the agreement include a nine percent (9.0%) differential in recognition of working day shift assignment and being on-call; longevity differential based upon years of service; and an Education premium.

Meeting Date: March 26, 2024

JUSTIFICATION

RCW Chapter 41.56 requires the Port of Seattle to collectively bargaining wages, hours, and conditions of employment with the exclusive bargaining representative designated by the employees.

DETAILS

Term of the Agreement

March 26, 2024, through December 31, 2024.

FINANCIAL IMPLICATIONS

Wages

Classification	Previous Rate 1/1/2023	Effective 3/26/24 Monthly (5.4% was 1/1/24 ⁱ	Base Rate COLA) applied		
Fire Alarm Technician	\$10,834.60/month	\$11,419.69/month			

Effective January 1, 2024, employees were provided with an 5.4% cost of living increase based on the Seattle/Tacoma/Bellevue CPI-U (All Urban Consumers) October 2022 to October 2023 Index in 2024. ⁱⁱ

Health and Welfare

Members of the bargaining group are currently enrolled in the Northwest Firefighters Trust Medical Plan for medical and dental coverage.

Medical Expense Reimbursement Plan (MERP)

Members of the bargaining group will be provided with a Port contribution of one- hundred dollars (\$100) a month for their enrollment in the Washington State Council of Firefighters Medical Expense Reimbursement Plan (MERP) to offset employee medical expenses at retirement.

Meeting Date: March 26, 2024

Pension

Members of the bargaining group will continue coverage under the Washington State Public Employment Retirement System (PERS). In addition, employees assigned to the bargaining group prior to October 5, 2023, will be enrolled in the Firefighter retirement fund and receive a Port contribution of \$1.15 per hour work.

Other Additions include

- An Equal Employment Opportunity provision that complies with both state and federal law and provides a commitment to equity, diversity and inclusion
- Union Leave provision of no more than sixteen (16) hours per year
- Management Rights provision
- Labor Management Committee/Safety
- Seniority Provision that provides for a one- year probationary period
- Layoff Provision
- Grievance Dispute resolution procedure
- Hours of Work and Overtime provision
- Light Duty provision
- Call Back provision
- Sick Leave and Disability Provision
- Family Medical Leave provision
- Vacation and Holiday provision
- Bereavement and Emergency Leave Provision
- Military Leave Provision
- Uniform and Protective Clothing provision
- Deferred Compensation Provision
- Strike and Lockout provision
- Drug testing procedure

Cost Impact \$	Year 1
Pay	\$205,559
Benefits	\$ 85,605
Total New Money	\$0
Total Cumulative Cost	\$291,164

Meeting Date: March 26, 2024

The estimated total cumulative cost to the Port of Seattle for the duration of the contract is \$291,164.

ATTACHMENTS TO THIS REQUEST

1. Collective Bargaining Agreement

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

ⁱ The 5.4% wage rate was applied on January 1, 2024, to the Fire Alarm Technicians as members of the Local 1257 Firefighters contract.

ⁱⁱ The COLA applied to the Firefighters agreement upon which the two Fire Alarm Technicians are currently enrolled. For purposes of this agreement and the cost associated this agreement, the value of this COLA will be prorated from March 26, 2024, through December 31, 2024.

COLLECTIVE BARGAINING AGREEMENT

**BY
AND
BETWEEN**

THE PORT OF SEATTLE



AND

THE PORT OF SEATTLE FIRE ALARM TECHNICIANS



**INTERNATIONAL ASSOCIATION OF FIREFIGHTERS
LOCAL UNION NO. 1257**

March 26, 2024 – December 31, 2024

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PREAMBLE

This agreement is between the **International Association of Firefighters Union, Local #1257** (hereinafter referred to as the “**Union**”) and the **Port of Seattle** (hereinafter referred to as the “**Port**”). The purpose of the Union and the Port entering into this agreement is to set forth their entire agreement with regard to wages, hours and working conditions so as to promote efficient and uninterrupted performance of Fire Department functions, morale, safety, and security of bargaining unit employees, and harmonious relations, giving full recognition to the rights and responsibilities of the Port, the Union, and the employees, and to provide the public with efficient and courteous service; to encourage good attendance of employees; and to promote a climate of labor relations that will aid in achieving a high level of efficiency in the Department.

ARTICLE 1 – RECOGNITION

Section 1.01 - Exclusive Bargaining Agent

The Port recognizes the Union as the sole and exclusive bargaining agent for all Port of Seattle Fire Alarm Technicians.

Section 1.02 - Union Presentation

In accordance with RCW 41.56.037, the Union will be given thirty (30) minutes to meet with new employees of the bargaining unit within ninety (90) days of employment at a mutually agreeable time to discuss matters concerning the rights of employees, responsibilities of the Union, and services available to the membership. A Business Representative, Shop Steward, and/or Local Union member will be responsible for the presentation. Only the new employee will be released from duty with pay.

ARTICLE 2 - UNION MEMBERSHIP & DUES

Section 2.1 – Union Membership

The Port agrees to notify the Union of any new employees employed in classifications covered by this Agreement within five (5) business days from date of hire.

A Union member or voluntary financial supporter of the Union may cancel their payroll deduction authorization in accordance with the terms of the Union’s payroll deduction authorization form by giving written notification to the Union. If the Union receives such written notification, confirmation will promptly be sent to the Port by the Union when the terms of the employee’s signed payroll deduction authorization form regarding cancellation have been met. The Port will make an effort to end the automatic dues deduction effective the first pay period but no later than the second pay period after receipt of the written cancellation notice.

Section 2.2 – Dues Deduction

The Port agrees to make a deduction from the paycheck of each member covered by this agreement who has so authorized it by signed notice submitted to the Port, limited to the Union initiation fee and regular monthly dues. The Port shall transmit such fees to the Union once each month on behalf of the members involved. If a deduction error is identified, the error will be addressed as soon as practicable.

Section 2.3 – Indemnification

The Union agrees to indemnify, defend, and hold harmless the Port against any claims made and against any suit instituted against the Port on account of any collection of dues for the Union. The Union agrees to refund to the Port any amounts paid to it in error on account of the collection provision upon presentation of proper evidence thereof.

ARTICLE 3 - NON-DISCRIMINATION

Section 3.1 – Union Membership

There shall be no discrimination, interference, restraint, or coercion by the Port against any employee for activity on behalf of, or membership in, the Union.

Section 3.2 – Equal Employment Opportunity

The Port and the Union will not tolerate Discrimination against any persons on the grounds of age, race, color, national origin/ancestry, ethnicity, religion, disability, Family Medical Leave Act (FMLA) use, pregnancy, sex/gender, sexual orientation, whistleblower status, military affiliation, marital status, worker's compensation use, transgender status, political beliefs, or any other protected status as guaranteed by local, state, and federal laws.

The Port and the Union are committed to promoting equity, diversity and inclusion in the workplace. The Port refers to equity as the fair treatment, access, opportunities, and advancement for all people while striving to identify and eliminate barriers that have prevented the full participation of historically oppressed communities.

Section 3.3 – Affirmative Action

The Port of Seattle (Fire Department), is a non-exempt Government Contractor subject to the requirements of Executive Order 11246, as amended and its implementing regulations at 41 CFR Chapter 60. The Port of Seattle Fire Department's commitment to Equal Opportunity and Affirmative Action covers all phases, terms and conditions of employment including: recruiting, hiring, placement, compensation, promotion, transfer, disciplinary measures demotions, layoffs, termination, testing, training, daily working conditions, awards, and benefits.

ARTICLE 4 - UNION BUSINESS

Section 4.1 – Bulletin Board Space

The Port shall provide one bulletin board for the use of the Union in each Fire Station at a convenient location, accessible to employees.

Section 4.2 – Visitation Rights

Authorized representatives of the Union shall be allowed reasonable access to visit work locations of the employees covered by this agreement at any reasonable time or location for the purpose of administering this agreement, investigating possible grievances, or other matters concerning employee-employer relations. Such access shall be permitted in a manner as not to interfere with the functions of the Department or the Port. This section shall apply within the constraints of Federal or State Regulations and Statutes.

Section 4.3 – Leave

Effective upon ratification and execution by the parties, the employer shall make available to the Union a total of sixteen (16) hours of paid leave per annum for the purpose of allowing Union Officials to attend conventions, conferences, seminars and meetings related to contract administration or labor relations training provided that written notification from the Union President is received by the Fire Chief no more than ninety (90) days in advance with two (2) minimum days' notice. Only one person will be allowed to be in Union leave status at any point in time. The employer retains the right to restrict such leave when an emergency exists or such leave would cause a danger to public safety or such leave would knowingly cause overtime, at the time of request.

ARTICLE 5 - MANAGEMENT RIGHTS

Section 5.1 – Summary

The Union recognizes the prerogatives of the Port to operate and manage its affairs in all respects in accordance with its responsibilities and powers of authority.

The Port reserves any and all exclusive rights concerning the Management and operation of the Department, except as specifically limited in the agreement. In exercise of such rights, it is not intended any other provision of this contract providing a specific benefit or perquisite to the member shall be changed, modified, or otherwise affected without concurrence of the Union.

Section 5.2 – Specific and Exclusive Management Rights

Subject to the provisions of this agreement, the Port reserves the right:

- a. To recruit, assign, transfer, or promote members to positions within the Department, including the assignment of employees to specific jobs;
- b. To suspend, demote, discharge, or take other disciplinary action against members for just cause;
- c. To direct and evaluate the performance of work;
- d. To determine the keeping of records;
- e. To determine the job content and/or job duties of employees, with the condition that job content and job duties are consistent with generally recognized Department functions;
- f. To determine methods, processes, means, and personnel necessary for providing service and Departmental operations, including but not limited to: determining the increase, diminution, or change of operations or fire equipment, in whole or in part, including the introduction of any and all new, improved, automated methods of equipment;
- g. To control the Departmental budget, and if deemed appropriate by the Port, to implement reduction in force;
- h. To schedule work as required in a manner most advantageous to the Department and consistent with requirements of municipal employment and public safety, subject to the provisions of this Agreement;
- i. To take whatever actions are necessary in emergencies in order to assure the proper functioning of the Department; and
- j. To manage and operate its Departments except as may be limited by provisions of this Agreement and applicable law.

Section 5.3 – Incidental Duties Not Always Described

It is understood by the parties that every incidental duty connected with operations enumerated in job descriptions is not always specifically described.

Section 5.4 – Evaluation

A procedure and form for employee evaluation will be mutually agreed upon by the Union and Management through the Labor Management Committee. Any changes to the procedures or form must be agreed upon by both parties through the LMC.

ARTICLE 6 - LABOR-MANAGEMENT COMMITTEE AND ACCIDENT REVIEW/SAFETY COMMITTEE

Section 6.1 –Labor-Management Committee

There shall be a Labor-Management Committee consisting of representatives appointed by the

Union and representatives appointed by the Port. This article creates a communication process for the purpose of mutual planning and initiating discussions regarding matters of general concern to employees of the Department as opposed to grievances. It is understood that any matter which has been made the subject of a formal grievance under the terms of the labor agreement shall be excluded from consideration by the Labor-Management Committee under this article. Either the Union or the Port may initiate discussion subjects of a general nature , including employee safety issues affecting the employees in the bargaining unit of the Fire Department. A meeting of representatives of the Port and Union may be requested by either of the parties and they shall schedule such a meeting at a mutually agreeable time and place; provided that, during the term of this agreement, meetings shall normally be scheduled on a monthly or as needed basis. A proposed agenda shall be prepared jointly and distributed prior to each meeting. Minutes shall be taken and a copy shall be distributed among committee members.

ARTICLE 7 - SENIORITY

Seniority shall be retroactive to the date of employment in the Port of Seattle Fire Department bargaining unit after satisfactory completion of the probationary period. Seniority shall be broken only by separation from employment including resignation, discharge, medical separation, or retirement (except as provided by statute for duty disability retirement), or by layoff in excess of thirty-six (36) months.

Employees with the same date of employment in the bargaining unit shall be assigned to the seniority list based on rank order on the hiring list from which they were hired

Seniority shall have no required applications except as specifically provided for in this Labor Agreement.

ARTICLE 8 - PERSONNEL REDUCTION

Section 8.1 – Layoff

In the case of a personnel reduction the employee with the least seniority shall be laid off first except as indicated below. The Fire Chief will have discretion to bypass seniority in those instances where the qualifications of the employee is essential in maintaining the operation of the Port Fire Department. The employees shall be recalled in reverse order of layoff with the last laid off first recalled. An employee's seniority status and recall rights shall be retained for a period of thirty-six (36) months following layoff. The Port agrees to notify an employee a minimum of thirty (30) calendar days prior to layoffs.

Section 8.2 – Retention of Seniority and Recall Rights

An employee’s seniority status and recall rights shall be retained for a period of thirty-six (36) months following layoff. Within thirty-six (36) months of a layoff, no new employees shall be hired until all laid-off employees have been sent a written recall notice by certified mail, return receipt requested, and given ample opportunity (within twenty-one (21) calendar days from time the notice was received or returned) to return to work. It is the responsibility of the employee to keep the Port informed of a current mailing address while on layoff.

An employee recalled shall return at the same classification held at the time of the layoff. All recalled employees may be required to attend a refresher course offered by the Department and pass the accompanying evaluation.

ARTICLE 9 - EMPLOYEE STATUS

Section 9.1 – Written Notice

The Port shall submit written notice to the Union of the following actions affecting employees: demotion, suspension, termination by type (retirement, disability, discharge for cause), and reduction in force.

Section 9.2 –Seniority List

The Port shall maintain and post annually a current seniority list. This list shall be used whenever called for by specific articles and sections of this agreement.

ARTICLE 10 - DISCIPLINE AND DISCHARGE

Section 10.1 – Progressive Discipline

No employee shall be disciplined or discharged without just cause. Except as indicated in Section 10.5 below or for gross misconduct, discipline shall be applied in a progressive manner with the emphasis on constructively improving the employee’s performance rather than just providing punishment. In accordance with: Standards of Performance and Conduct, Corrective Action and Discipline, Port of Seattle HR-18.

Section 10.2 – Documentation Handling

The Union shall be provided copies of disciplinary documentation including warning letters, written reprimands, letters of suspension or demotion, and notifications of discharge for cause. Such documentation shall be handled on a confidential basis.

Section 10.3 – Departmental Procedure

The parties agree that discipline is a command function and that the Fire Department may institute a disciplinary procedure separate from this agreement. Decisions on disciplinary matters where the discipline imposed involves discharge, suspension, demotion, or written reprimands shall be subject to the Grievance Procedure as outlined therein (See Article 13) except as provided in Section 10.5 below.

Additionally, the Union and the Port agree that abuses of the Port attendance policy shall not be condoned. The Union will cooperate with the Port to help assure that attendance standard is maintained.

Section 10.4 - Workplace Responsibility Investigations:

Prior to a Loudermill meeting, the IAFF may request a copy of the Workplace Responsibility investigative report and the Workplace Responsibility investigator's interview notes that resulted in sustained findings against the IAFF member that will be used for disciplinary purposes, provided the investigation commenced on or after January 1, 2021.

The Port will provide an unredacted copy of the Workplace Responsibility report to an authorized IAFF representative unless prohibited by law. The Port will also provide a copy of the interview notes unless the Port has concerns regarding the release of the interview notes; in such case, the parties will promptly confer and attempt to resolve the Port's concerns. Each party expressly reserves its legal rights. This provision is not intended to be a waiver of a request for bargaining information or any other rights pursuant to RCW 41.56 or other law.

The IAFF agrees to exercise due care in sharing witness information, including witness identities and statements, and to only use or disclose such information as necessary to carry out its representational duties.

Section 10.5 – Probationary Employees

It is recognized that Fire Alarm Technicians are on probationary status for one year from date of hire. The probationary period may be extended at the discretion of the Fire Chief for the same length of time as the probationary employee has been absent due to bona fide illness or other legitimate reason. The probationary employee shall maintain his/her probationary rate of pay until the employee has successfully completed the probationary period. Disciplinary measures including discharge for failure to meet standards for such employees shall not be subject to the grievance procedure or to the limitations indicated in Section 10.1 above.

The probationary period may be extended at the discretion of the Fire Chief for the same length of time as the probationary employee has been absent due to bona fide illness or other legitimate reason. Fire Alarm Technicians hired from outside the bargaining unit who have not successfully completed the probationary period shall be terminated without recourse to the grievance procedure.

Section 10.6 – Union Representative Present

Any employee subject to an interview which may result in disciplinary action may have a Union Representative present.

ARTICLE 11 - GRIEVANCE PROCEDURE

Section 11.1 - Grievance Defined

The purpose of this Grievance Procedure is to establish an effective process for the fair, expeditious, and orderly adjustment of grievances. A grievance is defined as an alleged violation of the collective bargaining agreement. Longstanding conditions which have been mutually accepted through past practice and which are not specifically addressed in this labor agreement shall not be subject to the Grievance Procedure.

An employee aggrieved by a final decision where the discipline involved results in suspension, demotion, discharge, or written reprimand may proceed by filing a written grievance as outlined in Step 2 of this grievance procedure.

Section 11.2 - Time Limits

Except as otherwise provided in this paragraph, the Employee or the Union shall have no more than thirty (30) calendar days from the incident that precipitated the grievance to instigate the formal grievance procedure steps as identified in Section 13.4 below. However, in the event of a pay-roll issue, the time limitation shall be established as thirty (30) calendar days from the letter date the grievance party became AWARE of the grievance.

A grievance not brought within the time limit prescribed in Step 1, or submitted within the time limits prescribed for every step thereafter, shall not be considered timely and shall be void. The time limits prescribed in Section 13.4, Step 2 through 3 may be waived at each step by mutual agreement, in writing, by the aggrieved employee or the Union (in a class grievance), and the Fire Chief or appropriate management representative.

Section 11.3 - Informal Resolution

Before a grievance is filed formally, every effort must be made to resolve differences between the employee and the immediate supervisor. Also, the grievance should be reviewed on an informal basis through the chain of command within the Fire Department.

Section 11.4 - Grievance Procedure

STEP 1

If the grievance is not resolved informally, the affected employee shall present the grievance to the Union to determine if the grievance shall proceed through the grievance procedure. If the

Union finds that the grievance has merit, the employee shall present the grievance in writing to his or her supervisor. The written grievance at this step and all steps hereafter shall contain the following information:

1. A statement of the grievance and the facts upon which it is based,
2. The alleged violation of the agreement,
3. The remedy or adjustment sought,
4. The signature of the aggrieved employee or the Union.

Unless the previous conditions are met, the grievance shall not be accepted. The employee's supervisor shall issue a written answer within ten (10) calendar days. The written response at this step, and all steps thereafter, shall contain:

1. An affirmation or denial of the facts upon which the grievance is based.
2. An analysis of the alleged violation of the agreement
3. The remedy or adjustment, if any, to be made.
4. The signature of the employee's supervisor or management representative.

STEP 2

If the grievance cannot be resolved at Step 1, it shall be referred in writing to the Fire Chief within (10) ten calendar days after the designated supervisor's answer in Step 1. The Fire Chief, or his/her representative, shall discuss the grievance within ten (10) calendar days with the Union representative at a time mutually agreeable to the parties. If the grievance is settled as a result of such a meeting, the settlement shall be reduced in writing and signed by the Fire Chief and Union. If no settlement is reached, the Fire Chief, or his/her representative, shall give the Department's written answer to the Union within ten (10) calendar days following the meeting.

STEP 3

If the grievance cannot be resolved at Step 2, it shall be referred in writing to the Fire Chief and the Port's Labor Relations representative within ten (10) calendar days after the Fire Chief's answer in Step 2. The Port's Labor Relations representative shall attempt to resolve it and provide a written response within ten (10) calendar days.

STEP 4: ARBITRATION

If the grievance has not been resolved at Step 3, the Union may refer the dispute to final and binding arbitration by notifying the Port in writing of its submission to arbitration within ten (10) calendar days after receipt of the Port's Labor Relations representative written response at Step 3. Within ten (10) calendar days from sending its notice, the Union shall file for arbitration with the Public Employment Relations Commission and select to receive a list of arbitrators or receive the assignment of an arbitrator. If the receipt of a list is selected, within ten (10) calendar days after receipt of the list, after flipping a coin to see which party goes first, the Union and the Port shall alternately strike the names on the list, and the remaining name shall be arbitrator. Alternatively, the parties may mutually agree upon an arbitrator instead of obtaining a list from PERC. The parties may mutually agree to submit the grievance to mediation prior to arbitration by filing a joint request for mediation with the PERC.

The hearing on the grievance shall be informal and the rules of evidence shall not apply. The arbitrator shall not have the power to add to, subtract from, or modify the provisions of this agreement in arriving at a decision of the issue or issues presented; and shall confine his/her

decision solely to the interpretation, application, or enforcement of this agreement. The arbitrator shall confine himself/herself to the precise issue submitted for arbitration, and shall have no authority to determine any other issues not submitted to him/her. The decision of the arbitrator shall be final and binding upon the aggrieved employee, Union and Port. The Port and the Union shall share equally the fees and expenses of the arbitrator.

Each party shall bear its own costs of presenting grievances and/or arbitrations under this agreement including attorney's fees.

ARTICLE 12 - POLICY AND PROCEDURES

The Union agrees that its members shall comply with all Fire Department Policies and Procedures including those relating to conduct and work performance. Prior to implementation of changes in Policies and Procedures the Port agrees to discuss the intended changes with the Labor-Management Committee.

ARTICLE 13 - HOURS OF WORK AND OVERTIME

Section 13.1 – Workweek

Fire Alarm Technicians shall work a forty (40) hour work week.

Section 13.2 – Change in Starting and Stopping Time

Employees may work a flextime schedule if approved by the Chief and in conformance with Port Policy.

- a. Alternate work schedules, including a 4/10 day shift, shall be established in Fire Department Policy.
- b. When emergency conditions exist, the Port may change starting and stopping times. The Port will notify the Union as soon as feasible under the circumstances.

Section 13.3 – Light Duty

When an employee is unable to perform his/her regular duties due to injury or illness, the employee shall be assigned temporarily to special duty for a maximum of six (6) months duration from the date of injury or illness. All light duty assignments may be extended beyond the six (6) month period on a case-by-case basis at the discretion of the Fire Chief.

It will be the mutual objective of the parties to return disabled employees to work as quickly as possible when return to work is clearly appropriate from a medical standpoint in compliance with State of Washington Disability and Retirement Statutes.

Section 13.4 – Overtime

In the event a need for overtime occurs, the employee shall be paid at the overtime rate (1½) for work performed outside the employee’s normal assigned hours.

All overtime compensation must be authorized by the Chief or his/her designee in advance.

Work-related phone calls taken outside of the employee’s normal assigned hours shall be considered overtime.

When an overtime phone call is answered between the hours of 8:00 AM and 7:59 PM, the employee shall receive 15 minutes of overtime pay regardless of the duration or number of calls within the 15 minute period beginning at the time of call. If a call extends beyond the initial 15 minutes, the call duration shall be rounded up to the next 15 minute increment for purposes of calculating overtime. Once the overtime period has elapsed, additional phone calls shall start a new 15 minute period subject to the same calculation procedure.

When an overtime phone call is answered between the hours of 8:00 PM and 7:59 AM, the employee shall receive 30 minutes of overtime pay regardless of the duration or number of calls within the 30 minute period beginning at the time of call. If a call extends beyond the initial 30 minutes, the call duration shall be rounded up to the next 30 minute increment for purposes of calculating overtime. Once the overtime period has elapsed, additional phone calls shall start a new 15 minute period subject to the same calculation procedure.

Except as specified below, overtime compensation shall not be duplicated or pyramided or paid during an employee’s normal assigned hours.

Phone calls during scheduled vacation: When an employee receives and accepts a work-related phone call during scheduled vacation hours, the overtime rules for phone calls shall apply. The employee shall be charged vacation time and receive overtime compensation simultaneously. Alternatively, at the employee’s sole discretion, the employee can elect instead to cancel vacation hours used and receive straight time pay for the covered time.

Section 13.8 – Call Back

If an employee is called back to work on site outside of his/her normal schedule, such employee shall receive a minimum of four (4) hours compensation at the overtime rate. The number of hours the employee is called back to work shall be based upon the nature of the call back.

- a. For pre-scheduled call back assignments outside of the employee’s regular work schedule, compensation will start when the employee begins work at the work site.
- b. For unscheduled call back assignments requiring immediate return to the work site, compensation will start at the time the employee is called back and will include time spent traveling to the work site. Management reserves the right to use its discretion in such

unscheduled call back assignments and may give consideration to the amount of time an employee will require to report and the distance s/he will need to travel.

Section 13.9 - On Call Status

Fire Alarm Technicians will be on-call to address the operational needs of the Fire Department as provided in Fire Department policy.

Section 13.10 – Calculations of Hourly Rates

When calculating the hourly base rate of pay which shall apply to said excess hours of work, the established monthly salary shall be multiplied by twelve (12) to obtain the annual salary which shall then be calculated in the following manner:

- a. 8-hour and 10-hour day shifts shall be divided by two thousand eighty (2,080) (40 hours/week x 52 weeks/year = 2,080 hours per year).

ARTICLE 14 - JURY DUTY/SUBPOENAED WITNESS

Section 14.1 – Compensation Conditions

When an employee is called for and serves as a subpoenaed witness on Port-related cases or on jury duty, that employee shall, during such service period, receive full regular compensation from the Port. Port compensation for service as a subpoenaed witness on Port-related cases only applies to absence from regularly scheduled work hours and does not apply to individual members bringing suit against the Port.

Section 14.2 – Limited Overtime Conditions

Employees serving as a subpoenaed witness of a Port-related case will be compensated at the overtime rate, for time worked outside of the normally scheduled work time. Employees serving on jury duty shall remain on regular pay for on-duty hours served. Overtime is not provided for off-duty jury participation.

ARTICLE 15 - SICK LEAVE AND DISABILITY

Section 15.1 – Use of Sick Leave

Use of Sick Leave is limited to authorized absence due to employee or immediate family member illness or injury. For the purposes of this Section, the definition of immediate family member shall conform to local, state, and federal law.

Departmental management may require a health care provider's statement to justify the use of sick leave and/or to determine that an employee's return from absence due to illness or injury is sanctioned by the attending health care provider, to the extent provided by law. Nothing herein shall undermine the right of the Port to require an employee to show valid and satisfactory proof of illness or injury anytime sick leave or disability leave is used. Misrepresentation of any material facts in connection with paid sick leave or disability leave by any employee will constitute grounds for disciplinary action up to and including discharge.

In any case where an employee is entitled to benefits under State Worker's Compensation Act as it now defined, providing payments to injured or disabled workers, the Port shall pay only the difference between the benefits received by such employees and their regular rate of compensation shall be limited to the period of time that such employee has accumulated sick leave and in compliance with applicable law. The Port may require the employee to furnish medical proof, or to submit to a medical examination by a Port appointed physician at the Port's expense to determine whether a subsequent injury or illness is new and separate or an aggravation of a former injury or illness.

Section 15.2 – Sick Leave Coverage – Bargaining Unit Members

Sick leave accruals shall be based on a pro rata share of a full-time work schedule (compensated time) and shall be computed based on the following hours in a work shift;

- b. Members who work 40-hour schedules shall accrue 10.2 hours per month of sick leave.
- c. These accruals shall commence from the date of employment. Sick leave accruals may be used following 30 days of continuous employment.
- d. Sick Leave for employees hired after January 1, 2005 may be accumulated up to 1,440 hours.

The Port will continue to identify the portion of accrued sick leave that is available for use according to the minimum requirements of the Washington Paid Sick Leave Law on each employee's paycheck (e.g., one hour of accrued sick leave for each 40 hours worked by eligible employees). This is not an additional accrual amount. It is a designation of a portion of current accrual amounts. Employees shall be entitled to carryover no more than forty (40) hours of Washington Paid Sick Leave into the following year, provided that any amount over the maximum will be maintained as general sick leave available for use under the terms of this Agreement.

Section 15.3 – Sick Leave Upon Termination

After five (5) years of service, bargaining unit members, upon termination of employment, shall receive compensation for 50% of their unused sick leave.

Section 15.4 – Disability

Duty disability coverage and non-duty disability coverage shall be as follows:

- a. Duty disability coverage for LEOFF, Plan II, Employees shall be provided by the Port of Seattle at 100% coverage as provided by the State Industrial and Workers' Compensation Act and Appendix B, Duty Disability Supplement.
- b. Non-Duty disability for LEOFF, Plan II, Employees shall be provided by sick leave as stipulated in this Article and by insured disability benefits as may be agreed to between the Union and the Port. There shall be no duplication of coverage under sick leave and insured benefits.
- c. When combined with such other benefits, accrued sick leave may be applied up to but not to exceed the employees' regular pay rate.
- d. Any employee who is receiving both (1) insured non-duty disability benefits from the WSCFF/Standard disability program and (2) employer provided paid leave, shall be required to promptly remit payment of any WSCFF/Standard disability benefits to the employer to buy-back paid leave used while on such non-duty disability. Leave shall be bought back hour-for-hour, based on the respective employee's rate of pay. Employees will not be able to buy-back more leave than what was used while on such non-duty disability.

Section 15.5 – Extended Coverage (Duty Disability)

Employees who qualify for payments under RCW 51.32.090 due to temporary total or partial disability may be continued as an employee beyond the six (6) months from the date of injury or illness, subject to the following conditions:

- a. Such employee(s) will be required, at the request of the employer any time during the disability, to be available for periodic medical examinations by a physician selected by the Port; and,
- b. Such employee(s) will perform light duty tasks, subject to the approval of the employees physician who has determined light duty work appropriate utilizing the ports Job Analysis Forms FDJA-1-98 and FDJA-2-98; and,
- c. Such employee(s) within a reasonable period of time, has the potential of returning to his/her regular job based upon competent medical examinations provided in "a" above.

Section 15.6 – Extended Coverage (Non-Duty Disability)

Employees who are unable to perform their regular job(s) as a result of a non-occupational illness or injury may be continued as an employee beyond six (6) months from the date of injury or illness subject to the following conditions:

- a. Such employee(s) will be required, at the request of the employer any time during the disability, to be available for periodic medical examinations by a physician selected by the Port; and,
- b. Such employee(s) will perform light duty tasks, subject to the approval of the

- employees physician who has determined light duty work appropriate utilizing the ports Job Analysis Forms FDJA-1-98 and FDJA-2-98; and,
- c. Such employee(s) within a reasonable period of time, has the potential of returning to his/her regular job based upon competent medical examinations provided in “a” above.

Section 15.7 – Family Medical Leave Act (FMLA) and Family Care Act (FCA)

An employee will be permitted to use accrued time off when on leave as provided by the FMLA and FCA while adhering to the Port of Seattle Policy.

The Port shall comply with the requirements of the Washington Paid Family and Medical Leave Act and shall have full discretion on meeting those requirements (e.g. Voluntary Plan), which shall not be subject to the grievance procedure or to any other provision of this Agreement or to negotiation by the Union. However, the Port agrees to provide to the Union advance notice of how the Port intends to comply, and when and if there are any changes.

Effective upon ratification between the parties and the execution of the agreement, the Port will pay the employee portion of the premium associated with this provision.

Section 15.8 – Shared Leave

On a voluntary basis and in accordance with procedures outlined in Port Policy/Procedure HR-5, Leaves, employees may donate accrued leave to benefit other employees who are suffering from an extraordinary or severe illness, injury, impairment, or physical or mental condition which has caused, or is likely to cause, the employee to take leave without pay or terminate his or her employment.

Any employee may donate any amount of vacation, sick leave, or pooled leave. In accordance with HR-5, Shared Leave will be paid at the recipient’s own rate of base pay. Donated leave shall be designated to a specific individual. Donations and requests for shared leave will be coordinated in Human Resources.

Section 15.9 – Attendance Incentive

Any employee who has completed one year of continuous employment without any absence from work except as provided below will receive an attendance incentive of two hundred fifty dollars (\$250.00).

- a. For the purpose of this provision, any absence except the following will disqualify an employee from the attendance incentive, i.e., absences as a result of:
- 1) Vacation (Article 19)
 - 2) Holidays (Article 20)
 - 3) Bereavement Leave (Article 21)

- 4) Military Leave (Article 24)
 - 5) Jury Duty (Article 16)
 - 6) Subpoenaed Witness Service on a Port related case (Article 16)
 - 7) Time Off for Appointments (Article 22)
 - 8) FMLA Leave (Article 17)
 - 9) Effective January 1, 2018, the first .025 per hour worked of paid sick leave.
 - 10) Other leave as protected by law
- b. A qualifying year, for the purposes of the attendance incentive, will be accounted for on an individual basis. The year will be measured starting on the first of the calendar month following the date the last disqualifying employee absence occurs until the first of the calendar month one year later.
 - c. The employee will be paid their incentive within a reasonable time following their qualifying year.
 - d. The Fire Department logbook and payroll hours will be used to determine eligibility.

ARTICLE 16 - PENSIONS

The Port shall continue coverage for employees covered by this Agreement under the Washington State Public Employees Retirement System.

ARTICLE 17 – PAID PARENTAL LEAVE

The Port shall provide Paid Parental Leave to members of this bargaining unit. Eligibility, participation and terms of the Paid Parental Leave shall be as provided to non-represented employees as outlined in Port policy HR-5. The Port may change or modify its paid parental leave policy and/or procedure. If the Port desires a change/modification, the Port agrees to provide the Union with advance notice of any change.

ARTICLE 18 - VACATION

Section 18.1 – Rates of Accrual

Vacation accruals shall be based on a pro-rata share of a full-time work schedule (compensated time) and shall be computed based on a forty(40) hour work week.

- a. Based on the first day of employment from the first full month to and including the thirty-sixth (36th) full month of continuous employment, employees shall accrue vacation as follows:

.0468 hours per straight-time hour paid
(.049 x 2,080 annual hours = 102 hours or 12.75 shifts)
- b. From the thirty-seventh (37th) full month to and including the one hundred thirty-

second (132nd) full month of continuous employment, employees shall accrue vacation as follows:

.07 hours per straight-time hours paid
(.0736 x 2,080 annual hours = 153 hours or 19.125 shifts)

- c. After the completion of eleven (11) years of continuous employment starting with the one hundred thirty-third (133rd) full month, employees shall accrue vacation as follows:

.0936 hours per straight-time hours paid
(.098 x 2,080 annual hours = 204 hours or 25.5 shifts)

- d. After the completion of fifteen (15) years of continuous employment starting with the one hundred eighty-first (181st) full month, employees shall accrue vacation as follows:

.1123 hours per straight-time hours paid
(.1178 x 2,080 annual hours = 245 hours or 30.625 shifts)

Section 18.2 – Limits on Accumulating Vacation Leave and Cash Out

Vacation leave accumulation for all employees covered under this Agreement shall be limited to a maximum accrual for five hundred seventy six (576) hours. Any vacation leave accruals exceeding this maximum accrual cap shall be forfeited and not subject to cash out and/or use. Employees shall be responsible for monitoring and taking vacation leave in order to avoid any forfeiture of leave. Any unused vacation leave at or under the five hundred seventy six (576) hour accrual cap may be cashed out by the employee.

Effective one hundred eighty days (180) after the ratification of the agreement, employees may cash-out vacation time in accordance with the standards and procedures that are in effect as of September 1, 2017 for the cash out of paid time off (PTO) as applied to non-represented employees. The Union shall be notified in advance of changes to the limits and procedures affecting PTO cash out and provided the opportunity upon request to bargain pursuant to RCW 41.56.

Management shall be responsible for encouraging and allowing proper scheduling for employees taking annual leave in order to avoid any forfeiture of vacation leave.

Section 19.3 – Scheduling of Vacation Leave

At any time after the successful completion of six-months continuous employment, employees may request and use vacation leave of up to the number of hours accrued at the time of the desired vacation date subject to the approval of the Fire Chief or designee.

Additionally, requests for approval of vacation schedules shall be made to the Battalion Chief of Fire Prevention or his/her designee. The final approval discretion regarding specific vacation schedules rests with the Fire Chief or his/her designee. Payment for vacation leave may be made only to the extent of unused vacation accruals at the time of the leave.

Section 19.4 – Payment for Vacation Leave at Termination

Upon termination of employment, regular permanent employees shall receive pay in lieu of unused vacation based on the maximum accrual and other limitations stated in this Article.

ARTICLE 20 - HOLIDAYS

Section 20.1 – Designated Holidays and Eligibility

Effective upon ratification and execution by the parties, the following holidays shall apply to Fire Alarm Technicians :

<u>Holiday</u>	<u>Normal Date of Observance</u>
New Year’s Day	January 1
Martin Luther King Jr. Day	Third Monday of January
Washington’s Birthday	Third Monday of February
Memorial Day	Last Monday in May
Juneteenth	June 19
Independence Day	July 4
Labor Day	First Monday of September
Thanksgiving Day	Fourth Thursday of November
Day after Thanksgiving	Fourth Friday of November
Christmas Day	December 25
Three (3) Floating Holidays	2 Port-designated 1 Employee-designated

Time off in lieu of holidays shall be scheduled at a time the employer finds most suitable after considering the wishes of the employee and the requirements of the Department.

Members assigned to day shift during the first quarter of the year and expected to be assigned for at least the duration of the year shall be eligible for all three floating holidays Members assigned to day shift after the first half of the payroll year shall receive one employee designated floating holiday.

. It is not the intent of this language to work any Port employee on a Port designated holiday.

The Port shall notify Local 1257 of the Port designated floating holiday(s) from the Port

Payroll/Holiday calendar no later than December 15th of the previous year.

For the term of the contract, in those years where there is only one (1) Port designated holiday listed on the Port Payroll/Holiday calendar, Day Shift Fire Alarm Technicians will receive two (2) Employee designated holidays. The latter will be in exchange for one (1) of the Port designated holidays that is not listed on the Port Payroll/ Holiday calendar. In no event shall the total number of floating holidays exceed the total of three (3) as currently provided in Article 20.1 of this Article.

Section 20.2 – Overtime Application

Effective upon ratification and execution by the parties, in addition to eight (8) or ten (10) hours holiday pay, Fire Alarm Technicians who work on the holiday will also receive time and one-half for hours worked.

Section 20.3 – Day of Observance

When a holiday falls on a Sunday, the following Monday will be observed. When a holiday falls on a Saturday, the preceding Friday will be observed.

Section 20.4 – Personal Holiday

At least 24 hours advanced notice and the Fire Chief or his/her designee's approval is required for the personal holiday. Eligibility for the personal holiday is not established until after the first six (6) months of employment. An employee shall receive no extra pay for not taking a personal holiday, unless directed by the Fire Chief to work on the day scheduled and no other day off can be scheduled before year-end. A terminated employee shall not receive pay for a personal holiday not taken prior to the last day worked. (Also see Section 19.1 for language on pro-rated eligibility.)

Section 20.5 –Day Shift Holidays

For employees who are working flexible or 4/10 schedules and a holiday occurs on the employee's normal day off, that normal day off will be treated as a weekend holiday and designated on either the first or last day of the said employee's work week depending on when the holiday occurs.

ARTICLE 21 - BEREAVEMENT/EMERGENCY LEAVE

Section 21.1 – Bereavement Leave

At the discretion of the Fire Prevention Battalion Chief, from one (1) to five (5) days for day shift personnel, or from one (1) to three (3) shifts for 24-hour personnel per bereavement which shall not result in compensation for more than the number of hours in any normal workweek may be

granted to employees who have been employed for thirty or more days of uninterrupted service and who have suffered the loss by death of a member of their immediate family. Individual circumstances such as the distance to the funeral and the extent of employee involvement with the arrangements for the deceased shall be considered in determining the number of days to be granted an employee.

For the purposes of this Section, immediate family is defined as: the employee's spouse or domestic partner; the employee's (or employee's spouse or domestic partner's) parents, child, sibling, grandparent, grandchild; or a sibling's spouse or domestic partner, or as agreed to by the Fire Chief.

Section 21.2 – Emergency Leave

Emergency leave will be authorized in accordance with policy 205.

ARTICLE 22 - TIME OFF FOR APPOINTMENTS

After completing their probationary period, employees who are scheduled to work forty (40) hours per week, may be granted brief periods of paid time off for medical, dental, or other personal business appointments (such as appointments with attorneys) which could not be arranged during non-working hours. The Fire Chief or his/her designee may authorize time off for not more than twelve (12) hours each during a calendar year.

A member must work on a day shift assignment for a minimum of two months prior to applying for time off. Members being transferred to day shift with prior appointments shall be given reasonable consideration.

ARTICLE 23 - EDUCATIONAL REIMBURSEMENT

Section 23.1 – Required Job-Related Course Work Requested by Department Management

When directed by Departmental management, the cost of course work or training related specifically to improvement of job situation shall be paid for entirely by the Port.

Section 23.2 – Employee Initiated Requests for Job-Related Course Work

Upon completion of the probationary period, employees enrolled in training or course work specifically related to improvement of job situations within the Department will be eligible for reimbursement of tuition costs. Only the tuition costs for such instruction shall be reimbursed on the following basis:

- a. Approval prior to commencing course was obtained in writing from Departmental management.
- b. The course was completed with a grade “C” or better.

- c. The tuition bill is to be submitted to the Port to verify tuition costs as an attachment to the employee's expense claim form
- d. The reimbursement rate, limited to tuition only, is 50% for employees with seniority status up to four (4) years of continuous employment and 75% after four (4) years of continuous employment.
- e. Employees requesting outside training, securing expenditure of Port funds may, at the discretion of the Fire Chief, be required to reimburse the Port should they fail to attend.

Additionally, bargaining unit members will be eligible to apply for College Degree Completion support under the terms of HR-12. The parties understand and agree that HR-12 is subject to revision by Port Human Resources & Development.

ARTICLE 24 - MILITARY LEAVE

Military leave shall be provided as stated in the Port of Seattle "Wage and Benefit Resolution - #2810" Section 5, in accordance with RCW 38.40.060.

ARTICLE 25 - INSURANCE

The following insurance is provided for employees in the bargaining unit and for their dependents:

Section 25.1 – Medical

Northwest Fire Fighter Benefit Trust- Plan \$100

Effective January 1, 2018, on the first of the month following the date of hire, all active full time, part time and other employees regularly scheduled to work twenty one (21) or more hours per week will receive insurance coverage for themselves, their spouse/partner, and eligible dependents on the Northwest Fire Fighters Benefit Trust 100 Health Plan. The employer will pay the full premium cost for the employee.

Effective January 1, 2018, the employee will be responsible for paying a portion of the premium for his/her spouse/partner and dependents as follows:

- a. Employee Only - \$00.00
- b. Employee & Spouse/Partner - \$64.06
- c. Employee & Child - \$34.19
- d. Employee & Children - \$52.18
- e. Employee & Spouse/Partner & Child - \$98.26
- f. Employee & Spouse/Partner & Children - \$116.25

Effective January 1, 2019 and for the term of the agreement, any increase in the annual medical premium rate will be added to the 2018 employee with dependents premium share contribution and shared by the employee with dependents and the Port in the following way: The Employee with dependents and the Port will contribute 50%-50% of the annual percentage increase up to an employee with dependents share of 10% of the total monthly base rate.

For example, if the annual premium increase for 2019 is ten percent (10%), the 2019 premium sharing amounts will be increased by five percent (5.0%) as follows:

- a. Employee Only - \$00.00
- b. Employee & Spouse/Partner - \$67.26 (64.06 x 1.05)
- c. Employee & Child - \$35.90 (34.19 x 1.05)
- d. Employee & Children - \$54.79 (52.18 x 1.05)
- e. Employee & Spouse/Partner & Child - \$103.17 (98.26 X 1.05)
- f. Employee & Spouse/Partner & Children - \$122.06 (116.25 X 1.05)

Once the employee with dependents contribution has reached 10% of the total monthly base rate, future increases shall be split 10% by the employee with dependents and 90% by the Port for the duration of the agreement.

Employee costs shall be by payroll deduction. Changes made by the Northwest Fire Fighters Benefits Trusts to the rates or benefits provided under the 100 Health Plan are not subject to negotiation during the term of the Collective Bargaining Agreement.

Northwest Fire Fighter Benefit Trust- Plan \$1500

Effective January 1, 2023, on the first of the month following the date of hire, all active full time, part time and other employees regularly scheduled to work twenty-one (21) or more hours per week will receive insurance coverage for themselves, their spouse/partner, and eligible dependents on the Northwest Fire Fighters Benefit Trust 1500 Health Plan. The employer will pay the full premium cost for employee coverage. The employee will be responsible for paying 10% of the premium for his/her spouse/partner and dependents.

Any increase in the annual medical premium rate for dependents exceeding 8% will be shared 50/50 by the employee with dependents and the Port for the term of the Agreement in addition to the premium paid by the employee. For example, if the Employee & Children total premium increases by more than 8%, the 90/10 premium share will apply to the dependent portion of the premium up to an 8% increase of that portion, and any dollar amount above that will be shared 50/50 for the term of the Agreement. For illustration:

	Year 1	Year 2
Employee Only Coverage	\$500	\$550
Employee + Spouse Coverage	\$750	\$825

In Year 2, the portion of the premium attributed to dependent coverage increases from

\$250 (\$750-\$500) to \$275 (\$825-\$550). This is an increase of 10%. The dollar amount exceeding 8% is \$5.00, which will be paid 50/50 by the Port and the employee paying \$2.50 more each.

Employee costs shall be by payroll deduction. Changes made by the Northwest Fire Fighters Benefits Trusts to the rates or benefits provided under the 1500 Health Plan are not subject to negotiation during the term of the Collective Bargaining Agreement.

NWFFT Plan \$1500 VEBA

Effective upon ratification and execution between the parties, each employee participating in the NWFFT Plan \$1500 will have a VEBA account established in their name. The VEBA will be accessible after separation in accordance with IRS rules. Survivorship rights will be in accordance with IRS rules and the VEBA plan. The Port will cover the administrative cost of the VEBA account and in addition contribute the following annual amounts to enrolled employees' VEBA.

Employee Only	\$2000
Employee with Dependents	\$4000

The Port will make an annual contribution no later than the second pay cycle in January to each participating employees' VEBA beginning in 2023 through the duration of the Agreement.

Employees joining the Fire Department in 2023 or later will receive a prorated contribution with the first contribution becoming effective the same month the employee becomes eligible for health insurance. For example, an employee who becomes eligible for health insurance in July will receive six months of the annual VEBA contribution.

Annual VEBA contributions will be based on employee or dependent status of an employee enrolled in the \$1500 Plan at the time of the VEBA contribution. VEBA contributions will not adjust mid-year in the event of dependent status changes. If a VEBA contribution will exceed any applicable IRS limit or trigger the Affordable Care Act excise tax, the parties agree to reopen this agreement to bargain avoiding the tax.

If an employee separates service with the Port for any reason during the year, any VEBA amount paid for the month(s) in which the employee was not in paid status will be recovered from the employee's final paycheck(s). For example, if employee an separates service on June 30, six (6) months of VEBA payments will be recovered. If the employee separates on July 1, five (5) months of VEBA payments will be recovered.

The parties agree that six months prior to the expiration of this Agreement, the Port may reopen this Agreement to discuss the timing of the Port's funding of the VEBA.

Section 25.2 – Dental

On the first of the month following the date of hire, employees will receive insurance coverage for

themselves, their spouse/partner, and eligible dependents on the Northwest Fire Fighters Benefit Trust under Dental Plan 7. The employee will be responsible for paying a portion of the premium for his/her spouse/partner and dependents as follows:

Employee Only	\$0 of total monthly premium
Employee & Dependents	6.0% of total monthly premium

Premium increases that exceed eight percent (8.0%) each year will be paid at fifty percent (50%) by the Port and fifty percent (50%) by the employee for the term of the agreement in addition to the premium paid by employees in the bargaining unit noted above.

Employee costs shall be by payroll deduction. Changes made by the Northwest Fire Fighters Dental Trust to the rates or benefits provided under the Northwest Fire Fighters Dental Trust Plans are not subject to negotiation during the term of the Collective Bargaining Agreement.

Section 25.3 – Life Insurance

Life insurance for employees, their spouse/partner, and eligible dependents will be provided on the Association of Washington Cities Plan C.

Section 25.4 – A.D. and D (Accidental Death and Dismemberment

Association of Washington Cities – Plan C – (coverage included as a rider under the Life Insurance policy).

Section 25.5 – L.T.D. (Long Term Disability)

The Union will provide Long Term Disability (LTD) coverage for employees covered under this Agreement, through the WSCFF Disability Program (underwritten by Standard Insurance Company), via Port payroll deduction from each employee's second (2nd) monthly paycheck. Employees shall be responsible for paying one hundred percent (100%) of premiums for LTD coverage. The Union shall be responsible for any overages or shortages in premiums. The Union shall also be responsible for liaising with the broker(s) for employees' LTD coverage. The Port will remit LTD premiums to the Union in a similar manner as the Port remits employees' Union dues.

Section 25.6 – Alternate Insurance

- a. The Port agrees to discuss and consider in good faith any alternate insurance plans the Union may submit to the Port during the term of this agreement.
- b. The parties agree and understand the Port continues to maintain the unilateral right to select the carrier unless it is mutually agreed otherwise.
- c. It is intended that any insurance change will not increase the Port's cost in effect at the time of the good faith discussions contemplated above.

Section 25.7 – Port of Seattle Firefighter's Retirement Fund

Effective upon ratification and execution by the parties, the Port agrees to sponsor the Port of Seattle Firefighter's Retirement Fund, which will be directed by representatives of the Deferred Compensation Administrative Committee, and to contribute the following:

The above rate shall be one dollar and fifteen cents (\$1.15) per hour worked.

This benefit will only be provided to employees who are members of the bargaining unit as of October 5, 2023. Any new employees who become members of the bargaining unit after this date will not be entitled to this benefit.

Section 25.8 – Eye Care Coverage

Vision coverage shall be provided under the Northwest Fire Fighters Benefit Trust plan as provided in Section 25.1.

Section 25.9 – Washington State Council of Firefighters Medical Expense Reimbursement Plan (MERP)

Effective the first full month after ratification and execution by both parties, the Port will make monthly salary reduction contributions on behalf of each employee to the WSCFF Employee Benefit Trust (MERP) at a contribution rate of one hundred dollars (\$100) per month to be deducted from each employee's first monthly paycheck. Effective the first full month after ratification and execution by both parties, the Port agrees to add a pre-tax employer contribution of one hundred dollars (\$100) per month for each full-time employee.

All of the Port's contributions to the Trust are mandatory contributions to be used solely for the purpose of providing health benefits that qualify for exclusion under IRC Section 106 and shall not constitute wages or salary for the purpose of determining any other benefit, including retirement benefits, disability benefits, or life insurance covered amounts. Covered employees may not elect to receive any portion of the benefit under the MERP as additional salary or wages. In accordance with the private letter ruling 200846011 issued to the Trust, such amounts are excluded from gross income under IRS Code Section 106. The Union shall have the option to adjust the employee share of the contribution rate annually, and shall communicate any adjustment to the Port by December 1st for the following year.

All members of International Association of Firefighters, Local No. 1257 who have participated in the Washington State Council of Firefighters Medical Expense Reimbursement Plan for not less than one (1) month, prior to being promoted or reassigned to a position not represented by the Union, will continue to be participants in the MERP until they are no longer employed by the Port of Seattle. The Parties understand that extension of MERP participation to formerly-represented employees under this Section 25.9 shall not be construed to affect any other benefit described in the Agreement.

This Trust shall remain separate and apart from any Port retiree health insurance funding program, if applicable, unless changed by mutual agreement of the Parties to this collective bargaining

agreement. This Section does not provide employees, retirees, or dependents with a vested right in Port-paid retiree health insurance. This language is meant to clarify the intent of the Parties from negotiations of this Section. The Parties agree that only eligible, active employees may contribute to the Trust, receive Port contributions, and only for the duration of this contract. This provision expressly incorporates by reference the most recent MERP and Trust Agreement, and such documents shall be administered and interpreted in a manner consistent with this paragraph.

ARTICLE 26 - UNIFORMS AND PROTECTIVE CLOTHING

Section 26.1 – Provision of Uniform and Protective Clothing

All uniforms as required by the Port of Seattle Fire Department Rules and Regulations, Policy and Procedures, and protective clothing and equipment as required by the Washington State Vertical Safety Standards for Firefighters and FAA regulations, and bed linen, shall be supplied, cleaned, and maintained at no cost to the employee. Problems with uniforms will be referred to the uniform sub-committee.

ARTICLE 27 - PHYSICAL FITNESS PROGRAM

All employees may participate in the established, mutually agreed upon, mandatory Fire Department Physical Fitness Program most recently modified in November 1989. The Physical Fitness Program shall be designed to insure the employee's physical fitness to perform their duties. Disciplinary action in connection with the Physical Fitness Program shall be taken only in the event employees fail to participate in the program as prescribed. The Port will provide the facilities and equipment necessary to maintain the program. The terms of the Program require the agreement of the Port and the Union. Issues concerning the terms of the Program may be referred to the Labor-Management Committee.

ARTICLE 28 - SAVINGS CLAUSE

In the event of invalidation of any part or provision of this agreement under this article, the parties shall negotiate in good faith to modify the part of provision to the degree possible to comply with law.

ARTICLE 29 - DEFERRED COMPENSATION

Employees shall be eligible for participation in the Port of Seattle's Deferred Compensation Plan. Eligibility and participation of employees shall be subject to the terms and conditions of such plan including any plan amendments, revisions, or possible cancellation. It is further agreed that content of the plan itself, plan administration, and any determinations made under the plan shall

not be subject to the Grievance Procedure (Article 13) or to any other provisions of this Labor Agreement or to negotiation by the Union.

ARTICLE 30 - CHANGES IN WORKING CONDITIONS

The Port assures the Union that its intention in executing this Agreement is not to make significant changes in existing working conditions granted to employees because such conditions are not specifically identified in this agreement. Any such changes shall be made within the provisions of applicable state law.

ARTICLE 31 - SCOPE OF AGREEMENT

The Agreement expressed herein in writing constitutes the entire Agreement between the parties and no oral statement shall add to or supersede any of its provisions. The parties acknowledge that each has had the unlimited right within the law and the opportunity to make demands and proposals with respect to any matter deemed a proper subject for collective bargaining. The results of the exercise of that right and opportunity are set forth in this Agreement. All memoranda and letters of agreement/understanding that have not been incorporated into this Agreement are null and void. Therefore, for the duration of this Agreement, the Port and the Union each agrees to waive the right to oblige the other to bargain with respect to any subject or matter not specifically referred to or covered in this Agreement.

ARTICLE 32 - STRIKES AND LOCKOUTS

In recognition of the Port's status as a municipal corporation, no employee shall strike or refuse to perform his/her assigned duties to the best of his/her ability. The Union shall not cause or condone any strike, picketing, work stoppage, slowdowns, or other interference in any way with normal Port operations. Willful violation of this article by any employee shall result in immediate dismissal.

ARTICLE 33 - DURATION OF AGREEMENT AND EFFECTIVE DATE

All conditions of this Agreement shall be effective on the date the Agreement is signed or as otherwise stipulated in the terms of this Agreement. All provisions of this Agreement shall extend from effective date to **December 31, 2024**. Negotiations may be opened by either party giving notice in writing not later than sixty (60) days prior to the expiration date. The new agreement shall be effective on the first day of January of each year unless mutually agreed to the contrary.

SIGNED THIS _____ DAY OF _____, 20__.

**Stephen Metruck Executive Director
Port of Seattle**

**Chris Nuttall, President
International Association of Firefighters, Local 1257**

**Randy Krause, Fire Chief
Port of Seattle**

APPENDIX A

PAY RATES

1. WAGES

A. (1) Base Rates

Effective Upon ratification and execution of the Agreement, the following wage rate shall apply

The base monthly rate for the Fire Alarm Technician is \$10,477.

As a condition of continued employment, all employees are required to participate in the Port's direct deposit program for payroll purposes.

B. General Wage Increases

Note: Rate increase for January 1, 2024, provided pursuant to the Firefighters Agreement

2. LONGEVITY

After five (5) years active employment have been completed since date of hire, employees covered under this agreement shall receive a rate of pay equal to the current rate in effect for that position plus a longevity adjustment equivalent to the following:

5 – 9 years 2% of Firefighter "A" base rate
10 – 14 years 4% of Firefighter "A" base rate
15 – 19 years 6% of Firefighter "A" base rate
20 – 24 years 8% of Firefighter "A" base rate
25 – 29 years 10% of Firefighter "A" base rate
30 plus years 12% of Firefighter "A" base rate

The addition of the longevity adjustment to a classification base rate creates a specific employee's rate. This employee's rate is used when computing the holiday or Education premiums.

3.DIFFERENTIALS

a. Day Shift Fire Alarm Technician premium differential

Effective upon ratification and execution of the Agreement by the parties, Fire Alarm Technicians working day shift will receive a nine percent (9.0%) differential above their base rate of pay.

The nine percent (9.0%) differential is provided to the Fire Alarm Technicians in recognition of both their day shift assignment and their on-call status.

b. Bi-Weekly Pay: Effective January 1, 2005, employees shall be paid on a biweekly basis.

c. Education Premium: Effective upon ratification and execution of the agreement by the parties, employees who have earned a degree from an accredited college primarily through classroom-based study will receive a differential as set forth below. Eligible employees will be paid one

premium reflecting the highest degree earned. Premium pay for degrees earned via remote or online degree programs is subject to the approval of the Fire Chief.

- 1) Associates Degree – 2%
- 2) Bachelor of Arts or Science Degree – 4%
- 3) Masters Degree – 6%

d. Mandatory Direct Deposit: As a condition of continued employment, all employees are required to participate in the Port's direct deposit program for payroll purposes.

**APPENDIX B
DRUG TESTING**

SUBSTANCE TESTS

PREAMBLE

While abuse of alcohol and drugs among our members is the exception rather than the rule, the Local 1257 Negotiating Committee shares the concern expressed by many over the growth of substance abuse in American society.

The drug testing procedure agreed to by the labor/management, incorporates state-of-the-art employee protection during specimen collection and laboratory testing to protect the innocent.

In order to eliminate the safety risks, which result from alcohol or drugs, the parties have agreed to the following procedures.

As referred to herein, employee shall mean entry-level probationary employee.

- a. Illicit substance or drug abuse by members of the Department is unacceptable and censurable conduct worthy of strong administrative action.
- b. Preconditions to Drug Testing: Before any entry-level probationary employee may be tested for drugs, the Port must meet the following prerequisites:
 1. Entry-level probationary employees in the bargaining unit must be clearly informed of what drugs or substances are prohibited by the Port.
 2. The Port must provide in-service training containing an educational program aimed at heightening the awareness of drug and alcohol related problems.
 3. The Port and the Union shall jointly select the laboratory or laboratories which will perform the testing.
- c. The Department shall also have the discretion in order and entry-level probationary uniformed employee to submit to a blood, breath, or urine test for the purposes of determining the presence of a narcotic, drug, or alcohol a minimum of two (2) times during such employee's entry-level probationary period. These tests will be conducted in the following manner:
 1. Tests will be administered to each entry-level probationary employee a minimum of two (2) times, at various intervals, during the probationary period.
 2. Entry-level probationary employees shall only be tested while on duty.
 3. The providing of a urine sample will be done in private.
 4. Obtaining of urine samples shall be conducted in a professional and dignified manner.

5. A portion of urine samples shall be preserved to permit the following:
 - a. Positive samples shall be tested a GC/MX test.
 - b. A third test for positive samples shall be conducted if requested by the employee, at Port expense, by a reputable laboratory of mutual choice.

The exercise of this discretion by the Department shall be deemed a term and condition of such employee's period of entry-level probation, and need not be supported by any showing of cause.

If any employee is ordered to submit to these tests involuntarily, the evidence obtained shall be used for administrative purposes only.

- d. Testing Mechanisms: The following testing mechanisms shall be used for any drug tests performed on entry-level probationary members of the Department:
 1. It is recognized that the Employer has the right to request the laboratory personnel administering a urine test to take such test to take such steps as checking the color and temperature of the urine sample to detect tampering or substitution, provided that the employee's right of privacy is guaranteed, and in no circumstances may observation take place while the employee is producing the urine sample. If it is established that the employee's specimen has been intentionally tampered with or substituted by the employee, the employee is subject to discipline as if the sample tested positive. In order to determine adulteration of the urine sample during the collection process, physiologic determinations such as creatinine and/or chloride measurements may be performed by the laboratory.
 2. The parties recognize that the key to chain of possession integrity is the immediately labeling and initialing of the sample in the presence of the tested employee. If each container is received at the laboratory in an undamaged condition with properly sealed, labeled and initialed specimens, as certified by the laboratory, the Employer may take disciplinary action based upon properly obtained laboratory results.
 3. Any screening test shall be performed using the enzyme immunoassay (EMIT) method.
 4. Any positive results on the initial screening test shall be confirmed through the use of the high-performance thin-layer chromatography (HPTLC), gas chromatography (GC) and gas chromatography/mass spectrometry (GC/MS). If at any time there exists a test with a reasonable accessible at a reasonable cost, such test shall be used in place of the GC/MS test if required by the Union.
 5. All samples which test negative on either the initial test or the GC/MS confirmation test shall be reported only as negative. Only samples which test positive on both the initial test and the GC/MS confirmation test shall be reported as positive.
 6. In reporting a positive test result, the laboratory shall state the specific substance(s) for which the test is positive and shall provide the quantitative

results of both the screening and the GC/MS confirmation tests, in terms of nanograms and millimeter. All positive test results must be reviewed by the certifying scientists or laboratory director and certified as accurate.

- e. Procedures to be used when samples are given: The following procedures shall be used whenever an employee is required to give a blood or urine sample. Normally, the sample will be taken at the laboratory. If taken at another location, transportation procedures as identified shall be followed. All samples taking will be done under laboratory conditions and standards as provided by the selected laboratory:
1. Prior to testing, or if incapacitated as soon as possible afterwards, the employee will be required to list all drugs currently being used by the employee on a form to be supplied by the Port. The Employer may require the employee to provide evidence that a prescription medication has been lawfully prescribed by a physician. If an employee is taking a prescription or non-prescription medication in the appropriate described manner and has noted such use, as provided above, he/she will not be disciplined. Medications prescribed for another individual, not the employee, shall be considered to be illegally used and subject the employee to discipline.
 2. When a blood test is required, the blood sample shall be taken promptly with as little delay as possible. Immediately after the samples are drawn, the individual test tubes shall, in the presence of the employee, be sealed, labeled and then initialed by the employee. The employee has the obligation to identify each sample and initial same. If the sample is taken at a location other than the testing laboratory, it shall be placed in a transportation container after being drawn. The sample shall be sealed in the employer's presence and the employee given an opportunity to initial or sign the container. The container shall be stored in a secure and refrigerated atmosphere, and shall be delivered to the laboratory that day or the soonest normal business day by the fastest available method.
 3. In testing blood samples, the testing laboratory will analyze blood/serum by using gas chromatography/mass spectrometry as appropriate. Where Schedule I and II drugs in blood are detected, the laboratory is to report a positive test based on a forensically acceptable positive quantum of proof. All positive test results must be reviewed by the certifying scientists or laboratory director and certified as accurate.
 4. When a urine sample will be given will be given by the employee, the employee shall be entitled, upon request, to give the sample in privacy. In most cases, this process will take place in a laboratory. The sample container shall remain in full view of the employee until transferred to, and sealed and initialed in the two (2) tamper resistant containers and transportation pouch.
 5. Immediately after the sample has been given, it will be divided into two equal parts. Each of the two portions of the sample will be separated sealed, labeled. If the sample is taken at a location other than the laboratory, it shall be stored in a secure and refrigerated atmosphere. One of the samples will

then be delivered to a testing laboratory that day or soonest normal business day by the fastest available method.

6. The sample will first be tested using the screening procedure set forth in Section (D) (3) of this appendix. If the sample tests are positive for any prohibited drug, the confirmatory test specified in Section (D) (4) of the appendix will be employed.
 7. If the confirmatory test is positive for the presence of an illegal drug, the employee will be notified of the positive results within 24 hours after the Port learns of the results, and will be provided with copies of all documents pertinent to the test sent to or from the Port by the laboratory. The employee will then have the option of submitting the untested sample to a laboratory of mutual choice, at the Port's expense.
 8. Each step in the collecting and processing of the urine sample shall be documented to establish procedural integrity and a chain of evidence. All sample deemed "positive" by the laboratory, according to the prescribed guidelines, must be retained, for identification purposes, at the laboratory for a period of six (6) months.
- f. Consequences of positive test results
1. An employee who tests positive shall have the right to challenge the accuracy of the test results before any discipline procedures are invoked as specified in Section (E) (7).
 2. Consistent with the conditions of the appendix, the employer may take disciplinary action based on the test results as follows:
Confirmed positive test – Employee is subject to discharge.
 3. Disciplinary measures including discharge shall not be subject to the grievance procedure during the first twelve (12) months of employment.
- g. Employee rights
1. The employee shall have the right to a Union representative during any part of the drug testing process.
 2. If at any point the results of the testing procedures specified in the appendix are negative, all further testing shall be discontinued. The employee will be provided a copy of the results, and all other copies of the results (including the original) shall be destroyed within 24 hours after the test results have been received by the employer. All positive test results will be kept confidential, and will be available only to the Chief, one designated representative of the Chief, and the employee.
 3. Any employee who tests positive shall be given access to all written documentation available from the testing laboratory which verifies the accuracy of the equipment used in the testing process, the qualifications of the laboratory personnel, the chain of custody of the specimen, and the accuracy rate of the laboratory.

