

START OF TRANSCRIPT

[00:00:29] Good morning. Is this working?
[00:00:32] Thinking you're OK.
[00:00:33] Fantastic. Good morning.
[00:00:34] This is Commission President Stephanie Bowman calling to order the special meeting of November 12th, 2019.
[00:00:40] That time is a nine, 17, 18.
[00:00:44] We're meeting at the conference center at Sea-Tac Airport.
[00:00:47] Present with me today are Commissioners Caulkins Felleman and.
[00:00:51] Commissioner Gregoire will be joining us later.
[00:00:53] This meeting is being digitally recorded and may be viewed or heard at any time on the port's Web site and may be rebroadcast by King County Television.
[00:01:01] Please join me in standing for the Pledge of Allegiance.
[00:01:08] To the flag of the United States of America and to the republic for which it stands one nation under God, indivisible, with liberty and justice for all
[00:01:25] Thank you so commissioners who are now at the time of the order of the approval of the agenda.
[00:01:29] I believe we have at least one item if we wanted to remove from the consent calendar.
[00:01:36] Yes, I would like to remove Item 6e from the consent agenda.
[00:01:43] Excellent.
[00:01:44] Any other removals or changes to the order?
[00:01:46] No. Okay.
[00:01:47] With that. So, Paul, would you please show that I'm I guess I need a motion to the agenda.
[00:01:54] Yes. Has approved the removal of items 6e.
[00:01:58] second motion.
[00:02:00] Commissioner Steinbruck. Second by Commissioner Felleman.
[00:02:02] All those in favour please indicate by saying aye.
[00:02:05] All those opposed. Nay. Excellent.
[00:02:08] Mr. Metruck Good morning, commissioners.
[00:02:11] I've several announcements today.
[00:02:14] As you know, last week there were general elections here in Washington State.
[00:02:17] While the results have not yet been certified, it is clear there will be a number of changes in the jurisdictions we partner with, wrote King County, including a new port commissioner, Sam choa.
[00:02:29] We'll provide you with a formal update once the election results have been finalized, including our strategy for engaging these newly elected officials in two statewide initiatives that the commission took positions on opposing Initiative 976 and supporting initiative supporting Initiative 1000.
[00:02:47] Both went opposite of your endorsement.
[00:02:49] We'll continue to track next steps on both these issues which impact our operations in our budget, the budgets of our local government partners.
[00:02:57] Regarding Initiative 1000.
[00:03:01] I want you, our employees and the communities to know that the ports commitment to infusing equity in all our work in increasing access to opportunities will remain a strategic priority for us here.
[00:03:11] I also want to highlight this weekend's commencement of tolling in the S, the State Road 99 tunnel.
[00:03:18] We've been actively tracking the potential impacts of traffic diversion from this change, both on freight and on commuting for our employees.
[00:03:26] We've informed all employees last week on the potential disruptions.
[00:03:29] We may have been experiencing some this morning.
[00:03:31] I don't know. With the remainder in with the remainder of our flexible work options in other commute trip reduction offerings, port staff is working with State and City Department of Transportation.
[00:03:41] King County Metro to monitor any traffic impacts and make real time adjustments as needed.
[00:03:48] On Monday, November 4th, the port hosted an open house upon your square on the proposed cruise terminal at 40 terminal forty six.
[00:03:57] About seventy five members of the public attended public comments focused on perceived environmental impacts of the project and included questions about how the new cruise terminal might affect the Pioneer Square neighborhood.
[00:04:08] Speaking of Cruise, I also want to note a highly successful second annual Cruise Connections event on November 6th.
[00:04:15] The conference was an opportunity for cruise executives, Pacific Northwest Suppliers Tour and attraction operations, hotels, tourism, import representatives to meet and discuss business and industry prospects.
[00:04:30] Stephanie Jones-Stebbins and myself had the opportunity to speak at the conference, which included approximately 300 attendees looking for opportunities despite a few peaceful protesters.
[00:04:40] A number of small and 1B owned businesses shared that it was a hugely beneficial chance to gain access to some of the business opportunities the cruise offers our local economy.
[00:04:51] I would also like to share some good news that the port's energy conservation measures at the airport appear to be paying off.
[00:04:58] The airport use less electricity from Bonneville Power Authority in 2019 than it did 10 years ago.
[00:05:05] Twelve of the twelve month power constraint consumption from P.B.
[00:05:09] PBA, which supplies 98 percent of the airport's power, was over 1000 megawatt hours lower this past year than in 2009.

[00:05:17] And that's due to conservation measures that we put in place.

[00:05:23] On the issue of assessed accessibility at your last meeting, you discussed accessibility improvements at Sea-Tac Airport the following day, Commissioner Stein Steinbruck and the airport managing director Lance Lyttle hosted a press conference with a number of excess disability partners to highlight these improvements.

[00:05:40] And I'm pleased to say that the coverage has been significant and very positive.

[00:05:44] On a related note, the local tourism promotion organization Visits Seattle has created a whole Web page for airport accessibility, highlighting our status as one of the most accessible airports in the country.

[00:05:57] Finally, I want to highlight a notable external meeting that occurred since your last meeting.

[00:06:02] First, this new Statewide Aviation Coordinating Commission held its first meeting in Olympia on October 30th.

[00:06:08] Jeffrey Brown from the airport staff is our representative on the commission, which has its stated goal the identification of an additional airport port capacity to accommodate passenger demand beyond what Sea-Tac is currently projected to be able to serve.

[00:06:23] And regarding today's commission meeting, the main focus is the 2020 budget.

[00:06:28] I will say more about that later.

[00:06:30] However, I didn't want to call to your attention one aspect from the rest of the agenda.

[00:06:35] You'll note in a number of collective bargaining agreements on the consent agenda, including the agreement with the Seattle Building Trades Council on behalf of seven unions.

[00:06:44] Our labor relations team, as has been working for the past seven several years to make the process of delivering US collective bargaining agreements more efficient.

[00:06:54] And I want to share my congratulations for them for this milestone.

[00:06:57] There are two additional CBA that will be presented for your approval next week.

[00:07:02] Commissioners, this concludes my remarks.

[00:07:05] Thank you, Steve. Appreciate that.

[00:07:08] We are now moving on to public comments.

[00:07:12] We've got several folks that have signed up to comment today.

[00:07:16] I'm going to start this morning with council member elect J.C.

[00:07:19] Harris. J.C.,

[00:07:21] in the rep, I believe.

[00:07:23] I believe Mr. Harris Harris's.

[00:07:26] He signed up for the public hearing.

[00:07:28] Oh, for the tax lobby. OK, J.C.,

[00:07:30] we'll see you in a little while.

[00:07:32] OK, then we'll move on to Jordan Van Most Eveillard followed by John Prosek and Jan of Unlatch.

[00:07:40] Good morning. Good morning.

[00:07:41] Come on up.

[00:07:45] And you've got to that's it.

[00:07:46] OK. Good morning, commissioners.

[00:07:52] My name is Jordan Van Votes.

[00:07:54] And I'd like to begin by acknowledging that we're here on unseeded Duwamish territory.

[00:08:00] I've been volunteering in the field of public health for the past 15 years, mainly in disaster response, which is why I'm here.

[00:08:08] We're facing a global disaster.

[00:08:12] The third cruise ship terminal may look good from where you sit.

[00:08:15] The short term revenue boost will likely please a few constituents.

[00:08:20] But what will it look like in 50 years when the Seattle waterfront is under a few meters of water?

[00:08:26] When our grandchildren are trying to survive in a world with 500 parts per million CO2, when the climate emergency makes every other crisis in our world exponentially worse, that world is rapidly approaching and we won't stop it with individual actions like electric cars or solar panels or going vegan.

[00:08:46] Although individual response is really important, it's meaningless unless bodies like this act responsibly to perform their civic duty and act towards the common good of all life.

[00:08:58] Even if you dismiss the moral arguments which consider the sacred obligation we have to care for our shared planet not just for humans but all life, including cetaceans who are increasingly threatened by Prop noise, ship strikes and sewage.

[00:09:13] It's my understanding that this commission has climate sustainability guidelines.

[00:09:18] I urge you to take strong action in line with that obligation and your sustainability guidelines and other.

[00:09:25] And reconsider the climate and other negative impacts of the terminal 46 expansion.

[00:09:29] Thank you.

[00:09:31] Thank you, Jordan. John Percept, followed by Jan and then Stacy Oak's.

[00:09:46] Good morning, commissioners.

[00:09:48] Thank you for the opportunity to address you this morning.

[00:09:52] For the record, my name is John Sack and I'm representing ILWU Local 19.

[00:09:57] I've been doing a lot of policy work for the local for many years on transportation and land use and I sit on their executive board.

[00:10:04] I'm here this morning to address some concerns about the proposed cruise ship terminal.

[00:10:09] We have submitted a scoping letter for the SIPA process, but since virtually nobody reads those in the public anyway, I wanted to highlight a few of our concerns in public.

[00:10:20] First, we are concerned about the shortened timeframe of submitting comments while we were able to get ours in.

[00:10:28] We did come across quite a few people who hadn't had a chance opportunity and maybe they're submitting last minute letters or maybe not.

[00:10:36] But if we were to extend that comment period, I think it would be a great thing to try to capture more data in terms of what we can study and see what the actual impacts are based on more stakeholder input.

[00:10:50] The second thing is we are concerned about the possible removal of the cranes.

[00:10:55] I know that this has been a conversation that the commission and staff and we've had over the past several months.

[00:11:02] And unfortunately for us, there is not some finality on that.

[00:11:06] But we're concerned that their possible removal would definitely affect the ability to attract customers for Marine cargo that may be operating in conjunction with a cruise terminal on the north berth of 46.

[00:11:21] We are also concerned about traffic impacts.

[00:11:25] Washington State Ferries game traffic often coincides with ship arrivals and departures congestion at the SYG yard, which would include the use of cargo from the transport of cargo from forty six as well as Terminal 30 and also just the operation itself.

[00:11:43] If there's cargo and crews operating simultaneously, how does that interplay, especially with all the different commodities that are that could be possibly handled there?

[00:11:54] We're asking for some alternatives to be looked at.

[00:11:57] I'll state that we're not categorically against a new development, but I'll close to say that terminals 91 terminal 46 and Terminal 30 are mentioned in the night in the 2014 cargo diversification report and that those should be looked at, too.

[00:12:12] Thank you. I appreciate your time.

[00:12:14] Thank you, John. Jan, Stacy Oakes, followed by Michael Foster.

[00:12:23] Good morning. Thank you, commissioners and leadership staff.

[00:12:26] My name is Jan Vonleh.

[00:12:28] I'm a volunteer with 350 Seattle.

[00:12:30] And I'm here to talk about influence um concern that the crew's expansion will be more influenced by the cruise ship operators and the financial bottom line than influenced by the IPCC scientists.

[00:12:48] Your Century Agenda Group A Greenhouse Gas Targets Scope Three are areas where the port can influence the greenhouse gas reduction.

[00:12:58] However, in our September meeting with the maritime leadership, there was no clear plan on how the port was going to meet that target.

[00:13:07] The port could decide against expansion, which would be wonderful for the environment, but short of that we would ask that you strengthen your influence by requiring that all of the shortlisted proposals require that we stop using heavy fuel oil, that we commit to low carbon, zero emissions, that we commit to free prior and informed consent by the indigenous peoples.

[00:13:36] The financial bottom line shouldn't be our priority.

[00:13:39] Rather, given this acute climate emergency, the port should demonstrate its public responsibility to strongly influence greenhouse gas reduction all through the cruise ships cruising up to Alaska and back.

[00:13:56] So I thank you for your consideration.

[00:13:59] Thank you, Jan. Stacy, Michael Foster and then Mary Patterson.

[00:14:11] Hi, good morning. My name is Stacy OK's.

[00:14:14] I'm an organizer with 350 Seattle.

[00:14:16] And as we begin, I would just like to acknowledge that we stand on the land of the Duwamish people, people who have and continue to care for this land and water.

[00:14:25] Since time immemorial and we're here today to deliver a letter signed by almost two dozen organizations opposing the Port of Seattle's proposed terminal 46 cruise ship terminal due to the risk of significant climate disruption, marine pollution and public health impacts from cruise ship emissions.

[00:14:45] Expanding port infrastructure to support more cruise ships of ever increasing size is incompatible with the climate leadership that the state and the port states are striving towards.

[00:14:56] The maritime sector produces more climate pollution than major many major countries, including Canada, Germany, Brazil, South Korea and Mexico.

[00:15:06] Cruise ships, as they exist today, are the antithesis of decarbonization.

[00:15:10] These massive vessels are floating cities and are almost wholly fueled with one of the dirtiest fossil fuels on earth.

[00:15:16] Heavy fuel oil.

[00:15:18] Heavy fuel oil is a waste product of the world's oil refineries and cruise ships use a lot of fuel.

[00:15:24] Converting air pollution into ocean pollution with open loop scrubbers is also not a solution.

[00:15:29] Further, at a time when vessel traffic noise is crippling the ability of critically endangered southern resident killer orca whales to hunt salmon and the pollutants have bio cumulated up the food web, damaging their ability to survive and reproduce.

[00:15:43] Megad ship traffic into their habitat could well push these iconic animals to the brink of extinction.

[00:15:49] We know that ship exhausts from all types pose serious health risks to humans.

[00:15:54] The new terminal would be situated next to a sports stadium affecting those players.

[00:15:58] In addition, cruise ships emit on average three times the amount of climate disrupting health, damaging black carbon particulate pollution as their cargo ship counterparts.

[00:16:08] I want to reiterate some of the points that Jan just made about what we would need to do if we're going to seriously consider putting in another cruise ship terminal.

[00:16:16] We need to make sure that we're using the best oil, the best fuel that we currently have.

[00:16:22] We need to make sure that we're operating below where key whale frequencies and again, following free prior informed consent.

[00:16:29] So we please hope that you put these things above financial gain.

