

Item No.:

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Meeting Date:

December 2, 2014

Doug Fox Site Improvements, Lease Amendment and Property Transfer

Doug Fox Parking Lot



S 160th St

International Blvd

S 170th St

Doug Fox Parking Lot

Most Recent Commission Actions

- 7/9/2014: Commission approved lease with ATZ, Inc. and a total project cost of \$5.118 million
- 10/8/2013: Commission approved increase to project costs, total of \$6.503 million
- Net Present Value: \$3.46 million
- Internal Rate of Return: 11.1%
- Payback Period 8 years



Doug Fox Parking Lot, North End



- Construction expected to take up to 6 months longer than originally planned due to:
 - time taken to complete value engineering effort
 - increased scope of paving due to unknown conditions
 - delayed permitting from Washington State Department of Labor and Industries
 - weather delays
 - constructing improvements to the facility while maintaining tenant operations
- For this delay, requesting additional \$427k.
- Also requesting approval of transfer of sewer mains and manhole to Valley View Sewer District.



Doug Fox Parking Lot– New Operations Building, South End



- Lease specifies relief if project is delivered late
- Have negotiated relief that accounts for delayed project completion as well as delay in delivering key elements of the project (signage, operations building and entrance/exit facility)
- Relief includes
 - 9 month extension of lease term and equivalent deferral of increases in percentage rent and Minimum Annual Guarantee
 - Rent and utility credits totaling \$25k
 - Completion of tenant improvements including infrastructure for the ATZ security cameras and variable messaging signs.



- With increased construction cost, tenant relief and updated forecast for revenues from the facility operator:
- Net Present Value: \$1.24 million,
- Internal Rate of Return 9%
- Payback Period 10 years



Future Use of the Property

- Until the Master Plan is completed in 2016, it is impossible to state future use of property.
- If determined that this can stay as a parking facility, there are multiple options.
- If determined that there is need as an alternative use, could end lease after first term and redevelop.



Importance of this Facility

- During the past 15 years, the Doug Fox Parking Lot has generated nearly \$46 million in revenue to the Port.
- The new investment that has been made in this facility sets it up to be a significant, long-term contributor of non-aeronautical revenue.

