

PORT OF SEATTLE
MEMORANDUM

COMMISSION AGENDA
ACTION ITEM

Item No.	<u>6b</u>
Date of Meeting	<u>February 10, 2015</u>

DATE: January 28, 2015
TO: Ted J. Fick, Chief Executive Officer
FROM: Joe McWilliams, Managing Director, Real Estate Division
Mark C. Griffin, Director, Real Estate Development
SUBJECT: First Reading of Resolution No. 3703, related to real estate development and construction work on Port-owned land leased to Port tenants.

ACTION REQUESTED

Request First Reading of Resolution No. 3703: A Resolution of the Port Commission of the Port of Seattle related to real estate development and construction work on Port-owned land leased to Port tenants.

SYNOPSIS

The real estate development community is expressing increasing interest in Port-owned sites that are available for development now that the real estate market has recovered from the economic recession. Before bringing forward any additional proposed long-term ground lease agreements for Commission approval, staff seeks policy direction regarding the best way to facilitate desired development while also ensuring fair opportunity is given to all contractors interested in participating in the construction work on the leased property. The proposed resolution incorporates the recommended policy approach.

BACKGROUND

The Port owns a substantial portfolio of land that is available for development consistent with the Port's goals to generate new revenue and spur regional economic development, including providing opportunities for interested contractors to participate in construction activity. The portfolio includes off-airfield property around the airport in Burien, Des Moines and SeaTac and vacant acreage not under long-term lease in Seattle.

With the rebound in the real estate market, staff has begun undertaking more competitive solicitations (e.g., requests for qualifications and proposals (RFQ/Ps)) to long-term ground lease these sites and take advantage of the favorable market conditions by putting more of this property into productive use. Staff is also seeing an increase in unsolicited inquiries from developers interested in long-term leases of some of the available sites.

Staff seeks direction to help ensure all parties interested in participating in construction activity on Port-owned land have a fair opportunity to do so when the anticipated development work will

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not be done by the Port and will instead be completed by the Port's tenants/ground lessees. The Port currently does not have any policies or requirements specifically related to construction work contracted by the Port's tenants on Port-owned land. This issue is distinct from Port-contracted construction work, which will continue to be subject to public works requirements.

Staff researched how other public agencies, both locally and regionally, have addressed the issue of fair opportunity in construction and development activity on publicly-owned land that is not performed by the public agency. The local agencies surveyed included the City of Seattle, King County, Seattle Housing Authority and Sound Transit. Several other port authorities were also contacted including the ports of Tacoma, Oakland, and Long Beach. None of these agencies had policies that explicitly addressed tenant-contracted work. As such, the Port would be a leader in formalizing clear policy direction through the proposed resolution. The proposed resolution would build on the Port's equal opportunity and non-discrimination policy reflected in Resolution 3668.

Policy direction on this issue will enhance staff's ability to ground lease the available property and realize the desired revenue and economic development goals. There is some urgency to address this issue. There are deals currently pending staff and commission review and a business strategy to put other sites in the development pipeline while market conditions are favorable.

SUMMARY OF RESOLUTION

The proposed resolution encourages those tenants that do business with the Port to adopt voluntary practices to promote open and competitive opportunities for all qualified firms that would like to provide labor and work on projects located on Port property including: (i) placing qualified firms interested in the project on solicitation lists and providing written notice of subcontracting opportunities to those firms capable of performing the work, including firms on any list provided by the Port, (ii) procuring project-related work in smaller tasks or quantities, where feasible, to allow for maximum participation by small businesses, (iii) providing small businesses interested in the project with adequate and timely information about plans, specifications and requirements, and (iv) engaging the services of community organizations, consulting groups, and government offices, including the Port, that provide assistance in connecting small businesses with business opportunities.

The resolution also directs staff to reference the resolution in any competitive procurement documents (e.g., requests for interest/offers/qualifications/proposals) for a long-term lease agreement involving land development and to award preference points in the evaluation of submittals to any responding firm that states in its submittal that it will commit to contracting with only those construction contractors that will in turn commit to good faith discussions with unions interested in providing labor and work during construction of the project. The weight assigned to the commitment to engage in good faith discussions with labor will be influential but not outcome-determinative in the evaluation process.

If there has been no competitive procurement of the proposed long-term lease, the resolution provides that staff will reference this resolution in any preliminary letter of intent and otherwise

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encourage the proposed tenant/developer to select construction contractors that will agree to undertake good faith discussions with unions interested in providing labor and work during construction of the project.

Finally, the resolution directs staff to include in any leases involving land development a provision that places responsibility on tenants for ensuring labor harmony during their operations.

FINANCIAL IMPLICATIONS

There are no direct financial implications for the Port in implementing the proposed resolution.

STRATEGIES AND OBJECTIVES

The proposed resolution aligns with the Commission's focus on the Port being a catalyst for generating quality jobs throughout the region as stated in the Century Agenda.

TRIPLE BOTTOM LINE

The proposed resolution advances equality of opportunity in projects on Port-owned land and thereby supports broader economic development, community and environmental objectives.

ATTACHMENTS TO THIS BRIEFING

- Attachment 1 – Resolution No. 3703

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- October 14, 2014 Staff briefing