

PORT COMMISSION BUDGET AMENDMENT NO. 1

South King County Fund Economic Recovery Grants 2021 Budget Increase

Statement of Intent

The Port of Seattle set aside \$10 million for the South King County Fund in 2018 to develop equity-based partnerships and provide resources and support in historically underserved near-airport communities. The fund will award those funds between 2019 and 2023 to address noise mitigation, environmental health and sustainability in ethnically and culturally diverse communities.

In response to the devastating impact of the COVID-19 pandemic on our community, the Port of Seattle Commission added economic development as an additional focus for the South King County Fund. Through outreach and government relations engagement with South King County cities, the Port recognizes the strong need for direct investment in small business development to stimulate the economy in 2021 in response to the COVID-driven economic crisis.

In 2020, the Port's budget allocation for South King County Fund Economic Recovery Grants was \$1 million. The South King County Fund Economic Recovery Grants outperformed expectations resulting in proposals totaling nearly \$2.4 million from over 20 highly qualified organizations.

In addition to these expressed and demonstrated needs, it is important to note city expectations of direct support from the South King County Fund, as well as interest and expectations from other jurisdictions and communities in South King County.

This amendment and fund aligns with the Port Century Agenda goal to: Responsibly Invest in the Economic Growth of the Region and all its Communities; Become a Model for Equity, Diversity and Inclusion.

This amendment will not increase the \$10 million dollars allocated for the South King County Fund. It will advance the Port spending in 2021, by increasing the budget from \$1.5 million to \$2 million. This increase in the 2021 budget is in response to overwhelming needs of our community and further demonstrates the Port's commitment to providing opportunities to all, especially to the historically underserved near-airport communities.

Text of the Amendment

Allocate an additional \$500,000 in the 2021 budget from the Tax Levy Fund to support direct investment in small business development and to support programs that provide economic stimulus in partnership with local communities in South King County.

PORT COMMISSION BUDGET AMENDMENT NO. 2

Sustainable Aviation Fuels Fund Allocation for Municipal Solid Waste Study

Statement of Intent

In 2017, the Commission, as part of the Century Agenda, set a 10-year goal of having 10% of the fuel used at Sea-Tac Airport to be from sustainable sources found in the region. This would eliminate approximately 70 million gallons of fossil fuel which is equivalent to 682,000 mt of greenhouse gas (GHG) emissions.

In 2019, the Port funded WSU to identify potential feedstocks to produce Sustainable Aviation Fuel (SAF). The WSU found Municipal Solid Waste (MSW) to be the most readily available sustainable feed stock in the region.

King County provides waste services to 37 of the 39 cities in the county. The county is also working on a strategy to preserve landfill capacity and has been exploring options for waste to energy. As the King County landfill nears capacity, the County needs to decide whether to further develop their landfill or find other uses for its waste stream. As waste, composting, and recycling dynamics change in the Puget Sound region, understanding the potential levers and drivers for converting MSW to liquid fuels is critically important. This project could help address the Port's, the County's, and the region's challenges. The goal is to form a partnership with King County and other potential regional partners that would include a jointly funded study on the technical and economic feasibility of using King County's and other regional entities that manage MSW to produce sustainable fuels. This funding would help generate support for creating production facilities to serve west coast clean fuel markets.

The Executive Director responded to the Energy and Sustainability recommendation to fund this study that funding would be allocated when the Port secured funding from our partners. King County has set aside \$250,000 for a study specifically to partner with the Port of Seattle on an MSW study. This amendment fulfills the Port of Seattle side of that partnership.

Text of the Amendment

Allocate up to \$250,000 in 2021 from the Sustainable Aviation Fuels and Air Emissions Reduction Fund, contingent on the King County contribution, to evaluate the technical, logistical and financial feasibility of partnering with King County and other potential regional partners on converting regional Municipal Solid Waste to sustainable liquid fuels, including on-road, maritime, and aviation.

