



COMMISSION REGULAR MEETING AGENDA

February 9, 2021

To be held in virtually via MS Teams in accordance with the Governor's 'Safe Start' order and Proclamation 20-28. You may view the full meeting live at meetings.portseattle.org. To listen live, call in at +1 (425) 660-9954 and Conference ID 441833305#

ORDER OF BUSINESS

10:30 a.m.

1. CALL TO ORDER

2. EXECUTIVE SESSION – *if necessary, pursuant to RCW 42.30.110 (executive sessions are not open to the public)*

► 12:00 noon – PUBLIC SESSION

Reconvene or Call to Order and Pledge of Allegiance

3. APPROVAL OF THE AGENDA *(at this time, commissioners may reorder, add, or remove items from the agenda)*

4. SPECIAL ORDERS OF THE DAY

5. EXECUTIVE DIRECTOR'S REPORT

6. COMMITTEE REPORTS

7. PUBLIC COMMENT – *procedures available online at <https://www.portseattle.org/page/public-comment-port-commission-meetings>*

PLEASE NOTE: DUE TO THE GOVERNOR'S 'SAFE START' ORDER there will be no physical location for this meeting and the **PORT WILL NOT ACCEPT** in-person, verbal comments during the regular meeting of February 9, 2021. Alternatively, during the regular order of business, those wishing to provide public comment will have the opportunity to:

1) Deliver public comment via email: All written comments received by email to commission-public-records@portseattle.org will be distributed to commissioners and attached to the approved minutes.

2) Deliver public comment via phone or Microsoft Teams conference: To take advantage of this option, please email commission-public-records@portseattle.org with your name and the topic you wish to speak to by 9:00 a.m. PT on Tuesday, February 9, 2021. You will then be provided with instructions and a link to join the Teams meeting.

This process will be in place until further notice. For additional information, contact commission-public-records@portseattle.org.

8. CONSENT AGENDA *(consent agenda items are adopted by one motion without discussion)*

8a. Approval of the minutes of the Special meeting of January 15, 2021, and January 26, 2021 (**no enclosure**) (p.3)

8b. Approval of the Claims and Obligations for the Period January 1 through January 31, 2021, Including Accounts Payable Check Nos. 937098 - 938529 in the Amount of \$4,198,996.11; Accounts Payable ACH Nos. 032221 - 0331179 in the Amount of \$71,866,017.31; Accounts Payable Wire Transfer Nos. 015528 - 015540 in the Amount of \$8,468,231.18, Payroll Check Nos. 197822 - 197959 in the Amount of \$63,266.42; and Payroll ACH Nos. 1005422 - 1009666 in the Amount of \$11,822,768.29 for a Fund Total of \$96,419,279.31 (**memo enclosed**) (p.12)

8c. Authorization for the Executive Director to Execute a Settlement Agreement to Resolve Claims and Potential Claims Arising Out of the Design and Construction of the Consolidated Rental Car Facility (**memo enclosed**) (p.15)

8d. Authorization for the Executive Director to Execute a Change Order to Contract MC-0319802 Rental Car Facility (RCF) Pavement Remediation for the Cost of Deferment of Work at Seattle-Tacoma International Airport RCF for an Amount of \$143,109.02 and a Time Extension of 327 Calendar Days (**memo enclosed**) (p.16)

- 8e. Authorization for the Executive Director to Increase the Project Budget for the Industrial Wastewater System (IWS) Segregation Meters Project at Seattle-Tacoma International Airport (Airport). The Amount of this Request is \$1,615,000 for a Revised Total Estimated Project Cost of \$3,889,000 ([memo](#) and [presentation](#) enclosed) (p.20)
- 8f. Authorization for the Executive Director to Execute a Revision of the 2021 Service Agreement for Portfolio Management, which is a Part of the Interlocal Agreement (ILA) Between the Port of Seattle (the Port) and the Northwest Seaport Alliance (NWSA) to Allow Port staff to Provide Services to the NWSA for 2021 ([memo](#) and [redlined service agreement](#) enclosed) (p.37)
- 8g. Authorization for the Executive Director to Enter into a Revised Interlocal Agreement between the Washington State Department of Natural Resources and the Port of Seattle for Monitoring of the Smith Cove Blue Carbon Pilot Project ([memo](#), [April 14, 2020 memo](#), [revised interlocal agreement](#), and [presentation](#) enclosed) (p.42)
- 8h. Authorization for the Executive Director to Execute a Purchase and Sale Agreement to Acquire SR509 Surplus Property in Des Moines, WA for \$2,900,000 Plus Associated Fees, Including Predevelopment Costs, Due Diligence and Feasibility Studies. The Property will Support Development of an Adjacent Port-owned Property and Add Value to the Overall Development of this Site ([memo](#), [purchase and sale agreement](#), [appraisal summary](#), [DMC West analysis](#), and [presentation](#) enclosed) (p.65)

9. UNFINISHED BUSINESS

10. NEW BUSINESS

- 10a. Authorization for the Executive Director to Execute Contract Agreements and Implement the 2021 Economic Development Partnership Program with King County Cities in an Amount Not-to-Exceed \$930,000 ([memo](#) and [presentation](#) enclosed) (p.200)
- 10b. Authorization for the Executive Director to Execute up to Fourteen (14) Contracts through the South King County Fund Environmental Grants Program, for a Combined Total Not-to-Exceed \$217,585 ([memo](#) and [presentation](#) enclosed) (p.250)

11. PRESENTATIONS AND STAFF REPORTS

- 11a. 2021 Committee Workplans and 2020 Summaries Briefing ([presentation](#) enclosed) (p.276)

12. QUESTIONS on REFERRAL to COMMITTEE and CLOSING COMMENTS

13. ADJOURNMENT



P.O. Box 1209
Seattle, Washington 98111
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206.787.3000

**APPROVED MINUTES
COMMISSION SPECIAL MEETING JANUARY 15, 2021**

The Port of Seattle Commission met in a special meeting Tuesday, January 15, 2021. The meeting was held remotely in accordance with the Governor's 'Safe Start' order and Proclamation 20-28. Commissioners Bowman, Calkins, Cho, Felleman, and Steinbrueck were present.

1. CALL to ORDER

Pursuant to RCW 42.30 and Article IV, Section 8, of the commission bylaws, the meeting convened at 1:00 p.m. to conduct an executive session.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The executive session was convened to discuss one matter of national security (RCW 42.30.110(1)(a)(i)) for approximately 25 minutes.

3. ADJOURNMENT

There being no further business, the meeting adjourned at 1:30 p.m.

Prepared:

Attest:

Michelle M. Hart, Commission Clerk

Sam H. Cho, Commission Secretary

Minutes approved: February 9, 2021.



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Seattle, Washington 98111
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APPROVED MINUTES COMMISSION REGULAR MEETING JANUARY 26, 2021

The Port of Seattle Commission met in a regular meeting Tuesday, January 26, 2021. The meeting was held remotely in accordance with the Governor's 'Safe Start' order and Proclamation 20-28. Commissioners Bowman, Calkins, Cho, Felleman, and Steinbrueck were present.

1. CALL to ORDER

Pursuant to Article IV, Section 8, of the commission bylaws, the meeting convened at 10:30 a.m. to conduct an executive session.

2. EXECUTIVE SESSION pursuant to RCW 42.30.110

The public meeting was immediately recessed to an executive session to discuss two matters relating to litigation/potential litigation (RCW 42.30.110(1)(i)), with the intention of reconvening the public session at 12:00 p.m. Following the executive session, which lasted approximately 44 minutes, the public meeting reconvened at 12:03 p.m. Commission President Felleman led the flag salute.

3. APPROVAL of the AGENDA

Without objection, the preliminary agenda was approved without revisions.

4. SPECIAL ORDERS OF THE DAY – None.

5. EXECUTIVE DIRECTOR'S REPORT

Executive Director Steve Metruck previewed items on the day's agenda and made announcements.

