START OF TRANSCRIPT

[01:00:00] just in infrastructure, but in long term
[01:00:02] health of communities like ours that
[01:00:04] depends on access, opportunity and
[01:00:07] tourism. When SEA grows responsibly, it
[01:00:09] drives growth across King County from
[01:00:12] the city to the summit. On behalf of our
[01:00:14] members, we strongly support continued
[01:00:17] investment in the airport's future.
[01:00:18] Thank you for your leadership and
[01:00:21] opportunity to speak. Thank you.
[01:00:26] Our next speaker is Barbara McMichael.
[01:00:36] Calling for Barbara McMichael and
[01:00:42] we'll move to Jamie Cortez. Jamie,
[01:00:46] please go ahead and repeat your name for
[01:00:47] the record and your agenda item or topic
[01:00:49] that you're speaking on today.
[01:00:56] Calling for Jamie Cortez for public
[01:01:04] Moving Back to Barbara McMichael for
[01:01:07] public comment.
[01:01:12] Madam Commission President, is there
[01:01:14] anybody else who is physically in the
[01:01:17] room who did not sign up in advance but
[01:01:19] would like to address the Commission for
[01:01:20] public comment?
[01:01:24] Is there anybody online who did not sign
[01:01:28] up in advance but would like to address
[01:01:30] the Commission for public comment?
[01:01:34] I'd like to make a third and final call
[01:01:36] for Barbara McMichael from Defenders of
[01:01:40] Highland Forest. Are you with us?
[01:01:47] One final call for Jamie Cortez.
[01:01:53] This concludes the public comment
[01:01:55] portion of our meeting. Clerk Hart,
[01:01:58] please give us a synopsis of written
[01:02:00] comments submitted to the Commission.
[01:02:02] Thank you. Madam Commission President,
[01:02:06] Members of the Commission, Executive
[01:02:08] Director Metruck we've received 24
[01:02:10] written comments for the meeting today.
[01:02:11] A few of these written submissions were
[01:02:14] accompanied with spoken statements made
[01:02:16] here. These have all been distributed to
[01:02:18] you in advance of the meeting and will
[01:02:20] become a part of the public record and
[01:02:22] are summarized as follows. Similar
[01:02:25] comments asking that LNG be removed from
[01:02:28] the Northwest Port's clean air strategy
[01:02:30] were submitted by Elisha Brilhante of
[01:02:34] Kerbel Plastics, Elizabeth Burton on
[01:02:37] behalf of Seattle Cruise Control Lavelle
[01:02:39] Pratt, Friends of the San Juans and
[01:02:42] Rosemary Moore, Mercer island resident
[01:02:44] Charla Dodd, a Fremont resident and
[01:02:46] Laura Gibbons.350 Tacoma also expressed
[01:02:50] disappointment with the FAA's findings
[01:02:52] of no significant impact related to the
[01:02:54] Sustainable Airport Master Assessment.
[01:02:57] I'll note here that over the course of
[01:02:59] the past two weeks. Approximately 230
[01:03:02] form letters requesting the removal of
[01:03:04] LNG from the Northwest Port's Clean Air

[01:03:06] Strategy have been received through the
[01:03:08] Commission correspondence system.
[01:03:11] Sarah Schiffley and Tyrell Headend,
[01:03:16] Apologies writes to note their concern
[01:03:18] that the Port may allow projects to go
[01:03:21] forward prior to completion of the SEPA
[01:03:23] and urges the Commission to ensure the
[01:03:26] CEPA is complete prior to allowing any
[01:03:28] projects to proceed related to item 11A
[01:03:32] on the agenda the Port Sustainable
[01:03:34] Airport Master Plan the following people
[01:03:36] right to express strong support for
[01:03:38] efforts to continue investments in
[01:03:41] Seattle Tacoma International Airport,
[01:03:43] noting it is a critical gateway for our
[01:03:45] region and the need to plan for the
[01:03:47] future. Austin Miller, Senior Manager of
[01:03:50] Local Government affairs for Washington
[01:03:52] Hospitality Association Josh Brown,
[01:03:55] Executive Director, Puget Sound Regional
[01:03:57] Council Randy Ferritz, who you heard
[01:04:00] from today. Robin Twyman from the United
[01:04:03] Kingdom Government Office Amy Wallin,
[01:04:07] Washington State representative of the
[01:04:09] 48th Legislative District Kyle
[01:04:12] McLaughlin, the executive vice President
[01:04:14] of Aviation at Clear Shane Jones,
[01:04:16] Senior VP of Fleet, Revenue Product and
[01:04:19] Real Estate for Alaska Airlines Mark
[01:04:22] Ganter, President, Consular association
[01:04:25] of Washington Mei Lin, Director General,
[01:04:28] Taipei Economic and Cultural Office in
[01:04:31] Seattle James Alverson, President,
[01:04:34] Renton City Council David Karp,
[01:04:37] President, Northern Air Cargo Mayor
[01:04:40] Kelly Curtis, City of Kirkland Eric
[01:04:43] Fitch, Executive Director of Washington
[01:04:45] Public Ports Association Ann Croker and
[01:04:48] Richard Leeds submitted written comments
[01:04:50] speaking in opposition to the FAA's
[01:04:53] findings of no significant impact and
[01:04:55] urged the Port to not continue with any
[01:04:58] project expansion related to item 10A on
[01:05:01] the agenda, a resolution adopting a
[01:05:03] revised Welcoming Port Policy Directive.
[01:05:06] Luis Navarro, Previous Board Port
[01:05:08] Director of Workforce Development Rights
[01:05:11] to fully support the effort to update
[01:05:13] and strengthen the policy and recommends
[01:05:15] recognizing Port employee resource
[01:05:17] groups in the resolution and ensuring
[01:05:20] the independence of the Immigration
[01:05:21] Working Group, the IWG reporting
[01:05:25] directly to the Commission and Executive
[01:05:26] Director and then finally Nick Longo
[01:05:30] from the Port's Voice erg this is
[01:05:32] Employee Resource Group expresses strong
[01:05:35] support for the updated policy, stating
[01:05:38] that it means a lot that the Port is
[01:05:39] reaffirming and expanding its commitment
[01:05:41] to the safety, inclusion and
[01:05:44] participation of immigrants, refugees
[01:05:46] and international visitors. And that

[01:05:48] concludes the written comments we've
[01:05:49] received today. Thank you very much.
[01:05:54] Hearing no further testimony, we will
[01:05:56] move forward in the agenda. The next
[01:05:58] order of business is the Consent Agenda.
[01:06:00] Items of the Consent Agenda are
[01:06:02] considered to be routine and will be
[01:06:04] adopted by one motion. Item 8F, which
[01:06:07] was removed from the Consent Agenda,
[01:06:08] will be considered separately
[01:06:09] immediately after the adoption of those
[01:06:12] remaining Consent Agenda items. So at
[01:06:15] this point, my colleagues, is there a
[01:06:17] motion to approve the Consent agenda
[01:06:19] items covering 8A through 8E so moved.
[01:06:23] Second motion has been made by
[01:06:26] Commissioner Calkins and seconded by
[01:06:27] Commissioner Muhammad. Commissioners,
[01:06:28] please say aye or nay when your name is
[01:06:30] called for the approval of consent
[01:06:31] agenda beginning with Commissioner
[01:06:33] Calkins. Aye. Thank you. Commissioner
[01:06:36] Cho. Aye. Thank you. Commissioner
[01:06:38] Felleman. Aye. Thank you, Commissioner
[01:06:41] Muhammad. Thank you. And Commissioner
[01:06:43] Hasegawa. Aye. Thank you. Five ayes,
[01:06:45] zero nays for this item. The motion
[01:06:47] carries unanimously. That brings us
[01:06:49] forward to item 8F. I'd like to pass it
[01:06:52] over to Clerk Hart to introduce the. To
[01:06:55] read it into the record and Executive
[01:06:56] Director Metruck. You can introduce it.
[01:06:58] Thank you. This is agenda item 8F.
[01:07:00] Authorization for the executive director
[01:07:02] to execute a term lease agreement with
[01:07:05] Pacific Cruise Ship Terminals llc. This
[01:07:07] is Metro Cruise for Smith Cove Cruise
[01:07:10] terminal at Pier 91 for a proposed lease
[01:07:13] term of five years with a five year
[01:07:15] option to extend effective November 1,
[01:07:17] 2025.
[01:07:20] Commissioners, this request seeks
[01:07:22] authorization for the executive Director
[01:07:24] to execute a five year term lease
[01:07:26] agreement with Pacific Cruise Ship
[01:07:28] Terminals llc. Metro Cruise for
[01:07:31] management of the Smith Cove Cruise
[01:07:33] terminal at Pier 91, effective from
[01:07:37] November 1, 2025, with a five year
[01:07:39] extension option. Following a
[01:07:41] competitive request for proposals,
[01:07:42] Metro Cruise was selected as the firm
[01:07:44] offering the best overall value and
[01:07:46] strongest operational experience in
[01:07:48] cruise terminal management, security and
[01:07:50] stevedoring. This lease will provide
[01:07:51] stability as the port prepares for a
[01:07:53] record 2026 cruise season with 330
[01:07:57] vessel, 2 million revenue passengers,
[01:08:00] and the arrival of two new cruise lines,
[01:08:01] MC Cruises and and Virgin Voyages.
[01:08:05] So, presenting this afternoon is Linda
[01:08:08] Springman, Director of Cruise Business

[01:08:10] and Elliott Bay operations. Welcome.
[01:08:12] Thank you. Thank you, Commissioners and
[01:08:14] Executive Director Metruck. I feel like
[01:08:16] I'm going to be a little repetitive
[01:08:17] here. Do you have my slides?
[01:08:21] Perfect, thank you. You can go ahead and
[01:08:23] go to the next one. Linda Springman,
[01:08:25] Director of Cruise Business and Elliot
[01:08:26] Bay Operations. This will be a little
[01:08:29] bit repetitive to that intro, so I
[01:08:30] apologize. I'm here to present. How many
[01:08:33] slides is this presentation? Just four.
[01:08:34] Okay. Yeah. I'm here to present the
[01:08:37] outcome of the request for proposal
[01:08:39] conducted this summer for terminal
[01:08:40] operations at our T91 cruise facility
[01:08:42] and request commission authorization for
[01:08:46] executive director Metruck to execute a
[01:08:48] lease agreement with Pacific Cruise Ship
[01:08:49] Terminals LLC. Metro Cruise for Smith
[01:08:52] Cove Cruise Terminal at Terminal 91.
[01:08:55] Next slide, please. I won't repeat all
[01:08:58] of these stats, but just as an outlook
[01:09:00] for 2026, you heard about the successful
[01:09:02] 2025 season. In 2026, we're looking at
[01:09:05] 330 ship calls, with 235 of those
[01:09:09] being at 91. The operation we're talking
[01:09:11] about we will have 10 cruise brands,
[01:09:13] eight of them operating at Terminal 91.
[01:09:15] We're up to 16 home porting vessels,
[01:09:18] which means they're spending all summer
[01:09:19] here sailing up to Alaska. Two new home
[01:09:22] ports with two new ships joining our
[01:09:23] fleet. This brings us to 2 million
[01:09:27] estimated revenue passengers, which is a
[01:09:30] five and a quarter percent increase from
[01:09:31] 2025 numbers. And again, our economic
[01:09:34] impact is $1.2 billion with 328
[01:09:38] million of that being jobs generated.
[01:09:41] Next slide. We just want to assure you
[01:09:45] that we went through a very competitive
[01:09:46] bid process. We received four proposals
[01:09:49] based on the initial ratings received
[01:09:51] for each criterion. All four proposers
[01:09:53] were shortlisted. All very good
[01:09:56] operators currently in the cruise
[01:09:58] industry. They were all provided an
[01:10:00] opportunity to respond to follow up
[01:10:02] questions about their particular
[01:10:03] proposals and submit a best and final
[01:10:06] financial proposal. Just to reassure you
[01:10:09] also that the review panel was very
[01:10:10] diverse. We wanted to make sure all
[01:10:12] areas of the port were included. So we
[01:10:14] had five participants representing
[01:10:16] crews, finance, environmental and
[01:10:18] facility management. And we were advised
[01:10:21] by one of our legal representatives at
[01:10:23] the port. And we have five, four
[01:10:26] categories. We prioritize the
[01:10:29] operational approach in their proposal,
[01:10:31] followed by the financial proposal and
[01:10:33] then second or third lastly management

[01:10:36] approach and the environmental
[01:10:38] stewardship in their proposals. And then
[01:10:40] the next slide just to highlight some of
[01:10:44] the terms where we landed. At this point
[01:10:46] it is a five year lease with a five year
[01:10:49] option to renew. That is mutual
[01:10:51] discretion. So the port's discretion for
[01:10:53] that extension, the financial commitment
[01:10:56] is a percentage of rent. So the tenant
[01:11:01] pays the port 93.5% of the port directed
[01:11:03] cruise fees. That's the passenger fee
[01:11:06] and the dockage fee. And that's a
[01:11:08] similar way it was set up with our
[01:11:09] previous operator. There is an agreement
[01:11:12] for them to continue to operate the
[01:11:15] facility in conjunction with Columbia
[01:11:17] Hospitality for any events and share
[01:11:19] that revenue. And the security
[01:11:22] requirements of the port have been met.
[01:11:23] And then we just wanted to also point
[01:11:26] out that between the time the CTA
[01:11:28] agreement was done and now the port has
[01:11:31] introduced green lease terms and those
[01:11:32] have been introduced into this lease as
[01:11:34] well. And with that I would open it up
[01:11:37] to questions or comments. Okay, so we
[01:11:39] have questions and comments and we'll
[01:11:41] begin with Commissioner Felleman.
[01:11:45] Thanks Linda, for that summary. And you
[01:11:49] know, it's our biggest revenue source in
[01:11:51] the Port of Seattle's jurisdiction in
[01:11:54] the maritime five year lease. It's a big
[01:11:56] deal with Seaport Alliance. We would
[01:11:58] always do a discussion of any new lease
[01:12:00] at the port. So thank you for the quick
[01:12:02] summary. Really the part that I thought
[01:12:04] was most Pertinent was the last slide,
[01:12:06] the details of the lease and the
[01:12:10] fact that we have this green lease term.
[01:12:13] That's a very important thing to all of
[01:12:15] us. But also that the tenant operational
[01:12:19] requirements. That seems to be new.
[01:12:21] Right. There was the. How much of the
[01:12:23] tenant assumes or the additional
[01:12:26] responsibilities for the tenant compared
[01:12:28] to previous. Could you explain what that
[01:12:30] is? Yeah, we. We changed the structure a
[01:12:33] little bit. There was an element of the.
[01:12:35] The previous operation that had a.
[01:12:41] An account basically to do some of the
[01:12:43] operational expenses, and that has been
[01:12:46] eliminated. And the operator takes care
[01:12:50] of all the operational responsibilities
[01:12:51] themselves. But the basic operation of
[01:12:55] the facility remains similar to the
[01:12:57] previous operator. And we still have the
[01:13:00] physical infrastructure responsible.
[01:13:02] Yes. We still maintain the equipment and
[01:13:05] the capital requirements, the building
[01:13:07] and the gangways, that type of thing.
[01:13:10] And last thing, the. The tenant is to
[01:13:14] confirm compliance with the shore power
[01:13:16] or are they actually doing it?

[01:13:21] They are to confirm compliance. So we
[01:13:26] own the equipment, we pay the bill and
[01:13:29] we pass that cost through to the cruise
[01:13:31] lines. But the operator will make sure
[01:13:34] that everything facilitates the
[01:13:36] connection. But it's ILWU or ILWU
[01:13:40] is hired by the cruise lines to do the
[01:13:43] connection. Watts Marine is hired by the
[01:13:47] cruise lines to do the connection and do
[01:13:49] the changeover with Seattle City Light.
[01:13:51] And now we're just going to be assured
[01:13:53] we get the data on the percent
[01:13:54] compliance. And that's a fantastic
[01:13:57] confirmation. And thank you very much.
[01:13:59] Thanks, Commissioner Muhammad,
[01:14:05] thank you for the time. I recently
[01:14:07] visited Terminal 91 and it
[01:14:12] was a great visit. The staff were
[01:14:13] wonderful. I did observe several
[01:14:16] operational and curbside challenges.
[01:14:19] Many of them came from the taxi drivers
[01:14:23] that operate on the site. And there was
[01:14:25] a lot of cultural sensitivity issues
[01:14:27] that really required understanding the
[01:14:30] taxi community. It very much reminded me
[01:14:33] of the airport ground transportation
[01:14:35] issues. And so there was a long list of
[01:14:38] concerns that they laid out, from
[01:14:41] pricing discrepancies to incidences that
[01:14:44] had to do with security concerns. And I
[01:14:47] think what I would like to know is how
[01:14:50] specifically will that be addressed in
[01:14:52] this new lease or if your team is
[01:14:54] thinking of allocating additional
[01:14:56] funding or provisions in the future to
[01:14:59] address some of these challenges in a
[01:15:01] more sustainable operational way. And
[01:15:04] it's fine if you don't have an answer
[01:15:06] today. Some of the folks who I did meet
[01:15:08] with are following up with me. And so
[01:15:11] I'm happy to continue conversations with
[01:15:14] your group, but I wanted to elevate that
[01:15:16] today. That's great. No, I have a couple
[01:15:18] things that might reassure you that
[01:15:19] we're on the right path for this. First
[01:15:21] of all, I would note that there's three
[01:15:22] senior executive members of the new
[01:15:24] operation in the, in the room today and
[01:15:27] they wanted to hear your comments too,
[01:15:28] so really appreciate that. Secondly,
[01:15:30] two things benefit, I think going into
[01:15:33] this new operation. One is that they're
[01:15:36] a vertically integrated organization.
[01:15:37] So they have a ground services group
[01:15:39] that already operates with about half
[01:15:41] the brands at Terminal 91. They know the
[01:15:43] day to day operations and the challenges
[01:15:45] and could can give additional input on
[01:15:46] that. And then secondly, being
[01:15:49] vertically integrated, one of the
[01:15:51] entities that they have is a terminal
[01:15:52] security solutions that does terminal
[01:15:55] security, parking, traffic control,

[01:15:58] that kind of thing at other terminals
[01:15:59] around the country. And that will be
[01:16:01] really good input to bring some new
[01:16:03] novel ideas into the results for that.
[01:16:07] Thank you for those updates. Appreciate
[01:16:14] Is there anybody else with questions or
[01:16:16] comments on this item? Commissioner
[01:16:17] Felleman with a follow up? Just the
[01:16:20] finances, that one little part. So how
[01:16:23] do you, how do you expect on a per
[01:16:25] capita basis this will compare to the
[01:16:29] previous five year lease? There's puts
[01:16:33] and takes. We have more calls, we have a
[01:16:36] little bit better financial results in
[01:16:39] this, but they also then have more of
[01:16:41] the burden on the operational expenses.
[01:16:46] What I can tell you is that we did a
[01:16:49] project before we put this RFP out to
[01:16:51] say should we self operate this? And we
[01:16:53] said if financially we can do it similar
[01:16:56] or better to what our previous deal was,
[01:16:59] we should go ahead and have someone else
[01:17:01] operate it. And so that's why we did the
[01:17:03] rfp. Got it. So it's hard to do apples
[01:17:07] to oranges because they're taking on
[01:17:09] more responsibility, but independent of
[01:17:12] the growth of the thing on a per capita
[01:17:15] basis, it's close to the same, but then
[01:17:18] they assume more responsibilities, so
[01:17:20] that's harder to enumerate, but it seems
[01:17:23] like it's more lucrative than
[01:17:25] previously. All right, thank you.
[01:17:29] All right, seeing no further questions,
[01:17:34] I'm looking for a motion in a second for
[01:17:38] my colleague. So moved. Second motion's
[01:17:42] been made by Commissioner Felleman and
[01:17:43] seconded by Commissioner Calkins. Clerk
[01:17:45] Hart, please call the roll for this
[01:17:50] Thank you. Beginning with Commissioner
[01:17:53] Calkins. Aye. Thank you.
[01:17:56] Commissioner Cho. Aye. Thank you.
[01:17:58] Commissioner Felleman. Aye. Thank you.
[01:18:01] Commissioner Muhammad. Aye. Thank you.
[01:18:03] And Commissioner Hasegawa. Aye. Thank
[01:18:05] you. Five ayes zero nays for this item.
[01:18:07] Thank you. Thank you. Motion carries
[01:18:09] unanimously. And that brings us forward
[01:18:13] in our agenda to two new business items
[01:18:15] today. Clerk Hart, please read item
[01:18:19] 10A into the record and executive
[01:18:21] director Metruck will introduce it.
[01:18:22] Thank you. Agenda Item 10A, Adoption of
[01:18:25] Resolution Number 3838A. Resolution of
[01:18:28] the Port of Seattle Commission,
[01:18:29] establishing a revised Welcoming Port
[01:18:31] Policy Directive and amending resolution
[01:18:34] number 3747 in order to demonstrate the
[01:18:37] Port's ongoing commitment to supporting
[01:18:39] immigrants, refugees and international
[01:18:41] visitors in line with the Port's
[01:18:43] missions and values commissioners. In
[01:18:46] 2018, we passed Resolution 3747, which
[01:18:50] affirmed the Port's commitment to

[01:18:51] welcoming the immigrants, refugees and
[01:18:53] foreign visitors who are essential not
[01:18:55] only to our economic growth, but to our
[01:18:57] cultural vibrancy. It allows us to
[01:18:59] comply with federal law while ensuring
[01:19:01] the safety, vitality and comfort of all
[01:19:03] who visit and reside in Seattle. Since
[01:19:06] the first reading, our staff has been in
[01:19:07] conversation with with our employees and
[01:19:10] community to strengthen this resolution.
[01:19:11] We acknowledge that work and the
[01:19:14] guidance from the Commission to ensure
[01:19:15] all voices are reflected in this work.
[01:19:17] Today we propose to adopt an amended
[01:19:20] resolution to reaffirm our values and
[01:19:22] commitment to being a welcoming port.
[01:19:23] And at this time, I'm going to turn it
[01:19:26] over to Tony Van, Executive Deputy Chief
[01:19:29] of Staff, to guide us through the
[01:19:30] reading of the Whereas Whereas clauses
[01:19:32] for this resolution and to introduce our
[01:19:34] readers today. Eric Schinfeld, Senior
[01:19:37] Manager, Federal and International
[01:19:38] Government Relations, will then present
[01:19:40] with respect to the resolution in the
[01:19:42] policy directive. With that, I'll turn
[01:19:44] over to Tony Van. Thank you. Executive
[01:19:46] Director Metruck Madam Commission
[01:19:48] President Members of the Commission for
[01:19:50] the record Tunny Van, Deputy Executive
[01:19:52] Chief of Staff He aye. Pronouns I also
[01:19:55] identify as a first generation Cambodian
[01:19:58] American child of two refugees that
[01:20:00] immigrated through our gateways and I am
[01:20:02] also the co sponsor of the Voice erg
[01:20:04] which stands for Voices of Immigrants
[01:20:07] Committed to Equity Employee Resource
[01:20:09] Group. And I'm joined by some colleagues
[01:20:10] here who I'll turn over to introduce
[01:20:12] themselves as well. Good afternoon. I'm
[01:20:15] Paula Tischen and I use she her
[01:20:17] pronouns. I serve as a aviation
[01:20:19] operation administrative supervisor and
[01:20:22] identify as also a Cambodian American
[01:20:24] daughter of refugees who immigrated
[01:20:27] through these gateways at the Port of
[01:20:29] Seattle. And I have the pleasure of
[01:20:30] serving as a member of the Voice as
[01:20:32] well, ERG and which is stands for the
[01:20:35] Voice of Immigrants Committed to Equity
[01:20:37] Employee Resource Group. I turn it over
[01:20:41] to you, Dr. Commissioner Executive
[01:20:44] Director of Metro. My name is Nick Longo
[01:20:48] and I use my pronouns are he himself.
[01:20:52] I work in the Aviation Planning and
[01:20:55] Capital Program group. I was born and
[01:20:59] raised in Italy and I'm here today to
[01:21:03] represent our employee resource group
[01:21:06] VOICE and also to celebrate our
[01:21:09] immigrant, refugees and multicultural
[01:21:13] communities. Can you when you're reading
[01:21:17] speakers, sit closer to the mic. Okay?
[01:21:21] Hello, my name is Frank Hernandez Jr. I

[01:21:25] am in Excuse me, I go by he aye.
[01:21:28] pronouns. I am an administrative
[01:21:30] assistant professional with aviation
[01:21:32] operations. I am Latino and
[01:21:36] also a son of a Mexican immigrant and as
[01:21:39] well as a member with Latino Sunidos.
[01:21:41] Thank you for being here Whereas,
[01:21:46] the Port of Seattle, as both an
[01:21:48] international gateway and a country wide
[01:21:50] special purpose government, is committed
[01:21:53] to supporting the safety, inclusion and
[01:21:55] engagement of all members of our
[01:21:57] community and Whereas, we strive to
[01:22:00] protect the rights and uphold the
[01:22:01] dignity of every King County resident
[01:22:03] and every person who uses our facilities
[01:22:05] and to provide a fair and equal access
[01:22:08] to services, benefits and opportunities
[01:22:10] and Whereas, the Port
[01:22:14] has an essential obligation to foster a
[01:22:16] culture and environment that make it
[01:22:19] possible for our region to remain a
[01:22:20] vibrant and welcoming global gateway
[01:22:22] through which our immigrant and refugee
[01:22:24] residents and foreign visitors can fully
[01:22:26] participate in and be integrated into
[01:22:29] the social, civic and economic fabric of
[01:22:32] our region and has
[01:22:37] a moral obligation to support immigrant
[01:22:40] communities, but also an economic
[01:22:41] imperative in that every part of our
[01:22:45] organization depends on connection to
[01:22:47] the global economy, from the immigrants
[01:22:49] who work at our facilities to the
[01:22:52] foreign visitors that utilize our
[01:22:53] airport and choose terminals, to the
[01:22:56] foreign born workers who create goods
[01:22:58] and services that travels through our
[01:23:00] air and SEA cargo gateways and Whereas,
[01:23:04] in 2018, in response to changes in the
[01:23:07] Federal immigration policy, the Port of
[01:23:09] Seattle Commission passed resolution
[01:23:11] number 3747, the welcoming port Policy
[01:23:15] Directive, as a way to formally
[01:23:17] demonstrate the port commitment to
[01:23:19] supporting immigrants, refugees and
[01:23:21] international visitors and Whereas,
[01:23:25] the year 2025 has once again brought
[01:23:28] immigrant, port, refugee and foreign
[01:23:30] visitor issues to the forefront through
[01:23:32] changes in Federal policy that have the
[01:23:34] potential to conflict with the full
[01:23:36] exercise of the Port's values and our
[01:23:39] ability to continue to be a fully
[01:23:40] welcoming gateway and Whereas, we are
[01:23:44] concerned for the safety and dignity of
[01:23:47] our region's immigrants and refugee
[01:23:48] residents and Whereas, we are concerned
[01:23:52] about the impact of these Federal
[01:23:53] immigration policy changes on
[01:23:56] international tourism through our
[01:23:58] gateway, particularly in advance of the
[01:24:00] 2026 FIFA World cup,

