



# COMMISSION REGULAR MEETING AGENDA

April 26, 2022

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 725 058 233#

## 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. Holocaust Remembrance Day Proclamation ([proclamation](#) enclosed) (p.5)

### 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 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.

**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 the topic you wish to speak to by 9:00 a.m. PT on Tuesday, April 26, 2022. 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.

**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 Regular Meeting on April 12, 2022. **(no enclosure)**
- 8b. Authorization for the Executive Director to Proceed with the Passenger Flow Metrics Project, to Utilize Port Staff and to Execute Contract(s) for Software, Equipment, Vendor Services, and Ten Years of Software License and Maintenance Fees in the Amount of \$630,000 and a Service Fee Contract Value of \$3,000,000. (CIP #C801188) ([memo](#) and [presentation](#) enclosed) **(p.7)**
- 8c. Authorization for the Executive Director to Proceed with the Energy Management System Project and Execute Contract(s) for Software, Equipment, Vendor Services, and Ten Years of Software License and Maintenance Fees in the Amount of \$540,000 and an Estimated Ten-Year Software License and Maintenance Fee of \$3,500,000. (CIP #C801166) ([memo](#) and [presentation](#) enclosed) **(p.17)**
- 8d. Authorization for the Executive Director to Execute a New Collective Bargaining Agreement Between the Port of Seattle and the International Brotherhood of Teamsters, Local 117, Representing Traffic Support Specialists at the Police Department Covering the Period from January 1, 2022, through December 31, 2024. ([memo](#) and [agreement](#) enclosed) **(p.27)**
- 8e. Authorization for the Executive Director to Execute a New Collective Bargaining Agreement Between the Port of Seattle and the Pacific Northwest Regional Council of Carpenters, Local 30, Representing Carpenters, Millwrights, and Piledrivers, at Marine Maintenance, Aviation Maintenance, and Port Construction Services Covering the Period from January 1, 2022, through December 31, 2026. ([memo](#) and [agreement](#) enclosed) **(p.66)**
- 8f. Authorization for the Executive Director to Execute a New Collective Bargaining Agreement (CBA) Between the Port of Seattle and the International Association of Machinists and Aerospace Workers, Local 289, Representing Inventory Specialists at the Port of Seattle Covering the Period from January 1, 2022, through December 31, 2025. ([memo](#) and [agreement](#) enclosed) **(p.95)**
- 8g. Order No. 2022-06: Appointing Members to the Port of Seattle Commission Board of Ethics. ([order](#) enclosed) **(p.119)**
- 8h. Adoption of Resolution No. 3801: A Resolution Authorizing the Issuance and Sale of Intermediate Lien Revenue and Refunding Bonds in One or More Series in the Aggregate Principal Amount of Not-to-Exceed \$1,000,000,000, for the Purposes of Financing Capital Improvements to Aviation Facilities and Refunding Certain Outstanding Revenue Bonds of the Port; Setting Forth Certain Bond Terms and Covenants; and Delegating Authority to Approve Final Terms and Conditions and the Sale of the Bonds. ([memo](#), [resolution](#), and [presentation](#) enclosed) **(p.121)**
- 8i. Authorization for the Executive Director to Complete Design and Utilize Port Crews and Small Works Contracts to Complete Repairs Associated with the 2021 Garage Fire Repairs Project at Seattle-Tacoma International Airport in the Amount of \$750,000 and a Total Estimated Project Cost of \$900,000. ([memo](#) enclosed) **(p.179)**

- 8j. Authorization for the Executive Director to Complete Design for the Tyee Pond Effluent Pipe Replacement Project Located South of the Seattle-Tacoma International Airport in the Amount of \$390,000 and a Total Estimated Project Cost of \$2,540,000. (CIP #C801173) ([memo](#) and [vicinity map](#) enclosed) (p.180)
- 8k. Authorization for the Executive Director to Execute a Major Public Works Construction Contract to Provide Full Functional Wide Body Aircraft Capacity at the Concourse N Gate N16. No additional funding is associated with this Request. (CIP #C800556) ([memo](#) and [presentation](#) enclosed) (p.185)
- 8l. *(Number not used.)*
- 8m. Authorization for the Executive Director to Execute a Project Administration Agreement with Sound Transit to Provide Reimbursement to the Port of Seattle for the Costs of Certain Services and Products Related to the Project and to Execute Task Orders that are Consistent with the Agreement and Do Not Exceed a Combined Total of \$5,000,000. ([memo](#), [draft agreement](#), and [presentation](#) enclosed) (p.198)
- 8n. Authorization for the Executive Director to Authorize up to an Additional \$15,500,000 of the C Concourse Expansion Budget to Fund Baggage Transfer Line Work, to Transfer up to \$15,500,000 in Funds from the C Concourse Expansion Project to the Baggage Optimization Project (CIP# C800612), and to Request Authorization to Execute a Project Labor Agreement. (CIP #C800845) ([memo](#) and [presentation](#) enclosed) (p.216)

## 9. UNFINISHED BUSINESS

## 10. NEW BUSINESS

- 10a. <sup>1</sup>Industrial Development Corporation Annual Meeting – Approval of Minutes, Designation of Officers, and Annual Report for 2021. ([IDC packet](#) and [minutes](#) enclosed) (p.226)
- 10b. Authorization for the Executive Director to Execute a Cooperative Research and Development Agreement with Pacific Northwest National Labs, Sandia National Labs and Seattle City Light to Study Risk Assessment of Large-Scale Hydrogen Storage in a Port Environment in the Amount Not-to-Exceed \$35,000 Toward a Total Estimated Project Cost of \$1,100,000. ([memo](#), [agreement](#), and [presentation](#) enclosed) (p.245)
- 10c. Authorization for the Executive Director to Execute an Agreement with the Seattle Aquarium for a Project Investigating Urban Kelp Forests in the Amount Not-to-Exceed \$120,000; and that the Commission Exercises its Authority Under RCW 53.19.020(5) to Determine a Competitive Solicitation Process is Not Appropriate or Cost Effective for this Action. ([memo](#) and [presentation](#) enclosed) (p.279)

## 11. PRESENTATIONS AND STAFF REPORTS

- 11a. Baggage Optimization Program Update – Second Quarter 2022 ([memo](#) and [presentation](#) enclosed) (p.290)

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

- 11b. Sustainable Century and Fly Quiet Awards ([memo](#) and [presentation](#) enclosed)  
(p.312)

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

**13. ADJOURNMENT**



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

- WHEREAS,** April 28, 2022, is the internationally recognized date for this year’s Holocaust Remembrance Day, known in Hebrew as Yom HaShoah; and
- WHEREAS,** Holocaust Remembrance Day is a day to recognize the systematic, state-sponsored persecution and murder of six million Jews and millions of others by the Nazi regime and its allies and collaborators during World War II; and
- WHEREAS,** the war in Ukraine has brought memories of, and references to, the Holocaust to the forefront in multiple ways – from accusations of Naziism to the destruction of Ukrainian Holocaust memorials – to images of refugees fleeing attack; and
- WHEREAS,** the Port of Seattle has committed to upholding the dignity and value of every person, and identifying and addressing the root causes of inequities; and
- WHEREAS,** the Port acknowledges the increase in hate crimes that are directed toward Jewish people, especially because according to the Anti-Defamation League, the national average of antisemitic incidents remained at historic levels in 2021, with a 27 percent increase targeting Jews and Jewish institutions and with Washington State having the fifth-highest number of incidents in the nation; and
- WHEREAS,** the Port remains committed to supporting the safety, inclusion, and engagement of all members of our community, including our Jewish employees and Jewish residents of King County; and
- WHEREAS,** the Port strongly believes that we must all be proactive in working to combat oppression and prejudice wherever we see it, and to strive to do our part to align with that common Yom HaShoah sentiment of “never again.”

**NOW, THEREFORE,** the Port of Seattle Commission hereby proclaims the start of its henceforth annual commitment to commemorate this tragic history and to reflect on the lessons it holds for our lives today.

Proclaimed by the Port of Seattle Commission this 26th day of April, 2022.

Port of Seattle Commission

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Port of Seattle Commission

**COMMISSION  
AGENDA MEMORANDUM**

**Item No.**

8b

**ACTION ITEM**

**Date of Meeting**

April 26, 2022

**DATE:** April 15, 2022

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

**FROM:** Laurel Dunphy, Airport Operations Director  
Krista Sadler, Technology Delivery Director

**SUBJECT: Passenger Flow Metrics Project (CIP #C801188)**

**Amount of this project request:** \$630,000

**Total estimated project cost:** \$630,000

**Service Fee Contract Value** \$3,000,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to 1) proceed with the Passenger Flow Metrics project, 2) utilize Port Staff, and 3) execute contract(s) for software, equipment, vendor services, and ten years of software license and maintenance fees in the amount of \$630,000 and a service fee contract value of \$3,000,000.

**EXECUTIVE SUMMARY**

This project will procure a system(s) that will collect anonymized information from a mix of new and existing technologies and systems to determine average passenger flow measurements for 1) arriving passengers from the clock tower on the main drive through a security checkpoint and 2) internationally arriving passengers from their gate on the South Concourse to a connecting flight on the North Concourse. Timing for these two travel paths is a key Seattle-Tacoma International Airport (SEA) metric supporting Aviation Customer Experience objectives and will be used to identify and measure improvements, assess impacts from future construction projects, and alert SEA Operations on emerging issues.

The system(s) selected may utilize existing Port wireless technology, smart phone location services, or roadway cameras to determine passenger flow times. In every case, data will be anonymized so that no personally identifiable information (PII) is collected nor stored.

Information and Communication Technology, Aviation Operations, Business Intelligence, and Aviation Maintenance will partner to complete this project with a vendor selected via a competitive procurement. The capital project was included in the 2022-2026 capital budget and plan of finance in the amount of \$630,000. This authorization also includes a contract for

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recurring software license and maintenance fees for up to ten years, estimated at \$3,000,000. Recurring costs will be budgeted in the Aviation operating budget.

### **JUSTIFICATION**

A critical impact to SEA Customer Experience long-term goals is how smoothly passengers flow from arrival to the airport through security checkpoints or the International Arrival Facility to their gate. While flow measurements exist in certain legs of these journeys there are several unmeasured areas and no comprehensive metric to evaluate progress against the goals. In the next few years, several construction projects will disrupt normal passenger routes on the roadways and through the terminal and reliable information on passenger flow will help identify adjustments for key choke points and alert staff to issues for quicker resolution.

### ***Diversity in Contracting***

Project staff will work with the Diversity in Contracting Department to determine if a direct women-and-minority-owned business enterprise (WMBE) aspirational goal should be assigned. Typically, subcontracting opportunities under technology projects are limited.

### **DETAILS**

#### ***Scope of Work***

- (1) Competitively procure a system(s) to gather and consolidate average passenger flow measurements.
- (2) Install limited equipment, if needed, to support anonymized measurement tracking.
- (3) Integrate with existing systems that can provide flow data in areas along the measured paths.
- (4) Develop reports that integrate with Aviation Business Intelligence platform.

#### ***Schedule***

Procurement Complete	2022 Quarter 4
Roadway Metrics	2023 Quarter 4
Terminal Metrics	2024 Quarter 4

#### ***Cost Breakdown***

	This Request	Total Project
Equipment	\$30,000	\$30,000
Software and Vendor Services	\$200,000	\$200,000
Port Labor	\$400,000	\$400,000
<b>Total</b>	<b>\$630,000</b>	<b>\$630,000</b>

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**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Procure and implement a solution(s) to provide extensive data for detailed passenger movement throughout the terminal.

Cost Implications: Capital Project - >\$2,000,000; Ten Year Recurring Costs: >\$5,000,000

Pros:

- (1) Robust capabilities to understand passenger movement can provide additional benefits from targeted services and more comprehensive coverage.
- (2) Future stakeholders could leverage technology with a smaller investment.

Cons:

- (1) This alternative is significantly more expensive primarily due to the likelihood of significant construction for additional sensors or cameras and more proprietary equipment.
- (2) The schedule to complete the installation would be significantly longer than the recommended alternative.

This is not the recommended alternative.

**Alternative 2** – Leverage future terminal and roadway projects to install technology.

Cost Implications: \$0

Pros:

- (1) Resources and funding available for other projects.

Cons:

- (1) There is no measurement to determine progress on key Aviation goals.
- (2) The impact on passenger flow from future terminal and roadway projects is not supported by actionable data.
- (3) Identification of emerging issues is a manual effort.

This is not the recommended alternative.

**Alternative 3** – Procure and implement a solution that gathers and consolidates average passenger flow measurements using a mix of new and existing technologies and systems.

Cost Implications: Capital Project-\$630,000; Ten-Year Recurring Costs: \$3,000,000

Pros:

- (1) This alternative provides passenger flow measurements to identify problem areas, understand customer experience trends, and react to emerging issues for a more modest investment than the alternative.
- (2) Investment in existing technology and systems that provide supporting data is utilized.

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- (3) Comprehensive reports will provide progress against a key Customer Experience goal on passenger flow times.

**Cons:**

- (1) Detailed information about passenger movement would be unavailable for other potential targeted services.

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

**FINANCIAL IMPLICATIONS**

<b><i>Cost Estimate/Authorization Summary</i></b>	<b>Capital</b>	<b>Expense</b>	<b>Total</b>
<b>COST ESTIMATE</b>			
Original estimate	\$630,000	\$0	\$630,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$0	0	\$0
Current request for authorization	\$630,000	0	\$630,000
Total authorizations, including this request	\$630,000	0	\$630,000
Remaining amount to be authorized	\$0	\$0	\$0

***Annual Budget Status and Source of Funds***

This project was included in the 2022-2026 capital budget and plan of finance for \$630,000. The project will be funded with the Airport Development Fund and revenue bonds.

***Financial Analysis and Summary***

Project cost for analysis	\$630,000
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base.
IRR/NPV (if relevant)	N/A
CPE Impact	Less than \$.01 in 2024

***Future Revenues and Expenses (Total cost of ownership)***

Annual recurring service, license, or maintenance fees, estimated at \$300,000 per year, will be budgeted in annual operating budgets beginning in 2023. The estimated total over a ten-year contract term is \$3,000,000 in addition to the vendor costs for implementation.

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**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None



# Passenger Flow Metrics Project Authorization

Commission  
April 26, 2022

# Project Purpose

Provide passenger flow metrics to identify and measure improvements, assess impacts from future construction, and alert SEA Operations on emerging issues

- Arriving passengers from the clock tower on the main drive through security checkpoint
- Internationally arriving passengers from their gate on the South Concourse to a connecting flight on the North Concourse

This project supports key SEA Customer Experience objectives

# Scope

- Procure and implement a system(s) that will collect anonymized information from a mix of new and existing technologies to determine average passenger flow measurements.
- Install limited equipment to support anonymized measurement tracking
- Integrate with existing systems that can provide flow data in areas along the measured paths

# Cost/Schedule

Cost Breakdown	This Request	Total Project
Hardware, Software, and Vendor Services	\$230,000	\$230,000
Port Labor	\$400,000	\$400,000
<b>Total</b>	<b>\$630,000</b>	<b>\$630,000</b>

System Procurement Complete	2022 Quarter 4
Roadway Metrics Available	2023 Quarter 4
Terminal Metrics Available	2024 Quarter 4

# Request

- Proceed with the Passenger Flow Metrics project
- Execute contract(s) for software, equipment, vendor services, and up-to ten years of software license and maintenance fees

Total project request is \$630,000. The up-to ten-year maintenance and license fee contract is estimated not to exceed \$3,000,000.

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**COMMISSION**  
**AGENDA MEMORANDUM**

**Item No.**

8c

**ACTION ITEM**

**Date of Meeting**

April 26, 2022

**DATE :** April 15, 2022

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

**FROM:** Sandra Kilroy, Senior Director Environment, Sustainability, and Engineering  
Mike Tasker, Senior Manager Aviation Facilities and Infrastructure  
Krista Sadler, Director Technology Delivery

**SUBJECT: Energy Management System (CIP #C801166)**

**Amount of this project request:** \$540,000

**Total estimated project cost:** \$540,000

**Ten-year maintenance contract:** \$3,500,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to 1) proceed with the Energy Management System project and 2) execute contract(s) for software, equipment, vendor services, and ten years of software license and maintenance fees. The amount requested for project implementation is \$540,000 and the estimated ten-year software license and maintenance fee is \$3,500,000.

**EXECUTIVE SUMMARY**

This project will procure and implement a Port-wide energy management system (EMS) capable of tracking, managing, analyzing, and reporting on facility energy consumption and performance data. The system will be used for both Aviation and Maritime properties and will be designed to be highly scalable and customizable to match the Port's diverse lines of business and incorporate future needs. During implementation, the project will connect approximately 85 existing smart meters for utilities on Waterfront properties, SEA North Concourse, and Port solar panel inverters and will be designed to add meters as they are installed by other projects.

Accurate, readily available data on current and historical facility energy and fuel use is critical to make informed, sustainable investments and operational improvements that advance the Port's Century Agenda and maintain regulatory compliance. This data is currently collected as a by-product of cost recovery efforts and requests for building energy data require long lead-times, significant staff resources, and rigorous data manipulation and accuracy checks. The EMS will provide a centralized, cross-departmental database and management system to facilitate the capture and reporting of this information.

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Information and Communication Technology, Environment, Sustainability, and Engineering, Aviation Facilities, Economic Development will partner to deliver this project. The capital project was included in the 2022-2026 capital budget and plan of finance as a \$400,000 Maritime and Economic Development project. During development of the business case, the scope was expanded to include Aviation in a Port-wide EMS implementation so CIP C801166 has been reassigned as a Corporate CIP and the additional \$140,000 will be added to the capital budget and plan of finance for 2023, for a total estimated project cost of \$540,000. Project funding will be fifty percent Airport Development Fund and fifty percent General Fund.

This authorization also includes a contract for recurring software license and maintenance fees for up to ten years, estimated at \$3,500,000. This includes an annual escalation for the addition of smart meter connections through the life of the contract. This will be budgeted by individual operating budgets depending on the number of data points captured.

**JUSTIFICATION**

The EMS provides an innovative approach that advances the Century Agenda goals to be the greenest, most energy efficient port in North America and to be a highly effective public agency. Specifically, the EMS supports Port of Seattle Resolution 3792 to adopt Charting the Course to Zero: Port of Seattle's Maritime Climate and Air Action Plan, Port of Seattle resolution 3768, a Sustainable Evaluation Framework Policy Directive, and Washington Clean Buildings Act (HB1257).

Other benefits include:

- (1) Ability to isolate performance data at a variety of levels such as portfolio, campus, building, or asset.
- (2) Aggregate building-level energy use information to meet compliance and regulatory requirements more efficiently and to support investment decision-making, operations, and maintenance.
- (3) Inform strategic investment in Port assets and facilities using asset performance metrics.
- (4) Support Asset Condition Tracking Program related to building and energy assets.
- (5) Serve as the foundational tool to remotely integrate smart facility technologies and controls software across the Port.
- (6) Enable remote meter reading to reduce safety risks to staff and costs.
- (7) Provide faster notification to staff when there is abnormally high usage, indicating possible problems needing immediate attention.
- (8) Support port-wide awareness of resource consumption and enable data-driven internal and external communications.



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***Diversity in Contracting***

Project staff will work with the Diversity in Contracting Department to determine if a direct women-and-minority-owned business enterprise (WMBE) aspirational goal should be assigned. Typically, subcontracting opportunities under technology projects are limited.

**DETAILS*****Scope of Work***

- (1) Competitively procure and implement an EMS to collect, track, and report on energy consumption and performance data.
- (2) Connect approximately 85 existing smart meters for Maritime and Aviation Properties.
- (3) Upload historical energy use data.

The purchase and installation of additional smart meters that can be integrated with the EMS will occur with other projects.

***Schedule***

System Procurement Complete	2022 Quarter 4
In-use date	2023 Quarter 3

***Cost Breakdown***

	This Request	Total Project
Hardware, Software, and Vendor Services	\$300,000	\$300,000
Port Labor	\$240,000	\$240,000
Total	\$540,000	\$540,000

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Procure and install EMS and additional smart meters for Waterfront and Aviation properties.

Cost Implications: Capital Range: \$1,500,000 - \$2,000,000

**Pros:**

- (1) Provides a more complete energy usage picture for Port buildings with project completion.

**Cons:**

- (1) The addition of meter installation significantly increases the complexity, schedule, and change management challenges from the recommended phased approach. A measured implementation will allow the project team to set a foundation for the new platform that can easily be expanded as more smart meters are added through other projects.

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- (2) It is likely more cost efficient to add smart meters to many locations with larger, planned construction efforts.

This is not the recommended alternative.

### **Alternative 2 – Postpone procurement and implementation of an EMS**

Cost Implications: \$0

Pros:

- (1) Capital funds and resources are available for other efforts.

Cons:

- (1) Port staff continue with inefficient manual processes to gather and report on energy use, which fails to meet business demands for more current, accessible, and accurate data.
- (2) Delays valuable data support for decision making to improve energy performance and effective energy reporting.

This is not the recommended alternative.

### **Alternative 3 – Procure and implement an EMS and connect existing smart meters**

Cost Implications: \$540,000

Pros:

- (1) Allows staff to implement a foundational, scalable EMS solution and provides a required data repository for tracking, managing, and reporting on energy usage.
- (2) Will provide easily accessible online access to resource consumption data, reports, and analytics that is known to be of significant value to many Port departments.
- (3) Supports Port Century Agenda Goals and our LEED electricity monitoring commitment with state energy code, initially at Airport North Concourse and expanding with new projects.

Cons:

- (1) Will not provide a complete energy usage picture for all Port buildings without additional investments.

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

### **FINANCIAL IMPLICATIONS**

#### ***Cost Estimate/Authorization Summary***

	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$400,000	\$0	\$420,000
Current change	\$140,000	\$0	\$140,000
Revised estimate	\$540,000	\$0	\$540,000

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<b>AUTHORIZATION</b>			
Previous authorizations	\$0	0	0
Current request for authorization	\$540,000	\$0	\$540,000
Total authorizations, including this request	\$540,000	\$0	\$540,000
Remaining amount to be authorized	\$0	\$0	\$0

***Annual Budget Status and Source of Funds***

The project was budgeted in the 2022-2026 plan of finance as a Maritime and Economic Development project for \$400,000. During development of the business case, the scope was expanded to include Aviation in a Port-wide EMS implementation so CIP C801166 has been reassigned as a Corporate CIP and the additional \$140,000 will be added to the capital budget and plan of finance for 2023, for a total estimated project cost of \$540,000. Project funding will be fifty percent Airport Development Fund and fifty percent General Fund. Training, estimated at \$20,000, will be funded by individual departments benefiting by the training.

***Financial Analysis and Summary***

Project cost for analysis	\$540,000
Business Unit (BU)	Aviation's cost center would be Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base.
IRR/NPV (if relevant)	NA
CPE Impact	Less than .01 in 2023

***Future Revenues and Expenses (Total cost of ownership)***

Annual recurring service, license, or maintenance fees, estimated initially at \$220,000 per year, will be budgeted in annual operating budgets beginning in 2023. As smart meters are added, the cost will likely increase so the estimated total over a ten-year contract term is \$3,500,000 in addition to the vendor costs for implementation.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None

# Energy Management System Project Authorization

Commission  
April 26, 2022

# Project Purpose

- Efficiently provide energy use information to meet compliance and regulatory requirements
- Advance the Port's Century Agenda
- Inform strategic investments using asset performance metrics
- Enable remote meter reading
- Alert on abnormal usage indicating problems that need immediate attention
- Support Port-wide awareness of resource consumption

# Scope

- Procure and implement an Energy Management System for use Port-wide
- Connect approximately 85 smart meters for Maritime and Aviation Properties
- Upload historical energy use data



Additional smart meters will be integrated with the Energy Management System as they are installed with other projects

# Cost/Schedule

Cost Breakdown	This Request	Total Project
Hardware, Software, and Vendor Services	\$300,000	\$300,000
Port Labor	\$240,000	\$240,000
<b>Total</b>	<b>\$540,000</b>	<b>\$540,000</b>

System Procurement Complete	2022 Quarter 4
In-use date	2023 Quarter 3



# Request

- Proceed with the Energy Management System project
- Execute contract(s) for software, equipment, vendor services, and up-to ten years of software license and maintenance fees

Total project request is \$540,000. The up-to ten-year maintenance and license fee contract is estimated not to exceed \$3,500,000.

[RETURN TO AGENDA](#)

**COMMISSION**  
**AGENDA MEMORANDUM**

**Item No.**

8d

**ACTION ITEM**

**Date of Meeting**

April 26, 2022

**DATE:** March 30, 2022

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

**FROM:** David Freiboth, Senior Director of Labor Relations  
Milton Ellis, Labor Relations Manager

**SUBJECT:** New collective bargaining agreement between the Port of Seattle and the International Brotherhood of Teamsters, Local 117, Teamsters, representing Traffic Support Specialists

**Total Port Cost Increase for the Duration of the Agreement:** \$244,261

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute a new collective bargaining agreement between the Port of Seattle and the International Brotherhood of Teamsters, Local 117, representing Traffic Support Specialists at the Police Department covering the period from January 1, 2022, through December 31, 2024.

**EXECUTIVE SUMMARY**

Good faith bargaining between the International Brotherhood of Teamsters, Local 117, representing Traffic Support Specialists and the Port of Seattle resulted in a fair collective bargaining agreement consistent with the Port's priorities.

There are currently five (5) Traffic Support Specialists, out of fifteen budgeted FTE positions, employed at the Port of Seattle who are assigned to the Port of Seattle Police Department. The Traffic Support Specialists are responsible for monitoring traffic on the airport drives at Sea-Tac.

The agreement is for three years covering the period from January 1, 2022, through December 31, 2024. The estimated total additional cost for wages and benefit increases is \$244,261. The estimated additional cost per year of the contract is: year one, \$101,913 (2022); year two, \$69,590 (2023), and year three \$72,758 (2024).

The cost is based upon a seven-percent (7.0%) increase in year one of the agreement, in addition to a one-thousand dollar (\$1,000) lump sum payment for all bargaining unit members employed as a Traffic Support Specialists on December 31, 2022; a three percent (3.0%) increase in year two of the agreement beginning January 1, 2023, and an additional one-percent (1.0%) increase

Meeting Date: April 26, 2022

in year two of the agreement effective July 1, 2023; and a four-percent (4.0%) increase in year three of the agreement commencing on January 1, 2024.

The cost also consists of one and eight tenths of a percent (1.8%) increase in health insurance in year one of the agreement and an estimated 5.0% increase in health insurance in years two and three of the agreement.

Other additions to the agreement consist of establishing a procedure for a voluntary employee contribution to the Teamsters Democratic, Republican, Independent, Voter Education (DRIVE) program; employees will be able to cash out their paid time off leave following the same procedures of non-represented employees at the Port; employees in the bargaining unit will be provided with a personal day each year of the agreement that has be used within the year; the Port's contribution to the Teamsters Pacific Coast Benefit Trust Supplemental pension plan increased to \$1.03/hour in year one of the agreement, \$1.13/hour in year two of the agreement and \$1.23/hour in year three of the agreement; employees in the bargaining unit will pay premium share for the first time under Teamsters Medical Plan B consisting of fifteen dollars (\$15) per month during the second year of the agreement commencing July 1, 2023, and fifty dollars (\$50) per month in year three of the agreement commencing January 1, 2023; the Port will comply with State law when information is being requested from a bargaining unit members file on the basis of a public records request;

Other additions to the contract include a longevity provision consisting of two percent (2.0%) for those employees in the bargaining unit who have been employed for five (5) years of more; and additional duties and responsibilities were added to the Traffic Support Specialist Lead position.

### **JUSTIFICATION**

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

### **DETAILS**

Term of the Agreement - Retroactive to January 1, 2022, through December 31, 2024.

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**FINANCIAL IMPLICATIONS****Wages**

Classification	Current Rate - A Five Step Annual Salary Progression	Effective 1/1/22 Base Hourly Rate (7.0%)	Effective 1/1/23 Base Hourly Rate (3.0%)	Effective 7/1/23 Base Hourly Rate (1.0%)	Effective 1/1/24 Base Hourly Rate (4.0%)
Traffic Support Specialists	\$23.02	\$24.63	\$25.37	\$25.62	\$26.64
	\$23.93	\$25.61	\$26.38	\$26.64	\$27.71
	\$24.89	\$26.63	\$27.43	\$27.70	\$28.81
	\$25.89	\$27.70	\$28.53	\$28.82	\$29.97
	\$26.92	\$28.80	\$29.66	\$29.96	\$31.16

Employees in the bargaining unit were provided with a seven percent (7.0%) increase in wages effective January 1, 2022, in addition to a one-thousand-dollar (\$1,000) lump sum payment effective December 31, 2022, in the first year of the agreement. Employees were also provided with a three percent (3.0%) increase effective January 1, 2023, and a one percent (1.0%) increase effective July 1, 2023, in year two of the agreement. In addition, employees in the bargaining unit were provided with a four percent (4.0%) increase in wages in year three of the agreement.

Members of the bargaining group employed as a Traffic Support Specialists for five or more years will receive a two percent (2.0%) longevity increase to their base.

**Health and Welfare**

Members of the bargaining group are currently enrolled Teamsters Medical Plan B. Employees will begin paying premium share in the amount of fifteen dollars (\$15) effective July 1, 2023, in the second year of the agreement and fifty dollars (\$50) effective January 1, 2024, in the third year of the agreement.

**Pension**

Members of the bargaining group are covered under the Washington State Public Employment Retirement System. Members of the bargaining group are also enrolled in the Teamsters Pacific Coast Benefit Trust Supplemental pension plan where the Port's contribution will increase to one dollar and three cents (\$1.03) per hour compensated in year one of the agreement; one-dollar thirteen cents (\$1.13) per hour compensated in year two of the agreement and one-dollar twenty-three cents (\$1.23) per hour compensated in year three of the agreement for all employees in the bargaining unit.

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**Democratic, Republican, Independent Voter Education (DRIVE)**

Procedure established that would allow bargaining unit members to voluntarily contribute to the Teamsters DRIVE program with a minimum contribution of five dollars (\$5.00) per month and a minimum number of fifty (50) Teamsters bargaining unit members across all Teamsters bargaining units.

**Other Changes/Additions include:**

- Paid Time Off (PTO) leave cash out following same procedures as non-represented employees
- Personal day – one per year in each year of the agreement
- Personal File – Public Records request for information in employee's personnel file administered in accordance with RCW 42.56.250 (12).
- Traffic Support Specialists Lead – additional duties and responsibilities

<b>Cost Impact \$</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Pay</b>	\$79,082	\$45,231	\$42,075
<b>Benefits</b>	\$22,832	\$24,358	\$30,683
<b>Total New Money</b>	\$101,913	\$69,589	\$72,758
<b>Total Cumulative Cost</b>	\$101,914	\$171,503	\$244,261

The estimated total cumulative cost to the Port of Seattle for the duration of the contract is \$244,261.

**ATTACHMENTS TO THIS REQUEST**

(1) Collective Bargaining Agreement

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None.

**DRAFT**

Agenda Item: 8d\_Attach  
Meeting Date: April 26, 2022

**PORT OF SEATTLE – LOCAL 117 SETTLEMENT AGREEMENT**

February 24, 2022

# **A G R E E M E N T**

**By and Between**



**Port of Seattle**

**And Teamsters Local Union No. 117**

**Affiliated with the  
International Brotherhood of Teamsters**

**REPRESENTING TRAFFIC  
SUPPORT SPECIALISTS**



**Term of Agreement**

**—**

**January 1, 2022 – December 31, 2024**

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**PORT OF SEATTLE  
TRAFFIC SUPPORT SPECIALISTS' AGREEMENT**

**ARTICLE 1 – PURPOSE OF AGREEMENT**

This mutual Collective Bargaining Agreement (hereinafter referred to as the Agreement) has been entered into by Teamsters Local Union No. 117, affiliated with the International Brotherhood of Teamsters (hereinafter referred to as the “Union”), and the Port of Seattle (hereinafter referred to as the “Port”), which may hereinafter be referred to as the Parties. The purpose of this Agreement is the promotion of harmonious relations between the Port and the Union; the establishment of equitable and peaceful procedures for the resolution of differences; and the establishment of rates of pay, hours of work, benefits, and other terms and conditions of employment.

**ARTICLE 2 - UNION RECOGNITION**

2.01 The Port recognizes the Union as the sole and exclusive bargaining agent for Port of Seattle full-time and regular part-time non-supervisory Traffic Support Specialists employed by the Port of Seattle, excluding supervisors, confidential employees, and all other employees of the Employer.

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

**ARTICLE 3 - UNION MEMBERSHIP**

3.01 The Port shall notify the Union as soon as possible of any deduction authorization received by the Port. Upon receiving notice from the Union, the Port agrees to deduct from the paycheck of each Union member or each non-member voluntary financial supporter covered by this Agreement who has voluntarily so authorized it, the initiation fee, and regular monthly dues, assessments, or voluntary non-member financial supporter fee. Such authorization for deductions may be made in writing, electronically, or through recorded voice. The Port shall transmit fees and dues to the Union once each month on behalf of the employees involved. If a deduction error is identified, the error will be addressed as soon as practicable.

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

3.03 A Union member or voluntary financial supporter of the Union may cancel their payroll deduction authorization in accordance with the terms of the Union's payroll deduction authorization form by giving written notification to the Union. If the Union receives such written notification, confirmation will promptly be sent to the Port by the Union when the terms of the

employee's signed payroll deduction authorization form regarding cancellation have been met. The Port will make an effort to end the automatic dues deduction effective the first pay period but no later than the second pay period after receipt of the written cancellation notice.

3.04 Indemnification and Hold Harmless. The Union agrees to indemnify and hold harmless the Port for any action(s) taken by the Port pursuant to this Article. The Union agrees to refund to the Port any amounts paid to it in error upon presentation of proper evidence thereof.

#### **ARTICLE 4 – PAYROLL DEDUCTIONS**

##### Democrat, Republican, Independent Voter Education (DRIVE).

Effective upon ratification and execution of the agreement between the parties, in the event a minimum of fifty (50) current Port of Seattle employees elect to contribute to the Democrat, Republican, Independent Voter Education (DRIVE), the Port agrees to deduct from the paycheck of employees covered by this Agreement voluntary contributions to DRIVE. Deductions must be a minimum of \$5.00 per month per contributing employee. Both DRIVE and the employee shall notify the Port of the amount to be deducted on a monthly basis from the employee's paycheck. The Port shall transmit (electronically via ACH) to DRIVE National Headquarters on a monthly basis, in one (1) check the total amount deducted along with the name of each employee on whose behalf a deduction is made, the last four numbers of the employee's social security number and the amount deducted from the employee's paycheck. The Port shall be obligated to honor only an authorization to deduct the amount specified, in writing by the employee. The Port shall have no obligation or responsibility for calculating, computing, or verifying the amount to be deducted.

The International Brotherhood of Teamsters (IBT) Local 117 shall reimburse the Employer annually for the Employer's actual cost for the expenses incurred in administering the bi-weekly payroll deduction plan. The IBT Local 117 further agrees to facilitate timely recoupment or to reimburse the Port for any contributions made to DRIVE in error.

Upon issuance and transmission of a check to DRIVE, the Port's responsibility shall cease with respect to such deductions. The International Brotherhood of Teamsters Local 117 agrees to indemnify and hold the Port harmless from all claims, demands, suits, or other forms of liability that may arise against the Port for or on account of any deduction made from the wages of such employees.

The Port reserves the right to discontinue DRIVE deductions in the event participation drops below the minimum fifty (50) Port employees.

Both the Port and Local 117 agree to reopen the contract on DRIVE if any other Local 117 bargaining group with the Port of Seattle negotiate contract language with lower minimums on the number of employees required to contribute or the total monthly contribution amount in their respective contract at any time during the term of this Agreement.

## **ARTICLE 5 - UNION REPRESENTATIVE ACCESS**

5.01 The Port agrees to allow reasonable access to Port facilities for Union Representatives who have been properly authorized by the Union. Such access shall be permitted in a manner as not to interfere with the functions of the Police Department (hereinafter referred to as the Department) or the Port. This Article shall apply within the constraints of federal or state regulations, statutes, and the Airport Security Plan.

5.02 New Employee Orientation. The Union, through a Union Member, Shop Steward, or Union Representative shall at a mutually agreeable time with the Employer have up to thirty (30) minutes during the Employer's new hire orientation program to meet with the employee(s).

## **ARTICLE 6 - BULLETIN BOARD**

A bulletin board found to be acceptable and in compliance with the needs of limited use by the Union shall be provided by the Port. This bulletin board shall be used, maintained, and controlled by the Union. It is understood and agreed to that no material shall be posted which is obscene, defamatory, or which would impair Port operations.

## **ARTICLE 7 - EQUAL EMPLOYMENT OPPORTUNITY**

The Port of Seattle is an equal opportunity Employer. The Port embraces, and in fact relies on having a diverse workforce. Every employee has the right to work in surroundings that are free from all forms of unlawful discrimination. The Port and the Union will not engage in, or tolerate, any discrimination in the workplace prohibited by local, state or federal law. Specifically, no employee will be discriminated against on the basis of his or her age, race, color, national origin/ancestry, religion, disability, Family Medical Leave Act (FMLA) use, pregnancy, sex/gender, sexual orientation, whistleblower status, marital status, military status, use of workers' compensation, transgender status, political beliefs, or any other category protected by applicable federal, state or local law ("Protected Status").

## **ARTICLE 8 - MANAGEMENT RIGHTS**

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

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

8.03 Subject to the provisions of this Agreement, the Port reserves the following specific and exclusive management rights:

- (a) To recruit, assign, transfer, or promote members to positions within the Department, including the assignment of employees to specific jobs;
- (b) To suspend, demote, discharge, or take other disciplinary action against members for just cause;
- (c) To determine the keeping of records;
- (d) To establish employment qualifications for new employee applicants, to determine the job content and/or job duties of employees, and to execute the combination or consolidation of jobs;
- (e) To determine the mission, methods, processes, means, and personnel necessary for providing service and Department operations, including, but not limited to: determining the increase, diminution, or change of operations, in whole or in part, including the introduction of any and all new, improved, automated methods of equipment; and making facility changes;
- (f) To control the Departmental budget, and if deemed appropriate by the Port, to implement a reduction in force;
- (g) To schedule training, work, and overtime as required in a manner most advantageous to the Department and consistent with requirements of municipal employment and public safety, subject to the provisions of this Agreement;
- (h) To establish reasonable work rules, policies, and to modify training;
- (i) To approve all employee vacations and other leaves;
- (j) To take whatever actions are necessary in emergencies in order to assure the proper functioning of the Department; and
- (k) To manage and operate its Department, except as may be limited by provisions of this Agreement.

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

## **ARTICLE 9 - SENIORITY**

9.01 An employee's seniority date shall be the most recent date of hire in the bargaining unit. The employees shall be subject to a twelve (12) calendar month probationary period following such date of hire. The probationary period may be extended, by mutual agreement of the Port and the Union, if the probationary employee has been absent due to bona fide illness or other legitimate reason. Employees that are separated from employment before the completion of their twelve (12) month probationary period shall not be subject to recall rights as outlined in Section 9.02 of this Article. Employees may be terminated during their probationary period without just cause without recourse to the grievance procedure.

An employee who accepts another position within the Port of Seattle that is outside the Traffic Support Specialists bargaining unit may choose to return to the Traffic Support Specialists bargaining unit if the employee fails to successfully pass the probationary period for the new position. Such return will be conditioned upon a vacant Traffic Support Specialist position available at the time of the employee's request and upon Management's approval. After receiving notice that the employee has not successfully passed probation, within five (5) business days the employee must notify the Police Chief's Office of his/her intent to return to the employee's prior position in the unit. If approved by the Police Chief or designee to return, such employee will have his/her seniority in that classification restored to the same level accrued prior to leaving the bargaining unit. If there is no vacant position in the Traffic Support Specialists bargaining unit available at the time that the employee expresses an interest to return to the bargaining unit within the time period noted above, the employee will be placed on layoff status in accordance with Section 9.02 upon Management's approval. An employee who is terminated for misconduct is not eligible to return to the Traffic Support Specialist bargaining unit under the terms of this Article.

9.02 Seniority shall prevail in the event of a layoff; thus, the last employee hired into the bargaining unit shall be the first laid off. Employees laid off in accordance with the provisions of this Article will be eligible for rehire in the inverse order of layoff for a period of one (1) year following layoff. Employees recalled pursuant to this provision retain their seniority based on their original date of hire into the bargaining unit, but no seniority or any benefits shall accumulate during the time that the employee was on layoff. However, employees that are separated from employment before the completion of their probationary period shall not be subject to recall rights as outlined in this Article.

9.03 In the event of an imminent reduction in force, written notice shall be provided to each employee scheduled for layoff at least fourteen (14) days prior to termination.

9.04 Seniority shall be a consideration when making job assignments. However, based on skills and qualifications of the employee, management may require particular employees in specific job assignments.

9.05 Shift/work week preference and vacation scheduling shall be done so that seniority is the primary consideration. Vacation scheduling and shift bidding shall be by Department Policy and Procedures.

9.06 Seniority shall only be broken in the event of retirement, voluntary quit, discharge for just cause, leave of absence exceeding six (6) weeks, or layoff exceeding one (1) year.

9.07 A seniority list shall be provided to the Union on request.

9.08 Should the need arise for a permanent reduction in force under this Agreement, the Port agrees to meet with the Union for the purpose of negotiating the effects of such decision.

## **ARTICLE 10 – JURY DUTY/ COURT APPEARANCES**

10.01 Eligible employees who serve on jury duty shall receive their full, regular Port compensation

10.02 Hours of Work. For the period of jury duty service, the Traffic Support Specialist shall be assigned to a Monday through Friday workweek on day shift schedule. The Traffic Support Specialist that is released from jury service on any day shall immediately call-in to work and report for duty if required. Upon final release from jury duty, the Traffic Support Specialist will return to his or her regular schedule in such a way as to permit an uninterrupted continuation of compensation, and the maximum amount of work availability for the Port; provided, that no Traffic Support Specialist regularly scheduled to work night shift shall be required to work on the night shift immediately following the conclusion of jury duty.

10.03 Subpoenaed Witness. For service as a subpoenaed witness on a Port-related case, that employee shall, during such service period, receive full regular compensation from the Port. Port compensation outside of regularly scheduled work hours is payable at the overtime rate if such service is in excess of the normal daily or normal weekly working hours' schedules. The employee may use accrued vacation leave for service as a subpoenaed witness on a non-Port-related case, as no regular compensation will be provided by the Port for such purposes.

10.04 Grievances or Arbitrations Excluded. This Article shall not apply to either grievances or arbitrations, which are defined in Article 26 of this Agreement.

## **ARTICLE 11 - BEREAVEMENT LEAVE**

11.01 Employees who have been employed for thirty (30) or more days of uninterrupted service, and who have suffered the loss by death of a member of their immediate family, as defined in this Article, shall be eligible to receive up to forty (40) hours of leave per bereavement, at the discretion of the employee's supervisor, and under the supervision of the Chief of Police. Such leave shall not result in compensation for more than the number of hours in any normal work week.

11.02 “Immediate family” shall be defined as the spouse or domestic partner of the employee, and the following relatives of either the employee, spouse, or domestic partner: child, step-child, child’s spouse, grandchild, parent, step-parent, grandparent, sibling, and sibling’s spouse. In special circumstances, the Chief and/or Human Resources may include other relatives in the definition for purposes of bereavement leave.

11.03 Individual circumstances, such as distance to the funeral and the extent of employee involvement with the arrangements for the deceased, shall be considered in determining the number of hours to be granted an employee.

11.04 Following use of bereavement leave, in case of death of an employee’s spouse, domestic partner (as defined under the Port’s Salary and Benefits Resolution), or child, an employee will have the option to use up to two (2) work weeks of his/her accrued sick leave.

## **ARTICLE 12 – HOURS OF WORK AND OVERTIME**

12.01 Designated Workweek. The normally scheduled workweek shall be comprised of forty (40) hours, defined by the Port as beginning at 12:01 a.m. on Sunday and ending at midnight on Saturday. Port payroll shall be on an eighty (80) hour biweekly basis.

12.02 Hours of Work. The normally scheduled workweek for employees shall be forty (40) hours per week as generated by the five/eight (5/8) and four/ten (4/10) work schedule.

12.03 Work Schedule. The normal work schedule shall be as follows:

- (a) Forty (40) hours per week consisting of four (4) consecutive days of ten (10) consecutive hours with three (3) consecutive days off or five (5) consecutive days of eight (8) consecutive hours with two (2) consecutive days off. Both schedules with an unpaid period allowed for one half (1/2) hour lunch, rest periods are fifteen (15) minutes in length or intermittent breaks of fifteen (15) minutes total. By supervisory approval on a case-by-case basis, lunch and breaks may be combined and taken at one time.
- (b) The normal workweek and normal workday for Traffic Support Specialists may be modified to accommodate training or educational requirements with as much notice as possible, but not less than seven (7) calendar days’ notice.

12.04 Work Shifts. All work shifts shall be determined by the Department. Starting times for regular assigned shifts will be:

Day Shift shall start between 0400 hours and 1059 hours

Second Shift shall start between 1100 hours and 0359 hours

Employees shall have a minimum of eight (8) hours off between shifts. If an employee returns to work with less than eight (8) hours off, he/she shall receive pay at the overtime rate for all time worked until eight (8) hours have passed since the end of the prior hours worked.

12.05 Overtime Pay & Approval and Assignment of Overtime. Authority for the approval of overtime work shall be limited to Department management or its designees. An employee who accepts an overtime assignment is expected to fill that assignment.

Reasonable efforts will be made to offer overtime assignments on an equitable basis to all employees. All hours worked in excess of eight (8) or ten (10) hours per workday, or forty (40) per workweek, shall be paid at the rate of time and one-half (1.5) the employee's regular straight time rate of pay. All compensated hours shall apply to workdays and/or workweeks for the qualification of overtime; however, holiday cash-out pay, as specified in Article 14.03, shall not count as hours worked or compensated for calculation of overtime thresholds. There shall be no compounding or "pyramiding" of overtime pay. Overtime provisions in this Article are subject to the requirements of the Fair Labor Standards Act (FLSA).

12.06 Mealtime Disruption. In the event an employee is called back to work from mealtime and is not provided a meal period of reasonable duration later in the shift, such employee shall receive overtime pay for the remainder of the mealtime not taken. If any employee independently or without proper authorization elects not to take a mealtime, such employee shall not receive overtime payment for the mealtime missed.

12.07 Notice of Shift Change. Except in emergencies, employees shall be provided with fourteen (14) days' advance notice in the event of shift change unless mutually agreed to by the Employer and the employee.

12.08 Daylight Savings Time. When time is officially changed (as from standard time to daylight savings time or vice versa) during an employee's working hours, the employee shall be paid for actual hours worked. If the employee loses a straight-time (non-overtime) hour, the employee will not receive pay for that straight-time hour, unless the employee elects to use vacation to replace the lost hour. If an employee works an extra hour, the employee will receive pay subject to the overtime provisions of the Collective Bargaining Agreement.

12.09 Mandatory overtime will only be scheduled when there are no volunteers who have agreed to an overtime assignment. Mandatory overtime will be assigned in inverse order of seniority.



## **ARTICLE 13 – PAID TIME OFF (PTO)**

13.01 Annual paid time off with pay shall be granted to all employees on the following basis:

Scheduling of PTO Leave. At any time after the successful completion of six (6) months of employment, regular permanent employees (any employee hired from a Port posting) may request and use PTO leave of up to the number of hours accrued at the time of the desired PTO date, subject to the approval of the Department Head. Seniority shall be considered in accordance with departmental procedures when scheduling vacations. Normally, requests for approval of PTO schedules shall be made to the Department Head on a PTO request form five (5) days or more in advance; more notice may be required by the Department Head when necessary to provide for proper scheduling of personnel. The Department Head or Management Designee will respond to the vacation request within two (2) working days after receipt of the request. It is the employee's responsibility to ensure that the request has been received by the Department Head or Management Designee.

13.02 Limits on Accumulating PTO Leave. Effective upon ratification between the parties, PTO leave accumulation shall be limited to four hundred eighty (480) hours accrual at any time. Any portion above a four hundred eighty (480) hour accrual of unused PTO leave shall be forfeited, unless the reason for not taking such PTO leave is at management's direction, such as under emergency conditions. In such event, unused PTO leave shall not be forfeited. Employees shall be responsible for scheduling annual leave in order to avoid any forfeiture of PTO leave.

13.03 Rates of Accrual. Employees accrue PTO based on their straight time hours paid and length of tenure. Accrued days (as shown below) are based on a full-time employee working eighty (80) hours per pay period; part-time employees earn a proportional share of PTO hours. PTO may be used for vacation, appointments, illness, etc.

### **Accrual Rates:**

- (a) Up to 19.6 days (156.8 hours maximum) may be earned annually between the start of employment and the end of the third year of employment. During this period eligible employees accrue 0.07538 hours per straight-time hour paid.
- (b) Up to 24.6 days (196.8 hours maximum) may be earned annually between the beginning of the fourth year and the end of the seventh year of employment. During this period eligible employees accrue 0.09462 hours per straight-time hour paid.
- (c) Up to 27.1 days (216.8 hours maximum) may be earned annually between the beginning of the eighth year and the end of the eleventh year of employment. During this period eligible employees accrue 0.10423 hours per straight -time hour paid.

- (d) Up to 29.6 days (236.8 hours maximum) may be earned annually between the beginning of the twelfth year and the last day of employment. During this period eligible employees accrue 0.11385 hours per straight-time hour paid.

13.04 Payment for PTO Leave at Termination. Upon termination, regular permanent employees, with more than six (6) months of Port employment, shall receive a lump sum payment in lieu of unused PTO leave, based on limitations stated above and as further limited by this Article. Pay for unused PTO leave shall be computed through the last day of employment. This Section may be subject to modification to meet legal requirements in the event of further changes in State law.

13.05 In the event of a bona fide family emergency at the Chief's discretion, the Chief or his/her designee can permit an employee to take one (1) day off with PTO leave applied as compensation.

13.06 If the lateral is hired from within the Port of Seattle, he or she shall use his/her original hire date with the Port of Seattle for the purpose of PTO accrual as defined in Article 13, Section 13.03 of the current Agreement.

13.07 Effective upon ratification and execution between the parties, employees may cash out PTO in according to the limits and procedures for the cash out of PTO as applied to non-represented employees. The Union shall be notified of changes to the limits and procedures affecting PTO cash out.

13.08 Personal Day. Effective upon ratification and execution of the agreement and for the term of the agreement, employees in the bargaining unit shall be eligible to receive one (1) personal day for each year of the agreement, the date designated by the employee.

The personal day shall be compensated at the employee's regular pay rate at the time the personal day is taken and based upon the employee's regular work schedule. Eligibility and scheduling of the personal day shall be in accordance with Article 13.01 of the agreement. Any personal day not taken by an employee in the bargaining unit during the payroll year of 2022, 2023 and 2024 shall be forfeited and not carried over to the following year or a successor collective bargaining agreement.

## **ARTICLE 14 – HOLIDAYS**

14.01 All eligible employees shall receive eighty-eight ( 88) or one hundred and ten ( 110) holiday hours per year based upon eleven ( 11) recognized holidays and a five (5) day, eight (8) hour or four (4) day, ten (10) hour schedule. Holiday hours will accrue on the basis of the eleven ( 11) recognized Port holidays listed in Article 14.02 below as they occur in the calendar year for a total of eight (8) hours per holiday on a five (5) day eight (8) hours schedule or ten (10) hours per holiday on a four (4) day ten (10) hour schedule.

14.02 The holidays are in recognition of eleven ( 11) Port of Seattle holidays listed in the Port of Seattle Salary and Benefit resolution HR-5, and serves as a basis for compensation. The eleven ( 11) holidays are as follows:

New Year's Day  
Martin Luther King Jr. Day  
President's Day  
Memorial Day  
Juneteenth Day  
Independence Day  
Labor Day  
Thanksgiving Day  
Day after Thanksgiving  
Christmas  
Port Designated Floating Holiday (Day before or after Christmas as determined by the Port Human Resources Department)

14.03 Pooled Holiday Leave may be used once accrued in one (1) hour increments in the same manner and with the same restrictions as PTO, upon approval of the Supervisor. During the year, employees may request payment for their unused holiday hours, and such holiday leave cash-out (if requested by an employee) will occur twice (2x) per year, in the last paycheck of June, for those holiday hours that have already accrued and the first paycheck of January in the subsequent year, for the remainder holiday hours that have already accrued. No pooled holiday hours may be carried over from year to year.

Up to four (4) holidays not used or cashed out at the end of the calendar year can be exchanged for vacation that was already used at any time within the same calendar year.

Compensation tied to holiday cash out will only be reported to the Department of Retirement Services on the basis of the eleven ( 11) Port of Seattle recognized holidays.

14.04 Absent supervisory approval, employees may not use Pooled Holiday Leave during the first six (6) months of employment.

14.05 Holiday leave that has accrued is payable, in a monetary amount, to the employee's spouse or other designated beneficiary in the event of an employee's death.

## **ARTICLE 15 – UNIFORMS AND EQUIPMENT**

The Port shall provide and maintain uniforms and equipment for all Traffic Support Specialists in accordance with requirements as established by the Chief. The Port shall provide a location to store the Traffic Support Specialists' equipment.

## **ARTICLE 16 – REQUESTED BENEFITS**

The Port agrees to provide the following benefits requested by the Union:

- (a) Unemployment compensation benefits under the Washington State Employment Security Acts.
- (b) Social Security Insurance (FICA) as covered by the Federal Insurance Contribution Act. (Contingent on retention of the program for all Port employees.)
- (c) Parking as currently provided limited to employees on duty status.
- (d) Locker and lunch facilities
- (e) Washington State Self-Insured Worker's Compensation.
- (f) Educational assistance for employees shall be subject to approval of the Chief. It is agreed that if funds are not available from other sources, such as special Federal or State programs, with the advance approval of the Chief, the Port shall provide reimbursement limited to job related educational curricula on the following basis:
  - (1) For employees engaged in continuing education at accredited institutions to obtain a college degree, fifty percent (50%) of tuition costs following one (1) year of continuous employment and seventy-five percent (75%) following four (4) years of continuous employment. Payment will be made upon evidence of satisfactory completion and will cover tuition fees only. Reimbursement may be applied for each following semester. The employee should normally expect to provide a minimum of two (2) years of service to the Port upon completion of study toward a college degree. This is not a repayment provision.
  - (2) After one (1) year of continuous employment, for individual courses limited to job related subject matter and not in connection with course work for a college degree, one hundred percent (100%) reimbursement for tuition only. Reimbursement shall be provided after evidence of satisfactory completion. This applies to courses taken as a result of a request initiated by an employee. However, non-mandatory specialized police/fire training courses taken at the option of the employee shall result in reimbursement to the Port by the employee for actual expenses if the employee voluntarily resigns (for other than medical reasons) or retires in less than two (2) years after completion of the special training.
  - (3) For courses or seminars initiated for an individual employee at the direction of the Chief, reimbursement shall be provided for the entire

cost(s) of such instruction. Reimbursement shall include amounts to cover tuition, books, and miscellaneous instructional fees.

- (4) Such educational assistance shall be linked to a detailed Letter of Commitment, provided to the Department by the employee, that captures the employee's study and career goals.
- (g) As provided below in this paragraph, employees shall be eligible for participation in the Port of Seattle's Deferred Compensation Plan. Eligibility and participation of employees shall be subject to the terms and conditions of such plan including any plan amendments, revisions, or possible cancellation. It is further agreed that content of the plan itself, plan administration, and any determinations made under the plan shall not be subject to the Grievance Procedure (Article 26) or to any other provisions of this Agreement or to negotiation by the Union.
- (h) Pacific Coast Plan. Effective January 1, 2022, the Port agrees to contribute to the Pacific Coast Benefit Plan, on account of each of its employees who perform the work covered by this Agreement, for every hour for which compensation was paid as follows:
  - a) Effective upon ratification and execution between the parties, one-dollar and three cents (\$1.03) per hour compensated.
  - b) Effective January 1, 2023, one dollar and thirteen cents (\$1.13) per hour compensated.
  - c) Effective January 1, 2024, one dollar and twenty-three cents (\$1.23) per hour compensated.
- (i) Travel, Mileage, and Expenses Reimbursement. The Parties recognize federal and state audit requirements, and hereby agree to comply with the Port's accounting and procurement policies relating to, among other things, reimbursement for work-related mileage, reasonable out-of-pocket expenses, proof of expenditures, reporting and audit requirements, travel authorizations, and use of a Port credit card. Employees who use their personal vehicles for Port business will be reimbursed, provided such use is required and authorized by Department management. Such travel shall be reimbursed in accordance with the mileage reimbursement schedule as approved by the Port Commission for Port employees. However, at no time shall the amount be less than the IRS approved mileage rate. Requests for mileage reimbursement must be submitted according to Port policy.
- (j) The Port of Seattle will allow Traffic Support Specialists the opportunity to attend the Port of Seattle retirement planning seminars upon supervisory approval.

