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Item No.

10c\_order

Meeting Date: November 14, 2023

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ORDER 2023-15

AN ORDER OF THE PORT OF SEATTLE COMMISSION

... to establish an Environmental Legacy Fund within the Port budget and plan of finance.

PROPOSED

NOVEMBER 14, 2023

INTRODUCTION

The Port of Seattle is deeply committed to its role in cleaning up historical industrial pollution related to its properties. Environmental cleanups are key to the Port's mission, vision, and Century Agenda goals for a sustainable, equitable region. The Port's cleanup efforts ensure not only improved water quality, salmon and marine mammal recovery, and healthier habitats in the lands, waters, and wildlife in the Puget Sound region, but also quality of life for local residents

through safer shorelines for people to use for recreation and fishing, and a cleaner environment for future generations.

The Port has demonstrated this commitment over many years of work throughout King County – from Elliott Bay to Seattle-Tacoma International Airport. In fact, the Port has not only completed a substantial amount of cleanup work to-date, but also gained national and international recognition for its innovative and community-centered approaches.

Key to the Port’s ongoing success in these efforts is fiscally responsible planning. With more than one hundred millions of dollars in currently known Port environmental cleanup costs anticipated in the coming decade, it is prudent for the Port to start making down payments now so that it can meet its responsibilities without undue impact on the Port’s taxpayers. The creation of a dedicated Environmental Legacy Fund within the Port’s budget and plan of finance will help to achieve that goal.

Finally, while not directly part of the Environmental Legacy Fund, the Port will continue its efforts to minimize the burden on its taxpayers through a commitment to the “polluter pays” principle, ensuring where possible that the parties responsible for causing contamination are accountable for paying their fair share.

**TEXT OF THE ORDER**

The Port Commission hereby directs the Executive Director to create a dedicated Environmental Legacy Fund, with the following properties:

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- 1) The Environmental Legacy Fund shall be established within the Port's overall financial structure. Funds within this account shall only be used for the purposes outlined below.
- 2) Assets in the fund shall be used exclusively for costs related to environmental cleanup of contamination from historical industrial operations on properties acquired by the Port and/or prior Port or Port tenant operations. Eligible activities shall include environmental investigations, testing, analysis, design, cleanup, and monitoring for active sites as well as initiation of similar activities for new sites.
- 3) The fund will only include deposits of Port property tax levy funds. Additional funds used toward the Port's environmental cleanup efforts – including but not limited to the Port's General Fund, contributions from third parties or legal settlements with those parties, insurance recoveries, and Washington State Department of Ecology grants – will be managed separately but in coordination with expenditures from the new Environmental Legacy Fund.
- 4) The Executive Director shall recommend a deposit of \$30 million in property tax levy revenues into the fund to seed the creation of this account.
- 5) In subsequent years, the Executive Director shall make an annual recommendation through the budget process about designating additional increments of property tax levy dollars to be deposited into the fund.

#### STATEMENT IN SUPPORT OF THE ORDER

The Port and its neighbors are committed to a shared vision of a sustainable, equitable region. The Port's cleanup work is core to achieving that goal, leading to improved water quality, salmon and marine mammal recovery, healthier habitats, safer shorelines for people to use for recreation and fishing, and a cleaner environment for future generations. It is this vision and values that are driving the Port to create the Environmental Legacy Fund – as a way to ensure critical resources needed for remediation and cleanup are available, while staying true to its role as an environmental and financial steward for its taxpayers and residents.

The Port's environmental remediation projects identify and address threats to human health and the environment caused by contamination resulting from historical industrial operations on properties acquired by the Port and/or prior Port or Port tenant operations. The results of these efforts – as well as the attendant compliance with regulatory mandates, management of Port liabilities, and support of the local community – align with the goals and objectives of the Century Agenda, and Maritime, Aviation, Economic Development Division and Storm Water Utility Business Plans.

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The Port has identified a number of potentially contaminated sites that must be investigated and remediated in compliance with federal and state environmental laws and regulations. The cost

to achieve these cleanups will exceed one hundred million dollars.

Although the Port may not ultimately bear all or even most of the liability for the contamination, it is often practically and financially beneficial for the Port to take initial responsibility to manage and pay for the cleanup, and seek proportional recovery of its costs from other liable parties through insurance claims, legal settlements, state grants and other sources. The Port's goals are to cost-effectively complete this environmentally responsible work.

One of the key lessons from the COVID-19 global pandemic is the incredible value of having strong financial reserves. The Port maintained its operations and supported its partners and community during the pandemic because of this preparation, and it is prudent to bring that approach to its environmental cleanup planning.

Establishing the fund allows these investments to be more predictable and allows the Port to build resources over time to meet these costs. Setting aside cleanup reserves also gives the Port more ability to continue pursuing other important tax-levy funded projects, like maritime capital improvement and economic development programs.

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