COMMISSION REGULAR MEETING AGENDA
January 24, 2023

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. To listen live, call in at +1 (425) 660-9954 or (833) 209-2690 and Conference ID 573 398 841#

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. Order No. 2023-02: An Order Directing the Port of Seattle Executive Director, or Designee, to Utilize the International Holocaust Remembrance Alliance Working Definition of “Antisemitism” When Developing Policies and Training Programs to Help Identify and Combat Antisemitism. (order enclosed)

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 on items related to the conduct of Port business will have the opportunity to:

   1) Deliver public comment via email: All written comments received by email to commission-public-records@portseattle.org 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 with your name and the topic related to the conduct of Port business you wish to speak to by 9:00 a.m. PT on Tuesday, January 24, 2023. (Please be advised that public comment is limited to topics related to the conduct of the Port business only.) You will then be provided with instructions and a link to join the Teams meeting.

   3) Deliver public comment in person by signing up to speak on your arrival to the physical meeting location: To take advantage of this option, please arrive at least 15 minutes prior to the start of any regular meeting to sign-up on the public comment sheet available at the entrance to the meeting room to speak on items related to the conduct of the Port.

Founded in 1911 by a vote of the people as a special purpose government, the Port of Seattle’s mission is to promote economic opportunities and quality of life in the region by advancing trade, travel, commerce, and job creation in an equitable, accountable, and environmentally responsible manner.
8. **CONSENT AGENDA** *(consent agenda items are adopted by one motion without discussion)*

8a. Approval of Minutes of the Regular Meeting of January 10, 2023, and Special Meeting of January 12, 2023. *(no enclosure)*

8b. Authorization for the Executive Director to Execute an Other Transaction Agreement (OTA) with the Transportation Security Administration for a 24-Month Time Extension for the Period of Performance on the Baggage Optimization Program, to Execute Future Change Orders on the Baggage Optimization Project Phase 2 and Phase 3 Construction Contracts Up to the Commission Authorization Amount that Exceed $300,000 and/or Exceed 60 Calendar Days’ Time Extensions, and to Include a Project Labor Agreement for Phase 3. (CIP C800612) *(memo enclosed)* [p.6]

8c. Authorization for the Executive Director to Amend a Professional Services Agreement to Increase the Contract Value by $1,200,000 in Support of the S. 188th Street Tunnel Improvement Project at Seattle-Tacoma International Airport. (CIP C801157) *(memo enclosed)* [p.13]

8d. Authorization for the Executive Director to Proceed with the Purchase and Installation of Software and Hardware Upgrades for A Concourse, D Concourse, and North Satellite Legacy Baggage System (C60 and C88) Upper-Level Controls at Seattle-Tacoma International Airport, in the Authorization Amount of $1,139,360.00. (CIP C#801351) *(memo and presentation enclosed)* [p.14]

8e. Authorization for the Executive Director to Execute a New Memorandum of Understanding Between the Seattle Building and Construction Trades Council and its Affiliated Union, Representing Painters Employed at Aviation and Marine Maintenance Covering the Period from January 29, 2023, through December 31, 2023 *(memo and agreement enclosed)* [p.27]

8f. Authorization for the Executive Director to Execute a Contract to Procure One Bucket Truck with an Estimated Contract Value of $800,000. (CIP C#801228) *(memo enclosed)* [p.30]

8g. Authorization for the Executive Director to Increase the Project Budget for Airfield Snow Equipment Replacement by $3,000,000, for an Increase in the Project Budget From $8,620,000 to $11,620,000, and to Execute Contracts to Purchase Four Additional Pieces of Snow Removal Equipment. (CIP C#801227) *(memo and presentation enclosed)* [p.35]

8h. Commission Approval of the 2023 Tourism Marketing Grant Program and Authorization for the Executive Director to Approve Execution for All Related Contract Agreements for the 2023 Selected Tourism Marketing Support Program Recipients in an Amount Not-to-Exceed $200,000. *(memo and presentation enclosed)* [p.48]
8i. Commission Adoption of the 2023 Federal Legislative Agenda. (memo, 2022 aviation agenda, 2022 maritime agenda, and presentation enclosed) [p.68]

8j. Authorization for the Executive Director to Advertise and Award a Major Public Works Contract for Phase 2 of the Project, and toAuthorize an Additional $7,155,000, for a total of $13,200,000 Authorized To-Date in Support of the North Employee Parking Lot Improvements Project at Seattle-Tacoma International Airport. (CIP C#800957) (memo and presentation enclosed) [p.93]

9. UNFINISHED BUSINESS

10. NEW BUSINESS
10a. Adoption of Resolution No. 3810: A Resolution Repealing Resolution Nos. 3605, 3628, 3704, and All Preceding Resolutions Pertaining to the Commission’s ‘Delegation of Responsibility and Authority to the Executive Director Policy Directive, and Adopting a New Policy Directive as Set Forth in Exhibit A of the Resolution. (memo, categories document, 2020 Audit Report, redline, package of amendments, draft resolution, Exhibit A, November 29 presentation (for reference), and presentation enclosed) [p.104]

10b. Adoption of Resolution No. 3811: A Resolution Increasing the Rate of Per Diem Allowance to Port of Seattle Commissioners, as Provided for by Washington State Statute RCW 53.12.060(3). (memo, resolution, and previously adopted resolution enclosed) [p.233]

11. PRESENTATIONS AND STAFF REPORTS
11a. 2022 Internal Audit Annual Report (memo and presentation enclosed) [p.241]

12. QUESTIONS on REFERRAL to COMMITTEE and CLOSING COMMENTS

13. ADJOURNMENT
ORDER NO. 2023-02

AN ORDER OF THE PORT OF SEATTLE COMMISSION

... Directing the Port of Seattle Executive Director, or Designee, to Utilize the International Holocaust Remembrance Alliance Working Definition of “Antisemitism” When Developing Policies and Training Programs to Help Identify and Combat Antisemitism.

PROPOSED
JANUARY 24, 2023

INTRODUCTION

On May 26, 2016, the International Holocaust Remembrance Alliance (“IHRA”) members which at the time, comprised of 31 countries, including the United States adopted the working definition of “Antisemitism,” as follows:

“Antisemitism is a certain perception of Jews, which may be expressed as hatred toward Jews. Rhetorical and physical manifestations of antisemitism are directed toward Jewish or non-Jewish individuals and/or their property, toward Jewish community institutions and religious facilities.”

On April 26, 2022, the Port of Seattle Commission passed a proclamation committing to annually commemorate the tragic history of the holocaust and current rise in antisemitism, as well as to reflect on the lessons they hold on our lives today. The Commission, through adoption of this Order, recognizes that annual commemoration and further commits to identifying and combatting antisemitism in the Port’s own policies and training programs.

TEXT OF THE ORDER

The Port Commission hereby directs the Port of Seattle Executive Director, or designee, to utilize the International Holocaust Remembrance Alliance (IHRA) Working Definition of “Antisemitism” when developing policies and training programs to help identify and combat antisemitism.

STATEMENT IN SUPPORT OF THE ORDER

January 27th is International Holocaust Remembrance Day commemorating the anniversary of the liberation of Auschwitz, the Nazi’s largest concentration camp. International Holocaust Remembrance Day is a day to not only recognize the systemic, state-sponsored persecution and murder of six (6) million Jews and millions and others by the Nazi regime and its allies in World War II, but to also develop educational programs to help prevent future genocides.
Antisemitism is antithetical to the basic principles of tolerance, pluralism, and democracy, and the shared values that bind Americans and many allies together. An essential tool in combating antisemitism is the ability to define antisemitism in each of its multiple forms. The IHRA’s working definition has proven to be an essential tool for government and law enforcement agencies in the United States as they work to identify contemporary manifestations of antisemitism, including the Nazi salute, and respond directly to them by providing training and education. As of November 2022, 30 states and the District of Columbia are using or have recognized the importance of the IHRA’s definition.

On June 14, 2021, the US Congress passed Senate Resolution 252 unequivocally condemning the rise of antisemitic violence occurring in the United States and standing in solidarity with those affected by antisemitism and for other purposes. On March 30, 2022, the US Senate confirmed Deborah Lipstadt as a special envoy to monitor and combat the continued rise in antisemitism and to implement policies and projects to support efforts to combat antisemitism.

State and local officials and institutions can play a powerful role in promoting tolerance and pluralism, and in protecting citizens from acts of hate and bigotry motivated by discriminatory animus, including antisemitism. The Cities of Tacoma and Bellevue have adopted the IHRA’s working definition of antisemitism and the Washington State Senate has resolved to combat antisemitism in all its forms. Hate and bias are not acceptable in our community and the Port of Seattle remains committed to our vision of welcoming the world and recognizing our diversity as a key strength for our region and our character.
DATE: January 17, 2023
TO: Stephen P. Metruck, Executive Director
FROM: Eileen Francisco, Interim Chief Development Officer
       Wendy Reiter, Aviation Director of Security
       Janice Zahn, Director of Engineering
SUBJECT: Baggage Optimization Program Transportation Security Administration (TSA) Other Transaction Agreement (OTA) Time Extension and Change Order

Amount of this request: $0
Total estimated project cost: $955,000,000

ACTION REQUESTED
Request Commission authorization for the Executive Director to: 1) execute an OTA with TSA for a 24-month time extension for the period of performance on the Baggage Optimization Program, 2) execute future Change Orders on the Baggage Optimization Project Phase 2 and Phase 3 construction contracts (C800612) up to the executed Commission authorization amount that exceed $300,000 and/or exceed 60 calendar days’ time extensions, and 3) include a Project Labor Agreement (PLA) for Phase 3.

EXECUTIVE SUMMARY
The Port of Seattle and TSA entered an OTA in 2013 to reconfigure the baggage system to meet both the TSA’s and Airport’s needs. The TSA benefits by making its portion of the baggage system more efficient, reducing maintenance costs, and improving working conditions (safety and comfort) for federal employees. In the long-term, the Airport benefits by creating a vision of how the overall baggage system could flexibly grow to meet the long-range capacity of the Airport.

The Baggage Optimization Program is being delivered in three phases. Phase 1 has completed construction, Phase 2 is under construction, and Phase 3 pre-design has started. The overall program is anticipated to be complete in 2027. Phase 2 is approximately 45% complete with an expected completion date of August 2024. Due to the lack of interconnectivity until the project is complete, near continuous operation, and a fixed footprint, this project is complex and has various constructions requiring detailed construction sequencing plans. As part of this request, Phase 3 would benefit from entering into a project labor agreement.
JUSTIFICATION

OTA Time Extension:

The current OTA commits $94,043,296 toward the program and is currently scheduled to end in March 2023. This OTA would not increase TSA contributions. However, it would extend the duration by 24 months to March 30, 2025, when the funds are anticipated to have been spent. Approximately $3.3M would be returned and de-obligated from the Port of Seattle Baggage Optimization Program if this OTA is not extended.

Change Orders:

Phase 2 is currently under construction and Phase 3 procurement for a General Contractor and Construction Management contract (GC/CM) is being developed. Commission action is required under the General Delegation of Authority if the value of the change order is over $300,000 or the additional time is over 60 calendar days. The Baggage Program is requesting authorization for the Executive Director to execute any future change orders, so long as the change orders are within the approved budget. Phase 2 is a $293M project and Phase 3 is expected to be similar in magnitude. Projects of this size and complexity would typically anticipate several change orders that exceed $300k or 60 calendar days of time extension. Therefore, it is more expedient to grant the Executive Director authorization to execute these change orders.

Project Labor Agreement (PLA):

A project labor agreement will be used for these projects based on the importance of labor continuity and the need to minimize any risk of impact to operations during construction.

Diversity in Contracting

Phase 2 is projected to meet our 2% Women and Minority Owned Business Enterprise (WMBE) goal. The project team will work with Diversity and Contracting team to conduct outreach and setting an aspirational WMBE goal for Phase 3.

DETAILS

Scope of Work

Phase 2 is currently under construction and scheduled to be complete Q3 2024. This work will expand the centralized baggage screening area in the airport’s Central Terminal. This phase will also replace conveyor systems to the north portion of the bagwell, construct the final baggage sortation matrix, and add more capacity to the South Satellite baggage system. Concession storage and the conveyance maintenance shop will be relocated to their final locations.
Phase 3 concludes the Baggage Optimization Program allowing for complete baggage flexibility to check in any bag into any ticket counter and be delivered to any airplane. It also accommodates passenger volume growth and meets TSA safety mandates. This phase will tie-in all the south end systems to centralized screening, including the International Arrivals Facility (IAF), and finalize the sortation and ticket counter connections.

**Schedule**

Phase 1 was completed in Q2 2020. Phase 2 is currently under construction and scheduled to be completed in Q3 2024. Phase 3 design has started in Q3 2022 and is scheduled to be constructed Q2 2027.

<table>
<thead>
<tr>
<th>Phase</th>
<th>Design</th>
<th>Construction</th>
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<tbody>
<tr>
<td>Phase 1</td>
<td>Q3 2015</td>
<td>Q1 2016 - Q2 2020</td>
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<tr>
<td>Phase 2</td>
<td>Q1 2020</td>
<td>Q3 2020 – Q3 2024</td>
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<tr>
<td>Phase 3</td>
<td>Q3 2022 – Q1 2024</td>
<td>Q4 2024 – Q2 2027</td>
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**Activity**

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<tr>
<td>Commission Design Authorization</td>
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<tr>
<td>Design start – Phase 3</td>
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<tr>
<td>Commission Construction Authorization</td>
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<tr>
<td>Construction Start</td>
<td>2024 Quarter 4</td>
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<tr>
<td>Substantial Completion</td>
<td>2027 Quarter 2</td>
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**Cost Breakdown**

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<tr>
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<tr>
<td>Total</td>
<td>$0</td>
<td>$955,000,000</td>
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**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Do not proceed with the request to execute an OTA with TSA for a 24-month time extension for the period of performance on the Baggage Optimization Program and future Amendments and Change Orders on the Baggage Optimization Program up to the executed
Commission authorization amount for additional design, project and construction management services that exceed $300,000.00, and/or exceed 60 calendar daytime extensions.

**Cost Implications:** $3.3M

**Pros:**
(1) None.

**Cons:**
(1) Allocated TSA funds may not be fully utilized and returned to TSA; the Port would have to fund the money that was returned to TSA to complete the project.
(2) If the change order execution request by the Executive Director is not granted, the project will have to repeatedly go back to Commission although the project budget has already been approved.

*This is not the recommended alternative.*

**Alternative 2** – Approve the request to proceed with the execution of the OTA time extension with TSA, allow the Executive Director to execute change orders within the approved budget, and allow for PLA to be used on Phase 3.

**Cost Implications:** $0

**Pros:**
(1) All allocated funds from TSA will be used on Baggage Optimization.
(2) Change order execution within the approved budget by the Executive Director allows for the project team to move forward without continuously returning to Commission for approval.
(3) PLA will help to minimize risk to operations during Phase 3 construction.

**Cons:**
(1) None.

*This is the recommended alternative.*

**FINANCIAL IMPLICATIONS**

Phase 1 was completed at $101,275,000. Phase 2 has a budget of $415,675,000 with a substantial completion date of Q3 2024. However, now that we are anticipating about a $20M savings, barring any major issues, that amount can be rolled into Phase 3. The team has been projecting a range of $400-$500M for Phase 3, with a likely cost of $432,450,000.
## Estimate/Authorization Summary

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<tr>
<th></th>
<th>Capital</th>
<th>Expense</th>
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<tr>
<td><strong>COST ESTIMATE</strong></td>
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<td>Original estimate</td>
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<td>$317,150,000</td>
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<td>Revised estimate</td>
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<td><strong>AUTHORIZATION</strong></td>
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<td>Previous authorizations</td>
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<td>Current request for authorization</td>
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<td>Total authorizations, including this request</td>
<td>$589,299,000</td>
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<td>Remaining amount to be authorized</td>
<td>$364,835,000</td>
<td>$400,000</td>
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### Phase 1
- **Budget**: $101,375,000
- **Current Authorization**: $101,375,000
- **Estimate At Completion**: $101,375,000
- **Budget Delta**: $-

### Phase 2
- **Budget**: $415,675,000
- **Current Authorization**: $415,675,000
- **Estimate At Completion**: $395,675,000
- **Budget Delta**: $(20,000,000)
  - Savings of $20M as of June 2022
  - Substantial Completion Q3 2024

### Phase 3
- **Budget**: $313,000,000
- **Current Authorization**: $13,000,000
- **Estimate At Completion**: $432,450,000
- **Budget Delta**: $119,430,000
  - Commission Range presented April 2022 is $400M - $500M
  - MII anticipated Q3 2024
  - Additional budget request assumes a $20M unspent from Ph2 will be transferred

### Executive Management Reserve
- **Budget**: $10,000,000
- **Current Authorization**: $10,000,000
- **Estimate At Completion**: $10,000,000
- **Budget Delta**: $-

### Transfer
- **Budget**: $15,500,000
- **Current Authorization**: $15,500,000
- **Estimate At Completion**: $15,500,000
- **Budget Delta**: $-
  - Commission approval April 2022

### TOTAL
- **Budget**: $855,550,000
- **Current Authorization**: $555,550,000
- **Estimate At Completion**: $955,000,000
- **Budget Delta**: $99,430,000
Annual Budget Status and Source of Funds

This project, C800612, was included in the 2023-2027 capital budget and plan of finance with a budget of $954,134,000. This project has prior Majority In Interest (MII) airlines approval for Phase 1 and 2. The Phase 3 MII ballot is anticipated in 2024. The funding sources would be airport development fund and revenue bonds.

Financial Analysis and Summary

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<table>
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<tr>
<td>Project cost for analysis</td>
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<td>Business Unit (BU)</td>
<td>Baggage System</td>
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<td>Effect on business performance (NOI after depreciation)</td>
<td>NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base</td>
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<td>IRR/NPV (if relevant)</td>
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<td>CPE Impact</td>
<td>$0.26 in 2020, $1.03 in 2024 and $2.75 in 2028</td>
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ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- July 26, 2022 – Request Commission authorization for the Executive Director to: (1) execute an agreement with the Transportation Security Administrative (TSA) to provide clear access to screening equipment for Phase 2, (2) authorize $34,215,000 for Phase 3 to complete pre-construction services, (3) utilize, advertise, and execute a General Contractor/Construction Manager (GC/CM) for Phase 3, (4) advertise and execute a project specific Construction Management (CM) and Airline Technical Representative (ATR) contract for Phase 3, (5) amend Service Agreement (SA) P-00317641 to add $18,340,000 for a total contract value of $49,500,000 to complete design services and provide construction support for Phase 3, and (6) utilize Port crews for Phase 3 activities, for Baggage Optimization Project at Seattle-Tacoma International Airport. The total amount of this request is $34,215,000.
- April 19, 2022 – Baggage Optimization Program Update – Quarter 2, 2022
- 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.
- 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 and construction, 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 the 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.
COMMISSION
AGENDA MEMORANDUM

ACTION ITEM

Item No. 8c

Date of Meeting January 24, 2023

DATE: January 13, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Keri Stephens, Director, AV Facilities & Capital Programs
Eileen Francisco, Director Aviation Project Management

SUBJECT: S. 188th St. Tunnel Improvements (C801157)

Amount of this request: $0
Total estimated project cost: $24,500,000 to $33,000,000

ACTION REQUESTED

Request commission authorization for the Executive Director to amend a professional services agreement to increase the contract value by $1,200,000 in support of the S. 188th St. Tunnel Improvement project at Seattle-Tacoma International Airport.

SUMMARY

The S. 188th St. tunnel structure is located beneath Runway 34R and was originally constructed circa 1960. Based upon an existing easement, SEA owns the tunnel structure, and the City of SeaTac owns the S. 188th St. roadway. This project has assessed the current conditions of various systems original to the tunnel. Based on the findings of that assessment, many of the existing systems are no longer functioning as intended. This project will address the lighting, life safety and other systems to ensure the tunnel is brought to a satisfactory level of service.

This request will increase authorization for the design professional services agreement but not the project authorization. The design is being completed under a project specific agreement with a contract value of $2,700,000. The project scope has increased due to regulatory requirements and needs to incorporate jet fans for ventilation and close existing ventilation portals. This has increased the need for additional design support. This request will add $1,200,000 for a revised contract value of $3,900,000 that will support design services through Ready to Bid documents. An increase in authorization will be required to provide design support services through construction and additional project budget associated with the anticipated estimated cost increasing from $24,500,000 to $33,000,000 (pending finalization of design and estimate review). This increase in authorization will be included in the future Commission authorization for construction request planned in Q2 2023.

There are no attachments to this memo.
DATE: January 06, 2023
TO: Stephen P. Metruck, Executive Director
FROM: Dan Berry, AV Facilities and Infrastructure Engineer
       Keri Stephens, Director Aviation Facilities and Capital Programs

SUBJECT: Legacy Baggage System Upper-Level Control Upgrade C801351

Amount of this request: $1,139,360.00
Total estimated project cost: $1,139,360.00

ACTION REQUESTED
Request Commission authorization for the Executive Director to proceed with the purchase and installation of software and hardware upgrades for A Concourse, D Concourse, and North Satellite Legacy Baggage System (C60 and C88) upper-level controls at Seattle-Tacoma International Airport. This single authorization is for $1,139,360.00.

EXECUTIVE SUMMARY
The upper-level controls for the C60 and C88 Baggage Handling System (BHS) were installed with several projects beginning with the South Terminal Expansion Project in 2001 and have been upgraded through the years, most recently in 2014. The control system is used to manage and direct the distribution of passenger baggage through the airport, as well as generate reports, alarms, and interface with airlines and Transportation Security Administration (TSA) screening systems. Recent failures have caused extended loss of baggage sortation, leading to significant impacts to the operations of the Port of Seattle, our airline partners, and the passengers. The failures have resulted in BHS delays, delayed flights, lost baggage, and strained resources for the Port and airlines. The reliability of the systems has been impacted by necessary changes to support capital projects in construction. The existing upper-level control system software possesses components that are no longer supported and present a significant risk of failure, and security vulnerabilities in software that interacts with TSA Screening systems. Port staff recommends procuring and installing the upper-level controls system with a resilient software and hardware upgrade to mitigate security risk and controls failures. The delivery of this request will improve stability, security, and extend the useful life of the upper-level controls of C60 and C88 baggage systems.
This upgrade will support the Century Agenda Goals to position the Puget Sound region as a premier international logistics hub and advance this region as a leading tourism destination and business gateway. Unfortunately, the severity of the issues being faced were not identified in time for the 2023 budget approvals and funding was not requested. Due to the high risk of probability and severity of impact to operations and security, performing the upgrades now will ensure the Port of Seattle’s BHS resilience and the ability to operate these systems effectively and securely.

**JUSTIFICATION**

The upgrade provides a timely response to existing baggage security concerns, ensures the needed resilience for airport baggage operations, and extends the useful life of the upper-level baggage control system.

The C60 and C88 BHS upper-level upgrade will significantly improve the reliability of the system, resulting in a more robust infrastructure that airlines can rely on and decrease operational impacts. It also creates a more secure operating environment, reducing existing vulnerabilities using modern and supported software in a system that is robust to keep the airport operating securely and efficiently. The upgrade extends the useful life of the C60 and C88 BHS upper-level control system and allows the Port of Seattle the time to appropriately plan for the future of the BHS control systems without the pressure of imminent failure.

Brock Solutions has a current Sole Source agreement in place to allow them to move forward quickly on the necessary work.

This project will help support the following Century Agenda Goals:

1. Position the Puget Sound region as a premier international logistics hub.
2. Advance this region as a leading tourism destination and business gateway.

**Diversity in Contracting**

This upgrade is required to be completed by our vendor, Brock Solutions, through their existing sole source agreement.

**DETAILS**

The upper-level controls for the C60 and C88 BHS is used to manage and control the distribution of baggage for airline partners through the facility, as well as generate reports, alarms, and interface with airline and TSA screening systems. Recent failures in these systems have led to the loss of sortation capabilities for several hours at a time. This causes significant impacts to the operations of the Port of Seattle and our airline partners, ultimately resulting in missed baggage, delayed flights, and strained resources. The failures have occurred more frequently as time goes on.
Through investigation and analysis, the causes of BHS failures stem from multiple sources. The stability of the systems has been impacted by necessary changes to support capital projects in construction. The system is reliant on several pieces of software that are no longer actively supported by their vendors and now present a significant risk of failure, as well as security concerns of potential exploitable vulnerabilities in software that interacts with TSA Screening systems. Current Information and Communication Technology (ICT) guidance strongly advises against using unsupported software, and the critical nature of these systems is a risk multiplier.

Due to the future actions of ongoing capital projects, the substantial majority of the controls systems impacted in this upgrade will be replaced within the next three years. Upon completion of the ongoing capital projects there will still be critical components of the targeted upper-level control infrastructure in place and the existing risks remain if upgrades are not completed. The proposed upgrade is required to alleviate the dependency on unsupported software, to improve stability and security of the upper-level controls, and to extend the useful life for the current system as well as the portion that will remain beyond completion of the capital projects. It is not believed that the system in its current state can survive through the remainder of the capital projects without producing significant harmful failures and operational complications.

This project involves upgrading multiple Brock Solutions upper-level control systems in the BHS including Sort Allocation Controllers (SAC), Data Historian Server (DHS), Manual Encode Console (MEC), the SmartSuite Web Client (MIS), and Programmable Logic Controllers (PLCs) that communicate to within the overall BHS network. Total project costs are estimated to be $1,139,360.00. All recurring hardware and software license and maintenance costs will be budgeted within the Aviation Maintenance department’s operating budget.

**Scope of Work**

The Scope of work per system is as follows:

1. **Documentation** - Functional Specification and Manual Updates or replacements as required.
2. **Refresh of existing Manual Encode Console (MEC) software** - Utilizes existing equipment.
3. **Refresh of existing Baggage Status Displays (BSD) software** - New Contecs Provided.
4. **PLC Programming** - Added Communications to Brock Upper-Level Controls System to match latest standard SmartSort messaging format.
5. **Integration of Flight Information Departure System (FIDS) to the SmartSort system** - Connection to the existing FIDS feed.
6. **Development, testing and Implementation of Upgraded Upper-Level Controls System.**
7. **Factory Acceptance Test (remote FAT w/ attendance by Port Staff).**
8. **Commissioning.**
9. **Training** - 40 Hours for span of project.
10. **On Site Standby (post go-live support)** - 10 Days per SmartSort system.
Schedule

Activity | Commission authorization | 2022 Quarter 4
---------|-------------------------|------------------
         | Procurement complete    | 2023 Quarter 1
         | Implementation start    | 2023 Quarter 2
         | In-use date             | 2023 Quarter 3

Cost Breakdown

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<tr>
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<td>FIDS integration</td>
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<td>Hardware and Software</td>
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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Three alternatives are considered in detail below summarizing the key cost implications and potential advantages and disadvantages of each. Option 3 maintains integrity and resilience for the BHS controls while integrating into a larger airport-wide BHS control strategy and infrastructure vision plan.

Alternative 1 – Airport-wide replacement of the entire control system with a vendor selected through the competitive procurement process.

Cost Implications: Projections more than $20M have been discussed with the Project Management Team

Pros:
(1) Airport-wide replacement would replace the entire controls asset for the BHS.
(2) Standardizes the multiple existing upper and lower-level controls into a single controls system.
(3) Risk of massive failure of BHS controls minimized.
(4) Security risks are mitigated.

Cons:
(1) Airport-wide replacement costs are high.
(2) Schedule of implementation is significantly longer resulting in additional time risk of reliance upon the existing compromised system.
(3) Replacement would interfere and replace work being completed by other ongoing capital projects.
(4) Option does not fit into BHS vision plan.

This is not the recommended alternative.
Alternative 2 – Full recontrol of C60 and C88 control system with a vendor selected through the competitive procurement process.

Cost Implications: Projections more than $10M have been discussed with the Project Management Team

Pros:
(1) Replacement would replace the entire controls asset for the C60 and C88 BHS.
(2) Risk of massive failure of BHS controls minimized.
(3) Security risks are mitigated.

Cons:
(1) Schedule of implementation is significantly longer resulting in additional time risk of reliance upon the existing compromised system.
(2) Replacement would interfere and replace work being completed by other ongoing capital projects.
(3) Option does not fit into BHS vision plan.

This is not the recommended alternative.

Alternative 3 – Use the existing vendor Brock Solutions to upgrade the system.

Cost Implications: $1,139,360.00

Pros:
(1) Provides a timely response to existing security concerns.
(2) Ensures the needed resilience for airport baggage operations.
(3) Extends the useful life of the system.

Cons:
(1) Solution is not airport-wide and long term.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

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<th></th>
<th>Capital</th>
<th>Expense</th>
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<tr>
<td>Remaining amount to be authorized</td>
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**Annual Budget Status and Source of Funds**

This project C801351 was not included in the 2023-2027 capital budget and plan of finance. The capital budget was transferred from the Aeronautical Allowance CIP C800753 resulting in the no net change to the Airport capital budget. The funding source would be the airport development fund.

**Financial Analysis and Summary**

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<td>CPE Impact</td>
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</table>

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

There will be no changes to annual maintenance costs resulting from this upgrade. All maintenance will be covered by the existing maintenance agreement with Brock Solutions.

**ATTACHMENTS TO THIS REQUEST**

(1) Presentation slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

None.
A Concourse, D Concourse, and North Satellite Legacy Baggage System Upper-Level Control Upgrade (CIP# C801351)

Commission Day
January 24, 2023
Objectives

C60 and C88 Baggage System Upper-Level Controls required Upgrades:

• Replace infrastructure systems and extend useful life of controls by
  – Mitigating system stability and security concerns
  – Removing dependencies on unsupported software
  – Improving user interfaces for baggage handlers and TSA

• Enhance Customer Experience
  – Increased Passenger throughput/Level of Service (LOS)
  – Reduce risk of delaying flights from baggage failures
  – Fewer lost bags from improved baggage distribution capabilities
C60 and C88 Sortation Failures
Upgrade Scope

• Development, testing, and implementation of upgraded upper-level controls system
• Refresh of user interfaces for baggage handlers and TSA screening agents
• Integration of Flight Information Departure System to the upper-level controls
• System commissioning
• Training and on-site post go-live support
Baggage Controls Vision Plan

Airport wide plan:

• C60 and C88 Baggage System Upper-Level Control Upgrade

• BOP completes construction

• Airport wide BHS recontrol project is implemented by 2030

• Airport BHS controls system supports 60 MAP baggage system capacity
Action Request

• Authorization to:
  – Purchase and install upper-level BHS controls software for C60 and C88

• Total Authorization of this request is $1.14M
Questions?
DATE: January 24, 2023
TO: Stephen P. Metruck, Executive Director
FROM: Mikel O’Brien, Senior Director of Labor Relations
Matthew Bullock, Labor Relations Manager

SUBJECT: New Memorandum of Understanding between the Port of Seattle and the Seattle Building and Construction Trades Council and its Affiliated Union; The International Union of Painters and Allied Trades District Council 5, Local Union No. 300.

Total Port Cost Increase for the Duration of the Agreement: $20,800.00

ACTION REQUESTED
Request Commission authorization for the Executive Director to execute a new Memorandum of Understanding (MOU) between the Seattle Building and Construction Trades Council and its Affiliated Union, representing Painters employed at Aviation and Marine Maintenance covering the period from January 29, 2023, through December 31, 2023.

EXECUTIVE SUMMARY
Good faith bargaining between the Seattle Building and Construction Trades Council and its Affiliated Union, and the Port of Seattle resulted in a fair memorandum of understanding consistent with Port’s priorities.

There are currently twenty-two (22) Painters employed at the Port who regularly work for that work at Aviation and Marine Maintenance.

This MOU supersedes the MOU by and between Port of Seattle and The International Union of Painters and Allied Trades signed December 9, 2019. This MOU establishes new classification of step 2 level Painter which will be the current Painter rate plus $2.00 per hour. This classification will remain in effect through December 31, 2023. Full-time painters going forward shall receive a 3-month bank for Health & Welfare premiums instead of a 6-month bank associated with the Striping Agreement of Western Washington H&W, and the difference will be applied directly to the WW Paint CBA wage rate.

This MOU is for eleven months covering the period from January 29, 2023, through December 31, 2023. The estimated total additional cost for wages and benefit increases over the term is $20,800.00.
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

FINANCIAL IMPLICATIONS
Wages

<table>
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<tr>
<th>Classification</th>
<th>Current Rate</th>
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<tr>
<td>Painter 2</td>
<td>$37.43</td>
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</table>

The estimated total cost to the Port of Seattle for the duration of the contract is $20,800.00.

ATTACHMENTS TO THIS REQUEST
(1) Memorandum of Understanding

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS
None.
APPENDIX D

Memorandum of Understanding
By and Between
Port of Seattle
And
The International Union of Painters and Allied Trades

This Memorandum of Understanding shall be effective in conjunction with the Maintenance Addendum. The purpose of this memorandum of understanding is to modify the Full Time Regular Painter wage rate, pension and benefits stated in the Uptown Agreement and Maintenance Addendum as follows:

1. Painters shall no longer receive premium pay for special assignments. In lieu of all premium pay, FTE Painters shall receive a 12% premium pay on top of the base wage rate established.

2. Painters with 5 or more years of Port classification experience will move to Painter step 2. The rate for determining the step 2 Painter will be the current Painter rate plus $2.00 per hour. This classification will remain in effect through December 31, 2023.

3. Painters shall receive pensions listed in the Striping Agreement for Washington and Idaho. Specifically, Painters shall be eligible for the Western Washington Painters Pension Trust, Article XX or the Striping Agreement, the IUPAT Pension, Article XXII of the Striping Agreement.

4. Any Painters, including Emergency Hire and Painters who perform work on any of the observed designated holidays shall be paid the actual time worked at double the regular time rate.

5. This MOU will remain in effect through December 31, 2023

FOR THE PORT OF SEATTLE:  FOR THE UNION:

By: _____________________________  By: ____________________________
Stephen P. Metruck,                                                   Anthony Thompson,
Executive Director International Union of Painters and
Allied Trades District Council 5,
Local 300

Date: _____________________________  Date: ____________________________
DATE: January 10, 2023
TO: Stephen P. Metruck, Executive Director
FROM: Mike Tasker, AVM Director
       Ryan Pazaruski, AVM Senior Manager
       Daniel Alter, AVM Manager

SUBJECT: Authorization for Procurement of Bucket Truck CIP C801228

Amount of this request: $800,000
Total estimated project cost: $800,000

ACTION REQUESTED
Request Commission authorization for the Executive Director to execute a contract to procure one bucket truck. The estimated value of the contract is $800,000.

EXECUTIVE SUMMARY
Ensuring safe and secure operations is key to the Seattle-Tacoma International Airport’s mission. One key component to safety and security on the airfield is ensuring proper lighting. The current lift truck would be over 30 years old by the time it is replaced, is beyond useful life, and unreliable.

New lighting from construction has increased lighting heights and or made lighting more challenging to reach. Currently the existing bucket truck is unable to reach required lighting in areas around the airport, including the below areas.

- Air cargo 2
- C Gates
- A Gates
- East end of pedestrian walkway

Airfield lighting around the cargo areas and on the airport, concourses can be up to 80 ft high, with certain areas requiring the truck to reach over portions of the building that have been extended past the lighting poles. The bucket truck would be utilized for airfield lighting, visual sign work, and pole replacement.
JUSTIFICATION

Bucket trucks that reach 100 FT or more are highly specialized and there is generally a couple month waiting period to rent a truck that can meet needs. Procuring this vehicle will ensure staff are able to respond quickly to emergent issues when they arise.

Currently we rent a truck at $15,000/month to perform required work. Many times, there is a couple month waiting period before a rental bucket truck becomes available, as these are not common in rental fleets. Generally, there is a relocation fee associated to the rental that covers the cost of transporting the truck from the area of the country it was into SeaTac.

A lift truck with more reach and height is necessary to support multiple high locations within air cargo, C gates, and A gates. Procuring this vehicle will ensure that staff is able to respond quickly to emergent issues should they arise.

The bucket truck will run on renewable diesel which follows the Fleet Sustainability guidelines and aligns the port to meet Century Agenda goals related to emissions standards while minimizing total cost of ownership.

Diversity in Contracting

We have worked with Diversity and Contracting regarding this procurement and subcontracting for this product is not feasible. When we are in the process of procuring, we will notify firms that may be able to provide the product, but due to the limited opportunities and available firms, we don't recommend establishing a WMBE goal on this contract.

Schedule

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<th>Activity</th>
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<tbody>
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<td>Commission authorization</td>
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<tr>
<td>Procurement</td>
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<tr>
<td>Equipment Arrives</td>
<td>2024 Quarter 2</td>
</tr>
<tr>
<td>In-use date</td>
<td>2024 Quarter 3</td>
</tr>
</tbody>
</table>

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – No change, utilize existing 85’ bucket truck and rent when needed.

Cost Implications: $15,000+ month in charges. Estimated need of 5 months/year.

Pros:
1. Ability to respond to some needs.
Cons:

1. Not a long-term solution. Current bucket truck is model year 1994, is nearly 30 years old, and is beyond useful life. Current bucket truck is not reliable and is not supported well by the manufacture due to age. Parts are becoming obsolete, and the truck will not always be repairable.
2. Rental strategy can take time. 100’+ buckets are not always available and can take 3 to 4 months for rental to arrive.
3. $15,000+/monthly charges.
4. Limited to what is available in rental market.
5. Not always able to respond quickly, postpones critical work by months and it leaves critical work undone.
6. Waiting until an unrepairable failure occurs, would make us rent until procurement and new unit is arrives which can take over 24 months.