[01:24:03] which has the opportunity to bring
[01:24:05] economic and tourism benefits to our
[01:24:08] region. End Whereas. In response to the
[01:24:12] national policy, the Port has been
[01:24:14] instituting new programs, policies and
[01:24:17] partnership to address any uncertainty
[01:24:18] and fear that these Federal policy
[01:24:21] changes may have created and Whereas,
[01:24:25] while the Port of Seattle's essential
[01:24:26] relationship with federal agency
[01:24:28] partners allow us to operate our air and
[01:24:31] SEA gateways and to keep them safe, the
[01:24:33] port can continue to uphold its values,
[01:24:35] be safe and secure, comply with all
[01:24:37] federal law, and simultaneously be
[01:24:39] welcoming, accessible to all, and
[01:24:41] supportive of those immigrants,
[01:24:42] refugees and foreign visitors who use
[01:24:45] our facilities. Therefore, I will turn
[01:24:48] it over to Tyler to talk about the
[01:24:50] actual resolutions. Thank you. Testing.
[01:24:53] Okay, great. Thank you, voice for that.
[01:24:55] That was lovely. And I think that does a
[01:24:57] good job of kind of grounding the
[01:24:59] conversation today. So. And good
[01:25:00] afternoon, Commissioners. My name is
[01:25:02] Tyler Emski, and I both have the
[01:25:03] pleasure of serving as Commission Office
[01:25:05] Strategic Advisor and also introducing
[01:25:08] Resolution 3838, which is an update to
[01:25:10] our Welcoming Port Policy Directive.
[01:25:13] Next slide, please.
[01:25:18] Okay, so today is the second reading of
[01:25:20] the update to the policy, which
[01:25:22] reaffirms and enhances the port's
[01:25:24] commitment to immigrants, refugees, and
[01:25:26] international visitors. Next slide,
[01:25:28] please. A little bit of background here.
[01:25:31] So, first adopted in 2018, the welcoming
[01:25:34] port Policy Directive affirmed the
[01:25:37] port's values as a safe, inclusive
[01:25:40] gateway in the context of the
[01:25:42] immigration policies of the day, which
[01:25:44] you likely recall. Since we passed the
[01:25:46] welcome Report policy directive in 2018,
[01:25:48] we have implemented every element of the
[01:25:50] directive, built strong community
[01:25:52] partnerships, and fully complied with
[01:25:53] the State of Washington's Keep
[01:25:55] Washington Working Act. The update
[01:25:57] before you today strengthens this
[01:25:59] foundation so our practices keep pace
[01:26:01] with today's realities. Specifically,
[01:26:03] we bring this update forward in light of
[01:26:05] recent shifts in federal immigration
[01:26:06] policies and practices. The port values
[01:26:08] our federal partners who help us keep
[01:26:10] our facilities secure and move people
[01:26:12] and goods efficiently. Nothing in this
[01:26:14] updated directive is intended to impede
[01:26:16] the lawful work of agencies like the US
[01:26:18] Customs and Border Protection or the
[01:26:21] in facilitating travel. Rather,

[01:26:24] Resolution 3838 clarifies how the port
[01:26:27] can be safe and secure, comply with all
[01:26:29] applicable law, and remain welcoming and
[01:26:31] accessible to every person who uses our
[01:26:33] facilities. It equips our staff,
[01:26:35] tenants, and law enforcement with clear,
[01:26:37] consistent guidance about what we do and
[01:26:39] what we don't do. And with that, I'll
[01:26:41] now turn it over to Erik Schoenfeld,
[01:26:43] Senior Manager, Federal and
[01:26:44] International Government Relations, so
[01:26:46] he can recap the updates made to this
[01:26:47] policy. Eric? Thank you, Tyler. Good
[01:26:49] afternoon, Commissioners. Executive
[01:26:51] Director of Metruck again, Eric Shinfeld,
[01:26:53] Senior Manager of Federal Government
[01:26:54] Relations here at the Port of Seattle.
[01:26:56] Next slide, please. There are five key
[01:26:59] provisions in the updated Welcoming Port
[01:27:01] Policy. First, we want to establish that
[01:27:05] our goal as a port authority,
[01:27:08] as operators of aviation and maritime
[01:27:11] gateways, and as a local government is
[01:27:13] to make all visitors to our facilities
[01:27:15] feel safe, welcome, comfortable, and
[01:27:18] respected. Second, we will not deny
[01:27:21] services to anyone based on immigration
[01:27:23] status. And third, we will create and
[01:27:25] enhance some of our existing
[01:27:27] partnerships with local immigrant and
[01:27:28] refugee stakeholders so that we can do
[01:27:31] even more than we have been doing to
[01:27:33] make sure that we are fulfilling that
[01:27:34] Welcoming Port ethos. Number four. We
[01:27:38] are making it very clear that port
[01:27:40] employees are prohibited from asking
[01:27:42] about or collecting immigration status
[01:27:44] except when required by a criminal
[01:27:46] investigation or otherwise required by
[01:27:48] federal or state law. And finally, we
[01:27:51] are making it clear that we will not use
[01:27:52] port resources, including staff time,
[01:27:55] to facilitate the enforcement of civil
[01:27:57] immigration law. Next slide to implement
[01:28:01] those provisions. We have several
[01:28:03] specific policies that are instituted in
[01:28:06] this directive. I won't go through all
[01:28:08] of them now, but let me highlight just a
[01:28:09] few of them for you. First of all,
[01:28:11] making sure that we are only collecting
[01:28:13] data that identifies people by
[01:28:16] immigration status or other criteria
[01:28:18] when absolutely necessary, when required
[01:28:20] by law. We are making sure that people
[01:28:23] who interact with the port have access
[01:28:25] to sufficient interpretation and
[01:28:27] translation resources so that they can
[01:28:29] be understood and so that they can
[01:28:31] understand the work of the port and
[01:28:33] their needs as either travelers or
[01:28:34] visitors. Of course, most importantly,
[01:28:37] we are making sure that our updated
[01:28:39] policy is updated to comply with the

[01:28:41] passage of Keep Washington Working State
[01:28:44] law. We have obviously been in
[01:28:46] compliance with that law, but very
[01:28:47] important to actually specifically call
[01:28:49] that out in our updated policy.
[01:28:52] Number of items around what we don't do,
[01:28:56] including deferral, referral of
[01:28:57] immigration detainer requests,
[01:28:59] prohibiting the use of port resources
[01:29:01] for immigration enforcement, and making
[01:29:03] it very clear what our protocols are
[01:29:07] when employees are faced with
[01:29:08] immigration policy and enforcement
[01:29:10] issues. But I also want to call out that
[01:29:12] we were very, very careful to make sure
[01:29:14] that this was not just about what we
[01:29:15] don't do, but also the ways that we are
[01:29:17] proactively working to create a more
[01:29:20] welcoming port, the policies that we're
[01:29:22] doing, the emphasis of our safe and
[01:29:24] welcoming workplace, the partnerships
[01:29:26] that we're creating to make sure that we
[01:29:28] are doing everything within our power
[01:29:30] and everything that we can in a
[01:29:32] collaborative way to really fulfill that
[01:29:34] welcoming vision. There are a number of
[01:29:36] other administrative items in this
[01:29:38] directive having to do with ensuring
[01:29:40] sufficient training for all port
[01:29:42] employees on those policies and
[01:29:44] protocols, making sure there is
[01:29:45] sufficient budget to implement this
[01:29:47] policy and a number of the initiatives
[01:29:49] contained within, and also creating a
[01:29:52] tracking system and a reporting system
[01:29:53] to make sure that we know how often
[01:29:55] people are coming to us, how often
[01:29:57] various immigration policy enforcement
[01:29:59] activities are happening, our
[01:30:01] facilities, so that we can constantly be
[01:30:03] evolving and changing to meet the need
[01:30:06] and the demand that we're seeing. We
[01:30:08] know, of course, that federal
[01:30:10] immigration policy and protocols are
[01:30:12] continuously changing, and we need to be
[01:30:13] changing with them based on the data and
[01:30:16] the interactions that we're having.
[01:30:17] Next slide, and we're happy to take any
[01:30:20] questions that you have.
[01:30:24] I would just like to thank the Voice
[01:30:27] members as well as Tyler and Eric for
[01:30:29] your presentation of the resolution and
[01:30:31] the subsequent updates to our welcoming
[01:30:33] port policy. This has been months in the
[01:30:37] making and I just want to lift up that
[01:30:41] ever since January we have been living
[01:30:44] here at the airport and it's state of
[01:30:46] reaction and of confusion from the
[01:30:50] announcement of an updated travel ban to
[01:30:53] a rapidly changing immigration
[01:30:55] enforcement policy landscape. Extensive
[01:30:59] lengthy detentions of folks arriving
[01:31:03] from international destinations and

[01:31:07] folks arriving at the airport to self
[01:31:09] deport. This is this and
[01:31:13] more has required us, implored us to
[01:31:16] look internally to see what is our
[01:31:18] authority and what will our response be.
[01:31:21] And that response is this action that's
[01:31:25] before us today for consideration.
[01:31:27] There have been a number of roundtables
[01:31:30] that commissioners have been able to
[01:31:32] participate in working with impacted
[01:31:35] community leaders, advocates and service
[01:31:37] providers. An internal port work group
[01:31:41] that has met on a weekly basis at the
[01:31:43] executive level, including
[01:31:45] representation from the commission to
[01:31:47] understand what a comprehensive and
[01:31:49] meaningful response and directive can
[01:31:51] and should look like. It's more than a
[01:31:54] declaration of what safety and
[01:31:56] inclusion, what our values are. It's
[01:31:58] backing it up with a clear articulation
[01:32:00] of what our operations and
[01:32:05] direction expectations expectations will
[01:32:07] be. So last month
[01:32:11] we introduced this.
[01:32:17] Last month we introduced this policy for
[01:32:20] the first time which achieved. Updating
[01:32:23] definitions reaffirms our compliance
[01:32:25] with the Keep Washington Working Act.
[01:32:27] It also clarifies that our operations
[01:32:31] extend not just to our own Port of
[01:32:32] Seattle police Department, but those
[01:32:36] officers from other departments were
[01:32:38] contracted to provide us policing
[01:32:40] services. It requires training so that
[01:32:43] folks here at the airport know how to
[01:32:45] appropriately respond when
[01:32:49] they're responding to folks facing an
[01:32:52] imminent circumstance. And it also sets
[01:32:56] systems for reporting and then tracking
[01:32:59] our own compliance with our policy
[01:33:01] commitments. These are things that we
[01:33:04] can do to be able to promote
[01:33:06] transparency and account ultimately
[01:33:08] accountability to being the
[01:33:13] best gateway we can be for members of
[01:33:16] the public who are traveling, folks who
[01:33:18] are working at our airport and our
[01:33:20] adjacent community members who live in a
[01:33:22] constant state of concern and fear.
[01:33:25] Since we introduced this in its original
[01:33:29] form last month, we have socialized it
[01:33:31] with a number of different stakeholders
[01:33:34] who have brought their meaningful
[01:33:36] updates and inputs which we have
[01:33:40] incorporated. And so I would just again
[01:33:43] like to thank the very, very many
[01:33:47] hands internally and externally that
[01:33:49] have gone towards bringing this policy
[01:33:53] to where it is today. I would also just
[01:33:56] like to acknowledge Director Bukta Kesar
[01:33:58] who has spent countless hours of the day
[01:34:01] and of the night toiling to make sure

[01:34:04] that this gets to where it needs to be
[01:34:06] today. And so with that I'm going to
[01:34:08] Open it up to my colleagues for their
[01:34:10] questions and their comments, beginning
[01:34:12] with Commissioner Muhammad. Could I
[01:34:16] start with an amendment? Yes, ma'. Am.
[01:34:18] I'm looking at clerk Hart to make sure.
[01:34:20] I'm following that. Madam Commission
[01:34:22] president, let's go ahead and get the
[01:34:24] main motion on the floor before we move
[01:34:25] an amendment. Okay, well, I'll get
[01:34:29] a motion in a second, then we can go
[01:34:31] into comments. So moved. The motion's
[01:34:35] been made by Commissioner Muhammad and
[01:34:37] then seconded by Commissioner Cho. And
[01:34:39] then if there's any discussion or
[01:34:41] debate. And I understand Commissioner
[01:34:42] Muhammad is going to be introducing the
[01:34:44] amendment. Okay. So I move to amend
[01:34:47] resolution number 3838 by substitute
[01:34:52] under section 2 definition. I further
[01:34:55] move to amend the definition of
[01:34:57] administrative warrant. Specifically,
[01:35:00] beginning on line 218, I quote,
[01:35:02] administrative warrant means a non
[01:35:05] criminal immigration warrant of arrest.
[01:35:07] And quote, I move to strike all
[01:35:10] remaining language in that section
[01:35:12] through line 223 3.
[01:35:17] All right. So the
[01:35:22] amendment to. I second that amendment.
[01:35:24] Thank you. So the motion has been made
[01:35:27] to amend Resolution 3838 and everybody
[01:35:31] has a copy of that amendment with the
[01:35:34] additional striking language that
[01:35:36] striker that Commissioner Muhammad has
[01:35:39] cited. At this time, I'll acknowledge
[01:35:42] Commissioner Calkins has seconded that
[01:35:44] motion. And so I will open it up for
[01:35:46] additional comments from my colleagues,
[01:35:48] beginning with Commissioner Muhammad.
[01:35:50] Thank you. Well, today is National
[01:35:54] Immigration day, and we honor that truth
[01:35:58] today and we act on it. I'm very proud
[01:36:01] to sponsor this resolution today that
[01:36:06] affirms both the port's legal
[01:36:08] responsibility, not only its legal
[01:36:11] responsibility, but also its moral
[01:36:13] obligation as a special purpose
[01:36:15] government. We do have significant
[01:36:18] limitations as to what it is that we can
[01:36:21] directly do, but our values do not. The
[01:36:26] law defines what we can do, and our
[01:36:28] conscience defines what we must do.
[01:36:30] While immigration enforcement is a
[01:36:33] federal matter, the port can and must
[01:36:35] ensure that everyone who passes through
[01:36:37] our facilities are treated with dignity,
[01:36:40] with fairness and respect. This policy
[01:36:44] is not symbolic. It is operational and
[01:36:47] it is what I'm most proud of. It
[01:36:49] establishes the immigration working
[01:36:52] group to coordinate and to respond in

[01:36:54] real time. And I appreciate everyone
[01:36:55] who's already part of that and have been
[01:36:58] contributing. It creates the necessary
[01:37:00] reporting system for immigration related
[01:37:03] incidents and ensures that we are being
[01:37:05] transparent as an organization. And it
[01:37:07] strengthens our partnership with our
[01:37:09] immigrant and refugee community
[01:37:10] organizations. And we meet with them in
[01:37:14] real time. And we've been meeting with
[01:37:15] them since the beginning of the year.
[01:37:17] In January, they stood with us outside
[01:37:20] of the airport when the announcement of
[01:37:22] the travel ban happened. And they've
[01:37:25] been very much engaged. And I think
[01:37:27] organizations like One America, the
[01:37:29] Northwest Immigrants Rights Project,
[01:37:30] who've provided edits, comments,
[01:37:32] reached out to me numerous times on this
[01:37:35] policy directive and who care about both
[01:37:39] those who work at this airport and who
[01:37:41] care about those who are coming through
[01:37:43] this, this airport. This policy ensures
[01:37:46] that port staff are trained, that
[01:37:48] they're accountable, that they're
[01:37:49] empowered to uphold these values. And as
[01:37:52] commissioners and as port leadership,
[01:37:53] we are equipping them with the
[01:37:56] appropriate tools so that they're not
[01:37:58] having to make judgment calls in real
[01:38:00] time, but that they have the necessary
[01:38:03] tools to be able to make informed
[01:38:05] decisions. And let me just say, the port
[01:38:07] success depends on both being safe and
[01:38:10] welcoming. It's not just a matter of
[01:38:13] law, but it's also a matter of
[01:38:14] leadership. We can uphold security while
[01:38:17] protecting humanity. We can enforce
[01:38:19] compliance while ensuring compassion.
[01:38:21] And we can be lawful and still lead with
[01:38:25] our values. Again, want to thank all the
[01:38:28] community organizations, our ERG groups,
[01:38:31] countless folks who have helped
[01:38:34] contribute to this policy, Tyler Emsky,
[01:38:37] Eric Buchta, Eric Aaron Pritchard,
[01:38:40] many, many others who I have not named,
[01:38:43] who've helped contribute to this.
[01:38:47] And I think our ERG group today who read
[01:38:49] the policy for sharing your stories.
[01:38:52] And the truth is, in nearly every
[01:38:55] American family there is an immigration
[01:38:57] story. Whether it begins with your
[01:39:00] parents, whether it begins with your
[01:39:02] grandparents or a generation before
[01:39:05] myself. I came to this country as a
[01:39:07] three year old refugee and one of my
[01:39:09] first entries was at this exact same
[01:39:12] airport. And today, in that same
[01:39:14] generation, I am leading that
[01:39:16] organization. So we all have a
[01:39:19] immigration story to tell. Our journeys
[01:39:21] are interconnected together. It's woven
[01:39:24] in the fabric of what makes America such

[01:39:28] a beautiful, resilient country. And
[01:39:30] those contributions are shared. It's our
[01:39:33] shared progress. It's something that we
[01:39:35] should all be proud of. Immigrants power
[01:39:38] our economy. They drive innovation,
[01:39:41] they contribute billions of dollars to
[01:39:42] and taxes that sustain our roads, that
[01:39:45] sustain our schools. And it is our
[01:39:48] shared prosperity. It's what I am most
[01:39:50] proud of. And from the AG to aviation,
[01:39:54] from small businesses to global trade,
[01:39:55] immigrants are the backbone of the
[01:39:59] American industries. And on National
[01:40:02] Immigration Day, we are proud of that
[01:40:05] truth and we are so proud to act today.
[01:40:07] Thank you for the time. Thank you,
[01:40:10] Commissioner Muhammad,
[01:40:15] Commissioner Felleman,
[01:40:19] thank you for all your work on this,
[01:40:21] staff and commission alike. I have one
[01:40:24] very brief statement and observation to
[01:40:27] make. Unless you're a Native American,
[01:40:29] you're an immigrant. And we all have to
[01:40:32] acknowledge the fact that everybody who
[01:40:35] came here had to experience significant
[01:40:37] hardship and challenges to overcome.
[01:40:40] And as such, we should welcome everyone
[01:40:42] with some compassion and empathy for
[01:40:45] integrating into this great mixing pool
[01:40:49] that we call America. And thank you for
[01:40:52] all who have. And we also have to
[01:40:55] continue to respect the rights of those
[01:40:57] first people, our indigenous people.
[01:40:59] Thank you,
[01:41:03] Commissioner Calkins.
[01:41:06] I also want to just commend Commissioner
[01:41:10] Muhammad for all the work that she's
[01:41:11] done on updating this. And I want to
[01:41:14] really speak to, I think a lot of the
[01:41:17] staff work that went behind this and
[01:41:19] that will continue to be a part of this
[01:41:21] conversation for the foreseeable future,
[01:41:23] which is we really need to prepare for
[01:41:26] for a similar situation as has
[01:41:30] been seen in other urban areas in the
[01:41:31] United States where you have a
[01:41:36] lack of foreknowledge of federal actions
[01:41:39] in major American cities that is
[01:41:42] resulting in a lot of confusion and
[01:41:45] chaos and unfortunately,
[01:41:48] instances in which you have local and
[01:41:52] state law and enforcement in positions
[01:41:54] in which they are trying to understand
[01:41:56] what federal enforcement is doing
[01:41:59] without the kind of cooperation
[01:42:00] necessary and at the same time,
[01:42:03] citizens doing engaged in lawful
[01:42:07] behaviors who are being swept up in
[01:42:11] these federal actions that quite
[01:42:15] honestly are un American. And I think
[01:42:19] we as a local government jurisdiction,
[01:42:21] working with partner jurisdictions
[01:42:23] around here, need to do what I know our

[01:42:25] staff is doing, which is to coordinate
[01:42:28] how we will respond when and if that
[01:42:30] happens in our area. And steps like this
[01:42:34] that clarify exactly what our values are
[01:42:36] and how port staff need to respond on
[01:42:41] the fly are really essential to setting
[01:42:43] an or star for our behavior.
[01:42:47] And ultimately, I have been
[01:42:50] extraordinarily proud of our teams here
[01:42:54] at the port in responding to what
[01:42:58] has happened so far. But I also want to
[01:43:01] make sure that we're clear with staff
[01:43:05] that what our policies are so that when
[01:43:08] they are in these encounters that they
[01:43:10] did not wake up thinking they were going
[01:43:12] particular day. They know what the
[01:43:15] guiding principle is for the
[01:43:16] organization. And I think you've
[01:43:17] elucidated that really, really well here
[01:43:19] so strongly in support. Commissioner
[01:43:23] Cho. Yeah, I also want to just pile on
[01:43:26] here and first and foremost thank my
[01:43:28] colleagues here on the Commission,
[01:43:29] Commissioner Muhammad, for your
[01:43:31] leadership on revising this welcoming
[01:43:34] ports framework that we've had for a few
[01:43:37] years now, but now are updating. You
[01:43:39] know, honestly, I don't want to be in
[01:43:43] this place of having to. I mean, I would
[01:43:46] love for us to be in a place where we
[01:43:47] don't have to pass the resolutions like
[01:43:49] this. Right. I would love to live be in
[01:43:51] a world where like everything that's in
[01:43:53] here is just foregone and we don't have
[01:43:55] to put it on paper and it's just
[01:43:56] understood. But the reality is that we
[01:43:58] live in a political climate today that
[01:44:02] does not presuppose the values that we
[01:44:04] have and that we are, unfortunately, in
[01:44:07] a place where we have to set ourselves
[01:44:09] apart from the policies that are being
[01:44:11] put in place on the federal level and
[01:44:14] make it clear that here at the Port of
[01:44:15] Seattle, we are a welcoming port that
[01:44:17] stories like mine, stories like
[01:44:19] Commissioner Muhammad's, stories like
[01:44:20] Commissioner Hasegawa's and the like are
[01:44:23] continue to be welcomed here. And I hate
[01:44:26] to be in this position, not because I
[01:44:29] don't agree with any of this, but
[01:44:31] because this should be foregone. We
[01:44:34] shouldn't have to pass something like
[01:44:35] this, quite frankly. And that's why,
[01:44:37] you know, I'm so frustrated with what
[01:44:41] all the things that we have to deal with
[01:44:43] here as a commission over the last six,
[01:44:45] eight months and on all the things that
[01:44:48] we know we're going to have to deal with
[01:44:50] coming down the line. And so this is
[01:44:52] really just one of many small steps that
[01:44:55] we need to take as a commission, as an
[01:44:57] organization to ensure that we're living
[01:44:59] and executing our duties in accordance

[01:45:02] to our values. This is as much a message
[01:45:06] to the public as it is a message to our
[01:45:08] employees here at the Port of Seattle
[01:45:09] and our workers. These are the values
[01:45:12] that we operate based off of. And quite
[01:45:14] frankly, if you don't agree with these
[01:45:16] values, you can leave. I'm not sorry for
[01:45:18] that because this is what we stand for
[01:45:20] and this is what we're going to execute
[01:45:22] on. So once again, I want to thank my
[01:45:24] colleagues and I want to thank Voice our
[01:45:27] erg for providing their input and
[01:45:30] their engagement on this. And I am
[01:45:34] in highly, highly favorable
[01:45:38] for this framework. Thank you.
[01:45:46] All right, Clerk Hart, will you please
[01:45:48] call the roll for the amendment? Thank
[01:45:51] you. For the vote on the primary
[01:45:52] amendment, beginning with Commissioner
[01:45:54] Mohammad. Aye. Thank you, Commissioner
[01:45:57] Calkins. Aye. Thank you, Commissioner
[01:46:00] Cho. Aye. Thank you, Commissioner
[01:46:02] Fellamit. Aye. Thank you, Commissioner
[01:46:05] Hasegawa. Aye. Thank you. Five ayes is
[01:46:08] zero nays. Thank you. And can you please
[01:46:11] call the roll on the underlying item?
[01:46:14] Yes. I'll just note that that primary
[01:46:17] amendment passes. Going to the main
[01:46:19] motion as amended, beginning with
[01:46:21] Commissioner Mohamed. Aye. Thank you,
[01:46:23] Commissioner Calkins. Aye. Thank you,
[01:46:26] Commissioner Cho. Aye. Thank you,
[01:46:28] Commissioner Felloman. Aye. Thank you,
[01:46:30] Commissioner Hasegawa. Aye. Thank you.
[01:46:32] Five ayes, zero nays for this item. The
[01:46:34] motion carries unanimously. Thank you
[01:46:36] very much, everybody. It's a long time
[01:46:38] coming to the judge,
[01:46:42] Heather. Clerk Hart, please read the
[01:46:45] next item into the record. Thank you.
[01:46:48] This is Agenda Item 10B. Authorization
[01:46:51] for the Executive Director to Advertise
[01:46:53] and Execute Two Construction Contracts
[01:46:55] for 2026 Airfield Projects and limited
[01:46:58] utility installation scope in the south
[01:47:01] concourse Evolution program located in
[01:47:03] the south concourse. Maybe I'm saying
[01:47:06] that wrong. S Concourse Taxi lane
[01:47:09] between the southwest corner of the S
[01:47:12] concourse and the cargo 7 hard stand
[01:47:15] area and authorized use of port crews
[01:47:17] for abatement work in the requested
[01:47:19] amount of $73,040,000 for a total
[01:47:23] estimated project cost of $400 million.
[01:47:28] Commissioners. Commissioners.
[01:47:30] Maintaining our airfield is essential
[01:47:31] for safe and efficient operations of
[01:47:33] aircraft at our airport. The airfield
[01:47:35] work replaces distressed pavement,
[01:47:37] aging utilities, outdated electrical
[01:47:39] systems and and failing hydrants while
[01:47:41] improving lighting and drainage along
[01:47:43] Runway 16C and 34C in adjacent taxiways.

