



## COMMISSION SPECIAL MEETING AGENDA

July 9, 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](https://meetings.portseattle.org). To listen live, call in at +1 (425) 660-9954 or (833) 209-2690 and Conference ID 617 585 527#

### 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

4a. A Proclamation Celebrating the 75<sup>th</sup> Anniversary of Seattle-Tacoma International Airport.  
([proclamation enclosed](#)) (p.4)

#### 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](mailto:commission-public-records@portseattle.org) will be distributed to commissioners and attached to the approved minutes. Written comments are accepted three days prior to the meeting and before 9 a.m. on the day of the meeting. Late written comments received after the meeting, but no later than the day following the meeting, will be included as part of the meeting record.

**2) Deliver public comment via phone or Microsoft Teams conference:** To take advantage of this option, please email [commission-public-records@portseattle.org](mailto: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, July 9, 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](mailto:commission-public-records@portseattle.org).

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

- 8a. Approval of Minutes of the Special Meetings of June 25, 2024, and the Special Meeting of June 26, 2024. **(no enclosure)** (p.6)
- 8b. Approval of the Claims and Obligations for the Period June 1, 2024, through June 30, 2024, Including Accounts Payable Check Nos. 954036 through 954472 in the Amount of \$6,302,618.58; Accounts Payable ACH Nos. 066908 through 067698 in the Amount of \$134,134,333.89; Accounts Payable Wire Transfer Nos. 016326 through 016343 in the Amount of \$12,141,188.56; Payroll Check Nos. 212924 through 213311 in the Amount of \$72,270.75; and Payroll ACH Nos. 1201302 through 1206190 in the Amount of \$16,639,665.46, for a Fund Total of \$169,290,077.24. **(memo enclosed)** (p.7)
- 8c. Monthly Notification of Prior Executive Director Delegation Actions June 2024. **(memo enclosed – No action, for information only)** (p.10)
- 8d. Authorization for the Executive Director to Take All Necessary Steps and Execute All Purchase and Sale Documents, Including the Ground Lease Amendment, for the Purchase of a 19,881 Square Foot, Underutilized and Adjacent Parcel From the City of Des Moines to Enhance Accessibility and the Overall Developability of the Des Moines Creek West Project, in the Requested Amount of \$700,000. **(memo, lease amendment, agreement, and presentation enclosed)** (p.12)
- 8e. Authorization for the Executive Director to Execute a Contract(s) to Renew the Tableau Software License Agreement in an Amount Not-to-Exceed \$5,000,000 for a Total Term of Up to Ten Years. **(memo enclosed)** (p.55)
- 8f. Authorization for the Executive Director to Execute Related Project Change Orders, Amendments, Work Authorizations, Purchases, Contracts, and Take Other Actions Necessary to Support the Delivery of the Satellite Transit System (STS) Controls Renewal and Upgrade Project at the Seattle-Tacoma International Airport, for a Total Estimated Project Cost of \$78,240,000. (CIP #C801043) **(memo enclosed)** (p.56)

**10. NEW BUSINESS**

**11. PRESENTATIONS AND STAFF REPORTS**

- 11a. 2023 Workforce Development Annual Report. **(memo and presentation enclosed)** (p.57)
- 11b. SEA Childcare Services Evaluation Project. **(memo and presentation enclosed)** (p.83)

11c. 2023 Apprenticeship and Priority Hire Annual Report. ([memo](#) and [presentation](#) enclosed) (p.113)

**12. QUESTIONS on REFERRAL to COMMITTEE and CLOSING COMMENTS**

**13. ADJOURNMENT**



## **PROCLAMATION OF THE PORT OF SEATTLE COMMISSION**

**WHEREAS**, Seattle-Tacoma International Airport (SEA Airport) was officially dedicated on July 9, 1949; and

**WHEREAS**, the Port of Seattle stepped forward in the 1940s to create the vision for SEA in support of the federal Civilian Aviation Authorities goal to create a regional airport; and

**WHEREAS**, Port Commission President Horace Chapman stated that building the airport, “is our duty, and if we can do it, we will;” and

**WHEREAS**, the current site of the airport was chosen to be between Seattle and Tacoma as an advantage for passengers and transportation infrastructure across the region; and

**WHEREAS**, the official dedication of the passenger terminal building and naming of the airport drew more than 30,000 people; and

**WHEREAS**, in its first year of operation, the airport, drew more than half a million passengers - that number has grown to more than 50 million passengers in 2023; and

**WHEREAS**, since its dedication, the airport has grown to serve the people of the Pacific Northwest with access to hundreds of domestic and global destinations and produces \$20 billion in economic activity annually; and

**WHEREAS**, the airport supports approximately 25,000 jobs across all of its airline and tenant partners; and

**WHEREAS**, the airport is a gateway for many Washingtonians to explore the world for both business and personal travel and serves millions of passengers annually.

**NOW, THEREFORE**, the Port of Seattle Commission hereby commemorates July 9 as Seattle-Tacoma International Airport Day on the airport’s 75<sup>th</sup> anniversary.

Proclaimed by the Port of Seattle Commission this 9 day of July, 2024.

Port of Seattle Commission

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Port of Seattle Commission

**Item 8a - Minutes to be Distributed Under Separate Cover**

**RETURN TO AGENDA**



**COMMISSION  
AGENDA MEMORANDUM**

Item No. 8b

**ACTION ITEM**

Date of Meeting July 9, 2024

**DATE:** July 1, 2024  
**TO:** Steve Metruck, Executive Director  
**FROM:** Eloise Olivar, AFR Assistant Director Disbursements Administration  
**SUBJECT:** **Claims and Obligations – June 2024**

**ACTION REQUESTED**

Request Port Commission approval of the Port Auditor’s payment of the salaries and claims of the Port pursuant to RCW 42.24.180 for payments issued during the period June 01 through 30, 2024 as follows:

Payment Type	Payment Reference Start Number	Payment Reference End Number	Amount
Accounts Payable Checks	954036	954472	6,302,618.58
Accounts Payable ACH	066908	067698	134,134,333.89
Accounts Payable Wire Transfers	016326	016343	12,141,188.56
Payroll Checks	212924	213311	72,270.75
Payroll ACH	1201302	1206190	16,639,665.46
<b>Total Payments</b>			<b>169,290,077.24</b>

Pursuant to RCW 42.24.180, “the Port’s legislative body” (the Commission) is required to approve in a public meeting all payments of claims within one month of issuance.

**OVERSIGHT**

All these payments have been previously authorized either through direct Commission action or delegation of authority to the Executive Director and through his or her staff. Detailed information on Port expenditures is provided to the Commission through comprehensive budget presentations as well as the publicly released Budget Document, which provides an even greater level of detail. The Port’s operating and capital budget is approved by resolution in December for the coming fiscal year, and the Commission also approves the Salary and Benefit Resolution around the same time to authorize pay and benefit programs. Notwithstanding the Port’s budget approval, individual capital projects and contracts exceeding certain dollar thresholds are also subsequently brought before the Commission for specific authorization prior to commencement of the project or contract—if they are below the thresholds the Executive Director is delegated authority to approve them. Expenditures are monitored against budgets monthly by management and reported comprehensively to the Commission quarterly.

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Effective internal controls over all Port procurement, contracting and disbursements are also in place to ensure proper central oversight, delegation of authority, separation of duties, payment approval and documentation, and signed perjury statement certifications for all payments. Port disbursements are also regularly monitored against spending authorizations. All payment transactions and internal controls are subject to periodic Port internal audits and annual external audits conducted by both the State Auditor’s Office and the Port’s independent auditors.

For the month of June 2024, over \$152,578,141.03 in payments were made to nearly 690 vendors, comprised of 2,312 invoices and over 10,931 accounting expense transactions. About 96 percent of the accounts payable payments made in the month fall into the Construction, Employee Benefits, Payroll Taxes, Contracted Services, Utility Expenses, Sales Taxes, Environmental Remediation, Janitorial Services, Public Expense and Legal. Net payroll expense for the month of June was \$16,711,936.21.

**Top 10 Payment Category Summary:**

<b>Category</b>	<b>Payment Amount</b>
Construction	111,548,051.49
Employee Benefits	10,517,943.34
Payroll Taxes	6,707,724.62
Contracted Services	6,102,817.33
Utility Expenses	2,614,512.91
Sales Taxes	2,426,037.27
Environmental Remediation	1,941,654.83
Janitorial Services	1,780,137.69
Public Expense	1,355,414.19
Legal	1,092,030.87
<b>Other Categories Total:</b>	<b>6,491,816.49</b>
<b>Net Payroll</b>	<b>16,711,936.21</b>
<b>Total Payments</b>	<b>169,290,077.24</b>



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Appropriate and effective internal controls are in place to ensure that the above obligations were processed in accordance with Port of Seattle procurement/payment policies and delegation of authority.

  
\_\_\_\_\_  
**Lisa Lam/Port Auditor**

At a meeting of the Port Commission held on July 9, 2024, it is hereby moved that, pursuant to RCW 42.24.180, the Port Commission approves the Port Auditor’s payment of the above salaries and claims of the Port:

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**Port Commission**

**RETURN TO AGENDA**



**COMMISSION  
AGENDA MEMORANDUM  
FOR INFORMATION ONLY**

**Item No.** 8c  
**Date of Meeting** July 9, 2024

**DATE:** July 9, 2024  
**TO:** Stephen P. Metruck, Executive Director  
**FROM:** Karen R. Goon, Deputy Executive Director

**SUBJECT: Monthly Notification of Prior Executive Director Delegation Actions June 2024**

**APPROVAL SUMMARY**

Notification of the following Executive Director delegated approvals that occurred in June, 2024

<b>Category of Approval</b>	<b>Request#</b>	<b>Description of Approvals June 2024</b>	<b>Category Amount</b>
Projects & Associated Contracts	1272-2024	RCF Boiler Skid 1 & 2 Replacement	\$1,400,000.00
Projects & Associated Contracts	1281-2024	STS Standpipe Renewal	\$1,971,000.00
Non-Project Procurement of Goods & Purchased Service Contracts, Other Contracts, & Tenant Reimbursement	1237-2024	MOU with Highline College	\$160,000.00
Non-Project Procurement of Goods & Purchased Service Contracts, Other Contracts, & Tenant Reimbursement	1227-2024	Memorandum of Understanding between State of Washington Department of Ecology & Port of Seattle & Signatory Cruise Companies	\$0.00
Non-Project Procurement of Goods & Purchased Service Contracts, Other Contracts, & Tenant Reimbursement	1217-2024	Mobile Parking Lot Surveillance Security Units	\$1,030,000.00
Real Property Agreement		No Approvals in June	\$0.00
Utilization of Port Crews		No Approvals in June	\$0.00
Sale of Surplus Port Property		No Approvals in June	\$0.00

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<b>Total Value of Executive Director Approvals</b>			\$4,561,000.00
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**TRANSPARENCY:**

In approving the delegations for the Executive Director, the Commission requested that staff ensure transparency is built into the process. As a result, staff will make approvals visible to the public in two ways. First, these types of approvals will be made visible in public Commission meetings via monthly reporting like this one. Approvals are both timed and designed to be visible in a similar manner to the monthly Claims and Obligations reporting. Second, staff will publish these delegations in a PeopleSoft formatted report on the Port website in the same manner that all procurements, contracts, and other opportunities are made available to public communities.

**BACKGROUND:**

On January 24, 2023, the Commission approved and adopted Resolution No. 3810 that repealed related prior resolutions and increased the previously delegated Commission authority to the Executive Director and provided clarity in process directives to port staff. The approval made the Delegation of Responsibility and Authority to the Executive Director (DORA) effective on April 3, 2023.

The foundation for Resolution No. 3810 included significant data analysis, employee surveys, and internal audit recommendation. Resolution No. 3810 also aligns with the Port Century Agenda in that it helps make the Port a more effective public agency. Considerations and checks and balances have been built into the associated processes of Executive Director approvals including a high bar of transparency.

Following significant analysis and multiple Commission reviews, the Commission approved the DORA on January 24, 2023. That reporting memo is available for review on the Port website under the January 24, 2023, Commission public meeting, and it provides detailed reasoning and explanation of Resolution No. 3810.

**RETURN TO AGENDA**



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8d

**ACTION ITEM**

**Date of Meeting** July 9, 2024

**DATE:** July 9, 2024

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Kyra Lise, Director Real Estate Development  
Dave McFadden, Managing Director, Economic Development Division

**SUBJECT: Tract C Purchase and Des Moines Creek West Ground Lease Amendment**

**Amount of this request:** \$700,000  
**Total estimated project cost:** \$700,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to take all necessary steps and execute all purchase and sale documents, including the ground lease amendment. The Port of Seattle has negotiated, at fair market value, a purchase of a 19,881 Square Foot, underutilized and adjacent parcel from the City of Des Moines. This purchase will enhance accessibility and the overall developability of the Des Moines Creek West project.

**EXECUTIVE SUMMARY**

The property in question is made up of 1 parcel totaling 19,881 SF. The Parcel (“Parcel”) is located at the intersection of South 216<sup>th</sup> Street and 20<sup>th</sup> Avenue South, just west of International Boulevard in the City of Des Moines. The Parcel was originally deeded over to the City of Des Moines as part of the Interlocal Agreement in 2014 which included several other land swaps due to the development of the Des Moines Creek Business Park immediately to the east of the Parcel. Now the Port of Seattle requires this parcel due to its strategic location for safe and easy access for commercial cargo trucks that will be entering and exiting the Des Moines Creek West development site. This site is being developed by the Port’s ground lease tenant, The Panattoni Development Company, executing the ground lease between Panattoni and The Port of Seattle in August of 2022.

The Tract C site is currently vacant.

The Parcel was appraised by Kidder Mathews, using a highest and best use standard. The appraised value = \$690,000. A sales agreement was negotiated between the parties (the Port of Seattle and the City of Des Moines) based on this price. We are now requesting authorization

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from Commission to permit the Executive Director to execute the Purchase and Sale Agreement (PSA).

Development analyses show no financially viable scenarios for the Port to develop this Parcel (Tract C) as a standalone development, rather, its value is tied to the larger and adjacent Des Moines Creek West site.

Due to this purchase, the ground lease will need to be amended due to an increase in square footage, which in turn, equals an increase in lease revenues to the Port. Timelines for the developer are also clearly cited to guide a clear path to substantial completion for the developer to complete this light industrial, aviation supportive project on Port of Seattle owned land.

Panattoni was founded in 1986 in Sacramento, California by Carl Panattoni. His son Adon serves as the CEO for Panattoni Development Company.

Panattoni is currently going through the SEPA process, has submitted all documentation and is in conversations with the City of Des Moines regarding the short platting of Tract C to meet development requirements.

**JUSTIFICATION**

The Port has procured and reviewed the appraisal and agrees that the valuation is consistent with fair market value.

The 2024 SEA Real Estate Strategic Plan directed port staff to purchase real property if the property adheres to the criteria derived from the strategic plan. The Port determined through this process that the Tract C Parcel is needed for development, and without it, the larger Des Moines Creek West development would not be possible.

Panattoni will abide by the City of Des Moines’ tree-replacement regulations in the commercial zone. If a significant tree was identified to be retained on approved plans, but removed during construction, then three trees will be planted in its place. There are currently no trees on the Tract C parcel.

***Diversity in Contracting***

Not Applicable as this is a property purchase.

**DETAILS**

***Scope of Work***

Execute conveyance documents and Lease Amendment.

Meeting Date: July 9, 2024

***Schedule***

Q3 2024

*Activity*

<b>Sign Purchase and Sale Agreement and close on Tract C parcel</b>	2024 Quarter 3
<b>Amend Lease due to increase in square footage and lease revenue due to purchase of Tract C</b>	2024 Quarter 3

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1 – Do Nothing – Do not purchase Tract C.**

Cost Implications: none / Save \$690,000

Pros:

- (1) The City of Des Moines quitclaims Tract C back to the Port in an effort to allow for the private drive, then the Port leases this parcel to Panattoni.
- (2) The City of Des Moines retains ownership and grants an easement to the Port so the Port can legally lease this parcel to Panattoni.
- (3) The City of Des Moines grants an easement directly to Panattoni and charges Panattoni for the use of Tract C.

Cons:

- (1) Missed opportunity to purchase property that aligns with SEA Strategic Real Estate Plan.
- (2) Missed opportunity for buying in a high demand market with no competition.
- (3) Missed opportunity to engage with seller that is ready to sell a property that we need.
- (4) Missed opportunity to maximize highest and best use as a developer in buying adjacent parcel.

This is not the recommended alternative.

**Alternative 2 – Buy parcel Tract C**

Cost Implications: \$690,000

Pros:

- (1) Preserves highest and best use as it is purchased by the adjacent property owner (Port of Seattle) which maximizes the site’s footprint value.
- (2) Provides additional lease revenue from purchase of property that is otherwise non usable for Port purposes.
- (3) Tract C purchase remains contingent upon Panattoni receiving permits.

Cons:

- (1) Requires Port to buy existing property back that it once owned prior to the interlocal agreement with the City of Des Moines.

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- (2) Subsequent leasing will require a reduction of existing port owned real estate available for on-site open storage
- (3) Requires reduction of existing land available for lay down area for various port projects in the vicinity.

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

The Port will pay market value for the property purchase.