- (k) Flexible Spending Account. Employees shall be eligible for participation in the Port of Seattle's Flexible Spending Account program. Eligibility and participation of employees shall be subject to the terms and conditions of such plan including any plan amendment, revision or possible cancellation. It is further agreed that content of the plan itself, plan administration, and any determination made under the plan shall not be subject to the Grievance Procedure (Article 26) or to any other provision of this Labor Agreement or to negotiation by the Union.
- (l) Paid Parental Leave. The Port shall continue to provide Paid Parental Leave to members of this bargaining unit. Eligibility, participation, and terms of the Paid Parental Leave shall be as provided to non-represented employees as outlined in Port Policy HR-5. The Port may change or modify its Paid Parental Leave policy and/or procedure. If the Port desires a change/modification, the Port agrees to provide the Union with advance notice of any change.
- (m) Port of Seattle Long Term Care Insurance: If the Port adopts a Long Term Care Insurance Program, the parties will discuss the availability of such Long Term Program, if applicable, to Traffic Support Specialists.

## **ARTICLE 17 – LEAVE WITHOUT PAY**

17.01 After one (1) year of service, an employee shall be eligible for a leave of absence without pay not to exceed six (6) weeks. Leave of absence without pay may not be approved unless it will occur after all appropriate paid leave accruals are exhausted. Requests for such leaves shall be submitted in writing to the Department Head for approval thirty (30) days in advance of the leave time period. In emergency situations, the notification may be waived at the option of the Department Head.

17.02 Leave approval considerations shall include:

- (a) The purpose and length of requested leave;
- (b) The employee's length of service;
- (c) The effect of such an extended absence on departmental operational efficiency;
- (d) Employee past performance and attendance; and
- (e) In establishing the priority for such leaves, mutual benefit to the Port shall also be a consideration. For example, leaves of absence for educational purposes shall receive greater priority than leaves for the purpose of travel.

17.03 In the event of special conditions, such as family emergencies or educational programs, leaves of absence may be extended beyond six (6) weeks, but shall not exceed one (1) year, at the discretion and approval of the Chief and/or Port's Executive Department. An

employee shall suffer no loss of seniority for time spent on approved leave of absence of six (6) weeks or less, in accordance with Article 9 of this Agreement.

17.04 Under normal conditions, leaves of absence shall not be granted for the purpose of seeking or engaging in other employment. Any exception to this provision shall be at the sole discretion of the Department Head.

17.05 Employees shall be eligible for family leave pursuant to the Family and Medical Leave Act (FMLA), Washington Family Care Act (WCA), and Port policies relating to the FMLA and WCA.

## **ARTICLE 18 – SICK LEAVE**

18.01 **Eligibility.** Full or part-time, regular or limited duration employees who are regularly scheduled to work twenty-one (21) or more hours per week.

### **Accrual Rates**

Eligible employees shall accrue sick leave at the rate of .025 per hour per hour compensated. Sick Leave will accrue in two banks:

Bank 1) Protected Sick Leave:

0.025 per hour worked will accrue as Washington Protected Sick Leave. Employees may utilize this leave in accordance with the minimum requirements of the Washington State Sick Leave Law, RCW 49.46.210. Employees shall be notified on each paystub of the amount of Protected Sick Leave they are entitled to use for authorized purposes as defined by the law. There is no limit on the amount of Protected Sick Leave that may be accrued in a calendar year

Bank 2) Paid Sick Leave:

0.025 will accrue as Paid Sick Leave per hour compensated, but not worked.

On January 1<sup>st</sup> of every calendar year, Protected Sick Leave in excess of forty (40) hours will be transferred to Bank 2.

Probationary employees shall accrue Paid Sick Leave, but may not use sick leave from Bank 2 until they have successfully completed probation. In the event of illness, Sick Leave up to the accrued balance may be used after employment of at least thirty (30) days.

18.02 Sick leave is accrued after thirty (30) days of continuous employment and is to be used under the conditions stated in Section 18.03 of this Article as provided by law.

18.03 Except as provided in Sections 18.08 of this Article and by law, sick leave will be used only in instances of non-job related employee or dependent illness or injury. However, sick leave may be used to cover normally scheduled workdays within the three (3) day

exclusion of the Washington State Workers' Compensation Program. Such special application of sick leave would be limited to those employees who are not eligible for benefits provided in Article 20, Sections 20.01 and 20.02.

18.04 Departmental management may require a physician's statement to validate use of sick leave and/or to determine that an employee's return from absence due to illness or injury is sanctioned by the attending physician as provided by law.

18.05 Sick leave shall be applied for employee non-duty disabilities in coordination with the Teamster Plan A indicated in Article 20, Section 20.02. In no case shall the combined effect of sick leave and/or other benefits be applied so that compensation exceeds the employee's normal rate of pay.

18.06 Upon termination or retirement following five (5) continuous years of active employment in a permanent position with the Port, qualified employees shall be compensated for fifty percent (50%) of their unused sick leave at the rate of pay at termination. Such accumulated sick leave payoff is payable to the employee's spouse or other designated beneficiary in the event of an employee's death.

18.07 Family Medical Leave. Family leave will be administered in accordance with current Federal and State laws, and applicable Port policies.

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

Effective upon Union ratification of the Agreement, the Port will pay the employee portion of the premium associated with this provision.

18.08 Shared Leave. The Parties agree to adopt a Shared Leave Program under the terms and conditions set forth in applicable Port policies covering shared leave of salaried employees.

- (a) Purpose. The Shared Leave Program enables employees to donate accrued sick leave to fellow employees who are faced with taking leave without pay or termination due to extraordinary or severe physical or mental illnesses. Implementation of the program for any individual employee is subject to agreement by the Port, and the availability of shared leave from other employees. The Port's decisions in implementing and administering the shared leave program shall be reasonable.



- (b) Participation. Participation in the Shared Leave Program is voluntary. No employee shall be coerced, threatened, intimidated, or financially induced into donating accrued leave for purposes of this program.

## **ARTICLE 20 – TEAMSTERS HEALTH AND WELFARE PROGRAMS**

20.01 The Port agrees to provide health and welfare benefits listed in Sections 20.02 for all active employees working under the jurisdiction of said Union for not less than eighty (80) hours employment in the previous month which includes all compensable time.

20.02 Effective January 1, 2022 (based on December 2021 hours), the Port agrees to provide the following benefits:

- (a) Medical - benefits under the "PLAN B" (Includes the additional nine (9) month waiver and domestic partner coverage).
- (b) Dental - "PLAN A"
- (c) Vision - "Extended Benefits"
- (d) Time loss "Plan A" (\$400/week)

20.03 Effective January 1, 2022, employees in the bargaining group will be provided with Teamsters Life and AD&D benefits "Plan A" at no cost to the employees for the term of the Agreement.

20.04 Effective January 1, 2022, the Port will pay the monthly composite (Medical, Dental, Vision), including domestic partner coverage, and the medical nine (9) month waiver monthly premium rate of Teamsters Medical Plan B for the term of the Agreement except as otherwise provided below in this subsection.

Effective July 1, 2023, each employee in the bargaining unit shall contribute fifteen dollars (\$15.00) per month toward the cost of the plans in Article 20.02. Employee contributions shall be deducted on a pre-tax basis.

Effective January 1, 2024, each employee shall contribute fifty dollars (\$50.00) per month toward the cost of the plans in Article 20.02. Employee contributions shall be deducted on a pre-tax basis.

20.06 The Union may establish supplemental insurance programs for the employees under this Agreement. All of the premiums for such plans, if established, shall be paid for by

the employees covered. If the Port is to process payroll deductions from employees to pay the insurance carrier on the employees' behalf, the Plan shall be subject to approval by the Port in regard to the responsibility of ongoing administration and related details.

#### **ARTICLE 21 - PENSION**

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

#### **ARTICLE 22 - PERFORMANCE OF DUTY, STRIKES, AND LOCKOUTS**

In recognition of the Port's status as a municipal corporation, there shall be no strikes, lockouts, picketing work stoppages, or similar activities to impede Port operations.

#### **ARTICLE 23 - SAVINGS CLAUSE**

If any Article of this Agreement or any Appendix hereto should be held invalid by operation of law or by any tribunal of competent jurisdiction, or if compliance with or enforcement of any Article or Appendix should be restrained by such tribunal, the remainder of this Agreement and Appendices shall not be affected thereby, and the Parties shall enter into immediate collective bargaining negotiations for the purpose of arriving at a mutually satisfactory replacement of such Article.

#### **ARTICLE 24 - ENTIRE AGREEMENT**

24.01 The Agreement expressed herein in writing constitutes the entire agreement between the Parties and no oral statement shall add to or supersede any of its provisions.

24.02 The Parties acknowledge that each has had the unlimited right and opportunity to make demands and proposals with respect to any matter deemed a proper subject for collective bargaining. The results of the exercise of that right are set forth in this Agreement.

#### **ARTICLE 25 - GRIEVANCE PROCEDURE**

25.01 Grievance Defined. Any dispute regarding the interpretation or application of this Agreement shall be regarded as a grievance and shall be subject to the terms of this grievance procedure.

25.02 Discipline. The Parties agree that discipline is a command function. Decisions on disciplinary matters where discipline imposed involves a discharge, suspension, demotion, or written reprimand shall be subject to the grievance procedure; however written reprimands may not be pursued to arbitration. Oral admonishments, verbal warnings, counseling, performance evaluations, and remedial training shall not be subject to the grievance procedure.

25.03 Time Limits. All grievances shall be presented within ten (10) days of the occurrence or the date the employee actually knew or reasonably should have known of the

occurrence, whichever is later. This time limit and the other time limits set forth in this Article may be extended by mutual agreement of the Employer and the Union. All references to time in this Article shall be to calendar days.

25.04 Election of Forum. An employee electing to pursue a matter through the Civil Service System may not also pursue to arbitration a grievance through the grievance procedure. Any complaint that a matter constitutes a violation of Article 7 of this Agreement may not be pursued to grievance arbitration if the matter has been challenged in any other administrative or judicial forum.

25.05 Informal Resolution. The Parties acknowledge that every effort should be made by the employee(s) and the supervisor(s) to resolve issues prior to initiating grievance procedures.

25.06 Employer Grievances. Port grievances will be initiated at Step 2.

25.07 Waiver of Steps. By mutual agreement, the parties may agree to waive any step in the grievance procedure.

25.08 Grievance Procedure.

## **STEP 1**

The affected employee shall present the grievance in writing to the Administrative Commander. A Shop Steward or Business Representative may present the grievance on the employee's behalf. Either party may request to convene a meeting to discuss the grievance within ten (10) days of the filing of the grievance. If the parties are unable to arrive at a satisfactory settlement, the Administrative Commander (or designee) will issue a written response to the employee, with a copy to the Union's Business Representative and, if requested by the grievant, the Shop Steward. The response shall be issued no later than ten (10) days after the date the grievance was initially filed or the date of the grievance meeting, if a grievance meeting occurred. The Union may refer the grievance to Step 2 within ten (10) days of receipt of the Administrative Commander, or the date the response was due.

## **STEP 2**

Initiation of Step 2. The Union's Business Representative shall present the grievance in writing to the Chief of Police (or designee) or the Port will present the grievance in writing to the Union's Business Representative. The written grievance shall contain a statement of the relevant facts, the section(s) of the Agreement allegedly violated, and the remedy that is sought.

Class Grievances. With respect to issues affecting more than one bargaining unit employee, the Union may elect to file a grievance at Step 2 without the need for the individual employee(s) to file the grievance at Step 1. The ten (10) day time limit referenced in Section 24.03, as well as the other requirements of this Article, shall be applicable to such filing.

Step 2 Meeting. Within fourteen (14) days after the initiation of Step 2, the Union's Business Representative and the Chief of Police (or designee) shall meet to discuss possible resolution of the grievance. If the Parties are unable to arrive at a satisfactory settlement, the responding party will issue a written response to the grieving party within ten (10) days of the meeting. The grieving party may refer the grievance to Step 3 within ten (10) days of receipt of the response or the date the response was due.

### **STEP 3**

Initiation of Step 3. The Union shall notify the Chief of Police and the Port's Labor Relations Representative or the Port shall notify the Union's Business Representative, in writing, of its desire to move the matter to a Board of Adjustment.

Board of Adjustment. The Parties shall schedule a Board of Adjustment hearing which shall be heard no later than twenty (20) days after the initiation of Step 3. The purpose of the hearing is to evaluate all known facts relating to the grievance in order to determine an appropriate resolution. The Port's Labor Relations Representative, the Chief of Police (or designee), and two (2) Union Representatives shall be present, and both sides shall have an opportunity to present all information that they have relating to the grievance. If a resolution is reached, the Parties will document the agreement in writing. If the Parties are unable to arrive at a settlement, the grieving party may refer the matter to Step 4 within ten (10) days following the Board of Adjustment hearing.

### **STEP 4 – ARBITRATION**

Initiation of Step 4. The grieving party may initiate Step 4 by filing a written request with the other party, specifying the issue to be arbitrated.

Selecting an Arbitrator. The Port and the Union mutually agree that either Party to this Agreement may apply to the Federal Mediation and Conciliation Service (FMCS) for a list of seven (7) persons who are qualified and available to serve as arbitrators for the dispute involved. The Parties agree to equally split any costs associated with obtaining a list of arbitrators from FMCS. Within ten (10) days of receipt of the FMCS list, the Parties will jointly select an arbitrator from the list by alternately striking one (1) arbitrator on the list until the final remaining arbitrator is selected as the arbitrator for the particular hearing. The Parties shall determine first initiative through a coin flip.

The Hearing. The hearing on the grievance shall be informal and the rules of evidence shall not apply. The arbitrator shall not have the power to add to, subtract from, or modify the provisions of this Agreement in arriving at a decision of the issue or issues presented; and shall confine his/her decision solely to the interpretation, application, or enforcement of this Agreement. The arbitrator shall confine himself/herself to the precise issue(s) submitted to him/her for arbitration, and shall not have the authority to determine any other issue(s) not so submitted to him/her. The decision of the arbitrator shall be final and binding upon the aggrieved employee, the Union, and the Port. The fees and expenses of the arbitrator shall be

equally split between the Parties; otherwise, each Party shall pay its own fees, expenses, and costs, including attorney fees, witness compensation, and transcript requests.

## **ARTICLE 26 – PERSONNEL FILE - PUBLIC RECORDS REQUEST**

The Port will comply with RCW 42.56.250 (12) when information contained in a member of the bargaining unit's personnel file is subject to a public records request.

## **ARTICLE 27 – LABOR MANAGEMENT COMMUNICATION COMMITTEE**

The Parties agree to establish a Labor Management Communication Committee for the purpose of ensuring continuing communication and to promote constructive labor-management relations. The Committee will meet at the request of either the Union or Port to discuss and exchange information of a group nature and of general interest to both parties.

## **ARTICLE 28 – APPENDICES AND MEMORANDA OF AGREEMENT INCORPORATED INTO AGREEMENT**

By reference herein, the Letter of Agreement and Appendices listed below are hereby made part of this Agreement and do not require individual Employer-Union signature.

- Appendix A – Pay Rates
- Appendix B – Drug Testing/Substance Tests
- Appendix C – Job/Shift Bidding
- Memorandum of Agreement – Code of Conduct

**ARTICLE 29 - TERMS OF THE AGREEMENT**

This Agreement shall remain in full force and effect from the date of Union ratification through December 31, 2024. All conditions shall be effective on the date the Agreement is signed or as otherwise identified in this Agreement. The Agreement may be opened by either party giving notice, in writing, not later than sixty (60) days prior to the expiration date.

**PORT OF SEATTLE**

**TEAMSTERS LOCAL UNION  
NO. 117/IBT**

\_\_\_\_\_  
**STEPHEN P. METRUCK**  
Executive Officer

\_\_\_\_\_  
**JOHN SCEARCY**  
Secretary-Treasurer

\_\_\_\_\_  
Date

\_\_\_\_\_  
Date

## **APPENDIX A** **PAY RATES**

### **I. Pay Schedules**

- (A) Effective upon Union ratification of the Agreement, the following wage rates shall apply:

<b><u>Job Title</u></b>	<b><u>Length of Service</u></b>	<b><u>Rate of Pay</u></b>	<b>Effective January 1, 2022</b>
Traffic Support Specialists	Entry	<del>\$22.06</del> <u>23.02</u>	\$24.63
	One (1) Year	<del>\$22.94</del> <u>23.93</u>	\$25.61
	Two (2) Year	<del>\$23.86</del> <u>24.89</u>	\$26.63
	Three (3) Year	<del>\$24.84</del> <u>25.89</u>	\$27.70
	Four (4) Year	<del>\$25.80</del> <u>26.92</u>	\$28.80

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

- (B) The wage scales shall be adjusted by applying the percentage increase, , including the entry step, as follows:

(1) .

(2)

- (1) Effective January 1, 2022, the entry rate will be increased by seven percent (7.0%).

Each employee in the bargaining unit who is employed on December 31, 2022, shall receive a lump sum of one thousand dollars (\$1000) to be paid the following payroll cycle after December 31, 2022.

- (2) Effective January 1, 2023, the entry rate will be increased by three percent (3.0%). Effective July 1, 2023, the entry rate will be increased by one percent (1.0%).

Effective January 1, 2024, the entry rate will be increased by four percent (4.0%).

## II. LONGEVITY PAY

Effective upon ratification and execution between the parties, base pay for the Traffic Support Specialists classification shall be increased by the following longevity premium schedule based upon date of hire.

- (A) From the start of the sixty-first (61<sup>st</sup>) full month and each full month thereafter of continuous employment, permanent employees shall be paid a longevity premium of two percent (2%).

- III. Traffic Support Specialists Lead. Effective upon ratification and execution of the agreement between the parties, the Port shall assign a Traffic Support Specialists to function as a Lead, duties and responsibilities to be determined by the Police Chief, when the minimum staffing level of the Traffic Support Specialists bargaining unit reaches a total of fourteen (14) Traffic Support Specialists or when operationally feasible as determined by the Police Chief. Additional lead assignments may be made at the Police Chief's discretion.

There shall be an annual selection and sunset for Traffic Support Specialist Lead assignment(s). The Police Chief will have the discretion to remove a Traffic Support Specialists from a lead assignment at any time.

The pay differential of a Traffic Support Specialists assigned as a lead shall be four percent (4%) above the employee's base rate. A Traffic Support Specialists assigned to function as a lead will maintain the four percent (4.0%) premium only if they are able to fulfill the duties and responsibilities of the lead position as determined by the Police Chief.

- IV. Shift Differential. Effective upon Union ratification of the Agreement, employees who have bid the second shift (1100-0359) shall receive a two percent (2%) differential above the employee regular rate of pay for all compensable hours, provided however that any employee who is receiving a higher shift differential at the time of ratification shall be red-circled at that higher shift differential rate until the employee is permanently reassigned to a day shift position. If a Traffic Support Specialists is permanently reassigned to a day shift position, the two percent (2%) night differential shall cease immediately. If circumstances pull a Traffic Support Specialists from night shift for more than thirty (30) days, the differential shall cease until the Traffic Support Specialists returns to the assigned bid night shift.



- V. Overtime Rate. Overtime shall be paid at one and one-half (1½) times the rate of pay for the work performed. There shall be no compounding or "pyramiding" of overtime pay. "Hours of Work and Overtime" are covered in Article 12.
- VI. Payroll. As a condition of continued employment, all employees are required to participate in the Port's direct deposit program for payroll purposes.
- (A) All employees covered by this Agreement will receive bi-weekly pay. In no case shall the Port hold back more than fourteen (14) days' pay. No deductions shall be made from pay checks without the written consent of the employee, except as provided by federal, state, or municipal law. The Port agrees that if there is a Port of Seattle payroll error resulting in an employee being owed one hundred dollars (\$100.00) or greater in gross straight-time pay, the Port shall make payment to the employee in the form of a separate check given to the employee within two (2) regular work days. If there is a payroll error resulting in an employee being owed less than one hundred dollars (\$100.00) in gross straight-time pay, or if there is a payroll error resulting in an employee being owed any amount of overtime, the Port will include the pay correction on the employee's next regular paycheck.
- (B) If an employee is overpaid in the amount of five hundred dollars (\$500.00) or more, the employee will pay back the Port in four (4) payments, taken out of the next four (4) paychecks. If the amount of overpayment is less than five hundred dollars (\$500.00), it will be taken in two (2) equal amounts out of the next two (2) paychecks.
- (C) No claim by an employee of any discrepancy in pay shall be considered by the Union or the Port unless filed within thirty (30) days after receipt of the paycheck containing such discrepancy. The thirty (30) day limitation shall not apply, however, where the discrepancy arises from failure by the Port to authorize payment of a general automatic wage increase called for by this Agreement.

**APPENDIX B  
DRUG TESTING  
SUBSTANCE TESTS**

**PREAMBLE**

While abuse of alcohol and drugs among our members is the exception rather than the rule, the Teamsters Local 117 Traffic Support Specialists Negotiating Committee shares the concern expressed by many over the growth of substance abuse in American society.

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

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

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

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

- (3) The providing of a urine sample will be done in private.
- (4) Obtaining of urine samples shall be conducted in a professional and dignified manner.
- (5) A portion of urine samples shall be preserved to permit the following:
  - (a) Positive samples shall be tested a GC/MX test.
  - (b) A third test for positive samples shall be conducted if requested by the employee, at Port expense, by a reputable laboratory of mutual choice.

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

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

(D) Testing Mechanisms. The following testing mechanisms shall be used for any drug tests performed on entry level probationary members of the Department:

- (1) It is recognized that the Employer has the right to request the laboratory personnel administering a urine test to take such steps as checking the color and temperature of the urine samples to detect tampering or substitution, provided that the employee's right of privacy is guaranteed, and in no circumstances may observation take place while the employee is producing the urine sample. If it is established that the employee's specimen has been intentionally tampered with or substituted by the employee, the employee is subject to discipline as if the sample tested positive. In order to deter adulteration of the urine sample during the collection process, physiologic determinations such a creatinine and/or chloride measurements may be performed by the laboratory.
- (2) The Parties recognize that the key to chain of possession integrity is the immediate labeling and initialing of the sample in the presence of the tested employee. If each container is received at the laboratory in an undamaged condition with properly sealed, labeled and initialed specimens, as certified by the laboratory, the Employer may take disciplinary action based upon properly obtained laboratory results.
- (3) Any screening test shall be performed using the enzyme immunoassay, (EMIT) method.

- (4) Any positive results on the initial screening test shall be confirmed through the use of the high-performance thin-layer chromatography (HPTLC), gas chromatography (GC) and gas chromatography/mass spectrometry (GC/MS). If at any time there exists a test with a higher rate of reliability than the GC/MS test, and if such test is reasonably accessible at a reasonable cost, such test shall be used in place of the GC/MS test if requested by the Union.
  - (5) All samples which test negative on either the initial test or the GC/MS confirmation test shall be reported only as negative. Only samples which test positive on both the initial test and the GC/MS confirmation test shall be reported as positive.
  - (6) In reporting a positive test result, the laboratory shall state the specific substance(s) for which the test is positive and shall provide the quantitative results of both the screening and the GC/MS confirmation tests, in terms of nanograms per milliliter. All positive test results must be reviewed by the certifying scientist or laboratory director and certified as accurate.
- (E) Procedures to be used when the sample is given. The following procedures shall be used whenever an employee is requested to give a blood or urine sample. Normally, the sample will be taken at the laboratory. If taken at another location, transportation procedures as identified shall be followed. All sample taking will be done under laboratory conditions and standards as provided by the selected laboratory:
- (1) Prior to testing, or if incapacitated as soon as possible afterwards, the employee will be required to list all drugs currently being used by the employee on a form to be supplied by the Port. The Employer may require the employee to provide evidence that a prescription medication has been lawfully prescribed by a physician. If an employee is taking a prescription or non-prescription medication in the appropriate described manner and has noted such use, as provided above, he/she will not be disciplined. Medications prescribed for another individual, not the employee, shall be considered to be illegally used and subject the employee to discipline.
  - (2) When a blood test is required, the blood sample shall be taken promptly with as little delay as possible. Immediately after the samples are drawn, the individual test tubes shall, in the presence of the employee, be sealed, labeled and then initialed by the employee. The employee has an obligation to identify each sample and initial same. If the sample is taken at a location other than the testing laboratory, it shall be placed in a transportation container after being drawn. The sample shall be sealed in the employee's presence and the employee given an opportunity to initial or sign the container. The container shall be stored in a secure and

refrigerated atmosphere, and shall be delivered to the laboratory that day or the soonest normal business day by the fastest available method.

- (3) In testing blood samples, the testing laboratory will analyze blood/serum by using gas chromatography/mass spectrometry as appropriate. Where Schedule I and II drugs in blood are detected, the laboratory is to report a positive test based on a forensically acceptable positive quantum of proof. All positive test results must be reviewed by the certifying scientist or laboratory director and certified as accurate.
- (4) When a urine sample will be given by the employee, the employee shall be entitled, upon request, to give the sample in privacy. In most cases, this process will take place at laboratory. The sample container shall remain in full view of the employee until transferred to, and sealed and initialed in the two (2) tamper resistant containers and transportation pouch.
- (5) Immediately after the sample has been given, it will be divided into two (2) equal parts. Each of the two (2) portions of the sample will be separately sealed, labeled. If the sample is taken at a location other than the laboratory, it shall be stored in a secure and refrigerated atmosphere. One of the samples will then be delivered to a testing laboratory that day or the soonest normal business day by the fastest available method.
- (6) The sample will first be tested using the screening procedure set forth in Section (D) (3) of this Appendix. If the sample tests are positive for any prohibited drug, the confirmatory test specified in Section (D) (4) of the Appendix will be employed.
- (7) If the confirmatory test is positive for the presence of an illegal drug, the employee will be notified of the positive results within twenty-four (24) hours after the Port learns of the results, and will be provided with copies of all documents pertinent to the test sent to or from the Port by the laboratory. The employee will then have the option of submitting the untested sample to a laboratory of mutual choice, at the Port's expense.
- (8) Each step in the collecting and processing of the urine samples shall be documented to establish procedural integrity and a chain of evidence. All samples deemed "positive" by the laboratory, according to the prescribed guidelines, must be retained, for identification purposes, at the laboratory for a period of six (6) months.

(F) Consequences of positive test results.

- (1) An employee who tests positive shall have the right to challenge the accuracy of the test results before any disciplinary procedures are invoked as specified in Section (E) (7) and the Departmental Grievance Procedure.
- (2) Consistent with the conditions of the Appendix, the Employer may take disciplinary action based on the test results as follows:

Confirmed positive test - Employee is subject to discharge.

(G) Employee rights.

- (1) The employee shall have the right to a Union representative during any part of the drug testing process.
- (2) If at any point the results of the testing procedures specified in the Appendix are negative, all further testing shall be discontinued. The employee will be provided a copy of the results, and all other copies of the results (including the original) shall be destroyed within twenty-four (24) hours after the test results have been received by the Employer. All positive test results will be kept confidential, and will be available only to the Chief, one (1) designated representative of the Chief, and the employee.
- (3) Any employee who tests positive shall be given access to all written documentation available from the testing laboratory which verifies the accuracy of the equipment used in the testing process, the qualifications of the laboratory personnel, the chain of custody of the specimen, and the accuracy rate of the laboratory.

## **APPENDIX C JOB/SHIFT BIDDING**

The Master schedule will be reviewed and may be revised periodically by management at least annually. The upcoming master schedule will be posted at least seven days prior to the start of bidding. The Master bid schedule shall be completed by the last day of the month, two months prior to the effective date of the schedule. Employees may not change their selection after completing their bid. Bids will be for the full Master schedule duration.

Bids will be for the specific start times and days off. All employees will have 24 hours to make their selection after being notified. Should management have the need under special circumstances to schedule individuals to specific shifts, they shall maintain the ability to do so.

**MEMORANDUM OF AGREEMENT**  
**By and Between**  
**PORT OF SEATTLE POLICE DEPARTMENT**  
**And**  
**TEAMSTERS LOCAL UNION NO.117**  
**Affiliated With The**  
**International Brotherhood of Teamsters**  
**REPRESENTING TRAFFIC SUPPORT SPECIALISTS**

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**Re: Code of Conduct**

All employees in the bargaining unit shall be subject to the Port of Seattle's Code of Conduct contained in the Port of Seattle policies.



**RETURN TO AGENDA**

**COMMISSION**  
**AGENDA MEMORANDUM**

**Item No.** 8e

**ACTION ITEM**

**Date of Meeting** April 26, 2022

**DATE:** April 26, 2022

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

**FROM:** Mikel O'Brien, Interim Senior Director of Labor Relations  
Greg Gauthier, Labor Relations Manager

**SUBJECT:** **New Collective Bargaining Agreement between the Port of Seattle and the Pacific Northwest Regional Council of Carpenters, Local 30, representing Carpenters, Millwrights, and Piledrivers, at Marine Maintenance, Aviation Maintenance, and Port Construction Services (PCS)**

**Total Port Cost Increase for the Duration of the Agreement:** \$2,198,662.23

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute a new collective bargaining agreement (CBA) between the Port of Seattle and the Pacific Northwest Regional Council of Carpenters, Local 30, representing Carpenters, Millwrights, and Piledrivers, at Marine Maintenance, Aviation Maintenance, and Port Construction Services (PCS) covering the period from January 1, 2022, through December 31, 2026.

**EXECUTIVE SUMMARY**

Good faith bargaining between the Pacific Northwest Regional Council of Carpenters, Local 30, representing Carpenters, Millwrights, and Piledrivers, at Marine Maintenance, Aviation Maintenance, and Port Construction Services (PCS) resulted in a fair collective bargaining agreement consistent with Port's priorities.

There are currently thirty-six (36) Pacific Northwest Regional Council of Carpenters represented employees at the Port of Seattle who are employed in either Marine Maintenance, Aviation Maintenance, or PCS, respectively. Classifications covered by this agreement include, Carpenters, Millwrights, and Piledrivers. Employees in this bargaining unit work conduct work associated with their respective crafts in both maintenance and new construction at the Port of Seattle.

Prior to this agreement, Union represented Carpenters and Millwrights at PCS (currently 11) were not covered under a Collective Bargaining Agreement between the Port of Seattle and the Pacific Northwest Regional Council of Carpenters, Local 30. Prior to this agreement, employees at PCS were paid at 100% of the AGC negotiated rates found in the area master labor agreement, but did not receive paid holidays, PTO, and additional paid sick leave (beyond state required). This

Meeting Date: April 26, 2022

agreement provides the first comprehensive Collective Bargaining Agreement between the parties covering PCS employees represented by the Pacific Northwest Regional Council of Carpenters, Local 30. PCS regular employees will now be paid at 88% of the area master labor agreement rates, but will now receive paid holidays, PTO, and paid sick leave.

This agreement is for a five-year period from January 1, 2022, through December 31, 2026. The estimated total additional cost for increase is \$2,198,662.23. The estimated additional cost per year of the contract is: year one, ~~-\$64,952.25~~<sup>1</sup>; year two, \$196,500.80; year three \$444,883.85; year four, \$675,058.32; and year five, \$947,171.52.

The cost is based on an annual wage and benefit increases of approximately 4.5% to 5.0%, each year of the CBA<sup>2</sup>. The cost also consists of the additional costs associated with the PCS shift differentials and supervisory premiums alignment with Aviation Maintenance and Marine Maintenance employees.

Other changes include the mutual agreement between the Parties to promote Equity, Diversity, and Inclusion in the workplace. Gender specific language amended, including the change of the title of Foreman to Supervisor. The inclusion of Juneteenth as a paid holiday. Consistency of shift differentials and Supervisory premiums for PCS employees with Aviation and Marine Maintenance employees. The inclusion of the Port's Commuter Trip benefits for all employees. Safety shoe stipends with reasonable increases for all regular employees. A signing bonus of \$1000 per regular PCS employee and \$2,000 for each regular Aviation and Marine Maintenance employee.

### **JUSTIFICATION**

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

### **DETAILS**

Term of the Agreement – January 1, 2022, through December 31, 2026.

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<sup>1</sup> Reflects the conversion of PCS employees to 88% of the AGC negotiated wage rate

<sup>2</sup> AGC negotiated wage increases each of first three years 4.5% to 5%.

Meeting Date: April 26, 2022

**FINANCIAL IMPLICATIONS*****Wages***

Classification	PCS Current Rate <sup>3</sup>	Mainten ance Current Rate <sup>4</sup>	Effective 6/1/2022	Effective 6/1/2023	Estimated Increase Effective 6/1/2024	Estimated Increase Effective 6/1/2025
Carpenter	\$49.18	\$43.28	\$45.27	\$47.26	\$49.35	\$51.54
Millwright	\$50.68	\$44.60	\$46.59	\$48.58	\$50.73	\$52.98
Piledriver	\$49.58	\$43.63	\$45.62	\$47.61	\$49.72	\$51.93

Employees wages include an annual average increase of approximately 4.5%.

***Health and Welfare***

The Port contributes to the Carpenters Health & Welfare Trust on behalf of employees for each hour of work. Current rate is \$8.98.

***Pension***

The Port contributes to the Carpenters Retirement Plan of Western Washington on behalf of each employee for each hour of work. Current rate is \$9.35.

***Other Changes***

- Incorporated Juneteenth holiday and additional personal holiday.
- Mutual agreement between the Parties to promote Equity, Diversity.
- Gender specific language amended.
- Consistency of shift differentials and Supervisory premiums for PCS employees with Aviation and Marine Maintenance employees.
- The inclusion of the Port's Commuter Trip benefits for all employees. Safety shoe stipends with reasonable increases for all regular employees.
- Signing bonuses of \$1000 per regular PCS employee and \$2,000 for each regular Aviation and Marine Maintenance employee.
- Safety shoe stipend for all regular employees with reasonable increases.

<sup>3</sup> 100% of the AGC negotiated wage rates.

<sup>4</sup> 88% of the AGC negotiated wage rates.

Meeting Date: April 26, 2022

<b>Cost Impact \$</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
<b>Pay</b>	-\$131,388.65 <sup>5</sup>	\$59,002.80	\$231,473.75	\$392,681.01	\$592,263.14
<b>Benefits</b>	\$66,436.40	\$137,498	\$213,410.10	\$282,377.31	\$354,908.37
<b>Total</b>	-\$64,952.25	\$196,500.80	\$444,883.85	\$675,058.32	\$947,171.51

The estimated total additional cost to the Port of Seattle for the duration of the contract is \$2,844,000.

#### **ATTACHMENTS TO THIS REQUEST**

(1) Collective Bargaining Agreement

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

April 23, 2019      Commission Authorization for Executive Director to execute new Collective Bargaining Agreement between the Port of Seattle and the Pacific Northwest Regional Council of Carpenters (Item No. 6b)

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<sup>5</sup> Represents the difference in Year 1 of PCS employees moving from 100% to 88% of AGC wage rates.

# Maintenance Agreement

Between

The Port of Seattle

And

The Pacific Northwest Regional Council of

Carpenters

January 1, 2022 – December 31, 2026

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This Agreement is made and entered into by and between the Port of Seattle and the Pacific Northwest Regional Council of Carpenters on January 1, 2022, for the purpose of establishing wages, hours of work, terms and conditions of employment and other items deemed important by the parties, and shall be subject to any Federal or State Law and the terms of the Port's Salary and Benefit Resolutions and, in accordance with existing State Law. Nothing in this agreement shall be construed to permit either the Union or any employee to cause or engage in a strike or stoppage of work, or slowdown or similar activity against the Port of Seattle. Should any provision hereof become unlawful by virtue of any Federal or State Law, or conflict with any resolution of the Port of Seattle, or any rule or regulation promulgated by the Port of Seattle, such provision shall be modified to comply with such law, resolution, rule or regulation.

## **ARTICLE I UNION RECOGNITION**

The Port of Seattle reaffirms its recognition of the Pacific Northwest Regional Council of Carpenters, (hereinafter referred to as the "Union"), as the Collective Bargaining representative of the "unit employees" of the Port of Seattle who are employed in crafts or job classifications which would otherwise be covered by collective bargaining agreements between the Union and other employers performing similar scopes of work in the Puget Sound region, for the following purposes and subject to the following conditions:

The Port recognizes the Union as the sole and exclusive bargaining agent for all employees of the Port performing work historically covered by this agreement or agreements prior to this agreement of which the Port and the Union were parties thereto.

The Port of Seattle has in the past employed unit employees affiliated with the Union and intends to continue to do so if work performed by the Port of Seattle is available for such employees.

All of the Port of Seattle's unit employees shall enjoy the wages and benefits established by the Port's Wage and Benefit Resolution and shall continue to enjoy such wages and benefits on a basis comparable to the wages and benefits paid by other employers of such employees in this area.

## **ARTICLE II MANAGEMENT RIGHTS**

The Port retains all rights except those rights that are limited by the subsequent Articles of this Agreement or applicable law. Nothing anywhere in this agreement shall be construed to impair the right of the Port to conduct all its business in all particulars except as modified by the subsequent articles of this Agreement.

The Port of Seattle retains the right:



- a. to determine any given employee's craft or job classification and whether or not such employee is a unit or non-unit employee;
- b. to direct the work of its employees;
- c. to hire, promote, transfer, assign, and retain employees' positions within a given craft, job classification, or department, to secure its regular or steady employees from the local community, to specify certain employees as steady employees of the Port, and to suspend, demote, discharge, or take other disciplinary action against employees;
- d. to relieve employees of duties because of lack of work or for other legitimate reasons;
- e. to subcontract or assign work to other employers;
- f. to maintain the efficiency of all Port operations;
- g. to determine the methods, means, and personnel by which such operations are to be conducted; and
- h. to take whatever action may be necessary to carry out the work of the Port in situations of emergency.

### **ARTICLE III PAYROLL DEDUCTIONS**

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

The Union agrees to indemnify and hold the Port harmless against any liability which may arise by reason of any action taken by the Port to comply with the provisions of this Article. The Port will promptly notify the Union in writing of any claim, demand, suit, or other form of liability asserted against it relating to its implementation of this Article.

As per the requirements of RCW 41.56.037, the Port agrees to provide authorized representatives of the Union, up to thirty (30) minutes access to new bargaining unit employees within ninety (90) days from the employee's date of hire. It is agreed, that it shall be up to the Union to contact the respective Department Manager or designee to schedule a mutually

agreeable time and location at the worksite for the access to take place. It is further agreed that the Port is only obligated to compensate the new employee for the time spent (up to 30 minutes) during regular working hours during this scheduled access. The Port shall advise the Union of the names and addresses of Port employees covered by this Agreement within seven (7) calendar days following the date of employment.

Upon request of the Union or the Port, the parties agree to midterm bargaining on the subjects covered in this Article.

#### **ARTICLE IV SPECIAL AGREEMENTS**

It is agreed that the Port of Seattle and the Union may execute separate special agreements regarding special conditions not covered by this Maintenance Agreement or area Master Labor agreement. Such special agreements may supplement this Maintenance Agreement or the area Master Labor Agreement.

Appendices shall be located at the end of this agreement.

#### **ARTICLE V DEFINITIONS**

- A. **Regular employees:** Regular employees shall mean those employees who have been hired by the Port in either the Marine Maintenance, the Aviation Maintenance, or the Port Construction Services (PCS) Work Groups, respectively, in accordance with the Port's required posting and selection procedures.
- B. **Apprentices:** Apprentice employees are those employees who are registered with the State of Washington and are participating in a State approved training program administered by a State approved joint labor-management committee.
- C. **Emergency Hires:** Emergency Hires shall mean those employees who have been hired by the Port to meet temporary needs. Such employees are hired without the necessary posting requirements to qualify them for regular employment. The employment period for Emergency Hires shall not exceed one hundred eighty (180) calendar days between employment and termination. Extensions may be approved by Human Resources.
- D. **Emergency:** Civil emergencies such as, but not limited to, earthquakes, floods, extreme weather, or fire will be declared by the CEO of the Port.

#### **ARTICLE VI PROBATIONARY PERIOD**

A new employee, excluding Emergency Hires, shall be subject to a one hundred and eighty (180) calendar day probationary period commencing with their first compensated day of regular employment. The probationary period shall be extended one (1) day for each day that the employee is absent. During this period, such employee shall be considered as being on probation subject to termination at any time at the sole discretion of the Employer. Discharge of an employee during this probationary period shall not be subject to the Grievance Procedure.

#### **ARTICLE VII HIRING NOTIFICATION**

- A. **Notification of Vacancies:** The Port will advise the Union at the time of any employment openings. Openings for regular job vacancies will be posted in accordance with the Port's Talent Acquisition Policy, HR-8.
- B. **Notification of Employees Hired:** The Port shall advise the Union of the names and social security numbers of Port employees covered by this Agreement within seven (7) calendar days following the date of employment.

#### **ARTICLE VIII TERMS AND CONDITIONS**

- A. **Port Rate:** The Port shall pay, on an hourly basis, to all journey level regular employees an hourly rate equal to 88% of the construction rates as defined by the Area Master Labor Agreement between the Union and their construction contractors for the following general classifications only, Carpenter, Pile Driver, & Millwright, and applicable apprenticeship rates. This shall not apply under circumstances defined by paragraphs B. and C. below. Crew Chief/Field Supervisor rates and rates for other classifications shall be adjusted accordingly, keeping their existing relationships to Port journey level rates. Downtown Seattle Zone Pay is not applicable to the maintenance agreement.

The Port rate applies to all maintenance work. It shall also apply to new construction pursuant to RCW 53.08.120 if the work is performed by employees covered under this Maintenance Agreement.

- B. **Compound Crew Chief/General Supervisor Pay:** The calculation of Crew Chief/Field Supervisor pay for regular employees will be fifteen percent (15%) above the Port of Seattle regular employee rate of pay in each classification (Millwright, Carpenter, and Pile Driver). Supervision of members of other crafts, contracted employees or temporary or Emergency Hires will have no impact on the pay rates for Crew Chiefs/Field Supervisors.

Similarly, General Supervisor pay for regular employees will be calculated at ten percent (10%) above the Port of Seattle regular employee Crew Chief/Field Supervisor rates.

- C. **Termination Pay:** A Regular employee who is terminated because of lack of work, or a cut back in the number of employees, who has worked less than one year will be paid off at the construction wage rate starting at the date of employment, for the time worked less payment received for holidays and vacations.

Such adjusted construction wage rate termination payments shall be limited to regular employees who are laid off solely to reduction in force.

- D. **Construction Conditions for Emergency Hires:** All Emergency Hires hired by the Port shall be paid at the construction rate with fringe benefits as provided for in the Area Master Labor Agreement. Unless and/or until such time that the Area Master Labor Agreement provides for paid leave as required by law, Emergency Hires shall be entitled to accrue and utilize paid sick leave as defined and administered in accordance with the minimum requirements of the Washington State Paid Sick Leave Law, RCW 49.46.200, which shall be conspicuously posted and updated as required by law.
- E. **Apprenticeship:** The Port and the Union agree that it is important to have a highly trained work force. To this end the Port agrees to work with the Union on developing policies promoting the employment of apprentices as part of the work force covered by this Agreement.
- F. **Permanent Reduction in Force:** Should the need arise for a permanent reduction in force in any work group covered by this agreement, the Port agrees to meet with the Union to bargain the effects of such decision.
- G. Available normal (i.e. regular) work schedules shall first be offered to qualified regular employees within the classification for which the availability falls according to an employee's seniority within the work group when operationally feasible to do so. If no senior qualified regular employee chooses the available normal work schedule, the Port shall assign the available normal work schedule to the least senior qualified regular employee in that work group. Qualifications considered include, but are not limited to, knowledge, skills, ability, and performance.
- H. Effective on the first of the month following the execution of this agreement, all employees with more than six months of continuous service still employed in the bargaining unit, shall receive a one-time lump sum payment of one thousand dollars (\$1000) less applicable deductions.
- I. Effective on the first of the month following the execution of this agreement, all employees with more than six months of continuous service in the Marine Maintenance or Aviation Maintenance Workgroups still employed in the bargaining unit, shall also receive an additional one-time lump sum payment of one thousand dollars (\$1000) less applicable deductions.

## **ARTICLE IX WORK WEEK/WORK DAY FOR REGULAR EMPLOYEES**

### **A. A normal workweek shall be defined as:**

1. Standard Work Week – Five (5) consecutive days beginning on Monday and ending on Friday. There shall be two (2) consecutive days rest period between standard workweeks.
2. 4-10 Work Week – Four (4) consecutive days beginning on Monday and ending on Thursday or beginning on Tuesday and ending on Friday. There shall be three (3) consecutive days rest period between 4 -10 workweeks (Friday, Saturday and Sunday or Saturday, Sunday and Monday).

### **B. A standard workday shall be defined as:**

1. Eight and one-half (8-1/2) consecutive hours of which a meal period of one-half (1/2) hour would be included on the employee's time, or
2. Ten and one-half (10-1/2) consecutive hours of which a meal period of one-half (1/2) hour would be included on the employee's time.
3. A thirty (30) minute meal period shall be granted in accordance with RCW 49.12, WAC 296-126-092.

### **C. The workweek may be changed or modified to meet operational requirements.. Any changes will occur only after consultation with the Union.**

### **D. Article VIII A. and B. apply unless otherwise modified as provided in this Agreement.**

## **ARTICLE X OVERTIME FOR REGULAR EMPLOYEES**

### **A. Overtime in excess of the regular workday and on regular days off will be at time and one-half (1-1/2) unless a higher rate is required by a Union's building and construction trades agreement or by letter of agreement that has been negotiated and agreed to by the Port.**

### **B. Hours worked prior to an established shift and hours worked after an established shift will be at overtime rate. On a Monday through Friday the first four (4) hours will be at time and half (1 ½). All additional shall be at two (2) times the straight time rate of pay. On a four ten (10) hour shift Monday through Thursday the first two (2) hours will be at time and half (1 ½). All additional shall be at two (2) times the straight time rate of pay.**

### **C. To the extent possible, the Port will endeavor to equalize overtime for regular employees within each Work Group.**

- D. Unless otherwise agreed with the Port, other premium rates will be the same as those set in the Area Master Labor Agreement.

#### **ARTICLE XI SHIFT DIFFERENTIALS FOR REGULAR EMPLOYEES**

- A. **Day Shift:** Day shift shall be the nearest starting time to 8:00 a.m.
- B. **Swing Shift:** Swing shift shall be the nearest starting time to 4:00 p.m. Actual start times may be between 1:00 p.m. and 6:00 p.m. Employees working a full eight (8) hour shift shall receive a shift differential of 10% over their regular rate when required to work swing shift. When the Area Master Labor Agreement affords employees eight (8) hours pay for working less than a full eight (8) hour shift, employees shall receive a shift differential of 7.5% over their regular rate when required to work swing shift.
- C. **Graveyard Shift:** Graveyard shift shall be the nearest starting time to 12:00 midnight. Actual start times may be between 10:00 p.m. and 1:00 a.m. Employees working a full eight (8) hour shift shall receive a shift differential of 15% over their regular rate when required to work graveyard shift. When the Area Master Labor Agreement affords employees eight (8) hours pay for working less than a full eight (8) hour shift, employees shall receive a shift differential of 10% over their regular rate when required to work graveyard shift.
- D. Unless otherwise agreed with the Port, other premium rates will be the same as those set in the Area Master Labor Agreement.

#### **ARTICLE XII UNION ACCESS**

The Port agrees to allow reasonable access to Port facilities excluding the AOA (Airport Operations Area) for business representatives who have been properly authorized by the Union. Such access shall be permitted in a manner as not to interfere with the functions of the department or the Port. This Article shall apply within the constraints of Federal or State regulations and statutes, and the Airport Security Plan.

#### **ARTICLE XIII SHOP STEWARDS**

The Union has the right to appoint a maximum of four (4) shop stewards, one per shift plus an alternate. Those shop stewards shall have the right to engage in necessary contract-related matters including advising employees and assisting those facing discipline without loss of pay irrespective of when those events occur. Claims of alleged abuse of this right are matters for the grievance and arbitration procedure set forth in this Agreement

Shop Stewards on behalf of the Union shall have the authority to represent employees in the processing of complaints or grievances. The Port understands that Shop Stewards are agents of the Union, but as agents, their decisions in resolving matters are subject to Union approval.

#### **ARTICLE XIV FRINGE BENEFITS FOR REGULAR EMPLOYEES**

- A. **Benefit Coverage:** The Port shall continue to provide benefits coverage under the conditions set forth in the Area Master Agreement in the same amount and manner now in effect or hereafter modified during the term of this Agreement which has been historically followed by the Port. Fringe benefit contributions shall not be made on vacation hours paid, on holiday paid hours, or on bereavement paid hours not worked. However, contributions shall be made on holiday hours worked.
- B. **Trust Agreements:** The Port and the Union adopt and shall be bound by the terms and conditions of such trust or trusts as set forth in the current Area Master Agreement. The action heretofore or hereafter performed by the Trustees of such trust or trusts are hereby adopted by the Port and the Union. Fringe benefit contributions shall not be made on vacation hours paid or on holiday paid hours not worked. However, contributions shall be made on holiday hours worked.
- C. **Health and Welfare:** For the term of the contract, if the employer's premium contribution on benefits increase at any time and such increase exceeds five percent (5.0%) of the employer's premium contribution rate in existence in the previous contract year, the parties agree to reopen the contract on the issue of health benefits only to bargain premium cap limits, premium share, or some other means of controlling future premium increases.

The Union will assist the Port in acquiring information from the medical benefits trust to insure that the Port is in compliance with the Affordable Care Act. At any time during the term of the agreement, if the benefits provided by the Carpenter's Trust of Western Washington become subject to an excise penalty, the parties agree to meet and discuss the impact.

#### **ARTICLE XV DEFERRED COMPENSATION**

Regular employees shall be eligible for participation in the Port of Seattle's Deferred Compensation Plan as revised December 8, 1981. Eligibility and participation of regular employees shall be subject to the terms and conditions of such plan including any plan amendments, revisions, or possible cancellation. It is further agreed that content of the plan itself, plan administration, and any determinations made under the plan shall not be subject to grievance or arbitration procedures or to any other provisions of this Maintenance Agreement, the Area Master Agreement or to negotiation by the Union.

## ARTICLE XVI NON-DISCRIMINATION

The Port of Seattle is an equal opportunity and affirmative action employer that values diverse perspectives and life experiences. We encourage people of all backgrounds to apply, knowing decisions concerning the employment relationship will be made without regard to age, race, ethnicity, color, religion, creed, sex (including pregnancy), sexual orientation, gender identity or expression, national origin, marital status, citizenship status, veteran status, the presence of any physical or mental disability, or any other status or characteristic protected by federal, state, or local laws, regulations and ordinances.

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

## ARTICLE XVII HOLIDAYS FOR REGULAR EMPLOYEES

**Designated Holidays:** The following thirteen (13) days, or days in lieu thereof, shall be observed and recognized as paid holidays for regular employees as set forth in this Article.

New Year's Day	January 1
Martin Luther King's Birthday	Third Monday in January
President's Day	Third Monday in February
Memorial Day	Last Monday in May
Juneteenth	Date designated by Port
Independence Day	July 4
Labor Day	First Monday in September
Thanksgiving Day	Fourth Thursday in November
Native American Heritage Day	(Day After Thanksgiving)
Christmas Day	December 25

Three (3) Employee Designated Floaters to be taken any time during calendar year

Any date commonly observed, as designated by State or national authority, may be observed as a holiday and paid for as such in lieu of the date designated above for the paid holidays listed.



- A. **Other Holiday Observance Considerations:** Whenever any of the above holiday falls on a regular employee's normal day off, either the last scheduled workday of the employee's previous workweek or the first scheduled workday of the following week shall be observed as the holiday and paid for accordingly. In such an instance the Port shall decide whether the last preceding workday or the first workday of the following week is to be observed.
- B. **Holiday Pay Rate and Qualifications:** Each regular employee shall receive eight (8) or ten (10) hours' holiday pay at their hourly (day shift) rate of pay for the holidays designated in A. above, provided:
1. The employee has been employed by the Port as a regular employee for thirty (30) calendar days.
  2. That the regular employee worked the regularly scheduled workday prior to, and the first scheduled workday following the holiday (to the extent permitted by law). Exceptions will be made in cases where absence on the workdays prior to or following were due to:
    - a) An industrial injury sustained in the course of their employment.
    - b) A bona fide illness covered by a Doctor's certificate and when the employee has not been off as a result of such injury or illness for a period of more than two (2) weeks preceding such holiday. Employees who are absent due to an industrial injury on the holiday and who receive Washington State Workers' Compensation for the date of the holiday shall not additionally receive holiday pay.
    - c) Port-related court appearances as confirmed by Port counsel,
    - d) Jury duty when jury service occurs on the employee's regularly scheduled shift,
    - e) Military leave,
    - f) Non-Port related court appearances should be reviewed on a case-by-case basis and may or may not be qualifying. However, appearance as a subpoenaed prosecution witness would be qualifying (date subject to confirmation by counsel of record),

- g) When leave without pay is scheduled the day before or the day after the holiday, and provided the leave is approved by management at least forty-eight hours in advance,
- h) Other absences not covered by this article, which occur while the employee is on leave without pay, would be disqualifying.

- C. **Holidays and Vacations:** If a holiday falls within the vacation period of a regular employee, the employee shall be paid as set forth above for such holiday, provided the employee works the last scheduled workday prior to and the first scheduled workday following the employee's vacation.
- D. **Pay for Time Worked on Holidays:** Regular employees who perform work on any of the above holidays shall be paid, in addition to holiday pay, the actual time worked at the overtime rate; however, the minimum shall be four (4) hours at the overtime rate of pay.
- E. **Holiday Pay for Shift Workers:** Regular employees normally working shift will be paid at the rate of the shift rate to which the employee is assigned.
- F. **Accumulation of Floating Holidays:** Regular employees will be permitted to accumulate "Employee Designated floaters" and may carry from year to year a maximum of forty (40) hours. Any hours in excess of forty (40) not used by the end of a given year will be forfeited.

#### **ARTICLE XVIII PAID TIME OFF FOR REGULAR EMPLOYEES**

- A. **Rates of Accrual:** Effective upon ratification between the parties paid time off is earned as follows:

**From Date of Hire Through 59<sup>th</sup> Month:** Based on the first day of employment, from the first full month to and including the fifty-ninth (59<sup>th</sup>) full month of continuous employment, regular employees shall accrue paid time off at the rate of .07538 per compensated straight time hour (.07538 x 2080 annual hours = 156.6 hours per year).

**From the 60<sup>th</sup> Month Through 119<sup>th</sup> Month:** From the sixtieth (60<sup>th</sup>) full month to and including the one hundred nineteenth (119<sup>th</sup>) full month of continuous employment, regular employees shall accrue paid time off at the rate of .09462 per compensated straight time hour (.09462 x 2080 annual hours = 196.8 hours per year).

**From the 120<sup>th</sup> Month Through 179<sup>th</sup> Month:** From the one hundred twentieth (120<sup>th</sup>) full month to and including the one hundred seventy ninth (179<sup>th</sup>) full month of continuous employment, regular employees shall accrue paid time off at the rate of .10423 per compensated straight time hour (.10423 x 2080 annual hours = 216.8 hours per year).

**After 180<sup>th</sup> Month:** After completion of fifteen (15) years of continuous employment starting with one hundred eightieth month, regular employees shall accrue paid time off at the rate of .11385 per compensated straight time hour (.11385 X 2080 annual hours = 236.8 hours per year).

