

Item No.	7a_supp
Date of Meeting	October 25 th , 2016

Real Estate Strategic Plan: Port Commission Final Presentation

October 25th, 2016



Overview



Image Credit: Heartland

- I. Real Estate Plan Objectives
- II. Real Estate Development Portfolio
 - I. Terminal 90/91
 - II. South Harbor
 - III. North SeaTac
- III. Property Acquisition Program
- IV. Significant Impacts
- V. Real Estate Principles
- VI. Next Steps

Real Estate Strategic Plan Objectives

Utilize Real Estate



Support Century Agenda goals

- Jobs - Add 100,000 jobs over 10 years
- Operational excellence & Sustainable Growth
 - Grow as an international logistics hub/tourist destination/business gateway.
 - Support small business growth and workforce development
 - Support job creation in key port business clusters



Support Divisional Initiatives

- Maritime, cargo, aviation, cruise

Real Estate Development Strategies to Achieve Sustainable Growth

Evaluating Port Owned Properties

Properties selected based on industrial development or redevelopment potential*

Being Evaluated

Real Estate Plan

55-acre site (SeaTac)

L-Shape (SeaTac)

13-acre site (SeaTac)

200th Street (SeaTac)

Terminal 91

Terminal 91 Uplands

Terminal 106

CEM Property

Pier 2

Pier 69

SAMP

South Airport (SASA)

Fisherman's Terminal

Evaluation Complete or Fully Developed

Shovel Ready

Des Moines Creek Phase 2 (Des Moines)

Des Moines Creek Phase 3 (SeaTac)

NERA 2 and 3

Fully Developed

Manufacturing Industrial Center

Pier 66

Evaluation by NW Seaport Alliance

Terminal 5

Terminal 10

Terminal 18

Terminal 25

Terminal 30

Terminal 46

Terminal 103

Terminal 104

Terminal 105

Terminal 107

Terminal 117

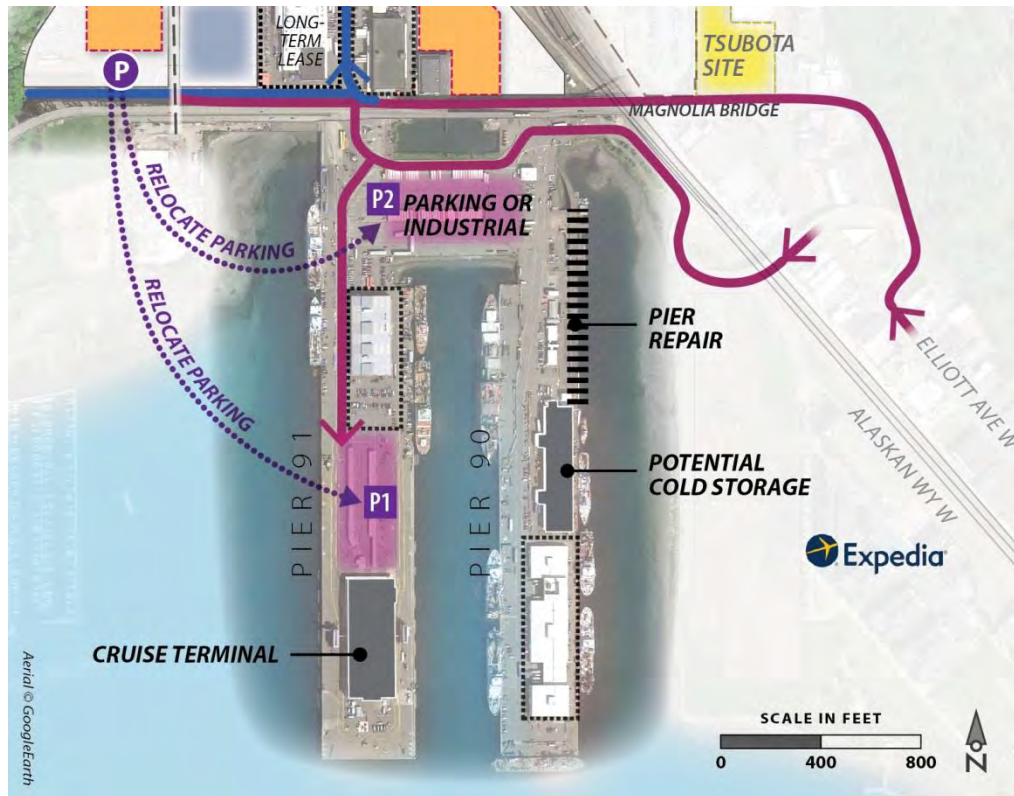
* Does not include a few sites under 2 acres with little industrial development or redevelopment potential

Terminal 91 Properties



Image Credit: Heartland

Piers 90/91 – Retain Cruise Option



-  Long-Term Lease Area
-  Current Cruise Parking
-  Replacement Parking
-  Current Access Road
-  New Access Road