<b>Site Area</b>	
Total Developable Site Area	19.8 acres
Building Area	402,380 SF
Des Moines Creek West Stabilized Annual Income	<b>\$3,575,048</b>
NPV	\$60,025,605
<b>Cost Basis</b>	
Street improvement payment to Des Moines (2018)	\$1,500,000
14-acre WSDOT Property Acquisition (July 2021)	\$2,900,000
Predevelopment costs	\$250,000
<b>Tract C purchase (July 2024)</b>	<b>\$690,000</b>
Total Cost Basis	\$5,340,000
IRR w/out Tract C	7.80%
IRR with Tract C	10.50%
Tract C Isolated Yield on Cost	11.30%
Total payback period (From stabilization)	18 months

**ATTACHMENTS TO THIS REQUEST**

- (1) Lease Amendment 1
- (2) Purchase and Sale Agreement
- (3) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

July 12, 2022 – Approval of Ground Lease for Port Property in Des Moines, WA: Des Moines Creek West

**FIRST AMENDMENT TO GROUND LEASE AGREEMENT**

This First Amendment to Ground Lease Agreement (the “First Amendment”) is made on July \_\_\_, 2024 (the “Effective Date”) by the PORT OF SEATTLE, a Washington municipal corporation (“Port”), and DMCBP PHASE V, LLC, a Delaware limited liability company (“Tenant”).

**WHEREAS**, the Port entered into a Ground Lease Agreement with PDC SEATTLE LPIV BB/TH, LLC, a Delaware limited liability company dated August 23, 2022 (the “Agreement”).

**WHEREAS**, Section 7.3.2 of the Ground Lease provides for the Parties to agree upon a Developable Square Footage of the Property in connection with the Port’s review and approval of Tenant’s Final Plans, the Parties are in agreement of the Developable Square Footage, and wish to amend the Agreement to include a Developable Square Footage and to adjust Base Rent accordingly.

**WHEREAS**, the Ground Lease provided for certain time frames within which the due diligence was to be completed and approvals for the development of the project were to be accomplished. The Due Diligence period set forth in the Agreement expired on December 21, 2022. Due to the delays in the approval process by the City (as defined in the Ground Lease) the parties orally agreed to extend certain time frames and conditions and now wish to amend and modify those time frames and conditions.

**WHEREAS**, the parties desire to amend the Agreement on the terms and conditions contained herein;

**NOW THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, Port and Tenant agree as follows:

1. Recitals; Defined Terms: Any capitalized terms not defined herein shall have the meanings ascribed to them in the Agreement.
2. Definition of Property; Developable Square Footage: The Property has increased in size. **Exhibits A and B** attached to the Agreement are hereby completely replaced and superseded with **Exhibits A and B** attached hereto. **Exhibit B** assumes that the Port will acquire fee title to Tract C (as defined below) from the City. The Port is in the process of acquiring fee title to the area for the private drive to 20<sup>th</sup> Ave S (King County Tax Parcel No. 0922049418, also sometimes referred to as “Tract C”), the approximate total square footage of land subject to the Ground Lease will be 1,325,015. Tenant accepts Tract C on the same terms and conditions as the remainder of the Property, as detailed in the Agreement. The agreed upon Developable Square Footage in Section 1.53 of the Agreement is hereby increased from a total of 862,488 square feet to a total of 883,357 square feet, which Developable Square Footage was agreed upon following the process outlined in Section 7.3.2.



3. Consolidation of Parcels: The current Property is made up of several individual parcels of real property described in Exhibit A hereto, which includes Tract C. Consistent with each party's obligations under Section 6.1 of the Agreement, Tract C shall be consolidated into a single legal lot, as necessary for the Site Plan, and will be "replatted" by the Tenant as required by the City in connection with the acquisition of Tract C by the Port from the City.
4. Commencement Date: Section 1.10 is hereby replaced and completely superseded by the following:

"'Commencement Date' shall mean the day after all of the following events have occurred: (a) the passage of sixty (60) days following Tenant's receipt of a SEPA determination and issuance by the City of a Business Park Master Plan ("**Master Plan**"), or alternately, if no appeals are filed during the appeal period for the City's SEPA determination, the passage of twenty-one (21) days following Tenant's receipt of a SEPA determination and issuance by the City of the approved Master Plan; (b) the Port has received fee title to Tract C from the City; (c) the approval by the City's Hearing Examiner of the Title 16 Variance to allow construction over the "ravine" the City has determined is located on the Property; (d) the date upon which Tenant, in its reasonable discretion, is ready to commence construction, which shall in no event be later than April 1, 2025; and (e) Tenant's receipt of a Clearing and Grading Permit from the City. The Commencement Date shall be documented and confirmed by letter delivered by the Tenant to the Port, and countersigned by the Port, and upon execution by both parties, incorporated into this Agreement."

5. Due Diligence Period: The Due Diligence Period, and Tenant's associated termination right, expired on December 21, 2022. Notwithstanding the foregoing, all of the Parties' rights and obligations under Section 6.2.1. with respect to inspection of the Property shall remain in full force and effect until the Commencement Date, or early termination of the Agreement.
6. Deposit: Section 3.3 is hereby deleted in its entirety and replaced with the following

3.3 Deposit. Tenant previously provided a deposit in the amount of Five Hundred Thousand and No/100 Dollars (\$500,000.00) in the form of a promissory note (the "Deposit"), a copy of which was attached and incorporated into the Agreement as an exhibit. Within ten (10) days following mutual execution of this First Amendment, the promissory note shall be converted to cash, with the amount to be designated as lease deposits in favor of the Tenant. The Deposit shall be non-refundable upon mutual execution of this First Amendment and shall irrevocably become the property of and retained by the Port for its sole account to be used at it sees fit. Provided that if the

Agreement terminates pursuant to the June 1, 2025, Early Termination provided for in Section 6.2.2.2, the Port shall refund to Tenant within thirty (30) days, an amount equal to half (1/2) of the Deposit or Two Hundred Fifty Thousand and No/100 Dollars (\$250,000.00). In the event Tenant elects to exercise the Tenant Early Termination Extension, and the Commencement Date does not occur by December 31, 2025, the foregoing refund shall not occur, and the Port shall retain the full amount of the Deposit. However, notwithstanding the foregoing or anything to the contrary contained herein, if the Agreement has not terminated pursuant to Section 6.2.2.2, then effective upon the Commencement Date, or the earlier commencement of Base Rent as provided for in Section 4.2.1, the entire Deposit shall be applied towards Base Rent payable under this Agreement until fully applied.

7. Sections 4.2.1 and 4.2.2 are hereby deleted in their entirety and replaced with the following:

4.2.1 During Construction. From the Commencement Date until the first of the following three events occurs, (i) issuance of a temporary certificate of occupancy for the Project, (ii) Substantial Completion of the Project, or (iii) August 1, 2026, Tenant will pay Base Rent equal to Thirty-Nine and 6/10 Cents (\$0.396) per square foot of the Property per year, plus leasehold excise tax. Base Rent shall be payable monthly in equal installments of one-twelfth (1/12) of such amount, as follows:

$$883,357 \text{ sf} \times \$0.396 / 12 = \$29,150.78^*$$

\* plus leasehold excise tax at 12.84% or any rate subsequently imposed by the State of Washington.

Notwithstanding the foregoing, if the Commencement Date has not occurred by April 1, 2025, Base Rent shall become due and owing on April 1, 2025. For the avoidance of doubt, if Base Rent becomes due and owing prior to the Commencement Date, Tenant shall not enjoy any additional rights under this Agreement which are contingent upon the Commencement Date occurring, until the Commencement Date does in fact occur.

4.2.2 Post Construction. From the earlier of (i) issuance of a temporary certificate of occupancy for the Project (ii) Substantial Completion of the Project; or (iii) August 1, 2026, and for the remaining Term (and Extension Terms), Tenant will pay Three Dollars and Ninety Six Cents (\$3.96) per square foot of the Property per year, plus leasehold excise tax, subject to adjustment as set forth in this Section 4.2, which Base Rent shall be payable monthly in equal installments of one-twelfth (1/12) of such amount, as follows:

$$883,357 \text{ sf} \times \$3.96 / 12 = \$291,507.81^*$$

\* plus leasehold excise tax at 12.84% or any rate subsequently imposed by the State of Washington

8. Section 6.2.2. is hereby deleted in its entirety and replaced with the following:

6.2.2.1. [Intentionally Deleted]

6.2.2.2. Early Termination. If the Commencement Date has not occurred by June 1, 2025, this Agreement shall automatically terminate, and neither the Port nor Tenant shall have any further rights or obligations under this Agreement, except (i) for those obligations that by the terms of this Agreement shall expressly survive termination of this Agreement and (ii) Tenant's assignment obligations under Section 6.2.2.3 below. Notwithstanding the foregoing, if the Commencement Date has not occurred by June 1, 2025, Tenant may elect, by providing written notice to the Port by May 25, 2025, to extend the Early Termination provided for in this Section 6.2.2.2, until December 31, 2025 (the "Tenant Early Termination Extension"), provided that the full amount of the Deposit shall become non-refundable, in accordance with Section 3.3, upon said election.

6.2.2.3. In the event this Agreement terminates in accordance with this Section 6.2.2.2 then, subject to the rights of any Leasehold Mortgagee, upon the Port's written request and at its sole option, Tenant shall fully and irrevocably assign to the Port, in consideration for the Port's payment of Ten and 00/100 Dollars (\$10.00), all of Tenant's right, title and interest in and to (for the Port's ownership and unlimited use): (a) all preliminary, final, and working plans and specifications for or relating to the Project, and drawings and construction documentation prepared in connection therewith, and (b) all permits, approvals, dedications, entitlements and/or related development rights, and all applications with applicable Authorities relating thereto, including, without limitation, the Master Plan, relating to the Property, the Premises and/or the Project, which assignment shall be in form reasonably satisfactory to the Port ("Assignment Option") (provided that the Port may not exercise its option under this Section 6.2.2.3 unless and until this Agreement has been terminated and each Leasehold Mortgagee has failed to exercise its right to assume Tenant's right and obligations under this Agreement or to a New Lease). Tenant shall use commercially reasonable efforts to permit (and upon the Port's request evidence) that Tenant's contracts with its architect(s), engineer(s), general contractor and other consultants provide for such Assignment Option, without the further consent of said parties. Upon termination of this Agreement pursuant to this Section 6.2.2, and upon the Port's exercise of the Assignment Option, Tenant agrees to execute all such documents, consents or acknowledgments as necessary to affect and finalize the assignment described herein; provided that in no event shall Tenant be obligated to make any representations or warranties, and all such deliverables shall be on an as-is basis without any representation or warranty whatsoever.

6.2.2.4 Failing termination as set forth in this Section 6.2.2, this Agreement shall remain in full force and effect, and the Port and Tenant shall proceed in accordance with the terms hereof (including, without limitation, Tenant's construction of the Project in accordance with the terms hereof) and the Deposit held by the Port shall be handled in accordance with Section 3.3.

10. Section 13.2 shall be amended by adding the following as a new Section 13.2.4:

13.2.4. Wildlife Hazards. Without limitation to Tenants obligations to ensure compliance with all Legal Requirements, Tenant shall be responsible, at its sole cost and expense, for implementing, constructing, and maintaining all necessary improvements and operational practices to ensure required ongoing mitigation and management of wildlife hazards to aviation, including without limitation, full compliance with all current and future Federal Aviation Administration regulations and advisories relating to wildlife hazards to aviation.

IN WITNESS WHEREOF, the parties have executed this First Amendment as of the day and date as stated above.

PORT:

**PORT OF SEATTLE,  
a Washington municipal corporation**

By: \_\_\_\_\_ Name:

Its:

State of Washington

)

) ss.

County of

)

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and said person acknowledged that (he/she) signed this instrument and acknowledged it to be (his/her) free and voluntary act for the uses and purposes mentioned in the instrument.

DATED:

NOTARY PUBLIC FOR WASHINGTON

My Commission Expires:

Signature continued on the next page.



**EXHIBIT A**

**Legal Description of the Property**

The land referred to herein below is situated in the County of King, State of Washington, and is described as follows:

**PARCEL I:**

NEW PARCEL B OF CITY OF DES MOINES LOT LINE ADJUSTMENT NO. LUA2021-0001, RECORDED UNDER RECORDING NO. 20210803900001, IN KING COUNTY, WASHINGTON.

**PARCEL II:**

THAT PORTION OF THE SOUTHWEST QUARTER OF THE NORTHWEST QUARTER OF SECTION 9, TOWNSHIP 22 NORTH, RANGE 4 EAST, OF THE WILLAMETTE MERIDIAN, KING COUNTY, WASHINGTON, EXCLUDING THEREFROM AND LYING WESTERLY OF THE BOUNDARIES OF NEW PARCEL B OF CITY OF DES MOINES LOT LINE ADJUSTMENT NO. LUA2021-0001, RECORDED UNDER RECORDING NO. 20210803900001;

ALSO EXCEPTING THEREFROM ANY PORTION LYING WITHIN ROADS OR HIGHWAYS.

**PARCEL III:**

TRACT C OF CITY OF DES MOINES SHORT PLAT NO. LUA2013-0036, RECORDED NOVEMBER 13, 2014, AS RECORDING NO. 20141113900004, RECORDS OF KING COUNTY, WASHINGTON AS AMENDED BY CITY OF DES MOINES SHORT PLAT NO. LUA2013-0036 ALTERATION RECORDED APRIL 26, 2016, AS RECORDING NO. 20160426900009, RECORDS OF KING COUNTY, WASHINGTON.





## REAL ESTATE PURCHASE AND SALE AGREEMENT

**THIS REAL ESTATE PURCHASE AND SALE AGREEMENT** (“Agreement”) is made and entered by and between **the City of Des Moines**, a political subdivision of the State of Washington (the “Seller”) and **the Port of Seattle**, a Washington municipal corporation (the “Buyer”). Seller and Buyer are also referred to herein individually as a “Party” or collectively as “Parties.” This Agreement shall be effective as of the date it has been executed by both Parties (“Effective Date”).

### RECITALS

**A.** Seller is the owner of that certain real property located at [REDACTED], Des Moines, King County, State of Washington, the legal description of which is attached hereto as **EXHIBIT A** (the “Real Property”).

**B.** Seller desires to sell the Real Property and Buyer desires to purchase the Real Property.

**C.** Prior to executing this Agreement, the Des Moines City Council determined the Property to be surplus to its need, and approved the sale of the Property to the Buyer on the terms contained herein.

### AGREEMENT

**NOW, THEREFORE**, in consideration of the promises and mutual covenants contained herein, and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, the Parties hereto covenant and agree as follows:

### ARTICLE 1. PURCHASE AND TRANSFER OF ASSETS

**1.1. PROPERTY TO BE SOLD.** Seller shall sell and convey to Buyer on the Closing Date (as hereinafter defined) and Buyer shall buy and accept from Seller on the Closing Date the following assets and properties:

**1.1.1.** all of Seller’s right, title and interest in the Real Property as legally described in **EXHIBIT A**;

**1.1.2.** all of Seller’s right, title and interest in improvements and structures located on the Real Property, if any; ;

**1.1.3.** all of Seller’s easements and other rights that are appurtenant to the Real Property including but not limited to, Seller’s right, title, and interest in and to streets, alleys or other public ways adjacent to the Real Property, sewers and service drainage easements, rights of connection to the sewers, rights of ingress and egress, licenses, government approvals and permits affecting the Real Property, and all Seller’s right, title and interest in and to any plans, drawings, surveys, and warranty right related to the Real Property.

Hereinafter, the items listed in Section 1.1 are collectively referred to as the “Property.”

## **ARTICLE 2. PURCHASE PRICE**

**2.1. PURCHASE PRICE AND PAYMENT.** In consideration of the conveyance of the Property, Buyer shall, in full payment therefore, pay in cash to Seller on the Closing Date a total purchase price of six hundred and ninety thousand 00/100 dollars (\$690,000) (the “Purchase Price”).

## **ARTICLE 3. REPRESENTATIONS AND WARRANTIES OF THE PARTIES AND CONDITION OF PROPERTY**

**3.1. WARRANTIES AND REPRESENTATIONS OF SELLER.** As of the date hereof and as of the Closing Date, Seller represents and warrants as follows:

**3.1.1. ORGANIZATION.** The Seller is a political subdivision of the State of Washington, duly organized, validly existing and in good standing under the laws of the State of Washington.

**3.1.2. EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENT, AUTHORITY.** The execution, delivery and performance of this Agreement by Seller (i) is within the powers of Seller as a political subdivision of the state of Washington, and (ii) has been or will be on or before the Closing Date, duly authorized by all necessary action of the Seller’s City Council. This Agreement constitutes the legal, valid and binding obligation of Seller enforceable against Seller in accordance with the terms herein.

**3.1.3. NO BROKER.** No broker, finder, agent or similar intermediary has acted for or on behalf of Seller in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker’s, finder’s or similar fee or commission in connection with this Agreement based on an agreement, arrangement or understanding to act for or on behalf of Seller.

**3.1.4. NO LITIGATION.** There is no pending, or to Seller’s knowledge, threatened claim, lawsuit, litigation, arbitration, investigation or other proceeding pertaining to the Property or any part thereof. There is no pending or, to the best of Seller’s knowledge, threatened condemnation or similar proceeding pertaining to the Property or any part thereof.

