

AMENDMENT NO. 1

to

Port of Seattle and City of SeaTac 2005 Interlocal Agreement (ILA-2)

Entered into on February 16, 2006

In accordance with the provisions of the Port of Seattle and City of SeaTac Interlocal Agreement 2005 Interlocal Agreement (ILA-2), the Port and City hereby amend Section 5 and Attachment C-1 of EXHIBIT C, INTERAGENCY COOPERATION & DEVELOPMENT COMMITMENTS, of the Agreement as follows (additions in double underline, deletions in strikethrough):

5. TRANSPORTATION AND PLANNING

5.1 Definitions.

5.1.1 "Overruns" – means projects cost that exceed its respective budget allocated in the Joint Transportation Study (JTS) budget or as modified as summarized in Attachment C-1.

5.1.2 "Actual revenue" - means the parking tax funds collected by the City under Chap. 82.04 RCW.

5.1.3 "Forecasted revenue" - means an anticipated schedule of parking tax funds likely to be collected by the City as calculated by Berk and Associates and described in Attachment C-2.

5.1.4 "Corrective Action" – means an action taken by the parties to address the difference between the forecasted parking tax revenue and the actual parking tax revenue over each two year intervals subsequent to the adoption of this ILA. Depending upon whether the size of the actual revenue shortfall is more or less than 90% of the forecasted revenues, the parties may raise the amount of the parking tax, modify the CIP projects, or change the budget for certain CIP projects.

5.2 South Access.

5.2.1 Permanent South Access.

5.2.1.1 SR 509/South Access Roadway. The Port and City fully commit to and support the SR-509/South Access project for a south airport access roadway connecting to I-5. The Port and City shall continue joint efforts, including funding lobbying, to obtain state and federal approval and funding.

5/19/06

5.2.1.2 Alternate South Access. If SR-509/South Access is not approved and funded by December 31, 2007, the parties may agree to establish an alternate south access, in the absence of a south airport roadway, if appropriate commitments can be obtained from WSDOT, FHWA and other affected entities. The parking tax funds that are dedicated to the South Access in the 2005 Interlocal Agreement between the Port and the City (ILA 2) shall not exceed the amount allocated in Attachment C-1. If the CIP projects exceed the amount allocated for each of these projects in the JTS budget, these overruns shall be remedied according to the process established under Section 5.3.2.1.

5.2.1.3 South Link. The Port of Seattle shall fund and construct improvements along 28th Ave. S. north of S. 188th St. known as the "South Link Project," to connect S. 188th St. with the Airport to complete the south access roadway project. The "South Link Project" constructs a new four-lane roadway and ramp system between S. 188th Street and the Airport Terminal Drive system and will provide connections to the North Airport Expressway, Upper and Lower Drives, Air Cargo Road, and the parking garages. These improvements shall be designed to principal arterial standards (or another standard if mutually approved by the parties). The project shall include northbound and southbound ingress and egress to the Airport roadway system and include at-grade access to and from the Airport at S. 188th St. and 24th/28th Ave. S. with pedestrian access maintained on the westside of 28th Ave. S., if requested by the City.

5.2.1.4 South 170th Street Access. Full commercial access shall be maintained from the North Airport Expressway to and from South 170th Street.

5.3 SR 518

5.3.1 Background. The Washington State Department of Transportation (WSDOT) is the lead agency and is managing the project to add an eastbound lane between the Airport Drives and the I-5 Interchange.

5.3.2 Port Contribution. The Port has entered into an agreement with WSDOT to contribute up to \$10 million towards planning, design and construction of the project which is scheduled to begin construction in 2007.

5.3.3 Eligible for Parking Tax. The parties agree that up to \$5 million of parking tax revenue may be spent on the SR 518 project which would satisfy a portion of the Port's commitment to construction funding. The "overruns" portion of this Agreement does not apply to this project because it is being managed by WSDOT.

5.4 City Street Capacity; Trip Mitigation.

5.43.1 Background. The Port and City share an interest in ensuring that surface transportation needs are met by using the Airport more efficiently under its two runway configuration and in the future when the Master Plan projects and third runway are completed. The Port's Master Plan Update FSEIS dated May, 1997 notes significant surface traffic increases will occur in the City regardless of whether or not the Master Plan improvements are constructed.

5.43.2 Identity and Management of Capital Improvement Projects (CIP) - The list of CIP projects contemplated by the parties and the funding plan for those projects is described in the Joint Transportation Study (JTS) and summarized in Attachment C-1. The City shall manage all CIP projects including the Ring-North SeaTac Roadways and Westside Trail, but shall not manage the South Access project. The Port shall manage the South Access project.

