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Item No. \_\_8f attach 3\_\_  
Meeting Date: November 21, 2023

Summary of 2018 Interlocal Agreement  
between the City of SeaTac and the Port of Seattle  
as of August 30, 2023

#### EXECUTIVE SUMMARY

Seattle-Tacoma International Airport (Sea-Tac) is located completely within the boundaries of the City of SeaTac. The City and Port have used interlocal agreements (ILA) since 1997 to address respective operational and authority issues that could be anticipated to arise with regard to the operation of the airport and related facilities. There has been almost no litigation between the Port and the City during that time, resulting in greater efficiency, economic benefit and operational cost savings for both the Port and the City, especially with regard to the Airport's capital program and property development.

Staff teams from the Port and the City negotiated throughout 2017 on behalf of a new agreement to bring to the Joint Advisory Committee (JAC), which is comprised of two port commissioners and three councilmembers. With JAC approval, the 2018 ILA was adopted by both the SeaTac City Council and Port Commission, and took effect February 17, 2018 for a term of 10 years (February 2028).

The agreement is intended to be a comprehensive and cohesive package of elements with mutual value to both the Port and the City, and a commitment to successful partnership, providing predictability and consistency for activities between the Port and the City. Each element reflects a negotiated outcome between Port and City positions, for overall benefit.

#### ADOPTED INTERLOCAL AGREEMENT

The purpose of the ILA is to jointly establish a mutual and cooperative system to exercise respective jurisdictional authority and avoid disputes between the Port and the City of SeaTac. The use of an ILA recognizes that the City and the Port have a unique relationship and both parties benefit from partnership, transparency and collaboration around the operation of SEA Airport, which is an essential public facility under state law, and one of the 12 busiest airports in the national system of airports in the U.S. Having a negotiated agreement provides transparency, predictability and consistency and significantly reduces the potential for litigation between the Port and the City.

As stated in the Guiding Principles established by the JAC before commencing negotiations, the focus of this Agreement is about the City and the Port 'moving forward together' proactively, rather than reactively. Furthermore, this ILA reaffirms a partnership that allows the Port and the City to grow together and move the community and region forward in a positive way. The extensive economic and operational presence of the airport in the city creates both benefits and impacts to the adjacent businesses and residents in the city. The ILA is intended to build on the benefits of the relationship and provide for economic opportunity along with the success of the airport, and address impacts to City businesses and residents.

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Foundational work for the new ILA began in 2016 with the Guiding Principles providing a framework for the upcoming negotiations. Following this, staff from the City of SeaTac and Port of Seattle began active negotiations in January 2017. Work teams, along with City and Port executives, completed language for all sections of the agreement, and the JAC finalized negotiations for the proposed agreement in preparation for public briefings and adoption. The ILA consists of seven Chapters: the Preamble, General Provisions, Land Use & Development, Permitting & Inspections, Transportation, Environmental Regulations, and Public Safety & General Services.

The adopted ILA addresses land use and development regulations to serve the interests of both the Port and the City; delegation of building permitting authority by the City to the Port, attendant responsibilities and documentation/system needs between the Port and the City; and traffic planning between the Port and the City, including the initiation of the Neighborhood Parking Program. The adopted ILA also addresses storm water management, environmental review and public safety. The framework section, or General Provisions, addresses the term of the ILA, the role of the Joint Advisory Committee, the amendment process, and dispute

resolution.

In contrast with the prior ILA, new elements contained within the 2018 ILA include: a boundary map to delineate delegated permit authority; a process for the Port to support City business license compliance; and a fee structure to support the integration of Port permitting into the City's established system. The 2018 ILA also includes new fees for service, including permit fees, and financial support for the City's General Fund as "Community Relief Contribution."

Additionally, the ILA addresses transportation impact fees, and surface water management fees for Port-owned properties.

#### REVIEW AND ADOPTION

The table lists the primary elements contained within the adopted agreement and the negotiated outcome for each.

#### TOPIC

SEPA lead agency

#### FINAL: COUNCIL-COMMISSION-APPROVED

- Port is lead agency inside AAA boundary
- Port is lead agency outside AAA boundary for airport-related uses
- City is lead agency for non-airport related uses outside AAA boundary

#### SEPA process

- Port includes City early in SEPA process inside the AAA boundary, via use of the project checklist.
- City serves as a consulted agency, per WAC, on Port property outside AAA boundary

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#### TOPIC

#### FINAL: COUNCIL-COMMISSION-APPROVED

- City serves as lead agency for development on port-owned property not related to airport use outside the AAA boundary

SWM fees – annual,  
ongoing

- Port pays annual SWM fees of \$1.275MM
- Port receives a standard 25% discount from the City fee scale, as per code
- Port receives another 15% discount for comprehensive performance of the on-airport system
- Port receives \$220,000 credit toward fees for regional detention facility

Other Environmental  
Components

Mutually-agreed upon language for landscape standards, aviation hazards, noise impacts and air quality.