PORT COMMISSION BUDGET AMENDMENT NO. 3

Creating a One-time 2021 Covid-19 Reserve with Tax Levy Funds

Statement of Intent

This amendment will create a COVID Reserve Fund (Reserve) to enable the Port to respond to economic uncertainties posed by the coronavirus pandemic. The Reserve supports the executive budget and CIP by setting aside funding intended to create broad-based economic opportunities but, will not be used to cover cost over-runs, program expansion or new initiatives. In addition, the reserve will prevent the need for the Port to redirect levy funds from workforce development, equity and environmental programs and other shortfalls.

This amendment increases the executive director's proposed 3% levy increase to 5%. Initiated in 2019 the 3% increase was developed during a time of significant economic growth at the airport and seaport, long before unanticipated impacts of Covid-19 on the global economy.

This 2% increase over the proposed amount would be for one year only and directed to a reserve fund dedicated to Covid-19 related contingencies. It is anticipated that this action will generate approximately \$1.5 million in new revenue to preserve the Ports bond rating, provide additional certainty to revenues and add approximately \$20 million to our bonding capacity in 2022.

Under the 3% proposal owners of a median priced home in King County would pay an estimated \$73.24 in 2021. This amendment increase would increase the estimated amount to \$74.67. Under this amendment, the 2021 median homeowner property taxes would see an increase of \$3 from the 2020 port tax levy.

Nearly every line of business at the Port has been impacted by Covid-19. It is unknown how long it will take the economy to recover. Currently infections and deaths are increasing and are expected to continue through the holiday season. While there is encouraging news about the development of a vaccine it is not clear how long it will take to distribute through a significant portion of the US population, no less to international travelers. This amendment is intended to prepare the Port for unforeseen impacts of the pandemic.

Text of the Amendment

Strike the dollar amount of \$78,676,344 from the second "Be It Further Resolved" clause of Resolution No. 3779 and insert in its place the dollar amount \$80,204,040.

The Executive Director shall create a COVID Reserve Fund with the funds generated from the 2% increase. At the end of 2021, any unspent funds in the COVID Reserve Fund shall be used to offset a levy increase for the following year.

PORT COMMISSION BUDGET AMENDMENT NO. 3
– Corresponding Amendment to Levy Resolution

(Note: If Amendment No 3 to the Budget Resolution is moved and adopted, this corresponding amendment will be needed.)

Creating a One-time 2021 Covid-19 Reserve with Tax Levy Funds

Statement of Intent

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This amendment increases the executive director's proposed 3% levy increase to 5%. Initiated in 2019 the 3% increase was developed during a time of significant economic growth at the airport and seaport, long before unanticipated impacts of Covid-19 on the global economy.

This 2% increase over the proposed amount would be for one year only and directed to a reserve fund dedicated to Covid-19 related contingencies. It is anticipated that this action will generate approximately \$1.5 million in new revenue to preserve the Ports bond rating, provide additional certainty to revenues and add approximately \$20 million to our bonding capacity in 2022.

Under the 3% proposal owners of a median priced home in King County would pay an estimated \$73.24 in 2021. This amendment increase would increase the estimated amount to \$74.67. Under this amendment, the 2021 median homeowner property taxes would see an increase of \$3 from the 2020 port tax levy. The corresponding budget amendment stipulates that any unused tax levy funding shall be used to offset the proposed 2022 tax levy increase.

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Text of the Amendment

1. Title of Resolution – Amending the Title to Reflect the Increased Levy Dollar Amount

A RESOLUTION of the Port Commission of the Port of Seattle specifying the dollar and percentage change in the regular property levy from the previous year per RCW 84.55.120; providing for an increase of the levy from \$76,384,800 to \$80,204,040.

2. The Second Whereas Clause – Amending the Clause to Insert the New Dollar Amount and Change in Levy Rate

WHEREAS, the Port of Seattle's Commission, after hearing and duly considering all relevant evidence and testimony presented in a public hearing held pursuant to RCW 84.55.120, has determined the Port of Seattle requires a regular levy in the amount of \$80,204,040 which represents the levy rate of approximately \$0.1242 per thousand of assessed value; and

3. The “Now, Therefore Be It Resolved” Clause – Striking and Inserting New Language to Reflect the Levy Increase

Strike from Resolution No. 3780:

NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Seattle that a property tax levy is hereby authorized in the amount of \$78,676,344, an increase of \$2,291,544, a 3.0 percent increase from 2020. Excluding the new construction and refund amount, the increase is \$1,151,713 or 1.5 percent from 2020 for tax filing purposes.