5.43.3 Parking Tax. The parties agree that the parking tax collected by the City shall be applied according to the CIP as shown in the funding plan in the Joint Transportation Study (JTS). The annual parking tax revenue projections for both Port-owned lots and private lots were forecast for the next ten years in a study prepared by Berk and Associates. This revenue forecast, including the parking tax revenue projections and each party's financial commitments to particular CIP projects, is described in Attachment C-1 and Attachment C-2. Based on the projections in this study, the parties agree to allocate the actual parking tax revenues between the parties to fund the CIP projects in the following percentages through the term of this ILA. The amount of funds dedicated to South Access and SR 518 shall be 22% of the actual parking tax revenue, but not more than \$5 million can be spent on the SR 518 project. The amount of funds dedicated to the Westside Trail, and Ring-North SeaTac Roadways projects shall be 14.936.9% of the actual revenue. The remaining percent of actual revenues, 63.1%, shall be applied to all other City CIP projects as noted in the JTS or CIP list.

In addition, if the actual revenues fall short of the forecasted revenues over a two year period, then the parties shall pursue the following options to correct parking tax revenue shortfalls:

- a. Actual Revenues Are 90% or less of the Forecasted Revenues - If the actual revenues are 90% or less of the forecasted revenues during a two year period, then the parties are responsible for modifying the CIP projects planned for the two year time period to fit within the individual CIP budgets identified in Attachment C-1. Alternatively, if the parties agree, the parking tax may be raised so that the amount of the parking tax collected by the City meets the sum of forecasted revenue. However, if the parties agree to raise the parking tax to generate sufficient funds to meet the amount of forecasted revenue, the new parking tax rate shall not generate revenue to exceed the JTS project funding requirements shown in Attachment C-1.

- b. Actual Revenues are greater than 90% but less than 100% of the Forecasted Revenues - If the actual revenues are greater than 90% but less than 100% of the forecasted revenue for the two-year period, then the parties will be responsible for modifying their respective projects to fit within the individual CIP budgets identified in Attachment C-1. Under these circumstances, the parties agree that the parking tax should not be raised. 2008 shall be the first year that this corrective action can be implemented.
- c. The parties may agree to use a combination of options a and b.
- d. Criteria for Modifying Adding or Deleting Projects from the CIP project list: Either party may request that a project be added or deleted from the list of projects in the CIP. The party seeking to add or delete a project shall do so in writing and shall send the request to the other party. If the other party raises concerns about the addition or deletion of the project to the CIP list with respect to scope, funding or schedule, the party requesting the addition or deletion shall address these concerns. If the party seeking addition or deletion of a project addresses these concerns adequately, then the parties shall express their agreement through a letter that describes those conditions and then add or delete the project from the CIP list. If the parties cannot agree about whether or not a project should be added to or deleted from the list, then the parties shall engage in Dispute Resolution provisions of this Agreement. Within six months following the adoption of this agreement, the parties commit to developing a process that defines how, and under what criteria, the list of CIP projects is changed. The parties intend for this process to be adopted as an amendment to this Agreement.

5.34.23.1 Use of Parking Tax funds or other Funds to address project cost overruns – With the following exceptions described below, the party responsible for managing a specific project shall also be responsible for funding any project overruns and may pay for these overruns by using one of the following methods:

- a. **Parties may use parking tax revenue to cover project overruns.** The Port shall be responsible for reprioritizing funds allocated under the Port's 22.36.9% portion of parking tax revenue to pay for overruns in the South Access project. The City and Port shall agree to any addition or reduction of funds allocated under the 14.9% for Westside Trail and the North SeaTac Roadways. The City shall be responsible for reprioritizing funds allocated under its 63.1% portion of parking tax revenue to pay for overruns in the Ring Road, the Westside Trail and any other projects it manages. In no event shall more than \$5 million of parking tax revenue from the Port's 22% portion of the parking tax revenue be used to pay for SR518.

- b. **Parties may use other funds to cover project overruns.** Project overruns that cannot be paid for by parking tax revenue shall be the sole responsibility of the agency managing the project. For the Ring North SeaTac Roadways Road and Westside Trail projects, the parties shall jointly agree to the proper scope and budget for these projects. After the parties agree upon this proper scope and budget, any overruns shall be the sole City's responsibility of the agency managing the project. All other CIP overruns, except South Access and SR 518, shall be the responsibility of the City.