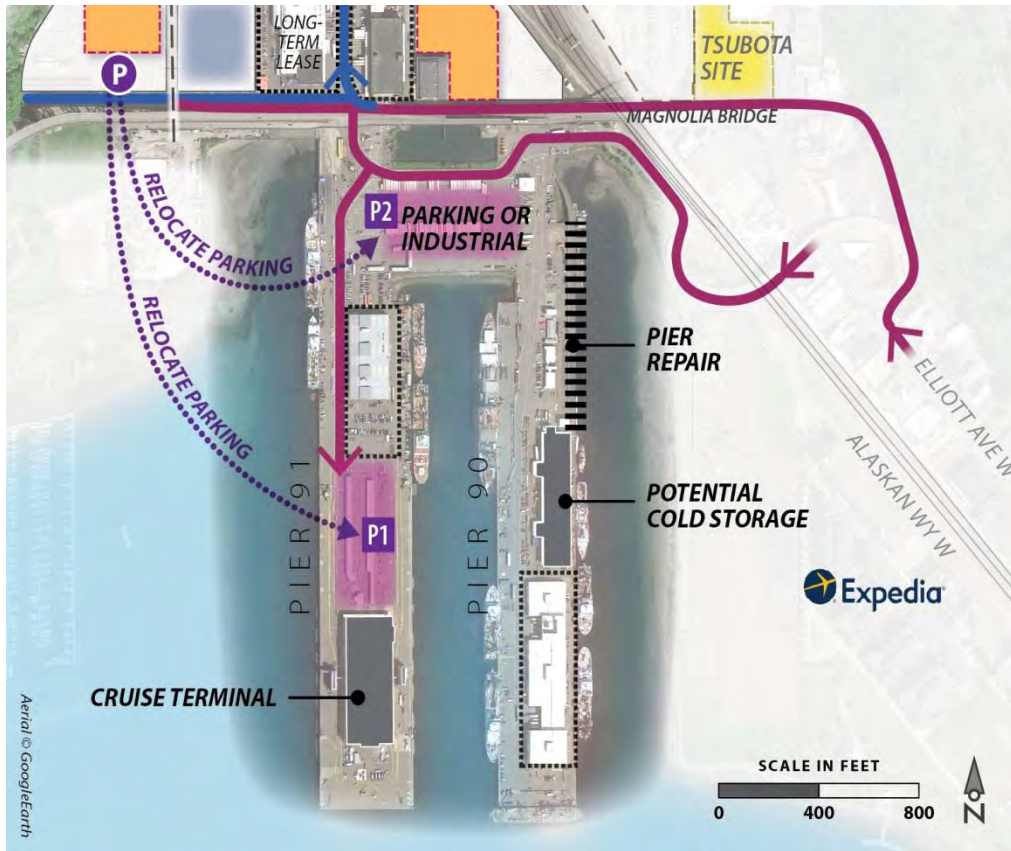
Image Credit: Heartland

Actions

- Assess cruise market growth.
- Analyze road access options, cost and feasibility.
- Select optimal site (access) for a parking garage (size).
- Reconfigure the cruise terminal to two levels, arrival and departure.
- Consider relocating other non-cruise uses to Uplands.
- Evaluate need for Pier 90 repair/modernization.

Cruise Operations Have Major Impact on Terminal 91

Piers 90/91-Non Cruise Maritime Redevelopment



- Long-Term Lease Area
- Current Cruise Parking
- Replacement Parking
- Current Access Road
- New Access Road