- h. Union hold harmless
The Union and the Port acknowledge that this drug-testing program is solely initiated at the behest of the Port. The Port shall be solely liable for any legal obligations and costs arising out of the provisions and/or applications of this collective bargaining agreement relating to drug testing.

The Union shall be held harmless for the violation of any worker rights arising from the drug-testing procedures.

APPENDIX C

SUBSTANCE ABUSE REHABILITATION

If an employee comes forward requesting rehabilitation treatment for substance abuse, the employee will be referred to rehabilitation services. If the employee is caught in a prohibited activity without coming forward, s/he is subject to termination.

Return to work following treatment will be contingent on agreement to a Contract for Continued Employment drafted by the Port and agreed to by the Union.

Nothing in this Appendix limits the Port's right to take disciplinary action for just cause.



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8g

ACTION ITEM

Date of Meeting March 26, 2024

DATE: January 30, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Jennifer Maietta, Director, Real Estate Asset Management
Susie Archuleta, Sr. Real Estate Manager
Jessica Brown, Sr. Environmental Management Specialist
Rod Jackson, Capital Project Manager

SUBJECT: Bell St. Garage Guardrail Upgrade Design and Construction (CIP # C801406)

Amount of this request:	\$4,553,000
Previously Authorized:	\$300,000
Total requested project cost:	\$4,853,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to advertise and execute a Public Works Building Engineering Systems (BES) Contract to replace the Bell St. Garage guardrail system in the central parking garage and bring railing system up to current code. This guardrail upgrade project has an estimated total project cost of \$4,853,000. The amount requested under this authorization is \$4,553,000 (\$300,000 was previously authorized by the Economic Development Division).

EXECUTIVE SUMMARY

On the weekend of September 23, 2023, a passenger vehicle drove through the Bell Street Central Parking Garage guardrail on the 5th Floor and fell 4.5 stories onto the BNSF train tracks below, impacting a slow-moving train before landing on the ground. Fortunately, the train broke the fall of the car, and the driver was able to walk away with minor injuries. Since then, it has been established that the guardrails of the central garage were designed and built per the code in place at the time. This project will retrofit or replace forty (40+) guardrail sections with a design that meets current commercial garage code. A third-party contractor will be selected for the Project to analyze, design, permit, and install the new guardrail utilizing the Building Engineering Systems (BES) method of procurement.

Meeting Date: March 26, 2024

JUSTIFICATION

This Bell St. Garage Railing replacement project supports the Port’s Century Agenda objectives under the following strategies:

- (1) Safety improvements are primary for this project.
- (2) Advance this region as a leading tourism destination and business gateway.
- (3) Use the Port’s influence as an institution to promote women and minority business enterprise (WMBE) growth, small business growth and workforce development.

Further, the project supports the following additional imperatives:

A. Upgrade railings to comply with current code

These upgrades will bring the central garage guardrails up to present commercial garage codes.

B. Leverage Specialized Expertise

Garage guardrail upgrade work completed alone is a specialty market and local availability of experienced contractors is limited. Further, public projects are perceived as more labor intensive and therefore less profitable. This makes early procurement imperative.

C. Meet Contemporary User Experience Expectations

The existing garage guardrail is now over 31 years old. In addition to improving safety, a guardrail upgrade will improve the look, feel and function of this system.

D. Sustainability

The project will explore the possibility of re-using the existing guardrails to reduce embodied carbon in construction.

The Bell St. Garage provides parking for visitors and tenants to access the Pier 66 Cruise Terminal, Bell Harbor International Conference Center, offices, hotels and nearby restaurants, among other valuable amenities to the central waterfront. Replacement of the Bell St. central garage guardrail system—original to the garage—will not only replace or sustainably re-use the essential system but also modernize the system per code by improving the Bell St. Garage’s aesthetic appearance through design and color.

Diversity in Contracting

Project staff along with the Diversity in Contracting Department have set a woman and minority business enterprise (WMBE) aspirational goal of 12% for this project.

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DETAILS

The Bell Street Garage is comprised of three sections, each built independently in different years as noted below:

<u>Location</u>	<u>Year Built</u>
Central garage	1983
East garage	1998
North garage	2000

The guardrail system for each garage section is unique to only that section and is not consistent across all three garage sections. During the era when the central garage was being designed, commercial garage building code did not exist. It appears that the central garage guardrail was constructed as designed. The east and north garages were designed in eras where commercial garage building code did exist. Therefore, this project is focused on the central garage only and bringing that guardrail system into compliance with current commercial garage building code.

The existing damaged partial height guardrail on the 5th floor of the central parking garage is located between two columns, which are spaced approximately 25’-6” on center. The guardrail is attached at the base to the concrete slab utilizing cast-in-place anchor plates, which met code at the time of its installation. Upon impact from the vehicle, the guardrail system broke away at the base. Damage observed is primarily limited to the guardrail attachment to the slab. The concrete slab does not appear to have sustained substantial structural damage/.

The proposed Bell St. Central Garage Guardrail System upgrade will bring the railing up to current code. This project will be competitively procured as a Building Engineering Systems (BES) contract. In accordance with RCW 39.04.290, the Port may award contracts of any value for the design, fabrication, and installation of BES, by using a competitive bidding process or request for proposals process where bidders are required to provide final specifications and a bid price for the design, fabrication, and installation of building engineering systems, with final specifications being approved by the Port. This procurement strategy was chosen because a simplified and self-contained turn-key solution is available, while labor and materials represent a large percentage of the project cost. Further, this provides opportunities for quality, efficiency, and risk reduction for the Port. Port staff will provide project administration and oversight.

The project will replace critical guardrail components for the Bell Street central garage railing while scheduling to avoid cruise ship operational disruptions.

Scope of Work

The scope of work for this project includes, but is not limited to, the garage guardrail system improvements at the Bell St. Garage:

- (1) Evaluate existing Bell St. Garage guardrails in Central Garage only.
- (2) Contractor provided design services.
- (3) Salvaging or reusing guardrail components.

Meeting Date: March 26, 2024

- (4) If possible, provide future low maintainability.
- (5) Propose and explore options for appealing aesthetics and appearances through materials and/or color.
- (6) Installation of new guardrail system.

Schedule

Activity

Commission Design & Construction authorization	March 26, 2024
Advertisement and Award	May 2024 thru Sept 2024
Design Start	Q4/2024
Construction Start	Q1~Q4/2025
In-use date	Q2/2026

Cost Breakdown

	This Request	Total Project
Design & Construction	\$3,869,000	\$3,869,000
POS Soft Costs	\$684,000	\$984,000
Total	\$4,553,000	\$4,853,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Maintain Status Quo. With this alternative, the various existing parking garage guardrails may be insufficient to contain runaway vehicles at the Bell St. Central Garage.

Cost Implications: \$0

Pros:

- (1) Lowest capital cost option

Cons:

- (1) Does not advance the environmental goals.
- (2) Does not address potential future accidents at the guardrail.
- (3) Does not address current code concerns.

This is not the recommended alternative.

Alternative 2 – Repair only the damaged guardrail section at the Bell St. central garage.

Cost Implications: \$96K

Pros:

- (1) Replaces or retrofits only one damaged section of guardrail.
- (2) Damaged guardrail section can quickly be replaced or retrofit.
- (3) Lowest capital cost option: 1/40 the cost of the recommended alternative
- (4) Does advance the environmental goals at only this section of the guardrail.
- (5) Does address potential future accidents at only this section of the guardrail.
- (6) Does address current code updates at only this section of the guardrail.

Meeting Date: March 26, 2024

Cons:

- (1) Does not address future code updates at other areas of the central garage.
- (2) Does not advance the environmental goals at the other areas of the central garage.
- (3) Does not address potential future accidents at the other areas of the central garage.

This is not the recommended alternative.

Alternative 3 – Complete Central Bell St. Garage Guardrail Improvements at the perimeter of the parking garage to improve the safety of all garage users. This is consistent with the Port’s business strategy to “Position the Puget Sound region as a premier international logistics hub”.

Cost Implications: \$4.8M

Pros:

- (1) Replaces or retrofits forty (40) sections of guardrail including connection to the structural system.
- (2) Advances the environmental goals at all sections of the guardrail.
- (3) Addresses potential future accidents at all sections of the guardrail.
- (4) Addresses current code updates at all sections of the guardrail.

Cons:

- (1) Highest capital cost option.
- (2) Construction period is several months long.
- (3) Capital costs are forty times more than Alternative 2.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$4,853,000	\$0	\$4,853,000
AUTHORIZATION			
Previous authorizations	\$300,000	0	\$300,000
Current request for authorization	\$4,553,000	0	\$4,553,000
Total authorizations, including this request	\$4,853,000	0	\$4,853,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project was not included in the 2024 Plan of Finance. This project will be funded using EDD Reserve C800216. The updated current total project cost estimate is \$4,853,000 and has been included in the draft 2025 Capital Plan.

Meeting Date: March 26, 2024

This project will be funded by the General Fund.

Financial Analysis and Summary

Project cost for analysis	\$4,853,000
Business Unit (BU)	EDD Portfolio Management
Effect on business performance (NOI after depreciation)	Annual depreciation will increase by approximately \$97K based on estimated 50-year service life, thereby reducing the NOI by the same amount.
IRR/NPV (if relevant)	NA
CPE Impact	NA

Sustainable Evaluation Framework Summary:

The Bell Street Central Garage guardrail upgrade project has been assigned a Tier 1 rating under the Sustainable Evaluation Framework (SEF), so does not require the full SEF process but does require some sustainability elements beyond typical Port design.

Those elements are:

- (1) This project will endeavor to reduce embodied carbon by attempting to re-use existing guardrail in design. If this is not possible, the project team will procure environmentally preferred materials.
- (2) The project will support the community by improving the aesthetic appearance of the Bell Street Central Parking Garage through design and color.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

Bell St. Garage Railing Repair

PN: N10381, CIP: C801406

March 26, 2024

Rod Jackson/ Susie Archuleta

Overview

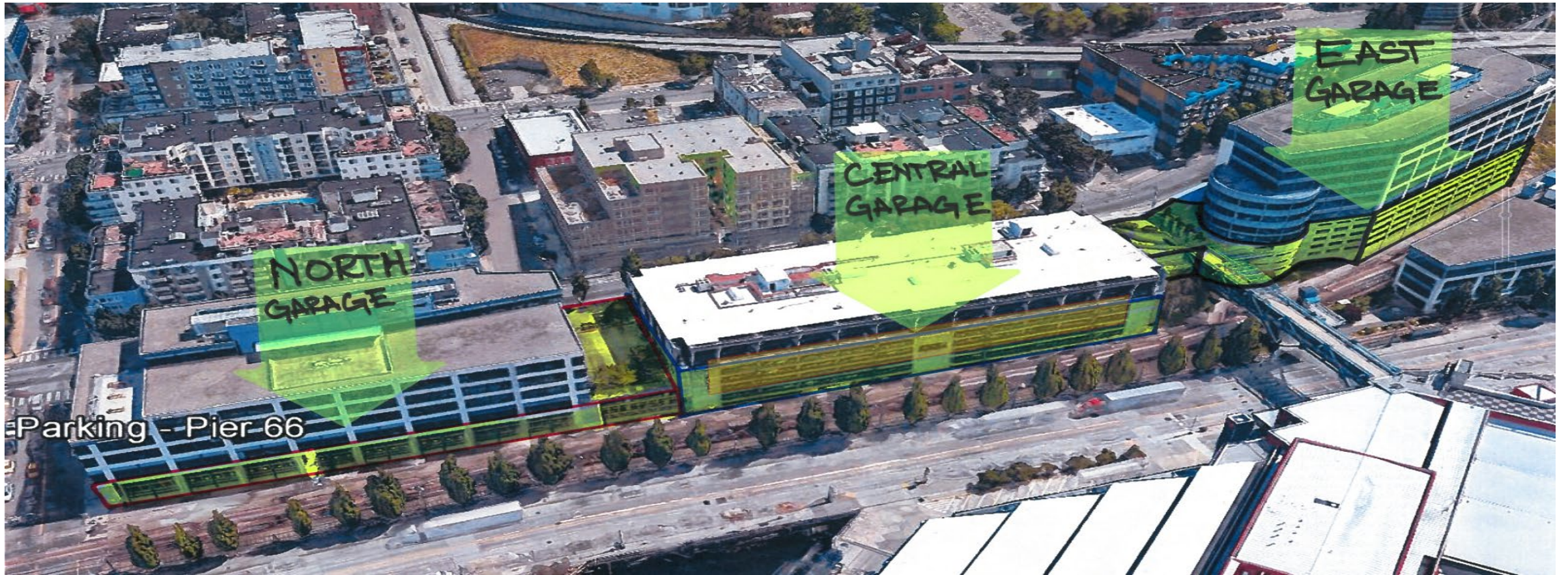
- Project Information
- Project Location
- Project Scope
- Summary Recommendation
- Preliminary Schedule

Project Information

- Sponsors: Jennifer Maietta, and Susie Archuleta
- Project Estimated Cost: **\$4.85M**
- Estimated Construction Cost: **\$3.86M**
- Current Authorization: **\$300,000** Seed money

Request Commission authorization for the Executive Director to direct staff to advertise and execute a Public Works Building Engineering Systems (BES) Contract to upgrade the Bell St. Garage guardrail system in the central parking garage and bring railing up to current code. This Life Safety guardrail replacement project has an estimated total project cost of \$4,853,000.

Project Location



Bell St. Parking Garage

Project Scope: Bring railing up to current code

The project will Replace or Retrofit to bring the garage railing up to current code:

- The Bell St. Central Garage Railing that was previously damaged and to upgrade all central garage railings.



Project Scope: Bring railing up to current code

The project will Replace or Retrofit to bring the garage railing up to current code:

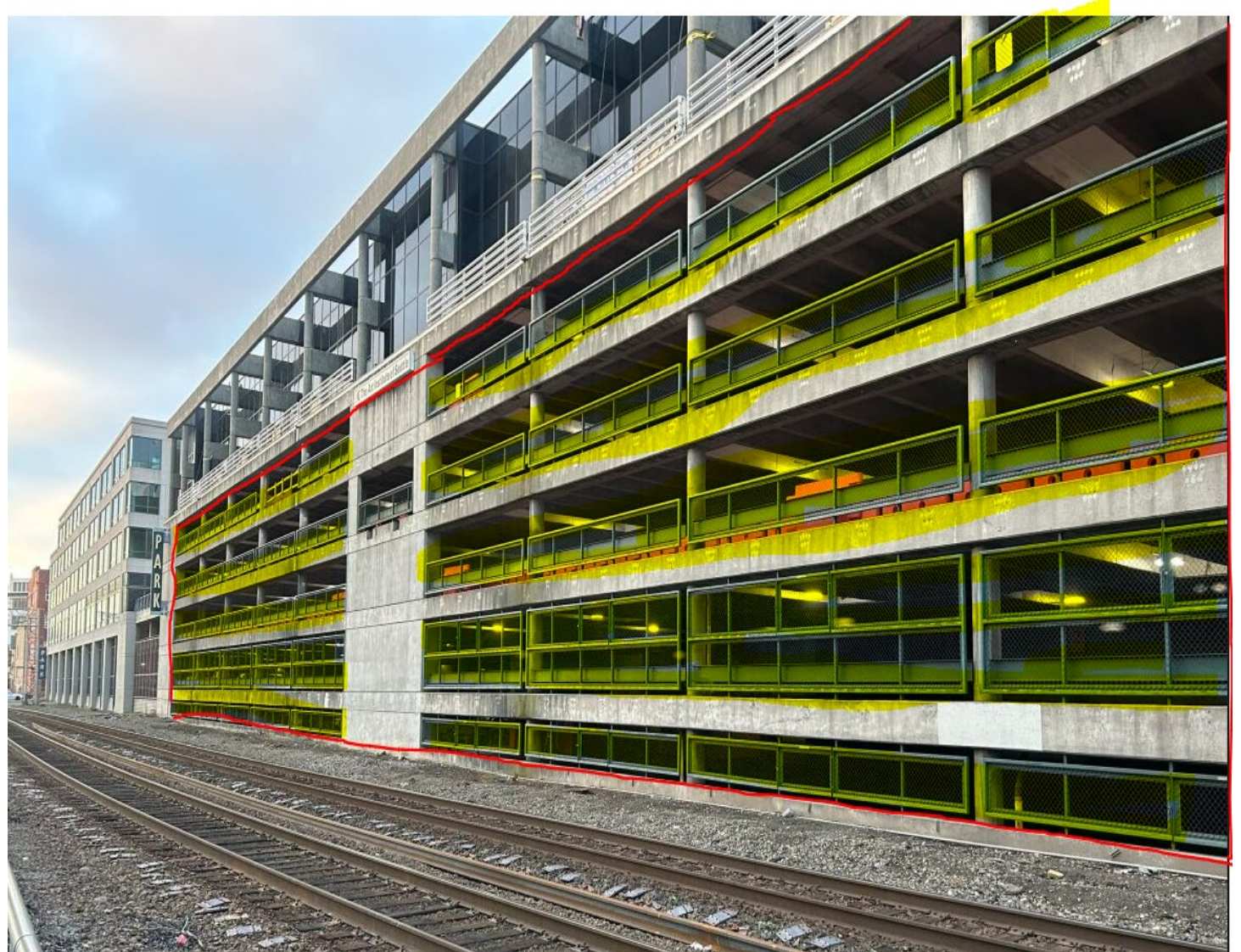
- The Central Garage Railing that was previously damaged, plus a Replacement or Retrofit at forty railing openings.



Project Scope: Bring railing up to current code

The project will Replace or Retrofit to bring the garage railing up to current code:

- Forty (40+) Bell St. Central Garage Rail openings between column bays on our (4) floors adjacent to the BNSF railroad tracks.



Sustainability and Community

- The project team will endeavor to **reduce embodied carbon** through re-using the existing railings in design.
- The project area is visible from the P66 cruise terminal and the Bell Street overpass. To support the community, the project will improve the aesthetic appearance of the P66 parking garage through **railing color and design**.



Summary Recommendation

Request Commission authorization for the Executive Director to direct staff to advertise and execute a Public Works Building Engineering Systems (BES) Contract to replace the Bell St. Garage guardrail system in the central parking garage and bring railing system up to current code.

Project Schedule

Acquisition Planning	December 7, 2023
Commission Authorization – Design and Construction	2024 Quarter 1
Notice to Proceed	2024 Quarter 4
In-use date	2026 Quarter 2

Questions?

ITEM NO. _____	10a
DATE OF MEETING _____	March 26, 2024

**THE INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE**

NOTICE OF A SPECIAL MEETING

A Special Meeting of the Industrial Development Corporation of the Port of Seattle will be held on Tuesday, March 26, 2024. The meeting will be held in-person at the Seattle-Tacoma International Airport – Conference Center, International Room, located at 17801 International Blvd, Seattle WA, Mezzanine Level. Interested persons may also view the meeting virtually through the Port’s website during the meeting: <https://meetings.portseattle.org>. The special meeting will be held during a recess of the Port of Seattle Commission Regular Meeting, which meeting convenes at 12:00 p.m. The Agenda includes:

1. Approval of the proposed minutes of the Industrial Development Corporation of the Port of Seattle Special Meeting of March 28, 2023.
2. Approval of the Industrial Development Corporation of the Port of Seattle Board of Directors and Officers for 2024.
3. Review, as needed, of the Annual Report for the Industrial Development Corporation for year ending December 31, 2023.
4. Attachment for reference: Overview of the Industrial Development Corporation and Frequently Asked Questions (FAQs).

Adjournment of the Annual Meeting of the Industrial Development Corporation of the Port of Seattle.

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No. 1
Date of Meeting March 26, 2024

DATE: March 4, 2024
TO: Steve Metruck, Executive Director
FROM: Ian Burke, Senior Financial Analyst – Corporate Finance & Budget
Scott Bertram, Manager – Corporate Finance & Budget
SUBJECT: Approval of the Proposed Minutes of the Industrial Development Corporation of the Port of Seattle Meeting of March 28, 2023

ACTION REQUESTED:

Request Board approval of the proposed minutes of the Industrial Development Corporation of the Port of Seattle meeting of March 28, 2023. Draft minutes have been circulated to the Board of Directors and approved minutes will be posted to the Port’s website.

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No. 2
Date of Meeting March 26, 2024

DATE: March 4, 2024
TO: Steve Metruck, Executive Director
FROM: Ian Burke, Senior Financial Analyst – Corporate Finance & Budget
Scott Bertram, Manager – Corporate Finance & Budget
SUBJECT: Election of Officers

REQUESTED ACTION:

Request Board approval of the Industrial Development Corporation of the Port of Seattle Board of Directors and Officers for 2024.

BACKGROUND:

In accordance with the Bylaws for the Industrial Development Corporation of the Port of Seattle, the following is a list of the Board of Directors and Officers for the Corporation:

Hamdi Mohamed, President
Toshiko Grace Hasegawa, Vice President
Ryan Calkins, Secretary
Sam Cho, Director
Fred Felleman, Director

IDC Bylaws – Article 5, Section A. Number and Qualifications. “The officers of the Corporation shall be the same as the officers of the Port Commission and such other officers as may be determined by the Board of Directors from time to time to perform such duties as may be designated by the Board of Directors.”

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No.	<u>3</u>
Date of Meeting	<u>March 26, 2024</u>

DATE: March 4, 2024

TO: Steve Metruck, Executive Director

FROM: Ian Burke, Senior Financial Analyst – Corporate Finance & Budget
Scott Bertram, Manager – Corporate Finance & Budget

SUBJECT: Industrial Development Corporation Annual Report for 2023

SYNOPSIS:

The Industrial Development Corporation (the “IDC”) of the Port of Seattle was established in 1982 pursuant to Revised Code of Washington (Chap. 39.84). The IDC is a special purpose government with limited powers and was established for the purpose of facilitating industrial expansion through tax-exempt financing by providing companies with access to the tax-exempt credit market through the facilities of the IDC.

Any company with a project that qualifies for tax-exempt financing and qualifies under both RCW 39.84 and IDC policy may apply for IDC financing. The Port is not the lender and cannot lend credit or give money to the IDC. Debt issued by a company through the IDC is the sole responsibility of the company and is always non-recourse to the Port and to the IDC. Bond proceeds go directly to the company borrowing through the IDC. The companies pay their debt service (principal and interest) to a trustee.

Any city, county or port in Washington State may establish an IDC, and a number of other jurisdictions have done so, including King and Pierce Counties; the cities of Seattle, Everett, Bellingham and Kent; and several other ports including the Ports of Bellingham and Anacortes. Appendix C. of Item No. 4, FAQs provides a more comprehensive list.

The majority of projects financed through the Port’s IDC occurred between 1982 and 1986. Activity has since declined, primarily due to the Tax Reform Act of 1986 (the “Act”), which made a number of changes to the tax-exempt financing code that ultimately limited the benefits of an IDC financing for both issuers and investors. For issuers, the Act reduced the number of qualifying projects by narrowing the definition of types of projects and eliminated certain depreciation tax advantages. The tax code change also reduced the pool of investors (e.g., banks, who were the majority investor) in this market segment by making their effective rate for holding tax-exempt private activity bonds closer to a taxable rate. Item No. 4, FAQs provides more details.

The IDC is governed by a board of directors comprised of the members of the Port Commission; accordingly, both the IDC Board and the Port Commission must approve any IDC bond issue. The IDC Board meets at a minimum once a year during a Commission meeting to elect new officers and review the IDC’s annual financial results.

ANNUAL REPORT SUMMARY:

Attached are the financial statements of the IDC. The IDC had assets totaling \$312,571 at year-end 2023, which consists primarily of existing cash & cash equivalents. The IDC had total revenues of \$10,519, generated from interest earnings.

STATUS OF IDC BONDS:

As of December 31, 2023, there was one company with outstanding IDC debt totaling \$66,025,000, as shown in the table below.

Company	Outstanding Debt	Maturity
Delta Air Lines, Inc. ⁽¹⁾	66,025,000	2030
TOTAL	\$ 66,025,000	

⁽¹⁾ Previously Northwest Airlines Corp. (NWA). NWA merged with Delta Air Lines, Inc. (Delta) in 2008. NWA bonds refunded with Delta bonds, October 2012.

MANAGEMENT DISCUSSION:

The IDC has collected customer fees based on a percentage of annual debt service. The fees can be paid annually or via a one-time lump-sum payment at the time the company issues bonds. Delta made a one-time lump-sum payment (calculated using the present value of debt service over the life of the bonds) in 2012 when they refunded the Northwest Airlines bonds. As such, the IDC will no longer collect customer fees going forward unless there is a new issuance.

IDC funds are invested in the Port’s investment pool and the allocated interest income to the IDC in 2023 was \$10,519. The investment income for 2024 is projected to be approximately \$11,000.

The IDC incurred expenses of \$4,207 in 2023 which consisted of Port’s staff administrative time and State Audit fees.

The IDC’s charter permits its funds to be transferred only to the Port. Under an amendment to RCW 39.84.130, IDC funds that are not otherwise encumbered for the payment of revenue bonds and are not anticipated to be necessary for administrative expenses of the IDC may be transferred to the Port to be used for growth management, planning or other economic development purposes. In order to transfer funds, the Board of Directors of the IDC needs to adopt a resolution authorizing the transfer. Any transfer of funds would reduce the assets of the IDC and the interest earnings on these assets. No such transfer was requested nor made in 2023. All IDC funds will be transferred to the Port on dissolution, which can occur upon final redemption of all outstanding IDC bonds, currently scheduled in 2030.

MINIMUM FUND BALANCE RECOMMENDATION:

Staff recommends that the IDC maintain the current balance of \$312,000 to ensure adequate investment earnings to fund annual operating and future audit expenses since there are no additional sources of funds. If interest rates remain high Staff will re-evaluate uses of existing IDC cash and potentially lower the recommended fund balance in future years.

**INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE
BALANCE SHEET
For The Years Ended December 31 2023, 2022 & 2021**

	December 31, 2023	December 31, 2022	December 31, 2021
ASSETS			
Cash and Cash Equivalents	\$ 312,571	\$ 306,259	\$ 286,043
Accounts Receivable	-	-	17,417
TOTAL ASSETS	\$ 312,571	\$ 306,259	\$ 303,460
LIABILITIES AND EQUITY			
Equity	\$ 312,571	\$ 306,259	\$ 303,460
TOTAL LIABILITIES & EQUITY	\$ 312,571	\$ 306,259	\$ 303,460

**INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE
INCOME STATEMENT
AND CHANGES IN EQUITY
For The Years Ended December 31 2023, 2022 & 2021**

	December 31, 2023	December 31, 2022	December 31, 2021
INCOME			
Customer Fee	\$ -	\$ -	\$ 17,417
Investment Income	10,519	5,071	2,995
EXPENSE			
Administrative Expense	\$ 3,221	\$ 2,272	\$ 665
Other Expense - State Audit	986	-	-
NET INCOME	<u>\$ 6,312</u>	<u>\$ 2,799</u>	<u>\$ 19,747</u>
BEG. EQUITY	<u>\$ 306,259</u>	<u>\$ 303,460</u>	<u>\$ 283,713</u>
ENDING EQUITY	<u>\$ 312,571</u>	<u>\$ 306,259</u>	<u>\$ 303,460</u>

**INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE
STATEMENT OF CASH FLOWS
For The Years Ended December 31 2023, 2022 & 2021**

	December 31, 2023	December 31, 2022	December 31, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from bond issuers	\$ -	\$ 17,417	\$ 128
Cash paid for expenses	(4,207)	(2,272)	(665)
Net cash provided by operating activities	<u>\$ (4,207)</u>	<u>\$ 15,145</u>	<u>\$ (537)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments	\$ 10,519	\$ 5,071	\$ 2,995
Net cash provided by investing activities	<u>\$ 10,519</u>	<u>\$ 5,071</u>	<u>\$ 2,995</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 6,312	\$ 20,216	\$ 2,458
CASH AND CASH EQUIVALENTS			
Beginning of year	<u>\$ 306,259</u>	<u>\$ 286,043</u>	<u>\$ 283,585</u>
End of year	<u>\$ 312,571</u>	<u>\$ 306,259</u>	<u>\$ 286,043</u>

INDUSTRIAL DEVELOPMENT CORPORATION AGENDA

Item No.	<u>4</u>
Date of Meeting	<u>March 26, 2024</u>

DATE: March 4, 2024

TO: Steve Metruck, Executive Director

FROM: Ian Burke, Senior Financial Analyst – Corporate Finance & Budget
Scott Bertram, Manager – Corporate Finance & Budget

SUBJECT: Overview of the Industrial Development Corporation Frequently Asked Questions (FAQs).

What is the purpose of an IDC?

- To facilitate industrial expansion through use of tax-exempt financing made available to companies for qualified projects.

What does the term “tax-exempt financing” mean?

- It means bondholders (investors) who purchase the bonds do not pay federal income tax on the interest received on such bonds, as they normally would do on interest-bearing bonds.

How does tax-exempt financing help the institution that is funding capital projects?

- Because investors pay no income taxes on interest income, they are generally willing to accept a lower interest rate than if the bonds were issued on a taxable basis. Thus, tax-exempt bonds provide the ability to finance many public infrastructure capital projects at a reduced cost.

What changed in the tax law to make tax exempt financing through the IDC less attractive now than it was when these projects were financed?

There are several factors that have adversely affected the use of tax exempt financing over the years.

- When our state initially authorized the use of nonrecourse tax-exempt financing, federal tax rules permitted the financing of a very broad spectrum of projects, including wholesale and retail facilities as well as warehouse facilities (of which there were many in Washington State due to the large agricultural base). There was almost no limit on the types of facilities that could be financed. As a result, tax-exempt financing was an option for many capital expansion projects. At that time, interest rates were also very high (substantially higher than the current interest rate environment), which made tax-exempt financing especially attractive.

The Tax Reform Act of 1986 made a number of changes in the tax-exempt financing code sections that adversely affected the use of tax-exempt bonds for business expansion. The tax rules imposed substantial limitations on the types of facilities that may be financed with tax-exempt bonds. These limitations eliminated at least 50-60% of the facilities that had been financed pre-1986.

The 1986 Tax Reform Act also removed the deductibility of interest earned on tax-exempt securities purchased by commercial banks subsequent to August 7, 1986. This effectively created a tax-on-tax-exempt

interest for such banks, which prior to 1986 were the largest investors in tax-exempt bonds. The net result was the demand by commercial banks for tax-exempt securities was almost entirely eliminated.

- Users of tax-exempt bond financing were also restricted in their depreciation methodology for tax-exempt bond financed property. Interest on private activity bonds also is subject to alternative minimum taxes. The US Treasury proposed the enactment of these rules in order to minimize the availability of this financing tool.

Who can establish an IDC?

- Any city, county or port in the State of Washington can establish an IDC.

When and how was the Port's IDC formed?

- The Port's IDC was established on February 9, 1982, pursuant to RCW 39.84.

What is the boundary of the Port's IDC?

- King County – as defined, it is the “Corporate boundaries of the Port”. The IDC may finance projects within King County.

What is the Port's IDC's structure?

- It is a special purpose government with limited powers.
- It is governed by a board of directors who are the same as the members of the Port Commission.
- The Port cannot lend credit or give money to IDC.
- Debt is always non-recourse to the Port and to the IDC.

What law(s) and policies govern the IDC and what projects might be eligible for Port IDC funding?

- Washington State law RCW 39.84, which is the statute that covers all IDC-related issues.
- Federal law (IRS tax code), which covers tax-exempt financing eligibility.
- A project must qualify under **both** Washington State and Federal law to be eligible for Port IDC financing.
 - In the current legal environment, the biggest limitation surrounding Port IDC stems from the 1986 Tax Reform Act, which as mentioned above significantly narrowed the type of projects that can be financed with tax-exempt bonds and the type of borrowers who can avail themselves of tax-exempt bonds.
 - Based on the current legal environment, legal counsel & staff have determined that only certain types of projects that **may** qualify for Port IDC financing:
 - Airport facilities and over water shipping/receiving facilities, including related facilities
 - Solid waste and/or sewage treatment and disposal
 - Processing and manufacturing (with a maximum bond size of \$10,000,000)
- Additionally, IDC uses are limited by Resolutions on policy adopted by the IDC board. The policy is subject to change with approval from the IDC board.

What does that resolution stipulate for eligibility of projects?

- The Commission has adopted a policy for judging eligibility of projects:
- The IDC will consider only projects or proposals which will further the purposes and objectives of the Port of Seattle within the confines of state and federal law.
- Tax exempt private activity bonds will be issued only for the financing of projects which broaden and strengthen the economic base of the Port District by enhancing trade and the movement of passengers and cargo by air or sea, including:
 - the development or improvement of marine terminals and airport facilities or components thereof;
 - the development and improvement of commercial and industrial land, manufacturing facilities, warehouses, terminal and transfer facilities, and related improvements which enhance trade via Port-owned or operated airport and marine facilities;
 - the development and improvement of facilities which will enhance or promote the Port's Comprehensive Scheme; and
 - the development and improvement of facilities which directly support and assist the movement of passengers and cargo by air or waterborne transportation, including, but not limited to, aircraft and ship construction and repair facilities, facilities necessary for the inspection, weighing, storage, and packaging of cargo; and connecting surface transportation facilities.

Who assists the Port in deciding which projects to finance?

- When bonds are issued, outside bond counsel is engaged to review and confirm legal compliance and eligibility of the project for tax-exempt financing. The bond counsel certifies that the issuer has the legal authority to issue the bonds and that the securities qualify for federal income exemption. Staff reviews projects based on Port policy. Ultimately, the IDC Board and Port Commission have to approve the use of the IDC for financing.

Who may apply for financing through the IDC?

- Any company with a project that qualifies for tax exempt financing and qualifies under RCW 39.84 (the RCW that covers all IDC issuances) and the IDC policy listed above may apply for IDC financing.

How much can be spent on financing the project?

- The amount of the bond issuance depends on the borrower's ability to repay as determined by investors; as non-recourse bonds, this is determined solely by the borrower's credit. Generally, all proceeds from the bond issuance are used for project spending with some exceptions. Under section 147(g) of the Federal Tax Code, any amount of bond proceeds that may be applied to finance the costs associated with the issuance of qualified private activity bonds (both before and after the issue date) is limited to 2% of the proceeds of the bond issue. As a general rule, qualified private activity bonds must satisfy a use test whereby 95% or more of the net proceeds of the bond issue must be used to finance the qualified purpose for which the bonds were issued.

How does the IDC get compensated?

- The IDC is compensated for administrative expenses related to the bonds by the borrower. The compensation is based on a percentage of the debt service. Payment is generally a lump-sum paid when bonds are issued; older bonds had the option of payments made annually through the life of the bond.

How does the bond counsel get compensated?

- Bond counsel is paid a fee that is negotiated with the borrower. The fee may be fixed or hourly. A flat fee is generally based on the type and size of the bond issue. Fees are paid at the time of issuance, generally out of bond proceeds.

Who are the current outstanding borrowers of IDC funds?

- Delta Air: In 2001, the IDC issued bonds on behalf of Northwest Airlines for the construction of a two-bay maintenance hangar and a cargo handling facility at SeaTac Airport. In September of 2012, the Commission gave approval for the bonds to be refinanced by Delta Airlines, which has acquired Northwest Airlines, so Delta Airlines is now the borrower. The facility is still in operation.

This project is completed, but the bonds are still outstanding.

Appendix A

Chapter 39.84 RCW
INDUSTRIAL DEVELOPMENT REVENUE BONDS

Chapter 39.84 RCW Industrial Development Revenue Bonds can be found in the Washington State Legislature web site, via the following hyperlink: <http://apps.leg.wa.gov/rcw/default.aspx?cite=39.84>.

Appendix B

RESOLUTION NO. 2

A RESOLUTION of the Industrial Development Corporation of the Port of Seattle adopting a master policy for the purpose of determining the eligibility of projects or proposals for financing.

WHEREAS, the Industrial Development Corporation of the Port of Seattle (the "Corporation") is a public corporation created pursuant to Chapter 300, Laws of Washington 1981 (Reg. Sess.) codified as Chapter 39.84 of the Revised Code of Washington and Resolution No. 2845 adopted by the Port of Seattle Commission on February 9, 1982; and

WHEREAS, the Corporation is now desirous of adopting a master policy to determine the eligibility of projects or proposals coming before the Corporation; and

WHEREAS, the Corporation wishes to establish and empower a Chief Staff Officer for the Corporation with the authority to amend, update and revise, when necessary, the initial procedures to carry out the adopted policies herein; and

WHEREAS, the initial procedures have been submitted to the Board of Directors of the Corporation and by adoption of this Resolution represents Board concurrence in the general context and form.

NOW, THEREFORE, BE IT RESOLVED BY THE INDUSTRIAL DEVELOPMENT CORPORATION OF THE PORT OF SEATTLE, WASHINGTON, as follows:

Section 1. It is the basic policy of the Corporation to comply with the applicable Federal and State of Washington laws and amendments thereto in determining the eligibility of any project or proposal coming before the Corporation for consideration and/or approval for financing.

Section 2. The Corporation hereby adopts the following additional policy to determine the eligibility of projects or proposals for financing by the Corporation:

- A. The Corporation will consider only projects or proposals which will further the purposes and objectives of the Port of Seattle as adopted by the Port Commission December 9, 1980 or as further amended from time to time.
- B. Tax exempt industrial revenue bonds will be issued only for the financing of projects which broaden and strengthen the economic base of the Port District by enhancing trade and the movement of passengers and cargo by air or sea, including:
 - (1) the development or improvement of marine terminals and airport facilities or components thereof;
 - (2) the development and improvement of commercial and industrial land, manufacturing facilities, warehouses, terminal and transfer facilities, and related improvements which enhance trade via Port-owned or operated airport and marine facilities;
 - (3) the development and improvement of facilities which will enhance or promote the Port's Comprehensive Scheme; and
 - (4) the development and improvement of facilities which directly support and assist the movement of passengers and cargo by air or waterborne transportation, including, but not limited to, aircraft and ship construction and repair facilities, facilities necessary for the inspection, weighing, storage, and packaging of cargo; and connecting surface transportation facilities.
- A. The Corporation will not consider projects or proposals that:
 - (1) unnecessarily or unjustifiably subsidize users, i.e., proponents must demonstrate reasonable need for this form of financing;

- (2) create unfair competition or dislocate the balance of competition within the Port District;
- (3) duplicate existing facilities which already adequately meet current needs;
- (4) are proposed by others than the directly interested party, or by any proponent unable to demonstrate a sound operating and financial history; and
- (5) are not otherwise authorized by the 1981 Local Economic Development Act or other applicable laws.

Section 3. The Chief Staff Officer of the Corporation shall be the Executive Director of the Port of Seattle. The chief staff officer is hereby authorized to carry out the purposes of the policies hereby and henceforth adopted by the Corporation and may amend, update and revise the procedures of this Resolution as it is from time to time necessary due to changes in law and/or operations of the Port without prior Commission approval, except as to fees and assessments to be charged.

The initial procedures have been submitted to the Board of Directors of the Corporation and by this Resolution they concur in the general context and form.

ADOPTED by the Board of Directors of the Industrial Development Corporation of the Port of Seattle, Washington this 27th day of April 1982.

JACK BLOCK
PRESIDENT

ATTEST:
HENRY L KOTKINS

SECRETARY
(SEAL)

Appendix C

Examples of IDC/EDC's located in Washington State*

Counties

Adams County
Chelan County
King County
Kitsap County
Okanogan County
Pierce County
Spokane County
Snohomish County
Kittitas County
Klickitat County
Clark County
Yakima County

Cities

Algona
Anacortes
Bellingham
Enumclaw
Everett
Kent
Seattle
Snoqualmie
Sunnyside
Union Gap
Vancouver

Port Districts

Port of Anacortes
Port of Bellingham
Port of Benton
Port of Camas-Washougal
Port of Centralia
Port of Chehalis
Port of Douglas County
Port of Edmonds
Port of Ephrata
Port of Everett
Port of Kalama
Port of Longview
Port of Moses Lake
Port of Olympia
Port of Pasco
Port of Port Angeles

Port of Port Townsend
Port of Quincy
Port of Seattle
Port of Skagit
Port of Skamania
Port of Sunnyside
Port of Walla Walla
Port of Warden

* This list may **not** represent all issuers; some have been inactive for many years.



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Seattle, Washington 98111
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206.787.3000

**MINUTES OF THE
ANNUAL MEETING OF THE BOARD OF DIRECTORS
OF THE INDUSTRIAL DEVELOPMENT CORPORATION
OF THE PORT OF SEATTLE**

May 28, 2023

The annual meeting of the Board of Directors of the Industrial Development Corporation (IDC) of the Port of Seattle, Washington, was held on May 28, 2023, during a recess of the Port Commission regular meeting on the same date, which convened at 12:00 p.m. and was conducted at the Seattle-Tacoma International Airport Conference Center, located at 17801 International Blvd, Seattle WA, Mezzanine Level, and virtually on Microsoft Teams. The annual meeting of the Board of Directors of the IDC convened at 1:02 p.m. Directors present included Ryan Calkins, Sam Cho, Fred Felleman, Toshiko Hasegawa, and Hamdi Mohamed.

1. Approval of Minutes

Minutes of the IDC meeting of April 26, 2022.

Motion for approval of the IDC meeting minutes of April 26, 2022, carried by the following vote:

In Favor: Calkins, Cho, Felleman, Hasegawa, and Mohamed (5)

Opposed: (0)

2. Election of Board of Directors Officers

ACTION REQUESTED: Request Board approval of the Industrial Development Corporation of the Port of Seattle Board of Directors and Officers for 2023.

Request documents: [IDC agenda memorandum](#).

Pursuant to the IDC Bylaws, Article 5, Section A, the following is a list of proposed Board of Directors and Officers for 2023:

Sam Cho, President
Toshiko Hasegawa, Vice-President
Fred Felleman, Secretary
Ryan Calkins, Director
Hamdi Mohamed, Director

Motion for approval of proposed slate of Directors/Officers carried by the following vote:

In Favor: Calkins, Cho, Felleman, Hasegawa, and Mohamed (5)

Opposed: (0)

3. Industrial Development Corporation Annual Report for 2022

Presentation documents: [IDC agenda memorandum](#).

Presenter(s): Ian Burke, Financial Analyst Corporate, Finance and Budget .

Mr. Burke presented the 2022 Annual Report, noting the following relevant information in the annual meeting packet:

- The IDC was established in 1982 under Chapter 39.84 RCW as an incentive to industrial development in King County via access to tax-exempt financing.
- The Port's IDC is not the lender, but acts as a conduit. Debt issued through the IDC is the sole responsibility of the company issuing the debt and is non-recourse to the Port and the IDC.
- Narrow criteria to qualify for IDC financing means that only two projects have been funded through the IDC since 1982.
- Financial reports attached.
- Status of IDC bonds – as of December 31, 2022, one company, Delta Air Lines, Inc, had an outstanding IDC debt totaling \$66,025,000. Delta made a one-time lump-sum payment (calculated using the present value of debt service over the life of the bonds) in 2012 when they refunded the Northwest Airlines bonds. As such, the IDC will no longer collect customer fees going forward unless there is a new issuance.
- Minimum fund balance recommendation - \$300,000 to ensure adequate investment earnings to fund annual operating and future audit expenses.

4. **Adjournment**

There being no further business, the annual meeting of the Board of Directors of the Industrial Development Corporation of the Port of Seattle was adjourned at 1:06 p.m.

Prepared:

Attest:

Michelle M. Hart, MMC, Commission Clerk

Fred Felleman, Industrial Development Corporation Secretary

Minutes approved March 26, 2024.



**COMMISSION
AGENDA**

MEMORANDUM

ACTION ITEM

Item No.

10b

Date of Meeting

March 26, 2024

DATE : March 18, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Eileen Francisco, Director Aviation Project Management
Keri Stephens, Director Aviation Facility and Capital Program

SUBJECT: Taxiway A Recircuiting (CIP# C801303)

Amount of this request: \$39,205,000

Total estimated project cost: \$39,500,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) authorize final design and preparation of construction bid documents; (2) advertise, award, and execute a major public works construction contract; (3) procure long lead material items; (4) include a Project Labor Agreement for the contract; (5) authorize use of Port crews for abatement work for Taxiway A Circuit Replacement project at Seattle-Tacoma International Airport.

Total request for this action is \$39,205,000. The total project cost is estimated at \$39,500,000.

EXECUTIVE SUMMARY

This project will replace Taxiway A’s centerline lighting conduit, cabling, lighting, and supporting infrastructure. Taxiway A, on the North side of the airfield, is part of the dual Taxiway A/B system that permits access of aircrafts to the North side of the Runways. Taxiway A is vital to efficient operations at Seattle-Tacoma International Airport. Taxiways are required by Federal Aviation Administration (FAA) to have functioning centerline lighting for pilots to follow to ensure safe passage. Taxiway A’s centerline lighting have exhibited signs of failure compounded by the conduit underneath corroding, requiring replacement of the conduit and the pavement above. Furthermore, replacing lighting fixtures with Light Emitting Diode (LED) will creating savings on electrical demand.

JUSTIFICATION

Taxiway A is a critical part of efficient operations at Seattle-Tacoma International Airport. FAA requires centerline lighting for safe transiting of aircraft during periods of low visibility. Taxiway A centerline lighting is 30 years old, nearing the end of its useful life, costly to maintain, and in need of replacement. This project replaces the entirety of Taxiway A centerline lighting, changing

Meeting Date: March 26, 2024

the system to be more energy efficient and installs more resilient infrastructure that meets modern standards.

Certain construction materials and equipment may have lead time exceeding standard contractor mobilization time frames. The project staff has done an initial analysis on items that might be long lead, which could potentially include but is not limited to taxiway centerline lighting fixtures, transformers, constant current regulators, base cans, taxiway guidance signs, and handholes. Further analysis will be conducted as design progresses to verify the needs of owner furnished/contractor installed (OFCI) items. Early procurement of long lead items will help maintain the construction schedule starting in Q1 through Q4 2025.

Diversity in Contracting

The design services contract (P-00320176) includes a 17.30% Women and Minority Business Enterprise (WMBE) participation requirement and is currently trending below the requirement. However, the Service Directive (SD) and associated Modification for this project are estimated to provide 22% utilization, which will help the overall Service Agreement utilization. The project staff will stay in close coordination with Diversity in Contracting Department to identify and include a WMBE goal in the procurement of the construction contract.

DETAILS

This project will be constructed in conjunction with the 2025 scope elements of the 2021-2025 Airfield Pavement and Supporting Infrastructure Replacement Program (CIP# C800930) and Airfield Utility Improvement Program (CIP# C801177). These projects have overlapping work areas and design functionality, interdependent operational impacts, and share 2025 schedule milestones. As such they are being planned, designed, and phased to be delivered concurrently for purposes of Airfield safety, efficiency, and minimization of operational impacts.

These projects will interface with other projects and airline operations. Continual coordination with Airport Operations, the FAA, Airlines, and related Tenants will ensure the least possible operational impact during construction.

A project labor agreement will be used for these projects based on the importance of labor continuity and the need to minimize any risk of impact to operations during construction.

Scope of Work

This project replaces centerline lighting circuit of Taxiway A, including:

- (1) Centerline lighting fixtures, replacing incandescent with LED.
- (2) Centerline lighting base cans.
- (3) Circuit cables.
- (4) Conduit.

Meeting Date: March 26, 2024

- (5) Concrete panels along centerline.
- (6) New constant current regulators.

Schedule

Activity

Design start	2023 Quarter 4
Construction start	2025 Quarter 1
In-use date	2026 Quarter 1

Cost Breakdown

	This Request	Total Project
Design	\$6,282,000	\$6,577,000
Construction	\$30,527,000	\$30,527,000
Sales Tax	\$2,396,000	\$2,396,000
Total	\$39,205,000	\$39,500,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Reconstruct Taxiway A circuit over several construction seasons.

Cost Implications: \$62,722,000

Pros:

- (1) Taxiway A centerline lighting circuit still gets reconstructed.
- (2) Less capital expenditures in 2024 and 2025.
- (3) Dividing the work into several years allows easier phasing during peak seasons with less operational impacts in 2024 and 2025.

Cons:

- (1) Higher overall cost.
- (2) Prolongs the risk of an emergency lighting system failure and not in compliance with FAA requirements for safe operations at Taxiway A and access to the Runways.
- (3) Operational impacts in 2026 and beyond.

This is not the recommended alternative.

Meeting Date: March 26, 2024

Alternative 2 – Status Quo

Cost Implications: \$0

Pros:

- (1) No capital expenditure in 2024 or 2025.
- (2) No operational impacts due to construction from this project.

Cons:

- (1) Risks of not in compliance with FAA requirements for safe operations at Taxiway A and access to the Runways.
- (2) Large, unplanned operational impacts from emergency lighting system failure.

This is not the recommended alternative.

Alternative 3 – Reconstruct Taxiway A project in one construction season.

Cost Implications: \$39,500,000

Pros:

- (1) Ensure compliance with FAA requirements and safe operations at Taxiway A and access to the Runways.
- (2) Create more sustainable airfield infrastructure with lower demand LED bulbs resulting in cost savings and environmental benefits.
- (3) Install PVC conduit, which is more resilient and less brittle with a longer service life. It also allows Maintenance to trouble shoot and replace aging and failing cables, both under normal operations, and in an emergency.

Cons:

- (1) Operational impacts during construction.
- (2) Taxiway A relocation is a near term Sustainable Airport Master Plan (SAMP) project. The final product of this construction would be demolished if the new Taxiway A is built as part of SAMP.
- (3) Expenditures in 2024, 2025 and 2026.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$39,500,000	\$0	\$39,500,000
Current change	(\$90,000)	\$90,000	0
Revised estimate	\$39,410,000	\$90,000	\$39,500,000
AUTHORIZATION			

Meeting Date: March 26, 2024

Previous authorizations	\$295,000	0	\$295,000
Current request for authorization	\$39,115,000	\$90,000	\$39,205,000
Total authorizations, including this request	\$39,410,000	\$90,000	\$39,500,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project was included in the 2024-2028 capital budget and plan of finance with a budget of \$39,500,000. The budget of \$90K, for environmental remediation cost, was transferred from capital to expense. The funding sources will be the Airport Development Fund and future revenue bonds.

Financial Analysis and Summary

Project cost for analysis	\$39,500,000
Business Unit (BU)	Airfield Movement Area
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base.
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.13 in 2027

Future Revenues and Expenses (Total cost of ownership)

The Taxiway A project will cause a decrease in annual operating & maintenance costs. This is because the project will install more resilient LED lighting, which is easier to maintain as it has a longer life than the current incandescent lighting. Furthermore, PVC conduit will be installed, which makes cable pulling easier.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides.

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None.

Item No.	10b_supp
Date of Meeting	March 26, 2024

Taxiway A Circuit Replacement (CIP# C801303) Design and Construction Authorization

Seattle-Tacoma
International Airport



Taxiway A Circuit Replacement Request

- Request Commission authorization for the Executive Director to
 - authorize final design and preparation of construction bid documents;
 - advertise, award, and execute a major public works construction contract;
 - procure long lead items;
 - include a Project Labor Agreement for the contract; and
 - authorize use of Port crews for abatement work.
- The amount of this authorization request: \$39,205,000

Project Background and Scope

Project Background

- Taxiway A was constructed in 1987, and centerline lighting has never been reconstructed.
- According to FAA Advisory Circular, any circuit with megger reading below 1 megohm is deemed as “destined for rapid failure”. Taxiway A centerline lighting circuits exhibit signs of distress with megger readings close to 1 megaohm.
- Furthermore, the conduit housing the circuit is corroded, making a cable pull unfeasible.

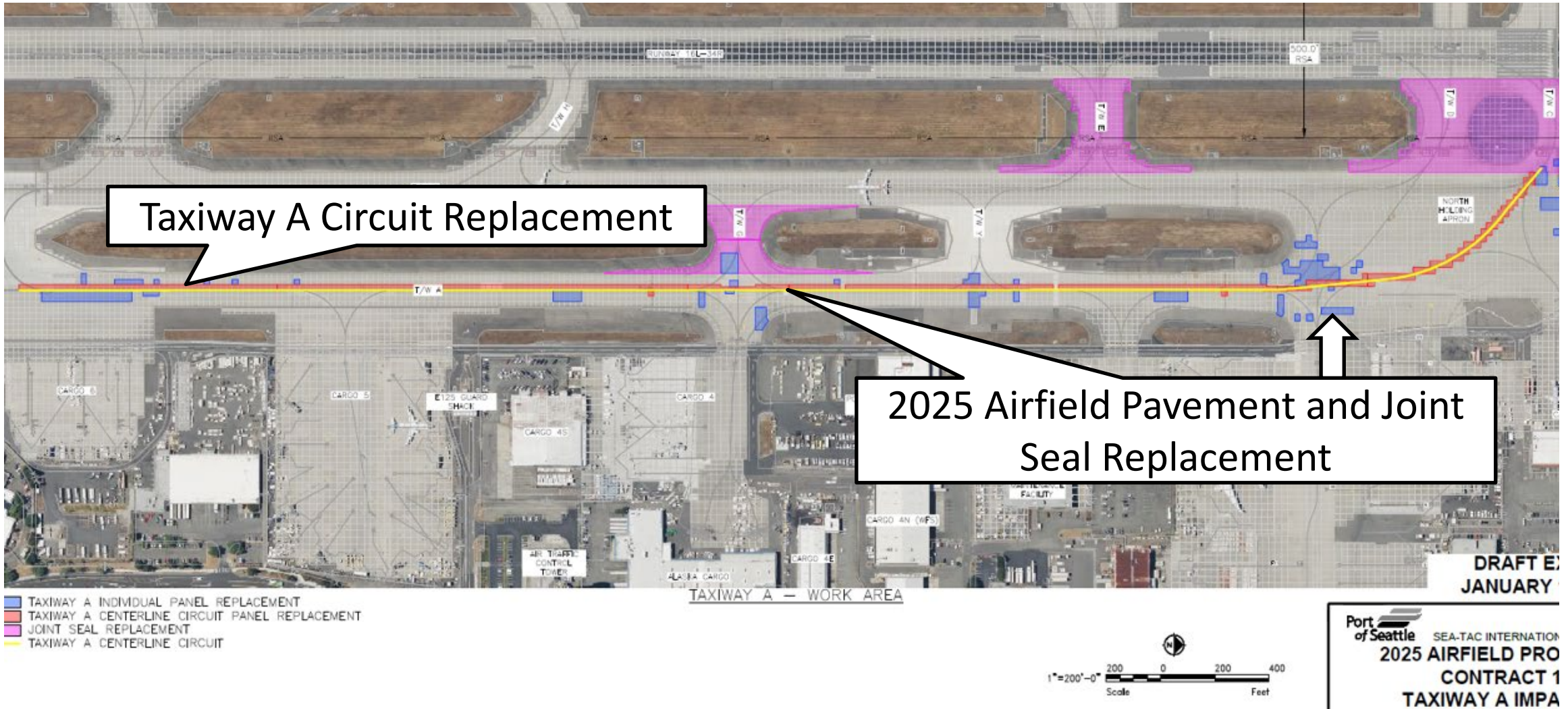
Scope

- This project will install new Taxiway A centerline lighting circuits, LED light fixtures, constant current regulators, PVC conduit, and concrete panels above conduit.

Project Details

- This project will be combined with the 2025 Airfield Pavement and Supporting Infrastructure Replacement Project (CIP# C800930) and 2025 Airfield Utility Improvement Project (CIP# C801177). These projects have overlapping work areas and design functionality, interdependent operational impacts, and share 2025 schedule milestones. As such they were planned, designed, and phased to be delivered concurrently for purposes of Airfield safety, efficiency, and minimization of operational impacts.

Project Diagram



Project Schedule

Schedule	
Design complete	2024 Quarter 4
Construction start	2025 Quarter 1
In-use date	2026 Quarter 1

Project Budget

Cost Breakdown	Amount of this Request	Total Estimated Project Cost
Design	\$6,282,000	\$6,577,000
Construction	\$30,527,000	\$30,527,000
Sales Tax	\$2,396,000	\$2,396,000
Total	\$39,205,000	\$39,500,000

Thank You!



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**COMMISSION
AGENDA MEMORANDUM**

Item No. 10c

ACTION ITEM

Date of Meeting March 26, 2024

DATE : March 18, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Jeff Wolf, Director, Aviation Commercial Management
Eileen Francisco, Director, Aviation Project Management Group

SUBJECT: Airport Food and Beverage Introductory Kiosks (CIP #C801111)

Amount of this request: \$5,850,000

Total estimated project cost: \$7,050,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to 1) authorize the preparation of construction bid documents, 2) advertise, award, and execute a major public works construction contract for the Food and Beverage Introductory Kiosk project. The amount of this request is \$5,850,000.

EXECUTIVE SUMMARY

This project will incorporate food and beverage into the framework of Airport Dining and Retail’s (ADR’s) Introductory Kiosk Program by creating two rotating in-line food incubator concepts. These concepts will add diversity and flexibility of offerings for SEA passengers in two separate locations: one on Concourse B (CB-04) and the second in the Central Terminal (CT-02), directly underneath the recently completed Brewtop Social.

Prior to the solicitation of construction services, the project team is requesting additional budget to close out the design phase. The Port’s designer has notified the project team of additional project increases associated with the development of the 100% design package. These cost increases are a direct result of resolving critical design issues to conform designs to existing conditions and time associated with the evaluation/approval to reuse the existing kitchen equipment, where applicable.

JUSTIFICATION

The goal of this project is to create new opportunities for small businesses by reducing the barriers to entry for food and beverage operators within the ADR Program. Small businesses will be offered a three-year flexible lease term for the fully-built-out units to provide food and

Meeting Date: March 26, 2024

beverage services. This will allow the operators to determine whether their concept might thrive in the airport environment without having to make a significant capital investment and commit to longer lease terms. Both locations will be designed, constructed, and maintained by the Port. These units will provide the Port with additional non-aeronautical revenue but are primarily intended to provide opportunities for small businesses to enter the airport food and beverage market who otherwise would not be able to due to high build-out and start-up costs.

This program is an extension of the widely successful retail kiosk program, which has advanced multiple small businesses from introductory kiosk opportunities into both intermediate kiosks and successful RFP respondents for long-term inline spaces.

Between August 2019 and November 2020, \$1,200,000 was authorized for planning and design services. Originally the total project value was estimated at \$5,500,000.

Design solicitation and preliminary concept development occurred between April 2021 and August 2022. After a slight delay, due to COVID, the project kicked off full design in January 2023.

Upon receiving the 100% design submittal in October 2023, critical design issues arose concerning the approval to reuse the existing kitchen equipment within the CB-04 location. Design revisions and extensive coordination was required to secure said approval. Delivering the space with a diminished cookline or fully replacing the gently used equipment would have been detrimental to both the project vision and budget. These efforts significantly depleted some the design funds needed to complete design and develop both the permit and bid packages.

Diversity in Contracting

The project team has worked with the Diversity in Contracting and set a women- and minority-owned business enterprise (WMBE) aspirational goal of 15% for this project.

DETAILS

As a result of the necessary and lengthy design coordination, the Port has reassessed the overall project budget and determined a budget increase is warranted, in addition to requesting Port Commission’s authorization of remaining budget.

The value of this request incorporates all known cost increases to close out design, prepare bid documents, allow the Designer of Record to provide minimal design support during construction, and allow for project management by a Consultant Project Manager.

Project estimates are consolidated in the table below with the additional \$1.55 million increase reflected within the current estimate.

Meeting Date: March 26, 2024

Item	Original Estimate	Current Estimate
Planning & Design	\$1,200,000	\$2,700,000
Construction	\$4,300,000	\$4,350,000
TOTAL	\$5,500,000	\$7,050,000

The additional design coordination required to resolve critical project issues provided insight for lessons learned, which are as follows:

- (1) Recognition that designers new to the Port will require more investment, both financially and from a project delivery resource standpoint to ensure new designers are successful in navigating the Port’s processes and design standards. Efficiencies are gained when new designers are paired with experienced project managers.
- (2) In depth oversight by staff familiar with Port standards and practices during design development is necessary to verify designs conform to the vision of the project and existing site conditions.

Scope of Work

This project includes all typical components of a food service tenant improvement, with Port furnished, owned, and maintained equipment.

Specific scope includes new lighting, signage, ceilings, storefront finishes, flooring, casework, kitchen equipment, furniture, and Mechanical, Electrical and Plumbing infrastructure to support the future operations.

The Concourse B location (CB-04) repurposes the previous concept’s kitchen. The space is equipped with all necessary utilities to support a full restaurant cookline, including a hood and grease duct. All existing utilities are approved for reuse as part of the Food Incubator Program.

The completion of the tenant improvement requires the existing closed-off storefront to be modified for passenger walk up service, including the addition of a service counter behind a new decorative storefront façade. A small seating area will also be created within the space.

The Central Terminal location (CT-02), formerly the Anthony’s Grab and Go Fish Bar, requires new cooking equipment, finishes, and utilities. The façade at this location will need to integrate seamlessly into the adjacent new Salty’s restaurant storefront, which will be the primary backdrop for the north side of the Central Terminal. Due to the small size of this location, it will utilize existing seating in the Central Terminal.

These storefront façades are highly visible, prominent design features which will impact the overall aesthetic of the airport, especially within the Central Terminal.

Meeting Date: March 26, 2024

Both locations include digital signage to easily promote tenants who will be rotated through these spaces on short-term leases as well as new cook lines and equipment with Type I grease exhaust, and new finishes.

Schedule

Activity

Notice to Proceed with Construction	2024 Quarter 4
In-use date	2025 Quarter 2

Cost Breakdown

	This Request	Total Project
Preliminary Planning	\$0	\$50,000
Design	\$1,500,000	\$2,650,000
Construction	\$4,350,000	\$4,350,000
Total	\$5,850,000	\$7,050,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Leave Concourse B and the Central Terminal locations vacant and competitively bid the spaces for two (2) potential new ADR operators to lease.

Cost Implications: \$1,200,000 (committed cost used to- date)

Pros:

- (1) Remaining capital budget of \$4,350,000 could be saved.
- (2) Potential to receive greater proposed rent structures as part of the RFP process.

Cons:

- (1) Current design and permit development and submissions to date along with costs would be wasted. As noted above, \$1,200,000 has been committed to date.
- (2) The RFP process and project schedule for new leased space will take time and further delay the opening of these locations until approximately 2026.
- (3) Limits the number of opportunities for small businesses to operate individual locations within the airport.

This is not the recommended alternative.

Alternative 2 – Competitively bid the locations just for small business(es).

Cost Implications: \$1,200,000 (committed cost used to- date)

Pros:

- (1) A specific lease group just for small businesses would guarantee small business opportunity within the program.
- (2) Remaining capital budget of \$4,350,000 could be saved.

Meeting Date: March 26, 2024

Cons:

- (1) Design and construction costs for spaces have been identified as a barrier of entry for many small businesses especially those entering the airport for the first time.
- (2) Given the long lease term, this alternative would establish the same cadence of small business prospects as all locations within the ADR program limiting opportunities to every 10-12 years.
- (3) Current design and permit development and submissions to date along with costs would have to be expensed. As noted above, \$1,200,000 has been committed to date.

This is not the recommended alternative.

Alternative 3 – Build out the two ADR food incubator kiosk concepts. The Port will incur the cost for construction and maintenance for the food incubator kiosk concessionaire spaces.

Cost Implications: \$7,050,000 capital costs. Estimated annual maintenance costs of \$50k- \$150k.

Pros:

- (1) Provides increased accessibility into the ADR program for multiple small businesses to test their concepts in an airport environment due to the limited lease term and by removing the upfront costs associated with a full-scale design and construction process.
- (2) Enhances the passenger experience by expanding the widely successful kiosk program into the food and beverage category and diversifying the offering mix on a more consistent basis.
- (3) The project creates unique architectural interests in Concourse B and Central Terminal.

Cons:

- (1) The Port has limited experience in maintaining an operational tenant occupied space. As a result, the Port anticipates navigating various unknowns regarding the maintenance needs of the space having only limited lessons learned from the retail kiosk program to draw from.
- (2) Removes units from being bid as part of a larger RFP process and potentially securing a higher proposed rent structure.