[01:47:47] The utility portion of this request
[01:47:49] modernizes 40 year old electrical
[01:47:51] feeders and prepares essential
[01:47:53] infrastructure for the future Work at
[01:47:55] the south concourse. A briefing this
[01:47:57] afternoon are Robert Kikilis,
[01:47:59] Development Manager, Air Airfield
[01:48:02] Operations and Meng Chi Wu, Capital
[01:48:05] Program Leader, Aviation Project
[01:48:07] Management. So thank you
[01:48:10] Executive Director Metruck and
[01:48:12] Commissioners again Rob Kakilis here at
[01:48:14] Field Operations. Next slide please.
[01:48:19] Just to repeat into the record, we are
[01:48:21] requesting commission authorization for
[01:48:23] the Executive Director to advertise and
[01:48:24] execute two construction contracts for
[01:48:26] 2026 for the airfield projects and some
[01:48:31] limited utility scope for the S
[01:48:32] concourse evolution SCE program, the
[01:48:35] south satellite. This is between the
[01:48:37] south satellite, the Concourse and Cargo
[01:48:41] 7 or the OPS folks known as Spot 99 and
[01:48:45] authorized use of port crews for bateman
[01:48:47] work. Total request here is $73,040,000.
[01:48:51] Next slide please.
[01:48:55] The 2026 airfield projects and spot
[01:48:59] 99 utility scope. These are two
[01:49:02] construction contracts comprised of
[01:49:04] interdependent capital improvement
[01:49:05] projects with overlapping design
[01:49:07] functionality. Basically that allows us
[01:49:10] to get more efficient work out of it and
[01:49:12] more bang for a buck less operational
[01:49:14] impacts. The 2026-30 Airfield Program
[01:49:18] component of it is the airfield
[01:49:20] infrastructure renewal replacement as
[01:49:23] well as projects needed to provide safe
[01:49:25] and efficient conditions for air
[01:49:26] aircraft operations at the airport and
[01:49:29] meet FAA and other regulatory
[01:49:31] requirements. It's primarily renewal
[01:49:34] replacement and regulatory is what we're
[01:49:35] doing for the self concourse evolution.
[01:49:38] Again we're adding some improving some
[01:49:41] electrical infrastructure to serve the
[01:49:43] south concourse. Next slide please.
[01:49:48] So for contract one, which is the
[01:49:51] federally funded portion of this work.
[01:49:53] Replacement of distressed pavement,
[01:49:56] aging feeling utilities, non standard
[01:49:58] flush hydrants, access hatches,
[01:49:59] electrical circuits, lighting fixtures.
[01:50:01] The lightness fixtures are going to be
[01:50:04] replaced with LED. Just for the record
[01:50:06] there. 16 Ensigns
[01:50:10] on the center Runway connecting taxways
[01:50:12] infield areas and vehicle service roads.
[01:50:14] We're also removing turf edge dams that
[01:50:16] build up along the pavement areas,
[01:50:18] mitigating ponding spots and
[01:50:20] installation of anti pipes perching
[01:50:21] devices along the center Runway

[01:50:24] infrastructure connecting taxiways and
[01:50:26] infield areas. And we do expect to get
[01:50:28] around $15 million of FAA entitlement
[01:50:31] funds in 2026 for this work. Next slide
[01:50:35] please. Contract 2 for the 26
[01:50:39] to 30 program is replacement of
[01:50:41] distressed pavement on taxway Bravo,
[01:50:43] the north concourse, taxi lane and cargo
[01:50:46] areas, and then again for the south.
[01:50:49] Been here for 27 years. I still call it
[01:50:51] the south satellite for the S concourse
[01:50:53] evolution program. Installation of power
[01:50:56] utility duct bank at spot 99, which is
[01:50:59] critical tax way around the south
[01:51:01] satellite. Next slide please. And this
[01:51:05] kind of shows you all the work being
[01:51:07] done next year on the airfield. As you
[01:51:10] can see, a lot of it takes place around
[01:51:12] the center Runway. Not surprising. And
[01:51:15] just so you know, just to kind of get it
[01:51:17] out there, we will be fully closing the
[01:51:20] center Runway 247 for approximately six
[01:51:23] weeks in the spring, starting in mid
[01:51:25] April and then in the fall, starting
[01:51:28] after Labor Day, for 10 weeks in the
[01:51:30] fall. In between that time during the
[01:51:32] summertime, we will have nighttime
[01:51:34] closures, except during the World cup,
[01:51:37] at which time we'll cease any operating,
[01:51:39] any construction, the impacts operations
[01:51:42] on the airfield. And we are working with
[01:51:45] our external relations and noise
[01:51:47] programs to communicate the Runway
[01:51:49] closure to the near airport communities.
[01:51:52] Next slide please.
[01:51:55] And this just gives you a quick overview
[01:51:57] of the entire 26 through 30 program. So
[01:52:01] again, 2026 is in the red in the middle.
[01:52:03] That's next year's work. And then 2027,
[01:52:06] very similar work on Runway 16 right,
[01:52:10] 34 left, similar durations. And then
[01:52:14] 2028, we're going down to the long
[01:52:18] Runway closest to the terminal. A little
[01:52:21] bit longer durations. It's a longer
[01:52:23] Runway. Then 2029 is taxiway bravo out
[01:52:27] there in the middle of the air taxiway
[01:52:28] Tango out there, middle of the airfield.
[01:52:29] And then finally 2030, taxiway bravo
[01:52:32] full length kind of in front of the
[01:52:34] terminal complex there. Next slide
[01:52:37] please, and pass it over to Munchie.
[01:52:42] Thank you, Rob. Good afternoon,
[01:52:44] commissioners and executive director
[01:52:46] Matric. I'm Munchie Wu with aviation
[01:52:48] project management group here at the
[01:52:50] port. As Rob mentioned earlier, we do
[01:52:52] plan to have two airfield construction
[01:52:55] contracts in the year of 2026. Contract
[01:52:57] number one, the federal federally funded
[01:53:00] contract number, plans to start
[01:53:02] construction in quarter two of 2026.
[01:53:04] Contract number two, plans to start in
[01:53:07] quarter one. And both contracts

[01:53:09] anticipate construction completion by
[01:53:11] the end of the year. Next slide,
[01:53:13] please. So between the two capital
[01:53:17] improvement projects included in this
[01:53:19] authorization request, the 2026 through
[01:53:22] 2030 airfield program is requesting for
[01:53:25] 64.4 million to complete the airfield
[01:53:29] pavement, utilities and support
[01:53:30] infrastructure renewal and replacement
[01:53:32] scope. The sconcourse evolution program
[01:53:35] is requesting for 8.64 to complete the
[01:53:39] limited utility installation at Spot 99.
[01:53:41] So the total request for authorization
[01:53:44] today is 73,040,000.
[01:53:48] And I think this concludes our
[01:53:50] presentation. Any questions or comments
[01:53:53] that we can answer or address. Thank you
[01:53:56] very much. Okay, so at this point, I am
[01:53:58] going to look for a motion
[01:54:03] on this item. So moved.
[01:54:07] So the motion's been made by
[01:54:09] Commissioner Felleman and seconded by
[01:54:10] Commissioner Muhammad. Commissioners,
[01:54:13] do you have questions or comments on
[01:54:15] this item? Commissioner Felleman?
[01:54:20] I think I've asked this in the past. I
[01:54:23] know this is a huge undertaking, Huge
[01:54:27] expense, But reoccurring because this
[01:54:30] stuff wears out. I understand that
[01:54:32] concrete doesn't wear out as much, but
[01:54:35] it's enormously more expensive.
[01:54:39] Does the materials itself not lend
[01:54:41] itself to tires coming to the ground,
[01:54:44] or is this just an expensive. That we
[01:54:47] don't want to incur up front? We're
[01:54:48] doing very little concrete. There is
[01:54:50] concrete work involved. That's not the
[01:54:51] majority of it. Very little concrete
[01:54:53] work. And what is being done is mostly
[01:54:55] on some taxways that have been around
[01:54:57] for a while. The center Runway that
[01:54:59] we're doing next year Is actually
[01:55:00] constructed in 2015 or reconstructed in
[01:55:03] 2015. So it's all. It's in pretty good
[01:55:05] condition. A couple panels, not much.
[01:55:06] But some of the exit taxiways have been
[01:55:08] there for, you know, much longer period.
[01:55:09] That's where most of the work's taking
[01:55:11] place for. For concrete removal of
[01:55:13] concrete placement. But. But it lasts
[01:55:16] great. I mean, we got. We got like 40
[01:55:20] years out of our Ford. Had to rebuild
[01:55:22] that Runway last time. Okay, so we're
[01:55:25] not using tar. No, it's all concrete.
[01:55:28] Yeah, we're all concrete. I knew it was
[01:55:31] a stupid question. Thank you for your
[01:55:36] Not at all. I don't think that's a
[01:55:38] stupid question. We just participated.
[01:55:40] Participated in a community forum where
[01:55:42] they had several recommendations for
[01:55:46] alternatives to concrete that have been
[01:55:47] piloted in other areas that include,
[01:55:51] like, a reflective element that can help

[01:55:54] reduce the heat retention of the
[01:55:56] material and ultimately address some of
[01:55:59] the. Perhaps the heat island effect that
[01:56:02] we have at and around the airport. Have
[01:56:05] alternatives to the status quo been
[01:56:07] considered and what sort of
[01:56:09] environmental review or alternatives
[01:56:12] or innovations have been considered?
[01:56:14] This is a $73 million ask. So it's
[01:56:18] fitting that that step takes place.
[01:56:21] Yeah. Thank you, Commissioner. So,
[01:56:23] actually, especially for the contract
[01:56:25] one, so we are getting, we are receiving
[01:56:28] grants, so we have to follow the FAA
[01:56:30] standards specs and, and regulatory
[01:56:33] requirements. So we have to, you know,
[01:56:36] follow the AC for all the concrete
[01:56:38] design. So because of that, so we are
[01:56:40] using regular concrete for our contract
[01:56:42] number one. For contract number two,
[01:56:45] we're actually using for individual
[01:56:46] panels that are mainly located at Taxi
[01:56:50] Bravo or around the gate areas, we're
[01:56:52] actually using the high early strength
[01:56:54] concrete, which the main purpose is to
[01:56:57] minimize operational impacts. So they
[01:56:59] really. It's a lot faster for this type
[01:57:02] of concrete to gain to achieve ideal
[01:57:05] strength for the aircraft operations.
[01:57:08] So often we can reopen the surface
[01:57:10] within hours after pouring. So it really
[01:57:14] helps minimizing operational impacts.
[01:57:16] But the cost is relatively higher too.
[01:57:17] That's why it's in a separate contract.
[01:57:19] We're also trying to limit the number of
[01:57:21] panels that we use this type of
[01:57:23] concrete. I appreciate and commend the
[01:57:25] efforts to minimize operational impact.
[01:57:27] I'm wondering what steps have been taken
[01:57:29] to also have considerations for
[01:57:31] minimizing environmental impact. And
[01:57:33] seeing this as an opportunity, I'd like
[01:57:35] to welcome to the front Environmental
[01:57:37] Director Sarah Cox.
[01:57:45] Good afternoon. SARAH Cox, Director of
[01:57:48] Aviation Environment Sustainability we
[01:57:50] partner with Munchie, the aviation
[01:57:53] Project management team, on reviewing
[01:57:56] the specifications and standards in the
[01:57:58] project to look at opportunities to
[01:58:02] decarbonize in
[01:58:07] our specs to look at lower carbon
[01:58:10] options, for example, the use of fly ash
[01:58:12] in our contract specifications. In
[01:58:16] addition, we can look into the future on
[01:58:20] how the with the heat dome effect and
[01:58:24] what that would look like, how that
[01:58:25] aligns with FAA's specifications and
[01:58:28] standards. That is one thing. Whenever
[01:58:30] we look at our specifications and
[01:58:32] standards, we do look at to see how we
[01:58:35] can to ensure that we're aligning with
[01:58:38] the FAA's design criteria in that. But I

[01:58:40] appreciate that comment and we'll
[01:58:42] continue to look into opportunities so
[01:58:46] you can look into those opportunities.
[01:58:48] But did you look into opportunities for
[01:58:50] this project? We did review the
[01:58:53] specifications for Heat for Heat island,
[01:58:55] not just decarbonization. I am not aware
[01:58:59] that we looked at it for the Heat island
[01:59:02] impact, but that's something that we can
[01:59:04] take away and verify with the team.
[01:59:09] Commissioner Cho. Yeah. Thanks for the
[01:59:13] presentation. I feel like it focused a
[01:59:15] lot on the airfield part of this
[01:59:16] authorization, but it didn't touch.
[01:59:17] Touch very much on the S concourse
[01:59:20] portion. So can you just explain to me
[01:59:22] exactly what the S concourse portion of
[01:59:25] this authorization is for and why it's
[01:59:27] why is that? Why is that project being
[01:59:30] tied in with the pavement work?
[01:59:34] Afternoon Commission John Freeman,
[01:59:36] capital program leader responsible for
[01:59:38] the concourse program. So we
[01:59:40] specifically broke out this work for the
[01:59:44] duck bank because it is much more in
[01:59:47] airfield scope of work that they do. We
[01:59:50] could have done it within the program,
[01:59:51] but because the taxiway at spot 99 is
[01:59:54] such a critical component that they have
[01:59:56] done work there in the past five years,
[01:59:58] they understand how to get through some
[02:00:01] of the SRM safety risk management panels
[02:00:03] and everything faster. It's easier for
[02:00:05] them to do the work than for us to do.
[02:00:08] Was very much civil work only. It's the
[02:00:10] new duck bank to provide future power
[02:00:13] that's necessary. It's renewal and
[02:00:14] replacement. As Mr. Metruck said earlier,
[02:00:18] the feeders are 40 years old. The duck
[02:00:20] bank that's there today was installed in
[02:00:23] 1967. And so it's no longer meets
[02:00:27] the size for conduit and all the
[02:00:28] components. So that's why we broke it
[02:00:30] out this way is it was we needed to have
[02:00:32] this done basically this summer to
[02:00:36] accomplish all the work to support the
[02:00:38] overall base schedule for sconcourse.
[02:00:40] And airfield is much better at doing
[02:00:42] that type of work. So that's why we have
[02:00:44] it separated that way. Got it. And so
[02:00:46] would it be fair to say that this
[02:00:48] project would have needed to have
[02:00:50] proceeded regardless of the South
[02:00:53] Concourse evolution project? Correct.
[02:00:55] This is renewal and replacement. There
[02:00:56] is more of this duck bank that would
[02:00:57] need to be built for it to function.
[02:00:59] But the CROSSPOT99 is a critical
[02:01:02] component and it really is renewal and
[02:01:03] replacement. For any future work to
[02:01:05] occur at the S Concourse, you need a new
[02:01:08] duck bank there to meet the current
[02:01:10] energy codes and the requirements and

[02:01:12] renewal and replacement of those
[02:01:13] feeders. Got it. And then I understand
[02:01:16] that the pave the Runway work is
[02:01:19] receiving about $15 million from the
[02:01:21] FAA. But does this portion of SoCO EVO
[02:01:24] receive any federal funding? This
[02:01:25] portion does not. We are keeping it all
[02:01:27] within the base building contract with
[02:01:29] Hensel Phelps as a contractor. The plan
[02:01:31] for that is that we would be starting
[02:01:33] the first set of work September 1st of
[02:01:35] next year. We're getting ready to go in
[02:01:38] for initial permit on that package. And
[02:01:40] then we would start our grant component.
[02:01:42] At that point. We're looking in
[02:01:44] somewhere in the neighborhood of $105
[02:01:46] million worth of grant money within that
[02:01:49] first package. Specifically for South
[02:01:51] Concord. Correct. Got it. Okay. Thank
[02:01:53] you. Yep. Others. Other commissioners
[02:01:56] with questions and comments.
[02:01:58] Commissioner Felleman with a follow up.
[02:02:03] President Hasegawa brought up a question
[02:02:06] that I wasn't thinking about we're
[02:02:09] pouring enormous amounts of concrete and
[02:02:11] we know that concrete is one of the most
[02:02:13] carbon intensive building materials we
[02:02:16] can use. So you mentioned like fly ash
[02:02:18] as being something has there and I know
[02:02:21] there's a growing interest in in fact
[02:02:24] some, some concrete is actually
[02:02:26] withdraws carbon from the atmosphere.
[02:02:29] But is there, are there whatever ASTM
[02:02:32] specs or whatever that shows whether
[02:02:36] these not carbon sequestering but at
[02:02:39] least lower carbon emitting concretes
[02:02:42] have the FAA kind of spec capabilities
[02:02:45] to them?
[02:02:52] Yeah. So Commissioner, actually for our
[02:02:55] 2026 airfield contract, number one, we
[02:02:58] are, we have been partner Sarah's team
[02:03:00] with our port environmental group to
[02:03:02] actually use that as a pilot project for
[02:03:04] the LEED program, which is similar to
[02:03:07] the invasion program, which is actually
[02:03:09] similar to LEED for vertical structures.
[02:03:12] So we really consider that as an
[02:03:14] opportunity to integrate sustainability
[02:03:16] to our actually civil and infrastructure
[02:03:19] projects. So we have been working
[02:03:21] closely on that finding out options
[02:03:24] that, that will really help us to be
[02:03:27] part of that sustainability framework.
[02:03:30] So for example, so we, we are, we have
[02:03:33] been working into our specs and we have
[02:03:36] been working with the FAA regarding,
[02:03:38] you know, we are, we are having multiple
[02:03:40] construction phasings and also
[02:03:43] construction waste reduction. For
[02:03:46] example, we are actually planning to
[02:03:47] salvage lighting, incandescent lighting
[02:03:50] and lighting cans just so that we can
[02:03:52] use that to replace other future

[02:03:54] upcoming fading incandescent lights
[02:03:56] elsewhere on the airfield. And then we
[02:03:59] are also working language into the
[02:04:01] construction contract so that for for
[02:04:03] example, for construction trailers we
[02:04:05] encourage them to use solar panel and
[02:04:09] also energy efficient vehicles. So we
[02:04:12] are getting started to introduce that
[02:04:14] concept to our construction contract on
[02:04:17] the airfield. I really appreciate that.
[02:04:20] If indeed we are going to use
[02:04:22] alternative concrete, this could be an
[02:04:25] enormous contribution to our reducing
[02:04:29] our climate emitting impacts. And like a
[02:04:33] lot of times we do these good things but
[02:04:35] we don't enumerate them. Our goals are
[02:04:37] to reduce. And then when you do
[02:04:39] something big like this, I hope you
[02:04:41] could present to us what that, how that
[02:04:44] moved the needle. That's all. Thank you
[02:04:46] other commissioners with questions and
[02:04:47] comments. Okay, so the things that you
[02:04:51] just listed like the solar panels with
[02:04:53] the project and the incandescent
[02:04:57] lighting cans, is that with this project
[02:05:00] or those are strategies you're
[02:05:01] implementing with other projects? So
[02:05:04] that's. Commissioner, it's for this
[02:05:06] project. Okay. Yeah. And that, but the
[02:05:08] concrete, it itself, I'm hearing you say
[02:05:11] that something we can explore but have
[02:05:14] not explored. Can you just clarify me
[02:05:16] for me what we're talking about in the
[02:05:19] context of these materials?
[02:05:21] Yeah. So for the concrete,
[02:05:23] unfortunately Again, because the
[02:05:25] majority of the concrete will be pouring
[02:05:28] in 2026 will be part of our contract,
[02:05:30] one which we have to follow the FAA
[02:05:33] standards. So that's why we are giving
[02:05:35] limited options to explore. But I think
[02:05:37] I'll turn over to Sarah for the future
[02:05:39] expl. Yeah, we're continually evaluating
[02:05:44] where those opportunities are with
[02:05:47] respect to embodied, excuse me,
[02:05:50] embodied carbon and other opportunities
[02:05:55] to reduce the impact of
[02:05:59] concrete, both installation and demo,
[02:06:04] on our projects, within both our local
[02:06:06] and. And the global impacts associated
[02:06:10] with that.
[02:06:13] So some of that has been done on this
[02:06:15] project, but we are continuing to
[02:06:18] further investigate that as we move
[02:06:22] forward with future airfield improvement
[02:06:24] projects as well. Carbon emissions are
[02:06:28] different than heat. I mean, they're
[02:06:31] related. Yes. But we're talking about
[02:06:33] the reflective. The reflective. And that
[02:06:36] we'll have to look in on the reflective
[02:06:38] side and how that ties into this
[02:06:44] is what I imagine. I'm stepping in over
[02:06:46] on Rob Kakilis's items. But with respect

[02:06:50] to reflectivity with some of our
[02:06:52] navigation systems on the airfield that
[02:06:55] evaluate. Evaluation wouldn't need to
[02:06:58] take place that it wouldn't be causing a
[02:06:59] secondary impact on other parts of the
[02:07:01] airport operations. How come that
[02:07:04] wouldn't have happened with a $73
[02:07:07] million project that now seems like
[02:07:10] the appropriate time to have done that
[02:07:12] assessment? If I could just ask real
[02:07:14] quick. Well, again, part of that has to
[02:07:17] do with where the funding comes from.
[02:07:19] But as you look at the diagram on page
[02:07:22] six, there's a lot of blue there,
[02:07:25] but the vast majority of that, that's
[02:07:28] earthwork off. Off the pavement.
[02:07:30] There's very little actual pavement work
[02:07:32] being done in 2026. In the grand scope
[02:07:35] of things, there's not a whole lot of
[02:07:37] pavement work being done in the whole
[02:07:39] project. A lot of it is earthwork,
[02:07:41] drainage improvements. A lot of
[02:07:44] it's drainage improvements. We have a
[02:07:46] lot of pond. We have a lot of ponding on
[02:07:48] the airfield, which is wildlife
[02:07:50] attractants and makes other issues also.
[02:07:52] So a lot of that. If you're looking at
[02:07:54] the diagram there, a lot of that work,
[02:07:55] most of it is what you're looking at
[02:07:57] there is just earthwork, and most of the
[02:08:00] work you see on the Runway is lighting
[02:08:02] replacement. There's not a whole lot of
[02:08:04] pavement work being done on this project
[02:08:07] that would, you know, move the needle
[02:08:09] much because there's just. There's just
[02:08:11] not that much being done. But regarding
[02:08:14] reflective pavement reflectivity on the
[02:08:17] airfield is not a good thing in general.
[02:08:19] I mean, obviously we would need to be
[02:08:20] studied, but. Oh, boy. Going back a
[02:08:24] few years we had a number of aircraft
[02:08:26] that landed on Taxiway Tango and other
[02:08:30] aircraft, many others that lined up to
[02:08:32] land on Taxiway Tango because of
[02:08:34] reflectivity issues on the airfield.
[02:08:36] When we had just recently rained, and
[02:08:38] then the sun was low on the horizon,
[02:08:40] and then the aircraft were on approach,
[02:08:42] and they thought the taxiway was a
[02:08:43] Runway because the whole airfield turned
[02:08:46] into a glare. They couldn't see the
[02:08:48] airfield clearly. So reflectivity on the
[02:08:51] pavement in general, based on our
[02:08:55] past, would probably not be a good idea.
[02:08:57] That's something we can't say, we can't
[02:08:59] look into for future paving projects.
[02:09:01] But there's been a history of it not
[02:09:03] being a good thing here at SEATAC.
[02:09:06] Okay. Anecdote versus an
[02:09:10] actual studying and understanding where
[02:09:13] this has been piloted at other airports
[02:09:15] and what possible here at SEA is what I
[02:09:18] want us to do. Given the enormity of

[02:09:21] this project and future projects where
[02:09:24] perhaps there's going to be more
[02:09:25] concrete involved, I want all of us to
[02:09:28] be thinking about where we have the
[02:09:30] opportunity to be able to try not just
[02:09:34] emerging technologies, but innovative
[02:09:36] strategies and alternative materials,
[02:09:38] not just fuels. Right. We need every
[02:09:41] tool at our disposal. We are the cream
[02:09:44] of the crop. I believe in you, and I
[02:09:48] expect that we're identifying those
[02:09:50] opportunities. I do not have the
[02:09:52] understanding of what the FAA's
[02:09:54] regulations dictate. It seems to me that
[02:09:57] it has to do with durability. But I'm
[02:09:59] hearing you say that there's also been a
[02:10:02] case where even so much as the rain
[02:10:04] created confusion for a pilot. So I
[02:10:08] just. I would really appreciate
[02:10:11] in future presentations a very clear
[02:10:14] articulation of what the opportunities
[02:10:17] were. When we're considering projects
[02:10:19] like this for the airport, specifically
[02:10:24] is this ask for implementation. We are
[02:10:27] past the phase of planning and design.
[02:10:31] This is for execution.
[02:10:35] Yes, Commissioner, that's correct. This
[02:10:37] is for construction contract execution.
[02:10:40] Okay. All right. Well, I do like that
[02:10:43] you've been able to identify other
[02:10:46] opportunities outside of the use of the
[02:10:48] concrete for sustainability. So I do
[02:10:51] applaud you for that. And I do not want
[02:10:53] to minimize the achievement of what
[02:10:56] you've been able to do to minimize
[02:10:58] operational impacts as well. So thank
[02:11:01] you for the presentation. Any other
[02:11:03] questions or comments from my
[02:11:05] colleagues? Well, the motion has been
[02:11:08] made by Commissioner Felleman and
[02:11:10] seconded by Commissioner Mohammed.
[02:11:13] Clerk Hart, please call the roll for
[02:11:15] this item. Thank you. Beginning with
[02:11:17] Commissioner Calkins. Aye. Thank you.
[02:11:20] Commissioner Cho. Aye. Thank you.
[02:11:22] Commissioner Felleman. Aye. Thank you,
[02:11:25] Commissioner Mohammad. Thank you. And
[02:11:28] Commissioner Hasegawa. Aye. Thank you.
[02:11:30] Five ayes, zero nays for this Item the
[02:11:33] motion carries unanimously. Thank you
[02:11:35] very much to the presenters. All right,
[02:11:38] that moves us into presentations and
[02:11:40] staff reports. Clerk Hart, Please read
[02:11:42] item 11A into the record and Executive
[02:11:44] Director Metruck will introduce. Thank
[02:11:47] you. This is item 11, a sustainable
[02:11:48] airport master Plan, Near Term Projects
[02:11:50] final National Environmental Policy Act
[02:11:53] Environmental Assessment, Federal
[02:11:55] Aviation Administration Finding of no
[02:11:58] significant impact, Record of decision
[02:11:59] and State Environmental Policy Act Next
[02:12:02] Steps Commissioners, Today's