This is not the recommended alternative.

Alternative 2 – Sell current bucket truck and rent bucket truck when needed.

Cost Implications: $15,000+ month in charges. Estimated need of 7 months/year.

Pros:

1. No capital expenditure.
2. No maintenance.
3. No long-term storage required.
4. Disposes of current bucket truck which is beyond useful life.

Cons:

1. Rental strategy can take time. 100’+ buckets are not always available and can take 3 to 4 months for rental to arrive.
2. $15,000+/monthly charges.
3. Limited to what is available in rental market.
4. Not always able to respond quickly, postpones critical work by months and it leaves critical work undone.
5. Projected to cost $768,348 more over 20 years as compared to buying.

This is not the recommended alternative.

Alternative 3 – Procure new lift truck.

Cost Implications: Port would fund purchase through use of revenue bonds estimated at $800,000.

Pros:

1. Ability to respond quickly and safely to maintenance needs.
(2) Removes reliance on rentals that are not always available.
(3) Meets need of the airport for high work.
(4) Provides flexibility for a range of heights.
(5) Allows to reach over bump outs on buildings.
(6) Projected savings of $768,348 over 20 years as compared to renting.
(7) Disposes of current bucket truck which is beyond useful life.

Cons:

(1) Requires capital expenditure.
(2) Space required to store truck.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

<table>
<thead>
<tr>
<th>Cost Estimate/Authorization Summary</th>
<th>Capital</th>
<th>Expense</th>
<th>Total</th>
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<td>Remaining amount to be authorized</td>
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Annual Budget Status and Source of Funds

This project, CIP C801228, was included in the 2023-2027 capital budget and plan of finance with a budget of $800,000. The funding source would be Airport Development Fund.

Financial Analysis and Summary

<p>| | |</p>
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<td>Project cost for analysis</td>
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<td>Business Unit (BU)</td>
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<td>Effect on business performance (NOI after depreciation)</td>
<td>NOI after depreciation will not change as costs will be fully recovered in airline rate base.</td>
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ATTACHMENTS TO THIS REQUEST

NA
DATE: December 6th, 2022
TO: Stephen P. Metruck, Executive Director
FROM: Mike Tasker, AVM Director
        Eric Schaefer, AVM Senior Manager
        Daniel Alter, AVM Manager
SUBJECT: Increase Authorization for Airfield Snow Equipment Replacement CIP 801227

Amount of this request: $3,000,000.00
Total estimated project cost: $11,620,000.00

ACTION REQUESTED
Request Commission authorization for the Executive Director to (1) increase project budget by $3,000,000 and (2) execute contracts to purchase four (4) additional pieces of snow removal equipment to project 106225 under CIP 801227. This request increases the project 106225 from $8,620,000 to $11,620,000.

EXECUTIVE SUMMARY
If approved the increased scope would replace four additional pieces of snow removal equipment (SRE) that are model year 2008. This SRE was initially scheduled for replacement in 2025. Approving this request would allow replacement to arrive in 2024 while utilizing all AIP entitlement funding available. This approval would increase procurement from (11) to (15) pieces of SRE and increase the cost from $8,620,000 to $11,620,000. AIP entitlement funds would contribute up to $4M towards the total project cost of up to $11,620,000 for SRE. Utilizing AIP entitlement funds would reduce the Port’s total expenditure from $8,620,000 to $7,620,000.

Currently, (SRE) replacement is approved for $8,620,000 to procure eleven (11) pieces of snow removal equipment under CIP 801227. The Airport’s SRE renewal and replacement plan includes the acquisition of (11) assets in 2022 and four (4) replacement snow brooms in 2025. Since initial authorization, the Airport has identified sufficient Airport Improvement Program (AIP) entitlement grants to pay the local share of the 2022 and 2025 acquisitions. To receive a grant, the Airport will be required to submit all technical specifications, procurement documents, and the bid outcome to the FAA prior to a grant offer. This request accelerates the
SRE renewal and replacement plan so that the 2022 and 2025 acquisitions may be procured simultaneously.

**JUSTIFICATION**

Approving this request would utilize AIP funds and allow us to replace existing equipment one year earlier by replacing (4) broom systems for the snow removal team.

AIP entitlement funds are currently unallocated due to Covid delays around other projects around the airport. Previous planned AIP entitlement funds need to be allocated to match up with what was submitted on our plan.

The equipment being replaced are model year 2008 and should be replaced due to age and productivity of the machines. If approved the MB brooms replaced would be over 16 years old.

These procurements would allow the Port to utilize AIP entitlement funds, which can cover up to 75% of the acquisition cost which will be up to $4,065,000.

All equipment will run on renewable diesel which follows the Fleet Sustainability guidelines and aligns the port to meet Century Agenda goals related to emissions standards while minimizing total cost of ownership.

**Diversity in Contracting**

Due to the limited availability of WMBE businesses able to support this procurement, no WMBE goal has been established. However, the Diversity in Contracting department along with the project team will continue to outreach and notify firms of this procurement opportunity.

**DETAILS**

If authorized this increases the project to add four (4) snow brooms and $3,000,000.

**Schedule**

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<th>2024 Quarter 2</th>
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<td>Equipment Arrives</td>
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<td>In-use date</td>
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</table>
ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do Not Increase Authorization

Cost Implications: No change.

Pros:
(1) No change to the capital budget.
(2) Could still utilize $1,700,00 AIP entitlement funds.

Cons:
(1) Would not maximize use of AIP entitlement funds on ageing equipment that is near end of life. There’s a risk that the Port will return these entitlement funds to the FAA.
(2) More snow equipment would be requested in 2023, requiring another authorization and procurement.
(3) More revenue bond issuance would be needed to procure equipment.

This is not the recommended alternative.

Alternative 2 – Increase procurement authorization by two (2) pieces of snow removal equipment and $1,500,000.

Pros:
(1) Two (2) pieces of snow removal equipment would be procured a year ahead of replacement plan allowing for improved equipment earlier replacement of broom.
(2) Could utilize $2,900,000 AIP entitlement funds.

Cons:
(1) Would not maximize use of AIP entitlement funds on ageing equipment that is near end of life. There’s a risk that the Port will return these entitlement funds to the FAA.
(2) More revenue bond issuance would be needed to procure equipment.

This is not the recommended alternative.

Alternative 3 – Increase procurement authorization by four (4) pieces of snow removal equipment and $3,000,000.

Cost Implications: Increased project spend of $3,000,000 to increase possible spending from $8,620,000 to $11,620,000. With this change AIP entitlement funds could cover up to $4,065,000.

Pros:
(1) Four (4) pieces of snow removal equipment would be procured a year ahead of replacement plan allowing for improved equipment earlier replacement of broom.
(2) Airline rate base decreased by $2,400,000.
(3) Procuring equipment one year ahead of schedule will save inflation cost increases estimated at 6%.

037
Cons:

(1) Procuring (4) broom systems a year ahead of schedule may require the equipment to be replaced a year earlier when needed.

*This is the recommended alternative.*

FINANCIAL IMPLICATIONS

<table>
<thead>
<tr>
<th>Cost Estimate/Authorization Summary</th>
<th>Capital</th>
<th>Expense</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>COST ESTIMATE</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Original estimate</td>
<td>$8,620,000</td>
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<td>$8,620,000</td>
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<td>Current change</td>
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<td>$3,000,000</td>
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<tr>
<td>Revised estimate</td>
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<td>$11,620,000</td>
</tr>
<tr>
<td><strong>AUTHORIZATION</strong></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Previous authorizations</td>
<td>$8,620,000</td>
<td>$0</td>
<td>$8,620,000</td>
</tr>
<tr>
<td>Current request for authorization</td>
<td>$3,000,000</td>
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<td>$3,000,000</td>
</tr>
<tr>
<td>Total authorizations, including this request</td>
<td>$11,620,000</td>
<td>$0</td>
<td>$11,620,000</td>
</tr>
<tr>
<td>Remaining amount to be authorized</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
</tr>
</tbody>
</table>

*Annual Budget Status and Source of Funds*

This project, CIP 801227, was included in the 2023-2027 capital budget and plan of finance with a budget of $8,620,000. A budget increase of $3,000,000 was transferred from the Aeronautical Allowance CIP C800753 resulting in no net change to the Airport capital budget. The funding sources would be grants, airport development fund and revenue bond. The Airport Improvement Plan entitlement grant funding is estimated at $4,065,000.

Aviation Maintenance does not anticipate any significant increase in operating expense because of this procurement. The total number of pieces of equipment will be like the existing fleet.

*Financial Analysis and Summary*

<table>
<thead>
<tr>
<th></th>
<th>$11,620,000 (rate base cost of $7,555,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Unit (BU)</td>
<td>Airfield Movement Area</td>
</tr>
<tr>
<td>Effect on business performance (NOI after depreciation)</td>
<td>NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base.</td>
</tr>
<tr>
<td>IRR/NPV (if relevant)</td>
<td>N/A</td>
</tr>
<tr>
<td>CPE Impact</td>
<td>$.05 in 2024</td>
</tr>
</tbody>
</table>

*ATTACHMENTS TO THIS REQUEST*

(1) Presentation slides
PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

March 8th, 2022 – The Commission authorized Airfield Snow Equipment Replacement CIP 801227
Snow Equipment Replacement Update and Additional Request

Item No. 8g supp

Meeting Date: January 24, 2023

1.24.2023
Objectives

Snow Removal Equipment (SRE) Project Update

Use of AIP Entitlement Grants for SRE

Increase scope to include (4) Snow Broom Systems
Project Update

Currently $8,620,000 is Approved for 11 Pieces of SRE

- Ramp team SRE equipment has been ordered
- The (8) ordered units will arrive early 2023, first piece of snow equipment arrived in November 2022!

In process of procurement for remaining SRE

- Currently have approval for (2) Blowers and (1) Deicer truck but would like to increase scope due AIP fund availability.
Request to add (4) Snow Brooms to Authorization

- Snow Broom SRE would be replaced 1 year ahead of previous plan
- Airport ended 2022 with uncommitted FAA AIP entitlement grants; acceleration of the SRE acquisitions an eligible use of those funds

Example of Snow Broom SRE to the right.

This is type of SRE would be procured if approved. Current equipment is model year 2008 and should be replaced due to age and productivity. If approved the SRE being replaced would be over 16 years old once replaced.
AIP Fund Request for Snow Equipment

- AIP funds are available for (2) blowers, (1) deicer truck, plus (4) broom systems
- AIP funds 75% of SRE acquisition cost
- Net reductions of Port revenue bond funding by ~$1M

Above are examples of remaining types of SRE currently authorized to procure.
Airfield deicer truck on the left and a snow blower is on the right.
Proposed Funding Changes

- Currently approved for $8.6M against CIP801227; proposed funding $11.6M
- AIP Entitlement could cover ~$4M worth of equipment cost if approved to add (4) Broom Systems to procurement
- Reduces Airport contributed funding from CIP801227 from $8.62M to ~$7.62M

### Current SRE Replacement Plan

<table>
<thead>
<tr>
<th>Year</th>
<th>Replacing</th>
<th>Airport Cost</th>
<th>AIP*</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022-2024</td>
<td>11</td>
<td>$8.6M</td>
<td>-</td>
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<tr>
<td>2025</td>
<td>4</td>
<td>$3.2M</td>
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</tr>
<tr>
<td>2027</td>
<td>8</td>
<td>$8M</td>
<td>-</td>
</tr>
<tr>
<td>2028</td>
<td>1</td>
<td>$0.5M</td>
<td>-</td>
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</tbody>
</table>

*Original plan of finance did not include AIP grants; 8 of 11 SRE not AIP eligible

### Proposed SRE Replacement Plan

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<th>Replacing</th>
<th>Airport Cost</th>
<th>AIP</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022-2024</td>
<td>15</td>
<td>$7.6M</td>
<td>$4M</td>
<td>$11.6M</td>
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<tr>
<td>2025</td>
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<td>1</td>
<td>$0.5M</td>
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</table>
Summary

• Request authorization to add (4) pieces of snow removal equipment to current procurement
• Total request would be updated from $8.6M to $11.6M with ~$4M coming from AIP entitlement funds
Questions?

SEA
Seattle-Tacoma International Airport
Operated by the Port of Seattle
FlySEA.org
COMMISSION
AGENDA MEMORANDUM
ACTION ITEM

Item No. 8h

Date of Meeting January 24, 2023

DATE: 1/6/2022

TO: Stephen P. Metruck, Executive Director

FROM: Dave McFadden, Managing Director, Economic Development Division
       Nick Leonti, Director of Tourism Development

SUBJECT: 2023 Tourism Marketing Support Program (TMSP)

Amount of this request: $200,000
Total estimated project cost: $200,000

ACTION REQUESTED:
Request Commission authorization of the 2023 Tourism marketing grant program (TMSP) and authority for the Executive Director to approve execution for all related contract agreements for the 2023 selected Tourism Marketing Support Program recipients in an amount not to exceed $200,000.

EXECUTIVE SUMMARY
The 2023 Tourism Marketing Support Program will be in its eighth year. It has been an impactful, collaborative, and mutually beneficial program for the Port of Seattle, destination marketing organizations (DMOs) and other nonprofit organizations. For 2023, $200,000 has been allotted for the program. The source of funds is the Port property tax levy.

The Port of Seattle’s co-operative tourism marketing support program boosts the economic value of tourism across the state. This program has been effective in promoting Washington State and the use of Port facilities. The program is intended to provide matching support of up to $10,000 to non-profit destination marketing organizations (DMO’s), attractions, cities, counties, and chambers of commerce which can effectively market their destination to non-resident visitors traveling to our state.

The grant funds are used for advertising, publicizing, promoting events or conducting research to attract visitors. Marketing efforts for the Tourism Marketing Support Program include promoting our natural scenic beauty, outdoor recreation, cultural attractions, online digital marketing campaigns, promotion of Washington’s growing wine and craft brewery industry, and networking with tour operators and travel media.

Applications are reviewed by committee and given a score out of 100pts. All proposed projects will be evaluated for how they address equitable, sustainable and responsible tourism. As part of
the Port’s efforts to address equity, diversity and inclusion, adjustments to the scoring system have put even more emphasis - 25% of the total score (up from 15%) - for EDI and responsible tourism projects. Projects that make overcrowding, environment, and inclusivity a priority will be scored higher than those that do not.

Since the program’s inception over $1,960,000 in tourism marketing investments have been made to market Washington State destinations and Port travel gateways.

Marketing, promotion, and outreach plans include:

- Communicating to an ever-growing data base of over 270 different organizations via email. The data base includes a roster of over 130 cities, chambers, and destination organizations, 24 cultural and ethnic attractions, 17 outdoor recreational organizations and 35 tribal contacts.
- Prominent positioning of the grant program application process information, together with video testimonials from previous recipients, will be available on the Tourism Development section of the Port’s external website.
- Conducting two virtual Information Sessions which is open to all registered attendees.
- Speaking at various organization meetings, one-on-one meetings with destination marketing organizations, chambers, city officials, and nonprofit organizations.
- Direct contact via phone and email. Drawing from past emails and our data base of contacts over the course of the year, calls will continue to be made to potential applicants encouraging their participation.

**Tourism Marketing Support Recipients**

The Port of Seattle is advancing tourism in Washington State by implementing an annual partner grant program with local destination marketing organizations.

In 2022, the Port and its partners invested over $310,000 in grant-funded projects across Washington State. The Port made 25 grant awards for a total of approximately $183,000 and local organizations provided over $127,000 of match funding to support the 2022 program.

These programs included digital marketing, social media, familiarization tours, media hosting, travel trade sales activity and more. Grants enabled participants to embrace destination stewardship and responsible travel, showcase cultural resources, focus on DEI, reach new audiences and keep their destinations/attractions top-of-mind for potential visitors.

Within the last seven years of the program 268 applications have been received and 156 projects were awarded, netting over $1,960,000 in additional marketing promotional efforts for Washington tourism. The matching funds program promotes use of Port facilities and tourism growth throughout the state.
The results or benefits include generating additional travel awareness, interest and positively impacting Washington State economic development and tourism.

### 2022 Awarded Recipients

<table>
<thead>
<tr>
<th>Organization Name</th>
<th>Port of Seattle Awarded Amount</th>
<th>Summary of Proposed Project</th>
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<td>$10,000</td>
<td>Collaboratively create an outdoor recreational tourism guide, host media familiarization tours for social media advertising campaign.</td>
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<td>Visit Kitsap</td>
<td>$5,000</td>
<td>Create and market new tour itinerary for the Native American Heritage Program in collaboration with American Cruise Lines. Media familiarization tour included.</td>
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<td>Ballard Alliance / Visit Ballard</td>
<td>$5,000</td>
<td>Marketing campaign showcasing videos targeted to direct flight markets in CA and NV.</td>
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<td>$10,000</td>
<td>Digital, print, and broadcast advertising to target markets in CA, CO, NY and ad campaign geotargeting out-of-state visitors highlighting PNW Native culture exhibits.</td>
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<td>City of Renton</td>
<td>$10,000</td>
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<td>$9,000</td>
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<td>National Nordic Museum</td>
<td>$8,000</td>
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<td>Visit Tri-Cities</td>
<td>$5,000</td>
<td>Professional photographer to accompany diverse out-of-state social influencers on media familiarization tour to promote destination's wine country and outdoor recreation activities.</td>
</tr>
<tr>
<td>Organization</td>
<td>Amount</td>
<td>Description</td>
</tr>
<tr>
<td>------------------------------------------</td>
<td>---------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Seattle Architectural Foundation</td>
<td>$7,000</td>
<td>Targeted social media advertising campaign to increase the number of out-of-state visitors, showcasing local architecture highlights and walking tours.</td>
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<tr>
<td>Seattle Good Business Network</td>
<td>$10,000</td>
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</tr>
<tr>
<td>Washington State Geocaching Association</td>
<td>$4,000</td>
<td>Refresh website, print and social media marketing of GeoTour, promotion collaboration with four cities, geocaching businesses.</td>
</tr>
<tr>
<td>Harbor WildWatch</td>
<td>$6,000</td>
<td>Produce/publish 40 videos targeting out-of-state visitors, social media advertising campaign highlighting amazing wildlife and unique eco-tourism experiences.</td>
</tr>
<tr>
<td>City of Kirkland</td>
<td>$10,000</td>
<td>Create a digital video advertising campaign to targeted visitor markets from CA. Focus on destination's nature, adventure, and outdoor activities.</td>
</tr>
<tr>
<td>Snohomish County</td>
<td>$5,000</td>
<td>To attract outdoor out-of-state enthusiasts, social media advertising campaign includes video, photos, and featured story of family-owned small business in Index to promote responsible adventure experiences.</td>
</tr>
<tr>
<td>Visit Walla Walla</td>
<td>$10,000</td>
<td>To reach a wider visitor audience to this wine country, social media marketing campaign will include three videos, still photography - focused on trail running, cycling, skiing and snowboarding - targeting San Francisco and Chicago visitor markets.</td>
</tr>
<tr>
<td>Skagit Tourism Bureau</td>
<td>$10,000</td>
<td>As a new destination marketing organization (DMO), attending identified premier travel trade shows will establish professional and media partnerships - domestic and international. In addition, will host media familiarization tour.</td>
</tr>
<tr>
<td>Coulee City Chamber of Commerce</td>
<td>$10,000</td>
<td>Develop a &quot;Tales of Adventure&quot; trip and travel guide publication for print and online social media marketing campaign, including created high quality aerial drone footage video.</td>
</tr>
<tr>
<td>Mountains to Sound Greenway Trust</td>
<td>$8,000</td>
<td>Develop core messaging highlighting outdoor recreation, stewardship and responsible visitation. Launch landing page and social media advertising campaign to increase out-of-state visitors.</td>
</tr>
<tr>
<td>City of Westport</td>
<td>$7,000</td>
<td>To inspire adventure travelers and nature lovers from NV, AR, CA, social media advertising campaign messaging highlights world-class fishing, surfing, beaches, responsible tourism.</td>
</tr>
<tr>
<td>Cascade Bicycle Club</td>
<td>$7,000</td>
<td>Host media familiarization tour for bike influencer and filmmaker, advertising in newsletters and social media campaign targeting adventure seekers from CO and Southern CA.</td>
</tr>
</tbody>
</table>
San Juan Islands Visitors Bureau $10,000 Host social media familiarization tours, whose out-of-state target audience promotion includes visitors of color, ecotourism, adventure and sustainable tourism.

Northwest Agriculture Business Center $9,000 Marketing campaign includes creating video, photography, conducting media webinar, social media advertising, hosting two media influencer familiarization tours, targeting fly-in visitor markets.

Centrum $8,000 Social media and print advertising campaign for two summer music festivals - San Francisco target market.

Washington Independent Inns Network $7,000 Digital ad marketing campaign, targeting direct flight cities, promoting increased out-of-state visitation to destinations statewide.

Schedule

Proposed Implementation Timeline

- Jan. 25, 2023 - Launch application process
- Feb. 23, 2023 - Applications due:
  - Feb. 2 & Feb. 9, 2023 - Information sessions.
  - March 9, 2023 - Review Selection Committee mtg.
  - March 10 – Notification to recipients and non-recipients
  - March – April 2023: Work with CPO to execute 2023 awarded agreements
- April-Dec. 2023 – Projects executed
- December 31, 2023: Final reports due

ALTERNATIVES AND IMPLICATIONS CONSIDERED


Cost Implications: $0.

Pros:
(1) Reduces specific budget request by $200,000 for 2023.

Cons:
(1) Elimination of the program would impact small tourism organizations and industry partners whose marketing and promotion budgets have been dramatically impacted as a result of the Covid-19 pandemic.
(2) Because the TMSP program focus is to increase air traffic through SEA International Airport as a primary gateway for all of Washington state, the cancellation of the
program will negatively affect leisure travel during the important industry recovery of tourism in 2023 and beyond.

This is not the recommended alternative.

**Alternative 2 – Offer the TMSP Program for 2023**

**Cost Implications: $200,000**

**Pros:**

1. The TMSP program assists and demonstrates the Port of Seattle’s intention to work with a diverse range of organizations and industry partners.
2. Because the TMSP program requires a two-to-one matching contribution, the $200,000 positively impacts tourism and visitor marketing throughout Washington State with a minimum of $300,000 in total marketing promotional efforts. In previous years the actual match fund levels exceeded the two-to-one match requirement.
3. This program will positively affect leisure travel by increasing non-resident visitor arrivals via SEA International Airport.

This is the recommended alternative.

**ATTACHMENTS TO THIS REQUEST**

1. Presentation Slides

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

January 25, 2022 - Commission approved authorization for the 2022 Tourism Marketing grant Program and authority for the Executive Director to approve execution for all related contract agreements.

December 15, 2020 - Commission approved authorization for the 2021 Tourism Marketing grant Program and authority for the Executive Director to approve execution for all related contract agreements.

December 10, 2019 - Commission approved authorization for the 2020 Tourism Marketing grant Program and authority for the Executive Director to approve execution for all related contract agreements.


December 11, 2018 – Commission approved authorization for the 2019 Tourism Marketing grant Program and authority for the Executive Director to approve execution for all related contract agreements.
October 12, 2018 – Update on the 2018 program, results, and recommendations for improving the program in 2019.

July 23, 2019 – Marketing support program awardees were briefed to the commission.

January 30, 2018 – The Commission was briefed on the results of the 2017 program.

April 11, 2017 – 2017 Marketing support program awardees were announced.

January 17, 2017 – The Commission was briefed on the results of the 2016 program.

November 22, 2016 – The Commission approved the final 2017 budget, including $150,000 for the Tourism Marketing Support program.
2023 Tourism Marketing Support Program
Supporting Tourism Partnerships

Requesting Commission authorization for the Executive Director to execute contract agreements and implement the 2023 Tourism Marketing Support Program in an amount not to exceed $200,000.
Supporting Statewide Tourism

• Port provides annual matching grants up to $10,000 to partner organizations for:
  – Cooperatively promoting visitor use of Port facilities – SEA International Airport, cruise terminals, or recreational marinas
  – Increasing the number of visitors and visitor expenditures within WA State

• Eligible Partners include state destination marketing organizations, counties, cities, and other non-profit organizations that provide visitor attractions
Marketing Partnerships Generate Results

- Media Visits and Familiarization Tours
- Online Digital Campaigns
- Events/Cultural Attractions
- Trade Shows/Sales Missions
- Collateral and Video Production

See Appendix for list of 2022 grant recipients
Special Emphasis: Sustainability and Equity

Criteria for selection places special emphasis on responsible, sustainable and equitable tourism projects.
Tourism Marketing Support Program - Examples

Online Campaign

Enjoy an authentic Nordic holiday experience in Seattle

Seattle Makes Website & Marketing Campaign

Seattle Makes
Website & Marketing Campaign

NOVEMBER 19 & 20
10AM-5PM

45th Annual Julefest
A Nordic Christmas Celebration

Outdoor Winter Market
Nordic Treats (ebleskiver!)
Valhalla Beer Garden

EXPLORE SEATTLE’S MAKER COMMUNITY!

Behind the-scenes tours and hands-on experiences of Seattle’s most loved products!

Explore Seattle’s Maker Community!
San Juan Islands Visitors Bureau collaboration with the Black Travel Alliance

AN INCREDIBLE VISIT TO THE SAN JUAN ISLANDS: ORCAS ISLAND GUIDE
By Orion | Nov 15, 2022 | DOMESTIC DEPARTURES, NOW BOARDING | 0 comments

As mentioned in my San Juan Island recap, I was honored to be selected and explore the San Juan Islands in partnership with the San Juan Islands Visitors Bureau and the Black Travel.
## Timeline

<table>
<thead>
<tr>
<th>Dates</th>
<th>Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>January 24&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Commission approval</td>
</tr>
<tr>
<td>February 2&lt;sup&gt;nd&lt;/sup&gt; &amp; 9&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Information sessions</td>
</tr>
<tr>
<td>February 23rd</td>
<td>Application submittal deadline</td>
</tr>
<tr>
<td>Feb. 23 - March 9&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Review committee selection process</td>
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<tr>
<td>March 10&lt;sup&gt;th&lt;/sup&gt;</td>
<td>Notification of recipients &amp; non-recipients</td>
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<tr>
<td>March - April</td>
<td>Complete agreements</td>
</tr>
<tr>
<td>April - December</td>
<td>Recipients conduct marketing projects and submit final comprehensive report</td>
</tr>
</tbody>
</table>
Appendix
# 2022 Tourism Marketing Support Program

## Grant Recipients

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<tr>
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<th>POS Awarded Amount</th>
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<tr>
<td>Harbor WildWatch</td>
<td>$6,000</td>
<td>Produce/publish 40 videos targeting out-of-state visitors, social media advertising campaign highlighting amazing wildlife and unique eco-tourism experiences.</td>
</tr>
<tr>
<td>City of Kirkland</td>
<td>$10,000</td>
<td>Create a digital video advertising campaign to targeted visitor markets from CA. Focus on destination’s nature, adventure, and outdoor activities</td>
</tr>
<tr>
<td>Snohomish County</td>
<td>$5,000</td>
<td>To attract outdoor out-of-state enthusiasts, social media advertising campaign includes video, photos, and featured story of family-owned small business in Index to promote responsible adventure experiences.</td>
</tr>
<tr>
<td>Visit Walla Walla</td>
<td>$10,000</td>
<td>To reach a wider visitor audience to this wine country, social media marketing campaign will include three videos, still photography – focused on trail running, cycling, skiing and snowboarding - targeting San Francisco and Chicago visitor markets.</td>
</tr>
<tr>
<td>Skagit Tourism Bureau</td>
<td>$10,000</td>
<td>As a new destination marketing organization (DMO), attending identified premier travel trade shows will establish professional and media partnerships - domestic and international. In addition, will host media familiarization tour.</td>
</tr>
</tbody>
</table>
## 2022 Grant Recipients (continued)

<table>
<thead>
<tr>
<th>Organization</th>
<th>Amount</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coulee City Chamber of Commerce</td>
<td>$10,000</td>
<td>Develop a &quot;Tales of Adventure&quot; trip and travel guide publication for print and online social media marketing campaign, including created high quality aerial drone footage video.</td>
</tr>
<tr>
<td>Mountains to Sound Greenway Trust</td>
<td>$8,000</td>
<td>Develop core messaging highlighting outdoor recreation, stewardship and responsible visitation. Launch landing page and social media advertising campaign to increase out-of-state visitors.</td>
</tr>
<tr>
<td>City of Westport</td>
<td>$7,000</td>
<td>To inspire adventure travelers and nature lovers from NV, AR, CA, social media advertising campaign messaging highlights world-class fishing, surfing, beaches, responsible tourism.</td>
</tr>
<tr>
<td>Cascade Bicycle Club</td>
<td>$7,000</td>
<td>Host media familiarization tour for bike influencer and filmmaker, advertising in newsletters and social media campaign targeting adventure seekers from CO and Southern CA.</td>
</tr>
<tr>
<td>San Juan Islands Visitors Bureau</td>
<td>$10,000</td>
<td>Host social media familiarization tours, whose out-of-state target audience promotion includes visitors of color, ecotourism, adventure and sustainable tourism.</td>
</tr>
<tr>
<td>Northwest Agriculture Business Center</td>
<td>$9,000</td>
<td>Marketing campaign includes creating video, photography, conducting media webinar, social media advertising, hosting two media influencer familiarization tours, targeting fly-in visitor markets.</td>
</tr>
</tbody>
</table>
DATE: January 20, 2023
TO: Stephen P. Metruck, Executive Director
FROM: Eric Schinfeld, Sr. Manager, Federal and International Government Relations
SUBJECT: Adoption of Federal Legislative Agenda for 2023

EXECUTIVE SUMMARY
Commission adoption of the 2023 Federal Legislative Agenda is requested.

Since last January, Port of Seattle government relations staff have worked with Commissioners, executive team members, and internal subject-matter experts to execute the Port’s Commission-approved 2022 federal policy priorities. In partnership with our Congressional delegation and other public and private sector collaborators, the Port has been able to make substantial progress at the federal level in ways that tangibly benefit the Port, the region, and the users of our aviation and maritime facilities.

In particular, the passage of the Inflation Reduction Act (IRA) and ongoing implementation of the Infrastructure Investment and Jobs Act (IIJA) have brought key resources and policies to bear that support both the development of Port infrastructure and the advancement of the Port’s sustainability priorities. We are grateful for the leadership and partnership of the Biden-Harris Administration and the Washington Congressional delegation on these efforts.

The Port’s draft 2023 federal agenda represents a mix of ongoing work; efforts to implement 2022 successes; and new items that reflect emerging opportunities. All of our federal work falls within four categories of policy goals:

- Infrastructure and Transportation
- Decarbonization and Sustainability
- Community and Equity
- Trade, Economic Development and Workforce

The Port’s proposed federal agenda is lengthy – with approximately 50 different priorities. Staff believes that the full list is achievable; however, as a way to communicate some level of prioritization, our top eight federal priorities can be summarized as follows:

1) Attract federal funding for our infrastructure and decarbonization efforts and other relevant programs
2) Support the transition to non-PFAS airfield firefighting foams
3) Secure sufficient federal staffing of our aviation and maritime facilities
4) Strengthen federal partnerships that support our sustainable aviation fuels and maritime decarbonization goals, particularly related to our green corridor efforts
5) Address permitting issues and backlogs that impede our ability to upgrade our facilities and do environmental mitigation work
6) Secure federal funding and partnerships to support Southern Resident Killer Whale restoration, including underwater noise efforts
7) Secure federal funding and partnerships to address aircraft noise and emissions issues
8) Strengthen federal partnerships to address our equity priorities, including immigration reform and combatting human trafficking
The following policy priorities reflect input from Commissioners heard during the briefing on this item at the January 10 Commission meeting; please note that changes from the original version are shown in track changes. Once approved, staff will then begin engaging local and national partners to pursue the successful passage and implementation of these priorities.

**FEDERAL LEGISLATIVE AGENDA**

1) **Infrastructure & Transportation**

- **Sufficient Infrastructure and Transportation Funding**
  a. **Pursue Grant Funding**: Work closely with federal partners to successfully apply for grant funding from the IIJA, as well as ongoing federal funding programs like RAISE, INFRA and PIDP; support local partner grants that are aligned with Port goals and interests.
  b. **Maximize Harbor Maintenance Tax (HMT)**: Support full appropriations for the “donor port” HMT rebate program authorized under Section 2106 of the 2014 Water Resources Reform and Development Act to compensate for the current structure and impacts of the HMT; secure implementation of the HMT reform provisions that were included the Water Resources Development Act of 2020.
  c. **Increase Passenger Facility Charge Flexibility**: Continue efforts to raise the federal cap on the Passenger Facility Charge (PFC) from $4.50 while maintaining the Port Commission’s ability to determine whether or not to change the user fee based on locally determined needs and competitive dynamics.
  d. **Move Forward on Army Corps Projects**: Support design of the West Waterway portion of the Seattle Harbor Navigation Improvement Project, which will deepen the federal channels serving Terminal 5; also support funding for design and construction of the Tacoma Harbor Navigation Improvement Project to accommodate ultra-large container ships at key Northwest Seaport Alliance (NWSA) cargo facilities.
  e. **Fully Fund the Locks**: Support funding for continued federal operation and maintenance of the Hiram M. Chittenden Locks, as well as additional funding for priority, non-routine maintenance.
  f. **Build Toward Domestic Content for Port Capital Projects**: Support flexibility in Buy America and other domestic preference requirements to provide time for US manufacturers to achieve the scale needed to meet new demand for port equipment, including zero-emissions equipment, and to make their production lines compliant with federal requirements.
  g. **Support Transit & High-Speed Rail**: Support funding for sustainable transportation options, including transit infrastructure and operations, that can increase the availability and attractiveness of low-carbon travel options for Port passengers and employees. In particular, work with regional and statewide stakeholders to effectively compete for high-speed rail funding contained in the IIJA.
  h. **Support EV Infrastructure**: Work closely with federal partners to successfully apply for electric vehicle (EV) infrastructure funding in the IIJA that may be available for the Port’s aviation and maritime properties in order to incentivize the transition to greener forms of surface transportation. In addition, support funding for EV infrastructure located outside Port boundaries but proximate to Port aviation and maritime facilities.

- **Efficient and Safe Port Operations**
  a. **Expedite the Federal Transition from PFAS**: Engage with Congress and the Administration to speed the transition to non-fluorinated airfield fire-fighting foams. Advocate for federal support to help airports with the transition to these new foams, including the costs of replacing or cleaning current equipment.
b. **Maximize TSA & CBP Staffing:** Continue to partner with U.S. Transportation Security Administration (TSA) and U.S. Customs & Border Protection (CBP) leadership for sufficient staffing to ensure efficient, safe, and healthy processing of passengers and cargo. Increase overall funding for TSA and CBP officers serving our aviation and maritime gateways.

c. **Limit Federal Requests for Port Funding:** Pursue efforts to ensure the federal government resumes full responsibility for funding CBP services, equipment, and facility development.

d. **Support Terminal 46 Planning:** Appropriately engage with key federal agencies in support of NWSA efforts to plan for future uses of Terminal 46.

e. **Maximize Passenger and Airfield Innovations & Efficiencies:** Support TSA efforts to expand PreCheck, as well as additional technology solutions that maximize security and efficiency. Encourage expedited deployment of the Federal Aviation Administration’s (FAA) Terminal Flight Data Manager (TFDM) airfield congestion management program at Seattle-Tacoma International Airport (SEA) in order to improve flow and efficiency on the airfield, reducing both delays and fuel-related emissions.

f. **Maintain TSA LEO Reimbursements:** Preserve TSA funding for Law Enforcement Officer (LEO) reimbursement grants.

g. **Improve UAS Integration and Detection:** Support federal efforts to improve the integration, detection, identification, and mitigation of drones in and around airports. Specifically, increase funding for unmanned aircraft systems (UAS) detection and mitigation, as well as extend UAS interdiction authority to trained state and local law enforcement agencies.

h. **Support UAM/AAM Integration:** Encourage a consistent and predictable federal approach to urban air mobility (UAM) and advanced air mobility (AAM) deployment that creates widely agreed upon operating standards and appropriate integration into the National Airspace System.

i. **Support the Jones Act:** Promote the Jones Act’s crucial role in providing the institutional framework that helps keep the U.S. domestic maritime industry viable. Maintain limited flexibility to grant waivers from Jones Act regulations in extraordinary cases when domestic shipping capacity is insufficient to respond to a given need and when Puget Sound domestic maritime stakeholders validate that a waiver is necessary to support the vitality of their industry.