**3.1.5. NO VIOLATIONS.** No governmental entity with jurisdiction or other person or entity has asserted, or to Seller’s knowledge, has threatened to assert that the Property or any part thereof is in violation of any applicable legal requirement.

**3.1.6. CONDITION OF PROPERTY.** During Seller's ownership of the Property, and to Seller's knowledge before Seller's ownership of the Property, (i) there has been no generation, treatment, storage, transfer, disposal or release of Hazardous Substances, as defined in Section 3.2.4 of this Agreement, on, in, under or emanating from the Property; and (ii) there are or have been no underground storage tanks on the Property and no underground storage tanks have been removed from the Property. To Seller's knowledge there are no facts that would lead it to believe that there are any Hazardous Substances on, in, under or emanating from the Property. To Seller's knowledge there are no concealed material defects in the Property.

**3.1.7. NO CONTRACTS.** Except for the Permitted Exceptions (defined below), there are no contracts, agreements or other arrangements under which Seller is obligated to sell, exchange, transfer, lease, rent or allow the use of the Property or any part thereof now or in the future, or under which any person or entity has the right to possess or occupy the Property or any part thereof now or in the future.

**3.1.8. FUTURE AGREEMENTS.** From and after the Effective Date unless this Agreement is terminated in accordance with its terms, Seller shall not without the prior written consent of Buyer:

- (a) enter into any agreement, contract, commitment, lease or other transaction that affects the Property in any way; or
- (b) sell, dispose of or encumber any portion of the Property.

**3.1.9. MAINTENANCE OF PROPERTY.** Seller shall continue to maintain the Property in its current condition, normal wear and tear excepted, and in compliance with all applicable laws and to pay all costs of the Property between the Effective Date and Closing.

**3.1.10. FOREIGN PERSON.** Seller is not a foreign person and is a "United States Person" as such term is defined in Section 7701 (a) (30) of the Internal Revenue Code of 1986, as amended and shall deliver to Buyer prior to the Closing an affidavit, as set forth in **EXHIBIT C**, evidencing such fact, and such other documents as may be required under the Code.

**3.2. REPRESENTATIONS AND WARRANTIES OF BUYER.** As of the date hereof and as of the Closing Date, Buyer represents and warrants as follows:

**3.2.1. ORGANIZATION.** Buyer is a Washington municipal corporation, duly organized, validly existing and in good standing under the laws of the State of Washington.

**3.2.2. EXECUTION, DELIVERY AND PERFORMANCE OF AGREEMENT, AUTHORITY.** The execution, delivery and performance of this Agreement by Buyer (i) is within the powers of Buyer as a Washington municipal corporation, and (ii) , has been duly authorized by all necessary action of the Buyer's governing authority, the Port of Seattle Commission. This Agreement constitutes the legal, valid and binding obligation of Buyer enforceable against Buyer in accordance with the terms hereof.

**3.2.3. NO BROKER.** No broker, finder, agent or similar intermediary has acted

for or on behalf of Buyer in connection with this Agreement or the transactions contemplated hereby, and no broker, finder, agent or similar intermediary is entitled to any broker's, finder's or similar fee or commission in connection with this Agreement based on an agreement, arrangement or understanding to act for or on behalf of Buyer.

**3.2.4. CONDITION OF PROPERTY.** Buyer acknowledges that, it has conducted a physical inspection and made all investigations Buyer deems necessary in connection with its purchase of the Property. Except to the extent of Seller's representations and warranties in Section 3.1, Buyer will be deemed to have approved the physical condition of the Property and agrees to accept and purchase the Property "AS IS, WHERE IS", including, without limitation, the existence or non-existence of Hazardous Substances on, in, under or emanating from the Property. For the purposes of this Agreement, the term "Hazardous Substance" shall mean: any waste, pollutant, contaminant, or other material that now or in the future becomes regulated or defined under any Environmental Law, and the term "Environmental Law" shall mean: any federal, state or local statute, regulation, code, rule, ordinance, order, judgment, decree, injunction or common law pertaining in any way to the protection of human health, safety, or the environment, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9602 et. seq. ("CERCLA"); the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq. ("RCRA"); the Washington State Model Toxics Control Act, RCW ch. 70.105D ("MTCA"); the Washington Hazardous Waste Management Act, RCW ch. 70.105; the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq., the Washington Water Pollution Control Act, RCW ch. 90.48, and any laws concerning above ground or underground storage tanks. Nothing herein shall be deemed or construed to constitute a waiver by Buyer of any right of contribution under any Environmental Law.

**3.3. RISK OF LOSS.** Until the Closing, the risk of loss relating to the Property shall rest with the Seller. Risk of Loss shall be deemed to include any property damage occurring as a result of an "Act of God," including, but not limited to, fire, earthquakes, tremors, wind, rain or other natural occurrences ("Casualty"). If the Property is destroyed or damaged by Casualty prior to Closing Buyer may terminate this Agreement, or alternatively, Buyer may elect to proceed with Closing, in which case Seller shall assign to Buyer all claims and right to proceeds under Seller's property insurance policy and shall credit to Buyer at Closing the amount of any deductible provided for in the property insurance policy. Buyer shall make its election under this Section 3.3 by written notice to Seller within fifteen (15) business days from Buyer learning of a Casualty and the Closing Date will be extended for the period of time necessary to allow Buyer to make its election.

## **ARTICLE 4. TITLE MATTERS**

**4.1. CONVEYANCE.** Seller shall convey to Buyer the title to the Property by Bargain and Sale Deed in substantially the form attached hereto as **EXHIBIT B**, subject only to the Permitted Exceptions (as defined below), the lien of current real property taxes, fees and/or charges not yet due and payable, rights reserved in federal patents or state deeds, and building or use restrictions

general to the governing jurisdiction.

**4.2. TITLE COMMITMENT.** Buyer has obtained and provided to Seller a preliminary commitment for an owner's extended coverage policy of title insurance (the "Title Commitment") issued by [REDACTED] (the "Title Company"), describing the Property, listing Buyer as the prospective named insured and showing as the policy amount the total Purchase Price for the Property.

**4.3. REVIEW OF TITLE COMMITMENT.** Buyer and Seller have already agreed upon a set of exceptions or other items that are set forth in the Title Commitment or Survey and to which Buyer does not object, which shall be deemed to be permitted exceptions ("Permitted Exceptions"). The Permitted Exceptions are set forth in **EXHIBIT B**

**4.4. OWNER'S TITLE INSURANCE POLICY.** At the Closing, Buyer shall cause an owner's policy of standard coverage title insurance to be issued by the Title Company in the full amount of the purchase price, effective as of the Closing Date, insuring Buyer that the fee simple title to the Property is vested in Buyer, subject only to the Permitted Exceptions, the lien of current real property taxes, fees and/or charges not yet due and payable, rights reserved in federal patents or state deeds, and building or use restrictions general to the governing jurisdiction ("Title Policy"). The obligation of Buyer to provide the Title Policy called for herein shall be satisfied if, at the Closing, the Title Company has given a binding commitment, in a form reasonably satisfactory to Buyer, to issue the policy in the form required by this Section.

## **ARTICLE 5. CONTINGENCIES**

**5.1. PROJECT ENTITLEMENT CONTINGENCY.** Buyer is the owner of tax parcels adjacent to the Property which are subject to a ground lease between Buyer and a developer tenant, PDC, Seattle LPIV BB/TH, LLC ("Panattoni"). Panattoni has submitted a master plan application to seller and has a Title 16 variance application pending with Seller to develop and construct a project on Buyer's adjacent tax parcels. Buyer's performance under this Agreement shall be contingent on Panattoni receiving all necessary entitlements for its project from Seller, including approval of the variance for the project. This "Project Entitlement Contingency" shall be considered satisfied when the following events have all occurred: (i) approval by Seller of Panattoni's Master Plan for the project; (ii) Seller's issuance of a clearing and grading permit to Panattoni for its project; (iii) approval of Panattoni's Title 16 Variance for the project; and (iv) the passage of sixty (60) days following Panattoni's receipt of a SEPA determination from Seller and issuance of the Master Plan, or alternately, the passage of twenty-one (21) days following Panattoni's receipt of Seller's SEPA determination if no appeals are filed during the relevant appeal period. If the Project Entitlement Contingency has not been satisfied by June 1, 2025, this Agreement shall automatically terminate, and the Parties shall have no further obligations hereunder.

**5.2. RIGHT OF ENTRY.** Throughout the term of this Agreement, Buyer and Buyer's designated representatives or agents shall have the right and Seller hereby grants to Buyer

Panattoni and Buyer's and Panattoni's designated representatives the right to enter the Property and conduct tests, investigations and studies upon 24 hours advance verbal or email notice; provided that such right of entry will be limited to those times and dates that will not disrupt Seller's use of, or Seller's operations and activities on the Property. Invasive tests of the Property, such as drilling or excavation shall be subject to Seller's prior written approval. Buyer will not be permitted to undertake activities that damage the Property. In connection with any such inspections and tests, Buyer agrees to hold harmless, indemnify and defend Seller, its officers, agents and employees, from and against all claims, losses, or liability for injuries, sickness or death of persons, including employees of Buyer ("Claims") caused by or arising out of any act, error or omission of Buyer, its officers, agents, contractors, subcontractors or employees in entering the Property for the above purposes, except to the extent the Claims are caused by or arise out of any act, error or omission of Seller, its officers, agents and employees. The indemnification provisions in this Section 5.1.4 are specifically and expressly intended to constitute a waiver of the Buyer's immunity under Washington's Industrial Insurance Act, RCW Title 51, as respects the Seller only, and only to the extent necessary to provide the Seller with a full and complete indemnity of claims made by the Buyer's employees. The Parties acknowledge that these provisions were specifically negotiated and agreed upon.

## **ARTICLE 6. COVENANTS OF SELLER PENDING CLOSING**

**6.1. CONDUCT, NOTICE OF CHANGE.** Seller covenants that between the Effective Date and the Closing Seller shall take all such actions as may be necessary to assure that the representations and warranties set forth in Section 3.1 hereof will be true and complete as of the Closing (except such representations, warranties and matters which relate solely to an earlier date), and all covenants of Seller set forth in this Agreement which are required to be performed by it at or prior to the Closing shall have been performed at or prior to the Closing as provided for in this Agreement. Seller shall give Buyer prompt written notice of any material change in any of the information contained in the representations and warranties made in Article 3 or elsewhere in this Agreement which occurs prior to the Closing.

**6.2 EXCLUSIVITY.** Between the Effective Date and the Closing or earlier termination of this Agreement, Seller shall not market the Property, make or accept any offers to sell, refinance, or recapitalize the Property, or otherwise solicit any offers to purchase, or enter into any agreement for the sale, refinancing or recapitalization of the Property.

## **ARTICLE 7. COVENANTS OF BUYER PENDING CLOSING**

**7.1. CONDUCT, NOTICE OF CHANGE.** Buyer covenants that between the Effective Date and the Closing Buyer shall take all such actions as may be necessary to assure that the representations and warranties set forth in Section 3.2 hereof will be true and complete as of the Closing (except such representations, warranties and matters which relate solely to an earlier date), and that all covenants of Buyer set forth in this Agreement which are required to be performed by it at or prior to the Closing shall have been performed at or prior to the Closing as provided in this

Agreement. Buyer shall give Seller prompt written notice of any material change in any of the information contained in the representations and warranties made in Article 3 or elsewhere in this Agreement which occurs prior to the Closing.

## **ARTICLE 8. CONDITIONS PRECEDENT TO BUYER'S OBLIGATIONS**

All obligations of Buyer to close on the Closing Date are subject to the fulfillment of each of the following conditions at or prior to the Closing, and Seller shall exert its best efforts to cause each such condition to be fulfilled:

**8.1. DELIVERY OF DOCUMENTS.** Seller shall have delivered to Buyer at or prior to the Closing all documents required by the terms of this Agreement to be delivered to Buyer.

**8.2. OBLIGATIONS.** All obligations required by the terms of this Agreement to be performed by Seller at or before the Closing shall have been properly performed in all material respects.

**8.3. TITLE.** Title Company shall be irrevocably committed to issue the Title Policy as required by Section 4.4 of this Agreement.

**8.4. CONDEMNATION.** No portion of the Property shall have been taken or damaged by any public or quasi-public body, and Seller shall not have transferred any portion of the Property to any such body in lieu of condemnation.

## **ARTICLE 9. CONDITIONS PRECEDENT TO SELLER'S OBLIGATIONS**

All obligations of Seller to close on the Closing Date are subject to the fulfillment of each of the following conditions at or prior to the Closing, and Buyer shall exert its best efforts to cause each such condition to be so fulfilled:

**9.1. DELIVERY OF DOCUMENTS.** Buyer shall have delivered to Seller at or prior to Closing all documents required by the terms of this Agreement to be delivered to Seller.

**9.2. OBLIGATIONS.** All obligations required by the terms of this Agreement to be performed by Buyer at or before the Closing shall have been properly performed in all material respects.

## **ARTICLE 10. CLOSING**

**10.1. CLOSING/CLOSING DATE.** The Closing shall take place within twenty (20) business days following the removal of all the contingencies in Article 5 of this Agreement or such other date as may be mutually agreed upon by the Parties ("Closing Date"). On or before the Effective Date, the Parties shall set up an escrow account with the Escrow Agent. The Escrow Agent shall serve as closing agent for the transaction contemplated herein and Closing shall occur in the offices

of the Escrow Agent at [REDACTED], Washington.

## **10.2. PRORATIONS AND MONETARY LIENS.**

**10.2.1. Prorations.** Real property taxes and assessments shall be prorated as of the Closing Date. Seller shall pay the cost of one-half (1/2) of the escrow fee charged by the Escrow Agent, the recording fees for the deed, any real estate excise or other transfer tax due, and its own attorneys' fees. Buyer shall pay one-half (1/2) of the escrow fee charged by the Escrow Agent, the costs of the preliminary and binding Title Commitments and the premium for the Title Policy and its own attorneys' fees. Except as otherwise provided in this Section 10.2, all other expenses hereunder shall be paid by the Party incurring such expenses.

**10.2.2. Taxes.** Buyer is exempt by law from the payment of real property ad valorem taxes, LIDs and assessments ("Taxes") on the Property. Seller is and remains liable for the payment of such Taxes up to the Closing Date and any payments of Taxes unpaid on the Closing Date will be paid from Seller's proceeds by the Escrow Agent on the Closing Date.

**10.2.3. Monetary Liens.** Except as otherwise expressly provided to the contrary in this Agreement, Seller shall pay or cause to be satisfied at or before Closing all monetary liens on or with respect to all or any portion of the Property. If Seller fails to satisfy said liens, the Purchase Price shall be reduced by the amounts due to satisfy and discharge the liens.

**10.3. SELLER'S DELIVERY OF DOCUMENTS AT CLOSING.** At the Closing, Seller will deliver to Buyer via escrow with the Escrow Agent the following properly executed documents:

**10.3.1.** A Bargain and Sale Deed conveying the Property substantially in the form of **EXHIBIT B** attached hereto;

**10.3.3.** A seller's certificate of non-foreign status substantially in the form of **EXHIBIT C**, attached hereto.

**10.4. BUYER'S DELIVERY OF PURCHASE PRICE AT CLOSING.** At the Closing, Buyer will deliver to Seller via escrow with the Escrow Agent cash or immediately available funds in the amount of the Purchase Price.

## **ARTICLE 11. MISCELLANEOUS PROVISIONS**

**11.1. NON-MERGER.** Each statement, representation, warranty, indemnity, covenant, agreement and provision in this Agreement shall not merge in, but shall survive the Closing of the transaction contemplated by this Agreement unless a different time period is expressly provided for in this Agreement.

## **11.2. DEFAULT AND ATTORNEYS' FEES.**

**11.2.1. DEFAULT BY BUYER.** In the event Closing does not occur due to default by Buyer, Seller shall have the right to bring an action for specific performance, damages and any other remedies available at law or in equity. In seeking any equitable remedies, Seller shall not be



required to prove or establish that Seller does not have an adequate remedy at law. Buyer hereby waives the requirement of any such proof and acknowledges that Seller would not have an adequate remedy at law for Buyer's breach of this Agreement.

**11.2.2. DEFAULT BY SELLER.** In the event Closing does not occur due to default of Seller, Buyer shall have the right to bring an action for specific performance, damages and any other remedies available at law or in equity. In seeking any equitable remedies, Buyer shall not be required to prove or establish that Buyer does not have an adequate remedy at law. Seller hereby waives the requirement of any such proof and acknowledges that Buyer would not have an adequate remedy at law for Seller's breach of this Agreement.

**11.2.3. ATTORNEY'S FEES.** In any action to enforce this Agreement, each Party shall bear its own attorney's fees and costs.

**11.3. TIME.**

**11.3.1. TIME IS OF THE ESSENCE.** Time is of the essence in the performance of this Agreement.

**11.3.2. COMPUTATION OF TIME.** Any reference to "day" in this Agreement shall refer to a calendar day, which is every day of the year. Any reference to business day in this Agreement shall mean any calendar day that is not a "Legal Holiday." A Legal Holiday under this Agreement is a Saturday, Sunday or legal holiday as defined in RCW 1.16.050. Any period of time in this Agreement shall mean Pacific Time and shall begin the calendar day or business day, as the case may be, after the event starting the period and shall expire at 5:00 p.m. of the last calendar day or business day, as the case may be, of the specified period of time, unless with regard to calendar days the last day is a Legal Holiday, in which case the specified period of time shall expire on the next day that is not a Legal Holiday.