[02:12:05] presentation provides a brief recap of
[02:12:06] our Sustainable Airport Master Plan,
[02:12:08] summarizing where we began, what we've
[02:12:11] accomplished, and what lies ahead as we
[02:12:13] plan for continued regional growth and
[02:12:15] passenger demand. Seattle Tacoma
[02:12:17] International Airport remains a critical
[02:12:19] economic engine for the Puget Sound
[02:12:21] region, connecting people and goods
[02:12:22] globally, supporting thousands of jobs
[02:12:24] and sustaining business activity across
[02:12:26] the region. Our planning work is guided
[02:12:28] by a clear objective to accommodate
[02:12:30] growth responsibly, ensuring that SEA
[02:12:33] continues to operate efficiently while
[02:12:35] maintaining environmental stewardship
[02:12:36] and community quality of life. The
[02:12:39] Sustainable Aviation Master Plan
[02:12:41] originated from a fundamental challenge.
[02:12:43] How to evolve an airport designed for 30
[02:12:45] million passengers to serve the 53
[02:12:47] million we handle today and the 56
[02:12:50] million projected within the next
[02:12:52] decade. The key initiatives emerging
[02:12:54] from this work include a second terminal
[02:12:55] with 19 gates to expand capacity,
[02:12:58] improve passenger flow, ground
[02:13:00] transportation center to enhance access
[02:13:02] and integrate light rail connections, a
[02:13:04] dedicated bus guideway linking the
[02:13:06] rental car facility, the new terminal
[02:13:08] and the main terminal. After years of
[02:13:11] planning and analysis, we are now
[02:13:12] advancing through the federal and state
[02:13:14] environmental review process. Today's
[02:13:16] recap highlights our progress to date,
[02:13:18] the coordination underway, and the next
[02:13:20] steps that will shape the airport's
[02:13:21] sustainable growth for decades to come.
[02:13:22] Presenters are Sandra Kilroy, Senior
[02:13:26] Director, Environment Sustainability,
[02:13:28] Eric Shinfield, Senior Manager for
[02:13:31] Federal and International Government
[02:13:33] Relations. So great. Thank you. Thank
[02:13:36] you, Executive Director Metruck and Good
[02:13:38] afternoon, Commissioners. Today we will
[02:13:42] be providing just a brief recap of the
[02:13:45] environmental review process for the
[02:13:47] Port Sustainable Airport Master Plan
[02:13:49] near term projects. On October 14, at
[02:13:53] your commission meeting, you received a
[02:13:54] very detailed briefing, but we wanted to
[02:13:57] do a short recap today while the meeting
[02:13:59] was held here at the airport location.
[02:14:02] The purpose of the Airport Master Plan
[02:14:04] is to develop and propose airport
[02:14:07] improvements that are needed to meet
[02:14:09] future forecasted demand. And as with
[02:14:11] all our capital improvement programs and
[02:14:13] projects, we follow a process of
[02:14:16] planning, environmental review, design
[02:14:18] and construction. We are currently in
[02:14:21] the middle of environmental review,

[02:14:22] which is a critical step in all our
[02:14:24] project delivery. And for the SAMP,
[02:14:26] this includes both a National
[02:14:28] Environmental Policy act environmental
[02:14:31] assessment and a State Environmental
[02:14:33] Policy Act Environmental Impact
[02:14:35] Statement. And both NEPA and CEPA are
[02:14:39] important documents and together they
[02:14:41] will provide you with rigorous and
[02:14:43] thorough analysis backed by research
[02:14:46] data and expert input to objectively
[02:14:49] understand the environmental impacts of
[02:14:52] these proposed 31 projects versus not
[02:14:54] implementing the projects. So ultimately
[02:14:58] you will be the decision makers on
[02:14:59] whether and when to proceed with each of
[02:15:01] these 31 investments. And the
[02:15:03] comprehensiveness and accuracy of these
[02:15:06] environmental reviews are intended to
[02:15:08] provide you with important information
[02:15:10] for your consideration. So. Next slide.
[02:15:16] So the FAA just recently completed their
[02:15:20] environmental assessment. The FAA served
[02:15:23] as the lead agency under NEPA with the
[02:15:26] Port as providing technical support and
[02:15:29] outreach. This their final environmental
[02:15:33] assessment and finding of no significant
[02:15:36] impact was released on September 26 and
[02:15:41] the release is followed by a 60 day
[02:15:43] appeal period which we are in the middle
[02:15:45] of right now. This was an important
[02:15:48] milestone as I mentioned in this ongoing
[02:15:51] environmental review process and now the
[02:15:54] next step is that we are underway in
[02:15:57] completing the SEPA EIS of which the
[02:16:00] Port is the lead agency. Next step or
[02:16:04] next slide? The Port has really worked
[02:16:07] to raise awareness of the FAA decision.
[02:16:10] There are copies of the full NEPA
[02:16:14] documents available at at Pier 69 and
[02:16:17] here at the airport. They are also
[02:16:19] placed in libraries in Burien, Des
[02:16:22] moines, Federal Way, SEATAC, White
[02:16:24] Center, Tukwila and on Vashon Island.
[02:16:26] We have sent notices via newspapers,
[02:16:29] email lists, our websites and social
[02:16:31] media and press releases. On October 8th
[02:16:35] we held a webinar that had over 100
[02:16:38] registrations and 60 attendees and that
[02:16:42] was recorded and is now on our website.
[02:16:44] And then of course we had the
[02:16:46] presentation to you the public meeting
[02:16:48] on October 14th and now today. So we
[02:16:53] have really worked to make it very
[02:16:57] available the information on FAA's NEPA
[02:17:00] environmental assessment. Next slide.
[02:17:04] The SEPA work includes
[02:17:08] much of the analysis that was part of
[02:17:11] nepa, but it also has additional
[02:17:14] analysis and these are the categories
[02:17:16] where we will be doing additional
[02:17:18] analysis. Much of this is based on
[02:17:20] specific state requirements, but I

[02:17:24] do want to reemphasize that the Climate,
[02:17:26] the Environmental justice and the
[02:17:29] cumulative impact sections were had been
[02:17:33] included in a draft nepa. They were
[02:17:35] removed by the administration in the
[02:17:38] final nepa. But those all the analysis
[02:17:42] and work that was done under those will
[02:17:44] be carried forward into the SEPA process
[02:17:46] and we will be doing additional work in
[02:17:50] those areas as well. So at the moment we
[02:17:54] are well underway in doing the analysis
[02:17:56] for sepa. Next slide.
[02:18:01] We also will be doing a robust and
[02:18:05] enhanced outreach and engagement process
[02:18:07] for SEPA. This includes giving the
[02:18:11] public notice at least 30 days before we
[02:18:14] will publish the draft EIS so that they
[02:18:17] are aware it's coming. We will be
[02:18:19] translating Materials in the seven
[02:18:21] languages. We will be conducting
[02:18:24] outreach to airport area stakeholders
[02:18:26] and are planning public meetings in
[02:18:29] multiple locations, including virtual
[02:18:31] meetings. We have targeted outreach
[02:18:34] planned for underrepresented communities
[02:18:36] in the South King County, and of course,
[02:18:39] outreach to public sector and regional
[02:18:41] leaders. We have heard continuously
[02:18:45] from you, as individuals and as a body
[02:18:47] of your interest in robust community
[02:18:50] engagement. And we are responding
[02:18:53] accordingly to that. And so come fall,
[02:18:57] or, excuse me, come the first quarter
[02:18:58] 2026, we will have a very detailed plan
[02:19:03] of how we will be conducting outreach
[02:19:05] and community engagement for the SEPA
[02:19:07] work. Next slide. So this
[02:19:11] is the last slide, and it just recaps
[02:19:13] the schedule. We anticipate the
[02:19:17] publishing of our draft SEPA EIS in
[02:19:20] first quarter of 2026. It will then be
[02:19:23] open for public comment. And then
[02:19:26] throughout the year, we will be
[02:19:27] addressing public comment and putting
[02:19:30] together the final CEPA EIS and decision
[02:19:33] that we expect to be in Q4 of 2026.
[02:19:37] And then a reminder that that would
[02:19:41] complete the environmental review
[02:19:43] process. But that does not mean the
[02:19:45] projects move forward. It is still a
[02:19:47] commission action and decision to move
[02:19:50] forward with one or more of the NTP
[02:19:54] projects. So that's our quick recap.
[02:19:57] I think that's the last slide. Thank
[02:19:59] you. Thank you. All right,
[02:20:01] commissioners, questions and comments,
[02:20:03] beginning with Commissioner Felleman.
[02:20:09] Thank you, Sandy. That was a very
[02:20:11] succinct characterization of an enormous
[02:20:14] undertaking of work, particularly given
[02:20:18] the differences between time frames. I
[02:20:22] think the one thing that has to always
[02:20:24] be emphasized in terms of what. What the

[02:20:26] actual analysis is when you hear a
[02:20:30] determination of non significance, the
[02:20:32] delta of the difference between if we
[02:20:35] did nothing or not. So, I mean, I think
[02:20:37] this is one of the most important things
[02:20:39] to be explicitly clear about. And so
[02:20:41] could you, for the benefit of the
[02:20:44] listening public, reiterate what
[02:20:48] this analysis was of? Yeah, the analysis
[02:20:52] covers the proposed projects versus
[02:20:56] no action. And as you stated,
[02:20:59] no action doesn't mean there won't be
[02:21:01] continued growth at the airport. We know
[02:21:04] the demand for flights is coming, and
[02:21:08] that growth occurs whether these
[02:21:09] projects are built or not. And so the
[02:21:12] environmental analysis is looking at
[02:21:15] just the delta between the growth that
[02:21:18] will happen anyway and the proposed
[02:21:23] projects,
[02:21:26] which is how many flights. Oh, now
[02:21:29] you're. I'm gonna say I'm gonna look for
[02:21:33] help for my flights.
[02:21:37] Forgive me,
[02:21:42] we have a number of flex. All right,
[02:21:46] we can get back to you on that if you
[02:21:48] have another question. Okay. Yeah.
[02:21:52] Thank you. Commissioner Calkins, I want
[02:21:54] to kind of build on Commissioner
[02:21:58] Felleman's line of questioning there and
[02:22:00] ask in the no action alternative.
[02:22:05] Was there an analysis of knock on
[02:22:09] effects of not addressing demand here at
[02:22:13] SEA, such as increased traffic between
[02:22:16] here and PDX to catch flights out of
[02:22:18] there or to Vancouver or use
[02:22:22] of other modes that would be required if
[02:22:26] you couldn't catch a flight from here to
[02:22:28] somewhere else? Yeah. I am actually
[02:22:30] going to invite Steve Reibold up to the
[02:22:33] table so that we can get as many of your
[02:22:37] technical questions answered as possible
[02:22:41] so Steve can introduce himself. Good
[02:22:43] afternoon commissioners. Steve Reiboldt,
[02:22:45] Senior Environmental Program Manager and
[02:22:46] Project Manager for the SAM NTP
[02:22:49] Environment Review and Commissioner
[02:22:50] Coggins. Can you restate your question?
[02:22:51] I was trying to answer Commissioner
[02:22:53] Felleman's question while you were asking
[02:22:55] yours. I was trying to shoehorn in
[02:22:57] another question I just piled on. I'm
[02:22:59] sorry. When we think about the no action
[02:23:02] alternative, I'm wondering how much does
[02:23:06] that analysis encompass in terms of
[02:23:09] modeling the knock on effects of not
[02:23:13] addressing demand that is forecast as a
[02:23:16] part of it. So for instance, if we
[02:23:18] aren't offering operations here at SEA
[02:23:21] and people are traveling to other
[02:23:23] airports to catch flights because
[02:23:26] they're not available here, is that
[02:23:29] level of traffic on our roadways, rail,

[02:23:31] other modes accounted for in the no
[02:23:34] action alternative? Alternative? The way
[02:23:37] we generally look at the no action is we
[02:23:39] look at what's we assume is going to
[02:23:42] come. What we don't look at, I think to
[02:23:44] your question is is can we do we model
[02:23:46] for what, where else could they go if we
[02:23:49] don't do? And the answer is no. So we
[02:23:51] don't assume if we don't move forward
[02:23:53] with these or somehow we just stop
[02:23:54] operations that they would go elsewhere.
[02:23:56] We so, so if there's additional traffic
[02:24:00] on I5 going to Portland as a result of
[02:24:04] lack of capacity at SEA to meet. Yeah,
[02:24:07] we do air travel demand that would not
[02:24:09] be accounted for. That's correct. Okay,
[02:24:10] can I just follow up on that actually?
[02:24:12] Because I think Commissioner Calkins is
[02:24:14] getting to an excellent point.
[02:24:18] But if I could put a finer point on it,
[02:24:20] I'm not even concerned about other
[02:24:22] airports. I'm actually more concerned
[02:24:24] about the people who are going to be
[02:24:26] sitting on the tarmac, the people who
[02:24:28] are going to be stuck in the traffic
[02:24:29] getting into the driveway. You know,
[02:24:31] the longer you stay in traffic coming
[02:24:33] into our airport, the more emissions
[02:24:36] you're going to put out into the
[02:24:38] environment. So I do think there's an
[02:24:39] argument to be had here not knowing the
[02:24:42] data that not doing these projects could
[02:24:45] even potentially result in more
[02:24:47] greenhouse gas emissions. Because not
[02:24:49] doing the Runway improvements, not doing
[02:24:51] the cargo facility not widening and
[02:24:53] doing those things going into the
[02:24:55] arrivals might result in more people
[02:24:58] idling in and near our airport. Right.
[02:25:01] And so I think what Commissioner Calkins
[02:25:03] was getting at was the counterfactual of
[02:25:06] us not doing this potentially leading to
[02:25:09] more emissions. Right. It's not that,
[02:25:14] you know, we're accommodating more
[02:25:17] emissions. It's that, you know, by not
[02:25:19] doing this you could actually exacerbate
[02:25:21] the situation because we know the growth
[02:25:22] is coming regardless. And so I'm
[02:25:24] curious, have we looked into that if we
[02:25:28] don't do this, the emissions from
[02:25:32] all the downstream effects could be
[02:25:36] worse than. And obviously the NEBA said
[02:25:40] it was not significant. But I'm
[02:25:44] curious if that that included all the
[02:25:46] extra missions that not doing this
[02:25:48] project might result.
[02:25:52] Yeah, really, really good question,
[02:25:54] Commissioner. The answer is yes, we do
[02:25:56] look at that. So the no action looks at
[02:25:58] if we continue to grow without the near
[02:26:01] term projects, will there be increased
[02:26:02] congestion on the roadways? Absolutely.
[02:26:04] Will there be aircraft that will likely

[02:26:06] be sitting on the tarmac? Yes. And both
[02:26:09] the no action and the action scenario.
[02:26:11] So with the 31 near term projects, we do
[02:26:14] see increases in such things like air
[02:26:15] emissions because of those things. So
[02:26:18] both the no action and the action have
[02:26:20] increases in air quality impacts,
[02:26:22] though they're not significant, but they
[02:26:24] do increase. What the no action doesn't
[02:26:27] address is level of service. So yes,
[02:26:29] you're going to be sitting in your car
[02:26:30] on the roadways. You're going to be
[02:26:32] potentially sitting on the tarmac quite
[02:26:34] longer waiting for a gate to open. So
[02:26:36] there are a lot of repercussions for not
[02:26:38] doing things, including increase in
[02:26:40] environmental impact impacts. All right,
[02:26:42] thanks. And to answer Commissioner
[02:26:45] Felleman's earlier question, it's about
[02:26:47] 35,000 flight operations.
[02:26:51] The, the Delta Commissioner Muhammad
[02:26:56] taken over as sheriff temporarily. That
[02:26:58] was my question about. I, I have the
[02:27:00] script now, so. Well, not if they take
[02:27:04] light rail at the same Commissioner show
[02:27:07] wanted to make that point.
[02:27:11] Any further questions?
[02:27:16] Okay. Well, thank you so much for the
[02:27:18] presentation. I know there is much more
[02:27:20] to do on this, particularly as it
[02:27:22] relates to SEPA and the very extensive
[02:27:24] process we're going to undertake there
[02:27:26] to continue to look at the impacts. And
[02:27:28] we're just really grateful for the work
[02:27:30] you all have put into this. Can I just
[02:27:32] make a quick point? You know,
[02:27:34] Commissioner Mohamed made a good point
[02:27:36] about light rail. And part of this
[02:27:38] project is the ground transportation
[02:27:41] center, which will address the biggest
[02:27:43] sore point of light rail. And that is
[02:27:45] the fact that people have to walk
[02:27:46] through the outdoor garage to get to the
[02:27:49] terminal. And so SAMP actually addresses
[02:27:52] that issue. We're building a ground
[02:27:54] transportation center that, from my
[02:27:56] understanding, will connect the light
[02:27:58] rail to the terminal. And so hopefully
[02:28:01] that will reduce congestion and
[02:28:03] greenhouse gases from those who are
[02:28:05] driving to the airport.
[02:28:08] Okay, wait, we're pounding on.
[02:28:14] But this is. Thank you. This. This has
[02:28:16] really become a pet peeve of mine. We
[02:28:20] won't know whether or not we're going to
[02:28:22] get more light rail utilization because
[02:28:25] we don't monitor it. And I don't
[02:28:27] understand that. I mean, we know that
[02:28:30] our ground transportation, our parking
[02:28:32] garage, is one of our most important
[02:28:33] sources of revenue, and we know that
[02:28:35] that revenue is going down, and we know
[02:28:38] that parking rental car revenues

[02:28:42] are going down, but we don't know
[02:28:44] whether that's because there's more
[02:28:47] utilization of light rail, because we
[02:28:48] don't have just the simplest, like
[02:28:50] seeing eye, you know, electric eye to
[02:28:52] monitor it. Are we going to get
[02:28:54] independent data because Sound Transit
[02:28:56] won't provide it. So, Commissioner, I
[02:28:58] will say that David Tomporowski and
[02:29:00] Peter Lindsay have been doing traveler
[02:29:02] surveys, including of light rail. That
[02:29:05] number is around 8% that we understand
[02:29:08] that travelers are using light rail to
[02:29:11] and from the airport. And so that is
[02:29:13] part of ongoing work as we look at the
[02:29:15] overall ground transportation access
[02:29:17] program. Gtap, we'll continue to monitor
[02:29:20] and try and track the usage of light
[02:29:22] rail for our passengers. Yeah, this is
[02:29:25] surveys of the public. These are not
[02:29:29] empirical counts. What is precluding us
[02:29:32] from being able to have a laser
[02:29:37] to count legs or like we can put rubber
[02:29:40] tire things for car tires? What is the
[02:29:42] challenge? I will look into lasers for
[02:29:45] legs, Commissioner. Absolutely. Thank
[02:29:47] you. But I want to just one comment on
[02:29:50] Commissioner Cho's comment, which is a
[02:29:52] great acknowledgment that the projects
[02:29:55] as part of the SAMP NTPS are not just
[02:29:58] the second terminal. There are a number
[02:30:00] of other safety and efficiency
[02:30:04] projects that are part of those that
[02:30:07] need to be carried out. And
[02:30:09] Commissioner, to answer your question,
[02:30:10] so the northeast ground transportation
[02:30:11] is intended to improve efficiency
[02:30:13] between the Link light rail station,
[02:30:16] but also not just that, but to the what
[02:30:18] would be the new north terminal and the
[02:30:20] rental car facility so we can try to
[02:30:22] negate those long rental car bus lines
[02:30:24] that many of our passengers wait in.
[02:30:28] All right, Any additional questions?
[02:30:32] Okay. Thank you so much. Thank you
[02:30:36] again. Staff Clerk Hart, can you please
[02:30:38] read the next item into the record? And
[02:30:40] then Executive Director Metruck. I'll
[02:30:42] have you introduce it. Thank you. This
[02:30:44] IS Agenda Item 11B, the 2026 Aviation
[02:30:47] Division Capital budget Briefing.
[02:30:49] Commissioners at our last session we
[02:30:51] reviewed the proposed aviation operating
[02:30:53] budget and the one year capital
[02:30:55] improvement plan. Today we turn our
[02:30:57] attention to the broader aviation
[02:30:58] capital program as part of the 2026
[02:31:01] cycle. As we discussed previously,
[02:31:03] demand for air travel remains strong
[02:31:05] with passenger volumes exceeding pre
[02:31:07] pandemic levels and this past summer
[02:31:09] marking eight of the 10 busiest days in
[02:31:12] the airport's history. While growth

[02:31:14] continues, non aeronautical revenue
[02:31:16] growth has slowed, projected to increase
[02:31:18] by just over 1% next year even as the
[02:31:21] operational and capital costs rise.
[02:31:23] These financial dynamics underscore the
[02:31:25] need for strategic prioritization of
[02:31:28] capital investments, assuring that every
[02:31:29] project aligns with our long term goals
[02:31:31] for customer experience, environmental
[02:31:34] sustainability and efficiency. Today's
[02:31:37] presentation will provide an overview of
[02:31:39] the airport's broader capital plan,
[02:31:40] highlighting key objectives, major
[02:31:43] projects and financial financial outlook
[02:31:45] that will guide our work over the coming
[02:31:47] years and position SEA to meet the
[02:31:48] region's continued growth responsibly.
[02:31:50] So the presenters this afternoon are.
[02:31:53] We're going right to interim
[02:31:58] Managing Aviation, Managing Director for
[02:32:02] Aviation and Heidi Popichok, Director
[02:32:04] Aviation Finance and Budget. So I don't
[02:32:07] want to have Heidi up there by herself.
[02:32:08] So. Good afternoon Commissioners
[02:32:12] Executive Director Metruck. Yeah, happy
[02:32:14] to join Heidi up front. Really back with
[02:32:17] you. You know two weeks ago we presented
[02:32:19] the operating budget to you and we were
[02:32:21] going to come back to you with a
[02:32:22] capital. So that is the purpose of
[02:32:23] today. It's kind of obviously extremely
[02:32:26] important topic and we want to give you
[02:32:29] a kind of the five year program that we
[02:32:31] have, the CIP program and a 10 year
[02:32:33] outlook and some of the budget kind of
[02:32:36] adjustments we're making to make sure
[02:32:38] that we can kind of absorb the capital
[02:32:41] needs with the capacity. So thank you.
[02:32:45] Thank you Interim Managing Director
[02:32:47] Gauss and Executive Director Metruck.
[02:32:49] Good afternoon Commission President and
[02:32:52] commissioners Heidi Popichok, Director
[02:32:54] of Aviation Finance and Budget. Next
[02:32:56] slide please. Today I will provide a
[02:32:59] brief overview of our strategic and
[02:33:01] financial objectives as well as our five
[02:33:04] year financial forecast and capital
[02:33:06] forecast. Next slide please.
[02:33:15] So this slide just provides an
[02:33:17] abbreviated view of our Aviation
[02:33:20] Division strategic and business plan
[02:33:22] objectives. We highlight three there on
[02:33:24] the screen. Level of Service Optimum Top
[02:33:27] 25 ASQ World Ranking 5 Star Skytrax
[02:33:31] rating. While there's only three on the
[02:33:33] screen, there are many objectives that
[02:33:35] we have for the Aviation division. The
[02:33:38] next bullet describes our five year
[02:33:42] financial outlook, meeting or exceeding
[02:33:45] the financial performance targets. And
[02:33:47] below there we have are sharing three of
[02:33:50] those. Achieving debt service coverage
[02:33:52] of greater 1.40 times. Building cash

[02:33:55] balance in the airport development fund
[02:33:57] to 18 months of O and M Expenses. And
[02:34:00] then lastly, consistently growing non
[02:34:03] aeronautical revenues. Next slide.
[02:34:07] Now we'll transition to the five year
[02:34:10] financial forecast. As you can see on
[02:34:13] the top, their aeronautical revenue is
[02:34:15] growing at a pretty high rate.
[02:34:19] Aeronautical revenues are fully cost
[02:34:22] recovery, meaning the airlines pay their
[02:34:25] proportionate share of expenses. What's
[02:34:28] driving the forecast for the
[02:34:29] aeronautical revenues is that we're
[02:34:31] seeing a number of capital projects that
[02:34:34] will be completed and what our practice
[02:34:37] is to ensure that the capital project
[02:34:39] cost, the debt service is included in
[02:34:43] the rate base when the projects are
[02:34:45] completed. So what you're seeing in the
[02:34:47] outer years is the completion of
[02:34:49] projects and being charged to the
[02:34:51] airlines their share of that. Next we
[02:34:55] have the non aeronautical revenue
[02:34:57] forecast. As you heard in our October
[02:35:00] 14th operating budget presentation,
[02:35:03] we're seeing slower growth in our public
[02:35:06] parking line of business as well as some
[02:35:10] of our concession ADR units due to the S
[02:35:14] concourse Evolution project. In the
[02:35:16] outer years we also are seeing some
[02:35:21] delay in growth for revenue regarding
[02:35:24] our tenant turnover projects that we
[02:35:27] have in non aeronautical revenues.
[02:35:30] Next we have the average annual net debt
[02:35:33] service is projected to grow by 18% due
[02:35:36] to growth in capital expenditures. And
[02:35:40] then lastly we do include some of our
[02:35:42] other division projects funded by the
[02:35:45] airport. Next slide please.
[02:35:49] So this slide is a high level overview,
[02:35:51] more detailed overview of our non
[02:35:54] aeronautical revenue forecast. As I
[02:35:56] mentioned, with public parking we're
[02:35:58] seeing slower growth in our drive up
[02:36:01] parking product. However, we do see
[02:36:04] modest increases in the out years
[02:36:06] associated with that line item.
[02:36:09] Next, looking at concessions. As I
[02:36:12] mentioned with the S concourse Evolution
[02:36:15] project, we're seeing some of our
[02:36:17] concession spaces closing due to that
[02:36:20] project and that will continue on in
[02:36:22] clubs and lounges as we renovate the
[02:36:26] square concourse evolution or S
[02:36:29] concourse project. Next I
[02:36:33] would like to highlight just with our
[02:36:35] non arrow operating expenses, as you can
[02:36:38] see there, we're seeing growth in the
[02:36:41] expenses year over year. For operating
[02:36:44] expenses, the non arrow lines of
[02:36:47] business are paying their proportionate
[02:36:49] share of costs. And so as we are doing
[02:36:53] our allocations for expenses, the non