2) **Decarbonization & Sustainability**

- **Expanded Sustainable Aviation Fuel (SAF) Deployment**
  a. **Pursue Grant Funding:** Work closely with federal partners to successfully apply for grant funding from the IRA’s Alternative Fuel and Low-Emission Aviation Technology Program and other relevant programs; support local partner grants that are aligned with Port goals and interests.
  
b. **Increase Airport Revenue Flexibility:** Ensure clarity and authority for airports to use airport revenue and federal grant funding to support fuel switching, including support for the air quality and carbon reduction benefits of SAF.
  
c. **Fully Fund Federal SAF Investments:** Support federal funding for research on SAF, as well as for feedstock processing and fuel production facilities, from agencies including the U.S. Departments of Defense (DoD), Agriculture, Energy and Transportation.
  
d. **Implement DoD SAF Pilot:** Advocate for Joint Base Lewis-McChord to be selected for the SAF pilot included in the 2022 National Defense Authorization Act, as a means to further develop a regional SAF ecosystem.
Maritime Decarbonization

a. **Pursue Grant Funding:** Work closely with federal partners to successfully apply for funding for maritime decarbonization provisions of the IIJA and IRA, as well as existing federal grants like PIDP; in addition, support NWSA efforts to apply for these funds, as well as any other local partner grants that are aligned with Port goals and interests – including Alaska cruise port efforts to apply for green corridor-related infrastructure.

b. **Develop Green Corridor Partnerships:** Partner with the federal government to facilitate the sharing of best practices and other programmatic efforts to support implementation of the Washington-Alaska-British Columbia Green Cruise Corridor and the Busan-NWSA Green Shipping Corridor.

c. **Shape International Maritime Policy:** Engage with key federal stakeholders to effectively advocate for progress on maritime decarbonization policies for both cruise and shipping at the International Maritime Organization and other international organizations.

d. **Promote Hydrogen and Clean Marine Fuel Infrastructure:** Work with partners to attract federal funding for clean hydrogen projects, such as the Regional Hydrogen Hub program. Advocate for new federal funding for infrastructure to support the use of hydrogen and low-carbon, sustainable maritime fuels at ports.

e. **Fully Fund DERA:** Support authorization and full funding for the U.S. Environmental Protection Agency (EPA) Diesel Emissions Reduction Act (DERA) program, which provides funding for emissions reduction programs.

f. **Support Offshore Wind Development:** Support key pieces of legislation that advance the offshore wind industry, particularly in ways that create opportunities for the Pacific Northwest to become a leader in manufacturing, assembly, deployment, and maintenance. Partner with local stakeholders to pursue federal funding contained within the IIJA for offshore wind.

g. **Attract a United States Center for Maritime Innovation:** Support Congressional efforts to secure the location of a new MARAD Center for Maritime Innovation to support the study, research, development, assessment, and deployment of emerging marine technologies and practices related to the maritime transportation system.

Puget Sound Restoration

a. **Invest in SRKW Support Puget Sound Restoration:** Advocate for increased federal resources for Puget Sound and Southern Resident Killer Whale (SRKW) restoration, including funding to support habitat restoration, to sustain Chinook salmon populations and other species critical to SRKW recovery, to help clean up legacy sources of contaminants that affect SRKW, to better understand and reduce impacts of vessel- and marine construction-related underwater noise, and to manage stormwater runoff. Support appropriations for the Puget Sound Nearshore Ecosystem Restoration Project, the National Estuary Program, the Puget Sound Geographic Program, and the Pacific Coastal Salmon Recovery Fund.

b. **Pursue Grant Funding:** Work closely with local and federal partners to successfully apply for funding for SRKW restoration; in particular, pursue newly created Coast Guard funding to assist ports in reducing impacts of vessel traffic and port operations on marine mammals.

c. **Fully Staff Federal Environmental Permitting:** Support increased regulatory staff funding for the U.S. Army Corps of Engineers, National Oceanic and Atmospheric Administration (NOAA) Fisheries and the U.S. Fish and Wildlife Service to reduce permit and mitigation bank approval backlogs.
d. **Expedite Federal Environmental Permitting**: Support reforms to federal regulatory processes to speed the approval and creation of NWSA and home port habitat sites.

e. **Support Southern Resident Killer Whale (SRKW) Recovery**: Engage Federal Agencies in SRKW Support: Support federal agency involvement in the SRKW recovery effort and underwater noise reduction, including the by the Coast Guard, NOAA, and the Maritime Administration (MARAD)—. Advocate for funding to support habitat restoration, to sustain Chinook salmon populations and other species critical to SRKW recovery, to help clean up legacy sources of contaminants that affect SRKW, to better understand and reduce impacts of vessel- and marine construction-related underwater noise, and to manage stormwater runoff.

f. **Oppose Unvetted Permitting Changes**: Oppose changes by the National Marine Fisheries Service to the process for permitting projects, which jeopardize ports’ ability to fulfill their economic, environmental, and social missions. Advocate that such significant modifications to federal permitting regulations should be made only through an act of Congress or a formal rulemaking process.

g. **Invest in Kelp and Kelp Research**: Support new federal funding to enhance kelp forest ecosystem conservation, restoration, and management projects. Promote the use of these projects to better understand the environmental services that kelp provides.

3) **Community & Equity**

- **Welcoming Immigration Policies**
  a. **Promote Immigration Reform**: Be a leading voice on immigration policies that ensure the Port, its partners, and its customers have the workforce to succeed in the global economy, and that immigrants and refugees are actively included in the opportunities that our region’s economy provides.
  
b. **Support REAL ID Transition**: Coordinate with federal agencies on implementation of REAL ID, by the 2025 deadline including a public information campaign to support a smooth and fair transition. Strive to ensure that eventual full implementation matches national uptake so as to avoid major travel disruptions.
  
c. **Make DACA Permanent**: Support permanent legal protections for immigrant children currently eligible for the Deferred Action for Childhood Arrivals (DACA) program.

- **Sound Insulation Funding and Aircraft Noise and Emissions Policies**
  a. **Pursue Grant Funding**: Work closely with local and federal partners to apply for sufficient funding to fully and expeditiously implement the Port’s sound insulation program.

  a. **Support StART Priorities**: Advocate for changes to federal policies, regulations, and programs that align with local community priorities – as identified by the SEA Stakeholder Advisory Round Table (StART):
     i. U.S. Representative Adam Smith’s Protecting Airport Communities from Particle Emissions Act;
     
     ii. Representative Smith’s Sound Insulation Treatment Repair and Replacement Program Act;
     
     iii. Representative Smith’s Aviation Noise and Emissions Mitigation Act;
     
     iv. Creating a clear process and deadline for review and action on the FAA’s 65 DNL noise contour metric;
     
     v. Increased federal investment in sustainable aviation fuels and other alternative energy sources;
     
     vi. Funding for the FAA’s Environmental Mitigation Pilot Program;
     
     vii. FAA support for new regional airport capacity.
b.c. **Address Indoor Air Quality:** Continue to explore the need for federal programs and funding to address indoor air quality near airports, particularly for schools and other facilities that are occupied by large groups of potentially sensitive populations.

- **Other Equity-Related Policies**
  a. **Promote Biometric Policy Changes:** Support federal legislation on biometric technology and associated data collection that balances operational needs with protections for privacy, equity, and civil liberties.
  b. **Prevent Human Trafficking:** Partner with federal agencies to improve human trafficking prevention and intervention efforts.
  c. **Support Policing Reforms:** Advocate for comprehensive federal policing reforms that further the goals of the Port Commission’s Task Force on Policing and Civil Rights, including addressing racial bias; excessive use of force; decertification; misconduct reporting, disciplinary review, and immunity protections; militarization; training; and other accountability, civil rights, and equity measures.
  d. **Address Barriers to Increased Port Spending on Community Initiatives:** Identify any federal regulatory changes necessary to allow the Port to make innovative, strategic investments in community programs.
  e. **Support “Reconnecting Communities” Initiatives:** Support efforts by the Port and local partners to attract IIJA funding that can address and resolve environmental justice issues inequities caused by past transportation investments.

4) **Trade, Economic Development & Workforce**

- **Competitive Trade Policies**
  a. **Promote Trade and Lower Barriers:** Advocate for productive engagement and negotiations that ensure a fair and level playing field for mutually beneficial trade; ensure that enforcement actions such as tariffs and quotas are a measure of last resort and, when necessary, be carefully and narrowly targeted to address the problem and minimize the unintended impacts on American producers and consumers.
  b. **Re-evaluate Tariffs:** Support re-evaluating and/or rescinding existing tariffs and other trade barriers. In particular, the United States should work with key trade partners in Asia to reduce tariffs in light of supply chain impacts, inflationary cost effects, and their overall strategic value relative to diplomatic and economic goals.
  c. **Support New Trade Opportunities:** Advocate for new trade agreements that open new markets and level playing fields for Washington employers and others who use the Port as their international gateway, while creating verifiable, measurable, and enforceable standards to protect workers and the environment.

- **Economic & Workforce Development**
  a. **Pursue Grant Funding:** Secure additional federal funding for key priorities within the Port’s economic development, tourism development, and workforce development programs; support local partner grants that are aligned with Port goals and interests.
  b. **Support Offshore Wind Development:** Support key pieces of legislation that advance the offshore wind industry in areas identified by the Bureau of Ocean Energy Management (BOEM). Work with local and federal partners to, particularly in ways that create opportunities for the Pacific Northwest to become a leader in manufacturing, assembly, deployment, and maintenance for those BOEM projects.
  b.c. **Support Drayage Drivers:** Support federal programs that help drayage truck drivers achieve better wages and working conditions.
Support the North Pacific Fishing Fleet: Support key federal priorities for the North Pacific fleet, including fishing fleet modernization and supporting infrastructure to address the impacts of climate change on the fishing industry.

Promote Tourism: Support federal efforts to increase and facilitate domestic and international tourism into Puget Sound region and Washington state, with a focus on sustainable tourism promotion opportunities.

ATTACHMENTS TO THIS PRESENTATION

(1) Presentation slides
(2) 2022 Federal Aviation Agenda
(3) 2022 Federal Maritime Agenda

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- January 10, 2023 – The Commission was briefed on the 2023 Federal Legislative Agenda.
- January 24, 2022 – The Commission approved the 2022 Federal Legislative Agenda.
- January 4, 2022 – The Commission was briefed on the 2022 Federal Legislative Agenda.
- December 8, 2020 – The Commission was briefed on the 2021 Federal Legislative Agenda.
- January 7, 2020 – The Commission was briefed on the 2020 Federal Legislative Agenda.
- November 27, 2018 – The Commission was briefed on the 2019 Federal Legislative Agenda.
- January 9, 2018 – The Commission authorized staff to pursue the 2018 federal legislative priorities.
- November 28, 2017 – The Commission was briefed on the 2018 Federal Legislative Agenda.
2022 AVIATION FEDERAL PRIORITIES

As the region and the world continue to recover from the COVID-19 pandemic, Seattle-Tacoma International Airport (SEA) is committed to providing a safe and healthy travel experience and to serving as a key contributor to regional and statewide economic recovery. We are focused on developing more modern, high-tech facilities that will speed travelers on their way; better connecting the Puget Sound region to the world; maximizing the environmental sustainability of our operations; and ensuring that our local communities and residents thrive. The federal government can help us achieve this vision by:

I. INVESTING IN OUR AIRPORT

As the Infrastructure Investment & Jobs Act (IIJA) begins to roll out, SEA is preparing to invest $4 billion in our facilities in the next few years. To take advantage of this opportunity, we seek to:

a. Leverage Dedicated IIJA Airport Dollars: We will work closely with federal partners to invest both formula funds and competitive grant dollars in key SEA projects.

b. Compete for IIJA Sustainable Transportation Funding: We will work closely with federal partners to take advantage of dollars to incentivize the transition to greener forms of surface transportation to and from the airport, including electric vehicle infrastructure funding at or near the airport as well as high-speed rail and transit infrastructure that can increase the availability and attractiveness of low-carbon travel options for airport passengers and employees.

c. Increase Self-Funding Flexibility: Once IIJA dollars are spent, we will need a modernized Passenger Facility Charge user fee for long-term sustainable funding needs.

d. Build Federal Support: We will work closely with federal agencies and members of Congress to ensure their support for in-progress and future capital projects, including the Sustainable Airport Master Plan near-term projects currently under environmental review.

II. ADDRESSING COMMUNITY IMPACT

As air travel rebounds, we are focused on increased sustainability and addressing impacts on our surrounding communities. Federal legislation and regulation can help us:

a. Fight Climate Change: We support comprehensive proposals for sector-specific and economy-wide solutions to address the climate crisis with legislation to reduce greenhouse gas emissions and other harmful toxic pollutants while providing flexibility to respond to changing market conditions and technological advances.

b. Implement Sustainable Aviation Fuels (SAF): We will engage federal partners to help us take next steps toward widespread use of SAF at our airport. In particular, we will seek additional federal funding for SAF research, SAF infrastructure, and tax credits for blending of these fuels. We will work to leverage the U.S. Departments of Defense, Agriculture, Energy and Transportation as key partners in this effort.

c. Address Airplane Noise and Air Quality: We will advocate for the shared federal agenda developed by the airport and its six surrounding cities – including changes to federal funding, policies, regulations and programs such as studying aviation-related ultrafine particulates and allowing for secondary noise mitigation investments in certain previously insulated homes. We will work to better understand potential indoor air quality investment benefits near airports as well.

AIR TRAVEL RECOVERY FROM PANDEMIC IMPACTS

<table>
<thead>
<tr>
<th></th>
<th>Total Passengers (+80%)</th>
<th>Domestic Passengers (+85%)</th>
<th>Int’l Passengers (+23%)</th>
<th>Total Air Cargo in (+10%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2021: Total</td>
<td>36,153,839</td>
<td>34,484,666</td>
<td>1,669,173</td>
<td>498,741</td>
</tr>
<tr>
<td>2020: Total</td>
<td>20,061,507</td>
<td>18,690,119</td>
<td>1,371,388</td>
<td>454,584</td>
</tr>
</tbody>
</table>
II. ADDRESSING COMMUNITY IMPACT (cont.)

d. Protect Passenger, Employee and Community Safety: We will partner with federal agencies to improve human trafficking prevention and intervention efforts. In addition, we will engage with FAA leadership to speed the transition to non-fluorinated airfield fire-fighting foams.

e. Increase Economic and Workforce Development: We will engage actively in supporting policies and programs that boost economic, workforce and tourism development, and augment existing Port efforts to support small and minority-owned businesses. We support realigning federal funding, programs and policies to support rebuilding the U.S. small business sector, reviving entrepreneurship, and closing the racial wealth gap.

f. Address Racial Equity: We will advocate for comprehensive federal policing reforms that further the goals of the Port Commission’s Task Force on Policing and Civil Rights. In addition, we support federal legislation on biometric technology that ensures protections for privacy, equity and civil liberties.

III. CONNECTING US TO THE WORLD

SEA is an international gateway, and the success of our airport depends being able to reopen international travel in a safe, healthy manner while presenting a welcoming face to the international visitors, immigrants and refugees who travel through or work at our facility, particularly related to the arrival and resettlement of Afghan refugees. To achieve these goals, we seek to:

a. Welcome International Travelers and Residents: We will be a leading voice on comprehensive immigration policies that ensure the Port, its partner and its customers have the workforce to succeed in the global economy, and that immigrants and refugees are fully welcomed into the opportunities that our region’s economy provides.

b. Lower Trade Barriers: We support policies that level playing fields for international commerce while protecting workers and the environment. In addition, we believe that tariffs should be a measure of last resort and – when necessary – carefully and narrowly targeted to minimize impacts on American producers and consumers.

c. Facilitate International Air Travel: We support global agreements that set clear health and safety standards and protocols to facilitate the recovery of international travel and trade. In addition, we will coordinate with CBP leadership to ensure operational readiness and staffing for the opening of our new International Arrivals Facility.

d. Increase the Efficiency and Safety of our Airport and Airspace: We will engage with national airport associations, the FAA, the Washington Congressional delegation and other key stakeholders to limit operational disruptions caused by the implementation of 5G wireless telecommunications near airports. In addition, we support airport industry recommendations to improve the integration, detection, identification, and mitigation of Unmanned Aircraft Systems (UAS) in and around airports. Similarly, we encourage a consistent and predictable federal approach to urban air mobility (UAM) deployment. Finally, we encourage expedited deployment of the FAA’s Terminal Flight Data Manager (TFDM) airfield congestion management program at SEA in order to improve flow and efficiency on the airfield.

IV. ACCOMMODATING THE RETURN TO TRAVEL

As the pandemic subsides, SEA is working to accommodate the return of passengers in the most efficient and safe manner possible. In particular, we seek to:

a. Adjust to Changing Travel Protocols: We will monitor changes to current national guidance regarding protocols to protect the health of passengers and employees while simultaneously restoring traveler confidence in a return to air travel.

b. Partner with Federal Agencies: We will work with U.S. Transportation Security Administration (TSA) and U.S. Customs & Border Protection (CBP) leadership on the safe and healthy return of air travel passenger levels, through proper staffing, necessary federal funding to supplement lost user fees, appropriate health protocols and the deployment of touchless technology solutions.

c. Support Key Funding Needs: We will monitor additional discussions regarding supplemental federal relief for businesses impacted by the pandemic; in particular, we support additional federal support for the Restaurant Revitalization Fund (RRF) to assist local restaurants – including those at SEA – impacted by reduced dining and travel because of the Omicron variant. In addition, we will fight to preserve TSA funding for Law Enforcement Officer reimbursement grants and reimbursements for checkpoint-area janitorial services.

d. Increase the Efficiency and Safety of our Airport and Airspace: We will engage with national airport associations, the FAA, the Washington Congressional delegation and other key stakeholders to limit operational disruptions caused by the implementation of 5G wireless telecommunications near airports. In addition, we support airport industry recommendations to improve the integration, detection, identification, and mitigation of Unmanned Aircraft Systems (UAS) in and around airports. Similarly, we encourage a consistent and predictable federal approach to urban air mobility (UAM) deployment. Finally, we encourage expedited deployment of the FAA’s Terminal Flight Data Manager (TFDM) airfield congestion management program at SEA in order to improve flow and efficiency on the airfield.

For more information on the Port of Seattle’s federal legislative agenda, contact:

Eric Schinfeld, Port of Seattle
Senior Manager Federal & Int’l Gov’t Relations
(206) 787-5031 | Schinfeld.E@portseattle.org
2022 MARITIME FEDERAL PRIORITIES

As the region and the world continue to recover from the COVID-19 pandemic, the Port of Seattle is committed to creating a safe and healthy travel and trade experience, and to serving as a key contributor to regional and statewide economic recovery. We are focused on developing more modern, high-tech facilities that will facilitate maritime activities; better connecting the Puget Sound region to the world; maximizing the environmental sustainability of our operations; and ensuring that our local communities and residents thrive. The federal government can help us achieve this vision by:

I. INVESTING IN ECONOMIC RECOVERY AND INFRASTRUCTURE

a. Leverage IIJA Dollars: We will work closely with federal partners to invest infrastructure grant dollars in key Port and regional projects that increase freight mobility, facilitate more efficient operations and/or reduce environmental and community impacts.

b. Continue Existing Infrastructure Programs: We support full funding for a strengthened national multimodal freight strategy and related grant programs, including continued authorization and funding for the RAISE, INFRA and PIDP discretionary grant programs. In addition, we support establishing a sustainable funding source for freight infrastructure. Finally, we support federal funding to restore capacity of the West Seattle Bridge for both cargo and commuters.

c. Implement Harbor Maintenance Tax Reform: We will work closely with our federal partners to translate the passage of this long-sought legislation into actionable regulations. We also support full appropriations for the “donor port” HMT rebate program.

d. Fund the Hiram M. Chittenden Locks and Channel Deepening: We support funding for continued federal operation and maintenance of the locks, as well as additional funding for priority, non-routine maintenance. In addition, we support design and construction phases of projects to deepen the federal channels serving the Seattle and Tacoma Harbors.

e. Support Key Funding Needs: We will monitor additional discussions regarding supplemental federal relief for businesses impacted by the pandemic; in particular, we support additional federal support for the Restaurant Revitalization Fund (RRF) to assist local restaurants impacted by reduced dining and travel because of the Omicron variant.

f. Support an Efficient and Sustainable Fishing Industry: Support key federal priorities for the North Pacific fleet, ranging from economic support for fishing fleet modernization to key environmental sustainability initiatives that address the impacts of climate change on the fishing industry.

COVID-19 CONTINUES TO IMPACTS CRUISE

The Port of Seattle Alaskan cruise season had
has begun to recover from COVID-19

<table>
<thead>
<tr>
<th>Home Port Cruise Calls</th>
<th>Annual Cruise Passengers</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2021:</strong> 82</td>
<td><strong>2021:</strong> 229,060</td>
</tr>
<tr>
<td><strong>2020:</strong> 0</td>
<td><strong>2020:</strong> 0</td>
</tr>
<tr>
<td><strong>2019:</strong> 211</td>
<td><strong>2019:</strong> 1,210,722</td>
</tr>
</tbody>
</table>
II. FACILITATING A RETURN TO TRAVEL AND TRADE

a. Adjust to Changing Travel Protocols: We will monitor changes to current national and international guidance regarding protocols to protect the health of passengers and employees while simultaneously restoring traveler confidence in a return to cruise travel.

b. Improve Trade Competitiveness: We will advocate for productive engagement and negotiations that ensure a fair and level playing field for mutually beneficial trade; ensure that enforcement actions such as tariffs and quotas are a measure of last resort and, when necessary, be carefully and narrowly targeted to address the problem and minimize the unintended impacts on American producers and consumers. In addition, we will advocate for continued federal engagement in solutions to help alleviate supply chain congestion, including funding for supply chain resilience and congestion reduction programs.

c. Partner with Federal Agencies: We support adequate federal staffing levels to ensure efficient movement of cargo through the Puget Sound gateway and facilitation of cruise passengers. If necessary, we will advocate for federal funding to supplement lost user fees, and to ensure that the federal government resumes responsibility for funding CBP services, equipment and facility development.

d. Monitor the Jones Act and the Passenger Vessel Services Act: We support the Jones Act’s crucial role in keeping the U.S. domestic maritime industry viable. In addition, we will monitor proposed changes to the Passenger Vessel Services Act that would impact the Port’s Alaska cruise business.

III. IMPROVING ENVIRONMENTAL SUSTAINABILITY

a. Fight Climate Change: We support comprehensive proposals for sector-specific and economy-wide solutions to address the climate crisis with legislation to reduce greenhouse gas emissions and other harmful toxic pollutants while providing flexibility to respond to changing market conditions and technological advances.

b. Oppose Pebble Mine at Bristol Bay and Offshore Drilling: We oppose mining activity and other development proposals in the Bristol Bay watershed that put Bristol Bay fisheries at risk. We oppose offshore oil and gas drilling in both state and federal waters off the coastline of Washington state.

c. Restore Puget Sound: We will advocate for increased federal resources and federal agency involvement for Puget Sound restoration and Southern Resident Killer Whales recovery.

d. Fund Maritime Decarbonization, Emissions Reductions, and Renewable Energy: We support authorization and full funding for the U.S. Environmental Protection Agency Diesel Emissions Reduction Act program, as well as federal programs and funding that support electrification, alternative fuel use, and other emissions reductions strategies at ports. We will engage with key federal stakeholders to effectively advocate for progress at the International Maritime Organization on maritime decarbonization policies, and we will support efforts and funding that advance the offshore wind industry, particularly in ways that create opportunities for the Pacific Northwest to become a leader in manufacturing, assembly, deployment and maintenance.

e. Support Efficient and Consistent Permitting Processes: We support increased regulatory staff funding for the U.S. Army Corps of Engineers, NOAA Fisheries and the U.S. Fish and Wildlife Service to reduce permit backlogs. In particular, we will work to ensure sufficient resources and staffing for US Army Corps of Engineers Seattle District to review and approve mitigation banking applications in an efficient and timely manner. Finally, we oppose changes to the process for permitting projects that jeopardize ports’ ability to fulfill their economic, environmental and social missions.

IV. ADDRESSING COMMUNITY IMPACT

a. Support Immigration Reform: We will be a leading voice on immigration policies that ensure the Port, its partners and its customers have the workforce to succeed in the global economy, and that immigrants and refugees are fully welcomed into the opportunities that our region’s economy provides, particularly related to the arrival and resettlement of Afghan refugees.

b. Support Economic Development, Tourism, Small Business Recovery and Workforce Development: We support additional federal funding for key priorities within the Port’s economic development, workforce development, and tourism promotion programs, including realigning federal funding, programs and policies to support rebuilding the U.S. small business sector, reviving entrepreneurship, closing the racial wealth gap and providing worker training, worker advancement and increased earning opportunities for King County residents employed at Port facilities.

c. Address Racial Equity: We will advocate for comprehensive federal policing reforms that further the goals of the Port Commission’s Task Force on Policing and Civil Rights. In addition, we support federal legislation on biometric technology that ensures protections for privacy, equity and civil liberties.

d. Fight Human Trafficking: We will partner with federal agencies to improve human trafficking prevention and intervention efforts.

For more information on the Port of Seattle’s federal legislative agenda, contact:

Eric Schinfeld, Port of Seattle
Senior Manager Federal & Int’l Gov’t Relations (206) 787-5031 | Schinfeld.E@portseattle.org
Draft Federal Legislative Agenda for 2023
January 24, 2023

Eric Schinfeld, Sr. Manager, Federal & International Government Relations, Port of Seattle
Overview

• 2022 Key Accomplishments & 2023 Outlook

• Overview of Draft 2023 Policy Priorities
  ▪ Infrastructure and Transportation
  ▪ Decarbonization and Sustainability
  ▪ Community and Equity
  ▪ Trade, Economic Development and Workforce

• Next steps
  – Seek Commission adoption
  – Pursue implementation
2022 Successes

• **Passage of the Inflation Reduction Act:** $300 million for SAF and other emission reduction aviation projects, $3 billion for maritime decarbonization projects, SAF Blender’s Tax credit among $370 billion in climate and energy investments.

• **Pursuit of IIJA funds:** $10 million awarded for the SEA Restroom Modernization Project; $90 million allocated to SEA by formula so far.

• **Passage of NDAA SAF Pilot Program:** National Defense Authorization Act includes pilot program at two or more military bases to develop a plan for 10% SAF by 2028; at least one facility should be located near a major commercial airport that is also seeking SAF

• **Passage of WRDA, MARAD Reauthorization & Coast Guard Reauthorization:**
  – 2023 Water Resources Development Act: Tacoma Harbor Navigation Improvement Project, ability to fund US Army Corps mitigation banking permit staffing
  – MARAD: maritime decarbonization and underwater noise funding, PIDP for cruise
  – Coast Guard: underwater noise grants for ports, Seattle Cetacean Desk

• **Engagement & Partnership on Green Corridor:** Secured State Department sponsored passes to COP27. Ongoing conversations with key agencies (State, DOT, DOE, DOD) about partnership opportunities to advance green corridor efforts.

Impactful Progress on Current Port Priorities
2023 Outlook

- **Divided government**
  - Limits potential for legislative progress
  - Agencies have significant rulemaking authority

- **Potential areas of Port-relevant legislative progress:**
  - Appropriations
  - FAA Reauthorization Act
  - Farm Bill

- **Potential areas of Port-relevant executive/agency progress:**
  - Grant funding
  - Clean energy/Climate/Green Corridor
  - Trade
  - Immigration
  - Workforce development

**Washington Congressional Leadership Roles**

- Senate Appropriations Chair Patty Murray
- Senate Commerce Chair Maria Cantwell
- House Armed Services Ranking Member Adam Smith
- House Transportation & Infrastructure Committee Ranking Member Rick Larsen
- Congressional Progressive Caucus Chair Pramila Jayapal
- Democratic Congressional Campaign Committee Chair Suzan DelBene

Potential Opportunities for Progress on Port Priorities
I. Infrastructure and Transportation
   1) Federal funding for infrastructure projects
   2) Federal staffing of our aviation and maritime facilities
   3) Address regulatory issues that impact infrastructure development

II. Decarbonization and Sustainability
   4) Federal funding & partnerships, particularly green corridor
   5) Transition from PFAS firefighting foams
   6) Address regulatory issues and backlogs that impede environmental mitigation work
   7) Federal funding & partnerships to support Puget Sound restoration and SRKW recovery

III. Community and Equity
   8) Federal policies, funding & partnerships to address sound insulation as well as aircraft noise and emissions
   9) Federal policies & partnerships to address equity priorities, including immigration and human trafficking

IV. Trade, Economic Development and Workforce
   10) Federal funding for economic development, tourism promotion, and workforce development programs
Infrastructure & Transportation

- **Sufficient Infrastructure Funding:**
  a. Pursue Grant Funding
  b. Maximize Harbor Maintenance Tax
  c. Increase Passenger Facility Charge Flexibility
  d. Move Forward on Army Corps Projects
  e. Fully Fund the Locks
  f. Build Toward Domestic Content for Port Capital Projects
  g. Support Transit & High-Speed Rail
  h. Support EV infrastructure

- **Efficient and Safe Port Operations:**
  a. Expedite the Federal Transition from PFAS
  b. Maximize TSA & CBP Staffing
  c. Support T46 Planning
  d. Limit Federal Requests for Port Funding
  e. Maximize Passenger and Airfield Innovations & Efficiencies
  f. Maintain TSA LEO Reimbursements
  g. Improve UAS Integration and Detection
  h. Support UAM Integration
  i. Support the Jones Act
Decarbonization & Sustainability

- **Expanded Sustainable Aviation Fuel (SAF) Deployment:**
  a. Pursue Grant Funding
  b. Increase Airport Revenue Flexibility
  c. Fully Fund Federal SAF Investments
  d. Implement DoD SAF Pilot

- **Maritime Decarbonization**
  a. Pursue Grant Funding
  b. Develop Green Corridor Partnerships
  c. Shape International Maritime Policy
  d. Promote Hydrogen/Clean Marine Fuel Infrastructure
  e. Fully Fund DERA
  f. Attract a Center for Maritime Innovation

- **Puget Sound Restoration:**
  a. Invest in Puget Sound Restoration
  b. Pursue Grant Funding
  c. Fully Staff Federal Environmental Permitting
  d. Expedite Federal Environmental Permitting
  e. Support SRKW Recovery
  f. Oppose Unvetted Permitting Changes
  g. Invest in Kelp
Community & Equity

- **Welcoming Immigration Policies:**
  a. Promote Immigration Reform
  b. Support Realistic REAL ID Transition
  c. Make DACA Permanent

- **Sound Insulation/Aircraft Noise and Emissions Policies:**
  a. Pursue Grant Funding
  b. Support StART Priorities
    i. Protecting Airport Communities from Particle Emissions Act
    ii. Sound Insulation Treatment Repair and Replacement Program Act
    iii. Aviation Noise and Emissions Mitigation Act
    iv. Process and deadline for review/action on the FAA’s 65 DNL noise contour metric
    v. SAF
    vi. FAA Environmental Mitigation Pilot Program
    vii. FAA support for new regional airport capacity
  c. Address Indoor Air Quality

- **Other Equity-Related Policies**
  a. Promote Biometric Policy Changes
  b. Prevent Human Trafficking
  c. Support Policing Reforms
  d. Address Regulatory Barriers
  e. Support “Reconnecting Communities”
Trade, Economic Development & Workforce

• Competitive Trade Policies
  a. Promote Trade and Lower Barriers
  b. Re-evaluate Tariffs
  c. Support New Trade Opportunities

• Economic & Workforce Development
  a. Pursue Grant Funding
  b. Support Offshore Wind Development
  c. Support Drayage Drivers
  d. Support the North Pacific Fishing Fleet
  e. Promote Tourism
Next Steps

• **January 24, 2023** – Ask Commission for adoption in public session
  – **January 26** – Commission President Cho in DC for meetings with Congressional delegation

• **February 2023** – Virtual meetings with Congressional offices to distribute agenda and share priorities

• **March – December 2023** – Commissioners participation in DC advocacy, such as:
  – March: ACI/AAAE, PNWA & AAPA DC Fly-ins
  – April: Port-Airport Cities Noise & Emissions Priorities Fly-in
  – December: AWB DC Fly-in

Questions?
Appendix
Major Federal Investment in Infrastructure

• On Monday, November 15, 2021, President Biden signed an 8-year, $1.2 trillion investment ($550 billion in new money) in a wide variety of areas:

  • Roads and Bridges – $110B
  • Passenger and Freight Rail – $66B
  • Safety – $11B
  • Public Transit – $39.2B
  • Broadband – $65B
  • Ports and Waterways – $16.6B
  • Airports/FAA – $25B
  • Water Infrastructure – $55B
  • Power and Grid – $65B
  • Resiliency – $47.2B
  • Addressing Legacy Pollution – $21B
  • Western Water Infrastructure – $8.3B
  • Clean School Buses and Ferries – $7.5B
  • Electric Vehicle Charging – $7.5B
  • Reconnecting Communities – $1B
IIJA Port-specific provisions

- $20 billion for airports
- $5 billion for FAA Facilities and Equipment
- $5.225 billion for seaports
- $27.1 billion for “Port eligible” transportation investments that other jurisdictions can apply for as well, like $12.5 billion for RAISE and $3.2 billion for INFRA
On August 16, 2022, President Biden signed the Inflation Reduction Act, which would invest approximately $370 billion over five years in a wide variety of climate and clean energy priorities. Port-specific provisions:

- $3 billion for an EPA grant program to install electrified equipment and reduce emission at ports
- $60 million to the Diesel Emissions Reduction Act (DERA) grant program
- $2.6 billion to NOAA for the protection of marine habitats and resilience for coastal communities
- $1 billion for the replacement of ‘class 6 or 7’ heavy-duty vehicles with zero-emission alternatives
- $300 million for a Sustainable Aviation Fuel and Low-Emissions Aviation Technology Grant Program
- Over $60 billion in environmental justice priorities including:
  - $3 billion in Environmental and Climate Justice Block Grants
  - $3 billion in Neighborhood Access and Equity Grants
- A Sustainable Aviation Fuel Blender’s Tax Credits, as well as additional tax credits for offshore wind and hydrogen energy.
DATE: January 17, 2023
TO: Stephen P. Metruck, Executive Director
FROM: Laurel Dunphy, Director, Airport Operations
      Eileen Francisco, Interim Capital Development Officer

SUBJECT: North Employee Parking Lot Improvements (C800957)

Amount of this request: $7,155,000
Total estimated project cost: $19,320,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to (1) advertise and award a major public works contract for Phase 2 of the project, and (2) authorize an additional $7,155,000 for a total of $13,200,000 authorized to date in support of the North Employee Parking Lot (NEPL) Improvements project at Seattle-Tacoma International Airport.

EXECUTIVE SUMMARY

The NEPL was originally built approximately 25 years ago. This lot serves airline, tenant, TSA and service provider personnel a location near their place of business to park. These Airport partners consider this lot vital to their operations, which function 24 hours per day, seven days per week. At 25 years old, the lot is experiencing failing infrastructure. This project is intended as a renewal and replacement project for this existing facility. NEPL Improvements includes three phases of work. Phase 1 includes improvements to the bus shelters to support operations and customer service and the replacement of failed electrical feeders. Phase 2 includes the replacement of failing infrastructure (retaining wall, the remainder of the electrical feeders) and way finding signage. Phase 3 includes pavement restoration, the replacement of other failing infrastructure (water main, storm channel drains), and the potential to expand electric vehicle (EV) charging at NEPL. The total project is currently estimated at $19,320,000 and does not include any EV charging infrastructure scope. Additional budget will be secured once a decision is reached regarding the potential expansion of EV parking.

The NEPL operates and is paid for by the users through a cost recovery model. Monthly costs for a user are $81.00. The lot experiences a high utilization rate, with approximately 85% to 90% of the stalls filled each day.
JUSTIFICATION

This project will support the following Century Agenda goals:

- To advance this region as a leading tourism destination and business gateway by meeting the region’s air transportation needs by delivering vital facilities and infrastructure in a sustainable and cost-effective manner.
- To be the greenest and most energy-efficient port in North America by reducing air pollutants and carbon emissions.

Diversity in Contracting

The aspirational goal for women and minority business enterprises (WMBE) participation for Phase 1 include both a design contract with goal of seven percent, and a construction contract with a goal of twenty-eight percent. The design contract for Phase 2 and Phase 3 includes an aspirational goal of ten percent for WMBE participation. The project team is working with the Diversity in Contracting Department to determine participation opportunities and will set appropriate aspirational goals for WMBE participation for the Phase 2 construction contract.

DETAILS

The NEPL provides 4,122 employee parking spaces for Airport tenants, service providers, and airline employees. A total of 11,170 monthly parking permits have been issued for the use of this facility out of an available 12,000 monthly parking permits. Airport Operations provides a 24/7 transit connection to the Main Terminal that currently operates on a ten-minute headway. There are three Bus Shelter buildings in NEPL, each approximately 2,000 square-feet in size, that provide a waiting area and restrooms in support of the transit operations.

Scope of Work

The scope of work for this project was originally planned to be delivered in two phases but will now be delivered in three phases. Aviation is evaluating the expansion of EV charging infrastructure that necessitated the additional phase and resulted in a $200,000 cost increase (additional escalation and soft costs).

- Phase 1 includes the minor remodel of all three bus shelters, the replacement of failed electrical feeders, and other minor site improvements. This work is current under construction.
- Phase 2 includes the replacement of a failing rockery retaining wall, the remaining electrical feeders, and the parking lot wayfinding signage. During the design of Phase 2 the geotechnical investigation identified the need to change the retaining wall type that resulted in a $1,632,000 cost increase.
- Phase 3 includes pavement rehabilitation and the replacement of failing infrastructure (storm drainage channel drains and water main). If the expansion of EV charging infrastructure is pursued it will require additional budget and be implemented with this phase.
COMMISSION AGENDA – Action Item No. 8j
Meeting Date: January 24, 2023

Schedule

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<th>Phase</th>
<th>In-use date</th>
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Cost Breakdown

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<th>Phase</th>
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<th>Total Phase 2</th>
<th>Total Phase 3</th>
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ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – No action, only Phase 1 of the project is completed.

Cost Implications: $3,164,000

Pros:
1. Minimized capital investment by the Port.

Cons:
1. Failing infrastructure would continue to degrade ultimately resulting in the loss of parking lot operations.
2. Costs would increase to maintain the existing failing infrastructure.
3. $742,000 of current capital costs associated with Phase 2 would be expensed.

This is not the recommended alternative.

Alternative 2 – Move forward with the original Phase 2 scope

Cost Implications: $19,120,000

Pros:
1. Failing infrastructure is replaced supporting long-term parking lot operations.
(2) Minimizes costs to maintain the existing failing infrastructure.