- B. **Limits on Accumulating Paid Time Off:** Paid time off accumulation shall be limited to four hundred and eighty (480) hours.
- C. **Paid Time Off for Shift Workers:** Regular employees normally working shift will be paid at the rate of the shift rate to which the employee is assigned, provided the employee works more than fifty percent (50%) of their hours on such shift.
- D. **Scheduling of Paid Time Off:** Paid time off assignments will be made at the Port's discretion, following six (6) months of continuous service. A reasonable method for giving due consideration to the employee's requests will be developed by management for paid time off schedules.
- E. **Layoff:** Employees who are laid off or without work through no fault on the part of the employee will not suffer a break in length of service for paid time off purposes provided they are rehired within six (6) months of the date of the layoff. However, no paid time off will accrue during that period of time.
- F. **Same-Day Call Ins:** Unauthorized (e.g. FMLA, WPSL, FCA), same day call-ins shall be limited to five instances per rolling calendar year. Continuous consecutive days subsequent to the call in shall only count as one call in.
- G. **Physician's Release:** If an employee is absent longer than two weeks due to illness, surgery or accident or has experienced hospitalization of any kind, the employee has the responsibility to report the illness, injury or accident to their manager at the first opportunity, and they may be required to submit a physician's release as fit for duty to the manager prior to returning to work. Physician's releases with restrictions (i.e. – light or limited duty) will be considered on a case-by-case basis, and while not guaranteed, accommodations will be examined.
- H. **Leaves of absence without pay:** Leaves of absence without pay (LWOP) will be approved on a case-by-case basis, based on the needs of the work group. Requests for

leave without pay are not guaranteed time away from work place and will not be authorized unless all appropriate paid leave accruals have been exhausted. When the absence is for personal reasons, all paid vacation leave and floaters must have been exhausted first. Authorization of LWOP requests will be considered on a case-by-case basis, with consideration of workload and personal circumstances. LWOP will be limited to forty (40) hours per calendar year, with allowance for special considerations at management's discretion.

- I. **Paid Time Off Accruals for Emergency hires selected to become Regular Employees:** Emergency Hires who are selected to become Regular employees shall have their hire dates adjusted by the time continuously employed and working as an Emergency Hire, for the purpose of determining their appropriate paid time off accrual rate, but shall not earn accruals for the time spent as an Emergency Hire.
- J. **Voluntary Cash-Out of Paid Time Off Hours:** Employees may cash-out paid time off (PTO) according to the limits and procedures for the cash out of PTO as applied to non-represented employees. They shall be notified of changes to the limits and procedures affecting PTO cash out.
- K. **Sick Leave:** Eligible regular employees will accrue Sick leave at the rate of .025 hours accrued for all hours compensated. Sick leave may accumulate with no maximum limit. In the event of illness, Sick Leave up to the accrued balance may be used after employment of at least 30 days.

Sick Leave can be used for an absence resulting from an employee or family member's mental or physical illness, injury, or health reason; to accommodate a need for medical diagnosis, procedure, care or treatment; or need for preventative medical care. In addition, Sick leave may be used for:

- A qualifying FMLA or FCA absence;
- For absences that qualify for leave under the Domestic Violence Leave Act;
- When the employee's work location has been closed by order of a public official for any health-related reason;
- When an employee's child's school or place of care has been closed for a health-related reason (not weather related).

Employee's manager may require a physician's or health care provider's statement to justify the use of Sick Leave after the absence exceeding three (3) days.

Family member, for Sick Leave purposes is defined as a spouse or domestic partner and the parents of children of the employee or their spouse or domestic partner; as well as the employee's siblings, grandparents or grandchildren.

For the purposes of the benefits provided under this article, an employee and their domestic partner must complete an Affidavit of Marriage/Domestic Partnership.

Upon termination or retirement immediately following five consecutive years of active employment with the Port of Seattle, an eligible employee shall be compensated for 50% of his or her Sick Leave accrued balance at the employee's hourly rate of pay in effect at termination or retirement.

Reinstatement of unused Sick Leave at Termination will be reinstated upon rehire within 12 months.

Employees shall be entitled to accrue and utilize Sick Leave only in accordance with the minimum requirements (e.g. 40-hour accrual rate limits) of the Washington State Paid Sick Leave Law, RCW 49.46.200, which shall be appended to this agreement and conspicuously posted and updated as required by law.

L. **Paid Parental Leave.** The Port shall continue to provide Paid Parental Leave to members of this bargaining unit. Eligibility, participation, and terms of the Paid Parental Leave shall be provided to the bargaining unit members as outlined in Port policy HR-5. The Port may change or modify its Paid Parental Leave policy and/or procedures. If the Port desires a change/modification the Port agrees to provide the Union with advance written notice. In the event a bargaining unit member made application for Paid Parental Leave prior to the written notice of change/modification and said change/modification was to eliminate or shorten Paid Parental Leave, said employee will be allowed Paid Parental Leave in existence at the time of their application.

M. **Paid Family Leave.** The Port shall comply with the requirements of the Washington Paid Family and Medical Leave Act and shall have full discretion on meeting those requirements (e.g. Voluntary Plan), which shall not be subject to the grievance procedure or to any other provision of this Agreement or to negotiation by the Union. However, the Port agrees, that for the term of this agreement, the Port shall make contributions to the chosen plan (i.e. State, Approved Voluntary) on the employee's behalf.

## **ARTICLE XIX BEREAVEMENT LEAVE**

Regular employees who have been employed for at least thirty (30) days of uninterrupted service and who suffers a death in their immediate family shall be allowed three (3) working days off to attend the funeral and shall be compensated eight (8) or ten (10) hours' pay for each day's absence at the regular employee's straight-time rate as a result of the regular employee's absence. In cases where emergency factors of long distances are involved, the regular employee may request up to two (2) additional paid days leave.

Individual circumstances such as the distance to the funeral and the extent of regular employee involvement with the arrangements for the deceased shall be considered in determining the number of days to be granted a regular employee. Immediate family shall be defined as spouse or domestic partner or daughter, son, mother, father, sister, brother, grandparents, grandchildren, stepmother, stepfather, stepchildren, mother-in-law, father-in-law, sister-in-law,

brother-in-law, daughter-in-law and son-in-law of a regular employee or spouse or domestic partner.

A regular employee and a domestic partner must complete an Affidavit of Marriage/Domestic Partnership which requires them to declare that they:

- (1) Share the same regular and permanent residence.
- (2) Have a close personal relationship.
- (3) Are jointly responsible for basic living expenses.
- (4) Are not married to anyone.
- (5) Are each 18 years of age or older.
- (6) Are not related by blood closer than would bar marriage in the State of Washington.
- (7) Were mentally competent to consent to contract when the domestic partnership began.
- (8) Are each other's sole life partner and are responsible for each other's common welfare

## **ARTICLE XX LABOR/MANAGEMENT**

The parties recognize it is in their best interest to develop and maintain a good on-going working relationship that promotes further development of trust, communication and cooperation. Therefore, the parties agree to establish a Labor/Management Committee for the purpose of developing a cooperative problem-solving forum on issues of common concern. It is understood and agreed that the Labor/Management Committee has no authority to amend or negotiate the Labor Agreement.

## **ARTICLE XXI SETTLEMENT OF DISPUTES, DISCHARGE, SUSPENSION**

- A. **Strikes and Lockouts:** In recognition of the Port's status as a municipal corporation, there shall be no strikes, lockouts, picketing, work stoppages or similar activities to impede the Port's operation.
- B. **Resolution of Disputes:** The parties shall in good faith work jointly toward resolution of disputes. If any dispute cannot be settled at the plant (shop) level, it shall be reduced to writing and referred to a representative of the Union and the Port.

In the event that a dispute arising on the job the following grievance procedure shall be followed to address the dispute:

**Step One:** In the event that a dispute arising on the job cannot be satisfactorily adjusted on the job between the representative of the Union involved and the Employer, the dispute shall promptly (not later than fifteen (15) working days), be referred to the authorized representative of the Union and the Employer or their authorized representative. Should they fail to affect a settlement, the matter shall proceed to Step Two. By mutual agreement Step Two may be waived.

**Step Two:** The dispute shall be referred to a Board of Conciliation within fifteen (15) working days or at the option of either party this Step may be waived, and the matter will proceed to Step Three. This Board shall consist of two (2) persons who have no direct involvement in the dispute, appointed by each party. If these four (4) persons cannot affect a settlement within seven (7) days after the dispute has been referred to them the matter shall proceed to Step Three.

**Step Three:** The issue shall be referred to mediation. The parties shall request a mediator from either the Federal Mediation & Conciliation Service (FMCS), or the Public Employment Relations Commission (PERC), or other mutually acceptable services. This person shall serve as the mediator to resolve the dispute. The expense of employing the mediator shall be borne equally by both parties and each party shall be responsible for their own attorney fees and costs. Should the parties fail to reach agreement, the matter shall proceed to Step Four.

**Step Four:** The parties shall request a list of seven arbitrators from FMCS, PERC, or other acceptable services and shall alternately strike names until only one name remains. This person shall serve as the arbitrator to resolve the dispute. The expense of employing the arbitrator shall be borne equally by both parties and each party shall be responsible for their own attorney fees and costs. The decision of the arbitrator shall be final and binding.

Any decision rendered relative to the aforementioned steps shall be within the scope and terms of this Agreement.

By mutual agreement, the aforementioned time frames in this Article may be waived or extended.

- C. **Union Representation:** The Union shall not be required to press employee grievances if, in the Union's opinion, such lack merit. With respect to the processing, disposition

and/or settlement of any grievance, including hearings and final decisions of arbitrators, the Union shall be the exclusive representative of the employee(s) involved.

- D. **Discharge or Suspension for Just Cause:** The Port may discharge or suspend any regular employee for just and sufficient cause. With the exception of a discharge or suspension for gross misconduct, no regular employee shall be discharged or suspended unless a written notice shall previously have been given to such employee of a complaint against the employee concerning the employee's work or conduct. Discipline to be considered valid shall be issued within thirty (30) working days of the date of violation or knowledge of the violation. Should the employer request an extension of time for further investigation, such thirty (30) work day period shall be extended for purposes of that investigation. In cases of gross misconduct, such as, but not limited to, instances involving theft or physical assault, immediate discharge or suspension may be accomplished without prior warning notice.

Warning notices must be timely. With the exception of a discharge or suspension for gross misconduct or disciplinary investigation in which an extension of time is requested by the employer, any disciplinary action shall be null and void unless issued in writing and given to the regular employee and sent to the Union within thirty (30) working days of such violation. (If the employee is unavailable, the warning notice may be sent to their last reported home address.)

- E. **Written Warnings:** A copy of a warning notice shall be sent to the Union at the time it is given to the regular employee.
- F. **Protest of Discharge, Suspension, or Written Warnings:** Any regular employee may request an investigation of their discharge, suspension, or warning notice; and the Union shall have the right to protest any such discharge, suspension, or warning notice. Any such protest shall be presented to the Port in writing within fifteen (15) working days after the discharge, suspension, or warning notice; and if not presented within such period, the right of protest shall be waived.
- G. **Notice of Discharge:** The Port shall give to a discharged regular employee a written notice of termination and at the same time send a copy to the Union.

## ARTICLE XXII SAVINGS CLAUSE

If any provision of this Agreement or the application of such provision shall in any court or other Governmental action, be held invalid, or if any provision of this Agreement becomes impacted because of a change in Port Personnel policy, the remaining provisions and their application shall not be affected thereby.



Provided, however, upon such invalidation or change in Personnel policy the parties signatory hereto agree to immediately meet to renegotiate such parts or provisions affected. The parties agree to arrive at a mutually satisfactory replacement within sixty (60) days unless a definite extension of time is mutually agreed to.

#### **ARTICLE XXIII SAFETY SHOES**

Effective 2022, the Port shall pay regular employees a \$190.00 stipend, during the first year of the contract, for the purchase price or repair of ANSI approved footwear (Z41-1999), American National Standard for Personal Protection.

Effective 2023, the Port shall pay regular employees a \$200 stipend each contract year for the purchase price or repair of ANSI approved footwear (Z41-1999), American National Standard for Personal Protection. The stipend shall be paid in the first pay period of each contract year.

#### **ARTICLE XXIV FLEXIBLE SPENDING ACCOUNT**

Regular employees shall be eligible for participation in the Port of Seattle's Flexible Spending account program. Eligibility and participation of regular employees shall be subject to the terms and conditions of such plan including any plan amendment, revision or possible cancellation. It is further agreed that content of the plan itself, plan administration and any determination made under the plan shall not be subject to the grievance or to any other Provision of this Agreement or to negotiation by the Union.

#### **ARTICLE XXV BI-WEEKLY PAY**

Pay shall be distributed on a biweekly basis consistent with the payroll procedures for non-represented employees. As a condition of employment, all employees are required to participate in the Port's direct deposit program for payroll purposes.

If an employee is overpaid, the Port shall recover the overpayment by deduction through subsequent wages at a rate of five (5) percent of the employee's disposable earning in a pay period, other than the final pay period; or the amount still outstanding from the employee's disposable earnings in the final pay period. Deductions from wages shall continue until the overpayment is fully recouped.

. Nothing in this article precludes the employee from agreeing to a larger deduction.

#### **ARTICLE XXVI COMMUTER BENEFITS**

Employees, shall be eligible for the following benefits:

### The One Regional Card for All ("ORCA Card") Program

The Port offers ORCA cards to eligible employees at a substantially reduced cost for transportation on multiple regional transit systems. Employees who participate in the ORCA card program may also be eligible for additional subsidized transportation services. The availability of the ORCA program, annual cost, potential tax consequences for employees, and other provisions are subject to change based on guidelines provided by agencies with whom the Port contracts for the ORCA program benefits, IRS requirements, as well as the Port's discretion.

### Ferry Reimbursement

Employees who use the Washington State Ferry System for all or part of their work commute are eligible for reimbursement of ferry commuting costs up to a monthly maximum. This monthly maximum reimbursement amount is determined by the Port. Amounts and procedures can be found on the Total Rewards Compass Page and may be subject to tax;

The Port shall have full and exclusive discretion to administer, change, amend, modify and/or discontinue either and/or both the ORCA program and the Ferry Reimbursement benefit.

## **ARTICLE XXVII EFFECTIVE DATE AND DURATION**

This Agreement shall be in full force and effect for a period of three (3) years from January 1, 2021 through December 31, 2026.

### **PORT OF SEATTLE**

### **PACIFIC NORTHWEST REGIONAL COUNCIL OF CARPENTERS**

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Stephen P. Metruck  
Executive Director

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Jesse Scott-Kandoll  
Contract Administrator

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

## APPENDIX A WAGE RATES

**88% of Current Master Labor Agreement(Regular Journey Level Employees)**

**Rates submitted to the Port annually and published online at [www.nwcarpenters.org](http://www.nwcarpenters.org).**

CLASSIFICATIONS	EFFECTIVE		
	10/1/2021	6/1/2022	6/1/2023
Carpenter	\$49.18	\$51.44	\$53.70
Millwright	\$50.68	\$52.94	\$55.20
Piledrivers	\$49.58	\$51.84	\$54.10

Certified Welder +2.5% of the applicable journeymen scale\* per hour while performing welds required by the plans or specifications to be certified.

\*Regular Journey Level employees receive \*88% of the total hourly rate of the applicable Master Labor Agreement journeymen scale after the premium has been added.



## **APPENDIX B Port of Seattle Vaccination Policy**

### **MEMORANDUM OF UNDERSTANDING**

By and between  
PORT OF SEATTLE  
And

THE PACIFIC NORTHWEST REGIONAL COUNCIL OF CARPENTERS

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### **Re: Port of Seattle COVID-19 Vaccination Policy**

The following Memorandum of Understanding (“MOU”) is entered into between the Pacific Northwest Regional Council of Carpenters (“Union”) representing Carpenters, Millwrights, and Piledrivers at the Port of Seattle and the Port of Seattle (“Port”), referred to herein collectively as the Parties.

WHEREAS, consistent with its duty to provide and maintain a workplace that is free of recognized hazards, the Port of Seattle has adopted a policy making COVID-19 Vaccination a condition of employment; and,

WHEREAS, the Port of Seattle’s COVID-19 Vaccination policy is intended to safeguard the health and well-being of employees and their families, visitors, and others who spend time in the Port’s facilities, from COVID-19 infectious conditions that can be reduced through an effective employee vaccination requirement program,

NOW THEREFORE, the Parties agree as follows:

- 1) Compliance with the Port’s Vaccine Policy, HR-34, is a condition of employment;
- 2) Employees shall be subject to separation of employment if they do not comply with the Port’s Vaccine Policy, HR-34;
- 3) Employee’s are subject to the vaccine validation process stated in HR-34;
- 4) Employees shall be entitled to request an exemption for accommodation in accordance with the terms of HR-34;
- 5) Employees will be paid for the time spent getting the required vaccines, including travel time. Employees shall work with their manager to arrange time on shift, when possible. Off-shift compensation will be at the employee’s straight time rate of pay. Vaccination

appointments should be scheduled in a manner as not to exceed 2 hours, including travel time;

- 6) Employees shall be entitled to receive the COVID-19 incentive day as described in HR-34 based upon the same terms as non-represented employees;
- 7) Employees may use up to one shift (e.g. 8 hours) of their Public Health Emergency Leave (PHEL), if available, if they are unable to work their regular scheduled shift due to side effects within 48 hours of being vaccinated;
- 8) Upon request by either party, the parties agree to meet within thirty (30) days of any announcement that booster shots will become a requirement as a condition of employment, and bargain the effects in good faith to achieve alignment with the objectives of HR-34;
- 9) Upon request, from November 16, 2021 through November 16, 2022 employees who resign, or are separated from employment, as a result of this condition of employment may be eligible for rehire, without going through the competitive hire process for a posted, open, and funded position within the bargaining unit, provided the employee is qualified and complies with all policies required of new-hires for that position.

This Memorandum of Understanding is effective upon signing and shall expire when incorporated into the next CBA between the Port and the Union.

**PORT OF SEATTLE**

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**STEPHEN P. METRUCK**  
Executive Director

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**Date**

**PACIFIC NORTHWEST REGIONAL  
COUNCIL OF CARPENTERS**

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**JESSE SCOTT-KANDOLL**  
CWA & PLA Contract  
Representative

---

**Date**

**COMMISSION  
AGENDA MEMORANDUM**

**Item No.**

8f

**ACTION ITEM**

**Date of Meeting**

April 26, 2022

**DATE:** March 31, 2022

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

**FROM:** Mikel O'Brien, Interim Senior Director of Labor Relations  
Matthew Bullock, Labor Relations Manager

**SUBJECT:** New collective bargaining agreement between the Port of Seattle and the International Association of Machinists and Aerospace Workers, Local 289, representing Inventory Specialists

**Total Port Cost Increase for the Duration of the Agreement:** \$535,673

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute a new collective bargaining agreement (CBA) between the Port of Seattle and the International Association of Machinists and Aerospace Workers, Local 289, representing Inventory Specialists at the Port of Seattle covering the period from January 1, 2022, through December 31, 2025.

**EXECUTIVE SUMMARY**

Good faith bargaining between the International Association of Machinists and Aerospace Workers, Local 289, representing Inventory Specialists and the Port of Seattle resulted in a fair collective bargaining agreement (CBA) consistent with Port's priorities.

There are currently thirteen (13) Inventory Specialists employed at the Port of Seattle who are assigned to Aviation Maintenance Department at the Distribution Center (DC) warehouse, or other assigned DC satellite locations. Inventory Specialists perform various functions of receipt, storage, delivery of parts, processing and procurement of goods and services in compliance with Port policy and procedures.

This agreement is for a four-year period from January 1, 2022, through December 31, 2025. The estimated total additional cost for increase is \$535,673.

This agreement is for four years covering the period from January 1, 2022, through December 31, 2025. The estimated total additional cost for wages and benefit increases is \$535,673. The estimated additional cost per year of the contract is: year one, \$61,710; and year two, \$111,969; and year three \$153,973; and year four, \$208,021. The cost is based on an annual wage increases of CPI-U 0-6% year 1, CPI-U 0-6% year 2, CPI-U 0-6% year 3, and CPI-U 0-6% year four.

Meeting Date: April 26, 2022

Modified classification job title from Inventory Specialist to Inventory Purchasing Specialist.

All other provisions in the collective bargaining agreement remain the same.

**JUSTIFICATION**

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

**DETAILS**

Term of the Agreement – January 1, 2022, through December 31, 2025.

**FINANCIAL IMPLICATIONS*****Wages***

Classification	Current Rate	Effective 1/1/22 Base Hourly Rate (CPI-U 0-6%)	Effective 1/1/21 Base Hourly Rate (CPI-U 0-6%)	Effective 1/1/22 Base Hourly Rate (CPI-U 0-6%)	Effective 1/1/23 Base Hourly Rate (CPI-U 0-6%)
Inventory Specialists	\$31.80	\$33.87	\$TBD	\$TBD	\$TBD

***Wage***

Employees annual wage increases of CPI-U 0-6% year 1, 0.0% year 2, CPI-U 0-6% year 3, and CPI-U 0-6% year 4 for the term of the agreement.

***Health and Welfare***

Members of the bargaining group are currently enrolled in the International Association of Machinists and Aerospace Workers Machinist H&W Plan 15.

***Other Changes***

- Incorporated Juneteenth holiday.
- Added language which allow bargaining unit member to participate in Port education assistance program.
- Commitment to legal and benefit review by end of Q2 for supplemental retirement account.
- Increased footwear stipend.



Meeting Date: April 26, 2022

<b>Cost Impact \$</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>
<b>Benefits</b>	\$5,737	\$19,362	\$23,267	\$37,692
<b>Total New Money</b>	\$55,973	\$36,634	\$38,099	\$39,623
<b>Total Cumulative Cost</b>	\$61,710	\$111,969	\$153,973	\$208,021

The estimated total additional cost to the Port of Seattle for the duration of the contract is \$535,673.

**ATTACHMENTS TO THIS REQUEST**

(1) Collective Bargaining Agreement

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None.

**TENTATIVE AGREEMENT  
COLLECTIVE BARGAINING AGREEMENT  
BY AND BETWEEN THE  
PORT OF SEATTLE  
AND  
INTERNATIONAL ASSOCIATION OF MACHINISTS  
AND AEROSPACE WORKERS, AFL-CIO,  
DISTRICT LODGE 160, LOCAL LODGE 289 (Inventory Purchasing Specialists)  
January 1, 2022 – December 31, 2025**

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## **AGREEMENT**

This mutual agreement is made and entered into between the Port of Seattle, a municipal corporation of the State of Washington, and the International Association of Machinists and Aerospace Workers, AFL-CIO, District Lodge No. 160, Local Lodge No. 289. Wage rates shall be effective as indicated in Article 14. Other conditions shall be effective on the date the Agreement is signed or as specified in the provisions of the agreement. This Agreement is made for the purpose of reaching an equitable wage and working agreement between the parties hereto.

### **ARTICLE 1 - RECOGNITION, SCOPE AND HIRING**

The Port recognizes the Union as the sole and exclusive bargaining agent with respect to wages, rates of pay, hours of work and other conditions of employment for the employees covered by this Agreement. The work to be performed by the Union shall be the various functions of receipt, storage, delivery of parts, processing and procurement of goods and services in compliance with established levels of authority and with Port policy and procedures, and in accordance with historical jurisdiction, customs and practices. These functions shall be performed in the Aviation Maintenance Department at the Distribution Center (DC) warehouse, or other assigned DC satellite locations.

As permitted by law, the Port shall give the Union equal opportunity with all other sources to refer suitable applicants for employment. No applicant will be preferred or discriminated against by the Port because of membership or non-membership in the Union.

The following information will be given in writing by the Port to the Union within seven (7) calendar days from the date of hiring new employees: name and home address, date of hire, classification and rate of pay.

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

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

The Union agrees to indemnify and save the Port harmless against any liability which may arise by reason of any action taken by the Port to comply with the provisions of this Article, including reimbursement for any legal fees or expenses incurred in connection with such

action. The Port will promptly notify the Union in writing of any claim, demand, suit or other form of liability asserted against it relating to its implementation of this Article.

This Agreement shall apply to and cover employees as defined herein.

A seniority employee is defined as one who has been continuously on the payroll of the Port for a period of one hundred eighty (180) calendar days. A probationary employee is one who has not been continuously on the payroll of the Port for a period of one hundred eighty (180) calendar days.

All terms and conditions of this Agreement are applicable to seniority employees and probationary employees except as specifically hereinafter exempted for probationary employees.

The Union recognizes the prerogatives of the Port to operate and manage its affairs in all respects in accordance with its responsibilities and powers of authority, subject to the terms and conditions of this agreement.

## **ARTICLE 2 - MANAGEMENT RIGHTS**

Management Rights. Except as otherwise specifically provided in this Agreement, the Company reserves the right to make all the decisions relating to the conduct of the business, including by way of example and not by way of limitation, the following:

The right to manage the business, to schedule the hours of work, to establish, modify or change work scheduled, to direct and determine the size of the working forces including the right to select, hire, promote and transfer employees, to periodically review employees performance, to relieve employees from duty due to lack of work, to demote and discipline, to terminate employees for just cause, and to determine training procedures in accordance with policies established or to be established by the Company.

It is hereby agreed that the enumeration of the above-listed management rights shall not be deemed to exclude other management rights not specifically enumerated. Any of the rights, powers, functions or authority which the Company had prior to the signing of this Agreement are retained by the Company, except for those rights, powers, functions or authority which are specifically abridged or expressly modified by this Agreement. This Section is not subject to grievance process.

It is hereby agreed that any waiver or any breach of terms of this Agreement by either party, or by an employee, shall not constitute a precedent in the future enforcement of all the terms and conditions herein.

## **ARTICLE 3 - DISCHARGE OF EMPLOYEES**

The Port reserves the right to discharge any employee for just cause. The Port shall have the right to suspend any employee for just cause not exceeding a maximum of two (2) weeks. The Union shall be notified in writing of any discharge or suspension within twenty four (24) hours thereof.

In the event of dispute as to whether or not "justifiable cause" existed, such dispute may be processed through the grievance procedure contained in this Agreement.

Probationary employees may be terminated at any time during the probationary period at the discretion of the Port, without recourse to the grievance procedure.

#### **ARTICLE 4 - SHOP STEWARDS**

The Union shall inform the Port in writing of its selection of authorized Shop Stewards, and the Port agrees to recognize the Steward so designated.

Shop Stewards shall request and be allowed such reasonable time as is necessary to investigate and process grievances in the shop arising under the terms of this Agreement.

#### **ARTICLE 5 - SENIORITY**

There shall be one seniority list for the bargaining unit employees. Seniority shall prevail in the reduction and restoration of forces, provided the senior employee is capable of performing work remaining in the DC Warehouse and assigned locations. Seniority shall also prevail in the selection of vacation assignments. Vacation requests that have been approved are final. A vacation request made by a more senior employee cannot reverse an approved vacation of a less senior employee. Seniority shall prevail in the selection of shift assignments when openings occur provided the employee is capable of performing the work.

Seniority for permanent positions shall date from day of hire into the bargaining unit, but no seniority rights shall vest until after a probationary period of one hundred eighty (180) calendar days. At the end of the probationary period, the employee shall be classified as a seniority employee. Probationary employees shall be paid the probationary wage rate listed in appendix A during their probationary period.

An employee shall lose seniority rights for any of the following reasons:

- a) termination for just cause,
- b) on layoff status for more than six (6) months, or
- c) when an employee does not return to the bargaining unit within six (6) months after accepting a non-bargaining unit position with the Port, he/she shall lose seniority.

#### **ARTICLE 6 - PAYMENT OF WAGES**

The Port will maintain a regular payday. If such regular payday falls on a Saturday, Sunday, or holiday, the employee shall be paid not later than the last regular workday preceding the regular payday. All employees covered by this Agreement shall be paid biweekly. The Port may deviate from this provision with prior approval of the Union. As a condition of continued employment, all employees are required to participate in the Port's direct deposit program for payroll purposes.

If the Port makes a payroll error resulting in an employee being owed five-hundred dollars (\$500.00) or more in gross straight-time pay, the Port shall make payment to the employee in the form of a separate check given to the employee within three (3) business days (for the purposes of this Article, business days shall be defined as Monday, Tuesday, Wednesday, Thursday, and Friday). If the Port makes a payroll error resulting in an employee being owed between one hundred dollars (\$100.00) and five hundred dollars (\$500.00) in gross straight-time pay, the Port shall make payment to the employee in the form of a separate check given to the employee within five (5) business days. If there is a payroll error resulting in an employee being owed less than one hundred dollars (\$100.00) in gross pay, the Port will include the pay correction on the employee's next regular pay check.

If an employee is overpaid in the amount of five hundred dollars (\$500.00) or more, the employee will pay back the Port in four (4) payments, taken out of the next four (4) paychecks. If the amount of overpayment is less than five hundred dollars (\$500.00), it will be taken in two (2) equal amounts out of the next two (2) paychecks. No claim by an employee of any discrepancy in pay shall be considered by the Union or the Port unless filed within thirty (30) days after receipt of the paycheck containing such discrepancy. The thirty (30) day limitation shall not apply, however, where the discrepancy arises from failure by the Port to authorize payment of a general automatic wage increase called for by this Agreement. As a condition of continued employment, all employees are required to participate in the Port's direct deposit program for payroll purposes.

## **ARTICLE 7 - SAFETY AND SANITARY CONDITIONS**

Employees shall cooperate with management in the maintenance of a generally well-kept distribution center, and shall wear and properly use all protective equipment provided by the Port.

The Port shall furnish all safety equipment as required except for safety shoes. In addition the Port will provide seasonal clothing for weather as necessary

Safety Shoes: The Department of Labor and Industries (WAC 296-800-16060, previously WAC 296-24-088[1]) requires workers to wear appropriate foot protection in areas where there is a possibility of foot injury due to falling or rolling objects, piercing/cutting injuries or electrical hazards. In order to comply with this regulation, appropriate foot protection must meet the specifications of the American National Standard Institute (ANSI) for Protective Footwear, Z41-1999 – American National Standard for Personal Protection.

In order to assist with the purchase of the appropriate footwear, the Port shall provide employees a stipend of \$150.00 for the purchase or repair of the ANSI approved footwear each contract year to be paid each January.

All injuries no matter how slight must be reported by the employee to the Lead Supervisor or Manager on the day injury occurs.

In the event of an industrial accident of such nature that does not require an employee to discontinue work but does necessitate further treatment by a doctor at various intervals, the employee shall be compensated at his/her shift rate of pay for all time required for

treatments during employee's regular working hours. The employee must make every effort to schedule doctor visits outside of normal working hours or as close to the beginning or end of the employee's regular shift.

Any employee suffering an industrial accident shall be entitled to a full day's pay for the day on which the accident occurs, provided it shall be medically certified by a physician as a disabling accident.

Holiday and/or vacation pay shall not be provided as a duplication of compensation received by an employee on compensated time loss for an industrial injury.

## **ARTICLE 8 - VISIT TO THE ESTABLISHMENT**

Business Representatives of the Union, party to this Agreement, shall have access over the area in which any job is located by first making their presence known to management during working hours for the purpose of enforcing the terms of this Agreement.

## **ARTICLE 9 - GRIEVANCE PROCEDURE**

For the purpose of this Agreement, the term "grievance" means any contractual dispute between the Port and the Union; or between the Port and any employee concerning the effect, interpretation, application, claim of breach, or violation of this Agreement. All grievances not filed within fifteen (15) days after they occur, or first knowledge that a grievance exists, shall be considered as outdated, thus preventing an accumulation of grievances.

All grievances shall be reduced to writing and shall contain a statement of the relevant facts, the specific section(s) of the Agreement allegedly violated and remedy sought and then settled in accordance with the following grievance procedure:

- a) The dispute or grievance shall be taken up by the Shop Steward, the aggrieved employee, and the manager of the department involved. The manager must give his/her answer within five (5) calendar days. If no satisfactory settlement is reached between the Shop Steward and the manager, then
- b) The Shop Steward shall within seven (7) calendar days call in a representative of the Union who shall meet with the authorized Labor Relations representative of the Port and Shop Committee, if any.
- c) If the grievance or dispute involves a dispute concerning the effect, interpretation, application, claim of breach, or violation of this Agreement, and if it cannot be satisfactorily resolved within ten (10) calendar days by the business representative of the Union and the Port or the Port's representative, then either party reserves the right and authority to submit such grievance or dispute to arbitration in the manner herein provided.
- d) However, the grievance or dispute must be submitted to arbitration within thirty (30) calendar days after completion of the grievance procedure in paragraph (c) above.

- e) The aggrieved employee or the Shop Steward shall have the right to call in the Union representative at any step of the grievance or arbitration procedure.

Either party to this Agreement shall be permitted to call employee witnesses at each and every step of the grievance procedure beginning with Step (c); the Port, on demand, will produce production, payroll, and other records for the purpose of substantiating the contentions or claims of the parties.

The grievance procedure and arbitration provided herein shall constitute the sole and exclusive method of determination, decision, adjustment, or settlement between the parties of any and all grievances as herein defined; and the grievance procedure and arbitration provided herein shall constitute the sole and exclusive remedy to be utilized by the parties hereto for such determination, decision, adjustment, or settlement of any and all grievances as herein defined.

Any time specified herein shall not include any time on any Saturday, Sunday or holiday. Time limits may be extended by mutual agreement.

## **ARTICLE 10 - ARBITRATION**

In the event a grievance or dispute is submitted to arbitration, the Union Representative and the Employer or the Employer's representative shall select a single arbitrator mutually acceptable. If they are unable to agree upon an arbitrator, they shall request Federal Mediation and Conciliation Service to appoint a panel of seven (7) arbitrators, and they shall alternately strike names from the list. The last name remaining shall be the arbitrator.

The decision of the arbitrator shall be final and binding upon the Union, the Employer and the employee(s) involved.

The arbitrator shall not have the power or authority to add to, subtract from, or modify the terms of this Agreement.

The arbitrator shall render his decision promptly after the hearing date. The arbitrator's fees and expenses shall be shared equally by the parties.

Any period of time specified herein shall not include time on any Saturday, Sunday, or holiday unless specifically provided otherwise herein.

## **ARTICLE 11 - SEPARABILITY AND SAVINGS CLAUSE**

Should any part hereof or any provisions herein contained be rendered or declared invalid by reason of any existing or subsequently enacted legislation or by any decree of a court of competent jurisdiction, such invalidation of such part or portions of this Agreement will not invalidate the remaining portions hereof; provided however, upon such invalidation the parties will meet and negotiate such parts or provisions affected. The remaining parts or provisions will remain in full force and effect.



## **ARTICLE 12 - PERSONS PROHIBITED**

Only bargaining unit employees shall do work presently being performed, previously performed, or capable of being performed by Union members and within the jurisdiction of the Union provided that such work does not fall within the jurisdiction of Port employees who are not members of Local #289. All other persons are prohibited from performing such work except as provided below:

- (a) Work that is performed outside of Port-operated facilities, Aviation Maintenance Department at the Distribution Center (DC) warehouse, or other assigned DC satellite locations, referenced in the Recognition Clause.
- (b) Work performed within Port-operated facilities that is of a temporary or an emergency nature, or where demonstrations or instructions are provided. The Port has the right to contract such work within the Port's facility.
- (c) Veteran's fellows performing bargaining unit work through the Port of Seattle Veteran's Fellowship Program for a period of six months or less.

## **ARTICLE 13 - HOURS OF WORK**

Normal Workweek – The normal workweek (forty (40) hours) shall be defined as five (5) consecutive eight (8) hour days (5x8) or four (4) consecutive ten (10) hour days (4x10) within a standard week of Sunday through Saturday, exclusive of the unpaid thirty (30) minute meal period. Employees are guaranteed one weekend day, either a Saturday or a Sunday during two (2) or three (3) day rest period. If the Employer wishes to discontinue the four/ten (4x10) schedule, the Employer agrees to provide the affected employees the maximum notice possible, but not less than a minimum of fourteen (14) calendar days' notice shall be provided prior to resuming five eight (5x8) schedule.

Paid leave shall be paid according to the hours of the employees regularly scheduled workweek.

When work requirements exceed the normal level on a temporary or emergency basis, said work may be performed by a Port contractor on Port operated facilities.

Selection Day: One time per year, in January, the employees will be allowed to select their choice of work schedule and shift by seniority.

## **ARTICLE 14 - RATES OF PAY**

### **a) Wage Rate Schedule**

Wage scale is attached as Appendix A. The employee's base wage rate will be minus the premium, and then premium added for work performed at that higher rate.

### **b) Classifications and Premiums**

Lead Inventory Purchasing Clerk - all duties and responsibilities of Lead Inventory Clerk are contained in the job analysis.

Working Leads shall receive five percent (5%) premium.

Effective upon ratification, and after a thirty (30) day trial implementation period, with expanded job duties, assigned Working Leads shall be eligible for a ten percent (10%) wage premium. Working Leads so assigned will not continue to be eligible for an additional forklift training premium when performing as a forklift instructor.

Working Leads assignments shall be made at the discretion of the Port.

DC Inventory Purchasing Specialist

All duties and responsibilities of DC Inventory Purchasing Specialist are contained in the job analysis.

Forklift Training - During hours of Forklift training the instructor shall be paid a premium of five percent (5%). Working leads who are receiving a 10% wage premium shall not be eligible for this additional forklift premium. Forklift training shall be pre-scheduled and pre-approved by DC Management.

c) Temporary Assignments:

An employee whom management has temporarily assigned to be a lead shall receive the appropriate pay for all compensated holiday, sick and vacation leave hours if:

The employee worked the last scheduled workday prior to and the first scheduled workday following the employee's vacation, sick or holiday as an acting or temporary lead and;

The employee worked at least thirty (30) days prior to the holiday, sick or vacation leave as an acting or temporary lead and upon return from holiday, sick or vacation leave will resume the acting or temporary lead.

When an employee is assigned to fill in for a non-bargaining unit employee (supervisor), they shall receive a ten percent (10%) premium. This shall apply when the supervisor is sick or on vacation and the employee is filling in for the supervisor.

d) Other Pay Conditions

Pay for any fraction of a week shall be computed according to the rates set forth above.

Weekly Guarantee: Full-time employees shall be guaranteed forty (40) hours work or pay, with the following exceptions:

- (1) An employee who quits, is terminated, is recalled from layoff, or is hired on other than the first day of his regularly scheduled workweek, shall be paid only for the days worked during that week.
- (2) Employee absence during part of the workweek due to illness, injury, vacation, or personal reasons shall disqualify an employee for the guarantee that week.
- (3) Paid holidays occurring within an employee's regularly scheduled workweek shall be counted as part of the guarantee, and paid at the regular rate.
- (4) In cases where the Port's operations are adversely affected by a work stoppage, Act of God, civil commotion or insurrection the guarantee shall not apply.

e) Overtime on Other than Regular Shift:

- (1) A regularly assigned day shift worker who is assigned to work a swing or graveyard shift shall be paid overtime at the day shift overtime rate of pay.
- (2) A regularly assigned swing shift worker who is assigned to work a day or graveyard shift shall be paid overtime at the swing shift overtime rate of pay.
- (3) A regularly assigned graveyard shift worker who is assigned to work a day or swing shift shall be paid overtime at the graveyard shift overtime rate of pay.

## **ARTICLE 15 - ADDITIONAL SHIFTS**

Starting times for shifts scheduled by the Port shall conform to the following:

Day shift	6:00 a.m. to 9:00 a.m.
Second shift	11:00 a.m. to 3:00 p.m.
Third Shift	10:00 p.m. to 12:00 midnight
4/10 First Shift	6:00 a.m. to 9:00 a.m.
4/10 Second Shift	11:00 a.m. to 3:00 p.m.

Employees who work second shift shall be paid a ten percent (10%) premium over the first (day) shift rate. Employees who work third shift shall be paid a fifteen percent (15%) premium over the first (day) shift rate.

Starting time for an individual employee shall be fixed at the same starting time for the entire workweek. The Port may request a volunteer for a day shift start time prior to 6:00 a.m. If there are a limited number of positions on the early start selection will be by seniority. Shift changes to early start will require a minimum of two weeks' notice, unless mutual agreement between the employer and the employee. Any ongoing early start shift will be part of the yearly bid process.

## **ARTICLE 16 - CALL-IN TIME**

The Port shall guarantee two (2) hours call-in time at double the employee's shift rate of pay for emergency unscheduled call-ins.

## **ARTICLE 17 - OVERTIME**

All overtime shall be pre-approved in writing by the logistics manager or designee. Time and a half ( $1\frac{1}{2}x$ ) shall be paid for all work performed on employee's normal two (2) day or three (3) day rest period between workweeks. All hours compensated over forty (40) hours in one week will be paid for at the rate of time and one-half ( $1\frac{1}{2}x$ ). All hours worked in excess of the regular eight (8) hours in one (1) day up to eleven (11) shall be paid for at the rate of time and one half ( $1\frac{1}{2}x$ ). Work in excess of eleven (11) hours shall be paid at double time (2x).

For the 4/10 shift all hours in excess of the regular ten (10) hours shall be paid at time and one half ( $1\frac{1}{2}x$ ). For 4/10 shifts, work in excess of thirteen (13) hours shall be paid at double time.

The most senior employee has the right of first refusal for overtime, except for shift extensions related to an ongoing project or assignment. The Port reserves the right when no volunteers are available to assign overtime by reverse seniority and skill. The most junior employee able to complete the work will be required to work the overtime. Employees required to work overtime past their regular shift, unless relieved from work eight (8) hours before starting work on their next regular shift, shall be paid overtime for such shift.

## **ARTICLE 18 – LEARNING AND DEVELOPMENT**

The Port is committed to providing employees learning and development opportunities where possible. Employees interested in pursuing development outside of training specified and directed by management shall work with management to draft an agreed upon development plan.

To provide career development opportunities to bargaining unit employees, the Union and management will continue to support employee participation in the Port's internship programs. Successful applicants to internship programs shall remain members of the bargaining unit and retain all rights and benefits under the collective bargaining agreement, except that temporary schedule adjustments and/or alternate work schedules to accommodate internship activities shall be allowed as agreed between the participating departments and the intern. It is understood that overtime will not normally be approved while employees are participating in internships.

Educational assistance for employees shall be subject to the approval of the Manager. Employees are eligible to apply for College Degree Tuition reimbursement support under the terms of HR-12.

The Parties understand that the Learning and Development identified in Article 18 shall not be subject to bargain and are subject to revision by the Port.

## ARTICLE 19 - LEAVES

### **Paid Leave**

Leave compensated at the employee's regular pay rate at the time the leave is taken and based on the employee's regular work schedule.

### **Paid Time Off (PTO)**

Employees accrue PTO based on their straight time hours paid and length of tenure. Accrued days (as shown below) are based on a full time employee working 80 hours per pay period; part time employees earn a proportional share of PTO hours. PTO may be used for vacation, appointments, illness, etc.

#### **Accrual Rates**

Years Of Service	Days Per Year	Maximum Hours Earned	Accrual Rate Per Hour
0 – 3	19.6 days	156.8 hours	0.07538
4 – 7	24.6 days	196.8 hours	0.09462
8 – 11	27.1 days	216.8 hours	0.10423
12 +	29.6 days	236.8 hours	0.11385

### **Accumulating and Taking Paid Time Off**

All eligible employees shall be allowed and encouraged to take at least two work weeks of PTO each year. Paid Time Off may be taken up to the available balance, after the employee has completed their probationary period and received approval from the manager. A formal time off request process that must be followed before PTO may be used.

### **Maximum Accumulation and Automatic Cash-out**

Maximum PTO accumulation for employees is 480 hours. Accruals will cease when this limit is reached and will resume only when the balance is below 480 hours.

#### **Voluntary Cash-out of PTO Hours While an Active Employee**

Employees will be subject to the Port of Seattle PTO Cash Out Policy and Procedure. Voluntary Cash-out of PTO Hours While an Active Employee PTO cash-out lump sums are paid at the employee's base hourly rate at the time of the payment and are subject to applicable taxes and deductions taken on earnings (Federal Withholding, FICA, etc.).

### **Payment of Paid Time Off at Termination**

An employee who has successfully completed their probationary period will receive 100% of his or her accrued Paid Time Off balance at the employee's hourly rate at termination. Employees who have not been terminated for cause have the option of receiving their Paid Time Off hours: As a lump sum, as service time after the last day worked (during the calendar year in which the employee terminates), or as a combination of cash and service time.

If no choice is provided to HR on or before the last day of work, the PTO shall be paid as a lump sum.

Employees who have been terminated for cause will receive a lump sum payment of 100% of their accrued Paid Time Off balance. In these situations, employees are not eligible to use Paid Time Off as service time after their last day worked unless authorization is received from Human Resources Leadership. Employees who do not complete their probationary period will not be eligible to receive a cash-out of their accrued Paid Time Off.

### **Grandfathered Employees Hired Prior to 12/20/1998**

PTO balances over the 480 hour limit will be cashed out at the employee's current hourly rate during the first pay period of the payroll year. Subsequent accruals over the limit will be cashed out quarterly at the employee's hourly rate at the time of cash-out.

### **Sick Leave (SL)**

Sick Leave is accrued based on an employee's hours paid. Accrued days as shown below are based on a full-time employee working 80 hours per pay period; part-time employees earn a proportional share of hours. Accrued Sick Leave may be used for employee or family member illness, injury or disability. Employee's Manager may require a physician's release is required prior to the return to work employee who has experienced inpatient hospitalization of any kind that requires an absence from work, or who has suffered an absence longer than two weeks due to illness, surgery, or an accident. Reasonable notice must be provided for the use of Sick Leave if the situation is foreseeable, and prior to the start of the employee's shift, if practicable.

### **Eligibility**

Full or part-time, regular or limited duration employees who are regularly scheduled to work 21 or more hours per week.

### **Accrual Rates**

Eligible employees shall accrue sick leave at the rate of .025 per hour per hour compensated. Sick Leave will accrue in two banks.

Bank 1) Protected Sick Leave .025 per hour worked will accrue as Washington Protected Sick Leave. Employees may utilize this leave in accordance with the minimum requirements of the Washington State Sick Leave Law, RCW 49.46.210. Employee's shall be notified on each paystub of the amount of Protected Sick Leave they are entitled to use for authorized purposes as defined by the law. There is no limit on the amount of Protected Sick Leave that may be accrued in a calendar year

Bank 2) Paid Sick Leave .025 will accrue as Paid Sick Leave per hour compensated, but not worked.

On January 1<sup>st</sup> of every calendar year Protected Sick Leave in excess of forty (40) hours will be transferred to bank 2.

Probationary employees shall accrue Paid Sick Leave, but may not use sick leave from bank 2 until they have successfully completed probation. In the event of illness, Sick Leave up to the accrued balance may be used after employment of at least 30 days.

### **Payment of Sick Leave at Termination**

Upon termination immediately following five consecutive years of active employment with the Port of Seattle, an eligible employee shall be compensated for 50% of his or her Sick Leave accrued balance at the employee's hourly rate in effect at termination. Reinstatement of Sick Leave Upon Rehire or Transfer into a Sick Leave Eligible Job Unused, accrued Sick Leave will be reinstated upon rehire within 12 months.

### **Shared Leave**

The parties agree to adopt a Shared Leave Program under the terms and conditions set forth below in applicable Port policies covering shared leave of non-represented employees.

### **Washington Paid Family Leave**

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

### **Holidays**

It is agreed there shall be ten (10) holidays each contract year for any eligible employee.

These include:

New Year's Day

Martin Luther King, Jr. Day

President's Day

Memorial Day

Juneteenth (to be designated by the Port)

Independence Day

Labor Day

Thanksgiving Day

Native American Heritage Day (day after Thanksgiving)

Christmas

Port Designated Floating Holiday in lieu of Veterans Day (generally the day before or after Christmas, determined annually by the calendar and Human Resources)

Regular employees and Emergency hires will be eligible for holiday pay after employment on an emergency basis by the Port for thirty (30) calendar days or more. Holiday pay shall be eight (8) hours for those who work 5/8's shift and ten (10) hours for those who work 4/10's shift at the straight-time shift rate.

If a holiday falls during an employee's regular two-day rest period, the holiday shall be observed on the last normal workday preceding or the first workday following the normal days off, by mutual agreement. Work performed on holidays shall be at the time and one-half rate in addition to straight-time holiday pay.

Employees who are receiving PTO as service time must have a fully paid day before and after the holiday to be eligible to receive holiday pay for a designated holiday. If a holiday falls on Saturday, the Port will observe the holiday on the preceding Friday. If a holiday falls on Sunday, the Port will observe the holiday on the following Monday.

### **Paid Parental Leave**

The Port agrees to provide Paid Parental Leave to regular, non-probationary employees for the term of this agreement. Eligibility, participation and terms of the Paid Parental Leave shall be as provided to non-represented employees as outlined in Port policy HR-5. Changes and/or modifications to Paid Parental Leave shall not be a bargainable issue. However, the Port agrees to provide advance notice of any changes to Paid Parental Leave to the Union.

### **Bereavement**

Bereavement leave may be granted for the death of family members; defined as the death of an employee's spouse or domestic partner, the employee's (or employee's spouse or domestic partner's) parent, child, step-child, sibling, grandparent, grandchild, aunt, uncle; or a sibling's spouse, domestic partner or child.

Employees who have been continuously employed for at least 30 days and are eligible for PTO/Sick Leave benefits are eligible for up to one (1 ) work week of bereavement leave.

Managers have discretion in granting bereavement leave, including how much leave to grant and if it can be taken intermittently. Considerations in granting bereavement leave include; the employees relationship to the deceased family member, travel to/from services, the employee's involvement in making funeral and/or burial arrangements and involvement in closing out the estate of the deceased family member.

### **Civic Duty**

#### **Leave for Jury Duty**

Employees who serve on jury duty shall receive their full, regular Port compensation less any compensation from the court. Employees reimburse the Port for Jury Duty pay received from the court, excluding mileage and meal reimbursement, by personal check.

#### **Subpoenaed Witness Leave**

When an eligible employee is subpoenaed as a witness under circumstances which are determined by Human Resources leadership to be related to or involve the Port, the same pay conditions listed for jury duty shall apply.

### **Military Leave**

With appropriate military orders, employees called for active training duty in the military (including weekend reserve drills for employees who normally work weekends) shall be allowed up to 21 working days of Paid Military Leave each Federal fiscal year (October through September) as provided in and



limited by RCW 38.40.060.

Compensation during the period of such a leave shall not exceed that which would be required to cover the number of hours regularly scheduled. For absences that exceed 21 working days, employees may use PTO, and Leave Without Pay, prior to the exhaustion of PTO, shall be allowed at the employee's request.

In some situations, Port Supplemental Military Pay is available after the 21 days of paid military leave are exhausted to make up the difference between an employee's Port base pay and their military pay. Supplemental pay is available when an employee's guard or reserve unit is activated as a result of a Presidential Order or of a declared state of emergency at the State or National level.

Leave without Pay shall be provided by the Port to members of this bargaining unit as detailed in Port policy HR-5 Policy and Procedure (rev. 1/11/2018) and HR-5 Leave Addendum (rev. 1/11/2018), attached as Appendix B.

## **ARTICLE 20 - HEALTH AND WELFARE PLAN**

Eligible employees shall be covered by the Medical, Life Insurance and Long-term Disability Insurance benefits described in paragraphs a, b, and c below.

Employees making contributions which maintain continuity of coverage for one or both types of benefits will be treated as though they have continued to work for purposes of eligibility for Hospital-Surgical-Medical benefits, or for the type of benefit for which continuity of coverage is maintained if it is maintained for only one of the two types of benefits.

### **a) Medical Insurance:**

For October 2016 coverage, in September 2018 (based on August 2018 hours), the Employer shall pay one hundred percent (100%) of the split premiums for Machinist H&W Plan 15 for each employee who is compensated for eighty (80) hours or more for work covered by this Agreement. Premium amounts paid will be according to each employee's dependent / family election, regardless of Union membership. Such employees shall be enrolled in the following benefit plan currently provided by the Machinists Health & Welfare Trust Fund.

Increases in premiums for Machinist Plan 15 for Plan year August 2020 shall be shared on a basis of medical coverage designation as follows:

Employee Only	\$35/month
Employee/Spouse or Child(ren)	\$70/month

Employee/Family

\$105/month

BENEFIT		Plan Year 2019	Plan Year 2022	Plan Year 2023	Plan Year 2024	Plan Year 2025
Machinist H&W Plan 15						
Employee		\$659.77	TBD	TBD	TBD	TBD
Employee/Spouse		\$1484.47	TBD	TBD	TBD	TBD
Employee/Family		\$2078.28	TBD	TBD	TBD	TBD
Employee/Child(ren)		\$1253.58	TBD	TBD	TBD	TBD
Vision Services Plan 1		\$11.81	TBD	TBD	TBD	TBD

\*Port to pay 2018 Plan year rates above, per employee election, for coverage starting the month following execution of the agreement. This Trust Fund maintains a lag month eligibility system. Active employees who are compensated for at least 80 hours during a work month shall be eligible for coverage on the first day of the second month following the work month when contributions are made to the Trust Fund on their behalf. All payments to the Machinists Health and Welfare Trust Fund shall be paid on or before the 20th day of the month following the month of employment.

The Employer acknowledges receipt of and agrees to be bound by the Agreement and Declaration of Trust, and any amendments thereto, covering the Machinists Health and Welfare Trust Fund, and the Employer ratifies any action taken by the Board of Trustees. The Health and Welfare Trust Fund shall always be maintained as a tax-exempt joint labor-management Trust Fund and administered in accordance with its Agreement and Declaration of Trust and all applicable laws. The Employer accepts, as its representatives, the Employer Trustees serving on the Board of Trustees of the Health and Welfare Trust Fund and their duly appointed successors. Each Employer agrees to abide by all rules and regulations as may be established by the Board of Trustees pertaining to participation in the Health and Welfare Trust Fund.

Notwithstanding the forgoing provisions, if any employee should be disentitled to any benefits under the Health and Welfare Plan by reason of the Employer's delinquency in the payment of contributions, the Employer shall be liable to such employee in a civil action for the full amount of the benefits which the employee lost, together with reasonable attorney's fees and costs. Acceptance or collection of delinquent contributions by the Board of Trustees shall not absolve the Employer of this liability.

b) Life Insurance:

On the first of the month following the date of hire or date of hire if hired on the first day of a month, eligible employees and their eligible dependents shall receive life insurance benefits in the amount of two (2) times their annual base rate and their eligible dependents shall receive life insurance benefits in such amounts and in such manner as are provided in contracts with insurance companies or agencies selected by the Port to provide such benefits. Employees shall also be covered by the Accidental Death and Dismemberment policy provided by the Port. The content of the plan itself, plan administration and any determination made under the plan

shall not be subject to the grievance procedure or to any other provision of this Agreement or to negotiation by the Union.

c) Long-term Disability:

On the first of the month following the date of hire or date of hire if hired on the first day of a month, eligible employees shall receive long-term disability coverage. The eligibility and other conditions of coverage are established with the insurance company or agency selected by the Port to provide such benefits. The content of the plan itself, plan administration and any determination made under the plan shall not be subject to the grievance procedure or to any other provision of this Agreement or to negotiation by the Union.

The Port shall continue to pay the PERS contribution per Port policy.

**Deferred Compensation:** Effective upon ratification, full-time, eligible employees shall be eligible for participation in the Port of Seattle's Deferred Compensation Plan. Eligibility and participation of employees shall be subject to the terms and conditions of such plan including any plan amendments, revisions, or possible cancellation. It is further agreed that content of the plan itself, plan administration, and any determinations made under the plan shall not be subject to grievance or arbitration procedures or to any other provisions of this Agreement or to negotiation by the Union.

The Port of Seattle commits to a legal and benefit review, to be completed by the end of second quarter of 2022 to address the Union request to participate in a supplemental retirement account. Upon completion of the legal and benefit review and determination, this article will be bargained on and updated.

## **ARTICLE 21 - DENTAL PLAN**

The Port shall pay each month (\$174.46 through 9/2016) into the Northwest I.A.M. Benefit Trust Fund the amount necessary to fund Plan "125" for each regular employee who is compensated for eighty (80) hours or more in the preceding month, for the purpose of providing a dental care program for the employees covered by this Agreement. The Port agrees to increase its contribution per employee at the time and in the amount determined necessary by the Trustees of the Plan to maintain the present level of benefits. The details of the program will be determined by the Board of Trustees of the Northwest I.A.M. Benefit Trust Fund in accordance with the Trust Agreement creating the Trust Fund. The Port and the Union agree to be bound by said Trust Agreement and all lawful amendments thereto, and do further agree to accept as their representative the Employer Trustees and the Union Trustees who constitute the Board of Trustees of said Trust Fund and their lawful successors.