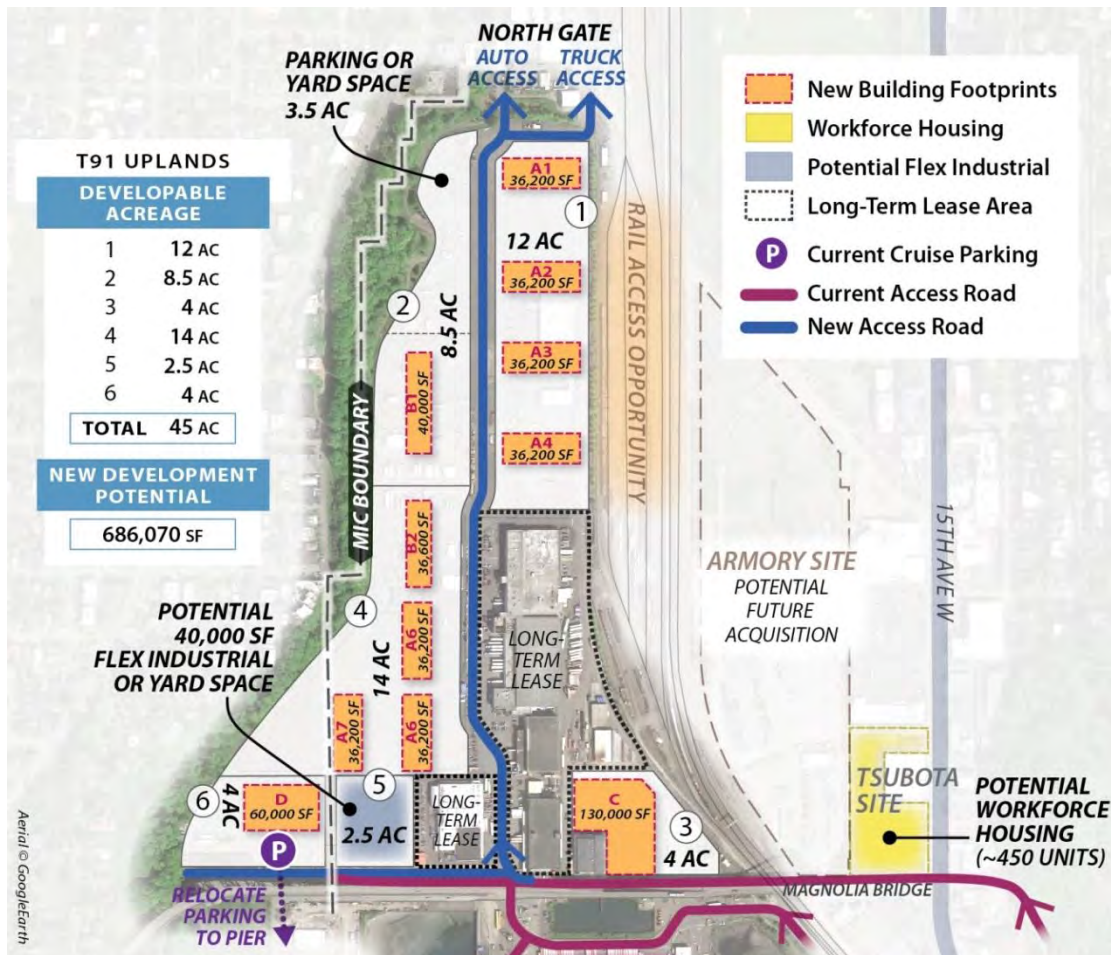
Image Credit: Heartland

Actions

- Evaluate sites and relocate cruise terminal.
- Re-purpose cruise terminal.
- Attract water dependent maritime companies.
- Evaluate options to support fishing fleet recap (larger vessels).
- Evaluate need for Pier 90 repair/modernization.

T91 Uplands – Maker District

50/50 Ground Lease/Build-to-Suit providing 460K-700K SF Flex Industrial



Actions

- Focus on **maritime industrial** users.
- Relocate cruise parking to Pier 91 or short fill area.
- Work with stakeholders allow for the opening of the north gates.
- Option: Workforce housing on Tsubota Site

Image Credit: Heartland

Developing Light Industrial Buildings to Support Maritime & Manufacturing Industries

South Harbor Properties



T106



Recommendation

- Ground lease redevelopment for manufacturing/logistics facility & 60k SF incubator