This is the recommended alternative.

Meeting Date: March 26, 2024

FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$5,500,000	\$0	\$5,500,000
Current change	\$1,550,000	\$0	\$1,550,000
Revised estimate	\$7,050,000	\$0	\$7,050,000
AUTHORIZATION			
Previous authorizations	\$1,200,000	\$0	\$1,200,000
Current request for authorization	\$5,850,000	\$0	\$5,850,000
Total authorizations, including this request	\$7,050,000	\$0	\$7,050,000
Remaining amount to be authorized	\$0	\$0	\$0

Annual Budget Status and Source of Funds

This project was included in the 2024 – 2028 capital budget and plan of finance with a budget of \$5,500,000. The capital budget increase of \$1,500,000 will be transferred from the Non-Aeronautical Reserve CIP (C800754) resulting in zero net change to the Aviation capital budget. The funding source would be the Airport Development Fund (ADF) and revenue bonds.

Financial Analysis and Summary

	Alternative 3 (Preferred)
Project cost for analysis	\$7 million capital and \$50k-\$150k of annual expenses
Business Unit (BU)	Commercial Management
Effect on business performance	New additional non-aeronautical revenue will ramp up from approximately \$500k/year to \$1 million/year (based on estimated comparable sales from similar established tenants) in year 15. With the Port taking on additional costs to reduce barriers to entry for these tenants, breakeven is extended to approximately 15-20 years.
NPV	NPV is estimated to be positive based on 15-20 years of revenue generation.
CPE Impact	N/A.

Future Revenues and Expenses (Total cost of ownership)

Meeting Date: March 26, 2024

New non-aeronautical revenues are estimated to be approximately \$500k (year 1) - \$1 million (year 15) based on annual escalation of 3%.

A service agreement for yearly maintenance of these spaces of approximately \$50,000 per year will be required after completion of the project. The financial analysis includes this amount with an annual increase of 6%.

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 17, 2020 – Design Authorization.

Item No.	10c_supp
Date of Meeting	March 26, 2024

Airport Food & Beverage Introductory Kiosks CIP: C801111

Purpose

Request Commission authorization for the Executive Director to:

- 1) authorize the preparation of construction bid documents,
- 2) advertise, award, and execute a major public works construction contract for the Food and Beverage Introductory Kiosk project. The amount of this request is \$5,850,000. Total project cost estimate is \$7,050,000.

History of the ADR Retail Kiosk Program

- The Introductory retail kiosk program began in 2012 on Concourse C offering small businesses short-term, flexible leases for tenants to test out their concepts without the concerns of being locked into long term leases.
- Introduced the expansion of the program to include Intermediate Retail Kiosk opportunities on Concourse A in 2016, offering a more established small business that was not already operating within an airport, the opportunity to make a limited investment and operate their concept with a longer lease term in a larger non-storefront footprint.
- Introduced two (2) new Introductory kiosk locations on Concourse A in 2022 and two (2) new Intermediate kiosk locations in Concourse N in 2023.

ADR Retail Kiosk Program Successes

- **Seattle Chocolate:** WMBE/SBE, successfully competed in Lease Group 2 and currently operating in Concourse C.
- **Planewear:** ACDBE/WMBE/SBE, successfully competed in Lease Group 4 and currently operating in Central Terminal.
- **Lady Yum:** WMBE/SBE, Highest grossing Introductory Kiosk (\$1.3M annually) and currently operating an Intermediate Kiosk in Concourse A.
- **Sacred Circle:** This was the first Indigenous kiosk to operate within an airport.
- **Chalo and Show Pony:** ACDBE/WMBE/SBE and recently opened an Intermediate Kiosk in Concourse N.

What is a Food & Beverage Introductory Kiosk?

- Port constructed and maintained kitchen spaces.
- Program that provides small business operators with three-year, flexible lease term opportunities to test their restaurant concepts in an airport environment to determine viability without significant capital investment.
- Provides opportunity for small businesses by reducing barriers to entry for the costliest category of operation within the airport.
- Provides passengers with a more diverse offering of dining options, aligns with the Port Century Agenda Objective to increase career and business opportunities for local communities in all port-related industries.

Project Scope

- Provide two Port-furnished, owned, and fully maintained full-service kitchen spaces for ADR to lease to small business food and beverage operators.
- Two locations: Concourse B & Central Terminal.
- Typical food service buildout: new lighting, signage, ceilings, storefront finishes, flooring, casework, kitchen equipment, furniture, and Mechanical, Electrical and Plumbing infrastructure to support the future operations.

Concourse B (CB-04)

Current Concourse B | Between B3 & B5



Future Concourse B

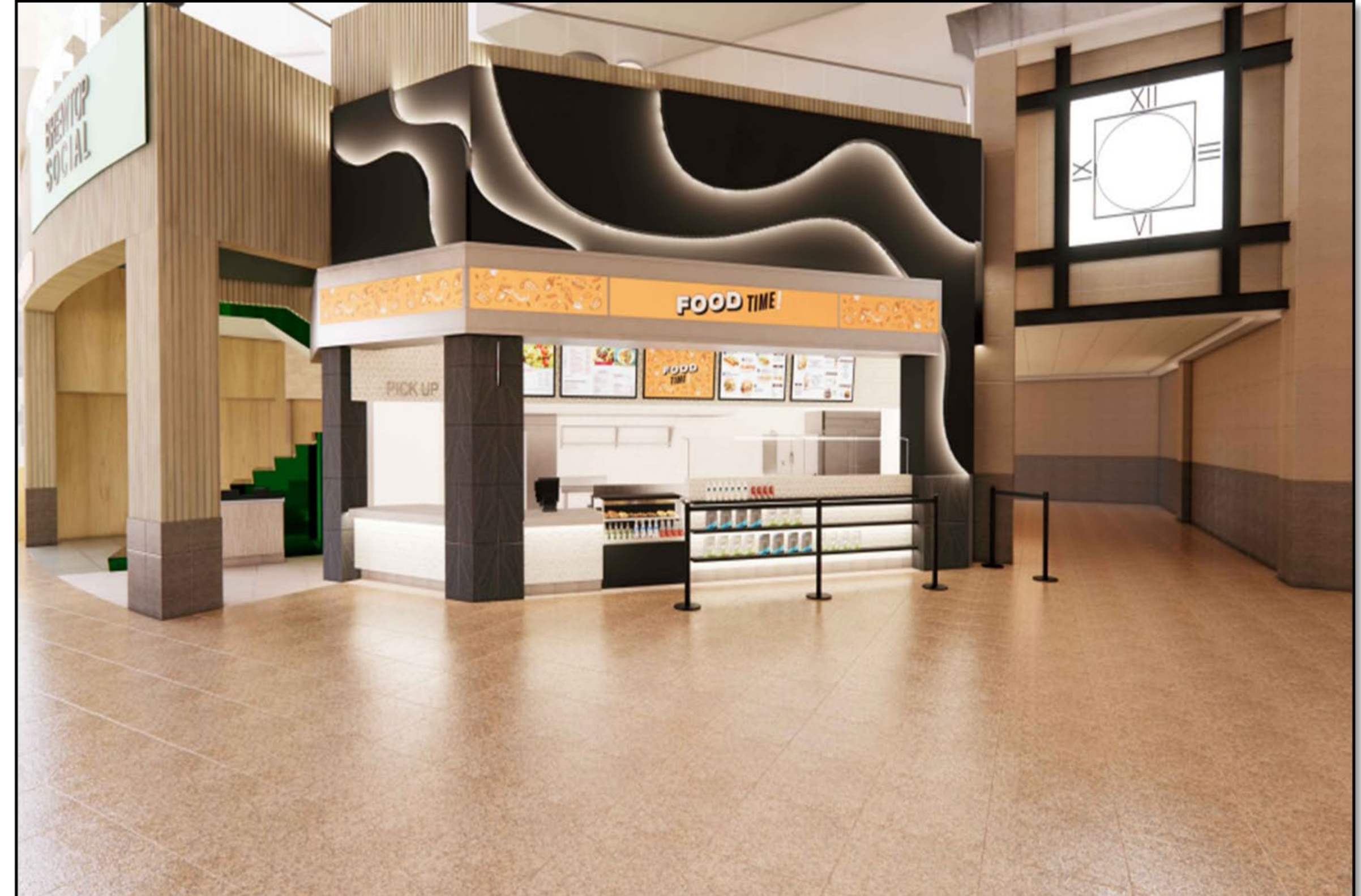


Central Terminal (CT-02)

Current Central Terminal | Underneath Brewtop Social



Future Central Terminal



Financial Implications

Project cost for analysis	\$7 million capital and \$50k-\$150k of annual expenses.
Business Unit (BU)	Commercial Management.
Effect on business performance	<p>New additional non-aeronautical revenue will ramp up from <u>approximately \$500k/year to \$1 million/year</u> (based on estimated comparable sales from similar established tenants) in year 15.</p> <p>With the Port taking on additional costs to reduce barriers to entry for these tenants, breakeven is extended to approximately 15-20 years.</p>
NPV	NPV is estimated to be positive based on 15-20 years of revenue generation.

Schedule

Design	Q2 2024
Permit / Bid Package	Q2 2024
Solicitation for General Contractor	Q4 2024
NTP for Construction	Q4 2024
Open	Q2 2025

Request

Commission authorization for the Executive Director to:

1. Authorize the preparation of construction bid documents,

2. Advertise, award, and execute a major public works construction contract for the Food and Beverage Introductory Kiosk project.

Questions?



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ORDER NO. 2024-05

AN ORDER OF THE PORT OF SEATTLE COMMISSION

...to establish the Responsible Tourism Committee as a Port of Seattle Commission special committee.

**PROPOSED
MARCH 26, 2024**

INTRODUCTION

The second goal of the Century Agenda is to, “advance this region as a leading tourism destination and business gateway.” While the three objectives identified to achieve that goal currently only pertain to improving airport capacity, the Port of Seattle is increasingly committed to advancing Responsible Tourism practices that expand the awareness and opportunities for travelers to experience destinations in Washington that benefit the economy while helping to minimize the negative impacts on communities and the environment.

Some of the initiatives the Port of Seattle has taken to advance sustainable/responsible tourism have included co-hosting the inaugural Responsible Outdoor Travel Summit with Washington State Tourism, Statewide tourism grants increasingly emphasizing such programs and the publication of the Responsible Tourism Handbook. The Port continues to seek opportunities to serve on external committees and collaborate with communities and marketing organizations to advance ideas that contribute to stewardship-driven tourism programs.

Establishing a Responsible Tourism special committee will create an opportunity for Commissioners to provide oversight and engagement with staff that advance the Port’s growing commitment to support responsible tourism practices.

TEXT OF THE ORDER

The Port of Seattle Commission hereby establishes the Responsible Tourism special committee. The Committee shall provide oversight, information, advice, and recommendations to the full Commission and executive director regarding Port-driven efforts to support sustainable tourism programs as part of our mission to advance economic development in fulfillment of the Port’s Century Agenda goals.

Upon passage of this Order, the Committee will exist until such time the Commission finds it no longer of value or is established as a permanent committee. The special committee membership shall consist of Commissioner Fred Felleman and Commission President Hamdi Mohamed.

The Committee shall afford opportunities for Commissioners to be kept informed and provide feedback on initiatives led by staff from the Economic Development Department and the Office of Equity, Diversity, and Inclusion and to seek feedback and review from Port staff regarding initiatives being undertaken in external committees on which Commissioners serve. The special committee will:

1. Monitor state level efforts to advance responsible tourism and contribute suggestions for inclusion in the Washington State Tourism Responsible Outdoor Travel Summit.
2. Oversee initiation and review progress of the Snoqualmie Responsible Tourism project and make recommendations for future programming based on lessons learned from using destination assessment and management tools.
3. Provide updates on the work of external committees, including the US Department of Commerce Travel and Tourism Advisory Council (TTAB), the Pacific NW Economic Region (PNWER) Tourism Committee, and Visit Seattle.
4. Monitor and provide input towards preparations for the significant increase in tourism for the FIFA World Cup in June/July of 2026.
5. Provide recommendations to the Seattle Port Commission on potential updates to the Century Agenda regarding tourism.
6. Provide recommendations to the Commission for the potential need to continue the work of the Committee.

The Tourism Director within the Port of Seattle's Economic Development Department, or designees, shall support the special committee as the primary executive staff contacts. The role of the executive staff contacts shall be to inform the Committee about progress on these topics, support the Committee with timely and responsive information, coordinate with other executive staff in support of the Committee's work, and serve as a resource for Committee deliberation.

STATEMENT IN SUPPORT OF THE ORDER

The Port of Seattle recognizes the rich but fragile natural and cultural resources within the region that draws visitors from around the world. Fostering sustainable, stewardship-driven responsible tourism practices is essential to preserving the environment and community support, while also driving future economic growth, engendering an environmental ethic and cultural exchange in the region.

Establishing a Responsible Tourism special committee will create the opportunity for Commissioners to collaborate in the development of strategies, policies, and initiatives that prioritize environmental conservation, community engagement, and the promotion of responsible travel practices that will help ensure the Port of Seattle addresses its Century Agenda goals and commitments to local communities and environment. There are currently no Commission-led committees that addresses tourism.

**COMMISSION
AGENDA MEMORANDUM**

Item No. 11a

BRIEFING ITEM

Date of Meeting March 26, 2024

DATE: March 4, 2024
TO: Stephen P. Metruck, Executive Director
FROM: Dan Thomas, Chief Financial Officer
Michael Tong, Director, Corporate Budget
SUBJECT: 2023 Financial Performance Briefing

EXECUTIVE SUMMARY

The purpose of this presentation is to provide a status report of the 2023 financial performance results.

BACKGROUND

The Port's overall operating revenues for 2023 were \$969.3 million, which is \$15.6 million above the budget and \$159.2 million higher than 2022. Excluding Aeronautical revenues, which are based on cost recovery and revenue sharing formulas, other Airport Non-Aero revenues were \$326.6 million, \$30.5 million or 10.3% above the budget and \$70.0 million or 27.3% higher than 2022 from all lines of businesses.

Non-Airport revenues were \$163.0 million, \$10.4 million or 6.8% above the budget and \$12.0 million or 8.0% higher than 2022 mainly due to higher revenues from Cruise and NWSA Distributable Income.

Total operating expenses for 2023 were \$557.1 million, which is \$16.3 million or 2.8% below budget and \$81.4 million or 17.1% higher than 2022. The favorable budget variance was largely due to a \$28.7 million DRS Pension True-up Credit. Excluding the Pension Credit, the budget variance was \$12.4 million or 2.2% above budget mainly to higher Environmental Remediation Expense and less Charges to Capital Projects.

Net operating income before depreciation was \$412.1 million, which is \$31.9 million or 8.4% above budget and \$77.7 million or 23.2% higher than 2022.

Each division will present its results to the Commission. The presentation outline is as follows:

1. Aviation Division Operating Results
2. Maritime Division Operating Results
3. Economic Development Division Operating Results

COMMISSION AGENDA – Briefing Item No. 11a

Meeting Date: March 26, 2024

4. Central Services Operating Results
5. Portwide Operating Results

ATTACHMENTS TO THIS BRIEFING

- (1) 2023 Financial and Performance Report
- (2) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

August 8, 2023 – Q2 2023 Financial Performance Briefing



Item Number: 11a_attach 1
Meeting Date: _March 26, 2024

PORT OF SEATTLE

Q4 2023 FINANCIAL PERFORMANCE REPORT

AS OF DECEMBER 31, 2023

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I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/23

I. PORTWIDE

EXECUTIVE SUMMARY

The Port's overall 2023 financial performance was strong and continues reflect economic recovery from the pandemic. Airport passenger volume grew 10.7% higher than 2022 and was only 1.8% lower than pre-pandemic volumes in 2019. Non-Aeronautical revenues were \$30.5M over budget due to higher revenues in most lines of business.

The 2023 cruise season culminated on October 30th with a record 1,777,984 revenue passengers and 291 sailings. Each homeported vessel brings in over \$4 million to the local economy each time it provisions at the dock. The Port continues provide shore power connections to vessels allowing them to turn off diesel engines while at the dock, which reduces air pollution and greenhouse gas emissions.

Cruise, Fishing, and Maritime Portfolio Management were above budget while grain volume was below budget due to lower demand from China. Additionally, conference center volume was below budget due to events and conference cancellations this year.

Overall, operating revenues were \$15.6M or 1.6% above budget while expenses were \$16.3M or 2.8% below budget due to non-cash expense credit related to the Port's public pension plans. Excluding the credit, the operating expenses were \$12.4M over budget.

PORTWIDE FINANCIAL SUMMARY

	2021	2022	2023	Actual vs. Budget Variance		Change from 2022 Incr (Decr)	
	Actual	Actual	Actual	\$	%	\$	%
\$ in 000's							
Aeronautical Revenues	317,513	402,540	479,697	(25,251)	-5.0%	77,157	19.2%
Airport Non-Aero Revenues	183,819	256,613	326,592	30,490	10.3%	69,980	27.3%
Non-Airport Revenues	120,689	150,977	162,991	10,358	6.8%	12,014	8.0%
Total Operating Revenues	622,020	810,130	969,281	15,597	1.6%	159,151	19.6%
Total O&M Expenses w/o Pension True-up	422,372	491,377	585,858	(12,427)	-2.2%	94,481	19.2%
DRS Pension True-up Exp	(57,716)	(15,638)	(28,709)	28,709	0.0%	(13,071)	83.6%
Total O&M Expenses with Pension True-up	364,656	475,739	557,149	16,282	2.8%	81,410	17.1%
Depreciation	190,683	232,236	250,644	(42,694)	-20.5%	18,408	7.9%
NOI After Depreciation w/o Pension True-up	8,965	86,517	132,778	(39,524)	-22.9%	46,261	53.5%
NOI After Depreciation with Pension True-up	66,681	102,155	161,487	(10,815)	-6.3%	59,332	58.1%

2023 Actuals vs. 2023 Budget:

- Airport Non-Aero Revenues were up \$30.0M compared to budget mainly due to higher Public Parking, Rental Car, and Airport Commercial Properties revenues.
- Non-Airport Operating Revenues were up \$10.4M compared to budget mainly due to higher NWSA Distributable revenue and Cruise; partially offset by lower Grain and Conference & Event Centers.
- Total Operating Expenses were \$12.4M higher than budget due to higher Payroll, Equipment Expense, Supplies & Stock, Other Expenses, and lower charges to Capital Projects; offset by lower Outside Services, Travel & Other Employee Expenses, and Third-Party Management Operating Expenses.

2023 Actuals vs. 2022 Actuals:

- Total Operating Revenues were up \$159.2M due to higher passenger volumes compared to 2022; higher revenues in non-aero lines of businesses (Public Parking, Rental Cars, ADR & Terminal Leased Space, Ground Transportation, Airport Commercial Properties, and Clubs & Lounges), Cruise, and NWSA Distributable Revenue.
- Total Operating Expenses was \$94.5M higher compared to 2022 due to higher Payroll, Outside Services, Supplies & Stock, and Other Expenses.

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/23**NON-AIRPORT FINANCIAL SUMMARY**

	2021	2022	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Variance		Incr (Decr)	
\$ in 000's				\$	%	\$	%
Aeronautical Revenues	317,513	402,540	479,697	(25,251)	-5.0%	77,157	19.2%
Airport Non-Aero Revenues	183,819	256,613	326,592	30,490	10.3%	69,980	27.3%
Non-Airport Revenues	120,689	150,977	162,991	10,358	6.8%	12,014	8.0%
Total Operating Revenues	622,020	810,130	969,281	15,597	1.6%	159,151	19.6%
Total O&M Expenses w/o Pension True-up	422,372	491,377	585,858	(12,427)	-2.2%	94,481	19.2%
DRS Pension True-up Exp	(57,716)	(15,638)	(28,709)	28,709	0.0%	(13,071)	83.6%
Total O&M Expenses with Pension True-up	364,656	475,739	557,149	16,282	2.8%	81,410	17.1%
Depreciation	190,683	232,236	250,644	(42,694)	-20.5%	18,408	7.9%
NOI After Depreciation w/o Pension True-up	8,965	86,517	132,778	(39,524)	-22.9%	46,261	53.5%
NOI After Depreciation with Pension True-up	66,681	102,155	161,487	(10,815)	-6.3%	59,332	58.1%

2023 Actuals vs. 2023 Budget

- Non-Airport Operating Revenues were up \$10.4M compared to budget mainly due to higher NWSA Distributable revenue and Cruise; partially offset by lower Grain and Conference & Event Centers.
- Non-Airport Operating Expenses were \$1.0M higher than budget because of higher Payroll, Supplies & Stock, Equipment, and lower charges to Capital Projects; offset by project spending delays and timing of tenant improvements and maintenance.

Actuals vs. 2022 Actuals

- Non-Airport Operating Revenues were \$12.0M higher compared to 2022 because of higher revenues from Cruise, NWSA Distributable Revenue, Recreational Boating, Fishing Operations, and Central Harbor Management; partially offset by lower Grain, and Maritime Portfolio Management revenues.
- Non-Airport Operating Expenses were \$17.5M higher than 2022 due to higher Payroll and Outside Services; offset by lower General Expenses and higher charges to Capital Projects.

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/23

MAJOR OPERATING REVENUES SUMMARY

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		Incr (Decr)	
					\$	%	\$	%
Aeronautical Revenues	317,513	402,540	479,697	504,948	(25,251)	-5.0%	77,157	19.2%
Public Parking	64,104	88,899	110,990	96,768	14,222	14.7%	22,091	24.8%
Rental Cars - Operations	32,722	44,302	46,506	39,353	7,153	18.2%	2,204	5.0%
Rental Cars - Operating CFC	2,018	12,171	16,954	14,477	2,478	17.1%	4,784	39.3%
ADR & Terminal Leased Space	41,607	43,126	74,246	73,360	886	1.2%	31,120	72.2%
Ground Transportation	11,947	20,804	24,878	24,324	554	2.3%	4,074	19.6%
Employee Parking	9,006	10,645	10,574	10,462	112	1.1%	(71)	-0.7%
Airport Commercial Properties	12,520	16,747	20,370	16,959	3,411	20.1%	3,623	21.6%
Airport Utilities	6,350	7,943	8,666	8,541	125	1.5%	723	9.1%
Clubs and Lounges	3,478	8,688	11,710	9,859	1,851	18.8%	3,022	34.8%
Cruise	9,517	30,469	41,726	34,445	7,281	21.1%	11,258	36.9%
Recreational Boating	12,851	13,978	15,505	15,591	(86)	-0.6%	1,527	10.9%
Fishing & Operations	9,859	10,566	11,640	9,809	1,831	18.7%	1,073	10.2%
Grain	6,112	5,792	3,356	5,814	(2,458)	-42.3%	(2,436)	-42.1%
Maritime Portfolio Management	10,392	10,550	10,263	10,192	71	0.7%	(287)	-2.7%
Central Harbor Management	7,561	8,791	10,465	9,699	766	7.9%	1,674	19.0%
Conference & Event Centers	1,910	8,914	6,738	12,479	(5,741)	-46.0%	(2,176)	-24.4%
NWSA Distributable Revenue	55,998	55,353	57,685	50,305	7,380	14.7%	2,333	4.2%
Other	6,555	9,851	7,311	6,297	1,013	16.1%	(2,540)	-25.8%
Total Operating Revenues (w/o Aero)	304,507	407,590	489,584	448,736	40,848	9.1%	81,994	20.1%
TOTAL	622,020	810,130	969,281	953,684	15,597	1.6%	159,151	19.6%

MAJOR OPERATING EXPENSES SUMMARY

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		Incr (Decr)	
					\$	%	\$	%
Salaries & Benefits	144,953	159,305	187,197	184,979	(2,219)	-1.2%	27,893	17.5%
Wages & Benefits	134,738	146,887	167,928	156,181	(11,748)	-7.5%	21,041	14.3%
Payroll to Capital Projects	28,979	27,020	32,448	44,563	12,115	27.2%	5,428	20.1%
Outside Services	99,482	116,790	145,095	165,506	20,411	12.3%	28,305	24.2%
Utilities	26,236	31,202	31,226	30,529	(698)	-2.3%	24	0.1%
Equipment Expense	6,863	12,477	13,046	10,487	(2,559)	-24.4%	568	4.6%
Supplies & Stock	9,368	11,549	12,956	8,994	(3,963)	-44.1%	1,407	12.2%
Travel & Other Employee Expenses	2,031	4,400	5,511	7,344	1,833	25.0%	1,111	25.3%
Third Party Mgmt Op Exp	4,994	8,985	10,930	14,144	3,214	22.7%	1,945	21.6%
B&O Taxes	4,120	5,406	6,431	6,874	443	6.4%	1,025	19.0%
Other Expenses	15,640	21,475	39,947	26,525	(13,422)	-50.6%	18,472	86.0%
Charges to Capital Projects/Overhead Alloc	(55,031)	(54,120)	(66,857)	(82,692)	(15,835)	19.1%	(12,737)	23.5%
TOTAL w/o DRS Pension True-up	422,372	491,377	585,858	573,431	(12,427)	-2.2%	94,481	19.2%
DRS Pension True-up Credit	(57,716)	(15,638)	(28,709)	-	28,709	0.0%	(13,071)	83.6%
TOTAL w/ DRS Pension True-up	364,656	475,739	557,149	573,431	16,282	2.8%	81,410	17.1%

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/23

PORTWIDE COMPREHENSIVE FINANCIAL SUMMARY

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget		Explanation
	Actual	Actual	Actual	Budget	Variance \$	Variance %	
Revenues							
1. Operating Revenues	622,020	810,130	969,281	953,684	15,597	1.6%	
2. Tax Levy	78,311	80,785	82,313	82,657	(344)	-0.4%	In line with budget
3. PFCs	72,845	88,284	95,681	94,122	1,559	1.7%	higher enplanements than budget
4. CFCs	24,271	24,461	24,657	24,658	()	0.0%	
5. Fuel Hydrant	7,010	7,451	6,681	7,023	(342)	-4.9%	In line with budget
6. Non-Capital Grants & Donations	103,206	153,764	19,192	17,101	2,092	12.2%	More Non-capital federal grants than budgeted
7. Capital Contributions	47,632	38,116	36,309	44,377	(8,069)	-18.2%	Less Capital federal grants than budgeted
8. Interest Income	(5,386)	(50,735)	94,541	64,128	30,413	47.4%	Mainly from Unrealized Gain on Investments
Total	949,911	1,152,256	1,328,655	1,287,749	40,906	3.2%	
Expenses							
1. O&M Expense	422,372	491,377	585,858	573,431	(12,427)	-2.2%	Mainly due to higher Env Remediation Exp.
2. DRS Pension True-up Credit	(57,716)	(15,638)	(28,709)	-	28,709	0.0%	Unbudgeted DRS pension credit
3. Depreciation	190,683	232,236	250,644	207,951	(42,694)	-20.5%	More new assets came into service
4. Revenue Bond Interest Expense	132,925	140,838	146,686	171,294	24,608	14.4%	Did not issue new bonds as budgeted
5. GO Bond Interest Expense	11,004	11,877	10,162	10,562	400	3.8%	In line with budget
6. Public Expense	9,769	8,282	20,869	11,309	(9,560)	-84.5%	Mainly due to higher Non-Construction Contri.
7. Non-Op Environmental Expense	7,495	1,296	10,056	10,500	444	4.2%	In line with budget
8. Other Non-Op Rev/Expense	18,419	58,489	268	(14,916)	(15,184)	101.8%	Less Harbor Maintenance Tax than budgeted
Total	734,952	928,756	995,834	970,131	(25,704)	-2.6%	
Special Item	34,907	-	-	-	-	0.0%	
Change In Net Assets	180,053	223,500	332,820	317,619	15,202	4.8%	

* Operating revenues & expenses include certain GASB 87 (Leases) accounting adjustments that will be accounted for as non-operating in the Port's audited financial statements. The Port implemented GASB 87 in 2022.

KEY PERFORMANCE METRICS

	2022	2023	2023	Fav (UnFav)		Incr (Decr)	
	Actual	Actual	Budget	Act vs. Budget	Variance	Change from 2022	
				Chg.	%	Chg.	%
Total Passengers (in 000's)	45,964	50,885	48,887	1,998	4.1%	4,921	10.7%
Landed Weight (lbs. in millions)	29,079	32,064	30,226	1,838	6.1%	2,986	10.3%
Passenger CPE (in \$)	16.09	17.52	19.29	1.77	9.2%	1.43	8.9%
Cruise Passenger (in 000's)	1,309	1,778	1,430	348	24.3%	469	35.8%
Shilshole Bay Marina Occupancy	97.6%	98.1%	97.5%	0.6%	0.6%	0.5%	0.5%

I. PORTWIDE FINANCIAL & PERFORMANCE REPORT 12/31/23

COMMUNITY PROGRAMS

Program (\$ in \$000)	2021 Actual	2022 Actual	2023 Actual	2023 Budget	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2022	
					\$	%	\$	%
1) Energy & Sustainability Fund	160	35	34	120	86	72.0%	(2)	-4.6%
2) Airport Community Ecology (ACE) Fund	154	89	27	40	13	31.5%	(61)	-69.2%
3) South King County Community Impact Fund (SKCCIF) ¹	848	1,111	1,758	2,214	456	20.6%	647	58.2%
4) Duwamish Valley Community Equity Program	304	545	492	462	(30)	-6.5%	(53)	-9.7%
5) EDD Partnership Grants	771	102	1,283	850	(433)	-50.9%	1,181	1155.3%
6) Tourism Marketing Support Program ²	1,917	1,743	1,540	1,830	290	15.8%	(202)	-11.6%
7) Airport Spotlight Ad Program ^{3&4}	269	322	362	466	105	22.4%	40	12.5%
8) City of SeaTac Community Relief ³	1,400	1,400	1,400	1,400	-	0.0%	-	0.0%
9) Maritime Blue (formerly Maritime Innovation Center)	118	145	120	150	30	20.0%	(25)	-17.2%
10) Workforce Development ²	4,031	3,122	4,242	5,186	944	18.2%	1,120	35.9%
a. Youth Career Launch Program (formerly OYI)	1,721	3	689	1,000	311	31.1%	686	26521.3%
11) High School Internship Program	317	317	277	457	180	39.4%	(40)	-12.6%
12) Diversity in Contracting ²	1,092	1,382	1,906	2,299	393	17.1%	523	37.9%
a. Small Bus. Accelerator (DIC) ⁵	243	188	212	250	38	15.3%	24	12.9%
13) Equity, Diversity & Inclusion ²	1,149	1,284	1,319	1,767	449	25.4%	35	2.7%
14) Sustainable Aviation Fuels & Air Emissions Program	-	116	103	100	(3)	-3.4%	(13)	-11.0%
15) Low Carbon Fuel Standard Support	87	29	40	150	110	73.3%	11	37.3%
16) Community Biz Connector (Regional Small Biz Partnerships)	-	-	25	350	325	92.9%	25	0.0%
17) Public Market Study	-	-	175	100	(75)	-75.0%	175	0.0%
18) Seattle Aquarium Partnership			1,100	1,000	(100)	-10.0%	1,100	0.0%
TOTAL w/o DRS Pension True-up Credit	12,375	11,554	15,991	18,691	2,700	14.4%	4,437	38.4%
DRS Pension Credit True Up	(532)	(218)	(331)	-	331	0%	(113)	51.8%
TOTAL w/ DRS Pension True-up Credit	11,843	11,336	15,660	18,691	3,031	16.2%	4,324	38.1%

Notes:

- 1) Budget shows grants only, excludes payroll.
- 2) DRS Pension credit excluded from dept totals.
- 3) Budgeted as Non-ops Expenses.
- 4) Free advertising space provided at the Airport. FAA requires that lost revenue be reimbursed to the Airport.
- 5) A portion of the SKCCIF budget is in Diversity in Contracting; adjusted to avoid double counting.

KEY BUSINESS EVENTS

The 2023 cruise season ended with the departure of the Norwegian Cruise Line's Norwegian Sun from Bell Street Pier Cruise Terminal at Pier 66 on October 30. The 2023 cruise season welcomed a record 1,778,193 revenue passengers and 291 sailings. Each homeported cruise ship at berth is estimated to bring \$4 million in economic impact to the region and nearly \$900 million during a cruise season. More than one-third of cruise ships utilized shore power at Smith Cove Cruise Terminal, setting a record number of plug-ins for a Seattle cruise season. The Port was one of the first ports to provide shore power plug-in capability for two vessels at once and the first homeport to offer shore power. Work is currently underway to make Pier 66 capable of supplying electrical power for the 2024 cruise season.

The Port established a new Environmental Legacy Fund, a dedicated account into which the Port will deposit property tax dollars for use in addressing historical industrial pollution on its properties. This new fund will start with a \$30 million investment of already collected tax levy dollars. The fund will be used to invest in research, investigation, design, and cleanup actions. Eventually, some of the expenses may be covered responsible parties, state grants, and insurance. To date, the Port has completed a substantial amount of cleanup and has also gained national and international recognition for its innovative and community-centered approaches. Currently, the Port is actively working on 18 environmental remediation projects to improve water quality, support salmon and marine mammal recovery, and restore habitat. Many of these projects are collaborations with other governments and organizations.

The Port and Busan Port Authority reaffirmed their sister port agreement at the 11th Annual Busan International Port Conference on November 28. In 1981, the Port and Port of Busan entered into the original sister port agreement and in 2003, the Port of Busan was reformed to become the Busan Port Authority. The two entities share a commitment to sustainability and to increase efficiency through technology, equipment, and process improvement.

Six new Oscars, AI waste-sorting technology, will help visitors sort their waste items into compost, recycling, or trash bins. Four has been installed at SEA, one at Bell Harbor Conference Center, and one at Pier 66 in the Norwegian Cruise Lines Terminal. When users walk up to the machine, they place an item in front of a camera for the system to analyze. Oscar then tells the user which bin to use to dispose of the item. Oscars are designed so their cameras do not capture or store identifying information about users, just the waste items they present for sorting. The installation of these new AI units is one of the ways the Port is fulfilling its goal to be the greenest and most energy-efficient port in North America.

The airport launched SEA Access, the new name for its accessibility program. The goal of the program is to create a safe, welcoming, and easy travel experience for all. This is an interdepartmental collaboration that supports the accessibility needs of customers and workers at SEA Airport through accessible facilities, customer service resources, and community engagement.

SEA will welcome Delta Air Lines for new international daily service to Taipei (TPE) in June 2024. This continues SEA's increase of international services since the pandemic and the rapid success of the new International Arrivals Facility (IAF) to welcome the world to the Puget Sound region.

SEA's Central Terminal's dining and retail partners Salty's and BrewTop Social have achieved the United States Green Building Council's Leadership in Energy and Environmental Design (LEED) Certification. The locations are the first tenant project at SEA Airport to achieve LEED Certification. Additionally, these locations were part of the \$21.8 million renovation of the Central Terminal to elevate the customer experience with more dining options, seating, charging stations, and ADA accessibility improvements.

CAPITAL SPENDING SUMMARY

\$ in 000's	2023	2023	2023	Budget Variance	
	Actual	Budget	POF	\$	%
Aviation	444,072	485,572	663,877	41,500	8.5%
Maritime	21,935	32,313	40,805	10,378	32.1%
Economic Development	6,136	8,086	6,737	1,950	24.1%
Central Services & Other (note 1)	8,925	15,371	14,424	6,446	41.9%
TOTAL	481,068	541,342	725,843	60,274	11.1%

Note:

(1) "Other" includes 100% Port legacy projects in the North Harbor and Storm Water Utility Small Capital projects.

Total capital spending was \$481.1M for 2023, 88.9% of the budget due to delay in projects: C Concourse Expansion, Perimeter Intrusion Detection, Checked Bag Recap/Optimization, MT Low Voltage Sys Upgrade, International Arrivals Facility, Concourse A Building Expansion, and Engineering Fleet Replacement.

PORTWIDE INVESTMENT PORTFOLIO

During the fourth quarter of 2023, the investment portfolio earned 3.70% versus the benchmark's (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index) of 4.34%. Over the last twelve months, the portfolio and the benchmark have earned 3.31% and 4.66%, respectively. Since the Port became its own Treasurer in 2002, the life-to-date earnings of the Port's portfolio and the benchmark are 2.35% and 1.89%, respectively.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

II. AVIATION DIVISION

FINANCIAL SUMMARY

Financial Summary (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Operating Revenue								
Aeronautical Revenues	317,513	402,540	479,697	504,948	(25,251)	-5.0%	77,157	19.2%
Non-Aeronautical Revenues	183,819	256,613	326,592	296,102	30,490	10.3%	69,980	27.3%
Total Operating Revenues	501,332	659,153	806,289	801,051	5,239	0.7%	147,136	22.3%
Total Operating Expenses w/o Pension True-Up	341,679	394,990	471,946	460,535	(11,410)	-2.5%	76,956	19.5%
DRS Pension True-Up Expense	(47,462)	(12,286)	(23,572)		23,572		(11,286)	91.9%
Total Operating Expenses w/ Pension True-Up	294,217	382,704	448,374	460,535	12,162	2.6%	65,670	17.2%
Net Operating Income w/ Pension True-Up	207,114	276,449	357,916	340,515	17,400	5.1%	81,466	29.5%
CPE	15.93	16.09	17.52	19.29	1.77	9.2%	1.43	8.9%
Non-Aero NOI (\$ in 000s)	135,483	180,983	180,983	150,386	(30,597)	-20.3%	-	0.0%
Enplaned passengers (in 000s)	18,073	22,966	25,371	24,444	(928)	-3.8%	2,405	10.5%
Capital Expenditures (in 000s)	389,051	311,631	444,072	485,572	41,500	8.5%	132,441	42.5%

2023 Actuals vs. 2023 Budget

- Net Operating Income (NOI) was \$17.4M or 5.1% higher compared to the budget, driven by:
 - Non-Aeronautical revenues were \$30.5M or 10.3% higher. Landside revenues recovered strongly throughout the year, especially in Parking, Rental Car, and GT due to high demand from returning passengers. Concessions still required Federal Relief of \$1.9M.
 - Aeronautical revenues were (\$25.3M or 5%) lower due primarily to a large under spend in Outside Services due to delays in capital programs, and due to receiving a pension credit of approximately \$3M which offset Aeronautical costs in 2023.
 - Total Operating Expenses were \$12.2M or 2.6% lower than budget driven primarily by the total pension credit of approximately \$24M to Aviation. Without the pension credit, operating expenses were (\$11.4M or 2.5%) over-run.

2023 Actuals vs. 2022 Actuals

- Net Operating Income for 2023 was \$81.5M or 29.5% higher than prior year primarily driven by:
 - Operating Revenues \$147M or 22.3% higher compared to prior year was due to passenger levels improving with only being down by 1.8% compared to 2019.
 - Operating Expenses \$65.7M or 17.2% higher compared to prior year was primarily driven by higher Payroll, Outside Services, and Charges from Other Divisions compared to 2023.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

A. BUSINESS EVENTS

- 2023 passenger levels were 1.8% lower than 2019.
- Aero Revenue \$479.7M
 - Lower than budget by \$25.3M primarily driven by Aero share of pension credit and lower debt service charged to Aero rates due to capital project schedule delays.
- Non-Aero Revenue \$326.6M
 - Exceeded budget by \$30.5M primarily driven by strong performance in Landside lines of businesses.

B. KEY PERFORMANCE METRICS

	2021 YE	2022 YE	2023 YE	% Change from 2022
Total Passengers (000's)				
Domestic	34,483	41,582	45,090	8.4%
International	1,669	4,382	5,796	32.3%
Total	36,152	45,964	50,885	10.7%
Operations	374,510	401,351	422,508	5.3%
Landed Weight (In Millions of lbs.)				
Cargo	2,920	2,745	2,748	0.1%
All other	26,333	26,333	29,317	11.3%
Total	29,253	29,079	32,064	10.3%
Cargo - Metric Tons				
Domestic freight	366,312	335,512	305,141	-9.1%
International & Mail freight	132,428	120,777	111,983	-7.3%
Total	498,740	456,289	417,124	-8.6%

*Mail weight for 2021 forward is incorporated in freight

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

Key Performance Measures

	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Key Performance Metrics								
Cost per Enplanement (CPE)	15.93	16.09	17.52	19.29	1.77	9.2%	1.43	8.9%
Non-Aeronautical NOI (in 000's) ¹	93,175	131,145	180,983	150,386	30,597	20.3%	49,838	38.0%
Other Performance Metrics								
O&M Cost per Enplanement	16.28	17.20	18.60	18.84	0.24	1.3%	1.40	8.2%
Non-Aero Revenue per Enplanement	10.17	11.17	12.87	12.11	0.76	6.3%	1.70	15.2%
Debt per Enplanement (in \$)	198	193	166	154	(12)	-7.6%	(27)	-13.9%
Debt Service Coverage	1.69	2.64	2.02	1.87	0.15	8.0%	(0.62)	-23.5%
Days cash on hand (10 months = 304 days)	423	457	507	457	50	11.0%	50	11.0%
Activity (in 000's)								
Enplanements	18,073	22,966	25,371	24,444	928	3.8%	2,405	10.5%
Total Passengers	36,154	45,964	50,885	48,887	1,998	4.1%	4,921	10.7%

Key Performance Metrics

2023 Actuals vs. 2023 Budget

- Cost per Enplanement (CPE):
 - CPE was \$1.77 or 9.2% favorable than budget.
 - Non-Aero NOI was \$30.6M or 20.3% favorable due to Landside revenues continuing to recover strongly, especially in Parking, Rental Car, and GT due to high demand from returning passengers.

2023 Actuals vs. 2022 Actuals

- CPE was \$1.43 higher compared to prior year due to Increases due to higher divisional allocations, changes in ERL & Capital to Expense adjustments, IAF Smarte Carte, IAF CBP Expenses, and rebalancing of VIP Hospitality focus areas.
- Non-Aero NOI was \$49.8M higher than prior year due to projection of improved revenues compared to prior year across the Non-Aeronautical businesses.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

C. OPERATING RESULTS

Division Summary – Actuals

Total Airport Expense Summary (\$ in 000's)	2021	2022	2023		Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Operating Expenses								
Payroll	157,207	168,389	193,130	189,477	(3,653)	-1.9%	24,741	14.7%
Outside Services	62,382	75,700	89,551	109,249	19,698	18.0%	13,850	18.3%
Utilities	20,175	22,880	23,285	22,321	(965)	-4.3%	406	1.8%
Other Expenses	1,519	15,141	17,679	4,296	(13,383)	-311.5%	2,537	16.8%
Total Airport Direct Charges	241,284	282,110	323,645	325,342	1,697	0.5%	41,535	14.7%
Environmental Remediation Liability	1,583	(1,274)	13,017	7,120	(5,897)	-82.8%	14,291	-1121.3%
Capital to Expense	1,254	2,356	480	-	(480)		(1,876)	-79.6%
Total Exceptions	2,837	1,081	13,497	7,120	(6,377)	-89.6%	12,415	1148.2%
Total Airport Expenses	244,121	283,191	337,142	332,462	(4,680)	-1.4%	53,950	19.1%
Corporate	71,550	80,452	96,213	92,679	(3,534)	-3.8%	15,761	19.6%
Police	23,473	27,660	33,750	30,264	(3,487)	-11.5%	6,090	22.0%
Maritime/Economic Development/Other	2,536	3,687	4,840	5,131	291	5.7%	1,154	31.3%
Total Charges from Other Divisions	97,558	111,799	134,804	128,074	(6,730)	-5.3%	23,005	20.6%
Total Operating Expenses w/o Pension True-Up	341,679	394,990	471,946	460,535	(11,410)	-2.5%	76,956	19.5%
DRS Pension True-up Exp	(47,462)	(12,286)	(23,572)	-	23,572		(11,286)	91.9%
Total Operating Expenses w/ Pension True-Up	294,217	382,704	448,374	460,535	12,162	2.6%	65,670	17.2%

Operating Expenses – 2023 Actuals compared to 2023 Budget

- Full Year 2023 operating expenses were closely aligned to the Budget, ending the year 2.8% lower than budget primarily due to the \$24M pension credit.
- Operating expenses were 2.3% higher than budget before the pension credit, driven primarily by:
 - Payroll over spent by \$3.7M driven by increased overtime in the Fire and Maintenance Departments.
 - Non-Payroll net over-ran by 7.7M with the major drivers that included: \$6M higher spending in Environmental Remediation Liability reserve adjustments, \$6.7M higher spending from other Divisions allocated to Aviation, lower Charges to Capital resulting in higher operating expenses by \$8.5M due to position vacancies (staffing capacity) and schedule changes in capital program work, and \$6M higher spending in other expenses. These over-runs were offset by under spending in Outside Services of approx. \$19.7M.

Operating Expenses – 2023 Actuals compared to 2022 Actuals

- Total Operating Expenses were \$65.7M or 17.2% higher than prior year primarily driven by higher Payroll, Outside Services, and Charges from Other Divisions.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

Aeronautical Business Unit Summary – Actuals

Aeronautical NOI (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Rate Base Revenues								
Airfield Movement Area	88,061	118,240	142,797	141,938	859	0.6%	24,557	20.8%
Airfield Apron Area	17,146	17,211	26,118	29,330	(3,212)	-11.0%	8,907	51.8%
Terminal Rents	184,625	220,399	251,892	270,513	(18,622)	-6.9%	31,493	14.3%
Federal Inspection Services (FIS)	10,978	29,347	41,214	46,317	(5,103)	-11.0%	11,866	40.4%
Total Rate Base Revenues	300,810	385,197	462,020	488,098	(26,078)	-5.3%	76,823	19.9%
Airfield Commercial Area	16,702	17,343	17,677	16,850	826	4.9%	333	1.9%
Total Aeronautical Revenues	317,513	402,541	479,697	504,948	(25,251)	-5.0%	77,156	19.2%
Total Aeronautical Expenses	203,573	261,574	310,451	320,649	10,198	3.2%	48,877	18.7%
Aeronautical NOI	113,940	140,967	169,246	184,300	(15,053)	-8.2%	28,280	20.1%
Debt Service	(80,554)	(101,159)	(146,807)	(152,649)	5,842	-3.8%	(45,648)	45.1%
Net Cash Flow	33,385	39,808	22,439	31,650	(9,211)	-29.1%	(17,369)	-43.6%

Note: Aeronautical Expenses includes the DRS Pension Credit

Aeronautical – 2023 Actuals vs. 2023 Budget

- Net Operating Income was \$15.1M or 8.2% lower than budget driven by under spending in Outside Services and receiving a sizeable pension credit.

Aeronautical – 2023 Actuals vs. 2022 Actuals

- Net Operating Income was \$28.3M or 20.1% higher than prior year's primarily due to increased passenger activity.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

Airline Rate Base Cost Drivers

\$ in 000's	2023 Budget	2023 Actual	Impact on Aero Revenues Budget vs Budget	
			\$	%
O&M ⁽¹⁾	310,618	303,919	(6,699)	-2.2%
Debt Service Before Offsets	234,463	221,864	(12,599)	-5.4%
Debt Service PFC Offset	(89,720)	(85,598)	4,121	-4.6%
Federal Relief Grants Debt Service	-	(5,930)	(5,930)	0.0%
Net Debt Service	144,743	130,336	(14,407)	-10.0%
Amortization	35,561	35,353	(208)	-0.6%
Space Vacancy	(2,066)	(1,512)	554	-26.8%
TSA Operating Grant and Other	(758)	(6,076)	(5,317)	701.3%
Rate Base Revenues	488,098	462,020	(26,078)	-5%
Commercial area	16,850	17,677	826	5%
Total Aero Revenues	504,948	479,697	(25,251)	-5%

(1) O&M, Debt Service Gross, and Amortization do not include commercial area costs or the international incentive expenses

2023 Actuals to 2023 Budget

- Rate Based Revenue \$26.1M lower than budget:
 - O&M – \$6.7M lower primarily due to lower payroll costs including the Aero rate-based share of the 2023 pension credit as well as lower Outside Services spending, partially offset by higher Environmental Remediation Liability expense related to Aero rate-based capital projects.
 - Net Debt Service – \$14.4M lower than budget in 2023 due to changes in capital project schedules (which meant that certain new rate-based assets have not yet been placed into service), as well as the benefit of the remaining available Federal Relief grants. These reductions in debt service were partially offset by slightly lower than planned PFC offset.
 - TSA Operating Grant and Other – \$5.3M lower reflects higher offset to Aero revenue from insurance reimbursement for property damage claims.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

Non-Aero Business Unit Summary - Actuals

Non-Aeronautical NOI (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Non-Aeronautical Revenues								
Public Parking	64,104	88,899	110,990	96,768	14,222	14.7%	22,091	24.8%
Rental Cars	34,740	56,473	63,460	53,830	9,631	17.9%	6,988	12.4%
Ground Transportation	11,947	20,804	24,878	24,324	554	2.3%	4,074	19.6%
Airport Dining & Retail	35,565	36,581	65,952	64,270	1,682	2.6%	29,371	80.3%
Other	37,463	53,856	61,312	56,910	4,402	7.7%	7,456	13.8%
Total Non-Aeronautical Revenues	183,819	256,613	326,592	296,102	30,490	10.3%	69,980	27.3%
Total Non-Aeronautical Expenses	90,644	121,130	137,923	139,887	1,964	1.4%	16,793	13.9%
Non-Aeronautical NOI¹	93,175	135,483	188,669	156,216	32,454	20.8%	53,186	39.3%
Less: CFC Surplus	(6,834)	-	(7,686)	(5,829)	(1,857)	31.9%	(7,686)	
Adjusted Non-Aeronautical NOI	86,341	135,483	180,983	150,386	30,597	20.3%	45,500	33.6%
Debt Service	(33,065)	(27,096)	(39,997)	(34,094)	(5,903)	17.3%	(12,901)	47.6%
Net Cash Flow	53,276	108,387	140,986	116,293	24,693	21.2%	32,599	30.1%

Note: Non-Aeronautical Expenses includes the DRS Pension Credit

Non-Aeronautical – 2023 Actuals vs. 2022 Budget

- Non-Aeronautical net operating income (before reduction of CFC Surplus) was \$32.5M or 20.8% higher than budget primarily due to the improved performance in the Landside business areas, particularly in Parking with strong performance due to higher tariff rates than prior year. Rental Car strong revenue performance reflects higher rental rates due to continued shortage in rental vehicle availability.

Non-Aeronautical – 2023 Actuals vs. 2022 Actuals

- Non-Aeronautical net operating income (before reduction of CFC Surplus) was \$53.2M or 39.3% higher compared to prior year due to passenger levels improving to only down by 1.8% compared to 2019.

II. AVIATION DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

D. CAPITAL RESULTS

Capital Variance

\$ in 000's	2023	2023	2023	Bud vs. Actual	
	Actual	Budget	POF	\$	%
C concourse Expansion ⁽¹⁾	33,654	49,625	31,996	15,971	32.2%
Perimeter Intrusion Detection ⁽²⁾	11,093	22,312	20,978	11,219	50.3%
SEA Gateway ⁽³⁾	64,070	53,747	152,567	(10,323)	-19.2%
Checked Bag Recap/Optimization ⁽⁴⁾	92,878	102,855	131,600	9,977	9.7%
MT Low Voltage Sys Upgrade ⁽⁵⁾	15,907	24,000	24,425	8,093	33.7%
International Arrivals Fac-IAF ⁽⁶⁾	3,288	10,700	11,479	7,412	69.3%
Concourse A Expansion ⁽⁷⁾	25,576	32,455	46,110	6,879	21.2%
Fire Dept Apparatus Replace ⁽⁸⁾	-	5,000	2,500	5,000	100.0%
Airline Realignment ⁽⁹⁾	8,923	4,272	18,948	(4,651)	-108.8%
Art Pool ⁽¹⁰⁾	601	5,250	5,250	4,649	88.6%
Upgrades STS Train Control ⁽¹¹⁾	15,735	20,342	28,422	4,607	22.6%
All Other	172,347	232,873	310,361	60,526	26.0%
Subtotal	444,072	563,432	784,636	119,360	21.2%
CIP Cashflow Mgmt Reserve	-	(77,860)	(120,759)	(77,860)	100.0%
Total Spending	444,072	485,572	663,877	41,500	8.5%

1. Cash flow has been updated to reflect GCCM design and construction phasing sequencing.
2. Delayed due to long lead items. Savings on bid quantities.
3. Alaska has caught up on invoice review/submission. Invoices that were assumed for 2024 were paid in 2023. Therefore, NMTRP spent more in 2023 than budget.
4. SSAT work was delayed, reducing payments; Baseline assumed completion in Feb 2024, now Jun 202.
5. Electrical Equipment manufacturing delays, resulting in Contractor payment delays; Contractor not able to perform work in the Central Power Center and adjacent spaces due to the delay in Lumen scope.
6. Projected Clark 2023 billing not realized, significant scope deductions and billing delays.
7. Negotiation delays. And TRA submittals are less than anticipation.
8. Fire apparatus procurement has been pushed out to future year. Other options are being reviewed.
9. Additional Design costs are anticipated due to additional design scope than planned at time of yearly budget development, this caused a higher than anticipated cost for 2023.
10. Delays in contract execution with artists.
11. U00638-STIS Fiber Project Delay due to Surety takeover of Fiber Contract due to Fiber Proj Contractor Insolvency, also impacting U00535-STIS ATC Contractor, thus 2023 spent was lower than 2023 baseline cashflow.

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

III. MARITIME DIVISION

FINANCIAL SUMMARY

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Total Revenues	48,331	71,534	82,410	75,875	6,534	9%	10,875	15%
Total Operating Expenses	47,784	59,556	70,402	66,121	(4,281)	-6%	10,846	18%
Net Operating Income	546	11,978	12,008	9,755	2,253	23%	29	0%
<i>NOI Including Pension Adj</i>	<i>7,616</i>	<i>14,375</i>	<i>15,657</i>	<i>9,755</i>	<i>5,902</i>	<i>61%</i>	<i>1,282</i>	<i>9%</i>
Capital Expenditures	18,923	21,949	21,935	32,313	10,378	32%	(14)	0%

2023 Actuals vs. 2023 Budget

- Operating Revenues were \$6.5M higher than budget:
 - Grain \$2.5M lower from reduction in volumes. Cruise \$7.2M and Marinas \$1.7M higher from increased occupancy.
- Operating Expenses \$4.3M higher than budget from \$3.3M in unbudgeted one-time expense and higher legal, equipment, and supplies expenses than budgeted.
- Net Operating Income \$2.3M favorable to budget or \$5.9M including favorable pension adjustment.
- Capital Spending were at 68% of \$32.3M budget.

2023 Actuals vs. 2022 Actuals

- Operating Revenues were \$10.9M higher than 2022 with higher Cruise occupancy & rates, partially offset by lower grain volumes.
- Operating Expenses were \$10.8M higher than 2022 actual driven primarily by increased represented and non-represented wage rates and a net \$2.1M increase in one-time expenses.
- Net Operating Income was \$29K higher than 2022 actual.

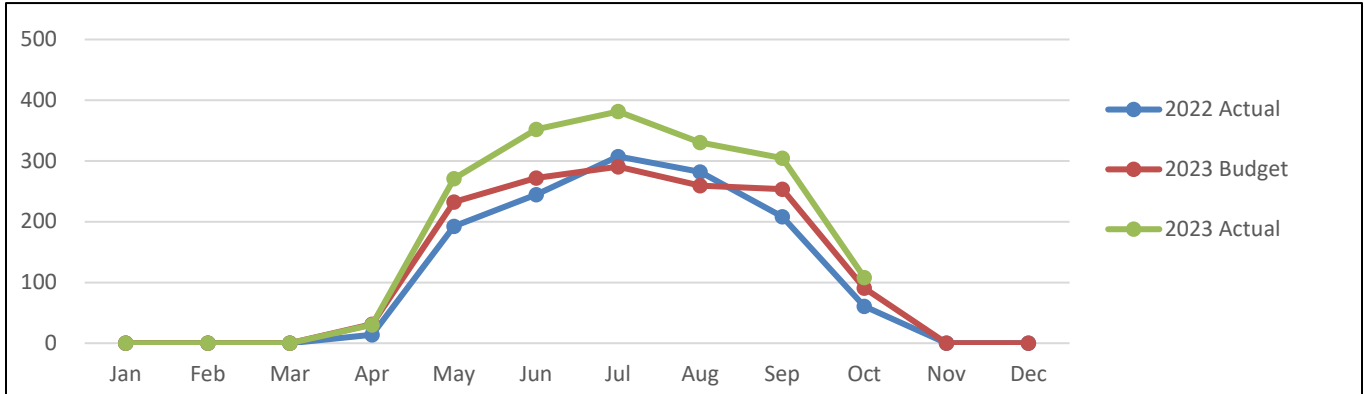
Net Operating Income before Depreciation by Business

	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's							
Ship Canal Fishing & Operations	(3,271)	(3,771)	(4,550)	778	17%	(501)	-15%
Elliott Bay Fishing & Commercial Operations	(1,038)	(2,827)	(2,749)	(79)	-3%	(1,790)	NA
Recreational Boating	(82)	(507)	294	(801)	-272%	(424)	516%
Cruise	17,408	25,601	18,094	7,507	41%	8,193	47%
Grain	4,344	1,235	3,863	(2,628)	-68%	(3,109)	-72%
Maritime Portfolio	(3,954)	(5,408)	(5,143)	(264)	-5%	(1,454)	-37%
All Other	(1,600)	(2,226)	(1,354)	(872)	64%	(626)	-39%
Total Maritime	11,808	12,097	8,457	3,641	-43%	289	2%

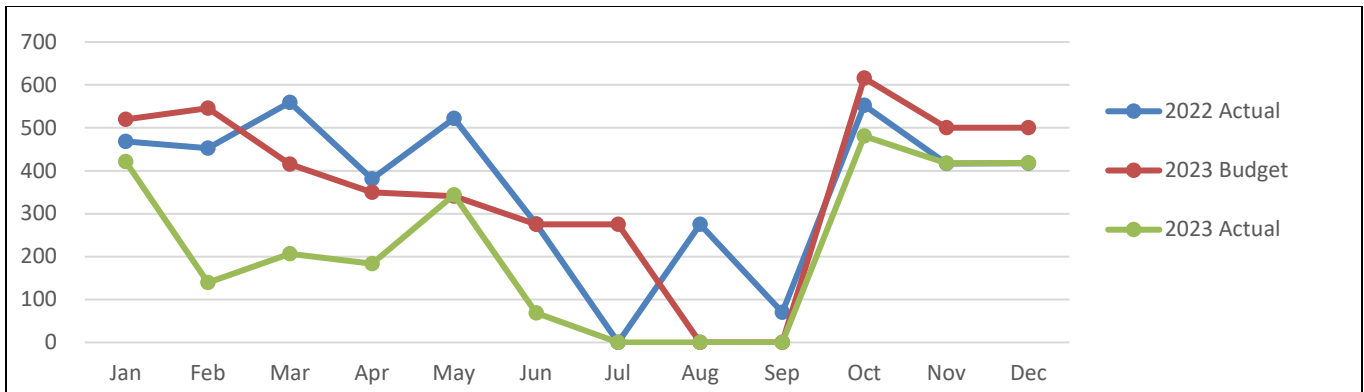
III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

A. KEY PERFORMANCE METRICS

Cruise Passengers in 000's



Grain Volume – Metric Tons in 000's



III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

B. OPERATING RESULTS

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		\$	%
\$ in 000's					\$	%	\$	%
Ship Canal Fishing & Operations	4,240	4,592	5,076	4,555	521	11%	484	11%
Elliott Bay Fishing & Commercial Operation	5,618	5,975	6,564	5,253	1,310	25%	589	10%
Recreational Boating	12,851	13,978	15,505	15,591	(86)	-1%	1,527	11%
Cruise	9,517	30,469	41,726	34,445	7,281	21%	11,258	37%
Grain	6,112	5,792	3,356	5,814	(2,458)	-42%	(2,436)	-42%
Maritime Portfolio Management	10,392	10,550	10,263	10,192	71	1%	(287)	-3%
Other	7	10	9	24	(15)	NA	(0)	-5%
<i>Pension Revenue Adjustment</i>	<i>(408)</i>	<i>170</i>	<i>(90)</i>	<i>0</i>	<i>(90)</i>	<i>NA</i>	<i>(260)</i>	<i>NA</i>
Total Revenue	48,331	71,534	82,410	75,875	6,534	9%	10,875	15%
Expenses								
Maritime (Excl. Maint)	13,951	17,669	18,691	18,200	(491)	-3%	1,023	6%
<i>Environmental Remediation</i>	<i>0</i>	<i>79</i>	<i>2,975</i>	<i>0</i>	<i>(2,975)</i>		<i>2,897</i>	<i>3678%</i>
Economic Development	4,559	5,710	4,971	6,366	1,395	22%	(739)	-13%
Total Direct	18,510	23,458	26,638	24,566	(2,071)	-8%	3,180	14%
Maintenance Expenses	11,326	13,213	15,830	14,087	(1,742)	-12%	2,617	20%
Envir Services & Planning	2,018	3,078	3,814	3,853	39	1%	735	24%
Seaport Finance & Cost Recovery	1,163	1,087	1,291	1,342	52	4%	204	19%
Seaport Project Management	342	1,007	1,819	2,489	670	27%	812	81%
Total Support Services	14,849	18,385	22,753	21,771	(981)	-5%	4,368	24%
IT	2,695	3,223	3,705	3,725	21	1%	481	15%
Police Expenses	3,064	3,662	5,348	4,781	(567)	-12%	1,686	46%
External Relations	1,222	1,552	1,731	2,045	314	15%	179	12%
Other Central Services	7,109	8,908	10,019	8,869	(1,150)	-13%	1,110	12%
Aviation Division / Other	336	368	209	363	153	42%	(159)	-43%
Total Central Services / Other	14,426	17,714	21,012	19,783	(1,228)	-6%	3,298	19%
Total Expense before Pension Adjustment	47,784	59,556	70,402	66,121	(4,281)	-6%	10,846	18%
<i>Pension Expense Adjustment</i>	<i>(7,070)</i>	<i>(2,396)</i>	<i>(3,649)</i>	<i>0</i>	<i>3,649</i>	<i>NA</i>	<i>(1,253)</i>	<i>-52%</i>
Total Expense	40,714	57,160	66,753	66,121	(632)	-1%	9,593	17%
<i>NOI excluding Pension Adjustments</i>	<i>546</i>	<i>11,978</i>	<i>12,008</i>	<i>9,755</i>	<i>2,253</i>	<i>23%</i>	<i>29</i>	<i>0%</i>
NOI Before Depreciation	7,616	14,375	15,657	9,755	5,902	61%	1,282	9%
Depreciation	17,718	17,980	18,193	17,456	(737)	-4%	213	1%
NOI After Depreciation	(10,101)	(3,606)	(2,536)	(7,701)	5,165	67%	1,070	30%

2023 Actuals vs. 2023 Budget

- Operating Revenues were \$6,534K higher than budget driven by:
 - Ship Canal favorable \$521K from higher occupancy related to the cancellation of Alaskan Crab Season.
 - Elliott Bay Fishing higher by \$1,310K due to favorable unplanned moorage.
 - Recreational Boating \$186K unfavorable.
 - Cruise \$7,281K higher from increased occupancy.
 - Grain \$2,458K unfavorable from lower volumes flowing to China.
 - Maritime Portfolio Management \$15K lower.
- Operating Expenses were \$4,281 higher than budget:
 - Direct Expenses were \$2,071K higher than budget
 - Unbudgeted remediation costs of \$2,975K related to construction at T91 berths 6&8 and the Maritime Innovation Center.
 - Portfolio Management under budget by \$1,270K from unspent tenant improvement and broker fees.
 - Cruise \$190K over related to higher passenger counts driving up Port Valet expense.
 - Maritime Security was \$423K lower from over-budgeted cruise-related activities and lack of special events at T-91.
 - Maritime Marketing \$438K below budget due to timing of spending and unspent Sea-trade booth.

III. MARITIME DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

- Elliott Bay Fishing and Commercial \$227K under budget due to lower utility costs.
- Divisional contingency open headcount vacancy factor created a \$1,298K unfavorable variance.
- Unbudgeted Capital to Expense of \$327K
- All other Direct Expenses net to \$361K under budget.
- Total Support Services were \$981K higher than budget due to significant increases in Marine Maintenance equipment and materials cost as well as some unplanned apprenticeships.
- Total Central Services / Other were \$1,228K higher than budget.
- Net Operating Income was \$2.3M higher to budget or \$5.9M higher when factoring in the pension credit.