Commission President Felleman and Members of the Commission spoke in support of Item No. 8k on the agenda, renewal of the Executive Director's employment agreement.

6. COMMITTEE REPORTS

Aaron Pritchard, Commission Policy Manager, reported regarding items discussed during the Equity and Workforce Development Committee meeting held on January 25, 2021. He further overviewed upcoming committee meetings scheduled, including the Aviation Committee on February 10; the Waterfront and Industrial Lands Committee meeting currently scheduled for March 4 or earlier; and the Energy and Sustainability Committee meeting on February 11, 2021. Mr. Pritchard advised that he will be reporting on the 2021 draft committee workplans and a recap of 2020 committee activity during the February 9, 2021, commission meeting.

7. PUBLIC COMMENT

Public comment was received from the following individual(s):

- Bernard Koontz, Highline Public Schools, spoke in support of agenda Item 10a and the launch of Maritime High School, noting that it is an important step in moving the program forward.
- Tremain Holloway, Principal of Maritime High School, spoke in support of Item 10a, stating that they are growing their list of industry partners, are receiving applicants for their first class, and the space will be very beneficial to the students for hands-on learning.
- Stefan Moritz, Ronnie Lalimo, Kufa Benta, Joseph Wallis, Marybeth Clotario, Pastor Sue Schneider, and Cindy Domingo, supporting Unite Here Local 8, spoke regarding the impacts on airline catering workers paid under the Seatac minimum wage and implementation of SB 6217 for these workers.
- Maggie Angel, Alum of the Duwamish Valley Youth Corp, staff on the Duwamish River Clean-up Coalition, and Member of the Port Community Action Team, spoke in support of Item 10a noting the importance of the location of the proposed space for youth access and participation in Maritime High School. She also spoke regarding other partnerships and opportunities for youth in the community.
- Eric Lipp, Executive Director of Open Doors Organization, spoke in support of Item 11a, and the standard of accessibility at SEA, noticed on a world scale, and making impactful changes in the arena of accessibility.
- Cindi Laws, Lobbyist for the Wheelchair Accessible Taxi Association, spoke in support of Item 11a, stating that she brought the idea to the Port Commission to make the airport the most accessible airport in America in 2015 and was excited in 2017 when the Port announced it hired the Open Doors Organization to move the vision forward. She also spoke regarding concerns related to the newly launched Accessibility Advisory Committee mostly comprised of intergovernmental agencies and only one disability organization, opining that she hopes that will not continue to be the method going forward.
- In lieu of spoken comment, Sharla Dodd, resident, submitted written comments regarding agenda Item 8i, speaking to the Port's climate projections needing to account for fuel pumped at regional airports and consider impacts of on-the-ground emissions. Written materials received are attached as minutes Exhibit A.
- In lieu of spoken comment, Laura Gibbons, volunteer with 350 Seattle's Aviation Team, submitted written comments regarding agenda Item 8i, stating that airplane emissions have three times greater warming impact on climate than on-the-ground emissions. Written materials received are attached as minutes Exhibit B.

8. CONSENT AGENDA

[Clerk's Note: Items on the Consent Agenda are not individually discussed. Commissioners may remove items for separate discussion and vote when approving the agenda.]

8a. Approval of the minutes of the Regular meeting of January 12, 2021

- 8b. Authorization for the Executive Director to Increase the Previously Approved Small Works Landscape Contract Amount from \$300,000 to \$313,100. (SW-0319499)**

Request document(s) included an agenda memorandum.

- 8c. Authorization for the Executive Director to Approve Additional Funding of \$390,000 for a New Estimated Total Project Cost of \$11,950,000 for the Pier 66 Interior Modernization Project on the Bell Harbor International Conference Center (BHICC) to Allow the Project to Meet its Forecasted Contract Adjustments. (CIP #C800889)**

Request document(s) included an agenda memorandum and presentation slides.

- 8d. Authorization for the Executive Director to Execute an Agreement Between Port of Seattle and a Vendor to Provide Fuel and Fuel Services to be Used by Gasoline or Diesel-powered Equipment Including Fleet for Both the Aviation and Maritime Fuel Locations. The Contract Amount Shall Not Exceed \$7,750,000 and Seven Years.**

Request document(s) included an agenda memorandum.

- 8e. Authorization for the Executive Director to Execute an Agreement Between Port of Seattle and a Vendor to Provide Fleet Fuel Cards for the Aviation, Maritime, and Corporate Divisions. This Will Provide Fleet Cards for Fueling Off-site, Car washes, Roadside Assistance, and Other Automotive Related Items. The Contract Amount Shall Not Exceed \$1,500,000 and Seven Years.**

Request document(s) included an agenda memorandum.

- 8f. Authorization for the Executive Director to Complete Design and Permitting for the Rehabilitation of the X Dock Fixed Pier at Shilshole Bay Marina (SBM) in the Amount of \$400,000 of a Total Preliminary Estimated Project Cost of \$1,670,000 (CIP # C800570)**

Request document(s) included an agenda memorandum and presentation slides.

- 8g. Adoption of Resolution No. 3783: a Resolution Adopting the 2018 Editions of the International Code Council, Building, Mechanical, Fire Codes and Fuel Gas Code, the 2018 Edition of the Uniform Plumbing Code, and 2018 Washington State Energy Code and the Editorial Changes Made to the State Building Code by the Washington State Legislature; Repealing Certain Sections of the Airport Building Code; Adopting New Sections of the Airport Building Code and Repealing Resolution 3745, as Amended.**

Request document(s) included an agenda memorandum, resolution, permit fee schedule, grading permit fee schedule, and presentation slides.

- 8h. Adoption of Resolution No. 3784: A Resolution Authorizing the Executive Director to Sell and Convey Port Personal Property in 2021 in Accordance with RCW 53.08.090**

with a Value Not Greater than \$20,000 and Repealing Resolution No. 3769, Dealing with the Same Subject.

Request document(s) included an agenda memorandum and resolution.

- 8i. Adoption of the 2021 Local and Regional Government Policy Priorities for Staff to Engage with Local and Regional Officials and Other Partners in Support of These Priorities.**

Request document(s) included an agenda memorandum and presentation slides.

- 8j. Authorization for the Executive Director to Execute Amendment No. 5 to Provide an Additional Year of Audit Services for the Port's Financial Period 2021, in the Amount of \$450,000, with Moss Adams, LLP, for the External Independent Audit Contract with a New Amended Contract Total of \$2,640,000; and Commission Determination that a Competitive Process for the Additional Year of Service is not Appropriate or Cost Effective Under RCW 53.19.020(5).**

Request document(s) included an agenda memorandum.

- 8k. Approval of Executive Director's Employment Agreement Renewal.**

Request document(s) included an order and agreement.

The motion for approval of consent agenda items 8a, 8b, 8c, 8d, 8e, 8f, 8g, 8h, 8i, and 8k carried by the following vote:

In favor: Bowman, Calkins, Cho, Felleman, Steinbrueck (5)

Opposed: (0)

- 9. UNFINISHED BUSINESS – None.**

- 10. NEW BUSINESS**

- 10a. Authorization for the Executive Director to Execute a Lease Agreement for Project Field Office that Supports Construction and Maintenance of the Duwamish River People's Park and Shoreline Habitat site (People's Park). In Addition to Supporting Port Staff, the Facility can also Support the Duwamish Valley Port Community Action Team's Current Initiatives and Advance Plans to Create a Workforce/entrepreneur Development Center. This Request Authorizes the Expenditure of \$360,000 for Rent and Operating Costs Associated with the Facility.**

Request document(s) included an agenda memorandum, draft lease, and presentation slides.

Presenter(s):

Christina Billingsley, Senior Program Manager, Community Engagement, External Relations;

Dave McFadden, Managing Director, Economic Development;
Kyra Lise, Director, Real Estate Development
Dre Avila, Georgetown Representative Port Community Action Team (External)

Commission Clerk Michelle Hart read Item 10a into the record.

