

ITEM NO: 6a-2 supp

DATE OF
MEETING: 8/4/2009

Central Waterfront Development Project

A Look Back
as It Relates to the
Century Agenda







Project Background

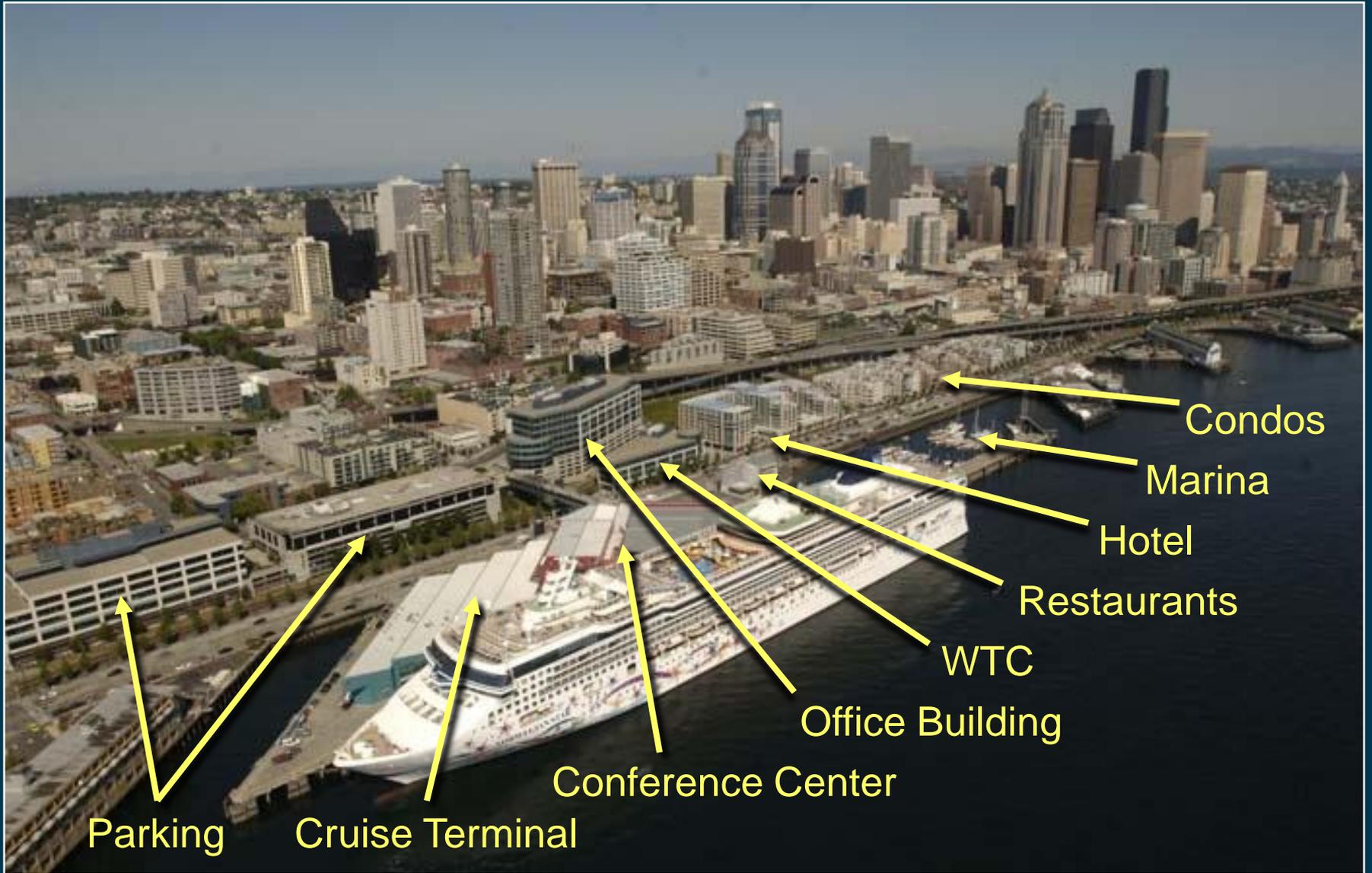
- Property acquisitions began in late 1980's
- Planning started 1990
 - Port would build the pierside elements, including cruise terminal
 - the upland sites would be sold and developed by the private sector.
 - RFP for upland development issued
- In 1994, the Port decided to break up the uplands. Residential and hotel sites were sold, WTCW and Garage developed
- Pierside opened 1995
- In 1997, the Port added the WTC-North garage.
- Final project element (hotel) completed in 2001
- Funded through tax levy, G.O. Bonds, grants, general fund











Parking

Cruise Terminal

Conference Center

Office Building

WTC

Restaurants

Hotel

Marina

Condos

Proforma vs Actual

<i>\$'s in Millions, undiscounted</i>	<u>95 Proforma</u>	<u>2009</u>	<u>Difference</u>
<u>"Development" Costs</u>			
1) Capital costs	\$100.1	\$177.7	\$77.6
2) Sales	(\$13.4)	(\$16.4)	(\$3.0)
3) Contributions	(\$4.5)	(\$4.5)	\$0.0
<u>Total Cost</u>	\$82.2	\$156.8	\$74.6
Net Operating Income	\$17.1	\$27.7	\$10.6
Internal Rate of Return	(1.0%)	(0.3%)	

Conclusions

- The project succeeded in revitalizing and bringing much-needed development to the waterfront.
- It brought private investment, public moorage, a museum, and a conference center to the waterfront and spurred Belltown development.
- Cruise has substantial economic benefits for the region. Port cruise activities at Pier 66 generated 1,262 jobs, \$57.5 million in local wages, \$5.2 million in state/local taxes in 2008.
- The project as a whole has not been a financial success as a stand alone real estate investment.

Lessons Learned

- Objectives can shift over time, especially with long term projects. Quantitative and qualitative changes occur.
- Projects can change scope considerably over time. Looking at incremental changes does not show this clearly.
- Port development projects need especially careful and continually updated financial analyses.
- Major Challenge: consistently managing long-term objectives due to diverse stakeholders, shifting objectives and financial expectations