2023 Actuals vs. 2022 Actuals

- Operating Revenues were \$10.9M higher than 2022 due large increase in Cruise occupancy and increased rates at marinas, offset by to lower Grain volumes & a change in Cruise P66 lease from expense to contra revenue.
- Operating Expenses were \$10.8M higher than 2022 actual driven primarily by payroll increases at the support and central services level and a net \$2.1M increase in one-time expenses.
- Net Operating Income excluding pension impact was flat to 2022 actual.

C. CAPITAL RESULTS

	2023 YTD Actual	2023 Budget	2023 POF	Budget vs Forecast	
				\$	%
\$ in 000's					
P66 Shore Power	10,770	8,817	15,390	(1,953)	-22%
P66 Fender Overhaul	1,942	3,227	3,939	1,285	40%
MD Reserve	0	2,000	2,000	2,000	100%
Maritime Video Camera Pro	209	1,800	1,800	1,591	88%
T117 Restoration	988	1,263	30	275	22%
T91 Berth 6 & 8 Redev	945	1,193	734	248	21%
FT Maritime Innovation Center	778	1,103	3,297	325	29%
Cruise Upgrades COVID19	0	1,000	0	1,000	100%
MD Fleet	1,645	6,555	4,790	4,910	75%
MD Small Projects	834	3,368	1,443	2,534	75%
All Other Project	3,824	8,983	20,668	6,040	67%
Subtotal	21,935	39,309	54,091	18,255	46%
CIP Cashflow Mgmt Reserve	0	(6,996)	(13,286)	(6,996)	100.0%
Total Maritime	21,935	32,313	40,805	11,259	34.8%
% of Capital Budget	68%	100%			

Note: POF (Plan of Finance) is the total estimated during the budget process.

Comments on Key Projects with Significant Variances

- **P66 Fender Overhaul** – Completion of NTP for construction took longer than expected, pushed cash flows to 2024.
- **MD Video Camera** – Design delayed to 2024 to continue investigation of Port's camera ecosystem to determine best path forward.
- **P66 Shore Power**– Accelerated civil duct work and mobilization have shifted cash flows from 2024 into current year. Overall project cost has not increased.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

IV. ECONOMIC DEVELOPMENT DIVISION

FINANCIAL SUMMARY

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		\$	%
\$ in 000's					\$	%	\$	%
Total Revenues	9,294	17,799	17,215	22,201	(4,986)	-22%	(584)	-3%
Total Operating Expenses	20,560	24,213	26,661	30,149	3,488	12%	2,449	10%
Net Operating Income	(11,266)	(6,414)	(9,446)	(7,948)	(1,498)	-19%	(3,033)	47%
<i>NOI Including Pension Adj</i>	(8,870)	(5,784)	(8,279)	(7,948)	(330)	-4%	(2,494)	-43%
Capital Expenditures	9,314	4,311	6,136	8,086	1,950	24%	1,825	42%

2023 Actual vs. 2023 Budget

- Operating Revenues \$5M unfavorable to budget due to lower volumes at the Conference & Event Center.
- Operating Expenses \$3.5M below budget due to variable cost impact of lower Conference Center volumes, delayed hiring, and timing of tourism, offset by grant spending.
- Net Operating Income \$1.5M below budget or \$330K when including pension adjustment.
- Capital Spending was 76% of \$8.1M budget.

2023 Actuals vs. 2022 Actuals

- Operating Revenues were \$1.2M higher than 2022 with increases in Conference & Event Center along with increased concession revenue at the Bell Street garage.
- Operating Expenses \$2.7M higher than 2022 due to payroll increases and Conference & Event Center volumes and change in the EDD Grants from 1yr to 2yr cycle.
- Net Operating Income was \$1.5M lower than 2022 actual.

Net Operating Income before Depreciation by Business

	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Budget	Variance		\$	%
\$ in 000's				\$	%	\$	%
Portfolio Management	(3,701)	(2,173)	(2,991)	817	27%	1,528	41%
Conference & Event Centers	(501)	(3,697)	(1,994)	(1,703)	-85%	(3,196)	-637%
Tourism	(769)	(1,026)	(1,580)	554	35%	(257)	-33%
EDD Grants	(105)	(1,491)	(1,500)	9	1%	(1,387)	1326%
Env Grants/Remed Liab/ERC	(708)	109	116	(7)	-6%	817	115%
Total Econ Dev	(5,784)	(8,279)	(7,948)	(330)	-4%	(2,494)	-43%

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

A. OPERATING RESULTS

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Revenue	7,384	8,886	10,477	9,722	755	8%	1,592	18%
Conf & Event Centers	1,910	8,914	6,738	12,479	(5,741)	-46%	(2,176)	-24%
Total Revenue	9,294	17,799	17,215	22,201	(4,986)	-22%	(584)	-3%
Expenses								
Portfolio Management	3,737	3,653	3,713	3,905	192	5%	59	2%
Conf & Event Centers	3,124	6,563	6,632	10,769	4,137	38%	69	1%
P69 Facilities Expenses	268	230	254	221	(33)	-15%	24	10%
RE Dev & Planning	231	299	340	294	(46)	-16%	41	14%
EconDev Expenses Other	736	1,058	1,736	1,200	(536)	-45%	678	64%
Maintenance Expenses	3,769	3,836	3,498	3,303	(195)	-6%	(338)	-9%
Maritime Expenses (Excl Maint)	862	1,223	1,501	1,811	310	17%	278	23%
Total EDD & Maritime Expenses	12,727	16,862	17,674	21,503	3,829	18%	811	5%
Diversity in Contracting	253	186	268	250	(18)	-7%	82	44%
Tourism	1,877	1,737	1,540	1,830	290	16%	(197)	-11%
EDD Grants	889	105	1,491	1,150	(341)	-30%	1,387	1326%
Total EDD Initiatives	3,019	2,028	3,300	3,230	(70)	-2%	1,272	63%
Environmental & Sustainability	24	30	53	83	30	36%	23	76%
Police Expenses	205	240	288	258	(30)	-12%	48	20%
Other Central Services	4,408	4,906	5,206	4,938	(268)	-5%	300	6%
Aviation Division	177	147	141	138	(3)	-2%	(5)	-4%
Total Central Services & Aviation	4,814	5,323	5,688	5,417	(271)	-5%	365	7%
				0				
Total Expense before Pension Adjustment	20,560	24,213	26,661	30,149	3,488	12%	2,449	10%
Pension Expense Adjustment	(2,396)	(629)	(1,168)	0	1,168	NA	(538)	-86%
Total Expense	18,164	23,584	25,494	30,149	4,655	15%	1,910	8%
NOI Before Depreciation	(8,870)	(5,784)	(8,279)	(7,948)	(330)	-4%	(2,494)	-43%
Depreciation	3,841	3,954	4,132	3,982	(150)	-4%	179	5%
NOI After Depreciation	(12,711)	(9,738)	(12,411)	(11,930)	(481)	-4%	(2,673)	-27%

2023 Actuals vs. 2023 Budget

- Operating Revenues were \$4,986K unfavorable to budget due primarily to unexpected cancellations at the Conference and Event Center, partially offset by favorable concession revenue at Bell Street Garage.
- Operating Expenses were \$3,488 below budget:
 - Portfolio Management \$192K lower from open positions.
 - Conference and Event Center \$4,137K below from lower activity.
 - Economic Dev. Other over budget \$536K from \$225K Maritime Blue budgeted in EDD grants and the headcount vacancy factor.
 - Maintenance expenses \$195K higher due to higher cost of equipment and supplies.
 - Maritime \$310K lower from project deferrals.
 - EDD Initiatives \$70K above budget due to timing of Tourism and EDD Grant spending along with \$225K budgeted in EDD Grants but booked in Economic Dev. Other
 - Other Central Services \$268K above budget due to legal and corporate contingencies.
 - All other expenses net to \$82K over budget.
- Net Operating Income was \$1,498K below budget excluding pension adjustment.

2023 Actuals vs. 2022 Actuals

- Operating Revenues were \$584K lower than 2022 actual from increased competition in the conference and event centers.
- Operating Expenses were \$2,449K higher than 2022 actual:
 - EDD Other expenses up \$678K from studies, full staff, and Maritime Blue.
 - EDD Grants up \$1,387K from second year of two-year cycle change.

IV. ECONOMIC DEVELOPMENT DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

- Tourism \$197K lower than 2022 due to prior year payment for Washington Tourism Alliance program.
- Central services up \$365K from increased payroll
- All other Expenses net to \$216K higher than 2022.
- Net Operating Income was \$3,033K lower than 2022 actual when adjusting for pension credit.

B. CAPITAL RESULTS

	2023 Actual	2023 Budget	2023 POF	Budget vs. Actual	
				\$	%
\$ in 000's					
T91 Uplands Dev Phase I	1,631	2,204	1,682	573	26%
WTCW Roof Replacement	1,659	1,841	1,003	182	10%
P69 Underdock Utility Rpl	1,787	999	547	(788)	-79%
CW Bridge Elev Modernizat	261	480	7	219	46%
P66 Roof Upgrades	157	341	556	184	54%
P66 BHICC Interior Modern	0	276	0	276	100%
P69 3rd Floor Terrace Rep	0	262	262	262	100%
P69 and P66 Public Video	33	250	250	217	87%
Tenant Improvements - Capi	0	202	300	202	100%
T91 Ped Path and Bike Bri	38	150	300	112	75%
All Other Projects	570	3,274	3,780	2,709	83%
Subtotal	6,136	10,279	8,687	4,148	40%
CIP Cashflow Mgmt Reserve	0	(2,193)	(1,950)	(2,193)	100%
Total Economic Development	6,136	8,086	6,737	1,955	24%
% of Capital Budget	76%	100%			

Note: POF (Plan of Finance) is the total estimated during the budget process.

Comments on Key Projects

- **T91 Uplands** - Cash flows pushed out to 2024 due to design contract delays.
- **P69 BHICC** - \$276k for pending claim resolution no longer needed.
- **All Other Projects** - Mostly small cap projects pushed out to 2024 (PM constraints, LED projects).

V. CENTRAL SERVICES DIVISION

FINANCIAL SUMMARY

\$ in 000's	Actual	Budget	Variance
Revenues	(216)	155	(371)
Core Central Services	115,169	109,752	(5,417)
Police	41,164	36,673	(4,490)
Engineering/PCS	14,241	16,478	2,237
Total O&M Expenses w/o Pension True-up	170,574	162,903	(7,671)
DRS Pension True-up Credit	(14,479)	-	14,479
Total O&M Expenses with Pension True-up	156,094	162,903	6,809
Capital Spending	8,250	13,178	4,928

2023 Actuals vs. 2023 Budget

- Operating Revenues unfavorable by \$324K primarily due to L2 Pension Contra Revenue.
- Operating Expenses \$7.7M unfavorable to budget mainly due to higher Outside Legal Expense, unanticipated Litigated Injuries & Damages, and less Charges to Capital Projects.

2023 Actuals vs. 2022 Actuals

- Operating Revenues \$2.8M below 2022 primarily due to L2 Pension Contra Revenue.
- Operating Expenses \$29.0M higher than 2022 mainly due to higher Payroll, Outside Services, Promotional Expenses; offset by and higher charges to Capital Projects.

A. BUSINESS EVENTS

- Sponsored key community and business events including Eastside Leadership Conference, Sports Commission Women in Leadership Breakfast, Eastside Economic Forecast Summit, Pacific Marine Expo Economic Forecast Breakfast, Kirkland Chamber Awards, Visit Seattle Holiday Brunch, and Propeller Club Holiday Luncheon.
- Hosted community engagement events to further Port objectives including South Seattle Community/Multi-Agency Roundtable, End of Cruise Season Celebration with CLIA, Land Stewardship/Tree Replacement Webinar, Green Corridor First Movers in-person meeting, and a Community Tree Planting work party near SEA.
- Held numerous Career Awareness Programs including RAHS Career Panel and Airfield Tour, Aeronautical Science Pathways Build Your Own Airport, Young Entrepreneur Challenge with HSD, Lake WA Adventure School Airport Tour.
- Launched an escalator safety campaign via owned and earned media to promote safe escalator use at SEA.
- Hosted a South Seattle Multi-Agency Community Roundtable in Beacon Hill.
- Attended and delivered remarks at the Seattle Chamber Regional Leadership Conference.
- Attended AWB Trade Mission to Mexico with Lt. Governor
- Convened a government-to-government meeting with the Muckleshoot Indian Tribal Council.
- Supported Commissioners at NW Offshore Wind Supply Chain Summit
- Hosted graduation event for the inaugural Youth Maritime Career Launch class of 37 youth.
- Police Department successfully completed the Y2 CALEA assessment review. The Port of Seattle Police Department is one of eight police departments to be accredited through CALEA.
- Held several workshops, including Addressing Anti-Semitism in the Workplace, Understanding Transgender Equity, Implicit Bias & Microaggressions, A Conversation about the Impacts of Gaza, Parts 1 and 2.

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

KEY PERFORMANCE METRICS

Century Agenda Strategic Objectives	2021	2022	2023
Responsibly Invest in the Economic Growth of the Region and all its Communities			
A. Job seekers placed in jobs at SEA Airport through the Employment Center	1,211	1,479	1,594
B. Number of SEA Airport tenants supported in finding employees	80	94	93
C. Employment Center training completions	166	573	1,012
D. K-12 Career Connected Learning: WFD engagement with teachers/faculty	1,600	0	12
E. Community members entering employment in construction, maritime and environmental sustainability	42	53	70
F. Number of Job Openings Posted	441	355	336
G. Job applications received	10,355	13,990	18,830
H. Number of job interviews conducted	1,533	2,461	2,333
I. Number of new employees hired	317	557	495
J. Number of interns	114	104	133
K. Number of Veteran Fellows	5	6	5
L. Number of employees participating in Tuition Reimbursement	37	25	15
Become a Model for Equity, Diversity and Inclusion			
A. Employee participation in OEDI programming (Caucuses, Book Clubs, Town Halls, etc.)	1879	2229	2,907
Be a Highly Effective Public Agency			
A. Central Services costs as a % of Total Operating Expenses	25.5%	27.8%	27.4%
B. Investment portfolio earnings versus the benchmark (the Bank of America Merrill Lynch 1-3 Year US Treasury & Agency Index)	0.67%/0.69%	2.62%/4.5%	3.70%/4.34%
C. Comply with Public Disclosure Act and respond in a timely manner	637	803	1,204
D. Percent of annual audit work plan completed each year	100%	100%	100%
E. Employee Development Class Attendees/Structured Learning	2,423	2,868	3,289
F. Total Recordable Incident Rate (previous Occupational Injury Rate)	4.8	3.72	4.16
G. Lost Work Day Rate (previously Days Away Severity Rate)	62.50	79.47	72.41
H. Customer Survey for Police Service Excellent or Above Average	100%	90%	TBD

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

B. OPERATING RESULTS

Financial Summary

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Total Revenues	(233)	2,538	(216)	155	(371)	-239.3%	(2,754)	-108.5%
Executive	2,472	2,218	3,307	3,678	371	10.1%	1,089	49.1%
Commission	2,093	2,360	2,623	2,905	282	9.7%	263	11.1%
Legal	7,718	8,540	10,887	5,079	(5,808)	-114.3%	2,347	27.5%
External Relations	8,037	9,215	10,781	12,333	1,552	12.6%	1,566	17.0%
Equity Diversity and Inclusion	5,180	4,406	5,641	6,953	1,312	18.9%	1,235	28.0%
Human Resources	10,335	11,921	14,914	16,049	1,135	7.1%	2,993	25.1%
Labor Relations	1,373	1,177	1,417	1,600	183	11.4%	240	20.4%
Internal Audit	1,646	2,565	2,120	2,047	(72)	-3.5%	(445)	-17.4%
Accounting & Financial Reporting Services	8,699	8,672	9,891	10,344	453	4.4%	1,219	14.1%
Information & Communication Technology	24,162	27,535	30,682	30,419	(263)	-0.9%	3,147	11.4%
Information Security	1,636	1,703	2,312	2,794	483	17.3%	608	35.7%
Finance & Budget	2,292	2,499	2,868	2,765	(103)	-3.7%	370	14.8%
Business Intelligence	1,130	1,496	1,773	2,072	298	14.4%	277	18.5%
Risk Services	4,165	5,144	5,890	5,749	(141)	-2.5%	746	14.5%
Office of Strategic Initiatives	893	974	1,396	1,471	75	5.1%	421	43.3%
Central Procurement Office	4,986	6,494	7,728	8,021	293	3.6%	1,235	19.0%
Contingency	(123)	(268)	(251)	(6,579)	(6,328)	96.2%	17	-6.4%
Core Central Support Services	86,694	96,652	113,979	107,702	(6,278)	-5.8%	17,327	17.9%
Police	28,678	33,487	41,164	36,673	(4,490)	-12.2%	7,676	22.9%
Total Before Cap Dev & Environment	115,372	130,140	155,143	144,375	(10,768)	-7.5%	25,003	19.2%
Capital Development								
Engineering	5,403	6,654	8,254	9,497	1,244	13.1%	1,600	24.0%
Port Construction Services	3,988	3,939	5,987	6,980	993	14.2%	2,048	52.0%
Sub-Total	9,391	10,593	14,241	16,478	2,237	13.6%	3,649	34.4%
Environment & Sustainability								
Environment & Sustainability	758	795	1,189	2,050	861	42.0%	394	49.5%
Sub-Total	758	795	1,189	2,050	913	44.5%	394	49.5%
Industrial Development Corporation	-	-	1	-	(1)	0.0%	1	0.0%
Capital to Expense	-	56	-	-	-	0.0%	(56)	-100.0%
TOTAL w/o DRS Pension True-up	125,521	141,583	170,574	162,903	(7,671)	-4.7%	28,991	20.5%
DRS Pension True-up Credit	(29,768)	(6,666)	(14,479)	-	14,479	0.0%	(7,814)	117.2%
TOTAL w/ DRS Pension True-up	95,753	134,917	156,094	162,903	6,809	4.2%	21,177	15.7%

2023 Actuals vs. 2023 Budget

Excluding the DRS Pension Credit, Operating Expenses for 2023 were \$7.7M above Budget due primarily to:

- **Executive** – favorable variance of \$371K primarily due to lower Payroll of \$457K and Outside Services of \$23K; partially offset by higher Promotional Expenses of \$138K.
- **Commission** – favorable variance of \$282K primarily due to lower Payroll of \$331K; offset by higher Outside Services of \$35K and Travel of \$21K.
- **Legal** – unfavorable variance of \$5.8M due to higher Outside Services of \$3.9M, Payroll of \$188K, General Expenses of \$1.8M, and less charges to Capital Projects of \$150K.
- **External Relations** – favorable variance of \$1.6M primarily due to lower Outside Services of \$766K, Payroll of \$392K, Travel of \$135K, General Expenses of \$158K, and Promotional Expenses of \$137K.
- **Equity, Diversity, and Inclusion** – favorable variance of \$1.3M primarily due to lower Outside Services of \$785K, Payroll of \$513K, and General Expenses of \$53K; partially offset by higher Promotional Expenses of \$39K.
- **Human Resources** – favorable variance of \$1.1M primarily due to lower Payroll of \$1.5M, Outside Services of \$106K and Travel of \$213K; offset by higher General Expenses of \$1.0M.
- **Labor Relations** – favorable variance of \$183K primarily due to lower Payroll of \$158K and Travel of \$17K.
- **Internal Audit** – unfavorable variance of \$72K primarily due to higher General Expenses of \$237K and lower charges to Capital Projects of \$139K; partially offset by lower Payroll of \$215K and Outside Services of \$79K.
- **Accounting and Financial Reporting Services** – favorable variance of \$453K primarily due to lower Payroll of \$447K.
- **Information & Communication Technology** – unfavorable variance of \$263K due to lower charges to Capital Projects of \$909K and higher Outside Services of \$77K; offset by lower Payroll of \$470K, Equipment of \$222K, and Travel of \$79K.
- **Information Security** – favorable variance of \$483K primarily due to lower Payroll of \$100K, Outside Services of \$331K, and Travel of \$32K.
- **Corporate Finance & Budget** – unfavorable variance of \$103K primarily due to higher Payroll of \$82K and Travel of \$33K.
- **Business Intelligence** – favorable variance of \$298K primarily due to lower Payroll of \$55K, Outside Services of \$175K, and Travel of \$67K.
- **Risk Services** – unfavorable variance of \$141K due to higher Insurance Expense of \$234K; partially offset by lower Outside Services of \$83K.
- **Office of Strategic Initiative** – favorable variance of \$75K primarily due to lower Payroll of \$33K, Outside Services of \$22K, and Travel of \$16K.
- **Central Procurement Office** – favorable variance of \$293K primarily due to lower Payroll of \$112K, Supplies of \$39K, Travel of \$95K, and General Expenses of \$94K; partially offset by higher Equipment Expense of \$60K.
- **Police** – unfavorable variance of \$4.5M primarily due to higher Payroll of \$2M, Outside Services of \$1.6M, Equipment of \$389K, Supplies of \$357K, and General Expenses of \$658K; partially offset by lower Travel of \$184K, and Worker’s Comp of \$189K.
- **Engineering** – favorable variance of \$1.2M primarily due to lower Payroll of \$1.2M, Outside Services of \$1.4M, Property Rentals of \$758K, and Travel of \$142K; partially offset by higher General Expenses of \$673K, and Lower charges to Capital Projects of \$1.8M.
- **PCS** – favorable variance of \$993K primarily due to lower Payroll of \$2.0M, Equipment Expense of \$58K, and General Expenses of \$51K; partially offset by higher Outside Services of \$807K and Supplies of \$284K.
- **Environment & Sustainability Admin** – favorable variance of \$861K primarily due to lower Outside Services of \$703K and Payroll of \$159K; partially offset by higher Travel of \$40K.
- **Contingency** – unfavorable variance of \$6.3M due to Vacancy Factor actuals in departments.

V. CENTRAL SERVICES DIVISION FINANCIAL & PERFORMANCE REPORT 12/31/23

2023 Actuals vs. 2022 Actuals

- Operating Expenses without DRS Pension True-up for 2023 were \$29.0M higher than 2022 actuals mainly due to:
 - **Core Central Support Services** – \$17.7M higher than 2022 primarily due to: higher payroll for current employees and new positions as well as full year salaries for mid-year 2022 positions; contractual increases; addition of new initiatives to support growing needs of the organization.
 - **Police** – \$7.7M above 2022 due to: increase in salary and benefits for represented groups based on new contracts, new positions, vacant positions in 2022, and addition of new initiatives to enhance the safety and security of the public.
 - **Capital Development** – \$3.6M higher than 2022 primarily due to higher payroll and addition of new positions as well as contractual increases to support the capital program.

C. CAPITAL RESULTS

\$ in 000's	2023	2023	2023	Budget Variance	
	Actual	Budget	POF	\$	%
Engineering Fleet Replacement	585	3,065	1,600	2,480	80.9%
Corporate Fleet Replacement	1,063	1,836	1,274	773	42.1%
Infrastructure - Small Cap	726	1,865	1,500	1,139	61.1%
Services Tech - Small Cap	1,377	1,500	1,500	123	8.2%
Enterprise Network Refresh	1,190	1,603	2,000	413	25.8%
Office Wi-Fi Refresh	361	964	1,077	603	62.6%
Phone System Upgrade	710	862	120	152	17.6%
Radio Microwave Redund. Loop	227	760	1,000	533	70.1%
Storage Area Network Refresh	481	750	750	269	35.9%
Other (note 1)	1,530	5,573	6,738	4,043	72.5%
Subtotal	8,250	18,778	17,559	10,528	56.1%
CIP Cashflow Adjustment	-	(5,600)	(5,600)	(5,600)	100.0%
TOTAL	8,250	13,178	11,959	4,928	37.4%

Note:

(1) "Other" includes remaining ICT projects and small capital projects/acquisitions.

Q4 2023 Financial Performance Report

Item No.: 11a_supp

Date: March 26, 2024



Port of Seattle®

Key Highlights

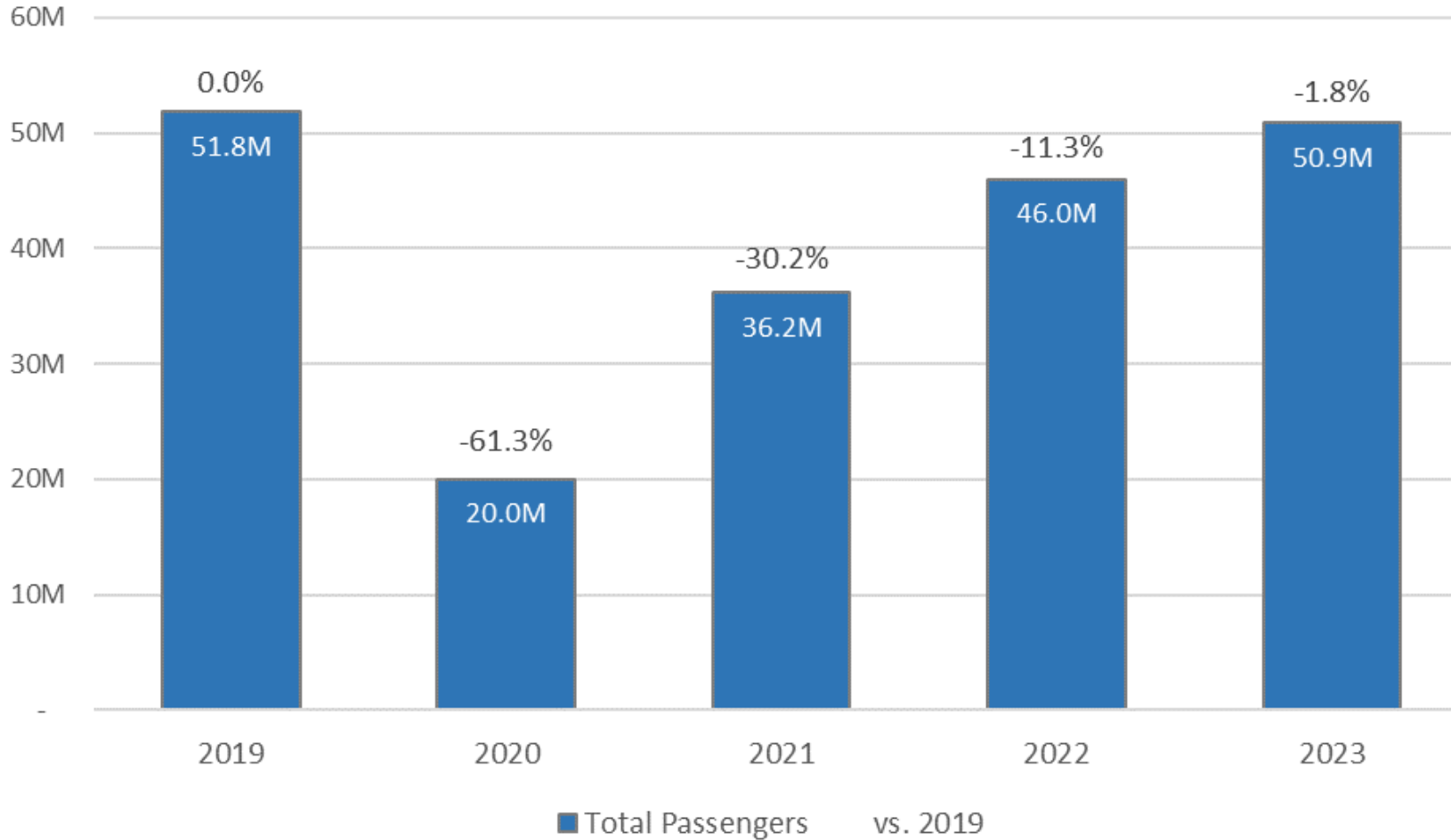
- Financial performance was strong in 2023 reflecting continued economic recovery
- Airport passengers grew 10.7% over 2022 and were 1.8% lower than 2019
- 2023 cruise season posted a record 1.78 million passengers, 25% above budget
- Airport Non-Aero Revenues were 10.3% over budget and 27.3% higher than 2022
- Non-Airport Revenues were 6.8% above budget and 8% higher than 2022
- Operating expenses were \$16.3M below budget mainly due to a \$28.7M non-cash expense credit related accounting for the Port's public pension plans through the Department of Retirement Systems (DRS). Without the credit, operating expenses were \$12.4M over budget
- Total Port capital spending was \$480.2 million, 88.9% of budget

Aviation Division

2023 Q4 Financial Performance Report

Passenger Growth Rebounding

by Year vs. 2019 Pre-Pandemic level



Passengers (millions)	
2019 Actual	51.8
2020 Actual	20.0
2021 Actual	36.2
2022 Actual	46.0
2023 Actual	50.9
2023 Budget	48.9

1.8% ↓
compared to 2019

2023 activity exceeded budget expectation by 2M passengers

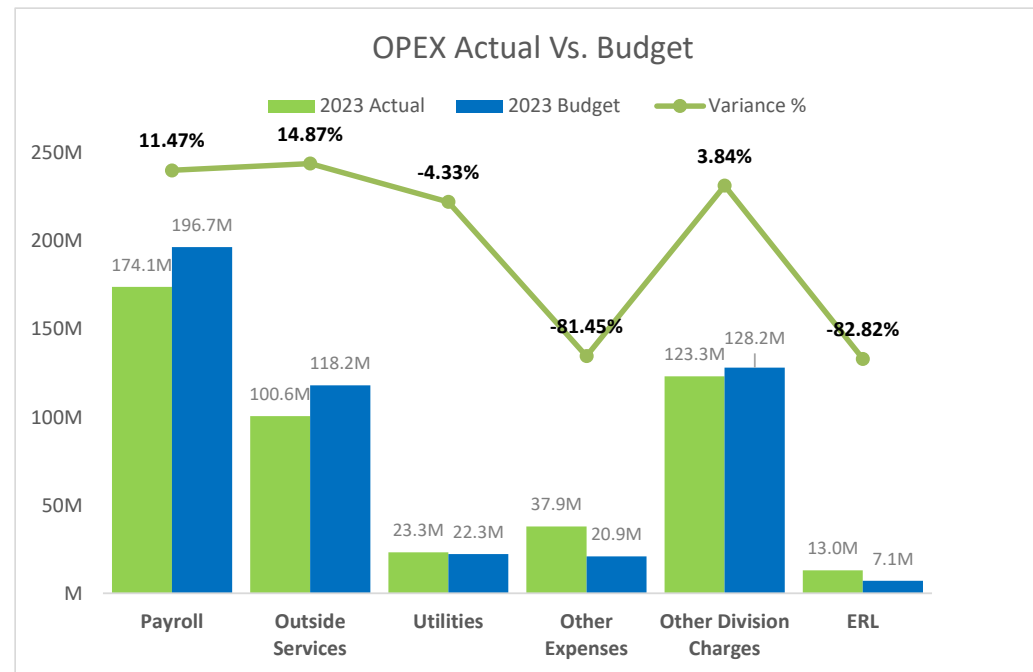
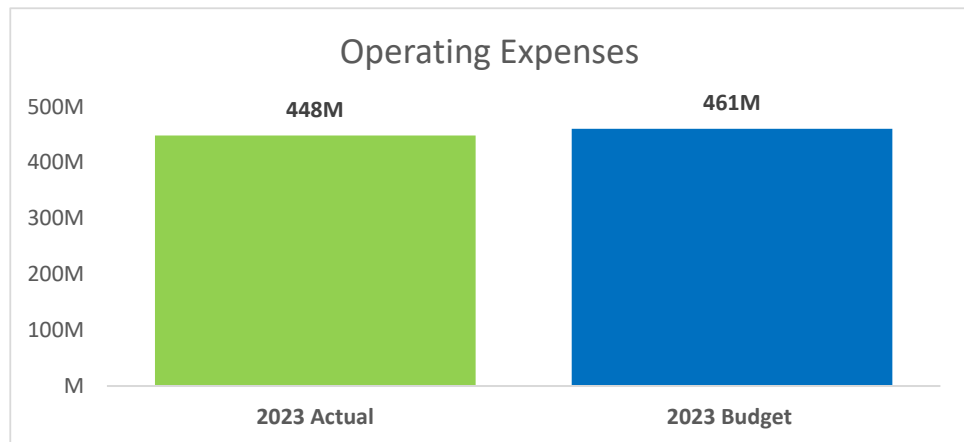
2023 Financial Summary

Business/Financial Highlights

- **2023 Passenger totals: 50.9M**
 - 1.8% lower than 2019
- **Aero Revenue \$479.7M**
 - Lower than budget by \$25.3M primarily driven by Aero share of pension credit and lower debt service charged to Aero rates due to capital project schedule delays
- **Non-Aero Revenue \$326.6M**
 - Exceeded budget by \$30.5M primarily driven by strong performance in Landside lines of business

<i>Figures in \$000s</i>	Actual	Budget	Variance
Revenues			
Aeronautical	479,697	504,948	(25,251)
Non-Aeronautical	326,592	296,102	30,490
Total Revenues	806,289	801,051	5,239
Total O&M Expenses	471,946	460,535	(11,410)
DRS Pension True-up Exp	(23,572)	-	23,572
Total O&M Expenses with Pension True-up	448,374	460,535	12,162
NOI w/o Pension True-up	334,344	340,515	(6,171)
NOI with Pension True-up	357,916	340,515	17,400
Federal Relief	11,900	10,000	1,900
Concessions Relief	1,918	-	1,918
NOI (after Federal Relief Grants) w/ Pension True Up	371,734	350,515	21,218
<u>Key Measures</u>			
Non-Aero NOI (in \$000s)	188,669	156,216	32,454
CPE (\$)	17.52	19.29	1.77
Debt Service Coverage	2.02	1.87	0.15
<u>Other Information</u>			
ADF Balance (in \$000s)	655,058	576,000	79,058
Capital Spending (in \$000s)	444,072	485,572	41,500

Operating Expenses Summary



Charges to Capital (not shown on graph) are \$8.7M lower than budget

\$12.2M / 2.6% under budget

Major Drivers:

Full Year 2023 operating expenses are closely aligned to the Budget, ending the year 2.6% lower than budget primarily due to the \$24M pension credit (operating expenses were 2.5% higher than budget before the pension credit).

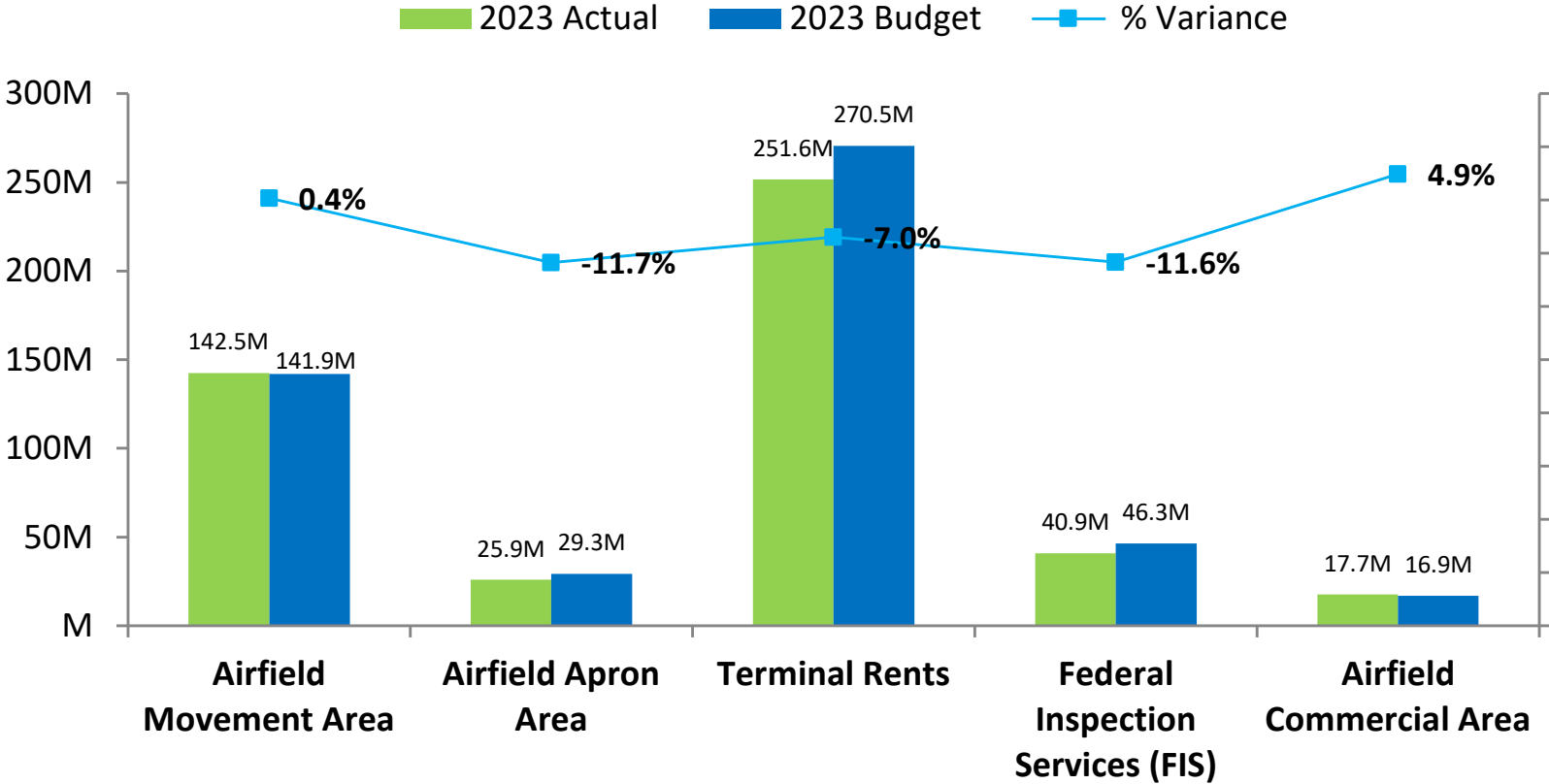
- **Payroll** – \$22.6M lower than budget primarily due to the \$24M pension credit
- **Other Expenses** - \$17M higher spending (increased spending in legal services and maintenance materials) is fully offset by lower spending in Outside Services (\$18M)
- **Environmental Remediation Liability (ERL)** - \$6M of additional environmental remediation costs
- **Charges to Capital** – lower than expected (\$8.7M) due to position vacancies (staffing capacity) and schedule changes in capital program work.

Aeronautical Revenue

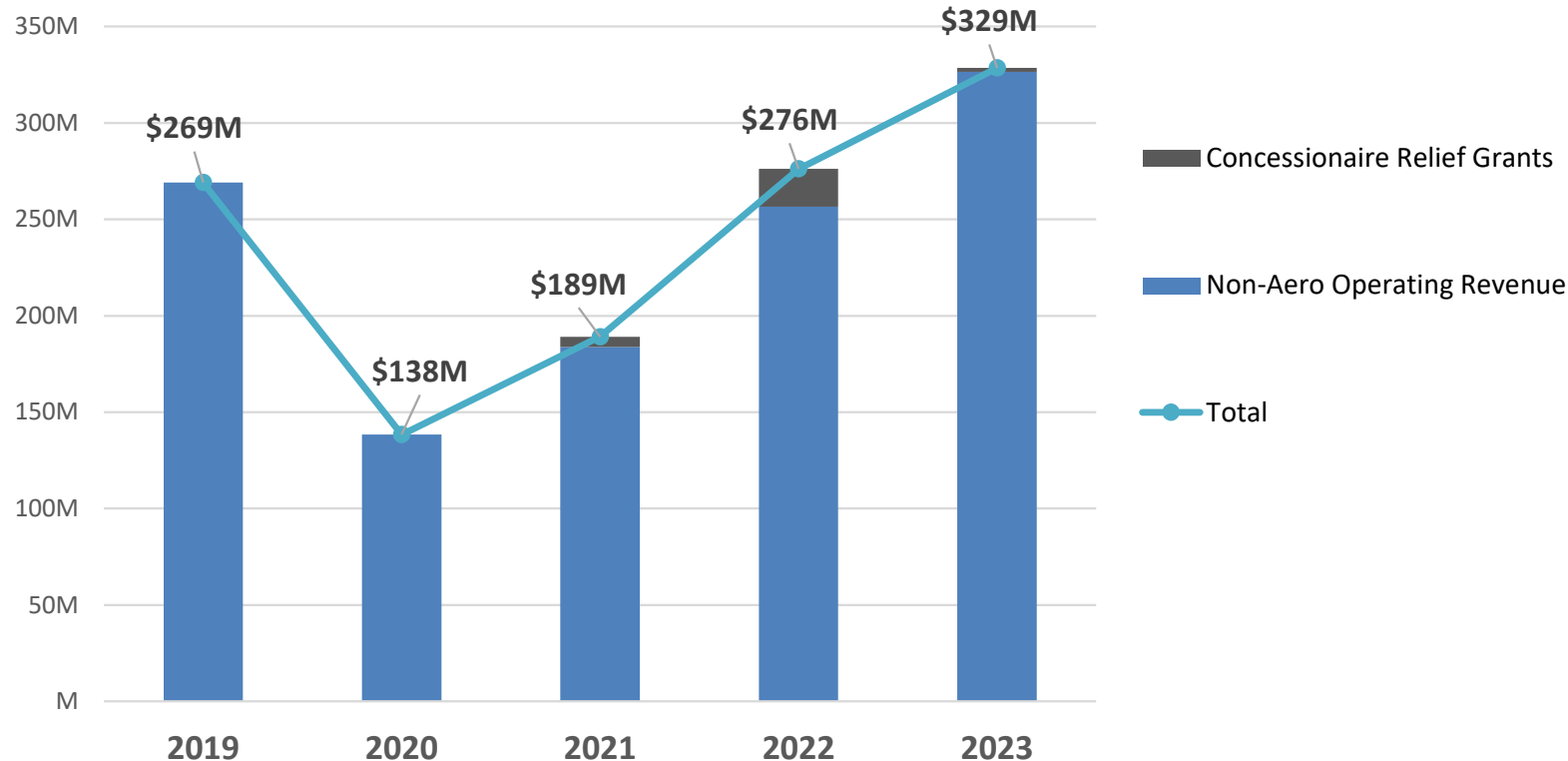
Actuals
\$480M

↓ -5.0%

Budget
\$505M



Non-Aero Revenue YoY with Concessions Grant Impact



- 2023 Non-Aero revenue is 22% higher than pre-pandemic (2019) level
- Higher 2023 Non-Aero revenue per enplanement of \$12.95 is significantly higher than pre-pandemic level of \$10.40 in 2019

Note: Remaining ARPA \$1.9M federal Concessionaire Relief grant funds applied to ADR tenants in 2023

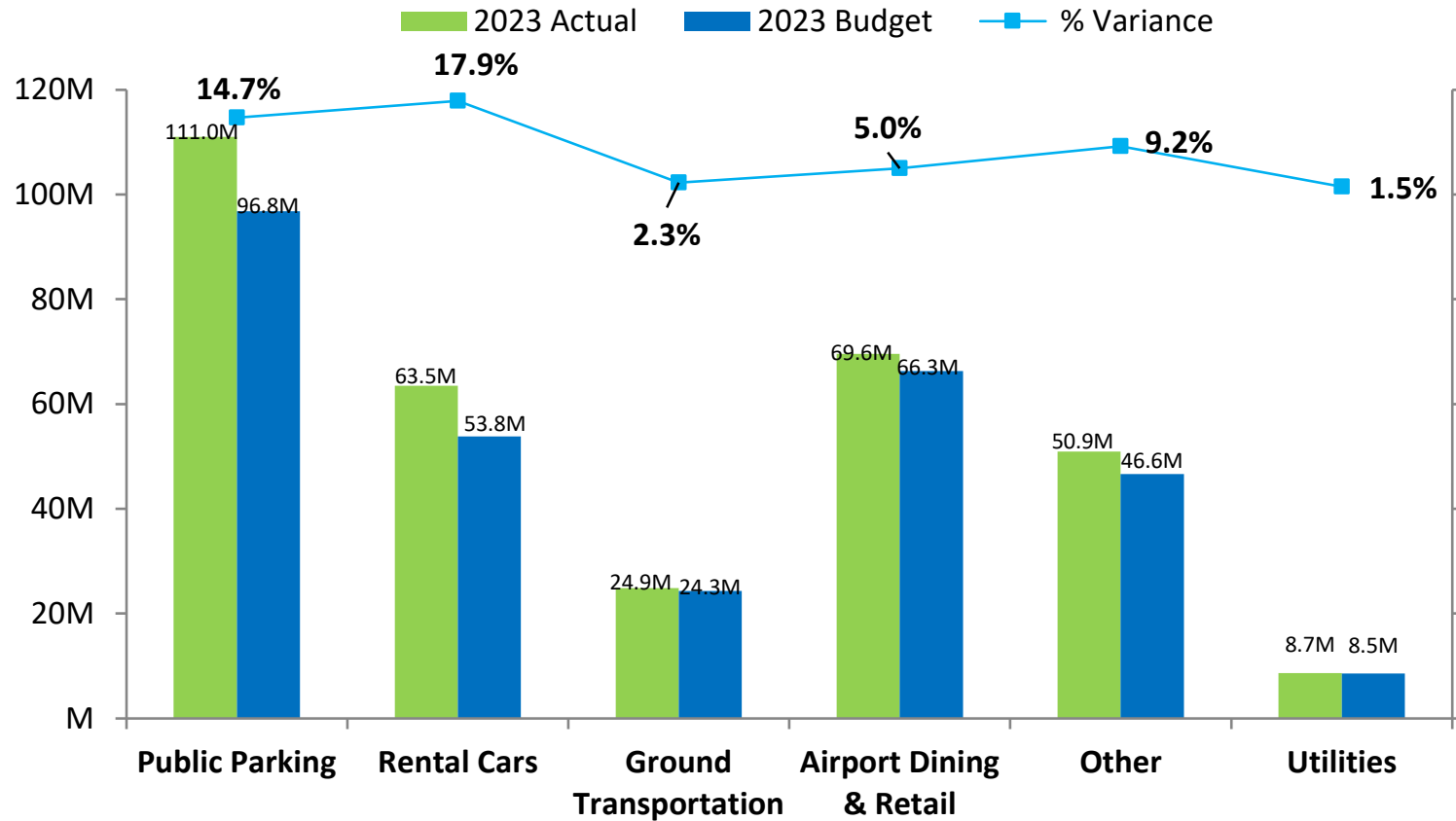
Non-Aeronautical Revenues

Reflects Real Business Performance BEFORE reduction by Concessionaire Relief grant rent credits

Actuals
\$328.5M

↑ 10.9%

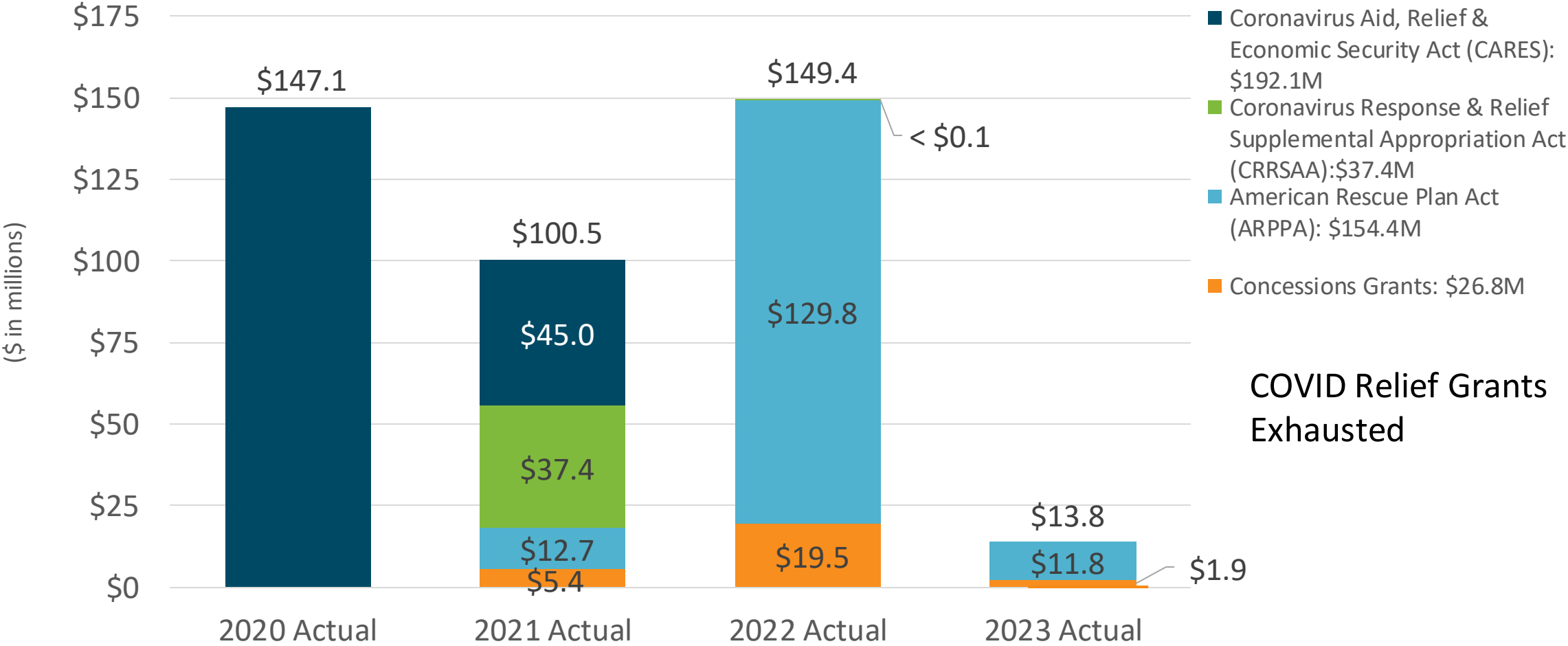
Budget
\$296.4M



Final \$1.9M in Concessionaire Relief grant rent credits (ARPA grant) applied to qualified ADR tenants in 2023

Federal Relief Grant Summary

Total Grants \$410.6M



Debt Service Ratio is better than budget & above 1.40x target

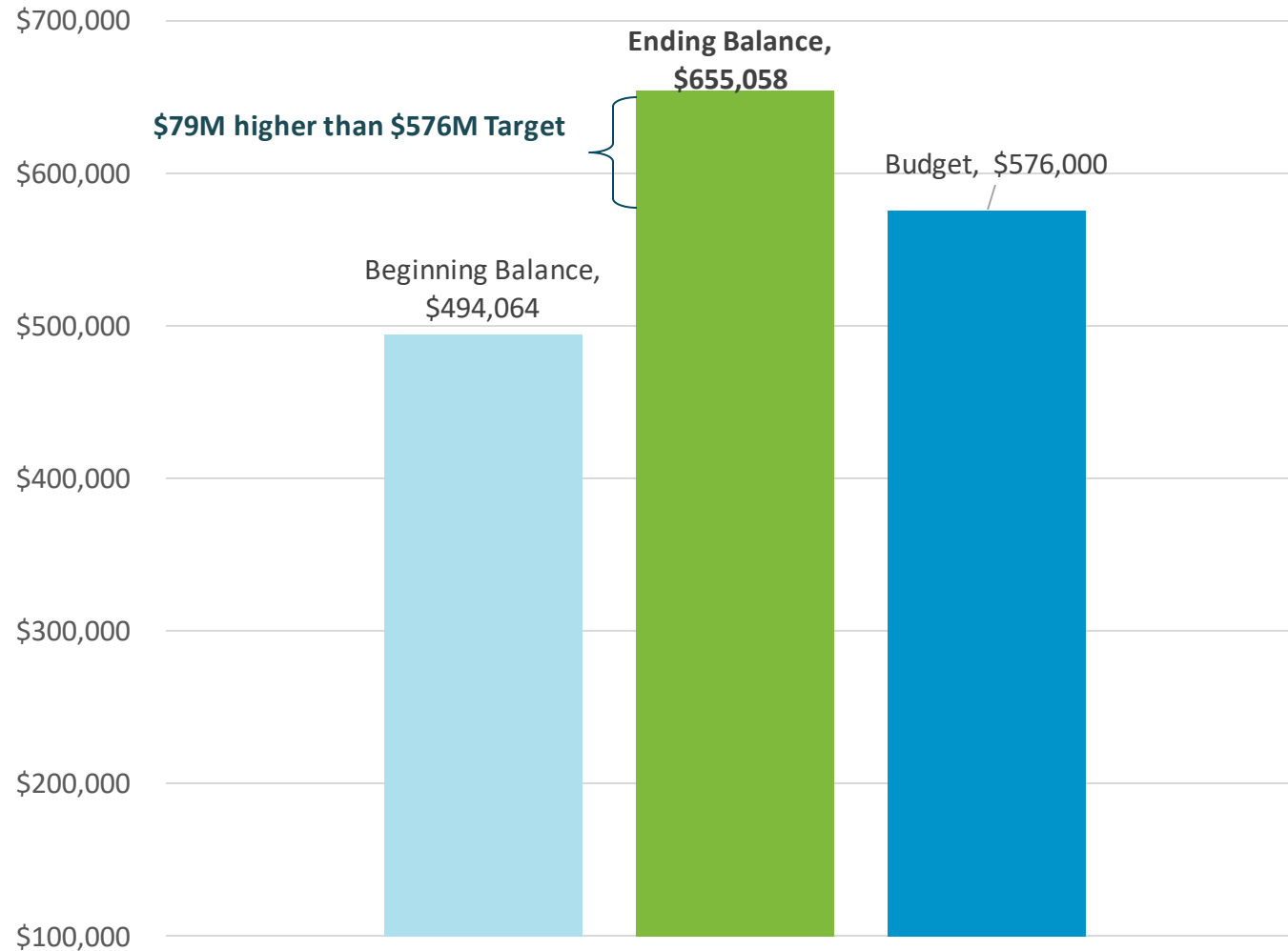
	in \$000's	2022 Actual	2023 Actual	2023 Budget	Variance
Revenues					
Aero		402,540	479,697	504,949	(25,252)
Non-aero		256,613	326,592	296,102	30,490
Total Revenues		659,153	806,289	801,051	5,238
O&M		(382,704)	(448,374)	(460,535)	12,161
Net Operating Income					
		276,449	357,916	340,515	17,402
Federal Relief Grants Non-op		24,477	1,855	-	1,855
Concession Rent Relief Grants		21,419	1,918	250	1,668
CFC Excess		(4,338)	(7,560)	(4,427)	(3,133)
Other net non-operating		5,034	15,920	13,635	2,285
Available for debt service		323,040	370,049	349,973	20,077
Debt Service					
Gross debt service (net of cap i)		316,133	308,981	316,397	(7,416)
CFC offset		(18,696)	(24,657)	(24,658)	1
PFC offset		(69,681)	(91,427)	(95,000)	3,573
Federal Relief Grants DS offset		(105,371)	(9,993)	(9,997)	4
Net Debt Service		122,385	182,904	186,743	(3,839)
Debt Service Coverage		2.64	2.02	1.87	0.15

Note: DS Coverage is airport only debt service coverage, calculated in accordance with airline agreement.

- **Available for debt service is higher due to:**
 - 1) \$30M higher non-aero revenues than budget
 - 2) O&M was \$12M lower than budget primarily due to pension credit
 - 3) Aero revenues was \$25M lower than budget as lower debt service charges are not included in rate base due to delay in assets completion and pension credit
- Net Debt Service is \$4M lower due higher interest income earned on debt service reserve fund.

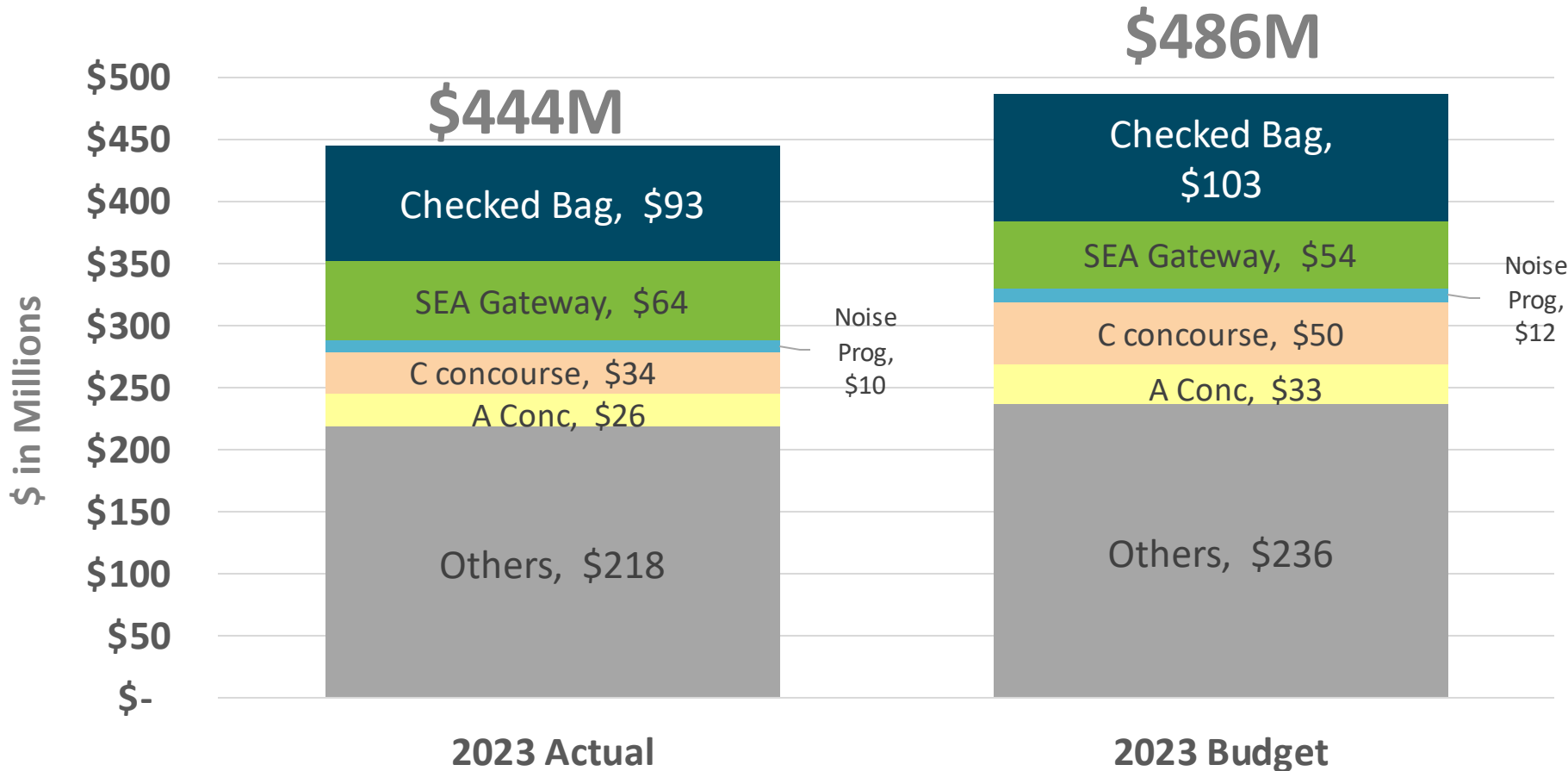
Airport Development Fund Balance

\$ in 000's



- Ending balance of \$655M exceeding target of \$576M (15 months of O&M in 2023) by \$79M.
- Exceeded target due to higher net operating income.
- ADF funded \$48M in capital projects.
- Higher year-end fund balance was retained for use of \$47M credit payable to airlines for Signatory Lease Operating Agreement (SLOA) rates settlement in 2024.

2023 Capital Spending: 91% of Budget



- Most mega projects are progressing on schedule
- Higher spend in SEA Gateway project due to more timely invoicing than assumed in budget
- Schedule delays caused variance in other (smaller) projects

AV Capital -2024 Spend Forecast

\$ in 000's

Category	2023 Actual	POF 2024	Budget 2024	5Y Total	Project Total
Mega Total	201,360	367,366	322,651	1,837,198	5,685,419
Business Need Total	106,904	170,717	152,478	592,785	971,769
Renewal & Replacement Total	105,733	206,901	151,901	817,096	1,528,039
Reserve/Cash Flow Adjustment Total	-	(129,920)	12,000	407,829	2,988,407
Regulatory Total	19,605	70,606	38,719	353,709	397,987
SAMP Design Total	450	1,214	-	173,717	300,000
Noise Total	10,020	30,712	4,635	66,401	208,834
Grand Total	444,072	717,597	682,384	4,248,734	12,080,454

Project Categories:

Mega: Projects with over \$300M budget

NSAT and IAF projects have been completed

Business Need: Based on identified business need or opportunity

Regulatory: Projects needed to meet regulatory requirements

Renewal & Replacement: Projects to replace assets that are at the end of useful lives

Noise: sound insulation projects

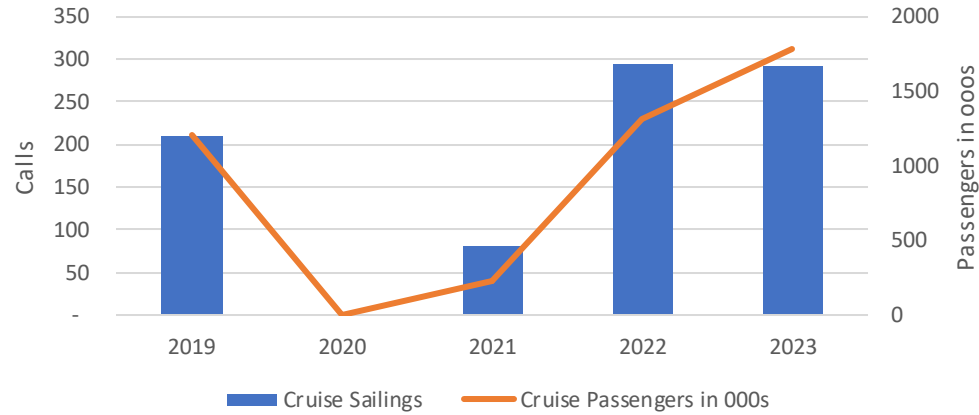
SAMP Design: SAMP preliminary planning/design projects

Seaport

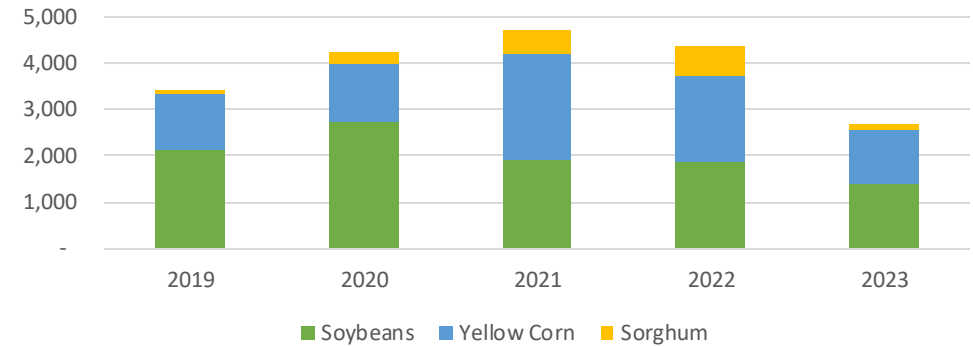
2023 Q4 Financial Performance Report

Seaport Key Metrics Through Q4

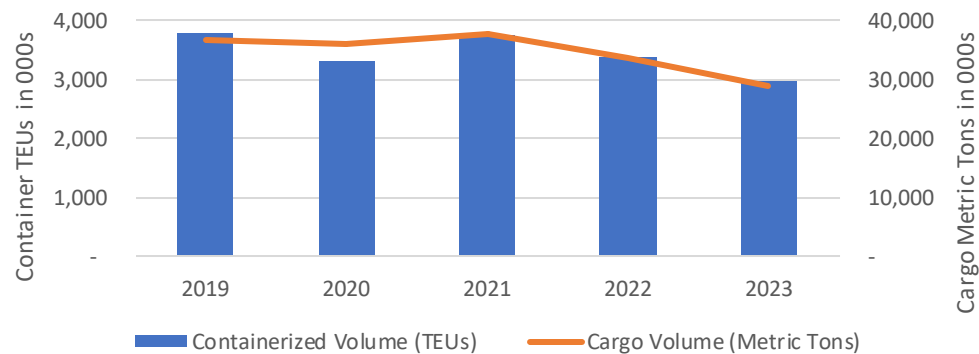
Cruise Calls and Passengers



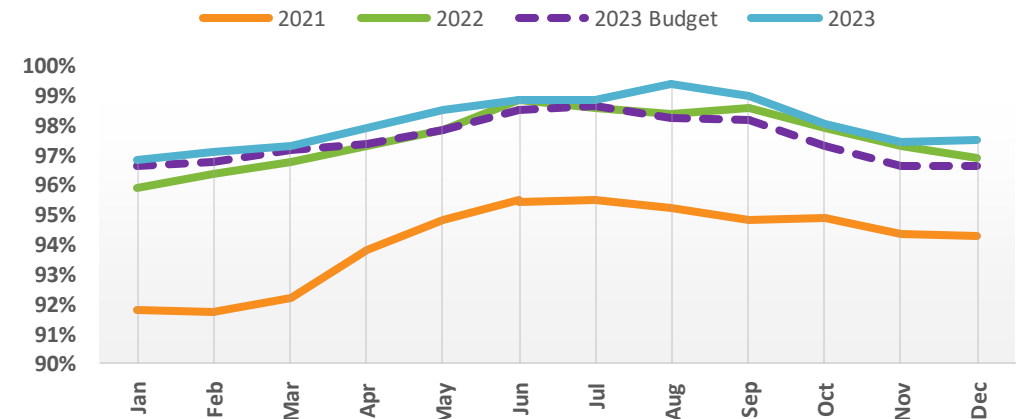
Grain Volumes in Metric Tons (000s)



NWSA Container and Cargo Volumes



Occupancy at Shilshole Bay Marina



Cruise & Boating better than expected. Cargo facing challenges.