[00:16:34] Thank you.
[00:16:36] Whoops. Thank you, Stacey.
[00:16:38] Michael, Mary Patterson and Anglia sorry, Jela, Amere.
[00:16:44] Hi, Michael.
[00:16:50] I'm glad the port is using less electricity and greening its operations.
[00:16:57] You are your name? My name is Michael Foster.
[00:17:01] You are? Actively building a new, greener gas chamber for kids.
[00:17:12] You are efficiently, securely locking the door behind them.
[00:17:19] You're risking the survival of my family tree and yours.
[00:17:27] Congratulations on greenwashing your operations and making people feel less guilty about getting on a plane which could double their carbon footprint for the year or taking a cruise in oceans where over half of marine vertebrates aren't there anymore.
[00:17:49] Since I started school.
[00:17:52] That's on my watch.
[00:17:55] That's on your watch.
[00:17:57] Everything that happens in this committee, each vote.
[00:18:03] Is now a crime against humanity and nature and your job as humans.
[00:18:11] Is now to stop yourself.
[00:18:14] To stop the port.
[00:18:17] To convince people to get people to stay home, not cruise, not fly, not buy stuff from China.
[00:18:31] I'm gonna channel Gretta here for a second.
[00:18:34] The politics have not been invented yet.
[00:18:38] That's your job. There is no one who will stop you from doing your job to wipe out life on the planet.
[00:18:45] There is no body that can do that.
[00:18:48] It's up to you. Landsat, the medical journal, is calling on all health care professionals worldwide to break the law.
[00:18:59] Break the law because we have a crisis.
[00:19:04] We have to get to zero emissions by 2025.
[00:19:10] Zero emissions by 2025.
[00:19:14] For our kids to go on.
[00:19:17] Thank you.
[00:19:19] Thank you, Michael. Mary Gilla and then Jim Ace.
[00:19:31] Hello everybody, I'm Mary Patterson with 350 Seattle in the Keep It in the Ground work group.
[00:19:37] I'm nervous, but it's an honor to be here amongst my fellow organizers, amongst people from labor with whom someday we hope to work together and to be on Duwamish land.
[00:19:50] They're still here. I'm here to offer the equity case against the proposed new terminal for cruise ships.
[00:19:58] My question is.
[00:20:00] Is the port commission just trying to paint lipstick on a pig?
[00:20:05] No offense meant, but they want to follow the metaphor a little bit by building a supposedly green terminal for cruise ships.
[00:20:14] Is it enough for the ships to plug into port and not pollute directly to our communities while when they leave port, they will revert to their practices of spewing black carbon into the air and polluting the water with scrub left alone to grow water and treated sewage.
[00:20:37] Is it equitable for the port to make money on clean green Seattle only to enable these ships burning heavy fuel oil to offload their byproducts?
[00:20:49] I'm less wealthy towns and cities along the British Columbia and Alaska coast.
[00:20:54] Back to the pig for a moment.
[00:20:56] Real equity happens when we are accountable for the whole lifecycle of any fuel, whether it's liquefied natural gas or heavy fuel oil.
[00:21:04] And so the port has to consider and be accountable for where the oil or gas is extracted and who is harmed by that and what is harmed by that and how it's transported, whether by a hundred car plus unit trains or by pipelines that we know leak routinely and pollute water, air, land around communities.
[00:21:34] And the other point to consider about this whole life cycle, when you make your calculations about the port, is the missing and murdered indigenous women and girls phenomenon that is better and better understood along pipeline routes.
[00:21:47] Lastly, just this last point to conclude that just transition that we all envision will not happen by painting lipstick on a pig.
[00:21:56] We've got to look at the whole pig in this case, work for a fossil fuel free shipping industry, even cruise line industry, and then build a green terminal for them.
[00:22:08] Thank you.
[00:22:09] Thank you, Mary. Jim Ace and then Elizabeth Burton.
[00:22:16] And then Amy. Did you see any basis to testify?
[00:22:19] Please bring the sheets up.
[00:22:21] Thanks.
[00:22:22] Well, greetings. Good morning.
[00:22:23] My name is Guilherme Year.
[00:22:25] I come to this selfishly as an open water swimmer.
[00:22:30] I got involved with environmental issues because I totally immerse myself year round in the Salish Sea and have become extremely aware not only of the pollutants in there, but also of the sound issues that I can hear even as a swimmer and cannot believe how loud they must be to our ocean mammals out there.

[00:22:51] So I just wanted to say I'm against the building of the new terminal.
[00:22:56] Currently, cruise ships and this is currently release 1 billion gallons of sewage into the ocean each year.
[00:23:04] That according to the cruise ship report card.
[00:23:07] If cruise shipping continues actually shipping and cruises by 2050, we can expect 250 percent an increase.
[00:23:18] This is according to a study at Europa study in climate pollution.
[00:23:22] So 250 percent increase in climate pollution by 2050.
[00:23:31] We rarely think of the cruise passengers themselves, but they experience 60 times and more the pollutants than folks on land and that pollute.
[00:23:41] And those pollutants, can this be dispersed and are dispersed to people off the ship as well?
[00:23:47] So environmentally consciousness and just plain old common sense demands for things.
[00:23:54] If this terminal moves forward.
[00:23:57] One is we must switch current fleets to proven hybrid technologies.
[00:24:02] The second point is it's essential to commit to low carbon, zero emission battery or hard hydrogen fuel cells, propulsion propulsion systems in any new ships.
[00:24:13] Three cruise ships need to operate below whale related decibel frequencies in migration or feeding habitats.
[00:24:22] And lastly, it's essential to demonstrate a commitment to free prior informed consent of indigenous peoples and suspend Terminal 46 selection issue a revised RFQ.
[00:24:36] Thank you.
[00:24:38] Thank you. Gila Jamais.
[00:24:40] Elizabeth Burton. And then our last person signed up to testify as Margaret Mackoff.
[00:24:52] Morning, Ryan, sorry.
[00:24:55] Jim, Ace, Good Morning Ryan, Fred, Stephanie and Peter, this morning in your inbox, you've received a letter from organizations expressing our concern and an opposition to the proposed cruise ship terminal, as well as a document making the case against the terminal.
[00:25:15] We hope you enjoy the those documents.
[00:25:18] And we look forward to talking with them more about them, the content of them.
[00:25:22] To be clear, we don't oppose commerce.
[00:25:24] We don't oppose business.
[00:25:27] We don't oppose good living wage jobs.
[00:25:31] And we don't even necessarily oppose all cruise ships.
[00:25:34] What we do oppose is business as usual commerce that pollutes our air, water and climate.
[00:25:40] Well, we do oppose our industries that contribute massive amounts of greenhouse gas emissions.
[00:25:47] Well, we oppose our corporations that violate environmental laws like Carnival Corporation that currently uses terminal anyone.
[00:25:56] Well, we oppose our cruise ships that burn the dirtiest, cheapest fuel available.
[00:26:00] Heavy fuel oil and then convert the air pollution to water pollution, contribute to ocean acidification.
[00:26:06] So we we oppose the expansion of turmoil 46 as a cruise ship terminal.
[00:26:15] We ask that the port, the commission, suspend the selection process, suspend the SEPA review.
[00:26:23] To disqualify any consortiums that include environmental criminals, including Carnival Corporation.
[00:26:29] And we suggest that Revie cementing a rather publishing revised RFQ really starting over from scratch would be the most appropriate step.
[00:26:40] And I'll end by saying that a well, it's a relatively wealthy, privileged community city like Seattle effectively exporting while benefiting from the financial.
[00:26:55] A city enjoying the benefits, the financial benefits of a cruise ship terminal and then exporting the costs onto the rest of the world and our future is an equity issue.
[00:27:05] And we ask you to consider that.
[00:27:06] Thank you.
[00:27:08] Thank you, Jim. Elizabeth.
[00:27:10] And then Margaret. And then anybody else signed up?
[00:27:15] Nope. And then public comment will be closed.
[00:27:20] Good morning, commissioners.
[00:27:22] I'm Dr. Elizabeth Burton.
[00:27:23] I'm speaking on behalf of People for Climate Action Seattle.
[00:27:27] We have chapters throughout King County.
[00:27:28] Over 500 members countywide, along with 16 cities in King County.
[00:27:34] The port is a member of the King County Cities Climate Collaboration K4C.
[00:27:40] Goals of K4C include reducing greenhouse gas emissions countywide by 25 percent by 2020, 50 percent by 2030 and 80 percent by 2050 compared to a 2007 baseline.
[00:27:55] At the moment, not a single case for sea jurisdiction is on track to meet its 2020 goal.
[00:28:02] It's not rocket science to see that opening a new cruise ship terminal is antithetical to meeting these goals.
[00:28:10] Most people fly in to Seattle to go on to their to go on to their ships.
[00:28:14] So in a 4000 passenger cruise ship takes a it takes a journey that's up to 4000 people flying in and 4000 people flying out.
[00:28:23] So the airplane emissions, greenhouse gas emissions need to be considered along with the noise pollution and greenhouse gas emissions of the ship itself.
[00:28:37] My organization has mostly been working on the city and county level, and we we haven't been paying particular attention to the port, so I

apologize for being slow to get up to speed.

[00:28:48] But I've recently looked at your Web site.

[00:28:51] I'm sorry to say I was appalled to read the Ports Century agenda, which involves, among other things, a goal of doubling the number of international flights and destinations, doubling the economic value of cruise ship traffic.

[00:29:07] Creating more jobs that are dependent on a climate destroying industry is not a direction we should be going.

[00:29:14] You are not serving the people of Seattle and the people of the world by going in this direction.

[00:29:20] We need to stop business as usual.

[00:29:22] Thank you very much.

[00:29:24] Thank you, Dr. Burton.

[00:29:26] Margaret and then public comment will be closed.

[00:29:31] Hi, Margaret. Heather McCauliffe and of course, those that you know me, please continue to call me Heather.

[00:29:36] Just transition out that Margaret.

[00:29:38] No, no, it's OK. No problem from director and Madam President, I'm here to talk about T46.

[00:29:45] And first of all, I would completely agree with the earlier speaker that the review period deadline should be extended.

[00:29:54] I don't follow your agendas.

[00:29:56] I haven't been lately.

[00:29:58] But I the first time I heard about the new terminal was in The Times the other day.

[00:30:02] And I got some information from Commissioner Steinbruck and from his staff.

[00:30:08] Since then. But I have questions and tomorrow and only learned of tomorrow's deadline for public comment yesterday or today.

[00:30:15] So I do think it should be extended.

[00:30:17] I've concern myself fairly civically involved.

[00:30:20] First of all, I wanted to put it out there again that I think pedicabs should have really convenient access for passengers to reduce reliance on vehicles that burn gas.

[00:30:32] But but primarily, I'm concerned about the addition of air pollution there.

[00:30:37] I understand from Commissioner Steinbruck that there are plans to electrify the waterfront and that that ships can't be compelled to to tie up to the online electricity.

[00:30:47] So that is a one question I have is why can't they be compelled to do that?

[00:30:55] Anybody answer that? Why can't they be compelled?

[00:30:57] We can have our staff get back to you.

[00:30:59] OK, OK.

[00:31:01] I I'm also concerned about the proximity of the project to the tunnel building.

[00:31:06] In other words, the south exit of the 99 tunnel in 2010 when I review the FEIS for the deep or tunnel as best I could.

[00:31:17] I learned at that time that the all of the exhaust from the tunnel is vented from the front, the the the exits and from the tunnel stacks and that none of it is scrubbed and that is.

[00:31:32] And I have talked the Puget Sound Clean Air Agency about that.

[00:31:35] And they said they might consider monitoring it.

[00:31:38] I suppose now that vehicles will be told there will be a drop in drivers.

[00:31:44] And then the older. So I would suggest that you find out about that.

[00:31:46] I'm also concerned about the proximity of the terminals to the the Duwamish, which we are all trying to heal and the six that my comments.

[00:31:53] Thank you.

[00:31:54] Great. Thank you, Heather.

[00:31:56] All right. With that public comment is closed.

[00:31:59] We are going to be moving on to the unanimous consent calendar.

[00:32:03] Items on the consent calendar are considered routine and will be adopted by one motion at this time.

[00:32:10] I'm looking for approval of a unanimous consent calendar items six A, six, b, c, d, e, f, g, h i j k.

[00:32:22] It's quite a few. May have a motion, some excellent it's been moved.

[00:32:26] Second, would somebody care to send of that motion?

[00:32:30] I'll second that. Thank you. It's been moved in second.

[00:32:32] All those in favour please indicate by saying I I.

[00:32:37] Commissioner Caulkins, is that OK?

[00:32:39] Great. All those opposed nay ayes have it.

[00:32:42] Thank you very much.

[00:32:43] And thank you to everybody that came out to testify this morning.

[00:32:47] And I'd like to find out whether we can have staff look into the question of extending the combat deadline before it ends.

[00:32:56] We'll look into that. Thank you.

[00:32:58] Thank you for that excellent.

[00:33:03] With that we're going to move on to our action items, Paul.

[00:33:08] So excuse me.

[00:33:09] The first item would be item 6 E authorization for the executive director to execute a sole source personal service contract with Bombardier Transportation for Onsite Technical Services, support for the satellite transit system at the Seattle-Tacoma International Airport for a five year, seven month period with a total estimated cost of \$2.5

[00:33:30] million.

[00:33:32] Commissioners' this con this contract will ensure a full time onsite representatives from Bombardier aid to address maintenance and repairs proprietary aspects of the satellite train system to ensure it functions effectively and won't interruption.

[00:33:45] Staudt Matthews.

[00:33:47] I'd like to speak to this step.

[00:33:51] Possible, please.

[00:33:52] I'm sorry. One question 6e doesn't seem to be in our book.

[00:33:56] It's in your black book.

[00:33:59] Ok.

[00:34:01] Somebody help us out with copies of 6e.

[00:34:05] If you'd hold on just a moment.

[00:34:06] I'd be great.

[00:34:16] Ok. It's an early morning meeting.

[00:34:18] We're not used to this. OK.

[00:34:20] Mr. Corkins stapled together.

[00:34:40] OK, we're ready to go.

[00:34:42] Please go ahead. Mr.

[00:34:44] Steinberg, a question.

[00:34:45] Well, I just wanted to explain why I asked to have this remove this item removed from the consent agenda.

[00:34:52] It is an authorization for two, two and a half million dollars.

[00:34:56] It's a fairly large figure.

[00:34:59] It is a sour, sir.

[00:35:00] Source service contract.

[00:35:06] No competitive bidding.

[00:35:07] And the memo did not provide an alternative for an open bid process.

[00:35:15] It simply offered either up or down on this.

[00:35:18] And I think we need to understand the implications of such a large amount.

[00:35:24] A sole sort of source contract.

[00:35:26] I understand that the company involved is the original equipment company and therefore the justification is based on the proprietary nature of the equipment operating our transit at Sea-Tac.

[00:35:43] However, we get locked into these long term types of sort of obligatory service contracts when we go down this path.

[00:35:52] And I'm not sure we're always well-served in that regard and would like other options explored when that that's possible.

[00:36:00] That's my comment.

[00:36:02] Let's have staff give a little explanation of the item, please.

[00:36:06] Certainly. Good morning, commissioners executive director Metruck.

[00:36:09] I'm Stuart Matthews. I'm the director of aviation maintenance here at Seattle-Tacoma International Airport.

[00:36:16] And as such, the satellite transit system is one of the systems that my team operates and maintains in this particular instance.

[00:36:24] The service contract we are requesting is for limited technical services, support from the original equipment manufacturer and the owner of the proprietary software and some hardware systems that do support that satellite transit system.

[00:36:42] Satellite transit system has been in operation in at least two iterations as provided from Bombardier Transportation since 1976.

[00:36:52] It was renovated again utilizing bombarded day in the early 2000s as well.

[00:36:59] We certainly don't disagree with you, Commissioner, regarding the challenges that come with proprietary systems and the service contracts that tend to get tied to them on these long term systems.

[00:37:14] Alternatives become very difficult in these instances where perhaps if we if we chose to to try to do that, we could attempt to put a procurement out on the street for public activation.

[00:37:29] But what we have found in other similar instances is just a lack of competition or lack of willingness from others to participate in that, knowing the proprietary nature of these as such when the opportunities arise.

[00:37:43] We tried to try to limit the number of opportunities for this in this particular case at Sea-Tac Airport.

[00:37:50] We're actually one of the smaller users of the service provider.