Executive Director Metruck introduced the item and presenters.

The presentation addressed:

- the construction field office – the Duwamish River People's Park and Shoreline Habitat;
- leasing a Duwamish Community Resource Center;
- resource center benefits;
- supporting community leadership;
- community capacity building;
- economic prosperity in place;
- facility users and partnerships;
- facility costs; and
- managing operations.

Members of the Commission discussed:

- terms of the lease;
- the number of Port staff who will be using the site;
- other properties explored;
- tenant improvements needed for the space;
- determining the rate of lease for those renting space;
- transit service options to the location;
- approaching the City of Seattle regarding partnership;
- the Green Jobs Program and restoration work; and
- recognizing the community partnerships that have gone into the project.

Commissioner Bowman expressed concern regarding unanswered questions she had related to the lease agreement and requested the Commission consider postponement of action on the item at this time.

The motion, made by Commissioner Calkins, for approval of Item No. 10a, carried by the following vote:

In favor: Calkins, Cho, Felleman, Steinbrueck (4)

Opposed: Bowman (1)

10b. Request Authorization to Execute a Service Contract with Stericycle Inc. for Regulated Waste Disposal.

Request document(s) included an agenda memorandum.

Presenter(s):

Keith Warner, Utilities Manager, AV Facilities and Infrastructure; and
Mike Tasker, Senior Manager, AV Facilities and Infrastructure

Commission Clerk Michelle Hart read Item 10b into the record.

Executive Director Metruck introduced the item and presenters.

The presentation addressed:

- the Port's existing regulated waste disposal services supplier's notice on December 28, 2020, that they are ending that service effective January 28, 2021;
- the need to quickly act to replace the service;
- the identification of one entity, Stericycle, who carries the necessary permits in Washington State to provide the service; and
- the request to contract with Stericycle Inc. to provide the required transportation and disposal of regulated wastes for a 3-year period beginning January 28, 2021, enabling continuity of service.

Members of the Commission and staff discussed the volume of waste materials and the possibility of turning the waste into biofuel.

The motion, made by Commissioner Cho, for approval of Item 10b, carried by the following vote:

In favor: Bowman, Calkins, Cho, Felleman, Steinbrueck (5)

Opposed: (0)

11. PRESENTATIONS AND STAFF REPORTS

11a. 2020 Accessibility Improvements at Seattle-Tacoma International Airport Briefing.

Presentation document(s) included an agenda memorandum and presentation slides.

Presenter(s):

Heather Karch, AV F&I Architecture Manager, Aviation Facilities & Infrastructure Chelsea Rodriguez, Airport Volunteers & Customer Accessibility Manager, Customer Service

Commission Clerk Michelle Hart read Item 11a into the record.

Executive Director Metruck introduced the item and presenters.

The presentation addressed:

- guiding principles;

- accessibility being a continuous improvement process;
- SEA's first sensory room;
- improved signage in terminal;
- improved signage at garage and curbside;
- digital communication strategies;
- SEA's first social story;
- hidden disabilities leader;
- training staff for success;
- SEA Accessibility Advisory Committee;
- engaging with a wider audience; and
- conclusion and next steps;
 - the ongoing commitment to achieving the goal of being the most accessible airport in the USA;
 - looking forward in 2021 – opening sensory room; launching new staff training; enhancing digital communication content and access; and further engaging with SEA Accessibility Advisory Committee.

Members of the Commission:

- thanked staff and volunteers for their work;
- spoke regarding the previous launch of the Open Doors study to look at changes in the airport's operations to make it more sensible and accessible;
- standardization of the ADA design process; and
- measuring progress in the direction of "the most accessible airport in the USA."

12. QUESTIONS on REFERRAL to COMMITTEE and CLOSING COMMENTS

Commissioner Calkins reminded that there are five more days for open enrollment into the Maritime High School.

Commissioner Steinbrueck noted that on January 26, 1950, 'Republic Day' was established in India.

Commissioner Felleman spoke regarding a donation made to the Fisherman's Memorial, noting that he and Executive Director Metruck sent a note of appreciation.

13. ADJOURNMENT

There was no further business, and the meeting adjourned at 2:40 p.m.

Prepared:

Attest:

Michelle M. Hart, Commission Clerk

Sam H. Cho, Commission Secretary

Minutes approved: February 9, 2021.

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**COMMISSION
AGENDA MEMORANDUM**

Item No. 8b

ACTION ITEM

Date of Meeting February 9, 2021

DATE: February 1, 2021
TO: Steve Metruck, Executive Director
FROM: Duane Hill, AFR Senior Manager Disbursements
SUBJECT: Claims and Obligations – January 2021

ACTION REQUESTED

Request Port Commission approval of the Port Auditor’s payment of the salaries and claims of the Port pursuant to RCW 42.24.180 for payments issued during the period January 1 through January 31, 2021 as follows:

Payment Type	Payment Reference Start Number	Payment Reference End Number	Amount
Accounts Payable Checks	937098	938529	\$ 4,198,996.11
Accounts Payable ACH	032221	033179	\$ 71,866,017.31
Accounts Payable Wire Transfers	015528	015540	\$ 8,468,231.18
Payroll Checks	197822	197959	\$ 63,266.42
Payroll ACH	1005422	1009666	\$ 11,822,768.29
Total Payments			\$ 96,419,279.31

Pursuant to RCW 42.24.180, “the Port’s legislative body” (the Commission) is required to approve in a public meeting, all payments of claims within one month of issuance.

OVERSIGHT

All these payments have been previously authorized either through direct Commission action or delegation of authority to the Executive Director and through his or her staff. Detailed information on Port expenditures is provided to the Commission through comprehensive budget presentations as well as the publicly released Budget Document, which provides an even greater level of detail. The Port’s operating and capital budget is approved by resolution in November for the coming fiscal year, and the Commission also approves the Salary and Benefit Resolution around the same time to authorize pay and benefit programs. Notwithstanding the Port’s budget approval, individual capital projects and contracts exceeding certain dollar thresholds are also subsequently brought before the Commission for specific authorization prior to commencement of the project or contract—if they are below the thresholds the Executive Director is delegated authority to approve them. Expenditures are monitored against budgets monthly by management and reported comprehensively to the Commission quarterly.

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Effective internal controls over all Port procurement, contracting and disbursements are also in place to ensure proper central oversight, delegation of authority, separation of duties, payment approval and documentation, and signed perjury statement certifications for all payments. Port disbursements are also regularly monitored against spending authorizations. All payment transactions and internal controls are subject to periodic Port internal audits and annual external audits conducted by both the State Auditor's Office and the Port's independent auditors.

For the month of January 2021, over \$84,533,244.60 in payments were made to nearly 739 vendors, comprised of 2,085 invoices and over 7,798 accounting expense transactions. About 91 percent of the accounts payable payments made in the month fall into the Construction, Employee Benefits, Contracted Services, Payroll Taxes, Leasehold Taxes, Utility Expenses and Janitorial Services expense categories. Net payroll expense for the month of January was \$11,886,034.71. The following chart summarizes the top expense categories by total spend.

Top 15 Payment Category Summary:	
Category	Payment Amount
Construction	53,210,550.38
Employee Benefits	7,111,918.35
Contracted Services	5,638,190.15
Payroll Taxes	4,585,521.48
Leasehold Taxes	3,060,531.65
Utility Expenses	2,078,674.66
Janitorial Services	2,038,110.59
Software	957,957.21
Maintenance Inventory	727,201.35
Sales Taxes	713,860.95
Bond Fees	607,184.97
Legal	433,307.83
Environmental Remediation	352,079.40
Membership Dues	240,790.92
Advertising	238,922.16
Other Categories Total	2,538,442.55
Net Payroll	11,886,034.71
Total Payments	\$96,419,279.31

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Appropriate and effective internal controls are in place to ensure that the above obligations were processed in accordance with Port of Seattle procurement/payment policies and delegation of authority.