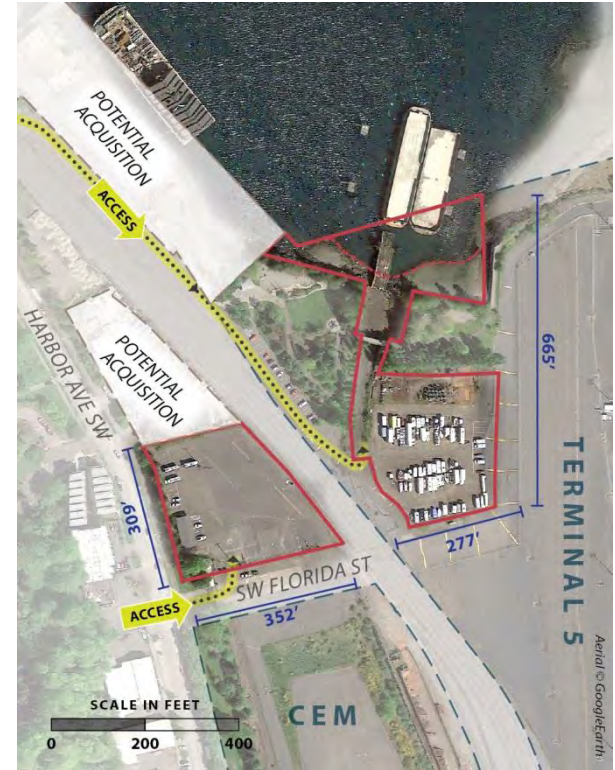
CEM



Recommendation

- Complete feasibility for solar farm on portion of property
- Ground lease RFP

Pier 2

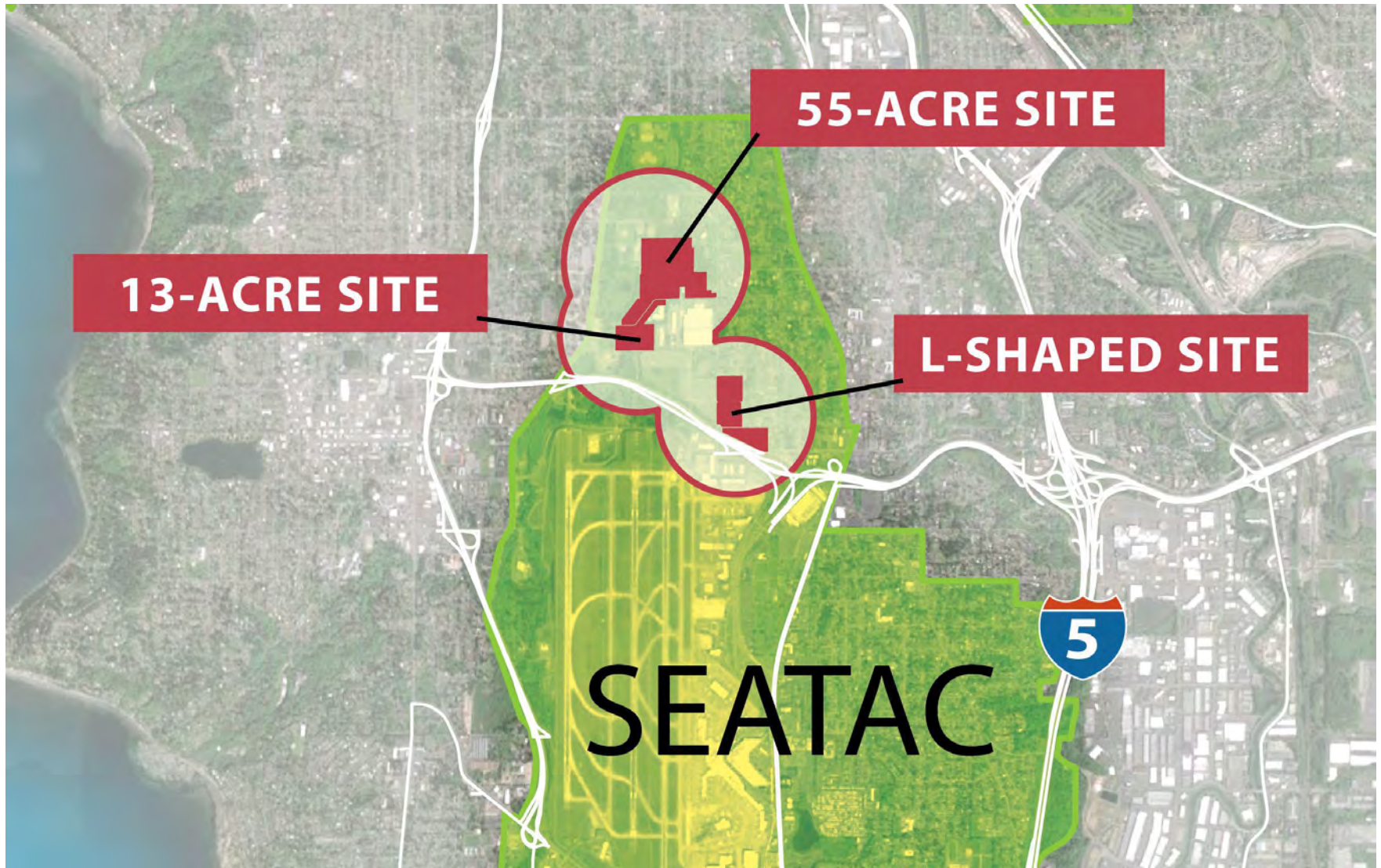


Recommendation

- Ground lease RFP for appropriate maritime use

South Harbor Properties Primed for Redevelopment

North SeaTac Properties



55-Acre



Image Credits: Heartland

Recommendation

- Ground lease for 340,000 SF of aviation supportive use.
- Consider development of new Food Innovation Center.

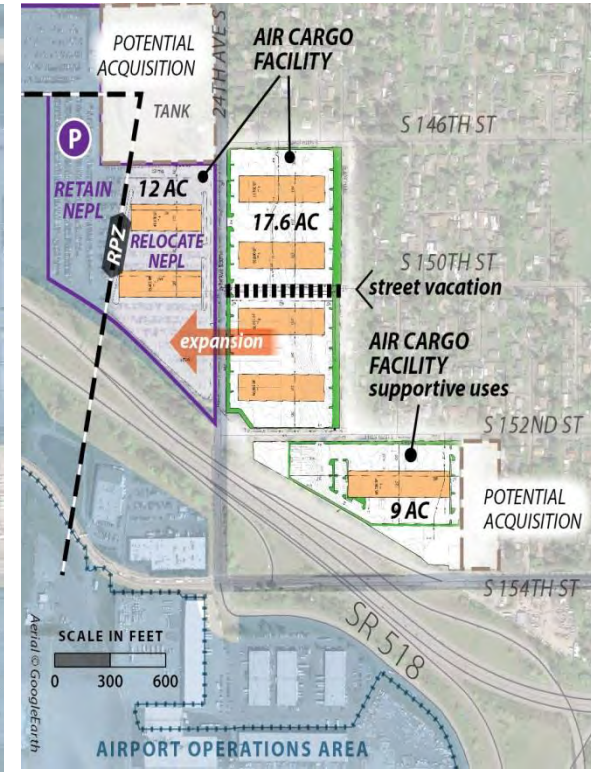
13-Acre



Recommendation

- Relocation site for employee parking.
- Ground lease for 150,000 SF aviation supportive use.