Cons:
(1) Significant capital investment by the Port.
(2) The expansion of EV parking infrastructure would not be explored.

This is not the recommended alternative.

**Alternative 3 – Move forward with Phase 2 and Phase 3 scope.**

**Cost Implications:** $19,320,000

**Pros:**
(1) Failing infrastructure is replaced supporting long-term parking lot operations.
(2) Minimizes costs to maintain the existing failing infrastructure.
(3) Provides the opportunity to evaluate the expansion of EV parking infrastructure.

**Cons:**
(1) Significant capital investment by the Port.
(2) Construction of Phase 3 scope would be delayed one year.

*This is the recommended alternative.*

**FINANCIAL IMPLICATIONS**

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<tr>
<th>Cost Estimate/Authorization Summary</th>
<th>Capital</th>
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**Annual Budget Status and Source of Funds**

This project, CIP C800957, was included in the 2023-2027 capital budget and plan of finance with a total budget of $17,415,000. A budget increase of $1,832,000 was transferred from the Non-aeronautical Allowance CIP (C800754) resulting in zero net change to the Aviation capital budget. The funding sources would be the airport development fund and revenue bonds.
Financial Analysis and Summary

<table>
<thead>
<tr>
<th>Project cost for analysis</th>
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<tr>
<td>Business Unit (BU)</td>
<td>Employee Parking</td>
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<td>Effect on business performance (NOI after depreciation)</td>
<td>Incremental employee parking card rate will increase by $11.38 by 2026. NOI after depreciation will increase as capital costs are included in cost recovery rate base.</td>
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<td>IRR/NPV (if relevant)</td>
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<tr>
<td>For CPE Impact</td>
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Future Revenues and Expenses (Total cost of ownership)

The project will reduce long-term operating and maintenance costs for the facility by replacing failing infrastructure.

ATTACHMENTS TO THIS REQUEST

(1) Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 25, 2022 – The Commission authorized 1) additional funds for the design and construction of Phase 1, 2) additional funds for the design of Phase 2 of the NEPL Improvements project.

June 8, 2021 – The Commission authorized 1) additional funds for the design and construction of Phase 1, 2) completion of design and the utilization of Port crews and a small works contract to complete early pavement work, and 3) additional funds for the design of Phase 2 of the NEPL Improvements project.

October 9, 2018 – The Commission authorized design and construction of Phase 2 of the NEPL Improvements project.
North Employee Parking Lot Improvements

Construction Authorization
for Phase 2
Project Location

North Employee Parking Lot (NEPL)

- Parking for airport employees
- 4,122 parking stalls
- 11,170 parking permits (maximum 12,000)
Project Purpose

Purpose:
Extend the life of the North Employee Parking Lot and improve customer service and operational support.

Phasing:
• Phase 1: Bus Shelters and limited site features
• Phase 2: Failing infrastructure (retaining wall, electrical feeders) and wayfinding signage
• Phase 3: Pavement and underlying failing infrastructure (watermain, storm channel drains) and potential EV parking expansion
Project Scope (Phase 2)

Replacement of:

• Failing rockery retaining wall
• Failing electrical feeders
• Aged wayfinding signage
Project Budget and Schedule (Phase 2)

Previous Budget $7,246,000
Budget Change $1,632,000
Revised Budget $8,878,000

Key Schedule Milestones:
• Construction Start: Q2 2023
• In-Use Date: Q4 2023

Current increase due to:
• Retaining wall type (geotechnical requirement)
Cost Certainty

- Concept
- Project Definition
- 30% Design
- 100% Design
- Construction Bid

SCOPE DEFINITION

Cost Range of Certainty

Planning

Design

Construction

Closeout

COST & SCHEDULE ESTIMATE ACCURACY

Highly Certain

NEPL Phase 2
DATE: January 18, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Dave Soike, Chief Operating Officer
Aaron Pritchard, Commission Chief of Staff

SUBJECT: Adoption of Resolution No. 3810: A Resolution Repealing Resolution Nos. 3605, 3628, 3704, and All Preceding Resolutions Pertaining to the Commission’s ‘Delegation of Responsibility and Authority to the Executive Director’ Policy Directive, and Adopting a New Policy Directive as Set Forth in Exhibit A of this Resolution.

Amount of this request: n/a

ACTION REQUESTED

Request Commission adoption of Resolution No. 3810, a resolution repealing Resolution Nos. 3605, 3628, 3704, and all preceding resolutions pertaining to the Commission’s ‘Delegation of Responsibility and Authority to the Executive Director’ policy directive, and adopting a new policy directive as set forth in Exhibit A of the resolution.

This policy directive increases the previously delegated Commission authority to the Executive Director and provides clarity in delegated process directives to Port staff.

EXECUTIVE SUMMARY

This memo and action is in follow-up to the Commission discussion and memo of November 29, 2022, where Resolution No. 3810 was introduced unanimously. At that time, the Commission asked questions/requested additional information to inform their decision-making process in preparation of the second reading of the proposed resolution.

The November 29, 2022, Commission presentation is attached to this memo for ease in access and reference to the data provided there, and includes project background information; survey data gathered; analysis conducted; key findings of the project team; and staff recommendation to the Commission based on that body of work.
A package of amendments, based on Commission feedback received since the November 29, 2022, meeting, is included as Attachment (4) to this memo. The summary of proposed changes to the Delegation Policy and a corresponding table of monetary levels, as introduced at the November 29, 2022, Commission meeting, is provided later in this action memorandum, also for reference.

ADDITIONAL INFORMATION

Questions from the Commission Meeting, November 29, 2023

(1) Referral to Commission Action Process. What is the threshold/how is it determined what items come before the Commission if falling within any new level of delegated authority?

- Parameters are already established in the Delegation Policy. This policy specifies responsibilities and authority of both the Commission and the Executive Director.
- Discussions frequently take place between the Commission President (representing the Commission voice), the Executive Director, and the Commission Chief of Staff regarding items of interest and import to the Commission, port customers, and the community.
- An Executive Director delegation process is being built such that all items requesting Executive Director approval are discussed and checked with: Commission Chief of Staff, External Relations, Finance, Legal, Procurement, OEDI, Diversity in Contracting, and the Executive Chief of Staff prior to Executive Director approval. Each item is reviewed and if/when identified as ‘high Commissioner interest, high community interest, potential Commission Policy, or potential Commission or of Executive Director strategic interest’ - those items will be moved to the Commission for action. …
- An amendment is proposed to be added to the Delegation Policy as follows: “The Executive Director shall be empowered to execute projects, contracts and all other funding mechanisms as listed in the following sections, at the funding thresholds listed below, except in the subject matter areas where the Commission has spoken in the form of Policy Directives and Orders. In the subject matter areas where Commissioners have spoken, the Executive Director shall refer to the Policy Directive and/or Order to determine whether the Commission has expressed the clear intent to have that subject matter brought before the Commission in public session or other manner determined to be appropriate in consultation with the Commission President.”

(2) Public Access to Records. Will records be available to the public regarding items approved under the Executive Director’s delegated authority?

- Port records are subject to RCW 42.56, the Public Records Act. All public records are preserved for the legal retention established by the WA State Archives and are available for production upon request in accordance with RCW 42.56.
- The Delegation System being built to facilitate Executive Director delegations will help enable production of those public records. Records are kept in a database and are available for viewing and production as needed.
- Monthly reporting to the Commission will occur in the public business meeting process/on the agenda which will give the Commission and the public visible review of
authorizations by the Executive Director within his delegated authority limits of $1M or greater.

- Further, the Port may choose to place open data for public viewing on the Port’s website for reporting of Executive Director authorizations to enhance transparency and access to the information.

(3) **Are there any Near-Term Sustainable Airport Master Plan (SAMP) Projects Below the Proposed New Delegation Level?**

- There are no SAMP projects that would come through the delegation system being built, as SAMP projects have already been identified by the Commission as a high Commission and Community item of interest.
- The delegation limits would automatically place SAMP items before the Commission.

(4) **A List of Categories/Types of Items for Authorizations that Fall within a New Proposed Delegation Level?**

- Attached is 2.5 years of Commission actions reviewed (July 2018 through December 2020), by category of authorization and the number of authorizations that fell within each of those categories. *(See Attachment 1)*

(5) **An Outline of Safeguards to Prevent Abuse of the Delegated Authority.**

- Who will watch the watchers? The Port has a robust Internal Audit Department, who has previously, and can continue to actively engage in the auditing process of the Delegation Policy as needed. An amendment is proposed to the resolution to provide express instruction for that review. *(See Attachment 4)* The 2020 Internal Audit Report *(See Attachment 2)* identified that delegation procedures were being followed and operating as intended. This amendment will provide for another future audit.
- Established state, local, and federal laws and regulations related to purchasing, contracting, real estate, public works and other projects, financing, etc., provide legal and operating parameters. Internal controls also exist in Executive and procurement policies for all staff to follow. Training is provided to staff regarding these policies and procedures.
- Reporting on delegated responsibilities is a requirement of the Executive Director in the existing Delegation Policy.
- The Commission has requested specific reporting from the Executive Director and departments through its adopted Policy Directives, Resolutions, and Orders on items of import to the Commission and the Community.
- Priority projects are identified, discussed, and approved in the annual budget development process and provides a roadmap for the coming year of action items.

(6) **A Deeper Dive into Comparative Agency Information.**

- Comparative agency data was provided at the time of introduction for the proposed resolution. Data was provided for King County, City of Seattle, UW, and Sound Transit, as these are comparative regional agencies of similar size and responsibility as the Port. Comparative data was also provided by the Port Internal Auditor for San Diego
airport/seaport and city, as well as for the Maryland Aviation Administration, Tampa airport, and others.
• The project team has since compiled additional data from the American Association of Port Authorities, the Washington Public Ports Association, ports’ sites, and ports’ staff. Additional data is provided from six of the largest US Ports and eight of the largest WA Ports. This information is available through the Commission Clerk.

• A review of the comparative agency data shows that no two ports are alike. There is not an apples to apples comparison. The data shows that ports are different sized; differently situated with respect to scope of operations; are formed under different government structures; are governed by differently organized bodies; have vastly different budgets based upon their operations and structures; and have set delegation thresholds to match the priorities and preferred role in the organization that each respective governing body chooses to assume. This review underscores the best comparator agencies for the Port, as originally identified by the Port Audit Department, remain our local agencies of similar size, structure, and depth of operations – King County, the City of Seattle, Sound Transit, and the University of Washington.

• The Washington Public Ports Association provides guidance around the adoption of delegation policies in Washington State; noting that a Commission, in granting this delegation, chooses the “...role of focusing on the port’s overall, long-term strategic direction, priorities, and vision, rather than the day-to-day management of the port. This is the governance role of defining the port’s core mission and overall direction and setting its course for the future.” The Commission, through its Delegation Policy, set its core mission and overall direction in the Port’s Century Agenda. Delegation policies for agencies are set based on what the correct fit is for each agency, determined by its governing body.

(7) **Assurances against project segmentation under delegated thresholds to avoid actions coming forward to Commission, with a particular focus on sole sourcing implications.**

• Section 3.2.2 of the Delegation Policy specifically prohibits splitting Projects into units.

• RCW 53.19.020 is the statutory provision specifying that all personal services shall be entered into pursuant to competitive solicitation, and provides that, “Ports shall not structure contracts to evade these requirements.”

(8) **An amendment to create a periodic review of the Delegation Policy Directive.**

• An amendment is prepared to require periodic review of the Delegation Policy and is included in the proposed package of amendments. *(See Attachment 4)*

(9) **A redline of the original policy directive.**

• The ‘redline’ (appearing in green track-changes) of the existing Delegation Policy Directive was not provided during the November 29 introduction of the new Delegation Policy because (1) this is a complete recodification effort to clean-up and re-organize the
document; and (2) the redline is very difficult to read in areas as a result. It has, however, been provided as requested. (See Attachment 3)

- **Procedural reminder from the Clerk** – this is not an amendment of the existing policy, this is a repeal of the existing policy and a recodification of a new document. This new policy directive is presented as Exhibit A to the Resolution.

**BACKGROUND AND JUSTIFICATION**

An updated delegations policy will improve the Port’s efficiency and maintain our high bar for accountability and transparency. The updated policy directly addresses the Port’s Century Agenda Goal to be a Highly Effective Public Agency and will assist the Commission and staff in focusing efforts towards the Port’s highest priorities, projects, goals, and objectives established in the Century Agenda.

If approved, the action to create a leaner operational strategy regarding the Delegation Policy directive and Commission Memo process will assist Port stakeholders in reaching a higher level of efficiency – Port staff, Commissioners, the Executive Director, and some firms or persons doing business with, or receiving services from, the Port of Seattle.

**Summary of Changes**

**Section 1 and Other General Changes**

- Removed outdated references and language not necessary to the delegation (for example other existing policies) that may be updated separately in the future.
- Revised language to delegate other agreements related to permits, including contracts to expedite permits, restrictive covenants and hold harmless agreements.
- Added mitigation credits to Port property that can be conveyed.
- Added back insurance and surplus delegations from previous delegations.
- Updated Definitions, including Interlocal Agreements and Projects, while removing definitions that are no longer referenced in the delegation.
- Included a specific delegation for Non-Disclosure Agreements.

**Real Estate and Real Property Delegations**

- Durational Delegation for Real Property Agreements will remain the same at five years or less, but the monetary limit is increased from $300,000 to $1,000,000.
- Clarified that amendments for leases over five years are only delegated if term is not extended, square footage does not exceed a 10% change, rates and environmental provisions are not changed, security deposit is not decreased, and monetary obligations do not exceed $1,000,000.
- Delegations related to Easements were streamlined to permit the Executive Director to execute easements that do not deprive the Port of substantial use of the property or are less than 1000 square feet, and monetary obligations do not exceed $1,000,000.
• Leasing, easements or otherwise using the property of others is delegated so long as payments are less than $1,000,000 with no durational limit. The existing delegation limited leases, easements or other uses of the property of others to five years and payments of less than $300,000.
• Added a specific delegation for avigation easements.

Legal Delegations

• Updated the monetary limit for Claims and Settlements from $300,000 to $1,000,000.
• Reporting frequency requirements have been consolidated from quarterly, as issues arise, or no required frequency to reporting annually.
• Updated and clarified language throughout the section, including the supervision of legal services; the retention of counsel and experts, including an update to the definition of “litigation” to limit the delegated authority to retain an attorney to represent an individual employee or commissioner to litigation matters, but not allow such retention for responding to a Port inquiry about workplace conduct or ethics; and the standards for settling litigation and claims.

Delegations related to Projects

• Delegations for agreements relating to Projects have been consolidated from three separate sections into a single section and streamlined.
• Defined the term “Project” and updated the monetary limits for procurements and other agreements in furtherance of Projects from $300,000 to $10,000,000.
• Added delegation for agreements and amendments to agreements involving an exchange of goods or services with public or private entities that are not covered by any other specific delegation but are less than $10,000,000 and promote operational or logistical efficiency, such as reimbursement agreements with entities like TSA or CBP.
• Monetary limit for Preliminary work on Projects is increased from $300,000 to $2,000,000, and the definition of Preliminary work is updated.
• Updated the threshold for Critical Work from $500,000 to $15,000,000 for work requiring immediate action to avoid significant adverse consequences to public health, safety or property.
• Updated the Project Changes sections to allow amendments and change orders if the changes are within the approved Project budget.
• Removed sections related to bid irregularities, non-public work projects, and other areas that were consolidated.
• Updated language relating to Alternative Public Works contract delivery methods, reporting requirements, competition waivers, small works and job order contracts.

Other Monetary Increases to Delegations

• Updated monetary limit for Budget Transfers from $300,000 to $10,000,000 so long as budget funds are for transferring scope of work from one executed contract to another.
• Updated monetary limit for Airport Tenant Reimbursements from $200,000 to $10,000,000.
• Updated monetary limit for Utilization of Port Crews from $300,000 to $10,000,000.
• Monetary limit for Street Vacations delegation is increased from $300,000 to $10,000,000.
• A summary of the updates to monetary limits are shown in the Table below:

<table>
<thead>
<tr>
<th>Monetary Limits</th>
<th>2009</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Agreements</td>
<td>$300,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Claims and Settlements</td>
<td>$300,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Preliminary Work</td>
<td>$300,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Capital Projects and Contracts</td>
<td>$300,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Utilization of Port Crews</td>
<td>$300,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Airport Tenant Reimbursement</td>
<td>$200,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Street Vacations</td>
<td>$300,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Budget Transfers</td>
<td>$300,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Critical Work</td>
<td>$500,000</td>
<td>$15,000,000</td>
</tr>
</tbody>
</table>

Other Information

The Washington Public Ports Association provides time guidance to governing bodies establishing and/or reestablishing their delegations of authority policy directives in its ‘Port Governance and Management Guide.’

FINANCIAL AND TIME IMPLICATIONS

Up to 8 weeks in time savings per Commission authorization (memo/action); and a total estimated annual savings of approximately 16,600 hours per year which is conservatively equivalent to a range of 6-8 FTEs.
ATTACHMENTS TO THIS REQUEST

(1) Authorization Categories Document
(2) 2020 Audit Committee Report on Delegation of Responsibility and Authority
(3) Redline of Existing Delegation Policy
(4) Package of Amendments
(5) Draft Resolution No. 3810
(6) Exhibit A (Policy Directive)
(7) Presentation Slides
(8) November 29, 2022, Commission Presentation (for reference)

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

December 10, 2020 – Audit Committee Meeting
March 16, 2021 – Governance Committee Meeting
July 28, 2022 – Governance Committee Meeting
October 17, 2022 – Governance Committee Meeting
November 29, 2022 – Commission Meeting, introduction of Resolution No. 3810
Commission Authorizations

(January 2018 through December 2020 – Representing Typical Work)

Delegation Categories

- Authorization of Design (71 Items)
- Authorization of Construction (83 items)
- Authorization of Scope Changes to Project (12 items)
- Authorization of Project Budget/Cost Increase (48 items)
- Authorization of Increase in Construction Costs (Const. Change Orders) (9 items)
- Authorization of Service Agreement (Consulting Contracts) for Public Works and Non Public Works Projects (54 items)
- Authorization of Service Agreements NOT related to projects (Consulting Services for Non-Projects) (37 items)
- Authorization of Service Amendments (Pertaining to Consulting Services) (13 items)
- Authorization of Purchases for Projects and Non-Projects (85 items)
- Authorization of Purchasing Amendments for Projects and Non Projects (16 items)
- Authorization of Real Estate and Leasing Transactions (32 items)
- Authorization of Concession Agreements (7 items)
- Authorization of Interlocal Agreements (21 items)
- Authorization of Port Crews (49 items)
- Policy Development (154 items)
- Information Related to Approval or Amendment of Employee and Labor Agreements (22 items)
- Information Related to Construction Project Labor Agreements (PLAs) (12 items)
- Construction Project Briefings (22 items)
- Information Related to Inclusion Plans and WMBE (3 items)
- Other and Briefings (202 items) – Accounting for actions such adoption of State Legislative Agendas; Approval of Meeting Minutes; Approval of Monthly Claims and Obligations; Rate Settings; Settlements, Grant Acceptance; Other Inter-agency agreements; presentations from outside groups; Bond Resolutions; Appointment of Commissioner Officers; Waivers, Budget, etc.)

* There are approximately 332 monetary items contained in the sampling of data reviewed above.

- Of these 332 monetary items – 83 Items were \(<\=$1M; 94 Items were \(\geq\ =$1M \text{ and } \leq\ =$2.5M; 72 Items were \(\geq\ =$2.5M \text{ and } \leq\ =$5M; 24 Items were \(\geq\ =$5M \text{ and } \leq\ =$7.5M; 12 Items were \(\geq\ =$7.5M \text{ and } \leq\ =$10M; and 47 Items were \(\geq\ =$10M. Those 47 Items represented majority of the spend at $3,700,000.
INTERNAL AUDIT REPORT

OPERATIONAL AUDIT
DELEGATION OF AUTHORITY

JANUARY 2019 – JULY 2020

ISSUE DATE: NOVEMBER 18, 2020
REPORT NO. 2020-15
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Executive Summary

Internal Audit (IA) completed the Delegation of Authority audit for the period January 2019 through July 2020. The audit was performed to evaluate internal controls to assure monetary and contractual delegation compliance with rules, policies, and dollar limitations governing redelegations by the Executive Director to staff.

The Port of Seattle’s (Port) Delegations of Authority schedule EX-2A specifies limits of authority for conducting day-to-day business transactions. Limits are established based on the individual’s business needs and are typically commensurate with the individual’s title/position in the company.

In general, we concluded that Port management’s internal controls are operating effectively. We did not identify any issues that warranted reporting.

This audit employed a unique approach. While we conducted the audit using protocols consistent with Internal Audit Standards, we partnered with the Strategic Initiatives Department so that any recommendations resulting from the audit could then be implemented, leveraging the knowledge and insight gained from the audit experience. We also invited Mr. John Okamoto to participate in weekly status meetings and considered his subject matter knowledge and expertise.

Delegation limits are generally established by balancing risk and efficiency. Transactions that represent significant financial risk typically receive governing body approval, while delegating to management those of lesser value, to execute unilaterally. Due to the scale of the capital program at the Port, and the burden placed on various teams, we believe the Port has an opportunity to re-evaluate the $300,000 limit from the Port Commission to the Executive Director. This is reflected as an efficiency opportunity1 and is discussed in more detail on page six and seven.

1) In March 2010, the Port’s Delegation of Authority limit was established at $300,000. The limit requires Port Commission approval for expenditures that exceed $300,000. Re-evaluating the limit using a risk-based approach could result in increasing the limit, thereby allowing the Commission to maintain a more strategic focus while providing greater autonomy for the Executive Director and staff to carry out day-to-day business.

We extend our appreciation to Port management and staff for their assistance and cooperation during this audit.

Glenn Fernandes, CPA
Director, Internal Audit

Responsible Management Team
Dave Soike, Chief Operating Officer
Nora Huey, Director, Central Procurement Office

1 An efficiency opportunity is where controls are functioning as intended; however, a modification would make the process more efficient.
Delegation of Authority

Background

The Port’s Delegation of Responsibility and Authority to the Executive Director (ED), as amended June 13, 2017, incorporated Commission Resolutions 3605, 3628, and 3704, and established general redelegations from the Commission to the ED. Policy EX-2 captures the ED’s administrative, monetary, and contractual redelegations of his authority to Port staff. The Policy specifies the responsibilities of the Central Procurement Office (CPO), Executive Leadership Team Members, Delegates, Directors, and Managers. Similarly, Policy EX-2A redelegates non-monetary authority from the ED to Port staff.

The Delegations of Authority Schedule EX-2A specifies the limits of authority to Port staff for conducting day-to-day business transactions. Limits are established based on the individual’s business needs and are typically commensurate with the individual’s title/position in the company. The 43-page schedule is organized by business unit (Aviation, Legal, Maritime, etc.) and lists the role and action that a title/position is authorized to take.

Delegation limits are generally established by balancing risk and efficiency. Transactions that represent significant financial risk typically receive governing body approval, while delegating to management those of lesser value to execute unilaterally.

Delegation structures should not only require governing body approval for transactions that meet a certain financial threshold. For example, publicly traded companies require board approval to repurchase stock or issue a dividend. Board approval is also required for a merger or acquisition. Government Agencies are no different. For example, government oversight boards may want to review and approve business-critical transactions that impact the agencies’ mission. For example, the Port Commission may want to approve efforts that promote social responsibility or impact environmental sustainability although they may not exceed the delegated limit.

Traditionally, the governing body (board of directors, commission, council, etc.) establishes policy and allows management to carry out the governing body’s mission and policy directives. The governing body then evaluates the Chief Executive Officer (CEO) or ED’s performance against those measures.

This audit employed a unique approach. John Okamoto, under the direction of the Port’s Chief Operating Officer, Dave Soike, provided outside expertise and perspective. Mr. Okamoto serves on the Executive Review Panel and provides recommendations, to the ED and the Commission, related to the International Arrivals Facility. Mr. Okamoto has unique expertise and knowledge in policy oversight and large-scale capital project development, both as a management consultant and through his experience serving as a senior executive in the public sector at the Port of Seattle, Washington State Department of Transportation, and the City of Seattle.

Larry Ehl, Executive Chief of Staff and Director of Strategic Initiatives and Mandela Thomas, Process Improvement Manager, participated in status update meetings where audit results were reviewed. Mr. Thomas will help management implement recommendations after the audit concludes.
Audit Scope and Methodology

We conducted the engagement in accordance with Generally Accepted Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing. Those standards require that we plan and conduct an engagement to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our engagement objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our engagement objectives.

The period audited was January 1, 2019 through July 31, 2020 and included the following procedures:

Policy and Procedure Review
- Reviewed foundational documents, including the Port’s Delegation of Responsibility and Authority to the Executive Director, as amended June 13, 2017, Policies EX-2 and EX-2A, and Schedule EX-2A.
- Reviewed CPO’s policy/schedule communication, training, and monitoring processes.

Data Analysis
- Analyzed major construction contract and service agreement data. Used this data to determine the number of items requiring Commission approval and measured the percentage of spend within financial groupings (refer to Table 2 on page six).

Management Interviews
- Conducted interviews with management and staff from various departments to gain anecdotal evidence of the time and resources required to compile material and to present to the Commission seeking authorization.
- Gauged staff’s general understanding of the delegation schedules, monitoring and ratification processes, and training opportunities.
- Elicited feedback, using open-ended questions, to identify opportunities that may improve the limits and delegation process.

Benchmarking
- Obtained delegation limits/schedules for comparison from several Government Agencies in Washington State.
- Obtained best practice information from various sources, including the California multi-city agencies Capital Improvement Plan (CIP) benchmarking report.

Substantive Tests
- Selected six major construction contracts, four service agreements, and three purchase orders exceeding $300,000 and determined whether commission approval was granted, and if the contracts/agreements, related amendments, service directives, or change orders (if any), were authorized within the limits reflected in the schedule.
- Reviewed the ratification log and supporting documentation to determine whether the responsible executive member was aware, provided justification, and took corrective action.
Delegation of Authority

Schedule of Findings and Recommendations

1) Efficiency Opportunity

In March 2010, the Port’s Delegation of Authority limit was established at $300,000. The limit requires Port Commission approval for expenditures that exceed $300,000. Re-evaluating the limit using a risk-based approach could result in increasing the limit, thereby allowing the Commission to maintain a more strategic focus while providing greater autonomy for the Executive Director and staff to carry out day-to-day business.

Prior to entering into an agreement, Commission approval is required for contracts that exceed $300,000. Table 1 reflects contracts that were executed over the 19-month period ending July 31, 2020. Commission approval was required for 74 contracts and represent 98 percent of the overall spend.

Table 1:

<table>
<thead>
<tr>
<th>Major Construction / Service Agreements</th>
<th># of contracts</th>
<th>Amount</th>
<th>% of Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt; $300,000</td>
<td>74</td>
<td>$598,831,699</td>
<td>98%</td>
</tr>
<tr>
<td>&lt; $300,000</td>
<td>136</td>
<td>$10,063,130</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>210</td>
<td>$608,894,829</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 2 reflects the number of contracts and the percent of spend within financial ranges. If Commission delegated authority increased from $300,000 to $1,000,000, Commission approval would still be required for 95 percent of the overall spend.

Table 2:

<table>
<thead>
<tr>
<th>Major Construction / Service Agreements</th>
<th>Contracts</th>
<th>Amount</th>
<th>% of Spend</th>
</tr>
</thead>
<tbody>
<tr>
<td>&gt;$10,000,000</td>
<td>6</td>
<td>$418,496,152</td>
<td>69%</td>
</tr>
<tr>
<td>$5,000,001 - $10,000,000</td>
<td>11</td>
<td>$73,677,331</td>
<td>12%</td>
</tr>
<tr>
<td>$3,000,001 - $5,000,000</td>
<td>15</td>
<td>$63,031,110</td>
<td>10%</td>
</tr>
<tr>
<td>$1,000,001 - $3,000,000</td>
<td>14</td>
<td>$25,113,715</td>
<td>4%</td>
</tr>
<tr>
<td>$300,001 - $1,000,000</td>
<td>28</td>
<td>$18,513,391</td>
<td>3%</td>
</tr>
<tr>
<td>$0 - $300,000</td>
<td>136</td>
<td>$10,063,130</td>
<td>2%</td>
</tr>
<tr>
<td></td>
<td>210</td>
<td>$608,894,829</td>
<td>100%</td>
</tr>
</tbody>
</table>

We also performed limited benchmarking with other Government Agencies in Washington State. This information is not intended to illustrate why the Port’s limits should be increased. Rather, it provides a reference point for comparison that may be useful when evaluating current delegated limits.

<table>
<thead>
<tr>
<th>Agency</th>
<th>Governing Body</th>
<th>Delegate</th>
<th>Amount Delegated</th>
</tr>
</thead>
<tbody>
<tr>
<td>King County</td>
<td>9-member council</td>
<td>King County Executive</td>
<td>No limit **</td>
</tr>
<tr>
<td>City of Seattle</td>
<td>9-member council</td>
<td>City Mayor</td>
<td>No limit **</td>
</tr>
<tr>
<td>Sound Transit</td>
<td>18-member board</td>
<td>Chief Executive Officer</td>
<td>$5,000,000/$2,000,000</td>
</tr>
<tr>
<td>Northwest Seaport Alliance</td>
<td>10-member commission</td>
<td>Chief Executive Officer</td>
<td>$300,000</td>
</tr>
<tr>
<td>Port of Seattle</td>
<td>5-member commission</td>
<td>Executive Director</td>
<td>$300,000</td>
</tr>
<tr>
<td>Port of Tacoma</td>
<td>5-member commission</td>
<td>Executive Director</td>
<td>$300,000</td>
</tr>
</tbody>
</table>

*Council approves a budget (King County – biennially; City of Seattle – annually). Management is not required to obtain Council approval if the contract amount is within the Agency’s adopted appropriation authority.
** Sound Transit’s delegations limits are dependent on type of contract.
King County has a biennial budget that is approved by the 9-member council. Part of the budget process includes approval of the CIP, which details out the major capital projects for the year and the related spend. The City of Seattle has a similar process, whereby its budget and CIP approval is the key authorization mechanism from the governing body. The Port also has an annual budget and CIP that is approved by the governing body. However, the Port has an additional control, by which, prior to any contract over $300,000 being executed, approval of the Commission is needed. Memos and PowerPoint Presentations are prepared for this, and the average Memo is revised 30 times with various touchpoints within the Port and approximately 15 hours is spent on each iteration of the Memos.

In September of 2018, Sound Transit passed resolution R2018-40 to ensure that the Board’s time was optimized on key issues facing the agency. This resolution delegated up to $50 million to the Standing Board Committees for contracts, agreements, and real property agreements. It also delegated, up to $5 million to the CEO for the approval of competitively procured construction contracts and architectural and engineering services contracts, and up to $2 million to the CEO for the approval of competitively procured materials, technology, and other services contracts.

Internal Audit also conducted interviews with several business leaders at the Port. During these interviews, we asked for feedback on the time and resources used to prepare materials for Commission authorization. We commonly heard that an inordinate amount of time is spent gathering information, revising material, and preparing for Commission presentations.

Recommendations:

Based on our discussions with management, review of data, and benchmarking with other organizations, we recommend that management work with the Commission to identify if the current process and thresholds can be modified to maintain or increase transparency and governance, while alleviating part of the burden on staff. Sound Transit held an open public meeting in 2018, as part of a board workshop, prior to making substantial changes to their delegation of authority. Where possible, the Port should also consider leveraging standing committees to achieve efficiencies and increase transparency.

Internal Audit also advocates applying a risk-based approach, to determine items that require full commission attention. Risk factors not only include financial exposure that the Commission is willing to delegate to management, but should also include non-financial factors, such as social, environmental, reputational or regulatory elements.

If limits are raised, we also recommend frequent (monthly) and robust reporting to the Commission and the public. This approach would allow for a “passive approval” while preserving Commission oversight and transparency. Raising the limit could also result in management spending more effort on “value added” activity and simultaneously allowing the Commission more time to maintain their strategic focus.

Management Response/Action Plan:

We concur that this audit found that the Port’s Delegation of Authority controls were operating correctly and that no concerns were found. An opportunity for greater efficiency was noted and we agree that efficiencies could be gained with a risk and lean based approach to raise the overall, and/or selected aspects, of the delegation limit to the Executive Director (ED). The impact of delegations spans many employees across operations, capital, and corporate functions, and ranges through staff levels, to management and executives, and all the way to the Commission. Increasing delegation limits may speed staff work, and ultimately may free up Commission’s time for other important and strategic work.

1 September 27, 2017 Aviation Program Management Group Study of 26 Commission Memos. Unaudited directional Information.
The management staff’s fully detailed response and recommendations cannot be identified within ten days, as research and data analyses are necessary to determine if current thresholds can be raised along with providing added transparency and governance control. The intention of any added transparency controls would be to alert the Commission and ED of situations where relative significant risk would not otherwise be raised. For example, adjusted existing or new procedures may alert the Commission and ED to important scope changes in construction, professional service contracts, or significant purchases of goods.

Determining an optimum balance of delegations and transparency involves many processes and internal controls that reach to a large portion of the Port’s workforce across the wide number of departments involved. The audit looked at capital, consultant contracts, and purchase of goods and services. Just capital work itself involves a large segment of the Port’s workforce, so the potential for internal staff efficiency gain may be significant.

Our objectives will be efficiency for processes and those involved, along with public transparency for the Commission and ED, while considering higher delegation levels in various instances.

The initial focus areas for our research and analyses will include:

1) Establishing a port-wide team across relevant departments and business units.
2) Identifying and resolving gaps between existing and benchmarked transparency procedures and controls and what may be needed with higher delegations, in addition to seeking input from the Commission and ED.
3) Considering necessary ‘checks and balances’ of controls for increased delegations.
4) Evaluating delegation level options, considering risks, and test for balance against transparency and efficiency needs; updating and interacting with the Commission and ED regarding recommendations.

The broad team will help ensure any recommendations work within the level of ongoing operational, capital, consulting, purchasing, equity, environmental, technology, and all other work of the Port.

We recognize that with the COVID-19 pandemic, and its uncertainty, has placed added burden on employees. The workload of Port employees has shifted to having to balance the needs of home and work throughout long days. However, staff are resilient and flexible, and will want to get this right to gain efficiencies. With those factors in mind, staff will report progress back to the Commission and ED by the end of Q1, 2021.

DUE DATE: 3/31/2021
## Appendix A: Risk Ratings

Findings identified during the audit are assigned a risk rating, as outlined in the table below. Only one of the criteria needs to be met for a finding to be rated High, Medium, or Low. Findings rated Low will be evaluated and may or may not be reflected in the final report.

<table>
<thead>
<tr>
<th>Rating</th>
<th>Financial Stewardship</th>
<th>Internal Controls</th>
<th>Compliance</th>
<th>Public</th>
<th>Commission/Management</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>Significant</td>
<td>Missing or not followed</td>
<td>Non-compliance with Laws, Port Policies, Contracts</td>
<td>High probability for external audit issues and/or negative public perception</td>
<td>Requires immediate attention</td>
</tr>
<tr>
<td>Medium</td>
<td>Moderate</td>
<td>Partial controls Not functioning effectively</td>
<td>Partial compliance with Laws, Port Policies Contracts</td>
<td>Potential for external audit issues and/or negative public perception</td>
<td>Requires attention</td>
</tr>
<tr>
<td>Low</td>
<td>Minimal</td>
<td>Functioning as intended but could be enhanced to improve efficiency</td>
<td>Mostly complies with Laws, Port Policies, Contracts</td>
<td>Low probability for external audit issues and/or negative public perception</td>
<td>Does not require immediate attention</td>
</tr>
</tbody>
</table>
Port of Seattle
Commission

Delegation of Responsibility and Authority to the Executive Director

As Amended, 2022

Document last updated June 20, 2017
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(DORA)

April 3, 2023
(Resolution No. 3810, Adopted December 13, 2022)
Port of Seattle Commission Delegation of Responsibility and Authority to the Executive Director

Preamble

The Port of Seattle’s (“Port”) mission is to create jobs by advancing trade and commerce, promoting industrial growth, and stimulating economic development. The Century Agenda, adopted by the Port Commission in late 2012, sets out strategies, objectives, and regional initiatives that guide the Port’s efforts in pursuit of this mission.

The Port was established under Washington law as a public agency and engages in commercial enterprises that sustain a healthy economy. It is therefore endowed with both governmental and commercial powers. These dual capabilities require institutional frameworks that foster public accountability and empower direct conduct of commercial activity. The Commission is updating the current Masteraligns this Delegation of Responsibility and Authority to pursue the Executive Director policy directive (‘General Delegation’) to the Century Agenda.

The Port is committed to create economic opportunity for all, steward the environment responsibly, partner with surrounding communities, promote social responsibility, conduct itself transparently, and hold itself accountable.

All authority of the Port of Seattle is vested with the Commission in its actions as a public body. Through this new General Delegation policy, the Commission subsequently and hereby vests authority with the Executive Director and delineates Commission and Executive Director responsibilities. It sets expectations and lays the basis for the respective efforts of the Commission and Executive Director to be aligned, complementary, and effective. (Res. 3734, §3, 2017; Res. 3704, §1, 2015)

Section I: Objectives of this General Delegation:

A. Create Clarity and Alignment: This General Delegation clearly delineates the responsibility and authority of the Commission and the Executive Director:

1. The Commission governs the Port, directs all intergovernmental policy functions, and oversees the Executive Director.

2. Together, the Commission and Executive Director develop the Port’s overall vision, strategies, objectives, Policy Directives, long-range plans, major programs and budgets.