**11.4. NOTICES.** Any and all notices or other communications required or permitted to be given under any of the provisions of this Agreement shall be in writing and shall be deemed to have been duly given upon receipt when personally delivered or sent by overnight courier. All notices shall be addressed to the Parties at the addresses set forth below or at such other addresses as a Party may specify by notice to the other Party and given as provided herein:

**If to Buyer:**

Email

**If to Seller:**


**11.5. ENTIRE AGREEMENT AND AMENDMENT.** This writing (including the Exhibits attached hereto) constitutes the entire agreement of the Parties with respect to the subject matter hereof and may not be modified or amended except by a written agreement specifically referring to this Agreement and signed by all Parties.

**11.6. SEVERABILITY.** In the event any portion of this Agreement shall be found to be invalid by any court of competent jurisdiction, then such holding shall not impact or affect the remaining provisions of this Agreement unless that court of competent jurisdiction rules that the principal purpose and intent of this contract should and/or must be defeated, invalidated or voided.

**11.7. WAIVER.** No waiver of any breach or default hereunder shall be considered valid unless in writing and signed by the Party giving such waiver and no such waiver shall be deemed a waiver of any prior or subsequent breach or default.

**11.8. BINDING EFFECT.** Subject to Section 11.14 below, this Agreement shall be binding upon and inure to the benefit of each Party, its successors and assigns.

**11.9. LEGAL RELATIONSHIP.** The Parties to this Agreement execute and implement this Agreement solely as Seller and Buyer. No partnership, joint venture or joint undertaking shall be construed from this Agreement.

**11.10. CAPTIONS.** The captions of any articles, paragraphs or sections contained herein are for purposes of convenience only and are not intended to define or limit the contents of said articles, paragraphs or sections.

**11.11. COOPERATION.** Prior to and after Closing the Parties shall cooperate, shall take such further action and shall execute and deliver further documents as may be reasonably requested by the other Party in order to carry out the provisions and purposes of this Agreement.

**11.12. GOVERNING LAW AND VENUE.** This Agreement and all amendments hereto shall be governed by and construed in accordance with the laws of the State of Washington applicable to contracts made and to be performed therein, without giving effect to its conflicts of law rules or choice of law provisions. In the event that either Party shall bring a lawsuit related to or arising out of this Agreement, the Superior Court of King County, Washington shall have exclusive jurisdiction and venue.

**11.13. NO THIRD PARTY BENEFICIARIES.** This Agreement is made only to and for the benefit of the Parties, and shall not create any rights in any other person or entity.

**11.14. ASSIGNMENT.** Buyer shall not assign this Agreement or any rights hereunder without Seller's prior written consent.

**11.15. NEGOTIATION AND CONSTRUCTION.** This Agreement and each of its terms and provisions are deemed to have been explicitly negotiated between the Parties, and shall not be

construed as if it has been prepared by one of the Parties, but rather as if both Parties had jointly prepared it. The language in all parts of this Agreement will, in all cases, be construed according to its fair meaning and not strictly for or against either Party. The Parties acknowledge and represent, as an express term of this Agreement, that they have had the opportunity to obtain and utilize legal review of the terms and conditions outlined in this Agreement. Each Party shall be and is separately responsible for payment of any legal services rendered on their behalf regarding legal review of this Agreement.

**11.16. COUNTERPARTS.** To facilitate execution, this Agreement may be executed in as many counterparts as may be convenient or required. It shall not be necessary that the signature of, or on behalf of, each Party, or that the signature of all persons required to bind any Party, appear on each counterpart. All counterparts shall collectively constitute a single instrument. It shall not be necessary in making proof of this Agreement to produce or account for more than a single counterpart containing the respective signatures of, or on behalf of, each Party hereto. Any signature page to any counterpart may be detached from such counterpart without impairing the legal effect of the signatures thereon and thereafter may be attached to another counterpart identical thereto except having attached to it additional signature pages.

**11.17. EXHIBITS.** The following exhibits described herein and attached hereto are fully incorporated into this Agreement by this reference:

EXHIBIT A	Legal Description
EXHIBIT B	Bargain and Sale Deed
EXHIBIT C	Certificate of Non-Foreign Status

[SIGNATURES ON THE NEXT PAGE]

EXECUTED on the dates set forth below.

**SELLER: City of Des Moines**

**BUYER: Port of Seattle**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name:

Title: \_\_\_\_\_

Title:

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT A.**

**LEGAL DESCRIPTION**



**EXHIBIT B.**

**BARGAIN AND SALE DEED**

**AFTER RECORDING RETURN TO:**

[Redacted]

ATTN: [Redacted]

**BARGAIN AND SALEDEED**

**Grantor -- King County, Washington**

**Grantee -- [Redacted]**

**Legal ---- [Redacted]**

**Tax Acct. - [Redacted]**

The Grantor, the City of Des Moines, a political subdivision of the State of Washington, for and in consideration of mutual benefits, does hereby bargain, sell and convey unto the Grantee, the Port of Seattle, a Washington municipal corporation, the following the real property situate in King County, Washington and described in EXHIBIT A, attached hereto and incorporated herein by this reference, subject to the permitted exceptions set forth in EXHIBIT B.

**GRANTOR**

**GRANTEE**

[Redacted]

BY: \_\_\_\_\_

BY: \_\_\_\_\_

TITLE:

TITLE:

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

**NOTARY BLOCKS APPEAR ON NEXT PAGE**

**NOTARY BLOCK FOR PORT OF SEATTLE**

STATE OF WASHINGTON)

) SS

COUNTY OF KING )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2024, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared \_\_\_\_\_, to me known to be the \_\_\_\_\_, who executed the foregoing instrument and acknowledged to me that SHE or HE was authorized to execute said instrument on behalf of the \_\_\_\_\_ for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Notary Public in and for the  
State of Washington, residing

at \_\_\_\_\_

City and State

My appointment expires \_\_\_\_\_

**NOTARY BLOCK FOR CITY OF DES MOINES**

STATE OF WASHINGTON)

) SS

COUNTY OF KING )

On this \_\_\_\_\_ day of \_\_\_\_\_, 2015, before me, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared GAIL HOUSER, to me known to be the \_\_\_\_\_, and who executed the foregoing instrument and acknowledged to me that SHE was authorized to execute said instrument on behalf of \_\_\_\_\_ for the uses and purposes therein mentioned.

WITNESS my hand and official seal hereto affixed the day and year in this certificate above written.

Notary Public in and for the  
State of Washington, residing

at \_\_\_\_\_

City and State

My appointment expires \_\_\_\_\_





**EXHIBIT C.**

**Seller's Certification of Non-Foreign Status under  
Foreign Investment in Real Property Tax Act (26 U.S.C. 1445)**

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. For U.S. tax purposes (including Section 1445), the owner of a disregarded entity (which has legal title to a U.S. real property interest under local law) will be the transferor of the property and not the disregarded entity. To inform the transferee that withholding of tax is not required upon the disposition of a U.S. real property interest by \_\_\_\_\_ ("Transferor"), the undersigned hereby certifies the following on behalf of Transferor:

1. Transferor is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);
2. Transferor is not a disregarded entity as defined in Section 1.1445-2(b)(2)(iii);
3. Transferor's U.S. employer identification number is \_\_\_\_\_;
4. Transferor's office address is \_\_\_\_\_.

Transferor understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and belief it is true, correct, and complete, and I further declare that I have authority to sign this document on behalf of Transferor.

Dated this \_\_\_\_ day of \_\_\_\_\_, 2024.

City of Des Moines, Transferor:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

	Item No.	8d_Supp
	Date of Meeting	July 9, 2024

# Tract C Land Purchase at Des Moines Creek West and Subsequent Ground Lease Amendment

July 9, 2024



# Actions Requested

Request authorization for the Executive Director to:

- Execute a purchase and sale agreement to purchase a 19,881 SF site from The City of Des Moines to augment the Port's Des Moines Creek West development site
- Authorize the approval of up to \$700,000 for the purchase of this parcel
- Execute an amendment to the Des Moines Creek West ground lease approved July 12, 2022 with PDC Seattle LPIV BB/TH, LLC (Panattoni) at Des Moines Creek West to reflect the added square feet and refined terms.

509

ANGLE LAKE STATION

28th Ave S

SR-509 EXTENSION

S 200th St

Newly Constructed 24th to 28th Connection

S 208th St

5

**Property Details**

- Size: 20,000 SF
- Zoning: B-P (Business Park)
- Use: Private Drive for DMC West access

DES MOINES CREEK BUSINESS PARK

24th Ave S

International Blvd

DMC West

(former SR509)

Tract C

S 216th St

99

Des Moines

# DMCW Recap: New Development Supports Port Goals

- Project supports regional aviation, logistics & manufacturing industries
- 550 net new jobs expected with combined annual earnings of \$16M
- Contractor commitment to project labor agreement (PLA),
  - Priority Hire and Apprenticeship Utilization
- Company committed to WMBE utilization goal
- Generates nearly \$4M in Port revenue to contribute to aviation division needs and capital projects
- Building Design targets LEED (or similar) sustainability standards
- Preserves adjacent wetlands and significant green buffer
- Relocates & improves popular walking trail



Panattoni will develop a 399,337 square foot light industrial building at Des Moines Creek West

# Community/Sustainability Benefits



- ✓ Improved trail access for residents (Crime Prevention through Environmental Design)
- ✓ Sustainable Building Design, LEED or better is intention.
- ✓ Development preserves key wetlands and buffer strips with adjacent residential neighborhood
- ✓ Substantial buffer zones to remain

# Development Partner

## Panattoni Seattle will develop Des Moines Creek West:

- **NAIOP Washington's Developer of Year 2017** and the most active industrial developer in the Pacific Northwest, covering Washington, Oregon, and Idaho.

## Port of Seattle Development projects include:

- Des Moines Creek Business Park Phase 1 – 3 = 1,332,000 SF
- Burien Northeast Redevelopment Area 2 & 3 (NERA) = 460,000 SF



NERA 3 completed 2019 (Burien, WA)



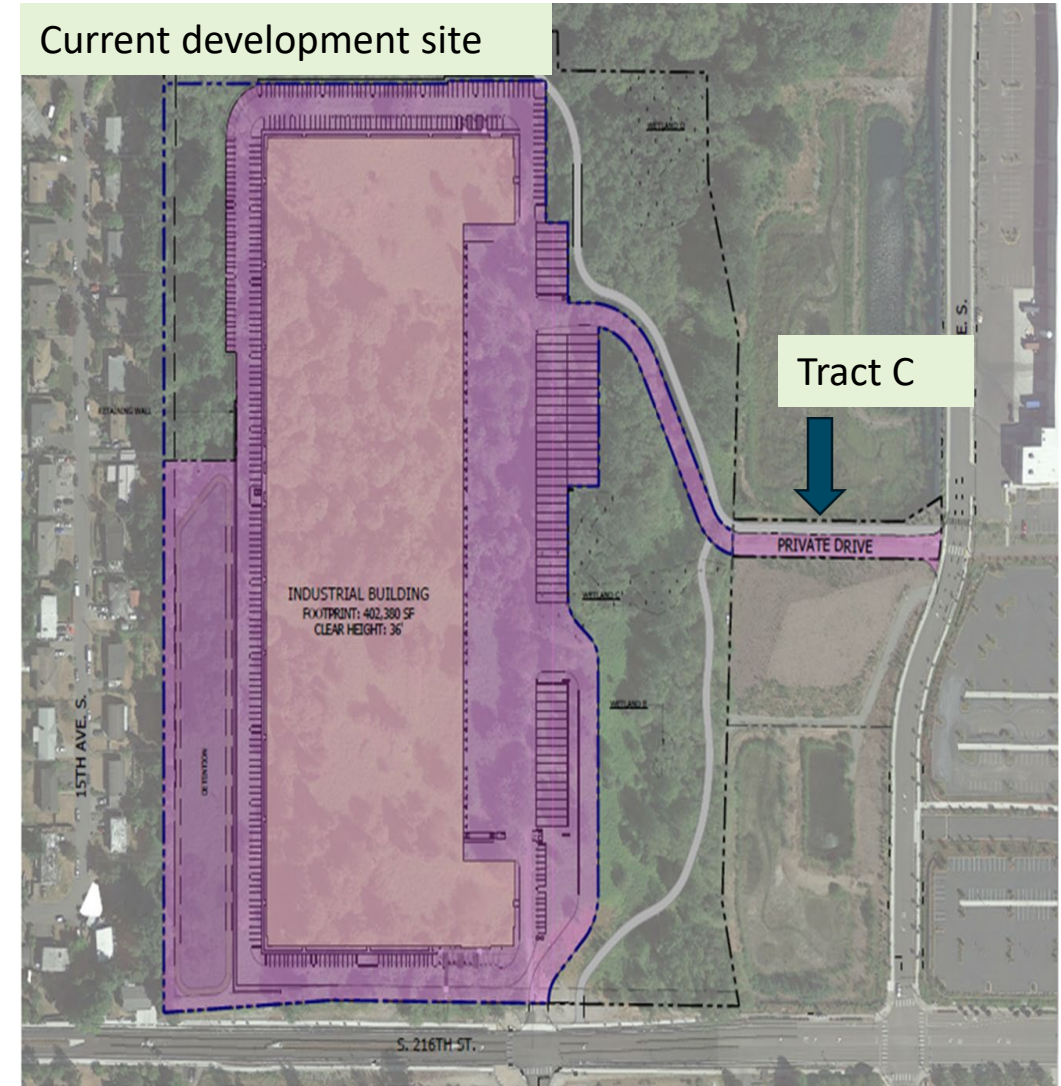
Des Moines Creek Business Park Phase 2  
FAA Regional Headquarters



DMC BP all phases complete: 2018

# Tract C - DMCW

- 19,881 sf parcel of land
- S. 216th Street and 20<sup>th</sup> Ave in Des Moines, WA
- Owned by the City of Des Moines
- Tract C needed as private road (rather than public ROW) to provide safe & secure access from 20<sup>th</sup> Ave S onto the new DMC West site for truck ingress and egress
- The Port to buy Tract C, then rent it under the ground lease with Panattoni, providing additional cash flow on the project.







# Tract C Current Ownership & Value

- Property owned by City of Des Moines
- \$690K appraised value (Kidder Matthews, March 2024)
- Des Moines accepts the value
- Risk mitigation: if Panattoni can't complete the project, we have no continuing obligation to purchase



## Financial Summary

Total Developable Site Area	19.8 acres
Building Area	402,380 SF
Des Moines Creek West Stabilized Annual Income	<b>\$3,575,048</b>
NPV of cash flows	\$60,025,605
<b>Cost Basis (costs of Port for opportunity)</b>	
Street improvement payment to Des Moines (2018)	\$1,500,000
14-acre WSDOT Property Acquisition (July 2021)	\$2,900,000
Predevelopment costs	\$250,000
<b>Tract C purchase</b>	<b>\$690,000</b>
Total Cost Basis	<b>\$5,340,000</b>
IRR w/out Tract C	7.8%
IRR with Tract C	10.5%
Tract C Isolated Yield on Cost	11.3%
Total payback period (From stabilization)	18 months

# Des Moines Creek West Development Schedule



# City Development Review and Permitting

## Permit Requirements:

- Master Plan
- SEPA Environmental Review
- Environmentally Critical Areas Review
- Design Review
- Building Permit, Grading Permit, ROW Permit

## Tree Replacement/Sustainability:

- 3:1 replacement ratio for trees
- City will use its new urban forest plan (completed by Forterra and paid for by the Port) to identify where trees will be planted



# Property History/Ecological Inventory

## History

- The parcel was historically agricultural land, including orchards.
- The Port bought the western portion as a potential borrow area for Third Runway fill in 1993, but the site was never used for such and has remained undeveloped.
- The Port purchased the eastern 14.3 acres of the site in 2021 from WSDOT (former HWY 509 ROW) to enhance the value of our property.

## Ecology

- Majority red alder and other hardwoods, indicating a disturbed site history.
- Ground cover is predominately invasive blackberry and English ivy
- Wetlands and buffers impact 45% of the site, most of which is non developable, however suitable for mitigation
- Slopes - moderate to steep slopes are found onsite



Des Moine Creek West -- 1936 Orthophoto



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8e

**ACTION ITEM**

**Date of Meeting** July 9, 2024

**DATE:** June 28, 2024

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Michael Drollinger, Director Business Intelligence  
Krista Sadler, Director ICT Technology Delivery

**SUBJECT:** Tableau Software Contract Authorization

**Amount of this contract authorization request:** \$5,000,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute a contract(s) to renew the Tableau software license agreement in an amount not-to-exceed \$5,000,000 for a total term of up to ten years.