5.43.32.2 Use of Parking Tax Funds if Excess Funds are Available.

- a. If actual revenues exceed forecasted revenues, the excess revenue will be distributed to the parties in the same proportions. 22.36.9% of excess revenue will be credited to the Port of Seattle for South Access and SR518, 14.9% will be credited for Westside Trail and the North SeaTac Roadways and the remaining 63.1% to the City of SeaTac for other projects on the CIP. The parties may allocate the excess revenue as they deem legal and appropriate within their respective capital budgets.
- b. If actual expenses for a project are less than estimated expenses, the cost savings shall be credited to the party responsible for project management. The parties may allocate the excess revenue as they deem legal and appropriate within their respective capital budgets.

5.4.3.3 Transfer of Parking Tax from City to Port for Project Costs

The City shall set aside 22% of the actual parking tax revenue and keep that revenue available for transfer to the Port if the Port requests that it do so. The Port shall bill the City, not more frequently than quarterly, for reimbursement for project expenditures on SR 518 and South Access projects. The Port shall not bill the City for more than the 22% of the actual parking tax revenue and shall not bill the City for more than a total of \$5 million for SR 518. The City shall pay the Port the entire amount that the Port has billed it within 60 days of the date that the City receives the invoice.

5.54 Impact Fees. The Port shall not pay impact fees for land uses described in Exhibit A, Attachment A-2 (Land Uses) that are permitted by the Port. However, all other land uses on Port-owned property that the Port does not permit as shown in Exhibit A, Attachment A-2 shall be subject to the City's impact fees (e.g. stand-alone restaurant on Port property would pay commercial impact fees).

5.65 Westside Trail. The parties agreed in the 1997 ILA to pursue options for developing a multi-use trail on the Westside of the Airport with Port contribution of \$1.5 million for construction and improvements. In 2004, the Port contributed \$50,000 toward a trail study and pre-design and participated in submitting a grant

application that will provide approximately \$206,000 for trail construction. The Port also worked with the FAA to construct a portion of the trail on Port owned property adjacent to Des Moines Memorial Drive, south of S. 160th St. The remaining \$1.45 million of the Port's financial obligation toward the trail will be satisfied by parking tax funds as indicated in Attachment C-1. The trail design and improvements shall:

- (a) be designed and maintained to avoid creating a wildlife or bird hazard to aircraft,
- (b) not be construed as a park under Department of Transportation Act Section 303(c) (commonly called DOT 4(f)) restrictions, and
- (c) be maintained by the City in a safe and attractive manner. For DOT Section 4(f) purposes, the Port of Seattle retains land use control of its portion of the Westside Trail.

ATTACHMENT C-1

SUMMARY OF PARKING TAX FINANCIAL COMMITMENTS

Table 1 Projected Revenue 2005-2015

Transaction Tax	Amount Generated from POS owned facilities	Amount Generated from commercial lots outside of the POS	Total Revenue 2005-2015	Percentage Generated from Port of Seattle
See Table 3	\$51 M	\$33 M	\$84 M	61%

Assumptions:

\$1.00 Transaction fee in effect through 2005.

Table 2 Dedicated Capital Expense 2005-2015

Transaction Tax	Total Revenue 2005-2015	Amount Dedicated to <u>The SR 518</u> , <u>South Access</u> , <u>Westside Trail</u> and <u>Ring North</u> <u>SeaTac</u> <u>Roadways</u> <u>Capital Projects</u>	Amount Dedicated to all other projects shown in the CIP of the Joint Transportation Study	Percentage Dedicated to <u>SR 518</u> , <u>The South Access</u> , <u>Westside Trail</u> and <u>Ring North</u> <u>SeaTac</u> <u>Roadways</u> <u>Capital Projects</u>
See Table 3	\$84 M	\$31 M	\$53 M	36.9%

Table 3 Transaction Tax Schedule 2005-2015

	Year	2006	2007	2008	2009	2010 thru 2015
Time Parked						
2 hrs or less		\$1.00	\$1.00	\$0.95	\$0.95	\$0.90
>2hrs		\$1.75	\$2.00	\$2.50	\$2.75	\$3.00

This Amendment No. 1 shall be effective on the date of the last signature below.

Dated: 10/22/07

PORT OF SEATTLE, a Washington
municipal corporation

By: [Signature]
Director, Aviation Division

Dated: 10/15/07

CITY OF SEATAC, a Washington
municipal corporation

By: [Signature]
Craig Ward, City Manager

Approved as to form:

[Signature]
Mary Mirante-Bartolo, City Attorney