[00:37:54] Most airports and most transit systems tend to operate these systems with a full complement of individuals provided by a bombardier or another service provider.

[00:38:05] We have actually approximately twenty four personnel that are Port of Seattle personnel that do the vast majority operation and maintenance of this facility or this system that we utilize Bombardier as necessary for their technical expertise that only they can provide and the access to their proprietary information.

[00:38:27] Is that all?

[00:38:29] Well, I could say a lot more about it, but I'm inclined to vote against it because I think this is not the right path.

[00:38:36] Should we should be taking.

[00:38:38] And I don't feel convinced that this fairly common technology is that specialized when it comes to how many years old system that the system itself was upgraded and renovated in the early 2010.

[00:38:54] And again, I think we shouldn't be locked into proprietary service contracts for life.

[00:38:59] I have some personal experience with that.

[00:39:01] And I just think it is it is not the best course when possible.

[00:39:07] So I'm Lancet's innovation director.

[00:39:11] Christian, if I could just maybe put things into perspective.

[00:39:15] I know you said that 2.5
[00:39:16] million is a whole lot and it is a whole lot, but relative to, for example, what's happening at other airports that could expand.
[00:39:23] And why do I said in in Houston, where I was, the agreement that we had with Bombardier, which was a sole source and I'm trying to remember my numbers correctly, it was over 50 million dollars for 10 years, I think was a 53 million dollar contract for 10 years.
[00:39:37] And in Atlanta, it was a 10 million dollar a year contract.
[00:39:41] This is the only airport that I've ever worked that where our staff actually do the bulk of the maintenance.
[00:39:47] And this is a 2.5
[00:39:48] million contract over five years.
[00:39:51] I don't think there's any other airport in the United States that's doing what we're doing here.
[00:39:56] And I think it's important to put it into perspective.
[00:39:58] Again, sole source and use them for 53 million dollars over a 10 year period.
[00:40:03] And it's a 10 million dollar a year contract in in Atlanta.
[00:40:06] What we're doing is really unique here.
[00:40:09] It's fairly unique.
[00:40:10] And I do have Alan Tyrgyztan here who can embellish on this if you need to.
[00:40:15] Alan, but we are, as you know, one of the few airports that does this.
[00:40:19] There are others. And in fact, we assisted with Las Vegas McCarran Airport to transition from a from a contract to self performing much in alignment with the model that we have today.
[00:40:31] Well, I'll say that I'm inclined to support it because of that.
[00:40:34] The fact that our own staff is doing the bulk of the work on maintenance of this, and they're the ones that should know that the system best and it averages out to about a half a million dollars a year.
[00:40:44] So for that, although I do recognize your concerns about any sole source contract.
[00:40:49] Well, so it makes me think, well, why not have them on call rather than a commitment for ongoing service?
[00:40:56] Again, I'm just pleased that the memo doesn't offer any real alternatives to either accepting or rejecting those.
[00:41:03] And rejecting any service contract is not an option either, in fact.
[00:41:08] So why not, just since we're relying heavily on our own port staff?
[00:41:13] And I think that's great.
[00:41:14] The more we can do that, the better in various areas that we have an an on call service contract with unspecified with an unspecified amount as opposed to a guarantee of 2.5
[00:41:31] million over five years.
[00:41:34] So. So just to be clear, this is an estimated budgetary value of 2.5
[00:41:38] million. We haven't until we could get the authorization.
[00:41:41] We haven't finished any cost estimating or negotiations with Bombardier.
[00:41:46] So it would be up to 2.5,
[00:41:48] 2.5 over 5 years and 7 months.
[00:41:53] So a couple of questions I had.
[00:41:56] There's a long list of items that come in in our memo that the scope of work, that it's quite detailed and good.
[00:42:07] It just kind of want you to put in lay terms for foreign forty seven thousand dollars a year.
[00:42:12] What do we get?
[00:42:13] Alan, can I ask you? Alan Dagestanis, my manager of this system, and he is much more knowledgeable on the details and was actually the document of that scope.
[00:42:23] So maybe, you know, is it a Bombardier employee who sits Monday through Friday to see that?
[00:42:31] That is that is correct.
[00:42:34] And I also as I was reading this, I sort of thought of it as in it in a system where we don't have redundancies.
[00:42:40] I sort of thought of it as a a bit of an insurance policies that we can get these systems back up and running in the event of any sort of stoppage.
[00:42:49] Correct. And then I was reminded of not too long ago we had a power outage, I believe it s satellite that affected this system.
[00:42:57] So could you talk to us about this person's role in that instance?
[00:43:01] Did it get us back on line quicker?
[00:43:03] Was it related we could address those two issues?
[00:43:07] Okay. Well, good afternoon or good, actually.
[00:43:09] Good morning. My name's Ellen Tidiest and I manage the satellite transit system here at Sea-Tac.
[00:43:14] And so you sort of answered your own questions.
[00:43:18] We do have an onsite person try and do that and appreciate that.
[00:43:23] So we do have bombarded representative that is here.
[00:43:25] Monday through Friday, 40 hours a week or more or more.
[00:43:30] He has he's out.
[00:43:31] He actually installed this system back in 2001.
[00:43:34] So he was part of the install and he got lucky to stay here.
[00:43:38] So if, you know, Stewart mentioned about the proprietary software program, that's the program that runs the train because it's an automated system run by computers bombarding eight only has those the only ones that get access to that code.
[00:43:54] So if there's something in the system has a hiccup and we need to update the code or put in a new version of that, he is the only one that can do that.

[00:44:03] So they don't release that code to us.
[00:44:07] You know, they'll transfer a floppy disk.
[00:44:09] That's why we're still using. So that's what we have.
[00:44:12] And it is an insurance policy to make sure he's here.
[00:44:15] He can get that code updated into the program to keep the trains running.
[00:44:20] The reason they keep that a proprietary system because of the safety and the and the code.
[00:44:25] So, you know, other train manufacturers, which there's only a few in the world, don't copy that and have access to that.
[00:44:33] So if we were to go out for a competitive bid, another company may get that, but they wouldn't have the code that runs these trains day in and day out.
[00:44:44] So hopefully that answered your first part of the question.
[00:44:47] The power outage we had at s satellite recently, I can't recall when that was.
[00:44:51] He didn't play a big role in that because it was actually an electrical outage and not a train out.
[00:44:57] So once some power went down, we switched over to another power center and was able to get that train back up and running.
[00:45:03] And I recall.
[00:45:04] When has there been an instance since it sounds like it was installed in 2001 and this particular software.
[00:45:10] Has there been an instance in which the software failed coupler issues?
[00:45:14] There was a coupler issue a number of years back where I don't remember the exact details of it and when I think it was before your time.
[00:45:23] But there was an issue as we were training some of our new technicians and operate the system.
[00:45:29] And they were they were doing some work with in the backside of the loop, doing some training where they actually did discover a problem with the in the software logic that went back to the Bombardier headquarters where they did their full analysis on it.
[00:45:44] And it was actually a fix that ended up going across all of their transit systems wherever they're operating at.
[00:45:50] So they're they're very careful on maintaining their code in a locked down state because it does operate simultaneously on multiple systems around around the country and around the world.
[00:46:02] And there is liability that that goes with that.
[00:46:05] Thank you. OK.
[00:46:08] Closing comment. Sure.
[00:46:11] I.
[00:46:12] Given the critical function of this system at Sea-Tac Airport, can't operate without it.
[00:46:22] And given the fact, as you've explained, that's a hard pill for me, is that we have a code that is sacred and cannot be cracked without an expenditure in a proprietary nature that disallows opening open source.
[00:46:38] It reminds me of the days when I was in high school working in the same computer room with Bill Gates and Paul Allen.
[00:46:44] And I thought to myself in an uncanny way these guys are going to eventually rule the world.
[00:46:50] Code writers. I hope that we will in the future consider when we invest in specialized equipment that locks us in to eventually a lifetime of service contracts, elevators, baggage systems, other types of mechanical systems that we we we think very hard about what we're purchasing and what options there are to allow us more choices that might be cost effective and get the job done.
[00:47:28] Commissioner, I thank you, Commissioner. Commissioner.
[00:47:32] That's a good summary of that discussion about proprietary versus open systems.
[00:47:36] And that's always done.
[00:47:38] You know, we talked about some of the negatives.
[00:47:40] There's positives within that.
[00:47:41] But I take that back as we look at these pro is we look at not just this updating of this contract, but as we go forward with other procurements or looking at systems like that, that we keep that in mind and comment on that within the in the documents as we're acquiring those systems.
[00:47:56] I can hear what you're saying in this regard.
[00:47:59] Please, Mr. Fulleman, we've got a full agenda here.
[00:48:02] I just wanted to express my appreciation for the context, how this relates to the other airports deal to make some context of the significance of the expense as well as the nature of the operation.
[00:48:16] I mean, in order to provide feedback that was critical to understanding.
[00:48:20] So thank you very much.
[00:48:25] So I I'm gonna call for a motion.
[00:48:29] A motion, Paul. Yes, I did.
[00:48:32] That's right. No, no, I didn't.
[00:48:34] I didn't think so. OK. So I'm going to call for her approval of item 6 E.
[00:48:39] So thank you. Is there a second?
[00:48:41] It's been moved in second. All those in favour please indicate by saying I.
[00:48:45] I. All those opposed.
[00:48:47] Nay. Yes.
[00:48:51] Excellent. OK.
[00:48:52] Thank you for great expiation.
[00:48:54] Eyes have ever met. All right.
[00:48:56] With that, we are going to move on to our next item.
[00:48:59] Item 6. Excuse me, eight A and B.
[00:49:03] Agenda item 8. And we're considering these together.

[00:49:08] Yes. Introduction and public hearing of resolution number 37 63.
[00:49:13] The resolution of the Port Commission of the Port of Seattle.
[00:49:15] Adopting the final budget of the Port of Seattle for the year 2020.
[00:49:19] Making, determining and deciding the amount of taxes to pay taxes to be levied upon the current assessment rule providing payment of bond redemptions and interest cost of future capital improvements and acquisitions.
[00:49:29] And for such a general purpose is allowed by law which the port deems necessary.
[00:49:34] And directing the King County Council as to the specific sums to be levied on all the assessed properties of the Port of Seattle district in the year 2020 and item 8 b.
[00:49:43] Introduction and public hearing of Resolution Number 37 64.
[00:49:47] Resolution of the Port Commission of the Port of Seattle specifying the dollar and percentage change in the regular property tax levy from the previous year.
[00:49:55] Per hour S.W. eighty four point fifty five point 120 providing for a 3 percent increase of the levy from seventy four point one six million to seventy six million three hundred eighty four thousand eight hundred dollars.
[00:50:12] Excellent. So before we receive our staff presentation, it put us in the posture to hold the public hearing that's required on both the 2020 budget and the Ports 2020 tax levy.
[00:50:22] I will now entertain a motion for introduction of resolution number thirty seven sixty three and resolution number thirty seven sixty four.
[00:50:29] So move spend moved are seconds.
[00:50:32] Commissioner Gregoire, thank you so much.
[00:50:34] All right. There's motion a second on the floor for introduction of resolutions.
[00:50:38] Thirty seven. Sixty three, thirty seven.
[00:50:40] Sixty four of the combined public hearing for these resolutions is now open.
[00:50:45] We will take the staff presentations and then it sets public testimony.
[00:50:48] We have two folks signed up to testify.
[00:50:50] If others would like to testify, please come over here and sign up.
[00:50:54] Now we will.
[00:50:57] Let's you stop presentations, public testimony, Mr.
[00:51:00] Metruck. I believe you have some introductory comments you wanna make.
[00:51:02] Yes. Commissioners before Dan Thomas presents, assign him.
[00:51:05] I'd like to say a few words about the budget in the budget process.
[00:51:08] The budget before you today meets my two critical objectives.
[00:51:11] The budget responds to the needs of our highly dynamic and growing region, and the budget embraces careful fiscal stewardship that respects the public and private resources managed by the port and allows the port to make major investments to support our region's economy today and for future decades.
[00:51:27] To better respond to the needs of our region.
[00:51:29] We offer increases in funding that improve customer service, regional competitiveness and expand community led economic development and sustainability programs.
[00:51:39] Our five year capital program continues improvements to Seattle-Tacoma International Airport, where we're modernizing decades old buildings and expanding his existing spaces to make room the airport more efficient, more enjoyable and a stronger platform for equitable economic development.
[00:51:57] Last year, we embarked on a five year program to modernize our working waterfront, kicking off the largest and most strategic maritime investments that Seattle has seen in a generation.
[00:52:06] Today, we are underway with construction to make Terminal 5 a premier international cargo terminal for the West Coast and with the environmental review for a new cruise terminal at Terminal 46.
[00:52:17] We've made progress against our against our plan and made a commitment.
[00:52:20] To do so transparently with transparency would be a better way to say that while this is our first formal reading of the budget, it is not our first public conversation.
[00:52:29] By the time you reach final passage for the budget at your next meeting, or we will have howled 14 public briefings and meetings on the budget, including two community open houses in October, which approximately 75 members of the public attended.
[00:52:43] I appreciate all the feedback you've shared throughout this process.
[00:52:47] It's certainly improved the port's ability to align our investments to the values of our region.
[00:52:52] And with that, I'll turn it over to Dan Thomas to present.
[00:52:55] Thank you, Steven. Good morning, commissioners.
[00:52:58] So we do plan to be fairly brief in the interest of time.
[00:53:01] As Steve mentioned, we've had numerous briefings.
[00:53:04] But Michael Tong and I are here certainly to answer any questions.
[00:53:06] If you have on the budget, this is just a quick outline of what we're going to be covering today.
[00:53:12] Many of the slides here, really, again, we're not going to spend a lot of time, long since you've seen it before, but we wanted them to be part of the public record.
[00:53:20] This, again, is just a snapshot of the process that Steve referenced dating back.
[00:53:25] June, these that are called out here are all the ones that are public facing our meetings with the commission, including public open houses regarding the budget.
[00:53:34] So a lot of touch points going back to June and then running through the finalization of the budget in December.
[00:53:42] You heard in the earlier briefing the various business activity forecasts for our operating divisions.

[00:53:48] I think there's the story. There really, again, is continued growth that we're experiencing.

[00:53:54] Occupancy rates in our commercial properties.

[00:53:57] So again, another cycle as we continue through the growth of our organization and our businesses.

[00:54:04] Diane, before you, could you just go back to slides to note that when you're just the process.

[00:54:11] So I just wanted to say for the record and to the public, anybody else that's listening, if anybody has any ideas about how we can do a better job or enhance the way that we get the information out to the public, and please let us know.

[00:54:24] It's something I've struggled with in public policy for 25 years.

[00:54:28] You know, we post things on the Web site.

[00:54:30] We hold open houses.

[00:54:31] We started the budget process back in June.

[00:54:34] So we've now had almost five months of budget bringing this up.

[00:54:38] Each division going into depth.

[00:54:39] All right. I still feel like there's more that we can do.

[00:54:41] This is not a criticism of staff at all.

[00:54:44] I'm just saying, if there's new bright ideas, please bring them forward.

[00:54:47] I would love to hear. I know that we would all be really encouraged about finding better ways to get the public more engaged in our budget.