**SUMMARY**

Tableau Server (BI-HUB) has been the Port’s enterprise business intelligence platform since 2011 providing all employees access to data and analysis to facilitate evidence-based business decisions and access high-value content. The licensing model in place since the original implementation is no longer offered by Salesforce, the Tableau vendor, and a migration to their cloud offering with improved functionality, security, and capacity has been selected as the best value for continued use of this important product. The 800-plus monthly Port users will benefit from increased performance, additional features, and the ability to share important information with external stakeholders such as airlines, vendors, and government partners.

This contract(s), to be negotiated by the Central Procurement Office, is estimated at \$5,000,000 over a ten-year period. Multiple contracts may be negotiated over the ten-year period to ensure best value for the Port and to meet new government accounting rules. A small capital project was approved to facilitate the move from our current, on-premises implementation to the new cloud platform. No funds are authorized as part of this request. Annual costs are budgeted in the Information and Communication Technology Operating Budget.

There are no attachments to this memo.

**RETURN TO AGENDA**



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8f

**ACTION ITEM**

**Date of Meeting** July 9, 2024

**DATE:** June 28, 2024

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Keri Stephens, Director Aviation Facilities and Capital Programs  
Eileen Francisco, Director Aviation Project Management

**SUBJECT: STS Controls Project Amendment Authorization (CIP #801043) (Short Form)**

**Amount of this request:** \$0  
**Total estimated project cost:** \$78,240,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute related project change orders, amendments, work authorizations, purchases, contracts, and take other actions necessary to support the delivery of the Satellite Transit System (STS) Controls Renewal and Upgrade project (CIP #801043) at the Seattle-Tacoma International Airport (SEA). No funding is associated with this request with the total project authorization remaining at \$78,240,000.

**SUMMARY**

The STS Controls Project is in the process of replacing critical airport infrastructure to keep the airport train system operational for the next 10 years. The STS transports passengers to and from the Airport’s North and South Satellites. This project is a renewal and replacement of the STS’s Automated Train Control (ATC) system. The current ATC system is 24 years old and is at the end of its useful life. This project installs STS network infrastructure, replaces end of life ATC systems equipment, and updates the ATC with the most current version of the manufacturer’s controls software while maintaining passenger service to the Satellites.

The project experienced a delay when a key contractor installing the network infrastructure became insolvent and a construction contract surety was exercised. This request allows the Port to execute amendments to: (1) extend the project specific professional services design contract with Lea and Elliott to provide design support through the remainder of construction; and (2) clarifies the administration of the yearly economic adjustment clause in the Alstom contract. These amendments will be paid for through project savings and contingency. While this authorization is not requesting budget, the staff does anticipate the need to return to Commission once the full impacts of the project delays are realized.

There are no attachments to this memo.





**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 11a

**BRIEFING ITEM**

**Date of Meeting** July 9, 2024

**DATE:** July 2, 2024  
**TO:** Stephen P. Metruck, Executive Director  
**FROM:** Anna Pavlik, Director, Workforce Development  
**SUBJECT:** **2023 Workforce Development Annual Report**

**EXECUTIVE SUMMARY**

For too long, people of color have not had fair access and opportunities to the quality, family-wage jobs of port-related industries. As a significant economic driver in our region, the Port is well positioned to address this inequity. This is why we are investing in workforce development pathways. Not only does this work align with our values, but our investment in this work ensures the success and future of port-related industries. Additionally, we know that diversity, equity, and inclusion create more successful businesses and healthier communities.

In 2023, the Port continued to grow our investments in regional workforce development at \$3.5M, with a significant increase (38%) in funding maritime, green jobs, and aviation programs from the prior year. Port investments resulted in 203 people trained in high-demand, high-wage occupations like General Carpenter pre-apprenticeship, Aviation Maintenance Technician, Advanced Logistics, and 1,012 trained at SEA Airport in job readiness and career advancement training like Homeland Security, food handlers, Microsoft Office, badge training, etc. Over 2,069 people obtained employment at the airport, in construction and maritime careers, thanks to Port investments in 2023.

Structurally excluded individuals – such as Black, Indigenous, and People of Color (BIPOC), immigrants and refugees, and women – received the largest benefit from these training and employment services. In 2023, 83% served with Port-funded training and career services were BIPOC and 76% lived in low equity areas of King County. Among those obtaining jobs, 44% identified as women.

**BACKGROUND**

In 2020, the Port of Seattle Commission adopted the Workforce Development Policy Directive (Resolution No. 3776) to fulfill the Century Agenda’s strategic objective of advancing regional workforce development in port-related industries to provide equitable access to quality careers. Resolution No. 3776 sets a goal for increasing equitable access to economic prosperity and leveraging Port impact and innovation. Resolution No. 3776 also requires staff to provide an annual report to the Port Commission.

Meeting Date: July 9, 2024

The Workforce Development Council of Seattle-King County's Workforce Dynamics dashboard shows that "income disparities in King County are vast and fall along racial lines. King County enjoys higher incomes than the state or national averages, but this relative prosperity is concentrated among the white population. The greatest income disparities in King County are concentrated in ZIP codes in South King County, home to the majority of the region's BIPOC communities." In addition to the structural barriers to success that BIPOC communities face, it is well documented that the demographics of workers in port-related industries do not reflect the demographics of our region.

This report details the Port's progress in addressing social and racial barriers that create wealth gaps in our region, highlighting both successes and challenges. Port investments increase economic opportunities for structurally excluded communities, yet continued dialogue, investments, and capacity building with our stakeholders is needed to achieve fairness and prosperity for all.

### **2023 RESULTS**

In 2023, the Port of Seattle's workforce development investments resulted in:

- 2,069 job, internship, and apprenticeship placements, a 22% increase from 2022.
- Hourly wage at placement in aviation averaged \$20.03, a 6% increase from 2022.
- Hourly wage for construction placements averaged \$32.37, a 40% increase from 2022.
- Most participants supported by the Port's workforce development efforts (83%) were Black, Indigenous and People of Color (BIPOC).
- 76% of the participants live in low equity areas of King County.
- 117 employers hired program participants or provided youth career connected learning opportunities.

In addition to employers, other important partners in the Port's workforce development efforts included community-based organizations, other public agencies, and the regional workforce development system.

### **Aviation Sector**

In 2023, SEA totaled nearly 50.9 million passengers – up 11% from the previous year. This increase in travel, along with the great work of community partners and an increased number of airport tenants, likely boosted the number of people hired in the aviation sector in 2023 using Port workforce investments.

### **Airport Employment Center**

Port Jobs operates the Airport Employment Center and placed 1,594 people in jobs in 2023, reflecting the continued increase in air travel. Some individuals were hired into multiple positions, with a total of 1,978 job placements in 2023, an increase of 34% from 2022. Ninety-three airport employers hired workers via the Airport Employment Center, up from 82 in 2022. In addition, 902 airport workers completed 1,012 trainings, which is a significant increase from 2022 in the number of people trained (84% increase) and the number of trainings (77% increase).

Meeting Date: July 9, 2024

In 2023, the Airport Employment Center provided services to SEA airport companies to fill open positions and to support community members, SEA employees, and laid-off employees in finding employment and building skills for career advancement. Port Jobs services included:

- A “Hotlist” of job openings at SEA Airport available online and sent weekly to community-based organizations and colleges.
- In-person, open interview events in partnership with airport companies at SEA.
- In-person and remote job search assistance, including support for recent refugees and immigrants.
- Job readiness training such as Security Identification Display Area (SIDA) badge training preparation to help English language learners pass the updated SIDA badge training requirement.
- Free college classes for career pathways and skill building.

<b>2023 Aviation Impact</b>			
<b>Airport Employment Center</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Job placements	1,211	1,479	1,978
Average hourly wage @ placement	\$17.02	\$18.82	\$20.03
Hiring employers	80	82	93
Training enrollments-includes SIDA support	247	539	1,093
Training completions-includes SIDA support	200	573	1,012
<b>Aviation Career Pathways: Aviation Maintenance Technician</b>			
Training enrollments	23	18	25
Training completions	17	11	15

**Participant demographics:** 83% BIPOC (24% Asian, 43% African/African American/Black, 9% Spanish/Hispanic/Latino, 1% American Indian/Alaska Native, 6% Pacific Islander/Native Hawaiian), 13% White, and 4% Other; 55% male, 45% female; 73% from structurally excluded ZIP codes (low or very low on the Port’s Equity Index).

**Types of jobs:** 43% airline operations/passenger support, 22% restaurant operations, 20% janitorial, 7% warehouse/freight, 5% retail operations, 2% security, and 1% skilled trades.

Meeting Date: July 9, 2024

**Multicultural Airport Employment Support**

To augment the outreach and training work conducted by Port Jobs, the Port partnered with Partner in Employment (PIE) to reach 656 job seekers from immigrant and refugee communities who are also Limited English Proficient (LEP). PIE is an experienced community organization that provides language services and culturally competent information to job seekers from refugee and immigrant communities, ensuring comprehensive job search support.

**Aviation Career Pathways: Aviation Maintenance Technician (AMT)**

The Port of Seattle, Port Jobs, and South Seattle College have partnered since 2021 to offer an Introduction to Aviation Maintenance Technology (AMT) course at SEA. This 12-week college preparatory course exposes participants to the AMT profession and prepares them for the college’s longer 2-year FAA-approved AMT program. The 25 participants in 2023 were 91% BIPOC, 21% women, and were primarily airport workers in entry jobs such as ramp agents, fuelers, taxi/ride-share drivers, and food service workers. They gain valuable math and study skills, financial aid support, and a \$1,000 scholarship from Port Jobs’ Alaska Airlines-Airport University. Aviation maintenance technician positions are in high demand and can pay salaries over \$85,000.

**Aviation Career Pathways: Ground Service Equipment Training Program (GSE)**

In partnership with South Seattle College and Port Jobs, the Port launched a new workforce development initiative in 2023 — the Airport Ground Service Equipment (GSE) Training Program. This exciting new offering follows the same model as the AMT program, meaning the training takes place on-site at SEA, prioritizes current SEA airport workers, and participants receive training on the GSE mechanic profession, relevant math course work, and college-prep. Upon completion, participants are eligible to enroll in the two-year GSE mechanic program at South Seattle College. Both programs are currently in the process of being built out and Ground Service Equipment mechanic positions offer annual salaries ranging from \$62,000 – \$80,000.

**Construction Trades Sector**

In 2023, there were 138 pre-apprenticeship construction training completions, with 71 placements in apprenticeships and trades-related jobs. The hourly wage was \$32.37, a 40% increase from 2022. Among those served since 2021, 77% were retained in their apprenticeship program after one year. In 2023, we experienced a decline in enrollment due to several factors, including several contracts ending and new cohorts of trainees not starting until Q4 of 2023.

**Construction Results**

Year	2021	2022	2023
Enrolled	274	209	157*
Training completions	180	187	138*

Meeting Date: July 9, 2024

Placements (apprenticeships, trades related jobs)	101	125	71*
Hiring employers	42	63	14
Hourly wage @ placement	\$25.61	\$23.14	\$32.37

\* Numbers include those from construction worker outreach, training, and retention jointly funded by the Port of Seattle, City of Seattle, and Sound Transit.

**Participant demographics:** 76% BIPOC (8% Asian, 39% Black/African American, 20% Hispanic/Latino, 3% Native American/Alaskan Native, 4% Native Hawaiian/Pacific Islander, 3% Multi-Race), 22% White, 2% Not reported; 83% men, 15% women; 54% from structurally excluded ZIP codes.

**Types of jobs:** Electricians, bricklayers, ironworkers, painters, laborers, carpenters, sheet metal workers, piledrivers, cement masons, and roofers.

**Maritime Sector**

Created in 2022 and approved for \$4.1 million over three years, 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 program’s inaugural cohorts graduated 25 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 Cards, and Merchant Mariners Credentials, making them competitive and qualified for full-time employment in entry-level maritime roles.

Youth Maritime Career Launch	2023*
Enrollments	40
Training Completions	25
Placements into Internships	21
Hiring Employers	10
Hourly Wage at time of placement	\$19.14

\* Youth Maritime Career Launch began in 2023.

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**Participant demographics:** 73% BIPOC (5% Asian, 53% Black/African American, 10% Hispanic/Latino, 5% Native American/Alaskan Native), 28% White; 72% men, 15% women, 13% Non-Binary; 43% from communities considered structurally excluded (low or very low on the Port’s Equity Index).

**Types of jobs:** Electrical installer, general laborer, welder helper, production intern, electrical intern, shipyard laborer, maritime security, boatshop intern, wiper intern.

### **Maritime High School**

For the 2023 – 2024 school year, 121 students were enrolled, compared to 80 in the previous school year. Among the 2023-2024 student population, 53% identify as white, 47% BIPOC, 33% women, 10% non-binary, and 57% men. For the 11<sup>th</sup> and 12<sup>th</sup> grade program, the school has shifted from primarily focusing on internships to providing maritime-specific education that will support direct entry to maritime careers and keep a pathway open to a 4-year university experience, like with Seattle Maritime Academy. Planning is underway to develop programming for marine science and maritime construction. Students will still have multiple opportunities to engage with industry and community partners, including internships.

### **Green Jobs**

Most green jobs are not new occupations; they are existing occupations in construction, manufacturing, transportation, and professional services. Among all Port-related sectors, a 2022 Seattle Jobs Initiative report anticipated that the construction industry would have the highest green job demand for electricians and HVAC occupations. In 2023, Port-funded pre-apprenticeship training programs trained and placed 40 community members into apprenticeships focusing on clean and renewable energy, including the construction, installation, maintenance, and operation of these systems.

Duwamish Green Jobs Program entered its third year of programming in 2023. The adult and youth cohorts consisted of 21 participants from the Duwamish Valley and were taught in English and Spanish. The training included hands-on shoreline restoration work; marsh plant propagation; solar energy jobs presentation; green stormwater infrastructure education; climate change and a just transition; environmental remediation; water quality protection; and more.

In 2023, the Coalition of Climate Careers (C3) mission, vision, and governance model for the coalition a successful collaboration and held the first Green Jobs Green Futures Summit. The event, co-sponsored by the Port of Seattle, King County, and City of Seattle attracted over 400 community members who participated in interactive demonstration stations highlighting career opportunities in the green economy. Looking ahead, C3 aims to collaborate on emerging federal funding options. This will involve building a robust network across labor unions, employers, small businesses, community-based organizations, and importantly, frontline community members who are essential to the workforce needed for a green transition.

Meeting Date: July 9, 2024

### **Influence on Regional Workforce Development Strategy**

The Port of Seattle’s workforce development efforts also influence regional workforce development policies and leverage investments. In 2023, examples included:

- **Regional Public Owners (RPO’s) Construction** – The Port of Seattle is a partner with the City of Seattle, King County, Sound Transit, WSDOT, and the City of Tacoma in the Regional Public Owners (RPO) group, which works to align public investments and policies to diversify the construction workforce and meet current and future public infrastructure workforce needs. In 2023, the City of Seattle, Sound Transit, and the Port continued to co-invest in construction workforce training and retention strategies and shared lessons learned in worker retention.
- **Coalition for Climate Careers (C3)** – Building on initial collaboration between the Port, King County, and the City of Seattle, C3 formalized in 2023 to become a strategic collaboration among public and private organizations and frontline communities dedicated to establishing an inclusive and prosperous green workforce in King County. C3 prioritizes frontline communities and workers affected by the green economy transition, providing policy guidance, funding for public and private workforce partnerships, promoting green career opportunities, and fostering cross-community collaboration.
- **Regional College System** – The Port’s career pathways program, which funds introductory courses to careers in port-related sectors has an impact on the college system and its offerings. As shared above, the AMT and GSE training programs are examples of introductory courses offered at the airport to create pathways for women and people of color to enroll in two-year AMT and GSE certification programs at South Seattle College.
- **Teach2Connect** – Washington Alliance for Better Schools (WABS) received funding from the Port of Seattle to pilot a redesign of its educator professional development program, ACCESS STEM (now Teach2Connect), in Summer 2023. This program is designed to help educators better connect classroom learning to career pathways in Port-related fields through curriculum development, industry collaboration, and exploration of innovative practices to strengthen student learning. Twelve educators participated who serve close to 1,700 students annually.