[02:36:56] arrow side of the house will pay its
[02:36:58] proportionate share. And as you can see,
[02:37:00] it's growing pretty rapidly due to those
[02:37:04] that cost share. The next piece is to
[02:37:07] look at the non arrow debt service due
[02:37:11] to terminal projects. The non arrow side
[02:37:14] of the house will have to pay its
[02:37:16] proportionate share of those terminal
[02:37:17] projects as they're being completed. So
[02:37:20] we're seeing in the outer years
[02:37:21] increased debt service costs associated
[02:37:24] with that. And then lastly, just looking
[02:37:27] at the last row, that bold row, just
[02:37:30] seeing our non arrow remaining revenues,
[02:37:33] it slowly Declines as we are looking at
[02:37:37] the net balance of paying debt service
[02:37:40] paying our expenses. That's the balance
[02:37:43] that we have forecast for the next over
[02:37:48] the next five years. Next slide please.
[02:37:53] So this slide is essentially the bar
[02:37:56] chart of the previous slide. I won't
[02:37:59] take too much time on this, but this
[02:38:01] just illustrates in bar chart form of
[02:38:03] our remaining non arrow revenues. Next
[02:38:07] slide. This slide provides an
[02:38:11] overview of our five year financial
[02:38:12] forecast assumptions. As you can see for
[02:38:16] 2026 we have a 6% om
[02:38:21] growth rate and then moving on to 2027
[02:38:24] in the outer years to 2030 it is 6%.
[02:38:28] We have also looking at employment
[02:38:31] growth, you can see it's modest growth
[02:38:34] for 2027 when compared to 2026
[02:38:38] and then we have 0.8 growth in the
[02:38:42] outer years. Next slide please.
[02:38:48] This slide provides a financial forecast
[02:38:51] metrics overview. As you can see our
[02:38:54] debt service coverage is above 1.40
[02:38:58] times. With the exception of 2030 it's
[02:39:02] 1.37. We do include a lower debt service
[02:39:06] coverage over a few years. That's down
[02:39:12] to 1.35 times and then rebounds in 2033
[02:39:15] as you can see in that first bullet
[02:39:17] there we've highlighted. And then next
[02:39:19] looking at the CPE for 2026
[02:39:23] we show $21.11 and
[02:39:27] actually I'll go back the airport
[02:39:30] development fund balance months of O and
[02:39:32] N. As you can see we maintain 18 months
[02:39:35] of O and M in the financial forecast.
[02:39:38] Next slide please. Now moving on
[02:39:42] to the capital forecast. As we looked at
[02:39:45] the final financial forecast, we're now
[02:39:47] looking are going to switch over to the
[02:39:50] CIP spending view of it. Next slide
[02:39:53] please. So over the next 10 years our
[02:39:57] CIP spending forecast shows a 5.9
[02:40:01] billion capital spend. As you can see.
[02:40:04] And between the two black bars there,
[02:40:06] our first five year period we are
[02:40:09] showing a 3.7 billion dollar CIP spend.
[02:40:14] And then looking forward into the second
[02:40:16] five year period it's 2.2 billion CIP

[02:40:21] spend. And looking back to the 2025 plan
[02:40:26] of finance that the Commission approved
[02:40:28] last year and looking at the 2026 Plan
[02:40:31] of Finance that is proposed to you
[02:40:33] today, we show a delta of 300 million.
[02:40:36] So a reduction of 300 million in the CIP
[02:40:39] spending looking year over year.
[02:40:43] In addition we do have in the 10 year
[02:40:47] forecast $290 million for preliminary
[02:40:51] planning and design for SAMP, the
[02:40:54] Sustainable Airport Master Master Plan
[02:40:56] that's incorporated in our forecast.
[02:40:59] Next slide.
[02:41:03] So this capital project forecast summary
[02:41:06] just shows you that the lion's share of
[02:41:09] the Cost for our CIP spending relates to
[02:41:13] mega projects. At the top there you can
[02:41:15] see the number of mega projects that are
[02:41:18] consuming most of our CIP capacity. And
[02:41:21] some of those projects will be completed
[02:41:24] in time for ahead of the FIFA games next
[02:41:27] year. And then below you see the other
[02:41:30] projects and looking in the out years
[02:41:33] for those projects and then jumping down
[02:41:36] to proposed new projects, we have just a
[02:41:39] small number of projects that we are
[02:41:42] asking for your approval on in the
[02:41:45] proposed budget for 2020.
[02:41:49] Next slide please. So this
[02:41:53] is an illustration of the capital
[02:41:56] program and bar chart form. As I
[02:41:59] mentioned, the majority of the CIP
[02:42:01] spending relates to mega projects.
[02:42:04] highlighted in blue in the bars and
[02:42:08] those projects are with capital budgets
[02:42:11] over 300 million. And then as you can
[02:42:13] see, see the projects that are within
[02:42:15] the range of 100 to 300 million in
[02:42:18] budget. Those are in the green and so
[02:42:22] on. So this is just that illustration of
[02:42:24] what's consuming, what's drawn down from
[02:42:26] our CIP capacity on an annual basis.
[02:42:29] Next slide. So with our five year
[02:42:34] capital forecast, we have this slide to
[02:42:37] illustrate the various categories that
[02:42:40] our capital projects fall within. As you
[02:42:42] can see at the top there, regulatory,
[02:42:44] contractual in conjunction with the
[02:42:47] renewal and replacement is the vast
[02:42:49] majority of our capital spending over
[02:42:52] the next five years. And then we have
[02:42:55] business needs, noise, SAMP and then
[02:42:57] reserves and capital and small capital
[02:43:01] to equate to $3.7 billion for the first
[02:43:05] five year period. Next slide.
[02:43:10] So with this slide, it's a summary of
[02:43:13] proposed new projects. We are proposing
[02:43:15] 12 new projects and there are
[02:43:19] details on the scope related to the
[02:43:22] projects and the appendix of the
[02:43:24] presentation today of your, of your
[02:43:26] packet if you wish to take a view. But
[02:43:28] just a small number of projects totaling

[02:43:31] over the next five year period 10.3
[02:43:34] million. Next slide
[02:43:38] please. And then to conclude the
[02:43:41] presentation today, wanted to highlight
[02:43:44] some key takeaways from the financial
[02:43:45] forecast and also the capital forecast.
[02:43:49] And with that, that concludes the
[02:43:51] presentation and happy to take questions
[02:43:53] at this time. Thank you very much.
[02:43:55] We'll begin with Commissioner Cho.
[02:43:57] Thanks Heidi. Always great to hear from
[02:44:00] you about all things airport finance.
[02:44:03] One quick question and I know we had a
[02:44:05] briefing before today, so I asked most
[02:44:07] of my wonky questions. But I noticed
[02:44:10] that the CPE between 26 and 2030 is
[02:44:14] expected to go up by 50%. So I'm curious
[02:44:17] what is driving the cost of employments
[02:44:21] to go up by so much over the next couple
[02:44:24] years? So cost per employment. So we
[02:44:29] have with the CPE
[02:44:33] component as, as you know with
[02:44:37] the capital projects being completed and
[02:44:40] that's increasing in expenses as well.
[02:44:43] We also have a 6% O&M growth rate that
[02:44:46] we factored in for O and M expenses. So
[02:44:50] capturing all of those expenses and
[02:44:53] doing the calculation with employments,
[02:44:58] then we're going to see a higher CPE
[02:45:01] associated with that because expenses
[02:45:04] are increasing. So, so,
[02:45:07] so CPE takes into account
[02:45:10] CIP expenditure. It's not just
[02:45:13] operations and management. I will
[02:45:16] confirm that. We actually, we have, we
[02:45:19] do have a separate Metruck for debt.
[02:45:21] Debt per employment as now cost per
[02:45:24] employment. Yeah, the O and M component.
[02:45:27] Right. Okay. So yeah, I would be curious
[02:45:29] to understand what is driving the cost
[02:45:33] of the CPE because going from $21 to $30
[02:45:37] is a pretty big leap over, you know,
[02:45:40] four or five years. And so if you can
[02:45:44] get back to me on what, what the CPE
[02:45:46] calculation includes and where we're
[02:45:48] seeing the biggest drop. Absolutely. I
[02:45:49] think just briefly, just looking at the
[02:45:52] assumptions of O and M growth rate,
[02:45:55] that 6% as well, but we can get back to
[02:45:58] you on the specific calculation on that.
[02:46:01] Okay, great. Thank you, Commissioner
[02:46:04] Calkins. Thank you, Heidi.
[02:46:08] This whenever we do these fall budget
[02:46:13] discussions, what often comes up is the
[02:46:16] kind of hybrid nature of a port
[02:46:17] authority where we have, I used to say
[02:46:21] we were sort of quasi public agency,
[02:46:23] quasi business, but I actually think
[02:46:25] we're also a little bit of a nonprofit
[02:46:27] too. However, for today's conversation,
[02:46:31] I think the part that I really want to
[02:46:34] think about is the kind of pure business
[02:46:38] part of our operation which when we

[02:46:42] look at slide 6, I think it is the non
[02:46:45] arrow revenue forecast. We've got a
[02:46:47] number of line items here where we
[02:46:49] function in a fairly free market out
[02:46:53] there where we're competing for parking,
[02:46:55] competing for mode share,
[02:46:59] going to rental car facility, which is
[02:47:01] an important source of revenue for us.
[02:47:04] And as you presented some of those
[02:47:07] areas, those business lines have either
[02:47:11] not performed as well as we hope they
[02:47:13] would or even declined over the coming
[02:47:14] year. And so so I'm curious to know from
[02:47:17] a staff standpoint whether you
[02:47:21] anticipate those things rebounding over
[02:47:23] the next couple of years or continuing
[02:47:25] to soften and if so, how are we
[02:47:29] approaching this as a business would
[02:47:31] approach it to regain some of that
[02:47:34] market share or entice customers back
[02:47:36] into using those services that the board
[02:47:39] offers and brute question, Commissioner
[02:47:41] Calkins, I would like to invite my
[02:47:44] colleague Jeff Wolf, the Director of
[02:47:46] Aviation Commercial Management, to
[02:47:48] assist in this discussion. But just to
[02:47:50] keep. I'm just throwing the finance
[02:47:52] under the marketing bus. Well, and just
[02:47:56] to Add some context. When we established
[02:48:01] the budget for 2025, we had the cyber
[02:48:04] outage, we had limited information and
[02:48:06] now we're seeing more of, of the
[02:48:08] behavior of drive up Parkers and kind
[02:48:11] of. Right. Sizing it. So now we have the
[02:48:14] information, but also there's other
[02:48:15] factors that are built into it as well
[02:48:18] that my colleague Jeff Wolf will share.
[02:48:22] And Jeff, I know you shared with us last
[02:48:24] meeting some of this information. I'm
[02:48:27] also curious how the kind of
[02:48:29] macroeconomic picture is impacting our
[02:48:32] forecasting around some of these
[02:48:33] discretionary expenses on the part of
[02:48:36] the traveling public. So commission
[02:48:38] before Jeff goes. That's a really good
[02:48:39] question. And I've just asked Jeff to
[02:48:40] also talk a little bit about the 2024
[02:48:42] Actuals, because what you're comparing
[02:48:44] the 26 to the forecast for 25, a little
[02:48:47] bit on what Heidi touched on about
[02:48:49] forecasting models available to us after
[02:48:51] the cyber attack. And also, you know,
[02:48:54] so those numbers being pretty
[02:48:56] optimistic, like, you know, very kind of
[02:48:58] like hopeful kind of numbers versus what
[02:49:00] actually happened in 2024. And then it
[02:49:03] doesn't look like there's actually a
[02:49:04] significant drop. It's just against the
[02:49:06] forecast. Right. So then Jeff would
[02:49:09] touch on that a little bit too. Yeah.
[02:49:12] Thanks, Commissioner. And good
[02:49:13] afternoon, Jeff Wolf, Director of
[02:49:15] Commercial Management at the airport.

[02:49:17] So it's a heavy question.
[02:49:20] Forecasting is always a challenge for
[02:49:23] us. It's not a perfect science.
[02:49:27] I want to point out that there's really
[02:49:29] only two areas that we see either
[02:49:33] current or future impacts. And it's
[02:49:37] reflected in the forecast that you have
[02:49:39] in front of you on this slide. So we
[02:49:41] start with parking. And as Heidi
[02:49:44] mentioned, as we have pointed out, the
[02:49:46] one area that we're seeing just some
[02:49:48] modest weakness is our drive up daily,
[02:49:51] our drive up parking, general parking.
[02:49:54] But this is not unique. And we talked to
[02:49:57] Commissioner Cho Yu about this as well.
[02:49:59] This is not unique to us. This is, this
[02:50:03] isn't the entire market that we're
[02:50:05] seeing this. We collect, we get
[02:50:06] information from the City of Sea-Tac in
[02:50:08] terms of parking tax. They collect on
[02:50:11] every transaction that occurs. And this
[02:50:13] is widespread. This is throughout the
[02:50:15] entire market that we're seeing lower
[02:50:17] transactions, lower tax revenue to the
[02:50:19] city as well. Contrary to that, with the
[02:50:23] parking, we are seeing very strong
[02:50:25] growth in our reserve product. And so
[02:50:27] that's one of the efforts that we're
[02:50:29] making. And that's why you see in this
[02:50:31] forecast some sustained growth in
[02:50:33] parking revenue because of what we're
[02:50:37] hoping to do is expand that reserve
[02:50:39] parking product. And it's A higher price
[02:50:40] point. And so, and that's where we think
[02:50:42] travelers want to go if they want to pre
[02:50:44] book or reserve their parking in
[02:50:46] advance. The second area is with what's
[02:50:49] called tiered concessions. That's our
[02:50:51] dining and retail program. And as Heidi
[02:50:53] pointed out as well with this. So there
[02:50:55] are some ups and downs. We do see some
[02:50:57] impacts with our south concourse
[02:50:58] expansion project, assuming that
[02:51:01] continues forward as well as just normal
[02:51:04] redevelopment of the ADR program. So
[02:51:07] those, those lease terms that were
[02:51:09] discussed earlier in our exec session,
[02:51:11] even they come up. And so when they come
[02:51:14] up, we have to try to predict, you know,
[02:51:16] when those are going to be, when the
[02:51:17] turnover is going to happen. So you see
[02:51:19] some ups and downs with. But generally
[02:51:20] you see very strong growth in our ADR
[02:51:23] program and there's exciting new events
[02:51:26] that are happening as we know Concourse,
[02:51:28] the expansion, for example, next year.
[02:51:30] So generally speaking we see fantastic
[02:51:33] growth. This actually represents a 20%
[02:51:35] growth in revenues, 445 in 2020,
[02:51:38] excuse me, 2030 versus 369 this year.
[02:51:42] And we look back 10 years, just to keep
[02:51:46] it in context to ARF's point, we look
[02:51:49] back 10 years of 2015 and we've doubled

[02:51:51] non aeronautical revenue. We've doubled
[02:51:54] it. So that's just something we have to
[02:51:56] understand when we're looking at
[02:51:57] forecasts that sustained growth is
[02:52:00] probably not sustainable considering our
[02:52:01] employment restrictions we have on
[02:52:04] employments just because of capacity
[02:52:06] constraints we have here at the airport.
[02:52:10] So in terms of, I think you asked
[02:52:12] Commissioner about macroeconomic,
[02:52:14] that's a tough one. And that gets into
[02:52:16] the science of forecasting with, you
[02:52:19] know, with the current administration
[02:52:21] we're in right now, you know, what's
[02:52:23] going to happen? What's that going to do
[02:52:25] to consumer behavior? We don't know.
[02:52:27] And so we have to be mindful of that
[02:52:29] when we put these forecasts together and
[02:52:30] be careful not to put in aggressive
[02:52:33] numbers because these numbers drive our
[02:52:35] capital investing. And so this is our
[02:52:39] best estimate of understanding those
[02:52:42] economic factors as they are now and
[02:52:45] looking at the business trends that
[02:52:46] we've seen and just, you know,
[02:52:48] continues to evolve. And I try to
[02:52:49] reiterate that both to my team and as we
[02:52:51] talk about this, that forecasts
[02:52:53] continuously are updated as we get more
[02:52:56] information. So I think it's important
[02:52:57] to remember that, that this isn't set in
[02:52:59] stone. This is something that we will
[02:53:01] continue to update as we get more
[02:53:02] information as well. And one more
[02:53:05] question on an entirely different tack.
[02:53:08] So Jeff, this may not be your question,
[02:53:10] but there's a Bunch of stuff we pay for
[02:53:14] at the airport that generates no revenue
[02:53:15] at all. It is essential. You know, it's
[02:53:17] like safety, it's security, it's
[02:53:22] maintaining the facility, but there
[02:53:25] isn't somebody pulling out a credit card
[02:53:28] at the end to say thank you for that.
[02:53:29] And so I'm wondering to what extent do
[02:53:32] we anticipate that new
[02:53:37] technologies will help us to at least
[02:53:40] reduce the increase in those costs over
[02:53:44] time. And so as an example, I know that
[02:53:47] at checkpoints we're continuously
[02:53:49] introducing new technologies to
[02:53:51] streamline those things. Whether it's
[02:53:54] and you know, announcements like the
[02:53:56] fact that you don't have to take your
[02:53:58] shoes off when you go. That was not our
[02:53:59] choice. But presumably over a big system
[02:54:02] like ours, it will in fact reduce lines
[02:54:07] and potentially the need for some
[02:54:10] staffing related to tsa. Do we
[02:54:12] anticipate any technologies coming
[02:54:14] online in the next few years that could
[02:54:16] significantly increase productivity for
[02:54:19] our non revenue generating expenses at
[02:54:23] the airport? So let me take a stab

[02:54:26] at that. So you know, yes, you're right.
[02:54:28] There are significant costs to running
[02:54:31] an airport. It's an expensive operation
[02:54:33] and it doesn't generate revenue. Right.
[02:54:35] It's just a cost of doing business. So
[02:54:38] yes. And you like when we put in new
[02:54:40] equipment at checkpoint, it's not
[02:54:42] necessarily to save money but to improve
[02:54:44] efficiency so we can get more people
[02:54:46] through in a quicker period of time. As
[02:54:48] you know, the demands are increasing at
[02:54:49] our airport. We are constrained. So it
[02:54:51] doesn't necessarily pay back in terms of
[02:54:52] bottom line, but it does help in
[02:54:55] efficiency. But I can point to things
[02:54:56] like we've done in conjunction with the
[02:54:58] federal government in the CPP area, the
[02:55:02] customs and border patrol, we introduced
[02:55:04] technology that's again really improving
[02:55:06] the flow of customers in that area.
[02:55:09] Again, do we save money by doing that?
[02:55:11] Not really, but it does increase the
[02:55:12] customer experience and the throughput.
[02:55:15] But where it can save money overall is
[02:55:18] reduce the number of federal employees
[02:55:20] that may be needed to help in that
[02:55:22] process or to allow them to spend time
[02:55:24] more productively for their training is
[02:55:26] in in terms of protecting our border
[02:55:28] versus spending a lot of time just with
[02:55:30] processing people inefficiency. So, so
[02:55:32] that's where we see gains and then we're
[02:55:34] willing to spend money in those areas
[02:55:36] that we can achieve, you know,
[02:55:37] improvements in efficiency. But we
[02:55:40] always looking at opportunities to
[02:55:42] reduce costs for ourselves. We have a
[02:55:44] good innovation department too as well.
[02:55:46] Looking at opportunities, working with
[02:55:47] individual departments to see where they
[02:55:49] can introduce technology that does
[02:55:51] potentially help us save money.
[02:55:55] But we're not doing that with the eye of
[02:55:56] reducing staffing. Because we also
[02:55:59] understand and appreciate that as a
[02:56:01] support entity we're here to create good
[02:56:02] jobs for the community. So we're not
[02:56:05] looking at if it's job elimination, but
[02:56:07] we're looking at efficiencies and then
[02:56:08] we can deploy those people to do kind of
[02:56:11] more important stuff. Great, thank you.
[02:56:14] Commissioner Cho. Joe, I just wanted to
[02:56:17] follow up on the statement you had made
[02:56:19] about the parking situation. Is my
[02:56:21] understanding correct that what you're
[02:56:23] saying is that less people are parking
[02:56:25] at our garage for a couple hours as
[02:56:28] opposed to those who park overnight? Is
[02:56:31] that the distinction you're, you're
[02:56:32] making? I wanted to. I wasn't sure if I
[02:56:35] was understanding what. No, it's.
[02:56:37] Commissioner, it's not necessarily on
[02:56:39] duration or length of stay. It's the

[02:56:42] type of parking. So it's the general or
[02:56:44] the drive up, somebody that hasn't pre
[02:56:46] booked or reserved that's just driving
[02:56:48] to the airport to then park. We're just
[02:56:50] seeing a reduction in some reduction in
[02:56:53] demand on that front. We're actually
[02:56:55] seeing some strength though in our
[02:56:57] reserved product. Let's is that if I
[02:57:00] could answer this way, Commissioner,
[02:57:01] It's a certainty of having a spot,
[02:57:03] right? And then versus just driving up
[02:57:06] and then, okay, I'm just going to drive
[02:57:07] in, pay and find a space. There's kind
[02:57:10] of consistency. People like, okay, I
[02:57:12] know I'm going to guarantee the spot. I
[02:57:13] know exactly where I need to park on the
[02:57:15] fourth floor. I don't have to go
[02:57:16] searching for a spot. And I think this
[02:57:18] is my feeling, Jeff may not be exactly
[02:57:20] 100% correct, but in the past we've
[02:57:22] reached almost full capacity in the
[02:57:24] garage. Right. And people have seen that
[02:57:26] in the media and everything that hey, I
[02:57:27] might not get a spot. And they just want
[02:57:30] to have a guarantee that they're in the
[02:57:32] system and we're expecting them. So it's
[02:57:34] a better product. From that sense and
[02:57:36] itself so far, it seems like they're
[02:57:37] willing to pay that premium and we have
[02:57:40] some elasticity built into that part of
[02:57:42] the business in the garage where we can
[02:57:43] potentially change that to when we see a
[02:57:46] lower demand because of the travel
[02:57:48] demand may be lower at that time, we can
[02:57:50] potentially encourage more people to
[02:57:52] come into that area. So we're looking at
[02:57:54] different areas, but that's. We're just
[02:57:55] seeing less drive up people. And it's
[02:57:59] not just us. As we've explained
[02:58:00] previously, we've seen that in our
[02:58:02] region as well that less people parking
[02:58:04] in that fashion. Well, I'm not Sure.
[02:58:05] What you mean when you said you have
[02:58:08] more elasticity built in, what you
[02:58:10] really mean is that there's dynamic
[02:58:12] pricing built in. Correct. That's what I
[02:58:13] mean. In the reserve parking side of the
[02:58:15] house. And are we fully subscribed on
[02:58:17] the reserve parking? Well, we are. So
[02:58:20] what we do is we, we hold back a small
[02:58:22] portion that we do not sell just in so
[02:58:25] we have some capacity instead of selling
[02:58:27] up to 100% but we reach that, that limit
[02:58:31] that we, we have all every week. So we
[02:58:35] do. So we are looking at expanding.
[02:58:36] That's one of the initiatives that we've
[02:58:38] talked about. And enhancing revenue is
[02:58:40] expanding that reserve parking product
[02:58:42] to multiple floors. Yeah, I guess. I
[02:58:45] mean I'm totally open to exploring
[02:58:46] whether or not we want to expand that
[02:58:49] product offering. But I also want to
[02:58:52] caution that part of the,

[02:58:55] the flexibility that the garage provides
[02:58:57] to people who may not make reservations
[02:59:00] is also important. So I don't want
[02:59:02] there's there to be a crowding out
[02:59:04] effect necessarily of one over the
[02:59:07] other. And, and I'm sure you guys will
[02:59:08] do, you know, your forecasting on your
[02:59:11] numbers. But you know, I, in some cases
[02:59:14] this is kind of mutual exclusive and a
[02:59:17] zero sum game between the two service
[02:59:19] offerings. And so I just want to make
[02:59:20] sure that we aye. a sweet spot when it
[02:59:22] comes to the amount of reserve parkings
[02:59:25] we provide relative to the free spaces.
[02:59:27] Yeah, point well taken. We look very
[02:59:30] closely at that capacity that was talked
[02:59:33] about. And if we have overall capacity
[02:59:36] in the garage to expand a product like
[02:59:38] reserve with the assumption being if we
[02:59:40] have capacity and we expand those, we
[02:59:43] could, we have that space to do it. If
[02:59:45] we get to a point where we're at
[02:59:46] capacity too much, I'll say we need to
[02:59:49] be really careful with expanding that
[02:59:51] product. To your point. Yeah. Okay.
[02:59:53] Yeah, thanks. Any follow
[02:59:57] up questions, Commissioner Felleman?
[03:00:01] Not follow up, it's first shot but this,
[03:00:03] this has been an ongoing conversation
[03:00:05] that you know, the wealthy continue to
[03:00:09] do well and folks otherwise are not,
[03:00:12] are finding alternative ways to get to
[03:00:14] the airport. So that's a disparity.
[03:00:17] That's the more broad economic picture
[03:00:20] that I think we're experiencing at other
[03:00:22] airports. So that's, that's not terribly
[03:00:24] surprising. But the slide, I guess a
[03:00:27] couple slides after where we were just
[03:00:29] going, I'm trying to see what the number
[03:00:31] is. 8. We're talking about optimism
[03:00:36] in forecasting. Can you pull up 8?
[03:00:42] I was just curious, you know,
[03:00:46] our 2026 budget for non aero revenue or
[03:00:50] growth is rather pessimistic. And then
[03:00:54] it picks right up. So this going
[03:00:58] from minus 0.4 to up
[03:01:04] to 5.9 with a rather bold growth. So
[03:01:10] help me understand that.
[03:01:15] So again what we're seeing more near
[03:01:18] term, we always have a little bit better
[03:01:20] insight into the near term than the long
[03:01:21] term. But in the near term we do see
[03:01:25] that somewhat weakness in the parking as
[03:01:27] we talked about. And so we are
[03:01:30] continuing to look at that trend for
[03:01:34] next year now with the hope that in
[03:01:36] future years we can reverse that trend.
[03:01:39] We also have not put in in terms of 2026
[03:01:43] for parking a rate adjustment future
[03:01:46] years. We do look at rate adjustments,
[03:01:48] rate increases which bolsters that
[03:01:50] revenue. Assuming that we don't lose too
[03:01:52] many transactions with a rate increase

[03:01:54] concessions. ADR is our other one. So
[03:01:57] again as I stated, there's kind of ups
[03:01:59] and downs with the ADR program in terms
[03:02:02] of CCE coming online with our all the
[03:02:05] new units associated with that. For
[03:02:06] example, however we have redevelopment
[03:02:09] which takes units out when we redevelop
[03:02:11] and there's a period of time where
[03:02:13] there's lost revenue. So they're just
[03:02:14] ups and downs. So really it just is
[03:02:18] because of what we're seeing. And have a
[03:02:20] little bit better insight both with our
[03:02:22] in the two main categories here with our
[03:02:24] ADR and our parking in the near term
[03:02:26] versus we see continued strength longer
[03:02:29] term across the board. And that's what's
[03:02:31] reflected with, with the numbers you see
[03:02:33] here. Does that help? Yeah, yeah, no. I
[03:02:36] and I remember the conversation we had
[03:02:37] before that perhaps it would have been
[03:02:39] better if we could have staggered the
[03:02:41] ADR construction work so that we didn't
[03:02:44] have as big gaps in potential revenue.
[03:02:48] But it's just, you know, you're saying
[03:02:52] it's oscillating, but you know, after
[03:02:53] next year it's not oscillating. It's
[03:02:57] oscillating up. Right. So anyway, I'm
[03:02:59] hope you're right. I just see the,
[03:03:02] it's. It's a straight Trend up from 27
[03:03:07] on. Having said that, all of this
[03:03:10] forecasting we have $114 million into
[03:03:15] I guess at risk funding
[03:03:19] for SAMP planning. Right. There's we
[03:03:21] need to make plans even if we don't
[03:03:23] carry them out. So that money is built
[03:03:27] in here, but none of the SAMP actual
[03:03:30] construction is built into this. Right.
[03:03:36] So that's correct. Short answer. We do
[03:03:38] have in the first five year period $114
[03:03:41] million associated with SAM Preliminary
[03:03:44] Design and then the, the balance
[03:03:48] is in the second five year period of the
[03:03:51] 290. Okay, so so
[03:03:56] we don't have to worry about any of this
[03:03:59] building that construction budget in
[03:04:02] till after 2030. And so we just.
[03:04:07] We just built in the 114 at this point.
[03:04:09] We've continued to have the preliminary
[03:04:12] design and funding
[03:04:16] in the CIP spending over the 10 year
[03:04:19] period. So historically we've had 300
[03:04:22] million and now we have drawn down about
[03:04:25] 10 million of that. And so the balance
[03:04:28] is still retained in that 10 year period
[03:04:31] for preliminary design for Sam.
[03:04:34] All right, so it extends past 2030. Not
[03:04:38] for the preliminary design funding.
[03:04:40] It's. It's all built in there. Oh,
[03:04:43] excuse me. I'm sorry. The 114 million is
[03:04:46] in the first five year period. And then.
[03:04:49] Yes, the. The balance of the two of the.
[03:04:52] The 290 is in the second five year
[03:04:55] period through 2035.