[00:54:54] So I just want to say thank you for that comment.

[00:54:56] We would love to find better ways to engage with the public over the budget.

[00:55:01] Excuse me. How about we have our Christmas party?

[00:55:04] You can't have the beverages and food until you sit through the budget meeting and read the document.

[00:55:12] So, again, you've seen this is a snapshot again.

[00:55:15] I just highlighted continued growth in our business operations.

[00:55:18] I won't linger on this again.

[00:55:20] You've heard too much of this, but the key drivers overall of the budget process.

[00:55:25] Things like continuing to support the growth of our operations.

[00:55:29] A lot of focus on enhancing customer service, safety and security and building capability internally in terms of innovation and programs that are more inwardly focused to build staff capabilities.

[00:55:41] And yet just stand that for just one more moment as well.

[00:55:44] You know, when I think maybe another way to it's not just increased demand, it's it's serving the needs of our growing region.

[00:55:50] That's probably a better maybe a better way to describe it, that the invests investments at the Port of Seattle makes in all of our facilities are in response to the population.

[00:56:00] So and then, of course, we're always trying to find ways to make sure that we're doing it in a sustainable way.

[00:56:06] But it's, um, that's really what is the major budget driver.

[00:56:09] Thank you for that comment.

[00:56:12] And then again, a lot of focus on the more outwardly focused programs and investments in our communities really as it's outlined at the top, investing in healthy communities and environments.

[00:56:23] So a lot of energy around community engagement.

[00:56:27] We'll talk a little bit more about some of the programs that this would call out.

[00:56:33] You've seen this before.

[00:56:34] But for some slight changes, which I'll highlight generally, this is the port wide view operating revenues of eight hundred and eleven million and net operating income of three hundred and forty one million for 2020.

[00:56:46] That's been a budget and that's a \$43 million or nearly 15 percent increase over the twenty nineteen budget.

[00:56:55] And Dan can use a high level account for some of the reasons for that growth in.

[00:57:03] Well again I think particularly at the airport, as we know part of the airport operates on the idea and aeronautical side of the business is cost recovery.

[00:57:10] So as costs are invested we invest in programs that airlines pick up some of that.

[00:57:16] So that increases their aeronautical revenues.

[00:57:18] But also we've seen significant growth on the non-aeronautical side of the business.

[00:57:23] So businesses like public parking, airport dining and retail programs like that, we've seen some pretty strong growth as well.

[00:57:31] And that's been a big part of that.

[00:57:35] So just to highlight some of the changes to the budget since you last saw this, many of these I would characterize as refinements in some cases fixing budget errors.

[00:57:46] For the most part, they're fairly minor.

[00:57:49] So I won't go into a whole lot of detail.

[00:57:51] The airport mainly reflects a transfer of a position from engineering into the airport so that increase the cost a little bit.

[00:57:58] And then for the airport maritime division, I didn't want to spend a little bit of time about this.

[00:58:06] So as you know, we have the inter local agreement with the North for a seaport alliance for the use of the twenty nine acres at the north end of Terminal 46.

[00:58:14] When we put the budget together, we hadn't done the in-depth accounting research on that on exactly how that should be treated.

[00:58:20] So our approach was we added \$3.8

[00:58:24] million of. Expense in the maritime division.

[00:58:27] Course that would flow through them as revenue to the alliance, \$3.8

[00:58:31] billion of revenue.
[00:58:33] And then as you know, since we share a 50/50 in the income of the alliance, we were then receiving back one point nine or half million and one point nine million or half of that back to the port of Seattle.
[00:58:45] That was how we set up the budget.
[00:58:47] Subsequent to that, our accounting team has done a great job looking at the actual accounting rules, accounting principles around that.
[00:58:54] And what we determine is that an organization can't recognize income from its own company, its own subsidiary.
[00:59:04] So we can't recognize income with a transaction with our own joint venture.
[00:59:10] So the proper accounting treatment, we have to net that transaction.
[00:59:15] So how what that means then is that we recognize a 1.9
[00:59:19] million dollar expense rather than the full three point eight million alliance still recognized as the full three point eight million, which is the cash contribution.
[00:59:29] But then when we split up the distributable revenue, which is 50/50, when we book our component of that, we net out that additional 1.9
[00:59:37] million of what it would have been income to us.
[00:59:41] Bottom line is the same.
[00:59:42] That's just how it flows through.
[00:59:44] So this is a change that we've we've reduced the expense in cruise by 1.9
[00:59:50] million and then we've reduced the our share of the distributable revenue from the alliance to reflect the nature of that accounting transaction.
[00:59:59] Again, the bottom line is they net out to be the same.
[01:00:02] We get one point nine million back after the \$3.8
[01:00:05] million expenditure. They just flow through differently.
[01:00:07] So I'm having PTSD from my accounting classes in my MBA course.
[01:00:11] Thank you. But a lot of credit to our accounting team because these are fairly complex rules and they did a great job.
[01:00:17] So we're glad we were able to do that in time for the budget commission element.
[01:00:24] So one of the questions I had in terms of the allocation to the alliance, I mean, I seem to recall that the sort of like the life takes the first it sets the number that we then have to work around it, which which alliance, which allocation that you're referring to.
[01:00:40] I'm talking about for the expenses to the alliance.
[01:00:44] Right. And the assumed revenues mean the in terms of the sequencing of sort of whose budget goes first.
[01:00:52] Well, that's currently up for debate.
[01:00:54] But but for rank.
[01:00:56] And for the beginning of this year, there was an assumption.
[01:00:58] Right. Of the expenses needed for the alliance that we then budgeted into.
[01:01:05] Right. Well, it wasn't like we determined what our net revenue needed to be.
[01:01:11] And then sort of had no what we had left over to give the alliance.
[01:01:15] The alliance builds their budgets separately.
[01:01:18] We also, with respect to the inter local agreement for support services, which you were going to be looking at.
[01:01:24] Are you approved in the consent calendar?
[01:01:26] That's our our budget of what we believe the services that we provide to the alliance, what those cost those get added to the alliance expense.
[01:01:36] And then again, it's the income of the alliance after all.
[01:01:38] Those is what gets splits out.
[01:01:41] That makes the income.
[01:01:42] I'm but I'm saying like in terms of what you know, the ambitions that the alliance wants to accomplish for a given year is on the capital side.
[01:01:51] It's different on the capital.
[01:01:53] You're I think you're talking more about the capital side.
[01:01:55] They're both they're both the same.
[01:01:57] So the alliance actually builds their operating and capital budget.
[01:02:01] Not not from input from us.
[01:02:04] Right. And so. So the question.
[01:02:06] Right. So rather than saying that for our five year plan, we need X.
[01:02:12] Where are we? We want to assume, let's say, certain revenue based on on that we.
[01:02:18] My understanding is that sort of like we're working around what we made in the decision at the alliance, we're have certain capital expenditure.
[01:02:28] We're going to do. Right.
[01:02:31] And some of those things like, you know, maintenance, important things like that you could do this year or next year.
[01:02:37] Right. Right. But the decision on the alliance budget is that, you know, it's determined we'll do it this year.
[01:02:44] The alliance determines. Yeah.
[01:02:45] That's correct. So so then we have to budget around that.
[01:02:50] Right. Because what we do is we get an input then from the alliance.
[01:02:54] Well, we'll show a slide with the revenue then that flows into the Port of Seattle as our share of what's left.
[01:02:59] No, I fully understand that.
[01:03:01] I'm just trying. But, you know, going first versus, you know, we're determining our revenue needs or and when to expand.

[01:03:10] And it's just.

[01:03:11] Yeah, I think that's I think that's a question that's going to be on the table.

[01:03:14] And the issue for the alliance to be this afternoon to look at, you know, if when we get through this meeting, we'll have an alliance meeting this afternoon, that's probably the central conversation.

[01:03:22] It's a question of who was first.

[01:03:24] Essentially. And they're basically being done concurrently, which makes it a challenge, right, for the first time.

[01:03:29] But let's let you guys get through your presentations.

[01:03:31] We can focus on our operating.

[01:03:33] Ok. Sure. The only other item I would call out here.

[01:03:38] Excellent. I know it's of interest to the commission is that we did add a new FTE, a communications specialist for the commission office.

[01:03:44] That's been added since the last time you looked at this budget.

[01:03:48] And again, a lot of the other items are just minor revisions or transfer of a position.

[01:03:53] So, no, no significant change in the budget.

[01:03:59] I did want to spend a little bit of time, too, on this so-called GASB 87, because you heard about that when David Morrison presented the alliance budget.

[01:04:08] This reflects a change of accounting rules from the Government Governmental Accounting Standards Board.

[01:04:15] This will be implemented in 2020.

[01:04:18] And effectively, what this rule does is it requires that operating leases be treated pretty much the same as capital leases, so that the income that comes from the revenue from a lease, if you were a lessor, will be divided into two components.

[01:04:36] A portion of it will continue to be an operating revenue operating with the rent portion.

[01:04:42] But then like a capital lease, a portion of that will then become operational, will be non operating income or interest income.

[01:04:50] Conversely, for lessees, they would be doing the opposite.

[01:04:54] They would be booking operating expense and then a non operating interest expense.

[01:05:00] Since we're primarily a lessor, it mainly impacts this.

[01:05:03] On the lessor side.

[01:05:04] We have a few small leases, mostly their equipment leases, auto leases.

[01:05:09] But the big impact is on the operating side.

[01:05:14] So what that will mean is we will see a decrease in operating revenue associated with our leases and a increase in non-operating income interest income associated with those leases.

[01:05:29] As you know, the Seaport Alliance has already incorporated GASB 87, this rule into the budget that they presented to you two weeks ago.

[01:05:37] We have not yet done that for us.

[01:05:39] We have over 600 leases.

[01:05:41] The calculations are fairly complicated.

[01:05:44] So our accounting team is in process of doing those calculations.

[01:05:47] But we were not able to have that done in time for the 20 20 budget.

[01:05:52] We will be implementing that next year.

[01:05:54] I think there's still a question about how we want to how we want to report, because we can either report according in budget, according to GASB 87 or another alternative is to continue reporting and booking it the way we are now.

[01:06:06] But just doing it a year and two up for our audited financial statements.

[01:06:10] So we're gonna want to have some more conversation about that because because this can be relatively confusing, I think, to the reader of our financial statements.

[01:06:20] Okay.

[01:06:24] So just briefly again, you've seen this before.

[01:06:26] So operating budget for aviation, looking at total revenues in 2020, budgets, that's six hundred and eighty four million and then net operating income of three hundred and seven million, a \$48 million or nearly 19 percent increase over 2019.

[01:06:42] So, Lance, this means that we're gonna get the lights in the parking garage on the budget next year.

[01:06:48] Okay.

[01:06:53] Thank you. Mr. Gregory is going to vote for this before she leaves.

[01:06:56] Do we take that as a yes?

[01:06:59] Moving to the non aviation side.

[01:07:01] So this would be comprised of the maritime and economic development divisions as well as the North West Seaport Alliance, what we call joint venture.

[01:07:11] What you see here, we've got total revenues budget in 2020 of about 120, \$70 million and net operating income of 34 million dollars.

[01:07:21] I didn't want to spend a little bit of time again on the alliance because the accounting for the alliance again is not real straightforward.

[01:07:27] And I think can be confusing to readers of our financial statements.

[01:07:30] So you notice that line, the third line down under revenues is Northwest Seaport Alliance joint venture.

[01:07:36] It's a little under \$40 million, thirty nine point eight million dollars.

[01:07:42] We book it as revenue.

[01:07:43] But as you know, our share of the alliance, distributable revenue is the bottom line of the alliance.

[01:07:49] So its revenues after expenses, after depreciation and after all the non-operating items.

[01:07:55] So whereas we normally think of this, this particular display of our financials down, which is not at net operating income, which we think of as more is tend to think of it as a proxy for cash flow, operating revenues, operating expenses, NEDDA in that way before depreciation is a good proxy for tax for cash.

[01:08:16] Basically cash flow.
[01:08:18] That dynamic is changing with the alliance.
[01:08:20] Since it's a bottom line number, it starts mixing non-operating.
[01:08:24] And things like depreciation, which are non-cash into our financials and I want to do a little bit of a deeper dive, if you'll indulge me on that.

[01:08:33] So in this slide on the left hand side where it's the three columns labeled NWS a budget with GASB 87, this is what you saw when the alliance presented their income statement.
[01:08:47] And I think first and foremost, you notice the big drop in operating revenue.
[01:08:51] Forty nine million dollars year over year.
[01:08:54] And that, again, is primarily the effect of these new accounting rules.
[01:08:58] Correspondingly, you see a big increase in non-operating revenue of forty six million dollars, again, reflecting that increase, that shift down to operating income from the lease interest.
[01:09:13] I'm trying to I was trying to sift through that myself, just better understand to untangle that.
[01:09:18] So on the right, I've sort of reconstituted it just to give you a sense of what it looks like without GASB 87.
[01:09:26] Just to better understand what's driving the change in the bottom line.
[01:09:30] And you can see here really it's effectively is the slight decrease in operating revenue year over year before the impact of GASB 87 is incorporated and then a slight increase in depreciation.
[01:09:44] So those really are driving the performance, which is I think more difficult to really be able to see when you look at the GASB 87 impacts again down to bottom.
[01:09:55] I as I mentioned before, we have to make an adjustment for our share of the distributable revenue.
[01:10:01] So normally in this case, whereas the total distributed revenue, distributable revenue is \$83 million.
[01:10:09] Our share initially would be forty one point five or a half of that.
[01:10:13] But again, we have to we have to net this out and take a cut of \$1.9
[01:10:16] million dollars. So our distributable revenue will be slightly lower than the Port of Tacoma share.
[01:10:23] It doesn't affect cash flow.
[01:10:24] We'll still collect the same amount of cash.
[01:10:26] This is really more of an accounting income statement effect.
[01:10:29] So, again, I just I think it's helpful to start trying to untangle this a little bit to better understand what actually is happening within the alliance's financials.
[01:10:39] So trying to illuminate the let that a little bit questions on that to make sense as we're trying to, I think, take it all in.
[01:10:48] Yeah, it's that that's why I wanted to at least raise this as an issue because and as again, you see when we try to look at what are what are the changes year over year and the alliance revenue that we book.
[01:11:00] Many factors can go into that.
[01:11:02] It could be revenue. It could be expense.
[01:11:04] It could be depreciation.
[01:11:05] It could be non ops. So and then we plug it in as revenue.
[01:11:09] So it's a bit of a distortion, which I think makes it more difficult for the reader, for our financial statements to understand.
[01:11:15] But so we're working on and, you know, how can we be more transparent around this?
[01:11:19] I guess that's still a work in progress.
[01:11:21] Do you have a recommendation? I'm sorry, Commissioner.
[01:11:23] Gregoire. Recommendation?
[01:11:24] You don't have to do it now.
[01:11:25] But I ask you to think about a recommendation to bring us at the beginning of the year.
[01:11:29] Yeah. Start this earlier in the process and have more visibility.
[01:11:33] Yes, we want to do that as we get into the early part of next year.
[01:11:36] Thank you. I'm still working on that.
[01:11:39] And help me I mean, you've indicated basically by this that the driver of that, I'll call it the reduction in distributable revenue is multiple components.
[01:11:48] But the largest driver actually is the depreciation.
[01:11:50] Right. What I noticed.
[01:11:52] Probably the best place to the Northwest Seaport Alliance.
[01:11:54] But what do you know? What accounts for that?
[01:11:56] Well, as you know, as we jointly invest in assets, whether it's the Huskey terminal in the South Harbor, now we're investing in Terminal 5 as those projects are completed and go on line.
[01:12:05] And we then we then depreciate those assets.
[01:12:07] It is really that the shift in Huskey.
[01:12:09] I'm just gonna put it to an asset for myself.
[01:12:12] Yeah. Just in Huskey and where we're going with T5.
[01:12:14] Exactly.
[01:12:15] So we expect that number trend to continue.
[01:12:17] It's going to grow as we as we continue to invest.
[01:12:19] Hopefully we generate revenues that are sufficient to cover that depreciation over time, but it does just make the financials more difficult to comprehend yet, especially for the just casual reader of our financials.