### **ATTACHMENTS TO THIS BRIEFING**

- (1) Presentation Slides

### **PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- (1) June 2023 – The Commission was briefed on the 2022 WFD Annual Report
- (2) February 2022 – The Commission approved a Youth Career Launch Program
- (3) June 2020 – The Commission adopted the Workforce Development Resolution 3776

# Workforce Development

## Office of Equity, Diversity, and Inclusion

2023 Annual Report to Commission  
July 9, 2024



# Our Mission

**Advance regional workforce development in port-related industries  
by providing equitable access to quality careers**

- Focus on near-Port communities
- Ensure impactful Port investments in high-demand careers
- Create access to training and career opportunities for structurally excluded populations, including people of color, and women

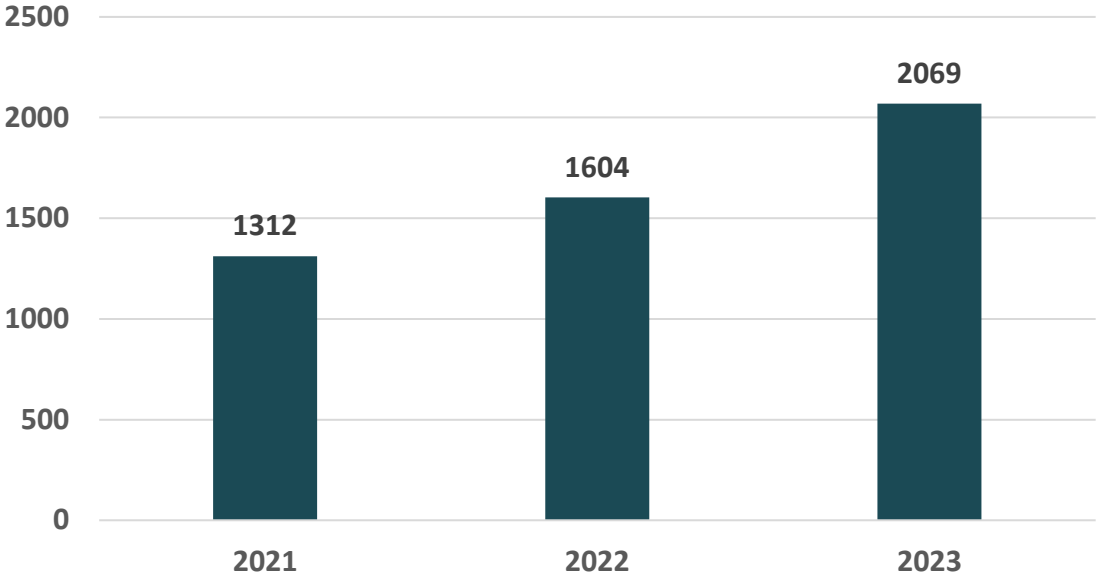
# Workforce Development Staff



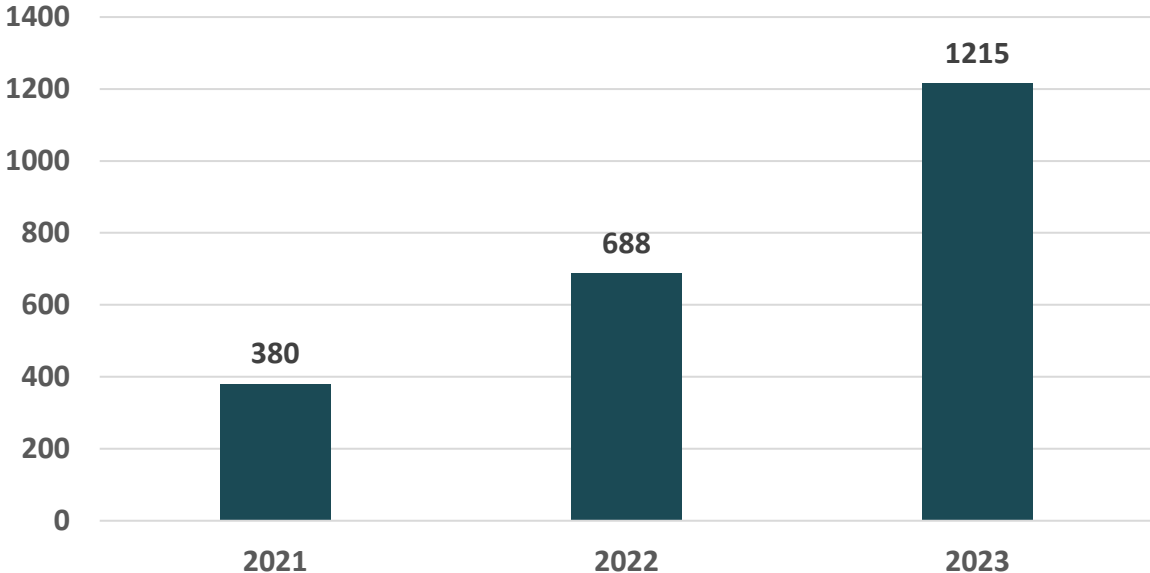
# 2023 Workforce Development Highlights

- \$3.5 million invested in workforce development in port-related industries – 38% increase in spending from 2022
- 2,069 job, apprenticeship, and internship placements – 22% increase from 2022
- 203 trained in high-demand, high-wage occupations
- 1,012 trained in job readiness
- 83% served were Black, Indigenous, or People of Color

Job, Apprenticeship, and Internship Placements



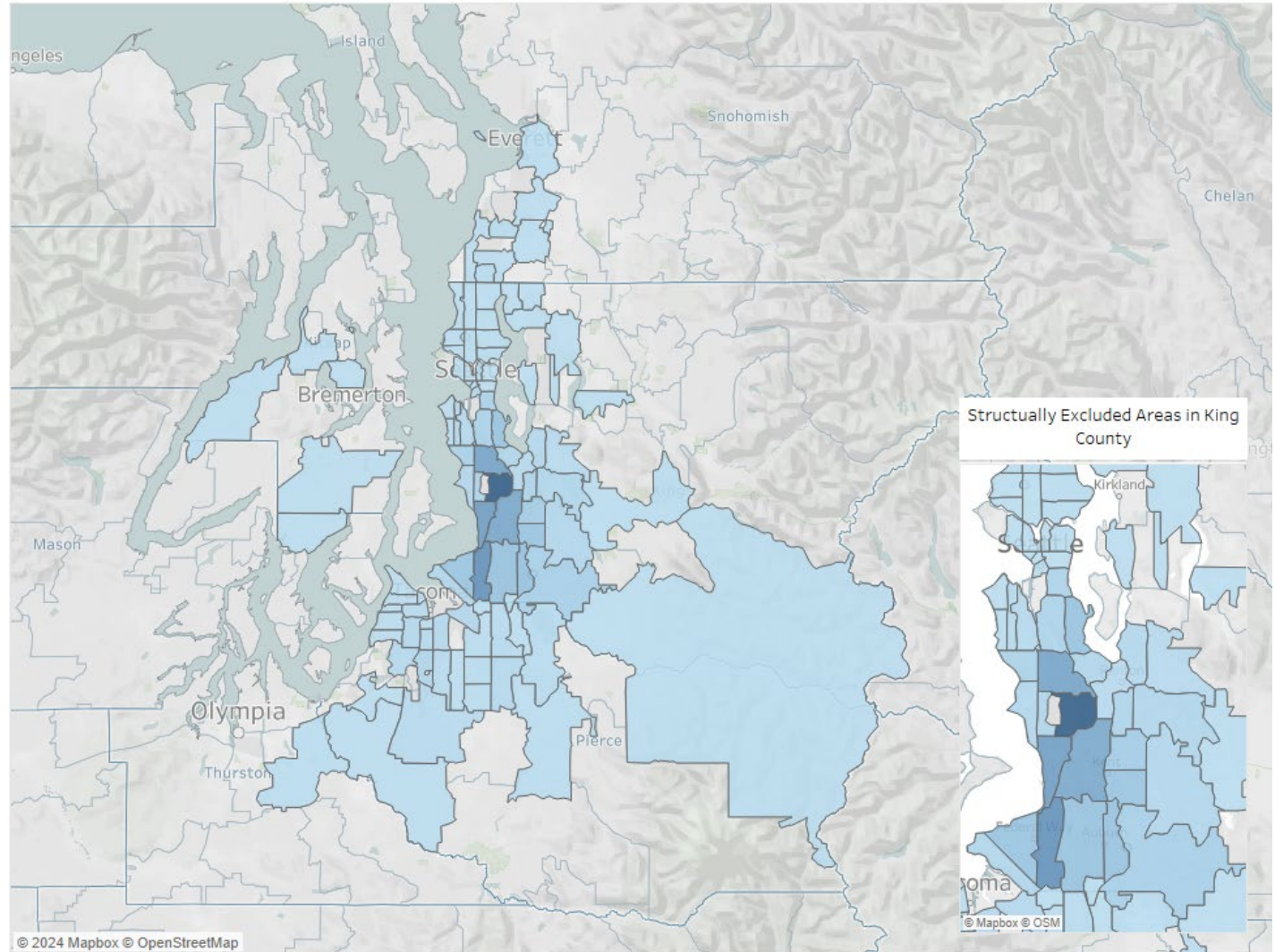
Job Training Completions



# 2023 Workforce Development Highlights

76% receiving training and employment services lived in structurally excluded communities

2023 WFD Programs- Participants-Mapped



## Top ZIP Codes

<u>Aviation</u>		<u>Construction/Green Jobs</u>		<u>Maritime</u>	
Seatac/Tukwila 98188	15%	N Beacon Hill 98144	10%	S Beacon Hill/ South Park 98108	9%
Federal Way 98003/98023	12%	Rainier Valley/Rainier Beach 98118	7%	Central District 98122	9%
Des Moines 98198	7%	White Center 98146	5%	Lake City/Northgate 98125	9%
Boulevard Park/ Tukwila 98168	7%	Downtown/ Int'l District 98104	4%	Rainier Valley/Rainier Beach 98118	9%
West Kent 98032	6%	West Kent 98032	4%	Rainier Valley/Skyway 98178	6%

Areas with greatest impact from Port Workforce Development programs

# Construction Sector

## Demographics

- 76% of trainees were BIPOC

## Outcomes

- Hourly wage at job placement was \$32.37, a 40% increase from 2022
- 138 completed pre-apprenticeship training
- 77% retained in apprenticeship after 1 year



# Construction Sector

- ANEW (\$1.25 million, 7 years) 
  - ✓ 8 graduates (started Q4)
- Urban League (\$1.25 million, 7 years) 
  - ✓ 18 graduates (started Q4)
- Northwest Carpenter's Institute (\$199k, 2 years)
  - ✓ 20 graduates, 20 placements
- Partnership with City of Seattle and Sound Transit (\$500k, 5 years)
  - ✓ 92 graduates, 51 placements



# PRE-APPRENTICESHIP CONSTRUCTION TRAINING (PACT) – SEATTLE COLLEGES



# Maritime Sector

## Demographics

	BIPOC	Women	Non-binary
Youth Maritime Career Launch	72%	15%	13%
Maritime High School	47%	33%	10%

## Outcomes

- 40 Youth Maritime Career Launch enrollments
- 25 Training completions
- 21 Internship placements
- \$19.14 Hourly wage
- 121 Maritime High School students, up 51% from 2022





# Maritime Sector

- Maritime High School (\$250k, 1 year)
  - ✓ 121 students, up 51% from 2022
- Washington Maritime Blue (\$1.3M, 3 years)
  - ✓ 10 Youth Maritime Career Launch enrollees (YMCL)
  - ✓ 6 placed in 2023
- Urban League of Metro Seattle (\$1.3k, 3 years)
  - ✓ All 13 YMCL enrollees found jobs
- PolyTech (\$1.3k, 3 years)
  - ✓ 14 enrollees, 2 placed - CLOSED



# URBAN LEAGUE OF METROPOLITAN SEATTLE



# Green Jobs

- Dirt Corps (\$760k, 4 years)
  - ✓ Duwamish Valley Green Jobs Program
- Pre-Apprenticeship to Apprenticeship Pathways
  - ✓ 40 individuals placed into apprenticeships in clean and renewable energy, including the construction, installation, maintenance, and operation of these systems
    - ✓ NW Carpenters Institute
    - ✓ IBEW Local 46
    - ✓ Sheet Metal Local 66
- Coalition for Climate Careers (\$100k, 1 year)
  - ✓ Green Jobs Green Futures Summit



# Aviation Sector

## Demographics

- 87% of the participants identified as BIPOC
- 91% in the AMT bridge course were BIPOC, 21% women

## Outcomes

- 105 SEA Airport employers hired workers from Airport Jobs
- 1,594 people placed in jobs
- 902 people completed job readiness and employment training, up 77% from 2022
- Hourly wage at job placement: \$20.03



# Aviation Sector

- Port Jobs (\$7.6M, 5 years)
  - ✓ Working with communities to build aviation career pathways
  - ✓ 1,594 job placements and 1,012 trainings
- Partner In Employment (\$199k, 2 years)
  - ✓ Multicultural airport employment support
  - ✓ Comprehensive job search support in many languages to 656 jobseekers
- South Seattle College (\$475k, 1 year)
  - ✓ Introduction to Aviation Maintenance Technician (AMT) had 15 AMT Intro graduates
  - ✓ Curriculum developed for new Ground Service Equipment training



# PORT JOBS



# Successes and Challenges

- 2023 was a strong year for expanding partnerships and job outcomes
  - Youth Maritime Career Launch
  - Aviation career access for immigrants and refugees
  - Washington Alliance for Better Schools curriculum
  - King County, Workforce Development Council, Seattle Jobs Initiative
- Staffing transitions
- Lack of capacity in Community-Based Organizations
  - Not enough staff to support additional funding from public agencies
  - Lack of familiarity with port-related industries
  - Complexity of the public contracting process
- Labor market fluctuations
  - Difficult to predict which investments will have the greatest impact

# 2024 Priorities

- Impact More Communities and Sectors

- Additional language access in workforce investments
- Construction Leadership Development Launch
- Youth Construction Career Launch
- Develop a transportation strategy

- Increase focus on careers over jobs

- Selection of the Port's 3rd aviation career pathway training
- Launch the Grounds Service Equipment training program
- Clean and renewable energy careers

- Refine Our Systems

- Contract administration, tracking, and reporting
- Develop more metrics for gauging success







# Thank you to our 2023 partners!



PORT JOBS



Seattle Skills Center  
Pathways to college, career, and life

SPROUT  
EXTENDING OUR ROOTS TO CONNECT WITH YOU



DIRT CORPS



Urban League of  
Metropolitan Seattle



MARITIME  
HIGH SCHOOL



# AVIATION MAINTENANCE TECHNICIAN GRADUATE



[RETURN TO AGENDA](#)



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 11 b

**BRIEFING ITEM**

**Date of Meeting** July 9, 2024

**DATE:** June 21, 2024  
**TO:** Stephen P. Metruck, Executive Director  
**FROM:** Julie Collins, Director, Aviation Customer Experience & Brand Strategy  
**SUBJECT:** SEA Childcare Services Evaluation Project

**EXECUTIVE SUMMARY**

The Port recognizes the vital role Seattle-Tacoma International Airport plays in the region’s economy and the critical importance of maintaining robust airport services and delivering excellent customer service. Attracting and retaining a skilled workforce lies at the heart of ensuring the airport is fully staffed and well-operated. This is a growing challenge for SEA and at more and more large hub airports across the country. Given the difficulty in filling airport jobs, and the compelling results of the August 2023 SEA Employee Childcare Survey, the Port Commission allocated \$100,000 in the 2024 budget to explore a potential role for the Port around childcare services. The Port contracted with The Imagine Institute (Imagine) in January 2024 to conduct a six-month SEA Childcare Services Evaluation.

Over the past six months, Imagine has gathered information to deeply understand the unique airport workforce. Imagine has assessed the geographic dispersion of where airport employees reside, developed a strong understanding of the 24/7 employee base and worked with the Port’s Business Intelligence Department to survey airport employers. Imagine has also participated in discussions around childcare challenges with airport stakeholders including airline representatives, dining and retail vendors, union representatives, etc. Imagine and port staff have also participated in conversations with large hub airports and with local childcare providers. Additionally, Imagine has created a comprehensive workbook detailing potential grant funding opportunities. Imagine has also utilized its deep understanding of the childcare delivery system in Washington State in developing five recommended solutions for consideration.

The results of the SEA Childcare Services Evaluation will be presented as a briefing at the July 9<sup>th</sup> Commission meeting. The briefing will feature Imagine’s assessments of the unique airport workforce, the childcare “desert” conditions in the Puget Sound region, and the survey results from employers and employees around childcare challenges. Imagine will present a multi-faceted set of recommended solutions that, together, offer a comprehensive approach for addressing employee childcare needs that is accessible, affordable, and flexible.

Meeting Date: July 9, 2024

The Imagine Institute presentation will provide a high-level overview of the five recommended solutions. These solutions include the following:

- **Technical Assistance:** Provide in-language support to help employees navigate subsidy applications, find available child care slots that support continued employment, or access any new childcare investment.
- **Child Care Business Incubator:** Open new licensed family home child care businesses to build child care supply in targeted areas close to where airport workers live.
- **Networks and Hubs:** Incentivize child care businesses to prioritize enrolling airport worker families and offering non-standard hours and drop-in child care.
- **Subsidies and Stipends:** Provide employer-sponsored stipends to subsidize the cost of care and attract and retain employees, especially those not eligible for public child care subsidies.
- **Port Child Care Center:** Open a new child care center, or set of centers, prioritizing the needs of airport workers related to accessibility, affordability, and flexibility.

Given the complexity of this work, initial efforts have started to examine potential funding capabilities, facility development, legal risks, and partnerships. The findings around these key considerations will be shared as more is learned. Commission guidance at this point is timely in shaping the desired priorities and timeline for this work and ensuring alignment with port staff.

### **NEXT STEPS**

The Port Commission will have the opportunity to consider initial expenses for childcare investments during the Port's 2025 public budget process. Such expenses would include a 3-year consulting contract, pre-development costs and possible advancement of short-term solutions. There will also be considerable port staff work necessary to explore the feasibility of various options and to advance this work.

Port staff will continue to work with Imagine during the remainder of 2024 to develop a strategic implementation plan that provides a timeframe with initial cost estimates over a 3-year period. Ongoing engagement will continue with the Commission's Ad Hoc Workforce Conditions Committee, external airport stakeholders, an internal staff Airport Childcare Working Group and with Port leadership staff to shape future funding and policy requests for consideration by the full Port of Seattle Commission.

