



**COMMISSION
AGENDA MEMORANDUM**

Item No. 3b

BRIEFING ITEM

Date of Meeting November 14, 2017

DATE: November 3, 2017

TO: Dave Soike, Interim Executive Director

FROM: Lance Lyttle, Managing Director, Aviation Division
Clare Gallagher, Director, Capital Project Delivery, Public Affairs

SUBJECT: Briefing on proposed Interlocal Agreement between the City of SeaTac and the Port of Seattle for a ten-year term beginning February 2018.

EXECUTIVE SUMMARY

Seattle-Tacoma International Airport (Sea-Tac) is located completely within the boundaries of the City of SeaTac. The City and Port have used interlocal agreements since 1997 to address respective operational and authority issues that could be anticipated to arise with regard to the operation of the airport and related facilities. There has been almost no litigation between the Port and the City during that time, resulting in greater efficiency, economic benefit and operational cost savings for both the Port and the City, especially with regard to the Airport's capital program and property development.

The current Interlocal Agreement (ILA) between the Port and the City of SeaTac will expire early in 2018. Staff teams from the Port and the City negotiated throughout the year on behalf of a new agreement to bring to the Joint Advisory Committee (JAC), which is comprised of two port commissioners and three councilmembers. With final negotiations and approval of the JAC, the proposal is ready for consideration by the full Port Commission and full City Council.

The proposed agreement is intended to be a comprehensive and cohesive package of elements for mutual value to both the Port and the City, and a commitment to successful partnership, providing predictability and consistency for activities between the Port and the City. Each element reflects a negotiated outcome between Port and City positions, for overall benefit.

The briefing will include background and details of the proposed ILA being presented to the Port Commission and the City Council, public outreach and scheduled votes for adoption in November and December.

PROPOSED INTERLOCAL AGREEMENT

The purpose of this ILA is to jointly establish a mutual and cooperative system to exercise respective jurisdictional authority and avoid disputes between the Port and the City of SeaTac. The use of an ILA recognizes that the City and the Port have a unique relationship and both

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Parties' benefit from partnership, transparency and collaboration around the operation of Sea-Tac Airport, which is an essential public facility under state law, and the ninth-busiest airport in the national system of airports in the U.S. Having a negotiated agreement provides transparency, predictability and consistency and significantly reduces the potential for litigation between the Port and the City.

As stated in the Guiding Principles, established by the JAC before commencing negotiations, the focus of this Agreement is about the City and the Port 'moving forward together' proactively, rather than reactively. Furthermore, this ILA reaffirms a partnership that allows the Port and the City to grow together and move the community and region forward in a positive way. The extensive economic and operational presence of the airport in the city creates both benefits and impacts to the adjacent businesses and residents in the city. The ILA is intended to build on the benefits of the relationship and provide for economic opportunity along with the success of the airport, and address impacts to City businesses and residents.

Foundational work for the new ILA began in 2016 with the Guiding Principles providing a framework for the upcoming negotiations. Following this, staff from the City of SeaTac and Port of Seattle began active negotiations in January 2017. Work teams, along with City and Port executives, completed language for all sections of the agreement, and the JAC finalized negotiations for the proposed agreement in preparation for public briefings and adoption.

The ILA consists of seven Chapters: the Preamble, General Provisions, Land Use & Development, Permitting & Inspections, Transportation, Environmental Regulations, and Public Safety & General Services.

The proposed ILA addresses land use and development regulations to serve the interests of both the Port and the City; delegation of building permitting authority by the City to the Port, attendant responsibilities and documentation/system needs between the Port and the City; and traffic planning between the Port and the City, including the initiation of the Neighborhood Parking Program. The proposed ILA also addresses storm water management, environmental review and public safety. The framework section, or General Provisions, addresses the term of the ILA, the role of the Joint Advisory Committee, the amendment process, and dispute resolution.

New elements contained within this ILA include a boundary map to delineate delegated permit authority, a process for the Port to support City business license compliance, and a fee structure to support the integration of Port permitting into the City's established system. The proposed ILA also includes new fees for service, including permit fees, and financial support for the City's General Fund for public safety and traffic enforcement. Additionally, the ILA addresses transportation impact fees, and surface water management fees for Port-owned properties.

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SCHEDULE

The members of the Joint Advisory Committee (JAC) unanimously supported the final terms and conditions of the proposed agreement. The Port Commission and the City Council each will receive separate briefings on November 14 at their respective meetings. Staff from the City and the Port will host an open house on the proposed ILA on Thursday, November 16, at the SeaTac Community Center. The City Council will present the agreement to its Airport Committee on November 20. The Port Commission and City Council are scheduled to consider resolutions to adopt the agreement at the November 28 and December 12 meetings.

REVIEW AND ADOPTION

The table lists the primary elements contained within the proposed agreement and the negotiated outcome for each.

TOPIC	FINAL: JAC-APPROVED
SEPA lead agency	<ul style="list-style-type: none"> • Port is lead agency inside AAA boundary • Port is lead agency outside AAA boundary for airport-related uses • City is lead agency for non-airport related uses outside AAA boundary
SEPA process	<ul style="list-style-type: none"> • Port will include City early in SEPA process inside the AAA boundary, via use of the project checklist. • City will serve as a consulted agency, per WAC, on Port property outside AAA boundary • City will serve as lead agency for development on port-owned property not related to airport use outside the AAA boundary
SWM fees – annual, ongoing	<ul style="list-style-type: none"> • Port will pay annual SWM fees of \$1.3MM • Port receives a standard 25% discount from the City fee scale, as per code • Port receives another 15% discount for comprehensive performance of the on-airport system • Port receives \$220,000 credit toward fees for regional detention facility
Other Environmental Components	Mutually-agreed upon language for landscape standards, aviation hazards, noise impacts and air quality.
Building Permit Authority	The City will delegate building permit authority to the Port for all work inside the AAA boundary. A map shows permitting designation.

TOPIC	FINAL: JAC-APPROVED
	Project valuation establishes a base fee for all permitted projects and for the costs of incorporating Port data into the City system, performing quality assurance and receipt data to keep City records accurate and up to date.
Other Permitting – Business License	Port will check on-airport locations, particularly behind security, for business license compliance with Port contractors/lessees and subcontractors.
Land Use & Development	Port and City have mutually adopted zoning and standards unique to Port development needs.
Transportation	<ul style="list-style-type: none"> • Port subject to traffic impact fees on development outside AAA boundary. • Acknowledgement that SEPA is used to mitigate project impacts. • City may pursue concurrency outside AAA boundary. • Port and City share traffic planning modelling costs.
Public Safety & General Services	<ul style="list-style-type: none"> • Port will pay annual contribution of \$1.4MM to the City for Community Relief, to be used for public safety, traffic and parking enforcement. • Fund goes into special account and distribution noted each year. • Monies may be considered as part of future project mitigation during SEPA process with respect to police and enforcement or parking and traffic regulations • Payment may be suspended by the Port if the City commences litigation against the Port without first going through the dispute resolution process. • Port releases its interest in remaining parking tax collected under current ILA, to support City’s new neighbourhood parking program
Length of Term	Ten years, with five-year check-in on total agreement to recommend renegotiation or continuation and renegotiation at year eight.

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ATTACHMENTS TO THIS BRIEFING

- (1) Presentation slides of Agreement Overview
- (2) Proposed 2018 Interlocal Agreement, Commission briefing version dated November 9, 2017

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None