L-Shaped

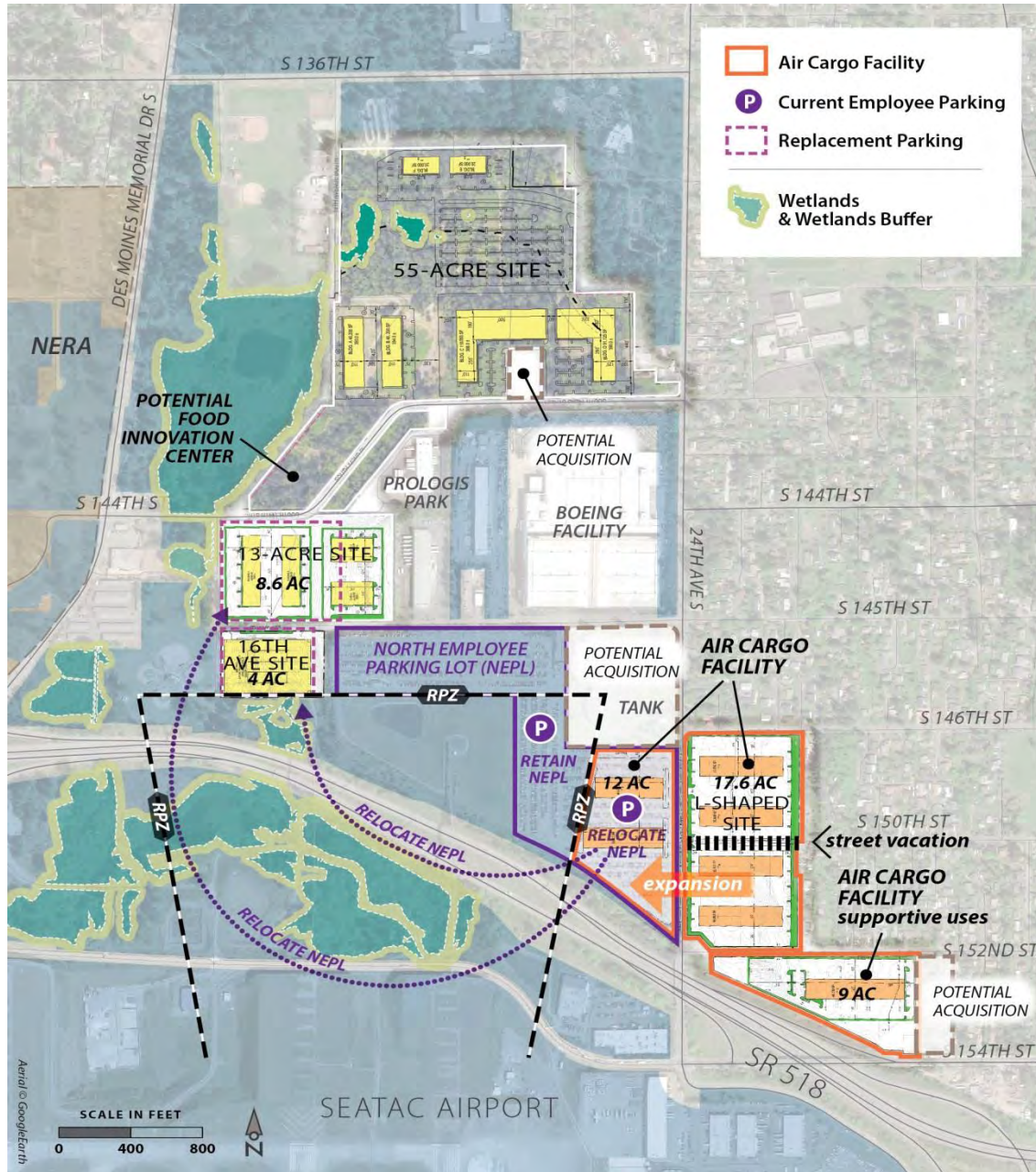


Recommendation

- Develop 289,200 SF class-A air cargo facility
- Create opportunity to expand by add'l 100,000 SF.