[03:04:59] All right, thank you very much. Yep. My
[03:05:02] apologies for the confusion. Okay. Any
[03:05:05] other questions? Seeing none. I'd like
[03:05:08] to thank and dismiss the panel. I really
[03:05:09] appreciate the presentation today.
[03:05:10] Okay. Thank you. Okay. And we can move
[03:05:13] forward in our agenda. Clerk Hart,
[03:05:15] please read it into the record and
[03:05:16] executive director Metruck can introduce
[03:05:18] it. This IS agenda item 11c. Briefing on
[03:05:21] the tax levy and draft plan of finance
[03:05:23] for 2026 through 2030.
[03:05:29] Commissioners. We're on the home
[03:05:32] stretch. Commissioners. Over the past
[03:05:34] several months, we've carefully examined
[03:05:36] our spending priorities for the 2026
[03:05:38] budget. The budget is a critical step in
[03:05:40] delivering the port's vision and
[03:05:42] determining how we will finance critical
[03:05:44] investments. The actions we take today
[03:05:46] affect the port for the future. The
[03:05:49] draft plan of finance outlines a
[03:05:51] balanced approach that draws on multiple
[03:05:53] revenue sources, including operating
[03:05:54] income in the port's property tax
[03:05:56] authority. Our focus is on maintaining
[03:05:58] financial strength and long term
[03:06:00] sustainability. The draft plan provides
[03:06:02] for an average of 861 million annually
[03:06:05] in capital investments at the airport
[03:06:07] and maritime facilities, including
[03:06:08] investments in improving the customer
[03:06:11] experience in ensuring safety and
[03:06:13] resiliency. Over the next five years,
[03:06:15] we plan to invest an average of 55
[03:06:17] million annually in major commitments to
[03:06:19] environmental cleanup as well. To
[03:06:21] support this, we're aligning our
[03:06:22] financial our financing strategies to
[03:06:25] balance near term capacity with the
[03:06:27] fiscal uncertainty and obligations that
[03:06:29] lie ahead, while staying mindful of our
[03:06:31] impact on King County taxpayers.
[03:06:34] Today's presentation includes several
[03:06:36] important components, but I want to
[03:06:37] emphasize one key proposal. A 2%
[03:06:40] increase in the port's property levy tax
[03:06:44] levy. This aligns with the commission's
[03:06:46] policy to levy up to 75% of the maximum
[03:06:48] allowed, generating approximately 1.8
[03:06:52] million in additional levy cash for
[03:06:54] 2026. And we'll go over this. These
[03:06:56] funds will help advance our
[03:06:57] environmental and community commitments
[03:06:59] consistent with the policy priorities
[03:07:01] that you have set. Importantly, this
[03:07:03] levy adjustment is not expected to
[03:07:05] increase the tax burden for the median
[03:07:07] homeowner. I look forward to hearing
[03:07:09] your thoughts as we continue building a
[03:07:10] fiscally responsible and sustainable
[03:07:13] plan to fund the port's future. So the
[03:07:15] presenters this afternoon are Elizabeth

[03:07:17] Morrison, Director, Corporate Finance
[03:07:20] and Budget, Scott Bertram, Manager,
[03:07:23] Corporate Manager, Corporate Finance and
[03:07:25] Budget and Ian Burke, Senior Financial
[03:07:27] Analysis, Corporate Finance and Budget.
[03:07:29] So in the truth in advertising
[03:07:33] commissioners, I believe we have 45
[03:07:34] slides to move through. I just wanted to
[03:07:36] be provide that up front. We'll move
[03:07:38] quickly and efficiently through these as
[03:07:40] we do in our budgeting. Please go slow
[03:07:43] and take your time.
[03:07:47] I'm going to start off with the first
[03:07:49] couple slides here Commissioner, before
[03:07:50] I hand it over to Elizabeth and the rest
[03:07:52] of the team here. So next slide please.
[03:07:57] And so we're going to talk about the tax
[03:07:59] levy first, then the draft plan of
[03:08:01] finance and then for your information
[03:08:04] the appendix is filled with additional
[03:08:07] data that we will go over here and we'll
[03:08:08] go to that if there's questions about
[03:08:10] that. Next slide please. So here's where
[03:08:14] we are in the plan of finance and the
[03:08:16] tax levy briefing. And the next comes is
[03:08:19] November 11th with the introduction of
[03:08:21] public hearing for the 2026 budget and
[03:08:23] then the adoption of the budget on
[03:08:25] November 18th. Next slide please.
[03:08:31] And here's just we'll talk about the
[03:08:34] background and an update on the tax
[03:08:36] levy. Next slide please. So the
[03:08:40] bottom line up front and I just wanted
[03:08:41] to say this is that we're going to state
[03:08:43] our recommendation is to stay the course
[03:08:46] in 2026, maintain steady levy, increase
[03:08:48] that 2% to improve position for future
[03:08:51] needs and maintain that 25% with no that
[03:08:55] we have no extraordinary needs in 2026.
[03:08:58] As we were discussing of some of our
[03:09:00] needs capital years in the out years is
[03:09:02] where some of those needs will be. And
[03:09:04] we're going to prepare for the future.
[03:09:05] We're going to monitor and plan for our
[03:09:07] minor environmental remediation that we
[03:09:10] have before us and to continue use the
[03:09:12] levy as a strategic credit strength for
[03:09:14] access to capital markets. Which means
[03:09:16] the better we do, the more conservative
[03:09:19] that we are, the lower our lending is in
[03:09:21] our in our debt and allowing us to make
[03:09:24] better best use of the funds in the in
[03:09:26] the funds that we do have and the tax
[03:09:28] levy that we do have. So next slide
[03:09:30] please. So with this I'm going
[03:09:34] to hand over to Elizabeth to take us
[03:09:36] through this part. Thank you thank you.
[03:09:37] Good afternoon. With me today are Scott
[03:09:40] Bartram and Ian Burke, along with Angie
[03:09:44] Rose, who is not here today. They are
[03:09:45] the brains of the operation. Every year
[03:09:48] they take all the pieces of the port,
[03:09:50] the operating divisions, the tax levy,

[03:09:52] and they roll it up together to create
[03:09:54] the plan of finance. So we're going to
[03:09:57] start today with the tax levy and I'll
[03:09:59] turn it over to Ian. Thank you,
[03:10:01] Elizabeth. Good afternoon,
[03:10:02] commissioners. So on this slide we have
[03:10:05] a brief refresher of the Port's tax
[03:10:07] levy. As a reminder, the amount of the
[03:10:10] levy is set by commission each year.
[03:10:13] The Port and the Commission have
[03:10:15] traditionally taken an active approach
[03:10:17] in managing what the levy funds. We'll
[03:10:19] discuss specifically examples of those
[03:10:22] levy funded items on some of the next
[03:10:23] slides. The tax levy also gives the Port
[03:10:26] access to GO bonds, which can be a
[03:10:29] useful funding source to combine with
[03:10:31] levy cash. And in fact, GEO bonds can
[03:10:33] allow the Port to multiply the funding
[03:10:36] impact of the levy if managed
[03:10:37] responsibly. That bottom chart kind of
[03:10:40] reiterates what director Metruck was
[03:10:43] talking about. You can see that 2026
[03:10:45] assumption of 92, 2.2 million for the
[03:10:48] tax levy. That represents 75% of the
[03:10:51] maximum and is approximately a 2%
[03:10:53] increase. You can also see for 2025,
[03:10:56] the port levy made up 1.1% of total king
[03:11:00] county taxes. Next slide, please.
[03:11:05] So here we get into a general overview
[03:11:08] of how we manage the tax levy. On the
[03:11:11] left you can see the types of efforts
[03:11:12] that we forecast using the levy for.
[03:11:15] Generally, these are items that bring
[03:11:17] public benefit. And on the right you can
[03:11:20] see the levy policies, including that
[03:11:23] 75% of the maximum policy. These help
[03:11:27] maintain the Port's strong credit
[03:11:28] ratings and they also leave some
[03:11:30] flexibility if needed. Next slide,
[03:11:33] please. The tax levy picture
[03:11:38] now includes multiple sub funds, both
[03:11:41] established by the Commission to provide
[03:11:42] prepare for specific types of
[03:11:44] obligations. The first is the ELF Fund,
[03:11:47] the Environmental Legacy Fund. This is
[03:11:50] used to fund legacy environmental
[03:11:52] liabilities in combination with GEO
[03:11:54] bonds and tax levy cash. And we also
[03:11:57] have the TIF fund, the Transportation
[03:11:58] and Infrastructure Fund. This is used
[03:12:01] for regional transportation projects.
[03:12:03] For example, the Port's contribution to
[03:12:06] Seattle's Safe and Swift project and
[03:12:08] improvements to the heavy haul network,
[03:12:10] just to name a few examples. The current
[03:12:14] TIF balance is projected to cover our
[03:12:16] future known commitments. And then as we
[03:12:20] just talked about, the Port also has the
[03:12:22] ability to issue GO bonds which are
[03:12:24] backed by the tax levy and are the first
[03:12:26] obligation of the tax levy. Next slide
[03:12:30] please. So here we can see

[03:12:33] the sources over the next five years for
[03:12:36] the tax levy and related funds, it's a
[03:12:40] more detailed look into the five year.
[03:12:41] You can see the small beginning cash
[03:12:43] balance of both the levy and the elf.
[03:12:46] The larger funding sources are the
[03:12:49] annual levy collections and GO bonds.
[03:12:52] We have assumed a 2% increase each year
[03:12:56] to the levy during this five year
[03:12:57] period, which is approximately where the
[03:12:59] 75% maximum ends up.
[03:13:02] And for GO bonds, we do have some
[03:13:05] existing proceeds from issuances in 2022
[03:13:07] and 2024. And in the plan of finance,
[03:13:10] we assume 261 million of new geobonds
[03:13:13] over the five year period. Of note on
[03:13:17] this slide. When we look at the next
[03:13:19] slide, we anticipate GeoBond funds will
[03:13:22] fund capital as well as those
[03:13:24] environmental liabilities.
[03:13:27] Next slide please.
[03:13:31] So here we can see the uses of that 916
[03:13:34] million. The two largest uses of the
[03:13:37] levy are seaport capital and legacy
[03:13:40] environmental liabilities. Capital
[03:13:42] includes the port share of North Harbor
[03:13:44] Northwest Seaport Alliance Container
[03:13:46] business investments. It also includes
[03:13:48] other maritime capital projects and some
[03:13:51] funding for public park creation and
[03:13:54] improvement. As we've been planning for
[03:13:57] for a number of years now, we also see
[03:14:00] large environmental liability
[03:14:01] expenditures over the next five years.
[03:14:03] We do expect those to continue beyond
[03:14:06] 2030. These are fully funded in our plan
[03:14:09] using that combination of levy cash,
[03:14:11] the ELF balance and geobonds.
[03:14:15] Near the top you can see what we
[03:14:17] categorize as community programs. We've
[03:14:20] included these in the forecast to keep
[03:14:23] pace with inflation. These include
[03:14:25] investments in the environment,
[03:14:26] workforce development and youth
[03:14:28] programs, local advertising and other
[03:14:31] community impact type efforts. A more
[03:14:34] detailed list of those can be found in
[03:14:36] the appendix. And the final uses we have
[03:14:39] here are existing Geobond debt service,
[03:14:41] the assumed debt service on new
[03:14:43] issuances, and a small amount of
[03:14:46] aviation noise projects that are not ADF
[03:14:48] eligible. With that, I will transition
[03:14:52] back to Elizabeth. Next slide
[03:14:56] please. Thank you. The Port makes a
[03:14:59] number of investments in the environment
[03:15:00] and as Ian noted, we spend a
[03:15:03] considerable amount of the tax levy or
[03:15:05] we're planning to spend a considerable
[03:15:06] amount of the tax levy on environmental
[03:15:10] remediation liabilities. The left hand
[03:15:13] side of this slide gives some more
[03:15:15] detail about those. The Commission

[03:15:18] established the Environmental Legacy
[03:15:21] Fund in 2023 and to date we have
[03:15:23] contributed 62 million from the tax levy
[03:15:27] to that fund. To help ensure funding for
[03:15:31] these liabilities, we are recommending
[03:15:34] today that we add an additional 5
[03:15:37] million from the tax levy. And that 5
[03:15:40] million comes from savings on the
[03:15:43] Maritime Innovation Center. We received
[03:15:47] a grant and so we needed to spend 4
[03:15:50] million less out of the tax Levy because
[03:15:52] that was funded with the grant, plus
[03:15:54] interest earnings that have accumulated
[03:15:56] over a few years in the tax levy that
[03:16:01] we can move into the elf. So that's a
[03:16:04] recommendation. So while we're doing
[03:16:06] really well assembling cash
[03:16:10] to be available for these cleanup
[03:16:13] projects, we also want to be mindful
[03:16:16] that we don't probably don't want to
[03:16:18] fund all of them with cash. And this has
[03:16:20] to do with an accounting change that is
[03:16:24] coming our way in the next year that
[03:16:27] makes using GO bonds
[03:16:31] and reflecting the debt service, which
[03:16:34] is a nice steady level of expenditure in
[03:16:37] our debt service coverage calculation,
[03:16:39] as opposed to a large liability that
[03:16:44] might be recognized in any particular
[03:16:45] year. So we're trying to figure out
[03:16:48] these accounting rules and how to
[03:16:50] appropriately balance the use of cash
[03:16:53] with the GO bonds to appropriately
[03:16:56] manage our debt service coverage ratio
[03:16:58] for investors. So that's a little bit
[03:17:02] in the weeds there. On the right hand
[03:17:04] side is some examples of some of the
[03:17:07] other investments that the Port makes.
[03:17:09] These are some of them funded with the
[03:17:11] tax levy, but mostly they're funded
[03:17:13] through our operating divisions in the
[03:17:16] form of capital projects or initiatives
[03:17:19] that our operating divisions are engaged
[03:17:21] with. So that's really just to remind
[03:17:23] the public that besides our cleanup
[03:17:25] liabilities that we talk about in this
[03:17:27] presentation, there's a lot of other
[03:17:28] things that the Port is investing in on
[03:17:31] the environmental front.
[03:17:34] Next slide, please.
[03:17:38] In summary, the staff recommendation is
[03:17:42] to stay the course to increase the
[03:17:45] tax levy consistent with the 75% of
[03:17:50] maximum policy. And this both gives us
[03:17:54] cash for various uses and also maintains
[03:17:58] a strong the strong credit support that
[03:18:01] the levy provides us. We're also
[03:18:03] recommending the 5 million deposit into
[03:18:07] the ELF from the tax levy.
[03:18:11] Next slide, please. And next slide,
[03:18:15] we'll move into the plan of finance.
[03:18:17] And just to begin with, the cornerstone
[03:18:21] of financial stewardship is the policies

[03:18:25] that we have developed over the years
[03:18:29] that allow us to make the investments
[03:18:32] that we need to make in our facilities
[03:18:35] while also providing sufficient cushions
[03:18:39] to withstand adverse times. And so
[03:18:43] we always develop our plan and recommend
[03:18:46] that we continue to manage our finances
[03:18:50] with these, with this stewardship in
[03:18:52] mind. The result? Well, actually, even
[03:18:56] if we didn't have these policies, I
[03:18:57] think the result would be the Port can't
[03:18:59] afford to fund everything we would like
[03:19:02] to fund. And so we have to continue to
[03:19:04] prioritize if we want to be a resilient
[03:19:08] organization, both in terms of our
[03:19:11] infrastructure and in terms of our
[03:19:13] finances. So with that, I'll turn it
[03:19:16] over to Scott to go through the draft
[03:19:18] plan of finance.
[03:19:21] Good afternoon. Commissioners. So the
[03:19:23] next several slides will cover the Plan
[03:19:25] of Finance which you've seen before and
[03:19:27] many of the slides will look similar so
[03:19:28] I will attempt to move through them
[03:19:30] expeditiously. Background on the Plan of
[03:19:33] Finance it covers the port CIP and
[03:19:36] funding over the next five year period
[03:19:37] through 2030. While the focus is on the
[03:19:41] next five years, we incorporate a longer
[03:19:44] term view to ensure that the Port
[03:19:46] maintains financial sustainability and
[03:19:47] resilience. We know that there's
[03:19:50] significant environmental capital and
[03:19:52] other needs that will extend beyond the
[03:19:54] 10, excuse me, five year period. So we
[03:19:56] look to factor those into our shorter
[03:19:59] term five year horizon. Our plan is used
[03:20:03] by rating agencies and investors alike
[03:20:05] to understand the Port's financial plans
[03:20:08] overall health and I think as recent on
[03:20:11] sales has proven as the capital markets
[03:20:13] have placed great trust in the Port and
[03:20:15] its financial management overall. Next
[03:20:18] slide please. So maintaining financial
[03:20:22] sustainability and resiliency. How do we
[03:20:24] do this? In part this is accomplished by
[03:20:28] ensuring that the Port achieves certain
[03:20:30] financial targets, namely debt service
[03:20:33] coverage and liquidity. You've seen
[03:20:35] these before and Heidi mentioned the
[03:20:38] airport target specifically in her
[03:20:40] presentation earlier. These guardrails
[03:20:43] or these, sorry, these financial targets
[03:20:45] serve as guardrails and cushion provide
[03:20:49] a cushion for the port for income
[03:20:50] variability which we know from time to
[03:20:54] time does occur and they cannot always
[03:20:56] be easily forecasted. Debt service
[03:20:59] coverage. You can see they're listed for
[03:21:02] the airport and the seaport broken out
[03:21:04] separately. No change in these targets
[03:21:07] from prior years. We do have
[03:21:11] a general fund balance for the seaport

[03:21:12] equal to 12 months O and M collectively
[03:21:15] for those businesses and an airport
[03:21:17] development fund balance equal to 18
[03:21:18] months O and M for the air airport and
[03:21:20] Then as of 2025 all targets are expected
[03:21:24] to be met. Next slide please.
[03:21:28] So slide 17 provides a comprehensive
[03:21:30] picture of the Port's Seaport capital
[03:21:32] plan over the next five years. Just as a
[03:21:35] reminder, Seaport includes the Port's
[03:21:38] maritime business as well as the Port's
[03:21:40] share of the Northwest Seaport alliance,
[03:21:42] as well as other costs not allocated to
[03:21:45] the airport, primarily those from
[03:21:47] central services. A total Seaport CIP
[03:21:50] over the next five years totals 961
[03:21:52] million, which is broken out annually in
[03:21:55] the chart you see on the bottom left.
[03:21:58] The seaport CIP consists primarily of
[03:22:01] the maritime CIP at 608 million. Kelly
[03:22:05] Zupan briefed you all on the Maritime
[03:22:07] Capital Plan as part of the Commission
[03:22:09] meeting earlier this month. The Seaport
[03:22:13] CIP also includes 228 million for the
[03:22:15] port's 50% share of the total Northwest
[03:22:19] Seaport Alliance CIP. You all as
[03:22:22] managing members were briefed on the
[03:22:24] Northwest Seaport Alliance Capital Plan
[03:22:26] last Friday during the budget study
[03:22:28] session that totaled 456 million. So our
[03:22:31] half listed here. Want to flag one item
[03:22:35] here. So based on current forecast,
[03:22:37] staff has identified an approximate $50
[03:22:39] million funding shortfall of this
[03:22:42] seaport CIP. You know this sort of
[03:22:45] forecasted deferral is not terribly
[03:22:48] uncommon and can often be resolved sort
[03:22:52] of organically over time through project
[03:22:54] spending, project and spending delays.
[03:22:57] This is not an immediate 2025 or 2026
[03:23:01] concern and the Seaport CIP has enough
[03:23:04] embedded flexibility to help navigate
[03:23:07] through funding constraints. Port
[03:23:09] finance staff, both in corporate finance
[03:23:11] and maritime, as well as our friends at
[03:23:13] the alliance will continue to monitor
[03:23:15] the funding picture over the next year
[03:23:17] and make adjustments as needed.
[03:23:20] Next slide please. So here's a
[03:23:24] summary of the funding of the previously
[03:23:26] mentioned Seaport CIP. You can see it's
[03:23:28] 50 million less so totaling 911 million
[03:23:32] over the five years. Overall, I would
[03:23:34] say this is a very balanced approach to
[03:23:36] funding the Seaport Capital Plan.
[03:23:38] Generally speaking, over the past few
[03:23:40] years you've seen a shift toward a
[03:23:42] greater reliance on operating sources so
[03:23:45] including operating cash and revenue
[03:23:47] bond funding to finance the Seaport cip.
[03:23:49] And this is really being driven by a
[03:23:51] couple primary factors. One, existing
[03:23:54] revenue bond debt service or revenue

[03:23:57] bonds for the seaport businesses are
[03:23:58] gradually maturing so as they're paid
[03:24:01] down those are falling off and a of lot
[03:24:03] providing more revenue bond capacity and
[03:24:07] also the tax levy as a resource are
[03:24:09] being increasingly used or forecasted to
[03:24:11] be used for non capital purposes. So I
[03:24:14] would say primarily environmental
[03:24:15] remediation. This means less tax levy
[03:24:18] resources available for capital funding.
[03:24:21] Quickly look in the operating sources
[03:24:23] here comprise about 55% of the CIP
[03:24:27] funding. That includes operating cash
[03:24:29] above and beyond the 12 month liquidity
[03:24:32] target. It also includes future revenue
[03:24:34] bonds used only to the extent that the
[03:24:37] seaport businesses achieve their 1.8
[03:24:39] times debt service coverage targets.
[03:24:41] The levy funds about 35% of the CIP.
[03:24:44] This includes levy cash as well as
[03:24:47] existing and projected or future GO
[03:24:49] bonds. Just as a reminder, GEO bond debt
[03:24:52] service is paid from the tax levy funds
[03:24:55] and as Ian previously noted, the PORTS
[03:24:57] plan assumes continuation of
[03:25:01] setting the annual levy at 2 or excuse
[03:25:03] me, at 75% of the maximum, which
[03:25:05] translates into approximately 2%
[03:25:07] increase annually.
[03:25:11] The remaining funding sources come from
[03:25:13] other sources such as Port and Northwest
[03:25:17] Seaport alliance grants as well as a
[03:25:19] smaller portion of HMT funding. So
[03:25:22] capital grants include both port grants
[03:25:24] as well as the port's 50% share of
[03:25:26] northwest Seaport alliance grants. And I
[03:25:27] know David Morrison spent a fair amount
[03:25:29] of time walking you guys through the
[03:25:31] alliance grants at the last meeting and
[03:25:35] HMT assumptions. We've taken a similar
[03:25:38] approach to what they've recommended in
[03:25:39] terms of we did receive the 25 million
[03:25:43] HMT funds last year. 24 we are not
[03:25:46] assuming to receive those annually going
[03:25:48] forward, but rather the smaller ward of
[03:25:50] funds only Next slide please.
[03:25:54] Moving to the Airport this table
[03:25:58] summarizes the approximately 3.75
[03:26:01] billion dollar airport CIP. You know,
[03:26:04] Heidi just went over this in greater
[03:26:06] detail, so I won't spend a lot of time
[03:26:08] going through the details. Just a
[03:26:10] reminder that this represents capital
[03:26:11] spending over the next five years does
[03:26:13] not represent total project costs. You
[03:26:17] can see the chart broken out by year and
[03:26:19] as Heidi noted, the Airport's mega
[03:26:21] projects or those with a budget over 300
[03:26:24] million make up a significant portion of
[03:26:26] the overall airport CIP. The port does
[03:26:30] estimate that over 80% of the airport
[03:26:33] CIP is in design or construction, and
[03:26:37] that the CIP includes about 132 million

