



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 3c

**ACTION ITEM**

**Date of Meeting** December 13, 2016

**DATE:** December 6, 2016

**TO:** Ted Fick, Chief Executive Officer

**FROM:** Dave McFadden, Managing Director, Economic Development  
Jeffrey Utterback, Director, Real Estate & Economic Development

**SUBJECT:** Professional consultant services for Fishermen’s Terminal (FT) Long Term strategic planning and design of Gateway Building project at Fishermen’s Terminal

**Amount of this request:** \$3,000,000

**Total estimated CIP cost:** \$42,100,000

**ACTION REQUESTED**

Request Commission authorization for the Chief Executive Officer to (1) execute a professional services agreement for building and site improvement design services in support of the Port’s implementation of the Fishermen’s Terminal Long-Term Strategic Plan for which the cumulative total amount is approximately \$7,000,000 and (2) of the \$7 million professional services agreement, proceed with design of the Gateway Building and first West Wall Building projects at Fishermen’s Terminal for an amount not to exceed \$3,000,000 with a total estimated project cost of \$42,100,000.

**EXECUTIVE SUMMARY**

The FT Long Term Strategic Plan has been developed in order to leverage maritime/fishing activities and industries at the facility. Accordingly, Phase I of the plan calls for phased implementation of new developments and identifies two specific buildings to come into service within two years. They are the Gateway Building (in the general area of the existing bank building) and the southernmost of the proposed additional West Wall buildings. Both new buildings are part of the strategy to add light industrial space, potential incubator and workforce training areas, and other maritime related tenants that target supplier businesses to the fishing fleets. The Port is currently in discussions with an end-user to fully occupy the Gateway Building that has increased the sense of urgency for this approval of design fees. This initial design work is fundamental to finalizing an agreement. The end user is precisely the type of tenant being described in the FT Long Term Strategic Plan.

Meeting Date: December 13, 2016

**JUSTIFICATION**

The FT Long Term Strategic Plan, and its associated Phase I projects, support the following Economic Development Division and Maritime Division goals developed in conjunction with a Port conducted stakeholder outreach program:

1. Continue to grow the economic value of the fishing and maritime cluster including the number of local jobs and business revenue.
2. Improve overall financial returns that allow us to fulfill Port of Seattle commitments to the industry and taxpayers.
3. Prioritize uses that support the commercial fishing industry, with a focus on anchoring the North Pacific fishing fleet.
4. Prioritize development that maximizes utilization of facility assets.
5. Recognize and enhance FT as a living community landmark.

Additionally, the fishing fleets’ homeporting at FT rely on an extensive network of suppliers and trades in the area that are having an increasingly difficult time finding space near their customers at FT. The FT Long Term Strategic Plan, and its associated Phase I projects, will support the following five planning concepts developed from FT stakeholders’ input and an associated economic cluster study performed by the Port:

1. Develop new light industrial space
2. Draw more public to the terminal and enhance the public’s experience while maintaining the overall industrial character of the terminal
3. Expand on FT’s role in workforce development
4. Protect precious ground plane for industrial uses
5. Develop new parking management tools

The project manager will work with the Office of Social Responsibility to determine small business participation opportunities, in accordance with the terms of Resolution No. 3618. The requirement of a project labor agreement will be determined as well in coordination with Labor Relations.

**DETAILS**

The FT Long Term Strategic Plan related site improvement projects are proposed to replace the existing on-site former bank building, former Ship Supply Building, existing West Wall upland equipment storage areas, and South Wall parking areas with new buildings and/or associated site improvements that support the fishing and maritime cluster. Total project costs are preliminarily estimated to be \$42,100,000. Funding for these projects was included in the 2017 capital budget and plan of finance.