- a) The contribution shall be paid to the Trust Fund by the 20th day of the month following the month in which the contributions were earned. The Trust Fund will furnish transmittal forms.

- b) The failure of the Port to make the required contributions may result in a collection action by the Board of Trustees and, in such action; the Port shall be obligated to pay liquidated damages, costs and attorney's fees, as provided in the Trust Agreement
  - c) Effective in Plan year 2018-2020, increases to the IAM Plan "125" Dental plan shall be paid by the Port shall pay 100% of the monthly premium.
- ARTICLE 22 – Payroll deductions

Payroll deductions shall be made as specifically required by Federal, State, or Municipal laws. In addition, the Port and the Union agree that deductions for the Machinists' Credit Union, MNPL, Guide Dogs of America, and Union dues may be implemented if appropriately authorized by the employee in accordance with Port payroll procedures.

## **ARTICLE 22 - UNIFORMS**

All uniforms or specified wearing apparel necessary in the performance of their work shall be furnished, laundered, or cleaned by the Port at no cost to the employee.

## **ARTICLE 23 - RELIEF PERIOD**

Employees shall be entitled to a fifteen (15) minute relief period around the midpoint of each half shift, having due regard for the continuity and nature of the work being performed.

## **ARTICLE 24 - NON-DISCRIMINATION**

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

Any use of the masculine gender in the language of this Agreement is intended to apply to both sexes.

The Port and the Union agree to take the necessary steps to remain in compliance with the Americans with Disabilities Act (ADA), and the Family and Medical Leave Act (FMLA). It is further agreed that leave available under FMLA will not necessarily run concurrently with other paid leave available under this Agreement.

## **ARTICLE 25 - NO STRIKES**

The Port is a Municipal Corporation of the State of Washington. Under State law, employees and labor unions do not have the right to strike or picket or engage in other similar activities against a governmental unit such as the Port. Accordingly, the Union recognizes the State law and agrees that neither the Union, the employees it represents, its members, nor others acting for and on its or their behalf, will at any time engage in any

strike, picketing, stoppage of work, slow-down, or similar activity against the Port, whether or not this Agreement is in effect.

## **ARTICLE 26 - ENTIRE AGREEMENT**

This Agreement constitutes the entire agreement between the Port and the Union and no oral statement shall add to or supersede any of its provisions.

The Port and the Union acknowledge that during negotiations, each had the unlimited right and opportunity to make proposals and bring forth past practices related to subjects of collective bargaining. The results of those negotiations are set forth in this Agreement. For the term of this Agreement, the Port and the Union give up their right to oblige the other party to bargaining with respect to any subject discussed in negotiations whether or not specifically referred to or covered in this Agreement.

## **ARTICLE 28 - NEW EMPLOYMENT ORIENTATION**

The Union, through a Union Member, Shop Steward, or Union Representative shall at a mutually agreeable time with the employer have up to thirty (30) minutes during the employer's new hire orientation program to meet with the employee(s).

## **ARTICLE 29 - DURATION OF AGREEMENT**

The provisions of this Agreement shall become effective, January 1, 2022 except as otherwise provided herein, and the term of this Agreement shall continue until December 31, 2025.

The parties agree to begin bargaining a successor collective bargaining agreement no later than. Upon notice being given, the parties shall enter into negotiations and the period from and after the giving of the notice shall be used for negotiating a new agreement.

DATED this \_\_\_\_\_ day of \_\_\_\_\_.

PORT OF SEATTLE

INTERNATIONAL ASSOCIATION  
OF MACHINISTS AND AEROSPACE  
WORKERS, AFL-CIO,  
DISTRICT LODGE NO 160,  
LOCAL LODGE NO. 289

BY: \_\_\_\_\_  
Stephen P. Metruck  
Executive Director

BY: \_\_\_\_\_  
Tommy Hunt  
Business Agent

## APPENDIX A: WAGE RATES

Sal Plan	Step Description	Eff. Date	New Hourly Rate
PIV	Probationary Rate	1/1/2022	\$ 32.84 (97%)
PIV	DC Inventory Purchasing Specialist	1/1/2022	\$ 33.87 (100%)
PIV	DC Inventory Purchasing Specialist, Lead	5% premium	\$ 35.56
PIV	DC Inventory Purchasing Specialist, Working Lead	Per Article 14 (b) 10% premium	\$ 37.26

Effective January 1, 2022, the DC Inventory Purchasing Specialist rate shall increase by the sum of one hundred percent (100%) of the percentage increase in the CPI-U Seattle/Tacoma/Bellevue October 2020 – October 2021.

Effective January 1, 2023, the DC Inventory Purchasing Specialist rate shall increase by the sum of one hundred percent (100%) of the percentage increase in the CPI-U Seattle/Tacoma/Bellevue October 2021 – October 2022, with a 0% minimum and a 6% maximum.

Effective January 1, 2024, the DC Inventory Purchasing Specialist rate shall increase by the sum of one hundred percent (100%) of the percentage increase in the CPI-U Seattle/Tacoma/Bellevue October 2022 – October 2023, with a 0% minimum and a 6% maximum.

Effective January 1, 2025, the DC Inventory Purchasing Specialist rate shall increase by the sum of (100%) of the percentage increase in the CPI-U Seattle/Tacoma/ Bellevue October 2023 – October 2024, with a 0% minimum and a 6% maximum.

### Tentative Agreement

Port of Seattle

IAM Local 289

\_\_\_\_\_  
Name                  Date

\_\_\_\_\_  
Name                  Date

### RETURN TO AGENDA

**ORDER NO. 2022-06**

**AN ORDER OF THE PORT OF SEATTLE COMMISSION**

... Appointing Members to the Port of Seattle Commission  
Board of Ethics.

**PROPOSED  
APRIL 26, 2022**

**INTRODUCTION**

The Port Commission, through Resolution No. 3681, reconstituted its Board of Ethics in 2013. Two openings on the Commission's Board of Ethics resulted during the Covid-19 pandemic of 2020 and 2021, due to inactivity of the Board.

An extensive recruitment process to fill the vacant positions has taken place with the Port reaching out to interested parties through its LinkedIn Network; the City of Seattle Ethics and Elections Commission; and the Northwest Ethics Network, an independent group of ethics and compliance professionals from over 30 different Pacific Northwest organizations, organized by Seattle University's Center for Business Ethics.

**TEXT OF THE ORDER**

The Port Commission, in accordance with Resolution No. 3681, the Port of Seattle Code of Ethics for Port Commissioners, hereby appoints William Barrett and Josh Friedmann to serve three-year terms as a member on the Commission Board of Ethics effective May 1, 2022, and ending April 30, 2025.

**STATEMENT IN SUPPORT OF THE ORDER**

The Port of Seattle has established a strong and comprehensive ethics program for employees and Port Commissioners to foster high ethical standards, strengthen public trust and confidence in the Port of Seattle, and promote good governance. To further these goals, the Port of Seattle Commission adopted Resolution No. 3681, a revised Code of Ethics for Port Commissioners, on May 14, 2013.

The Code of Ethics for Port Commissioners provides for the appointment of an Ethics Board composed of three members by majority vote of the Commission "to ensure proper and consistent implementation" of the Code. The Board serves as the formal mechanism to consider all complaints against Port Commissioners and acts as an advisory body to provide guidance on ethical matters to the Port Commission or individual Commissioners upon request.

Both Mr. Barrett and Mr. Friedmann possess strong understanding, skills, and experience in the subject of government and professional administrative ethics and will serve the Commission well in its adherence to and guidance of the Code of Ethics.

**ADDITIONAL INFORMATION**

(1) Applicant resumes previously distributed under separate cover.

**RETURN TO AGENDA**



**COMMISSION**  
**AGENDA MEMORANDUM**

**Item No.**

8h

**ACTION ITEM**

**Date of Meeting**

April 26, 2022

**DATE:** March 25, 2022

**TO:** Stephen Metruck, Executive Director

**FROM:** Elizabeth Morrison, Director, Corporate Finance  
Scott Bertram, Manager Corporate Financial Analysis

**SUBJECT: Resolution No. 3801 – Issuance and Sale of Intermediate Lien Revenue and Refunding Bonds in the Aggregate Principal Amount of Not-to-Exceed \$1,000,000,000.**

**ACTION REQUESTED**

Request adoption of Resolution No. 3801: A Resolution of the Commission of the Port of Seattle authorizing the issuance and sale of Intermediate Lien revenue and refunding bonds in one or more series in the aggregate principal amount of not to exceed \$1,000,000,000, for the purposes of financing capital improvements to aviation facilities and refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

**EXECUTIVE SUMMARY**

Commission authorization is requested to issue Intermediate Lien revenue and refunding bonds (the “Bonds”) in an amount estimated not to exceed \$1,000,000,000 (including a reserve fund deposit, capitalized interest, and cost of issuance) to fund the costs of capital improvements at the Airport (Exhibit A) and to refund up to \$309,945,000 of outstanding Intermediate Lien revenue bonds, Series 2012A & B (the “2012 Bonds”) and \$99,785,000 of outstanding Intermediate Lien revenue bonds, Series 2013 (the “2013 Bonds”), for debt service savings.

**JUSTIFICATION**

As part of the Port’s debt management program, the Port monitors opportunities to reduce debt service. Current low interest rates and anticipation of rising interest rates provide a favorable refunding opportunity. The 2012 Bonds funded or refunded Airport capital improvements and are callable on August 1, 2022, and the current estimated present value savings of refunding the 2012 Bonds is approximately \$25 million.

The 2013 Bonds refunded prior bonds for Airport capital improvements and are not callable until 2023. If the Port refunds these 2013 Bonds now, the refunding would be done on a federally taxable basis because. Generally, the Port waits until bonds are currently callable in order to execute a refunding on a tax-exempt basis, but market conditions may make it advantageous to

Meeting Date: April 26, 2022

lock-in interest rates and savings this year. The estimated present value savings of refunding the 2013 Bonds on a taxable basis is approximately \$4 million. Staff will continue to monitor the market and include the refunding of the 2013 Bonds if deemed advantageous. If the 2013 Bonds are not refunded with this transaction, they may be refunded in the future.

In addition, the Bonds will include funding for an approximately \$560 million in Airport project costs within the Airport capital improvement plan. As described in the 2022-2026 Draft Plan of Finance, cash, grants, passenger facility charges and existing and future bond proceeds will also provide funding. Some of the major projects to be funded, in part, with this bond issuance include Baggage Optimization, C1 Expansion, Concourse A Expansion and North Main Terminal Redevelopment along with various other Airport improvements; a list of projects currently identified for 2021 Bond funding is provided in Exhibit A. If project spending is delayed or if other funding sources are available, e.g., Infrastructure Investment and Jobs Act grants, Bond proceeds may be redirected to other projects within the limits established by the federal tax code; use of any bond proceeds is identified in project authorization requests and no bond proceeds can actually be spent on any projects without the appropriate project authorization.

The total Bond amount will also include proceeds sufficient to pay cost of issuance, fund the required debt service reserve and pay a portion of the interest on the Bonds during construction (capitalized interest) as appropriate.

### **DETAILS**

The Bonds are being issued pursuant to the Intermediate Lien Master Resolution No. 3540 and this Resolution No. 3801. The Bonds will be issued in multiple series based on the tax status of the projects to be funded or the 2012 Bonds or 2013 Bonds refunded. Three series are anticipated.

- One series will be issued as governmental bonds exempt from all federal income tax (non-AMT) and used to refund a portion of the 2012A bonds; it also may fund costs of projects eligible for governmental bond funding.
- A second series will be issued as private activity bonds exempt from regular income tax but subject to the Alternative Minimum Tax (AMT). This is the most common type of tax-exempt bond that the Port issues because it allows the Port to lease facilities to airport and seaport tenants. This series will be used to refund the 2012B bonds and to provide funding for airport investments.
- The third series of bonds will be issued as taxable debt and Investors will be subject to federal income tax. This series will be used to refund a portion of the 2012A bonds and the 2013 Bonds, if refunded) [I thought it was the 2013 Bonds? – see above] and to fund new investments that are not eligible for tax-exempt bond funding or would otherwise benefit from greater flexibility of not needing to comply with tax-exempt bond restrictions.

Meeting Date: April 26, 2022

The table below summarizes the refunding candidates.

<u>Refunding Candidates</u>	<u>Total Principal (\$)</u>
Intermediate Lien Revenue Bonds, Series 2012A	274,200,000
Intermediate Lien Revenue Bonds, Series 2012B	35,745,000
Intermediate Lien Revenue Bonds, Series 2013 (1)	<u>99,785,000</u>
<b>TOTAL</b>	409,730,000
<b>(1) Potential candidate</b>	

Resolution No. 3801 is similar in all material respects to other Intermediate Lien Series Resolutions and provides for a contribution to the common debt service reserve fund that provides security for all Intermediate Lien bonds.

The Resolution delegates to the Port's Executive Director the authority to approve interest rates, maturity dates, redemption rights, interest payment dates, and principal maturities for the Bonds (these are generally set at the time of pricing and dictated by market conditions at that time). Commission parameters that limit the delegation are a maximum bond size, maximum interest rate and expiration date for the delegated authority. If the Bonds cannot be sold within these parameters, further Commission action would be required. The recommended delegation parameters are:

Maximum size: \$1,000,000,000  
Maximum interest rate: 4.5%  
Expiration of Delegation of Authority: December 31, 2022

Upon adoption, Resolution No. 3801 will authorize the Designated Port Representative (the Executive Director or the Chief Financial Officer) to approve the Bond Purchase Contract, the official statement, escrow agreement, if any, pay the cost of issuance and take other action appropriate for the prompt execution and delivery of the Bonds. The Bonds will be sold through negotiated sale to Citigroup Global Markets, Inc.; Academy Securities, Inc. <sup>(1)</sup>, Backstrom McCarley Berry & Co., LLC <sup>(2)</sup>, BofA Merrill Lynch; Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC; Morgan Stanley and Co. LLC.. Piper Sandler & Co. is serving as Financial Advisor, K&L Gates LLP is serving as bond counsel and Pacifica Law Group is serving as disclosure counsel on the transaction.

**COMMISSION AGENDA – Action Item No. 8h**

Page 4 of 5

Meeting Date: April 26, 2022

- (1) Disabled veteran owned firm
- (2) Minority owned firm

**ATTACHMENTS TO THIS REQUEST**

- (1) Draft Resolution No. 3801
- (2) Presentation

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

October 26, 2021 – The Commission was briefed on the Draft Plan of Finance

April 12, 2022 – Resolution No. 3801 – Issuance and Sale of Intermediate Lien Revenue and Refunding Bonds – was introduced to the Commission

Meeting Date: April 26, 2022

**EXHIBIT A**

Checked Bag Optimization  
North Main Terminal Redevelopment  
Concourse C Building Floor Expansion  
Concourse A Expansion  
2021-25 Airfield Pavement  
Upgrades Satellite Train System (STS) Control  
Main Terminal and Concourse Low Voltage Sys Upgrade  
Post IAF Airline Realignment  
Airfield Sanitary Sewer Improv  
Restroom Upgrades Concourses B, C, D  
Checkpoint 1 Relocation and equipment  
South 188th Tunnel Lighting  
N. Terminals Utilities Upgrade  
Airfield Snow Equipment  
Snow Storage Improvements  
Terminal Security Enhancements  
North Employee Parking Lot Improvements  
Telecommunication Meet Me Room  
Arrivals Roadway widening  
Apartment Sound Insulation  
Parking Revenue Infrastructure  
Parking Garage Elevators Modernization  
Perimeter Intrusion Detect Sys  
Port Shared-Lounge Concourse A

INTERMEDIATE LIEN  
SERIES RESOLUTION

PORT OF SEATTLE

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RESOLUTION NO. 3801

A RESOLUTION of the Port of Seattle Commission authorizing the issuance and sale of intermediate lien revenue and refunding bonds in one or more series in the aggregate principal amount of not to exceed \$1,000,000,000, for the purpose of financing or refinancing capital improvements to aviation facilities and for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

ADOPTED: \_\_\_\_\_, 2022

Prepared by:

K&L GATES LLP

**PORT OF SEATTLE**  
**Resolution No. 3801**  
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\* This Table of Contents and the cover page are for convenience of reference and are not intended to be a part of this series resolution.

PORT OF SEATTLE  
RESOLUTION NO. 3801

A RESOLUTION of the Port of Seattle Commission authorizing the issuance and sale of intermediate lien revenue and refunding bonds in one or more series in the aggregate principal amount of not to exceed \$1,000,000,000, for the purpose of financing or refinancing capital improvements to aviation facilities and for the purpose of refunding certain outstanding revenue bonds of the Port; setting forth certain bond terms and covenants; and delegating authority to approve final terms and conditions and the sale of the bonds.

WHEREAS, the Port of Seattle (the “Port”), a municipal corporation of the State of Washington, owns and operates a system of marine terminals and properties and Seattle-Tacoma International Airport; and

WHEREAS, the Port is authorized by RCW ch. 53.40 and ch. 39.46 to issue revenue bonds; and

WHEREAS, the Port has authorized the issuance of revenue bonds in one or more series pursuant to Resolution No. 3059, as amended, of the Commission, adopted on February 2, 1990, as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007 (collectively, the “First Lien Master Resolution”), each series being payable from the Net Revenues (as such term is defined in the First Lien Master Resolution); and

WHEREAS, the Port currently has outstanding four series of first lien revenue bonds pursuant to the First Lien Master Resolution, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (Projected as of 07/02/2022)	Final Maturity Date
3619	07/16/2009	(B-2)	\$ 22,000,326 <sup>(1)</sup>	\$ 56,443,323 <sup>(1)</sup>	05/01/2031
3721	08/02/2016	(B)	124,380,000	108,605,000	10/01/2032
3721	08/02/2016	(C)	6,180,000	5,075,000	10/01/2032
3787	06/30/2021		43,015,000	43,015,000	09/01/2026

<sup>(1)</sup> Series 2009B-2 Bonds are capital appreciation bonds; total principal amount outstanding includes accreted interest of \$34,442,997 through July 2, 2022.



(the “Outstanding First Lien Parity Bonds”); and

WHEREAS, the Port has authorized the issuance of intermediate lien revenue bonds having a lien on Net Revenues subordinate to the lien thereon of the Outstanding First Lien Parity Bonds in one or more series pursuant to Resolution No. 3540, as amended, adopted on June 14, 2005 (the “Intermediate Lien Master Resolution”); and

WHEREAS, the Port currently has outstanding eighteen series of intermediate lien revenue bonds pursuant to the Intermediate Lien Master Resolution, as follows:

Authorizing Resolution Number	Date of Original Issue	Series	Original Principal Amount	Principal Amount Outstanding (Projected as of 07/02/2022)	Final Maturity Date
3658	03/14/2012	(A)	\$ 342,555,000	\$ 288,705,000 <sup>(1)</sup>	08/01/2033
3658	03/14/2012	(B)	189,315,000	52,375,000 <sup>(1)</sup>	08/01/2024
3684	12/17/2013		139,105,000	113,805,000 <sup>(1)</sup>	07/01/2029
3709	08/06/2015	(A)	72,010,000	62,260,000	04/01/2040
3709	08/06/2015	(B)	284,440,000	146,350,000	03/01/2035
3709	08/06/2015	(C)	226,275,000	190,970,000	04/01/2040
3722	08/02/2016		99,095,000	99,095,000	02/01/2030
3735	08/22/2017	(A)	16,705,000	16,705,000	05/01/2028
3735	08/22/2017	(B)	264,925,000	200,920,000	05/01/2036
3735	08/22/2017	(C)	313,305,000	288,855,000	05/01/2042
3735	08/22/2017	(D)	93,230,000	55,385,000	05/01/2027
3749	06/21/2018	(A)	470,495,000	443,735,000	05/01/2043
3749	06/21/2018	(B)	85,145,000	59,975,000	05/01/2028
3758	08/07/2019		457,390,000	441,995,000	04/01/2044
3786	06/30/2021	(A)	47,025,000	36,295,000	12/01/2030
3786	06/30/2021	(B)	148,765,000	143,910,000	06/01/2040
3786	06/30/2021	(C)	514,390,000	514,390,000	08/01/2046
3786	06/30/2021	(D)	41,395,000	41,395,000	08/01/2031

<sup>(1)</sup> All or part of the Series 2012A, Series 2012B Bonds and Series 2013 Bonds may be refunded pursuant to this resolution.

(the “Outstanding Intermediate Lien Parity Bonds”); and

WHEREAS, the First Lien Master Resolution and the Intermediate Lien Master Resolution permit the Port to issue its revenue bonds having a lien on Net Revenues and Available Intermediate Lien Revenues (as such terms are defined in the Intermediate Lien

Master Resolution) subordinate to the lien thereon of the Outstanding Intermediate Lien Parity Bonds; and

WHEREAS, the Port currently has outstanding two series of subordinate lien revenue bonds, as follows:

Authorizing Resolution Number	Date of Original Issue	Original Principal Amount	Principal Amount Outstanding (Projected as of 07/02/2022)	Final Maturity Date
3777	(CP)	\$ 400,000,000	\$ 10,010,000	06/01/2051
3598	06/17/2008	200,715,000	158,300,000	07/01/2033

(the “Outstanding Subordinate Lien Bonds”); and

WHEREAS, the Port has certain Outstanding Intermediate Lien Parity Bonds described on Exhibit A attached hereto (the “Refunding Candidates”) that may be defeased and/or refunded, thereby saving on debt service, through the issuance of the Series 2022 Bonds (as hereinafter defined); and

WHEREAS, the Port wishes to finance or refinance certain capital improvements to aviation facilities (hereinafter defined as the “Projects”) through the issuance of the Series 2022 Bonds; and

WHEREAS, the Intermediate Lien Master Resolution permits the Port to issue its revenue bonds having a lien on Available Intermediate Lien Revenues (as such term is defined in the Intermediate Lien Master Resolution) on a parity with the lien thereon of the Outstanding Intermediate Lien Parity Bonds upon compliance with certain conditions; and

WHEREAS, the Port has determined that such conditions will be met; and

WHEREAS, pursuant to RCW 53.40.030, the Commission may delegate authority to the Executive Director of the Port to approve the designation of the bonds to be defeased and/or

refunded, the interest rates, maturity dates, redemption rights, interest payment dates, and principal maturities under such terms and conditions as are approved by resolution; and

WHEREAS, the Port has provided notice of and held a public hearing on the issuance of certain Series 2022 Bonds as required by Section 147(f) of the Internal Revenue Code, as amended; and

WHEREAS, it is deemed necessary and desirable that the Series 2022 Bonds be sold pursuant to one or more negotiated sale(s) as herein provided.

NOW, THEREFORE, BE IT RESOLVED BY THE PORT COMMISSION OF THE PORT OF SEATTLE, as follows:

Section 1.     Definitions. Unless otherwise defined herein, the terms used in this series resolution, including the preamble hereto, that are defined in the Intermediate Lien Master Resolution shall have the meanings set forth in the Intermediate Lien Master Resolution. In addition, the following terms shall have the following meanings in this series resolution:

***Acquired Obligations*** mean the noncallable Government Obligations acquired by the Port pursuant to Section 8(c) of this series resolution and the Escrow Agreement, if any, to effect the defeasance and refunding of all or a portion of the Refunded Bonds.

***Beneficial Owner*** means any person that has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any Series 2022 Bonds (including persons holding Series 2022 Bonds through nominees, depositories or other intermediaries).

***Bond Counsel*** means a firm of lawyers nationally recognized and accepted as bond counsel and so employed by the Port for any purpose under this series resolution applicable to the use of that term.

***Bond Insurance Commitment*** means the commitment(s) of the Bond Insurer, if any, to insure one or more series, or certain principal maturities thereof, all or a portion of the Series 2022 Bonds.

***Bond Insurance Policy*** means the policy(ies) of municipal bond insurance, if any, delivered by the Bond Insurer at the time of issuance and delivery of Series 2022 Bonds to be insured pursuant to the Bond Insurance Commitment.

***Bond Insurer*** means the municipal bond insurer(s), if any, that has committed to insure one or more series, or certain principal maturities thereof, of the Series 2022 Bonds, pursuant to the Bond Insurance Commitment.

***Bond Purchase Contract*** means each of the Bond Purchase Contract(s) for the Series 2022 Bonds of one or more series, providing for the purchase of the Series 2022 Bonds of such series by the Underwriters and setting forth certain terms authorized to be approved by the Designated Port Representative as provided in Section 7 of this series resolution.

***Bond Register*** means the registration books maintained by the Registrar containing the name and mailing address of the owner of each Series 2022 Bond or nominee of such owner and the principal amount and number of Series 2022 Bonds held by each owner or nominee.

***Code*** means the Internal Revenue Code of 1986, as amended, and all applicable regulations and rulings relating thereto.

***Continuing Disclosure Undertaking*** means each undertaking for ongoing disclosure executed by the Port pursuant to Section 15 of this series resolution.

***Costs of Issuance Agreement*** means the agreement of that name, if any, to be entered into by the Port and the Escrow Agent, providing for the payment of certain costs of issuance with respect to the issuance of the Series 2022 Bonds.

***Designated Port Representative***, for purposes of this series resolution, means the Executive Director of the Port or the Chief Financial Officer of the Port (or the successor in function to such person(s)) or such other person as may be directed by resolution of the Commission.

***DTC*** means The Depository Trust Company, New York, New York, a limited purpose trust company organized under the laws of the State of New York, as depository for the Series 2022 Bonds pursuant to Section 5 of this series resolution.

***Escrow Agent*** means U.S. Bank Trust Company, National Association or such other Escrow Agent for the Refunded Bonds appointed by the Designated Port Representative pursuant to this series resolution if the Designated Port Representative determines that an escrow will be necessary or required to carry out the plan of refunding.

***Escrow Agreement*** means the Escrow Deposit Agreement, if any, dated as of the date of the closing and delivery of the Refunding Bonds between the Port and the Escrow Agent to be executed in connection with the defeasance and/or refunding of some or all of the Refunded Bonds.

***Executive Director*** means the Executive Director of the Port, or any successor to the functions of his/her office.

***Federal Tax Certificate*** means the certificate(s) of that name executed and delivered by the Designated Port Representative at the time of issuance and delivery of the Series 2022 Bonds issued on a federally tax-exempt basis.

***First Lien Master Resolution*** means Resolution No. 3059, as amended, of the Commission adopted on February 2, 1990, as amended and restated by Resolution No. 3577 of the Commission adopted on February 27, 2007.

***Government Obligations*** has the meaning given to such term in RCW Chapter 39.53, as amended from time to time.

***Intermediate Lien Master Resolution*** means Resolution No. 3540, as amended, of the Commission adopted on June 14, 2005.

***Letter of Representations*** means the blanket issuer letter of representations from the Port to DTC, dated August 28, 1995.

***MSRB*** means the Municipal Securities Rulemaking Board or any successors to its functions. Until otherwise designated by the MSRB or the United States Securities and Exchange Commission, any information, reports or notices submitted to the MSRB in compliance with the Rule are to be submitted through the MSRB's Electronic Municipal Market Access system, currently located at [www.emma.msrb.org](http://www.emma.msrb.org).

***Outstanding Intermediate Lien Parity Bonds*** mean the Port's outstanding intermediate lien revenue bonds identified in the recitals to this series resolution.

***Outstanding Subordinate Lien Bonds*** mean the Port's outstanding subordinate lien revenue bonds identified in the recitals to this series resolution.

***Project Bonds*** mean the Series 2022 Bonds issued for the purpose of funding all or part of the Projects, capitalizing interest, funding the Series 2022 Reserve Account Deposit and paying all or a portion of allocable costs of issuance.

***Projects*** mean the capital projects listed in Exhibit B hereto.

***Record Date*** means the close of business on the 15th day prior to each day on which a payment of interest on the Series 2022 Bonds is due and payable.

***Refunded Bonds*** mean the Refunding Candidates that are designated by the Executive Director pursuant to authority delegated by Section 2 and Section 7 of this series resolution.

***Refunding Bonds*** means the Series 2022 Bonds issued for the purpose of defeasing and/or refunding the Refunded Bonds.

***Refunding Candidates*** mean the outstanding revenue bonds of the Port as described on Exhibit A.

***Registered Owner*** means the person named as the registered owner of a Series 2022 Bond in the Bond Register.

***Registrar*** means the fiscal agent of the State of Washington, appointed by the Designated Port Representative for the purposes of registering and authenticating the Series 2022 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2022 Bonds. The term ***Registrar*** shall include any successor to the fiscal agent, if any, hereinafter appointed by the Designated Port Representative.

***Rule*** means Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended from time to time.

***Series 2022 Bonds*** mean the Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2022, or with such other appropriate description and series designations as provided for by the Designated Port Representative, authorized to be issued by Section 2 of this series resolution.

***Series 2022 Reserve Account Deposit*** means the amount, if any, that is required to be added to the reserve account balances in the Intermediate Lien Reserve Account to satisfy the Intermediate Lien Reserve Requirement and that is identified in a closing certificate or certificates of the Port.

***Subordinate Lien Bond Resolutions*** mean, collectively, Resolution No. 3238, as amended; Resolution No. 3456, as amended, as further amended by Resolution No. 3777; and Resolution No. 3598, as amended.

***Surety Bond*** means the surety bond(s), if any, issued by the Surety Bond Issuer on the date of issuance of the Series 2022 Bonds for the purpose of satisfying the Series 2022 Reserve Account Deposit. There may be more than one Surety Bond.

***Surety Bond Agreement*** means any Agreement(s) between the Port and the Surety Bond Issuer with respect to the Surety Bond(s).

***Surety Bond Issuer*** means any issuer(s) of the Surety Bond(s).

***Underwriters*** mean, collectively, Citigroup Global Markets Inc., BofA Securities, Inc.; Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC; Morgan Stanley & Co. LLC; Academy Securities, Inc.; and Backstrom McCarley Berry & Co., LLC.

**Rules of Interpretation.** In this series resolution, unless the context otherwise requires:

(a) The terms “hereby,” “hereof,” “hereto,” “herein,” “hereunder” and any similar terms, as used in this series resolution, refer to this series resolution as a whole and not to any particular article, section, subdivision or clause hereof, and the term “hereafter” shall mean after, and the term “heretofore” shall mean before the date of this series resolution;

(b) Words of the masculine gender shall mean and include correlative words of the feminine and neuter genders and words importing the singular number shall mean and include the plural number and vice versa;

(c) Words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, limited liability companies and other legal entities, including public bodies, as well as natural persons;

(d) Any headings preceding the text of the several articles and sections of this series resolution, and any table of contents or marginal notes appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this series resolution, nor shall they affect its meaning, construction or effect;



(e) All references herein to “articles,” “sections” and other subdivisions or clauses are to the corresponding articles, sections, subdivisions or clauses hereof; and

(f) Except as explicitly provided herein, whenever any consent or direction is required to be given by the Port, such consent or direction shall be deemed given when given by the Designated Port Representative.

Section 2. Plan of Finance; Authorization of Series 2022 Bonds.

(a) *Plan of Finance.* The Port intends to undertake improvements to its airport facilities at the locations described on Exhibit B (the “Projects”) attached hereto and incorporated by this reference herein. A portion of the costs of the Projects are expected to be paid, refinanced or reimbursed with the proceeds of the Project Bonds.

The Refunding Candidates may be defeased or are callable in whole or in part prior to their scheduled maturities and may be selected for defeasance and/or refunding depending on market conditions. The final selection of the Refunding Candidates to be designated as Refunded Bonds and to be defeased and/or refunded by the Refunding Bonds shall be made by the Executive Director pursuant to the authority granted in Section 7 of this series resolution.

(b) *Authorization of Series 2022 Bonds.* The Port shall issue bonds in one or more series (the “Series 2022 Bonds”) consisting of the Project Bonds and the Refunding Bonds, if any. The proceeds of the Project Bonds shall be used for the purpose of providing part of the funds necessary to (i) pay or to reimburse the Port for all or a portion of the costs of the Projects; (ii) at the option of the Designated Port Representative, capitalize interest on all or a portion of the Series 2022 Bonds; (iii) make a Series 2022 Reserve Account Deposit or purchase a Surety Bond therefor, if required; and (iv) pay all or a portion of the costs incidental to the foregoing and to the issuance of the Project Bonds. The proceeds of the Refunding Bonds, if any, shall be used for the purpose of providing the funds necessary to (i) defease and/or refund the Refunded

Bonds; and (ii) pay all or a portion of the costs incidental to the foregoing and to the issuance of the Refunding Bonds.

(c) *Maximum Principal Amount.* The aggregate principal amount of the Series 2022 Bonds to be issued under this series resolution shall not exceed \$1,000,000,000. The aggregate principal amount of the Project Bonds and the aggregate principal amount of Refunding Bonds shall be determined by the Executive Director, pursuant to the authority granted in Section 7 of this series resolution.

Section 3. Series 2022 Bond Details.

(a) *Series 2022 Bonds.* The Series 2022 Bonds shall be issued in one or more series, shall be designated as “Port of Seattle Intermediate Lien Revenue and Refunding Bonds, Series 2022,” with such description and additional designations for each series for identification purposes as may be approved by the Designated Port Representative, shall be registered as to both principal and interest, shall be issued in the aggregate principal amount set forth in the Bond Purchase Contract, shall be numbered separately in the manner and with any additional designation as the Registrar deems necessary for purposes of identification, shall be dated their date of delivery to the Underwriters, and shall be in the denomination of \$5,000 each or any integral multiple of \$5,000 within a series and maturity. The Series 2022 Bonds of each series shall bear interest from their date of delivery to the Underwriters until the Series 2022 Bonds bearing such interest have been paid or their payment duly provided for, at the rates, payable on the dates, set forth in the Bond Purchase Contract for each series and shall mature on the dates and in the years and in the principal amounts set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 7 of this series resolution.

(b) *Limited Obligations.* The Series 2022 Bonds shall be obligations only of the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account created under the

Intermediate Lien Master Resolution and shall be payable and secured as provided in the Intermediate Lien Master Resolution and this series resolution. The Series 2022 Bonds do not constitute an indebtedness of the Port within the meaning of the constitutional provisions and limitations of the State of Washington.

Section 4.      Redemption and Purchase.

(a)      *Optional Redemption.* The Series 2022 Bonds of one or more series and maturities may be subject to optional redemption on the dates, at the prices and under the terms relating to such series set forth in the Bond Purchase Contract, all as approved by the Executive Director pursuant to Section 7 of this series resolution.

(b)      *Mandatory Redemption.* The Series 2022 Bonds of one or more series and maturities may be subject to mandatory redemption to the extent, if any, set forth in the Bond Purchase Contract relating to such series, all as approved by the Executive Director pursuant to Section 7 of this series resolution.

(c)      *Purchase of Series 2022 Bonds for Retirement.* The Port reserves the right to use at any time any surplus Gross Revenue available after providing for the payments required by paragraphs First through Fifth of Section 2(a) of the First Lien Master Resolution, including the payments required by paragraphs First through Eleventh of the priority for use of Gross Revenue set forth in the Intermediate Lien Master Resolution, to purchase for retirement any of the Series 2022 Bonds offered to the Port at any price deemed reasonable to the Designated Port Representative.

(d)      *Selection of Series 2022 Bonds for Redemption.* If Series 2022 Bonds are called for optional redemption, the series, maturities, and interest rates of such Series 2022 Bonds to be redeemed shall be selected by the Port. If any Series 2022 Bonds to be redeemed (optional or mandatory) then are held in book-entry-only form, the selection of such Series 2022 Bonds

within a series, maturity, and interest rate to be redeemed within a maturity and interest rate shall be made in accordance with the operational arrangements then in effect at DTC (or at a substitute depository, if applicable). If the Series 2022 Bonds to be redeemed are no longer held in book-entry-only form, the selection of such Series 2022 Bonds to be redeemed shall be made in the following manner. If the Port redeems at any one time fewer than all of the Series 2022 Bonds having the same maturity date and interest rate within a series, the particular Series 2022 Bonds or portions of Series 2022 Bonds to be redeemed within the series, maturity, and interest rate shall be selected by lot (or in such other random manner determined by the Registrar) in increments of \$5,000. In the case of a Series 2022 Bond within a series, maturity, and interest rate of a denomination greater than \$5,000, the Port and Registrar shall treat each Series 2022 Bond of the applicable series, maturity and interest rate as representing such number of separate Series 2022 Bonds each of the denomination of \$5,000 as is obtained by dividing the actual principal amount of such Series 2022 Bonds of the applicable series, maturity, and interest rate by \$5,000. In the event that only a portion of the principal amount of a Series 2022 Bond is redeemed, upon surrender of such Series 2022 Bond at the principal office of the Registrar there shall be issued to the Registered Owner, without charge therefor, for the then-unredeemed balance of the principal amount thereof a Series 2022 Bond or, at the option of the Registered Owner, a Series 2022 Bond of like series, maturity, and interest rate in any of the denominations herein authorized. *Provided however*, that the manner of selection of Series 2022 Bonds issued on a federally taxable basis for redemption may be set forth in the Bond Purchase Contract relating to such series and as approved by the Designated Port Representative.

(e) *Notice of Redemption.* Written notice of any redemption of Series 2022 Bonds prior to maturity shall be given by the Registrar on behalf of the Port by first class mail, postage prepaid, not less than 20 days nor more than 60 days before the date fixed for redemption to the

Registered Owners of Series 2022 Bonds that are to be redeemed at their last addresses shown on the Bond Register. This requirement shall be deemed complied with when notice is mailed to the Registered Owners at their last addresses shown on the Bond Register, whether or not such notice is actually received by the Registered Owners.

So long as the Series 2022 Bonds are in book-entry only form, notice of redemption shall be given to Beneficial Owners of Series 2022 Bonds to be redeemed in accordance with the operational arrangements then in effect at DTC (or its successor or alternate depository), and neither the Port nor the Registrar shall be obligated or responsible to confirm that any notice of redemption is, in fact, provided to Beneficial Owners.

Each notice of redemption (which notice in the case of optional redemption may be conditional and/or may be rescinded at the option of the Port) prepared and given by the Registrar to Registered Owners of Series 2022 Bonds shall contain the following information: (1) the date fixed for redemption, (2) the redemption price, (3) if fewer than all outstanding Series 2022 Bonds of a series are to be redeemed, the identification by series, maturity, and interest rate (and, in the case of partial redemption, the principal amounts) of the Series 2022 Bonds to be redeemed, (4) whether, in the case of optional redemption, the notice of redemption is conditional and, if conditional, the conditions to redemption, (5) that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) such Series 2022 Bonds will become due and payable and interest shall cease to accrue from the date fixed for redemption if and to the extent in each case funds have been provided to the Registrar for the redemption of such Series 2022 Bonds on the date fixed for redemption the redemption price will become due and payable upon each Series 2022 Bond or portion called for redemption, and that (unless the conditions, if any, to redemption have not been satisfied or unless the notice of redemption shall have been rescinded) interest shall cease to

accrue from the date fixed for redemption if and to the extent that funds have been provided to the Registrar for the redemption of such Series 2022 Bonds, (6) that the Series 2022 Bonds are to be surrendered for payment at the principal office of the Registrar, (7) the CUSIP numbers of all Series 2022 Bonds being redeemed, (8) the dated date of the Series 2022 Bonds being redeemed, (9) the rate of interest for each Series 2022 Bond being redeemed, (10) the date of the notice, and (11) any other information deemed necessary by the Registrar to identify the Series 2022 Bonds being redeemed.

Upon the payment of the redemption price of Series 2022 Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue, series and maturity, the Series 2022 Bonds being redeemed with the proceeds of such check or other transfer, or in the case of a payment to DTC shall be accompanied by an informational communication evidencing the CUSIP and related informational details with respect to each security being paid by wire transfer.

(f) *Effect of Redemption.* Unless the Port has rescinded a notice of optional redemption (or unless the Port provided a conditional notice of optional redemption and the conditions for the optional redemption set forth therein are not satisfied), the Series 2022 Bonds to be redeemed shall become due and payable on the date fixed for redemption, and the Port shall transfer to the Registrar amounts that, in addition to other money, if any, held by the Registrar for such purpose, will be sufficient to redeem, on the date fixed for redemption, all of the Series 2022 Bonds to be redeemed. If and to the extent that funds have been provided to the Registrar for the redemption of Series 2022 Bonds then from and after the date fixed for redemption for such Series 2022 Bond or portion thereof, interest on each such Series 2022 Bond shall cease to accrue and such Series 2022 Bond or portion thereof shall cease to be Outstanding.

(g) *Amendment of Notice Provisions.* The foregoing notice provisions of this section, including but not limited to the information to be included in redemption notices and the persons designated to receive notices, may be amended by additions, deletions and changes to maintain compliance with duly promulgated regulations and recommendations regarding notices of redemption of municipal securities.

Section 5. Registration, Exchange and Payments.

(a) *Registrar/Bond Register.* The Port hereby specifies and adopts the system of registration and transfer for the Series 2022 Bonds approved by the Washington State Finance Committee, which utilizes the fiscal agent of the State of Washington, for the purposes of registering and authenticating the Series 2022 Bonds, maintaining the Bond Register and effecting transfer of ownership of the Series 2022 Bonds (the “Registrar”). The Registrar shall keep, or cause to be kept, at its principal corporate trust office, sufficient records for the registration and transfer of the Series 2022 Bonds (the “Bond Register”), which shall be open to inspection by the Port. The Registrar may be removed at any time at the option of the Designated Port Representative upon prior notice to the Registrar, DTC (or its successor or alternate depository), each party entitled to receive notice pursuant to the Continuing Disclosure Undertaking and a successor Registrar appointed by the Designated Port Representative. No resignation or removal of the Registrar shall be effective until a successor shall have been appointed and until the successor Registrar shall have accepted the duties of the Registrar hereunder. The Registrar is authorized, on behalf of the Port, to authenticate and deliver Series 2022 Bonds transferred or exchanged in accordance with the provisions of such Series 2022 Bonds and this series resolution and to carry out all of the Registrar’s powers and duties under this series resolution. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on the Series 2022 Bonds.

(b) *Registered Ownership.* Except as provided in the last sentence of Section 5(c) or the Continuing Disclosure Undertaking authorized pursuant to Section 15 of this series resolution, the Port and the Registrar may deem and treat the Registered Owner of each Series 2022 Bond as the absolute owner for all purposes, and neither the Port nor the Registrar shall be affected by any notice to the contrary. Payment of any such Series 2022 Bond shall be made only as described in subsection (h) of this Section 5, but the transfer of such Series 2022 Bond may be registered as herein provided. All such payments made as described in subsection (h) of this Section 5 shall be valid and shall satisfy the liability of the Port upon such Series 2022 Bond to the extent of the amount or amounts so paid.

(c) *DTC Acceptance/Letter of Representations.* The Series 2022 Bonds shall initially be held in fully immobilized form by DTC acting as depository. To induce DTC to accept the Series 2022 Bonds as eligible for deposit at DTC, the Port has heretofore executed and delivered to DTC the Letter of Representations.

Neither the Port nor the Registrar will have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Series 2022 Bonds for the accuracy of any records maintained by DTC (or any successor or alternate depository) or any DTC participant, the payment by DTC (or any successor or alternate depository) or any DTC participant of any amount in respect of the principal of or interest on Series 2022 Bonds, any notice that is permitted or required to be given to Registered Owners under this series resolution (except such notices as shall be required to be given by the Port to the Registrar or, by the Registrar, to DTC or any successor or alternate depository), the selection by DTC or by any DTC participant of any person to receive payment in the event of a partial redemption of the Series 2022 Bonds, or any consent given or other action taken by DTC (or any successor or alternate depository) as the Registered Owner. So long as any Series 2022 Bonds are held in



fully immobilized form, DTC or its successor depository shall be deemed to be the owner and Registered Owner for all purposes, and all references in this series resolution to the Registered Owners shall mean DTC (or any successor or alternate depository) or its nominee and shall not mean the owners of any beneficial interest in any Series 2022 Bonds. Notwithstanding the foregoing, if a Bond Insurance Policy is issued for any series or maturity of the Series 2022 Bonds and so long as the Bond Insurer is not in default under its Policy, the Bond Insurer shall be deemed to be the owner, Registered Owner, and holder of all bonds of that series or maturity for the purpose of granting consents and exercising voting rights with respect thereto and for any other purpose identified and specified in the Bond Insurance Commitment accepted by the Port as a condition of issuance of the Bond Insurance Policy.

(d) *Use of Depository.*

(1) The Series 2022 Bonds shall be registered initially in the name of CEDE & Co., as nominee of DTC, with a single Series 2022 Bond for each series and maturity having the same interest rate in a denomination equal to the total principal amount of such series and maturity. Registered ownership of such immobilized Series 2022 Bonds, or any portions thereof, may not thereafter be transferred except (A) to any successor of DTC or its nominee, or to any other nominee requested by an authorized representative of DTC, provided that any such successor shall be qualified under any applicable laws to provide the service proposed to be provided by it; (B) to any substitute depository appointed by the Port pursuant to subsection (2) below or such substitute depository's successor or nominee; or (C) to any person as provided in subsection (4) below.

(2) Upon the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or a determination by the Port to discontinue the system of book entry transfers through DTC or its successor (or any substitute depository or its

successor), the Port may appoint a substitute depository. Any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it.

(3) In the case of any transfer pursuant to clause (A) or (B) of subsection (1) above, the Registrar shall, upon receipt of all outstanding Series 2022 Bonds, together with a written request on behalf of the Port, issue a single new Series 2022 Bond for each series and maturity then outstanding, registered in the name of such successor or substitute depository, or its nominee, all as specified in such written request of the Port.

(4) In the event that (A) DTC or its successor (or substitute depository or its successor) resigns from its functions as depository, and no substitute depository can be obtained, or (B) the Port determines that it is in the best interest of the Beneficial Owners of the Series 2022 Bonds of any series that the Series 2022 Bonds of that series be provided in certificated form, the ownership of such Series 2022 Bonds may then be transferred to any person or entity as herein provided, and shall no longer be held in fully immobilized form. The Port shall deliver a written request to the Registrar, together with a supply of definitive Series 2022 Bonds (of the appropriate series and maturities) in certificated form, to issue Series 2022 Bonds in any authorized denominations. Upon receipt by the Registrar of all then outstanding Series 2022 Bonds (of the appropriate series), together with a written request on behalf of the Port to the Registrar, new Series 2022 Bonds of such series shall be issued in the appropriate denominations and registered in the names of such persons as are provided in such written request.

(e) *Registration of the Transfer of Ownership or the Exchange of Series 2022 Bonds; Change in Denominations.* The transfer of any Series 2022 Bond may be registered and any Series 2022 Bond may be exchanged, but no transfer of any Series 2022 Bond shall be valid unless the Series 2022 Bond is surrendered to the Registrar with the assignment form appearing

on such Series 2022 Bond duly executed by the Registered Owner or such Registered Owner's duly authorized agent in a manner satisfactory to the Registrar. Upon such surrender, the Registrar shall cancel the surrendered Series 2022 Bond and shall authenticate and deliver, without charge to the Registered Owner or transferee, a new Series 2022 Bond (or Series 2022 Bonds at the option of the Registered Owner) of the same date, series, maturity and interest rate and for the same aggregate principal amount in any authorized denomination, as and naming as Registered Owner the person or persons listed as the assignee on the assignment form appearing on the surrendered Series 2022 Bond, in exchange for such surrendered and canceled Series 2022 Bond. Any Series 2022 Bond may be surrendered to the Registrar, together with the assignment form appearing on such Series 2022 Bond duly executed, and exchanged, without charge, for an equal aggregate principal amount of Series 2022 Bonds of the same date, series, maturity and interest rate, in any authorized denomination. The Registrar shall not be obligated to register the transfer or exchange of any Series 2022 Bond during a period beginning at the opening of business on the Record Date with respect to an interest payment date and ending at the close of business on such interest payment date, or, in the case of any proposed redemption of the Series 2022 Bonds, after the mailing of notice of the call for redemption of such Series 2022 Bonds.

(f) *Registrar's Ownership of Series 2022 Bonds.* The Registrar may become the Registered Owner of any Series 2022 Bond with the same rights it would have if it were not the Registrar, and to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as member of, or in any other capacity with respect to, any committee formed to protect the rights of the Registered Owners of the Series 2022 Bonds.

(g) *Registration Covenant.* The Port covenants that, until all Series 2022 Bonds issued on a federally tax-exempt basis have been surrendered and canceled, it will maintain a

system for recording the ownership of each Series 2022 Bond that complies with the provisions of Section 149 of the Code.

(h) *Place and Medium of Payment.* The principal of, premium, if any, and interest on the Series 2022 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2022 Bonds shall be calculated on the basis of a 360-day year and twelve 30-day months. For so long as all Series 2022 Bonds are in fully immobilized form with DTC, payments of principal, premium, if any, and interest shall be made as provided to the parties entitled to receive payment as of each Record Date in accordance with the operational arrangements of DTC described in the Letter of Representations. In the event that the Series 2022 Bonds are no longer in fully immobilized form with DTC (or its successor or alternate depository), interest on the Series 2022 Bonds shall be paid by check mailed to the Registered Owners at the addresses for such Registered Owners appearing on the Bond Register as of the Record Date, and principal and premium, if any, of the Series 2022 Bonds shall be payable by check upon presentation and surrender of such Series 2022 Bonds by the Registered Owners at the principal office of the Registrar; provided, however, that if so requested in writing prior to the opening of business on the Record Date by the Registered Owner of at least \$1,000,000 aggregate principal amount of Series 2022 Bonds of a series, interest on such Series 2022 Bonds will be paid thereafter by wire transfer on the date due to an account with a bank located within the United States.

Section 6. Pledge of Available Intermediate Lien Revenues; Series 2022 Reserve Account Deposit.

(a) *Pledge of Available Intermediate Lien Revenue.* Pursuant to the Intermediate Lien Master Resolution, the Intermediate Lien Bond Fund and the Intermediate Lien Reserve Account have been created for the purpose of paying and securing the payment of the principal

of, premium, if any, and interest on all Outstanding Intermediate Lien Parity Bonds. The Port hereby irrevocably obligates and binds itself for as long as any Series 2022 Bonds remain Outstanding to set aside and pay into the Intermediate Lien Bond Fund from Available Intermediate Lien Revenues or money in the Revenue Fund, on or prior to the respective dates the same become due (and if such payment is made on the due date, such payment shall be made in immediately available funds):

(1) Such amounts as are required to pay the interest scheduled to become due on Series 2022 Bonds; and

(2) Such amounts with respect to Series 2022 Bonds as are required (A) to pay maturing principal, (B) to make any required sinking fund payments, and (C) to redeem Series 2022 Bonds in accordance with any mandatory redemption provisions.

Said amounts so pledged to be paid into such special funds are hereby declared to be a prior lien and charge upon the Gross Revenue superior to all other liens and charges of any kind or nature whatsoever except for (i) Operating Expenses, (ii) liens and charges thereon of Permitted Prior Lien Bonds, and (iii) liens and charges equal in rank that have or may be made thereon to pay Net Payments due pursuant to any Parity Derivative Product and to pay and secure the payment of the principal of, premium, if any, and interest on Outstanding Intermediate Lien Parity Bonds and any Intermediate Lien Parity Bonds issued in the future under authority of a Series Resolution in accordance with the provisions of Sections 4 and 5 of the Intermediate Lien Master Resolution.

(b) *Reserve Account Deposit.* The Series 2022 Reserve Account Deposit shall be deposited in the Intermediate Lien Reserve Account (or shall be satisfied through the issuance of one or more Surety Bonds) on the date of issuance of the Series 2022 Bonds. Together with existing reserve account balances in the Intermediate Lien Reserve Account, the Series 2022

Reserve Account Deposit shall be at least sufficient to meet the Intermediate Lien Reserve Requirement.

The Designated Port Representative may decide to utilize one or more Surety Bonds to satisfy the Series 2022 Reserve Account Deposit; provided that each Surety Bond meets the qualifications for Qualified Insurance. Upon such election, the Designated Port Representative is hereby authorized to execute and deliver one or more Surety Bond Agreements with one or more Surety Bond Issuers to effect the delivery of the Surety Bond(s).

Section 7. Designation of Refunded Bonds; Sale of Series 2022 Bonds.

(a) *Designation of Refunded Bonds.* As outlined in Section 2 and Section 9 of this series resolution, the Refunding Candidates may be called for redemption prior to their scheduled maturities. All or some of the Refunding Candidates may be defeased and/or refunded with the proceeds of the Series 2022 Bonds authorized by this series resolution. The Executive Director may select some or all of the Refunding Candidates and designate those Refunding Candidates as the “Refunded Bonds” in the Bond Purchase Contract if and to the extent that the criteria set forth in subsection (b) are met.

(b) *Series 2022 Bond Sale.* The Series 2022 Bonds shall be sold at one or more negotiated sale(s) to the Underwriters pursuant to the terms of the applicable Bond Purchase Contract. The Designated Port Representative is hereby authorized to negotiate terms for the purchase of the Series 2022 Bonds and to execute one or more Bond Purchase Contracts, with such terms (including the designation of the Refunded Bonds and the Series 2022 Reserve Account Deposit) as are approved by the Executive Director pursuant to this section and consistent with this series resolution and the Intermediate Lien Master Resolution. The Commission has been advised by the Port’s financial advisor that market conditions are fluctuating and, as a result, the most favorable market conditions may occur on a day other than a

regular meeting date of the Commission. The Commission has determined that it would be in the best interest of the Port to delegate to the Executive Director for a limited time the authority to approve the designation of the Refunded Bonds and to approve the number of series, final series designations, and with respect to each series, the date of sale, the tax status of each series, interest rates, maturity dates, aggregate principal amount, principal amounts and prices of each maturity, redemption rights, and other terms and conditions of the Series 2022 Bonds. The Executive Director is hereby authorized to approve the designation of the Refunded Bonds and to approve the number of series, final series designations, and with respect to each series, the date of sale, the tax status of each series, interest rates, maturity dates, aggregate principal amount, principal amounts of each maturity and redemption rights for the Series 2022 Bonds in the manner provided hereafter (A) so long as the aggregate principal amount of the Series 2022 Bonds does not exceed the maximum principal amount set forth in Section 2, and (B) so long as the true interest cost for the Series 2022 Bonds of a series issued on a federally tax-exempt basis does not exceed 4.50% per annum, and so long as the true interest cost for the Series 2022 Bonds of a series issued on a federally taxable basis does not exceed 4.50% per annum.

In designating the Refunded Bonds, determining the number of series, final series designations, the date of sale, tax status of each series, interest rates, prices, maturity dates, aggregate principal amount, principal maturities, redemption rights or provisions of the Series 2022 Bonds for approval and the Series 2022 Reserve Account Deposit, the Designated Port Representative, in consultation with Port staff and the Port's financial advisor, shall take into account those factors that, in his judgment, will result in the most favorable interest cost on the Series 2022 Bonds of a series, including, but not limited to, current financial market conditions and current interest rates for obligations comparable in tenor and quality to the Series 2022 Bonds. Subject to the terms and conditions set forth in this section, the Designated

Port Representative is hereby authorized to execute the final form of the Bond Purchase Contract, upon the Executive Director's approval of the Refunded Bonds, the number of series, final series designations, the date of sale, tax status of each series, interest rates, maturity dates, aggregate principal amount, principal maturities and redemption rights set forth therein. Following the execution of the Bond Purchase Contract, the Executive Director or Designated Port Representative shall provide a report to the Commission, describing the final terms of the Series 2022 Bonds approved pursuant to the authority delegated in this section. The authority granted to the Designated Port Representative and the Executive Director by this section shall expire on December 31, 2022. If a Bond Purchase Contract for the Series 2022 Bonds has not been executed by December 31, 2022, the authorization for the issuance of the Series 2022 Bonds of that series shall be rescinded, and the Series 2022 Bonds shall not be issued nor their sale approved unless the Series 2022 Bonds shall have been re-authorized by resolution of the Commission. The resolution reauthorizing the issuance and sale of the Series 2022 Bonds may be in the form of a new series resolution repealing this series resolution in whole or in part (only with respect to the Series 2022 Bonds not issued) or may be in the form of an amendatory resolution approving a bond purchase contract or extending or establishing new terms and conditions for the authority delegated under this section.