[01:12:31] Yep. Thank you.

[01:12:36] We just wanted to highlight again, just very briefly a lot of what we've sort of called community programs, and you're well aware of many of these.

[01:12:45] These are the more outwardly focused, focused investments that we make.

[01:12:49] And as you can see, the list that includes the various funds that the commission has authorized, whether it's the ACE Fund, the Energy and Sustainability Fund, the New South King County Fund, a lot of investments in tourism and economic development grants, new programs for equity, diversity and inclusion, workforce development.

[01:13:14] So as you can see, substantial investments in these kinds of programs.

[01:13:18] And many of these are funded by the tax levy because they don't bring returns back to the port.

[01:13:24] But they do provide significant benefits to our community.

[01:13:28] So we just want to make sure that we provide some transparency around these various programs, as you know, and they've been growing over time, as you can see, growing from little over little under 12 million in twenty nineteen to fifteen million in 2020.

[01:13:43] And these are the levees supported program.

[01:13:45] Most of these are. I'll talk a little bit later about some of the levee uses.

[01:13:50] Many of these are funded by the levee.

[01:13:56] This is what we call our comprehensive budget review.

[01:13:59] This is not something that appears in our standard financial reports, because what we do here is we combine operating and not non operating revenues at the top and operating and not operating expenses at the bottom.

[01:14:13] But it gives a better sense of the total picture of the port in terms of how much revenue we actually just generate, both operating and non operating.

[01:14:22] And what's the total look picture of the expenses.

[01:14:25] And if you look at the bottom line, they're what's called revenue over expenses or we would the accountants would call that change in net position.

[01:14:33] That's comparable to the bottom line, to the bottom line profit of a of a corporation.

[01:14:38] That's our bottom line. And as you can see, in 2020, we've budgeted 248 million is our contribution to the bottom line, which is nine little over 9 million dollars greater than twenty nineteen budget.

[01:14:52] So as you can see, we have significant revenue sources that help fund our programs that you don't often see with just the operating revenue look capital plan.

[01:15:05] You've heard a great deal about this over the past number of sessions.

[01:15:09] Just as Steve mentioned, a large program where the next five years of \$3.4

[01:15:15] billion we'll be spending for various initiatives can continue to support the growth of the airport and the waterfront strategy in maritime and EDE programs.

[01:15:31] This is just a port wide look at the total sources of funds.

[01:15:34] You get a sense of where our inflows come from.

[01:15:37] Obviously the largest component being operating revenues.

[01:15:41] We do rely heavily on bond proceeds in this coming year.

[01:15:46] We expect the issue airport revenue bonds and then you can see the contributions of the various other particularly non-operating revenue sources for the port.

[01:15:57] Okay. Indulge me and just give us another quick fuel hydrant receipts.

[01:16:01] So the fuel. As you know, there's a consortium that was formed to build, to construct and operate the underground, a fuel hydrant system at the airport.

[01:16:10] And that was funded with bonds that were issued by the consortium.

[01:16:15] They're backed by those we actually support issued the bonds.

[01:16:18] They are secured by lease revenues from the consortium.

[01:16:22] So it's simply the revenues pay the debt service.

[01:16:25] It's just a pass through.

[01:16:26] Really, it's a one for one.

[01:16:33] Conversely, uses the funds used, you can see the largest use of our funding is for capital expenditures since we build so much and then next largest will be operating expenses, bond redemptions and so forth, payment to the Alliance for Capital Expenditures.

[01:16:52] And I will go too it into more details on the tax levy expenditures uses because we did provide a fair amount at our last session when we talked about the plan of finance and the tax levy.

[01:17:04] There's also quite a bit of detail in the budget document, but I didn't want to just take a moment since it's we haven't spelled it out here, just to give you a sense of what some of the uses of the tax levy are.

[01:17:15] We divide it into two components, the operating expense components.

[01:17:18] Those were a lot of those community programs I highlighted earlier, including the Energy, Energy and Sustainability Fund, Airport Community College Fund, the various grant programs for economic development and tourism.

[01:17:34] New this year, a significant increase in the Duwamish Rift Valley Community Equity Program.

[01:17:39] Also the South King County Fund.

[01:17:41] As you know, is a large one.

[01:17:43] A large amount of the levy goes to pay general obligation bond debt service on bonds previously issued to fund projects.

[01:17:52] And also we fund continue to fund some high line schools, noise projects down here around SeaTac that we're not eligible for airport revenues.

[01:18:03] So, again, there's much more detail in the budget document.

[01:18:05] But I just kind of want to for the public record, just to give a sense of some of the uses.
[01:18:11] And then on the non expense side, we also use the levy to fund capital investments.
[01:18:17] And again, just to give you some examples there, things like the fisherman's terminal, various investments, the Gateway Building Dock Improvements, the Maritime Innovation Center, T117 Restoration T91 Uplands Development Shore Power, a Pier 66.
[01:18:37] And then some contributions to the Seaport Alliance for things like the Terminal 5 project, as well as the funding that we are responsible for on channel deepening.
[01:18:48] And then last but not least, significant use of the levy for environmental remediation.
[01:18:53] So the lower Duwamish East Waterway, all those cleanup projects are being funded by the tax levy.
[01:19:01] So can I.
[01:19:02] Question Mr.
[01:19:04] Gregoire first and then, Chris, can you help me at the total use box million?
[01:19:09] Yes. Aha.
[01:19:11] Very confusing. Got it.
[01:19:12] That's a comment. That's if you add up all the dollars.
[01:19:15] Yeah, sorry. It just just says 1.6
[01:19:17] billion, which is exactly how I'm rockin.
[01:19:19] But that box, the comma, not a period.
[01:19:24] Oh, okay.
[01:19:25] This is use of all funds, not use of tax money.
[01:19:28] That's correct. That's correct.
[01:19:30] And in the past, we often had a tried to do a similar slide simply for use of tax levy funds.
[01:19:37] Yes. And we've had that in other we've had it and we had it and we had more detail in our last presentation for the planet finance.
[01:19:45] And we can do it in the future, if you'd like, for this session to go into a little more depth and have a slide.
[01:19:49] And again, it's in the operating budget docket.
[01:19:52] The budget document has a lot more detail and I respect that.
[01:19:55] And you're very clear in your narration.
[01:19:57] I just acknowledge that the average person, the public over assumes how much tax levy is as a portion of our budget.
[01:20:05] So even if you title a flight use of funds, I can see that the mental shift of these are my tax funds.
[01:20:14] Yeah, these are all yeah, we can.
[01:20:17] And I think we need to be consistent in using all funds versus tax.
[01:20:20] I think we'll be clear. It will be clear on that.
[01:20:22] But on that point, I see Kathie's in the audience.
[01:20:24] Kathy, can we get that slide that Mr.
[01:20:26] Gregoire was referring to on the website and really highlight it so the public can understand that would be great.
[01:20:31] Okay. And this is a point that I make on bringing up we have in the budget in brief and we often, you know, the wheels that we show or just the percentage of the budget of the of the tax levy as compared to King County taxes overall.
[01:20:46] Yes. But what that does, what we do with that money should have its own wheel.
[01:20:52] Right. So I was wondering in terms of the the 20 percent of the FAA match that we do for the acoustic programs, noisome noiselessly programs.
[01:21:05] Is that coming from airport revenue?
[01:21:07] Is that coming? It comes from airport revenue.
[01:21:09] Okay. So all of that stays in-house.
[01:21:12] Right. If it's eligible for airport revenue, again, some of these Highline projects are not eligible.
[01:21:18] I just didn't know with 20 percent.
[01:21:19] Yeah, that comes from airport given little more on the levy.
[01:21:26] As you know, last year the commission did approve a 3 percent increase in the tax levy.
[01:21:32] And this was part of a intentional strategy and a five year strategy of 3 percent annual increases.
[01:21:39] We can look at those as somewhat inflationary increases because as you can see in the table, on the chart, on the bottom, the top line is our maximum levy.
[01:21:49] As you know, we have been well below the maximum level.
[01:21:53] The blue line is the actual levy that we have levied over the past, I guess is about 10 years.
[01:22:00] And then we also wanted to point out that bottom line is an inflation adjusted value.
[01:22:05] The levy says you can see we've really been losing, losing, buying power over the years by keeping the levy amount flat.
[01:22:11] Given inflation, particularly construction inflation.
[01:22:15] So that really led to some of the discussion and strategy about allowing for a more inflationary increase.
[01:22:21] So we continue to advocate staying with that plan that the commission endorsed 3 percent per year that would stop in 2023.
[01:22:30] So after 2023, then the levy would then again remain flat.
[01:22:34] And we did have that debate every year.
[01:22:40] Yeah. And I think that's what Dan was going to highlight, that, yes, we'll have that discussion every year.
[01:22:44] This isn't it's not locked in.
[01:22:45] We're gonna analyze that every year to look at our situation and make a present.
[01:22:51] That is a recommendation.
[01:22:52] That's right.

[01:22:54] Again, so we are recommending a 3 percent increase in the tax levy for 2020, which would take it from seventy four point two million dollars a year to seventy six point four.

[01:23:07] Based on the median home value in King County, that would translate into a port tax of seventy three point three dollars, which represents an increase of about a dollar 74 for the year for the average homeowner.

[01:23:22] Based on the median value, so relatively modestly, a decrease in the military.

[01:23:26] Again. Right. So the millage rate would be going down from twelve point three cents per thousand to twelve cents based on the increase in assessed value.

[01:23:35] I appreciate all of our commit to transparency on this I just want to marry this slide up with your 2020 comprehensive budget, which I know we asked you to turn into a pretzel and put everything together above the line and put everything together below the line.

[01:23:47] I understand. But that's exactly where we highlight that the tax levy is 3 percent of our revenues.

[01:23:53] And that really puts this in scope, right.

[01:23:56] It is a critical investment that our taxpayers make, particularly when we talk about large infrastructure projects in the future or environmental cleanup or community programs.

[01:24:05] But is 3 percent of our overall revenue.

[01:24:07] It's a modest amount. So, I mean, I want to make sure that people recognize we think of ourselves as an institution that self-sustaining.

[01:24:13] And then the benefit of the tax levy is to ensure that we have the economic, environmental and community impacts we want to.

[01:24:19] That's correct.

[01:24:22] So remaining schedule adoption being requested will introduction today of the budget resolutions.

[01:24:32] And then we will be back next Tuesday on the 19th for adoption.

[01:24:36] And then we will turn around and file a statutory budget with King County in early December.

[01:24:41] And we plan to reduce and release the final budget document on December 13th.

[01:24:45] And then we also will be working to compile that budget and brief document that I think Commissioner Felleman was referencing, which provided just a much more summarized version of the budget, a little more readable format that makes a great handout when you're out meeting with constituents.

[01:25:02] And no other officials in Havana want this.

[01:25:06] That's the draft of last year.

[01:25:09] Right. That's just a draft.

[01:25:11] We would.

[01:25:13] All right. Before we jump into the text, Olivia, are there any other questions amongst commissioners?

[01:25:21] Not at the moment, Mr.

[01:25:22] Sakurako here. You can come back and ask it later.

[01:25:25] All right, Michael.

[01:25:27] You want to jump in on the tax levy?

[01:25:28] Well, I have to reserve resolution.

[01:25:31] So we have the budget resolution introduction of I'm not sure the number of we have.

[01:25:37] Thirty seven. Sixty.

[01:25:38] And then we also have because under state law if you if the commission does want to increase the tax levy, we have to have a separate resolution that identifies the dollar amount and the percentage increase as a separate resolution that has to be passed.

[01:25:52] So we have two resolutions for your entertainment.

[01:25:54] Right. And we have a motion on the floor and a second for both.

[01:25:58] So are there any other questions amongst commissioners?

[01:26:01] Okay. With that, we're gonna open up the public here with public hearings.

[01:26:04] Been open, but call for public comment.

[01:26:06] And first up for public comment is council member elect J.S.

[01:26:10] Harris, followed by Brandi Fritz.

[01:26:23] Welcome.

[01:26:25] Good morning. Madam President, I owe you a letter on the port package audits a bit busy the last month.

[01:26:35] Oh, you know what that is like next week.

[01:26:38] So, you know, I got distracted by this whole thing about how you could engage with the public on the tax levy.

[01:26:47] And I can give you a very quick way.

[01:26:51] You know, there is only one guy who runs every newspaper in South King County, such as it is.

[01:26:57] I mean, it's like this electronic thing.

[01:27:00] And all you'd have to do is simply get the slide that is not in this presentation.

[01:27:07] OK. And get it to this guy, Scott Shafer.

[01:27:10] And presto, you've got every blog for the South King County cities.

[01:27:17] The other thing is, only one of the cities bother to post a notice of this hearing on their community Web site.

[01:27:27] And that would be Normandy Park.

[01:27:29] Des Moines did not Tukwilla at SeaTac, et cetera.

[01:27:32] So one thing, your community relations person, Dave, whoever could lean on the various municipals communication directors and say, hey, you know, why don't you put this on your city Web sites?

[01:27:47] There's a lot that they can do to get this out.

[01:27:52] Now to the tax levy.

[01:27:54] I think the thing that the public the public doesn't squawk about the amount it really is, you know, not that huge a deal.

[01:28:04] The thing you're not focusing on is that the uses overwhelmingly are for you to pay down bonds on capital projects that have nothing that redounds to our benefit.

[01:28:18] OK, so you're paying.

[01:28:20] You're basically making it cheaper for you to borrow money to finance the ninety nine tunnel.

[01:28:28] Right. And that would annoy us.

[01:28:32] OK. Can I have a couple just a couple of more seconds.

[01:28:37] And it would offend most people to know that you're using the tax levy to for sound mitigation for Highline.

[01:28:46] Find the money somewhere else but don't tax us.

[01:28:51] OK. In order to fund sound mitigation when so much of your revenue comes from the airport and we get absolutely no compensation back for the externality is Sea-Tac.

[01:29:08] Thank you.

[01:29:10] Great point. And J.C.,

[01:29:11] the point on the South King County papers is great.

[01:29:14] We've actually talked about doing not so.

[01:29:15] Thank you so much. All right.

[01:29:17] Randy and Bill signed up.

[01:29:20] Ok.