Lisa Lam/Port Auditor

At a meeting of the Port Commission held on February 9, 2021 it is hereby moved that, pursuant to RCW 42.24.180, the Port Commission approves the Port Auditor’s payment of the above salaries and claims of the Port:

Port Commission

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**COMMISSION
AGENDA MEMORANDUM**

Item No. 8c

ACTION ITEM

Date of Meeting February 9, 2021

DATE: February 1, 2021
TO: Steve Metruck Executive Director
FROM: Pete Ramels, General Counsel
Loren Armstrong, Sr. Port Counsel
Wayne Grotheer, Director, Aviation PMG
SUBJECT: Rental Car Facility Settlement Agreement

Amount Payable to the Port: \$1,500,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a settlement agreement to resolve claims and potential claims arising out of the design and construction of the Consolidated Rental Car Facility.

SUMMARY

The Port asserted pre-litigation design errors and omissions and/or latent defect claims against the design consultants and construction contractors and subcontractors arising out of the design and construction of the Consolidated Rental Car Facility ("CRCF").

Physical construction of the CRCF commenced on or around June 10, 2008 and was substantially completed on April 16, 2013. The CRCF is and has remained in operation since that time.

The parties first mediated this dispute on August 31, 2020, and then continued to mediate on January 15, 2021, when the parties successfully resolved the dispute pending authorization by the Port Commission. The design and construction firms agreed to pay the Port a total of \$1,500,000. The settlement agreement does not constitute an admission of liability or wrongdoing on the part of any party; rather, the settlement is recommended to avoid the time, expense, disruption, and uncertainty of litigating claims.

This matter was discussed in executive session.

There are no attachments to this memo.

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**COMMISSION
AGENDA MEMORANDUM**

Item No.

8d

ACTION ITEM

Date of Meeting

February 9, 2021

DATE: January 4, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Tina Soike, Director Engineering Services
Janice Zahn, Assistant Engineering Director, Construction Services

SUBJECT: Rental Car Facility (RCF) Pavement Remediation (CIP #C800977) Change Order Over 60 Days

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a change order to Contract MC-0319802 Rental Car Facility (RCF) Pavement Remediation for the cost of deferment of work at Seattle-Tacoma International Airport RCF for an amount of \$143,109.02 and a time extension of 327 calendar days.

EXECUTIVE SUMMARY

This change order requires the addition of 327 calendar days to the contract due to the deferment of non-essential construction in compliance with Governor Inslee's "Stay Home, Stay Healthy" proclamation. Commission action is required under the General Delegation of Authority because the change order includes a time extension of more than sixty days. The change order also includes a negotiated resolution of increased costs for which the Port is responsible resulting from the deferral of the work to 2021. No additional project funding is included with this request.

Description of Change Order

This change order revises the contract completion date and settles all costs due to the change in scheduling of the non-essential portions of the project that were a result of the Governor of the State of Washington's "Stay Home, Stay Healthy" order to combat the spread of the COVID-19 virus.

Background

The RCF Pavement Remediation project includes several major maintenance improvements and one security improvement for the facility that the Port has the responsibility to complete under the terms of the RCF Lease Agreement. The major elements of work include replacement of the fifth floor expansion joints, replacement of portions of the fifth floor topping slab, pavement remediation for the S 160th St bus access, structural crack sealing for both helices, replacement of weather proofing membranes at the car wash areas located on the second and fourth floors, replacement of weather proofing membranes in employee and visitor parking, and replacement of the existing perimeter fence with a no-climb fence. The major works construction contract

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was executed with Swinerton Builders on August 6, 2019 and work began in October. The RCF Pavement Remediation project is funded by Customer Facility Charge (CFC) revenues.

On March 23, 2020, Governor Inslee issued the “Stay Home, Stay Healthy” proclamation that required all people in Washington State to stay at home except to conduct or participate in essential activities, and/or for employment in essential business services. In April 2020 the Port of Seattle Commission was briefed on the impact of the COVID-19 pandemic on Aviation revenues and the 2020-2024 Capital Improvement Plan. The RCF Pavement Remediation project was identified as being partially deferred where safety related work was considered to be essential work that would be completed, but the remaining major maintenance work would be deferred. The Port of Seattle Commission adopted Motion 2020-9 on April 28, 2020, that authorized short-term changes to the 2020-2024 Capital Improvement Plan in response to the COVID-19 pandemic that included the deferment of the non-essential portions of RCF Pavement Remediation project. Motion 2020-9 stated that additional changes to the CIP were to be presented as part of the 2021 budget process. The cost to complete the RCF Pavement Remediation project have been approved by Commission as part of the 2021 budget.

In April 2020 the Port notified Swinerton Builders that all work associated with pavement remediation for the S 160th St bus access, structural crack sealing for both helices, replacement of weather proofing membranes at the car wash areas located on the second and fourth floors, and replacement of weather proofing membranes in employee and visitor parking would be suspended. During change order negotiations Swinerton Builders informed the Port that the water proofing membrane materials for the car wash areas had already been purchased prior to our direction to defer work. The shelf life of the materials required that they be installed in 2020 or new materials would need to be repurchased for 2021. The cost of repurchasing the water proofing materials was approximately \$85,000.

In May 2020 Governor Inslee issued an update to the “Stay Home, Stay Healthy” proclamation, which was called the Phase 2 New Construction restart. This allowed non-essential construction projects to restart work following specific guidelines. Phase 2 construction restart took effect in King County on June 5, 2020. On July 1, 2020, in order to avoid the large additional waterproofing material repurchase and disposal costs, the Port directed that the replacement of the water proofing membranes in the car wash areas located on the second and fourth floors be completed in July and August 2020. The reduced customer demand at the RCF facility also was a factor in deciding to perform the work in 2020 when the impacts to RCF operations will be much less than in 2021.

All work associated with the replacement of the fifth floor expansion joints, replacement of portions of the fifth floor topping slab, replacement of weather proofing membranes at the car wash areas located on the second and fourth floors, and replacement of the existing perimeter fence with a no-climb fence has now been completed. With the execution of this Change Order, all remaining work on the project will be complete in the late spring/early summer 2021 as soon

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as the weather allows the proper conditions to complete the work. The amount requested herein includes a negotiated resolution of additional costs for which the Port is responsible resulting from the deferral of the work to 2021.

FINANCIAL IMPLICATIONS

There is no additional funding being requested with this action.

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Negotiate a reduction of scope for the major construction contract to eliminate and not complete the remaining work.

Pros:

- (1) The Port would not pay out any more funds in 2021 on the major works construction contract.

Cons:

- (1) The major maintenance work needed on the RCF would not be completed. This may result in more deterioration of the facility, shortening the life of some parts of the facility and the Port incurring even larger costs in the future to perform the repairs at a later time.

This is not the recommended alternative.

Alternative 2 – Negotiate a reduction of scope for the major construction contract to eliminate the remaining work and add the uncompleted work to a future project planned for 2021 to increase security at the RCF.

Pro:

- (1) The major maintenance work will still get done.

Con:

- (1) Repackaging the work into another contract will increase the Port's soft costs and add complexities in managing the work as we would have more than one designer of record on a project.
- (2) Repackage will take time and may delay the bidding of the work planned for 2021 that the Rental Car Agencies desire to be performed as early as possible.

This is not the recommended alternative.

Alternative 3 – Approve the additional costs and contract time extension to complete the remaining work in 2021

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Pros:

- (1) Completes the work as early in 2021 as weather condition allow.
- (2) The RCF is properly maintained for years of future use and revenue generation.

Cons:

- (1) Additional costs will be expended and paid from the existing approved project budget.

This is the recommended alternative.

ATTACHMENTS TO THIS REQUEST

None

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 17, 2020 – The Commission approves the Port of Seattle’s 2021 Budget in Resolution No. 3779. The resolution includes the updated CIP plan which includes the completion of the RCF Pavement Remediation project (CIP #C800977).

