

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA

Item No. 5b

Date of Meeting September 1, 2009

DATE: August 14, 2009

TO: Tay Yoshitani, Chief Executive Officer

FROM: Melinda Miller, Director, Real Estate Portfolio
Patricia Spangler, Real Estate Manager

SUBJECT: New Third Party Property Management Agreement for the World Trade Center West Building

ACTION REQUESTED:

Authorization for the CEO to execute a contract for a third party manager for the operations and maintenance associated with the World Trade Center West Building with an estimated annual value, using historical numbers, \$132,000.

BACKGROUND

In 1998, the Port entered into an agreement with Wright Runstad and Company to develop a Class A office building known as the World Trade Center West Building (Building) along with two sections of the Bell Street Pier Garage. Upon completion of the Building, the Port hired Wright Runstad as a third party property manager. This decision was based on warranties associated with the development and Wright Runstad's established management of other Class A properties.

PROJECT DESCRIPTION

Under this procurement, the Port will advertise a Request for Proposal, with the intent to employ a third party management firm to manage the operations and maintenance of the Building as a first class office building, to assure continuing tenant satisfaction and to secure the maximum direct and indirect return on the Port's investment consistent with the Port's ownership and operational objectives. The Building consists of approximately 69,507 rentable square feet and includes landscape plazas, sidewalks, driveways and terraced areas surrounding the actual Building as depicted on Exhibit A.

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ALTERNATIVES CONSIDERED /RECOMMENDED ACTION

Alternative Considered – Bring Property Management In-House

Port staff could conceivably perform the property management and book-keeping responsibilities, but it would require hiring additional Real Estate staff to manage the new workload.

The Port would also lose the economies of scale achieved by an outside manager. That has several Class A buildings within its portfolio. In addition, the costs for the required higher level service of day staff and 24/7 day per week security service for a Class A Building will likely increase. The costs of these services are reduced when sharing the services with other similar buildings.

Recommended Action – Port Enter Into A New Contract With a Third-Party Management Company to Manage the Building

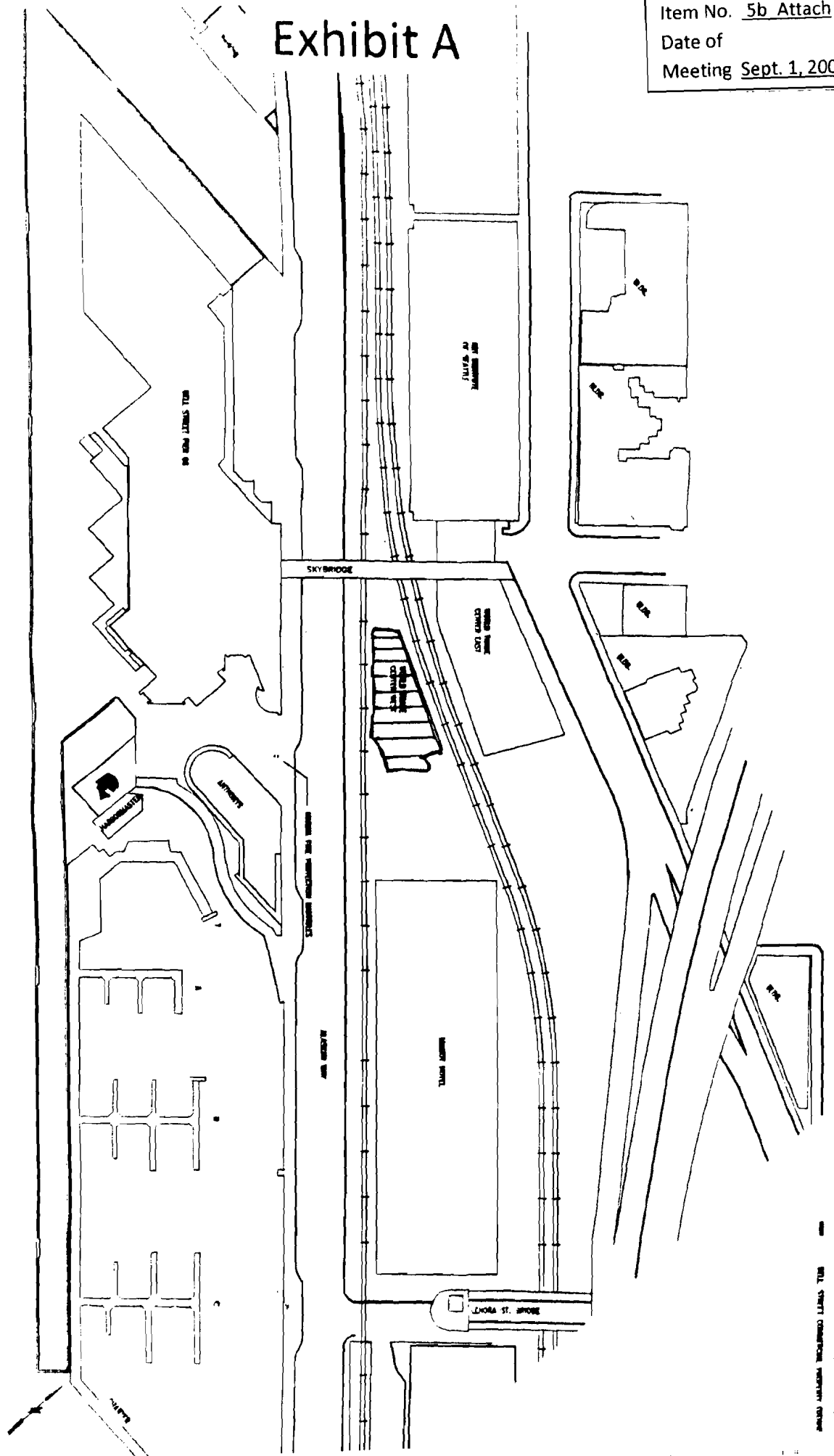
It is both more efficient and less expensive to engage the services of a third-party manager for the World Trade Center West Office Building. This Building is the only Class A Office Building currently in our portfolio and its requirements are best met by an expert in that sector.

PROJECT SCHEDULE

Advertisement for RFP posted August 11, 2009, with the final selection of the third party property manager the week of November 9, 2009. A new third party management contract would be in place by January 1, 2010.

Exhibit A

Item No. 5b Attach
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GENERAL NOTES

- EXISTING PROPERTY (PER RECORDS)
- NEW STREET CONSTRUCTION (PER RECORDS)
- OTHER PROPERTY (PER RECORDS)