Upon the adoption of this series resolution, the proper officials of the Port including the Designated Port Representative, are authorized and directed to undertake all other actions necessary for the prompt execution and delivery of the Series 2022 Bonds to the Underwriters thereof and further to execute all closing certificates and documents required to effect the closing and delivery of the Series 2022 Bonds in accordance with the terms of the Bond Purchase Contract.



The Designated Port Representative and other Port officials, agents and representatives are hereby authorized and directed to do everything necessary for the prompt issuance, execution and delivery of the Series 2022 Bonds to the Underwriters and for the proper application and use of the proceeds of sale of the Series 2022 Bonds. In furtherance of the foregoing, the Designated Port Representative is authorized to approve and enter into agreements for the payment of costs of issuance, including Underwriters' discount, the fees and expenses specified in the Bond Purchase Contract, including fees and expenses of the Underwriters and other retained services, including Bond Counsel, disclosure counsel, rating agencies, fiscal agent, escrow agent, if any, verification agent, financial advisory services, independent consultant, and other expenses customarily incurred in connection with the issuance and sale of bonds.

The Designated Port Representative is authorized to ratify, execute, deliver and approve for purposes of the Rule, on behalf of the Port, the final official statement(s) (and to approve, deem final and deliver any preliminary official statement) and any supplement thereto relating to the issuance and sale of the Series 2022 Bonds and the distribution of the Series 2022 Bonds pursuant thereto with such changes, if any, as may be deemed by him/her to be appropriate.

Section 8.      Application of Series 2022 Bond Proceeds.

(a)      *Application of Project Bond Proceeds.* The proceeds of the Project Bonds (exclusive of the Underwriters' discount and any amounts that may be designated by the Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or any Bond Insurance Policy premium and/or a Surety Bond premium) shall be applied as follows:

(1)      An amount(s), if any, specified by the Designated Port Representative shall be deposited into one or more capitalized interest accounts (hereinafter authorized to be created);

(2) An amount specified by the Designated Port Representative as required to pay the Series 2022 Reserve Account Deposit shall be deposited into the Intermediate Lien Reserve Account; and

(3) An amount specified by the Designated Port Representative shall be deposited into one or more capital project accounts and used to pay costs of issuance and, together with other available moneys, to pay costs of the Projects.

If interest on the Project Bonds is to be capitalized, the Treasurer of the Port is hereby authorized and directed to create one or more capitalized interest accounts for the purpose of holding certain Project Bond proceeds and interest earnings thereon to be used and disbursed to pay interest on the Series 2022 Bonds through the date or dates specified by the Designated Port Representative.

The Treasurer shall invest the net proceeds of the Project Bonds in such obligations as may now or hereafter be permitted to port districts of the State of Washington by law and that will mature prior to the date on which such money shall be needed. Earnings on such investments, except as may be required to pay rebatable arbitrage pursuant to the Federal Tax Certificate, may be used for Port purposes or transferred to the Intermediate Lien Bond Fund for the uses and purposes therein provided.

The Port shall maintain books and records regarding the use and investment of proceeds of Series 2022 Bonds issued on a federally tax-exempt basis in order to maintain compliance with its obligations under its Federal Tax Certificate.

(b) *Application of Refunding Bond Proceeds.* The net proceeds of the Refunding Bonds (exclusive of the Underwriters' discount and any amounts that may be designated by the Designated Port Representative in a closing certificate to be allocated to pay costs of issuance or any Bond Insurance Policy premium and/or a Surety Bond premium, or to satisfy a portion of the

Intermediate Lien Reserve Requirement), together with other available funds of the Port in the amount specified by the Designated Port Representative, shall be utilized immediately upon receipt thereof to pay and redeem the Refunded Bonds and/or shall be paid at the direction of the Treasurer to the Escrow Agent (if the Designated Port Representative has determined that an escrow is necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds).

(c) *Defeasance of Refunded Bonds.* Subject to and in accordance with the resolution authorizing the issuance of the Refunded Bonds, the net proceeds of the Refunding Bonds so deposited shall be utilized immediately upon receipt thereof to pay and redeem Refunded Bonds and/or to purchase the noncallable Government Obligations that are direct or indirect obligations of the United States or obligations unconditionally guaranteed by the United States specified by the Designated Port Representative (the “Acquired Obligations”) and to maintain such necessary beginning cash balance to defease the Refunded Bonds and to discharge the other obligations of the Port relating thereto under the resolution authorizing their issuance, by providing for the payment of the interest on the Refunded Bonds to the date fixed for redemption and the redemption price (the principal amount plus any premium required) on the date fixed for redemption of the Refunded Bonds. Subject to compliance with all conditions set forth in the resolution authorizing the issuance of the Refunded Bonds, when the final transfers have been made for the payment of such redemption price and interest on the Refunded Bonds, any balance then remaining shall be transferred to the account designated by the Port and used for the purposes specified by the Designated Port Representative.

(d) *Acquired Obligations.* The Acquired Obligations, if any, shall be payable in such amounts and at such times that, together with any necessary beginning cash balance, will be sufficient to provide for the payment of:

(1) the interest on the Refunded Bonds as such becomes due on and before the dates fixed for redemption of the Refunded Bonds; and

(2) the price of redemption of the Refunded Bonds on the date fixed for redemption of the Refunded Bonds.

(e) *Authorizing Appointment of Escrow Agent and Verification Agent.* The Commission hereby authorizes and directs the Designated Port Representative (if the Designated Port Representative determines that an escrow would be necessary or desirable to effect the defeasance of all or a portion of the Refunded Bonds) to select a financial institution to act as the escrow agent for all or a portion of the Refunded Bonds and also to select a verification agent for some or all of the Refunded Bonds.

Section 9. Redemption of Refunded Bonds. The Commission hereby calls the callable Refunded Bonds for redemption on the redemption date specified by the Designated Port Representative in accordance with the provisions of the resolution authorizing the issuance, redemption and retirement of the Refunded Bonds, respectively, prior to their maturity dates.

The Designated Port Representative may cause to be disseminated a conditional notice of redemption prior to the closing and delivery of the Refunding Bonds and if a notice of redemption has been disseminated, such notice may be revoked at the option of the Designated Port Representative.

Said defeasance and call for redemption of the Refunded Bonds shall be irrevocable after the closing and delivery of the Refunding Bonds.

If so appointed, the Escrow Agent shall be authorized and directed to provide for the giving of irrevocable notice of the redemption of those Refunded Bonds designated in the Escrow Agreement in accordance with the terms of the resolution authorizing the issuance of such Refunded Bonds and as described in the Escrow Agreement. The Treasurer is authorized

and directed to provide whatever assistance is necessary to accomplish such redemption and the giving of irrevocable notice therefor. The costs of mailing of such notice shall be an expense of the Port.

The Port or the Escrow Agent, if any, on behalf of the Port, shall be authorized and directed to pay to the fiscal agent of the State of Washington, sums sufficient to pay, when due, the payments specified in Section 8(d) of this series resolution. All such sums shall be paid from the moneys and the Acquired Obligations pursuant to the previous section of this series resolution, and the income therefrom and proceeds thereof.

If an Escrow Agent is appointed, the Port will ascertain that all necessary and proper fees, compensation and expenses of the Escrow Agent for the Refunded Bonds shall be paid when due. If an Escrow Agent is appointed, the Designated Port Representative is authorized and directed to execute and deliver the Escrow Agreement to the Escrow Agent when the provisions thereof have been fixed and determined for closing and delivery of the Refunding Bonds. The Escrow Agreement, if any, shall be in form and substance satisfactory to the Designated Port Representative and the Escrow Agent, and may include a separate Costs of Issuance Agreement.

#### Section 10. Tax Covenants.

(a) *General.* The Port covenants that it will not take or permit to be taken on its behalf any action that would adversely affect the exclusion from gross income for federal income tax purposes of the interest on such Series 2022 Bonds issued on a federally tax-exempt basis, and will take or require to be taken such acts as may reasonably be within its ability and as may from time to time be required under applicable law to continue the exclusion from gross income for federal income tax purposes of the interest on such Series 2022 Bonds issued on a federally tax-exempt basis. The Port shall comply with its covenants set forth in the Federal Tax Certificate with respect to such Series 2022 Bonds issued on a federally tax-exempt basis.

(b) *No Bank Qualification.* The Series 2022 Bonds shall not be qualified tax-exempt obligations pursuant to Section 265(b) of the Code for investment by financial institutions.

Section 11. Lost, Stolen, Mutilated or Destroyed Series 2022 Bonds. In case any Series 2022 Bond shall be lost, stolen, mutilated or destroyed, the Registrar may execute and deliver a new Series 2022 Bond of like series, maturity, date, number and tenor to the Registered Owner thereof upon the owner's paying the expenses and charges of the Port in connection therewith and upon his/her filing with the Port evidence satisfactory to the Port that such Series 2022 Bond was actually lost, stolen or destroyed (including the presentation of a mutilated Series 2022 Bond) and of his/her ownership thereof, and upon furnishing the Port and the Registrar with indemnity satisfactory to both.

Section 12. Form of Series 2022 Bonds and Registration Certificate. The Series 2022 Bonds shall be in substantially the following form:

[DTC HEADING]

NO. \_\_\_\_\_ UNITED STATES OF AMERICA \$ \_\_\_\_\_  
STATE OF WASHINGTON  
PORT OF SEATTLE  
INTERMEDIATE LIEN REVENUE [AND] [REFUNDING] BOND,  
SERIES 2022[A][B][C]  
[(Non-AMT)][(Private Activity - AMT)][(Taxable)]

Maturity Date: \_\_\_\_\_, \_\_\_\_\_ CUSIP No. \_\_\_\_\_

Interest Rate:

Registered Owner: Cede & Co.

Principal Amount:

THE PORT OF SEATTLE, a municipal corporation organized and existing under and by virtue of the laws of the State of Washington (the "Port"), promises to pay to the Registered Owner identified above, or registered assigns, on the Maturity Date identified above, solely from the special fund of the Port known as the "Port of Seattle Revenue Intermediate Lien Bond Fund" (the "Intermediate Lien Bond Fund") created by Resolution No. 3540, as amended (the "Intermediate Lien Master Resolution" and together with Resolution No. \_\_\_\_\_, hereinafter collectively referred to as the "Bond Resolution"), the Principal Amount indicated above and to

pay interest thereon from the Intermediate Lien Bond Fund from the date of initial delivery, or the most recent date to which interest has been paid or duly provided for or until payment of this bond at the Interest Rate set forth above, payable semiannually on the first days of each \_\_\_\_\_ and \_\_\_\_\_ beginning on \_\_\_\_\_ 1, 20\_\_\_\_. The principal of, premium, if any, and interest on this bond are payable in lawful money of the United States of America. Principal, premium, if any, and interest shall be paid as provided in the Blanket Issuer Letter of Representations (the “Letter of Representations”) by the Port to The Depository Trust Company (“DTC”) (or its successor or alternate depository) or other registered owner. Capitalized terms used in this bond which are not specifically defined have the meanings given such terms in the Bond Resolution. The Treasurer of the Port has appointed the fiscal agent for the State of Washington as the initial registrar, authenticating and paying agent for the bonds of this series.

This bond is one of a series of bonds of the Port in the aggregate principal amount of \$\_\_\_\_\_, of like date, tenor and effect, except as to number, amount, rate of interest and date of maturity and is issued pursuant to the Bond Resolution to [pay costs of capital improvement projects][to defease and/or refund certain outstanding Port revenue bonds]. [Simultaneously herewith, the Port is issuing two other series of revenue bonds: its Intermediate Lien Revenue [and] [Refunding] Bonds, Series 2022[A][B][C] [(Non-AMT)] [(Private Activity - AMT)] [(Taxable)] in the principal amount of \$\_\_\_\_\_, and Intermediate Lien Revenue [and] [Refunding] Bonds, Series 2022[A][B][C] [(Non-AMT)] [(Private Activity - AMT)] [(Taxable)], in the principal amount of \$[\_\_\_\_\_].

The bonds of this issue maturing on and after \_\_\_\_\_ 1, \_\_\_\_ shall be subject to optional redemption in advance of their scheduled maturity on and after \_\_\_\_\_ in whole or in part on any date at a price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption.

[The bonds of this issue maturing on \_\_\_\_\_ 1, \_\_\_\_ shall be redeemed by the Port on \_\_\_\_\_ 1 of the following years in the following principal amounts at a price equal to 100% of the principal amount thereof plus accrued interest to the date fixed for redemption:

Redemption Dates	Amounts
	\$

\* Final Maturity]

[The bonds of this series are [not] private activity bonds.] The bonds of this series are not “qualified tax-exempt obligations” eligible for investment by financial institutions within the meaning of Section 265(b) of the Internal Revenue Code of 1986, as amended. [The Port has taken no action to cause the interest on this bond to be exempt from general federal income taxation.]

The Port hereby covenants and agrees with the owner and holder of this bond that it will keep and perform all the covenants of this bond and the Bond Resolution.

The Port does hereby pledge and bind itself to set aside and pay into the Intermediate Lien Bond Fund and Intermediate Lien Reserve Account from Available Intermediate Lien

Revenues or money in the Revenue Fund the various amounts required by the Bond Resolution to be paid into and maintained in said Fund and Account, all within the times provided by said Bond Resolution.

The amounts pledged to be paid out of Gross Revenue into the Intermediate Lien Bond Fund and Intermediate Lien Reserve Account are hereby declared to be a first and prior lien and charge upon the Gross Revenue, subject to the payment of Operating Expenses of the Port and subject further to the liens thereon of the Permitted Prior Lien Bonds and equal in rank to the lien and charge upon such Gross Revenue of the amounts required to pay and secure the payment of any Net Payments due pursuant to any Parity Derivative Product, any Outstanding Intermediate Lien Parity Bonds and any revenue bonds of the Port hereafter issued on a parity with the Outstanding Intermediate Lien Parity Bonds and the bonds of this issue.

The Port has further bound itself to establish, maintain and collect rentals, tariffs, rates, fees, and charges in the operation of all of its businesses for as long as any bonds of this issue are outstanding that will make available, for the payment of the principal thereof and interest thereon as the same shall become due, Available Intermediate Lien Revenues in an amount equal to or greater than the Rate Covenant defined in the Intermediate Lien Master Resolution.

This bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Bond Resolution until the Certificate of Authentication hereon shall have been manually signed by or on behalf of the Registrar.

It is hereby certified and declared that this bond and the bonds of this issue are issued pursuant to and in strict compliance with the Constitution and laws of the State of Washington and resolutions of the Port and that all acts, conditions and things required to be done precedent to and in the issuance of this bond have happened, been done and performed.

IN WITNESS WHEREOF, the Port of Seattle has caused this bond to be executed by the manual or facsimile signatures of the President and Secretary of the Port Commission, and the corporate seal of the Port to be impressed or a facsimile thereof imprinted hereon as of the \_\_\_\_ day of \_\_\_\_\_, 2022.

PORT OF SEATTLE

By \_\_\_\_\_/s/\_\_\_\_\_  
President, Port Commission

ATTEST:

\_\_\_\_\_/s/\_\_\_\_\_  
Secretary, Port Commission



## CERTIFICATE OF AUTHENTICATION

Date of Authentication: \_\_\_\_\_

This bond is one of the bonds described in the within mentioned Bond Resolution and is one of the Intermediate Lien Revenue [and] [Refunding] Bonds, Series 2022[A][B][C] [(Non-AMT)] [(Private Activity - AMT)][(Taxable)] of the Port of Seattle, dated \_\_\_\_\_, 2022.

WASHINGTON STATE FISCAL AGENT, as  
Registrar

By \_\_\_\_\_  
Authorized Signer

\* \* \* \* \*

In the event any Series 2022 Bonds are no longer in fully immobilized form, the form of such Series 2022 Bonds may be modified to conform to printing requirements and the terms of this series resolution.

Section 13.    Execution. The Series 2022 Bonds shall be executed on behalf of the Port with the manual or facsimile signature of the President of its Commission, shall be attested by the manual or facsimile signature of the Secretary thereof and shall have the seal of the Port impressed or a facsimile thereof imprinted thereon.

Only such Series 2022 Bonds as shall bear thereon a Certificate of Authentication in the form hereinbefore recited, manually executed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this series resolution. Such Certificate of Authentication shall be conclusive evidence that the Series 2022 Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of this series resolution.

In case either of the officers of the Port who shall have executed the Series 2022 Bonds shall cease to be such officer or officers of the Port before the Series 2022 Bonds so signed shall

have been authenticated or delivered by the Registrar, or issued by the Port, such Series 2022 Bonds may nevertheless be authenticated, delivered and issued and upon such authentication, delivery and issuance, shall be as binding upon the Port as though those who signed the same had continued to be such officers of the Port. Any Series 2022 Bond may also be signed and attested on behalf of the Port by such persons as on the actual date of execution of such Series 2022 Bond shall be the proper officers of the Port although on the original date of such Series 2022 Bond any such person shall not have been such officer.

Section 14. Defeasance. In the event that money and/or noncallable Government Obligations that are direct obligations of the United States or obligations unconditionally guaranteed by the United States maturing or having guaranteed redemption prices at the option of the owner at such time or times and bearing interest to be earned thereon in amounts (together with such money, if any) sufficient to redeem and retire part or all of the Series 2022 Bonds in accordance with their terms, are hereafter irrevocably delivered to the Registrar for payment such Series 2022 Bonds or set aside in a special account and pledged to effect such redemption and retirement, and, if the Series 2022 Bonds are to be redeemed prior to maturity, irrevocable notice, or irrevocable instructions to give notice of such redemption has been delivered to the Registrar, then no further payments need be made into the Intermediate Lien Bond Fund or any account therein for the payment of the principal of, premium, if any, and interest on the Series 2022 Bonds so provided for and such Series 2022 Bonds shall then cease to be entitled to any lien, benefit or security of the Intermediate Lien Master Resolution or this series resolution, except the right to receive the funds so set aside and pledged and such notices of redemption, if any, and such Series 2022 Bonds shall no longer be deemed to be Outstanding hereunder, under the Intermediate Lien Master Resolution or under any resolution authorizing the issuance of bonds or other indebtedness of the Port.

The Port shall provide notice of defeasance of any Series 2022 Bonds to the Registered Owners of the Series 2022 Bonds being defeased, to the Bond Insurer, if any, and to each party entitled to receive notice under the Continuing Disclosure Undertaking authorized pursuant to Section 15 of this series resolution.

Section 15. Undertaking to Provide Ongoing Disclosure. The Designated Port Representative is authorized to, in his or her discretion, execute and deliver a Continuing Disclosure Undertaking providing for an undertaking by the Port to assist the Underwriters in complying with the Rule.

Section 16. Bond Insurance. The payments of the principal of and interest on one or more series, or principal maturities within one or more series, of the Series 2022 Bonds may be insured by the issuance of the Bond Insurance Policy. The Designated Port Representative may solicit proposals from municipal bond insurance companies, and the Designated Port Representative, in consultation with the Port's financial advisor, is hereby authorized to select the proposal that is deemed to be the most cost effective and further to execute the Bond Insurance Commitment with the Bond Insurer, which may include such covenants and conditions as shall be approved by the Designated Port Representative.

Section 17. Compliance with Parity Conditions. The Commission hereby finds and determines as required by Section 5(b) of the Intermediate Lien Master Resolution, as follows:

First: The Port is not in default of its covenant under Section 5 of the Intermediate Lien Master Resolution; and

Second: The Commission has been assured that prior to the issuance and delivery of the Series 2022 Bonds, the Port will meet the conditions set forth in Section 5(c) of the Intermediate Lien Master Resolution and/or will deliver either:

(A) a certificate prepared as provided in the Intermediate Lien Master Resolution and executed by the Designated Port Representative stating that Available Intermediate Lien Revenues as First Adjusted during the Base Period were at least equal to 110 percent of Annual Debt Service in each year of the Certificate Period with respect to all Intermediate Lien Parity Bonds then Outstanding and then proposed to be issued; or

(B) a Consultant's certificate, prepared as provided in the Intermediate Lien Master Resolution and stating that projected Available Intermediate Lien Revenues as First Adjusted will be at least equal to 110 percent of Annual Debt Service in each year of the Certificate Period with respect to all Intermediate Lien Parity Bonds then Outstanding and then proposed to be issued.

The limitations contained in the conditions provided in Section 5(b) of the Intermediate Lien Master Resolution having been complied with, the payments required herein to be made out of the Available Intermediate Lien Revenues to pay and secure the payment of the principal of, premium, if any, and interest on the Series 2022 Bonds shall constitute a lien and charge upon such a charge and lien upon the Available Intermediate Lien Revenues equal to the lien thereon of Outstanding Intermediate Lien Parity Bonds.

Section 18. Resolution and Laws a Contract with the Series 2022 Bond Owners. This series resolution is adopted under the authority of and in full compliance with the Constitution and laws of the State of Washington. In consideration of the purchase and ownership of the Series 2022 Bonds, the provisions of this series resolution and of said laws shall constitute a contract with the owners of the Series 2022 Bonds, and the obligations of the Port and its Commission under said laws and under this series resolution shall be enforceable by any court of competent jurisdiction; and the covenants and agreements herein and in the Series 2022 Bonds set forth shall be for the equal benefit of the owners of the Series 2022 Bonds.

Section 19.    Severability. If any one or more of the covenants or agreements provided in this series resolution to be performed on the part of the Port shall be declared by any court of competent jurisdiction to be contrary to law, then such covenant or covenants, agreement or agreements, shall be null and void and shall be deemed separable from the remaining covenants and agreements in this series resolution and shall in no way affect the validity of the other provisions of this series resolution or of any Intermediate Lien Parity Bonds.

Section 20.    Effective Date. This series resolution shall be effective immediately upon its adoption.

ADOPTED by the Port Commission of the Port of Seattle at duly noticed meeting thereof, held this 26 day of April, 2022, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof.

PORT OF SEATTLE

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Commissioners

**EXHIBIT A**

**REFUNDING CANDIDATES**

**Port of Seattle Intermediate Lien Revenue Refunding Bonds, Series 2012A  
(Non-AMT)<sup>(1)</sup>**

Maturity Dates (August 1)	Principal Amounts	Interest Rates
2023*	\$ 2,550,000	3.00%
2023*	12,635,000	5.00
2024	15,895,000	5.00
2025	19,395,000	5.00
2026	20,365,000	5.00
2027	21,385,000	5.00
2028	22,455,000	5.00
2029	23,575,000	5.00
2030	44,520,000	5.00
2031	46,745,000	5.00
2032	21,795,000	5.00
2033	22,885,000	5.00

\* Bifurcated Maturity.

**Port of Seattle Intermediate Lien Revenue Refunding Bonds, Series 2012B  
(AMT)<sup>(2)</sup>**

Maturity Dates (August 1)	Principal Amounts	Interest Rates
2023	\$ 17,465,000	5.00%
2024	18,280,000	5.00

**Port of Seattle Intermediate Lien Revenue Refunding Bonds, Series 2013 (AMT)<sup>(3)</sup>**

Maturity Dates (July 1)	Principal Amounts	Interest Rates
2024	\$ 14,720,000	5.00%
2025	15,460,000	5.00
2026	16,230,000	5.00
2027	17,045,000	5.00
2028*	5,000,000	4.50
2028*	12,895,000	5.00
2029	18,435,000	5.00

\* Bifurcated maturity.

<sup>(1)</sup> Callable at any time on and after August 1, 2022, in whole or in part on any date, with maturities to be selected by the Port, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

<sup>(2)</sup> Callable at any time on and after August 1, 2022, in whole or in part on any date, with maturities to be selected by the Port, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

<sup>(3)</sup> Callable at any time on and after July 1, 2023, as a whole or in part or any date, with maturities to be selected by the Port, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the date fixed for redemption.

## **EXHIBIT B**

### **PROJECTS**

Runway, apron and safety areas construction, repairs and improvements; airfield infrastructure construction, repairs and upgrades; noise mitigation; Airport Terminal and parking garage construction, modification, repairs, improvements including equipment acquisition; roadway and ground transportation improvements; airport support systems and services improvements; planning work relating to future facilities on or near the Airport; property acquisitions for Airport expansion adjacent or near to the Airport and other airport improvements that are functionally related to the airfield, air terminal and Airport property improvements described above at Seattle-Tacoma International Airport, 17801 Pacific Highway South, Seatac, WA 98158, which is owned and operated by the Port.



CERTIFICATE

I, the undersigned, Secretary of the Port Commission (the “Commission”) of the Port of Seattle (the “Port”), DO HEREBY CERTIFY:

1. That the attached resolution numbered \_\_\_\_\_ (the “Resolution”), is a true and correct copy of a resolution of the Port, as finally adopted at a meeting of the Commission held on the \_\_\_\_\_ day of \_\_\_\_\_, 2022, and duly recorded in my office.

2. That said meeting was duly convened and held in all respects in accordance with law, and to the extent required by law, due and proper notice of such meeting was given; that a quorum of the Commission was present throughout the meeting and a legally sufficient number of members of the Commission voted in the proper manner for the adoption of said Resolution; that all other requirements and proceedings incident to the proper adoption of said Resolution have been duly fulfilled, carried out and otherwise observed, and that I am authorized to execute this certificate.

IN WITNESS WHEREOF, I have hereunto set my hand this \_\_\_\_\_ day of \_\_\_\_\_, 2022.

\_\_\_\_\_  
Secretary

# Intermediate Lien Revenue Bonds

April 26, 2022

# Request Introduction of Resolution No. 3801

- Sale and Issuance of Intermediate Lien Revenue Bonds
  - Fund Airport capital investments
  - Refund outstanding debt for savings
- Multiple Series Based on Federal tax status
  - Governmental Bonds – no income tax for investors
  - Private Activity Bonds – no regular tax, but subject to Alternative Minimum Tax (AMT)
  - Taxable – investors subject to regular federal income tax

# Fund Airport Capital Investments

- Funding for approximately \$560 million of spending
- Project spending must be authorized prior to use of bond proceeds
- Most projects will be funded with Private Activity bonds and subject to AMT



## Projects Include:

- Continuation of Baggage Optimization and Airfield Pavement Replacement
- North Main Terminal Redevelopment

# Refund Existing Bonds

<u>Refunding Candidates</u>	<u>Total Principal (\$)</u>
Intermediate Lien Revenue Bonds, Series 2012A	274,200,000
Intermediate Lien Revenue Bonds, Series 2012B	35,745,000
Intermediate Lien Revenue Bonds, Series 2013 (1)	<u>99,785,000</u>
<b>TOTAL</b>	409,730,000
(1) Potential candidate	

- Bonds will be refunded for debt service savings due to lower interest rates – estimated present value saving of
  - \$25million 2012 bonds
  - \$4 million 2013 bonds

# Resolution No. 3801

- Similar in all material respect to other Intermediate Lien resolutions
  - Pursuant to Intermediate Lien Master Resolution
  - Provides delegation to Executive Director to approve bond sale
- Provides funding for related costs
- Bonds will be sold by Port underwriting team
- Delegation Limits:
  - Maximum Par Amount: \$1 billion
  - Maximum Interest Rate: 4.5%
  - Bond sale must occur by December 31, 2022
  - Exceeding limits requires further authorization

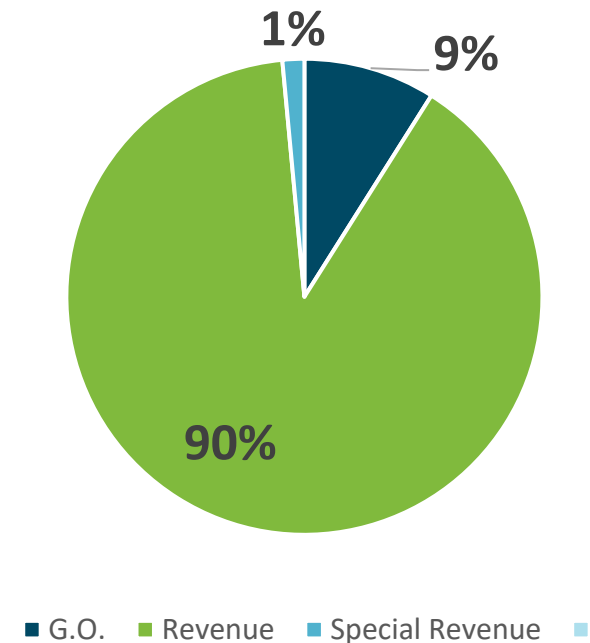
# ADDITIONAL INFORMATION

# The Port Primarily Uses Revenue Bonds For CIP Funding

## Type of Debt based on Security Pledge

- General Obligation – secured by the Port's full faith and credit and paid from the tax levy
- Revenue bonds – secured by all of the Port's net operating revenues
- Special revenue bonds – secured by a specific revenue source:
  - Fuel Facility lease

Bonds by Security Type  
as of Feb. 28, 2022





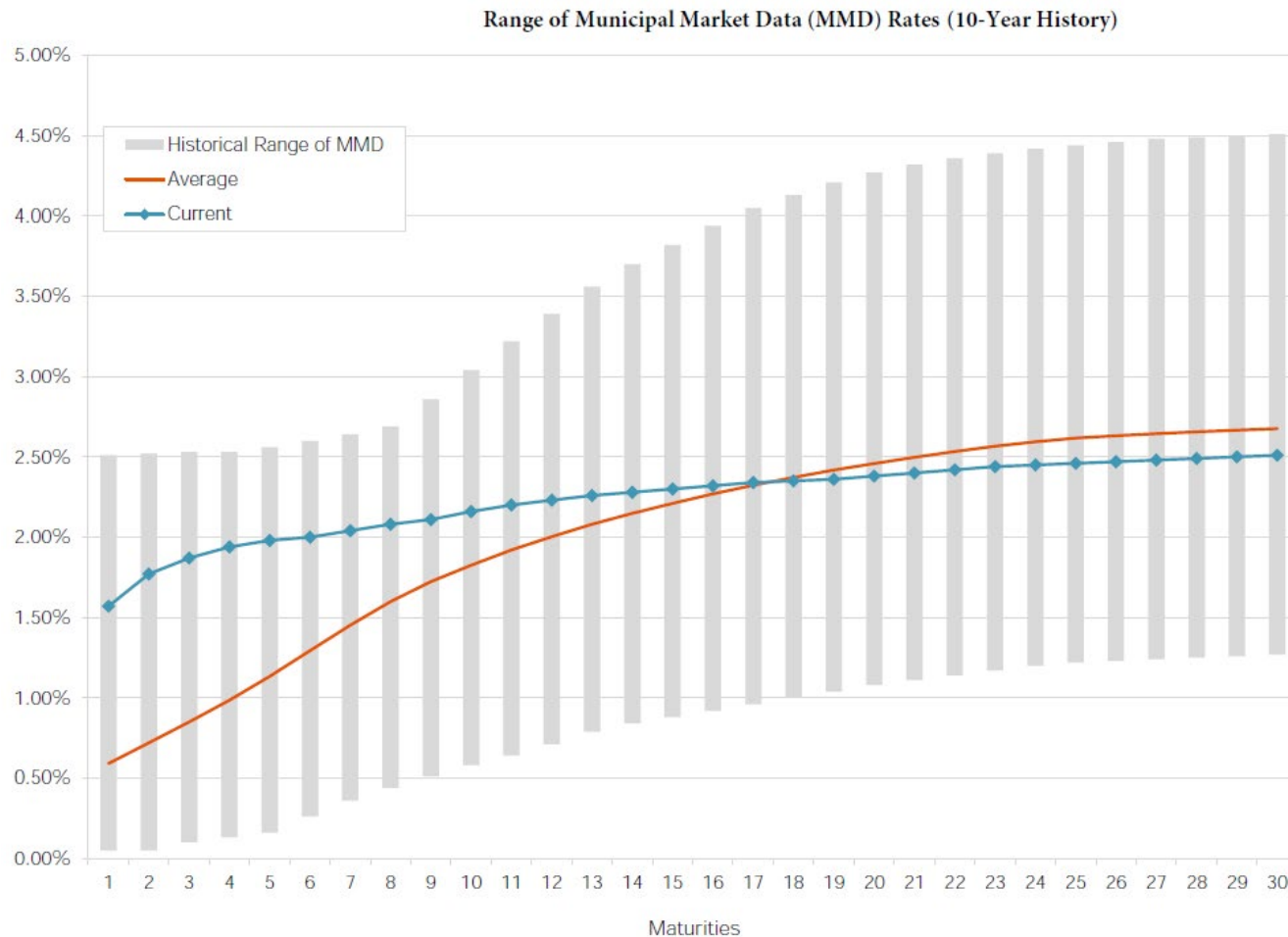
# Port Revenue Bonds - Three Liens

	Priority of Payment from Gross Operating Revenues
1	Operating Expenses
2	First Lien Obligations
3	Intermediate Lien Obligations
4	Subordinate Lien Obligations
5	Capital Investments

Revenue Liens	Primary Use	2/28/22 \$M
First Lien	Non-Airport or in adverse markets	211.8
Intermediate Lien	Airport funding; includes Airport features like using PFCs and CFCs to off-set debt service	3,307.9
Subordinate Lien	Variable rate debt backed by bank credit facilities; includes CP	<u>168.3</u>
		3,688.0

The Airport accounts for 87% of all Port debt and 95% of revenue bond debt

# Current Rate Environment – Municipal Market Data (MMD) Index



Current interest rates are reasonable compared to average rates over the past ten years

- Short-term rates in the upper end of the historical range
- Long-term rates are below average

Current rates are 1.25 percentage points higher than the 2021 bond sale

MMD index is based on AAA General Obligation Bonds; Port bonds bear higher interest rates than the index

PIPER | SANDLER

RETURN TO AGENDA

**COMMISSION  
AGENDA MEMORANDUM**

**Item No.**

8i

**ACTION ITEM**

**Date of Meeting**

April 26, 2022

**DATE:** April 15, 2022

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

**FROM:** Eileen Francisco, Interim Director, AV Facilities & Capital Programs  
Wayne Grotheer, Director, Aviation Project Management Group

**SUBJECT: 2021 Garage Fire Repair (Expense)**

**Amount of this request:** \$750,000

**Total estimated project cost:** \$900,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to (1) complete design and (2) utilize Port crews and small works contracts to complete repairs associated with the 2021 Garage Fire Repairs project at Seattle-Tacoma International Airport. The amount being requested under this authorization is \$750,000 for a total estimated project cost of \$900,000.

**SUMMARY**

On December 3, 2021, a multi-vehicle fire in the main parking garage damaged existing lighting systems, signage, and structural concrete. The fire was on the fourth floor in the North end of the Garage, but the damage has closed portions of the third, fourth, and fifth floors until repairs can be completed. Currently, the third floor has been reopened, 90 stalls are closed on the fourth floor, and 142 stalls are closed on the fifth floor. This represents approximately two percent of the total parking capacity in the Garage.

This project will be split into two phases to accelerate the repair schedule. Phase one will include the electrical repairs to the lighting system and is anticipated to be complete by Q3 2022. Once completed the majority of the fourth floor will be returned to parking operations. Phase two will include the structural concrete repairs and is anticipated to be complete by Q2 2023. Upon completion of Phase 2, the remaining parking stalls that were closed will be returned to parking operations. The full scope of the structural concrete repairs is being evaluated currently as part of a damage assessment. For the damage assessment, the Port is utilizing an existing indefinite delivery indefinite quantity (IDIQ) contract which has a WMBE goal of 16%. Depending upon the results, additional future commission authorization and a longer completion schedule may be required.

There are no attachments to this memo.

**RETURN TO AGENDA**

**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8j

**ACTION ITEM**

**Date of Meeting** April 26, 2022

**DATE:** April 15, 2022

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

**FROM:** Eileen Francisco, Interim Director, AV Facilities & Capital Programs  
Wayne Grotheer, Director, Aviation Project Management Group

**SUBJECT: Tyee Pond Effluent Pipe Replacement (C801173)**

**Amount of this request:** \$390,000

**Total estimated project cost:** \$2,540,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to complete design for the Tyee Pond Effluent Pipe Replacement Project located just south of the Seattle-Tacoma International Airport in the amount of \$390,000. The total estimated project cost is \$2,540,000.

**EXECUTIVE SUMMARY**

The Tyee Pond stormwater pond and its control structures are a regional detention facility that the Port of Seattle owns, maintains, and operates. This detention facility is regulated by the Department of Ecology (DOE) Dam Safety Program. The downstream effluent pipe is over 30 years old and shows signs of damage and deterioration. The pipe needs to be replaced to ensure that the detention facility and downstream effluent pipe can function as designed for the next 50 years. Emergency repairs have already been needed and DOE issued a requirement for a permanent repair to be completed by 2025.

**JUSTIFICATION**

This project will support the following Century Agenda goals:

- To be the greenest and most energy-efficient port in North America by meeting or exceeding agency requirements for stormwater leaving Port-owned or operated facilities.
- To become a model for equity, diversity, and inclusion by increasing utilization of Women and Minority Business Enterprise (WMBE) and Disadvantage Business Enterprise (DBE) firms and eliminating disparity of access to opportunities.

In December 2021, a pipe assessment was completed that examined the existing pipe downstream of the repaired section (approximately 382 linear feet). The Pipe Assessment Report noted joint separation, deformation, and corrosion in the downstream pipe and recommended

Meeting Date: April 26, 2022

replacing the entire pipe. If the pipe completely fails, the hydraulics of Des Moines Creek will be affected impacting the downstream salmon bearing creek habitat. In the worst-case scenario, with the detention facility at full capacity, the pipe failure can result in the failure of the Tyee Pond embankment sending several thousand gallons of stormwater towards downstream residents adjacent to Des Moines Creek in an uncontrolled fashion.

### ***Diversity in Contracting***

The design of this project will utilize an existing indefinite delivery indefinite quantity (IDIQ) contract that has an established WMBE goal of 10%. The project team will work with Diversity in Contracting department to establish additional WMBE goals within the construction phase of this effort.

### **DETAILS**

Tyee Pond is located south of Seattle-Tacoma International Airport and is located on the east fork of Des Moines Creek flowing south from Bow Lake. The pond has a capacity of 19.7 acre-ft and is therefore regulated by DOE Dam Safety program. The pond and effluent pipe were originally constructed in the late 1980's. In 2020, emergency repairs were made to a small section of the pipe (approximately 32 linear feet) that was leaking and causing sinkholes to appear on the pond embankment above the pipe. DOE accepted the interim repairs but required a permanent repair by 2025.

### ***Scope of Work***

The project will replace the entire downstream effluent pipe with a 72-inch diameter reinforced concrete pipe. In addition, two manhole structures will be added to the northern section of the pipe to provide energy dissipation.

### ***Schedule***

Commission design authorization	2022 Quarter 2
Design start	2022 Quarter 2
Commission construction authorization	2023 Quarter 1
Construction start	2023 Quarter 2
In-use date	2023 Quarter 4

### ***Cost Breakdown***

	This Request	Total Project
Design	\$390,000	\$625,000
Construction	\$0	\$1,915,000
Total	\$390,000	\$2,540,000

Meeting Date: April 26, 2022

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1 – No improvements**

Cost Implications: \$0

Pros:

- (1) Requires no capital investment

Cons:

- (1) Does not address integrity of Tyee Pond dam required by DOE
- (2) Does not address long-term viability of the storm water infrastructure

This is not the recommended alternative.

**Alternative 2 – Utilize the bypass system**

Cost Implications: \$702,000

Pros:

- (1) Requires less capital investment

Cons:

- (1) Does not address integrity of Tyee Pond dam required by DOE
- (2) Does not address long-term viability of the storm water infrastructure
- (3) Potential to damage downstream salmon bearing creek habitat (and trigger fines)

This is not the recommended alternative.

**Alternative 3 – Replace the effluent pipe**

Cost Implications: \$2,540,000

Pros:

- (1) Permanent solution ensuring Tyee Pond dam integrity
- (2) Offers maximum stormwater flow control from the Tyee Pond
- (3) Doesn't adversely impact flow to downstream salmon bearing creek

Cons:

- (1) Requires greater capital investment
- (2) Permits may be required by the Corps of Engineers to complete this project potentially delaying project completion by a year.

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

Meeting Date: April 26, 2022

**FINANCIAL IMPLICATIONS**

<b><i>Cost Estimate/Authorization Summary</i></b>	<b>Capital</b>	<b>Expense</b>	<b>Total</b>
<b>COST ESTIMATE</b>			
Original estimate	\$2,791,000	\$0	\$2,791,000
Current change	(\$251,000)	\$0	(\$251,000)
Revised estimate	\$2,540,000	\$0	\$2,540,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$235,000	\$0	\$235,000
Current request for authorization	\$390,000	\$0	\$390,000
Total authorizations, including this request	\$625,000	\$0	\$625,000
Remaining amount to be authorized	\$1,915,000	\$0	\$1,915,000

***Annual Budget Status and Source of Funds***

This project CIP #801173 was included in the 2022-2026 capital budget and plan of finance as a budget of \$2,791,000. A budget decrease of \$251,000 was transferred to the Aeronautical Reserve (CIP #800753) resulting in a zero-net change to the Aviation capital budget. The funding source for this project will be the Airport Development Fund (ADF) and revenue bonds.

***Financial Analysis and Summary***

Project cost for analysis	\$2,540,000
Business Unit (BU)	Airfield Movement Area
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base.
IRR/NPV (if relevant)	N/A
CPE Impact	\$.01 in 2024

***Future Revenues and Expenses (Total cost of ownership)***

Operations and maintenance costs are anticipated to be minimal. The pipe will be video inspected once every 3-5 years.

**ATTACHMENTS TO THIS REQUEST**

- (1) Vicinity Map

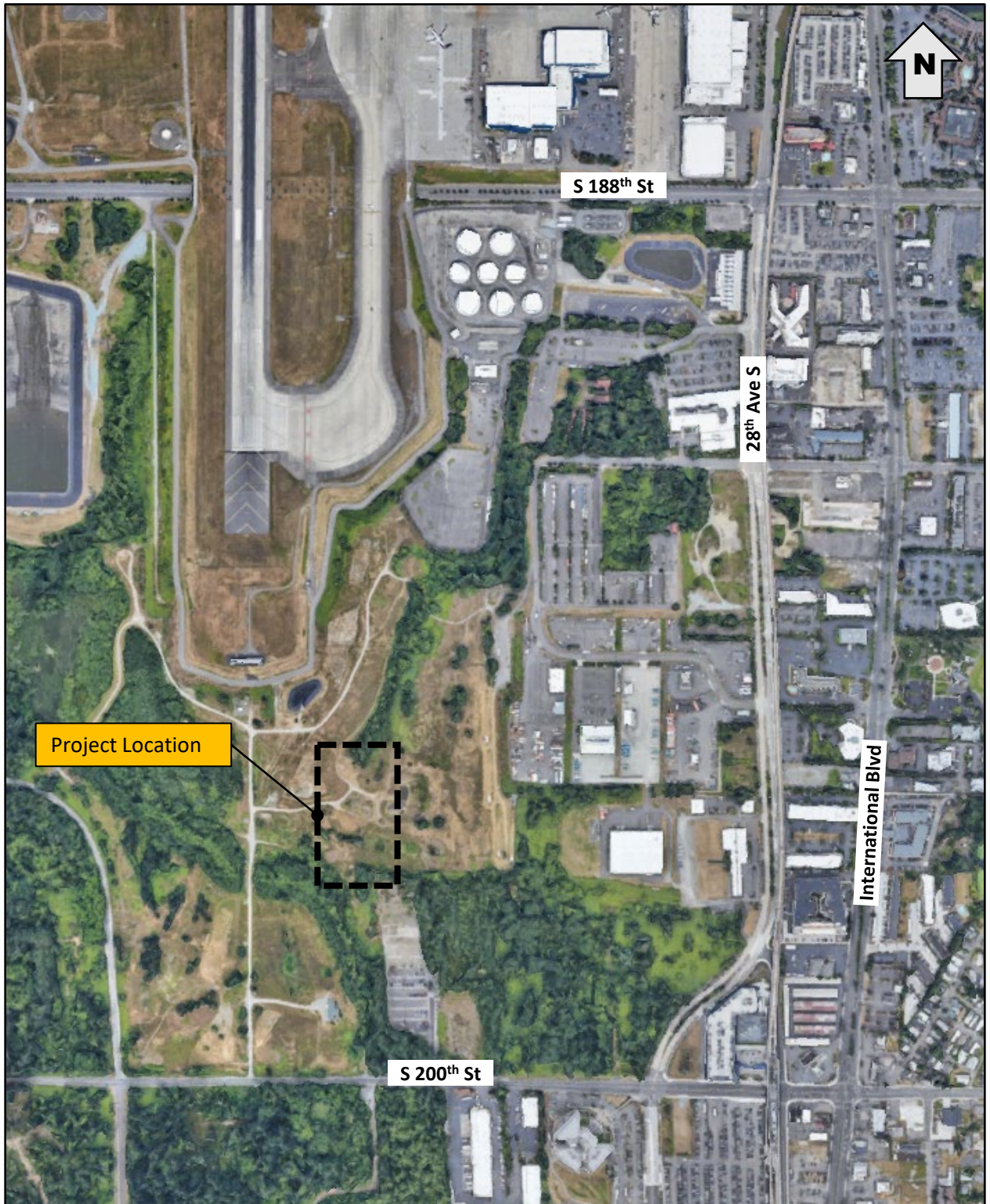
**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None



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Date of Meeting	April 26, 2022

## Vicinity Map







**COMMISSION  
AGENDA MEMORANDUM**

**Item No.**

8k

**ACTION ITEM**

**Date of Meeting**

April 26, 2022

**DATE:** April 14, 2022

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

**FROM:** Wayne Grotheer, Director Aviation Project Management Group  
Laurel Dunphy, Director Airport Operations

**SUBJECT: Addition of Wide Body Gate at Concourse N (C800556)**

**Amount of this request:** \$0

**Total estimated project cost:** \$5,000,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute a major public works construction contract to provide full functional wide body aircraft capacity at the Concourse N gate N16. This construction contract will provide flexibility to accommodate a wider array of aircraft to support wide body gate service.

**EXECUTIVE SUMMARY**

Alaska Airlines (Alaska) has become part of the *oneworld* airline alliance, and partner airlines require the ability to enplane international flights, both wide-body and narrow-body aircraft, at common use gates in direct proximity to Alaska's major terminal operations. The airport has also identified a need for additional airport-wide operational capacity. This project will meet these needs by upgrading and reconfiguring two existing Concourse N gates (N16 & N17) to allow them to flex into one gate (N16A) capable of wide body aircraft operations. This work to add wide-body common use capabilities is being completed as part of the original North Satellite Modernization at Concourse N project.

**JUSTIFICATION**

Approval of a major public works construction contract will enable the quick execution of gate modifications to be made at the Concourse N gates (N16 & N17) to meet airline and customer service needs for wide-body operations in 2022.

***Diversity in Contracting***

Project staff has engaged with Diversity in Contracting and have established an aspirational goal of contracting 12% of construction cost to women and minority owned business enterprises.

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**DETAILS**

The modernization of Concourse N was recently completed in partnership with Alaska Airlines as part of the 2014 Commission authorized NSTAR Program. Alaska Airlines, having entered into the *oneworld* airline alliance in 2021 with other international carriers, has requested that the facility not only accommodate Alaska's current domestic fleet, but also include wide-body aircraft operations. As the original Commission authorization included requirements for flexible carrier operations, and Alaska Airline's *oneworld* airline alliance urgently requires operational consolidation with Alaska's operations, this follow-on work to add wide-body common use capabilities is being completed as part of the original North Satellite Modernization at Concourse N project. Completing this work as part of the Concourse N modernization results in contract cost and schedule savings by leveraging the remaining Concourse N modernization budget authorization and design work already completed. The *oneworld* airline alliance has also requested a consolidated wide-body operation at SEA and supports this request.

***Scope of Work***

This project will increase capacity as needed for the following systems at the Concourse N gate N16 to allow functional Wide Body gate service.

- (1) replace 400Hz aircraft electrical power units and conductors;
- (2) replace PC Air aircraft heating and cooling units and infrastructure piping;
- (3) replace and relocate existing lighting poles with 80' poles;
- (4) add one additional SafeDock unit to align with wide body position;
- (5) refresh lead-in striping lines and safety envelopes as required;
- (6) replace/reinforce gate area apron structures and panels

***Schedule***

The North Satellite Modernization project opened the completed Concourse N on schedule in the summer of 2021. The project construction contractor demobilized from the project in 2021 Quarter 4. This request will enable execution of a new Major Works construction contract to effect modifications enabling Wide Body service within the 2022 calendar year. The complexities of constructing this project while maintaining Alaska's active operations and maintaining a high level of customer experience has been a continuous challenge and remains one of the highest risks.

***Activity***

Commission design authorization	2012 Quarter 2
Design start	2021 Quarter 2
Commission construction authorization	2022 Quarter 2
Construction start	2022 Quarter 2
In-use date	2022 Quarter 4

Meeting Date: April 26, 2022

**Cost Breakdown**

This Request

Total Project

Design	\$0	\$1,730,000
Construction	\$0	\$3,270,000
Total	\$0	\$5,000,000

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

Airport Operations requested the team evaluate all possible locations to convert 2 narrow body gates into 1 widebody gate Concourse N. Combining N16 and N17 provided the maximum number of fleet types, up to a Boeing 777. In the future, N14 and N15 can be combined into a single widebody gate and accommodate up to a Boeing 787.

**Alternative 1 – Defer N16 wide body common use modification to 2023**

Cost Implications: The project that completed Concourse N possesses authorization to design, advertise, and to deliver project and construction management services in 2022. Therefore, it will be most cost effective to use the current, contracted design team.

Pros:

- (1) None

Cons:

- (1) Operational schedule impact for both normal and construction durations in 2023.
- (2) Additional schedule and repeated authorization to design and advertise this scope of work.

This is not the recommended alternative.

**Alternative 2 – Do not complete this scope**

Cost Implications: \$5M saved

Pros:

- (1) Save money

Cons:

- (1) Operational impacts and *oneworld* customer dissatisfaction at SEA

This is not the recommended alternative.

**Alternative 3 – Convert N16 for wide body common use aircraft position**

Cost Implications: \$5M

Pros:

- (1) Allows for common use departure gate increase at SEA
- (2) Satisfies *oneworld* customer request
- (3) Completing this scope now is less expensive than commencing at a later date

Meeting Date: April 26, 2022

Cons:

- (1) Construction impact of gates N15 and N16 in late summer 2022

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

**FINANCIAL IMPLICATIONS**

No additional project funding is required to complete this scope and less savings will be returned.

<b><i>Cost Estimate/Authorization Summary</i></b>	<b>Capital</b>	<b>Expense</b>	<b>Total</b>
<b>COST ESTIMATE</b>			
Revised estimate	\$679,916,127	\$20,209,105	\$700,125,232
<b>AUTHORIZATION</b>			
Previous authorizations	\$691,916,127	\$20,209,105	\$712,125,232
Current request for authorization	\$0	\$0	\$0
Total authorizations, including this request	\$691,916,127	\$20,209,105	\$712,125,232
Remaining amount to be authorized	\$0	\$0	\$0

***Annual Budget Status and Source of Funds***

This project is included in the 2022-2026 capital budget and plan of finance with a budget of \$691.9 million. The funding sources include the Airport Development Fund, revenue bonds and Passenger Facility Charge revenue (PFCs).

***Financial Analysis and Summary***

Project cost for analysis	\$712,125,232
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base. Increasing use of PFCs reduces Port revenue as capital costs are excluded from airline rate base.
IRR/NPV (if relevant)	N/A
CPE Impact	\$0.86-\$1.45 depending on amounts of PFCs applied to ongoing revenue bond debt service

The funding plan includes approximately \$126 million of PFCs to fund construction costs. Capital costs funded with PFCs are excluded from the airline rate base and therefore do not impact passenger airline cost per enplaned passenger (CPE). The funding plan also includes the use of PFCs to pay some level of ongoing PFC-eligible revenue bonds debt service. Debt service paid by PFCs is also excluded from the airline rate base.

Meeting Date: April 26, 2022

**ATTACHMENTS**

(1) Presentation

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

**North Sea-Tac Airport Renovations (NorthSTAR) (CIP #C800544)**

May 14, 2019 – NorthSTAR Program status update

February 26, 2019 – NorthSTAR Program status update

November 13, 2018 – NorthSTAR Program status update

July 31, 2018 – NorthSTAR Program status update

May 22, 2018 – NorthSTAR Program status update

Jan 30, 2018 – NorthSTAR Program status update

Oct 24, 2017 – NorthSTAR Program status update

July 25, 2017 – NorthSTAR Program status update

April 25, 2017 – NorthSTAR Program status update

January 24, 2017 – NorthSTAR Program status update

September 13, 2016 – Request Commission authorization for the Chief Executive Officer to

(1) increase the North Satellite Renovation & North Satellite Transit Station Lobbies (NSAT) project scope and budget; (2) increase authorization for project design; (3) amend design service agreement with URS that exceeds 50% of the value of the original contract; and (4) increase authorization for Preliminary Work Package #2 (PWP #2) construction.

August 9, 2016 – NorthSTAR Program Status Update

May 24, 2016 – Commission authorized Chief Executive Officer to 1) increase the North Satellite project scope and budget; 2) increase authorization for NSAT design and overall project support; 3) amend service agreements with Jacobs Project Management Company and AECOM; and 4) authorize the use of port crews and small works contractors to perform work for the project.

February 23, 2016 – NorthSTAR Program status update

November 24, 2015 – NorthSTAR Program status update

July 14, 2015 – NorthSTAR Program status update

April 28, 2015 – NorthSTAR Program status update

January 27, 2015 – NorthSTAR Program status update

October 28, 2014 - NorthSTAR Program status update

August 19, 2014 - NorthSTAR Program status update

May 27, 2014 – NorthSTAR Program status update

January 14, 2014 – NorthSTAR Program status update

September 24, 2013 – NorthSTAR Program status update

June 25, 2013 –NorthSTAR Program status update

April 9, 2013 – The Commission authorized the Chief Executive Officer to enter into a project labor agreement covering the NorthSTAR program's five major construction projects.

March 26, 2013 –NorthSTAR Program status update

June 26, 2012 – The Commission received a briefing on the status of the Airline Realignment Program and budget restructuring in association with the NorthSTAR Program.

Meeting Date: April 26, 2022

April 10, 2012 – Authorizations for the North Sea-Tac Airport Renovations program for: 1) preliminary project funding; 2) execution of consulting contracts for design/construction support services and project management services; and 3) use of Port crews and consultants to conduct regulated materials management surveys and field support services for preliminary project planning tasks.

**North Satellite Renovation & North Satellite Transit Station Lobbies (CIP #C800556)**

March 10, 2020 – The Commission authorized

increase the North Satellite Modernization Project budget by \$40,000,000 (\$32 million capital and \$8 million expense) for a total project authorization of \$712,125,232.

August 15, 2017 – The Commission authorized

Increase the authorized budget by \$107,000,000 capital and \$500,000 expense and authorize the remaining \$261,547,392 capital and \$8,800,000 expense, amending the Hensel Phelps (HP) contract by \$161,563,526 for the final MACC to complete the project in Q3 2021. Authorize execution of all pending and future change orders to the HP contract within the authorized budget and project scope to avoid potential delays. Authorize Port crews to support NSAT construction and authorize Port staff to enter into a TRA with AS for the reimbursement of AS and Port responsible design efforts and improvements.

June 27, 2017 – The Commission authorized four NSAT related items:

increase project authorization for the North Satellite Renovation & North Satellite Transit Station Lobbies Project by \$200,000,000; execute Preliminary Work Amendment #3 (PWA #3) with Hensel Phelps (HP) for up to \$200,000,000; authorize Port staff to execute all change orders to the HP contract within authorized budget and project scope without returning for additional Commission authorization; and authorize Port Construction Services (PCS) to execute small works contracts and use Port crews to support NSAT construction

September 13, 2016 – The Commission authorized four NSAT related items:

the increase of project scope and budget (capital) by \$7,000,000 for the revised third floor layout to better accommodate the signature restaurant, provide 3,000 additional square feet of future airport related leasable space, and increase AS premium traveler lounge as requested by 4,850 square feet.

Increase authorization by \$1,000,000 for project design.

Amend design service agreements with AECOM that exceed 50% value of the original contract.

Increase authorization by \$30,000,000 to accommodate Preliminary Work Package #2 construction.