April 28, 2020 – The Commission adopted Motion 2020-9 that authorized short-term changes to the 2020-2024 9 Capital Improvement Plan in response to the COVID-19 pandemic; to provide direction for interim actions related to ongoing construction and deferred capital projects and readiness to aid recovery; and to delegate authority to the Executive Director to execute change orders for costs that exceed \$300,000 related to construction and enhanced worker safety on Port construction sites due to the COVID-19 pandemic.

April 23, 2019 – The Commission authorized advertisement and execution of a major works construction contract for the RCF Pavement Remediation project.

July 10, 2018 – The Commission authorized execution of a professional services contract for design services, proceeding with the design and preparation of contract bid documents, and use Port Construction Service (PCS) crews to perform the early construction work for the RCF Pavement Remediation project.

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**COMMISSION
AGENDA MEMORANDUM**

Item No. 8e

ACTION ITEM

Date of Meeting February 9, 2021

DATE: January 29, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Eileen Francisco, Interim Director Aviation Facilities and Capital Programs
Wayne Grotheer, Director Aviation Project Management

SUBJECT: Budget Increase Request Industrial Wastewater System Segregation Meters (CIP #C800655)

Amount of this request: \$1,615,000

Total estimated project cost: \$3,889,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to increase the project budget for the Industrial Wastewater System (IWS) Segregation Meters project at Seattle-Tacoma International Airport (Airport). The amount of this request is \$1,615,000 for a revised total estimated project cost of \$3,889,000.

EXECUTIVE SUMMARY

This project will install four Total Organic Carbon (TOC) analyzers in the Industrial Wastewater System conveyance serving the Airfield and Terminal Areas of the Airport. These new TOC analyzers will provide operational data for the Port of Seattle Industrial Wastewater Treatment Plant (IWTP). Plant operations will use the TOC analyzer data to manage wastewater treatment and reduce the discharge of wastewater sent to Valley View Sewer District sanitary sewers and King County South Wastewater Treatment Plant.

Additional budget is requested to support the installation of two additional (total of four) TOC analyzers, as well as a new concrete encased duct bank for TOC analyzer power and control connectivity. Prior Commission action on January 22, 2019, authorized the installation and necessary budget for only two TOC meters and did not provide for a concrete encased duct bank.

JUSTIFICATION

The Airport's IWS TOC analyzer project one of a series of projects that King Country Industrial Waste Program approved in order to comply with the future effluent limits to King County South Treatment Plant and remain in compliance with King County Industrial Waste Permit and State National Pollutant Discharge Elimination System (NPDES) Permit.

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The two additional TOC analyzers are necessary for data precision and the effective segregation of influent. The concrete encased duct bank has been deemed necessary to ensure aircraft operations and that subsequent high pavement loading will not damage below grade cabling.

The 2016 King County permit required the Port to identify measures to meet future reduced effluent limitations. This IWS Segregation Meters project is the first of a series of approved capital program improvements to improve IWTP efficiency and comply with the 2025 reduced effluent limitations.

Diversity in Contracting

The Woman and Minority Business Enterprise (WMBE) aspirational goal is 10% for the construction project. Along with the establishment of the goal, Diversity in Contracting staff will be outreaching to WMBE firms to inform them of the upcoming opportunities within this procurement.

DETAILS

The IWS manages the Airport's stormwater associated with industrial activities from aircraft fueling, aircraft deicing, and maintenance operations. The IWS includes collection and conveyance, runoff storage, and the Industrial Wastewater Treatment Plant. The IWTP is highly effective in treating fuel-related stormwater pollutants. However, the plant is not capable of reducing the high Biochemical Oxygen Demand (BOD) caused by aircraft deicing operations.

Runoff with BOD concentrations below those found to impact receiving water quality can be discharged directly to Puget Sound after treatment for fuel-related contamination under the Airport's NPDES permit. High BOD runoff must be pumped to the King County South Treatment Plant via the Valley View Sewer District for secondary treatment and discharge. The IWTP's discharges to King County are performed under a separate Industrial Waste Discharge Permit issued by the King County Department of Natural Resources.

The installation of the four in-line TOC meters will allow the IWTP operators to continuously monitor influent water quality and effectively segregate high BOD runoff. Using the information provided by the influent TOC analyzers allows the plant operators to separate high BOD water into two lagoons (4-million-gallon capacity) and low BOD water into one much larger lagoon (76-million-gallon capacity). This project will efficiently reduce the waste water volumes discharged to Valley View Sewer District and to the King County South Treatment Plant by segregating the wastewater prior to lagoon storage.

The existing influent TOC detection system has been abandoned due to technology, accessibility and maintainability issues. TOC is not currently measured until after influent water enters one of the high BOD lagoons 1 (1.5-million-gallon capacity) and is processed through the IWTP. Because the BOD is not measured until after it enters the lagoon this leads to inefficiencies by significant

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dilution and increases the volume of wastewater captured and sent to Valley View Sewer District sanitary sewers and to the King County South Treatment Plant.

Scope of Work

Install four Total Organic Carbon analyzers into the Industrial Wastewater System that will sample wastewater prior to lagoon storage.

- (1) Purpose, segregation of High and Low Biochemical Oxygen Demand (BOD/Aircraft Deicer).
- (2) Regulatory Requirement ensures the Port fulfills the King County Industrial Waste Permit.
- (3) Ensure the Port remains in compliance with the NPDES Permit.

Schedule

Activity

Commission design authorization	2017 Q2
Design start	2019 Q1
Commission construction authorization	2019 Q1
Construction start	2021 Q2
In-use date	2021 Q4

Cost Breakdown

	This Request	Total Project
Design	\$442,000	\$972,000
Construction	\$1,173,000	\$2,917,000
Total	\$1,615,000	\$3,889,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do not install four new TOC Meters

Cost Implications: \$450,000 in capital costs spent to date would need to be expensed.

Pros:

- (1) No further capital costs required.

Cons:

- (1) The Port of Seattle would not be in compliance with King County Industrial and Washington Department of Ecology permits.

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- (2) IWTP will continue to mix low and high BOD wastewater and discharge that wastewater for treatment at a higher cost to Port of Seattle.
- (3) Does not ensure the Port of Seattle meets King County Discharge Permit restrictions and the Port will not be in alignment with the All Known Available and Reasonable Methods of Treatment initiative.

This is not the recommended alternative.

Alternative 2 – Install four new TOC analyzers

Cost Implications: \$3,857,000 in capital is required.

Pros:

- (1) The IWTP will be able to segregate high and low BOD wastewater and minimize the discharged wastewater that requires treatment to Valley View Sewer District sanitary sewers and King County South Wastewater Treatment Plant.
- (2) The Port of Seattle remains in compliance with King County and Washington Department of Ecology permits.
- (3) The Port of Seattle meets King County Discharge Permit restrictions and is in alignment with the All Known Available Reasonable Methods of Treatment initiative.

Cons:

- (1) Requires a capital investment of \$3,857,000.

This is the recommended alternative.

FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$900,000	\$0	\$900,000
Previous changes – net	\$1,342,000	\$32,000	\$1,374,000
Current change	\$1,615,000	0	\$1,615,000
Revised estimate	\$3,857,000	\$32,000	\$3,889,000
AUTHORIZATION			
Previous authorizations	\$2,242,000	\$32,000	\$2,274,000
Current request for authorization	\$1,615,000	\$0	\$1,615,000
Total authorizations, including this request	\$3,857,000	\$32,000	\$3,889,000
Remaining amount to be authorized	\$0	\$0	\$0

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Annual Budget Status and Source of Funds

This project (CIP #C800655) was included in the 2021 – 2025 capital budget and plan of finance as a business plan prospective project with a total budget of \$2,242,000. The budget increase is due to support the installation of two additional (total of four) TOC analyzers as well as a new concrete encased duct bank for TOC analyzer power and control connectivity. The budget was transferred from the Aeronautical Allowance C800753, resulting in no net change in the Aviation capital budget. The funding source for this project is revenue bonds.