Seaport Performance Summary

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		\$	%
\$ in 000's					\$	%	\$	%
Maritime	48,331	71,534	82,410	75,875	6,534	9%	10,875	15%
Economic Development Division	9,294	17,799	17,215	22,201	(4,986)	-22%	(584)	-3%
Joint Venture	54,487	55,381	57,636	49,010	8,627	18%	2,255	4%
Total Operating Revenues	112,112	144,715	157,261	147,086	10,175	7%	12,546	9%
Maritime	47,784	59,556	70,402	66,121	(4,281)	-6%	10,846	18%
Economic Development Division	20,560	24,213	26,661	30,149	3,488	12%	2,449	10%
Joint Venture	2,390	2,539	3,466	2,148	(1,319)	-61%	927	37%
Total O&M Expenses w/o Pension True-up	70,734	86,308	100,530	98,418	(2,112)	-2%	14,222	16%
DRS Pension True-up Exp	(9,466)	(3,303)	(5,100)	0	5,100		(1,797)	-54%
Total O&M Expenses with Pension True-up	63,658	85,544	98,896	100,565	1,670	2%	13,352	16%
NOI before Depreciation w/o Pension True-up	41,378	58,407	56,731	48,668	8,063	17%	(1,676)	-3%
NOI before Depreciation with Pension True-up	48,454	59,171	58,365	46,521	11,845	25%	(806)	-1%
Depreciation	36,556	36,678	37,008	36,064	944	3%	330	1%
NOI After Depreciation w/o Pension True-up	4,822	21,729	19,723	12,604	7,119	56%	(2,006)	-9%
NOI After Depreciation with Pension True-up	11,898	22,493	21,357	10,456	10,901	104%	(1,136)	-5%

Revenues - \$10.2M or 7% better than budget

- Better than expected waterside occupancy.
- Record Cruise Season, Grain and Conference Center Challenges.
- JV/NWSA- Early revenue recognition, increased volumes from Canada Strike.

Expenses \$2.1M or 2% above budget

- Unplanned remediation expense of \$3M tied to T91 Berth 6&8 and MINC.
- Volume driven underspend at Conference Centers (\$4.1M).
- Environmental Liability Expense for Joint Venture.

MD/EDD Capital – 2024 Spend Forecast

Primary LOB	Project	Status*	2023 Actual	POF 2024	Budget 2024	5Y Total	Project Total
Cruise	P66 Shore Power	5	10,770	27,752	25,085	29,312	41,000
	T91 New Cruise Gangway	5	125	3,040	2,090	8,826	9,000
	P66 Fender Replacement	5	1,942	2,382	2,800	4,221	7,616
	P66 New Cruise Passenger Gangway	2	0	950	35	5,950	6,000
Fishing, Commercial & Rec Boating	T91 Berth 6 & 8 Redevelopment	5	945	19,223	21,931	72,594	75,600
	FT NW Dock West Improvements	2	0	270	40	39,450	56,000
	FT S Wall Fender Replacement	2	0	0	0	2,700	24,700
	T91 P90/91 Dock Rehab	2	0	800	305	21,150	21,200
	Harbor Mooring Dolphins	3	0	0	0	17,460	18,000
	FT W Wall N Fender Replacement	2	0	0	0	9,000	16,500
	HIM Dock-E Improvements	5	562	2,350	1,920	4,243	5,350
Real Estate	T91 Uplands Dev Phase I	4	1,631	18,409	2,650	78,315	82,471
	FT Maritime Innovation Center	5	778	14,789	7,384	25,695	29,320
	P69 Concrete Dock Rehabilitation	2	0	1,000	90	26,995	27,000
	T91 Uplands Phase II Infrastructure	2	0	500	0	10,250	10,350
	P66 Grand Staircase Replacement	2	0	50	100	8,338	8,338
	P69 HVAC System Modernization	2	0	100	110	7,974	7,974
	MIC Electrical Replacements	4	521	411	2,203	6,511	7,179
	P66 Retail HVAC Upgrade	3	1	0	0	6,869	6,928
	Bell Street Bridge Refresh	2	0	0	0	5,353	5,353
Environmental	Smart Electric Meters	2	1	667	180	10,746	10,883
	Waterfront EV Infrastructure	3	0	230	155	4,772	4,817
	Mid-Cap		7,708	27,860	16,744	71,228	
	Small		1,326	3,669	3,284	9,969	
	Fleet		1,761	5,428	4,963	20,228	
	Reserves/Cash Flow Adjustment			(24,694)	(13,956)	70,703	
Total			28,071	105,186	78,113	578,992	

Project Categories: Large >\$5M, Mid \$1M to \$5M, Small <\$300K

*Status: 5=Construction, 4=Design, 3=Pre-Design, 2=Business Plan Prospective

5Y & Project Totals based on 2024 Capital Plan

Maritime Division

2023 Q4 Financial Performance Report

Maritime Financial Highlights

Net Operating Income is \$2.3M higher than budget and slightly better than 2022

- Revenue is \$6.5M better than budget and \$10.9M above 2022 driven by increased cruise and moorage occupancy, offset by reduced grain volumes.
- Expenses \$4.3M over budget driven by \$3M in environmental remediation at T91 and FT along with Police, Legal, and Maintenance. Expenses up \$10.9M Y/Y primarily due to payroll and remediation.
- Capital spending was \$21.9M or 68% of the \$32.3M budget. WPM - Execution rate ramped to 79% in Q4, ending 2023 at 72%.

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget Variance		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Cruise	9,517	30,469	41,726	34,445	7,281	21%	11,258	37%
Fishing, Recreational, and Commercial Moorage	22,710	24,544	27,145	25,400	1,745	7%	2,600	11%
Portfolio Management	10,392	10,550	10,263	10,192	71	1%	(287)	-3%
Grain / Other	5,711	5,971	3,275	5,838	(2,563)	-44%	(2,696)	-45%
Total Revenues	48,331	71,534	82,410	75,875	6,534	9%	10,875	15%
Total O&M Expenses w/o Pension True-up	47,784	59,556	70,402	66,121	(4,281)	-6%	10,846	18%
DRS Pension True-up Exp	(7,070)	(2,396)	(3,649)	0	3,649		(1,253)	52%
Total O&M Expenses with Pension True-up	40,714	57,160	66,753	66,121	(632)	-1%	9,593	17%
NOI before Depreciation w/o Pension True-up	546	11,978	12,008	9,755	2,253	23%	29	0%
NOI before Depreciation with Pension True-up	7,616	14,375	15,657	9,755	5,902	61%	1,282	9%
Depreciation	17,718	17,980	18,193	17,456	(737)	-4%	213	1%
NOI After Depreciation w/o Pension True-up	(17,172)	(6,002)	(6,185)	(7,701)	1,516	20%	(183)	-3%
NOI After Depreciation with Pension True-up	(10,101)	(3,606)	(2,536)	(7,701)	5,165	67%	1,070	-30%

Stormwater Utility

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	Variance		\$	%
					\$	%	\$	%
Revenue								
NWSA	1,662	829	1,078	1,005	73	7%	249	30%
Tenants Revenue	3,159	4,321	4,113	4,355	(242)	-6%	(208)	-5%
Port Non-tenants Revenue	1,439	1,690	1,721	1,721	0	0%	31	2%
Total Revenues	6,260	6,840	6,913	7,082	(168)	-2%	73	1%
Expenses								
SWU	1,052	1,524	1,516	1,755	239	14%	(8)	0%
Maintenance Expenses	2,622	2,995	3,854	3,471	(383)	-11%	859	29%
Central Waterfront PM	5	32	18	20	3	12%	(14)	-44%
Environmental & Sustainability	41	27	33	49	16	32%	6	23%
Environmental Finance	22	34	20	33	14	41%	(14)	-42%
Other Central Services	803	1,047	1,007	1,015	8	1%	(41)	-4%
Total Expenses	4,544	5,658	6,447	6,343	(104)	-2%	789	14%
NOI Before Depreciation	1,716	1,183	466	738	(272)	-37%	(716)	-61%
Depreciation	1,285	1,272	1,263	1,216	(47)	-4%	(10)	-1%
NOI After Depreciation	431	(90)	(797)	(478)	(319)	67%	(707)	787%

- Maintenance cost up from full staff and higher proportion of utility work compared to industrial permit work.
- Reserve balance above the 6 months of operating expenses.

Northwest Seaport Alliance Summary

NWSA Operating Income <i>Before GASB 87 Adjustment</i>	Year-to-Date		Budget Variance		Change from 2022		
	2022	2023					
\$ in 000's	Actual	Actual	Budget	\$	%	\$	%
Operating Revenue	208,308	238,438	233,534	4,904	2%	30,130	14%
Operating Expense	91,051	106,637	112,760	6,123	5%	15,586	17%
Operating Income*	117,257	131,801	120,774	11,027	9%	14,544	12%
Depreciation	20,992	21,277	23,953	2,676	11%	285	1%
Net Operating Income	96,265	110,524	96,821	13,703	14%	14,259	15%
Cargo TEUs	3,384,018	2,974,416				(409,602)	-12.1%
Cargo Volume (Metric Tons)	33,723,712	28,896,283				(4,827,429)	-14.3%

**Excludes Depreciation*

Revenue - \$4.9 above budget

- Break bulk - \$4.1M above from unbudgeted military vessels.
- Container \$1.3M above budget with lower volume driven intermodal revenue in the South Harbor offset by timing of a MAG payment at T18.
- Y/Y revenue up from higher rent, Coast Guard lease, and Auto & breakbulk revenue growth.

Operating Expense - \$6.5M below budget

- Variance to budget is from lower Maintenance and volume driven expenses in the South Harbor.
- Y/Y - \$15.2M higher from Maintenance, Crane Rehab, and Operation & Security expenses to support growth in breakbulk and Autos.

Joint Venture Q4 2023 Financials

\$ in 000's	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Budget	\$	%	\$	%
Revenue							
NWSA Distributable Revenue	55,353	57,685	50,305	7,380	15%	2,333	4%
Contra Joint Venture Revenue	(1,949)	(1,865)	(2,030)	165	-8%	84	-4%
Subtotal Distributable Revenue from NWSA	53,403	55,820	48,275	7,544	16%	2,417	5%
Other Service Revenue Tenant Reimbursements	825	753	569	184	32%	(71)	-9%
Port Revenue from NWSA Facilities	1,153	1,063	165	898	N/A	(90)	-8%
Total Operating Revenues	55,381	57,636	49,010	8,627	18%	2,255	4%
Expenses							
Maintenance Expenses	569	678	630	(47)	-8%	109	19%
JV Direct	1,082	1,402	98	(1,304)	-1333%	319	29%
Security	182	202	198	(4)	-2%	20	
Environmental & Sustainability	271	566	657	91	14%	295	109%
Seaport Finance & Cost Recovery	166	247	272	26	9%	80	48%
Seaport Project Management	129	51	75	25	33%	(79)	-61%
Central Services / Other	140	322	217	(105)	-49%	183	131%
Total O&M Expenses w/o Pension True-up	2,539	3,466	2,148	(1,319)	-61%	927	37%
DRS Pension True-Up	(278)	(283)	0				
Total O&M Expenses with Pension True-up	2,261	3,183	2,148	(1,035)	-48%	922	41%
NOI Before Depreciation	53,120	54,453	46,862	7,591	16%	1,334	3%
Legacy Depreciation for NWSA Facilities	14,744	14,683	14,627	(56)	0%	(61)	0%
NOI After Depreciation	38,376	39,770	32,235	7,535	23%	1,395	4%

Home Port Activities

Revenues:

- NWSA Distributable Revenue higher than budget due early revenue recognition & increased volumes from Canada strike
- Port Revenue from NWSA Facilities higher from unbudgeted Pacific Crane Maintenance lease at T46.

Expenses

- Unbudgeted T5 environmental reserve adjustment expense

Economic Development Division

2023 Q4 Financial Performance Report

Economic Development Financial Highlights

Net Operating Income \$330K below budget and \$2.5M lower than 2022.

- Revenue unfavorable to budget by \$5M and \$.6M lower than 2022. Higher than anticipated conference cancellations partially offset by uptick in demand at the Bell Street Garage.
- Expenses favorable to budget by \$3.5M driven by less conferences than budgeted and less tenant improvements. Expenses are up by \$2.4M Y/Y due to prior year change in Economic Development Grant cycle from 1yr to 2yrs and increased payroll expenses.
- Capital Spending of \$6.1M was 76% of Budget.

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Revenue - Parking and Leasing	7,384	8,886	10,477	9,722	755	8%	1,592	18%
Conf & Event Centers	1,910	8,914	6,738	12,479	(5,741)	-46%	(2,176)	-24%
Total Revenues	9,294	17,799	17,215	22,201	(4,986)	-22%	(584)	-3%
Total O&M Expenses w/o Pension True-up	20,560	24,213	26,661	30,149	3,488	12%	2,449	10%
DRS Pension True-up Exp	(2,396)	(629)	(1,168)	0	1,168		(538)	86%
Total O&M Expenses with Pension True-up	18,164	23,584	25,494	30,149	4,655	15%	1,910	8%
NOI before Depreciation w/o Pension True-up	(11,266)	(6,414)	(9,446)	(7,948)	(1,498)	19%	(3,033)	47%
NOI before Depreciation with Pension True-up	(8,870)	(5,784)	(8,279)	(7,948)	(330)	4%	(2,494)	43%
Depreciation	3,841	3,954	4,132	3,982	(150)	-4%	179	5%
NOI After Depreciation w/o Pension True-up	(15,107)	(10,367)	(13,579)	(11,930)	(1,648)	-14%	(3,211)	-31%
NOI After Depreciation with Pension True-up	(12,711)	(9,738)	(12,411)	(11,930)	(481)	-4%	(2,673)	27%

Central Services

2023 Q4 Financial Performance Report

Central Services

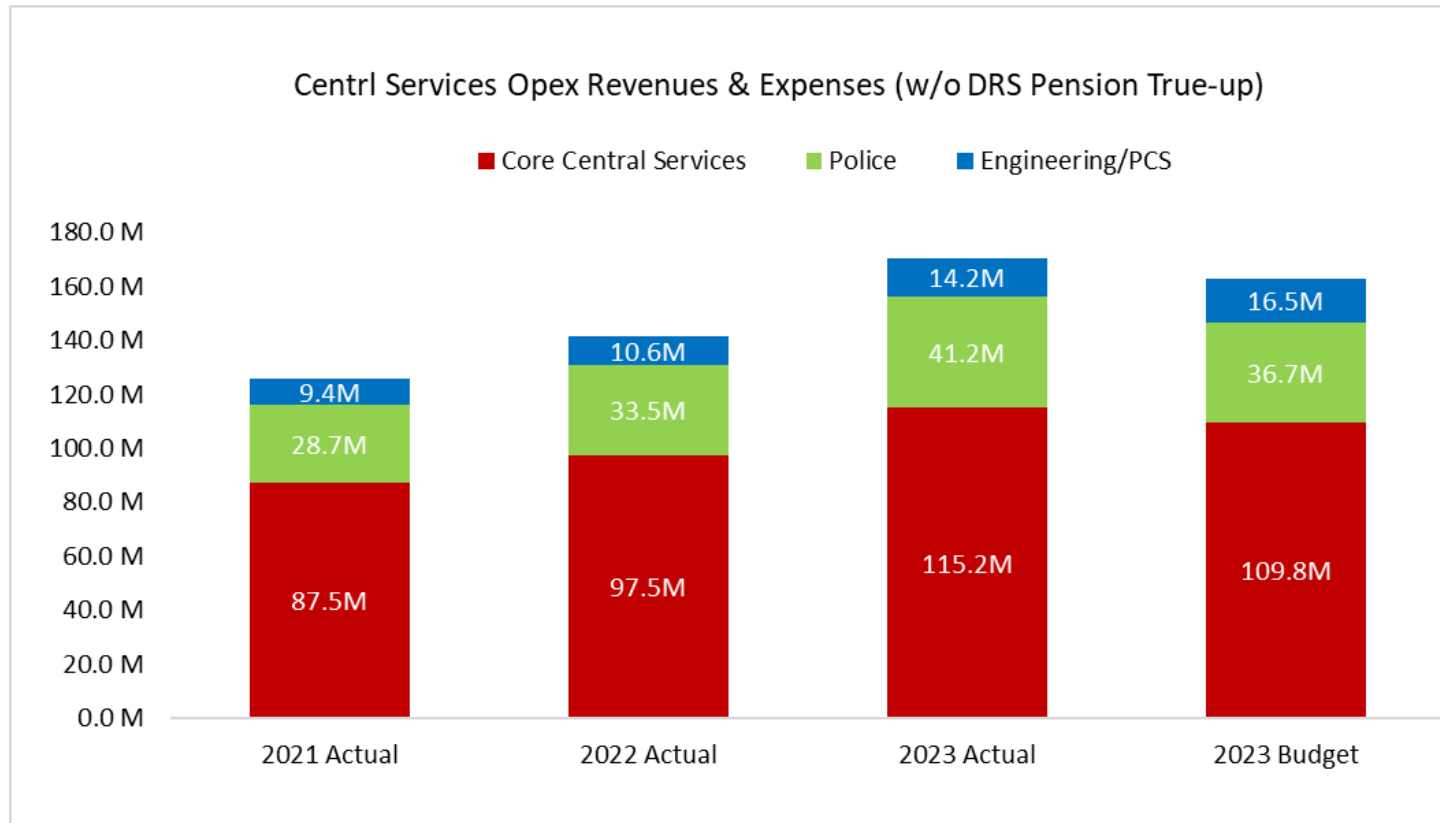
Financial Summary

\$ in 000's	Actual	Budget	Variance
Revenues	(216)	155	(371)
Core Central Services	115,169	109,752	(5,417)
Police	41,164	36,673	(4,490)
Engineering/PCS	14,241	16,478	2,237
Total O&M Expenses w/o Pension True-up	170,574	162,903	(7,671)
DRS Pension True-up Credit	(14,479)	-	14,479
Total O&M Expenses with Pension True-up	156,094	162,903	6,809
Capital Spending	8,250	13,178	4,928

Business Highlights

- Hosted numerous community engagement and business events to further Port objectives.
- Held several Career Awareness Programs.
- Convened a government-to-government meeting with the Muckleshoot Indian Tribal Council.
- Attended and delivered remarks at the Seattle Chamber Regional Leadership Conference.
- Hosted graduation event for the inaugural Youth Maritime Career Launch class of 37 youth.

Central Services Financial Highlights



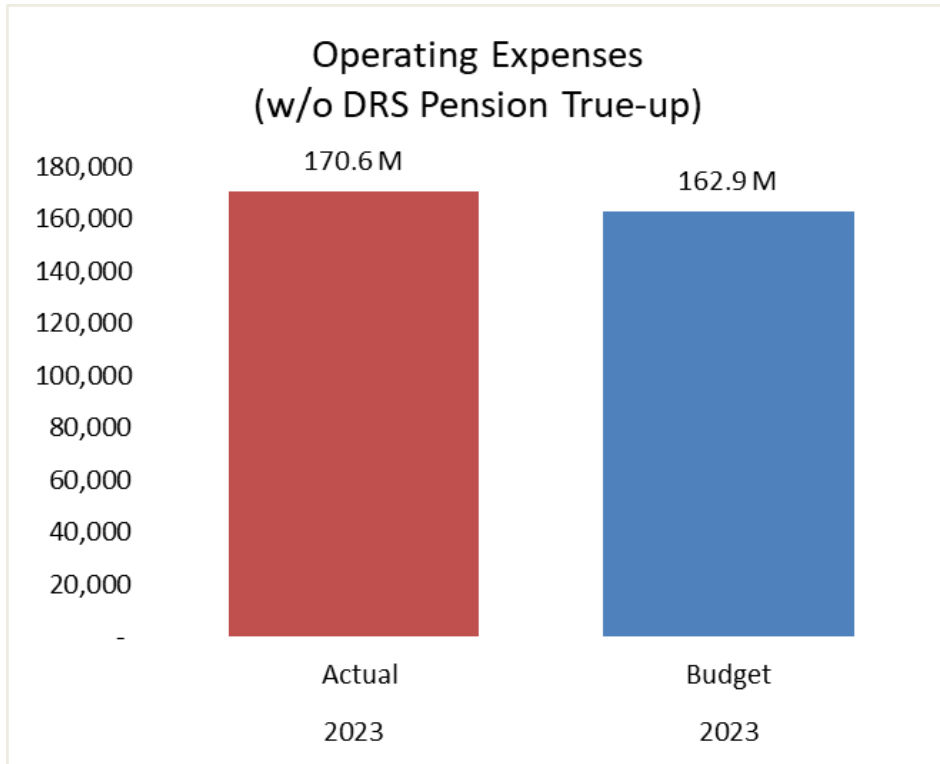
2023 Total Operating Expenses are **\$7.7M above** budget due to:

- Higher Outside Legal Expense, Unanticipated Litigated Injuries & Damages, and less Charges to Capital Projects

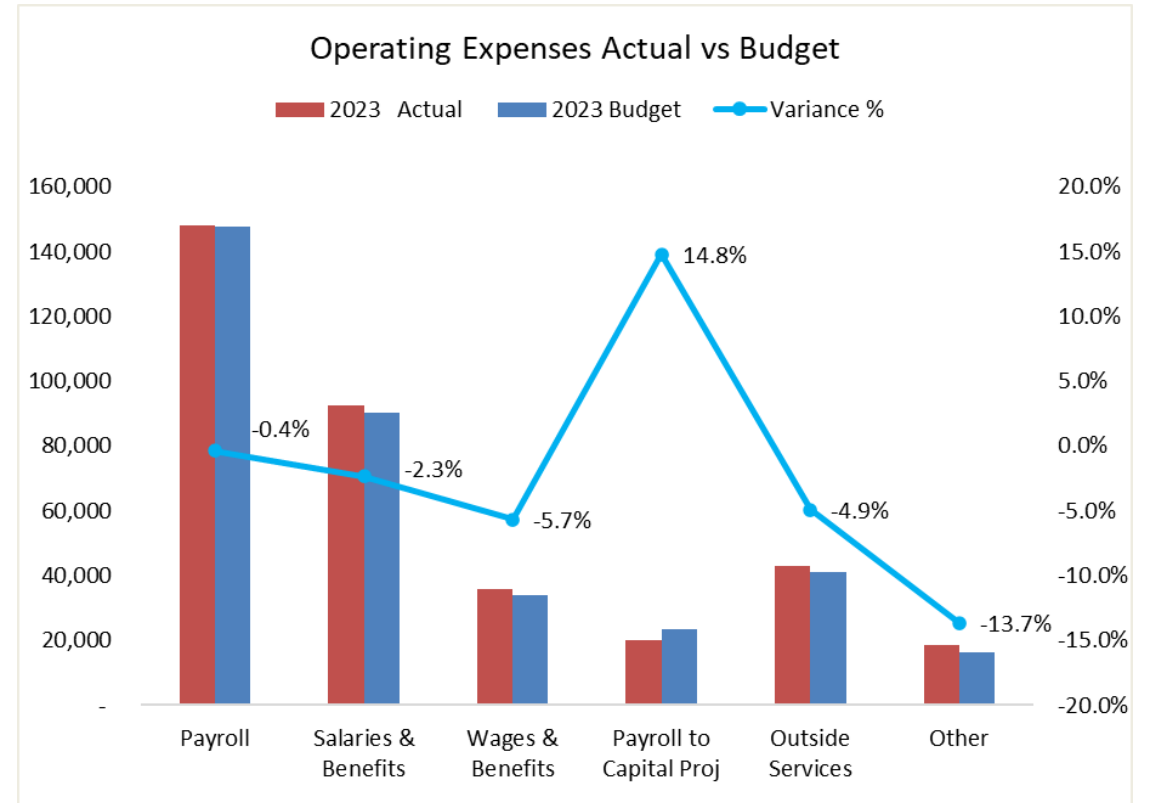
2023 YTD Total Operating Expenses are **\$29.0M higher** compared to 2022 due to:

- Higher Payroll and Outside Services, partially offset by more Charges to Capital Projects

Operating Expenses Summary



(\$7.7M) or 4.7% above budget

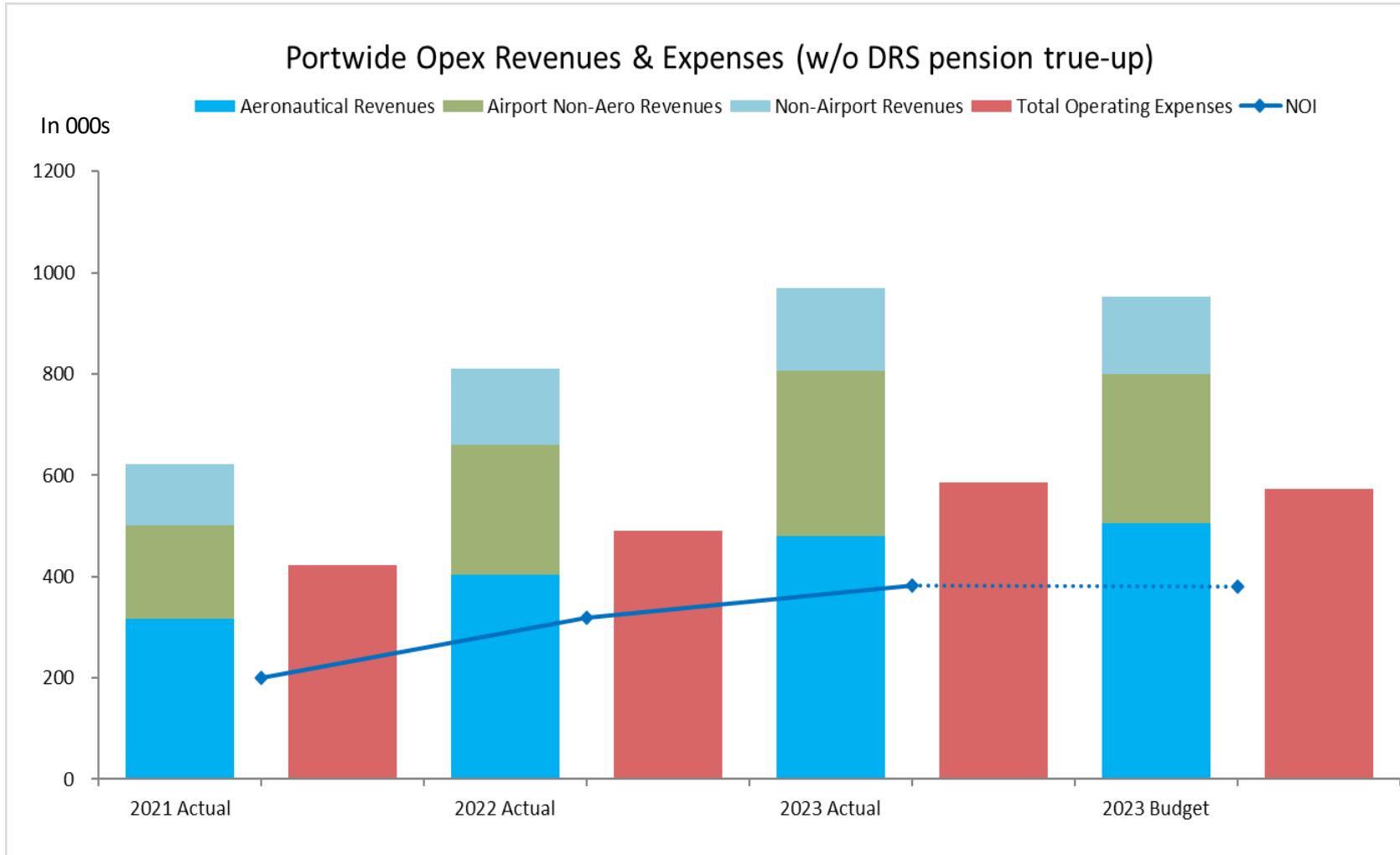


- Payroll Expenses **\$566K** higher than budget
- Outside Services **\$2.0M** over budget
- Litigated Injuries & Damages **\$2.9M** above budget
- Travel & Other Employee Expenses **\$827K** under budget
- Charges to Capital Projects **\$2.9M** less than budget

Port Wide

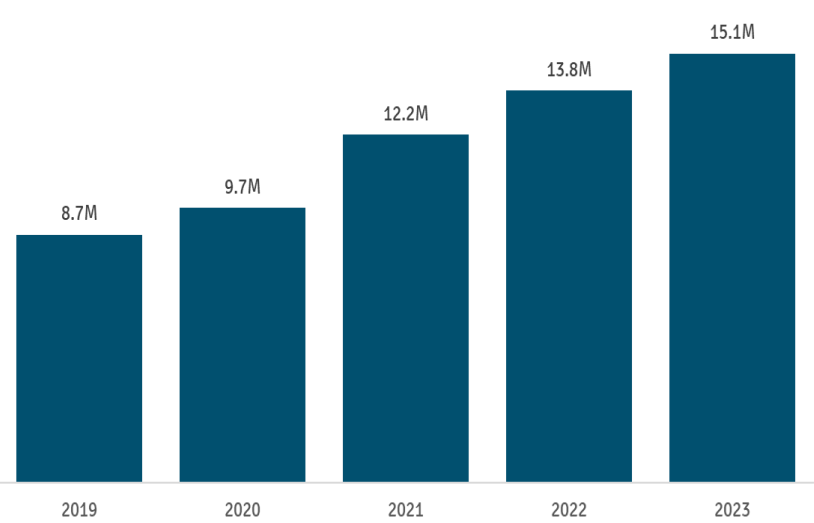
2023 Q4 Financial Performance Report

Port Wide Financial Summary

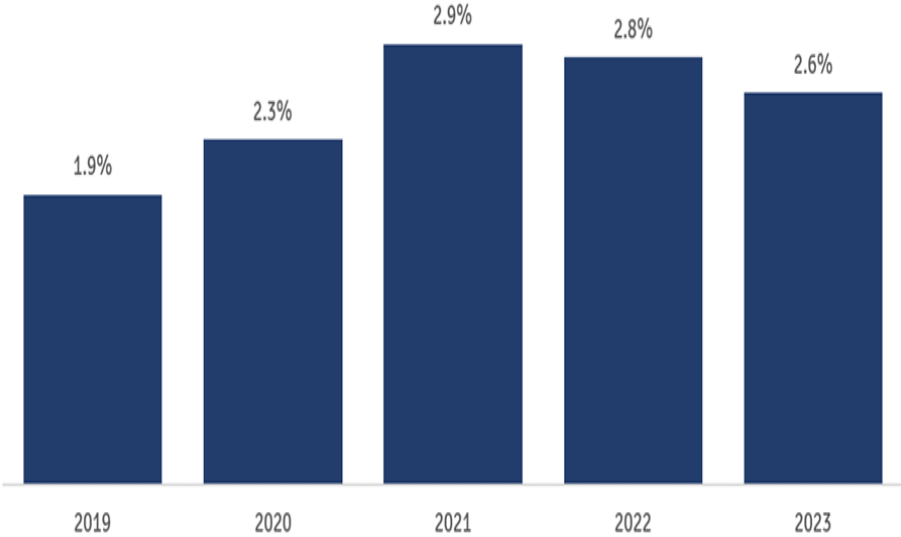


- Total Operating Revenues: \$15.6M over budget
 - Airport Aero Revenues \$25.3M below budget
 - Airport Non-Aero Revenues \$30.5M over budget
 - Non-Airport Revenues \$10.4M above budget
- Total Operating Expenses: \$12.4M above budget (w/o the \$28.7M pension credit)
- NOI before Depreciation: \$3.2M above budget (and \$31.9M above budget with the pension credit)

2019-2023 Equity Spending



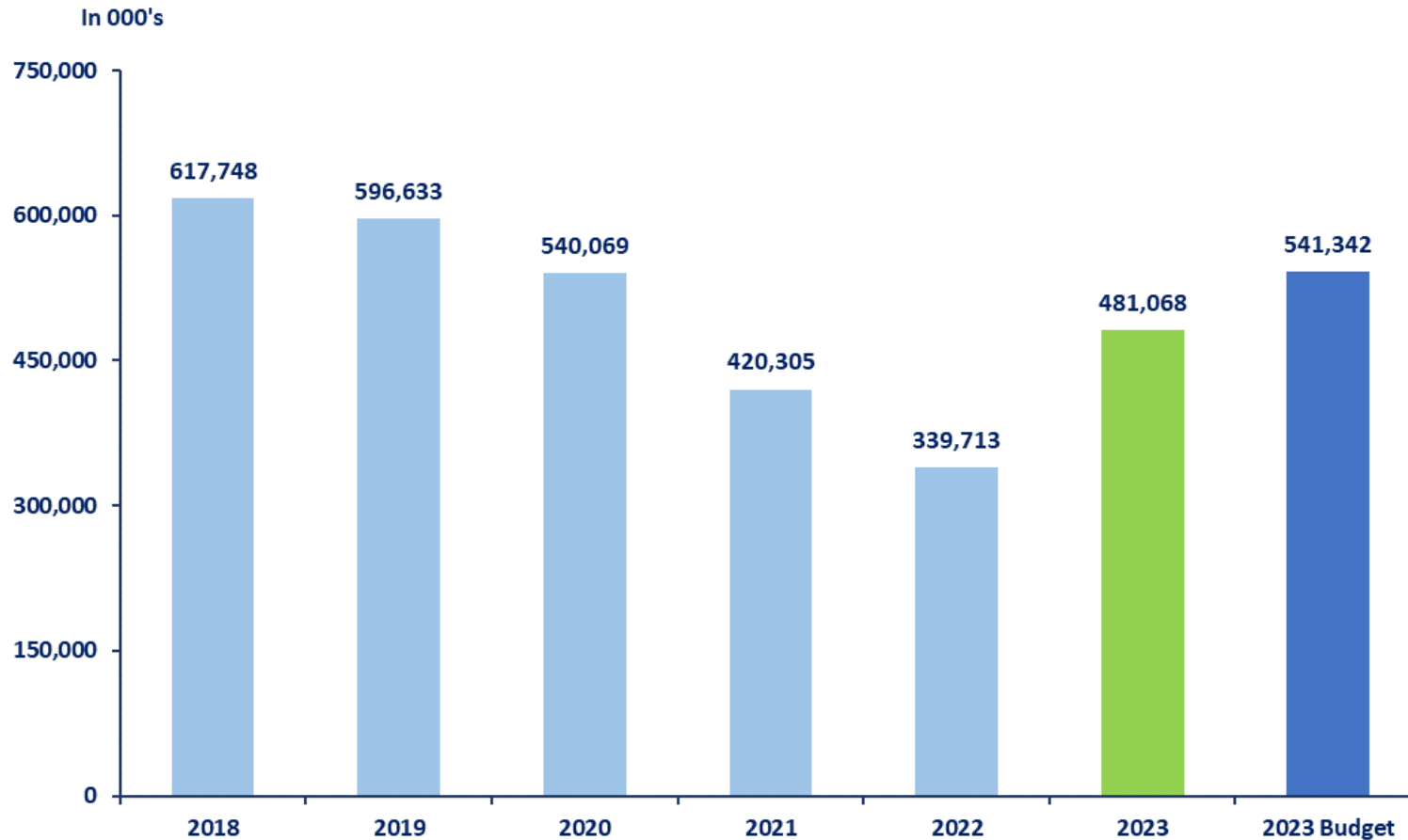
Equity Spending in O&M



Equity Spending as % of Total O&M*

* Excluded DRS Pension Credit in the Total O&M for better year-to year comparison.

Port Wide Capital Spending



- Total capital spending was \$481.1M, 88.9% of budget

Aviation Division Appendix

2023 Q4 Financial Performance Report

Airport Activity

	2021 YE	2022 YE	2023 YE	% Change from 2022
Total Passengers (000's)				
Domestic	34,483	41,582	45,090	8.4%
International	1,669	4,382	5,796	32.3%
Total	36,152	45,964	50,885	10.7%
Operations	374,510	401,351	422,508	5.3%
Landed Weight (In Millions of lbs.)				
Cargo	2,920	2,745	2,748	0.1%
All other	26,333	26,333	29,317	11.3%
Total	29,253	29,079	32,064	10.3%
Cargo - Metric Tons				
Domestic freight	366,312	335,512	305,141	-9.1%
International & Mail freight	132,428	120,777	111,983	-7.3%
Total	498,740	456,289	417,124	-8.6%

2023 YE Passenger volume:

- Passenger volume grew 10.7% during 2023.
- Total passenger recovery continued to be strong in 2023, with full year activity (50.9M) ending only 1.8% lower than pre-pandemic volumes in 2019.

Month summary (Dec 2023 vs. Dec 2022)

Airline	Code	Current pax	Market share	Previous pax	Pax % diff
Alaska Airlines (rollup)	AS	2,088,417	53.8%	2,001,981	4.3%
Delta Air Lines (rollup)	DL	953,455	24.6%	920,131	3.6%
Southwest Airlines (r..)	WN	162,992	4.2%	124,947	30.4%
American Airlines (rol..)	AA	157,154	4.0%	168,421	-6.7%

Aviation Financial Summary

Financial Summary (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Operating Revenue								
Aeronautical Revenues	317,513	402,540	479,697	504,948	(25,251)	-5.0%	77,157	19.2%
Non-Aeronautical Revenues	183,819	256,613	326,592	296,102	30,490	10.3%	69,980	27.3%
Total Operating Revenues	501,332	659,153	806,289	801,051	5,239	0.7%	147,136	22.3%
Total Operating Expenses w/o Pension True-Up	341,679	394,990	471,946	460,535	(11,410)	-2.5%	76,956	19.5%
DRS Pension True-Up Expense	(47,462)	(12,286)	(23,572)		23,572		(11,286)	91.9%
Total Operating Expenses w/ Pension True-Up	294,217	382,704	448,374	460,535	12,162	2.6%	65,670	17.2%
Net Operating Income w/ Pension True-Up	207,114	276,449	357,916	340,515	17,400	5.1%	81,466	29.5%
CPE	15.93	16.09	17.52	19.29	1.77	9.2%	1.43	8.9%
Non-Aero NOI (\$ in 000s)	135,483	180,983	180,983	150,386	(30,597)	-20.3%	-	0.0%
Enplaned passengers (in 000s)	18,073	22,966	25,371	24,444	(928)	-3.8%	2,405	10.5%
Capital Expenditures (in 000s)	389,051	311,631	444,072	485,572	41,500	8.5%	132,441	42.5%

Key Performance Measures

	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Approved Budget	\$	%	\$	%
Key Performance Metrics								
Cost per Enplanement (CPE)	15.93	16.09	17.52	19.29	1.77	9.2%	1.43	8.9%
Non-Aeronautical NOI (in 000's) ¹	93,175	131,145	180,983	150,386	30,597	20.3%	49,838	38.0%
Other Performance Metrics								
O&M Cost per Enplanement	16.28	17.20	18.60	18.84	0.24	1.3%	1.40	8.2%
Non-Aero Revenue per Enplanement	10.17	11.17	12.87	12.11	0.76	6.3%	1.70	15.2%
Debt per Enplanement (in \$)	198	193	166	154	(12)	-7.6%	(27)	-13.9%
Debt Service Coverage	1.69	2.64	2.02	1.87	0.15	8.0%	(0.62)	-23.5%
Days cash on hand (10 months = 304 days)	423	457	507	457	50	11.0%	50	11.0%
Activity (in 000's)								
Enplanements	18,073	22,966	25,371	24,444	928	3.8%	2,405	10.5%
Total Passengers	36,154	45,964	50,885	48,887	1,998	4.1%	4,921	10.7%

Aviation Expense YE Summary

Total Airport Expense Summary (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Operating Expenses								
Payroll	157,207	168,389	193,130	189,477	(3,653)	-1.9%	24,741	14.7%
Outside Services	62,382	75,700	89,551	109,249	19,698	18.0%	13,850	18.3%
Utilities	20,175	22,880	23,285	22,321	(965)	-4.3%	406	1.8%
Other Expenses	1,519	15,141	17,679	4,296	(13,383)	-311.5%	2,537	16.8%
Total Airport Direct Charges	241,284	282,110	323,645	325,342	1,697	0.5%	41,535	14.7%
Environmental Remediation Liability	1,583	(1,274)	13,017	7,120	(5,897)	-82.8%	14,291	-1121.3%
Capital to Expense	1,254	2,356	480	-	(480)		(1,876)	-79.6%
Total Exceptions	2,837	1,081	13,497	7,120	(6,377)	-89.6%	12,415	1148.2%
Total Airport Expenses	244,121	283,191	337,142	332,462	(4,680)	-1.4%	53,950	19.1%
Corporate	71,550	80,452	96,213	92,679	(3,534)	-3.8%	15,761	19.6%
Police	23,473	27,660	33,750	30,264	(3,487)	-11.5%	6,090	22.0%
Maritime/Economic Development/Other	2,536	3,687	4,840	5,131	291	5.7%	1,154	31.3%
Total Charges from Other Divisions	97,558	111,799	134,804	128,074	(6,730)	-5.3%	23,005	20.6%
Total Operating Expenses w/o Pension True-Up	341,679	394,990	471,946	460,535	(11,410)	-2.5%	76,956	19.5%
DRS Pension True-up Exp	(47,462)	(12,286)	(23,572)	-	23,572		(11,286)	91.9%
Total Operating Expenses w/ Pension True-Up	294,217	382,704	448,374	460,535	12,162	2.6%	65,670	17.2%

Aeronautical Business YE

Aeronautical NOI (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Rate Base Revenues								
Airfield Movement Area	88,061	118,240	142,797	141,938	859	0.6%	24,557	20.8%
Airfield Apron Area	17,146	17,211	26,118	29,330	(3,212)	-11.0%	8,907	51.8%
Terminal Rents	184,625	220,399	251,892	270,513	(18,622)	-6.9%	31,493	14.3%
Federal Inspection Services (FIS)	10,978	29,347	41,214	46,317	(5,103)	-11.0%	11,866	40.4%
Total Rate Base Revenues	300,810	385,197	462,020	488,098	(26,078)	-5.3%	76,823	19.9%
Airfield Commercial Area	16,702	17,343	17,677	16,850	826	4.9%	333	1.9%
Total Aeronautical Revenues	317,513	402,541	479,697	504,948	(25,251)	-5.0%	77,156	19.2%
Total Aeronautical Expenses	203,573	261,574	310,451	320,649	10,198	3.2%	48,877	18.7%
Aeronautical NOI	113,940	140,967	169,246	184,300	(15,053)	-8.2%	28,280	20.1%
Debt Service	(80,554)	(101,159)	(146,807)	(152,649)	5,842	-3.8%	(45,648)	45.1%
Net Cash Flow	33,385	39,808	22,439	31,650	(9,211)	-29.1%	(17,369)	-43.6%

Aero Cost Drivers

\$ in 000's	2023 Budget	2023 Actual	Impact on Aero Revenues Budget vs Budget	
			\$	%
O&M ⁽¹⁾	310,618	303,919	(6,699)	-2.2%
Debt Service Before Offsets	234,463	221,864	(12,599)	-5.4%
Debt Service PFC Offset	(89,720)	(85,598)	4,121	-4.6%
Federal Relief Grants Debt Service	-	(5,930)	(5,930)	0.0%
Net Debt Service	144,743	130,336	(14,407)	-10.0%
Amortization	35,561	35,353	(208)	-0.6%
Space Vacancy	(2,066)	(1,512)	554	-26.8%
TSA Operating Grant and Other	(758)	(6,076)	(5,317)	701.3%
Rate Base Revenues	488,098	462,020	(26,078)	-5%
Commercial area	16,850	17,677	826	5%
Total Aero Revenues	504,948	479,697	(25,251)	-5%

(1) O&M, Debt Service Gross, and Amortization do not include commercial area costs or the international incentive expenses

2023 Actuals to 2023 Budget

Rate Based Revenue \$26.1M lower than budget:

O&M – (\$6.7M) lower primarily due to lower payroll costs including the Aero rate-based share of the 2023 pension credit as well as lower Outside Services spending, partially offset by higher Environmental Remediation Liability expense related to Aero rate-based capital projects.

Net Debt Service – (\$14.4M) lower than budget in 2023 due to changes in capital project schedules (which meant that certain new rate-based assets have not yet been placed into service), as well as the benefit of the remaining available Federal Relief grants. These reductions in debt service were partially offset by slightly lower than planned PFC offset.

TSA Operating Grant and Other – (\$5.3M) lower reflects higher offset to Aero revenue from insurance reimbursement for property damage claims.

Non-Aeronautical Business YE

(Operating Revenue below has been REDUCED by Federal Concessionaire Relief grants)

Non-Aeronautical NOI (\$ in 000's)	2021	2022	2023	2023	Actual vs. Budget Variance		Incr/(Decr) Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
	Non-Aeronautical Revenues							
Public Parking	64,104	88,899	110,990	96,768	14,222	14.7%	22,091	24.8%
Rental Cars	34,740	56,473	63,460	53,830	9,631	17.9%	6,988	12.4%
Ground Transportation	11,947	20,804	24,878	24,324	554	2.3%	4,074	19.6%
Airport Dining & Retail	35,565	36,581	65,952	64,270	1,682	2.6%	29,371	80.3%
Other	37,463	53,856	61,312	56,910	4,402	7.7%	7,456	13.8%
Total Non-Aeronautical Revenues	183,819	256,613	326,592	296,102	30,490	10.3%	69,980	27.3%
Total Non-Aeronautical Expenses	90,644	121,130	137,923	139,887	1,964	1.4%	16,793	13.9%
Non-Aeronautical NOI¹	93,175	135,483	188,669	156,216	32,454	20.8%	53,186	39.3%
Less: CFC Surplus	(6,834)	-	(7,686)	(5,829)	(1,857)	31.9%	(7,686)	
Adjusted Non-Aeronautical NOI	86,341	135,483	180,983	150,386	30,597	20.3%	45,500	33.6%
Debt Service	(33,065)	(27,096)	(39,997)	(34,094)	(5,903)	17.3%	(12,901)	47.6%
Net Cash Flow	53,276	108,387	140,986	116,293	24,693	21.2%	32,599	30.1%

(1) Includes Federal Relief for Concessions

Non-Aeronautical Business YE

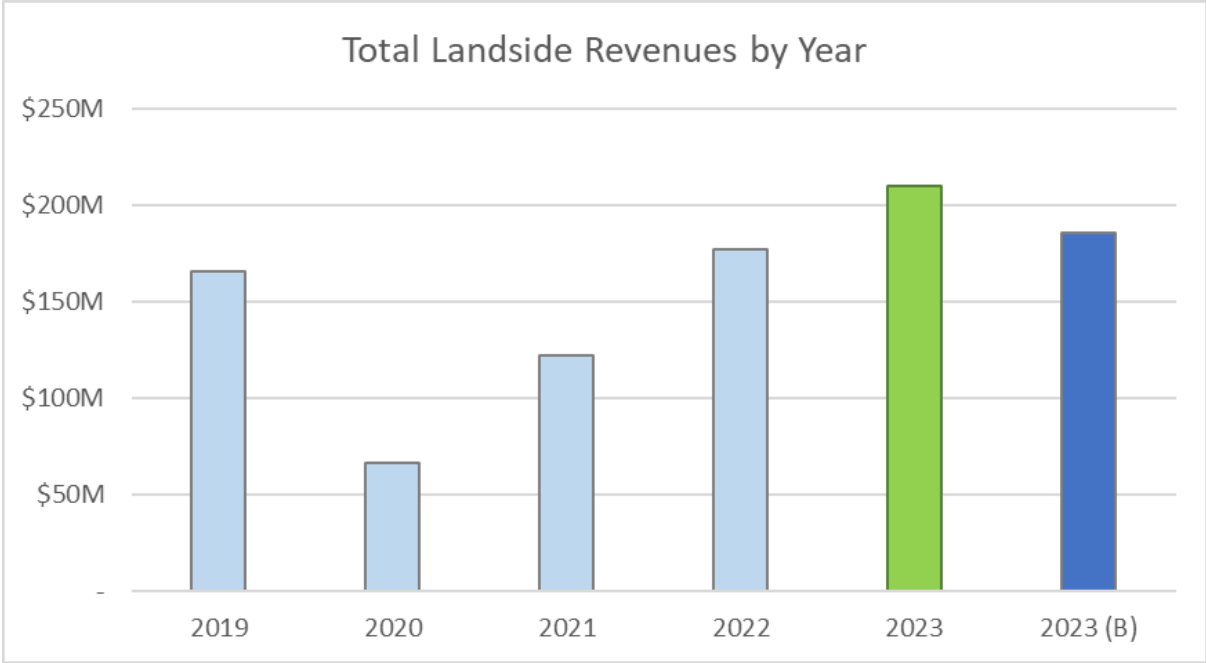
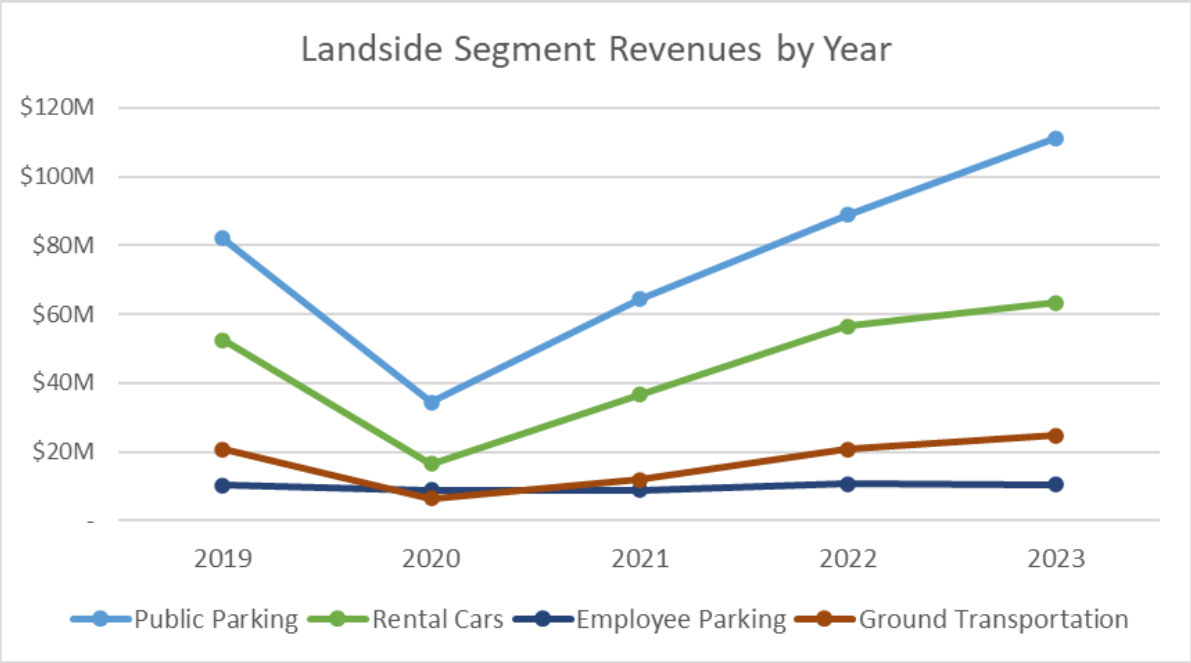
(Actual Business Recovery shown prior to revenue reductions for grant rent credits)

Non-Aeronautical Revenue Recovery Trend by Year (\$ in 000's)	2021 Actual	2022 Actual	2023 Actual	2023 Budget	Incr/(Decr) 2023 Actual v. 2023 Budget		Incr/(Decr) 2023 Actual v. 2022 Actual	
					\$	%	\$	%
Non-Aeronautical Revenues								
Public Parking	64,289	88,899	110,990	96,768	14,222	14.7%	22,091	24.8%
Rental Cars	36,612	56,473	63,460	53,830	9,631	17.9%	6,988	12.4%
Ground Transportation	11,947	20,804	24,878	24,324	554	2.3%	4,074	19.6%
Airport Dining & Retail	38,693	55,719	67,870	64,520	3,350	5.2%	12,152	21.8%
Commercial Properties	12,520	16,747	20,370	16,959	3,411	20.1%	3,623	21.6%
Non-Airline Terminal Leased Space	6,159	6,954	8,294	9,090	(796)	-8.8%	1,340	19.3%
Clubs and Lounges	3,478	8,688	11,710	9,859	1,851	18.8%	3,022	34.8%
Utilities	6,350	7,943	8,666	8,541	125	1.5%	723	9.1%
Other Non-Aero Revenue	9,072	13,932	12,272	12,461	(189)	-1.5%	(1,660)	-11.9%
Total Non-Aeronautical Revenues BEFORE grants	189,120	276,159	328,511	296,352	32,158	10.9%	52,352	19.0%
less Concession Relief grants	(5,301)	(19,546)	(1,918)	(250)	(1,668)	667.3%	17,628	-90.2%
Non-Aeronautical Operating Revenue	183,819	256,613	326,592	296,102	30,490	10.3%	69,980	27.3%
<i>Total Enplanements</i>	<i>18,073</i>	<i>22,966</i>	<i>25,371</i>	<i>24,444</i>	<i>928</i>	<i>3.8%</i>	<i>2,405</i>	<i>10.5%</i>
<i>International Enplanements</i>	<i>821</i>	<i>2,185</i>	<i>2,869</i>	<i>2,698</i>	<i>171</i>	<i>6.3%</i>	<i>684</i>	<i>31.3%</i>
<i>O&D Enplanements</i>	<i>12,073</i>	<i>15,617</i>	<i>17,608</i>	<i>16,934</i>	<i>674</i>	<i>4.0%</i>	<i>1,991</i>	<i>12.7%</i>

Final \$1.9M in Concessionaire Relief grant rent credits (ARPA grant) applied to qualified ADR tenants in 2023

Non-Aero Detail: Landside Revenue Trends

Each individual Landside revenue segment surpassed 2019 levels in 2022.
Total Landside revenues continued growing, exceeding budget for an all-time high in 2023,
primarily driven by increases to Public Parking rates in June.

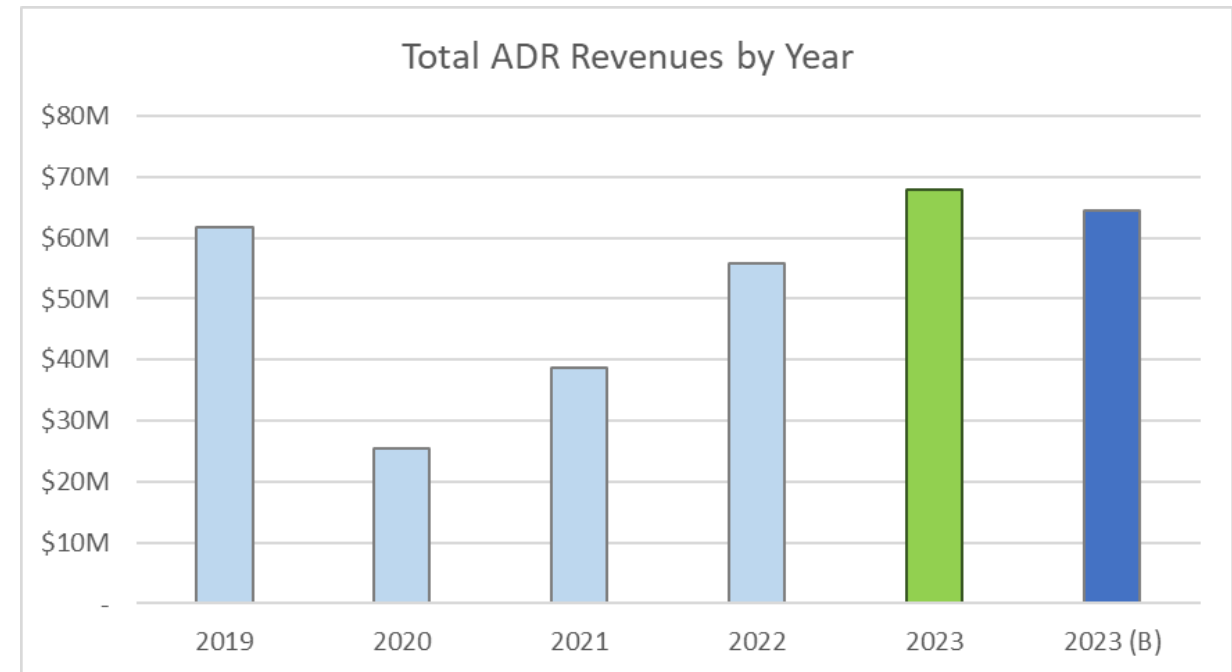
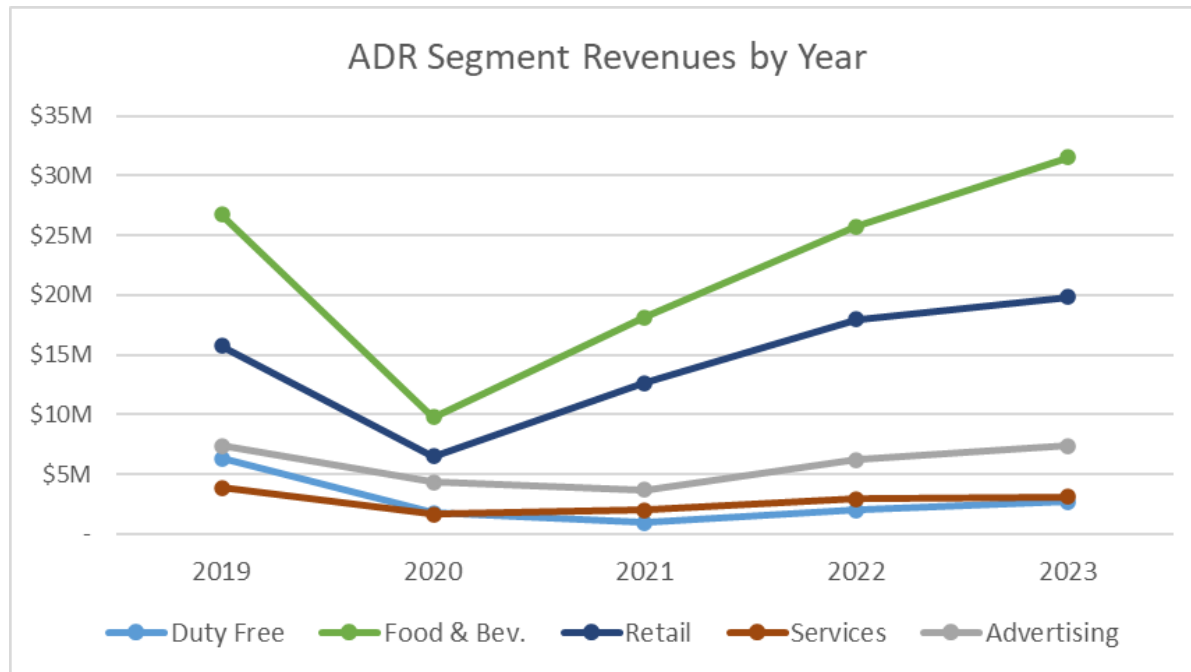


Non-Aero Detail: ADR Revenue Trends

Combined Airport Dining & Retail revenues surpassed 2019 levels in 2023, though with uneven recovery patterns throughout the COVID-19 pandemic.

Total ADR revenues exceeded budget, reaching an all-time high in 2023, with continued growth in all ADR segments.

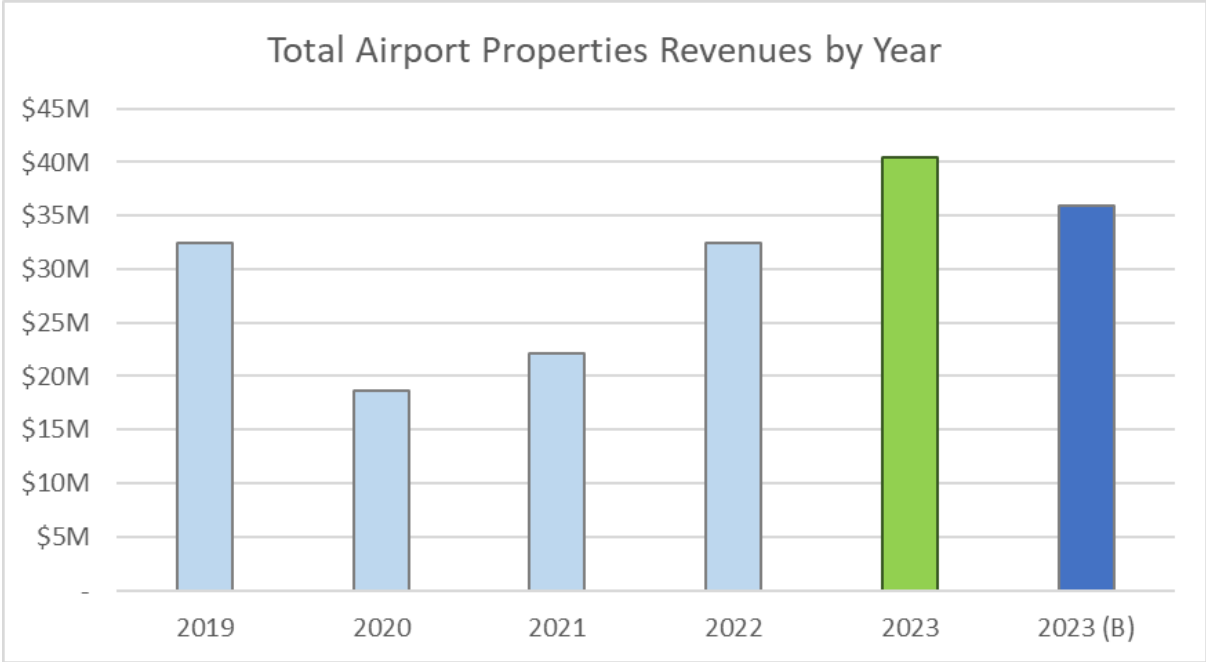
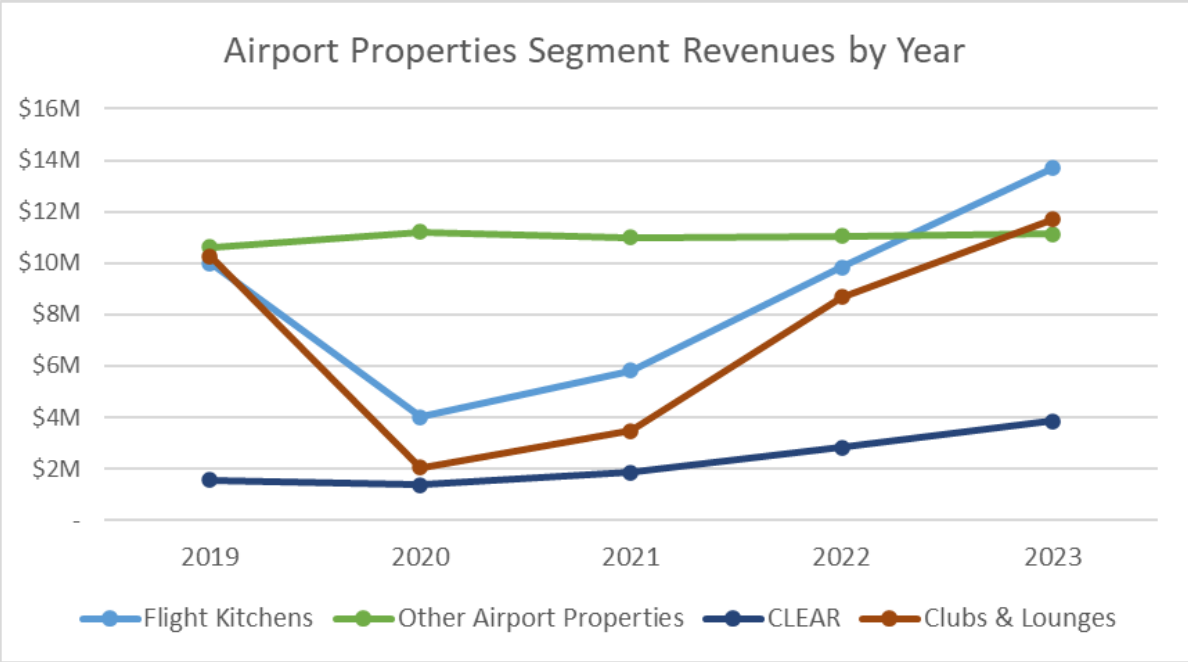
Full recoveries from Food & Beverage and Retail lines of business offset slower recoveries in Duty Free, Services, and Advertising



Non-Aero Detail: AVBP Revenue Trends

Each individual segment of Airport Business & Properties revenue surpassed 2019 levels in 2023, after experiencing uneven recovery patterns throughout the COVID-19 pandemic.