Accommodating SAMP and Supporting New Developments and Jobs

North SeaTac Real Estate Strategy



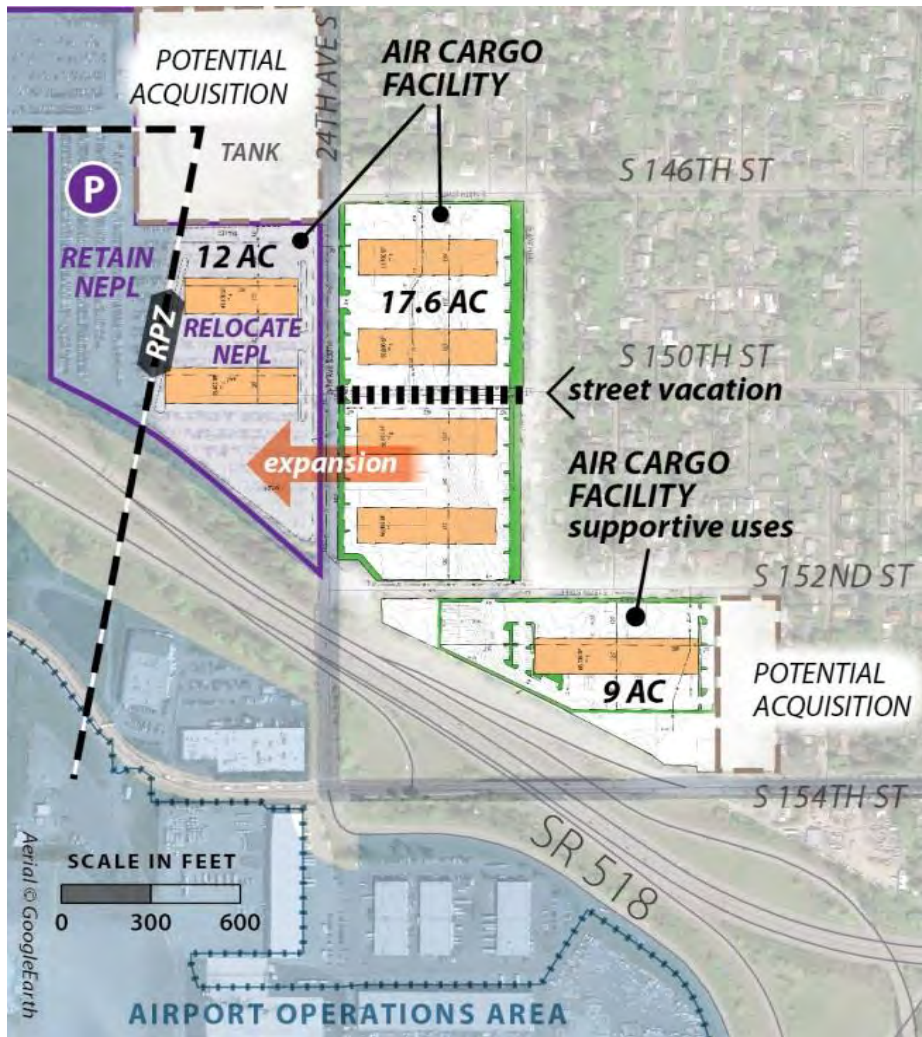
Development Alternative

- 289,200 SF new air cargo facility with expansion potential.
- Re-locate employee parking lots
- Up to 390,000 SF on 55-Acre 13-acre depending on final parking configuration.

Site Specific Strategies

1. Support air cargo growth
2. Provide parking for air cargo
3. Facilitate additional development

SeaTac Properties - Air Cargo Strategy



Actions

- Prepare due diligence materials for L-Shape and NEPL site.
- Investigate FAA limitations on development of employee parking lot and the 16th Ave South Site.
- Pursue S 150th Street vacation.
- Prepare cost estimates for relocating employee parking.
- Coordinate air cargo development with current AOA operations.
- Evaluate acquisition feasibility for L-Shaped site expansion

Portfolio Approach to Optimizing Development Potential

Property Acquisition Program



Reduction of Existing Portfolio

- The Port's existing portfolio of developable real estate will be committed by 2021



Long Term View

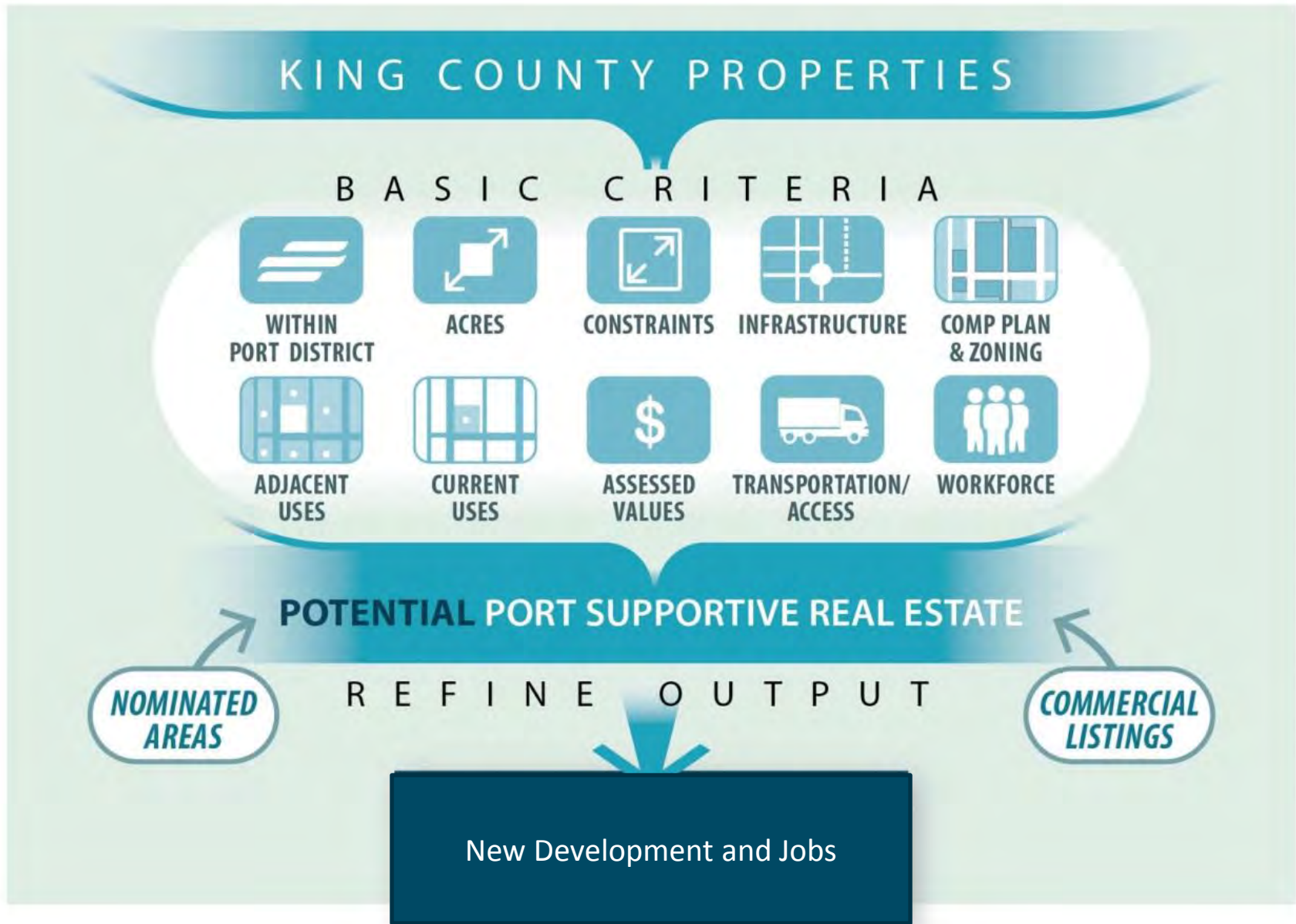
- The Port is uniquely positioned to work with public and private parties to ensure long-term availability of port supportive real estate.