Financial Analysis and Summary

Project cost for analysis	\$3,857,000
Business Unit (BU)	Industrial Waste System Utility
Effect on business performance (NOI after depreciation)	NOI after depreciation will increase due to inclusion of capital (and operating) costs in airline rate base.
IRR/NPV (if relevant)	N/A
CPE Impact	\$.02in 2022

Future Revenues and Expenses (Total cost of ownership)

Installing these TOC meters will reduce the risk of mixing high BOD wastewater to Lagoon 3. When Lagoon 3 results into high BOD wastewater, additional sewer charges can reach up to \$400,000. Although without adequate lagoon capacities, there will always be a risk of mixing high BOD wastewater at Lagoon 3. The long-term costs will be minimized by incorporating newer more energy efficient equipment and components that meet the Ports mechanical and electrical design standards for operational costs and optimum energy utilization. Maintainability will be improved by installation of equipment with a useful life span of 20-30 years.

ATTACHMENTS TO THIS

- (1) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 22, 2019 The Commission authorized a budget increase of \$1,132,000 for the design and construction for an estimated total cost of \$2,274,000.

June 27, 2017 The Commission authorized design and construction for an estimated cost of \$1,142,000.

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Industrial Wastewater System (IWS) Segregation Meters Budget Increase Request

Presenters:

Brad Benson

Paul Shen

Sarah Cox

Background and Justification

- **Scope:** Install four Total Organic Carbon analyzers into the Industrial Wastewater System (IWS) that will sample wastewater prior to lagoon storage.
- **Purpose:** Segregation of stormwater with higher and lower levels of contamination.
- **Goal:** Maintain compliance with King County and Washington Department of Ecology permits and be in alignment with the All Known Available Reasonable Methods of Treatment initiative.

IWS Segregation Meters Project Location

(southwest end of airport)



Actions to Meet Future Effluent Limitations

Measures to Meet Reduced Limits	Implementation	Compliance Schedule
Hybrid Deicing Trucks (50% fleet)	Complete	2019
IWS to the SDS Diversions	IAF, NSAT, Concourse D SAMP NTP	2019 SAMP NTP
TOC Meter Project	Capital Project Underway	2020
Blend to Temperature <ul style="list-style-type: none"> • 50% applicators • 100% applicators 	50%: Complete 100%: New Facility	2023 2025
Upgrade IWTP Controls	IWTP Controls Project	2024
High Concentration Storage (Minimum 1M gal)	Snow Melt Improvements	2025
Lagoons Mixing Pumps	IWTP Improvement Project	2025

Potential project risks

<u>Risk</u>	<u>Description</u>	<u>Prob.</u>	<u>Impact</u>	<u>Mitigation Plan</u>
Weather delay	Project is dependent on dry weather for construction	M	H	Delay construction until weather improves. IWTP must remain operational.
Project delay	Bid irregularity, bid protest	M	H	Increased project budget. Added additional contingency. Will conduct contractor outreach during advertisement.
FAA approval	Due to project proximity to FAA Fiber Optic lines, detailed coordination required prior to construction starting	L	H	Continue to have detailed coordination meetings with FAA. Submitted updated documents to FAA for review.

Project Cost Estimate and Budget Request

Authorized Capital Budget	\$2,242,000
Current Estimate at Completion (Ready to Bid)	\$3,857,000
Total Additional Budget Request	\$1,615,000

Primary Cost Drivers

- Aggressive construction schedule (6 day work schedule)
- Concrete Encased Duct Bank for TOC meter fiber
- Temporary Erosion Control for duct bank construction
- TOC Analyzers (Two to Four)
- Class 1 Division 1, Electrical Classification for electrical equipment
- Procurement/project delivery method
- Additional Security (X ray support)

Critical project milestones

- 2/23/21 Advertise for Construction
- 3/25/21 Bid Opening
- 5/4/21 Construction Contract Executed
- 6/17/21 Notice to Proceed Issued to Contractor
- 9/15/21 Substantial Completion

Alternatives

Alternative 1 – Do not install four new Meters

Cost Implications: \$450,000 in capital costs spent to date would need to be expensed.

Pros:

- No Capital Costs required.

Cons:

- The Port of Seattle would not be in compliance with King County and Washington Department of Ecology permits.
- The IWTP will continue to mix low level and high level contaminated wastewater and discharge that wastewater for treatment at a cost to Port of Seattle.
- Does not ensures the Port of Seattle meets King County Discharge Permit restrictions and the Port will not be in alignment with the All Known Available Reasonable Methods of Treatment initiative.

This is not the recommended alternative.

Alternatives

Alternative 2 – Install four new analyzers

Cost Implications: \$3,857,000 in capital is required.

Pros:

- The IWTP will be able to segregate low level and high level contaminated wastewater and discharge only the wastewater that requires treatment to Valley View Sewer District sanitary sewers and to the King County South Wastewater Treatment Plant and thus reduce the fees paid by the Port of Seattle for wastewater treatment.
- The Port of Seattle remains in compliance with King County and Washington Department of Ecology permits.
- The Port of Seattle meets King County Discharge Permit restrictions and is in alignment with the All Known Available Reasonable Methods of Treatment initiative.

Cons:

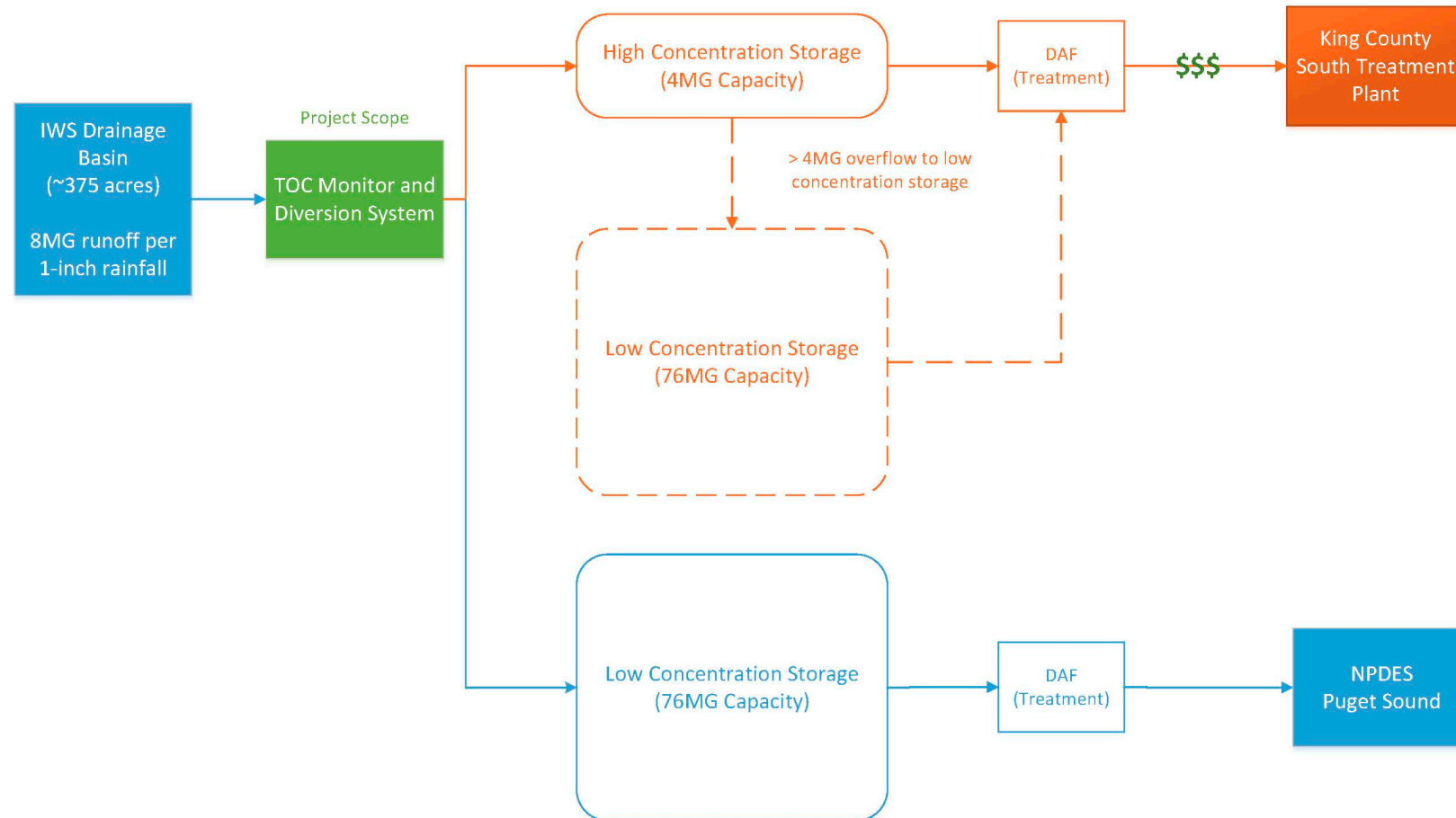
- Requires a capital investment total of \$3,857,000.