[03:26:39] of reserves for unprogrammed cost costs.
[03:26:44] Next slide please.
[03:26:52] So this provides a summary of the
[03:26:54] AIRPORT capital funding for the AIRPORT
[03:26:57] cip. This is this plan is fairly
[03:26:59] consistent with what you've seen in
[03:27:00] prior years. Operating sources will fund
[03:27:03] over 90% of the airport CIP. This
[03:27:06] includes operating cash, existing and
[03:27:09] future revenue bonds. Commissioner Cho,
[03:27:11] to touch on one of the questions you had
[03:27:13] asked previously about cpe. Airport debt
[03:27:16] service is included in the CPE
[03:27:19] calculation, so I wanted to make that
[03:27:20] clear. We do expect future revenue bonds
[03:27:24] to be by far the largest funding source
[03:27:26] for the AIRPORT cip and we are expecting
[03:27:28] to be in the market again next year as
[03:27:30] we were last year and again in 2025.
[03:27:33] The airport does have a few other unique
[03:27:35] funding sources which do contribute to
[03:27:37] the funding. Those include Federal
[03:27:39] Grants and PFCs and CFCs which are
[03:27:42] listed there. Just to I would like to
[03:27:43] point out on the PFC and cfc, it's a
[03:27:45] little misleading that table those
[03:27:47] funding sources are both used to fund
[03:27:52] AIRPORT revenue bond debt service
[03:27:53] associated with eligible projects. So
[03:27:55] while you see a fairly modest amount
[03:27:57] listed here, they are a very important
[03:28:00] funding tool for the AIRPORT overall.
[03:28:03] Next slide please.
[03:28:08] So this slide this slide provides a view
[03:28:11] of the Port wide revenue bond debt
[03:28:13] service coverage over the next five
[03:28:14] years. As you know, debt service
[03:28:16] coverage is an industry standard and
[03:28:19] measure of financial sustainability. We
[03:28:21] take great pride in monitoring and
[03:28:23] managing to these targeted levels both
[03:28:25] from the AIRPORT perspective and the
[03:28:27] Seaport. This is a Metruck that both
[03:28:30] rating agencies and investors use
[03:28:32] widely. And the port wide forecasted
[03:28:36] debt service coverage levels shown here
[03:28:38] are consistent with the port's strong
[03:28:39] historical performance. The decreasing
[03:28:41] trend that you see is driven by the
[03:28:44] large airport capital spend as
[03:28:47] additional debt is needed to fund that
[03:28:49] cip. But it is, it is expected and
[03:28:53] is consistent with what we've seen in
[03:28:54] prior years. Overall debt service
[03:28:56] coverage levels are healthy and remain a
[03:28:59] significant driver behind the port's
[03:29:01] strong credit ratings. I'll turn it back
[03:29:04] over to Elizabeth, actually, I think
[03:29:06] executive director Metruck. Yeah, I just
[03:29:08] wanted to talk about the next couple of
[03:29:09] slides. Of course, this is our plan,
[03:29:11] but managing, you know, as we look
[03:29:13] forward, you know, there's risks to that

[03:29:15] plan and then there's a mitigation
[03:29:17] strategy. So that we have. And this
[03:29:18] just, this slide just covers some of
[03:29:20] those, some of those risks and some of
[03:29:22] those mitigations, you know, business
[03:29:24] disruptions we've known over the last,
[03:29:27] say over the last eight years have been
[03:29:29] a lot of those that have happened,
[03:29:30] including pandemics and other issues
[03:29:32] that happen. So that's always out there.
[03:29:33] We have to think about that. Our aging
[03:29:36] infrastructure, we talked about our plan
[03:29:37] to look at that and do the refurbishment
[03:29:42] of those things. But we never know when
[03:29:44] unanticipated things could happen and we
[03:29:47] could have major failures. There could
[03:29:48] be a cost to us that we weren't
[03:29:49] anticipating. And then as we're as we're
[03:29:52] budgeting very tightly to the cip, that
[03:29:55] gives us limited flexibility for those
[03:29:57] projects as we're moving forward within
[03:29:59] that and looking beyond 2030,
[03:30:02] the we're going to have if nothing
[03:30:05] changes and we'll talk about that more.
[03:30:07] If nothing changes, we will have, we'll
[03:30:09] assume lower spending level on both
[03:30:11] airport and Seaport capital plans. If
[03:30:12] we've been as we've been forecasting and
[03:30:15] then, and then of course, keeping our
[03:30:18] airport debt service coverage will be at
[03:30:20] or below 1.37 in those few years before
[03:30:24] it goes back up again. And then on the
[03:30:26] mitigation side, conservative budgeting,
[03:30:28] budgeting always provides upside
[03:30:30] potential for us. It's better to, you
[03:30:33] know, the risk. You go down to the
[03:30:35] saying down at the bottom here was the
[03:30:37] risk of over optimism is greater than
[03:30:39] risk of pessicism. So within that, we
[03:30:43] want to continue to be conservative in
[03:30:44] our approach. And you know, on the
[03:30:46] mitigation side too, we still have, as
[03:30:48] we heard from Jeff and Arif, we still
[03:30:50] have continued demand for airport and
[03:30:52] cruise businesses and we saw that on
[03:30:54] cruise as well. So that's a real
[03:30:55] positive for us. And now we have greater
[03:30:58] cost certainty on some of these projects
[03:30:59] that are coming to fruition, including
[03:31:01] the cleanups, environmental liabilities,
[03:31:02] and then our megaprojects are moving
[03:31:05] forward to completion. We have cost
[03:31:07] certainty there, so there won't be
[03:31:09] changes there. And we want to begin
[03:31:12] efforts of looking at that will lead us
[03:31:14] to the next slide, which is begin
[03:31:16] efforts to increase our capital capacity
[03:31:18] as we go towards the future. So next
[03:31:20] slide please. So this is all the things
[03:31:24] that we have. If, if we don't change
[03:31:26] anything, then we've, we've kind of for
[03:31:28] where our forecast is going to take us.
[03:31:29] But you know, we want to look at

[03:31:31] continue efforts to, to reduce our
[03:31:33] growth of capital of O and M
[03:31:36] expenditures going forward. We can look
[03:31:39] at that. We're going to be doing a lot
[03:31:41] of these things as we go forward and go
[03:31:43] into the beginning of 26. So when we
[03:31:45] report back to the commissioners, we'll
[03:31:46] be examining all of these ways to
[03:31:48] increase financial capacity for us. And
[03:31:51] that includes looking at exploring
[03:31:53] opportunities to generate additional
[03:31:55] revenues. Jeff Wolff talked a little bit
[03:31:57] about that. We also talked about capital
[03:32:00] redevelopment. We need to review all of
[03:32:02] our capital that we have planned, our
[03:32:04] projects that we planned, and look for
[03:32:05] prioritization within those and look for
[03:32:07] any opportunities we have to have the
[03:32:09] criteria that we want to meet within our
[03:32:12] prioritization as well. And then for
[03:32:14] financial management, we want to
[03:32:15] maintain our strong credit rating and
[03:32:17] that allows us to be, to be cost
[03:32:21] effective in our debt issuance as well.
[03:32:22] And we want to continue to evaluate our
[03:32:24] investments and how those investments
[03:32:26] will, will help us in our financial
[03:32:28] picture going forward. So that will take
[03:32:31] us to our almost our final two slides.
[03:32:34] Elizabeth, I'll turn it back to. All
[03:32:35] right, Scott's going to take the last
[03:32:37] slide. So slide 24 covers
[03:32:41] planned 2026 finance initiatives which
[03:32:45] include issuing revenue bonds in support
[03:32:48] of the airport cip. This is a
[03:32:50] continuation from the last several
[03:32:52] years. We will look to potentially issue
[03:32:55] some variable rate bonds which we
[03:32:57] haven't done in many years. We will also
[03:33:01] monitor the need for new GO bonds to
[03:33:03] support Seaport Capital needs if needed.
[03:33:05] We, we have a potential refunding
[03:33:09] opportunity on the GEO side. So if it
[03:33:11] pencils out, we may look to issue new
[03:33:13] GEO bonds along with it. Timing the
[03:33:16] timing works out. We do, generally
[03:33:18] speaking look for opportunities to
[03:33:20] refund debt for interest savings. It's
[03:33:23] obviously become a little bit more
[03:33:24] difficult as rates have risen, but we do
[03:33:26] monitor those pretty closely and we, we
[03:33:30] did issue 120 million of commercial
[03:33:32] paper to fund the acquisition of the
[03:33:35] International Place office complex,
[03:33:37] which we may or expect to potentially
[03:33:40] refund with either fixed or variable
[03:33:42] rate bonds next year. We do have one
[03:33:44] existing letter of credit that we will
[03:33:46] monitor and potentially renew or
[03:33:49] replace. And with that, I believe that
[03:33:52] concludes our presentation. But happy to
[03:33:55] answer any questions you may have. Very
[03:33:57] good. All right, we'll begin with

[03:34:00] Commissioner Calkins. Thanks so much for
[03:34:02] the presentation. I've got a few
[03:34:05] questions. I also,
[03:34:08] I want to bring up one of the slides in
[03:34:11] the appendix, slide 32.
[03:34:18] Give her just a moment to get there.
[03:34:21] It's really exciting. Drum roll.
[03:34:24] It's titled Taxpayer Impact. I feel
[03:34:28] like every year I make this point, but I
[03:34:30] think it's really important to note that
[03:34:32] when you understand the way the port
[03:34:37] determines its what we are going to
[03:34:40] request from the levy, we ask for an
[03:34:45] absolute number. We ask for 90.2, or the
[03:34:48] proposal is to ask for $90.2 million.
[03:34:50] That request is then spread across
[03:34:55] all property owners in King County.
[03:34:58] And so if there is a real change in the
[03:35:02] number of properties that are assessed,
[03:35:05] taxes in King County increase or
[03:35:08] decrease, it means that that 90.2 is
[03:35:10] spread across those by value. And so
[03:35:14] what we're looking at here is a
[03:35:18] reflection of the fact that presumably
[03:35:20] from 25 to 26, the total value of
[03:35:25] properties in King County went up
[03:35:27] significantly. And so and in fact
[03:35:30] outpaced the increase that we're asking
[03:35:34] for for the levy. And as a result,
[03:35:38] the millage rate,
[03:35:42] which is the impact per thousand dollars
[03:35:46] of property value in
[03:35:50] King County actually drops this year.
[03:35:52] And I was reviewing the millage rates
[03:35:56] for all ports in Washington a couple of
[03:35:58] weeks ago, and we are one of the lowest
[03:36:02] of all of the ports anywhere in the
[03:36:03] state of the 75 ports. And so our burden
[03:36:06] on taxpayers is actually lower than
[03:36:08] those experienced by a number of port
[03:36:13] jurisdictions. Now, even if it weren't,
[03:36:15] I would still say the reason we put this
[03:36:17] rate on here is because we believe that
[03:36:19] the value that that 90.2 we're asking
[03:36:21] for will return to the community,
[03:36:25] I think many times over the value that
[03:36:27] we're asking in terms of dollars. But I
[03:36:30] think it is important to note that it's
[03:36:33] actually a static number, not accounting
[03:36:35] for inflation. We're going from $85 to
[03:36:37] $85 for the median household. While cost
[03:36:40] for everything else is going up, the
[03:36:43] impact of the levy on households is
[03:36:45] going down. So I want to point that out.
[03:36:46] That's a really important one. The
[03:36:48] second one is I want to go to slide go
[03:36:51] to slide 35.
[03:36:56] So this is the Environmental Legacy
[03:37:00] Fund and I just want to, this is one
[03:37:03] where I want to push a little bit
[03:37:08] on the proposed additional contribution.
[03:37:12] So we know that from 2026
[03:37:17] to 2030 we're forecasting 276 million in

[03:37:20] environmental costs that we're going to
[03:37:22] have to account for. Elizabeth, you said
[03:37:24] something about the use
[03:37:28] of cash to pay for those versus the use
[03:37:31] of bonds to pay for those. And can you
[03:37:34] give us. I want to do that deep dive
[03:37:35] because I want to know if we continue to
[03:37:38] fund the elf, but then it ends up
[03:37:41] costing us in some way because of say
[03:37:43] tax liabilities or something. I want us
[03:37:45] to know that. So we aren't continuing to
[03:37:48] fund that and then using that to pay it.
[03:37:49] On the other hand, if it might be better
[03:37:51] to use cash, then I wonder if it might
[03:37:54] make more sense to add more than just
[03:37:57] the 5 million. So if you could help us
[03:38:00] understand that dynamic between cash and
[03:38:02] bonds to pay for environmental costs.
[03:38:04] Yes. So we have an accounting change
[03:38:07] that will move some non operating
[03:38:11] expenses into operating expenses.
[03:38:15] Right now most of our environmental
[03:38:18] remediation is considered non operating
[03:38:21] under our bond resolutions. Anything
[03:38:24] that's operating has to be calculated
[03:38:28] pursuant to gaap. We're non operating,
[03:38:32] we don't have to. So we've had
[03:38:34] flexibility to reflect our payments
[03:38:38] on remediation as just outflows
[03:38:42] the cash outflows. So as we remediate,
[03:38:45] we're spending money, we're spending it
[03:38:47] over a number of years, we include those
[03:38:49] cash flows in our debt service coverage
[03:38:52] calculation. Once we move those to
[03:38:55] operating, we don't have that luxury
[03:38:57] anymore. We have to reflect the expense
[03:39:02] as an increase to our environmental
[03:39:05] reserve. So at the time we get a consent
[03:39:08] decree and we know what our cost will
[03:39:11] be, it could be a big number that
[03:39:14] becomes an operating expense in the form
[03:39:17] of a recognized liability as opposed to
[03:39:19] cash out the door. If we use GO bonds to
[03:39:23] pay for it, we think, and we're still
[03:39:26] doing our homework on how this
[03:39:27] accounting rule will work, then we can
[03:39:31] to refer reflect the debt service
[03:39:32] payments because we're not using our
[03:39:35] operating revenues to make these
[03:39:37] payments anymore. We're using GeoBond
[03:39:39] proceeds to make the payments. So,
[03:39:42] and so if that then lowers the liability
[03:39:45] on our books, does that make us look
[03:39:47] like a better is that good for credit
[03:39:49] rating? Say it doesn't actually lower
[03:39:51] the liability on our books. It changes
[03:39:54] how we reflect expenses in the
[03:39:57] calculation of our debt service coverage
[03:39:59] based on our legal requirements and our
[03:40:02] bond resolutions. And yes, our
[03:40:05] conversations with rating agencies,
[03:40:07] they think some of these accounting
[03:40:10] changes are nuts and not reflecting what

[03:40:15] really is in the investor's standpoint.
[03:40:17] So they like that steady cash outflow
[03:40:20] that really reflects the cash outflows
[03:40:23] that the organization is experiencing as
[03:40:26] opposed to some of these, you know,
[03:40:28] increases and decreases in reserves.
[03:40:32] Okay, next question is one
[03:40:37] thing we've seen at the port at
[03:40:41] Washington State Department of
[03:40:42] Transportation with the ferry system and
[03:40:44] the roads and bridges, is that deferred
[03:40:50] maintenance ends up costing a lot more
[03:40:51] money in the long term. And so
[03:40:55] if you postpone upgrading your ferries
[03:40:58] or repairing bridges, then, you know,
[03:41:02] a, what would otherwise be a minor
[03:41:06] incident becomes a major incident. And
[03:41:08] you've got to essentially address, I
[03:41:10] mean, we had one last week or I guess
[03:41:13] over the last quarter where they've had
[03:41:15] to do emergency repairs to two different
[03:41:17] bridges now, some of which could be
[03:41:19] attributable to deferred maintenance.
[03:41:21] We've seen it in our own operations
[03:41:23] where in lean times we defer maintenance
[03:41:26] and then the eventual bill to repair or
[03:41:30] replace is significantly higher.
[03:41:33] Are there things, and maybe this is a
[03:41:36] question for you, Steve. Are there
[03:41:37] things that are on the cusp of getting
[03:41:40] funded in terms of maintenance that
[03:41:44] don't quite make the budget but could if
[03:41:46] we increased the levy by 10 or $15
[03:41:50] million for a given year?
[03:41:56] I think we, I understand exactly your
[03:42:00] question. You know, if you looked at,
[03:42:01] if you remembered, especially on
[03:42:03] maritime and now just on, on aviation,
[03:42:05] number of those projects are doing
[03:42:07] exactly that. Some of those, we do them
[03:42:09] for different reasons, for safety, for
[03:42:11] just for the new insure refurbishment
[03:42:16] or our updating of those rest, not
[03:42:18] restoration, but just making those
[03:42:21] improvements. And so I hear your
[03:42:23] question is, is there anything on the
[03:42:24] cusp? I think, you know, and then it's a
[03:42:26] step function that there's not like a
[03:42:28] given amount that you can do another
[03:42:29] project. There's like a project that
[03:42:31] comes at the next amount. So I think
[03:42:32] we've done the best we can with trying
[03:42:34] to balance those things. But I think we
[03:42:37] can go back to see that. But I don't
[03:42:40] know if, because your whole question
[03:42:41] goes back to is it better to pay it now
[03:42:43] than it is to pay a bigger number in the
[03:42:46] future? Pennywise pound foolish. I
[03:42:50] certainly don't want us to be in that
[03:42:51] off the top of my head. And we do look
[03:42:53] at those things in the margin. Some
[03:42:54] things are clearly in each side, and
[03:42:55] then you have to look at that on the

[03:42:56] margin to make a decision. So,
[03:42:58] Commissioner, I can go back and kind of
[03:43:00] look at that and talk with the team
[03:43:02] about that and see if there is something
[03:43:04] that would make a difference in the
[03:43:05] amounts that we're talking about by
[03:43:07] something like that. And then finally.
[03:43:11] And then I'll see the. I think it's
[03:43:14] slide seven.
[03:43:18] I just want to clarify something once
[03:43:23] we get that one up.
[03:43:27] So, on the. Under levy policies.
[03:43:31] I don't believe we have a levy policy
[03:43:33] that says we set it at 75% of maximum
[03:43:36] levy. Has anyone set that as a policy?
[03:43:38] We do. That was adopted a few years ago
[03:43:42] that we, as the commission said, you can
[03:43:45] only ask for 75%. Yes. Well,
[03:43:49] the good news is previous commissions
[03:43:52] cannot bind current commission's hands.
[03:43:54] So if we want to reconsider that based
[03:43:56] on some of these questions around
[03:43:58] deferred maintenance or other priorities
[03:44:01] that would justify going above that
[03:44:04] threshold, I would more than welcome a
[03:44:07] conversation about the value of that.
[03:44:09] And if I may. Oh, I'm sorry,
[03:44:12] Commissioner Cho. No, please,
[03:44:16] Elizabeth, make your point. And then
[03:44:17] I'm. Oh, I was just going to note that
[03:44:19] to your question about projects that are
[03:44:22] on the cusp, the. There will. We are
[03:44:24] projecting that we will have excess levy
[03:44:28] at the end of 2026, about 24 million in
[03:44:33] the levy balance at the end of 2026. So
[03:44:37] we do have those extra funds. We expect
[03:44:39] those to roll over and be used in a
[03:44:42] subsequent year. But if we need those
[03:44:46] funds for a project that's on the cusp,
[03:44:48] we could use those and then increase the
[03:44:50] levy in a future year to make up the
[03:44:54] difference if needed. Okay, thank you.
[03:44:56] Commissioner cho, does the $24 million
[03:44:59] you just specified could be rolled over
[03:45:03] get accounted. Is that. Let me see how I
[03:45:07] can find it. The $50 million showfall or
[03:45:09] the deferred projects that you're
[03:45:11] expecting on the Seaport side, does that
[03:45:13] account for the $24 million? It does.
[03:45:16] So we're still $50 million in the whole,
[03:45:18] despite the $24 million rollover we're
[03:45:20] expecting? Correct. Okay. That leads me
[03:45:24] to follow up on Commissioner Calkins's
[03:45:26] question is, I'm actually surprised
[03:45:28] staff has not recommended to us to
[03:45:31] increase the levy beyond 2% or
[03:45:34] beyond the 75% threshold if we can go to
[03:45:37] slide 28.
[03:45:45] I mean, we're not even keeping up with
[03:45:47] inflation, folks. So I don't really
[03:45:50] understand why your recommendation is to
[03:45:52] keep it steady when you're telling me
[03:45:53] that we have $50 million in deferred

[03:45:55] projects potential on the Seaport side.
[03:45:57] We just learned that we need to cut $300
[03:45:59] million from the aviation CIP.
[03:46:02] I mean, for every year that we forego
[03:46:05] the $30 million, that's $30 million we
[03:46:07] can't claw back. But on the other hand,
[03:46:11] it's $30 million we could potentially
[03:46:13] bank and have as reserves. So I just
[03:46:15] need to understand why the
[03:46:18] recommendation hasn't been made to us or
[03:46:20] why we haven't even had a discussion yet
[03:46:22] about potentially raising the levy to a
[03:46:25] more appropriate at least keep up with
[03:46:27] inflation, Right. So if Steve or anyone
[03:46:31] has that explanation, I'd like to hear
[03:46:33] it. Let me. Executive Director Metruck
[03:46:35] yeah, let me start with that,
[03:46:36] Elizabeth, then I'll turn to you because
[03:46:38] I think there's two things there. The
[03:46:40] one is that of course we want to be good
[03:46:42] stewards of our funds that we have. But
[03:46:44] also there's if you start to go higher
[03:46:47] and believe me, Commissioner, that was
[03:46:49] one of the things, you know, eight years
[03:46:51] ago that I fought for increasing because
[03:46:53] we weren't keeping up with inflation.
[03:46:54] You can see on the curve here where we
[03:46:56] were and then we matched up. But in the
[03:46:58] discussion of that, it's how much we add
[03:47:01] to that growing to the red curve.
[03:47:02] ELIZABETH if you want to talk about that
[03:47:04] and what happens if you start to erode
[03:47:07] that and where you could end up just in
[03:47:08] a very short time if you exceed if you
[03:47:11] exceed around 2%, right. So,
[03:47:14] for example, if we were to increase the
[03:47:17] levy 5% every year, within 10 years we
[03:47:19] would be at the maximum. If we increased
[03:47:23] it by 10%, we'd be at the maximum in
[03:47:25] four years. So that cushion erodes
[03:47:29] pretty quickly. And I'll say that
[03:47:30] probably the single biggest benefit
[03:47:35] we get from the tax levy isn't just
[03:47:38] those few million dollars of additional
[03:47:40] levy we could get. It's the way the levy
[03:47:43] supports our revenue bonds because most
[03:47:47] of our debt is in the form of revenue
[03:47:48] bonds. That's what funds the airport.
[03:47:51] And by having this tax levy and having
[03:47:55] these cushions in the tax levy, it's
[03:47:58] what's contributed to being one of the
[03:48:00] few AA rated airports that gives us
[03:48:04] such great access to inexpensive capital
[03:48:07] for the revenue bonds. And I've heard
[03:48:09] you make the argument before,
[03:48:10] Elizabeth, about the cushion and how it
[03:48:13] does help our underwriting. Essentially
[03:48:15] what I don't understand is why banking?
[03:48:18] Because essentially the difference is
[03:48:20] it's realized and unrealized, right?
[03:48:24] And when you keep a cushion, it's
[03:48:25] unrealized, right. And so I don't
[03:48:28] understand how us taking

[03:48:32] it to the max, right. Turning it into
[03:48:35] realized revenue and then banking it
[03:48:38] would hurt our underwriting and our
[03:48:41] credibility as an institution. When you
[03:48:44] have a cushion you're saying, yeah, we
[03:48:47] could draw on it, but we're not drawing
[03:48:49] on it and you can only draw on it in the
[03:48:52] moment. So I just, you know, like, I
[03:48:53] understand that it might help us make an
[03:48:56] argument, but from my perspective, if
[03:48:58] we're banking on it and we're, we're
[03:48:59] putting in reserves. Right. That,
[03:49:04] that from my perspective would be a
[03:49:06] better underwriting situation than,
[03:49:08] than foregoing, you're essential. We're
[03:49:10] essentially foregoing $30 million every
[03:49:12] year. How is that better from an
[03:49:14] underwriting perspective when you could
[03:49:16] be realizing $30 million and putting it
[03:49:19] into some sort of reserve?
[03:49:21] It's quite frankly, because most
[03:49:25] investors would expect that that would
[03:49:27] get spent and not held 30 million every
[03:49:31] year, year after year, you end up
[03:49:33] hundreds of millions of dollars. And
[03:49:36] the, you know, if we had the discipline
[03:49:40] to not spend it, I think that you
[03:49:44] would be exactly right. But I think
[03:49:47] there would be that concern of investors
[03:49:49] that it would get spent and maybe
[03:49:51] concern of taxpayers of why are you
[03:49:53] increasing your taxes, you know,
[03:49:56] particularly at a time when they're
[03:49:57] seeing other taxes increase. So I'll
[03:50:01] ask can we at least keep up with
[03:50:02] inflation? It's a serious question like
[03:50:06] can we at least keep up with inflation?
[03:50:13] It's right in front of buying power. It
[03:50:15] kept on going down. Yeah. Commissioner,
[03:50:18] I hear you, I hear. Commissioner, to
[03:50:20] talk about that. And we can, I mean
[03:50:21] that's justifiable from a public
[03:50:23] perspective, right? Well, again, it goes
[03:50:26] back to the numbers in a, in a few
[03:50:28] years. You, you will, I hear what you're
[03:50:30] saying in inflation, inflationary times
[03:50:32] when if it's especially high, we,
[03:50:34] there's, I would not recommend keeping
[03:50:36] up with that. If we're talking the
[03:50:37] difference between it's like 3.3.8
[03:50:41] right now, I think, or inflation. But we
[03:50:47] can consider that. Commissioner, I can
[03:50:48] go back to look at that, look at that
[03:50:50] what that would yield and with keeping
[03:50:51] with this and then understanding of
[03:50:53] those things. We had a similar
[03:50:56] conversation about this last year and
[03:50:57] quite honestly, I, I agree
[03:51:01] with you, Commissioner Cho, with the
[03:51:04] caveat that Elizabeth just shared,
[03:51:06] which is if we use this to go buy a
[03:51:09] shiny boat to pull behind our pickup
[03:51:11] truck, a one time sort of fun spend,