And Insert:

NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Seattle that a property tax levy is hereby authorized in the amount of \$80,204,040 an increase of \$3,819,240, a 5.0 percent increase from 2020. Excluding the new construction and refund amount, the increase is \$2,667,527 or 3.5 percent from 2020 for tax filing purposes.

PORT COMMISSION BUDGET AMENDMENT NO. 4

2021 Contingency Reserve

Statement of Intent

The Port of Seattle faces extraordinary challenges from the global pandemic caused by COVID 19. Every aspect of Port operations have been impacted. Recent news of the effectiveness of vaccine trials provide a sense of optimism, but the availability of these vaccines to the general public is uncertain, as is the potential effect on economic recovery. In response, the Port should provide a built-in “Contingency Reserve” to prepare for further potential adverse circumstances or economic effects of the COVID-19 pandemic.

Port leadership and finance positioned the organization well in advance of the pandemic. We entered this crisis on a firm economic footing. As the virus spread and economic impacts escalated, the effects to the Port budget become clearer. The Port responded by reducing some of our capital spending, initiating a hiring freeze and instituted a variety of budget reductions.

Looking into 2021, the financial picture is not clear. Even in light of a potential vaccine our path ahead is far from predictable. Residents of King County are facing an uncertain future. In order to limit the financial impact to constituents and maintain the Port’s share of the tax levy at the level recommended by the executive, a reserve should be created within our existing budget to respond if the downturn continues beyond what is reasonably expected.

The purpose of this amendment is to authorize the Executive Director, in consultation with the Commission, to use funds from the reserve as a contingency for unanticipated circumstances. The amendment directs the Executive to designate a \$7 million “Contingency Reserve” of the 2021 budget reserves to be allocated with the expressed direction of the Executive and in consultation with the Commission.

Text of the Amendment

The Executive Director shall set-aside \$7 million of the 2021 General Fund balance to be designated as a “Contingency Reserve” for unforeseen or adverse economic impacts, in particular for impacts on Port operations related to the COVID-19 pandemic. The Executive Director shall consult with the Commission on the use of the Contingency Reserve and shall provide the amount, timeline and reason for use of the Contingency Reserve to the Commission.

PORT COMMISSION BUDGET AMENDMENT NO. 5

Pause on New Terminal 46 Cruise Terminal

Statement of Intent

Cruise operations at the Port of Seattle provide significant benefits to the local economy, reaching industries far beyond the waterfront. Ships homeported in Seattle are provisioned by local providers and strengthen our network of maritime and industrial businesses.

With the onset of the COVID-19 pandemic, cruise operations around the world have come to a halt. Though there is recent optimism with the lifting of the Center for disease Control ban on cruises in U.S. waters, the future is not certain. .

The implementation of new safety measures and a cap on capacity provide a path forward, however, it is unclear when the industry will recover and how customers will react to the resumption of cruise. The existing Port of Seattle cruise terminals will likely be able to handle the anticipated recovery of cruise on our waterfront for the near future.

There is no certainty of a recovery or return to a “normal” cruise season in 2021. Therefore, it is important to be fiscally prudent and safeguard against future uncertainty and to provide the Port maximum flexibility and the ability to consider all opportunities for these assets.

This amendment directs the Executive to pause capital spending on a new cruise terminal at Terminal 46 in 2021, unless otherwise directed by the Commission.

Text of the Amendment

The Executive Director shall all capital work on the new cruise terminal at Terminal 46. Prior to reinitiating, staff shall provide an assessment of the impact of the COVID-19 pandemic on the Cruise industry and a reevaluation of the proposed Terminal 46 site.

PORT COMMISSION BUDGET AMENDMENT NO. 6

Administrative Amendment

Statement of Intent

To incorporate additional funding received into the 2021 budget.

Text of the Amendment

Add \$145K to the NWSA Distributable Revenue and Distributable Cash based on the 2021 final NWSA budget.