**ATTACHMENTS TO THIS BRIEFING**

(1) Presentation

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None

# SEA Childcare Services Evaluation Project Port of Seattle Commission Briefing

Consultant Concepts and Next Steps  
July 9, 2024

# Background and Introduction

- Staffing challenges in 2020 – 2023 heightened awareness of employee childcare needs to ensure full operations and necessary services at SEA and for airports around the country.
- 2023 – U.S. airport research and SEA Airport Employee Survey
- 2024 Budget: \$100,000 airport employee childcare services evaluation; Contract with The Imagine Institute
- Legal and financial feasibility reviews are underway



Port  
of Seattle®

# Port of Seattle

Airport Childcare Concepts

**THE IMAGINE INSTITUTE**

[imaginewa.org](http://imaginewa.org)



2024





# Project Leadership

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Cate Bridenstine | Chief Executive Officer

Marie Keller | Director of Facility Growth and Development

Amelia Vassar | Senior Director of Equity and Evaluation



# The Imagine Institute

Formed by SEIU 925 and the State of Washington to support professional development and career pathways for child care providers. Providers lead the services most valuable to them through liberatory design.



## Focus Areas:

- Pathways to New Early Childhood Education Careers (ECE)
- Shared Services Hub and Innovative Technologies
- Technical Assistance and Business Support
- ECE Training
- Substitute Pool Relief
- Consulting

## Current Partnership Projects:

- Best Starts for Kids – King County
- City of SeaTac
- WA Dept. of Children, Youth and Families (DCYF)
- Seattle Department of Education and Early Learning (DEEL)
- Machinists Institute
- Port of Seattle
- Shore Aquatic Center
- Washington State Labor Council (WSLC)

# Meeting Agenda and Objectives

1. Project Scope and Summary
2. Employer Perspective
3. Child Care Return on Investment
4. Employee Perspective
5. Literature and Data Review
6. Funding Source Review
7. Child Care Concepts
  - Service Models – Child Care Strategies
8. Next Steps

# Project Objective

Seattle-Tacoma International Airport plays vital role in the region's economy with over 52 million passengers/year and a thriving cargo business. The Port of Seattle has contracted with The Imagine Institute to develop concepts for a child care strategy to ensure the airport can retrain and attract the staff necessary to provide the robust operations and necessary services for a 24/7 facility.

The SEA Childcare Services Evaluation Project will explore ways the Port of Seattle can address barriers that impact sufficient staffing levels including airport employee access to child care. The Imagine Institute will develop concepts for consideration and implementation with particular attention to affordability, accessibility, and flexibility.

# Concept Focus Areas

**Child Care:** Affordability, Accessibility, and Flexibility

# Project Considerations

800+ distinct employers, a variety of job classifications, and employees residing throughout Washington State

# SEA Employer Perspective

OVER **90% OF SEA AIRPORT** EMPLOYERS EXPRESSED AN UNDERSTANDING OF THEIR EMPLOYEES' CHILD CARE CONCERNS <sup>1</sup>

Employers note the impact child care issues have on employee **retention, attendance, and productivity**, as well as company bottom lines.

Employers at SEA are experiencing business challenges directly due to the child care needs of their employees. According to an employer survey conducted by Port Business Intelligence <sup>1</sup>:

- More than half of employers at SEA reported having difficulty hiring new employees due to child care challenges.
- Almost two-thirds of employers at SEA reported employees reducing their work hours due to child care challenges.
- 82% of employers at SEA reported employees arriving late or leaving early due to child care challenges.
- 53% of employers at SEA reported paying overtime to fill in for employees taking leave due to child care challenges.
- 56% reported having an employee leave as a direct result of child care challenges.

# Return on Child Care Investments (National Trends)

**Child care benefits positively impact employers' bottom line, especially regarding hiring, retention, and productivity.** The Boston Consulting Group studied five companies that offer employee child care benefits and concluded that all five companies experienced a **return on investment ranging between 90% and 425%.**<sup>1</sup>

**The average cost of replacing an employee is often double that of the departing employee's annual salary and retaining just 1% of working parents annually can offset the cost a company expends in offering child care benefits.**<sup>2</sup>

**90% of employers who offered child care benefits stated that these benefits had as much of an impact on the recruitment and retention of workers as health care and retirement benefits.**<sup>2</sup>

# SEA Employee Perspectives

THERE ARE APPROXIMATELY 7,500 AIRPORT WORKERS WHO HAVE AROUND 8,900 CHILDREN UNDER THE AGE OF 12

Airport workers have expressed frustrations and challenges related to child care **affordability**, **accessibility**, and **flexibility**, especially with non-standard hours or rotating schedules.

## Accessibility

- It is estimated that Washington's child care system has capacity to serve 28% of children who need child care.<sup>1</sup>
- 100% of the top 10 zip codes of airport employees' primary residences are designated as extreme child care access deserts.<sup>2</sup>

## Flexibility

- 95% of airport workers who responded to the SEA Employee Survey found it challenging to secure child care during their shifts but only 8% of currently licensed centers and 34% of currently licensed family homes provide non-standard hour care before 6:00 AM and after 6:00 PM, and on weekends.<sup>3</sup>

## Affordability

- Without subsidies, airport workers working full time and making between \$19-\$30 per hour would be required to spend nearly 40% of their monthly income on child care costs.
- BIPOC airport workers, along with those whose home language is not English, are less likely to access child care subsidy programs.<sup>4</sup>

<sup>1</sup> Hardy, Joshi, Ha, & Schneider, 2018

<sup>2</sup> Department of Children, Youth, & Families, 2023

<sup>3</sup> Port Business Intelligence 2023

<sup>4</sup> Ullrich, Schmit, Cosse, 2019

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# Literature & Data **Review**

- Port Business Intelligence Surveys
- Port Jobs
- Labor Relations
- MLK Labor Coalition
- Washington Department of Commerce
- Department of Children, Youth, and Families
- Washington State Labor Council, Machinists Institute and the Imagine Institute



# Affordability



- *“Due to the high cost of childcare I am working only [a] part-time job.”<sup>1</sup>*
- *“It was actually cheaper for me to reduce my hours and watch my kid in the afternoon vs working full time and paying for partial childcare.”<sup>1</sup>*

In alignment with Washington State’s Universal Access and Living Wage Proviso and the U.S. Department of Health and Human Services’ definition of child care affordability, the Imagine Institute **defines child care affordability as child care costs that do not exceed 7% of household income** (Department of Health and Human Services, 2023).

Therefore, family size, family composition, availability of child care subsidies, household income, and other factors greatly impact affordability.

# Affordability: Child Care Subsidies

Some Washington families will qualify for subsidies that can impact the cost of child care. However, subsidy qualifications vary by city and county. Affordability is also impacted by the supply of child care providers who accept child care subsidies and the availability of subsidies in one's area.

## Subsidy Types

- **STATE SUBSIDY:** Families whose income is below 60% of the State Median Income (SMI) may be eligible for Working Connections Child Care subsidy (WCCC) through the Department of Children, Youth, and Families.<sup>1</sup>
- **KING COUNTY SUBSIDY:** Families in King County whose income is below 80% of the Area Median Income (AMI) may be eligible for the King County Child Care Financial Assistance Program (CCFA).<sup>2</sup>
- **CITY OF SEATTLE SUBSIDY:** Families in Seattle whose income is below 94% of SMI who are not eligible for WCCC may be eligible for the City of Seattle's Child Care Assistance Program (CCAP).<sup>3</sup>

## Access to Child Care Subsidy

It is important to note that **not all families have access to child care subsidies**. Even when eligible, many families do not participate in subsidy programs and there is evidence to suggest that access to subsidies is not equitably distributed across all families.

- According to the Child Care Collaborative Taskforce, "only about 5% of eligible children with a home language other than English participated in the subsidy program" (Washington State Department of Commerce, 2021, p. 38) meaning that supports like child care subsidies appear significantly less accessible to these families.<sup>4</sup>
- While subsidies are a critical tool to help tackle the affordability barrier for many families, their income thresholds leave many families behind. Even with King County's most expansive income eligibility criteria, any family of three earning more than \$6,788 per month would not qualify for support.<sup>3</sup>

<sup>1</sup> WA Department of Children, Youth, & Families, 2024

<sup>2</sup> King County, 2024

<sup>3</sup> City of Seattle, 2024

<sup>4</sup> WA State Dept of Commerce, 2021

# Accessibility

## Questions to consider:

- Is it the type of care that families want available?
- Is it easy to find and get to?
- Is it affordable?
- Is it in alignment with the families' needs and desires for their child's [learning] environment?<sup>2</sup>

**One must consider geographic location, access to transportation, type of care, language access, and cultural competency of the care facility when determining child care accessibility. Additionally, families with children who have complex needs and disabilities may face additional barriers to care access.**



- *“There is a lack of childcare located within or adjacent to seatac [sic] airport.”<sup>1</sup>*
- *“Childcare hours do not align with my work hours which makes it difficult because it is a higher charge when I have to drop off or pick up my child.”<sup>1</sup>*
- *“We work in a 24 hour industry and childcare hours do not match.”<sup>1</sup>*
- *Accessibility includes a parent’s ability “with reasonable effort and affordability, [to] enroll their children in an arrangement that supports the child’s development and meets the parent’s needs.”*

<sup>1</sup>Port Business Intelligence 2023

<sup>2</sup>Pascall, K; Maxwell, K. 2022

# Flexibility



- *“Changing shifts/schedules every three months makes it hard to secure childcare and fulfill work duties to my best ability.”<sup>1</sup>*
- *“Holidays are extremely difficult as well in finding last min care when I have to work overtime.”<sup>1</sup>*

**“Flexibility involves more than just giving employees financial resources to (try) to find care for their individual schedules. Real flexibility in child care is about creating the actual supply, and then pivoting so you can serve multiple needs,” including non-traditional schedules, emergency care needs, school vacations, and daily school schedules.<sup>2</sup>**

<sup>1</sup> Port Business Intelligence 2023  
<sup>2</sup> Bright Horizons 2023

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# Funding Source Review

- There are a several funding sources specific to child care expansion that may support child care solutions.
- **Regardless of how the Port may determine it can address airport childcare, it is unlikely that either existing public or philanthropic funding will fund the entire cost of child care service models.**

# Potential Funding Sources

Sources typically fall into two primary categories: public and philanthropic (private). Both funding types are competitive and often require matching funds and well-defined scopes of work.

## Child Care Centers

*There are public funding sources that currently help child care centers get established or expand capacity, but this funding is not sufficient to cover the total cost of opening a new licensed child care center.*

Examples of available state and federal support include:

- Early Learning Facilities (ELF) grants
- Congressional directed spending

## Funding for TA and Incubators

*State, local, and municipal governments are currently funding strategies like business incubators and technical assistance whose infrastructure can be leveraged to help airport workers.*

Examples of public funders that support child care business incubators such as [Imagine U](#):

- City of SeaTac
- Washington State Department of Children, Youth, and Families (DCYF)
- King County
- Whatcom County
- City of Federal Way
- City of Seattle

# Potential Funding Sources

In addition to public funding, philanthropy has a track record of investing in child care solutions. Philanthropic funding often requires grant recipients be 501(c)(3) nonprofit organizations, but some foundations do award funding to other entities. Foundations vary widely in their mission focus, openness to grant applications from unknown organizations, funding cycles, preferred grant lengths, preferred grant sizes, and more.

**While some public and private funding may be available, the Port will want to plan for internal funding and partnership opportunities to fund the child care solutions.**

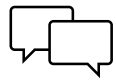
# Child Care Concepts



# Identified Child Care Concepts

HUMAN CENTERED – DATA DRIVEN SOLUTIONS

## SERVICE MODELS:



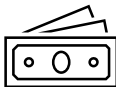
**Technical Assistance:** Provide in-language support to help employees navigate subsidy applications, find available child care slots that support continued employment, or access any new child care investment.



**Child Care Business Incubator:** Open new licensed family home child care businesses to build child care supply in targeted areas close to where airport workers live.



**Networks and Hubs:** Incentivize child care businesses to prioritize enrolling airport worker families and offering non-standard hours and drop-in child care.



**Subsidies and Stipends:** Provide employer-sponsored stipends to subsidize the cost of care and attract and retain employees, especially those not eligible for public child care subsidies.



**Port Child Care Center:** Open a new a child care center, or set of centers, prioritizing the needs of airport workers related to accessibility, affordability, and flexibility.

# Identified **Child Care Concepts**

HUMAN CENTERED – DATA DRIVEN SOLUTIONS

**The Imagine Institute has identified five concepts that, when implemented together, can comprehensively address these child care issues of affordability, accessibility and flexibility for airport workers.** Each concept can be scaled up or down based on budget, time, and other constraints.

**TO CREATE A COMPREHENSIVE PLAN, THE PORT WILL NEED TO SELECT A COMBINATION OF CONCEPTS**

- ▶ **Child Care Hubs:** To comprehensively address child care flexibility, Imagine has identified contracting with a third-party child care hub to offer financial incentives to child care businesses who care for airport workers' children. At the most robust end of the spectrum, annual per worker cost of \$4,378 would be an investment of \$38.9M annually to serve all airport workers' children. This amount can be scaled up or down depending on constraints.
- ▶ **Child Care Business Incubator:** Open at least 116 new licensed family child care businesses in key areas where airport workers live through a child care business incubator. One-time investment of \$3,132,000 to open all 116 licensed family homes.

# Identified **Child Care Concepts**

- ▶ **Technical Assistance:** Incorporating technical assistance into any child care strategy the Port selects to increase awareness of new and existing child care programs for airport workers. The cost of employing technical assistance will depend entirely on the level of services provided. Technical Assistance supporting airport workers to access, complete and submit applications for child care subsidy is estimated at \$310,000 annually.
- ▶ **Child Care Centers:** Open a licensed child care center near Seattle-Tacoma International Airport whose services meet the child care needs of airport workers. If open 24/7, it could serve approx. 500 children each day with startup costs of approximately \$7.2M to open a new licensed child care center with a licensed capacity of 202.
- ▶ **Child Care Stipends:** Offer \$2,000 annual child care stipends to 6,000 airport workers who need financial support but don't qualify for subsidies. Annual investment: \$13.8M and can be scaled up or down.

# Child Care Concepts: **Timing**

**Each concept has a different timeline for design and implementation.**

A child care center is likely going to take the most time to become operational, while other concepts can be implemented within 3–6 months.

Concept	Year 1				Year 2				Year 3				Year 4	Year 5	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1-Q4	Q1-Q4	
<b>Technical Assistance</b>	Program Design		Program Delivery												
<b>Child Care Stipend</b>	Program Design		Program Delivery												
<b>Child Care Hub</b>	Program Design				Program Delivery										
<b>Licensed Family Child Care Incubator</b>	Program launch		Licensing			New Businesses Open									
<b>Child Care Center</b>	Pre-Design Site Feasibility	Pre-Development - Finalize Site Selection	Operational Plan and Budget	Architectural Design	Executing Service Agreement	Permitting and Construction			Licensing and Operational Systems			Fully Operating			
	Business Structure		Capacity and Staffing Plan	Environmental Review	Parking Study	Marketing	Policy Building	Interior Design		Recruit and Onboarding Staff	Soft Launch				

# Child Care Concepts: Cost Variables

Costs can be “dialed up or down”

Concept	5-Year Cost		Workers Impacted Annually	
	Low End	High End	Low End	High End
Child Care Center	\$4M	\$7M	240	490
Licensed Family Homes (Incubator)	\$1.35M	\$3.1M	600	1,392
Hub and Incentives	\$164.2M	\$194.72M	7,500	7,500
Child Care Stipends	\$32.5M	\$69M	6,000	6,000
Technical Assistance	\$1.54M	\$2.5M	6,000	6,000
<b>Total</b>	<b>\$203.59M</b>	<b>\$276.32M</b>	<b>7,500</b>	<b>7,500</b>

*These examples are provided, for educational purposes, to demonstrate the range of potential costs of each concept. The Port has not yet determined key factors such as legal/budget feasibility as well as childcare service priorities.*

# Summary

It is important to recognize these comprehensive concepts, and the associated costs, can be “dialed up or down” based on a variety of factors such as the number of people served, timing and funding partnerships.

As this work evolves, Imagine recognizes the Port’s need to prioritize a deeper dive into funding opportunities, understanding the legal parameters of the proposed child care concepts, and conducting a thorough landscape review of partnerships and initiatives that can be leveraged to support implementation.