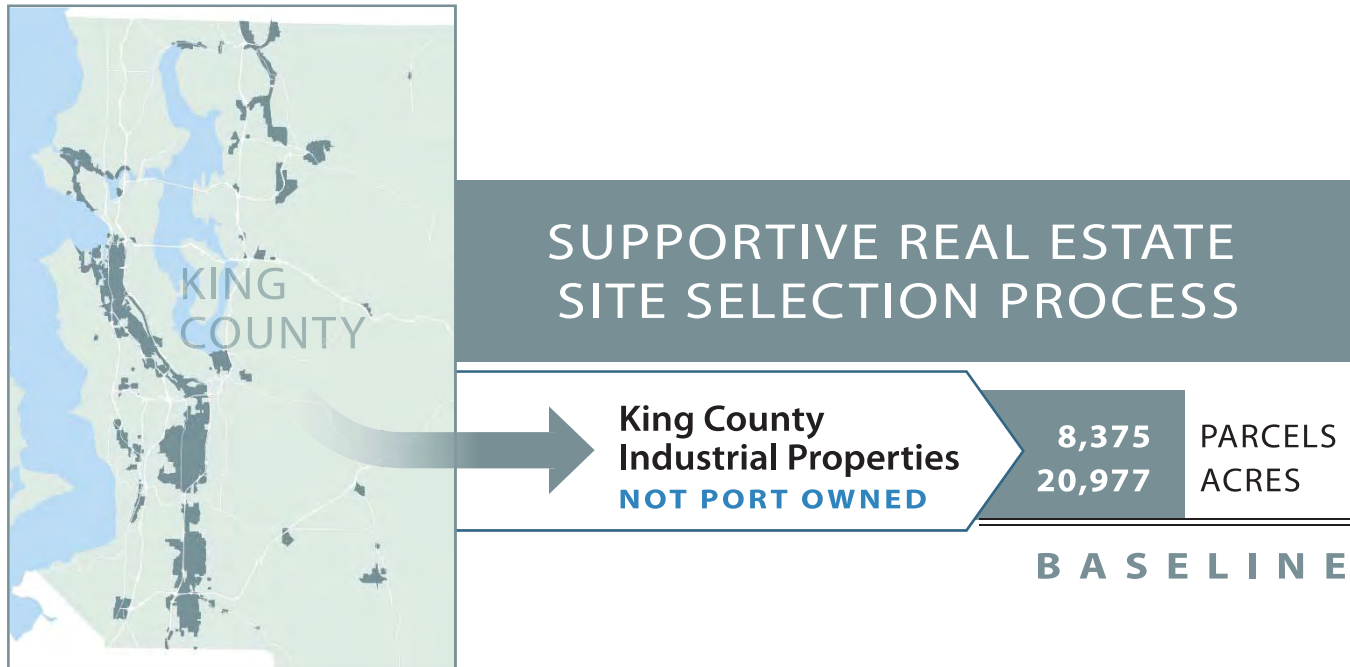
Reinvestment of NOI

- NOI from existing development assets will be reinvested into the next generation portfolio.