***Scope of Work***

Site improvements are anticipated to include, but are not necessarily limited to, the following:

Meeting Date: December 13, 2016

1. Demolition and disposal of existing applicable structures
2. Construction of new buildings
3. Removal and installation of on-site utility systems
4. Removal and replacement of on-site roadway and parking lot pavement
5. Installation of storm-water treatment and management systems
6. Landscaping
7. Implementation of applicable environmental best management practices

**Schedule**

*Activity*

Commission design authorization	2016 Qtr 4
Design start	2017 Qtr 1
Commission construction authorization	2017 Qtr 3
Construction start	2017 Qtr 4
In-use date	2018 Qtr 4

**Cost Breakdown**

	This Request	Total CIP
Design	\$3,000,000	\$7,000,000
Construction	\$0	\$35,100,000
Total	\$3,000,000	\$42,100,000

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Action Item No. 1 - Alternative 1: Contract for consultant(s) on a project-by-project basis.**

Cost Implications: Increase in costs due to individual additional procurements.

Pros:

- (1) Separate contracts will provide multiple opportunities for consulting firms to compete for work.

Cons:

- (1) This alternative would require additional time and cost to procure a consultant for each project, requiring additional lead time, management oversight, additional administrative preparation.
- (2) Consultant firms may need to spend more time and money responding to individual project based procurements.

This is not the recommended alternative for Action Item No. 1.

**Action Item No. 1 - Alternative 2: Contract for consultant(s) on a program basis with a single Service Agreement.**

Cost Implications: Cost efficiency due to single procurement.

Meeting Date: December 13, 2016

Pros:

- (1) This alternative would require less time and cost to procure a consultant for each project, requiring less lead time, management oversight, and administrative preparation.
- (2) Consultant firms would need to spend less time and money responding to a single project based procurement.
- (3) Single Service Agreement will better ensure consistent overall design quality for facility.

Cons:

- (1) Individual contract will provide less opportunity for consulting firms to compete for work.

***This is the recommended alternative for Action Item No. 1.***

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Action Item No. 2 - Alternative 1: Maintain status quo**

Cost Implications: Continuing lost facility revenue and fishing/maritime cluster economic support.

Pros:

- (1) Reduced Port capital expenditures.

Cons:

- (1) Economic Development Division and Maritime Division goals for FT will not be achieved.

This is not the recommended alternative for Action Item No. 2.

**Action Item No. 2 - Alternative 2: Implement Phase 1 of FT Long-Term Strategic Plan**

Cost Implications: Greater short-term investments yielding long-term financial benefits.

Pros:

- (1) This alternative will enable Economic Development Division and Maritime Division goals for FT to be achieved.
- (2) FT will better support Fishing and Maritime clusters.
- (3) FT facility and tenants will benefit overall from gateway enhancements.

Cons:

- (1) Higher short-term costs.

***This is the recommended alternative for Action Item No. 2.***

Meeting Date: December 13, 2016

**FINANCIAL IMPLICATIONS**

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate	\$0	\$0	\$0
<b>AUTHORIZATION</b>			
Previous authorizations	\$25,000	0	\$25,000
Current request for authorization	\$3,000,000	0	\$3,000,000
Total authorizations, including this request	\$3,025,000	0	\$3,025,000
Remaining amount to be authorized	\$39,075,000	\$0	39,075,000

***Annual Budget Status and Source of Funds***

This project is part of the 2017 Plan of Finance under CIP C800525 Fishermen’s Terminal Strategic Plan.

This project will be funded by the Tax Levy.

***Financial Analysis and Summary***

Project cost for analysis	\$42,100,000
Business Unit (BU)	Maritime Portfolio Management
Effect on business performance (NOI after depreciation)	New development will provide incremental leasing revenue and potentially higher lease rates for existing leasable space. Financial modeling of proposed scenarios/options is ongoing and will be updated when a final design is selected.
IRR/NPV (if relevant)	To be updated once a design has been selected.
CPE Impact	NA

***Future Revenues and Expenses (Total cost of ownership)***

To be updated once a design has been selected.

**ATTACHMENTS TO THIS REQUEST**

None

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

December 13, 2016, Commission received an updated briefing on the Fishermen’s Terminal Long-term Strategic Plan.

May 17, 2016, Commission received a briefing on the planning strategies comprising the Fishermen’s Terminal Long Term Strategic Plan.

Meeting Date: December 13, 2016

October 27, 2015, Commission received a briefing about the progress of the stakeholder outreach program for the Fishermen’s Terminal Long Term Strategic Plan.

August 11, 2015, Commission received a briefing on the proposed scope and goals in advance of the launch of the planning process.