# Next Steps: Remainder of 2024

- Develop a strategic implementation plan around viability/sequencing of identified concepts (incorporate commission guidance, legal feasibility, stakeholder perspectives, funding approaches and timing)
- 2025 Port Budget Process - Preliminary Estimates:
  - 3-year consulting contract (\$200 – 250,000 annually)
  - pre-development costs (\$200,000?), additional surveys/focus groups (\$50,000), technical assistance (\$300,000), port staff resources
- Continued Engagement with U.S. large hub airports

# Questions & Discussion

## Thank You!



[RETURN TO AGENDA](#)





**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 11c

**BRIEFING ITEM**

**Date of Meeting** July 9, 2024

**DATE:** June 13, 2024

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Brian Sweet, Director of Engineering- Construction Management  
Sheri Cook, Construction Labor Group Manager  
Samuel Pierce, Apprenticeship and Priority Hire Manager

**SUBJECT: 2023 Apprenticeship and Priority Hire Annual Report**

**EXECUTIVE SUMMARY**

The Port of Seattle (Port) is a regional and national leader in equity and social justice. This commitment is part and parcel to promoting economic inclusivity and social responsibility. In line with this commitment, the Port strives to identify barriers and eliminate disparities across our Port-related workforce sectors. The Port promotes economic fairness by ensuring all workers have the same opportunities and resources. The Port’s Apprenticeship and Priority Hire programs provide a pipeline for workers from all backgrounds and from economically distressed areas to obtain on-the-job training, classroom instruction, family-sustaining wages with annual increases, health care benefits and retirement. These two programs contribute to the economic revitalization of our communities. The Port and our regional partners continue to provide opportunities for those who can’t overcome significant hurdles on their own. From connecting disenfranchised workers with an overall support system that includes finding training, counseling, and basic needs assistance, to job search and placement for these workers.

The Port continually evaluates these programs to increase our impact with more opportunities to all. Focusing on issues such as disconnected youth, aligning efforts with regional agencies, targeting disparity zip codes, addressing employment opportunities and other programs raises the awareness that high paying careers in construction are careers worth pursuing.

The 2023 Apprenticeship and Priority Hire Annual Report was published on (Insert date when known). This briefing to the Commission will share the Port’s 2023 results of both programs on our major works projects, and the oncoming and upcoming work.

**BACKGROUND AND GOALS**

Port Commission Resolution 3725 recognized that effective and economical execution of the Port’s capital program depended on a healthy and diverse market of contractors and suppliers, and on the availability of a skilled, experienced, and capable construction labor workforce. To

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meet the construction needs, the Port recognized that this workforce must include participation by women, workers of color and those living in economically distressed neighborhoods. Apprenticeship, Pre-apprenticeship and Priority Hire programs together play a key role both in providing fair access for individuals and supplying enough trained and capable workers.

Resolution 3725 also requires the establishment of apprenticeship goals, and aspirational women and workers of color apprentice hiring goals. Resolution 3736 establishes a Priority Hire policy that ensures family wage construction jobs for local workers from economically distressed areas and can increase the diversity of the workforce on Port construction projects.

### **CONSTRUCTION APPRENTICESHIP PROGRAM**

The Port of Seattle’s commitment to Apprenticeship utilization was first adopted thirty years ago and continues to be committed to achieving its apprenticeship hiring goals set in Port policy and addressing the disproportionately low involvement by people of color and women in the construction labor force.

Apprentice utilization goals for non-Project Labor Agreement (non-PLA) major works construction projects are set at 15% and includes a goal of 10% of apprenticeship hours for women and 15% for people of color. In 2018, the Construction Labor Group negotiated new goals to increase percentages for people of color and women for projects with a Project Labor Agreement. The apprentice utilization goals for Project Labor Agreement (PLA) projects are now set at 15% per craft, which includes a goal of 12% of apprenticeship hours for women and 21% for people of color. These goals are in alignment with the other Regional Public Agencies.

### **2023 Apprenticeship Performance Summary**

- In 2023 the Port exceeded our overall construction workforce development goals on our capital projects.
  - 20.7% apprenticeship utilization
- There were 50 active projects with apprenticeship goals that resulted in:
  - 202,160 total apprenticeship hours that included four Tenant Reimbursable contracts (up from 140,916 hours in 2022)
  - 188,211 total apprenticeship hours were performed under Twenty-two (22) projects were under a Project Labor Agreement (PLA). This is a 93.1% of all apprentice hours. In 2022 87.5% of apprentice hours were performed on PLA projects.
  - In total, contractors paid over \$61 million in wages and benefits to construction workers on these 50 Port projects with over \$9.3 million paid to 525 apprentices.

### **CONSTRUCTION PRIORITY HIRE PROGRAM**

The Port of Seattle supports the City of Seattle and King County findings that King County has geographic areas of economic distress as evidenced by poverty indicators. The Priority Hire program expands opportunities for disadvantaged populations to advance equity and social

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justice and ensures that Port construction projects are planned and implemented in a way that improves equity in local communities.

The Priority Hire program, which is only administered on PLA projects, requires contractors to hire workers from economically distressed areas of King County. Priority Hire ZIP codes are defined by King County as having a high concentration of residents based on these three criteria:

- People living 200% or more below the federal poverty level
- High concentration of unemployed people per acre or share of total residents
- People without a college degree

King County ZIP codes with a high density per acre of the three criteria are identified as Economically Distressed Areas (EDA) and included on the Priority Hire ZIP code list published by King County’s Finance and Business Operations Division.

The goal for Priority Hire utilization is 20% annually and is administered only through a Project Labor Agreement. 2023 was the fourth year we applied a Priority Hire program to new non-FAA Project Labor Agreements.

**2023 Priority Hire Performance Summary**

- There were 10 active projects with Priority Hire goals that resulted in:
  - 51,496 Priority Hire hours (up from 17,056 in 2022).
  - 283 Priority Hire workers were paid \$2.98 million in wages and benefits.
  - Priority Hire workers performed 24.3% of all labor hours on these projects.

Inclusion goals for apprentices, journey workers, women, or people of color have not been established, but tracking of performance in these areas is ongoing to better understand performance of these programs.

- Priority Hire worker utilization for people of color was 40.15% up from 34.8% in 2022.
- Priority Hire worker utilization for women was 6.07% up from 1.9% in 2022.

**ATTACHMENTS TO THIS BRIEFING**

(1) Presentation

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

June 13, 2023– The Commission was briefed on the 2022 Apprenticeship and Priority Hire Annual Report

# Apprenticeship and Priority Hire 2023 Annual Report

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# Port of Seattle Apprenticeship/Priority Hire Team

- Engineering

- Chief Engineer – Janice Zahn
- Director Engineering - Construction Management - Brian Sweet
- Construction Labor Group (PLA) Manager – Sheri Cook
- Priority Hire Program Manager – Sam Pierce
- Priority Hire/Apprenticeship Specialist – Ellrol Gartrell
- Construction Program Leader – Stacy Heilgeist

- Office of Equity and Diversity

- OEDI Senior Director – Bookda Gheisar
- OEDI Workforce Development Director – Anna Pavlik
- OEDI/Workforce Development Program Manager – Carl Hugle

- Labor Relations

- LR Senior Director – Mikel O'Brien
- LR/PLA Negotiation – Matthew Bullock

**Our Purpose: Working toward economic equity and positive community impact.**

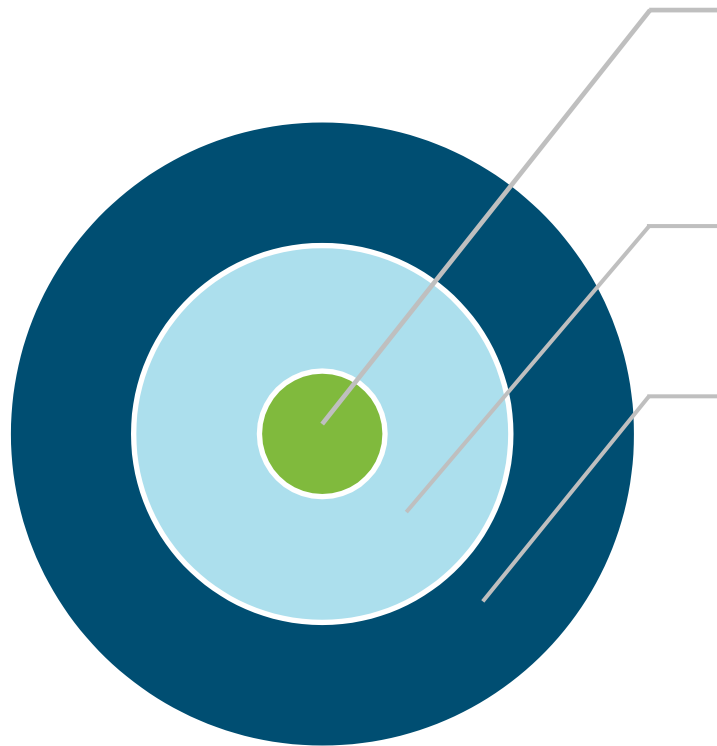
**The Port's Apprenticeship and Priority Hire programs are in place to improve access to quality, family-wage careers in construction.**

Program requirements are included in:

- Resolution 3725 adopted in 2016
- Resolution 3736 adopted in 2017
- Resolution 3746 adopted in 2018 (amendment)



# 2023 PROJECTS



**Priority Hire Projects in 2023 = 10**  
only required on non-FAA/TRA PLA projects  
executed after 2020

**PLA Projects in 2023 = 22**

**Apprenticeship Projects in 2023 = 50**  
construction contracts >\$1mil  
**Including 28 Non-PLA Projects**

PLA = Project Labor Agreement

## Apprenticeship Statistics Through 2023 (Life of Contract):



**1,642 apprentices worked nearly 1M hours**



**535+ apprentices of color contributed 32% of apprenticeship hours. 324K hours worked.**



**153 women apprentices worked more than 9% of apprenticeship hours. 119k hours worked.**

**In 2023 only:**



**525 Apprentices earned \$9.3M in wages and benefits**



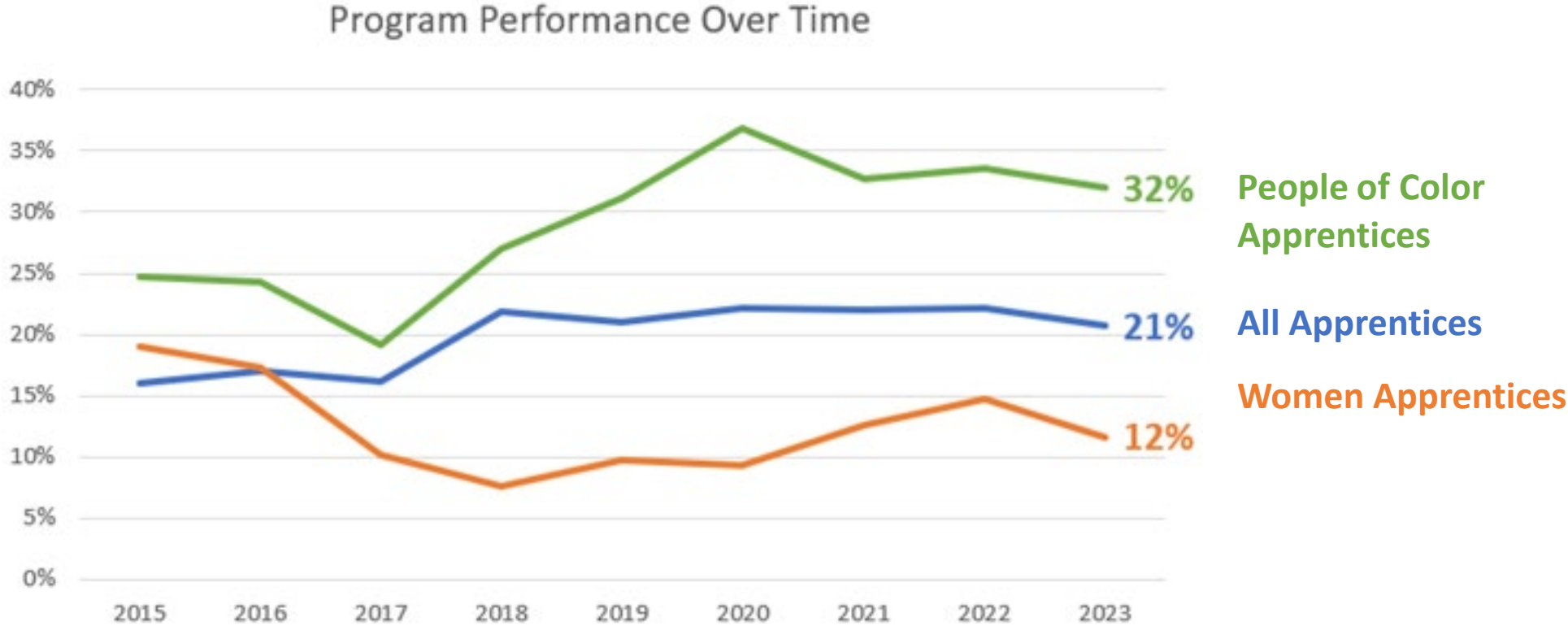
**\$229.4M+ of construction payout to contractors under these programs and over \$61M paid in construction worker wages and benefits**



# Annual Apprenticeship Performance 2020-2023



# Historic Performance by year



# 2023 Apprentices – Participation by Craft

## 15+ Apprentices:

Carpenters  
Cement Mason  
Drywall Applicator  
Electronic & Telecommunication Technicians  
Ironworkers  
Millwrights  
Plumbers & Pipefitters  
Power Equipment Operators  
Roofers  
Sheet Metal Workers  
Sprinkler Fitters (Fire Protection)  
Telecommunication Technicians

## 50+ Apprentices:

Electricians - Inside  
Laborers

# PRIORITY HIRE PROGRAM

The Priority Hire program requires contractors to hire workers from economically disadvantaged areas (EDAs) as defined by King County

Priority ZIP Codes have a high concentration of people that meet these 3 criteria:

- People living under 200% below the Federal poverty level
- High Concentration of Unemployed people per acre or share of total residents
- People without a college degree

There is an Overall Goal of 20% of hours to be performed by Priority Hire Workers on projects covered by our Project Labor Agreement..



# 2023 Priority Hire Utilization Performance Summary

Ten (10) PLA contracts with Priority Hire goals resulted in 51,496 Priority Worker hours.

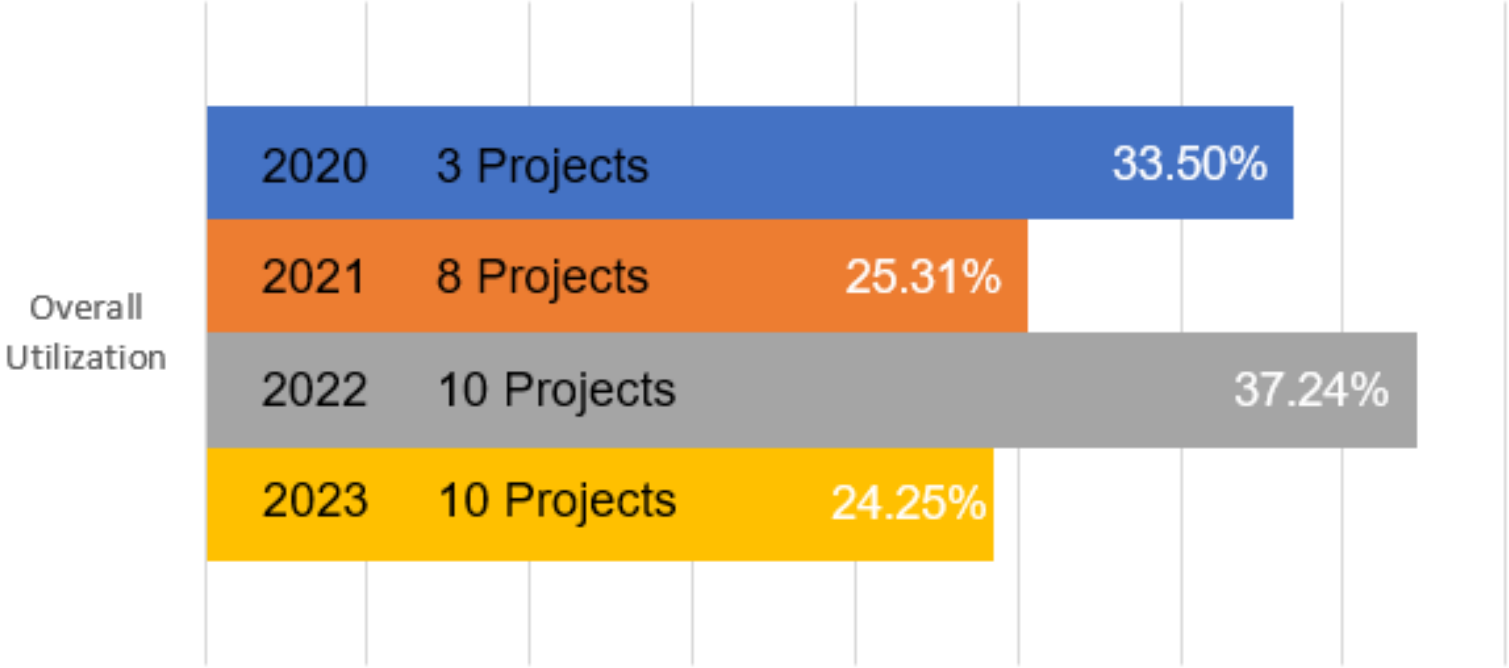
PLA Projects:	10
Total Hours	212,358
Priority Hire Hours	51,496
Priority Hire Utilization	24.25%

Total Priority Hire Workers:	290
Priority Hire Journey Workers:	247
Priority Hire Apprentices:	43

Total Wages and Benefits Earned: \$2.98M

# Priority Hire Historical Performance

Annual Priority Hire Performance  
2020-2023



# Questions?

[RETURN TO AGENDA](#)