Evaluating Non Port Properties for Future Development



Non Port Property Identification and Evaluation



- Created a GIS based model to identified and preliminarily evaluate industrial sites in King County
- Reached out to local government and private sector partners for nominations of opportunity sites.
- Ultimately identified 20+ properties with development potential:
 - ✓ Identified a mix of public and private properties
 - ✓ Supports Port Cluster growth and the Century Agenda
 - ✓ Particularly interested in sites adjacent to Port properties

Property Acquisition Overview Map



SIGNIFICANT IMPACTS



\$34 Million/Year NOI

- Stabilized long term NOI associated with Development Portfolio & Acquisition Program



14,000 Jobs

- Direct & Indirect jobs associated with Real Estate Plan implementation



Direct support for Air Cargo & Maritime Industries



Port Real Estate Principles



Focus on middle class jobs creation through industrial development



Invest in key outcomes (Century Agenda)



Anticipate Change

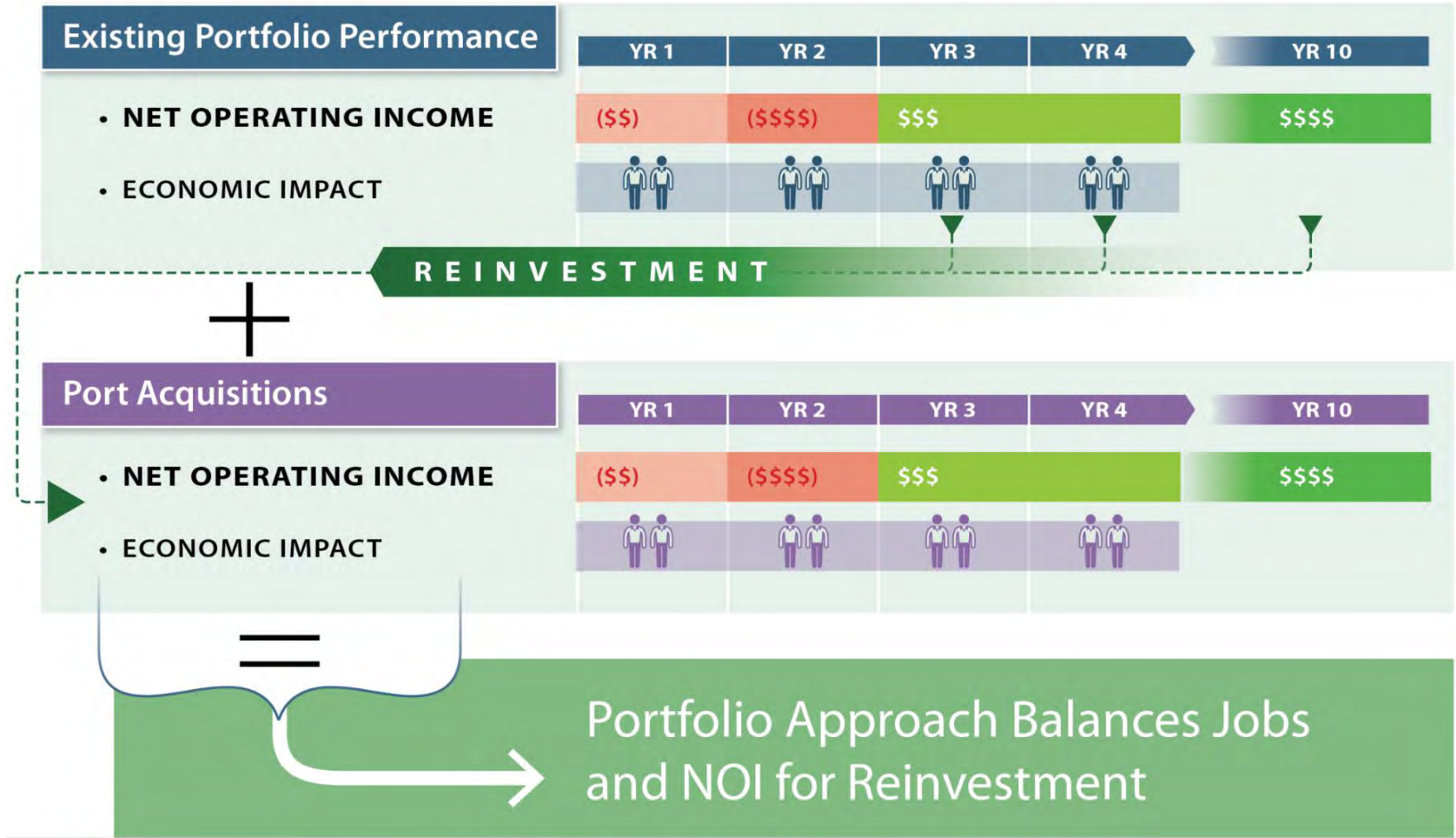


Take a Balanced Portfolio Approach

- Maximize potential of every underdeveloped asset
- Measure financial and job output at the portfolio level
- Invest in key infrastructure (e.g. T-91)

Achieve Century Agenda through “thoughtful stewardship” of the Portfolio

Portfolio Strategy Lowers Financing Needs



Provides strategic approach for both development and financing

Next Steps



Continue to build the momentum by ground leasing “ready to go” sites.



Finalize Finance Plan

- Determine whether sale of Port assets can support real estate development



Prioritize Acquisition Targets



Educate Stakeholders about RE Development Aspirations & Activities

Generate Momentum to Set Stage for Future Success

Appendix

200th Street



Basic Info

- Total Acreage: 47.2 acres
- Usable Acreage: 27.7 acres
- Constraints
 - Wetlands
 - Steep slopes
 - Potential access issues

Potential Alternatives

- Support future airport facilities
- Provide green buffer

Actions

- Study existing infrastructure and land grading feasibility.
- **Hold until SR 509 improvements are made**