May 24, 2016 - The Commission authorized four NSAT related items:

Increase of project scope and budget (capital and expense) by \$121,219,098 for 30% & 60% design scope additions and risk contingencies

Increased authorization of \$11,000,000 for continued NorthSTAR Program/Project Management services and NSAT design and overall project support.

Amend service agreements with Jacobs Project Management Co. and AECOM.

Meeting Date: April 26, 2022

Authorize the use of port crews and small works contractors.

December 8, 2015 – The Commission authorized \$98,100,000 for the following:

Additional Pre-Construction services (\$1,200,000)

Construction auditing services

Preliminary Construction work

March 24, 2015 – The Commission authorized three NSAT related items:

Expand the baggage handling system increasing the project scope for \$14,400,000 and \$1,954,000 to complete the design.

Entering into a developer agreement with Puget Sound Energy and \$200,000 in reimbursement for the design and construction of underground gas infrastructure.

\$5,300,000 to Prepare four locations to accommodate temporary passenger loading bridges, to construct temporary construction offices; To complete construction of a Satellite Transit System (STS) North loop Dynamic Display system; \$600,000 in expense funds for regulated materials management for AS's tenant improvement project; and Approval to use Port crew labor and small works contractors to complete early project work.

August 5, 2014 – The Commission authorized expansion of the NSAT, \$191,323,143 budget increase, \$15,717,800 to complete the design, execute amendments to existing consulting contracts; execute future consulting contracts and use of and to advertise for General Contractor/Construction Manager (GC/CM) alternative public works contractor.

July 22, 2014 - NSAT Expansion Briefing

April 22, 2014 – Seattle-Tacoma International Airport Capital Program - Briefing

January 14, 2014 – NSAT expansion briefing.

May 28, 2013, Commission authorized the execution of separate service agreements for Construction Management Services and Commissioning Services, of approximate values of \$10 million and \$1.5 million.

December 11, 2012 – The Commission was briefed on the Vertical Conveyance Modernization Project Aero Phases 1 and 2 and the possibility of adding the specified elevators and escalators to the NorthSTAR program.

July 24, 2012 - Commission authorized \$32,000,000 for the design of the NorthSTAR NSAT Renovation and NSTS Lobbies project.

April 10, 2012 - The Commission authorized the execution of consultant contracts for design and construction support services; program management services; and the completion of site surveys for regulated materials management, for \$1,200,000.

# C800556 – NSAT Modernization

Wide Body / Common Use  
Gate N16



# Purpose & Scope

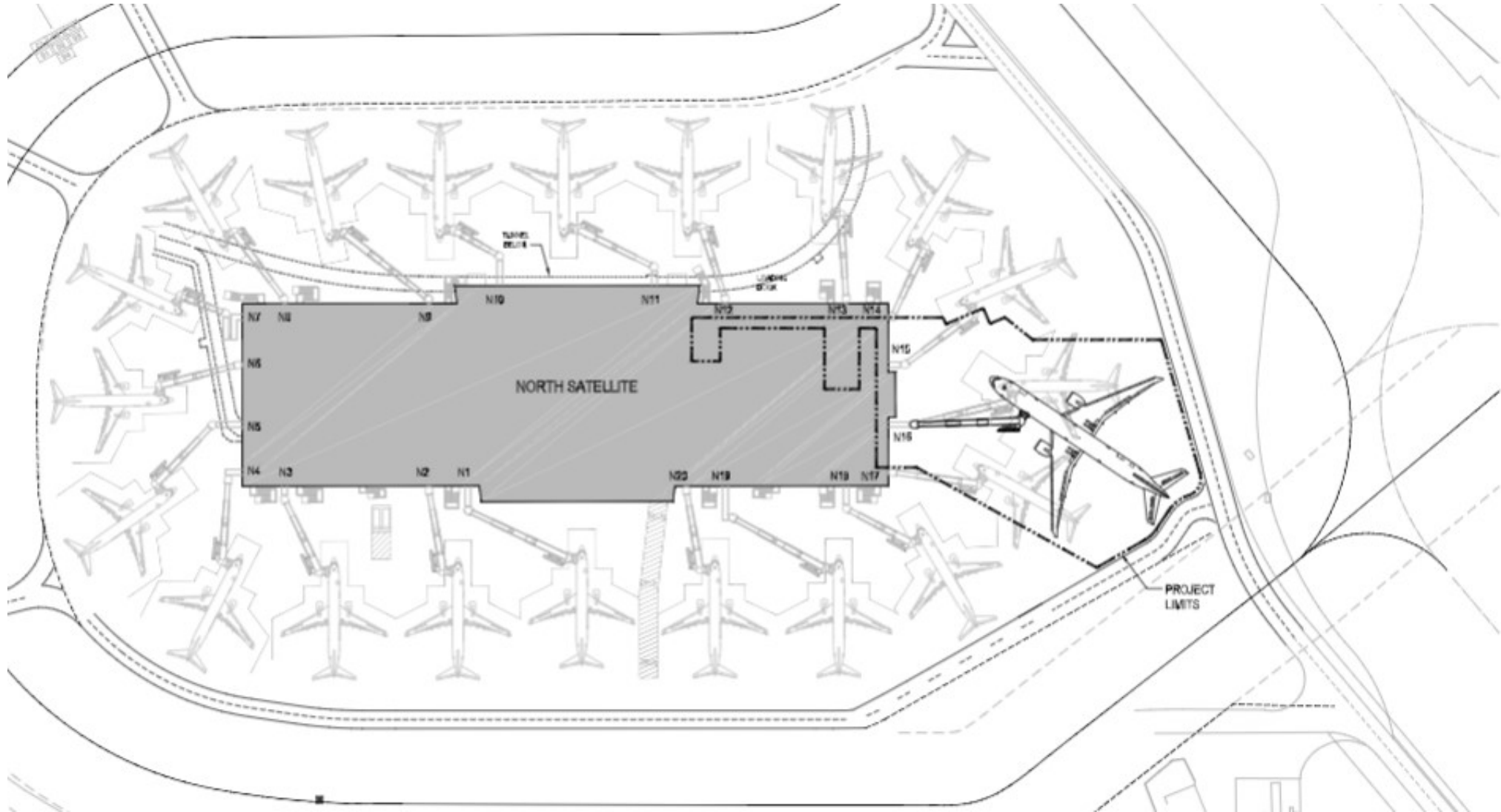
## Purpose:

Provide full functional Wide Body capacity at the North Concourse gate N16.

## Project Scope:

- Replace the undersized 400Hz units and conductors
- Replace the undersized PC Air units and supply piping
- Replace and relocate existing lighting poles with 80' poles
- Add one additional SafeDock unit to align with Wide Body position
- Refresh lead-in lines and safety envelopes as required
- Replace/reinforce gate area apron structures and panels.

# North Satellite – Gate N16 Wide Body



# Schedule



**CIP: C800556**

## **Key Schedule Milestones:**

- Design Start: Q2 2021
- Construction Start: Q3 2022
- In-Use Date: Q4 2022



# Risks and Mitigation

- Risk: Gate Availability
  - Mitigation: Ensuring the Gates can be shut down in order to complete the work
- Risk: Schedule
  - Mitigation: Maintaining the construction schedule to minimize gate outages



# Action Requested

Request Commission authorization for the Executive Director to execute a major public works construction contract to provide full functional wide body aircraft capacity at the Concourse N gate N16. This construction contract will provide flexibility to accommodate a wider array of aircraft to support wide body gate service.

This work is being completed as part of the original North Satellite Modernization at Concourse N project.

[RETURN TO AGENDA](#)

**COMMISSION  
AGENDA MEMORANDUM**

**Item No.**

8m

**ACTION ITEM**

**Date of Meeting**

April 26, 2022

**DATE :** April 6, 2022

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

**FROM:** Geraldine H Poor, Regional Transportation Senior Manager

**SUBJECT: Sound Transit Project Administration Agreement with the Port of Seattle related to the West Seattle and Ballard Link Extensions (WSBLE)**

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to (1) execute a Project Administration Agreement with Sound Transit to provide reimbursement to the Port of Seattle for the costs of certain services and products related to the Project and (2) execute task orders that are consistent with the agreement and do not exceed a combined total of \$5,000,000.

**EXECUTIVE SUMMARY**

This Project Administration Agreement (PAA) implements a commitment in the Partnering Agreement among Sound Transit, Port of Seattle (Port) and the Northwest Seaport Alliance (NWSA) for Sound Transit to provide reimbursement for costs of certain Port services and projects related to the West Seattle and Ballard Link Extensions (WSBLE) project.

**JUSTIFICATION**

The WSBLE Project is located within the City of Seattle. Port facilities will be affected by the project, as well as properties licensed to the NWSA. Our involvement in project planning is critical to the successful and timely delivery of the project.

The Port, NWSA and Sound Transit executed a project Partnering Agreement (GA 0089-20) on August 24, 2020, to document and confirm a mutual understanding of general terms and conditions to advance the implementation of the Project. This PAA addresses the commitment in Section 10.1.2 of the Partnering Agreement for the Parties to work cooperatively to negotiate in good faith a funding agreement to provide reimbursement to the Port for the costs of certain services and products related to the WSBLE Project.

This PAA has been reviewed and approved by Sound Transit and Port staff and legal counsel. The NWSA Managing Members approved the execution of a parallel agreement on April 6, 2022.

Meeting Date: April 26, 2022

***Diversity in Contracting***

This is not a contracting action; thus this is not applicable.

**DETAILS**

The PAA between Sound Transit and the Port addresses the commitment in Section 10.1.2 of the Partnering Agreement for the parties to work cooperatively to negotiate in good faith a funding agreement to provide reimbursement to the Port for the costs of certain services and products related to the Project. Following execution of the PAA, each agency's staff will collaborate to develop a Task Order.

***Schedule***

Sound Transit is the implementing agency for the WSBLE project. The Partnering Agreement extends through the Planning and Environmental Review phase but articulates that it may be extended into additional phases.

Regarding the Planning and Environmental Review phase schedule, Sound Transit's Draft Environmental Impact Statement (DEIS) is currently available for public review through April 28, 2022. The Sound Transit Board will confirm or modify the Preferred Alternative in 2022, leading to a Final EIS planned for 2023. The final project to be built would be selected by the Sound Transit Board and be followed by an FTA Record of Decision in 2023.

The West Seattle Link Extension design phase is planned for 2023-2027, with construction underway from 2026-2032. The design phase for the Ballard Link Extension and downtown Seattle light rail tunnel is expected to begin in 2023 and be completed in 2027. Construction and testing for Ballard and downtown are expected to begin in 2026 and be completed in 2037-2039.

**FINANCIAL IMPLICATIONS**

The PAA is a good faith funding agreement for ST to reimburse Port staff time for certain services during the Planning and Environmental Phase, resulting in a positive financial impact.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides
- (2) Draft Project Administration Agreement

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

On July 2, 2020, the Port Commission approved a Partnering Agreement among Sound Transit (ST), the Port of Seattle (Port) and The Northwest Seaport Alliance (NWSA) for the West Seattle Ballard Link Extensions (WSBLE), GA 0089-20. This action was a dual vote of the boards of the NWSA and Port at a Managing Members meeting.

On April 3, 2018, Sound Transit staff briefed the NWSA Managing Members on the West Seattle Ballard Link Extensions.

Staff provides regular Sound Transit updates to the Port Commission.

**PROJECT ADMINISTRATION AGREEMENT BETWEEN  
THE CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY  
AND THE PORT OF SEATTLE FOR THE  
WEST SEATTLE AND BALLARD LINK EXTENSIONS PROJECT**

**GA 0214 – 20**

THIS PROJECT ADMINISTRATION AGREEMENT ("Agreement") is between the CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY, a regional transit authority organized under 81.112 RCW ("Sound Transit"), and the PORT OF SEATTLE, a Washington municipal corporation (the "Port") (collectively, the "Parties" and each individually a "Party")

**RECITALS**

- A. The West Seattle and Ballard Link Extensions (WSBLE) Project ("Project") is an approximately 11.8-mile Link light rail expansion from downtown Seattle to West Seattle's Alaska Junction neighborhood and from downtown Seattle to Ballard's Market Street area. The Project is part of the Sound Transit 3 (ST3) System Plan of regional transit system investments, approved for funding by voters in the region in 2016.
- B. The Port, Northwest SeaPort Alliance ("NWSA") and Sound Transit executed a Partnering Agreement for the Project (GA 0089-20) on August 24, 2020 (the "Partnering Agreement"), to document and confirm a mutual understanding of general terms and conditions to advance the implementation of the Project.
- C. This Agreement addresses the commitment in Section 10.1.2 of the Partnering Agreement for the Parties to work cooperatively to negotiate in good faith a funding agreement to provide reimbursement to the Port for the costs of certain services and products related to the Project.
- D. The Partnering Agreement guided the development of this Agreement, and the applicable terms and conditions of the Partnering Agreement will also apply to this Agreement as described herein.

**AGREEMENT**

**1. General**

- 1.1. Purpose. The Project is located within the City of Seattle. The Port operates facilities in the Project area. The Port facilities will be affected by the Project and the Port's involvement in Project planning is critical to the successful and timely delivery of the Project. The Port, NWSA, and Sound Transit will work together to prepare, review, and approve agreements between or among one another, and Sound Transit will prepare construction plans and secure property rights and approvals from the Port, NWSA, and



other entities for the construction of Sound Transit's facilities. The intent of this Agreement is to establish a Task Order process for Sound Transit to reimburse the Port for certain costs related to Project development. It is anticipated that a separate agreement or amendments to this Agreement may be needed and developed by the Parties for reimbursement of certain Project-related construction services and assistance.

- 1.2. Incorporation of Recitals. The foregoing recitals are incorporated into this Agreement as if set forth in full herein.

## **2. Task Orders for Port Services**

- 2.1 Principles for Determining Eligible Reimbursable Costs. Sound Transit agrees to pay the Port for the costs associated with particular tasks that:

- a. Are required because of implementation of the Project in proximity to Port facilities and are not otherwise the Port's responsibility to undertake; or
- b. Are directly related to the Project, are essential to meeting Project objectives and schedule, and support Project design, permitting, and construction activities, such as documentation of durable and specific Project commitments and approval services, documented decisions and other types of agreements furthering implementation of the Project; or
- c. Respond to requests made by Sound Transit to provide Project-related technical information such as data, reports, or studies or to provide engineering or design services for Port owned utilities or other public works affected by the Project; or
- d. Sound Transit asks the Port to undertake and has negotiated a Task Order as described in Section 2.3, or other written agreement, for payment to the Port.

- 2.2 In general, Sound Transit will not pay the Port for costs associated with the following:

- a. Coordination between Sound Transit and the Port normally provided between government agencies.
- b. Port services provided in the ordinary course of business and on the Port's usual time and schedule for which the Port does not ordinarily charge fees.
- c. Port services or costs associated with betterments or other improvements that the Parties agree are not part of the Project scope.

- 2.3 Task Order Development. Sound Transit will request that the Port perform specific

work under this Agreement through written Task Orders. This Agreement applies to Project work beginning after [REDACTED], 2022. Task Orders will be prepared by Sound Transit, reviewed by the Port, and executed by the Parties for each work effort to be covered by this Agreement. Task Orders will be in a format similar to that shown in Exhibit A. Each Task Order will include a scope of work, a schedule of work, and a detailed cost estimate that establishes a maximum funding level for the Task Order. Each Task Order will be executed by the authorized designees of Sound Transit and the Port and will incorporate by reference the terms and conditions of this Agreement.

2.4 Task Order Management. For each Task Order, the Port will provide quarterly progress reports to Sound Transit indicating the amount spent and estimated cost to complete each scope and budget element included in the Task Order. If actual costs are anticipated to exceed the amount of the Task Order, the Designated Representatives (or designees) will prepare a mutually agreeable cost estimate to complete the work and develop an appropriate course of action, which may include amending the Task Order or executing a new Task Order.

2.5 Eligible Costs.

- a. The following costs will be eligible for reimbursement:
  - i. Employees: (1) the applicable employees' direct salaries and benefits; and (2) associated indirect costs as adopted in a Port fee schedule, provided that the fee schedule is reasonable and consistent with subsection (b) of this section; charged on an hourly basis at the rates in effect at the time the charges are incurred.
  - ii. Consultants. Direct costs incurred by the Port to retain consultants to work on the Project for otherwise reimbursable activities as set forth in this Agreement.
- b. Ineligible Costs. This Agreement does not cover Port's normal capital and operating expenses such as buildings, office equipment, maintenance, security, utilities, or vehicles.

2.6 Performance. If the Port does not perform the services described in the Task Orders, and if the failure to perform is solely attributable to the Port's actions or inactions, appropriate corrective action will be discussed and agreed upon by the Designated Representatives. Should the corrective action not be agreed upon or resolve the problem within one (1) week, the Dispute Resolution Process identified in the Partnering Agreement may be invoked and Sound Transit may request specific resolutions including a reduction of reimbursable costs owed by Sound Transit to the Port.

### **3. Invoicing**

- 3.1 The Port will submit quarterly invoices and supporting documentation for Task Order payments. The invoices must include a signed invoice template, which Sound Transit will provide, a progress report including a description of services provided by the Port, Sound Transit purchase order number, and supporting documentation detailing the work completed, associated eligible costs (such as rates, paid invoices of other eligible direct costs, etc.), and an estimated cost to complete each scope and budget element included in the Task Order.
- 3.2 The Port will submit its invoices with the required documentation via email to [AccountsPayable@SoundTransit.org](mailto:AccountsPayable@SoundTransit.org). Invoices will be paid within thirty (30) days of Sound Transit's receipt of the invoice and acceptable and complete supporting documentation pursuant to Section 3.3, below.
- 3.3 If Sound Transit determines that an invoice lacks sufficient documentation to support payment, Sound Transit will notify the Port's Designated Representative of its determination within thirty (30) days of receipt of the invoice and will request that the Port provide additional documentation. Sound Transit may withhold payment of the disputed portion of the invoice until supporting documentation is provided. However, such approval will not be unreasonably withheld.

### **4. Suspension and Termination**

- 4.1 If the Port has not received payment from Sound Transit as provided in Section 3.2, the Port may suspend performance of all or any part of the associated work after giving Sound Transit thirty (30) days' notice of the Port's intent to do so. Such suspension will remain in effect until payment is made in full, at which time the suspension will be lifted.
- 4.2 Either Party may terminate this Agreement for cause in the event that the other Party fails to fulfill its material obligations under this Agreement in a timely manner or breaches any material provision of this Agreement and the Dispute Resolution Process identified in Section 10 of the Partnering Agreement has failed to reach resolution within the timelines described therein. The Party wishing to terminate this Agreement for cause will provide the other Party with notice of its intent to terminate and will give the other Party an opportunity to correct the failure to perform or breach within thirty (30) days of the notice or within such longer period as may be necessary in the event that correction cannot reasonably be accomplished within thirty (30) days. If the failure or breach is not corrected or cured, this Agreement may be terminated by the aggrieved Party by giving ninety (90) days' notice to the other Party.

- 4.3 This Agreement will also terminate upon written mutual consent of the Parties.
- 4.4 Except as provided in this Section, a termination by either Party will not extinguish or release either Party from liability for costs or obligations existing as of the date of termination. Any costs incurred prior to proper notification of termination will be borne by the Parties in accordance with the terms of this Agreement.

## 5. Indemnity

- 5.1. Each Party (an "Indemnifying Party") agrees to hold harmless, indemnify, and defend the other Party's elected officials, officers, agents, and employees (the "Indemnified Party"), from and against any and all claims, losses or liability, for injuries, sickness or death of persons, including employees of the Indemnifying Party, or damages, arising out of any willful misconduct or negligent act, error, or omission of the indemnifying Party, its officers, agents, or employees, in connection with the services required by this Agreement, provided, however, that: (A) the Indemnifying Party's obligations to indemnify, defend and hold harmless will not extend to injuries, sickness, death, or damage caused by or resulting from the sole willful misconduct or sole negligence of the Indemnified Party; and (b) the Indemnifying Party's obligations to indemnify, defend and hold harmless for injuries, sickness, death, or damage caused by or resulting from the concurrent negligence or willful misconduct of the Indemnifying Party and the Indemnified Party, or of the Indemnifying Party and a third party other than an elected official, officer, agent, or employee of the Indemnifying Party, will apply only to the extent of the negligence or willful misconduct of the Indemnifying Party's elected officials, officers, agents, or employees. The Indemnifying Party specifically assumes potential liability for any claim, demand, and/or cause of action brought by, or on behalf of, any of its employees or agents against the Indemnified Party. FOR THIS PURPOSE, EACH INDEMNIFYING PARTY, BY MUTUAL NEGOTIATION, HEREBY WAIVES, WITH RESPECT TO THE INDEMNIFIED PARTY ONLY, ANY IMMUNITY THAT WOULD OTHERWISE BE AVAILABLE TO IT AGAINST SUCH CLAIMS UNDER THE INDUSTRIAL INSURANCE PROVISIONS OF TITLE 51 RCW OR ANY APPLICABLE INDUSTRIAL INSURANCE, DISABILITY, OR EMPLOYEE BENEFIT ACT OF ANY OTHER JURISDICTION THAT WOULD BE APPLICABLE IN CASE OF SUCH A CLAIM.
- 5.2. Each Party agrees to bear full responsibility for any and all tax liabilities owed that may arise in relation to this Agreement, and each Party will fully indemnify and hold the other Party, its officers, agents and employees harmless from any tax liability owed by the other Party arising from or related to the transactions set forth herein, including, but not limited to, any taxes, penalties, fines, and/or interest assessed by any tax authority against the indemnifying Party and further including all attorneys' fees and

costs incurred in response to any claims or assessments by any tax authority against the Indemnifying Party, its officers, agents, and employees.

- 5.3. The obligations in this Section 5 will survive termination or completion of this Agreement as to any claim, loss, or liability arising from events occurring prior to such termination or completion.

## **6. Audits**

- 6.1. Each Party will maintain accounts and records following Generally Accepted Accounting Principles, including contract and financial records that sufficiently and properly reflect all direct and indirect costs of any nature expended for work performed under this Agreement so as to ensure proper accounting for all monies paid to the Port by Sound Transit. These records will be maintained for a period of six (6) years after termination or expiration of this Agreement unless permission to destroy the records is granted by the Office of the Archivist pursuant to chapter 40.14 RCW and agreed upon by the Parties.
- 6.2. The Port will make all Project records available for Sound Transit inspection upon Sound Transit's reasonable request for same. Audits may be performed by Sound Transit or its independent public accountants to ensure compliance with and enforcement of this Agreement. Should the audit determine that funds from Sound Transit have been used for expenses that were ineligible, the Port will reimburse Sound Transit for such amounts.

## **7. General Provisions**

- 7.1. Neither Party will be relieved of its obligations to comply promptly with any provision of this Agreement by reason of any failure by the other Party to enforce prompt compliance therewith, and such failure to enforce will not constitute a waiver of rights or acquiescence in the other Party's conduct.
- 7.2. If either Party brings any claim or lawsuit arising from this Agreement, each Party will pay all its legal costs and attorneys' fees and expenses incurred in defending or bringing such claim or lawsuit, including all appeals, in addition to any other recovery or award provided by law; however, nothing in this paragraph will be construed to limit the Parties' rights to indemnification.
- 7.3. The following terms and conditions of the Partnering Agreement are incorporated by reference into this Agreement: 1. Project Management, 11. Dispute Resolution, 16. Notices, 17. Federal Provisions, 18. General Provisions, 19. Amendments, and 20. Severability.
- 7.4. Sound Transit's Project may become subject to a financial assistance contract

between Sound Transit and the Federal Transit Administration (FTA). The Parties recognize that changes to this Agreement may be necessary to comply with the FTA funding requirements.

IN WITNESS WHEREOF, each Party has executed this Agreement by having its authorized representative affix his/her name in the appropriate space below:

Port OF SEATTLE, a municipal corporation

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

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

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

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

Approved as to form:

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

Marie Quasius, Senior Port Counsel

CENTRAL PUGET SOUND REGIONAL TRANSIT AUTHORITY, a regional transit authority:

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

Name: Peter M. Rogoff

Title: Chief Executive Officer

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

Authorized by Motion No: \_\_\_\_\_

Approved as to form:

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

Natalie Moore, Legal Counsel

Exhibits

A.Task Order Format

Exhibit A  
Task Order Format

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Task Order to the  
PROJECT ADMINISTRATION AGREEMENT BETWEEN THE Port AND  
SOUND TRANSIT  
FOR THE WEST SEATTLE AND BALLARD LINK EXTENSIONS PROJECT

This Task Order is issued under the Project Administration Agreement between the Port and Sound Transit executed on \_\_\_\_\_ (GA \_\_\_\_\_) "Project Administration Agreement." This Task Order establishes the scope, schedule, and budget for the services ("Services") provided by the Port for the Sound Transit West Seattle and Ballard Link Extensions Project. The Port agrees to perform the Services in the manner set forth in this Task Order. The terms and conditions of the Project Administration Agreement are incorporated by reference into this Task Order.

The effective date of this Task Order is \_\_\_\_\_ 20\_\_\_\_ ,

The end date of this Task Order is \_\_\_\_\_ 20\_\_\_\_ , or as otherwise agreed to in writing by the Designated Representatives of the Parties.

Task Order Description. General Description of the work to be performed. May also include definitions if helpful/appropriate.

- The Scope of Work is included as Exhibit 1.
- The Schedule is included as Exhibit 2.
- The Cost Estimate is included as Exhibit 3.

Each of the Parties has executed this Task Order by having its authorized representative affix his/her name in the appropriate space below:

For the Port:

For Sound Transit:

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Signature

---

Signature

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name, Port Counsel

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name, Legal Counsel



**Task Order Exhibit 1: Scope of Work.**

*The scope should be fully developed and provide a detailed description of work to be provided under each Task Order.*

**Task Order Exhibit 2: Estimated Schedule.**

*The schedule should match the tasks included in the Project Scope.*

Task	Start Month	End Month

**Task Order Exhibit 3. Cost Estimate.**

*Spreadsheet to be inserted. Use tasks and schedule to develop cost estimate based on labor rate and expenses.*

# Authorization For

West Seattle and Ballard Link Extensions

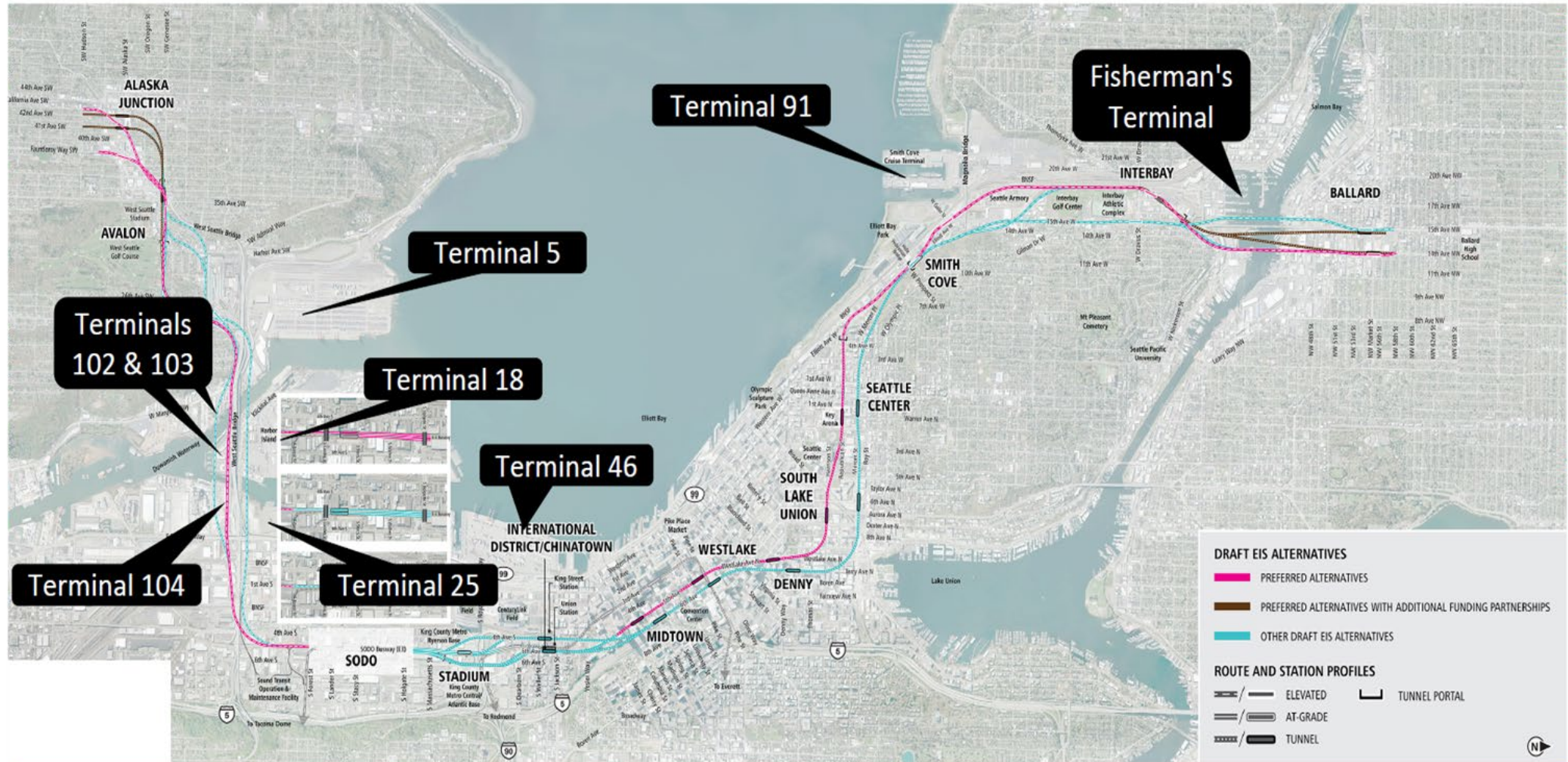
## Project Administrative Agreement

between Sound Transit and the Port of Seattle

Presenter: Geraldine Poor  
Regional Transportation Senior Manager  
Port of Seattle



# Draft EIS alternatives



# Project Administration Agreement

## West Seattle Ballard Link Extensions Project

- Addresses commitment in Section 10.1.2 of the Partnering Agreement to negotiate funding agreements
- Allows for reimbursement to the Port for costs of certain services and products
- Does not reimburse POS for work that would otherwise be performed by POS/NWSA (e.g. EIS review)
- Following execution of agreements, staff will develop task orders

# Project Administration Agreement

## West Seattle Ballard Link Extensions Project

Request Commission authorization for the Executive Director to:

- 1) execute a Project Administration Agreement with Sound Transit to provide reimbursement to the Port for the costs of certain services and products related to the Project and
- 2) execute task orders that are consistent with the agreement and do not exceed a combined total of \$5,000,000.

[RETURN TO AGENDA](#)

**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 8n

**ACTION ITEM**

**Date of Meeting** April 26, 2022

**DATE:** April 14, 2022

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

**FROM:** Wayne Grotheer, Director Aviation Project Management  
Dawn Hunter, Interim Chief Operating Officer

**SUBJECT: C Concourse Expansion Budget Authorization and Transfer  
(CIP# C800845)**

**Amount of this request:** \$15,500,000

**Total estimated project cost:** \$324,500,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to (1) authorize up to an additional \$15,500,000 of the C Concourse Expansion budget to fund baggage transfer line work, (2) transfer up to \$15,500,000 in funds from the C Concourse Expansion Project (CIP# C800845) to the Baggage Optimization Project (CIP# C800612), (3) request authorization to execute a Project Labor Agreement.

**EXECUTIVE SUMMARY**

The C Concourse Building Expansion (CCE) was created to address shortfalls in Airport Dining and Retail (ADR) capacity, public amenities, office space, and premium lounge space. The project is located at the intersection of Concourses C and D and will add four floors to the existing three floor structure.

At this time, the project is programmed to provide additional food and beverage space, retail space, and lounge space. The public amenities being provided include new restrooms, a meditation room, a sensory room, nursing suites, and an “outdoor” public lookout.

This authorization will transfer funds from the C Concourse Expansion to the Baggage Optimization Project (BOP) for the design, construction, and phasing of baggage transfer lines that are in the C Concourse Expansion footprint.



Meeting Date: April 26, 2022

### **JUSTIFICATION**

The baggage system is a complicated system that requires specialized experience to design, construct, and operate. Outages or impacts to one part of the system can have airport wide effects. Because of the complexity and interdependency, the C Concourse Expansion project has been working with the Baggage Optimization team to coordinate the relocation and phasing of transfer lines that are inside of the CCE construction footprint. During these partnering sessions it was determined that the most efficient way of executing the transfer line relocations is for the BOP team to manage this scope of work.

The Baggage Optimization Project has the expertise required to execute this work expeditiously with minimal disruptions to the larger baggage system. Transferring this scope and budget would enable the CCE team to start enabling work in Quarter 2 of 2022 since the BOP team would be able to leverage their knowledge and resources to remove and relocate transfer lines much more quickly than the CCE team can accomplish.

The funds to be transferred are over and above what was originally estimated and scoped. The original scope of the CCE project was to relocate exiting transfer lines and open them for use at the end of the project. Since the project was initially conceived, the transfer line requirements have changed. The project will now provide at least one transfer line for use by the airlines for the duration of the project. This will necessitate complicated phasing and the demolition and rebuilding of portions of the transfer lines multiple times. Because of this, the project will be utilizing approximately two thirds of the program contingency to cover the additional cost. At a later date, the project team may return to Commission to authorize a budget increase that will replenish the program contingency.

### ***Diversity in Contracting***

Baggage Optimization Phase 2 has a WMBE goal of 2%. This is due to the nature of the scope of work primarily being baggage conveyors and limited building work.

### **DETAILS**

The preliminary scope of work to be executed by the Baggage Optimization Project includes:

- (1) Temporary removal of the C94 transfer line
- (2) Temporary reinstall of the C94 transfer line
- (3) Permanent removal of the TX7 transfer line
- (4) Design and construction of a new D1 transfer line
- (5) Feasibility review, design and construction of a new permanent C94 configuration

### ***Schedule***

The following schedule represents the overall C Concourse Expansion Project:

Meeting Date: April 26, 2022

Commission design authorization	2020 Quarter 2
Design start	2021 Quarter 1
Commission construction authorization early work packages	2021 Quarter 2
Construction start early work packages	2022 Quarter 2
Commission construction authorization	2022 Quarter 4
In-use date	2027 Quarter 2

This Request

Total Project

**Cost Breakdown**

Design	\$2,100,000	\$51,000,000
Construction	\$13,400,000	\$273,500,000
Total	\$15,500,000	\$324,500,000

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Have the C Concourse Expansion Project perform the design and construction of the baggage transfer lines

Cost Implications: Minimum of \$15,500,000

Pros:

- (1) Does not burden Baggage Optimization project with additional C Concourse Expansion scope.
- (2) No budget transfer required.

Cons:

- (1) Risk of cost and schedule premiums since the C Concourse Expansion does not have the applicable expertise to manage this portion of work.
- (2) Increased potential for the C Concourse Expansion baggage work to cause issues to the larger baggage system.

This is not the recommended alternative.

**Alternative 2** – Transfer funds from the C Concourse Expansion to the Baggage Optimization Project

Cost Implications: \$15,500,000

Pros:

- (1) Baggage Optimization has the correct skillset and experience to perform the scope of work quickly and correctly.

Meeting Date: April 26, 2022

- (2) Baggage Optimization understands the larger baggage systems and how and where to tie into the system.

Cons:

- (1) Both projects need close coordination for the phasing and timing to be successful. There is a potential that one program could delay the other.
- (2) Depletes program contingency.

*This is the recommended alternative.*

**FINANCIAL IMPLICATIONS**

<b><i>Cost Estimate/Authorization Summary</i></b>	<b>Capital</b>	<b>Expense</b>	<b>Total</b>
<b>COST ESTIMATE</b>			
<b>Original estimate</b>	\$331,776,000	\$8,224,000	\$340,000,000
<b>Transfer to BOP</b>	(\$15,500,000)	\$0	(\$15,500,000)
<b>Revised Estimate</b>	\$316,276,000	\$8,224,000	\$324,500,000
<b>AUTHORIZATION</b>			
<b>Previous authorizations</b>	\$86,174,000	\$7,926,000	\$94,100,000
<b>Current request for authorization (Concourse C Expansion)</b>	\$15,500,000	\$0	\$15,500,000
<b>Total Auth, including this request (Concourse C Expansion)</b>	\$101,674,000	\$7,926,000	\$109,600,000
<b>Transfer of Authorization to BOP</b>	(\$15,500,000)	\$0	(\$15,500,000)
<b>Remaining amount to be authorized (Concourse C Expansion)</b>	\$230,102,000	\$298,000	\$230,400,000

Meeting Date: April 26, 2022

***Annual Budget Status and Source of Funds***

This project is included in the 2022-2026 capital budget and plan of finance with a budget of \$340,000,000. The capital budget decrease of \$8,224,000 would be transferred to the Aeronautical Allowance CIP C800753. The expense budget would be included in the Aviation Division's annual operating expense budget. The funding sources will include the Airport Development Fund and future revenue bonds. This project was approved by airlines through a Majority-In-Interest (MII) vote in April 2021.

***Financial Analysis and Summary***

Project cost for analysis	\$340,000,000*
Business Unit (BU)	Terminal Building
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base.
IRR/NPV (if relevant)	PV (40 years) for non-aero \$44.5 million
CPE Impact	\$0.68 in 2028

\* Financial implication for this project has not changed, but the \$15.5 million is being transferred to the Baggage Optimization project.

***Future Revenues and Expenses (Total cost of ownership)***

As presented on April 27, 2021, when completed the project will generate incremental nonairline revenues of \$12 million by 2028 and over \$15 million by 2031. Aeronautical revenues will also increase as the allocated operating and capital costs (debt service) are included in airline terminal rate base.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- April 12, 2022 - C Concourse Expansion Briefing
- March 8, 2022 – Authorization to execute a Service Agreement for a third-party Commissioning Agent
- April 27, 2021 – C1 Building Project Additional Design and General Contractor/Construction Manager Early Work Authorization – Special Inspection and Testing Authorization
- May 26, 2020 – C1 Building Project Design and General Contractor/Construction Manager Authorization
- March 10, 2020 – C1 Building Project Briefing and Introduction
- June 26, 2018 – C1 Building Project Authorization for Planning Funds

Meeting Date: April 26, 2022

- July 11, 2017 – The Commission authorized (1) advertise and execute a construction contract for the Gate C3 Holdroom Expansion project at Seattle-Tacoma International Airport; and (2) use Port crews in executing the project
- January 26, 2016 – The Commission authorized design of an expansion for the existing Gate C3 passenger Holdroom at Seattle-Tacoma International Airport

# C Concourse Expansion

## Budget Transfer and PLA

April 26, 2022

# C Concourse Expansion





# C Concourse Expansion

- Project Purpose
  - Add four floors to the existing C1 Building
  - Increase Airport Dining and Retail offerings
  - Increase leasable office space
  - Increase airline lounge capacity
  - Increase C3 holdroom size
  - Add passenger amenities (restrooms, meditation room, nursing rooms)
- Budget Authorization and Transfer Purpose
  - Maintain airline access to baggage transfer lines during construction
  - Build permanent baggage transfer input locations that will serve the airlines after construction
  - Baggage equipment requires special knowledge to design and install. Baggage Optimization Project has the expertise.



# C Concourse Expansion

- Schedule Milestones
  - Q2 2022 Enabling Construction start
  - Q3 2022 60% Design submitted for review
  - Q1 2023 90% Design submitted for review
  - Q2 2023 Construction start
  - Q1 2026 Early Completion
  - Q2 2027 Late Completion

[RETURN TO AGENDA](#)

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

**NOTICE OF A SPECIAL MEETING**

A Special Meeting of the Industrial Development Corporation of the Port of Seattle will be held virtually on Tuesday, April 26, 2022, via MS Teams in accordance with Senate Concurrent Resolution 8402 and the Governor's Proclamation 20-28, during a recess of the Port of Seattle Commission Regular Meeting, which convenes at 12:00 p.m. The Agenda includes:

1. Approval of the proposed minutes of the Industrial Development Corporation of the Port of Seattle Special Meeting of May 11, 2021.
2. Approval of the Industrial Development Corporation of the Port of Seattle Board of Directors and Officers for 2022.
3. Review, as needed, of the Annual Report for the Industrial Development Corporation for year ending December 31, 2021.
4. Attachment for reference: Overview of the Industrial Development Corporation and Frequently Asked Questions (FAQs).

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

## **INDUSTRIAL DEVELOPMENT CORPORATION AGENDA**

<b>Item No.</b>	<u>1</u>
<b>Date of Meeting</b>	<u>April 26, 2022</u>

**DATE:** March 11, 2022

**TO:** Steve Metruck, Executive Director

**FROM:** Scott Bertram, Manager – Corporate Finance & Budget

**SUBJECT:** Approval of the Proposed Minutes of the Industrial Development Corporation of the Port of Seattle Meeting of May 11, 2021

### **ACTION REQUESTED:**

Request Board approval of the proposed minutes of the Industrial Development Corporation of the Port of Seattle meeting of May 11, 2021. Draft minutes have been circulated to the Board of Directors and approved minutes will be posted to the Port's website.

## **INDUSTRIAL DEVELOPMENT CORPORATION AGENDA**

<b>Item No.</b>	<u>2</u>
<b>Date of Meeting</b>	<u>April 26, 2022</u>

**DATE:** March 11, 2022

**TO:** Steve Metruck, Executive Director

**FROM:** Scott Bertram, Manager – Corporate Finance & Budget

**SUBJECT:** Election of Officers

### **REQUESTED ACTION:**

Request Board approval of the Industrial Development Corporation of the Port of Seattle Board of Directors and Officers for 2022.

### **BACKGROUND:**

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

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

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

## **INDUSTRIAL DEVELOPMENT CORPORATION AGENDA**

<b>Item No.</b>	<u>3</u>
<b>Date of Meeting</b>	<u>April 26, 2022</u>

**DATE:** March 11, 2022

**TO:** Steve Metruck, Executive Director

**FROM:** Scott Bertram, Manager – Corporate Finance & Budget

**SUBJECT:** Industrial Development Corporation Annual Report for 2021

### **SYNOPSIS:**

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

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

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

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

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

## **ANNUAL REPORT SUMMARY:**

Attached are the financial statements of the IDC. The IDC had assets totaling \$303,460 at year-end 2021, which consists primarily of existing cash & cash equivalents. The IDC had total revenues of \$20,412, generated from customer fees and interest earnings.

## **STATUS OF IDC BONDS:**

As of December 31, 2021, there was one company with outstanding IDC debt totaling \$66,025,000, as shown in the table below. On December 31, 2021, Crowley Marine Services (“Crowley”) paid down its outstanding IDC debt.

<b>Company</b>	<b>Outstanding Debt</b>	<b>Maturity</b>
Crowley Marine Services	\$ 0	2021
Delta Air Lines, Inc. <sup>(1)</sup>	66,025,000	2030
<b>TOTAL</b>	<b>\$ 66,025,000</b>	

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

## **MANAGEMENT DISCUSSION:**

The IDC has collected customer fees from these companies based on a percentage of their annual debt service. The fee can be paid annually or via a one-time lump sum payment at the time the company issues bonds. Delta made a one-time lump-sum payment (calculated using the present value of debt service over the life of the bonds) in 2012 when they refunded of the Northwest Airlines bonds, whereas Crowley paid its customer fees annually. Customer fees collected from Crowley in 2021 amounted to \$17,417, an increase from 2020 due to the larger 2021 debt service associated with Crowley paying off its IDC debt in 2021. As such, the IDC will no longer collect associated customer fees going forward.

IDC funds are invested in the Port’s investment pool and the allocated interest income to the IDC in 2021 was \$2,995. The investment income for 2022 is projected to be approximately \$5,000.

The IDC incurred expenses of \$665 in 2021 and consisted exclusively of Port’s staff administrative time.

The IDC’s charter permits its funds to be transferred only to the Port. Under an amendment to RCW 39.84.130, IDC funds that are not otherwise encumbered for the payment of revenue bonds and are not anticipated to be necessary for administrative expenses of the IDC may be transferred to the Port to be used for growth management, planning or other economic development purposes. In order to transfer funds, the Board of Directors of the IDC needs to adopt a resolution authorizing the transfer. Any transfer of funds would reduce the assets of the IDC and the interest earnings on these assets. No such transfer was requested nor made in 2021. All IDC funds will be transferred to the Port on dissolution, which can occur upon final redemption of all outstanding IDC bonds, currently scheduled in 2030.

## **MINIMUM FUND BALANCE RECOMMENDATION:**

Staff recommends that the IDC maintain the current balance of ~\$300,000 to ensure adequate investment earnings to fund annual operating and future audit expenses; the next audit will occur in 2022. The low interest rate environment requires a higher fund balance to earn sufficient interest earnings to cover these anticipated expenses and there are no additional sources of funds. If interest rates continue to rise Staff will re-evaluate uses of existing IDC cash and potentially lower the recommended fund balance in future years.

**INDUSTRIAL DEVELOPMENT CORPORATION  
OF THE PORT OF SEATTLE  
BALANCE SHEET  
AS OF DECEMBER 31 2021, 2020, & 2019**

	December 31, 2021	December 31, 2020	December 31, 2019
<hr/>			
ASSETS			
Cash and Cash Equivalents	\$ 286,043	\$ 283,585	\$ 280,253
Accounts Receivable	17,417	128	274
TOTAL ASSETS	<u>\$ 303,460</u>	<u>\$ 283,713</u>	<u>\$ 280,527</u>
LIABILITIES AND EQUITY			
Accounts Payable	\$ -	\$ -	\$ 1,159
Equity	303,460	283,713	279,368
TOTAL LIABILITIES & EQUITY	<u>\$ 303,460</u>	<u>\$ 283,713</u>	<u>\$ 280,527</u>

**INDUSTRIAL DEVELOPMENT CORPORATION  
OF THE PORT OF SEATTLE  
INCOME STATEMENT  
AND CHANGES IN EQUITY  
For The Years Ended December 31 2021, 2020, & 2019**

	December 31, 2021	December 31, 2020	December 31, 2019
<hr/>			
INCOME			
Customer Fee	\$ 17,417	\$ 128	\$ 274
Investment Income	2,995	5,467	6,168
TOTAL INCOME	<u>\$ 20,412</u>	<u>\$ 5,595</u>	<u>\$ 6,441</u>
<hr/>			
EXPENSE			
Administrative Expense	\$ 665	\$ 1,250	\$ 1,680
Other Expense - State Audit			1,000
TOTAL EXPENSE	<u>\$ 665</u>	<u>\$ 1,250</u>	<u>\$ 2,680</u>
<hr/>			
NET INCOME	<u>\$ 19,747</u>	<u>\$ 4,345</u>	<u>\$ 3,761</u>
<hr/>			
BEG. EQUITY	\$ 283,713	\$ 279,368	\$ 275,607
ENDING EQUITY	<u>\$ 303,460</u>	<u>\$ 283,713</u>	<u>\$ 279,368</u>



**INDUSTRIAL DEVELOPMENT CORPORATION  
OF THE PORT OF SEATTLE  
STATEMENT OF CASH FLOWS  
For The Years Ended December 31 2021, 2020, & 2019**

	December 31, 2021	December 31, 2020	December 31, 2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash received from bond issuers	\$ 128	\$ 274	\$ 257
Cash paid for expenses	(665)	(2,409)	(1,522)
Net cash provided by operating activities	<u>\$ (537)</u>	<u>\$ (2,135)</u>	<u>\$ (1,264)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Interest on investments	\$ 2,995	\$ 5,467	\$ 6,168
Net cash provided by investing activities	<u>\$ 2,995</u>	<u>\$ 5,467</u>	<u>\$ 6,168</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	 \$ 2,458	 \$ 3,331	 \$ 4,903
<b>CASH AND CASH EQUIVALENTS</b>			
Beginning of year	<u>\$ 283,585</u>	<u>\$ 280,253</u>	<u>\$ 275,350</u>
End of year	<u>\$ 286,043</u>	<u>\$ 283,585</u>	<u>\$ 280,253</u>

## **INDUSTRIAL DEVELOPMENT CORPORATION AGENDA**

<b>Item No.</b>	<u>4</u>
<b>Date of Meeting</b>	<u>April 26, 2022</u>

**DATE:** March 11, 2022

**TO:** Steve Metruck, Executive Director

**FROM:** Scott Bertram, Manager – Corporate Finance & Budget

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

What is the purpose of an IDC?

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

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

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

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

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

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

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

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

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

The 1986 Tax Reform Act also removed the deductibility of interest earned on tax-exempt securities purchased by commercial banks subsequent to August 7, 1986. This effectively created a tax-on-tax-exempt interest for such banks, which prior to 1986 were the largest investors in tax-exempt bonds. The net result was the demand by commercial banks for tax-exempt securities was almost entirely eliminated.

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

Who can establish an IDC?

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

When and how was the Port's IDC formed?

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

What is the boundary of the Port's IDC?

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

What is the Port's IDC's structure?

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

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

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

What does that resolution stipulate for eligibility of projects?

- The Commission has adopted a policy for judging eligibility of projects:

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

Who assists the Port in deciding which projects to finance?

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

Who may apply for financing through the IDC?

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

How much can be spent on financing the project?

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

How does the IDC get compensated?

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

How does the bond counsel get compensated?

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

Who are the current outstanding borrowers of IDC funds?

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

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

**Appendix A**

Chapter 39.84 RCW  
INDUSTRIAL DEVELOPMENT REVENUE BONDS

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

## Appendix B

### RESOLUTION NO. 2

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

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

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

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

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

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

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

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

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

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

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

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

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

JACK BLOCK  
PRESIDENT

ATTEST:  
HENRY L KOTKINS

SECRETARY  
(SEAL)



**Appendix C**

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

**Counties**

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

**Cities**

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

**Port Districts**

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

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

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



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Seattle, Washington 98111  
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206.787.3000

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

**May 11, 2021**

The annual meeting of the Board of Directors of the Industrial Development Corporation (IDC) of the Port of Seattle, Washington, was held on May 11, 2021, during a recess of the Port Commission regular meeting on the same date, which convened at 12:03 p.m. and was conducted remotely. The annual meeting of the Board of Directors of the IDC convened at 1:00p.m. Directors present included Stephanie Bowman, Ryan Calkins, Sam Cho, Fred Felleman, and Peter Steinbrueck.

**1. Approval of Minutes**

Minutes of the IDC meeting of May 26, 2020.

**Motion for approval of the IDC meeting minutes of May 26, 2020, carried by the following vote:**

**In Favor: Bowman, Calkins, Cho, Felleman, Steinbrueck (5)**

**2. Election of Board of Directors Officers**

**ACTION REQUESTED:** Request Board approval of the Industrial Development Corporation of the Port of Seattle Board of Directors and Officers for 2021.

Request documents: IDC agenda memorandum.

Pursuant to the IDC Bylaws, Article 5, Section A, the following is a list of proposed Board of Directors and Officers for 2021:

Fred Felleman, President  
Ryan Calkins, Vice-President  
Sam Cho, Secretary  
Stephanie Bowman, Director  
Peter Steinbrueck, Director

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

**In Favor: Bowman, Calkins, Cho Felleman, Steinbrueck (5)**

**3. Industrial Development Corporation Annual Report for 2020**

Presentation documents: IDC agenda memorandum.

Presenter(s): Scott Bertram, Manager, Corporate Finance Analysis.

Mr. Bertram presented the 2020 Annual Report, noting the following relevant information:

- The IDC was established in 1982 under Chapter 39.84 RCW as an incentive to industrial development in King County via access to tax-exempt financing.
- The Port's IDC is not the lender, but acts as a conduit. Debt issued through the IDC is the sole responsibility of the company issuing the debt and is non-recourse to the Port and the IDC.
- Narrow criteria to qualify for IDC financing means that only two projects have been funded through the IDC since 1982.
- Financial reports attached.
- Status of IDC bonds – as of December 31, 2020, two companies with outstanding IDC debt totaling \$74,725,000 exist.
- Minimum fund balance recommendation - \$280,000 to ensure adequate investment earnings to fund annual operating and future audit expenses.

**4. Adjournment**

There being no further business, the annual meeting of the Board of Directors of the Industrial Development Corporation of the Port of Seattle was adjourned at 1:08 p.m.

Prepared:

Attest:

Michelle M. Hart, MMC

Sam Cho, Industrial Development  
Corporation Secretary

Commission Clerk

Minutes approved April 26, 2022.

**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 10b

**ACTION ITEM**

**Date of Meeting** April 26, 2022

**DATE :** March 29, 2022

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

**FROM:** Sarah Ogier, Director, Maritime Environment & Sustainability  
Alex Adams, Senior Manager, ME&S  
David Fujimoto, Senior Environmental Program Manager, ME&S

**SUBJECT: Hydrogen Storage Cooperative Research and Development Agreement**

**Amount of this request:** \$35,000

**Total estimated project cost:** \$1,100,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to execute a Cooperative Research and Development Agreement with Pacific Northwest National Labs (PNNL), Sandia National Labs (SNL) and Seattle City Light (SCL) to study risk assessment of large-scale hydrogen storage in a port environment. PNNL is the lead agency in the project and through the Agreement the Port would provide an amount not to exceed \$35,000 in funds toward a total estimated project cost of \$1,100,000.

**EXECUTIVE SUMMARY**

With the Seattle Waterfront Clean Energy Strategy (SWCES), the Port is leading the development of an infrastructure strategy for maritime decarbonization of Port and tenant operations. The SWCES is a key implementation project within the Maritime Climate and Air Action Plan (MCAAP) and the Northwest Seaport Alliance Implementation Plan for the Northwest Ports Clean Air Strategy.

As a part of the SWCES, the Port is working in collaboration with SCL to evaluate applications for renewable hydrogen to support a combination of future heavy-duty maritime transportation end uses such as heavy-duty trucks, equipment, maritime vessels and back-up power and energy services, such as energy storage, grid support and resiliency.

In 2021-2022, SCL, PNNL and SNL are studying the potential for a small-scale heavy duty trucking hydrogen “node” to support limited uses under an existing Cooperative Research and Development Agreement (or CRADA) with the Department of Energy. The proposed Hydrogen Storage CRADA —the subject of this action request—builds upon the work currently underway

Meeting Date: April 26, 2022

to perform a risk assessment for large volume hydrogen storage to understand the factors needed for hydrogen storage systems in an urban, industrial setting. Funding for this work has been secured with the Department of Energy and, if approved by partners, will start in Q2 2022 and run through 2023. These studies will not provide a level of analysis for regulatory compliance purposes or site-specific design. Rather, the studies inform research and potential future development while contributing to a body of knowledge for hydrogen storage applications in port environments that is valuable regionally and nationally.

The project includes \$220,000 in in-kind support split between SCL and the Port, as well as \$35,000 in direct contributions from the Port, \$75,000 from SCL and \$770,000 in federal funds. This is not a request for funding as this is already included in our approved 2022 budget.

### **JUSTIFICATION**

The CRADA supports the following Century Agenda Goals:

- (1) Be the greenest and most energy-efficient port in North America
- (2) Achieve a reduction of Port-controlled and indirect emissions to net-zero by 2040, and Port-influenced emissions to carbon neutral or better by 2050.

In addition, the CRADA directly supports the vision of the Northwest Ports Clean Air Strategy to phase out emissions from seaport-related activities by 2050, as well as exploration of hydrogen technologies for consideration within the SWCES, which is a key implementation action within the adopted MCAAP.

### **DETAILS**

The project will perform a risk assessment of large scale hydrogen storage using the Port of Seattle as a test case. The study will evaluate risk components such as safety, health, environment, infrastructure and other assets, and infrastructure component and system designs and technologies including compressed hydrogen, liquified hydrogen and liquid organic hydrogen carrier storage and operation.

These system designs will be useful for understanding how technologies perform in terms of facility and public safety. The operating states associated with various end uses (such as fueling, back-up power, grid support, etc.) of the hydrogen system would then be analyzed and incorporated into an overall storage risk assessment. Scalability will also be analyzed to understand how future uses would affect the overall risk assessment.