This is the recommended alternative.

Appendix

Improve IWS Segregation

High and Low Aircraft Deicer Concentration



Cost Increase Detail

Concrete Encased DuctBank	\$176,000
Temporary Erosion Control	\$36,000
TOC Meters & Elec	\$190,000
Escalation/DD	\$4,000
Covid/GC, HO, OH, Bond & Profit	\$112,000
Construction Contingency: 10%-15%	\$141,000
Sales Tax	\$68,000
Maint Support	\$16,000
Xrays	\$214,000
A/E Design and Construction	\$240,000
Project Management	\$86,000
Construction Management	\$103,000
Test/Safety/Survey/Directs/Misc.	\$120,000
Project Contingency 5%	\$109,000
Total Project Cost Estimate Increase	\$1,615,000

**COMMISSION
AGENDA MEMORANDUM**

Item No. 8f

ACTION ITEM

Date of Meeting February 9, 2021

DATE: January 22, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Dan Thomas, Chief Financial Officer
Tom Tanaka, Deputy General Counsel

SUBJECT: Revision of 2021 NWSA Service Agreement for Portfolio Management

Amount of this request: \$0

Total estimated project cost: \$0

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a revision of the 2021 service agreement for Portfolio Management, which is a part of the interlocal agreement (ILA) between the Port of Seattle (the Port) and the Northwest Seaport Alliance (NWSA) to allow Port staff to provide services to the NWSA for 2021.

EXECUTIVE SUMMARY

The Ports of Seattle and Tacoma provide various support services to the NWSA. These support services are provided through interlocal agreements (ILAs) between the NWSA and the homeports that are approved as part of the annual budget process, and the cost of the support services are included in both the ports' and the NWSA's 2021 budgets. Subsequent to the approval of the Port of Seattle's ILA last November, the NWSA has hired a new lease administration specialist and wishes to transfer additional lease administration duties from the Port of Seattle to the NWSA. As a result of this transfer the cost allocation to the NWSA for Port of Seattle Portfolio Management services will be reduced accordingly.

JUSTIFICATION

Since the NWSA has hired additional staff to handle lease administration responsibilities, less support for these services is needed from the Port of Seattle's Portfolio Management function. As a result, Port staff will no longer provide property management services including lease management, property management, tenant management, and insurance and surety compliance for the NWSA's North Harbor properties. The current service agreement needs to be revised to reflect this change.

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DETAILS

The NWSA needs support and services from both ports in order to carry out its various administrative functions and operations. Each port has executed an ILA with the NWSA to allow the ports to provide those services for 2021. The Port of Seattle's 2021 budget included the budgeted amounts for the proposed ILA service agreements with the NWSA.

The NWSA recently hired a new staff position to take on some of the lease administration responsibilities that have been performed since 2015 by Portfolio Management. The Port has discussed this with the NWSA and has reached agreement to reduce the scope of the service agreement for Portfolio Management.

For NWSA-licensed properties in King County, Port staff will no longer provide property management services including lease management, property management, tenant management, and insurance and surety compliance management.

Port staff will continue to provide utility administration services including processing of utility invoices and billing of tenants for their share of utility expense with as well as reimbursement of tenants paying utility providers directly where Port or other tenants are also using those services. Services also include budgeting for relevant utility revenue and expense accounts, and monitoring/paying for City of Seattle street use permits.

FINANCIAL IMPLICATIONS

As a result of this change the allocated cost to the NWSA from Portfolio Management will be reduced from \$194,000 to \$104,000, a \$90,000 reduction, which will be reabsorbed by the Port of Seattle.

ADDITIONAL BACKGROUND

None

ATTACHMENTS TO THIS REQUEST

(1) Attachment A (redlined revision of the 2021 Service Agreement for Portfolio Management).

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

November 10, 2020 – Request Commission authorization for the Executive Director to execute an interlocal agreement with the Northwest Seaport Alliance.

EXHIBIT POS - 05

Item No. 8f_attach
Meeting Date: February 9, 2021

Service Directive for Portfolio Management Support Services

by and between

Port of Seattle and The Northwest Seaport Alliance

This document is an Exhibit to the Inter-Local Agreement for Support Services By and Between the Port of Seattle (POS) and The Northwest Seaport Alliance (NWSA).

1) Purpose:

The purpose of this exhibit is to identify the services provided by the Port of Seattle with regard to Support Services listed above for The Northwest Seaport Alliance. This exhibit defines the mutually agreed upon scope of services, cost for services, charge methodology, and service level expectations to include performance measures and monitoring. Refer to the governing Inter-Local Agreement for terms under which these services are provided.

2) Time period:

This agreement is for calendar year 2021.

3) Scope of Services to be provided by POS to The NWSA

a) Property Management

- i) For NWSA-licensed properties in King County, POS staff will provide ~~property management information tracking including updating of software system for lease management, property management, tenant management, insurance and surety compliance management,~~ coordination with utility billing/invoicing, and current routine reporting. Additional reports as requested may be subject to additional charges.
- ii) For NWSA-licensed properties in King County, POS staff will provide utility administration including processing of utility invoices and billing of tenants their share of utility expense as well as reimbursement of tenants paying utility providers directly where Port or other tenants are also using those services. Services also include budgeting for relevant utility revenue and expense accounts, and monitoring/paying for City of Seattle Street Use Permits.

4) Cost for Service and Charge Methodology – POS to The NWSA:

Service Area and Department # (Acct if appropriate)	Service Item (from list above)	Method of Charges ¹	Basis for Charge	Hourly Rate, Fixed Percentage or Formula	2021 Budgeted Amount ²
Portfolio Management (also includes Central Harbor Mgmt, Maritime Industrial Admin, Marina Office & Retail Mgmt) Dept# 6230	3.a	Fixed	Percentage of Portfolio Management department costs based on analysis of work activities as determined in connection with development of 2018 Operating Budget and actual employee time recorded on bi-weekly payroll time reporting.	10.08-65% of actual spending	\$193,738 <u>103,881</u>

5) Scope of Services to be provided by The NWSA to POS

a) None.

6) Cost for Service and Charge Methodology – The NWSA to POS

a) None.

7) Service Level Expectations:

a) Timely and accurate.

b) Performance Measures and Metrics:

This section outlines the performance measures and metrics upon which service under this SLA will be assessed. Shared Service Centers and Customers will negotiate the performance metric, frequency, customer and provider service responsibilities associated with each performance measure.

¹ Method Options: Fixed, Project Charges, Fee for Service/Variable. Costs associated with support services will be charged to the Alliance as follows:

- Fixed allocation – Charged as a fixed allocated percentage or formula that will be applied monthly to the actual expenditures.
- Project Charges – Charged to specific projects based on current procedures.
- Fee for Service/Variable – Charges will be tracked and charged based on level of use monthly at rates agreed to when need for service is determined.