3. The Executive Director executes the long-range plans and major programs, oversees all enterprises and supporting functions, and advises the Commission. (Res. 3734, §3, 2017; Res. 3704, §1, 2015)
B. Provide Transparency and Accountability: This General Delegation specifically calls for the development and adoption of Policy Directives to guide the Port’s efforts in pursuit of its strategic objectives. Policy Directives:

1. Provide high-level guidance about how the Port does its work based on public values and applicable laws, rules and regulations.
2. Inform operational policies regarding specific functions at the Port and set appropriate limits.
3. Deliver standards that support the effective use of the internal audit function to verify compliance. (Res. 3704, §1, 2015)

C. Pursue the Century Agenda: This General Delegation emphasizes long-range plans as the means of pursuing the Century Agenda strategies and objectives. It utilizes the long-range plan approval and update processes to align the Commission and the Executive Director. Long-range plans identify what work needs to be done to pursue strategies and achieve objectives. These describe the 1) strategy and objective(s) being pursued; 2) work plan, resources, and timeline; 3) metrics that monitor progress; and 4) reporting frequency to the Commission. Long-range plans are developed around strategies and objectives, not operating divisions and budgeting periods. (Res. 3734, §3, 2017; Res. 3704, §1, 2015)

C. Pursue the Century Agenda: This General Delegation emphasizes the use of Century Agenda (“CA”) Goals and Objectives as a means of pursuing the highest strategic aspirations for the Port of Seattle. Through review of Key Performance Indicators (“KPIs”) that measure progress towards CA Objectives as well as Executive Director Priorities, the Commission and Executive Director ensure alignment of the Port’s mandate, its aspirational and operational goals. The Century Agenda Goals, set by the Commission, set the long-term goals for all divisions and Centers of Expertise. The CA Objectives, set by the Executive Director and Executive Leadership Team (ELT) and approved by commission every 5 years, describe the mid-term objectives and activities that align to the CA Goals. Finally, the Executive Director Priorities describe the annual initiatives and programs that operationalize the CA Objectives. At all levels, KPIs and metrics are employed to monitor and track progress and performance.

D. Empower for Concerted Action: Clear responsibilities and authorities will enable the Commission and Executive Director to work in concert and be effective. (Res. 3734, §3, 2017; Res. 3704, §1, 2015)

Section II. Delegation of Responsibility and Authority

A. Governing the Port of Seattle as its elected body, the Commission shall:
1. Represent the Port to the citizens of King County and to other government bodies.

2. Establish the Port’s positions regarding public policy, legislation, and regulation.

3. Appoint the Executive Director.

4. Conduct the annual performance review of the Executive Director and provide input to the Executive Director regarding the performance of those employees that report directly to the Executive Director.

5. Consider all matters in conflict with adopted Policy Directives.

6.5. Set the port district’s annual property tax levy.
7.6. Oversee the internal audit function. Consider and authorize any Port borrowed debt, as required by law.

8.7. Reserve to itself all authority not herein expressly delegated. *(Res. 3734, §3, 2017; Res. 3704, §1, 2015)*

B. Guiding the Port of Seattle and together with the Executive Director, the Commission shall:

1. Develop, adopt, and refine the vision, strategies, long-term goals of the Port and review mid-term CA objectives of the Port and their KPIs.

2. Develop, adopt, and amend Policy Directives.

3. Direct the Port’s advocacy regarding public policies, legislation, and regulation.

4. Consider, approve, and refine long-range plans.

5.4. Consider and authorize new enterprises and initiatives.

6.5. Consider, authorize, and modify major programs and projects.

7.6. Consider and approve the settlement of any legal claim except as delegated to the Executive Director, as defined under the relevant Policy Directive and General Counsel.

8.7. Consider and adopt annual operating and capital budgets.

9.8. Consider and adopt annual salary and benefit resolutions.

10.9. Consider and approve collective bargaining agreements.

11.10. Consider and authorize Interlocal Agreements except as delegated to the Executive Director, as defined under the relevant Policy Directive.

12.11. Consider and authorize the acquisition and sale of real property and other capital assets except as delegated to the Executive Director.


14.13. Consider and approve assignment of defense counsel for any employee accused of fraud or criminality. *(Res. 3734, §3, 2017; Res. 3704, §1, 2015)*

C. Serving the Port of Seattle and the Commission, the Executive Director shall:

1. Prepare the Port’s long-range plans reporting on Century Agenda Objectives.
and plan updates set Executive Director Priorities in strategic alignment with the objectives.
2. Evaluate promising new enterprises and initiatives; prepare proposals as warranted.

3. Develop major programs and projects and updates to major programs and projects.

4. Prepare operating and capital budgets.


6. Manage and supervise all legal services, litigation, engagement of outside legal counsel and other experts (subject to the limitations of RCW 53.08.208), settlements and claims filed for and against the Port, in keeping with relevant Policy Directives or cause such activities to be carried out by the General Counsel.

7. Evaluate possible acquisitions and sales of real property and other capital assets; prepare proposals as warranted.

8. Evaluate possible establishment of industrial development districts and utilities; prepare proposals as warranted.

9. Report regularly to the Commission on delegated responsibilities, industry trends, and economic developments. \(^{\text{(Res. 3734, §3, 2017; Res. 3704, §1, 2015)}}\)

D. Managing the Port of Seattle in keeping with the above, the Executive Director shall:

1. Represent the Port to customers and industry stakeholders.

2. Carry out all policy directives, long-range plans, major programs, and implement projects.

3. Execute contracts and other necessary documents.

4. Select and manage all staff and outside resources necessary to carry out long-range plans, major programs and projects, maintain facilities, and provide supporting functions.

5. Determine the organizational structure of enterprises and their supporting functions.

6. Administer collective bargaining agreements.

7. Administer inter-local agreements, Interlocal Agreements, and execute where authorized.

8. Administer the payment of short-term liabilities and other expenses.
9. Establish operational, administrative, monetary, and contractual policies, delegations, rules, tariffs, regulations and procedures in accordance with this Delegation, adopted Policy Directives and all applicable law and regulation.

10. Establish and regularly report to the Commission on continuous process improvement programs, including metrics that shape and measure progress on strategies, objectives, long-range plans, and major programs. Objectives, CA KPIs and Executive Director Priorities, as necessary.

11. Approve travel by employees and other authorized representatives.

12. Apply for and accept grants and other funds from federal, state or local governments.

13. Apply for permits associated with facilities and projects.

14. Carry out additional responsibilities as may be further delegated.

15. Determine, sell and convey Port personal, tangible, and intangible property, including mitigation credits, in accordance with the limits set by law.

16. Provide resources for the preparation for and management of Port borrowed debt. *(Res. 3734, §3, 2017; Res. 3704, §1, 2015)*
RESOLUTION NO. 3605, as amended by Resolution No. 3628

[The following reflects the portions of the existing Delegation of Authority in effect and continuing in effect at the time of amendment by Resolution 3704 in 2015.]

PREAMBLE (Repealed by Res. 3704)

17. Negotiate and obtain appropriate policies of insurance to cover Port property, liability, employee coverages, and other areas appropriately included within a comprehensive insurance program. The Executive Director is authorized to approve changes or modifications within that program or individual policies including provisions for self-insurance or deductibles.
Section 1. **ROLES AND RESPONSIBILITIES OF THE CEO** *(Repealed by Res. 3704)*

**Section 2. REAL PROPERTY AGREEMENTS**

2.1. The Port will pursue opportunities if they enhance its ability to preserve scarce land resources - marine or aviation - of unique value for Port uses. *(Res. 3605, §1, 2008)*

2.2.1.1 Types of Agreements: The directives in this Section 2 apply to all agreements or transactions for use of Port real property, including but not limited to leases, concession agreements, rental agreements, operating agreements, berthing agreements, tenant reimbursement agreements, licenses, easements, permits, rights of entry and other use agreements (all referred to collectively as "Real Property Agreements" or at times referred to as "Agreements") or to agreements for the Port's use of real property owned by others. *(Res. 3605, §1, 2008)*

2.3.1.2 General Real Property Agreement Policies

2.3.1.2.1 Except as otherwise provided in this Resolution General Delegation, all real property of the Port shall be used pursuant to an appropriate written Agreement approved and executed as authorized by the Port Commission or Executive Director and accompanied by a security deposit in accordance with applicable law and Port Real Estate Policies and Procedures.

2.3.2.1.2.2 Prior to the execution of Agreements, the Executive Director shall have authority to negotiate such Agreements and shall apprise the Port Commission of the progress of negotiations; obtain appropriate appraisals where necessary; provide for appropriate deposit security deposit; submit Agreements to the Port's General Counsel's office for approval in writing; and follow all other applicable laws and Port Real Estate Policies and Procedures.

*(Res. 3734, §3, 2017; Res. 3605, §1, 2008)*

2.4.1.3 Real Property Agreement Procedures. The Executive Director is authorized to perform the following actions, including executing agreements incidental to such actions, without Commission approval, but must semi-annually provide the Commission a report summarizing such actions. To the extent Executive Director authority for a specific Agreement action is not provided within this Section, approval of such action must be by Commission authorization.
Subsection 2.4 was erroneously labeled 2.3 in Resolutions 3605 and 3628. This and subsequent subsections have been renumbered accordingly.
2.4.1.3.1 Agreements with a term of five years or less: Any Agreement having a term (including any tenant or Port options) of five years duration or less may be approved and executed by the Executive Director provided that: (i) the Port’s standard Agreement form is used or, if no standard form exists, the form used has been approved by the Port’s General Counsel’s office; (ii) the Agreement provisions conform to the Port’s real estate policies and procedures; and (iii) the Port’s Agreement includes no Port obligation to make a specific, noncontingent monetary obligations under the Agreement, if any, are less than or equal to Three Hundred Thousand Dollars ($300,000). (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008).

2.4.2.1.3.2 Assignments, subleases, consents to assignments and subleases, amendments, approvals, or options for Agreements with a term of five years or less. Where an Agreement permits assignments: Assignments, subleases, consents, amendments, approvals or options, the same for Agreements with a term of five years or less may be approved and executed by the Executive Director, but only if (a) other substantive provisions of the Agreement, except rental increases, remain unchanged; (b) any new term extension, option or options do not result in an extension of the original term of the Agreement (including original tenant or Port options) beyond five years; (c) any rental adjustments (increases or decreases) consistent with the Port’s real estate policies and procedures are made; and (d) any new financial obligation undertaken by the Port is less than to make a specific, noncontingent monetary payment or equal to Three Hundred Thousand Dollars ($300,000). (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008).

2.4.3.1.3.3 Assignments, subleases, consents to assignments and approvals, amendments or approvals for Agreements with a term in excess of five years. Where an Agreement permits assignments: Assignments, subleases, consents, amendments or approvals, the same may be approved and executed by the Executive Director, but only if (a) other substantive provisions of the Agreement (including the term of the Agreement) remain unchanged; (b) rental adjustments (rates, environmental provisions, and the square footage of the premises under the Agreement (excluding increases or decreases) consistent with the Port’s Real Estate Policies and Procedures are made; square footage of the premises not exceeding 10% of the original square footage) remain unchanged; (b) the required security is not decreased (excluding pro rata decreases resulting from permissible decreases in square footage); and (d) any new monetary obligation undertaken by the Port does not exceed Three Hundred Thousand Dollars ($300,000). (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008).

There is no Port obligation to make a specific, noncontingent monetary payment or reimbursement exceeding One Million Dollars ($1,000,000). Consents to Assignments and Subleases, and amendments to correct administrative errors may be approved and executed by the Executive Director.

Temporary easements
2.4.4. Easements, licenses, access permits or other rights of entry or use agreements over Port property. Where the easements, licenses, permits or other rights of entry or use agreements: (a) either relate to or benefit the Port’s operations, or do not have a term exceeding five years; and (b) do not require that obligate the Port undertake a new financial obligation. (Res. 3605, §1, 2008)

2.4.5.1.3.4 Permanent easements over to make a specific, noncontingent monetary payment or reimbursement exceeding One Million Dollars ($1,000,000) and do not deprive the Port of substantial use of the property or over the property of others. For the installation, maintenance or construction of utilities benefiting Port properties; provided there is no new financial obligation to the Port. Permanent easements which deprive the Port of substantial use of Port property require Port Commission approval (unless previously approved as part of a larger action) and must comply with the appraisal requirements of Section 3. (Res. 3605, §1, 2008)
2.4.6. Temporary easements for the Port to use the property of others. Where (i) the Port's total financial obligation over the term of the easement (including options) is less than or equal to Three Hundred Thousand Dollars ($300,000), and (ii) the term of the easement does not exceed five (5) years (including options). (Res. 3628, §1, 2009; Res. 3605, §1, 2008)

1.3.5 Permanent easements over Port property for installation or construction of utilities or street improvement infrastructure. The Executive Director may approve and execute permanent easements over Port property for installation or construction of utilities (including stormwater, sewer, electrical or gas) or for street improvement infrastructure (including sidewalks, signage or signaling) provided the permanent easement either (a) does not deprive the Port of substantial use of Port property; or (b) consists of Port property not exceeding 1,000 square feet and complies with the appraisal requirements of Section 2.

1.3.6 Easements over the property of others. The Executive Director may approve and execute easements in favor of the Port over the property of others, provided such easements either (a) are avigation easements in support or protection of airport operations or (b) include no Port obligation to make a specific, noncontingent monetary payment or reimbursement exceeding One Million Dollars ($1,000,000).

2.4.7.1.3.7 Agreements (other than easements) for the Port's use of the property of others, including leases, rental agreements, operating agreements, licenses, access permits, street use permits, rights of entry and other use agreements. Where (i) the Port's total monetary obligation for the term of the Agreement is less than or equal to Three Hundred Thousand Dollars ($300,000), and (ii) the term of such Agreement does not exceed five (5) years (including options). (Res. 3628, §1, 2009; Res. 3605, §1, 2008) The Executive Director may approve and execute Agreements (other than easements) where the Agreement includes no Port obligation to make a specific, noncontingent monetary payment or reimbursement exceeding One Million Dollars ($1,000,000).

2.5. Reimbursements to Airport tenants

2.5.1. The Executive Director may approve reimbursements to Airport tenants for work performed by such tenants to improve Airport premises so long as the total reimbursement amount: (i) is less than or equal to Two Hundred Thousand Dollars ($200,000), (ii) the plans and specifications for such improvements and (iii) the work as completed is acceptable as determined by policies and procedures promulgated by the Executive Director. (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

2.5.2. The Executive Director shall implement procedures for the reimbursement of Airport tenant improvements. Such procedures must include allowable cost categories and provide for their consistent application among all tenants. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)
2.6.1.4 Executive Director to ensure compliance. The Executive Director is charged with the responsibility to ensure that all Agreement terms are complied with and is authorized to take necessary measures to ensure compliance or to protect the Port's legal position, including but not limited to subjecting Agreements to Port internal audits, termination of Agreements and the giving of all notices provided for in Agreements. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)

2.7.1.5 Real property agreement security and insurance. The Executive Director is authorized to take all necessary actions in connection with Agreement surety bonds, letters of credit, cash deposits or other legal security ("Agreement Security") and insurance coverage required pursuant to any Agreements of the Port, including, but not limited to, the following:

2.7.1.5.1 Release Agreement Security: (i) where adequate substitute Agreement Security has been provided, and the Agreement is not in default; or (ii) when an Agreement has expired or is terminated (for other than a default).
2.7.2.1.5.2 Approve terms of any Agreement Security or insurance submitted in fulfillment of the requirements of any Agreement, including substitute or replacement Agreement Security or insurance coverage.

2.7.3.1.5.3 Approve (i) substitutions, replacements and modifications of Agreement Security or insurance coverage that are not inconsistent with Agreement terms, and (ii) release any insurance company, bonding company or financing institution when acceptable substitute or replacement insurance coverage has been provided.

(Res. 3734, §3, 2017; Res. 3605, §1, 2008)

Section 32. REAL PROPERTY ACQUISITIONS AND SALES; STREET VACATIONS

3.1.2.1 Appraisals. The Executive Director is authorized to obtain appropriate appraisals for use in evaluating or negotiating any proposed Port acquisition, sale, lease, permanent easement or other interest in real property. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)

3.2.2.2 Acquisitions. After the Commission authorizes the Port's acquisition of real property by negotiated purchase or condemnation, the Executive Director is authorized to take all necessary steps, including executing all required closing documents, to secure title of such property for the Port. The acquisition price (i) of individual properties and (ii) of several properties under the same ownership (when acquired in the same transaction), shall in no case exceed the Port's appraisal by more than ten percent (10%) without further specific Commission approval. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)

3.3.2.3 Sales. When the Commission authorizes the sale of Port real property in accordance with State law and Commission policy, the Executive Director is authorized to take all other necessary steps, including executing all required closing documents and executing and delivering conveyance instruments, to finalize the sale. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)

3.4.2.4 Street Vacations. The Executive Director is authorized to make application for vacation of city or county streets or roads and to take all other steps necessary to acquire a fee interest in streets or roads ancillary to Port development, if the estimated acquisition costs are less than or equal to Three Hundred Thousand Ten Million Dollars ($300,100,000). (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

Section 4. PUBLIC WORK PROJECTS

4.1.3.1 Projects that constitute or include public work shall be authorized utilizing the procedures outlined below. These projects generally include planning, scoping, engineering, design, permitting, construction, and request for qualifications, contract
administration or related work. In the event that a project includes, as a component, any work constituting a public work, it shall be approved and executed under this Section. Projects may be either capital or expense and their designation as a public work is not dependent on the source of funds. (Res. 3605, §1, 2008).
4.2.3.2 **Project Authorization**

4.2.1. Preliminary Project Work

4.2.1.1. Preliminary project work includes, but is not limited to, such activities as planning, programming, concept design up to 30% design, surveys, geotechnical investigations, and/or market analyses. The Executive Director is authorized to perform such preliminary project work up to Two Million Dollars ($2,000,000) without prior Commission approval. The Executive Director may further contract for professional, personal and/or purchased services necessary for the performance of preliminary project work without prior Commission approval, so long as the cost for all such work is less than or equal to Three Hundred Thousand Dollars ($300,000) and the selection and payment requirements in Section 7 are followed, even if the budget of the Project is expected to exceed Ten Million Dollars ($10,000,000).

(Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

4.2.2. Total Project Cost Less than $300,000 Ten Million. For projects where the estimated total project budget is less than or equal to Three Hundred Thousand Ten Million Dollars ($300,000,000), the Executive Director is authorized to complete the project take all steps necessary, including the preparation of plans and specifications, the issuance of request for proposals or notice calling for bids, the award of execution of all contracts for work. If at any time it appears that the project, including Public Works, Alternative Public Work procedures in accordance with RCW 39.10, Goods and Services, Personal Services, Professional Services, other consulting services, and any other types of contracts or agreements in furtherance of the Project. If the Project cannot be completed for a total of less than or equal to Three Hundred Thousand dollars ($300,000), Ten Million Dollars ($10,000,000) or less, Commission authorization, as set forth more specifically below, shall be required before proceeding further with the project exceeding the Ten Million Dollar ($10,000,000) threshold. Projects shall not be broken into units or accomplished in phases in order to avoid the requirement for Commission authorization that would otherwise apply to projects more than Three Hundred Thousand dollars ($300,000). The Executive Director will utilize the employee code of conduct, as well as all other relevant policies to discipline, up to and including termination, for any employee found to have deliberately misled the Commission. (Res. 3734, Ten Million Dollars ($10,000,000).

§3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

4.2.3. Total Project Cost More than $300,000 Ten Million. For projects where the estimated total project budget is more than Three Hundred Thousand Ten Million Dollars ($300,000,000), Commission approval of the Project budget is required.

4.2.3.1. Projects costing more than $300,000 will require separate Commission approval for (i) a review of project feasibility and authorization to complete design, (ii) the authorization of construction and approval to advertise, (iii)
and an authorization to award the contract. (Res. 3628, §1, 2009; Res. 3605, §1, 2008)

4.2.3.2.3.2.3 Potential Commission Action. Notwithstanding Section 4.2.3.1, prior Commission authorization will not be except for preliminary project work under Section 3.2.1 above. The Executive Director is authorized to take all steps necessary for the award of the public work contract where the contract has been let using a traditional design, including the execution of all contracts, including Public Works, Alternative Public Work procedures in accordance with RCW 39.10, Goods and Services, Personal Services, Professional Services, other consulting services, and any other types of contracts or agreements in furtherance of a Commission approved Project budget.
bid-build methodology and there are no bid irregularities; provided, the Executive Director shall promptly provide the Commission with notice of award pursuant to this provision. The Commission shall have five business days after notice by the Executive Director to request a delay in approval until the next public Commission meeting. A request for such a delay automatically requires a vote by a quorum of the full Commission on the decision to award. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)

4.2.3.3. Project Changes. Additional Commission authorization shall be required if (i) it becomes apparent at any time that the project cannot be completed for less than or equal to Ten Million Dollars ($10,000,000), or within the authorized amount authorized by Commission (including contingency), (ii) project changes or delays will have material, financial, community or business impacts, (iii) or there has been a material change in project scope as compared with the original scope of work authorized by the Commission. (Res. 3605, §1, 2008)

4.2.3.4. Bid Irregularities. A bid irregularity occurs where (i) there is an unresolved formal bid protest, (ii) the lowest bid is more than ten percent (10%) over the engineer’s estimate, (iii) there is only a single bidder, (iv) the award is to be made to other than the lowest responsible bidder, or (v) there is a material deviation from the Port’s General Conditions. Any one of these situations, or combination thereof, constitutes a bid irregularity and requires subsequent Commission actions to authorize the Executive Director to proceed. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)

4.2.3.5.3.2.4 Reporting on Projects. Unless the Commission requests more frequent reporting, the Executive Director shall report quarterly on the progress and status of all Commission authorized public works. The status report on each project shall include (i) whether the project is on schedule and, if not, the reasons for delay; (ii) whether the project is on budget and, if not, the sources of any cost overruns; (iii) notice of any change order(s) that individually or in the aggregate total more than $300,000 or ten percent (10%) of the total prior to exceeding either Ten Million Dollars ($10,000,000) or the approved contract amount; (iv) any budget transfers of over $300,000 between active construction contract projects; (v) any current risk factors that, in the opinion of the Executive Director, are substantially likely to lead to a significant increase in project cost or a significant delay in the project; (vi) any other significant developments with respect to the project or other information regarding the status of the project that the Executive Director believes should be brought to the Commission’s attention including requests for equitable adjustments or claims. (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

4.2.3.6. Authorization for Emergency Work. When any emergency requires the
immediate execution of a contract for work, the Executive Director is authorized to make a finding of the existence of such emergency and
3.2.5 execute any contracts necessary to respond to the existing emergency. For purposes of this section "emergency" means unforeseen circumstances beyond the control of the municipality that either: (a) presents a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. The Executive Director shall comply with any legal requirements related to any contracts or agreements issued under the declaration of the emergency and otherwise keep the Commission informed of the development of the emergency situation and the progress of any contracts and agreements executed to remedy the emergency. The Executive Director shall provide notice of this Emergency Work to the public. (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

4.2.3.7. Authorization for Critical Work. Under circumstances not constituting a legally-defined emergency, but otherwise requiring immediate action to avoid significant adverse consequences to public health, safety or property, the Commission authorizes the Executive Director to spend up to Five Hundred Thousand Fifteen Million Dollars ($500,15,000,000) to prevent potentially significant adverse consequences to public health, safety or property. The Executive Director shall have authority to spend the funds if: (i) the circumstances are such that a true emergency as defined by RCW 39.04.280 is substantially likely to develop unless action is taken; or (ii) any delay in addressing the situation will likely result in significant cost increases or adverse schedule impacts to the Port, other public agencies or private property owners; and

3.2.6 (iii) where prior Commission authorization cannot, even on an expedited basis, be obtained. When the Executive Director authorizes Critical Work to be undertaken, he or she shall notify the Commission as soon as practicable of his or her action, the amount of money spent and obtain Commission ratification at the next public meeting. The Executive Director shall also provide notice of this Critical Work to the public. (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

4.2.3.8. Change Orders for Contracts over $300,000. For those contracts for which Commission authorization is required under this section, where the work is in progress and changes in plans and/or specifications are necessary to properly accomplish the work, the Executive Director is authorized to execute change orders to the contract provided the following conditions are met:

(i) Either the estimated cost of the changes in plans and/or specifications will not exceed Three Hundred Thousand Dollars ($300,000.00) or 10% of the contract price, whichever is less, or
(ii) The time extension for completion of the contract for any single change order does not exceed sixty (60) calendar days, or

(iii) The change order is necessary due to an emergency as described in Section 4.2.3.6. or a critical situation as described in Section 4.2.3.7. Change orders will then be handled in accordance with those sections.

Change orders not meeting the above conditions require Commission approval.

When an individual change order causes the total dollar amount of cumulative change orders to exceed 10% of the original contract amount, the Commission shall be notified at the time of execution of the change order, including the circumstances that have contributed to the cost growth of the project, and any measures taken to respond to those factors. Additional notices of that nature will be required if the project exceeds 25%, 50%, 75% and 100% of the original contract amount. Notices above that level will be provided for every 50% rise in project cost. (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

4.2.3.9.3.2.7 Budget Transfers. The Executive Director is authorized to transfer budget funds for projects transferring scope of work from one executed contract to another for Projects that have been authorized under the following conditions:

(i) If all projects affected have been previously approved by the Commission or the Executive Director; and

(ii) If the amount of transfer is less than or equal to $30010,000,000; and

(iii) If doing so results in a cost or time savings, or other tangible benefit to the project.

All such transfers will be reported to the Commission as soon as is practicable. All budget transfers more than $30010,000,000 must be approved by the Commission.

Such transfers and benefits will be included in the quarterly project reports as described in Section 4.3.5. Any transfer not meeting all of the above conditions will require Commission approval. (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

4.3.3.2.8 Small Works Construction Contracts and Job Order Contracts. The Executive Director may, without Commission approval, prepare plans and specifications, issue notice calling for bids, award and accept these contracts, issue change orders, and take any and all necessary steps to complete the work in compliance with RCW 53.08.120, RCW 39.04.15510.420-460, and Port policies and procedures, where the total.
estimated cost of the project work does not exceed the amount authorized by RCW 53.08.120 and RCW 39.04.155. The Commission shall be provided with a report regarding such contracts semi-annually. (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

4.4. Small Works Change Orders for Construction Contracts. Where contracts for the performance of work have been awarded and under which work is in progress, and changes in plans and specifications are necessitated in order to properly accomplish the work, the Executive Director is authorized to execute change orders to the contract provided the following conditions are met:

(i) The estimated cost of the changes in plans and specifications will not cause the total contract to exceed the small works contract amount authorized by RCW 53.08.120 and RCW 39.04.155;

(ii) The time extension for completion of the contract for any single change order does not exceed sixty (60) calendar days; or

(iii) The change order is necessary due to an emergency as described in Section 4.2.3.6. or a critical situation as described in Section 4.2.3.7. Change orders will then be handled in accordance with those sections.

Change orders not meeting the above conditions require Commission approval. (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

Section 5. NON-PUBLIC WORK PROJECTS

5.1. Other projects that do not constitute or include public works (as that term is defined in Section 39.04.010 of the Revised Code of Washington) shall be authorized utilizing the procedures outlined below. Projects under this Section may be either capital or expense and their designation as non-public work does not depend on the source of funds. Projects do not, however, include regular, recurring or routine work associated with the day-to-day management and normal operations of the Port.

By way of example, projects by the Information and Communication Technology (ICT) Department will frequently fall within this category. ICT Projects may include (but would not be limited to) the major upgrade or replacement of an information or communication hardware or software system. Projects would not, however, include regular, recurring expense work necessary for system security, integrity, or continuity such as minor software upgrades recommended for licensed software applications; equipment refresh programs performed in accordance with pre-defined criteria (e.g., desktop/laptop replacement); systems analysis; business planning; or the scaling of existing information systems to meet gradual increases in Port demands (e.g., adding expanded data storage capacity). (Res. 3605, §1, 2008)
5.2. Project Authorization.

5.2.1. Project Authorization Procedures. All project authorization procedures for non-public work projects will follow procedures laid out in Sections 4.2 through 4.3., except for the procedures noted below. (Res. 3628, §1, 2009; Res. 3605, §1, 2008)

5.2.2. Total Project Cost More than $300,000.² For projects where the estimated total project budget is more than Three Hundred Thousand dollars ($300,000), Commission approval is required. Projects subject to this Section will not typically require the development of detailed designs or specifications by architects, engineers or other licensed professionals the selection of whom is subject to Chapter 39.80 of the Revised Code of Washington prior to proceeding with actual project implementation. Therefore, Commission authorization will generally be required only for review of project feasibility and authorization of funds for the acquisition of all necessary goods, materials and services necessary to implement and complete the project. (Res. 3628, §1, 2009; Res. 3605, §1, 2008)

5.2.2.1. However, if a particular project requires the development of detailed designs or specifications by architects, engineers or other licensed professionals prior to proceeding with actual project implementation, Commission authorization will also first be required for (i) initial review of project feasibility and (ii) authorization of funding to develop the detailed designs and/or specifications and complete the project plan. (Res. 3605, §1, 2008)

5.2.3. Reporting on Projects.³ See Section 4.2.3.5. (Res. 3628 §1, 2009; Res. 3605, §1, 2008)

5.2.4. Emergency work. See Section 4.2.3.6. (Res. 3605, §1, 2008)

5.2.5. Critical work. See Section 4.2.3.7. (Res. 3605, §1, 2008)

5.2.6. Change Orders. See Section 4.2.3.8. (Res. 3605, §1, 2008)

5.2.7. Budget Transfers. See Section 4.2.3.9. (Res. 3605, §1, 2008)

Section 6. Section 4. CONTRACT AND PROCUREMENT ADMINISTRATION

6.1.4.1 Subject to the requirements of this Section, the Executive Director is authorized to prepare, negotiate, and manage and execute all aspects of Port contract administration and procurement activities in order to conduct the Port's business, provided that all applicable laws and Port policies are met. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)

² Sub-subsection 5.2.2 was erroneously labeled 5.3.2 following a deletion in Res. 3628. This and subsequent subsections have been renumbered accordingly.
³ Sub-subsection 5.2.3 was erroneously labeled 5.3.4 in Res. 3605. This and subsequent subsections have been renumbered accordingly.

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6.2.4.2 Bid/proposal protests shall be resolved in accordance with the administrative procedure in the Port’s standard contract specifications or as established by Port policies and procedures from time to time. *Res. 3605, §1, 2008*

6.3. The Executive Director is authorized to amend any agreement for the procurement of goods and services and/or purchased services provided the following conditions are met:

6.3.1. For any project for which Commission authorization was required, the amendment to any agreement does not exceed Three Hundred Thousand dollars ($300,000.00) or ten percent (10%) of the authorized project budget, whichever is less.

6.3.2. The amendment to any agreement for the procurement of services complies with SSHB 3274, or its equivalent codification in the RCWs.

*Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008*

6.4. It is the Port of Seattle's policy to engage in competitive solicitation of bids for all services and purchases, as adopted in accordance with provisions in Chapter 53.19, RCW in order to promote full and open competition, transparency in its procurement practices, opportunities for small businesses, and compliance with all legal requirements. *Res. 3605, §1, 2008*

6.5.4.3 The Executive Director is authorized to approve competition waivers consistent with applicable federal and state laws and internal Port policies. Situations where the Executive Director may approve competition waivers include contracts where the following conditions exist:

(i) There is only one source for the service or product; or

(ii) The only source for the service or product is proprietary in nature; or

(iii) There is only one source for the service or product that is compatible with existing Port infrastructure, or required for inter-operability; or

(iv) The waiver is necessary to authorize work with a contractor or service provider who has exclusive knowledge that was provided during a prior phase of the contract or project.

*Res. 3734, §3, 2017; Res. 3605, §1, 2008*

6.6. Notification of all such waivers shall be provide to the Commission prior to the proposed starting date of the contract or purchase, and will include a written justification of the reason for the waiver. *Res. 3605, §1, 2008*
Section 7. PROFESSIONAL, PERSONAL, AND PURCHASED GOODS, SERVICES, AND OTHER AGREEMENTS

7.1. Professional Services.

7.1.1. The Executive Director is authorized to contract for professional services with qualified firms that are licensed in the State of Washington to provide such services as required for preliminary engineering, planning, environmental permitting, construction permitting, project scoping, construction management; or for similar purposes reasonably required in connection with public works; so long as the fees for any single project or closely related work without Commission authorization for the work to be performed as part of the authorization for project design under Section 4, less than or equal to Three Hundred Thousand Dollars ($300,000).

7.1.2. For services not ancillary to projects, the Executive Director is authorized to contract for professional services so long as the fees less than or equal to Three Hundred Thousand Dollars ($300,000).

7.1.3. The Executive Director will endeavor to use a variety of firms (including small business firms) based on the nature of the work and the expertise of the firms. The Executive Director will develop or oversee strategies to identify and certify firms to compete on such projects.

(Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

7.2.5.1 Personal Services.

7.2.1.5.1.1 The Port of Seattle's procurement policy for personal services contracts, as adopted in accordance with RCW 53.19.090, promotes full and open competition, transparent procurement practices, opportunities for small businesses, and compliance with all laws. All Port of Seattle personal service policies and procedures shall specifically conform to Chapter 53.19 RCW.

7.2.2. The Executive Director is authorized to contract for personal services In accordance with qualified consultants so long as RCW 53.19.060, substantial changes in the fees for any single project or closely related scope of work are less than or equal to Three Hundred Thousand Dollars ($300,000).

7.2.3. For services not connected to projects, the Executive Director is authorized to contract for personal services so long as substantial additions to the fees are less than or equal to Three Hundred Thousand Dollars ($300,000).

7.2.4. The Executive Director is authorized to amend service agreements so long as the increase associated with the amendment is
less than or equal to Three Hundred Thousand Dollars ($300,000). All amendments over that amount require formal solicitation document shall be submitted to the Commission approval. The Commission must for a determination as to whether the change warrants the work to be notified of any awarded as a new contract. An amendment or
amendments to personal service contracts prior to the proposed starting date of service, if the value of the amendment or amendments, whether singly or cumulatively, exceeds fifty percent (50%) of the value of the original contract.

7.2.5. The Executive Director will endeavor to use a variety of firms, including small business firms, based on the nature of the work must be filed with the Commission and the expertise of the firms. The Executive Director will develop or oversee strategies to identify and certify firms to compete on such projects.

7.2.6. The Executive Director shall develop an appropriate training program for Port staff with respect to efficient and effective contract management. Port employees responsible for executing or managing personal services contracts shall complete the Port’s training program. The training program will be based on law, Port policy and made available for public sector contracting best practices.

5.1.2 (Res. 3734, §3, 2017; Res. 3628, § inspection prior to the proposed starting date of services under the amendments. The Executive Director is authorized to execute any amendments which meet the requirements of this Section 5.1, 2009; Res. 3605, §1, 2008).

7.3. Purchased Goods/Services

7.3.4.5.2 Contracts. The Executive Director shall have the responsibility for following all statutory requirements and procedures in connection with all contracts for the acquisition of goods and purchased services. Goods and purchased services may be acquired on the open market, pursuant to published tariffs, or by competitive bidding when required, for the normal maintenance and operations of the Port without prior Port Commission approval so long as, where appropriate, such acquisitions shall be approved as a part of normal monthly expenses. The Executive Director may execute contracts for such acquisitions, subject to the following conditions: The Executive Director may execute contracts that are not associated with a Project, including Public Works, Alternative Public Work procedures in accordance with RCW 39.10, Goods and Services, Personal Services, Professional Services, other consulting services, and any other types of contracts or agreements so long as the total price of contracts under a single procurement does not exceed Ten Million Dollars ($10,000,000).

5.3 Other Agreements. The Executive Director may execute any other agreements involving an exchange of goods or services with public or private entities that do not fall within any other specific delegation, and that promote operational and/or logistical efficiency, and amendments to such agreements, so long as any cumulative Port noncontingent monetary obligation under the agreement is less than or equal to Ten Million Dollars ($10,000,000) and the General Counsel has reviewed and approved such agreement.

5.4. Non-Disclosure Agreements. The Executive Director may execute Non-Disclosure Agreements.

7.3.2. 5.5 Reimbursements to Airport Tenants. The Executive Director may approve
reimbursements to Airport tenants for work performed by such tenants to improve Airport premises so long as the total reimbursement amount is less than or equal to Ten Million Dollars ($10,000,000). The Executive Director shall implement procedures for the reimbursement of Airport tenant improvements. Such procedures must include allowable cost categories and provide for their consistent application among all tenants. The contract or purchase order price does not exceed Three Hundred Thousand Dollars ($300,000).

7.3.3. Selection, contracting, and payment for all such services shall follow all required statutory procedures as stated in SSHB 3274, or its equivalent codification in the Revised Code of Washington.