[01:29:26] Thank you, commissioners, and for leadership.

[01:29:28] My name is Randy Fitz and I'm a director of Alaska Airlines and the airport affairs group and I work closely with Lance and his team.

[01:29:37] Consistent with prior practice, we're pleased to submit comments to the proposed 2020 airport budget.

[01:29:43] Firstly, we want to thank the team for delivering a budget with greater transparency and adopting several of our suggestions from last year, including instituting a vacancy factor on FTE growth and more zero based budgeting.

[01:29:58] While we understand that, says the substantial airport capital improvement plan, we'll continue to drive portions of the airport budget.

[01:30:04] Higher control expenses like those found in the operating expense portion of the budget will continue to be a primary focus and we support the port's partnership in controlling these costs.

[01:30:19] Looking back to our comments last year, we expressed concern over the sizable year over year proposed increases in FTEs, many of which the port did not fill and which are subject to the vacancy factor implemented for 2020.

[01:30:32] We applaud these moves and the port staff for this approach.

[01:30:37] That said, we would be remiss if we did not comment on areas of concern, which we hope in which we hope there'll be continued focus as SeaTac continues to grow.

[01:30:47] First, with the growth of the Northwest Seaport Alliance, indirect allocation of a cost from the larger port of Seattle continues to be a concern with the 2020 budget and more than one hundred and eight million up from just eighty four million in 2018.

[01:31:03] That's almost a 30 percent increase in just two years, while the airport is the largest revenue generator and largest cost center in the port.

[01:31:12] We're concerned about the growth in non directly alcohol expenses to the aviation division and we'd like to focus on it for the next year in preparation for the 2021 budget to ensure revenue uses are consistent with the approved D.O.T.

[01:31:26] and FAA policies.

[01:31:30] Secondly, while again we applaud the efforts towards the 2020 budget keep going rate, one area of concern is the continued subsidy of the IAF cost center to keep costs in line with West Coast peers.

[01:31:43] While the guidance to staff to keep these costs artificially low certainly is a benefit to all IAF and FIS users, of which Alaska and our global partners both currently take advantage.

[01:31:55] The IFC is only one small part of an international arriving passengers experience, whether a landing fee, a gate fee, a baggage claim fee or other fees.

[01:32:04] The IAF charge is only one component, something that comes into sharp focus when these fees are looked at in the aggregate.

[01:32:11] Even at West Coast peer airports, for example, even though the L.A.X.

[01:32:16] FISA fee is only \$10 and 70 cents, the total cost of an international riding passenger into L.A.X.

[01:32:23] is over thirty three dollars.

[01:32:26] Similarly, the total cost for an international riving passenger at SFO is \$34, an 83 cents.

[01:32:33] So while the charge for the FISA, can I ask you to start to wrap it up?

[01:32:36] It doesn't make your comments.

[01:32:38] OK, Hare-Clark so we can read it more comprehensively.

[01:32:40] Sure. So the in our analysis, the FISA charges Seattle and the international the totally international arriving passenger cost is just under \$25.

[01:32:53] Therefore, it's actually \$10 less than it needs to be to be competitive with other West Coast airlines.

[01:33:00] So we are asking the court to evaluate the full cost when making decisions to recover less than a full cost to operate the cost center.

[01:33:07] Again, our comments here are meant to be productive and informative, and we appreciate the engagement and approach of the port staff and leadership team throughout the year.

[01:33:15] Thank you. Thank you. Thank you very much.

[01:33:19] Nobody else has signed up to testify with.

[01:33:21] That's the public hearing on resolutions.

[01:33:23] Thirty seven. Sixty three and thirty six.

[01:33:26] Thirty seven. Sixty four are now closed.

[01:33:29] All right. So there has been a motion on the floor and a second for introduction of thirty seven.

[01:33:33] Sixty three.

[01:33:34] No. Any further discussion amongst commissioners.
[01:33:38] Okay.
[01:33:39] I'm sorry, Commissioner, but I think I just want to take a moment and acknowledge the teams work on transparency.
[01:33:47] I heard some public comment today that I wanna make sure we respond to and think about a way about how we explain what taxpayer funds are utilized.
[01:33:54] What are the principles behind whether this commission or a future commission?
[01:33:58] I think about what taxpayer funds are used when we're talking about paying down debt service for investing in large public infrastructure, whether that be S ninety nine, which was about opening the waterfront to ensure that future generations have access to the waterfront.
[01:34:14] And to address traffic congestion so that marine terminals can continue to operate, which is about the highest paid middle income jobs in our community.
[01:34:22] We need to be thinking about what public infrastructure.
[01:34:24] Vestments are. I respect that every taxpayer says, where are my dollars going?
[01:34:29] And how do those dollars benefit me?
[01:34:31] But we need to make sure we're having a conversation about what are public assets that ensure employment opportunities for future generations.
[01:34:38] What are environmental assets that we want to make an investment in that are for future generations?
[01:34:43] Environmental impacts and economic impacts don't end at geographic boundaries.
[01:34:48] They are what we're making for their future of not just our region, but even broader than that.
[01:34:53] And so we need to be thinking about when we are transparent with numbers.
[01:34:56] We need to make sure we're thinking about what we mean by why we make those investments, what our public assets that we need to be investing as a public agency.
[01:35:04] Because let's be perfectly frank, Fisherman's Terminal supports a fishing industry here that would not be here if there had not been public investment for the last hundred years.
[01:35:14] And the economic opportunity that that has provided for generations and thousands upon Washingtonians is, I'll be perfectly frank, priceless, because we know the harm when they do not have the economic opportunity.
[01:35:25] We often intentionally have a conversation about budget that gets very transparent about the numbers.
[01:35:30] But if we don't think about the value and the principles about why you invest in public infrastructure, what that means for the future, then we've done a disservice to ourselves.
[01:35:39] So let's make sure we don't put up a slide with just numbers when we do this.
[01:35:42] Let's make sure we talk about why we make the investments.
[01:35:45] Well, said Commissioner Caulkins, and then felt just one comment as we consider this budget, one area of revenue that has been vexing for me in the last few years as commissioner is that line item called the passenger facility charge, where at this point we are federally prohibited from increasing it beyond the four fifty four dollars and fifty cents per passenger that we charge.
[01:36:09] And it feels to me like an anti-market approach by the federal government to prevent us from charging a fair market value for the services we provide at the airport.
[01:36:19] It also means that some of those expenses have to come from others of revenue.
[01:36:24] And so I would encourage stakeholders in the room to consider participating in the advocacy towards raising that limit to eight dollars and fifty cents, which is about \$4 per passenger, which is less than, say, the cost of a cheese plate on the flight or certainly less than twenty five dollars per bag that would be charged for the second bag.
[01:36:42] So as we look at what impact we could have to make improvements at the airport, the passenger facility charge is the easiest way to let the airports charge the very people who are using the service appropriately.
[01:36:56] Well said, Mr.
[01:36:57] Felleman.
[01:37:00] You know, the the reason why folks have the pleasure of hiring and firing their port commissioners in which makes Washington state unique in the country, is because we assess a property tax.
[01:37:13] And so the particular part of the budget, even though it's not a significant part of the budget, is a part that we have a particular obligation for accounting for.
[01:37:24] And so Commissioner Gregoire stole a bunch of my thunder.
[01:37:28] But there are because we think great minds think alike.
[01:37:32] So I'll take a back seat that I want.
[01:37:36] So the the.
[01:37:38] But there are really three buckets, right?
[01:37:40] There's the capital expenditures for the long term investments that no business can can amortize like a T5 or and then there's the you know, the social the social good.
[01:37:53] And then we also have the the bonding capacity.
[01:37:57] And so I think each of them need to be described.
[01:38:01] They need to bring the public up to the policy behind each one of those.
[01:38:07] And and I can understand that it would be nice if we had more revenues to go around and all that.
[01:38:13] But I do believe that for the modest amount that it is to the King County taxpayer, the leveraging of of that money and again, how that is actually leveraged is just an incredibly good story.
[01:38:28] But one less it's well-told.
[01:38:30] It just seems like a negative.
[01:38:32] So we have all the ammunition.

[01:38:35] We just need to add in.
[01:38:37] You're welcome to disagree with it.
[01:38:38] But at least we should explain it.
[01:38:42] Come it. No. OK.
[01:38:44] Well, with that, there is a motion second on the floor for introduction of thirty seven sixty three, which is the ports.
[01:38:49] 2020 budget is a reminder hearing on the question recurs on the motion to introduce resolutions.
[01:38:56] Thirty seven, sixty three.
[01:38:59] All those in favor please indicate by saying all right aye aye aye aye everybody thinks it means three to four right now we're no we're gonna have to do something.
[01:39:06] I think all those opposed nay aye's have it.
[01:39:11] Ok, now we're going on to the motion in second on the floor for action.
[01:39:14] Thirty seven. Sixty four, which is the ports tax levy.
[01:39:18] Any further discussion?
[01:39:20] Hearing none. The question occurs on the motion to introduce resolution thirty seven.
[01:39:23] Sixty four. All those in favour please indicate by saying aye aye.
[01:39:28] All those nay aye's have it.
[01:39:31] All right. There you go. We'll see you next week.
[01:39:33] Thank you.
[01:39:35] Agenda Item 8, see introduction of Salary and Benefits.
[01:39:39] Resolution number thirty seven.
[01:39:41] Sixty five. A resolution of the Port of Seattle Commission.
[01:39:44] Amending the Policy Directive for salaries and benefits for employees not covered by a collective bargaining agreement established by resolution thirty seven forty nine.
[01:39:53] And providing an effective date for all amendments every one twenty twenty commissioners.
[01:39:59] The annual salary and benefits resolution is our opportunity to ensure that we are remaining competitive with other employers in the region to attract and retain a qualified workforce, thanks to the human resource team for their thoughtful work over the last year.
[01:40:13] I'm pleased to have staff share a few thoughts about a few of the highlights of changes were proposing for 2020.
[01:40:19] The presentay or is Jenny and.
[01:40:24] Thank you Mr. Metruck. And good afternoon.
[01:40:25] Good morning commissioners.
[01:40:28] I'm here to present some key updates to our pay and benefits program contained within the Salary and Benefits Policy Directive.
[01:40:34] We'll discuss pay range adjustments.
[01:40:36] The Ports recommendation for our voluntary opt out plan in lieu of the Washington state paid family medical leave and associated changes as a result of that, as well as minor administrative updates.
[01:40:51] We're recommending a three and a half percent adjustment to our pay ranges effective January 1st, 2020.
[01:40:57] As a result of our annual process to analyze data from published salary surveys.
[01:41:03] This year, the analysis indicated that the port's current pay ranges for non-representative employees is slightly below market and the overall expected increase for the Puget Sound area.
[01:41:14] Employees are is being reported as 3.3
[01:41:17] percent. A three and a half percent range adjustment ensures that we maintain the port's non-representative pay ranges at market competitive levels for 2020.
[01:41:30] And while other employers provide cost of living increases to their employees at the port, we do pay increases for non-representative employees based on performance.
[01:41:40] So any adjustments to the ranges don't automatically result in an increase in pay.
[01:41:46] The only automatic increases are when an employee's pay is less than the minimum of the weight range and with the twenty twenty recommended three and a half percent increase, we estimate approximately 34 employees will be adjust.
[01:42:02] We'll have their pay adjusted at a cost of about forty six thousand dollars.
[01:42:07] The twenty twenty high school intern rate for the port will be 1756 per hour and as reference effective January 1st, the city of Seattle's minimum wage is increasing from sixteen dollars per hour to sixteen thirty nine for large employers.
[01:42:24] So with the recommended range adjustment of three point five percent, all non represented pay ranges will have minimums above the city of Seattle minimum wage.
[01:42:38] Beginning January 1st, 2020, benefits will become available through the Washington paid family and Medical Leave program.
[01:42:47] Last year, the port applied to and was approved to opt out of the state administered plan and offer our own version of this benefit.
[01:42:54] The state requires that opt out plans provide benefits equal to or better than the state plan, and we intend to opt out again for 2020 in response to the state requirement.
[01:43:06] The port's plan for 2020 will add to new paid leave programs for non-representative employees and as also required by the state plan, will be available to both represented and non-representative employees.
[01:43:22] The ports paid medical and Family Leave program will consist of those two plans.
[01:43:27] They will be a partial income replacement program with a weekly pay benefit equivalent to what the state would provide, and employees will have the option to supplement to full pay with their own accrued leave.
[01:43:41] We will mirror the state plan as closely as possible, but we do plan to incorporate administrative simplicities where possible.
[01:43:49] This plan our plans will run concurrent with FMLA if applicable and will continue to not charge premiums for employees to participate.
[01:43:58] The two plans are port paid medical leave and that will be available to employees for their own or a family member.

[01:44:05] Serious health condition and port paid family leave, which is available when an employee adds a new child to their family.
[01:44:13] We'll be submitting our application to opt out for 2020 shortly.
[01:44:20] I am remain surprised that we are the one of the sole employers across the state that has acknowledged and recognize that our paid parental leave is more generous than the state plan, and thus it's to the advantage of our employees to opt out and not have them pay separately into a fund that they are actually getting a better benefit of.
[01:44:43] I'd love a short, succinct statement on the website as to why the Port of Seattle provides its own paid parental leave and and appreciates the state of Washington raising the bar.
[01:44:55] But for those that are actually have a more generous leave policy, everyone should take note of this.
[01:45:02] This is the right way to think about it.
[01:45:04] And I say that because I'd like to encourage people to go above and beyond.
[01:45:09] And so I think just a short, succinct why we've made this analysis would be helpful.
[01:45:17] Thanks so much.
[01:45:19] Questions, really quick.
[01:45:23] Speaking of paid parental leave, we will need to adjust our current program, which is four weeks of fully paid leave for employees to go along with the new state family.
[01:45:34] Our opt out program for family leave our current program is four weeks of full pay effective January 1st, 2020.
[01:45:43] We would like to increase the number of weeks of fully paid leave from the current four weeks to six, and the six weeks will run concurrent with the benefits payable through the port paid family leave plan.
[01:45:56] So this ends up supplementing to full pay six full weeks.
[01:46:02] So far this year, we have had 62 employees receive the full benefit or four weeks of pay available under our current paid parental leave program.
[01:46:11] This is already higher than the forty four in all of 2009 18 and thirty six in 2017 and in term frequent.
[01:46:22] Can somebody turn up the heat for freezing and is there the ability to do so?
[01:46:27] OK.
[01:46:29] So those are key updates.
[01:46:30] I have other information regarding the minor administrative details that we did change, including policy reference updates, human resources, drop evaluations or just updates for clarity if you would like to talk about them.
[01:46:43] Otherwise, I can answer any questions before we move on to the next part of this.
[01:46:48] Are there any questions? No.
[01:46:51] OK. Continue.
[01:46:52] Thanks.
[01:46:54] We'd also like to point out that our staff inadvertently missed a policy reference in our updates.
[01:46:59] So we do have an amendment to the resolution we are asking you to adopt.
[01:47:03] This is a technical revision and it's similar to our other policy reference updates that were already included in the resolution that's in front of you.
[01:47:13] Do you want to talk a little bit about that?
[01:47:15] No. The policy update.
[01:47:18] What we did is when we switched to the policy directive, we included references to all of our H.R.
[01:47:26] policies which get updated on a rolling basis that if something changes or if we need to clarify a word or even just punctuation.
[01:47:37] And generally, those are signed off by the executive director.
[01:47:42] And so we removed.
[01:47:44] We did that inadvertently last year when we created it.
[01:47:47] So we removed all of those references so that the policy directive on salary and benefits wasn't 60 pages, 70 pages long.
[01:47:55] So when we did that, one of those references was accidentally left in in regards to H.R.
[01:48:02] twenty one, I believe, relocation.
[01:48:05] Mr. Caulkins, I believe a question.
[01:48:06] What I'd be happy to propose an amendment is actually we're going to start first with the underlying resolution and then we'll do the amendments.
[01:48:12] So with that, Steve, did you have any other comments?
[01:48:16] No. We're just progressing along that and looking at.
[01:48:19] We want to be the employer of choice.
[01:48:21] And that's why I think these changes help us along that road.
[01:48:24] Okay, great.
[01:48:26] So with that, may I have a motion in a second for introduction of resolution thirty seven.
[01:48:31] Sixty five. So moved.
[01:48:33] I can think you can move your second.
[01:48:36] All right. And then may also have a motion and a second for the First Amendments resolution.
[01:48:41] Thirty seven. Sixty five, which is what we had before.
[01:48:44] So most excellent.
[01:48:47] Thank you so much. OK.
[01:48:49] Mr. Caulkins, your question?
[01:48:51] Just a while we have all the appropriate parties in the room.
[01:48:54] I wanted to highlight something that is germane to this topic, which is a recent study.