### ***Scope of Work***

PNNL and SNL will lead the development of the study, with support from SCL and the Port. The project would be divided into five primary tasks taking place over a twenty-four month period:

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- (1) Large scale hydrogen risk assessment. This task will assess three hydrogen storage technologies and related generation and compression infrastructure requirements and will consider multiple site conditions and maritime and port operations.
- (2) Operational considerations for storage risk assessment. Various operating states will be examined such as vehicle fueling, power storage, arbitrage, transmission and distribution system upgrade deferment and resiliency.
- (3) Risk assessment scalability. The applicability of the analysis in tasks 1 and 2 will be assessed under large volume storage conditions to understand the scalability of the risk assessment methodologies.
- (4) Cyber security risk assessment. PNNL will apply cyber security analysis capabilities to identify the types of measures which should be applied for projects of this type.
- (5) Risk assessment for stakeholder engagement. This task will consider how the risk assessment and related products developed under tasks 1-4 could be used as a means of educating and engaging stakeholders, which is anticipated to be vital for these types of projects.

***Schedule***

Activity	Timing
Commission Inter-agency Agreement Authorization	2022 Quarter 2
Project Start	2022 Quarter 2
Project Workshop	2023 Quarter 1
Final Report and Completion	2023 Quarter 4

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Do not authorize execution of the Cooperative Research and Development Agreement

Cost Implications: \$0 (funds would not be spent - the Port would not contribute to the study)

Pros:

- (1) Port funds and staff time could be reserved for other activities.

Cons:

- (1) The Port would lose the opportunity to gain insight into risks, benefits and key considerations of large volume hydrogen storage for port and utility applications; lost opportunity to make advancements related to clean hydrogen in support of the Seattle Waterfront Clean Energy Strategy, the Maritime Climate and Air Action Plan, the Northwest Ports Clean Air Strategy and the Century Agenda goals on decarbonization.
- (2) Similar studies if separately pursued by the Port in future would likely be at much greater expense.

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- (3) SCL, a key partner in the Seattle Waterfront Clean Energy Strategy, along with PNNL and SNL, would need to identify alternative sources of matching funds to support the project.

This is not the recommended alternative.

**Alternative 2 – Authorize execution of the Cooperative Research and Development Agreement**

Cost Implications: \$35,000

Pros:

- (1) Advances understanding of risks and design factors for hydrogen storage applications in the urban-industrial port environment; supports the goals of the Seattle Waterfront Clean Energy Strategy, the Maritime Climate and Air Action Plan, the Northwest Ports Clean Air Strategy, and the Century Agenda related to maritime decarbonization.
- (2) Limited commitment of resources relative to overall project funding. The Port's contribution would leverage the expertise of two national labs and federal energy funds.
- (3) The project supports the Port's efforts to work in collaboration with SCL to explore solutions for waterfront electrification.
- (4) The CRADA provides an opportunity for the Port to lead in development of the knowledge base for clean hydrogen infrastructure at scale for port applications, with potential benefits nationally and internationally.

Cons:

- (1) Participation in the project requires a commitment of funding and staff time.
- (2) Specific goals for hydrogen storage and use have not been determined by the Port or SCL, so the direct application of the study is not known at this time. However, analysis such as this study is generally recommended, prior to setting goals.

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

**FINANCIAL IMPLICATIONS**

Funding for the Port's direct cash contribution of \$35,000 to the CRADA would be provided through the general fund under the Maritime Environment and Sustainability annual budget, with one-half provided following execution of the agreement and the balance before the start of the second year of the study. In-kind support would be provided through staff participation in the study.

***Future Revenues and Expenses (Total Cost of Ownership)***

The CRADA does not commit the Port of Seattle to any action as a result of the study, and accordingly there are no related future revenues or expenses as a result of this action.



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**ADDITIONAL BACKGROUND**

Storage of hydrogen will be a key component for utilization of renewable hydrogen for many port industry applications and may provide utility solutions to address electrical distribution system constraints. The CRADA is a low-risk way to leverage the expertise of two national labs and federal energy investment funds to explore key segments necessary for advancement of renewable hydrogen applications. It provides an opportunity for the Port to help lead in the development of port applications nationally. In addition, hydrogen research holds the potential to help open opportunities for clean energy investments of national significance, such as the development of regional Clean Hydrogen Hubs for which \$8 billion was appropriated in the U.S. Infrastructure Investment and Jobs Act. The Port is currently participating in the development of a regional Northwest Hydrogen Hub proposal along with the State of Washington, the Consortium for Hydrogen and Renewably Generated E-fuels (CHARGE) / Washington State University, PNNL, Maritime Blue, the Clean Tech Alliance, and other public and private parties. Hydrogen research, development and deployment may also provide valuable insights into sustainable fuels for aviation and maritime applications.

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides
- (2) Cooperative Research and Development Agreement

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

Sustainability, Environment and Climate Committee, briefing on hydrogen activities at the Port, March 16, 2022

**H2@ SCALE PROGRAM  
COOPERATIVE RESEARCH AND DEVELOPMENT AGREEMENT  
(hereinafter "CRADA")  
NO. 554/2018.00**

**AMONG**

*Battelle Memorial Institute,  
Operator of Pacific Northwest National Laboratory  
under its U.S. Department of Energy Contract No.DE-AC05-76RL01830*

**AND**

*National Technology & Engineering Solutions of Sandia, LLC  
(a wholly owned subsidiary of Honeywell International, Inc.)  
As Operator of Sandia National Laboratories  
under its U.S. Department of Energy Contract  
No. DE-NA0003525  
(hereinafter "NTESS" or "SNL")*

**(hereinafter being jointly referred to as "Contractors" or individually as "Contractor")**

**AND**

*Seattle City Light (SCL)  
700 5th Ave Ste 3200  
Seattle, WA 98104*

**AND**

*Port of Seattle (Port)  
PO Box 1209, 2711 Alaskan Way  
Seattle, WA 98111*

**(hereinafter "Participants")**

**(hereinafter Contractors and Participants are jointly referred to as the "Parties"  
or individually as a "Party")**

**Large-scale Hydrogen Storage – Risk Assessment Seattle City Light and Port of Seattle**

**ARTICLE I: DEFINITIONS**

- A. "Government" means the United States of America and agencies thereof.
- B. "DOE" means the Department of Energy, an agency of the United States of America.

- C. "Contracting Officer" means the DOE employee administering the Contractor's DOE contract.
- D. "Generated Information" means information produced in the performance of this CRADA.
- E. "Proprietary Information" means information which is developed at private expense outside of this CRADA, is marked as Proprietary Information, and embodies (i) trade secrets or (ii) commercial or financial information which is considered privileged or confidential under the Freedom of Information Act (5 USC 552 (b)(4)).
- F. "Protected CRADA Information" means Generated Information which is marked as being Protected CRADA Information by a Party to this CRADA and which would have been Proprietary Information had it been obtained from a non-federal entity.
- G. "Subject Invention" means any invention of the Contractor or Participant conceived of or first actually reduced to practice in the performance of work under this CRADA.
- H. "Intellectual Property" means patents, trademarks, copyrights, mask works, Protected CRADA Information and other forms of comparable property rights protected by Federal law and other foreign counterparts.
- I. "Background Intellectual Property" means the Intellectual Property, if any, identified by the Parties in an Annex titled "Background Intellectual Property", which was in existence prior to or is first produced outside of this CRADA, except that in the case of inventions in those identified items, the inventions must have been conceived outside of this CRADA and not first actually reduced to practice under this CRADA to qualify as Background Intellectual Property.

## **ARTICLE II: STATEMENT OF WORK, TERM, FUNDING AND COSTS**

- A. Annex A is the Statement of Work.
- B. Notices: The names, postal addresses, telephone and email addresses for the Parties are provided in the Statement of Work. Any communications required by this CRADA, if given by postage prepaid first class U.S. Mail or other verifiable means addressed to the Party to receive the communication, shall be deemed made as of the day of receipt of such communication by the addressee, or on the date given if by email. Address changes shall be made by written notice and shall be effective thereafter. All such communications, to be considered effective, shall include the number of this CRADA.
- C. The effective date of this CRADA shall be the latter date of (1) the date on which it is signed by the last of the Parties or (2) the date on which it is approved by DOE. The work to be performed under this CRADA shall be completed within twenty-four months from the effective date.
- D. The Participants' estimated contribution is \$330,000.00 USD, which includes \$220,000 in-kind and \$110,000.00 funds-in contributions and is reflected below. The Government's estimated contribution, which is provided through Contractors' contracts with DOE, is \$770,000.00 USD, subject to available funding, and is comprised of the following

individual Contractor contributions: \$400,000.00 USD to Pacific Northwest National Laboratory; \$370,000.00 USD to Sandia National Laboratory.

- Seattle City Light - \$110,000 In-Kind and \$75,000 Funds-In
- Port of Seattle - \$110,000 In-Kind and \$35,000 Funds-In

E. The Participants shall provide the Contractor (PNNL) with advanced funds as described below within thirty (30) days of receiving an invoice from the Contractor. The remaining funds shall be provided by the end of the first year with receipt of invoice from the Contractor.

- Seattle City Light - \$75,000 total; \$37,500 partial advance at execution of the CRADA
- Port of Seattle - \$35,000 total; \$17,500 partial advance at execution of the CRADA

Failure of the Participant to provide the necessary advance funding in the timeframe set forth herein is cause for termination of the CRADA.

F. No Party shall have an obligation to continue or complete performance of its work at a contribution in excess of its estimated contribution as contained in Article II.D., above, including any subsequent amendment.

### **ARTICLE III: PERSONAL PROPERTY**

All tangible personal property produced or acquired under this CRADA shall become the property of the Participant or the Government, depending upon whose funds were used to obtain it unless identified in the Statement of Work as being owned by the other Party.

Personal property shall be disposed of as directed by the owner at the owner's expense.

All jointly funded property shall be owned by the Government. The Participant shall maintain records of receipts, expenditures, and the disposition of all Government property in its custody related to the CRADA.

### **ARTICLE IV: DISCLAIMER**

THE GOVERNMENT, THE PARTICIPANTS, AND THE CONTRACTORS MAKE NO EXPRESS OR IMPLIED WARRANTY AS TO THE CONDITIONS OF THE RESEARCH OR ANY INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR PRODUCT MADE OR DEVELOPED UNDER THIS CRADA, OR THE OWNERSHIP, MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OF THE RESEARCH OR RESULTING PRODUCT. NEITHER THE GOVERNMENT, THE PARTICIPANTS, NOR THE CONTRACTORS SHALL BE LIABLE FOR SPECIAL, CONSEQUENTIAL OR INCIDENTAL DAMAGES ATTRIBUTED TO SUCH RESEARCH OR RESULTING PRODUCT, INTELLECTUAL PROPERTY, GENERATED INFORMATION, OR PRODUCT MADE OR DEVELOPED UNDER THIS CRADA.

### **ARTICLE V: PRODUCT LIABILITY**

Except for any liability resulting from any negligent acts, or willful misconduct or omissions of Contractors or Government, Participant agrees to hold harmless the Government and the Contractors for all damages, cost and expenses, including attorney's fees, arising from personal injury or property damage as a result of the making, using, or selling of a product, process or

service by or on behalf of the Participant, its assignees or licensees, which was derived from the work performed under this CRADA.

## **ARTICLE VI: RIGHTS TO SUBJECT INVENTIONS**

Wherein DOE has granted the Participants and the Contractors the right to elect to retain title to their respective Subject Inventions.

- A. Each Party shall have the first option to elect to retain title to any of its Subject Inventions and that election shall be made: (1) for the Participant, within 12 months of disclosure of the Subject Invention to DOE or (2) for the Contractor, within the time period specified in its prime contract for electing to retain title to Subject Inventions. However, such election shall occur not later than 60 days prior to the time when any statutory bar might foreclose filing of a U.S. Patent application. The electing Party has one year to file a patent application after such election unless any statutory bar exists. If a Party elects not to retain title to any of its Subject Inventions or fails to timely file a patent application, the other Party shall have the second option to elect to obtain title to such Subject Invention within one year of notification and file a patent application within one year after such election, or no less than 30 days prior to a statutory bar, if any. For Subject Inventions that are joint Subject Inventions of the Contractor and the Participant, title to such Subject Inventions shall be jointly owned by the Contractor and the Participant.
- B. The Parties agree to assign to DOE, as requested by DOE, the entire right, title and interest in any country to each Subject Invention where the Parties (1) do not elect pursuant to this article to retain/obtain such rights, or (2) elect to retain/obtain title to a Subject Invention but fail to have a patent application filed in that country on the Subject Invention or decide not to continue prosecution or not to pay any maintenance fees covering the Subject Invention. If DOE is granted a patent on Participant's Subject Invention, the Participant may request a non-exclusive license and DOE will determine whether to grant such license pursuant to statutory authority.
- C. The Parties acknowledge that the Government retains a nonexclusive, nontransferable, irrevocable, paid-up license to practice or to have practiced for or on behalf of the United States every Subject Invention under this CRADA throughout the world. The Parties agree to execute a Confirmatory License to affirm the Government's retained license.
- D. The Parties agree to disclose to each other each Subject Invention which may be patentable or otherwise protectable under U.S. patent law. The Parties agree that the Contractors and the Participants will disclose their respective Subject Inventions to DOE and each other within two (2) months after the inventor first discloses the Subject Invention in writing to the person(s) responsible for patent matters of the disclosing Party.

These disclosures should be in sufficiently complete technical detail to convey a clear understanding, to the extent known at the time of the disclosure, of the nature, purpose, and operation of the Subject Invention. The disclosure shall also identify any known actual or potential statutory bars, e.g., printed publications describing the Subject Invention or the public use or "on sale" of the Subject Invention. The Parties further

agree to disclose to each other any subsequently known actual or potential statutory bar that occurs for a Subject Invention disclosed but for which a patent application has not been filed. All Subject Invention disclosures shall be marked as confidential under 35 U.S.C. 205.

- E. The Parties agree to include within the beginning of the specification of any U.S. patent applications and any patent issuing thereon (including non-U.S. patents) covering a Subject Invention, the following statement: “This invention was made under a CRADA (identify CRADA number) between (name the Participant) and (name the laboratory) operated for the United States Department of Energy. The Government has certain rights in this invention.”
- F. The Parties acknowledge that DOE has certain march-in rights to any Subject Inventions in accordance with 48 CFR 27.304-1(g) and 15 U.S.C. 3710a(b)(1)(B) and (C).
- G. For each Subject Invention of the Contractor, the Participants have the option for six (6) months from the date that the Subject Invention was disclosed to the Participant to negotiate up to an exclusive license, in a defined field of use on agreed-upon reasonable terms and conditions, including the payment of negotiated license fees and royalties.

## **ARTICLE VII: RIGHTS IN DATA**

- A. The Parties agree that they shall have no obligations of nondisclosure or limitations on their use of, and the Government shall have unlimited rights in, all Generated Information produced and information provided by the Parties under this CRADA, except for restrictions and copyright on data provided for in this Article or data disclosed in a Subject Invention disclosure being considered for Patent protection.
- B. PROPRIETARY INFORMATION: Each Party agrees to not disclose Proprietary Information provided by the other Party to anyone other than the Participants, Contractors and its subcontractors (if any) performing work under this CRADA without written approval of the providing Party, except to Government employees who are subject to the statutory provisions against disclosure of confidential information set forth in the Trade Secrets Act (18 U.S.C. 1905). Government employees shall not be required to sign non-disclosure agreements due to the provisions of the above-cited statute.

If Proprietary Information is orally disclosed to a Party, it shall be identified as such, orally, at the time of disclosure and confirmed in a written summary thereof, appropriately marked by the disclosing Party, within ten (10) days as being Proprietary Information.

All Proprietary Information shall be protected for a period of five (5) years from the effective date of this CRADA, unless such Proprietary Information becomes publicly known without the fault of the recipient, shall come into recipient's possession without breach by the recipient of any of the obligations set forth herein, can be demonstrated by the recipient by written record that it is known prior to receipt from disclosing party, is disclosed by operation of law, or is independently developed by recipient's employees who did not have access to such Proprietary Information.

Proprietary Information in tangible form shall be returned to the disclosing Party or destroyed with a certificate of destruction submitted to the disclosing Party upon termination or expiration of this CRADA, or during the term of this CRADA upon request by the disclosing Party. Notwithstanding the foregoing destruction of copies shall not extend to archival copies maintained in computer system backup files, permanent business records, or as may otherwise be required by receiving Party's internal document retention policies.

- C. PROTECTED CRADA INFORMATION: Each Party may designate and mark as Protected CRADA Information any Generated Information produced by its employees, which meets the definition in Article I and, with the agreement of the other Party, so designate any Generated Information produced by the other Party's employees which meets the definition in Article I. All such designated Protected CRADA Information shall be appropriately marked.

For a period of five (5) years from the date Protected CRADA Information is produced, the Parties agree not to further disclose such information and to use the same degree of care and discretion, but no less than reasonable care and discretion, to avoid disclosure, publication or dissemination of such information to a third party, as the Party employs for similar protection of its own information which it does not desire to disclose, publish, or disseminate except:

- (1) as necessary to perform this CRADA;
- (2) as published in a patent application or an issued patent before the protection period expires;
- (3) as provided in Article X [REPORTS AND ABSTRACTS];
- (4) as requested by the DOE Contracting Officer to be provided to other DOE facilities for use only at those DOE facilities solely for Government use only with the same protection in place and marked accordingly.
- (5) to existing or potential licensees, affiliates, customers, or suppliers of the Parties in support of commercialization of the technology with the same protection in place. Disclosure of the Participant's Protected CRADA Information under this subparagraph shall only be done with the Participant's consent; or
- (6) as mutually agreed to by the Parties in advance.

The obligations of this paragraph shall end sooner for any Protected CRADA Information which shall become publicly known without fault of either Party, shall come into a Party's possession without breach by that Party of the obligations of paragraph above, or shall be independently developed by a Party's employees who did not have access to the Protected CRADA Information. Federal Government employees who are subject to 18 USC 1905 may have access to Protected CRADA Information and shall not be required to sign non-disclosure agreements due to the provisions of the statute.

- D. COPYRIGHT: The Parties may assert copyright in any of their respective Generated Information. Copyrights in co-authored works by employees of the Parties shall be

held jointly, and use by either Party shall be without accounting.

The Parties hereby acknowledge that the Government or others acting on its behalf shall retain a nonexclusive, royalty-free, worldwide, irrevocable, non-transferable license to reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, by or on behalf of the Government, all copyrightable works produced in the performance of this CRADA, subject to the restrictions this CRADA places on publication of Proprietary Information and Protected CRADA Information.

When a Party writes computer software produced in the performance of this CRADA, the Party will provide the source code, object code, and expanded abstract, and the minimum support documentation needed by a competent user to understand and use the software to DOE's Energy Science and Technology Software Center (ESTSC) via [www.osti.gov/estsc](http://www.osti.gov/estsc). The Party shall inform ESTSC when it abandons or no longer commercializes the computer software. Until such notice to ESTSC, the Government has for itself and others acting on its behalf, a royalty-free, nontransferable, nonexclusive, irrevocable worldwide copyright license to reproduce, prepare derivative works, and perform publicly and display publicly, by or on behalf of the Government (narrow license) After the Party owning the Computer Software abandons or no longer commercializes the Computer Software, the Government has for itself and others acting on its behalf, a royalty-free, nontransferable, nonexclusive, irrevocable worldwide copyright license to reproduce, prepare derivative works, distribute copies to the public, and perform publicly and display publicly, by or on behalf of the Government. (broad license)

The Parties agree to place Copyright and other notices, as appropriate for the protection of Copyright, in human-readable form onto all physical media, and in digitally encoded form in the header of machine-readable information recorded on such media such that the notice will appear in human-readable form when the digital data are off loaded or the data are accessed for display or printout.

## **ARTICLE VIII: U.S. COMPETITIVENESS**

The Parties agree that a purpose of this CRADA is to provide substantial benefit to the U.S. economy.

- A. In exchange for the benefits received under this CRADA, the Participant therefore agrees to the following:
  1. Products embodying Intellectual Property developed under this CRADA shall be substantially manufactured in the United States, and
  2. Processes, services, and improvements thereof which are covered by Intellectual Property developed under this CRADA shall be incorporated into the Participant's manufacturing facilities in the United States either prior to or simultaneously with implementation outside the United States. Such processes, services, and improvements, when implemented outside the United States, shall not result in reduction of the use of the same processes, services, or improvements in the United States.



- B. The Contractors agrees to a U.S. Industrial Competitiveness clause in accordance with its prime contract with respect to any licensing and assignments of its Intellectual Property arising from this CRADA, except that any licensing or assignment of its intellectual property rights to the Participant shall be in accordance with the terms of paragraph A of this Article.

## **ARTICLE IX: EXPORT CONTROL**

EACH PARTY IS RESPONSIBLE FOR ITS OWN COMPLIANCE WITH EXPORT CONTROL LAWS AND REGULATIONS. EXPORT LICENSES OR OTHER AUTHORIZATIONS FROM THE U.S. GOVERNMENT MAY BE REQUIRED FOR THE EXPORT OF GOODS, TECHNICAL DATA OR SERVICES UNDER THIS AGREEMENT. THE PARTIES ACKNOWLEDGE THAT EXPORT CONTROL REQUIREMENTS MAY CHANGE AND THAT THE EXPORT OF GOODS, TECHNICAL DATA OR SERVICES FROM THE U.S. WITHOUT AN EXPORT LICENSE OR OTHER APPROPRIATE GOVERNMENTAL AUTHORIZATION MAY RESULT IN CRIMINAL LIABILITY.

## **ARTICLE X: REPORTS AND ABSTRACTS**

The Parties agree to produce the following deliverables: an initial abstract suitable for public release; and a final report, to include a list of Subject Inventions. It is understood that the Contractors have the responsibility to provide this information at the time of its completion to the DOE Office of Scientific and Technical Information. The Participants agree to provide the above information to the Contractors to enable full compliance with this Article.

The Parties agree to submit, for a period of five years from the expiration of this CRADA and, upon request of DOE, a non-proprietary report no more frequently than annually on the efforts to utilize any Intellectual Property arising under the CRADA.

The Parties agree that neither will use the name of the other Party or its employees in any promotional activity, such as advertisements, with reference to any product or service resulting from this CRADA, without prior written approval of the other Party.

## **ARTICLE XI: FORCE MAJEURE**

No failure or omission by the Contractors or the Participants in the performance of any obligation under this CRADA shall be deemed a breach of this CRADA or create any liability if the same shall arise from any cause or causes beyond the control of the Contractors or the Participants, including but not limited to the following, which, for the purpose of this CRADA, shall be regarded as beyond the control of the Party in question: Acts of God, acts or omissions of any government or agency thereof, compliance with requirements, rules, regulations, or orders of any governmental authority or any office, department, agency, or instrumentality thereof, fire, storm, flood, earthquake, accident, acts of the public enemy, war, rebellion, insurrection, riot, sabotage, invasion, quarantine, restriction, transportation embargoes, or failures or delays in transportation.

## **ARTICLE XII: DISPUTES**

The Parties shall attempt to jointly resolve all disputes arising from this CRADA. In the event a dispute arises under this CRADA, the Participant is encouraged to contact Contractor's Technology Partnership Ombudsman in order to further resolve such dispute before pursuing third-party mediation or other remedies. If the Parties are unable to jointly resolve a dispute within a reasonable period of time, they agree to submit the dispute to a third-party mediation process that is mutually agreed upon by the Parties. To the extent that there is no applicable U.S. Federal law, this CRADA and performance thereunder shall be governed by the laws of a court of competent jurisdiction

## **ARTICLE XIII: ENTIRE CRADA, MODIFICATIONS AND TERMINATION**

This CRADA with its annexes contains the entire agreement between the Parties in performing the research described in the Statement of Work (Annex A) and becomes effective on the later date of either the date the last Party signs the document or receipt of advance funding, if any. Any agreement to materially change any terms or conditions of the CRADA and annexes shall be valid only if the change is made in writing, executed by the Parties hereto, and approved by DOE.

The Contractors enter into this CRADA under the authority of its prime contract with DOE. The Contractors are authorized to and will administer this CRADA in all respects unless otherwise specifically provided for herein. Administration of this CRADA may be transferred from the Contractors to DOE or its designee with notice of such transfer to the Participants, and the Contractors shall have no further responsibilities except for the confidentiality, use and/or nondisclosure obligations of this CRADA.

This CRADA may be terminated by either Party with thirty (30) days written notice to the other Party. If Article II provides for advance funding, this CRADA may also be terminated by the Contractors in the event of failure by the Participant to provide the necessary advance funding. Each Party will be responsible for its own costs arising out of or as a result of this termination. The obligations of any clause of this CRADA that were intended to survive the expiration of the period of performance, for example, confidentiality, use and/or non-disclosure obligations, shall also survive any termination of this CRADA.

## **ARTICLE XIV: BACKGROUND INTELLECTUAL PROPERTY**

Each Party may use the other Party's Background Intellectual Property identified in an Annex to this CRADA solely in performance of research under the Statement of Work. This CRADA does not grant to either Party any option, grant, or license to commercialize, or otherwise use the other Party's Background Intellectual Property outside of the CRADA. Licensing of Background Intellectual Property, if agreed to by the Parties, shall be the subject of separate licensing agreements between the Parties. Each Party has used reasonable efforts to list all relevant Background Intellectual Property, but Background Intellectual Property may exist that is not identified. Neither Party shall be liable to the other Party because of failure to list Background Intellectual Property.

This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall be deemed one and the same instrument.

**FOR CONTRACTOR:**  
**(Battelle Memorial Institute)**

BY \_\_\_\_\_ Jud Virden \_\_\_\_\_

SIGNATURE \_\_\_\_\_

TITLE \_\_\_\_\_ Associate Laboratory Director \_\_\_\_\_

DATE \_\_\_\_\_

This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall be deemed one and the same instrument.

**FOR CONTRACTOR:**

**(National Technology & Engineering Solutions of Sandia, LLC)**

BY Mary Monson

SIGNATURE \_\_\_\_\_

TITLE Sr Manager, Technology Partnerships & Business Development

DATE \_\_\_\_\_

This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall be deemed one and the same instrument.

**FOR PARTICIPANT:**  
**(Seattle City Light)**

BY \_\_\_\_\_

SIGNATURE \_\_\_\_\_

TITLE \_\_\_\_\_

DATE \_\_\_\_\_

This Agreement may be signed in one or more counterparts, each of which shall be deemed an original, and all of which taken together shall be deemed one and the same instrument.

**FOR PARTICIPANT:**  
**(Port of Seattle)**

BY \_\_\_\_\_

SIGNATURE \_\_\_\_\_

TITLE \_\_\_\_\_

DATE \_\_\_\_\_

**ANNEX A - STATEMENT OF WORK (SOW)  
For CRADA No. PNNL/554**

**between**

**BATTELLE**

**As operator of Pacific Northwest National Laboratory (“PNNL”)  
Under its U.S. Department of Energy Contract  
No. DE-AC05-76RL01830 (hereinafter “Battelle” or “Contractor”)**

**And**

**National Technology & Engineering Solutions of Sandia, LLC  
(a wholly owned subsidiary of Honeywell International, Inc.)  
As Operator of Sandia National Laboratories  
under its U.S. Department of Energy Contract  
No. DE-NA0003525  
(hereinafter “NTESS” or “SNL”)**

**And**

**Seattle City Light (SCL)**

**And**

**Port of Seattle (Port)**

**Large-scale Hydrogen Storage – Risk Assessment Seattle City Light and Port of Seattle**

**I. PURPOSE**

This CRADA presents the strategy that Pacific Northwest National Laboratory (PNNL) and Sandia National Laboratories (SNL) will take to support Seattle City Light (SCL), and the Port of Seattle (Port) in performing a risk assessment of large-scale hydrogen storage. Risk assessment is often used to ensure that adequate measures are taken to protect workers and the public, the environment, infrastructure, and assets. A detailed risk assessment can also be used to direct funding and upgrades, to specific components and sub-systems in order to mitigate risks to the larger system. In this way risk assessments are often employed as a part of a larger risk management strategy, with the goal of minimizing the occurrence of hazards and to identify means to limit their consequences.

Risk assessment is often used to engage and inform regulators, and to communicate how specific regulations are being met. However, it is important to note that the proposed work is not intended for SCL and the Port to use in order to gain regulatory acceptance for their proposed activities. The work performed as a part of this effort will be a preliminary risk assessment for early-stage component and system designs and should be considered research and development (R&D). As such, the proposed work will be performed to a quality level and design maturity consistent with R&D and is not considered appropriate for final safety analysis and regulatory compliance purposes.

Previous and on-going work at SCL and the Port demonstrated the utility of deploying hydrogen systems at the Port. The deployment of hydrogen at the Port is a part of a larger vision of using hydrogen to address a range of issues for SCL and the Port. These include large-scale fueling of MD/HD vehicles, cargo-handling equipment (CHE), and harbor vessels to reduce emissions; support of adjacent LD vehicles; support of critical port operations during extreme events (i.e., resiliency); deferral of more capital- and time-intensive electrical distribution system upgrades while still supporting evolving port operations and decarbonization efforts; facilitating electrification by establishing energy storage as a grid resource, starting at strategic port locations; creation of a flexible market resource that can be used by SCL to generate revenue via arbitrage; support of planned future maritime operations that involve heavy use of hydrogen for ocean-going vessels; and future end-use applications involving natural gas pipeline hydrogen injection. Ultimately, the success of these activities is underpinned by the deployed storage capacity. Large-scale deployment of hydrogen systems will require hydrogen storage at a scale that has not been demonstrated. In addition, the ideal location for such multi-use systems is near the end user which will often necessitate deploying into urban and/or industrial areas.

A detailed risk assessment using the Port as a test case is necessary to ensure the deployment of large-scale hydrogen is successful. Many technologies have been proposed for hydrogen storage; however, these technologies need to be analyzed as they apply to an actual site. The physical infrastructure and hydrogen use cases for the Port will be analyzed, and a risk assessment for compressed hydrogen, liquified hydrogen, and Liquid Organic Hydrogen Carrier (LOHC) storage will be performed. These risk assessments will be useful for understanding how each of these technologies would perform in terms of facility and public safety. The operating states of the proposed hydrogen systems at the Port will be analyzed and incorporated into the storage risk assessment. Scalability will also be analyzed to understand how future port uses would affect the overall risk assessment. Finally, using the risk assessment as a tool to inform engagement and to gain stakeholder acceptance will be explored.

### **Benefit to PNNL/SNL/DOE**

The results of this CRADA, and an impact of the DOE funding, will facilitate the consideration of hydrogen as a key fuel in the Port's and SCL's energy infrastructure plans and may accelerate by several years the adoption of hydrogen, fuel cells, and other low/no-carbon technologies in SCL's service territory. This risk analysis will be a key resource for future planning and can be used to guide other large scale hydrogen deployments.

### **Benefit to CRADA Participant**

This project will accelerate the Port and SCL's consideration of hydrogen for energy storage and port operations by performing a large-scale hydrogen storage risk assessment. The four key areas for this project are:

- 1) Risk assessment of various large-scale storage options of hydrogen, relevant to urban and industrial areas. This will be the primary task of this work. The risk assessment will focus on applying well-developed hydrogen risk assessment methods (e.g. HyRAM, Hazards Analysis, Threat & Vulnerability Assessment, etc.) to large-scale hydrogen storage, production, and compression. Three hydrogen storage technologies (compressed hydrogen, liquified hydrogen, and liquid organic hydrogen carriers—LOHC) will be analyzed, and the Port will be used as a test case. This assessment is key for obtaining industry, public and City support for large-scale H<sub>2</sub> use and storage.



- 2) The near-term hydrogen uses under consideration by SCL and the Port include vehicle and harbor vessel fueling, energy storage, power generation, arbitrage, and resiliency of port operations. These operation modes will be analyzed to determine how they might affect the storage risk assessment. This includes the effects of storage system cycling (i.e. multiple discharges and recharges of hydrogen). We will assess the risk posed by hydrogen infrastructure development, both physical and cyber, to the local electric grid and make recommendations on safety as well as cyber security requirements.
- 3) Hydrogen use for future port needs beyond the scope identified in tasks one and two will be analyzed. This includes fueling of ships, natural gas pipeline injection, etc. These activities require very large amounts of hydrogen. This analysis will investigate the scalability of the risk assessment, to very large-scale hydrogen storage.
- 4) Local stakeholder acceptance of large-scale hydrogen will be key for any deployment. This task will examine how the risk assessment may be used for stakeholder engagement.

In addition to applying existing risk assessment methodologies for hydrogen storage risk, this study will examine the very large-scale storage necessitated by port operations and grid scale deployment of hydrogen systems. Various hydrogen storage forms will be analyzed for large-scale urban and industrial deployment. This includes compressed hydrogen, liquified hydrogen, and liquid organic hydrogen carriers (LOHC) such as formic acid, ammonia, and methanol. Each method will have different storage requirements; thus, the risk analysis may be substantially different for each. In addition, the risk analysis may identify what hydrogen storage form is appropriate for a wide range of capacities and applications. The successful completion of the work described in this document will accelerate the use of hydrogen at the Port.

### **Benefit to US Taxpayer**

SCL is a municipal utility and the Port of Seattle is a port facility. This risk analysis will be a key resource for future planning and can be used to guide other large scale hydrogen deployments, directly benefiting the taxpayers serviced by SCL and the Port. In addition, the deployment of hydrogen technology will reduce emissions around the port.

## **II. APPROACH**

PNNL, SNL SCL, and the Port will execute the project over two years to attain the benefits previously described. The project work is divided into five tasks. Task 1 will perform a risk assessment for three hydrogen storage technologies and the generation and compression infrastructure necessary to support them. Task 2 examines the various operating states proposed for the hydrogen deployed at the Port and examines how these might affect the storage risk assessment. Task 3 examines the scalability of the risk assessment for future uses by the Port and SCL. Task 4 will perform a cybersecurity risk assessment. Task 5 will investigate how the risk assessment can be used to gain stakeholder support for deployed large-scale hydrogen. Successful completion of this project will be a major proof of concept of foundational building blocks that will allow SCL and the Port to accelerate their plans and provide a template for others to use hydrogen at scale.

### **Task 1: Large-scale Hydrogen Risk Assessment**

Multiple technologies exist for large-scale hydrogen storage. Three that are of interest to this study are compressed hydrogen, liquified hydrogen, and LOHC. We propose to perform a preliminary risk

assessment of these three storage technologies and the accompanying generation and compression infrastructure, as it applies to storage at the Port.

It is anticipated that the stored hydrogen would be utilized for port operations and other tasks. For example, a 25MW electrolyzer can produce approximately 10 mt H<sub>2</sub> per day (assuming 90% utilization and 65% system efficiency). It is estimated that this could be used to fill approximately 200 drayage trucks per day. The system under consideration will likely be used for multiple functions, though. If the system was used to store 30 mt, it could be used to generate 60MWh of electricity (assuming 60% efficiency). This could be used by the Port for emergency backup power, or for energy storage by SCL. These are just a small subset of the proposed uses for hydrogen at the Port. As discussed herein, the opportunity for hydrogen deployed at a port will likely require significantly more hydrogen than this. The risk assessment will also investigate the many uses for hydrogen at the port, beyond an initial deployment. In the future, many hydrogen nodes may be deployed across the port area to meet all the demand. Initial discussions have estimated greater than 80mt storage may be needed. This risk assessment will investigate the array of options including multiple nodes, generation technology, storage, power production, fueling, etc.

The Port will serve as a test case for this risk assessment methodology, in that port infrastructure and site-specific characteristics will be included for multiple sites across the port complex. Port operations may introduce safety issues that are not always present in a public fueling station and have different requirements because they are not accessible to the public. This work is necessary because it will provide much needed information concerning risk assessment of large-scale storage in urban and industrial areas. This work will use the Hydrogen Risk Assessment Model (HYRAM) developed by SNL. The HyRAM toolkit integrates deterministic and probabilistic models for quantifying accident scenarios, predicting physical effects, and characterizing hydrogen hazards' impact on people and structures. HyRAM incorporates generic probabilities for equipment failures and probabilistic models for heat-flux impact on humans and structures, with computationally and experimentally validated models of hydrogen release and flame physics.

### **Task 2: Operational Considerations for Storage Risk Assessment**

One of the advantages to the deployment of a modular hydrogen system at the Port is that it provides the infrastructure necessary to address other infrastructure challenges in the area. This includes vehicle fueling, power storage and generation, arbitrage, transmission upgrade deferment, and port resiliency. However, using hydrogen for this wide variety of applications may introduce risks that are not accounted for in existing risk assessments. The total storage capacity necessary for all these operating states must be understood. Also, the wide variety of operating states may introduce high cyclic loading on the storage system. This task will assess the impact of operational modes and their interactions on the storage technologies listed above.

### **Task 3: Risk Assessment Scalability for Future Port Needs**

Port operations include cruise terminal operations, grain terminal, fishing fleet, marinas, and all the port-owned equipment, as well as operations associated with the Northwest Seaport Alliance (NWSA) which manages cargo operations, (container, breakbulk, auto and bulk) in both the Port of Tacoma (aka South Harbor) and Port of Seattle (aka North Harbor). The work in this proposal focuses on the Port of Seattle.

The use-cases currently being examined by SCL and the Port include normal and abnormal operations. The hydrogen storage capacity utilized in Tasks 1 and 2 will be sized for:

- 1) Fueling of class 8 drayage trucks
- 2) Support of electrical load shifting to minimize peak feeder loading, deferring the need for infrastructure upgrades, particularly in areas with significant challenges for upgrades.
- 3) Support of electrical arbitrage to maximize revenue generation
- 4) Port resiliency of operations

Future uses of hydrogen by the Port and SCL include fueling of a significant portion of the existing drayage fleet, rail vehicles, ocean-going vessels, harbor vessels (such as tugboats, ferries, water taxis, and commercial fishing vessels) and rail. To accomplish this, it is estimated that converting all equipment at the Port to hydrogen would require over 8 million kg of H<sub>2</sub>/year. In addition, other novel concepts such as converting all port material handling equipment to hydrogen, supplying nearby cement and steel manufacturing, and natural gas pipeline injection are also under consideration. All of these concepts will require a major expansion of hydrogen storage capacity.

This task will examine the scalability of the risk assessment performed in Tasks 1 and 2 to the very large-scale storage concepts under consideration by the Port and SCL. This effort will examine the three storage technologies discussed above and will utilize the same risk assessment methodologies as used in Task 1 to evaluate their scalability.

#### **Task 4: Cyber security risk assessment**

Cybersecurity is as strong as the weakest link. PNNL will use their cutting-edge cyber security capabilities to assess vulnerabilities associated with the envisioned the Port hydrogen infrastructure and make recommendations for what cybersecurity measures should be used. Specifically, we will use PNNL's Proactive Adaptive Cybersecurity for Control (PACiFiC). PACiFiC delivers five technologies that work independently or in combination to sense, alert, determine threats, defend, create deceptions, or isolate systems to prevent access (<https://www.pnnl.gov/projects/pacific-cyber>). It is designed for use for grid and energy storage that connects to the grid. The five technologies include: Cyber Isolets (prevents attackers from jumping between applications), Shadow Figment (patent pending deception platform which deploys decoys that mimic real devices), Threat Model-based Response (machine learning-based approach to malware triage allowing for continuous improvement), and Unified Operating Picture (an "intelligent dashboard" baseline profile that presents expected behavior of an industrial control system. This baseline enables defenders to observe and flag deviations and make appropriate operational decisions in real time). We will work with SCL and the Port to identify which measures should be applied and how to improve the cyber security of the whole.

Recent advancements in cyber process hazard analysis (PHA) methodologies facilitate a systematic process for linking cyber events to challenges of the system processes. Cyber PHA methodologies are top-down methods which model the data/information flow in the system, identify unsafe control actions between operators, controllers, & process components, and link unsafe control actions to hazards and consequences of the system. Utilizing top-down methods help bound and prioritize cybersecurity plans by focusing on cyber events that result in physical hazards and consequences, such as system equipment damage and loss of power generation, respectively. Cyber PHA methods

have been applied to many diverse systems across various industrial sectors to identify emergent system properties. For novel applications such as hydrogen interactions with the electric grid, identifying emergent system properties and protecting against cyber-induced hazards and consequences will ensure safe and secure operations for future operators.

#### **Task 5: Risk Assessment for Stakeholder Engagement**

Deploying large-scale hydrogen energy systems will require the acceptance of local stakeholders. This will be key for any future deployment at the Port. This work will examine using the risk assessment developed by Tasks 1-4 as means to engage local stakeholders and gain acceptance. PNNL has extensive experience in engaging stakeholders and communicating risk for large-scale energy projects. This experience will be leveraged for this effort.

### **III. SCHEDULE, MILESTONES AND DELIVERABLES**

<b>Project Milestones and Deliverables</b>		
<b>Milestone</b>	<b>Description</b>	<b>Milestone Type</b>
<b>Year 1</b>		
<b>Y1Q1</b>	Complete initial data collection from SCL and Port of Seattle (Port, SCL, PNNL, and SNL)	Progress
<b>Y1Q2</b>	Conceptualization of initial risk models, identification of additional data needs, and the development of the strategy we will use to close any knowledge gaps. (PNNL, SNL)	Progress
<b>Y1Q3</b>	Complete initial risk model and HYRAM integration (PNNL, SNL)	Progress
<b>Y1Q4 -1</b>	Complete status report on risk model progress and initial model results (PNNL, SNL)	Progress/deliverable
<b>Y1Q4 -2</b>	Complete workshop with stakeholders presenting methods (PNNL, SNL, SCL, Port)	Annual & Go/No-Go
<b>Year 2</b>		
<b>Y2Q1</b>	Integration of workshop feedback into risk model (PNNL, SNL)	Progress
<b>Y2Q2</b>	Complete preliminary risk analyses for all tasks (PNNL, SNL)	Progress
<b>Y2Q3</b>	Presentation of initial results to SCL/Port of Seattle for all tasks and project integration (PNNL, SNL)	Progress
<b>Y2Q4</b>	Finalize report for OSTI distribution, per the requirements of CRADA Article X Reports and Publications. (PNNL, SNL, SCL, Port)	Annual & Final Deliverable

**IV. TOTAL COST AND RESOURCE CONTRIBUTIONS**

	Federal Funds	Cost share	Federal Funds	Cost share	Federal Funds	Cost share
	Year 1		Year 2		Total Project	
PNNL	\$200,000		\$200,000		\$400,000	
SNL	\$185,000		\$185,000		\$370,000	
SCL (in kind)		\$55,000		\$55,000		\$110,000
SCL (cash)		\$37,500		\$37,500		\$75,000
Port (in kind)		\$55,000		\$55,000		\$110,000
Port (cash)		\$17,500		\$17,500		\$35,000
Total					\$1,100,000	

SCL will provide an in-kind contribution to this project.

SCL's In-Kind Contribution		Year 1	Year 2	Total
A.	Personnel	\$50,000	\$100,000	
B.	Travel	\$5,000	\$10,000	
C.	Equipment			
D.	Supplies			
E.	Contractual			
F.	Other			
Total Direct Charges		\$55,000	\$55,000	\$110,000
Indirect Charges				
Total Project Costs		\$55,000	\$55,000	\$110,000

The Port will provide an in-kind contribution to this project.

Port's In-Kind Contribution		Year 1	Year 2	Total
A.	Personnel	\$50,000	\$50,000	\$100,000
B.	Travel	\$5,000	\$5,000	\$10,000
C.	Equipment			
D.	Supplies			
E.	Contractual			
F.	Other			
Total Direct Charges		\$55,000	\$55,000	\$110,000
Indirect Charges				
Total Project Costs		\$55,000	\$55,000	\$110,000

**DIRECT FUNDS-IN**

SCL will also be providing a funds-in contribution to this project.

<b>SCL's Funds-In Contribution</b>		<b>Year 1</b>	<b>Year 2</b>	<b>Total</b>
A.	Personnel (PNNL Labor)	\$37,500	\$37,500	\$75,000
B.	Travel			
C.	Equipment			
D.	Supplies			
E.	Contractual			
F.	Other			
Total Direct Charges		\$37,500	\$37,500	\$75,000
Indirect Charges				
<b>Total Project Costs</b>		<b>\$37,500</b>	<b>\$37,500</b>	<b>\$75,000</b>

The Port will also be providing a funds-in contribution to this project.

<b>Port's Funds-In Contribution</b>		<b>Year 1</b>	<b>Year 2</b>	<b>Total</b>
A.	Personnel (PNNL Labor)	\$17,500	\$17,500	\$35,000
B.	Travel			
C.	Equipment			
D.	Supplies			
E.	Contractual			
F.	Other			
Total Direct Charges		\$17,500	\$17,500	\$35,000
Indirect Charges				
<b>Total Project Costs</b>		<b>\$17,500</b>	<b>\$17,500</b>	<b>\$35,000</b>

ANNEX B

OPTION AGREEMENT

FOR

CRADA NO. PNNL/554

As a supplement to the above-referenced CRADA, the Parties to such CRADA have agreed that the Participants shall have the option to negotiate a semi-exclusive license (limited to the number of parties to the CRADA) in the Field of Use set forth below for any Subject Invention made solely or jointly by Battelle and NTESS as Contractors during the performance of work under this CRADA. Such option must be exercised, in writing, within three (3) months after completion of work under the CRADA, or termination of the CRADA according to Article XIII, whichever occurs first. The parties must conclude their license negotiations and execute a license agreement within six (6) months from the date Participant notifies Battelle and/or NTESS that Participant wishes to enter into a license, or this option will terminate. Any license granted pursuant to this option shall be subject to:

1. a written notice of election to exercise the option addressed to:  
  
Battelle Memorial Institute  
Attn: Manager, IP Transactions, MS K1-53  
902 Battelle Blvd, P.O. Box 999  
Richland, WA 99354
2. a Field of Use defined as: Hydrogen generation, storage, transportation, and delivery
3. the U.S. Government retaining a nonexclusive, nontransferable, irrevocable, paid-up license to practice the invention or have the invention practiced throughout the world by or on behalf of the U.S. Government;
4. march-in rights by the U.S. Government as defined in Article VI of the CRADA;
5. specified license and patenting fees, royalties and diligence requirements to be negotiated by the Parties.

**ANNEX D**

**For**

**CRADA No. PNNL/554**

**List of Background Intellectual Property**

**Contractor-Owned Background Intellectual Property:**

**PNNL:** None

**SNL:** SCR 1703.3 – HyRAM+ v4 – “Hydrogen Plus Other Alternative Fuels Risk Assessment Models”: Authors – Brian Ehrhart, Gregory Walkup, Eri Carrier, Alice Muna, Myra Blaylock, Katrina Grothe, Ethan Hecht, Isaac Ekoto, Benjamin Schroeder; Approved: October 6, 2021

**Participant Background Intellectual Property:**

**Seattle City Light:** None

**Port of Seattle:** None



# Hydrogen Storage Cooperative Research and Development Agreement Authorization

Port of Seattle Commission  
April 26, 2022

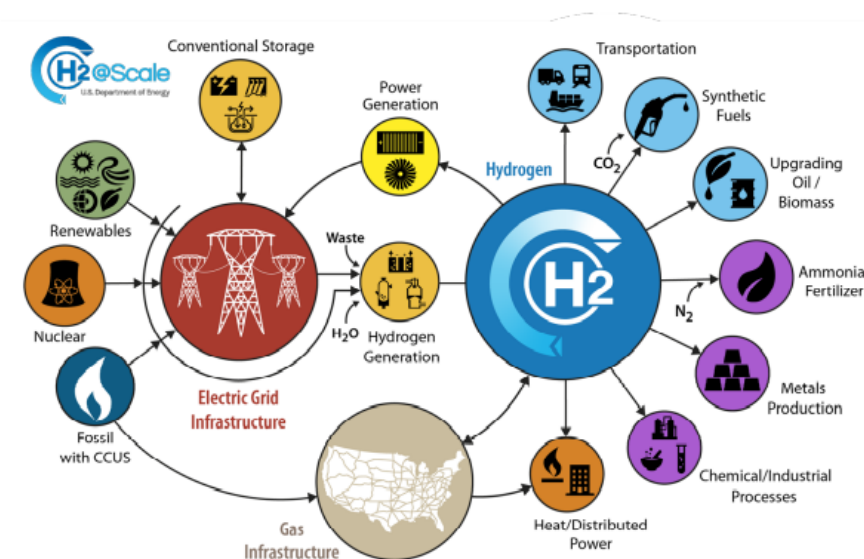
# Request

Authorization for the Executive Director to enter into an inter-agency Cooperative Research and Development Agreement (CRADA) for a Hydrogen Storage Risk Assessment with Pacific Northwest National Laboratory (PNNL), Sandia National Laboratory, and Seattle City Light.

# Cooperative Research & Development Agreement

- Funding through US Department of Energy – “Hydrogen at Scale” program and “Hydrogen Earthshot” initiative
- \$1.1 million total project cost
- Partner contributions to PNNL:
  - \$35,000 Port of Seattle
  - \$75,000 Seattle City Light
- Start Q2 2022, runs 24 months

## H2@Scale: Enabler for Deep Decarbonization across Sectors and Jobs



### Key Opportunities

- **Industry and Chemicals**  
Steel, ammonia, cement, syn fuels (e.g., aviation), exports
- **Transportation**  
Trucks, marine, buses, etc.
- **Power and Energy Storage**  
Long duration storage, NG blending, turbines, fuel cells

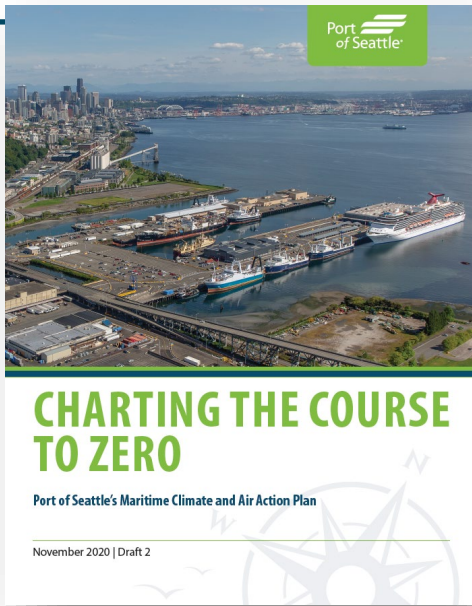
### U.S. Snapshot

- 10 MMT of H<sub>2</sub>/yr produced today with scenarios for 2-5X growth.
- +10 MMT H<sub>2</sub> would ~ double today's solar or wind deployment
- Potential for 700K jobs, \$140B by 2030

# Context: Exploring Clean Fuels is Part of the Port's Climate Strategies

## Maritime Climate and Air Action Plan (MCAAP)

- Port implementation plan to achieve NW Ports Clean Air Strategy and Century Agenda Goals



## Seattle Waterfront Clean Energy Strategy

- Enabling infrastructure to facilitate Port & Industry transition to zero emissions fuels and technologies
- Optimize power grid resources
- Financial, policy and business models for successful implementation

### Related National Lab Studies:

- Networked Microgrids
- Medium/Heavy Duty Fueling Hydrogen Node
- **Hydrogen Storage Risk Assessment**

# Scope

- Energy storage at end-use locations
- Risk assessment of large volume storage in urban industrial setting
- Generation, conversion and storage technologies
- Operational use case analysis (widespread heavy-duty vehicles, energy storage, grid support, maritime fueling)
- Cyber security assessment
- Use of risk assessment products for education and stakeholder engagement



# Schedule

## Activity

Inter-agency Agreement Authorization

Data Collection, Risk Model Development

Participant Workshop

Preliminary Risk Analyses, Project Integration

Final Report to DOE

## Timing

April 26, 2022

2022 Q2 -2023 Q1

2023 Q1

2023 Q2-Q4

2024 Q1

[RETURN TO AGENDA](#)

**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 10c

**ACTION ITEM**

**Date of Meeting** April 26, 2022

**DATE :** April 6, 2022

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

**FROM:** Sarah Ogier, Director – Maritime Environment & Sustainability  
Jon Sloan, Sr. Manager, Environmental Programs, ME&S  
Kathleen Hurley, Sr. Environmental Program Manager, ME&S

**SUBJECT: Urban Kelp Project – Competitive Exemption Request**

**Amount of this request:** \$120,000

**Total estimated project cost:** \$120,000

**ACTION REQUESTED**

Request Commission authorization (1) for the Executive Director to execute an Agreement with the Seattle Aquarium for a project investigating urban kelp forests in the amount not to exceed \$120,000; and (2) that Commission exercises its authority under RCW 53.19.020(5) to determine a competitive solicitation process is not appropriate or cost effective for this action.

**EXECUTIVE SUMMARY**

As entities located along the shores of Elliott Bay, the Port of Seattle (Port) and the Seattle Aquarium (Aquarium) share common interests in promoting healthy coastal ecosystems, resilience, habitat restoration, carbon sequestration and habitat improvement. Kelp in relatively pristine areas of Puget Sound and the Strait of Juan de Fuca have historically been the focus of bull kelp research; whereas urban kelp forests, such as those found along the shorelines of Elliott Bay and in the East and West Waterways, have been understudied. Kelp forests are ecologically important and provide critical habitat and nursery ground for several species of fish and support healthy bird and marine mammal populations. Additionally, kelp forests are effective at sequestering carbon and enhance coastal resilience to ocean acidification. The Port and the Aquarium are interested in increasing understanding of the conditions under which bull kelp thrives in urban areas to better inform effective conservation and restoration efforts in Puget Sound.

Meeting Date: April 26, 2022

Urban kelp beds will be studied using a novel combination of an underwater drone and artificial intelligence along with scuba to characterize these critically important kelp forests and inform future restoration and/or enhancement efforts. The work will document urban kelp abundance and distribution while deepening understanding of the environmental drivers of these kelp forests.

**JUSTIFICATION**

This work is aligned with the Port's Century Agenda goal of becoming the "greenest and most energy-efficient port in North America" as well a number of statewide initiatives, including the Puget Sound Kelp Conservation and Recovery Plan, recent state legislation Senate Bill 5619, known as the Kelp Forest and Eelgrass Meadow Conservation Initiative, the proposed new Puget Sound Partnership vital sign indicator for Puget Sound – Floating Kelp Canopies and with recommendations in the Port's Ocean Acidification Action Plan. Additionally, the research will inform the feasibility to incorporate kelp enhancement in future Port habitat restoration projects.

Unless a new contract falls under one of the five exemptions in RCW 53.19.020, it must be subject to "competitive solicitation" defined as "a documented formal process providing an equal and open opportunity to qualified parties and culminating in a selection based on criteria, in which criteria other than price may be the primary basis for consideration." RCW 53.19.020 lists five exemptions from competitive solicitation. The fifth exemption is for "other contracts or classes or groups of contracts exempted from the competitive solicitation process by the commission when it has been determined that a competitive solicitation process is not appropriate or cost-effective." RCW 53.19.020(5).

For this contract with the Seattle Aquarium to fall under the exemption in RCW 53.19.020(5), the Commission must make a reasoned determination that the competitive solicitation process would not be appropriate or cost effective. In making such determination, the Commission can avoid acting arbitrarily and capriciously by noting and discussing relevant facts and circumstances. In reviewing this issue, the Commission may establish that a reasonable basis exists, including wider policy considerations, to exempt the contract with the Seattle Aquarium. Such considerations may include that the Seattle Aquarium is uniquely positioned to undertake specialized scientific research alongside environmental interpretation and outreach. The Aquarium has highly qualified staff and equipment on hand to undertake this specialized research and translate results into information for public educational purposes. By leveraging this expertise, the Port will further its objectives related to both habitat stewardship and public benefit.

***Diversity in Contracting***

The Aquarium has a stated commitment to continued diversity, equity and inclusion learning and practices. The Port will work with the Seattle Aquarium to identify opportunities to include individuals who have historically been underrepresented in this type of research.



Meeting Date: April 26, 2022

**DETAILS**

The project will map and study the physical and ecological characteristics of several urban kelp forests located along the urban waterfront in Elliott Bay and East and West Waterways. The project will survey in/around existing kelp beds utilizing the Aquarium’s Blue2 ROV, create additional subtidal monitoring sites for kelp in Elliott Bay and in the East and West Waterways, and utilize existing spatially-fixed subtidal monitoring sites and tools, such as the King County water quality monitoring stations, to measure physical parameters that may influence kelp abundance and/or distribution. The information collected will help develop an understanding of ecological structure of urban kelp forests as well as their potential contribution to coastal resilience and inform public engagement work focused on kelp.