7.3.4. Authorization for Critical Work. Under circumstances not constituting a legally defined emergency, but otherwise requiring immediate action to avoid significant adverse consequences to public health, safety or property, the Commission authorizes the Executive Director to spend up to Five Hundred Thousand Dollars ($500,000) to prevent potentially significant adverse consequences to public health, safety or property. The Executive Director shall

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4. Second Substitute House Bill 3274 passed the Legislature and became effective June 12, 2008, titled “An Act Relating to improving public contracting for public port districts; amending RCW 53.08.120, 39.30.020, 39.04.010, and 53.12.270; reenacting and amending RCW 39.04.155; adding new sections to chapter 53.08 RCW; adding a new chapter to Title 53 RCW; creating a new section; prescribing penalties; and providing an expiration date.”
have authority to spend the funds if: (i) the circumstances are such that a true emergency as defined by RCW 39.04.280 is substantially likely to develop unless action is taken, or (ii) any delay in addressing the situation will likely result in significant cost increases or adverse schedule impacts to the Port, other public agencies or private property owners, and, (iii) where prior Commission authorization cannot, even on an expedited basis, be obtained. When the Executive Director authorizes Critical Work to be undertaken, he or she shall notify the Commission as soon as practicable of his or her action, the amount of money spent and obtain Commission ratification at the next public meeting. The Executive Director shall also provide notice of this Critical Work to the public. (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

7.7.4. Auditing and Accounting Services. (Repealed by Res. 3704)

Section 86. UTILIZATION OF PORT CREWS

8.1.6.1 The Executive Director is authorized to use necessary Port and other workers for operations and maintenance of facilities pursuant to Commission approved labor agreements and the Pacific Coast Longshoremen's and Warehousemen's, Clerks', and Foremen's agreements (provided longshore labor may be hired through stevedoring contractors to provide services offered in Port tariffs.) The Executive Director is authorized to apply for and maintain Port membership in the Pacific Maritime Association. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)

8.2.6.2 The Executive Director shall be responsible for obtaining prior Commission approval for work projects which are new construction or major modifications of Port facilities to be carried out by Port crews when the total estimated cost is more than Three Hundred Thousand Ten Million Dollars ($30010,000). (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008),000).

8.3.6.3 The Executive Director may authorize expense maintenance projects that are not new construction projects or contracts or that in any way add to the capacity or function of a facility, whether performed by Port crews or by contractors, up to a value of three hundred thousand Ten Million dollars ($30010,000). (Res. 3734, §3, 2017; Res. 3628, §1, 2009, Res. 3605, §1, 2008),000).

Section 97. LEGAL SERVICES, CLAIMS AND OTHER REPRESENTATION

9.1.7.1 Management Authority. The Executive Director or and the General Counsel shall be responsible for management and supervision of all legal services required retained by the Port, except for legal services specifically engaged by the Commission supervision, and for all litigation in which the Port has an interest, direct or indirect. For purposes of this section, "litigation" shall mean the assertion of any position, right or responsibility by or against the Port (or in which the Port may have an interest) which...
has been filed in any court of general or tribunal external to the Port with jurisdiction, be it state or federal, international or any quasi-judicial, administrative or arbitration forum.

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5. Subsection 7.7.4 was mis-numbered as it appeared in Resolutions 3605 and 3628. It was numbered as a sub-subsection, but was intended to be Subsection 7.4. The subdivisions of the subsection were numbered 7.4.1-7.4.4, all of which were repealed by Resolution 3704.
jurisdiction, be it state or federal, international or any quasi-judicial or administrative forum. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)

7.2 Legal Services. The Executive Director is authorized to retain, or to cause to be retained through the General Counsel, attorneys or law firms, or other appropriate legal representatives as necessary, to provide (or assist in the provision of) legal services. without limitations otherwise prescribed in Sections 3 or 5 above.

7.2.1 Subject to the limitations of RCW 53.08.208, counsel may be retained whenever any action, claim, or proceeding is instituted against any person who is or was an officer, employee, or agent of the Port arising out of the performance or failure of performance of duties for, or employment with the Port; provided that, if any such action, claim, or proceeding includes allegations of fraud or other illegal activity, retention of counsel shall be subject to Commission approval. Retained legal counsel may act solely on behalf of the Port or jointly with other interested parties under appropriate agreements. A quarterly report of all such retentions shall be provided to the Commission annually by the General Counsel.

9.2.2.2 Payment for legal or related services generally shall be by fixed annual retainers or by reimbursement not to exceed established hourly rates plus expenses. Fixed annual retainers shall be set by the Executive Director, or caused to be set by the General Counsel, based on the level of services required and the current cost of legal services in this area; provided that any such annual retainer or total annual payment for services in any legal matter which is more than Three Hundred Thousand Dollars ($300,000,000) shall be reported annually by the General Counsel to the Commission. (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

9.3.3 Engagement of Experts. The Executive Director may engage, or cause to be engaged through the General Counsel, such experts as may be necessary to the orderly preparation of litigation or evaluation or support of legal matters in which the Port has a direct or indirect interest, without limitations otherwise prescribed in Section 3 or 5 above. Such engagement shall be upon authorization given by the General Counsel after having been satisfied that such expenditure is necessary to the adequate evaluation, support, preparation andor representation of the Port’s position in such litigation or other legal matters and shall wherever practicable include an estimate of the probable cost of such experts. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)

9.4.4 Settlement. Unless otherwise specified herein, any matter which is the subject of litigation may be compromised and settled by the Executive Director, or caused to be settled by the General Counsel, provided that the settlement amount paid by the Port (or, in the case of a claim being pursued by the Port, the amount of the claim to be waived, released or compromised by the Port) is less than or equal to Three Hundred Thousand Dollars ($300,000,000) and that the General Counsel shall certify an opinion to the Executive Director that such compromise and settlement is justified on the basis of the following: (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)
9.4.1.7.4.1 **Claims filed** against the Port.

(i) The likelihood that a judgment rendered in the *case* litigation would be in the amount claimed or higher than the amount claimed, or that there is reasonable cause to believe that there is considerable exposure of liability for the Port.; or
(ii) The likelihood that the expenses involved in litigation would be unnecessarily high in relation to the amount claimed, or the likely result.  
(Res. 3605, §1, 2008)

9.4.2-7.4.2 Claims filed on behalf of the Port.

(i) That the determination to settle the claim outweighs the risks of resorting to litigation or other alternatives; or

(ii) That the settlement of the claim would provide prompt payment to the Port and eliminate extensive delays; or

(iii) That the proposed offer of settlement is reasonable in light of the claim asserted.  (Res. 3605, §1, 2008)

9.5. Adjustment and Settlement of Claims. Except for claims which are in litigation, the Executive Director shall be responsible for, or shall cause the General Counsel to be responsible for, the observance of necessary procedures whereby the adjustment and final settlement of all claims, either against or on behalf of the Port, shall be carried out. Necessary procedures in the handling of such claims shall includethe following: (Res. 3734, §3, 2017; Res. 3605, §4, 2008)

9.5.1. For purposes of this section

(i) "Claim" shall mean the assertion of any position, right or responsibility by or against the Port, but not including:

(ii) Accounts receivable to the extent covered in Section 408, or

(ii) Claims asserted by or against the Port which are in litigation as that term is defined in Section 97.1. above.  (Res. 3628, §)

(iii) 7.5.1, 2009; Res. 3605, §4, 2008)

9.5.2. No claims against the Port shall be considered unless and until proper notice and credible evidence of loss or damage has been provided by the claimant to the Port.  (Res. 3605, §4, 2008)

9.5.3. Claims which in the opinion of the Executive Director General Counsel have the potential to exceed Three Hundred ThousandOne Million Dollars ($300,000,000) shall be reported annually by the General Counsel to the Commission as they arise. Any individual claim which exceeds Three Hundred Thousand Dollars ($300,000) may be processed in all respects (except for final approval and payment) by the Executive Director or the General Counsel. (Res. 3734, §3, 2017; Res. 3628, §4, 2009; Res. 3605, §4, 2008).

9.5.4. Any single claim less than or equal to Three Hundred ThousandOne Million
Dollars ($3001,000),000 to be paid or waived, released or compromised by the Port may be adjusted and settled and paid by the Executive Director, or caused to be adjusted and settled by the General Counsel provided that all of the following conditions are met: (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)
9.5.4.1.7.5.3.1 That the General Counsel shall certify an opinion to the Executive Director that payment of the claim is justified on the basis of the following:

(i) Claims against the Port:

(a) A substantial likelihood that the Port is or could be found liable; or

(b) The likelihood that a judgment rendered in the event of litigation would be in the amount claimed, or higher than the amount claimed, or that there is reasonable cause to believe that there is considerable exposure of liability for the Port; or

(c) The likelihood that the expenses involved in litigation would be unnecessarily high in relation to the amount claimed, or the likely result.

(ii) Claims on behalf of the Port:

(a) That the determination to settle the claim outweighs the risk of resorting to litigation; or other alternatives; or

(b) That the settlement of the claim would provide prompt payment to the Port and eliminate extensive delays; or

(c) The proposed offer of settlement is reasonable in light of the claim asserted. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)

9.5.3.2. All such claims, when paid, shall be reported to the Commission semi-annually. (Res. 3605, §1, 2008)

Section 108. ADJUSTMENT AND WRITE-OFF OF ACCOUNTS RECEIVABLE

10.1.8.1 The Executive Director is authorized to establish procedures to: (i) make adjustments to accounts receivable for valid operational reasons which do not constitute a gift of public funds; or (ii) to write off any uncollectible account which is less than or equal to Three Hundred Thousand Dollars ($300,000). (Res. 3734, §3, 2017; Res. 3628, §1, 2009; Res. 3605, §1, 2008)

10.2.8.2 Prior to adjusting or writing off of any account receivable or uncollectible debt, the Executive Director shall be satisfied that every reasonable effort has been made by the staff to resolve or accomplish the collection of the account. For those accounts that fail to make payment, the Executive Director shall authorize the General Counsel to bring action in courts of law, or if more appropriate, authorize the Chief Financial Officer, to assign the same to collection agencies in an attempt to collect such accounts. If, after attempting all normal account collection procedures, the account is still uncollectible after 180 days or more, the Executive Director shall be authorized
to provide for writing off such an account.
8.3. Any amount in an account in excess of Three Hundred Thousand Dollars ($300,000) which is deemed to be uncollectible shall be referred to the Commission for final approval of writing off that account.  

Section 11. INVESTMENT OF TEMPORARILY IDLE PORT FUNDS (Repealed by Res. 3704)

Section 12. INSURANCE PROGRAMS (Repealed by Res. 3704)

Section 13. TRADE DEVELOPMENT PROGRAMS (Repealed by Res. 3704)

Section 14. ISSUANCE OF TARIFFS (Repealed by Res. 3704)

Section 15. RULES AND REGULATIONS (Repealed by Res. 3704)

Section 16. NON-DISCRIMINATION AND EQUAL OPPORTUNITY

16.1. It is the basic policy of the Port of Seattle to provide equal opportunity to the users of all Port services and facilities and all contracting entities. Specifically, 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, marital status, workers' compensation use, transgender status, political beliefs, or any other protected status, as guaranteed by local, state and federal laws. The equal opportunity principles described in this policy shall apply to the Port's employees, customers, consultants, contractors, and vendors to the extent possible and as required by law. This policy is to be implemented by the Executive Director as more specifically set forth in Port policies covering affirmative action, equal employment opportunity and women, minority and disadvantaged business participation in Port contracts.  

Section 17. TRAVEL OF EMPLOYEES AND OTHER AUTHORIZED REPRESENTATIVES OF THE PORT (Repealed by Res. 3704)

Section 18. SALE OF PERSONAL PROPERTY (Repealed by Res. 3704)

Section 19. WORKING FUNDS (Repealed by Res. 3704)

Section 20

Section 9. SALE OF PERSONAL PROPERTY

9.1. Section 53.08.090 of the Revised Code of Washington authorizes the Commission to delegate to the Executive Director, by Commission resolution, the authority to sell and convey Port personal property up to an annual limit updated each year. State law requires that this authority be renewed from year to year by Resolution. The Executive Director or their delegate must itemize and list the property to be sold or conveyed and make written certification to the Commission that the listed property is no longer
needed for port district purposes prior to any such sale or conveyance. The Commission must authorize the sale of Port property over the allowed statutory amount.

9.2. In no case shall surplus personal property of the Port be sold to any Port Commissioner or Port employee or to members of their immediate families without the specific approval of the Commission.

**Section 10. GENERAL INTERPRETATION**

20.1.10.1 Statutory References. All statutory references in this Resolution shall mean the cited statute as it existed on the date of adoption of this Resolution or as such statute may be hereafter amended, succeeded, modified or legally construed from time to time.

*(Res. 3605, §1, 2008)*

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6 In 2012, the Commission adopted new non-discrimination language in its Resolution 3668. Repeal of the text here to conform to the principles in Res. 3668 is currently under review.
10.2 Dollar Limits. All dollar limits included in this delegation or inclusive of all charges and taxes, including sales tax.

20.2.10.3 Definitions. The Executive Director is authorized to modify, edit, add and delete definitions within this Resolution. The Commission shall be notified of any changes in writing.

20.2.1. "Annually Approved Capital Budget" means the list of capital projects (including small works projects) and the projected total dollar amount of upcoming budget-year spending associated with those projects which is presented to, and reviewed by, the Commission as part of the budget review process (i.e., the first year of the Capital Improvement Plan), or as subsequently amended by the Commission during the budget year. (Res. 3734, §3, 2017; Res. 3605, §1, 2008)

20.2.2. "Annual Operating Budget" means the budgeted operating and non-operating revenues and expenses reviewed and approved by the Commission as part of the budget process, or as subsequently amended by the Commission during the budget year. (Res. 3605, §1, 2008)

20.2.3. "Annually Approved Capital Improvement Plan" means the five-year projection of capital projects (including small works projects) and associated expenditures which is developed and maintained as a planning tool for Port capital investment and which is reviewed by the Commission annually as part of a Plan of Finance and budget review process, or as subsequently amended by the Commission during the budget year. (Res. 3605, §1, 2008)

20.2.4.10.3.1 "Goods and Services" means natural resources; equipment; materials; supplies; or other finished goods or products; utilities and utilities-related services (including services provided by public agencies); and maintenance, security and other miscellaneous services (excluding professional or consultant services). (Res. 3605, §1, 2008)

20.2.5.10.3.3 "Personal Services" means those services within as defined in RCW 53.19.010(6), as that law may in the scope of Subsection 6 of Section 6 of 2008 Laws of Washington Chapter 130 or the codification of its equivalent in the Revised Code of Washington. (Res. 3605, §1, 2008) future be amended or superseded.

20.2.6.10.3.4 "Professional Services" means those services within scope of Section
39.80.020(5) of the Revised Code of Washington, as the same may in the future by amended or superseded or (b) professional or technical expertise provided by a consultant to accomplish a specific study, project, task, or other work statement which is reasonably required in connection with public works projects. (Res. 3605, §1, 2008) be amended or superseded.

2. Resolution 3605 included sub-subsections 20.2.1 and 20.2.2, definitions of “Within Authorized Budget Limits.” Both of these subdivisions were repealed by Resolution 3628, which then renumbered the remaining definitions.
10.3.5 “Project” means requirements undertaken to provide a product or service. Projects do not, however, include regular, recurring, or routine work associated with the day-to-day management and normal operations of the Port.

20.2.7.10.3.6 "Public Work" means construction, alteration, repair and improvement meeting the definition set forth in Section 39.04.010(4) of the Revised Code of Washington, as that law may in the future be amended or superseded. *(Res. 3605, §1, 2008)*

10.3.7 "Purchased Services" means those services within—as defined in RCW 53.19.010(8), as that law may in the scope of Subsection 8 of Section 6 of 2008 Laws of Washington Chapter 130, future be amended or codification of its equivalent insuperseded.

20.2.8. “RCW” means the Revised Code of Washington. *(Res. 3605, §1, 2008)*

20.2.9. "Temporarily Idle Funds” shall mean those funds not required for expenditure within twelve months and are not part of a contingency or strategic fund reserve. *(Res. 3605, §1, 2008)*

20.2.10. "Design-Bid-Build" is the traditional process of public works contracting, as defined in general statute RCW 39.04.10. The Design-Bid-Build contracting method proceeds in three phases. First, the Commission authorizes the owner to use in-house or consultant staff to prepare plans and specifications for the work. Next, the Commission authorizes the documents to be advertised and potential construction contractors submit bids for the work. Finally, through either Executive Director action or Commission approval, the owner contracts with the responsible bidder submitting the lowest responsive bid, who performs the work described in the documents. *(Res. 3734, §3, 2017; Res. 3605, §1, 2008)*

20.2.11. "Design-Build" is an alternate contracting process, as defined in RCW 39.10.300. The Port must be either a certified body authorized to use the design build process or obtain project approval in accordance with RCW 39.10.280. The Design-Build contracting method proceeds in three phases. First, the Commission authorizes the design funds and permission to use the design build contracting method. Second the Commission authorizes the advertising of the design build contract. Third, after the best proposal is selected, authorization of final design and construction funding and award of the design build contract takes place in accordance with Section 4.2.3.2. *(Res. 3605, §1, 2008)*

20.2.12 "Best Bid" is a contracting procedure described in RCW 53.08.130 that allows awarding a public works contract to "the best bidder submitting his or her own plans and specifications." This situation may occur when the Port has provided a complete design but one or more bidders has another idea, or the Port may solicit original ideas from all bidders. In either case, the award selection is made on a combination of cost and proposal known as best value. Commission authorization is required for best bid procurement, either prior to advertising, if best bid
proposals are requested, or prior to award, if an unsolicited best bid proposal is selected. (Res. 3628, §1, 2009; Res. 3605, §1, 2008)

20.2.13. “General Contractor/Construction Manager” (GC/CM) is an alternate contracting method, as defined in RCW 39.10.340. The Port must be either a
10.3.8 certified body authorized to use GC/CM process or obtain project approval in accordance with RCW 39.10.280. The GC/CM method proceeds in three phases. First, the Commission authorizes the design funds and permission to use the GC/CM contracting method. Second the Commission authorizes advertising the GC/CM procurement, selection of the GC/CM contractor, and authorizes the Port to enter into a contract for preconstruction services. Third, after the maximum allowable construction cost (MACC) is negotiated, the Commission authorizes construction funding and awarding of the construction work. (Res. 3605, §1, 2008)
Commissioner Felleman/Calkins

I MOVE to amend Resolution No. 3810, Exhibit A, to the dollar limit set for Capital Projects, and Contracts, Other Agreements and Project Changes; Utilization of Port Crews; Airport Tenant Reimbursement; Street Vacations; and Budget Transfers - to strike the amount of ‘$10,000,000’ and to insert ‘$5,000,000’ in its place. And for the category of Critical Work, to strike the amount of ‘$15,000,000’ and to insert ‘$5,000,000’ in its place.

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Commissioner Mohamed/Hasegawa

I MOVE to amend Resolution No. 3810, Exhibit A, the Preamble, to insert a new last paragraph in that section to read as follows:

“The Executive Director shall be empowered to execute projects, contracts and all other funding mechanisms as listed in the following sections, at the funding thresholds listed below, except in the subject matter areas where the Commission has spoken in the form of Policy Directives and Orders. In the subject matter areas where Commissioners have spoken, the Executive Director shall refer to the Policy Directive and/or Order to determine whether the Commission has expressed the clear intent to have that subject matter brought before the Commission in public session or other manner determined to be appropriate in consultation with the Commission President.”
Commissioner Cho/Mohamed

I MOVE to amend Resolution No. 3810 to insert a new Section 3, and to renumber and renumber the Effective Date Section as needed, to read as follows:

SECTION 3.  Review and Audit of Policy Directive.  The Executive Director shall provide to the Commission a review of the processes and procedures for implementing the Delegation of Responsibility and Authority Policy Directive at one year after the implementation of the new directive.  The Internal Audit Department shall review the effectiveness and adherence to the Delegation of Responsibility and Authority Policy Directive and as part of that review, shall interview Commissioners about their understanding and functioning of the Delegation of Authority, and shall provide this Audit report to the Commission within four years of the passage of this resolution.

Commissioner Cho

I MOVE to amend Resolution No. 3810 to insert a new Section 4, and to renumber and reorder the Effective Date Section as needed, to read as follows:

SECTION 4.  Periodic Review of Policy Directive.  The Commission Chief of Staff, on behalf of the Commission, shall cause a periodic review of the policy directive adopted through this resolution.  That review shall be conducted not less than every three years and no later than every fifth year from passage of the last review.  This periodic review is intended to ensure the policy is still meeting the needs of the Commission and the Port.
PORT OF SEATTLE
RESOLUTION NO. 3810

A RESOLUTION of the Port of Seattle Commission repealing Resolution Nos. 3605, 3628, 3704, and all preceding resolutions pertaining to the Commission’s ‘Delegation of Responsibility and Authority to the Executive Director’ policy directive and adopting the new delegation policy directive as set forth in Exhibit A of this resolution.

WHEREAS, the voters of King County authorized and approved the formation of a port district coterminous with King County to be known as the Port of Seattle in a special election on September 5, 1911; and

WHEREAS, the Port of Seattle Commission is the legally constituted governing body of the Port of Seattle; and

WHEREAS, the Port Commission, through Resolution Nos. 3605, 3628, 3704 and preceding resolutions, adopted the policy directive ‘Delegation of Responsibility and Authority,’ designating specific areas of their authority to the Executive Director of the Port of Seattle; and

WHEREAS, the purchasing authority delegated to the Executive Director, with some specific exceptions in the policy directive, has been set at $300,000 since 2009, where at that time, it was increased nominally from its previous long-standing $200,000 delegated limit; and

WHEREAS, the Internal Audit Department conducted an operational audit of the delegation policy directive for the period of January 2019 to July 2020, to evaluate internal controls to assure monetary and contractual delegation compliance with rules, policies, and dollar limitations governing redelegations by the Executive Director to staff, and concluded that internal controls are operating effectively and had no issues to report; and

WHEREAS, based on discussions with management, review of the data, and benchmarking with other organizations, the Internal Audit Department recommended management work with the Commission to identify if the current delegations process and thresholds could be modified to maintain or increase transparency and governance, while alleviating part of the burden on staff… with frequent (monthly) and robust reporting to the Commission and the public; and

WHEREAS, a comprehensive review by management to identify operational efficiencies and opportunities in the policy directive and its processes was undertaken; and
WHEREAS, the Governance Committee of the Port of Seattle Commission, based on the recommendation of the Internal Audit Committee and on Management’s comprehensive review and process improvement project --and in recognizing that purchasing power of the delegated limits has significantly decreased over the course of thirteen years while inflation and operational and capital demands have increased --recommended an update to the policy directive to increase the Commission’s delegated authority to the Executive Director; and

WHEREAS, other technical areas of amendment and the need to clarify process requirements were also identified and are addressed in the recodification of the policy directive, as outlined in attached Exhibit A.

NOW, THEREFORE, BE IT RESOLVED by the Port of Seattle Commission as follows:

SECTION 1. Repeal of Resolutions. Resolution Nos. 3605, 3628, 3704, and all preceding resolutions pertaining to the Commission’s Delegation of Responsibility and Authority to the Executive Director’s policy directive are hereby repealed in their entirety.

SECTION 2. Establishment of New Policy Directive. The Policy Directive, ‘Delegation of Responsibility and Authority to the Executive Director (DORA)’, as shown in the attached Exhibit A, is hereby established through adoption of this resolution.

SECTION 3. Effective Date. This resolution shall become effective April 3, 2023.

ADOPTED by the Port of Seattle Commission at a duly noticed public meeting thereof, held this ________ day of ______________________________, YYYY, and duly authenticated in open session by the signatures of the commissioners voting in favor thereof and the seal of the commission.

________________________________________

________________________________________

________________________________________

________________________________________

Port of Seattle Commission
EXHIBIT A to Resolution No. 3810
Port of Seattle

Commission

Delegation of Responsibility and Authority to the Executive Director (DORA)

April 3, 2023

(Resolution No. 3810, Adopted December 13, 2022)
Port of Seattle Commission Delegation of Responsibility and Authority to the Executive Director

Preamble

The Port of Seattle’s (“Port”) mission is to create jobs by advancing trade and commerce, promoting industrial growth, and stimulating economic development. The Century Agenda, adopted by the Port Commission, sets out strategies, objectives, and regional initiatives that guide the Port’s efforts in pursuit of this mission.

The Port was established under Washington law as a public agency and engages in commercial enterprises that sustain a healthy economy. It is therefore endowed with both governmental and commercial powers. These dual capabilities require institutional frameworks that foster public accountability and empower direct conduct of commercial activity. The Commission aligns this Delegation of Responsibility and Authority to the Executive Director policy directive (‘General Delegation’) to the Century Agenda.

The Port is committed to create economic opportunity for all, steward the environment responsibly, partner with surrounding communities, promote social responsibility, conduct itself transparently, and hold itself accountable.

All authority of the Port of Seattle is vested with the Commission in its actions as a public body. Through this delegation policy, the Commission subsequently and hereby vests authority with the Executive Director and delineates Commission and Executive Director responsibilities. It sets expectations and lays the basis for the respective efforts of the Commission and Executive Director to be aligned, complementary, and effective.

Section I: Objectives of this General Delegation:

A. Create Clarity and Alignment: This General Delegation clearly delineates the responsibility and authority of the Commission and the Executive Director:

1. The Commission governs the Port, directs all intergovernmental policy functions, and oversees the Executive Director.

2. Together, the Commission and Executive Director develop the Port’s overall vision, strategies, objectives, Policy Directives, long-range plans, major programs and budgets.

3. The Executive Director executes the long-range plans and major programs, oversees all enterprises and supporting functions, and advises the Commission.
B. Provide Transparency and Accountability: This General Delegation specifically allows for the development and adoption of Policy Directives to guide the Port’s efforts in pursuit of its strategic objectives. Policy Directives:

1. Provide high-level guidance about how the Port does its work based on public values and applicable laws, rules and regulations.
2. Inform operational policies regarding specific functions at the Port and set appropriate limits.
3. Deliver standards that support the effective use of the internal audit function to verify compliance.

C. Pursue the Century Agenda: This General Delegation emphasizes the use of Century Agenda (“CA”) Goals and Objectives as a means of pursuing the highest strategic aspirations for the Port of Seattle. Through review of Key Performance Indicators (“KPIs”) that measure progress towards CA Objectives as well as Executive Director Priorities, the Commission and Executive Director ensure alignment of the Port’s mandate, its aspirational and operational goals. The Century Agenda Goals, set by the Commission, set the long-term goals for all divisions and Centers of Expertise. The CA Objectives, set by the Executive Director and Executive Leadership Team (ELT) and approved by commission every 5 years, describe the mid-term objectives and activities that align to the CA Goals. Finally, the Executive Director Priorities describe the annual initiatives and programs that operationalize the CA Objectives. At all levels, KPIs and metrics are employed to monitor and track progress and performance.

D. Empower for Concerted Action: Clear responsibilities and authorities will enable the Commission and Executive Director to work in concert and be effective.

Section II. Delegation of Responsibility and Authority

A. Governing the Port of Seattle as its elected body, the Commission shall:

1. Represent the Port to the citizens of King County and to other government bodies.
2. Establish the Port’s positions regarding public policy, legislation, and regulation.
3. Appoint the Executive Director.
4. Conduct the annual performance review of the Executive Director and provide input to the Executive Director regarding the performance of those employees that report directly to the Executive Director.
5. Set the Port’s annual property tax levy.
6. Oversee the internal audit function. Consider and authorize any Port borrowed debt, as required by law.
7. Reserve to itself all authority not herein delegated.

B. Guiding the Port of Seattle and together with the Executive Director, the Commission shall:

1. Develop, adopt, and refine the long-term goals of the Port and review mid-term CA objectives and their KPIs.
2. Develop, adopt, and amend Policy Directives.
3. Direct the Port’s advocacy regarding public policies, legislation, and regulation.
4. Consider and authorize new enterprises and initiatives.
5. Consider, authorize, and modify major programs and projects.
6. Consider and approve the settlement of any legal claim except as delegated to the Executive Director and General Counsel.
7. Consider and adopt annual operating and capital budgets.
8. Consider and adopt annual salary and benefit resolutions.
10. Consider and authorize Interlocal Agreements.
11. Consider and authorize the acquisition and sale of real property and other capital assets except as delegated to the Executive Director.
12. Consider and establish industrial development districts and utilities.
13. Consider and approve assignment of defense counsel for any officer, employee or agent of the Port as authorized by law, except as delegated in Section 7.2.1.

C. Serving the Port of Seattle and the Commission, the Executive Director shall:

1. Prepare the Port’s reporting on Century Agenda Objectives and set Executive Director Priorities in strategic alignment with the objectives.
2. Evaluate promising new enterprises and initiatives; prepare proposals as warranted.
3. Develop major programs and projects and updates to major programs and
4. Prepare operating and capital budgets.
6. Manage and supervise all legal services, litigation, engagement of outside legal counsel and other experts (subject to the limitations of RCW 53.08.208), settlements and claims filed for and against the Port, or cause such activities to be carried out by the General Counsel.
7. Evaluate possible acquisitions and sales of real property and other capital assets; prepare proposals as warranted.
8. Evaluate possible establishment of industrial development districts and utilities; prepare proposals as warranted.
9. Report regularly to the Commission on delegated responsibilities, industry trends, and economic developments.

D. Managing the Port of Seattle in keeping with the above, the Executive Director shall:

1. Represent the Port to customers and industry stakeholders.
2. Carry out all policy directives, long-range plans, major programs, and implement projects.
3. Execute contracts and other necessary documents.
4. Select and manage all staff and outside resources necessary to carry out long-range plans, major programs and projects, maintain facilities, and provide supporting functions.
5. Determine the organizational structure of enterprises and their supporting functions.
6. Administer collective bargaining agreements.
7. Administer Interlocal Agreements, and execute where authorized.
8. Administer the payment of short-term liabilities and other expenses.
9. Establish operational, administrative, monetary, and contractual policies, delegations, rules, tariffs, regulations and procedures in accordance with this Delegation, adopted Policy Directives and all applicable law and regulation.

10. Establish and regularly report to the Commission on CA Objectives, CA KPIs and Executive Director Priorities, as necessary.

11. Approve travel by employees and other authorized representatives.

12. Apply for and accept grants and other funds from federal, state or local governments.

13. Prepare and submit applications for permits, regulatory approvals, entitlements, and other authorizations associated with facilities and projects, agree to permit conditions and mitigation, and fulfill permit requirements and obligations. Execute permit-related documents in furtherance of the implementation of permits, including restrictive covenants and hold harmless agreements and agreements for expediting processing for permits.

14. Carry out additional responsibilities as may be further delegated.

15. Determine, sell and convey Port personal, tangible, and intangible property, including mitigation credits, in accordance with any limits set by law.

16. Provide resources for the preparation for and management of Port borrowed debt.

17. Negotiate and obtain appropriate policies of insurance to cover Port property, liability, employee coverages, and other areas appropriately included within a comprehensive insurance program. The Executive Director is authorized to approve changes or modifications within that program or individual policies including provisions for self-insurance or deductibles.
Section 1. REAL PROPERTY AGREEMENTS

1.1 Types of Agreements: The directives in this Section 1 apply to all agreements or transactions for use of Port real property, including but not limited to leases, concession agreements, rental agreements, operating agreements, berthing agreements, tenant reimbursement agreements, licenses, easements, permits, rights of entry and other use agreements (all referred to collectively as "Real Property Agreements" or at times referred to as "Agreements") or to agreements for the Port's use of real property owned by others.

1.2 General Real Property Agreement Policies

1.2.1 Except as otherwise provided in this General Delegation, all real property of the Port shall be used pursuant to an appropriate written Agreement approved and executed as authorized by the Port Commission or Executive Director and accompanied by a security deposit in accordance with applicable law and Port Real Estate Policies and Procedures.

1.2.2 Prior to the execution of Agreements, the Executive Director shall have authority to negotiate such Agreements; obtain appropriate appraisals where necessary; provide for appropriate security deposit; submit Agreements to the Port's General Counsel's office for approval in writing; and follow all other applicable laws and Port Real Estate Policies and Procedures.

1.2.3 Real property conveyances between the Port and other governmental entities. Notwithstanding any other provision herein, delegation authority for agreements between the Port and other governmental entities, where the primary purpose of the agreement is the conveyance of real property, by deed, easement, lease, license or similar instrument, shall be governed by the provisions of this Section 1.

1.3 Real Property Agreement Procedures. The Executive Director is authorized to perform the following actions, including executing agreements incidental to such actions, without Commission approval:

1.3.1 Agreements with a term of five years or less: Any Agreement having a term (including any tenant or Port options) of five years’ duration or less may be approved and executed by the Executive Director provided that: (i) the Port’s standard Agreement form is used or, if no standard form exists, the form used has been approved by the Port's General Counsel's office; (ii) the Agreement provisions conform to the Port's real estate policies and procedures; and (iii) the Agreement includes no Port obligation to make a specific, noncontingent monetary payment or reimbursement exceeding One Million Dollars ($1,000,000).

1.3.2 Assignments, subleases, consents to assignments and subleases, amendments, approvals, or options for Agreements with a term of five years or less: Assignments, subleases, consents, amendments, approvals or options for Agreements with a term of five years or less may be approved and executed by the Executive Director, but only
if (a) any new term extension, option or options do not result in an extension of the original term of the Agreement (including original tenant or Port options) beyond five years; (b) any rental adjustments (increases or decreases) consistent with the Port's real estate policies and procedures are made; and (c) there is no Port obligation to make a specific, noncontingent monetary payment or reimbursement cumulatively exceeding One Million Dollars ($1,000,000).

1.3.3 Assignments, subleases, consents to assignments and approvals, amendments or approvals for Agreements with a term in excess of five years. Such Assignments, subleases, consents, amendments or approvals are authorized to be executed by the Executive Director, but only if (a) the term, rental rates, environmental provisions, and the square footage of the premises under the Agreement (excluding increases or decreases to the square footage of the premises not exceeding 10% of the original square footage) remain unchanged; (b) the required security is not decreased (excluding pro rata decreases resulting from permissible decreases in square footage); and (c) there is no Port obligation to make a specific, noncontingent monetary payment or reimbursement exceeding One Million Dollars ($1,000,000). Consents to Assignments and Subleases, and amendments to correct administrative errors may be approved and executed by the Executive Director.

1.3.4 Easements, licenses, access permits or other rights of entry or use agreements over Port property. Where the easements, licenses, permits or other rights of entry or use agreements: (a) either relate to or benefit the Port's operations, or do not have a term exceeding five years; and (b) do not obligate the Port to make a specific, noncontingent monetary payment or reimbursement exceeding One Million Dollars ($1,000,000) and do not deprive the Port of substantial use of the property. Permanent easements which deprive the Port of substantial use of Port property require Port Commission approval (unless previously approved as part of a larger action) and must comply with the appraisal requirements of Section 2.

1.3.5 Permanent easements over Port property for installation or construction of utilities or street improvement infrastructure. The Executive Director may approve and execute permanent easements over Port property for installation or construction of utilities (including stormwater, sewer, electrical or gas) or for street improvement infrastructure (including sidewalks, signage or signaling) provided the permanent easement either (a) does not deprive the Port of substantial use of Port property; or (b) consists of Port property not exceeding 1,000 square feet and complies with the appraisal requirements of Section 2.

1.3.6 Easements over the property of others. The Executive Director may approve and execute easements in favor of the Port over the property of others, provided such easements either (a) are avigation easements in support or protection of airport operations or (b) include no Port obligation to make a specific, noncontingent monetary payment or reimbursement exceeding One Million Dollars ($1,000,000).
1.3.7 Agreements (other than easements) for the Port’s use of the property of others, including leases, rental agreements, operating agreements, licenses, access permits, street use permits, rights of entry and other use agreements. The Executive Director may approve and execute Agreements (other than easements) where the Agreement includes no Port obligation to make a specific, noncontingent monetary payment or reimbursement exceeding One Million Dollars ($1,000,000).

1.4 Executive Director to ensure compliance. The Executive Director is charged with the responsibility to ensure that all Agreement terms are complied with and is authorized to take necessary measures to ensure compliance or to protect the Port’s legal position, including but not limited to subjecting Agreements to Port internal audits, termination of Agreements and the giving of all notices provided for in Agreements.

1.5 Real property agreement security and insurance. The Executive Director is authorized to take all necessary actions in connection with Agreement surety bonds, letters of credit, cash deposits or other legal security (“Agreement Security”) and insurance coverage required pursuant to any Agreements of the Port, including, but not limited to, the following:

1.5.1 Release Agreement Security: (i) where adequate substitute Agreement Security has been provided, and the Agreement is not in default; or (ii) when an Agreement has expired or is terminated (for other than a default).

1.5.2 Approve terms of any Agreement Security or insurance submitted in fulfillment of the requirements of any Agreement, including substitute or replacement Agreement Security or insurance coverage.

1.5.3 Approve (i) substitutions, replacements and modifications of Agreement Security or insurance coverage that are not inconsistent with Agreement terms, and (ii) release any insurance company, bonding company or financing institution when acceptable substitute or replacement insurance coverage has been provided.

Section 2. REAL PROPERTY ACQUISITIONS AND SALES; STREET VACATIONS

2.1 Appraisals. The Executive Director is authorized to obtain appropriate appraisals for use in evaluating or negotiating any proposed Port acquisition, sale, lease, permanent easement or other interest in real property.

2.2 Acquisitions. After the Commission authorizes the Port’s acquisition of real property by negotiated purchase or condemnation, the Executive Director is authorized to take all necessary steps, including executing all required closing documents, to secure title of such property for the Port. The acquisition price (i) of individual properties and (ii) of several properties under the same ownership (when acquired in the same transaction), shall in no case exceed the Port’s appraisal by more than ten percent (10%) without further specific Commission approval.
2.3 Sales. When the Commission authorizes the sale of Port real property in accordance with State law and Commission policy, the Executive Director is authorized to take all other necessary steps, including executing all required closing documents and executing and delivering conveyance instruments, to finalize the sale.