[01:48:59] It was pretty well publicized around work schedules.
[01:49:04] There was a I think it was a couple of weeks ago now.
[01:49:06] And I'm happy to pass along to the appropriate people, I and Katie there to that I'd like us to at least look into.
[01:49:12] And I don't think it probably applies to our workforce entirely, but certain aspects of our workforce in which it was discovered that a four hour workweek actually increased the total productivity of workers and so forth.
[01:49:25] So I thought a day when or where four hours would be good day.
[01:49:32] Does that count the commissioners as war board day or.
[01:49:37] I just gave the executive leadership team.
[01:49:39] Hi. Is there really? No.
[01:49:42] Sorry. Four day work week resulting in something extraordinary, like 40 percent increase in productivity from the workers.
[01:49:48] So I would like us to at least examine that and to see that particular study.
[01:49:53] How might it apply to the port?
[01:49:55] Ok. We did it. Great idea.
[01:49:57] There was a great company, local company here who actually did experiments to avoid Conky in Japan.
[01:50:05] Forgive me, I had separate comment, if that makes sense, which I think we have a goal to take up in December as the Times Commission, but I think it's relevant again having all the right people in the room.
[01:50:15] I appreciate how we have really become a leader in thinking about parental leave and the elements around that.
[01:50:21] I think when we adopted the policy, we acknowledged how critical that time is for family bonding.
[01:50:27] We have been exploring the opportunity to think about a infant pause at pause work program.
[01:50:35] I say that because if you say it too fast, it sounds like I'm saying infinite work like the opposite of what Mr.
[01:50:40] Caulkins just suggested.
[01:50:41] Yes. But as folks know, there have been several pilot programs across the state of Washington, including in King County.
[01:50:49] And I think there's worth us studying that.
[01:50:51] And we'd like to take that up for consideration in December.
[01:50:55] I'm very cognizant that we need to study it and understand the environment at the Port of Seattle about how that could potentially work.
[01:51:02] And so it's not about taking the leap, but really setting forth the parameters and the policy that says let's go explore and think about what that would provide as an opportunity.
[01:51:10] I want to be clear. If one employer thinks about that opportunity, that is not a comeback to work early and don't leverage that parental leave policy.
[01:51:20] That is another option to think about.
[01:51:23] And we want to make sure that that's exactly how we would be characterizing it for our workforce that could take advantage of it.
[01:51:28] So more work to study.
[01:51:30] I appreciate H.R.
[01:51:31] and Steve's support on this and something we can talk about.
[01:51:35] If I could just add to that since we're talking about this.
[01:51:40] I'm committed to looking at the needs of all the workforces persists specifically.
[01:51:44] That's easy for me to say early in the morning.
[01:51:46] But specifically, that needs women.
[01:51:49] And I did meet with our women's initiative network, the leadership of that and looking at that.
[01:51:52] So that element would be one of the elements we're looking crossed.
[01:51:56] Where are different workplaces are as well.
[01:51:58] So I'm committed to not looking at all those things and looking at the different elements that they have within our workforce to do that, because that's important as we go forward to do that.
[01:52:08] But I think that we have so many different workplaces.
[01:52:11] So that's an equity lens.
[01:52:13] And I'm trying to apply that as well.
[01:52:14] I'm trying to do that as we go forward.
[01:52:16] That's right. Excellent.
[01:52:19] Any other questions?
[01:52:20] Comments? No.
[01:52:22] Terrific. So with that, we have a motion is second on the floor for the introduction of resolution.
[01:52:27] Madam President. Oh, I'm sorry.
[01:52:28] Did we vote on the amendment?
[01:52:30] We. I believe we did.
[01:52:32] No, we didn't.
[01:52:33] Well, you're in charge, so I don't know if you say we didn't.
[01:52:35] We didn't. So let's vote on the amendment.
[01:52:38] We have a motion second on the floor for the amendments resolution.
[01:52:40] Thirty seven. Sixty five.
[01:52:42] All those in favor please indicate by saying aye.
[01:52:45] All those opposed nay aye's have it.
[01:52:47] OK. Now we're gonna go to the question recurs for the motion of introduction of thirty seven.
[01:52:51] Sixty four as amended five.

[01:52:53] Oh there is some sixty five.

[01:52:54] Excuse me. As amended. All those in favour please indicate by saying I by all those oppose any.

[01:53:00] I said it. Thank you.

[01:53:02] Thank you. All right.

[01:53:04] Moving along.

[01:53:05] Agenda Item 8 D.

[01:53:08] Authorization for the executive director to one increase the authorized funds for the Central Terminal Infrastructure Upgrade Project in the amount of five million dollars for revised total estimated project cost of twenty one million eight hundred thirty four thousand dollars and to execute to construction change orders in excess of three hundred thousand dollars and 60 days time extensions.

[01:53:31] Commissioners. This authorization for additional funds for the central terminal is reflective of the number of scope and timing changes from this project, and I believe done is going to be discussing those.

[01:53:42] I want to share that our continuous process improvement team has been working with.

[01:53:46] Airport dining and retail for a couple of months to significantly reduce the likelihood of future challenges in this in our ADR Bill, let's going forward.

[01:53:55] The presenters are Don Hunter and Trevor Edman.

[01:54:00] Good morning, commissioners and Executive Director Metruck.

[01:54:03] My name's Don Hunter. I'm the senior manager of the Airport Dining and Retail Program here at Sea-Tac.

[01:54:07] My co presenter is Trevor Admen.

[01:54:09] He is the capital program leader for infrastructure projects at the airport.

[01:54:13] Today, we are here to introduce the Central Terminal Infrastructure Upgrade Project.

[01:54:19] We're asking for additional funds for this project.

[01:54:21] And we have a total of four slides for your review today.

[01:54:29] Sorry, I'm not going to touch it.

[01:54:39] The.

[01:54:41] Just to give you a little background on why we were doing this particular project at the Central Terminal Upgrade Infrastructure Upgrade project.

[01:54:50] The long term vision of the airport is to have optimal levels of service throughout the entire facility.

[01:54:56] ADR is just a portion of that vision, including with checkpoints and everything else in order to achieve these optimal levels, levels of service.

[01:55:07] We needed to add additional square footage of Lee Sippel space to meet the passenger demand, whether that is for restaurants or lounges, upgrade the infrastructure so that we have the appropriate level of infrastructure to maintain these areas of service and to add some vertical circulation for our passengers.

[01:55:26] So that was our really motivation for the project.

[01:55:29] And when I turn over to try Trevor and he's going to give me more details, don't have passengers been asking for vertical circulation?

[01:55:37] They haven't asked me in particular.

[01:55:39] But I know that there is a need for more space as we grow back.

[01:55:44] And why? Yes. Why?

[01:55:45] Sorry. As passenger growth has as grown 40 percent as we talked about in the past from like 2012 to now, there is a need for more vertical circulation.

[01:55:55] There's a need for more seating.

[01:55:56] There's a need for more gathering areas.

[01:55:58] So I do apologize. I kind of glazed over that.

[01:56:02] Good morning, Commissioner is Executive Director Metric.

[01:56:05] My name is Trevor Rentman and I'm the capital program leader for infrastructure projects at the airport.

[01:56:10] This is obviously a large, complex project with a very public facing element to it, especially for an infrastructure project.

[01:56:19] There are a lot of great benefits to this project that we as we've heard from Miss Hunter and we have come a long way, but the project has faced its share of challenges.

[01:56:27] We are currently tracking over 200 trends on this project.

[01:56:31] These trends include everything from designer errors and emissions to scope changes and varying site conditions.

[01:56:38] What you see on this slide are the primary cost growth drivers.

[01:56:42] This includes includes construction barricades, grab and go food carts, delaying closing tenant spaces, which would be Anthonys, in this case, pest mitigation.

[01:56:52] These are by no means the only cost growth drivers, but the first four that you see here are the most significant and they're unique in that they improved customer service and they increased revenues to the Port of Seattle.

[01:57:04] Except for the pest mitigation probably did not increase revenues.

[01:57:08] But I'm glad we took care of it.

[01:57:11] So while these scope changes have a net positive impact on the Port of Seattle, the project must bear the full car cost.

[01:57:18] And that's why we're here today.

[01:57:21] You can later go into a little more detail.

[01:57:23] Can you go back to that slide on the unforeseen conditions and desired error and omissions?

[01:57:28] Lee, I could I could talk more about that, if you like.

[01:57:30] Yeah, we can do that now.

[01:57:32] Do you mind staying for one thing to backing up one level?

[01:57:34] You totally treat it piqued my interest to say that there were 200 factors that you were tracking.
[01:57:39] Yes. Is our team helping with this?
[01:57:42] Is this really our our team?
[01:57:44] Yeah. And so it's not it's not actually that unusual for a project of this size and these Twitter trends.
[01:57:48] That's really anything. Some of them could even be a net positive to the part as far as revenues and costs.
[01:57:55] It's anything on the project that's changes related to that initial Contra Costa supplies.
[01:58:00] I mean, at that basic level.
[01:58:02] But this is that this is the technique that we apply across our script.
[01:58:09] So as far as some of these unforeseen conditions, our design errors and the missions to me actually get my notes here so I can make sure I get this clear.
[01:58:20] Yeah. So.
[01:58:23] So we actually had a 180 days to delay to the project.
[01:58:27] The estimated cost is around six hundred thousand dollars.
[01:58:30] And this is related to HPC and other building systems that were located in the north corridor that were not shown on the construction drawings.
[01:58:38] This is a designer error.
[01:58:40] It was shown on the drawings that we gave to the designer.
[01:58:42] They were not included in the construction contract.
[01:58:45] That's it. That's the most significant one.
[01:58:47] And I don't know if I could just add to that.
[01:58:48] Trevor wouldn't when we went up there, you could see where you could open it up.
[01:58:53] And once it was opened up and inspected, we did this as part of our tour of that part of the part of the central terminal is that that's what became evident.
[01:59:01] You know, it was completely different than what was design.
[01:59:04] And there was much more complexity with the H back.
[01:59:06] I understand the fact it was there in the work that had to be done to support that.
[01:59:10] Once you opened it all.
[01:59:11] That's correct. Is any of that recover?
[01:59:14] Yes. Well, we're gonna be pursuing recovery on those designer errors and omissions.
[01:59:23] I could go on. We've got so many.
[01:59:26] There's another example of our elevator pits.
[01:59:29] We're not designed to the proper depth.
[01:59:31] We had to go back in, do a redesign, custom delay to the project to to build the elevator pit to a lower depth to allow for the glass elevators, which is out there today.
[01:59:42] Those are two of probably the largest examples.
[01:59:46] Because going on to the next slide.
[01:59:52] So this project started construction in Q1 of twenty nineteen in this two year gap in Q1 of twenty eighteen.
[02:00:03] I apologize for my notes.
[02:00:05] Q1 of twenty nineteen.
[02:00:06] We completed phase one which was the substantial completion of the south side of the central terminal.
[02:00:12] We anticipate completing the north side of the central terminal in Q3 of 2020.
[02:00:18] And with that that concludes our prepared comments.
[02:00:20] And Don and I would be happy to address any additional questions you might have.
[02:00:24] What is the substantial completion in Q3 look like?
[02:00:27] What's the experience for the public?
[02:00:30] Yeah. So so this this project just provides the infrastructure and the shelf space for the tenant build out.
[02:00:36] As far as the actual tenant build out, Don would be more prepared to speak to that.
[02:00:40] So phase two, the substantial completion that is when we open the PSALTIS location and then the south side seating will also be completed at that time.
[02:00:53] So they'll open in tandem together in dusting work.
[02:00:56] Mr Bowman was, you know, the memo articulated.
[02:00:58] But you see this in space.
[02:01:00] We're talking about 11000 extra new square feet, additional square feet.
[02:01:04] I'm trying to say that is between the north and the south.
[02:01:07] That's the entire project which, you know, for those customers who were concerned about, you can see the dearth of seating.
[02:01:14] That's not fair. The fact that we have lot more passengers that don't have seats.
[02:01:18] How's that? And the additional options that that will provide from our food and dining experience.
[02:01:24] But 11000 square feet through this remodel is a pretty big benefit.
[02:01:32] Any other questions?
[02:01:33] Do you have an estimate of how much additional revenue that the not just the 11000 square feet, but the remodeled space overall will generate for us?
[02:01:44] I don't have that in front of me, but I can definitely get that to you.
[02:01:46] We do have that information from the performer that was provided to us by the tenant when they place the bid.

[02:01:52] So I have that information.

[02:01:55] Don, do you have any numbers on the other side of the central terminal, how that's performing?

[02:01:58] I think you talked about that before, but I'm looking at my numbers lady right here.

[02:02:03] They're averaging about fifteen to twenty thousand a day.

[02:02:08] And how does that compare to how we're doing before you got scared?

[02:02:13] I'm just looking for a general partner that we're probably up about 30 percent from what they were doing before.

[02:02:21] I mean, it's absurd. It's substantial.

[02:02:23] I mean, their growth, they're doing very, very well, especially Evergreen's.

[02:02:28] And those concepts like that.

[02:02:33] No other questions. All right, then I will call for a motion for adoption of Item 8 C.

[02:02:40] So moved. So it's been moved this second, second it's been moved and seconded.

[02:02:45] Last chance for discussion.

[02:02:46] OK. All those in favour please indicate.

[02:02:49] Oh, I'm so pleased to see to D.

[02:02:52] They say it's. I apologize.

[02:02:54] Eighty eight. Think you ought to be a stick?

[02:02:56] I usually Paul jumps on me about this.

[02:02:58] I was. Thank you.

[02:02:59] So I'll say that again.