***Scope of Work***

The scope of the work is to better understand the conditions in which bull kelp thrives in urban environments to enable effective restoration efforts by:

- Strategic monitoring of canopy forming and understory kelps, along with the surrounding benthic invertebrates and fishes,
- Expand ongoing efforts to build collaboration between kelp research organizations,
- Continued research into priority stressors negatively affecting kelp forests on the sub-regional scale and promoting awareness,
- Engagement and action from user groups and the public.

***Schedule***

The schedule for 2022 is summarized below.

***Activity***

Commission competition waiver approval	2022 Quarter 2
Design start	2022 Quarter 2
Field research start	2022 Quarter 3
Summary of findings	2022 Quarter 4
Presentation of findings	2023 Quarter 1

***Cost Breakdown***

	This Request	Total Project
Design	\$120,000	\$120,000
Construction	0	0
Total	\$120,000	\$120,000

Meeting Date: April 26, 2022

### **ALTERNATIVES AND IMPLICATIONS CONSIDERED**

Given the unique opportunity of the partnership between the Seattle Aquarium and the Port given shared interests along the urban shoreline as well as the novel research approach integrating underwater remotely-operated vehicles and machine-learning, as well as the research and conservation capabilities the Aquarium possesses, only the no-action alternative was considered. It is not deemed feasible to achieve this work with another partner so no competitive bid process is considered.

#### **Alternative 1 – Proceed with project as proposed**

Cost Implications: The proposed action will utilize \$80,000 from the existing 2022 budget. The project scope was anticipated and included in the 2022 budget.

##### Pros:

- (1) Advance kelp research that is aligned with both Port and state priorities.
- (2) Supports a novel research approach with a key partner along the waterfront to enhance understanding of abundance and distribution of urban kelp beds;
- (3) Enhance public awareness and engagement on the importance of kelp forests.

##### Cons:

- (1) The funds could be allocated to alternative environmental initiatives.
- (2) Current funding sufficient for one year; however, funding for 2023 work is contingent on budget request approval.

This is the recommended alternative.

#### **Alternative 2 – No action, do not proceed**

Cost Implications: The proposed action will utilize \$80,000 from the existing 2022 budget; \$40,000 will be requested for the 2023 budget to complete work in year 2.

##### Pros:

- (1) The funds would be available for application toward an alternative project within the habitat program.
- (2) Reduce risk related to approval of year 2 funding, if this alternative were pursued.

##### Cons:

- (1) Forego an opportunity to contribute to the scientific body of knowledge on a key ecosystem in Puget Sound that is important for salmon recovery.
- (2) Forego the opportunity to partner with an entity with specific resources and skills to undertake both scientific research and public awareness/engagement.
- (3) Forego the opportunity to increase understanding of the conditions under which bull kelp thrives in urban areas to better inform effective conservation and restoration efforts in Puget Sound.

Meeting Date: April 26, 2022

**FINANCIAL IMPLICATIONS**

The project is anticipated to over 2022-2024; \$80,000 is the cost to support a research scientist to lead the work in 2022. We anticipate include a budget request in 2023 for \$40,000 to undertake Phase 2 in 2023. The cost decreases in 2023 as the Aquarium anticipates additional funding sources for the work.

<b><i>Cost Estimate/Authorization Summary</i></b>	<b>Capital</b>	<b>Expense</b>	<b>Total</b>
<b>COST ESTIMATE</b>			
Original estimate	\$0	\$120,000	\$120,000
<b>AUTHORIZATION</b>			
Previous authorizations	0	0	0
Current request for authorization	0	\$120,000	\$120,000
Total authorizations, including this request	0	\$120,000	\$120,000
Remaining amount to be authorized	\$0	\$120,000	\$120,000

***Annual Budget Status and Source of Funds***

The work was included in the current Center of Expertise for Engineering, Environment, and Sustainability 2022 budget.

***Financial Analysis and Summary***

Project cost for analysis	
Business Unit (BU)	
Effect on business performance (NOI after depreciation)	
IRR/NPV (if relevant)	
CPE Impact	

***Future Revenues and Expenses (Total cost of ownership)***

It is anticipated that \$40,000 will be needed in 2023 to complete Phase 2 of the project and will be included in the 2023 Center of Excellence Engineering, Environment, and Sustainability budget request.

Meeting Date: April 26, 2022

**ATTACHMENTS TO THIS REQUEST**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None

# Urban Kelp Project

Innovative tools to understand  
ecosystem health,  
connectivity, and trends in  
urban areas of Puget Sound

# Action Requested

- Requesting approval for a competitive exemption to contract with the Seattle Aquarium to undertake the urban kelp research project

# Context for Urban Kelp Research

- Smith Cove Blue Carbon Project
- Sustainable shorelines initiative
- Partnership with Seattle Aquarium exhibit
- Duwamish Basin Steward



**Kelp research will inform Port efforts to improve the nearshore environment**

# Project Synopsis

- Investigate what causes kelp to thrive in an urban environment;
- Establish urban kelp forest monitoring sites;
- Use scuba, remotely-operated devices, and machine learning to survey urban kelp forests;
- Develop an ecological characterization of urban kelp forests;
- Engage and increase awareness with the public;
- Share results with partner agencies



*Source: Eiko Jones Photography, Puget Sound Kelp Recovery and Conservation Plan (2020)*



# Next Steps

- Finalize contract with the Seattle Aquarium
- Implement research (Phase 1) May – September 2022
- Share Phase 1 results late 2022/early 2023
- July 2022: budget request for 2023/2024 work (Phase 2)

[RETURN TO AGENDA](#)

**COMMISSION**  
**AGENDA MEMORANDUM**

**Item No.**

11a

**BRIEFING ITEM**

**Date of Meeting**

April 26, 2022

**DATE:** April 19, 2022

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

**FROM:** Jeffrey Brown, Aviation Chief Development Officer  
Wayne Grotheer, Director Aviation Project Management

**SUBJECT: Baggage Optimization Program Update – Quarter 2, 2022**

**EXECUTIVE SUMMARY**

Baggage Optimization Program (BOP) is an airport-wide public safety and security program that improves customer service for both airlines and passengers. This is a long-term, three-phase program that is anticipated to be completed in 2026. Prior to Baggage Optimization the Airport baggage system was actually six separate systems. Modifying the separate systems was the best way to rapidly increase security after September 11. However, to meet long-term growth needs of the overall Airport, BOP replaces six aging individual baggage screening systems with one centralized system at Seattle-Tacoma International Airport. The new system will meet Transportation Security Administration (TSA) safety and security requirements while ensuring reliability, flexibility and efficiency for airlines and passengers. When complete, BOP enables the flexibility for bags to be checked in from any ticket counter and be efficiently conveyed to any airplane gate. This program allows the airport to meet the demands of growing airlines. Due to the lack of interconnectivity until the project is complete, continuous 24/7 operation, and a fixed footprint this project is complex and has various constraints that require detailed construction sequencing plans.

**PROGRAM STATUS UPDATE**

BOP is being bid and constructed in three separate phases. Phase 1 focused on the central terminal building, the core of the centralized screening system, and installed eight new screening machines. Phase 1 construction was complete Q2 2020 and was \$37M under budget at \$98M total cost.

Phase 2 is under construction to install four additional screening machines, new tenant storage and maintenance shop, final baggage handling system sortation matrix, and additional capacity to South Satellite. Phase 2 was delayed approximately six months due to a negative Majority-In-Interest (MII) vote when the airlines did not support the budget increase needed due to unexpected high bids. However, together with the Contractor, the Port team worked to regain the time by taking advantage of low passenger volume due to COVID-19 to re-sequence the construction steps and through efficiencies receive credits and gain back six months.

Meeting Date: April 26, 2022

In Phase 2, the project team together with the Airline stakeholders have completed over 375 major and complex shutdowns including the baggage system in a 24/7 operating airport. Phase 2 is within budget and is approximately 45% complete. Phase 2 is scheduled for completion in Q2 2024.

Phase 3 is the final phase of the program. It will focus on the tie-in of the south end systems to centralized screening, tie-in of the International Arrivals Facility (IAF), and finalize the sortation and ticket counter connections. After conducting lessons learned from previous phases and discussions with executives and airlines, Phase 3 project delivery method is recommended to be General Contractor/Construction Manager (GC/CM) to allow for the contractor to be part of the design and gain earlier insight and control of construction costs. The following will be brought to Commission later in 2022: 1) recommendation and request to change the project delivery method; 2) increase the design consultant's contract amount to complete Phase 3 design; 3) advertise and execute a project specific construction management contract to provide GC/CM expertise; and 4) advertise and execute a contract for preconstruction services. As the Phase 3 estimate is better defined, a request for a budget increase will also be brought to Commission. Development of Phase 3 design will begin in Q3 2022.

### **PROJECT RISKS AND MITIGATION**

- Supply Chain – The impacts of COVID-19 on the supply chain are currently causing delayed manufacturing and delivery of critical equipment that could impact the project schedule if delays continue. We are seeing delays of motors, gear boxes, bearings, power turns, and fiber optic cable, all of which are major required components of the baggage system. Cost or schedule impacts (or both) are possible. The team is mitigating some of the issues with early shipment and storage of delivered material in an offsite warehouse and continued outreach to suppliers. The team is also prioritizing equipment and approving alternative products.
- Project Coordination - There are four other projects that are critical for BOP coordination in order to mitigate risks of incompatibility in equipment, design, or construction. The BOP team is involved in coordination, design reviews, and planning to manage the risks and expectations.
  1. International Arrivals Facility (IAF) – In order for BOP Phase 2 to start construction of the South Satellite baggage feeds and makeup devices for loading to baggage carts, the project requires IAF to be fully operational. Delays of the IAF opening directly impact the construction schedule and delays are costing about \$10,000 per day for the BOP Phase 2 contract.
  2. C Concourse Expansion – This project will transfer scope and budget to the Baggage Optimization Project to manage, design, and construct conveyor transfer lines that are impacted by C Concourse Expansion construction pending Commission action in Q2 2022. The baggage work will be done by the BOP project to minimize construction and operational risk and operational constraints.

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3. North Main Terminal Redevelopment Project (NMTRP) – The two projects are currently coordinating critical ticket counter main line connections, odd size baggage handling scope, construction sequencing, and schedule to minimize risk and operational impacts on both the BOP and NMTRP projects.
  4. North Main Terminal Utilities Upgrade Project (NTUUP) – This project intends to transfer scope to BOP to construct a utilidor in the area of BOP Phase 2 construction and be sequenced within the construction schedule with minimal disruptions to either project.
- Airline Operational Impacts – Constructing a complex project in a 24/7 operating airport with minimal disruptions to live operations and within the same space as the existing system will continue to be a challenge. The baggage team continues to take steps to communicate with all stakeholders including Airline Technical Representatives (ATR) and develop detailed plans, run trials, and monitor the work.
  - Airline Manual Baggage Handling – Constructing the new baggage system while maintaining the existing system will at times leave long term temporary conditions within the baggage system. The temporary conditions may result in manual baggage handling of the bags by an Airline employee due to construction and schedule complexity. The baggage team has tried to identify the most impactful steps in the construction and coordinates frequently with the Airlines and ATR to minimize the risk and impact to operations.

### ***Program Schedule***

Phase 1 was completed in Q2 2020. Phase 2 is currently under construction scheduled to be completed in Q2 2024; however, the end date is tied to the IAF opening and supply chain issues. Phase 3 design is scheduled to start in Q3 2022 and is scheduled to be constructed by Q3 2026.

<u>Phase</u>	<u>Design</u>	<u>Construction</u>
Phase 1	Q3 2015	Q2 2020
Phase 2	Q1 2020	Q3 2020 – Q2 2024
Phase 3	Q2 2023 – Q1 2024	Q1 2024 – Q3 2026

### ***Program Budget***

Phase 2 budget and authorization includes \$10M executive director reserve. At this time the project has not utilized any funds from the reserve. Phase 3 has not started construction and in the process of developing an estimate. The current range for Phase 3 is between \$400M - \$500M. Phase 3 authorization of \$13M is for design and pre-construction funding. TSA

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contributes \$94M to the overall project budget. The Port has been reimbursed for more than \$65M to date from TSA (March 2022).

<u>Phase</u>	<u>Current Budget</u>	<u>Forecast at Completion</u>	<u>Current Authorization</u>
Phase 1	\$101,375,000	\$97,488,982	\$101,375,000
Phase 2	\$425,675,000	\$415,675,000	\$425,675,000
Phase 3	\$313,000,000	\$400,000,000 to \$500,000,000	\$13,000,000
Total	\$840,050,000	\$914M - \$1.1B	\$540,000,000

***Diversity in Contracting***

Baggage Optimization Phase 2 has a WMBE goal of 2% due to the nature of the scope of work primarily being baggage conveyors and limited building work. The project is approximately 45% complete and WMBE utilization is at 1.21% of the total contract; the project is on track for meeting the 2% goal.

**ADDITIONAL BACKGROUND**

The Baggage Optimization project was scoped in 2012 to accommodate 45 million annual passengers (MAP) with an expandable design to accommodate future growth. At the time, growth forecasts were flat and predicted that 45 MAP would be adequate through 2027. The decision was made to proceed in building an expandable 45 MAP system with the expectation that an expansion would occur in the future in time to accommodate growth up to the 60 MAP level. Due to unprecedented growth at the airport, the 45 MAP threshold was met in 2016, over ten years earlier than anticipated. In June 2017, the Commission authorized the project to incorporate a capacity expansion of the Baggage Optimization project in order for the new outbound baggage system to accommodate 60 MAP.

**ATTACHMENTS TO THIS BRIEFING**

- (1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

- January 28, 2020 – Commission Authorization to (1) execute a construction contract with the low responsive and responsible bidder for the Baggage Optimization Phase 2 Project at Seattle-Tacoma International Airport, notwithstanding the low bid exceeding the estimate at time of bid by more than 10 percent, and (2) authorize an additional \$190,737,800 for Phase 2 construction and Phase 3 design for a total program authorization of \$540,050,000

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- April 23, 2019 – Commission Authorization to (1) advertise, award, and execute a construction contract for the Baggage Optimization Phase 2 project at Seattle-Tacoma International Airport; (2) employ a project labor agreement (PLA); and (3) utilize Port crews and small works contracts to perform construction work
- February 26, 2019 – Baggage Optimization Quarter 4 Project Briefing
- October 23, 2018 – Baggage Optimization Quarter 3 Project Briefing
- June 12, 2018 – Baggage Optimization Quarter 2 Project Briefing
- January 9, 2018 – Baggage Optimization Quarter 4 Project Briefing
- September 26, 2017 – Baggage Optimization Quarter 3 Project Briefing
- June 27, 2017 – Commission authorization to (1) authorize additional design and project management funds to expand the capacity to 60 million annual passengers (MAP); (2) use Port crews and small works contracts to perform additional construction work; and (3) amend Service Agreement P-00317641 to add \$10,160,000
- October 25, 2016 – Baggage Optimization Quarter 4 Project Briefing
- July 12, 2016 – Commission authorization to advertise and execute a contract for construction Phase 1
- June 28, 2016 – Baggage Program Briefing
- May 17, 2016 – Checked Baggage Optimization Project Briefing
- March 8, 2016 – Commission authorization for the Chief Executive Officer to amend the Baggage Optimization Design Services contract
- June 23, 2015 – Checked Baggage Optimization Project Briefing
- September 10, 2013 – The Commission authorized the execution of an Other Transaction Agreement (OTA) with TSA for reimbursable costs for design; construction, and to authorize \$15 million to continue from 30% to 100% design; and execute a consultant service agreement for program management support services
- August 20, 2013 – Response to questions from Commissioners asked during August 6, 2013 Commission Meeting
- August 6, 2013 – The Commission was briefed on the near-term and long-term challenges related to handling checked baggage at the Airport
- January 22, 2013 – The Commission authorized \$5 million for staff to begin design through 30%, and to enter into an agreement to allow reimbursement from the federal government to the Port for eligible elements of the 30% design effort
- January 8, 2013 – Baggage Systems Briefing
- August 14, 2012 – Baggage system recapitalization/optimization was noted in the 2013 business plan and capital briefing as a significant capital project not included in 2013-17 capital program
- August 7, 2012 – Baggage system recapitalization/optimization was referenced as one of the drivers for the need to develop an Airport Sustainability Master Plan
- June 26, 2012 – The Airport's baggage systems were discussed during a briefing on terminal development challenges
- May 10, 2012 – TSA's interest in a national recapitalization/optimization plan for all baggage-screening operations was referenced in a design authorization request for the C60-C61 Baggage Handling System Modifications Project

# Baggage Optimization Program

April 26, 2022

# Program Purpose and Scope

## Purpose:

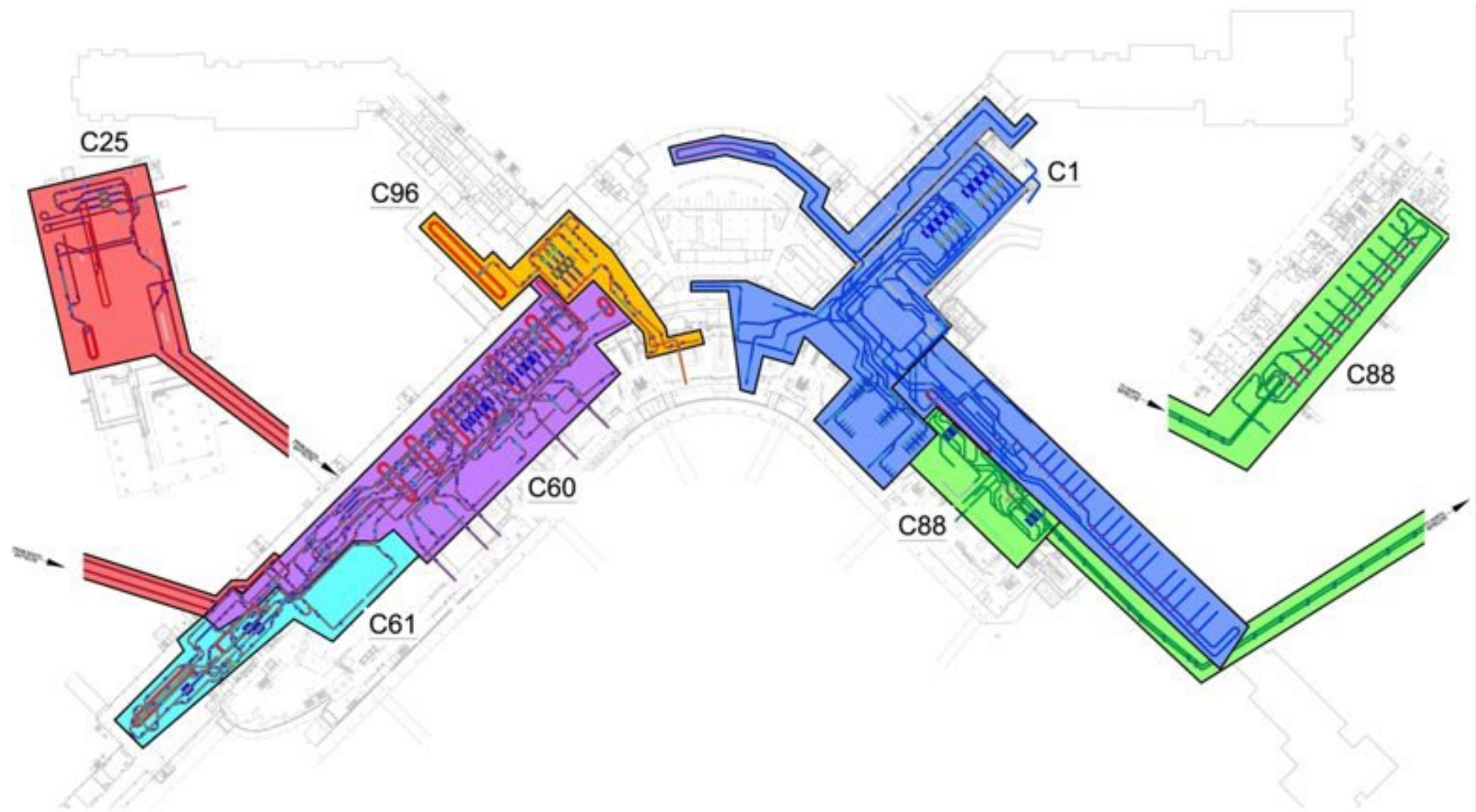
- Airport wide public safety and security program that improves customer service for both airlines and passengers by providing flexibility, reliability, and efficiency.

## Scope:

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



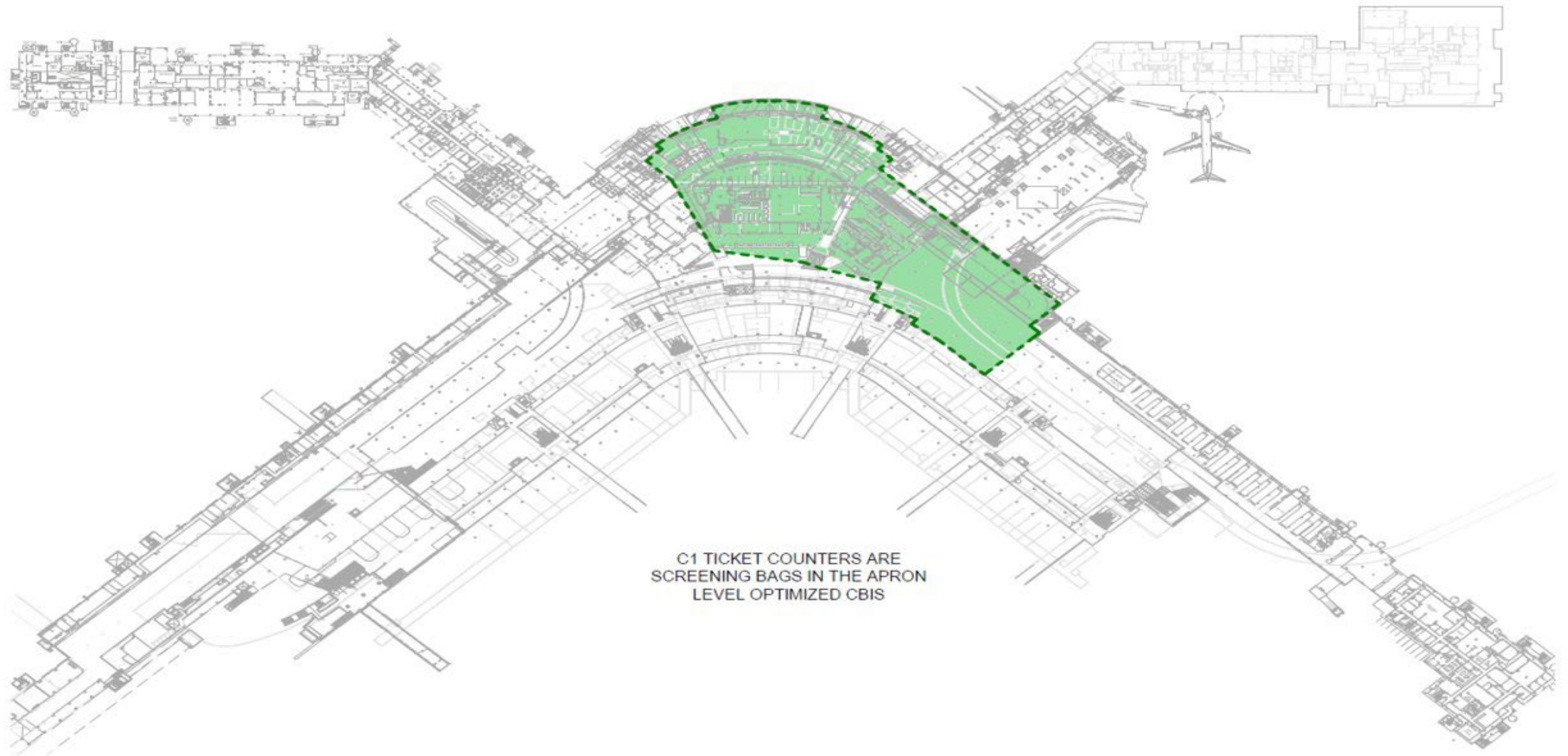
# Current System



## Centralized Screening



# Phase 1: Construction Completed Q1 2020



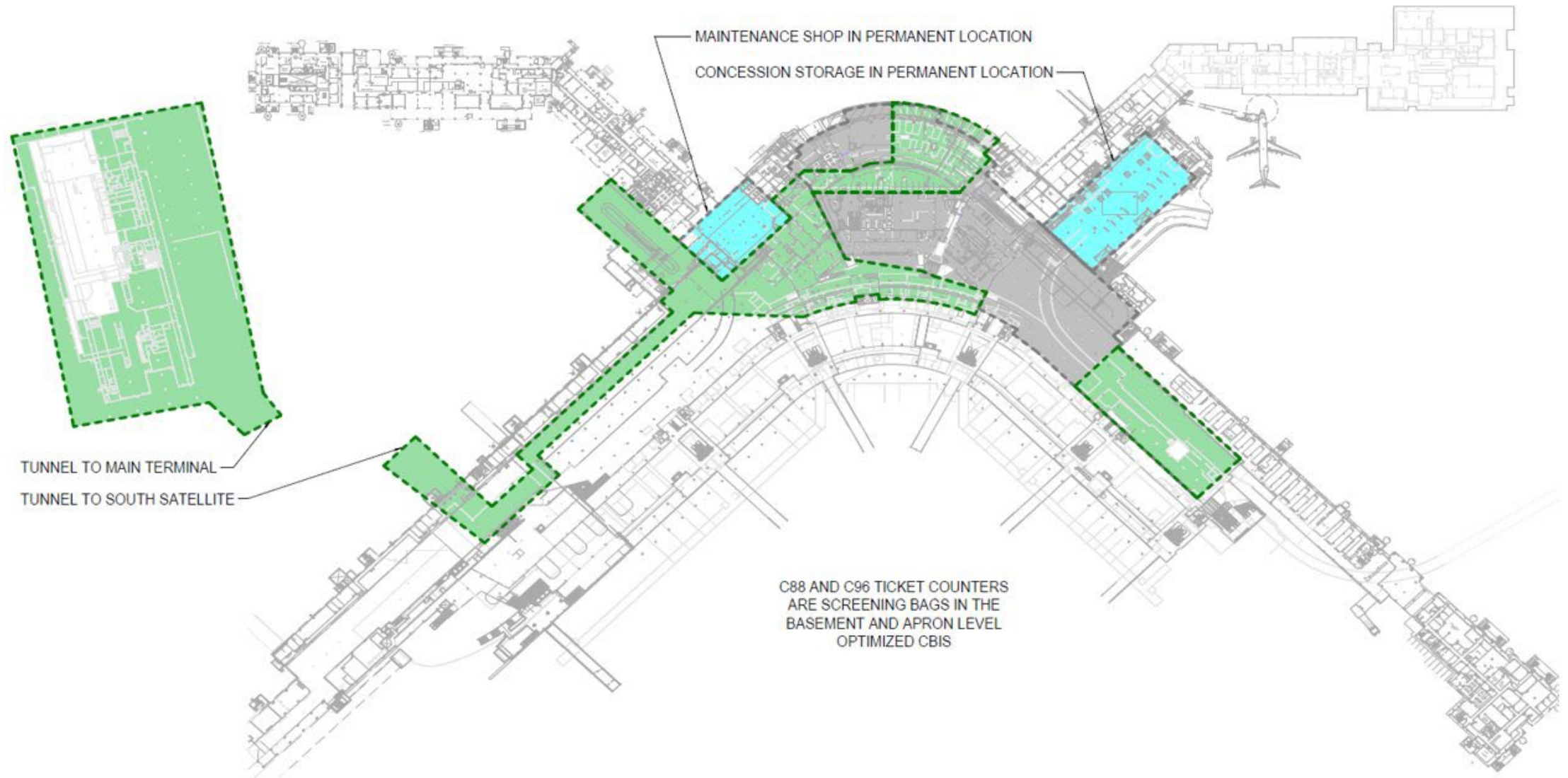
# Phase 1 Contract Compliance

- Small Business Enterprise (SBE) Utilization
  - Requirement of 15%
  - Total Contract: 16.28%

Apprenticeship	Final Utilization
Total labor hours performed by Registered Apprentices	21.63%
Apprentice hours by minorities	16.58%
Apprentice hours by females	7.50%



# Phase 2: Construction Underway



# Phase 2 Accomplishments

- Construction is 45% Complete
- Change Order Rate: 1% (approx. \$500k)
- Over 375 Major and Complex Shutdowns Completed
- Completed impactful project steps – excellent collaboration
- 5 Pre-Factory Acceptance Tests in Michigan completed
- Women and Minority Business Enterprise (WMBE) and Apprenticeship goals are being exceeded or on target to be met

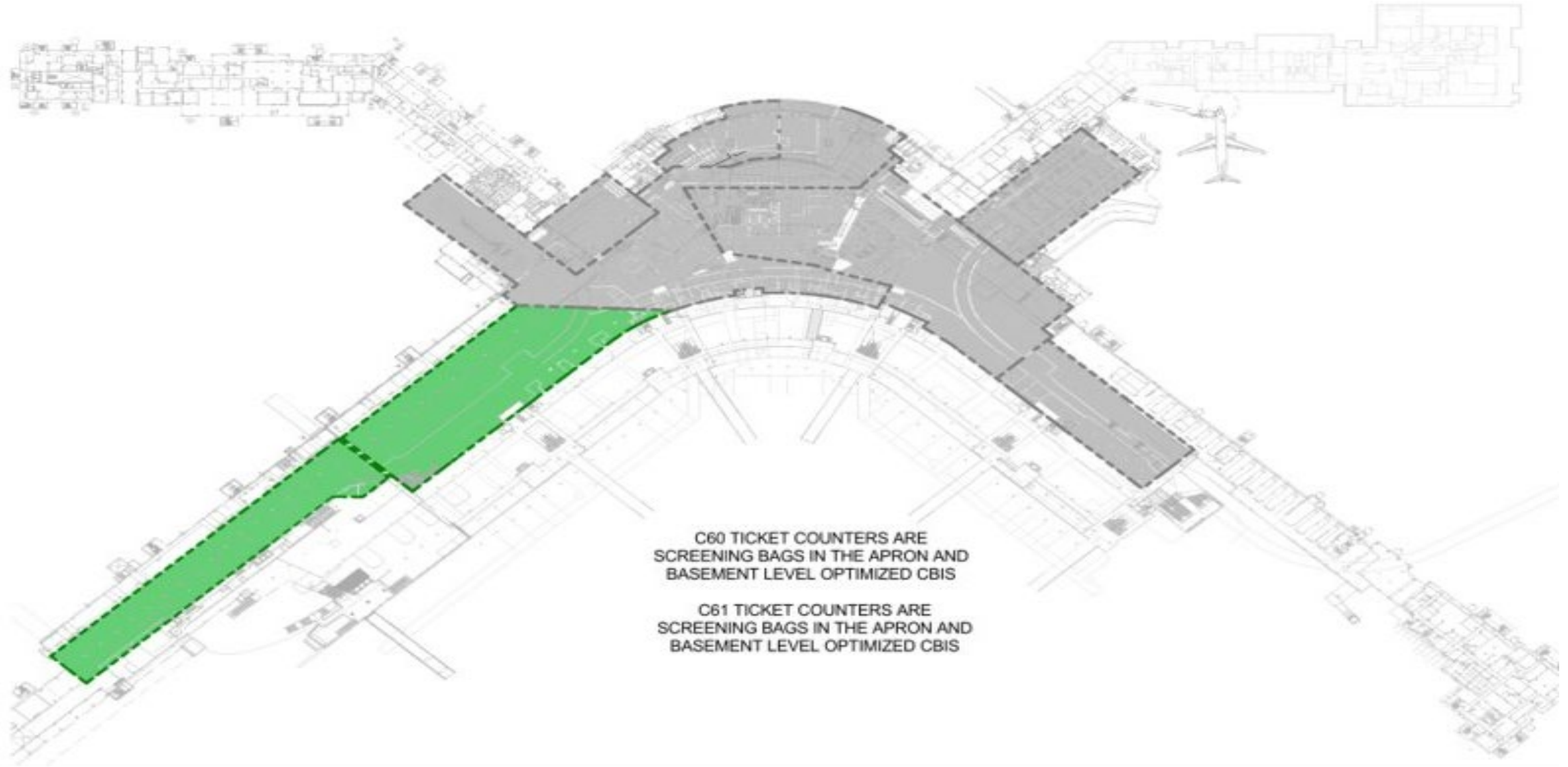
# Phase 2 Contract Compliance

- Project Labor Agreement (PLA)
- Women and Minority Business Enterprise (WMBE)
  - Goal: 2% of total contract
  - Current Status: Project is 45% complete, at 1.21% of total contract; on track to meet goal

Note: Due to the nature of Phase 2 scope of work primarily being highly specialized baggage conveyors and limited building work; the WMBE goals were limited

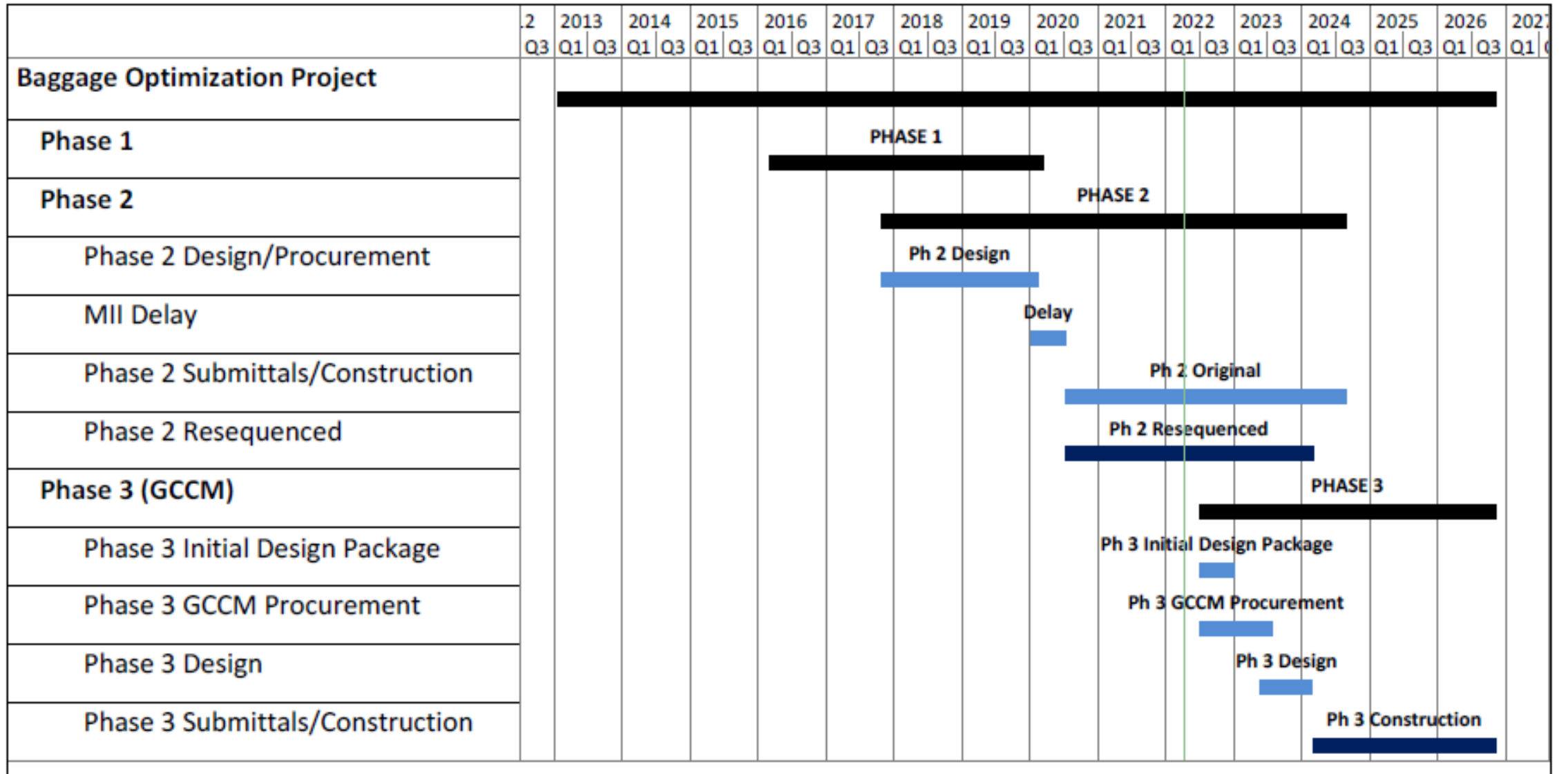
Apprenticeship	Current Status
Total labor hours, per craft, performed by Registered Apprentices	26.58%
Apprentice hours by people of color	28.37%
Apprentice hours by females	8.53%

# Phase 3: Project delivery method - GC/CM





# Schedule



# Budget

Phase	Current Budget	Forecast at Completion	Current Authorization
Phase 1	\$101,375,000	\$97,488,982	\$101,375,000
Phase 2	\$425,675,000 Includes \$10M Executive Director Reserve	\$415,675,000	\$425,675,000
Phase 3	\$313,000,000	\$400M - \$500M	\$13,000,000 (Design/Pre-Const)
<b>Total</b>	<b>\$840,050,000</b>	<b>\$914M - \$1.1B</b>	<b>\$540,050,000</b>
TSA contribution over \$94M; Port has been reimbursed for \$65M to date			

# Critical Issues

1. Supply chain
2. Cyber Attacks
3. Restrictive daily and seasonal construction limits and duration
4. Minimizing operational impact as passenger growth increases
5. Airline required baggage handling
6. Project Coordination

# Next Steps

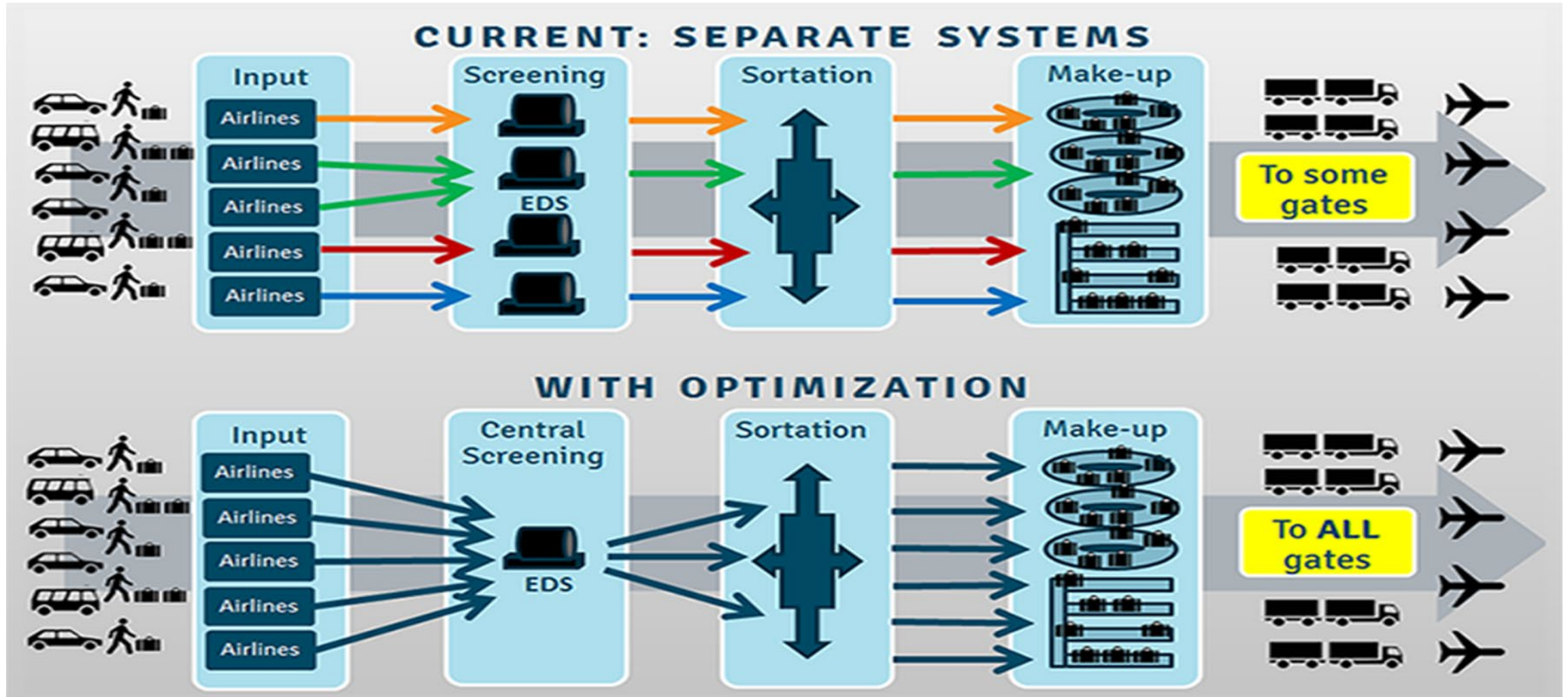
- Upcoming Commission requests:
  - Phase 3 project delivery method - General Contractor/Construction Management (GC/CM). Contractor input on design and phasing consistent with audit and Airline recommendation
  - Program budget increase to complete Phase 3; still being determined
  - Increase to Design Consultant contract to complete Phase 3 design (approx. \$10M)
  - Advertise and execute project specific Construction Management contract to provide GC/CM expertise
  - Advertise and execute General Contractor preconstruction services
  - Memorandum of Agreement (MOA) with Transportation Security Administration (TSA) for varying site conditions
- Majority In Interest (MII) Airline vote on Phase 3
  - Date to be determined; discussing with Airlines

# Photos



# Appendix

# Outbound Baggage Flow



[RETURN TO AGENDA](#)

**COMMISSION**  
**AGENDA MEMORANDUM**

**Item No.** 11b

**BRIEFING ITEM**

**Date of Meeting** April 26, 2022

**DATE:** April 6, 2022

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

**FROM:** Sandra Kilroy, Senior Director, Engineering, Environment & Sustainability  
Jane Dewell, Senior Manager, Marine Stormwater Utility  
Jeremy Webb, Environmental Program Manager, Aviation Environment & Sustainability  
Tom Fagerstrom, Airport Noise Programs Coordinator

**SUBJECT: Sustainable Century and Fly Quiet Awards**

**EXECUTIVE SUMMARY**

In honor of Earth Day (April 22, 2022), Port staff are pleased to announce winners of the Port's 2020-2021 Sustainable Century Awards for the Aviation and Maritime Divisions. These awards recognize our customers, tenants, non-profits, and partners for outstanding accomplishments in the areas of environment and sustainability. Award winners serve as role models and demonstrate exceptional leadership in their operations or involvement with Port maritime facilities and Seattle-Tacoma International Airport (SEA). These businesses are key partners in helping the Port achieve our sustainability goals set forth in the Century Agenda.

Following a brief pause last year due to the COVID pandemic, the Port's environmental awards program returns in 2022 with improvements. The new name, Sustainable Century Awards, reflects deeper alignment with the Port's Century Agenda goals. In addition, the Port added two new award categories focusing on 1) equity, diversity, and inclusion, and 2) support for an equitable recovery from the pandemic. The Port also added Aviation awards to highlight airlines that reduce emissions by using airport ground power systems, and more fuel-efficient aircraft. These last two categories are based solely on SEA's operational system data rather than nominations. Staff communicated to Commission our plans to update award programs in January, 2021 and proposed changes in December, 2021.

Port staff also recognize winners of the Port's Fly Quiet Awards for airline noise reduction efforts at SEA. The annual Fly Quiet Awards were developed by Port staff and a citizen advisory committee in 2005 to increase airline and pilot awareness of aircraft noise impacts on local communities.



Meeting Date: April 26, 2022

This year's award winners include:

**Sustainable Century Awards**

- Maritime – Fishermen's Finest, Inc., SSA Marine/Carrix, and Whooshh Innovations; and
- Aviation – Bellair Charters & Airporter Shuttle, Delta Air Lines, and Southwest Airlines.

**Fly Quiet**

- Spirit Airlines, Frontier Airlines, and EVA Airways.

**MARITIME SUSTAINABLE CENTURY AWARDS**

The Maritime Division received five nominations, selected two award winners, and recognizes one nomination with an honorable mention. Award winners and key accomplishments are:

***Fishermen's Finest, Inc. (Environmental Innovation Category)***

This award recognizes Fishermen's Finest for innovation, ambition, and leadership on energy conservation and environmental sustainability, including setting a net-zero carbon goal for their fishing fleet, and providing an excellent example of sustainable fishing practices for the fishing industry. Their achievements include:

- Commissioning a new fishing vessel in 2019, America's Finest, a 240-foot trawler constructed in Anacortes, WA, that reduces fuel consumption by 66% and that represents the lowest carbon footprint of the Bering Sea Trawl Fleet,
- Becoming the first commercial fishing fleet to achieve certification under the Green Marine environmental certification program for the maritime industry, a rigorous and transparent third-party certification program,
- Inspired by the climate change impacts they were witnessing in the Bering Sea, purchasing the first sale of local carbon offset credits from King County's Forest Carbon Program, a unique program to protect city trees and urban forest, and
- Being a woman-owned/minority-owned business.

***SSA Marine/Carrix (Equitable COVID Pandemic Recovery Category)***

This award recognizes SSA Marine/Carrix for promoting an equitable COVID recovery by collaborating with government and healthcare organizations to support trade and cruise operations during the pandemic. The following donations are being recognized for this award:

- In April 2020, they teamed up with Columbia Hospitality and Food Lifeline, the largest foodbank in Washington, to meet growing food demand during the challenges of the pandemic. They donated a 160,000-square-foot space for Food Lifeline in Seattle's SoDo District, which doubled the organization's capacity and tripled its staffing. They also donated six forklifts, five pallet jacks, and 12 propane tanks for the new Food Lifeline warehouse. This allowed Food Lifeline's distribution to increase 41% between April 2020 and 2021, representing an additional 20 million pounds of food in one year. The support also increased food distribution to over 300 organizations in Western Washington.
- In Spring 2021, company staff provided all the volunteers needed to run a newly opened drive-through mass vaccination site for two weeks at North Seattle Community College.

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During the seven-day clinic, they provided over 80 volunteers to support the Seattle Visiting Nurses Association and delivered up to 390 shots per day, or over 2,700 vaccines.

***Whooshh Innovations (Honorable Mention - Environmental Innovation Category)***

This Honorable Mention recognizes a significant new technical innovation by Whooshh that supported fish passage in a section of the Fraser River, British Columbia, following a landslide that blocked the migratory route for a significant salmon run.

- They invented a 'Passage Portal' that allowed juvenile and mature salmon to get around the Fraser River blockage. This method removed the need for human handling, a significant improvement for fish passage.
- The portal incorporates electronic tracking to allow for accurate fish counts. During the first season of use, 125,000 salmon passed through the portal.
- This is a promising technology to support salmon runs where fish passage is impeded, and with wider use, could contribute to supporting the critical food source for the Salish Sea's Southern Resident Killer Whale.

**AVIATION SUSTAINABLE CENTURY AWARDS**

The Aviation Division received five nominations in nomination-based award categories and selected one winner. We also award two airlines for efforts to reduce emissions by using airport ground power systems and highly fuel-efficient aircraft.<sup>1</sup> These awards will expand in future years to include additional monitoring systems, but initially only include ground power use for 2021. In addition, only those airlines that had more than 5,000 flight operations at SEA in 2021 were included in this category, as they represent more than 80% of the fuel load. Award winners and key accomplishments are described by award category below.

***Bellair Charters & Airporter Shuttle (Environmental Innovation Category)***

This award recognizes Bellair's innovative long-term partnership supporting SEA's Raptor Strike Avoidance Program. This program helps protect local wildlife, increase airport operational safety by reducing aircraft risk of bird-strike, and reduce Port labor and costs while preventing greenhouse gas emissions. Bellair:

- Since 2011, voluntarily transported nearly 800 birds-of-prey (i.e., raptors) captured at SEA under the Raptor Strike Avoidance Program using their own Airporter shuttle fleet, fuel and staff on return routes to Burlington, WA at no cost to the Port.
- Captured raptors including red-tailed hawks and 16 other species and transported them from SEA to farmland habitat near the Northwest WA community of Bow for tagging and release to the wild.
- By using existing "backhaul" trips, prevented an estimated 119,000 vehicle-miles-traveled, which reduced labor by approximately 3,000 hours, saved \$24,000 in fuel, and avoided 70 metric tons of carbon dioxide emissions.

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<sup>1</sup> These recognitions rely on airport operational data from new monitoring systems, allowing us to measure airline fleet composition and ground system connectivity at SEA.

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***Southwest Airlines (Greatest use of airport ground power systems)***

- High use of emission reducing ground power systems (80-90% of all operations connect to the systems), and
- Longest connectivity to ground power systems while at gate (over 80% of the time between gate arrival and pushback).

***Delta Airlines (Highest percentage of fuel-efficient aircraft use)***

- Of the aircraft Delta operated at SEA in 2021, 16% were highly fuel-efficient, such as Airbus A220s, A330neos, and A350s, compared to other high-operation carriers who achieved closer to 7%.

**FLY QUIET AWARDS**

Port staff developed the annual Fly Quiet awards in 2005, with input from a citizen advisory committee, to increase airline and pilot awareness of aircraft noise impacts on local communities. Fly Quiet was included as a continuing noise program measure in the most recent Part 150 Noise Study update completed in 2014.

Fly Quiet recognizes airlines based on the following criteria: 1) the sound levels of their operations using four of the Port's noise monitors, 2) success at flying within the noise abatement flight procedures, 3) adhering to SEA's ground maintenance engine run-up regulations, and 4) limiting noise levels during late-night hours at SEA. Using these scoring criteria, two airlines are recognized as the highest achieving carriers, and a third airline is recognized as having made a significant improvement over the previous year.

***Spirit Airlines***

- Top scoring Fly Quiet airline for operations in 2021
- Remarkably low takeoff noise utilizing the quiet Airbus A32neo.

***Frontier Airlines***

- High scoring airline with consistently lower noise levels than other domestic carriers
- Operate the quiet Airbus A320neo

***EVA Airways***

- Most improved Fly Quiet score for operations in 2021.
- Partnered with Port staff to lessen their noise in response to the Late-Night Noise Limitation Program
- Changed to the quiet Boeing 787 in response to Program outreach.

**ADDITIONAL BACKGROUND**

The Port has recognized environmental excellence among its business partners as early as 2010 with the Aviation Environmental Excellence and the Maritime Green Gateway awards. Under the new Sustainable Century Awards, both divisions accept nominations for projects, processes, or actions that promote sustainability leadership in the following categories:

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- Environmental Performance
- Environmental Education and Outreach
- Environmental Innovation
- Equity, Diversity & Inclusion (New)
- Equitable COVID Pandemic Recovery (New)

The Aviation division also uses airport operational system data to recognize airline emission reduction efforts in the following categories:

- Greatest use of airport ground power systems (New)
- Highest percentage of fuel-efficient aircraft use (New)

A panel of Port staff review and determine award winners using established criteria for each category. Awards in nomination-based categories depend on the strength and quantity of nominations received. As a result, the Port may not announce awards for each category every year.

#### **NEXT STEPS**

Port staff will host a celebratory awards luncheon on May 26, 2022, from 12:00-1:30 PM at the Airport's International Conference Center for our award winners. Port Commissioners and other Port leaders attend to present commemorative plaques, learn more about their accomplishments, and celebrate with attendees.

Concurrent with the luncheon, Port staff will launch a publicity campaign acknowledging this year's award winners through Port media outlets (i.e., website, social, digital publications).

#### **ATTACHMENTS TO THIS BRIEFING**

- (1) Presentation slides

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

September 22, 2020 – Announced 2019 award winners (item #7a)

Environmental Excellence:

- *Maritime*: SSA Terminals, Dirt Corps LLC, Orcasound Hydrophone Network, Norwegian Cruise Line Holdings (Honorable Mention), Just Health Action (Honorable Mention)
- *Aviation*: Alaska Airlines, HMS Host, Whidbey SeaTac Shuttle, Seattle Chocolate

Fly Quiet:

- Southwest Airlines, SkyWest Airlines, Frontier Airlines

Meeting Date: April 26, 2022

January 14, 2021 Bellwether Report – Communicated plans to pause awards in 2021 and update awards program for 2022

December 10, 2021 Bellwether Report – Communicated proposed award program changes for 2022

# Sustainable Century and Fly Quiet Awards

Sandra Kilroy

Environment, Sustainability & Engineering

Center of Expertise

April 26, 2022



# 2020-2021 Award Program

- Awards for tenants and businesses supporting Port sustainability goals since 2010
- Recognize sustainability accomplishments of local Aviation & Maritime industries
- Recognize airline noise reduction efforts
- Opportunities for small businesses
- Winners determined by staff with Senior Management concurrence

# Sustainable Century Award Winners



**SSAMarine**<sup>™</sup>  
A Carrix Enterprise





# Maritime Sustainable Century Awards



- Environmental Innovation: Fishermen's Finest, Inc.
  - *For innovative and ambitious leadership in energy conservation and sustainability*
    - Commissioned American's Finest, a 240-foot fishing trawler that reduces fuel consumption by 66% and represents the lowest carbon footprint of the Bering Sea Trawl Fleet
    - First commercial fishing fleet to achieve Green Marine Certification
    - Purchased the first credits from King County's Forest Carbon Program to protect urban forests



# Maritime Sustainable Century Awards



**SSAMarine**<sup>TM</sup>  
A Carrix Enterprise

- Equitable COVID Pandemic Recovery:  
SSA Marine/Carrix
  - *For community COVID recovery support and donations*
    - Teamed with Columbia Hospitality and Food Lifeline, and donated 160,000-square feet of warehouse space and equipment, which helped increase foodbank capacity by 41% or 20 million pounds of food over one year
    - With Seattle Visiting Nurses Association, 80 staff volunteered to run a north Seattle vaccine clinic for one week, resulting in 2,700 vaccines





# Maritime Honorable Mention



- Environmental Innovation: Whooshh Innovations
  - *For innovation invention of improved fish passage technology*
    - Developed the ‘Passage Portal,’ allowing juvenile and mature salmon to migrate past a major landslide in the Fraser River, B.C., without requiring human handling
    - During one season, 125,000 salmon passed through the portal
    - Supports salmon migration and the critical food of Southern Resident Killer Whales



# Aviation Sustainable Century Awards



- Environmental Innovation: Bellair Charters & Airporter Shuttle
  - *For innovative partnering with SEA's Raptor Strike Avoidance Program to protect local wildlife*
    - Voluntarily transported ~800 raptors captured at SEA from 2011-21 using Airporter shuttles
    - 16 raptor species relocated, tagged, and released to wild in NW WA farmland
    - Used backhaul trips preventing 119K miles of Port travel saving ~3K hrs. labor, ~\$24K fuel, and avoiding ~70 metric tons of carbon emissions

# Aviation Sustainable Century Awards



- Greatest use of airport ground power systems: Southwest Airlines
  - High use of emission reducing ground systems (80-90% of all operations)
  - Longest connectivity to ground systems (over 80% of turn time at gates)



# Aviation Sustainable Century Awards



- Highest percentage of fuel-efficient aircraft use: Delta Air Lines
  - 16% of operations using highly fuel-efficient aircraft (Airbus A220s, A330neos, and A350s)
  - Compares favorably to other high-operation carriers at SEA who achieved ~7%



# 2022 Fly Quiet Awards



**FRONTIER**





# Spirit Airlines



- Top Fly Quiet scoring airline for their operations in 2021
  - Operate the very quiet Airbus A320neo
  - Remarkably low takeoff noise
  - Fly the Noise Abatement procedures at SEA with great accuracy



# Frontier Airlines



- Significantly lower takeoff noise than other domestic carriers in 2021
  - Annually a very high scoring Fly Quiet airline at SEA
  - Fly the very quiet Airbus A320neo
  - Very accurate at flying the Noise Abatement procedures at SEA

# EVA Airways



- Most improved Fly Quiet score in 2021 – significantly reduced noise levels
  - Partnered with Port staff in response to Late Night Noise Limitation Program
  - Changed to the much quieter Boeing 787 as a result of program outreach
  - Less noise at night at SEA

# CONGRATULATIONS!

## Sustainable Century and Fly Quiet Award Winners

-Save the Date-

**Awards Luncheon**

**5/26/22 12-1:30 PM**

**SEA Airport Conference Center**

[RETURN TO AGENDA](#)