2.4 Street Vacations. The Executive Director is authorized to make application for vacation of city or county streets or roads and to take all other steps necessary to acquire a fee interest in streets or roads ancillary to Port development, if the estimated acquisition costs are less than or equal to Ten Million Dollars ($10,000,000).

Section 3. PROJECTS

3.1 Projects shall be authorized utilizing the procedures outlined below. Projects may be either capital or expense.

3.2 Project Authorization

3.2.1 Preliminary Project Work. Preliminary project work includes, but is not limited to, such activities as planning, programming, concept design up to 30% design, surveys, geotechnical investigations, and/or market analyses. The Executive Director is authorized to perform such preliminary project work up to Two Million Dollars ($2,000,000) without prior Commission approval, even if the budget of the Project is expected to exceed Ten Million Dollars ($10,000,000).

3.2.2 Total Project Cost Less than $10 Million. For Projects where the estimated total project budget is less than or equal to Ten Million Dollars ($10,000,000), the Executive Director is authorized to take all steps necessary, including the execution of all contracts, including Public Works, Alternative Public Work procedures in accordance with RCW 39.10, Goods and Services, Personal Services, Professional Services, other consulting services, and any other types of contracts or agreements in furtherance of the Project. If the Project cannot be completed for a total of Ten Million Dollars ($10,000,000) or less, Commission authorization, as set forth more specifically below, shall be required before exceeding the Ten Million Dollar ($10,000,000) threshold. Projects shall not be broken into units or accomplished in phases in order to avoid the requirement for Commission authorization that would otherwise apply to Projects more than Ten Million Dollars ($10,000,000).

3.2.3 Total Project Cost More than $10 Million. For Projects where the estimated total Project budget is more than Ten Million Dollars ($10,000,000), Commission approval of the Project budget is required except for preliminary project work under Section 3.2.1 above. The Executive Director is authorized to take all steps necessary, including the execution of all contracts, including Public Works, Alternative Public Work procedures in accordance with RCW 39.10, Goods and Services, Personal Services, Professional Services, other consulting services, and any other types of contracts or agreements in furtherance of a Commission approved Project budget.
3.2.4 Project Changes. Additional Commission authorization shall be required if a Project cannot be completed for less than or equal to Ten Million Dollars ($10,000,000), or within the amount authorized by Commission (including contingency), prior to exceeding either Ten Million Dollars ($10,000,000) or the approved budget. Project changes, including amendments and change orders, within budget shall comply with CPO policies.

3.2.5 Authorization for Emergency Work. When any emergency requires the immediate execution of a contract for work, the Executive Director is authorized to make a finding of the existence of such emergency and execute any contracts necessary to respond to the existing emergency. For purposes of this section "emergency" means unforeseen circumstances beyond the control of the municipality that either: (a) presents a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. The Executive Director shall comply with any legal requirements related to any contracts or agreements issued under the declaration of the emergency and otherwise keep the Commission informed of the development of the emergency situation and the progress of any contracts and agreements executed to remedy the emergency. The Executive Director shall provide notice of this Emergency Work to the public.

3.2.6 Authorization for Critical Work. Under circumstances not constituting a legally-defined emergency, but otherwise requiring immediate action to avoid significant adverse consequences to public health, safety or property, the Commission authorizes the Executive Director to spend up to Fifteen Million Dollars ($15,000,000) to prevent potentially significant adverse consequences to public health, safety or property. The Executive Director shall have authority to spend the funds if: (i) the circumstances are such that a true emergency as defined by RCW 39.04.280 is substantially likely to develop unless action is taken; or (ii) any delay in addressing the situation will likely result in significant cost increases or adverse schedule impacts to the Port, other public agencies or private property owners; and (iii) where prior Commission authorization cannot, even on an expedited basis, be obtained. When the Executive Director authorizes Critical Work to be undertaken, he or she shall notify the Commission as soon as practicable of his or her action, the amount of money spent and obtain Commission ratification at the next public meeting. The Executive Director shall also provide notice of this Critical Work to the public.

3.2.7 Budget Transfers. The Executive Director is authorized to transfer budget funds for transferring scope of work from one executed contract to another for Projects that have been authorized under the following conditions:

   (i) If all Projects affected have been previously approved by the Commission or the Executive Director; and
(ii) If the amount of transfer is less than or equal to $10,000,000; and

(iii) If doing so results in a cost or time savings, or other tangible benefit to the Project.

All such transfers will be reported to the Commission as soon as is practicable. All budget transfers more than $10,000,000 must be approved by the Commission.

Any transfer not meeting all of the above conditions will require Commission approval.

3.2.8 Small Works Construction Contracts and Job Order Contracts. The Executive Director may, without Commission approval, take all action to execute and administer these contracts in compliance with RCW 53.08.120, RCW 39.10.420-460, and Port policies and procedures.

Section 4. CONTRACT AND PROCUREMENT ADMINISTRATION

4.1 Subject to the requirements of this Section, the Executive Director is authorized to negotiate, manage and execute all aspects of Port contract administration and procurement activities in order to conduct the Port's business, provided that all applicable laws and Port policies are met.

4.2 Bid/proposal protests shall be resolved in accordance with the administrative procedure in the Port’s standard contract specifications or as established by Port policies and procedures from time to time.

4.3 The Executive Director is authorized to approve competition waivers consistent with applicable federal and state laws and internal Port policies.

Section 5. GOODS, SERVICES, AND OTHER AGREEMENTS

5.1 Personal Services.

5.1.1 The Port of Seattle's procurement policy for personal services contracts, as adopted in accordance with RCW 53.19.090, promotes full and open competition, transparent procurement practices, and compliance with all laws. All Port of Seattle personal service policies and procedures shall specifically conform to Chapter 53.19 RCW.

5.1.2 In accordance with RCW 53.19.060, substantial changes in the scope of work specified in the contract or which are substantial additions to the scope of work specified in the formal solicitation document shall be submitted to the Commission for a determination as to whether the change warrants the work to be awarded as a new contract. An amendment or amendments to personal service contracts, if the value of the amendment or amendments, whether singly or cumulatively, exceeds fifty percent (50%) of the value of the original contract must be filed with the Commission and made available for public inspection prior to the proposed starting
date of services under the amendments. The Executive Director is authorized to execute any amendments which meet the requirements of this Section 5.1.2.

5.2 Contracts. The Executive Director shall have the responsibility for following all requirements and procedures in connection with all contracts. Goods and purchased services may be acquired on the open market, pursuant to published tariffs, or by competitive bidding when required, for the normal maintenance and operations of the Port without prior Port Commission approval so long as, where appropriate, such acquisitions shall be approved as a part of normal monthly expenses. The Executive Director may execute contracts that are not associated with a Project, including Public Works, Alternative Public Work procedures in accordance with RCW 39.10, Goods and Services, Personal Services, Professional Services, other consulting services, and any other types of contracts or agreements so long as the total price of contracts under a single procurement does not exceed Ten Million Dollars ($10,000,000).

5.3 Other Agreements. The Executive Director may execute any other agreements involving an exchange of goods or services with public or private entities that do not fall within any other specific delegation, and that promote operational and/or logistical efficiency, and amendments to such agreements, so long as any cumulative Port noncontingent monetary obligation under the agreement is less than or equal to Ten Million Dollars ($10,000,000) and the General Counsel has reviewed and approved such agreement.

5.4 Non-Disclosure Agreements. The Executive Director may execute Non-Disclosure Agreements.

5.5 Reimbursements to Airport Tenants. The Executive Director may approve reimbursements to Airport tenants for work performed by such tenants to improve Airport premises so long as the total reimbursement amount is less than or equal to Ten Million Dollars ($10,000,000). The Executive Director shall implement procedures for the reimbursement of Airport tenant improvements. Such procedures must include allowable cost categories and provide for their consistent application among all tenants.

Section 6. UTILIZATION OF PORT CREWS

6.1 The Executive Director is authorized to use necessary Port and other workers for operations and maintenance of facilities pursuant to Commission approved labor agreements and the Pacific Coast Longshoremen’s and Warehousemen’s, Clerks’, and Foremen’s agreements (provided longshore labor may be hired through stevedoring contractors to provide services offered in Port tariffs.) The Executive Director is authorized to apply for and maintain Port membership in the Pacific Maritime Association.

6.2 The Executive Director shall be responsible for obtaining prior Commission approval for work projects which are new construction or major modifications of Port facilities to be carried out by Port crews when the total estimated cost is more than Ten Million Dollars ($10,000,000).
6.3 The Executive Director may authorize expense maintenance projects that are not new construction projects or contracts or that in any way add to the capacity or function of a facility, whether performed by Port crews or by contractors, up to a value of Ten Million dollars ($10,000,000).

Section 7. LEGAL SERVICES, CLAIMS AND OTHER REPRESENTATION

7.1 Management Authority. The Executive Director and the General Counsel shall be responsible for management and supervision of all legal services retained by the Port, except for legal services directly engaged by the Commission, and for all litigation in which the Port has an interest, direct or indirect. For purposes of this section, "litigation" shall mean the assertion of any position, right or responsibility by or against the Port (or in which the Port may have an interest) which has been filed in any court or tribunal external to the Port with jurisdiction, be it state or federal, international or any quasi-judicial, administrative or arbitration forum.

7.2 Legal Services. The Executive Director is authorized to retain, or to cause to be retained by the General Counsel, attorneys or law firms, or other appropriate legal representatives as necessary, to provide (or assist in the provision of) legal services without limitations otherwise prescribed in Sections 3 or 5 above.

7.2.1 Subject to the limitations of RCW 53.08.208, counsel may be retained whenever any litigation is instituted against any person who is or was an officer, employee, or agent of the Port arising out of the performance or failure of performance of duties for, or employment with the Port; provided that, if any such litigation includes allegations of fraud or criminal activity, retention of counsel shall be subject to Commission approval. All such retentions shall be reported annually by the General Counsel to the Commission.

7.2.2 Payment for legal or related services generally shall be by fixed annual retainers or by reimbursement not-to-exceed established hourly rates plus expenses. Fixed annual retainers shall be set by the Executive Director, or caused to be set by the General Counsel, based on the level of services required and the current cost of legal services in this area; provided that any such annual retainer or total annual payment for services in any legal matter which is more than One Million Dollars ($1,000,000) shall be reported annually by the General Counsel to the Commission.

7.3 Engagement of Experts. The Executive Director may engage, or cause to be engaged through the General Counsel, such experts as may be necessary to the orderly preparation of litigation or evaluation or support of legal matters in which the Port has a direct or indirect interest, without limitations otherwise prescribed in Sections 3 or 5 above. Such engagement shall be upon authorization given by the General Counsel after having been satisfied that such expenditure is necessary to the adequate evaluation, support, preparation or representation of the Port's position in such litigation or other legal matters.

7.4 Settlement. Any matter which is the subject of litigation may be compromised and settled by the Executive Director, or caused to be settled by the General Counsel, provided that the settlement amount paid by the Port (or, in the case of a claim being pursued by the
Port, the amount of the claim to be waived, released or compromised by the Port is less than or equal to One Million Dollars ($1,000,000) and that the General Counsel shall provide an opinion to the Executive Director that such compromise and settlement is justified on the basis of the following:

7.4.1 Litigation against the Port.

(i) The likelihood that a judgment rendered in litigation would be in the amount claimed or higher than the amount claimed, or that there is reasonable cause to believe that there is considerable exposure of liability for the Port; or

(ii) The likelihood that the expenses involved in litigation would be unnecessarily high in relation to the amount claimed, or the likely result.

7.4.2 Litigation on behalf of the Port.

(i) That the determination to settle the claim outweighs the risks of litigation or other alternatives; or

(ii) That the settlement of the claim would provide prompt payment to the Port and eliminate extensive delays; or

(iii) That the proposed offer of settlement is reasonable in light of the claim asserted.

7.5 Adjustment and Settlement of Claims. Except for claims which are in litigation, the Executive Director shall be responsible for, or shall cause the General Counsel to be responsible for, the observance of necessary procedures whereby the adjustment and final settlement of all claims, either against or on behalf of the Port, shall be carried out. For purposes of this section, "Claim" shall mean the assertion of any position, right or responsibility by or against the Port, but not including:

(i) Accounts receivable to the extent covered in Section 8, or

(ii) Claims asserted by or against the Port which are in litigation as that term is defined in Section 7.1. above.

7.5.1 No claims against the Port shall be considered unless and until proper notice and credible evidence of loss or damage has been provided by the claimant to the Port.

7.5.2 Claims which in the opinion of the General Counsel have the potential to exceed One Million Dollars ($1,000,000) shall be reported annually by the General Counsel to the Commission.

7.5.3 Any single claim less than or equal to One Million Dollars ($1,000,000) to be paid or waived, released or compromised by the Port may be adjusted and settled by the Executive Director, or caused to be adjusted and settled by the General Counsel provided that all of the following conditions are met:
7.5.3.1 That the General Counsel shall provide an opinion to the Executive Director that payment of the claim is justified on the basis of the following:

(i) Claims against the Port:

(a) The likelihood that the Port is or could be found liable; or

(b) The likelihood that a judgment rendered in litigation would be in the amount claimed, or higher than the amount claimed, or that there is reasonable cause to believe that there is considerable exposure of liability for the Port; or

(c) The likelihood that the expenses involved in litigation would be unnecessarily high in relation to the amount claimed, or the likely result.

(ii) Claims on behalf of the Port:

(a) That the determination to settle the claim outweighs the risk of litigation or other alternatives; or

(b) That the settlement of the claim would provide prompt payment to the Port and eliminate extensive delays; or

(c) The proposed offer of settlement is reasonable in light of the claim asserted.

Section 8. ADJUSTMENT AND WRITE-OFF OF ACCOUNTS RECEIVABLE

8.1 The Executive Director is authorized to establish procedures to: (i) make adjustments to accounts receivable for valid operational reasons which do not constitute a gift of public funds; or (ii) to write off any uncollectible account which is less than or equal to Three Hundred Thousand Dollars ($300,000).

8.2 Prior to adjusting or writing off of any account receivable or uncollectible debt, the Executive Director shall be satisfied that every reasonable effort has been made by the staff to resolve or accomplish the collection of the account. For those accounts that fail to make payment, the Executive Director shall authorize the General Counsel to bring action in courts of law, or if more appropriate, authorize the Chief Financial Officer, to assign the same to collection agencies in an attempt to collect such accounts. If, after attempting all normal account collection procedures, the account is still uncollectible after 180 days or more, the Executive Director shall be authorized to provide for writing off such an account.

8.3 Any amount in an account in excess of Three Hundred Thousand Dollars ($300,000) which is deemed to be uncollectible shall be referred to the Commission for final approval of writing off that account.
Section 9. SALE OF PERSONAL PROPERTY

9.1. Section 53.08.090 of the Revised Code of Washington authorizes the Commission to delegate to the Executive Director, by Commission resolution, the authority to sell and convey Port personal property up to an annual limit updated each year. State law requires that this authority be renewed from year to year by Resolution. The Executive Director or their delegate must itemize and list the property to be sold or conveyed and make written certification to the Commission that the listed property is no longer needed for port district purposes prior to any such sale or conveyance. The Commission must authorize the sale of Port property over the allowed statutory amount.

9.2. In no case shall surplus personal property of the Port be sold to any Port Commissioner or Port employee or to members of their immediate families without the specific approval of the Commission.

Section 10. GENERAL INTERPRETATION

10.1 Statutory References. All statutory references in this Resolution shall mean the cited statute as it existed on the date of adoption of this Resolution or as such statute may be hereafter amended, succeeded, modified or legally construed from time to time.

10.2 Dollar Limits. All dollar limits included in this delegation or inclusive of all charges and taxes, including sales tax.

10.3 Definitions. The Executive Director is authorized to modify, edit, add and delete definitions within this Resolution. The Commission shall be notified of any changes in writing.

10.3.1 "Goods and Services" means natural resources; equipment; materials; supplies; or other finished goods or products; utilities and utilities-related services (including services provided by public agencies); and maintenance, security and other miscellaneous services (excluding services provided by employees covered by collective bargaining agreements to which the Port is signatory).

10.3.2 “Interlocal Agreement” means an agreement in accordance with RCW 39.34 for joint or cooperative action between public agencies.

10.3.3 "Personal Services" means those services as defined in RCW 53.19.010(6), as that law may in the future be amended or superseded.

10.3.4 "Professional Services" means those services within scope of Section 39.80.020(5) of the Revised Code of Washington, as the same may in the future be amended or superseded.

10.3.5 “Project” means requirements undertaken to provide a product or service. Projects do not, however, include regular, recurring, or routine work associated with the day-to-day management and normal operations of the Port.
10.3.6 "Public Work" means construction, alteration, repair and improvement meeting the definition set forth in Section 39.04.010(4) of the Revised Code of Washington, as that law may in the future be amended or superseded.

10.3.7 "Purchased Services" means those services as defined in RCW 53.19.010(8), as that law may in the future be amended or superseded.

10.3.8 “RCW” means the Revised Code of Washington.
Delegations of Responsibility and Authority
1.5 year scan of test data demonstrated the Port delegation system performed well and as designed with clear guidance documents being followed by staff. Audit also identified an efficiency opportunity in comparison to regional agencies.

<table>
<thead>
<tr>
<th>AGENCY</th>
<th>DELEGATION</th>
<th>5 YEAR CAPITAL BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>King County</td>
<td>No limit – within bi-annual budget</td>
<td>$5 B</td>
</tr>
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<td>15,000,000</td>
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<td>$14 B*</td>
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<tr>
<td>Port of Seattle</td>
<td>300,000</td>
<td>$4.4 B^ plus SAMP in 10-year horizon</td>
</tr>
<tr>
<td>NWSA</td>
<td>300,000</td>
<td>$440 M</td>
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*Per Sound Transit Development Plan (2020-2025) from 2019 Annual Report, adopted by the Board of Directors on September 24, 2020
^ Per 2022 Port Plan of Finance.
3 YEAR SCAN – Commission Efficiency Opportunity
332 monetary items of 664 items over 65 meetings

**Efficiency Opportunity:**
80/20 Rule: Focus on the Vital 20% for Commission Action

- **$ Value of actions**
- **Efficiency Opportunity**
- **Commission Approval Actions**
- **Delegations in ED Remarks**
- **Public Session Necessary**
Raising ED Delegation Level from $300k to $5-10 mil increases efficiency for Port operations, while allowing more commission time to focus on policy, community impact, and high-cost programs.
The delegation was last updated 13 years ago in 2009 from $200k to $300k.

Delegation buying power is down, while Port and its budgets are up. Situation is out of balance.

- Creates inefficiency and robs Commission and Leaders of valuable policy and strategy time.
- The new delegation provides: 1) efficiency, 2) transparency, 3) benefits for Commission, Executive Director, and Business Partners.

### Port Delegations

<table>
<thead>
<tr>
<th>Delegation Type</th>
<th>2009</th>
<th>2021 – Purchasing Power</th>
<th>Percentage Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Delegations</td>
<td>$300,000</td>
<td>$213,772</td>
<td>28.7%</td>
</tr>
<tr>
<td>Capital Delegations</td>
<td>$300,000</td>
<td>$158,242</td>
<td>47.3%</td>
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### Port Budgets

<table>
<thead>
<tr>
<th>Budget Type</th>
<th>2009 Value</th>
<th>2022 Value</th>
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<td>Operating Revenue</td>
<td>$486.4 million</td>
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<td>Expense Budget</td>
<td>$277.9 million</td>
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<td>Capital 5-year forecast</td>
<td>$1.123 billion</td>
<td>$4.435 billion</td>
<td>74.6% (not including SAMP)</td>
</tr>
</tbody>
</table>
## Illustrative View of Current ED $300k Delegation

### Current Equivalent Time the ED Can Run the Port

<table>
<thead>
<tr>
<th>Budget</th>
<th>2021 Value</th>
<th>Business Days/ Year</th>
<th>Average Spend per Business Hour</th>
<th>Current Buying Power of 2009 $300k Delegation</th>
<th>Average Time ED Can Run the Port</th>
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</thead>
<tbody>
<tr>
<td>Expense</td>
<td>$423.4M</td>
<td>261</td>
<td>$202,778</td>
<td>$213,772</td>
<td>63 Minutes</td>
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<tr>
<td>Capital</td>
<td>$536.6M</td>
<td>261</td>
<td>$256,992</td>
<td>$158,242</td>
<td>37 Minutes</td>
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### What Would Current Delegation be if ED Could Run the Port for a Whole Day?

<table>
<thead>
<tr>
<th>Budget</th>
<th>8 Hour Day</th>
<th>Divide By</th>
<th>Increase Factor</th>
<th>Buying Power</th>
<th>Delegation Level to Run 1 Day</th>
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<tbody>
<tr>
<td>Expense</td>
<td>480 Minutes</td>
<td>63</td>
<td>7.6x</td>
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<td>37</td>
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<td>$2.1M</td>
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$5 million Delegation will Allow Greater Effectiveness and Benefits for Commission and ED
Summary of Package of Amendments

(1) To strike ‘$10M’ and to insert ‘$5M’ in its place.

(2) To insert intent language into the Policy Directive – stating that in all areas where the Commission has spoken through Resolution, Policy Directive, or Order, and has expressed the clear intent to have specific subject matter brought before them in public session for action – those items will come to a Commission meeting regardless of dollar amount associated with the item.

(3) Adding a new Section 3 to the Resolution providing for Executive Director review of the processes and procedures at one year after implementation; AND Internal Audit Review of adherence to the delegation process within 4 years of passage of the resolution.

(4) Providing for Policy Directive Review by the Commission on a periodic regular basis.
Benefits for Commission to Raising Delegation Level

• Eliminates clogging calendar by low priority Commission Action Items.
• Allows added time for the many competing pressures upon Commissioners.
• Allows more focus time for Commissioners on high priority issues such as: policy, strategy, business, community related items, workforce development, apprenticeship, WMBE and small business, transportation, community and social issues, etc.
• Increases time for Commissioner Committee work and areas of interest.
• Allows time for more in-depth check-in briefings for ongoing initiatives.

Benefits for ED and Port Staff

• Allows ED’s budgeted priorities to receive more time and effort.
• Enables the ED, Executive Leaders, and Port employees to focus on the most vital issues.
• Century Agenda Goal to be Efficient Agency - Saves Time and Money
• 14,500 staff hours cost savings, or equivalent to 5-7 FTE’s that can be redeployed to higher value work

Benefits to Business Partners and Community

• Saves up to 8-10 weeks of processing to get work out to the marketplace for certain small and large businesses and consultant partnerships
Discussion
Delegations of Responsibility and Authority
Table below is from 2020 Port Audit Team Report: Management Response to Audit Suggestion - Comparator Agencies

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From this scan it is clear the Port delegations are outdated.
Delegations – Audit Team, 18 Month Scan Results

• Earlier test of a 1-1/2 years period demonstrates the delegation system is performing well and as designed.
• While delegations can be complex in nature, audit testing demonstrates guidance documents are clearly laid out and are being followed by staff
• An efficiency opportunity was identified.

Port Staff Survey – Business Intelligence / Delegations Team

• Aviation, Maritime, Econ. Dev., Corporate Services - over 200 responses, achieved statistical reliability, 80-page report echoed efficiency need.
• Report Summary indicated important Commission items bureaucratically overwhelmed by operational and functional items.
Inflation Erosion upon Delegation Threshold

The delegation was last updated 13 years ago in 2009 from $200k to $300k

Delegation buying power is down, while Port and its budgets are up. Situation is out of balance. Creates inefficiency and robs Commission and Leaders of valuable policy and strategy time. Our proposal creates efficiency and maintains transparency.

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80/20 Rule: Focus on the Vital 20% for Commission Action
Raising ED Delegation Level from $300k to $5-10 mil increases efficiency for Port operations, while allowing more commission time to focus on policy, community impact, and high-cost programs.

Recommend $5, $7.5, or $10 mil Delegation.
Benefits for Commission to Raising Delegation Level

- Eliminates clogging calendar by low priority Commission Action Items.
- Allows added time for the many competing pressures upon Commissioners.
- Allows more focus time for Commissioners on high priority issues such as: policy, strategy, business, community related items, workforce development, apprenticeship, WMBE and small business, transportation, community and social issues, etc.
- Increases time for Commissioner Committee work and areas of interest.
- Allows time for more in-depth check-in briefings for ongoing initiatives.

Benefits for ED and Port Staff

- Allows ED’s budgeted priorities to receive more time and effort.
- Enables the ED, Executive Leaders, and Port employees to focus on the most vital issues.
- Century Agenda Goal to be Efficient Agency - Saves Time and Money
- Equivalent to cost savings of 6-8 FTE’s that could be redeployed to greater value work during this era of FTE losses and hiring shortages

Benefits to Business Partners and Community

- Saves up to 8 weeks of processing for certain small and large businesses partnerships
Estimated Financial and Time Savings

- Total estimated savings is approximately 16,600 hours per year which is conservatively equivalent to a range of 6-8 FTEs.

<table>
<thead>
<tr>
<th>Current Model - estimate</th>
<th>New Model - estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commission Actions – Based on average from 2018-2021</td>
<td>249</td>
</tr>
<tr>
<td>Estimated Staff hrs. per transaction</td>
<td>81</td>
</tr>
<tr>
<td>Average employee staff hour cost</td>
<td>$134</td>
</tr>
</tbody>
</table>

- Key Factors
  - Raising the delegation from 300k to 10M reduces the number of actions per year
  - Meeting time is reduced 55% in the new model and drafting time is reduced 30%
    - The new process lends itself to shorter meetings
    - The new drafting process requires less detailed preparation and public quality documents
  - The shorter meetings of the new process change the mix of staff hours resulting in an overall lower per hour cost.
Illustrative Split of Future Actions up to Delegation

**ED Delegation:**
- Applications software
- Buy Deicer
- IDIQ solicitations
- Purchase trash cans
- Initiate Design & Sign Construction contracts
- Tenant utility work

**ED Report: Highlight in Commission Meeting:**
- Train and Escalator maintenance contracts
- 5-year trash compacting agreement
- PSE Utility Agreement
- Accept shore-power grant

**Policy and Strategy votes in Public Session:**
- Joint Tourism Marketing
- ILA with City of Seattle, partner cities, WA State, Tribes
- FAA Sound Insulation Program in SeaTac and Des Moines
- Settlement agreements
- Workforce, WMBE, etc.
- Land, major leases, ADR, Community Engagement, EDI, Proclamations, etc.
- Annual Budget
- Huge Aviation Projects
### Illustrative View of Current ED $300k Delegation

#### Current Equivalent Time the ED Can Run the Port

<table>
<thead>
<tr>
<th>Budget</th>
<th>2021 Value</th>
<th>Business Days/ Year</th>
<th>Average Spend per Business Hour</th>
<th>Current Buying Power of 2009 $300k Delegation</th>
<th>Average Time ED Can Run the Port</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense</td>
<td>$423.4M</td>
<td>261</td>
<td>$202,778</td>
<td>$213,772</td>
<td>63 Minutes</td>
</tr>
<tr>
<td>Capital</td>
<td>$536.6M</td>
<td>261</td>
<td>$256,992</td>
<td>$158,242</td>
<td>37 Minutes</td>
</tr>
</tbody>
</table>

#### What Would Current Delegation be if ED Could Run the Port for a Whole Day?

<table>
<thead>
<tr>
<th>Budget</th>
<th>8 Hour Day</th>
<th>Divide By</th>
<th>Increase Factor</th>
<th>Buying Power</th>
<th>Delegation Level to Run 1 Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense</td>
<td>480 Minutes</td>
<td>63</td>
<td>7.6x</td>
<td>$213,772</td>
<td>$1.6M</td>
</tr>
<tr>
<td>Capital</td>
<td>480 Minutes</td>
<td>37</td>
<td>13x</td>
<td>$158,242</td>
<td>$2.1M</td>
</tr>
</tbody>
</table>

Should ED have Enough Delegation to Run the Port for 1 Day or 1 Week?
Yes – we recommended $10 million option, Governance Committee concurred
Legal changes to the General Delegations and general updates throughout the document

- Removed outdated references and language not necessary to the delegation that may be updated separately in the future
- Updated language related to permits, mitigation credits, non-disclosure agreements, restrictive covenants and hold harmless agreements
- Added back insurance and surplus delegations from previous delegations
- Updated Definitions, including Interlocal Agreements and Projects, while removing definitions that are no longer referenced in the delegation
- Added delegation for agreements that are not covered by any other specific delegation that promote operational or logistical efficiency, and do not meet the definition of Interlocal Agreements, such as reimbursement agreements with TSA, CBP or other public or private entities
- Updated Monetary Limits to align with other public entities and inflation since 2009
# Updates to Monetary Limits

<table>
<thead>
<tr>
<th>Monetary limits</th>
<th>2009</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Projects and Contracts</td>
<td>$300,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Airport Tenant Reimbursement</td>
<td>$200,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Utilization of Port Crews</td>
<td>$300,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Street Vacations</td>
<td>$300,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Budget Transfers</td>
<td>$300,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Preliminary Work</td>
<td>$300,000</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Critical Work</td>
<td>$500,000</td>
<td>$15,000,000</td>
</tr>
<tr>
<td>Claims and Settlements</td>
<td>$300,000</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Real Estate Agreements</td>
<td>$300,000</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>
Proposed Agenda

1. Call to Order
2. Executive Session
3. Approval of the Agenda
4. Special Orders of the Day
   - Executive Director’s Report, including highlights of delegation use above
5. Committee Reports
6. Public Comment
7. Consent Agenda
   - 8a Approval of Minutes
   - 8b Approval of Claims & Obligations
   - 8c Listing of monthly delegation use >$2.5 mil, two months in arrears
8. Unfinished Business
9. New Business Items
10. Presentations & Staff Reports
11. Questions on Referral to Committee & Closing Comments
12. Adjournment

Suggest Audit process within 18 months, and when working well, then sunset the public monthly report

Public Agenda Item 8c

<table>
<thead>
<tr>
<th>Category of Approval</th>
<th>Reference Numbers</th>
<th>Description</th>
<th>Category Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Property Agreements</td>
<td>0013</td>
<td>4-year lease to XYZ company</td>
<td>$670,985</td>
</tr>
<tr>
<td>Projects</td>
<td>0008 0012</td>
<td>PCS project - install airline ticket kiosks</td>
<td>$4,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maritime project - improve T91 dock</td>
<td>$6,904,380</td>
</tr>
<tr>
<td>Contract and Procurement Administration</td>
<td>0009 0011</td>
<td>Aviation signage for new passenger flow</td>
<td>$1,000,000</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tourism agreement with City of Seattle</td>
<td>$2,245,672</td>
</tr>
<tr>
<td>Legal Administration</td>
<td>0010</td>
<td>Settlement Agreement</td>
<td>$380,000</td>
</tr>
<tr>
<td>Other</td>
<td>0014</td>
<td>Non-profit Agreement (Commission briefed)</td>
<td>$452,340</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td></td>
<td>$17,653,377</td>
</tr>
</tbody>
</table>
**APPROVAL FLOW OF REQUESTS:**

1. Subject Matter Experts Pull Template from Executive SharePoint Site
2. Select Approval Type from drop-down
3. Yes or No clicks through delegation
4. Fill out approval form with fewer attachments than Comm. process
5. Send through Manager to ELT Member for Approval
6. ELT Sends to COO and Exec. Office
7. COO Review, Checks, and Phone Calls
8. Recommendation to ED
9. ED Decision

Saves XXX – YYY FTE’s

Suggest Audit Team check process within 24 months, and then sunset

**APPROVAL QUESTIONS AND CHECKS for ELT and COO:**

- Is this request of high Commissioner interest? Yes, No, NA
- Is this of high community interest? Yes, No, NA
- Is this a potential Commission Policy Item? Yes, No, NA
- Is this a potential Commission or Ed Strategic Item? Yes, No, NA
- External Relations check Yes, No, NA
- Finance check Yes, No, NA
- Legal check Yes, No, NA
- Procurement check Yes, No, NA
- OEDI check Yes, No, NA
- Executive COS check Yes, No, NA
- Commission COS check Yes, No, NA

**Decision Record Notes from Discussions:**

**Recommendation to Executive Director:**

- Approve Request Yes, No, NA
- Move Request to Commission Public Session Yes, No, NA
- Add Commission & Public Notification in ED Remarks Yes, No, NA
- Add to ED 2:2:1 discussion list Yes, No, NA
Infrastructure Regulatory Ecosystem Provides Boundaries and Guidance
APPENDIX
Updates to the Real Estate Delegations

Existing:

- For leases and other use agreements, $300,000 limit for lease reimbursement or payments, and five years or less.
- For amendments over five years, delegation included a $300,000 limit and “substantive” provisions remain unchanged.
- Easements or use agreements of Port property were delegated if they related to or benefit the Port’s operations and didn’t require any new financial obligation.
- Leasing, easements or otherwise using the property of others was limited to five years and less than $300,000.

Revised:

- $1,000,000 limit for specific, noncontingent monetary payments or reimbursements, and five years or less.
- Amendments for leases over five years only delegated if term, rental rates, environmental provisions are unchanged, any square footage changes are less than 10%, security deposit is not decreased, and cumulative noncontingent monetary obligations do not exceed $1,000,000.
- Easements are delegated if they do not deprive the Port of substantial use of the property or are less than 1000 square feet, and monetary obligations do not exceed $1,000,000.
- Leasing, easements or otherwise using the property of others is delegated so long as payments are less than $1,000,000, with no duration limit.
# Updates to Legal Delegations

<table>
<thead>
<tr>
<th>Legal</th>
<th>2009</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claims and Settlements</td>
<td>&lt;$300,000</td>
<td>&lt;$1,000,000</td>
</tr>
<tr>
<td>Reporting requirements</td>
<td>Quarterly/As issues arise/None</td>
<td>Annually</td>
</tr>
</tbody>
</table>

Updated and clarified language throughout the section, including the supervision of legal services; the retention of counsel and experts, including an update to the definition of “litigation” to limit the delegated authority to retain an attorney to represent an individual employee or commissioner to litigation matters, but not allow such retention for responding to a Port inquiry about workplace conduct or ethics; and the standards for settling litigation and claims.
Updates to Project Delegations

Added delegation for agreements that are not covered by any other specific delegation but are less than $10 Million dollars and promote operational or logistical efficiency

– Covers exchange of goods/services with any public or private entity, such as reimbursement agreements with entities like TSA/CBP, and MOAs and MOUs with other public and private entities that do not meet the definition of Interlocal Agreements

– All Interlocal Agreements will continue to require Commission approval

<table>
<thead>
<tr>
<th>Capital</th>
<th>2009</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Delegation</td>
<td>$300,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Airport Tenant Reimbursement</td>
<td>$200,000</td>
<td>$10,000,000</td>
</tr>
<tr>
<td>Utilization of Port Crews</td>
<td>$300,000</td>
<td>$10,000,000</td>
</tr>
</tbody>
</table>
Updates to Project Delegations – Continued

– Project is now a defined term including more than public works.
– Preliminary work on projects over $10 Million is allowable up to $2M with an expanded definition
– Expand Project Changes section
  • Generally, changes are allowed if within approved project budget
  • Remove 10% memos and 60-day memos
– Remove Bid irregularities section, Alternative Public Works contract delivery methods, Reporting
– Updated threshold for Critical Work from $500k to $15 Million for work requiring immediate action to avoid significant adverse consequences to public health, safety or property
Boundaries and Guidelines

US:
- NEPA
- Labor - Davis Bacon
- Uniform Bldg. Codes
- FAA
- AIA, ASTM, ASCE

WA:
- SEPA
- L&I Prevailing Wage
- RCW’s & CPARB
- Seismic Standards
- Round Tables

Region:
- PSRC
- Tribal and agency input to permits
Boundaries and Guidelines

**MUNICIPAL:**
- Land Use Codes
- Zoning Codes
- Building Codes
- Fire Codes

**PORT POLICIES:**
- Century Agenda
- Policy Committees
- Initiatives: E&S, Art, Workforce, W/MBE, etc.
- Internal Audit

**PORT ADMINISTRATION:**
- Procurement, Contract type to best fit project
- Tenant Guidelines
- Monthly Cost Roll-ups
- Delegation of Authority
Boundaries and Guidelines, Port Capital Administration Controls

ENGINEERING:
• Master Specifications
• Design independent checks
• PE encouraged
• Involve maintenance
• Asset work with F&I & MD
• Lessons Learned with PMs

SAFETY & SURVEY:
• Port Datums and Controls
• 4 crews know AV & MD
• Understand FAA needs
• GIS for new
• Data ranks for old
• OSHA to L&I-WISHA
• PPE requirements
• Safety specs and manual

CONSTRUCTION:
• Notify of CO’s with large dollar or time
• Change orders by type
• Nexus System
• CAF’s for operational interface & shutdowns
• CM’s, RE’s, Daily Inspectors
• PLA, Apprenticeship, PH
• Notifications
**MD PROJECT MANAGEMENT**

- All PM's use standard tools for budget tracking & updates
- Baselines set at 30% and at contract award for monitoring
- Partnership with finance regarding what costs goes into plan of finance in October

**AV PROJECT MANAGEMENT**

- Two estimates for mega projects by 30%
- 2020 lessons learned improvement
- Investment Committee (IC) changes
- 15% project definition before IC approval
- Discretionary changes pre-approval
Management Response - Values and Objectives for Staff Approach

**Values:**

- Generate more Commissioner time for policy, strategies, and mission priorities, while delegating lesser risk and operational items to ED.
- Find transparent means to assure Commission awareness and involvement commensurate with delegation: quarterly briefs, commission committee work, public action items and briefings, monthly reports, dashboards, 1:1’s, ED briefs, and other means.