Building Permit  
Authority

The City delegates building permit authority to the Port for all work inside the AAA boundary. A map shows permitting designation.

Project valuation establishes a base fee for all permitted projects and for the costs of incorporating Port data into the City system,

performing quality assurance and receipt data to keep City records accurate and up to date.

Other Permitting –  
Business License

Port regularly checks on-airport locations, particularly behind security, for business license compliance with Port contractors/lessees and subcontractors.

Land Use &  
Development

Port and City have mutually adopted zoning and standards unique to Port development needs.

Transportation

- Port subject to traffic impact fees on development outside AAA boundary.
- Acknowledgement that SEPA is used to mitigate project impacts.
- City concurrency required outside AAA boundary.
- Port and City share traffic planning modelling and associated costs for model development.
- Port pays annual contribution of \$1.4MM to the City for Community Relief, to be used for city-designated services (currently committed to public safety, traffic and parking enforcement.)
- Fund goes into special account and distribution noted each year.

Public Safety & General  
Services

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TOPIC

FINAL: COUNCIL-COMMISSION-APPROVED

- Monies may be considered as part of future project mitigation during SEPA process with respect to police and enforcement or parking and traffic regulations
- Payment may be suspended by the Port if the City commences litigation against the Port without first going through the dispute resolution process.
- Port releases its interest in remaining parking tax collected under current ILA, to support City's new neighbourhood parking program

Length of Term

Ten years, with five-year check-in on agreement to recommend renegotiation or continuation and commence renegotiation at year eight.

SUMMARY OF LETTERS OF AGREEMENT (MINOR AMENDMENTS) (thru Q2 2023)

LOA 2018-01 – Sound Transit Station Platform

Clarifies that the Sound Transit Station Platform area is under city permitting authority.

LOA 2019-01 – Air Cargo Facilities

Clarifies the use of certain Port parcels for air cargo related operations.

LOA 2020-01 – Freestanding Retail

Clarifies that retail uses are permitted for the terminal, not freestanding businesses.  
LOA 2020-02 – Pre-Application Meeting Agenda Setting  
Clarifies that the Port can also request a Pre-Application Meeting and set the agenda.  
LOA 2020-03 – Reorganizing Certain Non-AAA Provisions  
Notes sections of the ILA that will need to be reorganized in future ILAs to provide clarity.  
LOA 2020-04 – Clarifying Operational Fire Inspections in the Future AAA Area  
Clarifies that city fire inspections will be conducted of designated Port facilities located in the Future AAA.  
LOA 2021-01 – Port Property Zoning for Future City Action  
Clarifies Port properties to be zoned AVO or AVC in future city-wide zoning changes.

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LOA 2021-02 – FAA Facilities Exemption in AAA  
Clarifies that FAA facilities in the AAA are exempt from permitting.  
LOA 2021-03 – City Business Licensing Process Changes  
Acknowledges the city's change of process for business licensing.  
LOA 2021-04 – Clarifying Permitting Authority  
Clarifies the delegation of permitting authority from the city to the Port in the ILA, and the retention of associated liability that comes with that delegated authority.

#### FINANCIAL SUMMARY (thru 2023)

##### YEAR

2018  
2019  
2020  
2021  
2022  
2023

##### Community

###### Relief

###### Contribution

\$1,400,000  
\$1,400,000  
\$1,400,000  
\$1,400,000  
\$1,400,000  
\$1,400,000

##### Surface Water

###### Mgt Fee

\$1,274,953  
\$1,274,953  
\$1,274,953  
\$1,274,953  
\$1,274,953  
\$1,274,953

##### Quality

###### Assurance

###### Minimum

###### Payment

\$226,600  
\$233,851  
\$239,697  
\$245,450  
\$257,968  
\$281,701

##### TOTAL

\$8,400,000

\$7,649,717

\$1,485,268

Grand Total = \$17,534,985

#### YEAR FIVE RECOMMENDATION

Section 2.3 of the ILA specifies the procedure, in the fifth year of the ILA, for recommendation to the Joint Advisory Committee (JAC) whether to “complete the term without renegotiating the terms of the provisions of the Agreement or reopen negotiations immediately.”

On April 4, 2023 City Manager Carl Cole and Port Aviation Managing Director Lance Lyttle issued a Letter of Recommendation for completion of the ILA. Negotiations on the next ILA will commence sometime after February 17, 2026.