Revenues from CLEAR concessions and other airport leases remained more stable throughout COVID-19, while revenues from Flight Kitchens and SEA Club Lounges (Concourse A & SSAT) were more severely impacted and had a longer recovery arc.



2023 Capital Expenditures

\$ in 000's	2023	2023	2023	Bud vs. Actual	
	Actual	Budget	POF	\$	%
C concourse Expansion ⁽¹⁾	33,654	49,625	31,996	15,971	32.2%
Perimeter Intrusion Detection ⁽²⁾	11,093	22,312	20,978	11,219	50.3%
SEA Gateway ⁽³⁾	64,070	53,747	152,567	(10,323)	-19.2%
Checked Bag Recap/Optimization ⁽⁴⁾	92,878	102,855	131,600	9,977	9.7%
MT Low Voltage Sys Upgrade ⁽⁵⁾	15,907	24,000	24,425	8,093	33.7%
International Arrivals Fac-IAF ⁽⁶⁾	3,288	10,700	11,479	7,412	69.3%
Concourse A Expansion ⁽⁷⁾	25,576	32,455	46,110	6,879	21.2%
Fire Dept Apparatus Replace ⁽⁸⁾	-	5,000	2,500	5,000	100.0%
Airline Realignment ⁽⁹⁾	8,923	4,272	18,948	(4,651)	-108.8%
Art Pool ⁽¹⁰⁾	601	5,250	5,250	4,649	88.6%
Upgrades STS Train Control ⁽¹¹⁾	15,735	20,342	28,422	4,607	22.6%
All Other	172,347	232,873	310,361	60,526	26.0%
Subtotal	444,072	563,432	784,636	119,360	21.2%
CIP Cashflow Mgmt Reserve	-	(77,860)	(120,759)	(77,860)	100.0%
Total Spending	444,072	485,572	663,877	41,500	8.5%

(1) Cash flow has been updated to reflect GCCM design and construction phasing sequencing

(2) Delayed due to long lead items. Savings on bid quantities

(3) Alaska has caught up on invoice review/submission. Invoices that were assumed for 2024 were paid in 2023. Therefore, NMTRP spent more in 2023 than budget.

(4) SSAT work was delayed, reducing payments; Baseline assumed completion in Feb 2024, now Jun 2024

(5) Electrical Equipment manufacturing delays, resulting in Contractor payment delays; Contractor not able to perform work in the Central Power Center and adjacent spaces due to the delay in Lumen scope

(6) Projected Clark 2023 billing not realized, significant scope deductions and billing delays

(7) Negotiation delays. And TRA submittals are less than anticipation.

(8) Fire apparatus procurement has been pushed out to future year. Other options are being reviewed.

(9) Additional Design costs are anticipated due to additional design scope than planned at time of yearly budget development, this caused a higher than anticipated cost for 2023

(10) Delays in contract execution with artists

(11) U00638-STs Fiber Project Delay due to Surety takeover of Fiber Contract due to Fiber Proj Contractor Insolvency, also impacting U00535-STs ATC Contractor, thus 2023 spent was lower than 2023 baseline cashflow.

Maritime Division Appendix

2023 Q4 Financial Performance Report

Maritime 2024 Financial Summary

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Ship Canal Fishing & Operations	4,240	4,592	5,076	4,555	521	11%	484	11%
Elliott Bay Fishing & Commercial Operation	5,618	5,975	6,564	5,253	1,310	25%	589	10%
Recreational Boating	12,851	13,978	15,505	15,591	(86)	-1%	1,527	11%
Cruise	9,517	30,469	41,726	34,445	7,281	21%	11,258	37%
Grain	6,112	5,792	3,356	5,814	(2,458)	-42%	(2,436)	-42%
Maritime Portfolio Management	10,392	10,550	10,263	10,192	71	1%	(287)	-3%
Other	7	10	9	24	(15)	NA	(0)	-5%
<i>Pension Revenue Adjustment</i>	<i>(408)</i>	<i>170</i>	<i>(90)</i>	<i>0</i>	<i>(90)</i>	<i>NA</i>	<i>(260)</i>	<i>NA</i>
Total Revenue	48,331	71,534	82,410	75,875	6,534	9%	10,875	15%
Expenses								
Maritime (Excl. Maint)	13,951	17,669	18,691.44	18,200	(491)	-3%	1,023	6%
<i>Environmental Remediation</i>	<i>0</i>	<i>79</i>	<i>2,975.25</i>	<i>0</i>	<i>(2,975)</i>		<i>2,897</i>	<i>3678%</i>
Economic Development	4,559	5,710	4,970.86	6,366	1,395	22%	(739)	-13%
Total Direct	18,510	23,458	26,637.55	24,566	(2,071)	-8%	3,180	14%
Maintenance Expenses	11,326	13,213	15,829.53	14,087	(1,742)	-12%	2,617	20%
Envir Services & Planning	2,018	3,078	3,813.64	3,853	39	1%	735	24%
Seaport Finance & Cost Recovery	1,163	1,087	1,290.75	1,342	52	4%	204	19%
Seaport Project Management	342	1,007	1,818.73	2,489	670	27%	812	81%
Total Support Services	14,849	18,385	22,752.64	21,771	(981)	-5%	4,368	24%
IT	2,695	3,223	3,704.61	3,725	21	1%	481	15%
Police Expenses	3,064	3,662	5,347.94	4,781	(567)	-12%	1,686	46%
External Relations	1,222	1,552	1,731.07	2,045	314	15%	179	12%
Other Central Services	7,109	8,908	10,018.68	8,869	(1,150)	-13%	1,110	12%
Aviation Division / Other	336	368	209.40	363	153	42%	(159)	-43%
Total Central Services / Other	14,426	17,714	21,011.71	19,783	(1,228)	-6%	3,298	19%
Total Expense before Pension Adjustment	47,784	59,556	70,402	66,121	(4,281)	-6%	10,846	18%
<i>Pension Expense Adjustment</i>	<i>(7,070)</i>	<i>(2,396)</i>	<i>(3,649)</i>	<i>0</i>	<i>3,649</i>	<i>NA</i>	<i>(1,253)</i>	<i>-52%</i>
Total Expense	40,714	57,160	66,753	66,121	(632)	-1%	9,593	17%
<i>NOI excluding Pension Adjustments</i>	<i>954</i>	<i>11,808</i>	<i>12,097</i>	<i>9,755</i>	<i>2,343</i>	<i>24%</i>	<i>289</i>	<i>2%</i>
NOI Before Depreciation	7,616	14,375	15,657	9,755	5,902	61%	1,282	9%
Depreciation	17,718	17,980	18,193	17,456	(737)	-4%	213	1%
NOI After Depreciation	(10,101)	(3,606)	(2,536)	(7,701)	5,165	67%	1,070	30%

Variance from Budget

- Revenue \$6.5M favorable:
 - Ship Canal – Impacts from cancellation of Alaskan Crab Season and Early Return of Salmon Fishers.
 - Elliott Bay Fishing & Commercial – higher volumes.
 - Cruise – Higher Occupancy.
 - Maritime Portfolio Management – Space Rental at MIC from new tenant.
 - Grain – Lower Volumes.
- Operating Exp. \$4.3M higher:
 - Direct \$2.1M higher – \$3M remediation offset by payroll savings and tenant improvements.
 - Support Services \$1M higher– Increased Cost and Work for Maintenance Dept.
 - Central Services \$1.2M higher– Legal, Police.

Cruise 2023 Financials

\$ in 000s	2022	2023	2023	Bud Var	
	Actual	Actual	Budget	\$	%
Revenue by Facility:					
P66 Cruise	7,023	10,632	8,871	1,761	20%
P66 Vessel Ops	112	20	115	(96)	-83%
T91 Cruise	22,946	30,639	25,134	5,506	22%
T46 Cruise	0	0	0	0	NA
Utilities	388	435	325	110	34%
Total Revenue	30,469	41,726	34,445	7,281	21%
Dept Expenses:					
Staff	692	852	860	7	1%
Outside Services	700	877	801	(75)	-9%
General Expenses	2,137	2,246	2,312	66	3%
Equipment & Supplies	303	304	203	(101)	-50%
Utilities	408	652	564	(87)	-16%
Support Services:					
Maintenance	2,298	3,436	3,007	(429)	-14%
Project Management	159	301	357	56	16%
Environmental & Planning	652	550	859	309	36%
Economic Development	405	502	515	13	3%
Police/Security	1,244	1,741	1,878	137	7%
Other/Central Services	4,051	4,646	4,995	349	7%
Total Expense	13,048	16,106	16,351	245	1%
NOI Before Depreciation	17,420	25,620	18,094	7,526	42%
Depreciation	5,976	6,004	5,897	107	2%
NOI After Depreciation	11,444	19,617	12,198	7,419	61%
DPR Pension Adjustment	(44)	(76)	0	76	NA

Variance from Budget

Revenues

- Revenue \$7.3M more than budget due to higher occupancies than budgeted (85% budgeted vs 104% actual average)

Expenses

- \$245K less than budget
- Less than budget:
 - Contract watchmen - \$256K
 - Promotional Expenses - \$248K (Seatrade booth)

More than budget:

- Utilities - \$100K
- Law enforcement - \$154K

Variance from 2022

Revenues

- Higher revenue in 2023 due to higher occupancies

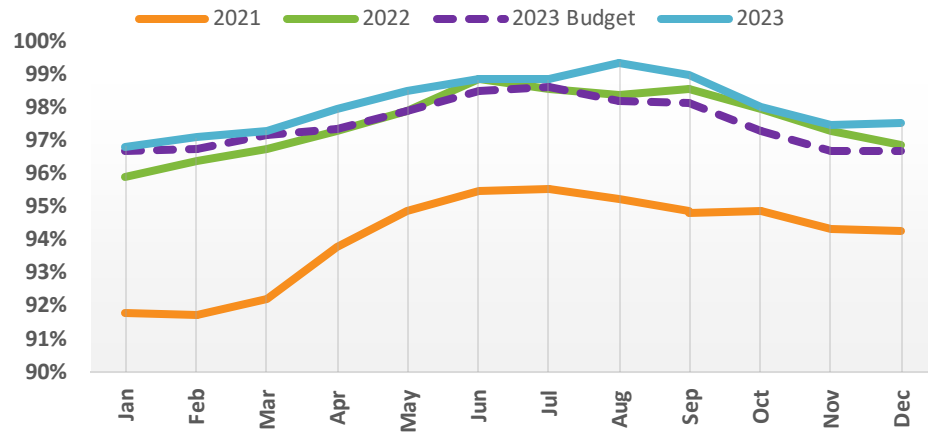
Expenses

\$3.1M increase in 2023

- Higher maintenance costs; increased staffing levels + salary increases in 2023

Recreational Boating Occupancy

Occupancy at Shilshole Bay Marina



	BUD	2023	2022	Act vs Bud	'23 vs '22
SBM Occupancy	97.5%	98.1%	97.6%	0.56%	0.50%
BHM Occupancy	65.3%	74.1%	66.0%	8.72%	8.06%
HIM Occupancy	86.4%	90.0%	86.6%	3.67%	3.39%
Total Recreational Marinas	83.1%	87.4%	86.6%	4.32%	0.74%

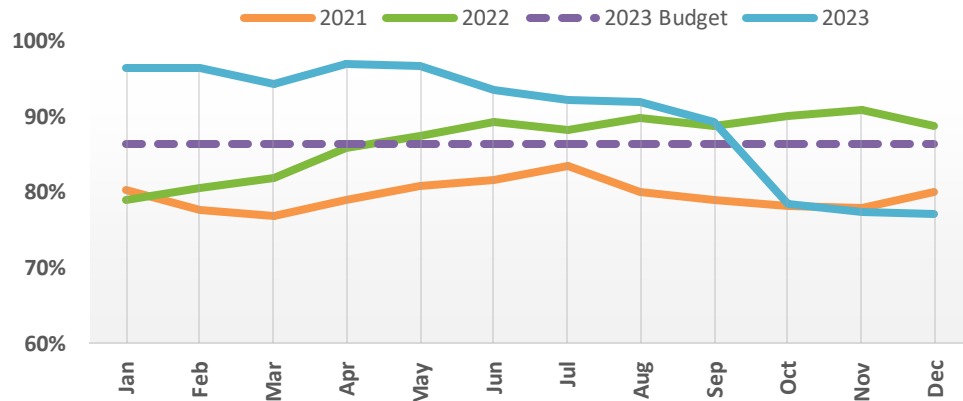
SBM Occupancy

BHM Occupancy

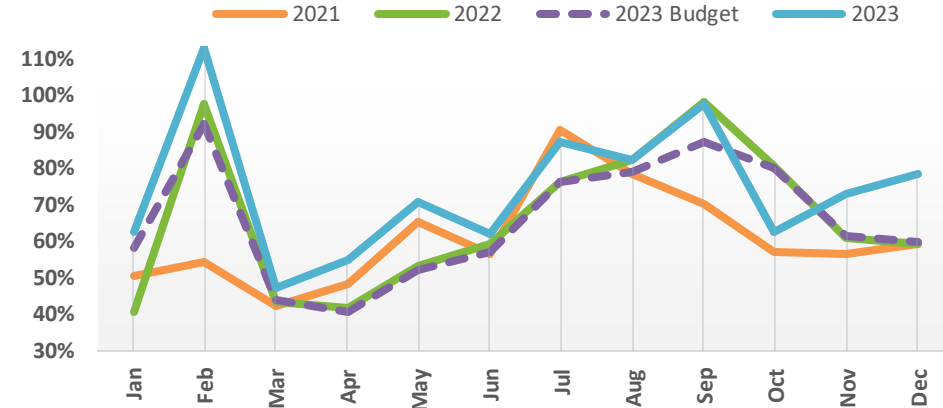
HIM Occupancy

Total Recreational Marinas

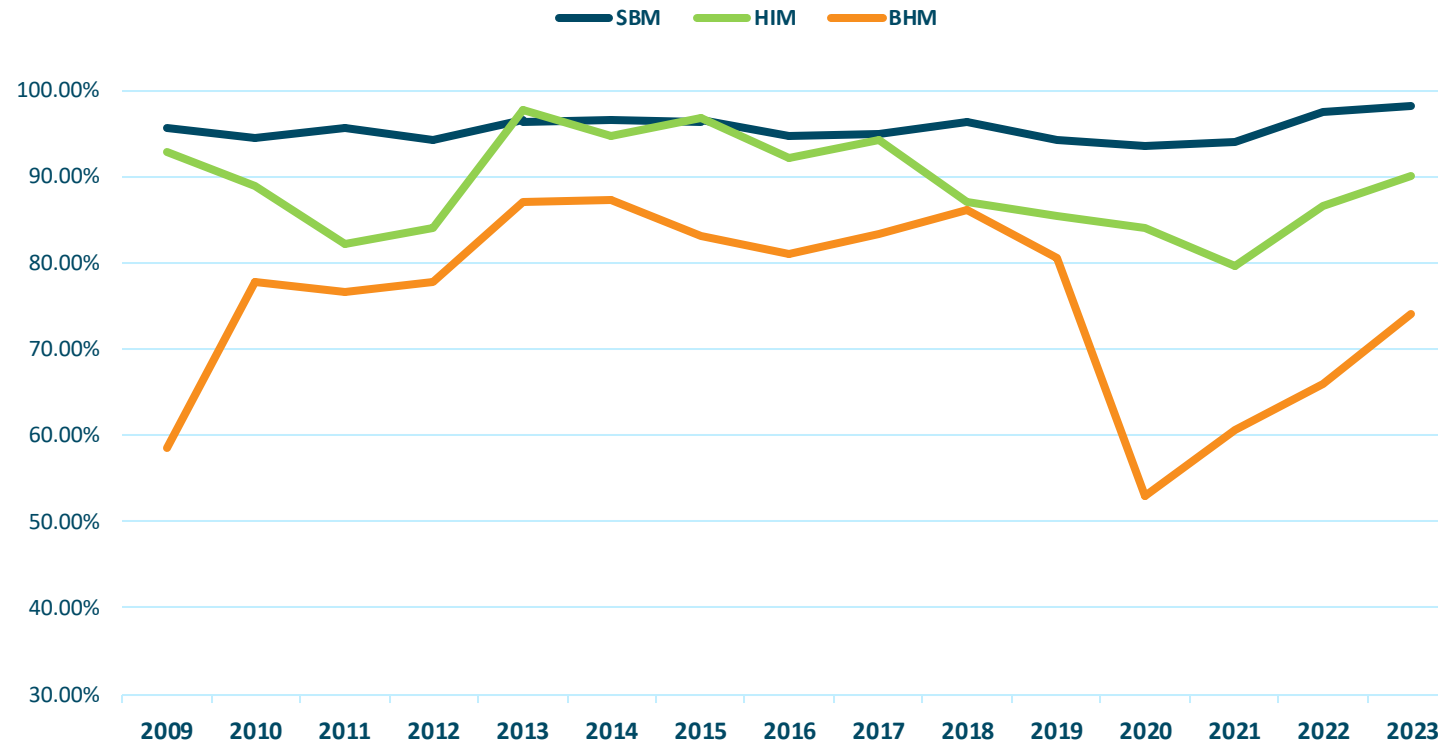
Occupancy at Harbor Island Marina



Occupancy at Bell Harbor Marina



Recreational Boating Historical Occupancy (2009 ~ 2023)



Recreational Boating

\$ in 000's	2022	2023	2023	Bud Var	
	Actual	Actual	Budget	\$	%
Revenue by Facility:					
Shilshole Bay Marina	12,541	13,906	13,993	(87)	-1%
Harbor Island Marina	493	547	519	28	5%
Bell Harbor Marina	414	485	445	40	9%
Utility Sales Revenue	530	566	634	(68)	-11%
Total Revenue	13,978	15,505	15,591	(86)	-1%
Dept Expenses:					
Staff	2,340	2,612	2,657	45	2%
Outside Services	133	38	32	(6)	-20%
General Expenses	134	213	122	(91)	-75%
Equipment & Supplies	78	99	142	43	30%
Utilities	1,282	1,334	1,267	(67)	-5%
Support Services:					
Maintenance	3,590	4,051	3,406	(644)	-19%
Project Management	250	283	224	(59)	-26%
Environmental & Planning	457	625	570	(55)	-10%
Economic Development	272	283	319	36	11%
Police/Security	1,195	1,643	1,523	(120)	-8%
Other/Central Services	4,329	4,859	5,036	177	-10%
Total Expense	14,060	16,039	15,297	(742)	-5%
NOI Before Depreciation	(82)	(534)	294	(829)	281%
Depreciation	3,274	3,313	3,200	(112)	-4%
NOI After Depreciation	(3,357)	(3,847)	(2,906)	(941)	-32%
DPR Pension Adjustment	(197)	(226)	-	226	NA

Occupancy

- SBM, HIM, and BHM occupancies were 0.56%, 3.67%, and 8.72% better than the budget.
- SBM, HIM, and BHM occupancies were 0.50%, 3.39%, and 8.06%, respectively, increased from 2022.

Variance from Budget

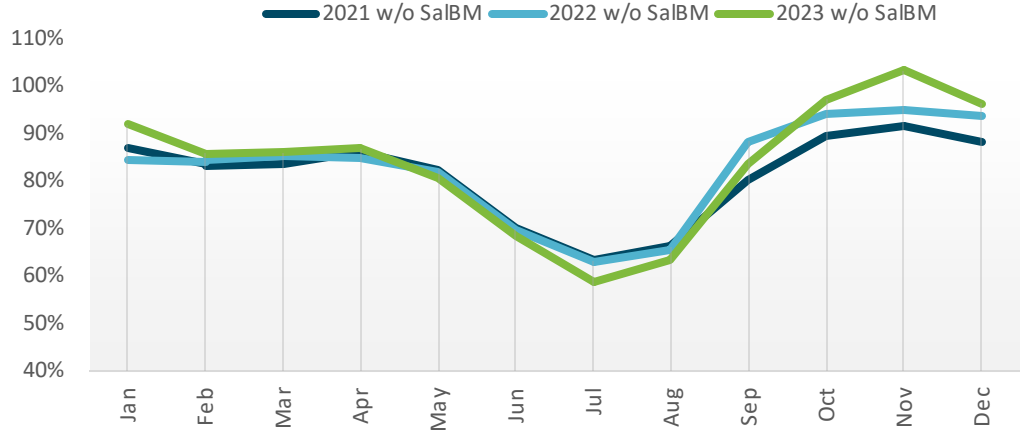
- Total Revenue was slightly below the budget by **(\$86K)**. Lower revenue from utility sales and Live-aboard (10 boats short) was partially offset by a 4% higher overall occupancy.
- Total Expenses **(\$742K)** higher to the budget primarily due to (\$644K) higher expenses resulting in Maintenance and (\$139K) higher allocation from the Police department; these higher expenses were partially offset by \$102K lower Division allocation.

Variance from 2022

- Revenue of about **\$1.5M** or an 11% increase related to a 10% rate increase in 2023 and a 1% increase in overall occupancy rate.
- **\$2.0M** increase in total expenses, primarily due to a \$461K increase in Maintenance, a \$413K increase in the Police department, a \$272K increase in Staff related expenses, a \$251K increase in Corp allocation primarily in HR, IT, and External Relations, \$168K increase in Seaport Project Management, Division allocation up \$124K, Marketing up \$118K.

Ship Canal Fishing & Commercial Occupancy

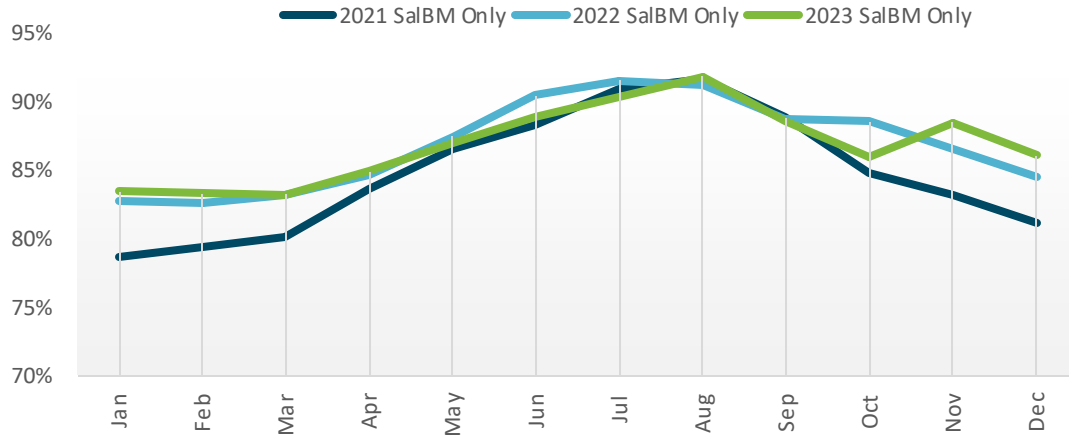
Occupancy at Fishermen's Terminal



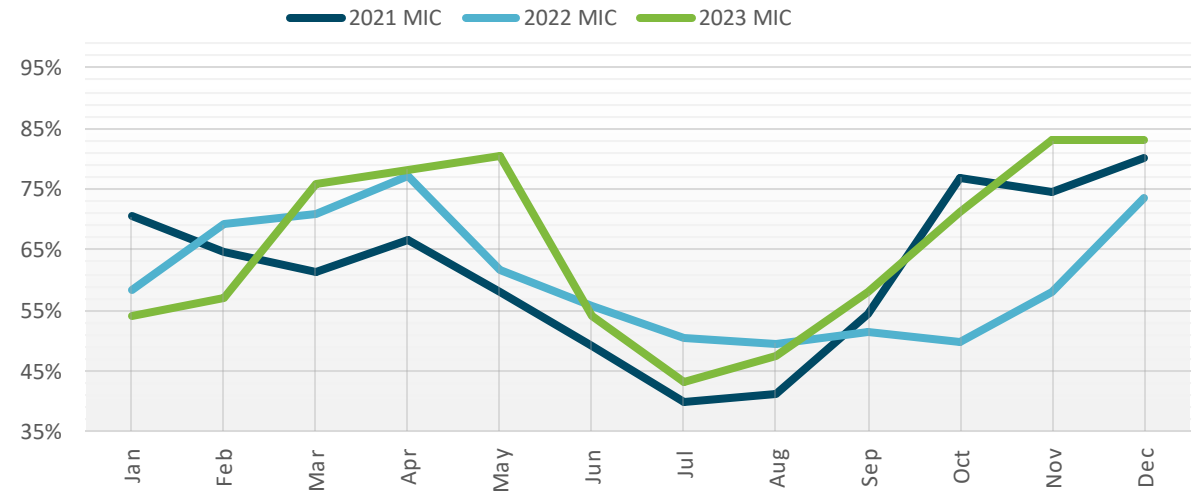
Occupancy

- Overall monthly occupancy rate increased about 1.0% from 2022
- ✓ FT Fishing up 2.9%
- ✓ FT RecBoating down - 1.9%
- ✓ SaBM down - 0.03%
- ✓ MIC up 5%

Occupancy at Salmon Bay



Occupancy at Maritime Industrial Center



Ship Canal Fishing & Operations

\$ in 000's	2022	2023	2023	Bud Var	
	Actual	Actual	Budget	\$	%
Revenue by Facility:					
FT Commercial	2,535	2,900	2,501	399	16%
FT RecBoating	766	772	715	57	8%
Salmon Bay Marina	949	1,046	999	47	5%
Maritime Industrial Center	170	160	164	(5)	-3%
Utility Sales Revenue	172	198	176	22	13%
Total Revenue	4,592	5,076	4,555	521	11%
Dept Expenses:					
Staff	1,109	1,199	1,454	254	18%
Outside Services	22	47	20	(26)	-129%
General Expenses	149	24	30	6	19%
Equipment & Supplies	73	207	83	(125)	-151%
Utilities	880	982	962	(19)	-2%
Support Services:					
Maintenance	2,267	2,301	2,355	54	2%
Project Management	175	456	712	255	36%
Environmental & Planning	543	634	376	(257)	-68%
Economic Development	52	63	81	18	23%
Police/Security	508	710	652	(58)	-9%
Other/Central Services	2,083	2,237	2,380	(29)	-10%
Total Expense	7,863	8,859	9,105	246	3%
NOI Before Depreciation	(3,271)	(3,783)	(4,550)	767	17%
Depreciation	2,361	2,380	2,339	(41)	-2%
NOI After Depreciation	(5,632)	(6,163)	(6,889)	725	11%
DPR Pension Adjustment	(104)	(116)	-	116	NA

Occupancy

- Overall monthly occupancy rate increased about 1.0% from 2022
 - ✓ FT Fishing up 2.9%
 - ✓ FT RecBoating down – 1.9%
 - ✓ SaBM flat
 - ✓ MIC up 5%

Variance from Budget

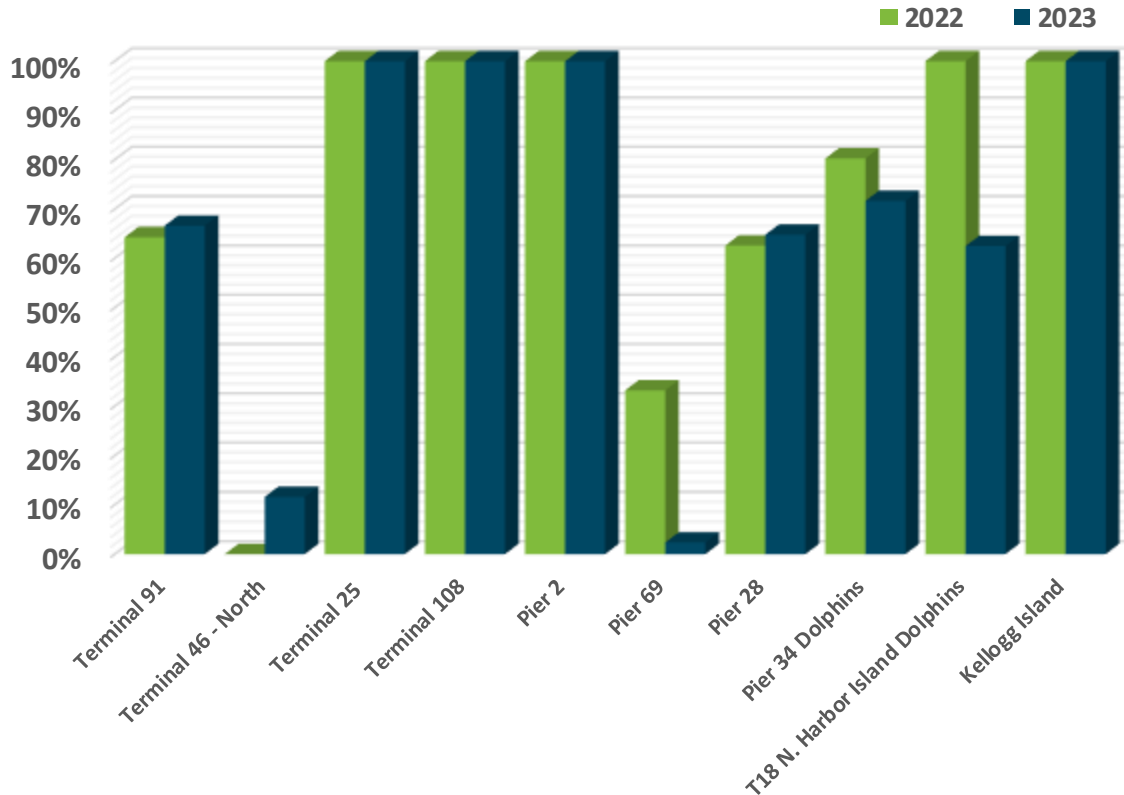
- \$521K** or 11% higher in Revenue partially related to a \$184K from the Derelict Vessels Program and higher revenue results in moorage associated with higher occupancy, as well as higher locker rental;
- Expenses **\$246K** lower than the budget, primarily related to lower staff-related expenses and project expenses in Project Management, offset by higher Environmental & Planning partially related to Derelict Vessels program expenses (\$184K).

Variance from 2022

- A 5% rate increase at FT & MIC, a 10% rate increase at FT RecBoating & SaBM, and 2.9% higher occupancy at FT in 2023 contributed to a **\$300K** revenue increase. The **\$184K** Derelict Vessels program also contributed to the increases.
- Expenses up **\$996K** from 2022 primarily due to a \$281K increase in Project Management related primarily to pile replacement projects, a \$192K increase in the Police department, \$184K associated with the Derelict Vessel program, and a \$102K increase in utilities

Elliott Bay Fishing & Commercial Occupancy

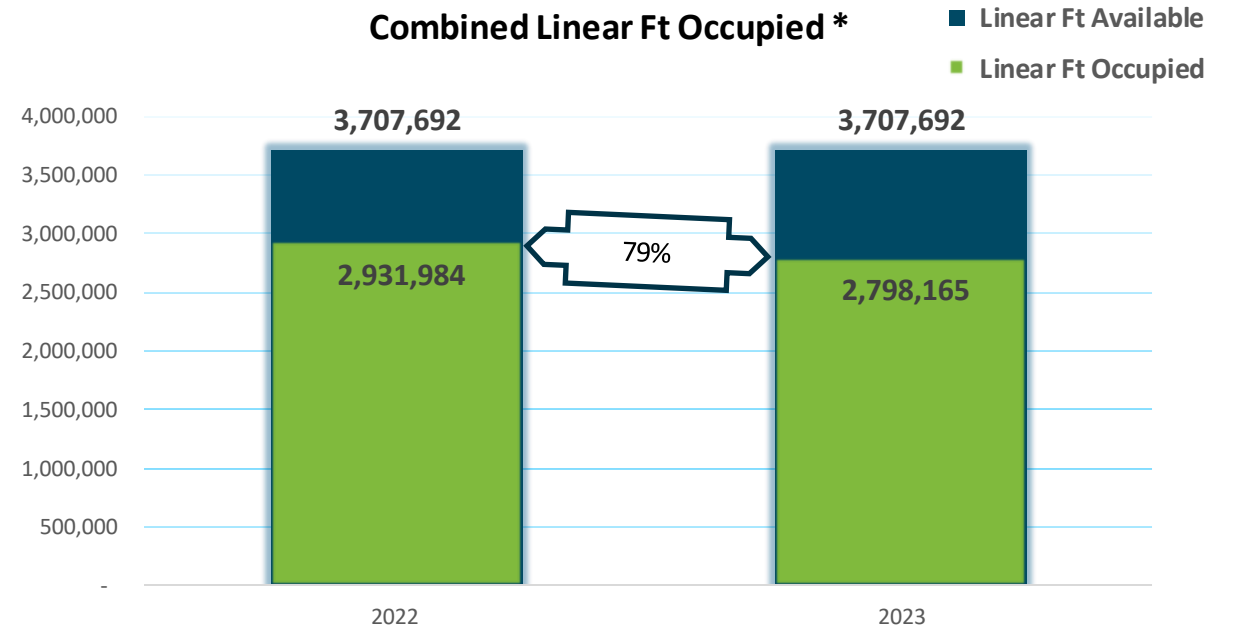
Elliott Bay Fishing & Commercial Operations
% Occupancy by locations
as of December 31



Occupancy

- Elliott Bay Occupancy 75%, (4%) down from 2022
 - % Occupied includes an allowance for lines and vessel spacing that varies by facility
 - T46 N: Pacific Pile, NOAA
 - P69: One time customer, Beyel Brothers, departure delayed by USCG
 - P28: New customer, Global Diving & Salvage
 - Spot moorage/dockage under TT5: T108, P28, P34, T18 N

Combined Linear Ft Occupied *



* Combined Occupied numbers are weighted average by

Elliott Bay Fishing & Commercial

\$ in 000's	2022	2023	2023	Bud Var	
	Actual	Actual	Budget	\$	%
Revenue by Facility:					
T-91 Fishing Related	2,848	3,421	2,627	795	30%
T-91 Vessel Operations	628	647	574	73	13%
Kellogg Island – Moorage	399	428	419	10	2%
Terminal 25 Docks	418	403	403	0	0%
Terminal 18 North - Dolphins	325	211	225	(14)	-6%
Pier 34 Dolphins	240	237	228	9	4%
Other (P2, P28, P69, T46,T108)	336	356	261	96	37%
Utility Sales Revenue	781	787	517	270	52%
Total Revenue	5,975	6,492	5,253	1,238	24%
Dept Expenses:					
Staff	641	718	755	37	5%
Outside Services	17	13	21	8	38%
General Expenses	162	225	101	(124)	-123%
Equipment & Supplies	13	17	23	5	24%
Utilities	1,562	1,238	1,539	302	20%
Support Services:					
Maintenance	1,293	1,541	1,493	(47)	-3%
Project Management	98	116	264	148	56%
Environmental & Planning	246	291	338	47	14%
Economic Development	104	110	118	7	6%
Police/Security	656	845	856	11	1%
Other/Central Services	2,220	4,293	2,494	(1,799)	-10%
Total Expense	7,012	9,407	8,002	(1,405)	-18%
NOI Before Depreciation	(1,038)	(2,916)	(2,749)	(167)	-6%
Depreciation	3,459	3,352	3,308	(44)	-1%
NOI After Depreciation	(4,496)	(6,268)	(6,057)	(211)	-3%
DPR Pension Adjustment	(62)	(67)	-	67	NA

Occupancy

- Elliott Bay Occupancy 75.5%, about (4%) down from 2022, primarily due to a one-time customer, the Beyel brothers, who stayed from Dec 2021 through April 2022

Variance from Budget

- Revenue **\$1.2M** or 24% higher related to the increases in dockage usage (\$767K), yard use (\$172K, including activities like Roe Auction), as well as in electric and water usage (\$270K)
- Expenses **(\$1.4M)** higher, mainly contributed by (\$2M) T-91 Berth 6 & 8 ERL project, offset by \$302K lower expenses in electricity and water utilities, \$148K lower in project management

Variance from 2022

- \$517K** or 9% increase in Revenue primarily related to the commercial vessels rate increased by 7% from 2022 and increased yard use and activities (Roe Auction).
- Expenses **(\$2.4M)** increase in 2023 primarily related to (\$2M) T-91 Berth 6 & 8 ERL project, (\$248K) increase in Maintenance, (\$202K) increase Police department, (\$166K) increase in HR, Engineering, & IT departments. These increases were partially offset by a \$196K decrease in Capital to Exp related to the T46N Replace N Pier Structure project in 2022.

Maritime Portfolio Management

Maritime Portfolio Management

\$ in 000s	2022	2023	2023	Bud Var	
	Actual	Actual	Budget	\$	%
<u>Revenue by Facility:</u>					
Terminal 91	4,073	3,696	3,819	(123)	-3%
Terminal 106	282	359	240	119	50%
FT Office & Retail	2,194	2,057	2,029	27	1%
MIC Uplands	575	782	543	240	44%
Salmon Bay Marina Uplands	77	75	80	(4)	-6%
SBM Office & Retail	565	581	525	56	11%
Other (T108, T115)	178	189	126	63	50%
Utilities	2,607	2,524	2,831	(307)	-11%
Total Revenue	10,550	10,263	10,192	71	1%
<u>Dept Expenses:</u>					
Staff	440	475	544	69	13%
Outside Services	53	94	703	609	87%
General Expenses	462	(123)	120	243	202%
Equipment & Supplies	40	0	0	(0)	-14%
Utilities	3,046	2,669	2,970	301	10%
<u>Support Services:</u>					
Maintenance	3,149	3,743	3,633	(110)	-3%
Project Management	277	850	722	(128)	-18%
Environmental & Planning	460	1,475	587	(889)	-151%
Police/Security	1,005	1,379	1,331	(48)	-4%
<u>Other/Central Services</u>					
	5,572	5,398	4,726	(672)	-14%
Total Expense	14,504	15,960	15,336	(624)	-4%
NOI Before Depreciation	(3,954)	(5,697)	(5,143)	(553)	11%
Depreciation	2,471	2,540	2,416	(125)	-5%
NOI After Depreciation	(6,425)	(8,237)	(7,559)	(678)	9%
DPR Pension Adjustment	(81)	(96)			

Occupancy

- Marina Office & Retail: 81%
- Maritime Industrial: 100%

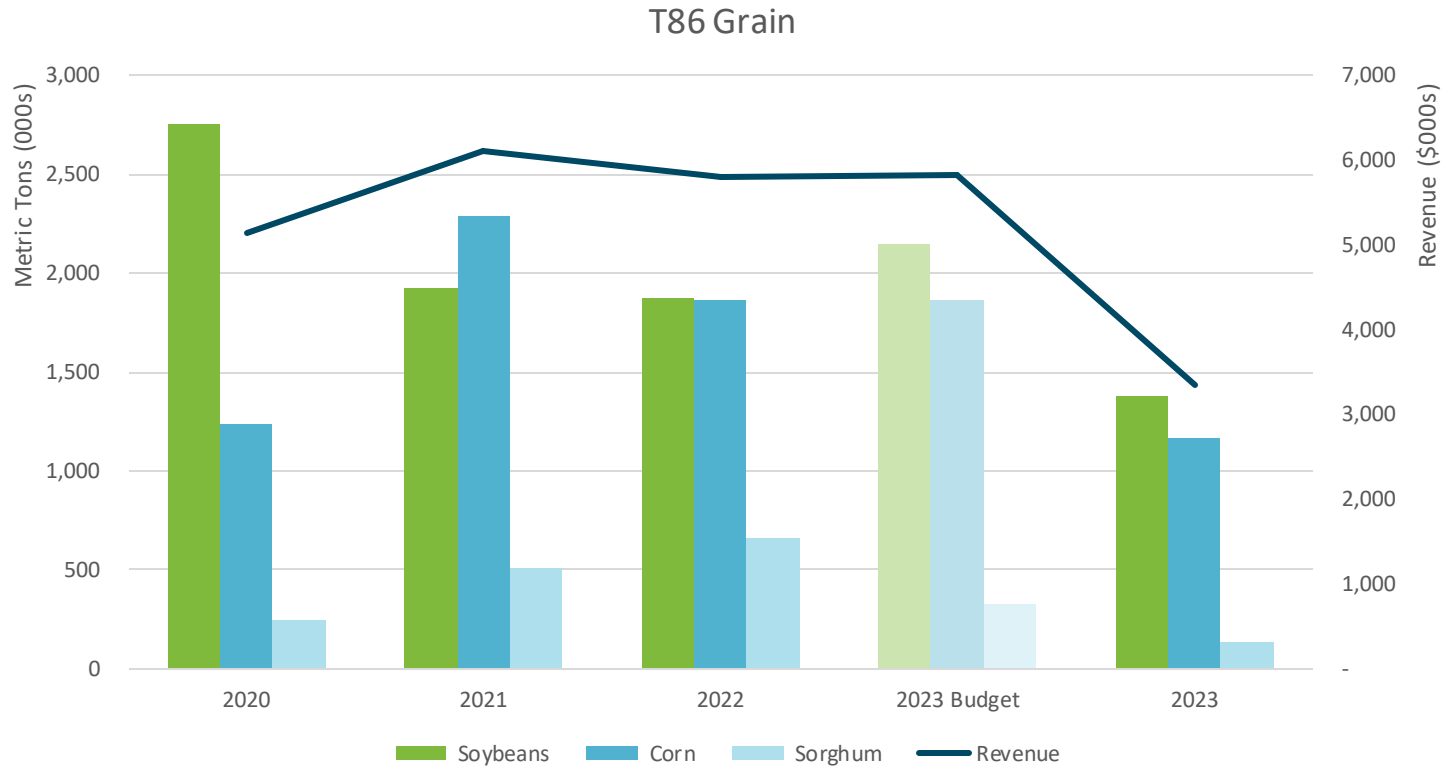
Variance from Budget

- Revenues \$71K **Higher**
 - MIC: new tenant, The State of WA
 - T106: TC Northwest Development Inc
- Expenses \$624K **Higher**
 - \$288K Capital to Expense from FT C-14 Downey Bldg., slated for demolition in 1-2 yrs
 - \$964K Environment Remediation Liability Reserve
 - Partially offset by Outside Services \$609K lower: unspent TI and broker's fees and preparation for leasing at T91
 - Partially offset by General Expenses \$243K lower: FT's Bad Debt Expense settlement from Fishing Vessel Owner and debt payment from Duke's

Variance from 2022

- Revenue \$287K **Decrease**
 - Terminated lease at FT, T91 and T106 (FVO, Lineage and Savannah Logistic)
 - Partially offset by TC Northwest Development Inc and The State of WA
- Expenses \$1,455K **Increase**
 - \$288K Capital to Expense from FT C-14 Downey Building Improvements
 - \$964K Environment Remediation Liability Reserve
 - Partially offset by Utilities \$377K lower and \$229K Bad Debt Expense settlement from FVO and payment from Duke's

Terminal 86



2023 Revenue: \$2.46M or 42% lower than budget

- \$477K refunded to LDC for the 2022-23 concession year due to lower actual volume
- Lower soybean shipments to China due to increased competitiveness from other markets
- Some recovery budgeted for 2024

Waterfront PM

Waterfront Project Management					
\$ in 000s	2022	2023	2023	Bud Var F/(U)	
Expenses	Actual	Actual	Budget	\$	%
Payroll	4,895	5,956	6,983	1,027	15%
Outside Services	261	1,689	2,379	690	29%
Travel & Other Employee Exp	32	46	104	58	56%
Charges to Capital	(2,729)	(3,083)	(4,830)	(1,747)	36%
Other / OH Allocations	76	228	67	(161)	-242%
Total Expenses	2,535	4,836	4,702	(134)	-3%

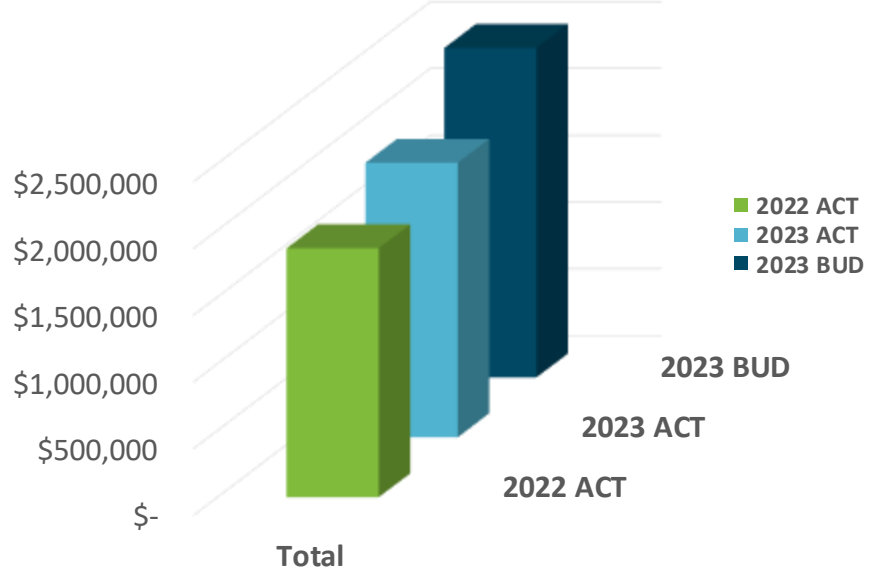
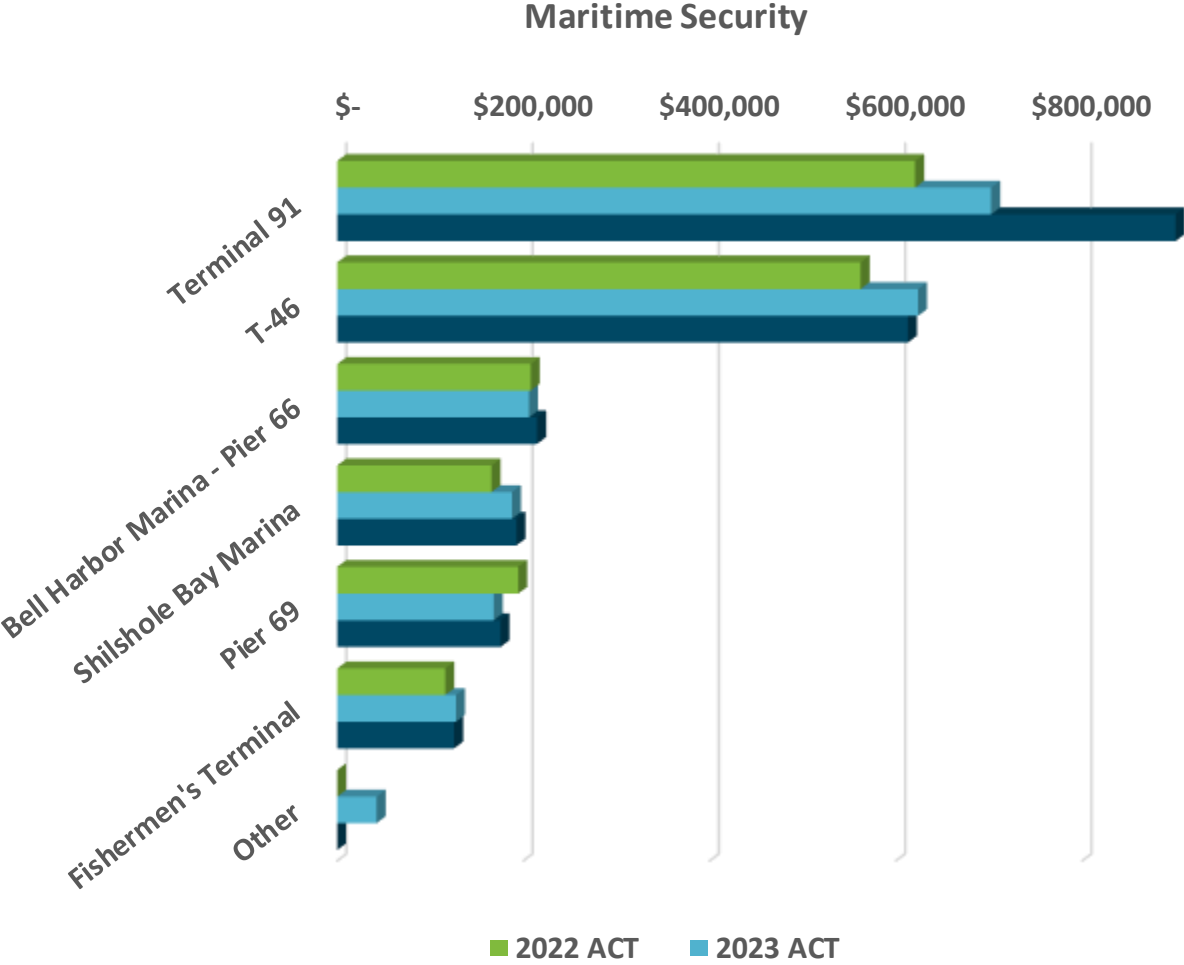
Major Variances:

- The high variance in payroll is due to the vacant positions. As of today, there are 5 vacancies.
- Charges to Capital projects have been less than estimated due to the learning curve on multiple new hires in 2023 and more admin support provided by Project Controls (time charged to subclass 6260 is higher) than budgeted.
- Outside Services – SMWKS contracts budgeted in Org 6260 has a positive variance, various reasons for variance, projects on hold/delayed, under budget or cancelled.
- Other/OH Allocations – Misc Expense – Charges of \$181K for a FT Expense project were erroneously charged to Org 6260 in December instead of Org 5523.

Key Project Milestones:

- T5 Berth Modernization Phase II – Completed -50' berth depth & shore power connection
- T5 South Marine Building – Achieve substantial completion.
- FT Bank Building Demo – Achieved substantial completion
- T46 Storm Vault Reconfiguration – Achieved substantial completion
- WTCW Roof Replacement – Achieved substantial completion
- T5 Transtainer Runs – Achieved substantial completion
- T18 Dock Rehabilitation – Completed 30% design
- T18 Shore Power Shore Power – Completed 30% design
- T91 Upland Redevelopment Phase I – Completed 60% design
- T5 IY Rail Improvement – Completed 100% design and RTB (ready-to-bid) documents.
- FT Maritime Innovation Center – Completed construction bid advertisement
- T91 Berth 6 & 8 Redevelopment – Completed construction bid advertisement
- P66 Shore Power – Start of onsite construction
- HIM E Dock – Start of onsite construction
- P66 Fender Overhaul – Start of onsite construction. Completed scope modification with barge strike.
- P69 Wifi Enhancement – Start of onsite construction
- T5 Power Outage – Processed emergency declaration and completed restoration work.

Maritime Security



Variance from Budget

- 2023 actual is about \$412K lower than the budget due to over-budgeted cruise-related activities and lack of special events at T-91

Variance from 2022

- \$191K increase primarily related to 10% hourly rate increase

Environmental & Sustainability Q4 Highlights

Maritime Environment & Sustainability

- Launched industry engagement to understand Puget Sound readiness for harbor vessel electrification
- Collaborated on an award of \$800,000 for the purchase and deployment of all-electric forklifts at Terminal 91
- Co-led convenings for a Sustainable Marine Fuels Roadmap study to assess the maritime fuels landscape in the Pacific Northwest, engaged industry stakeholders in future fuel interests, developed a state funding proviso to support early development of a new Sustainable Maritime Fuels Collaborative.
- With CLIA and Ecology, coordinated stakeholder engagement and review of the completed Exhaust Gas Cleaning System Wash Water Study prior to the study's submittal to the IMO.
- Continued project management and technical support services for PNW2AK Green Corridor.
- Duwamish River People's Park - 3 Fish & Invertebrate sampling events.
- Terminal 5 Berth Modernization coordination with agencies RE: contractor over-dredge event & associated permit modifications.
- Pier 66 Shorepower installation – real time permitting support during construction
- Positive response to significant cost-recovery claims
- Completed the draft final T91 Sediment Remedial Investigation.
- AdaptSea partnership - building commitment on shared interests with City and others

Business Highlights Marine SWU

Marine Stormwater Utility

- Submitted Phase I municipal permit annual report and updated the stormwater management program plan, posting to external website
- Updated facility best management practices (BMPs) to be consistent with tariff changes for Fishermen's Terminal and T91, and developed BMPs and spill handout translations for 5 languages (Spanish, Chinese, Vietnamese, Somali, Khmer, and Tagalog)
- Presented on the Utility's green and innovative stormwater treatment systems and effectiveness at the Green Stormwater Infrastructure Summit and Municipal Stormwater Conference in Wenatchee, WA
- Conducted utility rate analysis, rate increase reviewed by Advisory Group, and Commission approved on consent: 8% stormwater utility rate increase for 2024
- Completed system repairs and rehabilitation, including: improved treatment using oyster shells in trench drain at Pier 91 cruise terminal; stormwater system and pipe repairs at Shilshole Bay Marina to meet City-Port interlocal agreement; two pipe repairs at T91 uplands; an urgent repair at T25 that caused a sink-hole; repair of four pipes at T46; T5 line repairs and replacement in support of capital project installing SSA stormwater treatment; and T25/30 stormwater expense repairs to support SSA terminal
- Maritime SWU Fund Balance \$5,108,709 or 250 days (Minimum Reserve Target 183 days of O&M or 6 mo), revenue \$3,736,453 to prepare for large capital works coming in the next 5 years

Env Finance Highlights

Cost Recovery Program

- Completed 10 Grant Progress Reports and Claims
- NWSA T18 Shorepower
- NWSA T5 Stormwater and then closeout afterward
- EPA DERA – P66 Shorepower and EPA’s annual reporting
- DOE VW Air Quality – P66 Shorepower
- Clean Vessels Act Program
- DOE MTCA Grants: LDW, EWW, T91, T115N, T115 Boeing Plant 1
- Awarded grant for two electric forklifts for T91 from DOE’s Air Quality Division
- Re-applied for Clean Vessel Act Program grant as current 5 year is up for Rec Boating
- Applied for 8 new pumps replacement grant also through Clean Vessel Act Program

Small or Attractive Asset Program

- Complete SAO Audit with minimal findings
- New policy Est publishing of Q02 2024

Grant Oversight Committee

- Grant Oversight Committee is meeting twice a month
- And has completed six Port-wide improvement projects

Alteryx Program and Reporting

- This team lead a Port-wide usable Timesheet Validation available to all Port Departments in Q01 2024

Maritime Capital 2023

	2023 Actual	2023 Budget	2023 POF	Budget vs Forecast	
				\$	%
\$ in 000's					
P66 Shore Power	10,770	8,817	15,390	(1,953)	-22%
P66 Fender Overhaul	1,942	3,227	3,939	1,285	40%
MD Reserve	0	2,000	2,000	2,000	100%
Maritime Video Camera Pro	209	1,800	1,800	1,591	88%
T117 Restoration	988	1,263	30	275	22%
T91 Berth 6 & 8 Redev	945	1,193	734	248	21%
FT Maritime Innovation Center	778	1,103	3,297	325	29%
Cruise Upgrades COVID19	0	1,000	0	1,000	100%
MD Fleet	1,645	6,555	4,790	4,910	75%
MD Small Projects	834	3,368	1,443	2,534	75%
All Other Project	3,824	8,983	20,668	6,040	67%
Subtotal	21,935	39,309	54,091	18,255	46%
CIP Cashflow Mgmt Reserve	0	(6,996)	(13,286)	(6,996)	100.0%
Total Maritime	21,935	32,313	40,805	11,259	34.8%
% of Capital Budget	68%	100%			

Projects with Significant Variances

Shore Power – Accelerated civil duct work and mobilization have shifted cash flows from 2024 into current year. Overall project cost has not increased.

P66 Fender Overhaul – Completion of NTP for construction took longer than expected, pushed cash flows to 2024.

MD Video Camera – Design delayed to 2024 to continue investigation of Port's camera ecosystem to determine best path forward

*WPMG only execution rate is approx. 72%

Economic Development Division

Appendix

2023 Q4 Financial Performance Report

EDD 2023 Financials

	2021	2022	2023	2023	Actual vs. Budget		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
\$ in 000's								
Revenue	7,384	8,886	10,477	9,722	755	8%	1,592	18%
Conf & Event Centers	1,910	8,914	6,738	12,479	(5,741)	-46%	(2,176)	-24%
Total Revenue	9,294	17,799	17,215	22,201	(4,986)	-22%	(584)	-3%
Expenses								
Portfolio Management	3,737	3,653	3,713	3,905	192	5%	59	2%
Conf & Event Centers	3,124	6,563	6,632	10,769	4,137	38%	69	1%
P69 Facilities Expenses	268	230	254	221	(33)	-15%	24	10%
RE Dev & Planning	231	299	340	294	(46)	-16%	41	14%
EconDev Expenses Other	736	1,058	1,736	1,200	(536)	-45%	678	64%
Maintenance Expenses	3,769	3,836	3,498	3,303	(195)	-6%	(338)	-9%
Maritime Expenses (Excl Maint)	862	1,223	1,501	1,811	310	17%	278	23%
Total EDD & Maritime Expenses	12,727	16,862	17,674	21,503	3,829	18%	811	5%
Diversity in Contracting	253	186	268	250	(18)	-7%	82	44%
Tourism	1,877	1,737	1,540	1,830	290	16%	(197)	-11%
EDD Grants	889	105	1,491	1,150	(341)	-30%	1,387	1326%
Total EDD Initiatives	3,019	2,028	3,300	3,230	(70)	-2%	1,272	63%
Environmental & Sustainability	24	30	53	83	30	36%	23	76%
Police Expenses	205	240	288	258	(30)	-12%	48	20%
Other Central Services	4,408	4,906	5,206	4,938	(268)	-5%	300	6%
Aviation Division	177	147	141	138	(3)	-2%	(5)	-4%
Total Central Services & Aviation	4,814	5,323	5,688	5,417	(271)	-5%	365	7%
				0				
Total Expense before Pension Adjustment	20,560	24,213	26,661	30,149	3,488	12%	2,449	10%
Pension Expense Adjustment	(2,396)	(629)	(1,168)	0	1,168	NA	(538)	-86%
Total Expense	18,164	23,584	25,494	30,149	4,655	15%	1,910	8%
NOI Before Depreciation	(8,870)	(5,784)	(8,279)	(7,948)	(330)	-4%	(2,494)	-43%
Depreciation	3,841	3,954	4,132	3,982	(150)	-4%	179	5%
NOI After Depreciation	(12,711)	(9,738)	(12,411)	(11,930)	(481)	-4%	(2,673)	-27%

Variance from Budget

Revenue \$5M unfavorable to budget

- Conferences and Events activity less than budgeted

Expenses \$3.5M below budget

- Timing of tenant improvements
- Service contracts taking longer to get through procurement
- Conference and Event center volumes driving reduced variable expenses.
 - 3rd Party Management - \$4.1M less
- EDD Grants higher from shift to 2-yr Cycle
- Tourism underspend on outside services.