**Objectives:**

- Find best balance for efficient delegation level(s) while ensuring transparency and governance that best matches the Port’s Business.
- Efficiency for Commission, staff and business/community partners.
## The Choice – Comparing Efficiency of Alternatives

About ½ (334 of 664) of all items that reach public session involve financial authorizations.

<table>
<thead>
<tr>
<th>Delegation Level</th>
<th>Who Approves</th>
<th>Commission Reviews Dollar Value</th>
<th>Dollar Percent</th>
<th>Commission Reviews Policy Items</th>
<th>Efficiency Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>If $300,000 (baseline)</td>
<td>Commission Action</td>
<td>$4.4 B</td>
<td>100%</td>
<td>100%</td>
<td>Baseline – Status Quo – Zero</td>
</tr>
<tr>
<td></td>
<td>Executive Director</td>
<td></td>
<td>0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>If $5 mil</td>
<td>Commission Action</td>
<td>$3.9 B</td>
<td>90%</td>
<td>100%</td>
<td>Improved Commission time for policy, strategy, committees</td>
</tr>
<tr>
<td></td>
<td>Executive Director</td>
<td></td>
<td>10%</td>
<td></td>
<td>Improved Staff Efficiency</td>
</tr>
<tr>
<td>If $7.5 mil</td>
<td>Commission Action</td>
<td>$3.8 B</td>
<td>88%</td>
<td>100%</td>
<td>More Commission time for policy, strategy, committees</td>
</tr>
<tr>
<td></td>
<td>Executive Director</td>
<td></td>
<td>12%</td>
<td></td>
<td>More Staff Efficiency</td>
</tr>
<tr>
<td>If $10 mil</td>
<td>Commission Action</td>
<td>$3.7 B</td>
<td>85.6%</td>
<td>100%</td>
<td>Most Commission time for policy, strategy, committees</td>
</tr>
<tr>
<td></td>
<td>Executive Director</td>
<td></td>
<td>14.4 %</td>
<td></td>
<td>Most Staff Efficiency</td>
</tr>
</tbody>
</table>

**NOTE:** The percentage difference between delegation levels is minor (approximately 2% of spend). In addition, the Commission approves the annual budget, and then re-approves items through the year.
Port Staff Survey and 3-Year Public Action Study Facts

• Survey widely agreed with Audit Team’s suggestion about efficiency.
• High survey response produced statistically significant results.
• Study indicated %’s by category over 3 years of public session:
  – Policy Items – 23% (less than one-quarter of all public session items)
  – Real Estate, Leasing, Concession Agreements – 6%
  – Briefings - 11%
  – Purchases for operational and capital – 13%
  – Consulting Agreements & amendments – 18%
  – Design – 11%
  – Various Capital Improvement items – 20%
  – Other – 10%+ (21 categories that overlap, thus add up beyond 100%)
Port Delegation’s History

- **1994** – Resolution 3181 passed setting Delegation value to $200k
- **2009** – Resolution 3628 passed increasing Delegation value to $300k
- **2016** – NWSA formation on August 4th
- **2017** – Study conducted on Commission Memo processing time
- **2018** – Staffing Process improvement study conducted by KMPG
- **2020** – Delegation of Authority internal audit
- **2021** – Project Team Formed
- **2021** – Port Delegation Survey distributed Port-Wide, statistically significant response level, and results identified.
Efficiency Opportunity – 2017 Internal Study re: Commission Memos

$6 million project to modernize HVAC required 41 revisions by 15 persons

Instead focus on Higher Value Policy Work in Public Session

Ensuring Memos & PowerPoints are thorough and accurate for public session requires extensive staff hours
End
DATE: January 11, 2023
TO: Stephen P. Metruck, Executive Director
FROM: Aaron, Pritchard, Commission Chief of Staff
SUBJECT: Adoption of Resolution No. 3811: A Resolution Increasing the Rate of Per Diem Allowance to Port of Seattle Commissioners, as Provided for by Washington State Statute RCW 53.12.060(3)

Amount of this request: N/A
Total estimated project cost: N/A

ACTION REQUESTED
Request Commission Adoption of Resolution No. 3811: A Resolution Increasing the Rate of Per Diem Allowance to Port of Seattle Commissioners, as Provided for by Washington State Statute RCW 53.12.060(3).

EXECUTIVE SUMMARY
The proposed Resolution enables Port of Seattle Commissioners to increase the number of days Commissioners may receive per diem and to increase the per diem rate to that set by Washington State. This is an increase in the per diem allowance Port of Seattle Commissioners can earn from $128 a day and a maximum of $15,360 per year to $185 a day and a maximum of $37,925 per year, for a total potential increase of up to $22,565.

JUSTIFICATION
Additional oversight and community engagement by commissioners is needed in order to align the Port with the region’s needs and values associated with the growing demands of the region’s aviation and maritime gateways.

As candidates for Port Commission become more diverse and have more responsibilities to family and non-Port-related work, it is necessary to recognize that the part-time commissioner position can be a significant burden for those who are not in retirement or independently wealthy. This per diem rate increase is intended to encourage candidates from more diverse backgrounds, while recognizing that the position has grown into a greater-than-part-time position.
In 2013 (Resolution 3678) the Commission linked commissioner salary and pay raises to the Washington State Legislature to establish a base salary and to keep pace with inflation. However, the rate of the per diem was not linked to legislators per diem allotment. As the workload for commissioners has increased over the past decade, the per diem allowance has not been sufficient to cover the number of days commissioners conduct Port-related work. Most Commissioners exhaust their current per diem allowance by August, approximately two-thirds of the way through the year.

The Washington Citizens’ Commission on Salaries for Elected Officials (WCCSEO) sets the salaries for state elected officials. According to the WCCSEO website, “State law requires that (the WCCSEO) base the salaries of the elected officials on realistic standards in order to pay them according to the duties of their office and to attract citizens of the highest quality to public service.”

The Commission’s action is authorized by RCW 53.12.060(3) and cannot not take effect for any individual or Commissioner until that person is elected or re-elected.

DETAILS

The nature of the Port of Seattle Commissioner position has changed over the last decade. Specifically, the amount of time and number of days commissioners are expected to execute the duties of the position have significantly increased. Since the passage of resolution 3678 in 2013, the addition of the Northwest Seaport Alliance to their responsibilities has increased the number of public meetings, committee meetings, and related briefings by roughly 50%. Similarly, commissioners are expected to meet with more constituents and stakeholders, prepare for more meetings, and create more written content than their predecessors.

According to the National Conference of State Legislators, Washington’s legislators’ per diem is $185 per day and it is tied to 89% of the federal per diem rate. Aligning commissioners’ per diem rate to state allowances will increase the daily rate from $128 to $185. This action would also raise the number of days that a commissioner can earn a per diem from 120 days per year to 205 per year. The combination of the extension of days a commissioner can earn per diem along with the increase in per diem rate results in the potential additional compensation of $22,565 to what commissioners can currently earn.

Commissioners commonly have multiple meetings that they are expected to attend during at least three days a week and often as many as five. Article II of the state constitution provides that legislators receive compensation “for each day’s attendance during the session” and RCW 44.04.120 provides that members may receive an allowance, "in lieu of per diem or any other payment, for a day or major portion thereof in which he or she is engaged in legislative business..." This is how the commissioner per diem operates. Thus, commissioners will not
automatically get any funds. These funds would only be available when they submit requests based on the days that they take meetings.

Currently, in addition to the per diem compensation, pursuant to Resolution 3678 and RCW 53.12.260(3), all Port of Seattle Commissioners are paid the same salary as members of the Legislature of the State of Washington. Unless it is otherwise waived, the current annual salary for members of the Legislature is set at $57,867, made effective on July 1, 2022. Unlike State legislators, Commissioners do not receive retirement benefits.

Commissioners’ per diems and other expenses are posted on the Port of Seattle website.

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

None.

**FINANCIAL IMPLICATIONS**

**Current and Proposed Rate Equations**

<table>
<thead>
<tr>
<th></th>
<th>Rate</th>
<th># of Days Allowed</th>
<th>Total Possible Annual Reward</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current per Diem</strong></td>
<td>$120</td>
<td>128</td>
<td>$15,360</td>
</tr>
<tr>
<td><strong>Proposed per Diem</strong></td>
<td>$185</td>
<td>205</td>
<td>$37,925</td>
</tr>
</tbody>
</table>

Approval of the resolution could result in an additional $45,130 in 2024 and 2025 if commissioners submit the maximum in per diem requests and $112,825 in 2026 and beyond.

**ADDITIONAL BACKGROUND**

None.

**ATTACHMENTS TO THIS REQUEST**

1. Draft Resolution No. 3811
2. Resolution No. 3678 *(Previously Adopted)*

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

1. December 13, 2022 – Introduction of the Resolution
PORT OF SEATTLE  
RESOLUTION NO. 3811

A RESOLUTION of the Port of Seattle Commission setting the daily per diem allowance Port of Seattle commissioners can earn to be equal to that of Washington state legislators, and increasing each commissioner’s maximum number of days of per diem reimbursement per calendar year from 120 days to 205 days.

WHEREAS, the voters of King County authorized and approved the formation of a port district co-extensive with King County to be known as the Port of Seattle in a special election on September 5, 1911; and

WHEREAS, the Port of Seattle is governed by five commissioners elected to four-year terms of office by the voters of King County and whose mission is to promote economic opportunities and quality of life in the region by advancing trade, travel, commerce, and job creation in an equitable, accountable, and environmentally responsible manner; and

WHEREAS, the Port of Seattle is unique amongst most ports in the nation in the diversity of operations it manages that includes an airport, seaport, grain terminal, three cruise ship berths, four recreational marinas, Fishermen’s Terminal, industrial lands, and parks, and is engaged in an expanding variety of economic development activities such as workforce development, tourism, as well as a joint cargo terminal operating agreement with the Port of Tacoma known as the Northwest Seaport Alliance; and

WHEREAS, in a representative democracy, it is essential for elected officials to reflect the full diversity of their constituency and that those citizens who choose elected office can maintain the economic means to participate while in office; and

WHEREAS, as a matter of good governance and sound public policy, the Port of Seattle Commission wishes to set a livable wage for Seattle Port Commissioners to encourage residents of King County from diverse backgrounds to seek election to the Seattle Port Commission; and

WHEREAS, the Port of Seattle Commission is the legally constituted governing body of the Port whose primary duties are to establish policies that guide the Port’s future, hire the Executive Director to implement those policies, execute its fiduciary responsibilities in the oversight of the expenditure of public funds, and to annually determine the amount of tax levy will be assessed on properties in King County; and
WHEREAS, Port of Seattle Commissioners are responsible to the voters in protecting the public’s interests and resources, which is different than a corporate board accountable to shareholders; and

WHEREAS, the Port of Seattle’s Century Agenda, established in 2012, envisions extensive outreach across King County by Seattle Port Commissioners to other regional government officials, industry and union stakeholders, educational institutions, and community organizations; and

WHEREAS, the role of Port of Seattle Commissioners has expanded considerably since the adoption of the Century Agenda and the passage of Resolution No. 3678 in 2013, which set the salary of Port of Seattle Commissioners to that of legislators in the State of Washington, but did not address the per diem rate and allowance for commissioners; and

WHEREAS, the creation of the Northwest Seaport Alliance in 2015, the nation’s first joint port development authority, established a unique marine cargo operating partnership with the Ports of Seattle and Tacoma in which the five Commissioners from each Port hire and oversee an independent executive thereby creating significantly expanded oversight duties of investments and operations in both the Seattle and Tacoma harbors; and

WHEREAS, additional Commission responsibilities include providing oversight and assuring the implementation of significant new policy directives passed by the Commission to include much greater emphasis on equity, diversity and inclusion, workforce development and more stringent environmental and greenhouse gas reduction goals; and

WHEREAS, there is a significant need for oversight of unprecedented levels of construction and operational changes occurring at the airport and seaport, as well as development of surrounding Port properties which increases pressure for commercial development on industrial lands; and

WHEREAS, the current per diem for a Seattle Port Commissioner of $128 per day with an annual maximum of $15,360 per calendar year, which equates to 120 days per calendar year, is not commensurate with the substantial year-round commitment of time and effort required to fulfill the duties of the office which is exacerbated by significant rising cost of living in King County; and

WHEREAS, Port Commissioners are currently not eligible for the Public Employee Retirement System nor the per diem set by the Washington State legislature; and

WHEREAS, as of July 1, 2022, port commissioner salaries annually, not including per diem or other allowable reimbursements, is $56,881 as determined by the Washington Citizen’s Commission on Salaries for Elected Officials for members of the State legislature on which Resolution 3678 based Port Commissioner salaries; and

WHEREAS, Washington’s legislators’ per diem is currently $185 per day and it is tied to 89% of the federal per diem rate; and
WHEREAS, Article II of the Washington State Constitution provides that legislators receive compensation “…for each day's attendance during the session” and RCW 44.04.120 provides that members may receive an allowance, "in lieu of per diem or any other payment, for a day or major portion thereof in which he or she is engaged in legislative business…”; and

WHEREAS, unlike Washington state legislators, the official work of Port of Seattle Commissioners extends throughout the calendar year and beyond the legislative session.

NOW, THEREFORE, BE IT RESOLVED by the Commission of the Port of Seattle as follows:

SECTION 1. Port of Seattle Commissioners’ per diem shall be equal to that of Washington state legislators and shall be increased or decreased consistent with changes made to the legislators’ rate. A commissioner may not receive more than 205 days of per diem in a calendar year.

SECTION 2. This change in per diem rate and the increase in the maximum number of per diem days that can be reimbursed for each commissioner in a calendar year shall apply to all newly-elected Port of Seattle commissioners and not enter into effect for any currently-serving commissioner until that commissioner is re-elected to another term of office.

SECTION 3. As provided by RCW 53.12.265, a Port of Seattle Commissioner may waive all or any portion of the compensation payable under RCW 53.12.260 by filing a written waiver with the Secretary of the Port of Seattle Commission. In accordance with commission bylaws, such waiver shall become a public record held by the Port of Seattle Commission Clerk.

ADOPTED by the Port of Seattle Commission at a duly noticed public meeting thereof, held this ______ day of ______________________________ 2022, and duly authenticated in open session by the signatures of the commissioners voting in favor thereof and the seal of the commission.

__________________________________________________________

__________________________________________________________

__________________________________________________________

__________________________________________________________

Port of Seattle Commission
RESOLUTION NO. 3678

A RESOLUTION of the Port Commission of the Port of Seattle setting the annual salary compensation of Seattle Port Commissioners at the same amount as paid to legislators in the State of Washington.

WHEREAS, the Port of Seattle was established as a port district by the voters of King County, Washington, on the 5th day of September 1911, and has been a major economic force in Puget Sound since its founding; and

WHEREAS, the Port of Seattle is governed by five Commissioners elected to four-year terms of office by the voters of King County and whose mission is to create jobs by advancing trade and commerce, promoting industrial growth and stimulating economic development; and

WHEREAS, in a representative democracy, average citizens representing the diverse residents of King County ought to be able to serve in elected office, such as a Seattle Port Commissioner; and

WHEREAS, the $6,000 annual salary of a Seattle Port Commissioner is a barrier for many average citizens to serve in this position and is not commensurate with the breadth and complexity of the operations of the Port of Seattle, nor the substantial commitment of time and effort required to fulfill the duties of the office in advancing the interests of the Port of Seattle and King County; and

WHEREAS, as a matter of good governance and sound public policy, the Port of Seattle Commission wishes to set a higher salary for Seattle Port Commissioners; and

WHEREAS, a higher salary may encourage more average citizens of King County to be candidates for election to the Seattle Port Commission since salary may be a consideration in an individual's decision to seek elective office.

WHEREAS, the Century Agenda adopted by the Port of Seattle Commission in 2012 aspires to create 100,000 new Port-related jobs over the next twenty-five years in addition to the 200,000 regional jobs already dependent on the Port of Seattle; and

WHEREAS, the Century Agenda envisions extensive outreach across King County by the Seattle Port Commissioners to other regional government officials, industry and union stakeholders, educational institutions and community organizations leading to job creation and workforce development in the maritime and aviation sectors; and

WHEREAS, the success of the Century Agenda is critical to the long-term continued job growth, economic health and environmental sustainability of the Puget Sound region;
NOW, THEREFORE, BE IT RESOLVED by the Port Commission of the Port of Seattle as follows:

Section 1. As provided by RCW 53.12.260(3), which allows a port commission to set the compensation to be paid to commissioners, Seattle Port Commissioners shall be paid the same salary as members of the Legislature of the State of Washington.

Section 2. This change in salary shall not enter into effect until each Commissioner currently in office shall be re-elected to another term of office. Any Commissioner appointed to the Port of Seattle Commission shall not be eligible for this salary increase until after being elected to the position of Seattle Port Commissioner.

Section 3. Any changes in the salary for members of the Legislature of the State of Washington as determined by the Washington Citizens' Commission on Salaries for Elected Officials, or any other changes adopted by statute, shall apply to Seattle Port Commissioners.

Section 4. As provided by RCW 53.12.265, a Seattle Port Commissioner may waive all or any portion of the compensation payable under RCW 53.12.260 by filing a written waiver with the Secretary of the Seattle Port Commission.

ADOPTED by the Port Commission of the Port of Seattle at a duly noticed public meeting thereof, held March 12, 2013, and duly authenticated in open session by the signatures of the Commissioners voting in favor thereof and the seal of the Port Commission.

/S/
DATE: January 6, 2022
TO: Stephen P. Metruck, Executive Director
FROM: Glenn Fernandes, Director, Internal Audit
SUBJECT: 2022 Internal Audit Annual Report

EXECUTIVE SUMMARY

The purpose of this memo is to brief the Commission and the public on audits performed in the 2022 calendar year. The 2022 Audit Plan was approved at the December 9, 2021, Audit Committee Meeting.

Internal Audit has completed 17 audits and a special project in 2022. The audits identified 4 High Risk, 19 Medium Risk, and 3 Low Risk issues for management action. The 17 completed audits included a construction audit of the International Arrivals Facility that was performed jointly with HPM, LLC, a contracted consulting firm. This audit report is still in draft format and will be finalized for the April 2023 Audit Committee meeting. Implementation of the associated recommendations will strengthen internal controls, enhance processes, and improve efficiencies. Internal Audit has a process in place where we periodically follow up on recommendations and agreed upon management action plans to assure action is taken. This process also relies on attestations from Management. Delinquent action plans are periodically brought to the Audit Committee’s attention.

BACKGROUND

On December 11, 2007, the Port of Seattle (Port) Commission passed a motion, which resulted in the creation of an independent and objective Internal Audit function. In discharging their duty, the Internal Audit Director and his staff are accountable to the Audit Committee and to the Executive Director.

For 2022, Commissioner Cho chaired the Audit Committee and Commissioner Mohamed served as the other commission member. Ms. Sarah Holmstrom, CPA, and a Finance Leader for Amazon Web Services, served as the external member of the Audit Committee. The Audit Committee serves as an arm of the Port Commission.

Internal Audit conducts independent, objective, risk-based audits of the Port’s operations, technology, activities, and vendors. Our audits add value by helping the Port achieve its mission
and contribute to: financial stewardship, accountability, transparency, governance, and operational excellence. Internal Audit derives its authority from the Port Commission.

LISTING OF 2022 INTERNAL AUDITS COMPLETED

Below is a list of audits completed by Internal Audit in 2022. These audits are categorized by audit type.

Performance:
1) **ACH Payment Fraud**
2) Emergency Procurement
3) Federal Grant Administration – Aviation Division
4) **South King County Community Impact Fund**

Performance - Capital:
5) International Arrivals Facility
6) Interim Westside Fire Station
7) North Satellite Renovation and Extension Project
8) South Satellite Infrastructure Upgrade Project

Information Technology:
9) T2 Airport Garage Parking System Replacement
10) Account Management (ICT)
11) Account Management (Aviation Maintenance)
12) Audit Log Management (ICT)
13) Audit Log Management (Aviation Maintenance)
14) Security Incident Response Management (ICT & Aviation Maintenance)

Limited Contract Compliance:
15) In-Ter-Space Services, Inc. DBA Clear Channel Airports
16) Avis Budget Car Rental LLC
17) The Hertz Corporation

Special Project by Management Request:
18) Cruise Season Rent Credit Review of Cruise Terminals of America

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1 Highlighted audits have findings that are discussed in more detail to the Commission.
2 This audit was added to respond to a known fraud that had occurred and to mitigate future fraud risk.
3 The original audit title, “Community and Sustainability Initiatives,” per the 2022 Audit Plan, was updated as the audit scope was further refined.
4 Security Sensitive – Exempt from public disclosure per RCW 42.56.420; these will not be discussed.
5 This was a focused analysis, not an audit, accordingly, Internal Audit issued a memo.
ATTACHMENTS TO THIS BRIEFING

(1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

December 9, 2021 – The Commission was briefed on 2021 completed audits.
December 8, 2020 – The Commission was briefed on 2020 completed audits.
December 10, 2019 – The Commission was briefed on 2019 completed audits.
2022 Internal Audit Annual Report
Glenn Fernandes - Director, Internal Audit

January 24, 2023
AOB Conference Center
12:00 PM – 5:00 PM
2022 Audit Committee

- Commissioner Sam Cho, Committee Chair
- Commissioner Hamdi Mohamed, Committee Member
- Sarah Holmstrom, Committee Public Member
About Internal Audit

- Internal Audit conducts independent, objective, risk-based audits of the Port’s operations, technology, activities and vendors.

- Our audits add value by helping the Port achieve its mission and contribute to: financial stewardship, accountability, transparency, governance, and operational excellence.

- Internal Audit derives its authority from the Port Commission.

- The Director is a dual report, who reports functionally to the Audit Committee and administratively to the Executive Director.
Combined Assurance to Break Down Silos:

The governing body, management, and internal audit have their distinct responsibilities, but all activities need to be aligned with the objectives and collectively grow the value of the organization.

Beyond the Three Lines Model:

Today’s environment of risk bedlam requires us to go a step further. Collaboration is a business imperative and a platform we can use to generate even greater enterprise value.

The Association of Local Government Auditors

Certificate of Compliance

Port of Seattle Internal Audit

Recognizing that the organization’s internal quality control system was suitably designed and operating effectively to provide reasonable assurance of compliance with Government Auditing Standards and the International Standards for the Professional Practice of Internal Auditing for assurance and consulting engagements during the period November 1, 2018 through October 31, 2021.

Corrie Stokes

Corrie Stokes
ALGA Peer Review Committee Chair
### Limited Contract Compliance
- In-Ter-Space Services, Inc. DBA Clear Channel Airports
- Avis Budget Car Rental LLC
- The Hertz Corporation

### Performance
- Payroll Controls\(^1\)
- Emergency Procurement
- Federal Grant Administration – Aviation Division
- South King County Community Impact Fund\(^2\)
- ACH Payment Fraud\(^3\)

**Capital**
- International Arrivals Facility (IAF)
- Interim Westside Fire Station
- North Satellite Renovation & Expansion Project (NSAT)
- South Satellite Infrastructure Upgrade Project (SSAT)
- Post IAF Airline Realignment\(^4\)
- C-1 Building Expansion Construction Phase\(^4\)
- Main Terminal Low Voltage\(^4\)

### Information Technology
- T2 Airport Garage Parking System Replacement
- Account Management (ICT)
- Account Management (Aviation Maintenance)
- Audit Log Management (ICT)
- Audit Log Management (Aviation Maintenance)
- Security Incident Response Management (ICT & Aviation Maintenance)\(^5\)

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1. Per the audit client’s request, this audit has been deferred to the 2023 Audit Plan.
2. The original audit title, “Community and Sustainability Initiatives,” per the 2022 Audit Plan, was updated as the audit scope was further refined.
3. This audit was added to respond to a known fraud that had occurred and to mitigate future fraud risk.
4. RCW 39.10.385 requires an independent audit, to confirm the proper accrual of costs, for General Contractor/Construction Manager (GC/CM) projects. This audit work is performed by external, contract auditors through a multi-year, Indefinite Delivery, Indefinite Quantity (IDIQ) contract. The work is ongoing.
5. Two separate audits were originally planned for ICT and Aviation Maintenance; however, they were combined for efficiency, due to substantially similar processes.
2022 Audit Plan Update

- The 17 completed Audits identified 4 High Risk, 19 Medium Risk, and 3 Low Risk rated issues for management action.

- The audits included a construction audit of the International Arrivals Facility that was performed jointly with HPM, LLC. This audit report is in draft form and will be finalized for the April 2023 Audit Committee meeting.

- Adapted workplan and recommended improvements to control weaknesses, when Port was hit with the ACH Fraud.

[Audit reports can be found at https://www.portseattle.org/page/internal-audit-reports.]
Information Technology Audits

- Information Technology Audits are generally security sensitive and are discussed in non-public sessions.

- Six audits were completed in 2022.

Foundational Information Technology Controls – Center for Internet Security (CIS) – 18 Key Audits

- Ongoing efforts to perform CIS audits to help assure the Port has a solid foundation of information technology controls. We completed 5 CIS related Audits in 2022; over the four years, we have completed 9 of 18 key CIS audits.
Limited Contract Compliance Audits

- Self reported revenue from concessionaires and rental car companies.
- Audits focus on compliance with lease agreement terms.
- Three audits performed in 2022:
  1. In-Ter-Space Services, Inc. DBA Clean Channel Airports
  2. Avis Budget Car Rental LLC
  3. The Hertz Corporation

<table>
<thead>
<tr>
<th># of Audits That Had Findings</th>
<th>Under-reported Revenue (CFC)*</th>
<th>Due to Port</th>
</tr>
</thead>
<tbody>
<tr>
<td>2</td>
<td>$11,826</td>
<td>$11,826</td>
</tr>
</tbody>
</table>

* Customer Facility Charge
Highlighted Performance Audits

1) ACH Payment Fraud

2) South King County Community Impact Fund
Internal Audit (IA) completed a targeted audit of the processes that contributed to eight payments totaling $572,682, being wired into fraudulent bank accounts.

The payments were for the Port of Seattle’s (Port’s) Opportunity Youth Initiative and were intended for the Seattle Parks Foundation (Seattle Parks) and the Urban League of Metropolitan Seattle (Urban League).

The purpose of the audit was to identify the control breakdowns that allowed the fraud to occur and to recommend ways to reduce the likelihood of future misappropriations.

The criminal aspect of this case was led by Port Police, but subsequently handed off to a Homeland Security task force.
<table>
<thead>
<tr>
<th></th>
<th>Sealooke Parks Foundation</th>
<th></th>
<th>Urban League</th>
</tr>
</thead>
<tbody>
<tr>
<td>Funds wired to fraudulent accounts:</td>
<td>$184,675 ($48,997 returned – Account Closed)</td>
<td>Funds wired to fraudulent accounts:</td>
<td>$388,007 ($307,523 Funds frozen and returned by Citibank)</td>
</tr>
<tr>
<td>Initial Net Loss</td>
<td>$135,678</td>
<td>Net Loss</td>
<td>$80,485</td>
</tr>
<tr>
<td>Loss to Port (Deductible)</td>
<td>$25,000</td>
<td>Loss to Port (Deductible)</td>
<td>$25,000</td>
</tr>
</tbody>
</table>
Fraud Overview

Seattle Parks Foundation
• Falisha Kurji – Coordinator
• Email compromised
  o Funds wired to fraudulent accounts
    $184,675.02 ($48,997.39 returned)
Spoofed Domain names copied and used as bait:
Michelle@SeattlePraksFoundation.org
(“Parks” changed to “Praks”)
Michelle Benetua – Director of Strategic Partnerships and Programs

Urban League
• Latonya Stuckey, A/P Specialist
• Email compromised
  o Funds wired to fraudulent accounts
    $388,007.38
Spoofed Domain names copied and used as bait:
mcamara@urbanLeague.org
jdelapena@urbanLeague.org
alawton@urbanLeague.org
(lower case “l” changed to upper case “I”)
58 Users

AFR Core Services (three employees):
- Manager
- Records Management Specialist
- Administrative Professional

Add/Modify Vendor Information; including banking information

Approve Vendor Changes

Denied

User is notified of denial

Approved

Changes live in Peoplesoft

No validation of information

Procedure failure/not occurring as intended.

Procedure requires staff to validate changes before approving
Performance - South King County Community Impact Fund

South King County Fund
In 2019, the Port pledged $10 million, funded over a five-year period, to provide environmental benefits to near airport communities impacted by airport noise.

South King County Community Impact Fund (SKCCIF)
In November 2021, the name was changed to the SKCCIF and aims to develop equity-based partnerships and to provide resources and support in historically underserved, ethnically, and culturally diverse near-airport communities.

Aligned to Port Mission
To promote economic opportunities and quality of life in the region by advancing job creation in an equitable, accountable, and environmentally responsible manner.

[See Appendix A for additional Program information.]
Approvals were not always documented, expense reimbursements were not always supported with receipts, and expenses sometimes exceeded thresholds allowable by the contract. Although the financial impact is relatively small, these exceptions could be considered non-compliance with contract terms.

- Twenty-five percent (25%), or 25 of 99 invoices did not have a documented approval.

- Expense reimbursements sometimes exceeded contract thresholds.
  
  [See Appendix B for details.]
Recommendations

- Maintain documentation to evidence approval.
- Broaden contract reimbursement requirements.
  - Granularity of contract language impacts efficiencies
  - Grass roots organizations/limited resources
  - More time for stakeholder partnerships/community engagement

Status: Report was just issued. Management action target completion by 6/30/2023.
2023 Audit Strategy

- Stay independent and objective.
- Enhance processes, by viewing work through an “equity lens.”
- Streamline existing concession audit processes.
- Continue to focus on Capital Delivery (Financial, Quality, and Schedule).
- Continue to focus on the 18 “Center for Internet Security” audits that will provide the groundwork for well-established cybersecurity controls.
Appendix A - South King County Community Impact Fund
(Additional Program Information)

- Environmental Program is governed by RCW 35.21.278 *Contracts with community service organizations for public improvement.*

- Contract values and reimbursements from January 1, 2021 – June 30, 2022:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Contract Value</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bridging Cultural Gaps</td>
<td>$19,974</td>
<td>$14,050</td>
<td>$0</td>
</tr>
<tr>
<td>Tilth</td>
<td>14,800</td>
<td>5,535</td>
<td>9,265</td>
</tr>
<tr>
<td>Friends of Normandy Park</td>
<td>11,163</td>
<td>4,867</td>
<td>4,474</td>
</tr>
<tr>
<td>Federal Way Korean American Association</td>
<td>20,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Multicultural Self-Sufficiency Movement</td>
<td>9,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Puget Soundkeeper Alliance</td>
<td>10,902</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Bhutanese Community Resource Center</td>
<td>13,488</td>
<td>6,500</td>
<td>0</td>
</tr>
<tr>
<td>Summer Search (Congolese Basketball Team)</td>
<td>19,000</td>
<td>0</td>
<td>3,075</td>
</tr>
<tr>
<td>Summer Search (Expanding Environmental Justice)</td>
<td>19,990</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Partner in Employment</td>
<td>19,977</td>
<td>0</td>
<td>19,977</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$158,294</strong></td>
<td><strong>$30,952</strong></td>
<td><strong>$36,791</strong></td>
</tr>
</tbody>
</table>
Appendix A - South King County Community Impact Fund (Additional Program Information) (continued)

- Economic Recovery Program is governed by RCW 53.08.245 *Economic development programs authorized - job training and education.*

- Contract values and reimbursements from January 1, 2021 – June 30, 2022:

<table>
<thead>
<tr>
<th>Organization</th>
<th>Contract Value</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Chamber of Commerce PNW</td>
<td>$100,000</td>
<td>$21,539</td>
<td>$70,128</td>
</tr>
<tr>
<td>African Community Housing and Development</td>
<td>99,903</td>
<td>61,000</td>
<td>38,903</td>
</tr>
<tr>
<td>Asian Counseling and Referral Service</td>
<td>70,000</td>
<td>35,500</td>
<td>28,250</td>
</tr>
<tr>
<td>Business Ending Slavery and Trafficking (BEST)</td>
<td>100,000</td>
<td>61,800</td>
<td>15,162</td>
</tr>
<tr>
<td>Cares of Washington</td>
<td>91,160</td>
<td>77,387</td>
<td>13,773</td>
</tr>
<tr>
<td>Chief Seattle Club</td>
<td>100,000</td>
<td>57,500</td>
<td>42,500</td>
</tr>
<tr>
<td>El Centro de la Raza</td>
<td>99,985</td>
<td>75,000</td>
<td>24,985</td>
</tr>
<tr>
<td>Highline College Foundation</td>
<td>90,839</td>
<td>5,750</td>
<td>43,250</td>
</tr>
<tr>
<td>Partner in Employment</td>
<td>100,000</td>
<td>79,375</td>
<td>20,625</td>
</tr>
<tr>
<td>Washington Maritime Blue</td>
<td>99,995</td>
<td>99,995</td>
<td>0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$951,882</strong></td>
<td><strong>$574,846</strong></td>
<td><strong>$297,576</strong></td>
</tr>
</tbody>
</table>

[Note: Numbers are rounded to the nearest dollar.]
## Appendix B - South King County Community Impact Fund
(Audit Issue Details - Expense Reimbursements Exceeding Contract Thresholds)

<table>
<thead>
<tr>
<th>Organization</th>
<th>Contract Description</th>
<th>Reimbursement ($)</th>
<th>Amount not allowed ($)</th>
<th>Description of Reimbursement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Summer Search</td>
<td>Refreshments $31.25 / event X 32 events = $1,000</td>
<td>97.04</td>
<td>65.79</td>
<td>13 Coins - Brainstorming Dinner</td>
</tr>
<tr>
<td></td>
<td>Refreshments $31.25 / event X 32 events = $1,000</td>
<td>135.84</td>
<td>104.59</td>
<td>Buffalo Wild Wings - Park Cleaning Event</td>
</tr>
<tr>
<td></td>
<td>Refreshments $31.25 / event X 32 events = $1,000</td>
<td>38.04</td>
<td>6.79</td>
<td>McDonalds - Park Cleaning Event</td>
</tr>
<tr>
<td></td>
<td>Refreshments $31.25 / event X 32 events = $1,000</td>
<td>211.39</td>
<td>173.35</td>
<td>Taste of Congo - Park Cleaning Event</td>
</tr>
<tr>
<td></td>
<td>Refreshments $31.25 / event X 32 events = $1,000</td>
<td>40.24</td>
<td>8.99</td>
<td>Jack in the Box - Park Cleaning Event</td>
</tr>
<tr>
<td></td>
<td>Refreshments $31.25 / event X 32 events = $1,000</td>
<td>37.89</td>
<td>6.64</td>
<td>Target - Refreshments</td>
</tr>
<tr>
<td></td>
<td>Refreshments $31.25 / event X 32 events = $1,000</td>
<td>94.69</td>
<td>63.44</td>
<td>Taste of Congo - Park Cleaning Event</td>
</tr>
<tr>
<td>Partner in Employment</td>
<td>Crew Lead $25 * 360 hours = $9,000</td>
<td>9,352.50</td>
<td>352.50</td>
<td>Staff / Contractor Time</td>
</tr>
<tr>
<td></td>
<td>Youth Stipend $1,000 * 5 youths = $5,000</td>
<td>9,826.00</td>
<td>4,826.00</td>
<td>Volunteer Support</td>
</tr>
<tr>
<td>Highline College Foundation</td>
<td>Class Roster of Enrolled Participants in RVET, AutoCAD or Civil3D courses ($19,530)</td>
<td>32,000.00</td>
<td>12,470.00</td>
<td>Class Roster</td>
</tr>
<tr>
<td>Friends of Normandy Park</td>
<td>2 weed wrenches X $10.25 = $20.50</td>
<td>79.24</td>
<td>58.74</td>
<td>Weed Wrench</td>
</tr>
<tr>
<td></td>
<td>20 gloves X $1 = $20</td>
<td>187.24</td>
<td>187.24</td>
<td>Gardening Gloves</td>
</tr>
<tr>
<td></td>
<td>Refreshments $35 / event X $6 events - $210</td>
<td>39.53</td>
<td>4.53</td>
<td>Starbucks Coffee</td>
</tr>
<tr>
<td></td>
<td>Refreshments $35 / event X $6 events - $210</td>
<td>39.53</td>
<td>4.53</td>
<td>Starbucks Coffee</td>
</tr>
<tr>
<td>Bhutanese Community Resource Center</td>
<td>1 Hand Washing Station X $70 = $70</td>
<td>79.18</td>
<td>9.18</td>
<td>Handwashing Station</td>
</tr>
<tr>
<td></td>
<td>25 boxes garbage bags X $20 = $500</td>
<td>523.76</td>
<td>23.76</td>
<td>Garbage Bags</td>
</tr>
<tr>
<td></td>
<td>25 compost bins X $46 = $1,150</td>
<td>1,277.10</td>
<td>127.10</td>
<td>Compost Bins</td>
</tr>
<tr>
<td>Tilth</td>
<td>Staff Training / Volunteer Coordination $30 X 260 hours = $7,800</td>
<td>7,923.70</td>
<td>123.70</td>
<td>Staff Support</td>
</tr>
<tr>
<td></td>
<td>Guest Instructor Stipend $250 X 4 speakers = $1,000</td>
<td>1,700.00</td>
<td>700.00</td>
<td>Guest Instructors</td>
</tr>
<tr>
<td></td>
<td>Project Supplies $3,000</td>
<td>3,526.30</td>
<td>526.30</td>
<td>Project Supplies</td>
</tr>
<tr>
<td>Bridging Cultural Gaps</td>
<td>Plants $500</td>
<td>1,800.00</td>
<td>1,300.00</td>
<td>Plants</td>
</tr>
</tbody>
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