[03:51:14] whatever that would be the equivalent at
[03:51:16] the port. Not wise if we used it and I
[03:51:19] use the example of the Environmental
[03:51:22] Legacy Fund as a. We are parking this
[03:51:26] money because we know and the analogy I
[03:51:28] used last year was a college fund. We,
[03:51:30] I've got this big liability hanging out
[03:51:33] there with three kids approaching
[03:51:37] college and I, I needed the discipline
[03:51:41] to put that money away early, provided I
[03:51:45] can't touch it. And so I, I do think
[03:51:48] thinking about funding something like
[03:51:50] the TIF or the ELF with that kind of
[03:51:52] funds would actually demonstrate even
[03:51:56] more responsibility,
[03:51:59] financial responsibility as an
[03:52:01] institution. Then instead of waiting to
[03:52:04] then have to pull in a huge amount of
[03:52:06] money to pay these out years
[03:52:08] liabilities, we would be able to fund it
[03:52:10] with cash that we'd saved over time.
[03:52:12] But I think that's a policy question for
[03:52:14] the five of us and Steve to consider. I
[03:52:17] just want to let everybody know I have
[03:52:18] to go pretty soon to go and pick up my
[03:52:20] kids. But Commissioner Mohammad has a
[03:52:24] comment and then I have a couple
[03:52:25] questions of my own, so I'm going to
[03:52:27] pass it over to her. I just, I wanted to
[03:52:30] add to this and say, I guess maybe to
[03:52:32] our colleagues, it's obviously a policy
[03:52:34] decision that we can make to increase
[03:52:36] the tax levy. And I understand the need
[03:52:40] for additional resources and dollars and
[03:52:43] huge infrastructure projects that we're
[03:52:46] working on and that support the ports
[03:52:48] work. But I'm also really mindful of
[03:52:50] where the tax lobby dollars come from.
[03:52:51] It comes from property taxes, it comes
[03:52:54] from seniors, it comes from people who
[03:52:56] are on fixed income, small businesses.
[03:52:57] We're already navigating really
[03:52:59] challenging times. And so I would not
[03:53:03] make the decision to increase the tax
[03:53:05] levy very lightly. Okay, so switching
[03:53:09] gears a little bit, I have had several
[03:53:11] conversations with a
[03:53:15] variety of people who have great ideas
[03:53:18] of what we can use our tax levy for.
[03:53:19] And so I thought I would just go ahead
[03:53:21] and pose them to you all.
[03:53:25] Why not just use our
[03:53:28] levy to cover the full cost of the
[03:53:33] Duwamish river cleanup efforts when our
[03:53:37] partner jurisdictions are facing a
[03:53:40] deficit in their budgets?
[03:53:45] We may need Elizabeth Black to help
[03:53:48] answer that question. We do have
[03:53:53] potentially liable parties who are
[03:53:55] supposed to be paying their fair share
[03:53:57] of those costs too. I'll note that our
[03:53:59] share of costs for all of our
[03:54:02] liabilities are fully funded in this

[03:54:05] plan through that combination of levy
[03:54:08] and go bonds. We have not anticipated
[03:54:11] funding the liabilities that are legally
[03:54:13] the responsible of any responsibility of
[03:54:16] any other party because the liabilities
[03:54:17] are legally the financial responsibility
[03:54:20] of other parties. But it's all
[03:54:24] coming from the same funding source,
[03:54:26] which are the taxpaying people
[03:54:28] throughout King County. That's sort of
[03:54:30] the rationale I've heard. And so isn't
[03:54:33] the true public benefit just to get the
[03:54:35] project done? And why? What's your
[03:54:39] thoughts about that? Yes, and I cannot
[03:54:42] say whether their source of funding is
[03:54:45] the same. You know, the King County
[03:54:49] would be the same jurisdiction. Are they
[03:54:51] using property taxes? I don't know.
[03:54:53] City of Seattle is a narrower
[03:54:56] jurisdiction and we have Boeing I
[03:54:58] believe is also party. So I
[03:55:02] don't know if general Counsel Ramos has
[03:55:06] been an official I'm going way out on me
[03:55:09] by an elected leader at one of the at a
[03:55:13] local government and so I like this is a
[03:55:15] real conversation that's taken place.
[03:55:17] Welcoming to the front Sandy Kilroy.
[03:55:20] Yes. Hi. Sandy Kilroy, senior Director,
[03:55:22] Environment Sustainability. I think for
[03:55:25] the Elizabeth did an excellent job of
[03:55:29] responding. We work closely with other
[03:55:32] potential liable parties to allocate the
[03:55:35] costs that each of us will pay based on
[03:55:37] our legal responsibilities. The I'm
[03:55:42] not aware that us paying differently
[03:55:46] speeds up the cleanup at all. Each of
[03:55:49] the parties is committed to to pay their
[03:55:53] share and move forward with the cleanup
[03:55:57] and the cleanup is moving forward. So I
[03:55:59] think I would like to consult on your
[03:56:03] question with legal and get and get back
[03:56:06] to you on more details. But I
[03:56:10] am not aware that anyone's approached us
[03:56:13] with the idea that the project isn't
[03:56:16] moving fast enough based on a lack of
[03:56:19] resources. Okay. The next idea comes
[03:56:23] from other partners within
[03:56:27] local government and also community
[03:56:28] advocates. Why not use the levy as a
[03:56:32] source of funds to cover the full cost
[03:56:34] necessary for the window replacement
[03:56:36] program, sound insulation and window
[03:56:38] replacement program. We are using the
[03:56:42] levy for the cost that we for the
[03:56:46] pilot program and Sandy's
[03:56:49] team have been I'll let you speak to the
[03:56:52] status of that program. Yes.
[03:56:56] We are underway implementing the pilot
[03:57:00] program for sound insulation repair and
[03:57:02] replacement. You've allocated $5 million
[03:57:04] for that? We are in the process of
[03:57:07] acoustically testing homes and
[03:57:09] determining which homes meet that

[03:57:12] testing. And we have a number of homes
[03:57:14] that will be moving now to the design
[03:57:17] phase of that for replacement. So at
[03:57:20] this point again we have the
[03:57:25] money you've allocated that we're still
[03:57:27] working to spend and in the near term
[03:57:31] don't have a need for additional money.
[03:57:34] We have also gotten approval from FAA
[03:57:38] for our pre1993 program and we then that
[03:57:42] makes us eligible to apply these
[03:57:44] projects for the 80% reimbursement from
[03:57:48] FAA. So that should help a lot.
[03:57:53] Executive director Metruck. Do you want
[03:57:55] to expand on that Commissioner? If I
[03:57:58] could just add to that too. It's also
[03:58:00] the opportunity cost. If that's so that
[03:58:03] getting the reimbursement from FAA would
[03:58:05] be great on that program. It's also the
[03:58:07] opportunity cost. We're $50 million
[03:58:09] short already in our maritime and that's
[03:58:11] just to maintain. So we Would. The more
[03:58:13] we use the tax levy for non, for, for,
[03:58:17] for non capital projects and other
[03:58:19] things, there's a steady decline and
[03:58:21] then pretty soon you could lose revenue
[03:58:23] generating properties and other things.
[03:58:25] We already know. We had an earlier
[03:58:26] discussion we've heard about, you know,
[03:58:28] some, some needs within maritime. So
[03:58:30] those things, it's a, it's a balance of
[03:58:32] all those things. You can't, if you're,
[03:58:34] if you're heavily weighted at one side
[03:58:36] of the use of the levy, you really are
[03:58:39] foregoing the future on your future to
[03:58:41] keep the port viable, producing those
[03:58:43] jobs and producing those revenues that
[03:58:45] produce the jobs that drive the port.
[03:58:47] Okay. And that same rationale applies to
[03:58:50] the other idea that we've heard in
[03:58:53] public comment also by leaders in local
[03:58:55] government, which is, what if we just
[03:58:56] did a set aside of a percentage of the
[03:58:59] revenues generated from our tax levy and
[03:59:02] reinvested that directly into
[03:59:05] environmental mitigation, remediation
[03:59:09] and public health projects in
[03:59:13] airport impacted cities.
[03:59:17] Then the other thing that I've heard
[03:59:19] from legal is the reason why now is
[03:59:21] because it'd be considered a gift of
[03:59:23] public funds. But I'm looking at
[03:59:27] legal. Yes. To me,
[03:59:30] really all the questions you are asking
[03:59:32] are policy questions. The commission
[03:59:34] could choose to do these things and in
[03:59:37] making those choices would forego other
[03:59:39] things that you wanted to do. So in
[03:59:43] terms of authority and the legal support
[03:59:46] for doing that, we should talk about
[03:59:48] that separately. But in the big picture,
[03:59:50] the commission makes these choices.
[03:59:53] Fantastic. All right, Commissioner
[03:59:56] Felleman, and I've got to get going.

[03:59:58] Thank you very much.
[04:00:02] Just don't go. Thank you. Commissioner
[04:00:05] Felleman, just a quick point. I think
[04:00:07] polluters should pay their own bills.
[04:00:09] And when it comes to health care, I
[04:00:12] think the companies that people are
[04:00:14] working for should also pay for the
[04:00:16] health care of their employees. We
[04:00:18] shouldn't have to take on those bills as
[04:00:20] a public agency. All right, Mr.
[04:00:23] Felleman, thanks for yielding your time.
[04:00:24] All right. Thank you. So I remember
[04:00:27] Lizby saying, for every million dollars
[04:00:29] we got for the we can invest in levy,
[04:00:32] it's $10 million we can put towards
[04:00:35] these other projects. Right. So the
[04:00:37] opportunity cost is a major magnitude.
[04:00:41] So that's something that I keep in the
[04:00:44] back of my head in terms of when we talk
[04:00:45] about reprogramming this money. So
[04:00:48] that's. And that money could then go to
[04:00:50] some construction, it could go to some
[04:00:52] environmental, it could go to whatever I
[04:00:54] am certainly in, have no interest in
[04:00:56] paying King County's tab on the, on the
[04:01:00] cleanup of the Duwamish. But to Sandy's
[04:01:03] point that was not, that does not seem
[04:01:06] to be the limiting factor other than
[04:01:08] giving most of that money to lawyers at
[04:01:11] this point. The fact that maritime
[04:01:18] is not, you know, is one of our
[04:01:20] challenges for revenue. I got to say I
[04:01:23] was a little surprised when we have
[04:01:25] this, you know, five year lease for the
[04:01:27] cruise that we don't have anywhere in
[04:01:30] that memo what the revenue is. I mean
[04:01:33] it's, or how it compare. I mean I heard
[04:01:36] well in the net it's a little better
[04:01:38] but, but I mean I never would get a memo
[04:01:41] like that from the Seaport Alliance. I
[04:01:43] would say well we have a five year
[04:01:45] lease, the projections are this obvious.
[04:01:48] We would have to have a range because we
[04:01:50] don't know some of the out of pocket
[04:01:51] expenses. But I mean this is our one
[04:01:54] bright light in our revenue stream in
[04:01:56] maritime other than the fixed income
[04:01:59] from Seaport Alliance. And we're not
[04:02:02] being told, I mean is, are our rates
[04:02:05] appropriate? I mean we're told by Sandy
[04:02:09] that by Stephanie that we're some of the
[04:02:12] most expensive cruise terminals to go
[04:02:14] to. We're also most lucrative for the
[04:02:17] cruise industry. I'm just, I'm not here
[04:02:21] to judge whether it's good or bad. It's
[04:02:23] just not disclosed. So I mean for our
[04:02:27] big revenue for where we are in a whole
[04:02:31] I just would hope that we would have
[04:02:33] more detail. We can follow up with that
[04:02:35] detail. And, and somewhat to
[04:02:38] Commissioners Cho's point about the cpe,
[04:02:41] you know that you can see like Lance
[04:02:43] would always say the, you know, you can

[04:02:45] look at any airport and see how the
[04:02:48] cons, how the construction schedule and
[04:02:50] the CPE track directly. Right. So we're
[04:02:53] just going to be on a high ramp because
[04:02:55] we're burning a billion dollars a year
[04:02:57] and that'll come down as we clear
[04:03:01] the dust. Right. So that's that
[04:03:04] oscillation is somewhat self inflicted.
[04:03:06] Right. He would also say that the CPE is
[04:03:09] not an apples to apples comparison when
[04:03:11] you compare those numbers to other
[04:03:12] airports. That's right. So he would
[04:03:14] caution against comparing our CPE to
[04:03:16] another airport. Well, it's just an
[04:03:18] oscillation that maybe we have different
[04:03:20] variables but, but it's not continuous.
[04:03:24] Also I am channeling Lance a little bit.
[04:03:27] My thoughts and prayers are going to aye.
[04:03:29] family right now. It's like a nightmare.
[04:03:32] I was going to say that to the end but
[04:03:33] since we brought aye. up it's not a
[04:03:35] pretty sight. So the other thing is when
[04:03:39] we've talked about the levy rate
[04:03:41] increase we will let you answer my
[04:03:44] question here just one Second, that,
[04:03:47] you know, this assumption that it has to
[04:03:49] be the same every year, I mean it's,
[04:03:51] you know, we don't have to bump right up
[04:03:53] against it. But the Commissioner Cho's
[04:03:56] point, we can bank some for a while and
[04:03:59] then, you know, flatten it out. But
[04:04:01] right now, what is the, how much less is
[04:04:06] our buying power at the end of the,
[04:04:09] at the end of the day, right towards it,
[04:04:12] 20, 30, how much less money are we
[04:04:15] actually with the levy increase right
[04:04:18] now? What's our loss of buying power?
[04:04:22] We can make that calculation. I suggest
[04:04:25] that at the November meeting when we
[04:04:28] have the first budget hearing, we can
[04:04:30] come back with some options for a change
[04:04:34] to the tax levy that puts us closer
[04:04:38] to the inflation adjusted level.
[04:04:41] And that was just one second. That was
[04:04:44] something I think we've expressed in the
[04:04:46] past. You folks are giving us a
[04:04:48] recommendation based on all your years
[04:04:50] of experience that we have no reason to
[04:04:52] doubt. But you're not giving choices.
[04:04:54] Right? So again, these are policy
[04:04:56] decisions that how much, how much or how
[04:04:59] fast we want to bump up against the
[04:05:01] wall, whether or not having it in the
[04:05:03] bank versus having the dry powder is
[04:05:07] going to risk it. These are sort of
[04:05:09] questions, you know, for the best of our
[04:05:11] knowledge, we could take the advice
[04:05:14] anyway. So give us some choices and be a
[04:05:18] more informed conversation. But the idea
[04:05:20] that at the end of the day with the
[04:05:22] increase, we're still going to have less
[04:05:23] buying power seems kind of crazy. Okay,
[04:05:27] I'm going to let taking over the chair

[04:05:29] role again. We have two folks. So
[04:05:30] Stephanie, I'm the chair now. So I'm
[04:05:33] going to ask Stephanie to respond to
[04:05:34] this question that was posed earlier.
[04:05:38] So is that. Yes. Thank you. Okay. So
[04:05:41] Commissioner, our new lease agreement
[04:05:43] will provide the port will keep 93% and
[04:05:47] the terminal operator will keep 7%. The
[04:05:51] lease that it is replacing, we kept 88%
[04:05:55] and they kept 12%. So this is, this is
[04:05:59] better in terms of, for us. Right.
[04:06:02] We're keeping a larger percentage in
[04:06:04] terms of telling you like it's this many
[04:06:07] millions of dollars over the long run.
[04:06:09] Remember this isn't a guarantee of
[04:06:11] cruise pass. Right. So when we came to
[04:06:14] you with the Carnival Corporation long
[04:06:17] term agreement, we shared with you the
[04:06:19] total dollars that was committing to us.
[04:06:21] So I don't want to double count given
[04:06:24] your concerns you've raised about over
[04:06:26] counting cruise. So what this does, it
[04:06:29] keeps the, it does not guarantee us any
[04:06:31] amount of cruise business. This is the
[04:06:33] lease operator. It guarantees us a
[04:06:36] larger cut of the pie as the pie does
[04:06:39] grow. But we have forecasts of what that
[04:06:42] growth is. And I'm just saying it's.
[04:06:44] There's no certainty. But yes, and I'm
[04:06:47] happy to provide that. I don't want to
[04:06:48] mislead you in a lease saying that that
[04:06:50] is guaranteed. But I'm happy to provide
[04:06:52] that. That forecast. Yes. And I think
[04:06:55] it's a good story. So. Indeed. Thank
[04:06:58] you. Steve had something he wanted to
[04:07:00] reply to before, didn't you? Were you?
[04:07:03] Were you or No, I think.
[04:07:07] I think Stephanie covered it on that.
[04:07:09] Okay, so I am going to pull
[04:07:14] the reins in a little. As we wrap up the
[04:07:16] meeting. Are there any further comments
[04:07:18] or questions from commissioners? Okay.
[04:07:21] Terrific. The one note I wanted to one
[04:07:25] thing over eight years of doing this is
[04:07:27] there are almost
[04:07:32] eight years of doing this. There are
[04:07:33] moments that are going to defy every
[04:07:35] forecast. There's going to be a
[04:07:36] pandemic. There's going to be an
[04:07:37] enormous IRA and BBB bill that infused
[04:07:42] tons of money into budgets that were
[04:07:44] unexpected. So we know you're doing your
[04:07:47] best to forecast based on using history
[04:07:51] as a guide, but there will always be
[04:07:53] significant changes to this. And certain
[04:07:56] things like potential grants,
[04:07:59] legal judgments in our favor, we don't
[04:08:01] forecast for those things because
[04:08:03] they're just simply not. They're not
[04:08:06] a burden hand. And so there may be some
[04:08:09] opportunities for revenue sources that
[04:08:12] are sort of unexpected that may come and
[04:08:13] benefit things. But. But in conservative

[04:08:16] budgeting you don't put those things in
[04:08:18] unless they actually materialize. So.
[04:08:21] Okay. With that said, that concludes
[04:08:24] our business meeting agenda for the day.
[04:08:27] Are there any closing comments at this
[04:08:29] time or motions relating to committee
[04:08:32] referrals from commissioners? You all
[04:08:33] are welcome to. Thank you.
[04:08:36] Commissioner Muhammad thank
[04:08:41] you. I would like to consider a motion
[04:08:45] for committee or for us to take a vote
[04:08:49] if appropriate. I want to be able to
[04:08:52] help move the SEA
[04:08:56] Workers healthcare initiative forward or
[04:08:58] the discussion forward. We did have a
[04:09:00] report that came to commissioners and so
[04:09:02] I welcome executive director Metruck,
[04:09:06] Mr. Ramos and Mr. Pritchard or Clerk Hart
[04:09:09] to provide some guidance here. In
[04:09:12] December of 2024, the commission did
[04:09:14] adopt an order launching a two phase
[04:09:17] approach to explore how to enhance
[04:09:19] healthcare benefits for non government
[04:09:22] SEA workers. Phase one of that order
[04:09:25] basically said that we should study
[04:09:27] health care benefits related to business
[04:09:30] outcomes and review policies
[04:09:34] at major airports across the country and
[04:09:37] survey current benefits provided to SEA
[04:09:41] workers. That study has been concluded.
[04:09:44] The University of Washington concluded
[04:09:46] that we received their findings.
[04:09:47] There's clear correlations between the
[04:09:51] level of health care and impacts such as
[04:09:54] worker retention, recruitment, safety
[04:09:56] and training. So we have those findings
[04:09:59] now we should be moving into
[04:10:03] phase two to envision what a potential
[04:10:06] policy could look like or a policy
[04:10:08] directive to guide implementation of a
[04:10:12] health care requirement for SEA workers.
[04:10:15] And so we, so I'm part of the Workers
[04:10:19] Condition Committee, and we've received
[04:10:22] a lot of helpful information from the
[04:10:24] legal team, from the policy team, from
[04:10:27] the University of Washington, those who
[04:10:28] conducted the study, and the information
[04:10:31] ranges. And so I think now we're at a
[04:10:35] place where it would be very helpful if
[04:10:38] the commission could receive maybe four
[04:10:40] or five specific definition of
[04:10:45] options that could outline what next
[04:10:47] steps that commissioners can take to
[04:10:49] advance the goal of health care access
[04:10:52] for all SEA workers. That could include,
[04:10:55] you know, the authority that we have. I
[04:10:58] know we talked about state options,
[04:10:59] we've talked about actions that we can
[04:11:01] take. There are obviously legal risks
[04:11:04] for different options. But if that can
[04:11:06] come to us in a concise way that allows
[04:11:08] Commissioner Cho have four to five
[04:11:10] options, they can consider the legal

[04:11:12] risks associated with, with each one, I
[04:11:14] think then we could have a more
[04:11:16] productive discussion around which path
[04:11:18] we really want to pursue as a
[04:11:21] commission. And so again, we did receive
[04:11:24] a lot of helpful information. And so.
[04:11:27] And it's already out there. But what I'm
[04:11:29] requesting is just like a formal
[04:11:32] document that provides those clear
[04:11:34] recommendations. I don't think it's new
[04:11:35] work that needs to be created. It's
[04:11:37] already what has been provided to us.
[04:11:38] If it just can come to us in a more
[04:11:41] concise way is what I'm looking for.
[04:11:42] And then we can move towards making some
[04:11:46] decisions around that. So if we could
[04:11:48] receive that maybe in one or two weeks.
[04:11:50] I know the Workforce Workers Condition
[04:11:54] Committee is on ad hoc bases, so we
[04:11:56] could schedule another time to meet and
[04:12:00] the members of that committee can then
[04:12:02] bring something forward, or it could
[04:12:04] just come forward to the entire
[04:12:06] commission. So that's what I'm posing.
[04:12:08] Not sure if it should be a formal motion
[04:12:10] or what for referral to committee. We do
[04:12:13] need a motion, a second and a vote,
[04:12:15] correct? Or can we just refer to
[04:12:16] committee? Mr. Chairman, I from. I think
[04:12:20] this, this topic is already at that
[04:12:22] committee. So that would be my take on
[04:12:25] that. So I really think that we've heard
[04:12:28] Commissioner Mohamed and she's given a
[04:12:30] directive, four or five options to come
[04:12:33] back to committee for continued
[04:12:36] committee to recommend to the commission
[04:12:37] as a whole a policy direction. That's
[04:12:40] correct. Okay. Yeah. And. And Mr.
[04:12:42] Chair, I believe that, you know,
[04:12:43] Commissioner Muhammad, you're asking
[04:12:44] just for us to execute the second
[04:12:45] portion of that, that order so that I
[04:12:47] think that's the stage we're at. And
[04:12:48] we'll come back to you with sort of like
[04:12:49] a timelines within what you've requested
[04:12:52] and next steps for that committee as
[04:12:54] well. I want to be specific. One to two
[04:12:56] weeks would be really helpful. Yep.
[04:12:57] Thank you. Okay. And General
[04:13:02] Counsel Ramos, thank you. I'll just say
[04:13:04] we're happy to work on that. There is is
[04:13:07] a lot more than the legal
[04:13:09] considerations. There's. There's policy
[04:13:10] considerations, there's impact
[04:13:12] considerations. So it's a amassing it
[04:13:14] all together and we're happy to
[04:13:15] participate in that to do our part.
[04:13:17] Thank you. Yeah. Okay. Any additional
[04:13:20] Commissioner comments or committee
[04:13:23] referrals? Commissioner Felleman,
[04:13:27] I already acknowledge the fact that we
[04:13:30] have the largest hurricane ever hitting
[04:13:33] Jamaica right now. But I also we have

[04:13:37] another pretty turbulent storm going on
[04:13:39] with our aviation workers, the folks
[04:13:42] that keep us safe in the air. And we had
[04:13:44] the pleasure of meeting with them in the
[04:13:47] halls here. And I really find it
[04:13:50] remarkable that people can be called
[04:13:52] essential and then not be paid. The
[04:13:55] irony of that is not lost on me. And
[04:13:58] it's not just the air traffic
[04:13:59] controllers. There's a whole ecosystem
[04:14:00] of federal workers that are not getting
[04:14:03] their paycheck, just like the tsa. So as
[04:14:05] an airport, I think, you know, we were
[04:14:08] more than happy, Commissioner Cho and I
[04:14:11] to lend our voice to that. But I think
[04:14:12] there may be an opportunity here for us
[04:14:15] to do something more than that. I also
[04:14:17] just want to point out last week was as
[04:14:20] Ocean Week was really a great success
[04:14:24] and I think all of the commissioners, I
[04:14:25] mean every day that week I was doing
[04:14:27] something to represent the office and it
[04:14:30] was a lot of work, but I think it was
[04:14:32] very well received. And then I think
[04:14:37] there was one last thought here. But
[04:14:40] anyway, I'm happy to have
[04:14:44] been able to participate in Ocean Week
[04:14:46] and I think the port had a really great
[04:14:47] role in elevating some of those issues
[04:14:50] like industrial lands that I felt was
[04:14:53] really great. So thanks Executive
[04:14:57] Director Metruck. Any closing comments?
[04:15:00] Thank you commissioners that do thank
[04:15:05] you for that. I. I just also wanted to
[04:15:09] mention we lost another port employee
[04:15:11] this week. Chris Nall is another port
[04:15:14] employee. I think the third within the
[04:15:16] last three weeks to pass away. So it's
[04:15:17] our lots of prayers go out to aye.
[04:15:20] friends, family and colleagues here at
[04:15:22] the port. So worked at in aviation and
[04:15:26] and I do take away coming back going
[04:15:29] back to the subject matter of coming up
[04:15:31] some scenarios is what I described them
[04:15:34] that we will come back and look at that
[04:15:35] for the tax levy as well. So thank you,
[04:15:37] commissioners, for your endurance today.
[04:15:40] Okay. Hearing no further comments and
[04:15:44] having no further business, if there is
[04:15:45] no objection, we are adjourned at 4:23.

END OF TRANSCRIPT