Portfolio Management

EDD Portfolio Management \$ in 000s	2022	2023	2023	Bud Var	
	Actual	Actual	Budget	\$	%
<u>Revenue by Facility:</u>					
Conf & Event Centers	8,821	6,640	12,382	(5,742)	-46%
Central Harbor Mgmt	8,107	9,540	8,950	591	7%
Utilities	802	1,057	866	191	22%
Total Revenue	17,730	17,238	22,198	(4,960)	-22%
<u>Dept Expenses:</u>					
Staff	995	1,133	1,545	412	27%
Outside Services	663	393	548	155	28%
General Expenses	7,409	7,668	11,502	3,835	33%
Equipment & Supplies	10	18	385	367	95%
Utilities	1,639	1,713	1,621	(93)	-6%
<u>Support Services:</u>					
Maintenance	3,806	3,478	3,288	(190)	-6%
Project Management	225	489	622	133	21%
Environmental & Planning	288	214	222	8	4%
Maritime Security	281	329	374	45	12%
Maritime Other	400	433	593	160	27%
<u>Other/Central Services</u>	6,334	7,381	6,482	(899)	-14%
Total Expense	22,048	23,250	27,182	3,932	14%
NOI Before Depreciation	(4,318)	(6,012)	(4,984)	(1,028)	21%
Depreciation	3,943	4,121	3,971	(149)	-4%
NOI After Depreciation	(8,261)	(10,133)	(8,955)	(1,178)	13%
DPR Pension Adjustment	(115)	(142)			

Occupancy

- Central Harbor & CEC: 88%
- T91-Uplands: 100%

Revenue

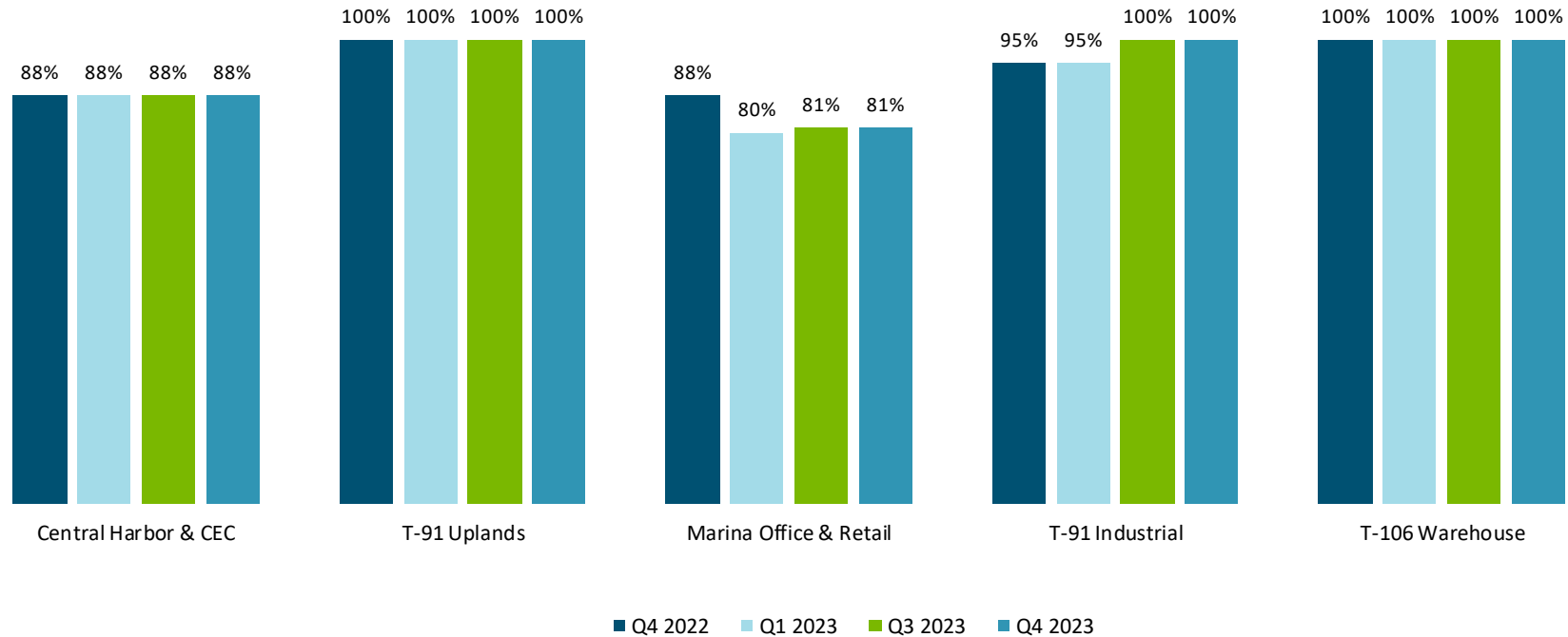
- Conf & Event Centers, \$5.7M lower than budgeted
 - Overly optimistic budget assumptions around post pandemic recovery
 - Competitors' lead-loss pricing
 - Seattle waterfront construction work and traffic
- Central Harbor Mgmt., \$591K higher than budgeted
 - T91 Uplands & T102 CAM- new tenants, increased sqft and increased rates

Expenses

- Total expense \$4M lower than budgeted
 - General Expenses, \$3.8M lower than budgeted due to less anticipated business activity
 - \$175K in Renewal Natural Gas expenses (new program)

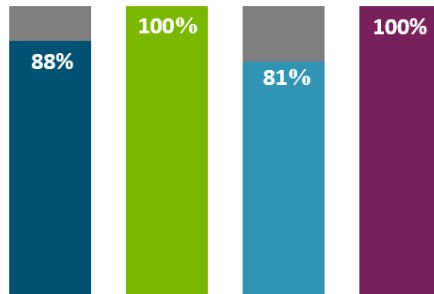
All Portfolio Management Occupancy - Building

BUILDING OCCUPANCY RATE



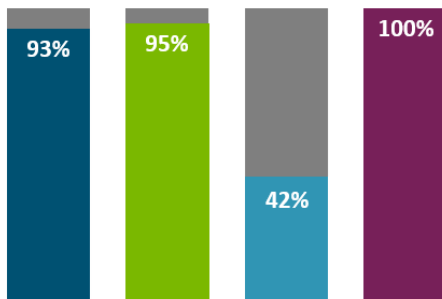
All Portfolio Management Occupancy

BUILDING OCCUPANCY



■ Central Harbor & CEC ■ T-91 Uplands ■ Marina Office & Retail ■ Maritime Industrial

LAND OCCUPANCY



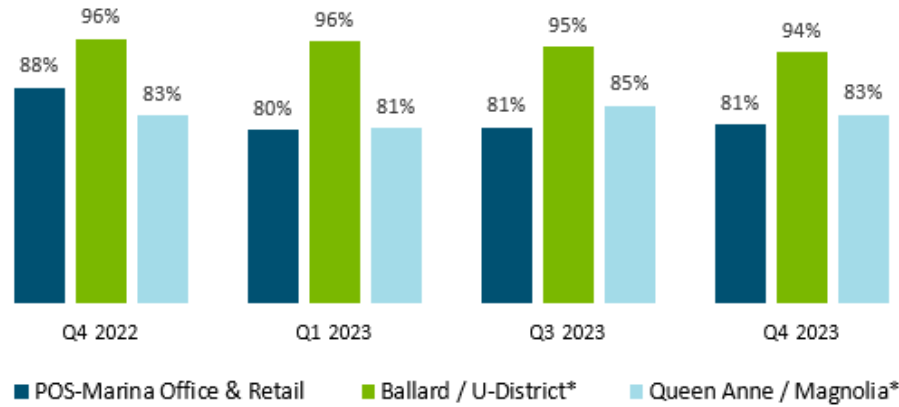
■ Central Harbor & CEC ■ T-91 Uplands ■ Marina Office & Retail ■ Maritime Industrial

Buildings	# of Leases &			
	Agreements	SF Occupied	SF Vacant	% Occupied
Central Harbor & CEC	50	311,095	41,865	88%
T-91 Uplands	12	64,493	0	100%
Marina Office & Retail	84	159,170	38,110	81%
Maritime Industrial	11	927,866	0	100%
Buildings Total	157	1,462,624	79,975	95%
Total SF Available		1,542,599		

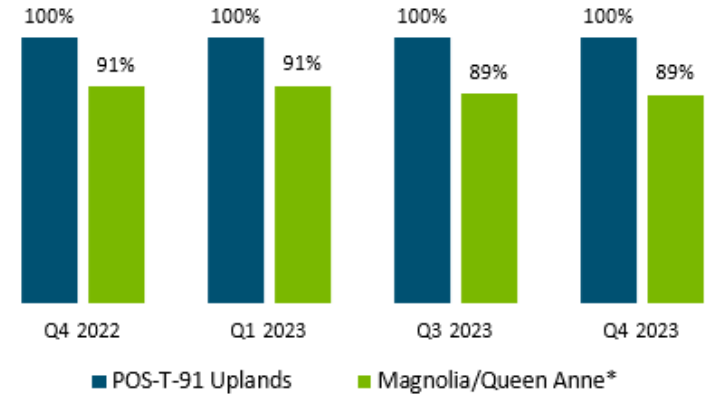
Land	# of Leases &			
	Agreements	SF Occupied	SF Vacant	% Occupied
Central Harbor	12	1,292,199	95,353	93%
T-91 Uplands	18	364,166	20,000	95%
Marina Office & Retail	13	149,581	204,297	42%
Maritime Industrial	14	578,049	0	100%
Land Total	57	2,383,995	319,650	88%
Total SF Available		2,703,645		

All Portfolio Management Market Statistics

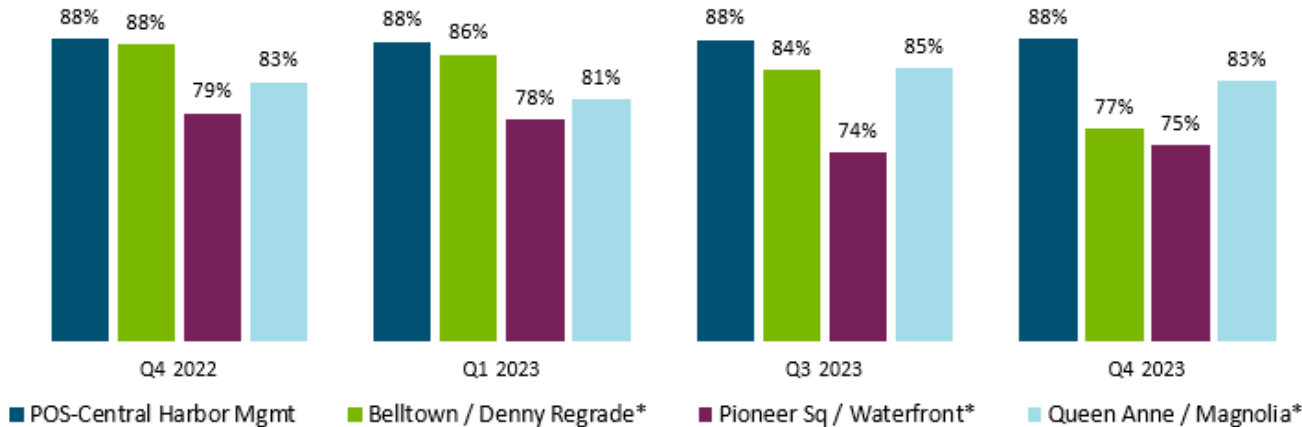
Marina Office & Retail Building Occupancy Rate (Office)



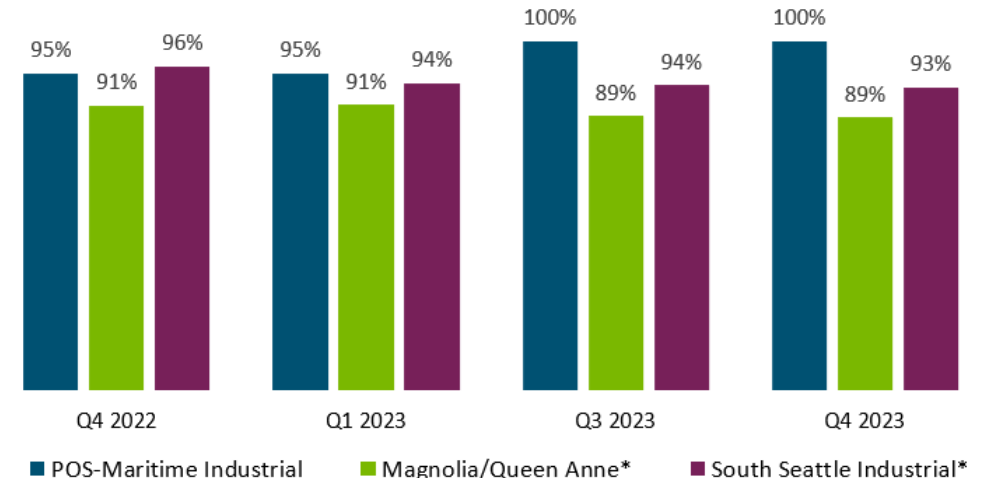
T-91 Uplands Building Occupancy Rate (Industrial)



Central Harbor Management Building Occupancy Rate (Office)



Martime Industrial Building Occupancy Rate (Industrial)



* Information source: Costar-Office & Industrial Market Averages (does not capture land only leases)

EDD Capital 2023

	2023 Actual	2023 Budget	2023 POF	Budget vs. Actual	
				\$	%
\$ in 000's					
T91 Uplands Dev Phase I	1,631	2,204	1,682	573	26%
WTCW Roof Replacement	1,659	1,841	1,003	182	10%
P69 Underdock Utility Rpl	1,787	999	547	(788)	-79%
CW Bridge Elev Modernizat	261	480	7	219	46%
P66 Roof Upgrades	157	341	556	184	54%
P66 BHICC Interior Modern	0	276	0	276	100%
P69 3rd Floor Terrace Rep	0	262	262	262	100%
P69 and P66 Public Video	33	250	250	217	87%
Tenant Improvements - Capi	0	202	300	202	100%
T91 Ped Path and Bike Bri	38	150	300	112	75%
All Other Projects	570	3,274	3,780	2,709	83%
Subtotal	6,136	10,279	8,687	4,148	40%
CIP Cashflow Mgmt Reserve	0	(2,193)	(1,950)	(2,193)	100%
Total Economic Development	6,136	8,086	6,737	1,955	24%
% of Capital Budget	76%	100%			

T91 Uplands – Cash flows pushed out to 2024 due to design contract delays.

P66 BHICC - \$276k for pending claim resolution no longer needed.

All Other Projects - Mostly small cap projects pushed out to 2024 (PM constraints, LED projects).

*WPMG only execution rate is 76%

Central Services Appendix

2023 Q4 Financial Performance Report

Central Services Business Events

- Hosted community engagement events to further Port objectives including South Seattle Community/Multi-Agency Roundtable, End of Cruise Season Celebration with CLIA, Land Stewardship/Tree Replacement Webinar, Green Corridor First Movers in-person meeting, and a Community Tree Planting work party near SEA.
- Sponsored key community and business events including Eastside Leadership Conference, Sports Commission Women in Leadership Breakfast, Eastside Economic Forecast Summit, Pacific Marine Expo Economic Forecast Breakfast, Kirkland Chamber Awards, Visit Seattle Holiday Brunch, and Propeller Club Holiday Luncheon.
- Held numerous Career Awareness Programs.
- Convened a government-to-government meeting with the Muckleshoot Indian Tribal Council.
- Hosted a South Seattle Multi-Agency Community Roundtable.
- Attended and delivered remarks at the Seattle Chamber Regional Leadership Conference.
- Hosted graduation event for the inaugural Youth Maritime Career Launch class of 37 youth.

Central Services YTD Financial Highlights

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget Variance		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	Incr (Decr)	%
Total Operating Revenues	(233)	2,538	(216)	155	(371)	-239.3%	(2,754)	-108.5%
Core Central Support Services	87,451	97,503	115,169	109,752	(5,417)	-4.9%	17,666	18.1%
Police	28,678	33,487	41,164	36,673	(4,490)	-12.2%	7,676	22.9%
Engineering/PCS	9,391	10,593	14,241	16,478	2,237	13.6%	3,649	34.4%
Total O&M Expenses w/o Pension True-up	125,521	141,583	170,574	162,903	(7,671)	-4.7%	28,991	20.5%
DRS Pension True-up Exp	(29,768)	(6,666)	(14,479)	-	14,479	0.0%	(7,814)	117.2%
Total O&M Expenses with Pension True-up	95,753	134,917	156,094	162,903	6,809	4.2%	21,177	15.7%

2023 Total Operating Expenses are \$7.7M above budget due to:

- Higher Payroll, increased spending in Outside Legal Expenses, higher Litigated Injuries & Damages, and less charges to Capital Projects

2023 Total Operating expenses are \$29.0M higher compared to 2022 due to:

- Higher Payroll in 2023 due to new positions hired in 2022 and retroactive pay from new negotiated represented contracts
- Higher Outside Services costs in 2023 for Outside Legal Expenses
- Higher Insurance, Promotional Expenses, Supplies & Stock, and Travel & Other Employee in 2023

Central Services YTD Expense by Category

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget Variance		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Salaries & Benefits	71,603	78,779	92,338	90,244	(2,094)	-2.3%	13,559	17.2%
Wages & Benefits	27,981	29,719	35,832	33,907	(1,924)	-5.7%	6,113	20.6%
Payroll to Capital Projects	16,737	16,628	19,886	23,338	3,452	14.8%	3,258	19.6%
Equipment Expense	1,627	2,982	2,821	2,809	(12)	-0.4%	(161)	-5.4%
Supplies & Stock	812	992	1,551	973	(578)	-59.3%	559	56.4%
Outside Services	29,301	31,079	42,927	40,918	(2,009)	-4.9%	11,848	38.1%
Travel & Other Employee Expenses	1,038	1,950	2,589	3,417	827	24.2%	639	32.8%
Insurance Expense	3,344	4,115	4,715	4,480	(234)	-5.2%	600	14.6%
Litigated Injuries & Damages	200	3,354	2,907	-	(2,907)	0.0%	(447)	-13.3%
Other Expenses	3,015	2,777	4,102	4,759	657	13.8%	1,325	47.7%
Charges to Capital Projects/Overhead Alloc	(30,136)	(30,793)	(39,094)	(41,943)	(2,849)	6.8%	(8,301)	27.0%
TOTAL w/o DRS Pension True-up	125,521	141,583	170,574	162,903	(7,671)	-4.7%	28,991	20.5%
DRS Pension True-up Credit	(29,768)	(6,666)	(14,479)	-	14,479	0.0%	(7,814)	117.2%
TOTAL w/ DRS Pension True-up	95,753	134,917	156,094	162,903	6,809	4.2%	21,177	15.7%

- Outside Services above budget due to Outside Legal Expenses
- Travel & Other Employee Expenses under budget due to delayed spending at the beginning of the year
- Unplanned Litigated Injuries & Damages
- Charges to Capital below budget due to delays of some capital projects

Central Services Capital Spending

\$ in 000's	2023	2023	2023	Budget Variance	
	Actual	Budget	POF	\$	%
Engineering Fleet Replacement	585	3,065	1,600	2,480	80.9%
Corporate Fleet Replacement	1,063	1,836	1,274	773	42.1%
Infrastructure - Small Cap	726	1,865	1,500	1,139	61.1%
Services Tech - Small Cap	1,377	1,500	1,500	123	8.2%
Enterprise Network Refresh	1,190	1,603	2,000	413	25.8%
Office Wi-Fi Refresh	361	964	1,077	603	62.6%
Phone System Upgrade	710	862	120	152	17.6%
Radio Microwave Redund. Loop	227	760	1,000	533	70.1%
Storage Area Network Refresh	481	750	750	269	35.9%
Other (note 1)	1,530	5,573	6,738	4,043	72.5%
Subtotal	8,250	18,778	17,559	10,528	56.1%
CIP Cashflow Adjustment	-	(5,600)	(5,600)	(5,600)	100.0%
TOTAL	8,250	13,178	11,959	4,928	37.4%

Note:

(1) "Other" includes remaining ICT projects and small capital projects/acquisitions.

Portwide Appendix

2023 Q4 Financial Performance Report

Port Wide Financial Summary

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget Variance		Change from 2022 Incr (Decr)	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	317,513	402,540	479,697	504,948	(25,251)	-5.0%	77,157	19.2%
Airport Non-Aero Revenues	183,819	256,613	326,592	296,102	30,490	10.3%	69,980	27.3%
Non-Airport Revenues	120,689	150,977	162,991	152,634	10,358	6.8%	12,014	8.0%
Total Operating Revenues	622,020	810,130	969,281	953,684	15,597	1.6%	159,151	19.6%
Total O&M Expenses w/o Pension True-up	422,372	491,377	585,858	573,431	(12,427)	-2.2%	94,481	19.2%
DRS Pension True-up Exp	(57,716)	(15,638)	(28,709)	-	28,709	0.0%	(13,071)	83.6%
Total O&M Expenses with Pension True-up	364,656	475,739	557,149	573,431	16,282	2.8%	81,410	17.1%
Depreciation	190,683	232,236	250,644	207,951	(42,694)	-20.5%	18,408	7.9%
NOI After Depreciation w/o Pension True-up	8,965	86,517	132,778	172,302	(39,524)	-22.9%	46,261	53.5%
NOI After Depreciation with Pension True-up	66,681	102,155	161,487	172,302	(10,815)	-6.3%	59,332	58.1%

- Total Operating Revenues: \$15.6M higher than budgeted.
- Total Operating Expenses: \$12.4M above budget mainly due to higher Equipment Expense, Supplies & Stock, General Expenses, and lower charges to capital projects.
- NOI before Depreciation: \$3.2M below budget
- NOI after Depreciation: \$39.5M below budget

Non-Airport Financial Summary

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget Variance		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	Incr (Decr)	%
NWSA Distributable Revenue	55,998	55,353	57,685	50,305	7,380	14.7%	2,333	4.2%
Maritime Revenues	48,331	71,534	82,410	75,875	6,534	8.6%	10,875	15.2%
EDD Revenues	9,294	17,799	17,215	22,201	(4,986)	-22.5%	(584)	-3.3%
SWU & Other	7,066	6,291	5,681	4,252	1,430	33.6%	(609)	-9.7%
Total Operating Revenues	120,689	150,977	162,991	152,634	10,358	6.8%	12,014	8.0%
Total O&M Expenses w/o Pension True-up	80,693	96,387	113,913	112,896	(1,017)	-0.9%	17,526	18.2%
DRS Pension True-up Exp	(10,254)	(3,351)	(5,137)	-	5,137	0.0%	(1,786)	53.3%
Total O&M Expenses with Pension True-up	70,439	93,036	108,776	112,896	4,120	3.6%	15,740	16.9%
Depreciation	37,841	37,994	38,275	37,284	(992)	-2.7%	282	0.7%
NOI After Depreciation w/o Pension True-up	2,155	16,596	10,803	2,454	8,349	340.2%	(5,793)	-34.9%
NOI After Depreciation with Pension True-up	12,409	19,948	15,940	2,454	13,486	549.6%	(4,007)	-20.1%

- Non-Airport Operating Revenue: \$10.4M above budget due to higher revenues from NWSA Distributable Revenues and Cruise; offset by lower revenues from Grain and Conference & Event Center.
- Operating Expenses: \$1.0M higher than budget because of higher General Expenses, Environmental Remediation Liability, Payroll, and lower charges to capital projects; offset by lower Outside Services, Travel & Other Employee Expenses, Property Rentals, and Promotional Expenses.

Port Wide Operating Revenues Summary

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget Variance		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Aeronautical Revenues	317,513	402,540	479,697	504,948	(25,251)	-5.0%	77,157	19.2%
Public Parking	64,104	88,899	110,990	96,768	14,222	14.7%	22,091	24.8%
Rental Cars - Operations	32,722	44,302	46,506	39,353	7,153	18.2%	2,204	5.0%
Rental Cars - Operating CFC	2,018	12,171	16,954	14,477	2,478	17.1%	4,784	39.3%
ADR & Terminal Leased Space	41,607	43,126	74,246	73,360	886	1.2%	31,120	72.2%
Ground Transportation	11,947	20,804	24,878	24,324	554	2.3%	4,074	19.6%
Employee Parking	9,006	10,645	10,574	10,462	112	1.1%	(71)	-0.7%
Airport Commercial Properties	12,520	16,747	20,370	16,959	3,411	20.1%	3,623	21.6%
Airport Utilities	6,350	7,943	8,666	8,541	125	1.5%	723	9.1%
Clubs and Lounges	3,478	8,688	11,710	9,859	1,851	18.8%	3,022	34.8%
Cruise	9,517	30,469	41,726	34,445	7,281	21.1%	11,258	36.9%
Recreational Boating	12,851	13,978	15,505	15,591	(86)	-0.6%	1,527	10.9%
Fishing & Operations	9,859	10,566	11,640	9,809	1,831	18.7%	1,073	10.2%
Grain	6,112	5,792	3,356	5,814	(2,458)	-42.3%	(2,436)	-42.1%
Maritime Portfolio Management	10,392	10,550	10,263	10,192	71	0.7%	(287)	-2.7%
Central Harbor Management	7,561	8,791	10,465	9,699	766	7.9%	1,674	19.0%
Conference & Event Centers	1,910	8,914	6,738	12,479	(5,741)	-46.0%	(2,176)	-24.4%
NWSA Distributable Revenue	55,998	55,353	57,685	50,305	7,380	14.7%	2,333	4.2%
Other	6,555	9,851	7,311	6,297	1,013	16.1%	(2,540)	-25.8%
Total Operating Revenues (w/o Aero)	304,507	407,590	489,584	448,736	40,848	9.1%	81,994	20.1%
TOTAL	622,020	810,130	969,281	953,684	15,597	1.6%	159,151	19.6%

Port Wide Operating Expense Summary

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget Variance		Change from 2022	
	Actual	Actual	Actual	Budget	\$	%	\$	%
Salaries & Benefits	144,953	159,305	187,197	184,979	(2,219)	-1.2%	27,893	17.5%
Wages & Benefits	134,738	146,887	167,928	156,181	(11,748)	-7.5%	21,041	14.3%
Payroll to Capital Projects	28,979	27,020	32,448	44,563	12,115	27.2%	5,428	20.1%
Outside Services	99,482	116,790	145,095	165,506	20,411	12.3%	28,305	24.2%
Utilities	26,236	31,202	31,226	30,529	(698)	-2.3%	24	0.1%
Equipment Expense	6,863	12,477	13,046	10,487	(2,559)	-24.4%	568	4.6%
Supplies & Stock	9,368	11,549	12,956	8,994	(3,963)	-44.1%	1,407	12.2%
Travel & Other Employee Expenses	2,031	4,400	5,511	7,344	1,833	25.0%	1,111	25.3%
Third Party Mgmt Op Exp	4,994	8,985	10,930	14,144	3,214	22.7%	1,945	21.6%
B&O Taxes	4,120	5,406	6,431	6,874	443	6.4%	1,025	19.0%
Other Expenses	15,640	21,475	39,947	26,525	(13,422)	-50.6%	18,472	86.0%
Charges to Capital Projects/Overhead Alloc	(55,031)	(54,120)	(66,857)	(82,692)	(15,835)	19.1%	(12,737)	23.5%
TOTAL w/o DRS Pension True-up	422,372	491,377	585,858	573,431	(12,427)	-2.2%	94,481	19.2%
DRS Pension True-up Credit	(57,716)	(15,638)	(28,709)	-	28,709	0.0%	(13,071)	83.6%
TOTAL w/ DRS Pension True-up	364,656	475,739	557,149	573,431	16,282	2.8%	81,410	17.1%

- Outside Services were \$20.4M under budget due to project delays.
- Travel & Other Employee Expenses were \$1.8M lower than budget due to delays in training and travel.
- Third Party Management Op Expense was \$3.2M under budget to less activities than budgeted.
- Other Expenses: Higher Environmental Remediation Liability (10.1M) and Litigated Injuries & Damages (\$5.0M)
- Charges to Capital Projects were lower by (\$15.8M) due to delays in Capital Projects.

Comprehensive Financial Summary

\$ in 000's	2021	2022	2023	2023	Actual vs. Budget		Explanation
	Actual	Actual	Actual	Budget	Variance \$	%	
Revenues							
1. Operating Revenues	622,020	810,130	969,281	953,684	15,597	1.6%	
2. Tax Levy	78,311	80,785	82,313	82,657	(344)	-0.4%	In line with budget
3. PFCs	72,845	88,284	95,681	94,122	1,559	1.7%	higer enplanements than budget
4. CFCs	24,271	24,461	24,657	24,658	()	0.0%	
5. Fuel Hydrant	7,010	7,451	6,681	7,023	(342)	-4.9%	In line with budget
6. Non-Capital Grants & Donations	103,206	153,764	19,192	17,101	2,092	12.2%	More Non-capital federal grants than budgeted
7. Capital Contributions	47,632	38,116	36,309	44,377	(8,069)	-18.2%	Less Capital federal grants than budgeted
8. Interest Income	(5,386)	(50,735)	94,541	64,128	30,413	47.4%	Mainly from Unrealized Gain on Investments
Total	949,911	1,152,256	1,328,655	1,287,749	40,906	3.2%	
Expenses							
1. O&M Expense	422,372	491,377	585,858	573,431	(12,427)	-2.2%	Mainly due to higher Env Remediation Exp.
2. DRS Pension True-up Credit	(57,716)	(15,638)	(28,709)	-	28,709	0.0%	Unbudgeted DRS pension credit
3. Depreciation	190,683	232,236	250,644	207,951	(42,694)	-20.5%	More new assets came into service
4. Revenue Bond Interest Expense	132,925	140,838	146,686	171,294	24,608	14.4%	Did not issue new bonds as budgeted
5. GO Bond Interest Expense	11,004	11,877	10,162	10,562	400	3.8%	In line with budget
6. Public Expense	9,769	8,282	20,869	11,309	(9,560)	-84.5%	Mainly due to higher Non-Construction Contri.
7. Non-Op Environmental Expense	7,495	1,296	10,056	10,500	444	4.2%	In line with budget
8. Other Non-Op Rev/Expense	18,419	58,489	268	(14,916)	(15,184)	101.8%	Less Harbor Maintenance Tax than budgeted
Total	734,952	928,756	995,834	970,131	(25,704)	-2.6%	
Special Item	34,907	-	-	-	-	0.0%	
Change In Net Assets	180,053	223,500	332,820	317,619	15,202	4.8%	

* Operating revenues & expenses include certain GASB 87 (Leases) accounting adjustments that will be accounted for as non-operating in the Port's audited financial statements. The Port implemented GASB 87 in 2022.

Port Wide Capital Spending Summary

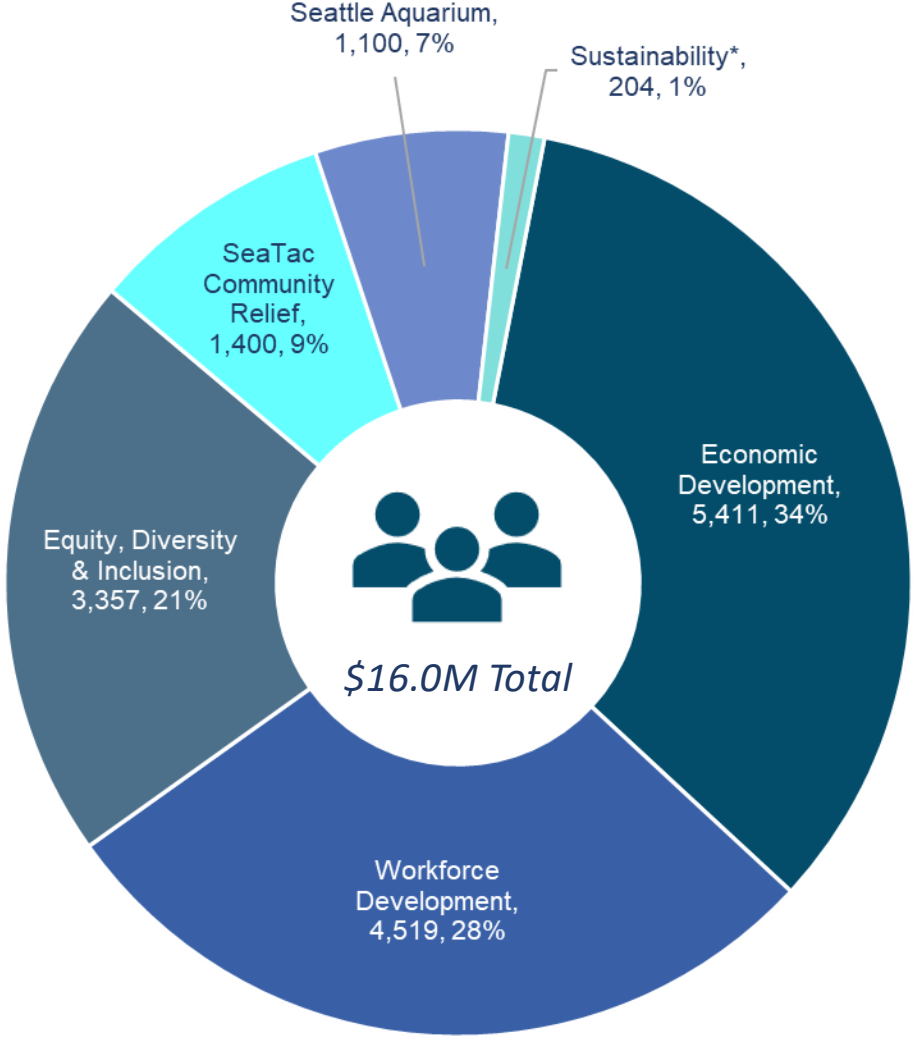
\$ in 000's	2023	2023	2023	Budget Variance	
	Actual	Budget	POF	\$	%
Aviation	444,072	485,572	663,877	41,500	8.5%
Maritime	21,935	32,313	40,805	10,378	32.1%
Economic Development	6,136	8,086	6,737	1,950	24.1%
Central Services & Other (note 1)	8,925	15,371	14,424	6,446	41.9%
TOTAL	481,068	541,342	725,843	60,274	11.1%

Note:

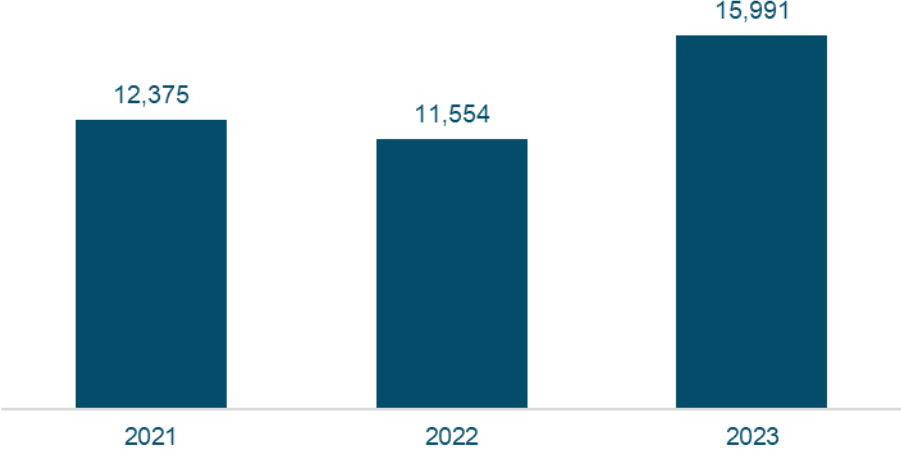
(1) "Other" includes 100% Port legacy projects in the North Harbor and Storm Water Utility Small Capital projects.

Community Programs 2023 Actuals

(\$ in \$000)



2021-2023 Actuals



Note:
 *Sustainability category includes mostly items funded by the levy. Airport Community Ecology program will soon be incorporated under South King County Community Impact Fund (under Equity, Diversity, & Inclusion category).

Actuals exclude DRG pension credit

Community Programs Summary

Program (\$ in \$000)	2021 Actual	2022 Actual	2023 Actual	2023 Budget	Fav (UnFav) Actual vs. Budget Variance		Incr (Decr) Change from 2022	
					\$	%	\$	%
1) Energy & Sustainability Fund	160	35	34	120	86	72.0%	(2)	-4.6%
2) Airport Community Ecology (ACE) Fund	154	89	27	40	13	31.5%	(61)	-69.2%
3) South King County Community Impact Fund (SKCCIF) ¹	848	1,111	1,758	2,214	456	20.6%	647	58.2%
4) Duwamish Valley Community Equity Program	304	545	492	462	(30)	-6.5%	(53)	-9.7%
5) EDD Partnership Grants	771	102	1,283	850	(433)	-50.9%	1,181	1155.3%
6) Tourism Marketing Support Program ²	1,917	1,743	1,540	1,830	290	15.8%	(202)	-11.6%
7) Airport Spotlight Ad Program ^{3&4}	269	322	362	466	105	22.4%	40	12.5%
8) City of SeaTac Community Relief ³	1,400	1,400	1,400	1,400	-	0.0%	-	0.0%
9) Maritime Blue (formerly Maritime Innovation Center)	118	145	120	150	30	20.0%	(25)	-17.2%
10) Workforce Development ²	4,031	3,122	4,242	5,186	944	18.2%	1,120	35.9%
a. Youth Career Launch Program (formerly OYI)	1,721	3	689	1,000	311	31.1%	686	26521.3%
11) High School Internship Program	317	317	277	457	180	39.4%	(40)	-12.6%
12) Diversity in Contracting ²	1,092	1,382	1,906	2,299	393	17.1%	523	37.9%
a. Small Bus. Accelerator (DIC) ⁵	243	188	212	250	38	15.3%	24	12.9%
13) Equity, Diversity & Inclusion ²	1,149	1,284	1,319	1,767	449	25.4%	35	2.7%
14) Sustainable Aviation Fuels & Air Emissions Program	-	116	103	100	(3)	-3.4%	(13)	-11.0%
15) Low Carbon Fuel Standard Support	87	29	40	150	110	73.3%	11	37.3%
16) Community Biz Connector (Regional Small Biz Partnerships)	-	-	25	350	325	92.9%	25	0.0%
17) Public Market Study	-	-	175	100	(75)	-75.0%	175	0.0%
18) Seattle Aquarium Partnership	-	-	1,100	1,000	(100)	-10.0%	1,100	0.0%
TOTAL w/o DRS Pension True-up Credit	12,375	11,554	15,991	18,691	2,700	14.4%	4,437	38.4%
DRS Pension Credit True Up	(532)	(218)	(331)	-	331	0%	(113)	51.8%
TOTAL w/ DRS Pension True-up Credit	11,843	11,336	15,660	18,691	3,031	16.2%	4,324	38.1%

- Lower than anticipated spending in several programs: Energy & Sustainability, Airport Community Ecology, South King County Community Impact Fund, Youth Maritime Career Launch program, and Low Carbon Fuel Standard support.
- Some cities that did not renew in 2022 signed up for the 2023 EDD Partnership grants.
- Majority of Community Business Connector charges will be applied in 2024.
- Less spending in Outside Services (Tourism, Diversity in Contracting, Equity, Diversity, & Inclusion, and Workforce Development contracts).
- One of the positions that oversee the HS Internship program was vacant for a few months.

Notes:

- 1) Budget shows grants only, excludes payroll.
- 2) DRS Pension credit excluded from dept totals.
- 3) Budgeted as Non-ops Expenses.
- 4) Free advertising space provided at the Airport. FAA requires that lost revenue be reimbursed to the Airport.
- 5) A portion of the SKCCIF budget is in Diversity in Contracting; adjusted to avoid double counting.



**COMMISSION
AGENDA MEMORANDUM**

Item No. 11b

BRIEFING ITEM

Date of Meeting March 26, 2024

DATE: March 19, 2024

TO: Stephen P. Metruck, Executive Director

FROM: Bookda Gheisar, Senior Director, Office of Equity, Diversity, and Inclusion
Tania Park, Equity, Diversity, and Inclusion System Change Program Manager
Jay Doran, Equity, Diversity, and Inclusion Policy & Communications Manager

SUBJECT: 2023 Annual Report for the Office of Equity, Diversity, and Inclusion

EXECUTIVE SUMMARY

In 2019, the Port of Seattle created the Office of Equity, Diversity, and Inclusion (OEDI) as an organizationally cross-cutting department charged with building the Port’s capacity and skills to address institutional racism and other forms of oppression by transforming policies, practices, and culture. OEDI collaborates with departments and employees across the organization towards a vision of creating a truly anti-racist, equitable Port. In 2023, OEDI led efforts to advance key policies and programs that advanced our ability to accomplish this vision.

In 2021, OEDI conducted a comprehensive equity, diversity, and inclusion (EDI) assessment of the Port of Seattle, specifically reviewing workplace culture; operations and processes; hiring, promotions, compensations, and staff development; community engagement; and, contracting and women or minority-owned business enterprises (WMBEs). Also, during 2021, OEDI – at the direction of the Executive Director – contracted with a consultant to assess the experiences and outcomes of women of color in the organization, known as the 2021 Women of Color (WOC) Assessment. The EDI and WOC Assessment generated more than 60 recommendations for organizational changes and improvements to advance equity, diversity, and inclusion. Additionally, in April 2023, the Port of Seattle Commission enacted the Equity Policy Directive – revolutionary legislation that will ensure the organization prioritizes just, inclusive policies and programs internally and externally for years to come. The Equity Policy Directive created structure, operational, and external improvements and requirements that cement equity into the fabric of the organization.

The briefing on March 26, 2024 will provide a summary of key accomplishments of OEDI in 2023, an update on the implementation of the recommendations from the EDI and WOC Assessment, an update on the work and progress of the Change Team, an update on the implementation of the Equity Policy Directive, and a snapshot of OEDI’s work and goals for 2024. Finally, during the briefing, OEDI will highlight the most prominent challenges and barriers to achieving the vision of an anti-racist, equitable Port.

Meeting Date: March 26, 2024

BACKGROUND

Nearly five years ago, the Port of Seattle became the first port authority in the country to establish an office of equity. In doing so, our organization committed time and resources to embed equity, diversity, and inclusion into the fabric of the organization. Also, by creating the Office of Equity, Diversity, and Inclusion (OEDI), the Port acknowledged that for too long it had comfortably operated in an unjust, racist society that works to the benefit of a few at the expense of many. By failing to acknowledge and actively addressing these inequities, the organization realized that it was playing a role in perpetuating them.

OEDI’s work is informed by the following three strategies:

STRATEGY 1

Transform the Port of Seattle by infusing racial equity principles and practices into all aspects of organizational structure, programs, policies, processes, and culture.

STRATEGY 2

Support the Port of Seattle to create meaningful engagement with near-Port communities and to provide equitable and tangible benefits to impacted communities of color, immigrant and refugee communities, and low-income communities.

STRATEGY 3

Build OEDI’s capacity and expertise to lead, partner, and collaborate on equity change work with external peer agencies – locally and nationally.

The concept of *Normalize, Organize, and Operationalize* undergirds all our work. Normalizing racial equity within an institution means just that – to normalize talking about equity so that over time it becomes an organizational norm and leads to results, such as through modeling and tone setting by leadership, and employee dialogues and learning events. Organizing for equity means building infrastructure and capacity to implement equity practices, such as by creating policy; completing an equity planning process including establishing definitions, vision, and values; and creating or increasing staff capacity to embed equity into their work. Operationalizing equity includes all the elements that allow equity principles to be fully integrated into day-to-day operations, including budgeting with an equity lens, creating accountability mechanisms, and fostering meaningful engagement of both Port staff and the public.

KEY ACCOMPLISHMENTS

2023 Highlights	Key Accomplishments
Change Team	<ul style="list-style-type: none"> Built cross-functional capacity of employees by engaging and training employees of every department in the Port.

	<ul style="list-style-type: none"> • Monitored and assisted with the implementation of 2023 department EDI goals. • Led the development of annual department EDI goals for 2024. • Championed EDI within departments through initiatives such as Equity Moments.
<p>EDI Goals & Assessment Actions</p>	<ul style="list-style-type: none"> • At the department-level, the Change Team helped to develop, implement, and track 2023 department EDI goals. Across all departments, approximately 89% of EDI goals were completed in 2023. • Continued progress to implement and track recommendations from the 2021 Equity and Women of Color Assessments. Through 2023, approximately 67% of those recommendations had been implemented. • Conducted three listening sessions with women of color employees to follow-up on the findings of the 2021 Women of Color Assessment. Feedback from these sessions reaffirmed the need to continue to implement the recommendations from the 2021 assessment. • The second annual Belonging & Inclusion Survey was conducted in 2023. The results demonstrated cultural improvement in several areas and also reaffirmed previously documented disparities among employees along the lines of race, gender, sexual orientation, and union representation.
<p>Equity in Budgeting</p>	<ul style="list-style-type: none"> • Members of the Port’s Change Team, in partnership with OEDI and Finance and Budget, developed with 2024 Equity In Budgeting Playbook – the third iteration of this tool. • All departments and divisions applied this playbook to the create of their 2024 budgets. • Included in the 2024 playbook, Port staff developed a new way to measure the organization’s investment in equity, know as “equity spending.” Annually, the organization will measure the amount of our operating budget that qualifies as equity spending.
<p>Racial Equity Training + Engagement</p>	<ul style="list-style-type: none"> • OEDI offered a total of 51 trainings and workshops in 2023, including 3 cohorts of Race – the Power of an Illusion, 8 EDI Lunch and Learns, 12 Anti-Oppression Workshops, 22 Racial Equity 101s and 102s, and 6 Supervisors’ Racial Equity 101s and 102s. • Since instituting the annual equity training requirement for all employees, approximately 64% of frontline employees have completed Racial Equity 101, 28% of frontline employees have completed Racial Equity 102, 98% of supervisors have completed Supervisors’ Racial Equity 101, and 61% of supervisors have completed Supervisors’ Racial Equity 102.

Meeting Date: March 26, 2024

<p>External Engagement</p>	<ul style="list-style-type: none"> • In 2023, the South King County Community Impact Fund expanded to include a total of 65 partner organizations, investing nearly \$7M of the total \$10M of the fund. • In 2023, OEDI and External relations conducted an extensive assessment of the Port’s language access work, strengths, and needs, as part the Language Access Motion based by the Commission. The results of the assessment identified the need for several improvements, departments that are high utilizers, and the creation of a Language Access Cohort of departments who will be developing a Language Access Guidance Manual. • Northwest Seaport Alliance – In partnership with the Northwest Seaport Alliance, our office has been supporting a collaborative effort to decarbonize the Gateway. The multi-stakeholder Puget Sound Zero-Emission Truck Collaborative formed in June 2023 to develop a roadmap for transitioning to zero-emission drayage services across the Puget Sound region’s marine cargo terminals no later than 2050. We are committed to supporting a just and equitable transition by working to ensure independent owner/operators are at the decision-making table and guiding what an equitable approach can look like through this design process.
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ADDITIONAL BACKGROUND

None.

ATTACHMENTS TO THIS BRIEFING

- (1) OEDI’s 2023 Annual Report
- (2) 2023 Equity, Diversity, and Inclusion Action Progress Report
- (3) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

March 12, 2024 – The Commission was briefed on the findings and recommendations of the Language Access Assessment per the Language Access Order passed in April 2023. Commission was asked for a two-year extension to complete the remaining items of the Language Access Order.

October 10, 2023 – The Commission was brief on the progress and evaluation of the South King County Community Impact Fund.

April 11, 2023 – The Commission passed the Equity Policy Directive, guiding the integration of equity, diversity, inclusion, and belonging into the Port’s practices and policies, and to move the work beyond compliance and mandates towards long-term commitment and sustainable system.

Meeting Date: March 26, 2024

- April 11, 2023 – The Commission authorized the Language Access Order (2023-05), directing the Port to develop a language access policy and plan that ensures inclusion of non or limited English speakers, including those who are hard of hearing or deaf, in the use of Port services and facilities; and the port-wide implementation of a plan directing divisions with publicly facing public services to offer language assistance services including translation and/or interpretation.
- February 14, 2023 – The Commission was briefed on the 2022 OEDI Annual Report, including a review of success from 2022 and an overview of goals and work for 2023.
- September 13, 2022 – The Commission was requested to authorize the Executive Director to execute contracts for the 2022/2023 South King County Community Impact Fund (SKCCIF) not to exceed \$3.25M.
- June 28, 2022 – The Commission was requested to (1) determine that a competitive process was not appropriate or cost-effective and exempts the contract from a competitive process consistent with RCW 53.19.020; and (2) the Executive Director executed a contract amendment with Equity Matters to provide expert services for EDI training for supervisors for an increase of \$65,000 for a new contract total of \$264,400; and (3) the Commission authorized the Executive Director to execute a competitive indefinite delivery indefinite quantity (IDIQ) contract, not to exceed \$750,000 during a five year period, to implement a long-term training strategy.
- January 4, 2022 – The Commission was briefed with a summary of key findings and recommendations from the EDI assessment, an update on the work and progress of the Change Team, and an update on the progress of the required racial equity trainings.
- September 14, 2021 – The Commission was briefed on the Equity Index, which was created with the initial intent to equitably guide funding decisions for the South King County Fund, serving as a component of the criteria for applications.
- September 14, 2021 – The Commission was briefed on the Port Policing Assessment Final Report, with a summary of key findings and recommendations for potential Commission or Executive action, as well as proposed plan for implementation over the coming year.
- July 27, 2021 – The Commission was requested to authorize the Executive Director to execute contract agreements and implement the 2021 South King County Fund program in an amount not-to-exceed \$2million.
- May 11, 2021 – The Commission was briefed on the South King County Fund Recommendations. The successful first cycle of South King County Fund (SKCF) was launched in the summer of 2020 with \$250,000 in support for WMBE small business development and \$1million for Economic Recovery Grants and then followed shortly hereafter with \$250,000 for Environmental Grants.
- April 27, 2021 – The Commission was briefed on the Port Policing Assessment Progress Report. At the Commission’s November 17 public meeting, staff presented a progress report of initial findings. The briefing on April 27 provided further status updates, additional recommendations for potential Commission or Executive action, and an updated timeline for completion of assessment.

Meeting Date: March 26, 2024

December 9, 2020 – The Commission was requested to authorize the Executive Director to execute up to ten (10) contracts through the South King County Economic Recovery Fund, for a combined total not-to-exceed \$981,881.

November 17, 2020 – The Commission was briefed on progress-to-date, initial findings, and potential next steps from 21CP Solutions, the Port’s policing assessment consultant, as well as key stakeholders.

October 13, 2020 – The Commission approved the Racial Bias and Equity Motion.

February 11, 2020 – The Commission was briefed on the 2020 OEDI Strategic Plan. As one of the first activities of OEDI, in the summer and fall of 2019, OEDI leadership develop a strategic plan to guide the office’s work on equity.

January 7, 2020 – The Commission was requested to (1) determine a competitive process is not appropriate or cost-effective and exempt this contract from a competitive process consistent with RCW 53.19.020; and (2) for the Executive Director to execute a contract amendment with Tu Consulting for strategy development planning services for the Office of Equity, Diversity, and Inclusion extending the contract period through October 2020 and increase the amount by \$75,000 for a new total of \$98,625.



THE PORT OF SEATTLE OFFICE OF EQUITY, DIVERSITY, AND INCLUSION 2023 REPORT

The Port of Seattle is committed to living our values and becoming a truly equitable, anti-racist organization. While we are working toward this visionary goal, we cannot ignore the broader context. Our country and community are frequently polarized on issues, making it challenging to find solutions to problems. We are living in a time where creating an inclusive and equitable organization is often met with a mixture of emotions and feelings. Change and progress can be scary.

Our work is difficult, but it is not impossible. It takes patience, commitment, and strength. The pursuit of racial equity requires that we take time to build trusting, transformational relationships, center the voices of people most impacted by the inequities we seek to address, and creatively challenge a business-as-usual mindset.

Our work embodies love and hope — grounded in reality and paired with action. We know that a brighter future for all is possible. As one of the largest economic drivers in our region, the Port is positioned to lead efforts that create greater access, inclusion, and fairness for the communities we serve.

In this 2023 annual report, we share highlights of our efforts to partner with communities, to build a culture of belonging and inclusion within the Port, and to transform policies and practices that advance equity.

Bookda Gheisar (she/her/hers)
Senior Director,
Office of Equity, Diversity, and Inclusion



A YEAR IN REVIEW: OFFICE OF EQUITY, DIVERSITY, AND INCLUSION HIGHLIGHTS

1 After nearly two years of work and partner engagement, the Port of Seattle Commission passed the *Equity Policy Directive (EPD)*. The EPD is historic legislation that represents the next chapter of equity work for the Port. It integrates equity, diversity, and inclusion into the Port's policies, practices, and programs for years to come, moving us beyond basic compliance towards long-term commitment and sustainable transformation. In short, the EPD creates policy and protocol changes to turn our values of equity, inclusion, and belonging into concrete action steps for all employees to advance our equity goals and vision, mandating how work is performed both internally and externally.

2 The Port Commission passed the *Language Access Order*, making language access a permanent, ongoing commitment in every department and every division. This order set into motion an assessment of current practices (including a review of publicly available documents, resources, signage, websites, social media sites, and forms); the development of a guidance manual for divisions to create language access plans; and a proposal for budgeting resources necessary to implement this policy.

3 In June 2023, the Port hosted the third Annual South King County Symposium. More than 150 community members and partners congregated to discuss, share, and strategize about creating pathways to opportunities for environmental sustainability and careers in port-related industries. The symposium featured speakers from many different organizations including Tilth Alliance, King County, and the African Young Dreamers Empowerment Program.

4 To publicly share the progress of its work to advance equity across all its work, the Port of Seattle released two interactive dashboards on its website that track the implementation of equity, diversity, and inclusion efforts and the metrics and goals associated with those efforts. The first dashboard, the *Equity, Diversity, Inclusion, and Belonging (EDIB) Dashboard*, monitors the progress of and provides visibility into the steps being taken to create a more equitable and inclusive Port. The second dashboard, the *Equity Spending and Accountability Project (ESAP) Dashboard*, displays the Port's annual "equity spending" investments.

5 In 2023, the *South King County Community Impact Fund* added 12 new partners to the program, expanding the reach in promoting environmental sustainability and economic recovery in South King County communities. Included among the many highlights of the year was the first all-women of color construction training cohort operated by our partner Latino Civic Alliance. Our partner, Serve Ethiopians Washington, had several participants pass the introduction of the Aviation Maintenance Technician (AMT) class, making them eligible for enrollment in the AMT program in 2024.

6 In partnership with South Seattle College and Port Jobs, the Port launched a new workforce development initiative — the Airport Ground Service Equipment (GSE) Training Program. This is a college preparation program, meaning that participants receive an overview of the GSE mechanic profession, relevant math course work, and college-prep and study skills training. Upon completion, participants are eligible to enroll in the two-year GSE mechanic program at South Seattle College. In 2024, the program will convene an employer advisory committee to facilitate pathways for graduates to find full-time employment as GSE mechanics.

7 OEDI staff's work is being recognized and our team is growing. Our work was featured in the international Journal of Airport Management (Volume 17, Number 4). The article entitled "Embedding Equity in Airport Operations and Practices: A Case Study" featured lessons learned, strategies, and best practices from OEDI's first four years of operation within the Port of Seattle. We also welcomed to our team the Port's first Environmental Justice Program Manager who will be working closely with staff and community partners.

8 For the first time in Port history, all departments are now required, to set annual department-specific equity, diversity, and inclusion goals as part of their annual business planning process. This is a significant milestone as it ensures the Port now has structural accountability for EDI across each tier of the organization: Port-wide, division, department, and individual. In 2023, each department's Change Team members collaborated with their department directors to receive input from department staff, craft goals relevant to their operations, push their department to advance EDI, and ensure equity goals were properly resourced in their 2024 budget.

9 Building off the success of previous years, members of the Port's Change Team and the Finance and Budget department created the 2024 edition of the *Equity in Budgeting Playbook*, which is a tool that all departments are required to use to create their annual budgets. As departments submit budgets for approval, they must demonstrate how they utilized the playbook to guide equity considerations in their budget.

10 As part of the 2024 Equity in Budgeting Playbook, members of OEDI, Finance and Budget, and Commission staff created a definition of "equity spending," calculated the Port's equity spending over the last several years and created a pilot project for tracking equity spending going forward. "Equity spending" measures how the organization invests in staff, communities, businesses, projects, and programs that advance equity, diversity, and inclusion. By using this definition to evaluate our budget, we gain a better understanding of how our investments are contributing to our equity goals and can be transparent and accountable about how we are using public resources to advance equity.

FEATURED PROGRAMS

YOUTH MARITIME CAREER LAUNCH

Created in 2022 and approved for \$4.1 million over a three-year period, the Youth Maritime Career Launch (YMCL) is a pilot program that partners with community organizations and maritime industry employees to create pathways for young people between the ages of 16-24 to gain employment in the maritime industry. In 2023, the inaugural cohort of the program graduated 37 participants — nearly three-quarters identified as people of color. Ten maritime industry employers were a part of YMCL, providing the participants with work experience in shipyards, recreational boating facilities, and on ferries. The graduates earned credentials in Basic Safety Training, Transportation Workers Identification Card, and Merchant Mariners Credential, making them competitive and qualified to gain full-time employment in entry-level maritime roles.



SOUTH KING COUNTY COMMUNITY IMPACT FUND

Established in 2019, SKCCIF partners with community-based organizations near the airport to address economic recovery, job training in port-related industries, environmental sustainability and restoration, and capacity-building support for minority-owned business enterprises. Since the start of the program, the Port has invested \$7 million into 65 partner organizations, including 12 community-based organizations that were added to SKCCIF in 2023. In 2023, SKCCIF Economic Recovery partners placed 130 community members in apprenticeship or pre-apprenticeship programs in port-related industries and supported 528 community members in gaining employment in those industries. Salaries for these positions ranged from \$19.05 to \$34 per hour.



THE PORT OF SEATTLE CHANGE TEAM

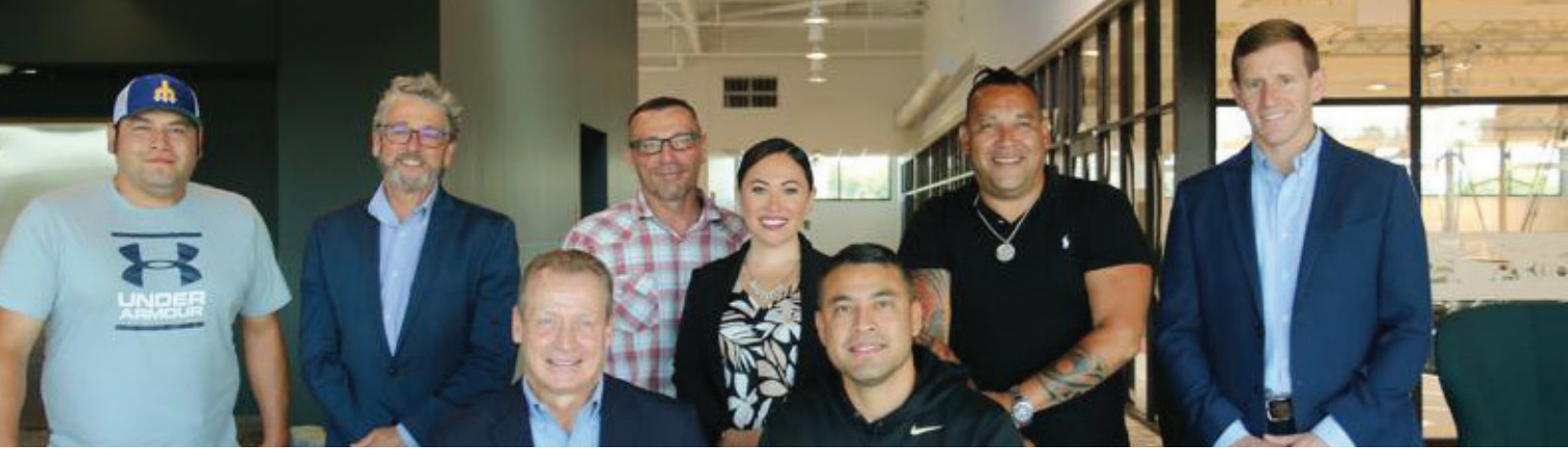
In September 2020, OEDI created the Port's Change Team to operationalize our values of equity and anti-racism. The Change Team includes representatives from every Port department who lead efforts to implement equity principles and practices within their respective teams and departments. During 2023, the Change Team finalized *Values in Action: Advancing Equity in Our Work* — a guide for employees to embed equity into their work in several areas including budgeting, hiring, data, and community engagement. The Change Team also created the *2024 Equity in Budgeting Playbook*, which includes the new *Equity Spending tool*. And for the first time in the Port's history, the Change Team led efforts for all 42 departments to implement department-specific equity goals.



RACIAL EQUITY TRAINING

Following the Commission's Equity Policy Directive passed in April 2023, all employees are required to complete annual racial equity training. OEDI has two tracks for this requirement. Supervisors must complete six hours of training annually, and frontline individual contributors must complete five hours of training annually. Included in that hourly requirement are two foundational racial equity courses that employees must complete once every three years. In 2023, OEDI offered a total of 51 trainings and workshops, utilizing a combination of external and internal trainers and facilitators focusing on a variety of topics, such as racial equity, intersectionality, transgender equity, combating antisemitism, and addressing implicit bias.





BY THE NUMBERS

\$21M

(or 3.4%) of the Port's 2024 operating budget is designated for work, programs, and investments that advance the Port's equity, diversity, and inclusion goals.

100k

The Port was the initial investor (and is an ongoing partner) in the Coalition for Climate Careers—a new public-private collaborative dedicated creating to an inclusive, prosperous green workforce

1,595

People hired into jobs through the SEA Employment Center

538

Community members gained employment in port-related industries through the South King County Community Impact Fund

120+

Community members enrolled in Port-funded construction and aviation training programs

51

EDI trainings and workshops offered to Port employees

42

Port departments set annual equity goals to advance and embed EDI in their work in 2024

37

Participants of the inaugural cohort of the Youth Maritime Career Launch

2023 EQUITY, DIVERSITY, AND INCLUSION ACTION PROGRESS REPORT

Departmental EDI Goals, Equity + Women of Color Assessment Actions, and Belonging + Inclusion Survey

This report is intended to provide a status update and observations based on four sets of data managed by the Office of Equity, Diversity, and Inclusion (OEDI).

- 2022 Equity Assessment Recommendations
- 2022 Women of Color Assessment Recommendations
- 2023 Departmental Equity, Diversity, and Inclusion (EDI) Goals
- 2023 Annual Belonging + Inclusion Survey

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- I. Background
- II. 2023 Action Progress + Status
 - A. Equity Assessment + Women of Color Assessment
 - B. Departmental EDI Goals
 - C. Belonging + Inclusion Survey
- III. Observations + Implications
- IV. Next Steps
- V. Appendix

I. BACKGROUND

The mission of the Port’s Office of Equity, Diversity, and Inclusion (OEDI) is to fully transform the Port of Seattle into an organization that embeds equity and justice into all operations and to create an organization where all people have opportunities for success. To do this, we must acknowledge and address power structures, including systemic advantage and disadvantage, that hold inequities in place. We must foster a culture of belonging through relationships, build a shared vision for liberation, cultivate champions for equity at all levels of our organization, and improve outcomes for our communities. Ultimately, we aim for a future where race is no longer a predictor of outcomes; where everyone feels they belong and have opportunities to thrive.

Equity Assessment

Towards that end, on October 13, 2020, the Port of Seattle Commission adopted Motion 2020-19, known as the Racial Bias & Equity Motion, “[t]o direct the Executive Director to examine Port operations and policies for sources of racial bias and discrimination and to develop programs and policies eliminating inequity in all aspects of the organization.” In 2021, the Office of Equity, Diversity, and Inclusion and the Change Team conducted an organization-wide equity, diversity, and inclusion (EDI) assessment, in accordance with this motion. The goals for this assessment were to: identify strengths, weaknesses, and barriers for the Port to advance equity; establish a baseline by which we can measure progress over time; and, create strategies and tactics to address identified inequities in order to build a more equitable, anti-racist organization. The assessment identified fifteen key inequities grouped into six focus areas – workplace culture, operations and process, employment, capacity building, WMBEs and small businesses, and community engagement. Each of these focus areas represent an opportunity to address

concerns and make progress in key areas of Port-wide equity. Finally, the assessment created a set of 53 clear, tangible next steps that have been implemented beginning in 2022.

Women of Color Assessment

In March 2021, Blacks in Government and Women’s Initiative Network collaborated to host a panel event about intersectionality and the experiences of women of color at the Port, which over 100 Port employees attended. The panel was comprised of women of color who shared their experiences about the barriers to success and advancement that they have faced during their careers. Several weeks after the event, the panel met with Executive Director Steve Metruck and he commissioned an assessment to identify the top barriers to women of color’s success at the Port and to generate specific recommendations and solutions for addressing those barriers. The Port contracted with Workplace Change to conduct the assessment, which provided 11 recommendations, three of which overlap with the Equity Assessment recommendations. The Women of Color Assessment recommendations were published in Q1 of 2022, shortly after the Equity Assessment recommendations were published.

Departmental EDI Goals

One of the Equity Assessment recommendations (#31) is for each department to establish and track department-level equity, diversity, and inclusion goals to ensure every group actively contributes toward our Port-wide Century Agenda equity goal. 2023 was the first year implementing department-level goals that were established with the help of departmental Change Team members.

Belonging + Inclusion Survey

In efforts to determine the outcomes based on the actions that are being implemented Port-wide, OEDI initiated an annual Belonging and Inclusion Survey, in partnership with Business Intelligence, to measure perceptions of inclusion and belonging. The goal of the survey is to determine whether our efforts and investments are moving the Port towards the intended vision of equity, anti-racism, inclusion, and belonging by comparing point-in-time perceptions year-over-year. If we are moving in the right direction, we would expect to see disparities reduce over time, across the various demographic categories such as race, gender, representation status, etc.

Measuring Actions + Outcomes

In 2022, the Tracking & Reporting Committee of the Change Team developed a data collection tool to track the progress towards each action from these assessments, in addition to department-level goals. Business Intelligence built a progress tracking dashboard to monitor progress and provide visibility into the steps being made to create a more equitable and inclusive workplace. This dashboard allows for all employees to quickly see the aggregate progress percentage towards the goal, which departments are ahead/behind pace, and which actions have been completed. In addition, we included a dashboard to share results of the Belonging and Inclusion Survey to illustrate changes from year to year. In late summer 2022, we made this dashboard publicly available on the Port’s website, in the spirit of demonstrating transparency in our efforts and accountability to our commitments.¹

¹ “Equity, Diversity, Inclusion, and Belonging Dashboards.” Port of Seattle. Accessed March 2, 2024. <https://www.portseattle.org/news/port-seattle-releases-equity-dashboards>.

Measuring Transformation

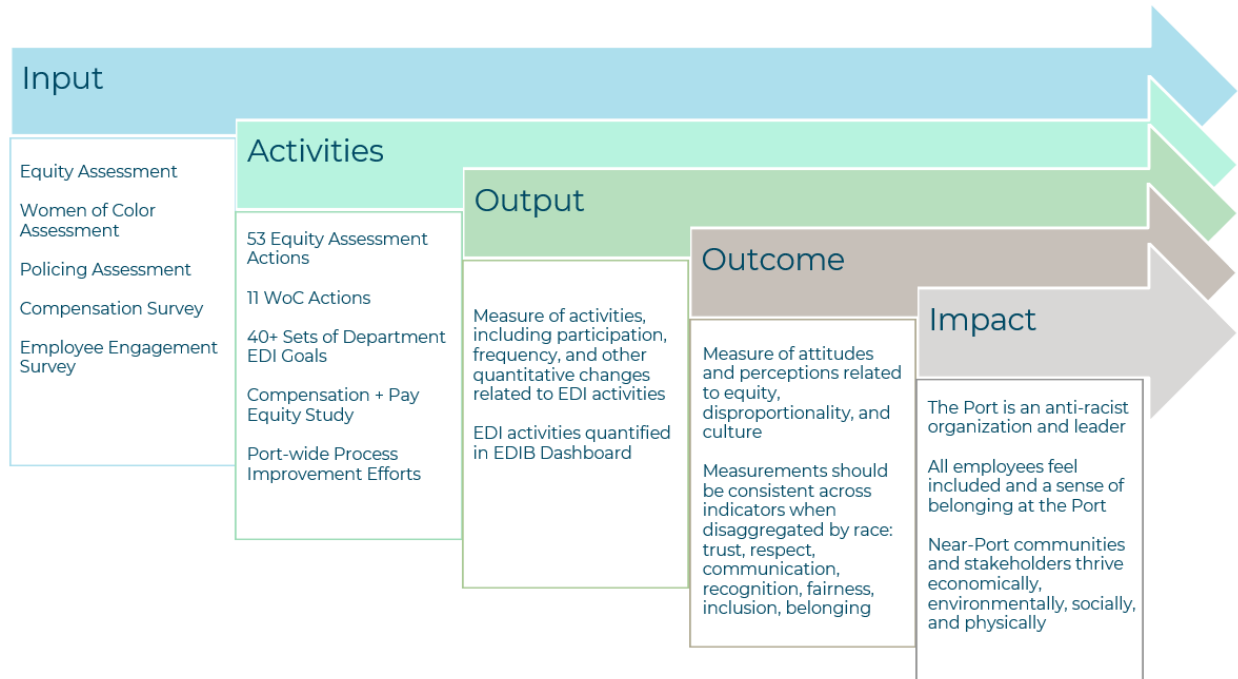


Figure 1. Logic model demonstrating how the Port is taking action on its commitments and also measuring its efforts, investments, and impact

II. 2023 ACTION PROGRESS + STATUS

a. 2023 EQUITY + WOMEN OF COLOR ASSESSMENT ACTIONS

The 2021 Equity Assessment (EA) identified a set of focus areas and key issues that were addressed through the 53 recommendations². Many of the recommendations that resulted from the subsequent Women of Color Assessment (WoC) aligned with these focus areas and key issues.

