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APPROVED MINUTES COMMISSION SPECIAL MEETING NOVEMBER 7, 2018

The Port of Seattle Commission met in a special meeting Wednesday, November 7, 2018, in commission chambers at Port of Seattle offices, 2711 Alaskan Way, Seattle, Washington. Commissioners Bowman, Calkins, Felleman, Gregoire, and Steinbrueck were present.

The meeting was called to order at 9:08 a.m. by Commission President Courtney Gregoire, who led the flag salute.

The commission engaged with executives and staff presenters on the topic of the 2019 Capital Improvement Plan for the Maritime and Economic Development Divisions.

Request documents included presentation slides and an informational [packet](#).

A report was delivered regarding 2018 community outreach. These activities included outreach throughout the entire county, participation in existing events, and engagement of young professionals new to the area. Slightly less than 85 percent of those surveyed indicated that they would be in favor of levy increases to further port priorities.

Staff review of the Capital Improvement Plan based on the existing funding capacity of \$200 million began in June. This funding is already allocated to obligations such as The Northwest Seaport Alliance and Central Services Capital Improvement Plan. There are delayed projects in the queue totaling \$210 million.

Staff presented a prioritized project list for 2019-2023. Project evaluation categories are asset stewardship (maintain capital assets and modernizing the working waterfront); financial sustainability (investments in maritime industries and long-term funding capacity; and benefits to community and the environment. Readiness to proceed was also evaluated. The total cost of identified projects, including a \$40 million contingency fund and \$24.7 million for small projects and projects that are already underway, is \$348.5 million.

The following highest priority asset-stewardship projects were described:

- Terminal 91 Berths 6 and 8 redevelopment. This project will help with readiness for larger fishing vessels.
- Fishermen's Terminal dock improvements. This project preserves existing facilities for long-term future use.
- Salmon Bay Marina Docks D and E replacement. There is a permit for this project that will expire if not used. This project would make the facility more suitable for commercial use.

- Pier 66 Heating, Ventilation, and Air Conditioning systems upgrade. The current system is at the end of its useful life and an upgrade is necessary for maintaining operable facilities.

Commissioners discussed balancing financial sustainability and return on investment with other factors such as community benefit. They emphasized the need to be transparent about investments. Individual projects will require clear data on return on investment for authorization.

The following highest priority asset-stewardship projects were listed in order of expected return on investment:

- A new cruise facility. There is a strong demand for more cruise facilities in Seattle and an additional facility would expand the port's economic impact and financial sustainability. This assumes a cost-sharing arrangement with private investment.
- Terminal 91 Uplands Development. This project would meet demand for maritime industrial space.
- Fishermen's Terminal Gateway Building. This would also provide needed maritime industrial space.
- Bell Harbor Conference Center Interior Modernization. Refurbishing this facility would position it for continued future success and protect the revenue stream.
- Harbor Mooring Dolphins.

Commissioners asked that revenue to the port from cruise business be looked at more comprehensively and pointed out that while cruise brings a lot of revenue into the area, it has not been a large source of revenue for the port. They asked staff to explore leveraging the demand for cruise facilities to garner more economic advantage. Concern was expressed about planning to fund a project at such an early stage.

The following projects focused on environment and community benefits were described:

- Waterfront Electrification. Bringing shorepower to Pier 66 and other facilities will reduce emissions.
- Terminal 117 Restoration.
- Fishermen's Terminal Maritime Innovation Center. This project would allow for the redevelopment of one of the port's oldest buildings. However, staff is also exploring other locations for the facility.

Commissioners requested that shorepower use be considered as part of lease terms for cruise operators and inquired about cost-sharing opportunities for the electrification project. They opined that further exploration regarding expected costs, partnerships, and location options must occur before moving forward with the Maritime Innovation Center.

The contingency fund was discussed. This fund provides a buffer to handle unforeseen circumstances. It is available to pay for cost increases, unanticipated needs, new unforeseen projects, and community benefits. It is distinct from the strategic reserve, which is there for contingent liabilities.

Commissioners opined that parameters should be put in place for use of the contingency fund and requested more information regarding past use. They pointed out that capital projects have

their own budgeted contingency funds.

Sources of capital funding and the uses of the tax levy were summarized. Through issuance of general obligation bonds, a three-percent increase in the tax levy annually over the next five years would result in an additional \$127 million of bonding capacity.

Staff spoke briefly about the mechanics of the tax levy. The levy amount has not been increased since 2008. Rather than setting the levy as a set percentage of property value, the Port of Seattle sets its tax levy as a flat rate; King County then determines the millage rate (the amount homeowners pay per \$1,000 of assessed property value). This means that when property values increase, the port's levy funding does not increase unless action is taken to increase the amount of the tax levy.

Commissioners made recommendations for the introduction of the 2019 budget resolution, which stipulates the port's tax levy amount, scheduled for November 13, 2018.

There was no further business, and the meeting adjourned at 11:49 a.m.

Prepared:

Attest:

Amy Dressler, Deputy Commission Clerk

Ryan Calkins, Commission Secretary

Minutes approved: December 11, 2018.