[02:03:01] We're calling for a motion for adoption of Itae 8D.

[02:03:05] Thank you. Second, all those in favour please indicate by saying aye aye.

[02:03:10] All those opposed nay ayes have it.

[02:03:12] All right. Thank you.

[02:03:13] And a quick note to Jansen, who was on this team to say congratulations on your re-election resoundingly to the council MLB.

[02:03:24] And also to Melanie, okay.

[02:03:26] Seat in city of Kenmore, there are port families doing their civic best for sure, including one of your city.

[02:03:36] All right. We've got one more item and then we're going to get a short lunch break and then we're going to move into an Alliance Alliance meeting this afternoon.

[02:03:44] So we're earning our per diem agenda item h e the introduction of resolution number thirty seven, sixty six, a resolution of the Port of Seattle Commission establishing the Port Wide Arts and Cultural Program Policy Directive, which directs the executive to create a strategy for art and cultural programs across all port facilities.

[02:04:03] Return art funding to 1 percent of capital construction projects port wide, establish art pools for art expenditures, and create an operational budget for art conservation, maintenance, staffing needs, cultural programming and public engagement.

[02:04:18] And before we jumped in is we have had a couple of briefings on this, but I thought it was important to bring it up because we it is now part of the underlined budget of an increase of 1 up to 1 percent.

[02:04:28] I wanted to make sure. Restoration.

[02:04:30] Restoration. Thank you.

[02:04:32] Going from our half a percent back up to 1 percent.

[02:04:35] I felt it was important to do it on the same day that we introduced the budget.

[02:04:38] So, Tony, thank you very much.

[02:04:42] Pete, go ahead and start, if you don't mind.

[02:04:43] Sure. Executive commissioners, thank you very much.

[02:04:46] Good morning. My name is Pete Mills and I'm commission specialist and staff to the commission, the Art Oversight Committee.

[02:04:54] With me today is Tommy Gregory, the art program manager and curator.

[02:04:59] Today, we are introducing a port wide arts and cultural policy directive.

[02:05:04] The policy stems from the work of commissioners Bowman and Steinbruck.

[02:05:07] In your roles as representative to the Art Portes Art Oversight Committee, Boman and Steinbruck identified several opportunities to improve the our program.

[02:05:18] And we have attempted to codify these opportunities in this directive.

[02:05:24] We've updated the policy since you've we briefed you in September, include some commission input, including remove the net shed exemption.

[02:05:36] We've moved the caps to our pool.

[02:05:38] We've revised the art forthe our policy to have a consistent start date of January 1, 2020, both to both the aviation and nonno aviation programs to talk more specifically about the policy, what it will do and why is this important?

[02:06:01] I'll hand it back over to Tommy Gregory.

[02:06:03] Thank you, Peter. And thank you, everybody.

[02:06:05] Good morning. The policy will help better serve our community and stakeholders.

[02:06:09] Our quality of art is an important part of airports and public spaces.

[02:06:13] Art across all port properties benefit the experience of our customers, visitors, staff and public at large.

[02:06:22] Being international, incorporating cultural programming and public tours will not only connect the public to our work, but help showcase the rich diversity of our region.

[02:06:34] The policy will also help connect the public to our various operations and the history and vision of the Port Seattle.

[02:06:41] Having a port wide strategy will allow us to develop comprehensive plans and for both conservation and collection management.

[02:06:50] Restoring port art funding to the pre recession level of 1 percent will allow our will strengthen our acquisition program and make it comparable to other jerk's jurisdictions.

[02:07:04] And the added emphasis on expanded operational needs and funding will provide much needed support to our art program staff.

[02:07:13] The port has received strong community backing for this policy, including letters from the Allied Arts Foundation.

[02:07:21] The foundation was instrumental in advocating for the original 1 percent for our programs in the region back in the 1970s and is very supportive of work.

[02:07:30] We are hoping to accomplish here.

[02:07:33] The art communities in the Greater Seattle area are following the port's program evolution and look to celebrate the return to 1 percent and our port wide strategy.

[02:07:44] I would like to turn back to Pete and describe the process we took to get here and open up to any questions.

[02:07:50] Thank you.

[02:07:52] Thank you, Tommy. The directive has been reviewed by the port's executive director.

[02:07:56] Members of the executive leadership team, as well as the Ports Art Oversight Committee.

[02:08:02] The Arts Oversight Committee includes four members of the public, including professional artists, corporate arts manager and arts educator and an architect.

[02:08:12] The Art Oversight Committee recommended its consideration by the full committee commission here today on September 4th.

[02:08:20] Commissioner Bowman mentioned.

[02:08:22] September 24th, twenty nineteen.

[02:08:25] We briefed the commission on the draft policy, and it's currently scheduled to be coming forward for final consideration on November 19 with implementation starting in January 2020.

[02:08:38] We welcome any questions or input you might have to this policy.

[02:08:43] All right, commissioners. All Commissioner Felleman and then start.

[02:08:48] So could you just explain to me the process by which a piece of art is identified and acquired and if there is a process by which a piece of art could be sold?

[02:09:00] Ok. So the process as far as we were currently operating, the standards show we'll have a CFP will identify a budget.

[02:09:10] So, for example, nor satellite just happened.

[02:09:13] So it's that we'll have at that time as a half percent for art.

[02:09:16] We'll do, you know, working with the stakeholders very closely.

[02:09:22] There would be Alaska Airlines and we would weigh heavily into what the criteria for that specific expansion project were supposed to be.

[02:09:30] So the theme was very much of an environmental nature.

[02:09:34] So all the work or all of the criteria sent out to the public for the call.

[02:09:42] We do an open call. It was around this biosphere like an environmentally charged theme, a selection panel of five individuals, you know, different professions.

[02:09:54] And it's expertise in art and aviation selected for artists.

[02:10:01] Those artists then get spaces divvied out to them.

[02:10:05] They go through a design phase.

[02:10:07] Doesn't mean they always end up winning that commission if the designs aren't acceptable to VLT and the Art Oversight Committee.

[02:10:16] But that's the process in a nutshell.

[02:10:19] It's an open call bid.

[02:10:21] All professional artists are allowed to apply.

[02:10:27] And regarding your question, as far as sales, to my knowledge, the Port of Seattle has never sold a visual art asset.

[02:10:37] But it's not.

[02:10:39] It's sometimes a taboo subject, but it's actually quite acceptable.

[02:10:43] Nationwide, it happens from time to time.

[02:10:46] So just one follow up.

[02:10:47] So the the Art Oversight Committee.

[02:10:51] Did they then solicit the the folks who actually are going to go out and your other your other expert team that is going to put out the the open call?

[02:11:05] Yeah. Yeah. Art Oversight Committee is involved in kind of supporting in there.

[02:11:10] They're very helpful in a supportive role as far as approving criteria that in this case, the port had subcontracted a an art consultant or a nonprofit that administers the open call for us.

[02:11:26] We didn't have bandwidth to do that.

[02:11:28] There's a one person team as it's still four.

[02:11:31] Currently, today is only one full time employee in the public art department.

[02:11:36] So you. That would be me.

[02:11:37] Yes. And we didn't have at that time, we didn't have the bandwidth to conduct that open call.

[02:11:43] So they the port hired a consultant to do so.

[02:11:48] The consultant with the Art Oversight Committee's recommendations and support submitted the criteria to the public, where then they accepted the applications, they vetted them.

[02:11:58] They proposed them to a selection committee with the art oversight committees approval.

[02:12:04] I guess so. I guess it's the selection committee makes a recommendation or selection committee actually selects the selection committee actually selects.

[02:12:14] All right. And so what you were saying that like the tenant and the VLT, there's a good review process that's before the selection

committee makes its final decision, before the artist applying gets the the very happy letter of acceptance.

[02:12:30] We vet it. Are we vet that selection?

[02:12:32] And just to make sure that we're complying with everything, nothing's done in a vacuum.

[02:12:36] It's a very it's a lot of teamwork to make that final decision.

[02:12:40] Thanks. I just had no idea and no problem.

[02:12:42] Hope that was clear. We also have some standards I'd be happy to share with you.

[02:12:46] All right, Commissioner Steinberg. Well, thank you.

[02:12:48] Okay.

[02:12:51] Where do I begin? Here. This is a subject area that's very near and dear to my heart.

[02:12:55] And I'm thrilled to see this program advance in this way.

[02:13:02] I want to thank staff Tommy P and my co chair, Commissioner Bowman, for your efforts and leadership and understanding the importance of this.

[02:13:14] And I I think we can't underscore what the value to the public is to visitors, to our employees and to our our rightful place.

[02:13:25] I think institutionally nationwide in supporting arts and culture and the workplace and and wherever we can accommodate it and include and integrate with our capital projects, I think it's easy to kind of get distracted by the one percent as a quantitative topic.

[02:13:48] Actually, a half percent increase, which I would point out.

[02:13:51] SALES tax alone is over 10 percent.

[02:13:53] So has one twentieth of what the sales taxes on most capital projects.

[02:13:59] So that part of it certainly will be hugely beneficial to be restoring to our program.

[02:14:06] But I would say even more importantly, that we're extending our scope and programming to report wide, to ensure that we are conserving our art assets.

[02:14:20] And let me say, that's an area I think has suffered from benign neglect.

[02:14:23] And Tommy, you've pointed that out with specific examples.

[02:14:27] We need to take that a lot more seriously.

[02:14:29] We have the potential value of 40 to 60 million dollars in our art collections today.

[02:14:36] And we're gonna be increasing that as we go forward.

[02:14:39] That's something to take responsibly in terms of protection, maintenance and conservation.

[02:14:46] Other elements of this is that is to extend access to arts and culture to the public and to strengthen R R R counting or rather R cataloging of our art collection.

[02:15:06] I found it not to be entirely accessible when I joined the port here and complete in terms of the full cataloging and documentation of our collections.

[02:15:21] So as I see it here, the value here there is tangible and intangible, but it's its considerable value given.

[02:15:31] And just just an example.

[02:15:33] The airport is arguably the largest art gallery in the five state region.

[02:15:41] Now, I don't know what they've got in California, but I suspect they've got a larger public gathering place.

[02:15:46] But given that we have 51 million passengers as well as twenty one thousand employees at Sea-Tac Airport with comparable attendance rate, that is beyond the Super Bowl every day during the season, that's an opportunity there.

[02:16:05] Equally important are our other areas of of where employees work and where people visit seaport.

[02:16:16] Fisherman's Terminal, cruise terminals, marinas, etc.

[02:16:19] All of those areas are opportunities to extend this value and to to build on what we started back as one of the pioneers, I think, of among ports.

[02:16:30] And I don't know when it was first started early.

[02:16:33] Yeah. Which was kind of when the 1 percent program sort of took off, led in part by Seattle's arts community.

[02:16:41] So all of these things are great value.

[02:16:44] We're doing the right thing here and supporting what we have, expanding what the potential.

[02:16:51] We have a great new committee of volunteers and staff to help lead this forward.

[02:16:58] And I encourage my colleagues to support this effort and be part of it.

[02:17:02] So thank you. You're welcome.

[02:17:05] I just wanted to raise one quibble about how we've been messaging a lot of this in our memo.

[02:17:10] And I would just want to make sure that as we do broader push toward public communication, this wouldn't bury the lead, which for me is the the number that we anticipate or the estimated estimate we anticipate being the absolute dollars that will be available as we become a significant benefactor of the arts for our community.

[02:17:32] So, you know, we're using 1 percent, I think, in both the transparency's perspective, but also to to really emphasize how much money will be available to support arts and culture in our community because of this.

[02:17:44] That's the headline, whatever that millions of dollars is.

[02:17:48] Commission Calkins I completely agree.

[02:17:50] It is a job creator where we're giving the creative community work and that number is over five years based on our our CIP is approximately 20 million dollars.

[02:18:04] That's the headline.

[02:18:08] And even smaller.

[02:18:10] A huge thanks.

[02:18:12] Your time it comes to for your leadership here and thanks for everything you're doing.

[02:18:15] I saw that recomposition.

[02:18:17] It's not the right word, but the new composition of the new board going forward helped me.
[02:18:22] I had thought having an architect familiar with Portes Design Vision and standard is part of the board is a kind of critical component, but seems to have not transferred.
[02:18:30] Can someone help me understand?
[02:18:32] We have a Rick Zeev.
[02:18:33] He's an architect of note.
[02:18:36] He's been there for over 20 years.
[02:18:38] So that would point out I'm also an architect.
[02:18:40] So two architects.
[02:18:41] But then you have to commit to life on the committee.
[02:18:44] Commissioner, licensed, registered, practicing.
[02:18:48] That's because I asked you if you said about a board composition, sometimes you say here's the the functions or what you're saying is you're putting it in the four members of the regional art community that is going to be part of the priority.
[02:19:02] Is that the right way to think about it?
[02:19:03] Yes, I'm sure we have an a curator, an artist, an academic, art educator and an and an architect.
[02:19:13] I feel like we've we've really got a great and diverse group of folks that helps that that is kind of the articulation of the old functions in the old committee.
[02:19:20] And I saw it. We comprised we can.
[02:19:23] But but if we think about that, diversity of opinion, I guess is the right way to put it.
[02:19:26] And we think about it. That sounds great.
[02:19:27] Great. Any other questions, comments?
[02:19:32] No, I just well, I want to thank the staff.
[02:19:34] Pete, you've done a great job on leading the policy of this.
[02:19:37] And Tommy were so excited to have you on board and moving forward that five year strategic plan.
[02:19:42] Thank you very much. And I'd been truly inspired and excited to be working with this great group.
[02:19:46] I really do appreciate your help.
[02:19:47] We had a really robust arts committee meeting the other day.
[02:19:50] It was a lot of fun, actually.
[02:19:52] OK, with that. I'll call for a motion for introduction of resolution.
[02:19:55] Thirty seven. Sixty six.
[02:19:57] So moved. Second that's been moved in second.
[02:20:00] All those in favour please indicate by saying I.
[02:20:03] All right. All those whose name is have it terrific.
[02:20:06] And then Miss will be on the final action next week as well.
[02:20:11] Thank you. Okay.
[02:20:12] With that other business amongst commissioners.
[02:20:16] Mr. Metruck.
[02:20:17] Can I just mention one thing? I can't believe I was totally remiss of mentioning the re-election of Commissioner Coleman.
[02:20:24] I mean, I can't believe I just slid by that because I just it was an oversight.
[02:20:28] I apologize for that. OK.
[02:20:29] Thank you very much. Excellent.
[02:20:33] With that, we've got about an hour break.
[02:20:35] Can I make one point? I just want to I know it's big news, but there was a major soccer game this week.
[02:20:41] I know. Get to go and P10, but I just I'm not sure anybody got the final scores to zero.
[02:20:46] The parents beat the kids in the final Capital Hill Rockets soccer game this weekend.
[02:20:50] Go, parents.
[02:20:52] And I'm not offended if anyone goes running downtown for the Sounders parade that starts at noon too.
[02:20:58] I know I came here while doing my civic duty.
[02:21:03] All right. With that, we are adjourned.
[02:21:05] I'm sorry, I can't read the title over there.
[02:21:07] We are adjourned at eleven thirty eight.

END OF TRANSCRIPT