² “Equity, Diversity, and Inclusion Organizational Assessment 2021, Executive Summary.” Port of Seattle. Accessed March 15, 2024. https://www.portseattle.org/sites/default/files/2022-03/EDI%20Assessment%20Report%202021_Executive%20Summary_Final.pdf

Table 3. Equity Assessment Focus Areas and Key Issues	
Focus Areas	Key Issues
Workplace Culture	1. Inconsistencies in Port-wide vision for and commitment to equity
	2. Lack of open dialogue about equity and racism
	3. Lack of BIPOC representation and voice in decision making
	4. Lack of safety and a fear of retaliation when reporting racism and discrimination
Operations and Processes	5. Unclear discrimination reporting process
	6. Gaps in critical role of supervisors ⁵
	7. Inconsistent integration of equity in key Port-wide processes
Employment	8. Inequities in recruitment, hiring, and qualifications
	9. Inequities in compensation
	10. Barriers to advancement for internal candidates
Equity Capacity Building	11. Barriers to participation – resources and resistance
Engaging WMBEs and Small Businesses	12. Barriers for WMBEs and small businesses
	13. Barriers in procurement processes
Engaging Impacted Communities	14. Lack of empowered and meaningful ways for external stakeholders to engage with the Port
	15. Challenging processes for community-based organizations to contract with the Port

Figure 2. 2022 Equity Assessment Focus Areas and Key Issues

During 2023, which was the second year of implementation of the Equity Assessment (EA) and Women of Color Assessment (WoC), there were improvements and gains in a few different areas. Overall, we have completed 67% of all 64 EA and WoC actions. Our goal is to address and complete the majority of the remaining recommended actions in 2024, knowing we are scheduled for our next assessment in 2025, per the Equity Policy Directive.

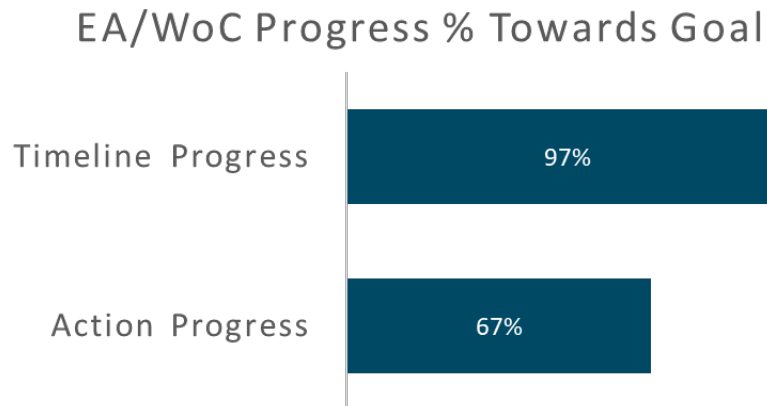


Figure 3. Progress on total EA/WoC Assessment Actions, as of 12/31/23

Related to the key issues identified in the EA, our overarching progress on addressing EA and WoC recommendations is as follows:

Key Issues - Progress %

Select to filter & navigate to Detail view

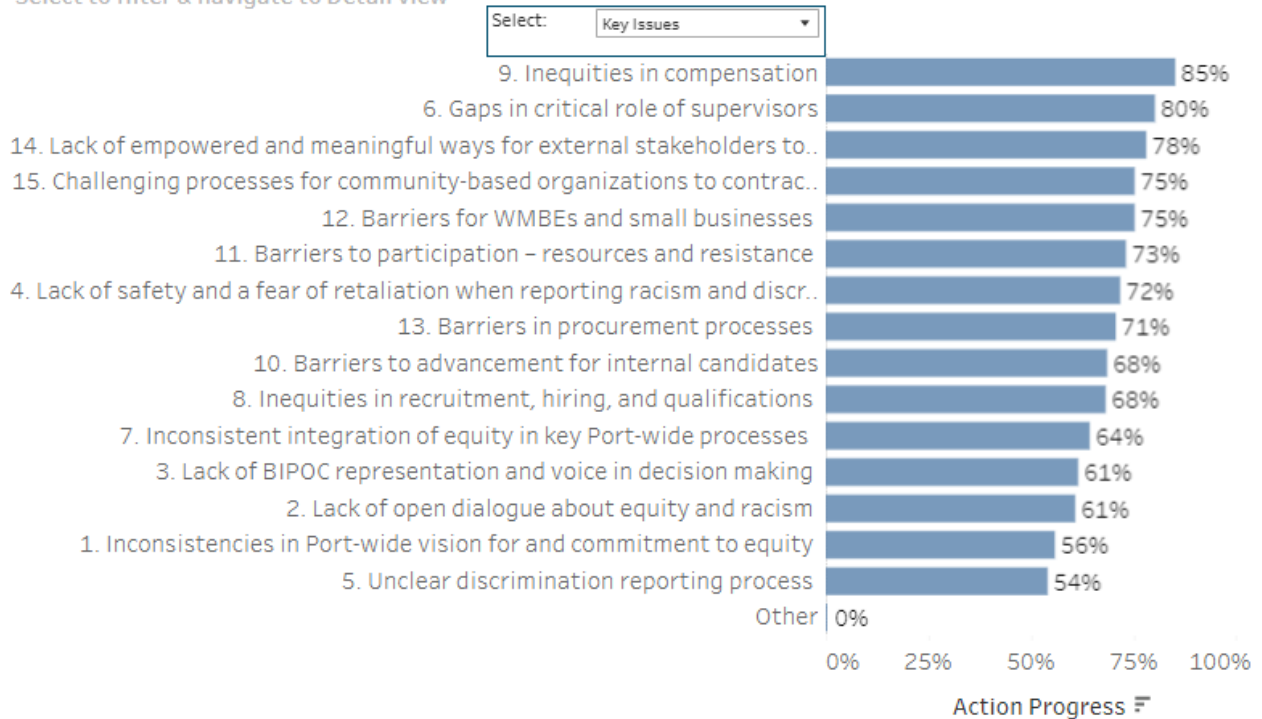


Figure 4. EA Progress by Key Issues, 12/31/23

Most assessment action items that are outstanding are a result of the following: 1) our ambitious timeline for completion, 2) transactional actions addressed earlier in implementation, leaving some of the more complex and systemically more challenging actions to tackle, and 3) general change saturation across Port-wide efforts and initiatives.

We published the assessment actions in Q1 of 2022 and after discussion with the various leaders who had responsibility for delivering on these actions, agreed to a timeline of December 2023 for completing the majority of EA and WoC actions. However, due to the complexity of a number of these items, or capacity needed, we recognize that was an ambitious target. For example, some of the items, such as EA #22, involve coordination and consultation among multiple, overlapping systems and teams. EA #22 aims for the Port to develop a process for consultants and contractors to report issues of discrimination by developing contractual provisions for our policies on discrimination.

The recommendation identifies a desired outcome, but there is research and discussion needed to understand all the parties involved in or impacted by this recommendation, before we could determine the best way to proceed. Efforts to develop consistent and comprehensive “code of conduct” language is currently in-progress with the participation of key partners, including Central Procurement Office, Legal, Diversity in Contracting, and OEDI. Other similar recommendations are being addressed through cross-functional discussions or need dedicated resources.

Many recommendations that were accomplished early in the implementation period included actions that were more “transactional” in nature. The remaining 33% of EA and WoC recommendations entail complex systems and coordinated conversations to integrate equity and adjust processes and approaches. Some examples include EA #32, which asks us to integrate equity considerations

throughout recruitment processes and WoC #2, which calls for the Port to examine organizational culture at the department or team level, to understand where inconsistencies around inclusion and belonging are greatest. These two examples involve a number of different parties to help consider relevant policies, regulations and laws, and also implications, both positive and negative. Sustainable equity efforts need to be done in close partnership with the various parties involved and impacted, and we know it will require time to come to consensus around the most appropriate approach to each of these recommendations, which is reflected in our delayed progress on some of these actions.

Knowing that change initiatives at the Port are not limited to EDI-related efforts, we believe the change saturation has been significant, impacting our collective ability to address multiple change efforts simultaneously. For instance, the Compensation Equity Project led by Human Resources (HR) has been a significant and important undertaking, which has impacted HR's ability to dedicate the resources necessary to work on some of the EA and WoC actions that fall under their purview. Additionally, departments are often working on their own process improvement efforts and initiatives that may have a cumulative impact on employees, who are our change agents. That said, the organization is still committed to seeing progress in these areas, as we know the issues and concerns are still relevant and important to our internal and external audiences, affecting our shift to a more inclusive and equitable Port.

In addition to the Equity Assessment, there were 11 recommendations identified by Workplace Change's Women of Color Assessment report in 2022. A number of the WoC recommendations reinforced themes (focus areas and key issues) identified in the Equity Assessment. Of the 11, we are moving forward with the following 10 actions:

Rec #	Recommendation	KPI	Progress
WOC 1	Increase access of represented and shift workers (trainings, ELT meetings, focus groups, etc). includes non-electronic communication.	Overlaps with EA #3 - Track EDI training and development opportunities provided during off-shift hours	75%
WOC 2	EDI assessment has division-level data regarding culture. Begin to look at department and team level data on culture of belonging and antiracism to explore where inconsistencies are greatest.	Define a "hotspot"; assess where "hotspots" are; develop in-depth culture assessments; implement culture assessment in identified "hotspots"; incorporate how to determine hotspots in partnership with WR/ER process improvement effort	0% <i>not started yet</i>
WOC 3	There is low trust for going to HR/Legal about workplace concerns. Make improvements and increase transparency through report outs, and track level of understanding among employees over a two-year period. Publish annual reports of investigations. Explore alternatives to continuously improve.	Overlaps with EA #18-20 - Include in process improvement and track understanding of process	100%
WOC 4	Establish DEI evaluation criteria and interview questions for ALL manager recruitments.	Overlaps with EA #28 and #32 28b. 100% of all supervisor evaluations include EDI competency	100% <i>upon conclusion of pay equity study</i>
		32d. Include at least one question about EDI into all interviews. The question should require the applicant to demonstrate their understanding of EDI and its applicability to the job.	100%
WOC 5	Set a goal of increasing percentage of Women of Color in the top tiers of the organization.	1. Define criteria 2. Determine percentage of finalists	Unable to legally pursue
WOC 6	Ensure the pay equity process is transparent and the algorithm for determining pay equity is made public.	Overlaps with EA #35 and #36 - Aligns with compensation / pay equity study	85%
WOC 7	Institute facilitated communication between leaders and managers to increase accountability and reporting about hiring, promotions, and compensation trends.	Overlaps with EA #35 and #36 - Develop a process to incorporate report-out trends regarding hiring, promotions, and compensation	90%
WOC 8		Position showcase through D+D council	100%
		Publish job vacancy dashboard	25%

	Establish and broadcast pathways for promotion(s) to all Port staff, and especially to women of color. Create a new, transparent process for internal promotions and actively work to disrupt favoritism.	All positions are visible and available to all	100%
WOC 9	Launch a high-quality training and/or leadership program, establish diversity metrics for each cohort (WOC targets), and prioritize hiring participants into vacancies first.	Promote and share LINK leadership to Women of Color	100%
		Track and share LINK program demographics per cohort	50%
WOC 10	Require an honest feedback loop for internal candidates who were not selected for positions for which they were interviewed.	Develop or modify feedback loops to enhance transparency	100%
		Develop and implement training for hiring managers around providing effective feedback for candidates not selected	100%
WOC 11	Implement exit surveys as part of the Port's offboarding process for departing employees (separated or retired).	Develop exit survey	100%
		Implement exit survey by incorporating into Offboarding Checklist	100%
		Develop a dashboard showing result trends (data available in July 2023; dashboard available tentatively in Q4)	50%

Figure 5. Women of Color Assessment Recommendations - action status as of 12/31/23

Women of Color Listening Sessions

In June of 2023, OEDI Senior Director Bookda Gheisar and Chief Strategy Officer Marin Burnett facilitated a series of three listening sessions to hear from women of color across the port. This series of listening sessions was intended to serve as a touchpoint to understand how efforts towards actions from the WoC have impacted individuals and the organization. A total of 143 people participated in those sessions. (See **Appendix A** for details on input from sessions.) The three prompting questions from each listening session were:

1. *What do you hope to see as a result of the Equity Policy Directive that was passed in 2023?*
2. *For annual department-specific equity goals, how do we support an environment for departments to create more robust goals?*
3. *What opportunities would you like to see for leadership development that is specifically designed for women of color? What might those opportunities look like?*

Overall, the session themes focused on addressing inequities, improving hiring practices, and creating leadership development opportunities specifically designed for WoC. Participants emphasized the importance of support, recognition, and creating a culture of belonging and growth within the organization. Participants expressed the need for exclusive spaces for WoC discussions while acknowledging the progress made in implementing equity policies.

Participants focused on inconsistent hiring practices, bias, and the influence of hiring managers favoring white candidates, and they expressed the need for the organization to prioritize equity by establishing a culture of equitable hiring throughout the organization. Leadership development opportunities, including mentorship programs, were suggested to support and empower WoC. Concerns were raised about inconsistent treatment by managers and limited opportunities for professional growth, highlighting the need for revamped leadership programs and training on cultural competency. Proposed actionable items included mentorship and coaching initiatives, diverse hiring panels, intensive training for hiring managers, and addressing the lack of growth opportunities for women in the organization. The importance of fostering a supportive environment, valuing all employees' contributions, and creating avenues for leadership development and advancement were highlighted.

The participants emphasized the need for a safe and inclusive environment, increased accountability, transparency, representation, equitable salary increases, and regular reviews of managers. Effective communication, involvement of diverse panels, and the role of Equity, Diversity, and Inclusion (EDI) advocates were emphasized. The importance of embedding equity in career development, addressing nepotism and unfair advantages, supporting aging women, and speeding up equity efforts were discussed.

The need for comprehensive equity goals, training sessions, tools, and resources; bridging gaps in opportunities and support for all employees, actionable feedback, and an anonymous feedback option were also highlighted. Overall, the participants underscored the importance of taking tangible actions to promote equity, inclusivity, and meaningful change within the organization's culture and career development processes.

Ultimately, the themes heard during the 2023 listening sessions were consistent with the themes gathered from the 2022 WoC. The results of the listening session were an important reminder that the types of systemic shifts sought by our Port employees, particularly women of color, will require time to implement, and to create racial equity in our organization, we must allow time and space for changes to take root and infuse the organization's culture.

EA/WoC Assessment Conclusions

Based on the quantitative analysis of the Port’s efforts and progress on both the Equity and Women of Color Assessments since we began implementing in 2022, the Port is proceeding in a way that balances the need to create change in the present, while setting us up for long-term, sustainable success.

b. 2023 DEPARTMENTAL EDI GOALS

Submission Compliance

2023 was the first year the Port implemented department-level EDI goals. The purpose of this is to ensure departments and teams can identify relevant ways to operationalize equity in their day-to-day work. In addition, it helps hold the organization accountable to our values at the team level, ensuring that EDI expectations and accountability span from the organization, to departments, to individuals. Overall, for our first year of implementing and tracking departmental EDI goals, we averaged 81% compliance with reporting over each quarter.

EDI quarterly submission audit

Submit count	Base count	Submit %
1,227	1,513	81.1%



Figure 6. Average 2023 goal submission rate

We also drafted a Port-wide 2023 EDI Division Goal as a way to measure progress on our organizational goal of normalizing and proactively supporting engagement in EDI development. The division goal was to: *Increase employee engagement with EDI by incorporating equity moments in team meetings, increasing employee participation in equity events and training, and allowing time towards equity work.* This would be measured by tracking the following two KPIs:

1. 100% of all staff participate in equity training and development (6 hours for supervisors, 5 hours for individual contributors), with a minimum 75% of all staff meeting hourly training targets - information to be tracked via LMS
2. Include Change Team CORE members in the business planning process for 2024.

We asked all departments to track this division-level goal for a few reasons: 1) to build in a quarterly check-in and reminder to encourage completion of individual EDI training requirements; 2) to use the quarterly check-in as an accountability prompt for supervisors to view the status of their department’s compliance with port-wide annual EDI training requirements; and 3) to underscore the need to include trained Change Team members in bringing their advocacy role to bear in decision-making processes around goals and budgets.

Portwide Progress % Towards Goal

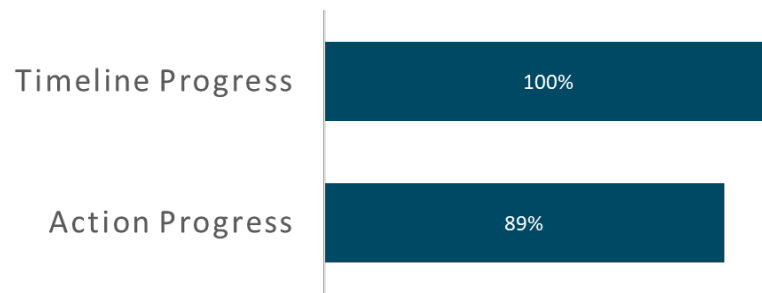


Figure 7. Progress on total 2023 departmental EDI goals, as of 12/31/23

One of the reasons departments were unable to meet 100% of their departmental and division-level goals was due to technical challenges with tracking training data through our Learning Management System (LMS). The system itself is limited in terms of the types of reports it can generate. It is also limited in terms of who has access the data. That said, the lack of access and transparency in the system itself made it difficult for departments, particularly larger ones, to be able to accurately track and report on their quarterly progress towards all department staff completing EDI training requirements. As a result of this known issue with our LMS tool, we waived the requirement to report on division goal 2, KPI #1, which impacted the rate of overall departments meeting 100% of their EDI reporting target.

Outcomes

In terms of departmental progress on commitments, the majority of departments fully met their EDI targets in 2023. Themes among departmental goals across the Port included: increasing WMBE utilization, dedicating and allocating time necessary to support employee EDI training and development, committing to normalizing equity in conversations among staff and partners, expanding outreach, engagement, and mentorship about careers in niche fields, and following HR guidance to increase panel diversity in recruitment processes. There were many departments who recognized the need to stretch themselves in their EDI goals by embedding equity principles into operational processes. By incorporating this intentional measure around equity in our operations, teams were able to develop equity goals that are directly relevant to their operational work that helps push the Port to shift *how* we go about our work.

A couple examples of equity in action and impacting Port operations and culture include Risk Management, Labor Relations, Legal, Maritime Operations, and Aviation Security.

Department	Goal	KPI	2023 Successes
Risk Management	Insurance/Risk Resource and Clarification to include community education on insurance requirements and claims process as well as insurance training for Primes and Subs	Establish a process for a tier-level matrix for insurance based on risk applicable to subconsultants. Stakeholders are Diversity in Contracting, CPO, AV PMG, and WPMG	A process was developed to integrate an evaluation means to provide a tiered level of insurance for subs who are working under a prime who has the overall main insurance requirement. The level of insurance for the sub would depend on overall scope of their work, duration, and type of work. A template was created for Risk when reviewing new contracts to be bid. CPO was involved in reviewing the

			template, specifically for service agreements and new construction.
Labor Relations	Commit to having equity conversations in Business Partnership Meetings	Equity will be on the agenda at least once per bargaining unit	OEDI was invited to meet with Union representatives, shop stewards, and LR managers in 15 out of 15 (closed contract) business partnership meetings.
Legal	Take steps to increase the opportunity for legal services to be provided by WMBE law firms and/or lawyers of diverse backgrounds	Work to identify WMBE law firms with expertise in practice areas needed by the Port	2022 project baseline was .01% of outside firms utilized by the legal department were identified as WMBEs via Diversity in Contracting. As of March 2023, 3% of outside firms qualify as WMBE – a 29,900% increase.
Maritime Boating, Operations, Security	Establish a policy of equity for external customers	Reflect POS equity language in external communications, contracts, Preferential Use Agreements, Tariffs, etc.	Equity language included in new tariff “code of conduct” for 2024, including Terminal Tarriff #5 and #6. Language speaks to how customers are expected to treat all Port of Seattle staff
Aviation Security	Develop SAS training approach that builds on strengths and knowledge of experienced employees, while providing skills and learning opportunities for other team members	Develop Enhanced Skill Training Program. Implement and complete as part of recurrent training by EOY 2023.	Training program completed in Q1; socialized among Frontline employees and requested feedback in Q2; launched training program in Q3; completed by Q4.
		Provide at least 1 stretch opportunity that requires collaboration with another department (6 total)	Successful and complete.

Figure 8. Highlights of successful 2023 departmental goal implementation equity integration

c. 2023 BELONGING + INCLUSION SURVEY SUMMARY³

The purpose of the Belonging and Inclusion Survey (BIS) is to learn about Port employees’ perceptions concerning belonging and inclusion. The survey consists of scales that have been established to be reliable and valid, plus questions related to Port leadership, supervisors, and impact of OEDI. The survey was developed by Business Intelligence with input from OEDI. Data collection, analysis, and reporting were completed by Business Intelligence, and 2023 was the second year of data collection for BIS.

Data collection was conducted from September 6 – October 31, 2023. The survey was disseminated across the Port to be completed online using Qualtrics. For those with limited computer access, paper surveys were provided on request. Fifty-one paper surveys were completed and sent back to OEDI. Responses from the paper surveys were entered into Qualtrics. In addition to the paper surveys, 1,295 online surveys were completed (total: 1,346), resulting in a 48% response rate. The response rate in 2022 was 43%.

³ “2023 Belonging and Inclusion Survey Report.” Port of Seattle. Accessed March 4, 2023. https://www.portseattle.org/sites/default/files/2024-03/BISReportOctober2023_final.pdf

Key Findings

1. There were several increases/improvements since 2022.

- Mean ratings for being asked to contribute to planning social activities were higher in 2023 than in 2022 (2.9 vs. 2.7). This is likely due to more social activities taking place after Covid restrictions ending.
- Mean ratings increased for being informed about informal social activities and company social events from 3.7 in 2022 to 3.9 in 2023. This may also be the result of there being more social activities after pandemic restrictions ending.
- Inclusion in information network mean scores increased from 4.2 in 2022 to 4.3 in 2023.
- Perceptions that the executive leadership team leads by example in living the EDI values increased from 4.0 in 2022 to 4.1 in 2023, representing a small but statistically significant improvement in means.
- There was an increase in means in the perceptions that the efforts of OEDI made the Port a more inclusive place to work. Scores increased from 4.0 in 2022 to 4.2 in 2023.

2. Represented employees feel less included in the organization compared to non-represented employees. This trend of represented employees responding less favorably to certain measures is not unique to the Belonging and Inclusion Survey. Similar trends exist in the Engagement Survey and the Equity Assessment.

3. Employees feel a greater sense of inclusion and belonging in their immediate work group as compared to the larger organization. For example, overall belonging is rated 4.8 on a scale of 1 - 6 with 71% of respondents moderately or strongly agreeing with the statement “I am treated as a valued member of my work group”. Seventy-three percent of respondents moderately or strongly agreed with the inclusion statement “I am typically involved and invited to actively participate in work-related activities of my work group”. However, respondents answered considerably less favorably regarding inclusion outside their immediate work group. For example, only 32% moderately or strongly agreed with the statement “I am often invited to participate in meetings with management higher than my immediate supervisor”, and 32% moderately or strongly agreed with the statement “I am often invited to contribute my opinion in meetings with management higher than my immediate supervisor”.

4. There were some differences by race and gender. The most consistent difference concerning race was that respondents who identified as Native Hawaiian/Pacific Islander responded less favorably on many of the survey questions. While these differences are statistically significant, caution should be used in interpreting these findings due to small sample size. A total of 23 respondents identified as Native Hawaiian/Pacific Islander, representing less than one third of the Native Hawaiians/Pacific Islanders employed at the Port. Additionally, African American employees reported a lower level of participation/involvement in comparison to white employees but higher support for the goals of OEDI. In terms of gender, the survey found that women are more supportive of the Port’s EDI goals and efforts in comparison to men and non-binary respondents.

5. Employees in Aviation rated their experiences with inclusion and belonging less favorably than employees in other divisions. In comparison to employees in other divisions, employees in Aviation rated their inclusion in decision-making, information networks, and overall involvement in the organization lower than employees in Corporate, Maritime, and Economic Development. It is possible that the large

percentage of represented employees in Aviation (63%) is a contributing factor to why Aviation employees rated their experiences less favorably than other divisions.

6. There was a large percentage of respondents who opted not to disclose their demographics or respondent characteristics. Between 11% to 17% of respondents answered “prefer not to answer” to demographics or respondent characteristics (division, years at the Port, etc.). This is in line with the Engagement Survey and not unique to the Belonging and Inclusion Survey. In the Engagement Survey, 20% of respondents checked “prefer not to answer” for gender and 31% checked “prefer not to answer” for race.

7. Only 48% of Port employees completed the survey. This is lower than the Equity Assessment (60%) and the Engagement Survey (55%) but higher than participation in the Belonging & Inclusion Survey in 2022 (43%). The more employees respond to the survey, the more representative the data is of the overall employee population.

III. OBSERVATIONS + IMPLICATIONS

During 2023, we focused considerable capacity on the implementation of departmental EDI goals and the EA and WoC Assessment recommendations. Over the course of the year, we observed consistent tensions; pushing for change, while getting pushed back on it. This is a normal and expected response to racial equity work in any institution or organization; progress is simultaneously supported and opposed. In addition, there is a broader cultural and political context nationally, which reinforces preexisting gaps in interpersonal and institutional understanding of what is collectively needed to improve outcomes - not just for disproportionately marginalized communities, but for all communities.



Figure 9. Image depicts the tensions that exist as the Port pursues its mission towards an anti-racist future

Given the organizational changes OEDI has been leading over the last few years, in addition to other Port-wide change efforts and priorities, we must reinforce the significance and impact of why this workforce and organizational investment is critical. The fact that we were unable to meet all our initially scheduled targets by end of 2023 is a factor of so much change at once, in addition to potentially unrealistic timelines set for these changes, in light of other organization-wide changes happening simultaneously. The below bullet points provide a narrative of *Figure 9* (above) and illustrate the tension, contradiction, and competing narratives influencing the Port's ability to advance equity, diversity, and inclusion.

- **Apathy** and general feelings of “equity fatigue” are seen in different ways through the organization, including engagement rates. For instance, only 48% of the organization participated in the 2023 Belonging & Inclusion Survey despite considerable efforts to make the survey accessible for all employees. This not only undermines the effectiveness of such a survey, but it also speaks to employees’ apathy for this work. However, apathy and equity fatigue are not the only sentiments that exist related to the Port’s efforts towards equity, inclusion, belonging, and anti-racism. There are **passionate and engaged** staff who recently joined the Change Team, as an example, who chose to participate due to their desire to be part of effective, and different solutions. When the Port’s Change Team launched in fall 2020, we had approximately 120 members. After our most recent recruitment process, we now have nearly 175 Port employees who have signed up to help carry out and advance the Port’s vision, mission, and values around equity and anti-racism.
- Many employees and departments working toward lasting, sustainable **systemic solutions**, such as creating more accessible, inclusive, fair hiring practices. At the same time, there are employees and departments who, especially considering recent national events (e.g. US Supreme Courts’ decision on affirmative action), have become **risk averse**, worrying that any sort of deviation from business-as-usual or policies that pushes the organization to progress will incur backlash and liability.
- The organization continues to make strides advance equity through innovative, **new solutions**, such as the Equity in Budgeting Playbook and the development of the [Equity Spending and Accountability Project](#). And, there is an ongoing narrative of **change saturation** – employees feeling overwhelmed by new projects, initiatives, and requirements. For instance, we experience continual negotiation and pushback from employees about annual required equity training, questioning not only if the requirement must be met but also the value of it.
- Leaders across the organization are demonstrating a **commitment to EDI** and are backing it up through their **actions**. For example, leaders of departments with represented workers, who do not go through the same annual evaluation process as non-represented workers, are creating expectations for performance and behavior that advance EDI. This type of behavior – demonstrating values through action – engenders **trust** in the organization. And, there are leaders and teammates in the organization who are engaging in problematic behavior and are often not held **accountable**. Every time this happens, it reinforces a narrative of **mistrust**, and for the employees on the receiving end of this problematic behavior, it means that trust must be rebuild from the ground up.

In summary, the Port is experiencing opposing, contradictory, but equally valid, narratives. The experiences of Port employees are both of progress and hope but also of frustration and mistrust. As an organization, we are taking significant steps towards becoming an equitable, anti-racist Port, but we are also experiencing stagnation and setback. Again, this duality is normal for an organization that is taking committed steps to advance equity, and it speaks to the challenges and difficulty of not only change but also equity. Finally, it is important to recognize the slow rate of change. We are in the process of improving our organizational practices, policies, and culture, but even when we make considerable changes, it doesn't

translate into immediate results. We must create space and time for this work to take root and to measure the impact. In and of itself, this can be frustrating, and it requires the Port to have a patience and curious approach to this work.

IV. NEXT STEPS

During 2024, we will focus on completing the outstanding recommendations from the Equity and Women of Color Assessments (preparing us for the next iteration of these assessments in 2025), assisting departments in completing their 2024 annual EDI goals, and improving our systems to more accurately and efficiently capture the impact of our work.

With the addition of staffing to support our tracking and reporting systems, 2024 will focus on systematic coaching and support with departments who have responsibilities in the Equity Assessment and Women of Color Assessment actions as well as ensuring that our tracking and reporting systems are streamlined and accurate.

There is a continued need to train and work with individual proxies who have multiple reporting responsibilities. While OEDI cannot solve the issue of various port-wide reporting systems, OEDI has been intentional about trying to align deadlines and reporting processes with Strategic Initiatives. Beginning in 2024, departmental EDI goals will also align with departmental deadlines for submitting 2025 budget requests, so we ensure all equity commitments are designated and resourced together.

Measuring community impact is an area we have not yet taken on as an institution. Developing and launching an external reporting system on our equity spending and incorporating equity impact in our economic impact studies are steps towards this, but a comprehensive way to receive input from the community about our work is still missing. It is important that a public agency such as the Port is not only transparent with its efforts and outcomes, but whose success is measured by those who are directly impacted by Port operations and investments. This would be a large undertaking to assess on any recurring cadence, but one that we would like to explore as we continue to prioritize and invest in cultivating a more diverse and inclusive workplace, more accessible and inclusive programming, planning, and design, as well as more diverse partnerships that help broaden our reach and impact in the region.

V. APPENDICES

a. 2023 Women of Color Listening Sessions Input

The following is a summary of direct input OEDI received from three different Women of Color listening sessions held in June 2023.

Subject	Experiences/Root Causes	Suggested Actionable Item	Desired Outcome
<p>Leadership development for WOC: There is a desire for increased representation of Black and Brown women in leadership, management, and executive roles, along with equitable salary increases</p> <p>People feel undervalued, underpaid, and underappreciated</p> <p>Development opportunities should lead to advancement</p>	<ul style="list-style-type: none"> Supervisors biased against WOC Lack of leadership opportunities for WOC Women are not feeling valued and no opportunity for growth Folk struggling to navigate next steps in careers Lack of representation and advancement 	<ul style="list-style-type: none"> Encourage participation in ERG and other leadership opportunities inside and outside of the port Implement a mentorship program specifically designed to address barriers women of color experience Utilize the Port’s internal internship and other programs that are available to strengthen leadership skills Core competencies should be aligned with advancement pathways Women of color need direct and clear feedback from their supervisors and hiring managers in job application processes Create a database of managers who are willing to mentor women of color Provide training to managers to teach them to mentor and coach better, which can include expectation setting and improving delivery of constructive feedback 	<ul style="list-style-type: none"> More women of color in leadership positions More progression in WOC career pathways. Increased number of internal WOC applying for positions at the Port. Women of color more successful in process of applying for internal promotions
<p>Support for challenges faced by older women of color in career development</p>	<ul style="list-style-type: none"> Recognize and value all roles within the organization, including administrative positions. Empowering WOC and creating avenues for growth and advancement were seen as vital goals. Participants voiced concerns about inconsistent treatment by managers and the limited opportunities for professional growth. Identifying career interests for older women They felt undervalued and underappreciated, questioning the effectiveness of current development opportunities. Challenges related to equity and resistance from management were acknowledged, and participants called for clear communication, 	<ul style="list-style-type: none"> Develop initiatives to ensure equal opportunities and fair treatment for aging women Create mentorship programs specifically tailored to support and empower aging women in their careers Establish support networks and opportunities Creating an ERG for WOC Establish clear reporting procedures Perhaps have complaints go directly to EDI instead of supervisors 	<ul style="list-style-type: none"> Ensuring career growth and development for all women Providing a safe and protected environment for WOC

	<p>accountability, and involvement of diverse panels in hiring and promotion processes.</p> <ul style="list-style-type: none"> • Reporting workplace issues more consistently and outcomes being reported back • Undervalued admin staff workers (WOC) 		
Inconsistent hiring processes	<ul style="list-style-type: none"> • The topic of hiring practices and equity in decision-making processes received significant attention. • Concerns were raised regarding bias and the influence of hiring managers favoring white candidates. The participants deliberated on the need to prioritize equity while ensuring that qualified candidates, regardless of race, are considered. They emphasized the importance of establishing a culture that promotes equitable hiring practices throughout the organization. • Women feel that language, tone, accent, and way of talking has been held against them • Bias in hiring decisions • Biased Point system • Hiring discrimination 	<ul style="list-style-type: none"> • Create a system during the hiring process where new employees can express their interest for ERGs in partnering with professionals across the organization in specific areas of interest. • Update bias videos- make sure hiring managers are reviewing and discussing • Include diverse perspectives in hiring panels • Aggressive training of our hiring Managers and Directors • update bias video • Incorporate cultural competency training and train managers on how to identify their own management strengths to effectively coach/train diverse team members • Improve job posting outreach to ensure diverse and qualified applicants are reached 	<p>Ensure fair and unbiased hiring practices</p>
Accountability for supervisors	<ul style="list-style-type: none"> • Participants emphasized the need for increased accountability, particularly for managers, and expressed frustration with closed-door meetings and a lack of transparency. There was a shared sentiment of inaction and a call for tangible actions to address the identified issues • There is a need for regular reviews of managers, turnover analysis, and internal measurements of progress towards equity goals. Each department should have an Equity, Diversity, and Inclusion (EDI) representative. • Need for guidance on applying equity • Inconsistent leadership practices • Addressing accountability in leadership • There is a call for increased accountability across departments, especially for managers. 	<ul style="list-style-type: none"> • Limit new Managers' authorization to make changes to department staff roles, processes and/or systems until they complete their 6, 9 or 12 months and the appropriate competency training. • Query those affected by the change, listen to them and act! • Make it a mandatory/standard process for changes to an employee's essential roles to be communicated in writing with a reasonable explanation, and that the change must (1) pass an EDI/EEO review for potential disparagement & marginalization impacts to the employee and (2) be approved by HR. • Revamp the leadership program • Ensure consistent and equitable leadership across departments • Learn more about HR's efforts 	<ul style="list-style-type: none"> • Ensure consistent and accountable leadership practices • Measurement of progress

	<ul style="list-style-type: none"> • Closed-door meetings and a lack of transparency hinder progress 	<ul style="list-style-type: none"> • Need for regular reviews of managers, turnover analysis, and internal measurements of progress towards equity goals • Each department should have an Equity, Diversity, and Inclusion (EDI) representative. • Bring back employee reviews of Managers' performance or some form of accountability review outside of their PREPS (i.e. A Full Equity Review). • Prohibit Manager with poor evaluation ratings of their own performance plans or serious complaints against them from providing the sole rating on employee PREPS. 	
<p>Accelerate the rate of change in the organization with support of OEDI</p>	<ul style="list-style-type: none"> • Identify further actions to foster belonging. Each department was suggested to have an Equity, Diversity, and Inclusion (EDI) representative-Change Team member. Transparency and effective communication were highlighted as crucial in bridging the gap between administration and employees. • Ensuring WOC voices are heard and prioritized • Attendees want to see more tangible actions. The focus should shift from talk to more implementation. 	<ul style="list-style-type: none"> • Continue to have regular listening sessions every 2-3 months. Accelerate pace of change in equity efforts: <ul style="list-style-type: none"> ➢ Explore strategies to expedite progress and overcome barriers to change. ➢ Encourage accountability and action rather than relying solely on words. • Foster open discussions on racial equity: <ul style="list-style-type: none"> ➢ Create a safe and inclusive environment to discuss difficult racial equity conversations. ➢ Share the responsibility of finding solutions for systemic issues, rather than placing the burden solely on people of color. • Develop comprehensive and personable equity goals: <ul style="list-style-type: none"> ➢ Ensure equity goals are meaningful and well thought out, going beyond simply meeting metrics. ➢ Involve all departments in setting equity goals and make them visible to staff. • Address the disconnect between represented and non-represented workers <ul style="list-style-type: none"> ➢ Identify and bridge the gaps in opportunities and support for both represented and non-represented workers. ➢ Implement measures to provide equal growth opportunities and career advancement for all employees. 	

b. Women of Color Assessment Recommendations + Listening Session Analysis

The tables below provide a comparison of all the Women of Color Assessment Recommendations and their status, as of December 31, 2023, alongside related or overlapping Equity Assessment Recommendations and their status. The purpose of showing all the related actions together, and according to themes that emerged from the June 2023 WoC listening sessions, is to provide a comprehensive view of the actions the Port committed to, is taking action, and where our progress or room for further improvement or investment may be.

WoC Listening Session Feedback: Accelerate the Rate of Change			
Rec #	Recommendation	KPI	Action Progress
WOC 2	EDI assessment has division-level data regarding culture. Begin to look at department and team level data on culture of belonging and antiracism to explore where inconsistencies are greatest.	Use department and team-level data on belonging and anti-racism to explore where inconsistencies are greatest	0%
WOC 3	There is low trust for going to HR/Legal about workplace concerns. Make improvements and increase transparency through report outs, and track level of understanding among employees over a two-year period. Publish annual reports of investigations. Explore alternatives to continuously improve.	Include in process improvement and track understanding of process (proxy measure could be manager accountability or employee engagement). This item overlaps with EA #18 and #20.	100%
EA 18	Workplace Responsibility and Employee Relations continue process improvement and report back in 2022.	Complete Workplace Responsibility process improvement effort	25%
		Report on process improvement efforts to Port employees (Q2 2023)	100%
EA 19	Increase internal communication and clarity about how Workplace Responsibility and Employee Relations processes work, and increase employee knowledge about what the roles of each team are, how they operate, and possible outcomes.	Upon completion of Code of conduct updates and process improvement efforts, provide quarterly communications to all employees	30%
EA 20	Workplace Responsibility and Employee Relations publish an annual report detailing the number of cases, outcomes, follow-ups, demographics, etc.	Publish annual report on Port Workplace Responsibility	100%
WoC Listening Session Feedback: Accountability for Supervisors			
Rec #	Recommendation	KPI	Action Progress
WOC 11	Implement exit surveys as part of the Port's offboarding process for departing employees (separated or retired).	Develop exit survey	100%
		Implement exit survey	100%
		Develop a dashboard showing result trends (data available in July 2023; dashboard available tentatively in Q4)	50%

WoC Listening Session Feedback: Career Advancement Support for Older WoC			
Rec #	Recommendation	KPI	Action Progress
WOC 8	Establish and broadcast pathways for promotion(s) to all Port staff, and especially to women of color. Create a new, transparent process for internal promotions and actively work to disrupt favoritism.	Ensure all positions are visible and available to all Port employees	100%
		Host 6 "position showcase" events through D+D in 2022	100%
		Publish our job vacancy dashboard	25%
WOC 9	Launch a high-quality training and/or leadership program, establish diversity metrics for each cohort (women + WOC targets), and prioritize hiring participants into vacancies first.	Promote LINK leadership to Women of Color	100%
		Track and share LINK program demographics per cohort	50%
WoC Listening Session Feedback: Leadership Development + Promotional Opportunities			
Rec #	Recommendation	KPI	Action Progress
WOC 1	Increase access of represented and shift workers (trainings, ELT meetings, focus groups, etc). includes non-electronic communication.	Communications action plan developed	0%
		Track off-shift activities provided during off-hours	75%
		Track progress on communications action plan implementation	0%
EA 3	Continue communication efforts to make information accessible to all stakeholders, including responding to information needs of specific groups like represented and shift workers and people without computers (ongoing). OEDI develops new communication materials for employees around the Port to use (such as posters, calendars, placards).	Communications action plan developed	0%
		Track off-shift activities provided during off-hours	75%
		Track progress on communications action plan implementation	30%
WOC 7	Institute facilitated communication between leaders and managers to increase accountability and reporting about hiring, promotions, and compensation trends.	Develop a process to incorporate report-out trends regarding hiring, promotions, and compensation	90%
EA 35	Human Resources Department makes salary information accessible and transparent.	Upon conclusion of the compensation and pay equity study, share recommendations and best practices for how this information will be made available	80%
EA 36 / WOC 6	Ensure the pay equity process is transparent and the algorithm for determining pay equity is made public.	Design and complete a Port-wide pay equity analysis	80%
		Determine potential remediation strategies, including special budget for equity adjustments	80%
		Develop a pay equity definition and philosophy that reflects the Port's values	100%
		Human Resources Department will design and implement a new pay program	80%



2023 Equity, Diversity, and Inclusion Annual Report

March 26, 2024



Agenda

1

Background

Theory of Change
Recent Milestones
Cultural Context

2

2023 In Review

Change Team
Assessments + Measurement
Embedding Equity:
Departmental EDI Goals
Equity in Budgeting
Training + Engagement
External Engagement

3

Onward

2024 EDI Priorities
Summary

4

Discussion



Background

Unlocking our THEORY OF CHANGE

Our goal is to fully **transform** the **Port of Seattle** into an organization that **embeds equity and justice** into all operations, and to create an organization where all people have **opportunities for success**. To do this, we must acknowledge and address power structures, including systemic advantage and disadvantage, that hold inequities in place. We must foster a culture of **belonging** through **relationships**, build a shared vision for liberation, cultivate champions for **equity** at all levels of our organization, and improve outcomes for our **communities**.

Collaborate

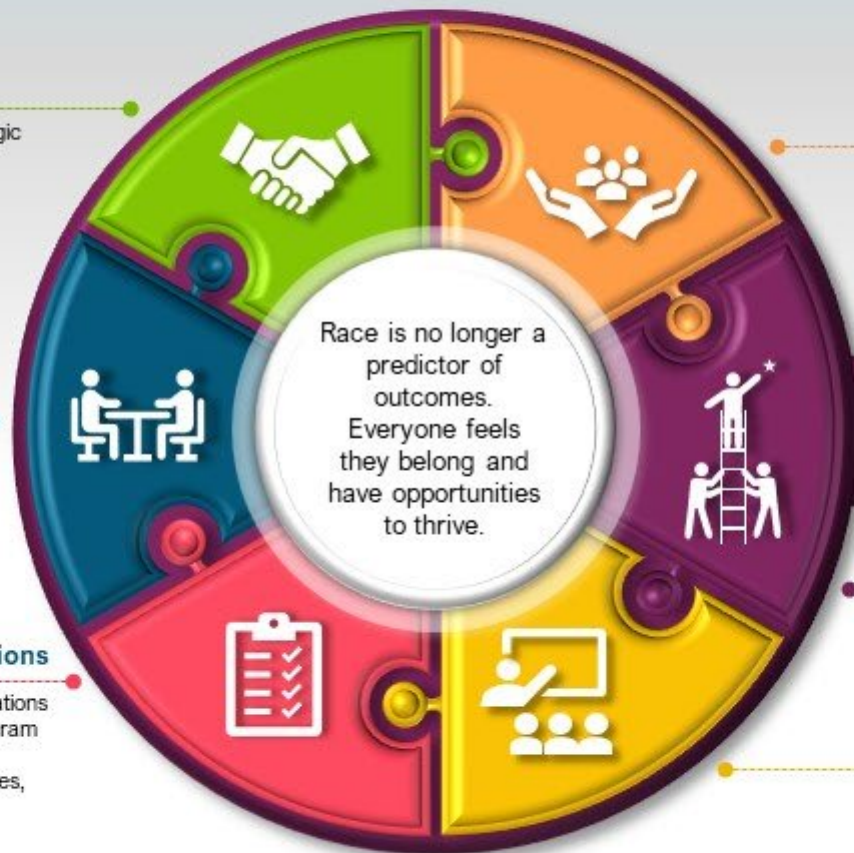
- OEDI provides consultation and strategic direction
- Partner with regional governments
- Share tools and best practices with national networks

Normalize Racial Equity

- Training
- Consistent communication
- Commitment from leadership

Transform policies and operations

- Hiring, budgeting, performance evaluations
- Equity Index informs funding and program decisions
- Commission embeds equity into policies, orders, and resolutions



Foster a culture of belonging and inclusion

- Employee Resource Groups and the Development & Diversity Council
- Train supervisors to lead multiracial, multicultural teams
- Share stories of employees modeling our values

Our vision requires a strong, collaborative community working together to improve outcomes for all.

Empower Employees

- Change Team
- Annual equity goals for all departments
- Uplift employees and teams who are advancing equity

Center BIPOC communities

- Advance environmental justice and economic opportunities
- Train people of color and women for careers in Port-related industries
- Develop accessible, meaningful ways to partner with Port-impacted communities



Recent Milestones



Commitment, Resistance, Results



2023 Progress + Challenges



CHANGE TEAM



EDI GOALS + ASSESSMENT ACTIONS



EQUITY IN BUDGETING



TRAINING + ENGAGEMENT



EXTERNAL ENGAGEMENT

Change Team Mission

Build Cross-Functional Capacity

Represent, engage, and deepen skills across each department of the Port

Advocate for Race + Social Justice

- Speak out about successes + challenges
- Share feedback from teams to OEDI
- Encourage EDI learning around equity, intersectionality, and justice

Design + Implement Organizational Racial Equity Actions

- Develop departmental EDI goals
- Implement departmental EDI goals
- Strategize relevant ways to operationalize equity

Lead Team Measurement + Accountability

- Initiate and model equity actions + commitments
- Hold teams accountable
- Track progress on commitments



Change Team Impact



Meaningful Equity Moments



More Collaboration + Inclusion



Values in Action Handbook



Engaging More Represented Employees

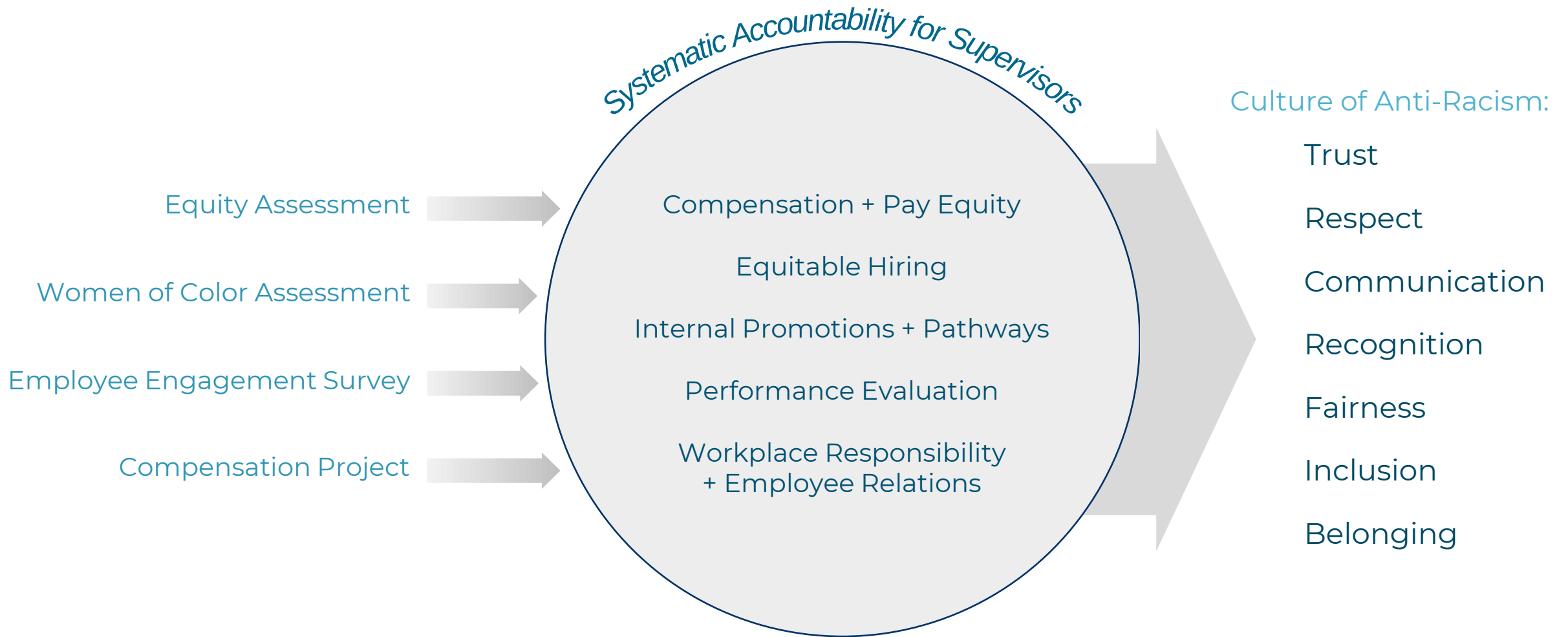


Diverse Hiring Panels + Hiring Discussions

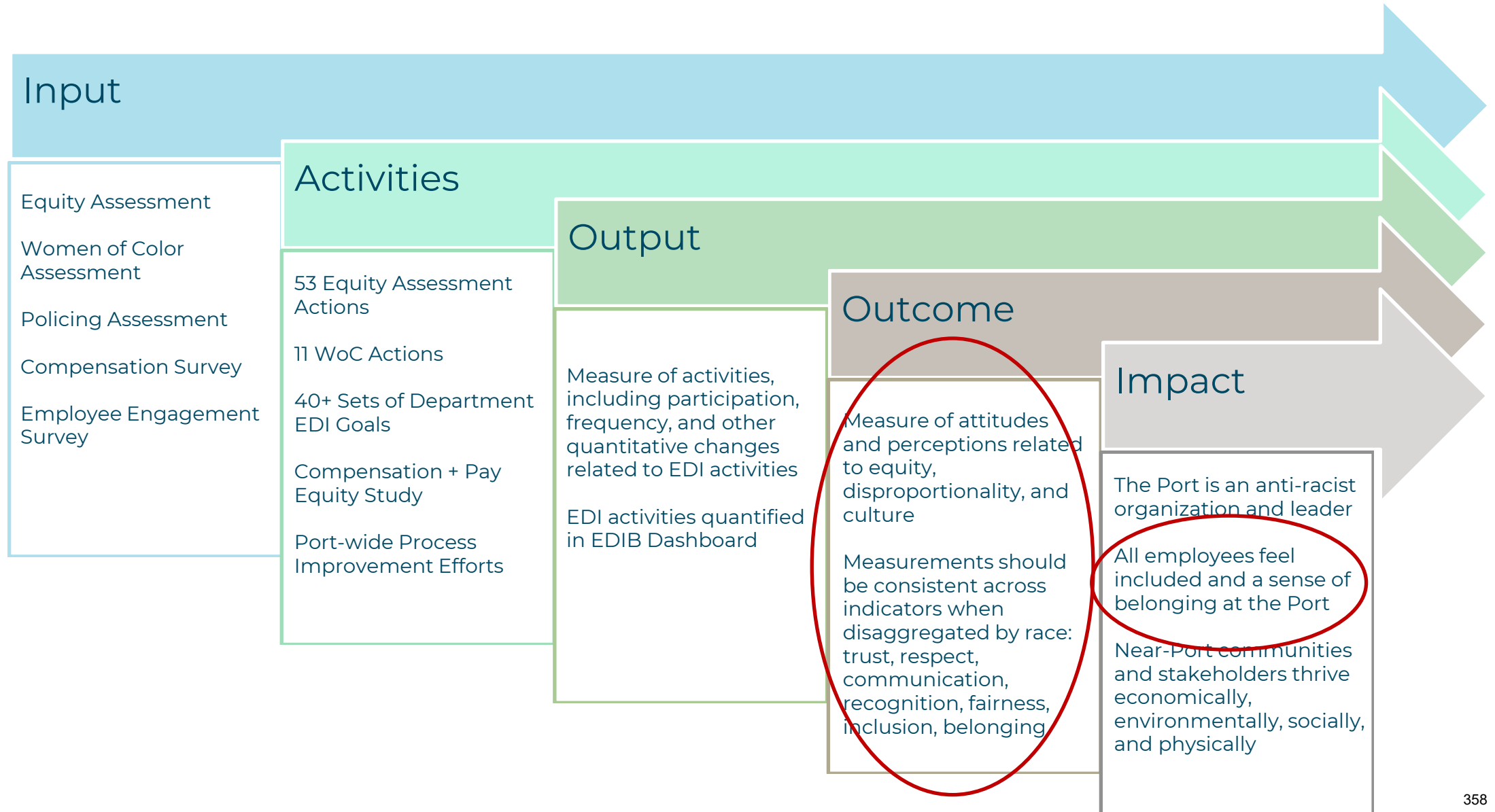


Embedding Equity in Operations
e.g., Departmental Goals

Survey + Assessment Priorities



Measuring Transformation



Belonging + Inclusion Survey

Key Takeaways



Workgroup Inclusion

Overall, employees feel greater inclusion in immediate workgroups compared to larger organization



Inclusion Gaps by Groups

- Compared to white employees, employees of color feel less included in immediate workgroup/team (decision-making, meetings, input)
- Represented employees feel less included in the org than non-represented employees



Progress

- Increased inclusion in Port communications and access to information
- Increased perception ELT embodying EDI values
- Increased believe OEDI is making the Port a more inclusive workplace



Women of Color Feedback

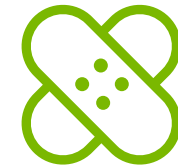
3 Listening Sessions | 143 participants | June 2023



Leadership Development +
Promotional Opportunities



Career Advancement Support for
Older WoC



Inconsistent Hiring Processes

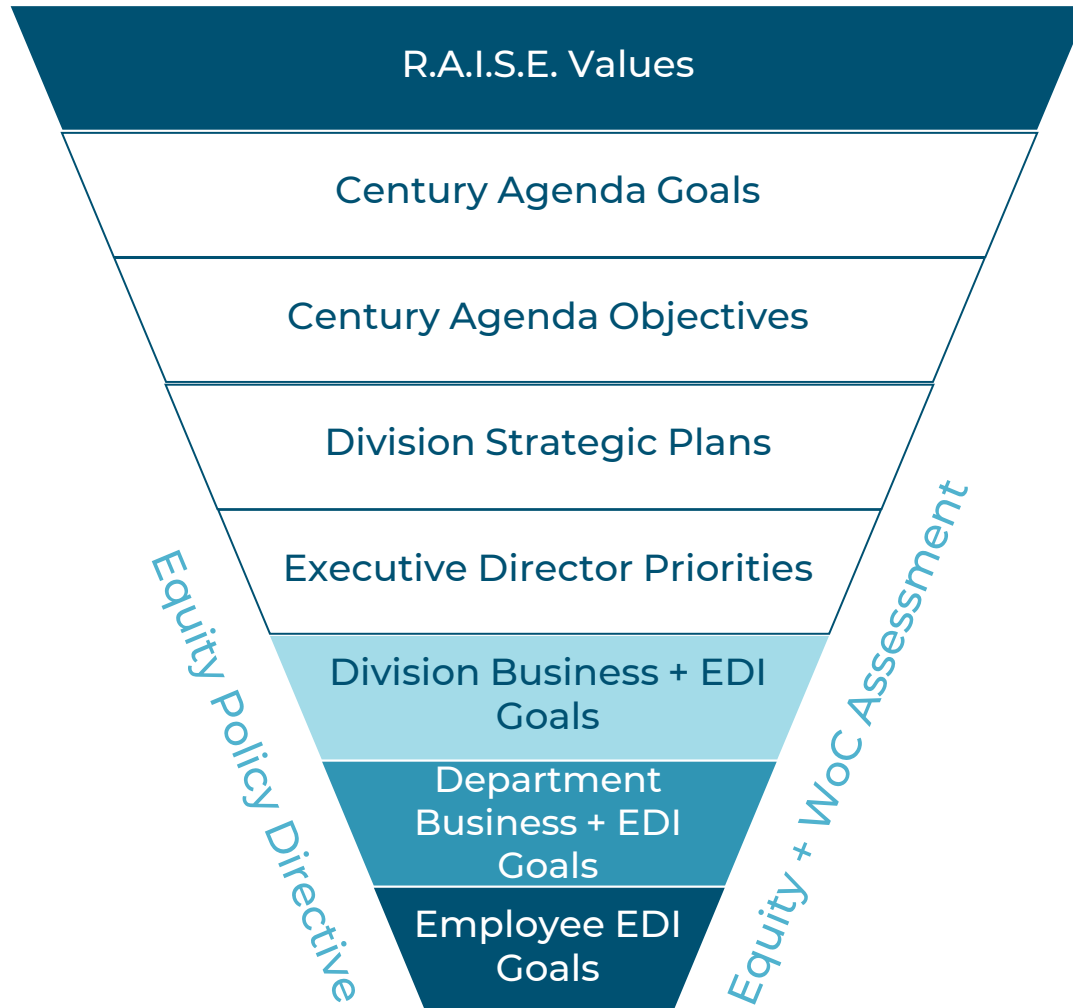


Accountability for Supervisors



Accelerate the Rate of Change

Embedding Equity



EDI Goals + Assessment Progress

89%



2023 Departmental EDI Goals Complete

67%



Equity + WoC Assessment Actions Complete

Equity in Budgeting



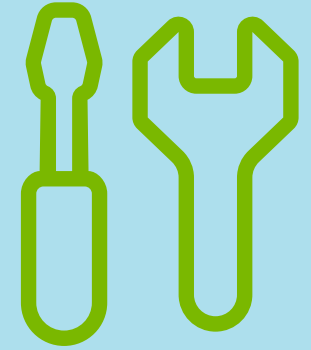
Equity Questions

Included in departmental budget review presentation



Equity Spending + Accountability Project (ESAP)

Equity framework for budget to target strategies and investment



Best Practices

Guidance to support the process as well as the product

EDI Training Offerings in 2023

Race: Power of an Illusion

3

EDI Lunch + Learns

8

Anti-Oppression Workshops

12

Racial Equity 101 + 102

22

Supervisor RE 101 + 102

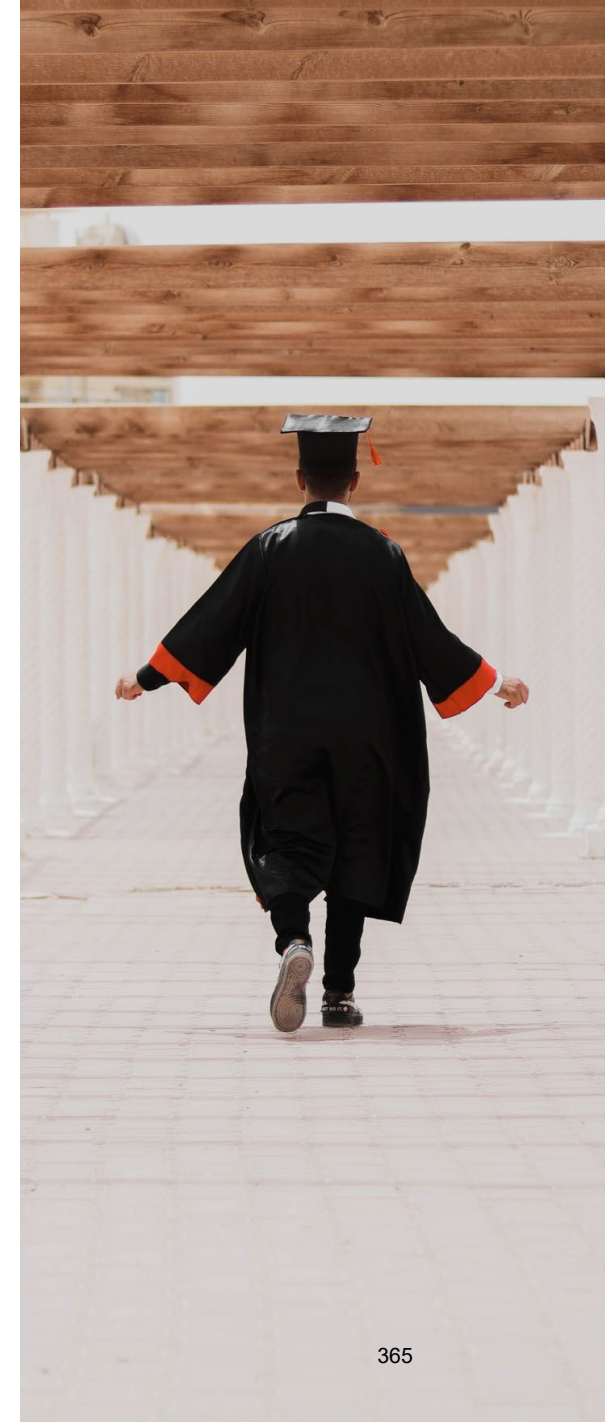
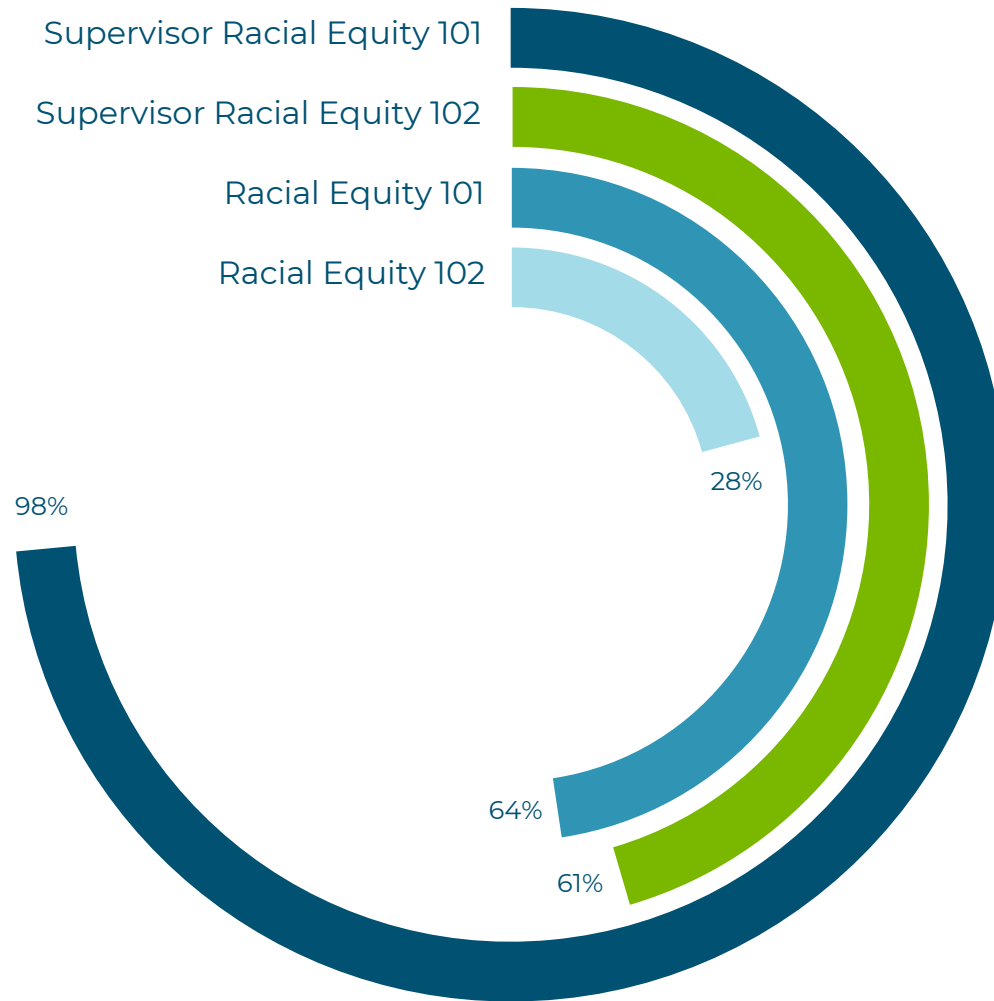
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TOTAL Training Offerings

51

Required Training **Completion**

Completion rate since inception of program in '21/'22; employees required to renew every 3 years



External Engagement



Workforce Development



South King County Community Impact Fund



Northwest Seaport Alliance:
Decarbonizing Drayage Roadmap



What's Ahead?

2024 Priorities



Environmental Justice Work

- Relationships + trust
- Documenting best practices
- Scale application in 2025



Language Access

- Guidance manual
- Pilot implementation



Addressing Anti-Black Racism

- Committee to develop deliverables and action steps to align with Equity Assessment recommendations

Summary



- Persistent pressure towards progress
- Activating all levels of the organization
- Fundamental barriers and resistance, coupled with committed advocates and allies
- Boldness required

Thank You

Questions? Perspectives? Discussion.