² Preliminary budget amount – subject to final budget approval.

Measurements of the Port of Seattle activities are critical to improving services and are **the basis for cost recovery** for services provided. The Port of Seattle and The Northwest Seaport Alliance have identified activities critical to meeting The NWSA's business requirements and have agreed upon how these activities will be assessed.

Service Area	Type of Measure ³	Performance Measure (SMART - Specific, Measurable, Achievable, Relevant, Time Bound)	Target
Lease Administration and Utilities	Time-Based	Provide reports of provisions (ticklers) in a timely manner to allow time for NWSA managers to take steps to ensure continued tenant compliance Timing of lease processing steps from lease draft to billing subject to the goals outlined in the approved Port Lease Administration Procedures. <u>Utility providers and SDOT are paid in a timely manner. Monthly utility bill files are transmitted to the NWSA in a timely manner.</u>	Number of days vary by provision <u>N/A</u>

8) Primary Contacts:

- a) NWSA – Tong Zhu
- b) POS – Melinda Miller, Joe Pelonio

It is expected that the identified contact people will communicate frequently, to coordinate the work, to confirm that services are being provided in a manner that meets service level expectations, and to evaluate monthly financial performance of actual vs. projected spending.

³ Type of Measure Options:

- Time Based – measure is time bound – duration, frequency, by a specific date, etc...
- Management – measure dealing with or controlling issues, communications, or staff
- Accuracy – measure to have a specified level of accuracy to be measurable
- Other – measure that doesn't fit into category above

COMMISSION
AGENDA MEMORANDUM

Item No. 8g

ACTION ITEM

Date of Meeting February 9, 2021

DATE: January 8, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Sandra Kilroy, Director, Maritime Environment & Sustainability
Kathleen Hurley, Sr. Environmental Program Manager

SUBJECT: Request to Authorize Revised Interlocal Agreement Smith Cove Blue Carbon Monitoring Study

Amount of this request: 0 \$

Total estimated project cost: 250,000 \$

ACTION REQUESTED

Request authorization for the Executive Director to enter into a revised Interlocal Agreement between the Washington State Department of Natural Resources and the Port of Seattle for monitoring of the Smith Cove Blue Carbon Pilot Project.

EXECUTIVE SUMMARY

The Smith Cove Blue Carbon Monitoring Study requires Interlocal Agreements (ILAs) with the Washington State Department of Ecology (Ecology) and the Washington State Department of Natural Resources (DNR). The ILA's will support data collection, analysis, reporting, public outreach, and community-based science activities. Both ILAs were approved by Commission in draft form in April 2020. The Ecology ILA was subsequently executed with only minor changes approved by counsel. The DNR ILA, however, has been revised to accommodate several edits requested by DNR, including one substantive change that requires additional Commission approval.

The Smith Cove Blue Carbon Pilot Project was included in the 2018 Maritime Division expense budget. This project will contribute to the scientific body of work on "blue carbon", specifically the carbon sequestration potential of kelp, eelgrass, and oysters; furthermore, the project expands our understanding expands our understanding for restoration of these critical habitats in Central Puget Sound. The Smith Cove Blue Carbon Pilot Project includes habitat restoration elements that will be evaluated for carbon sequestration, water quality (specifically seawater acidification) benefits, and habitat productivity. These elements include bull kelp, eelgrass and Olympia oyster beds installed between 2018-2021. The ILA with DNR will support the ongoing monitoring of the project, including collection of pH data, shellfish survival rates, and other data for three years. This also includes a community-based science plan to allow for participation in the Smith Cove study by members of the Port's neighboring communities.

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JUSTIFICATION

The authorization of the ILA with DNR is needed to undertake the required monitoring and evaluation measurements as set out in the Smith Cove Blue Carbon three-year monitoring plan.

Diversity in Contracting

The Diversity in Contracting procurement process was included in the prior Commission action in April 2020.

DETAILS

All of the changes are minor or clarifying in nature. The only substantive change is the deletion of the following phrase from the indemnity clause: “In the event that the Port incurs any judgment, award, and/or cost arising there from, including attorneys’ fees, to enforce the provisions of this Article, all such fees, expenses, and costs shall be recoverable from DNR to the extent of DNR’s culpability.” In the revised draft, DNR is still obligated to defend and indemnify the Port from damages resulting from negligent acts or omissions by its officers, employees, or agents. There are no changes related to the scope of work, schedule or cost of the project from the proposal approved by Commission in April.

Scope of Work

The scope of work was included in the prior Commission action (April 14, 2020).

Schedule

The project includes a three-year monitoring study which will begin in Spring 2021. There is no design or construction included with this initiative.

Cost Breakdown

The monitoring study will require approximately \$250,000 to complete. As described in the memo for the original Commission authorization (April 14, 2020).

ALTERNATIVES AND IMPLICATIONS CONSIDERED

An alternatives analysis was included in the prior Commission action (April 14, 2020).

FINANCIAL IMPLICATIONS

Financial implications were included in the prior Commission action (April 14, 2020.)

Annual Budget Status and Source of Funds

Funding for the three-year monitoring study was authorized by Commission as part of the Energy & Sustainability Committee funding authorization.

ATTACHMENTS TO THIS REQUEST

- (1) Commission Memo (April 14, 2020)
- (2) Presentation slides

Meeting Date: February 9, 2021

- (3) Revised Interlocal Agreement with Washington State Department of Natural Resources

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

April 14, 2020 – The Commission authorized the Executive Director to enter into draft ILAs with Washington State Department of Natural Resources and Department of Ecology.

**INTERLOCAL AGREEMENT BETWEEN THE PORT OF SEATTLE AND THE WASHINGTON STATE
DEPARTMENT OF NATURAL RESOURCES REGARDING THE SMITH COVE BLUE CARBON PILOT
PROJECT**

This Interlocal Agreement is entered into between the Port of Seattle (Port), a municipal corporation of the State of Washington, and the Washington State Department of Natural Resources (DNR), a department of the State of Washington, collectively known as the “Parties” pursuant to Interlocal Cooperation Act, Chap. 39.34 RCW.

RECITALS

WHEREAS, Chapter 39.34 RCW authorizes government entities to contract to perform any governmental service, activity, or undertaking which each public agency entering into the contract is authorized by law to perform;

WHEREAS, the Port has legal authority to evaluate different methods of mitigating environmental impacts associated with operation of its facilities and meeting its Century Agenda which includes a goal to create, restore or enhance forty additional acres of habitat in the Green-Duwamish Watershed and Elliott Bay, as per the Motion of the Port of Seattle Commission dated December 4, 2012;

WHEREAS, the DNR has legal authority to conduct research into water quality and wildlife habitat;

WHEREAS, the Parties share common interests in promoting fish and wildlife habitat restoration, carbon sequestration and water quality improvement in the Puget Sound area;

WHEREAS, the Port has taken steps to enhance, create and/or restore bull kelp, eelgrass and Olympia oyster beds in Smith Cove, at the north end of Elliott Bay for the purposes of evaluating marine carbon sequestration, habitat restoration and water quality improvement potential associated with these enhancements;

WHEREAS, the DNR has co-located water quality sensors at Smith Cove for the purposes of evaluating changes in seawater chemistry, shellfish growth, and eelgrass productivity, and thus included the site as part of the Puget Sound-wide “Acidification Nearshore Monitoring Network” (ANEMONE);

WHEREAS, the Port of Seattle Commission’s Energy & Sustainability Committee would like the Port to conduct a three-year monitoring study related to carbon sequestration, shellfish growth/survival, eelgrass productivity and water quality (“Monitoring Project”);

WHEREAS, the Parties would like to enter into a three-year agreement to support water quality assessment and biological assessment with DNR’s Aquatic Assessment and Monitoring Team undertaking key elements of the Monitoring Project;

NOW, THEREFORE, in exchange for the consideration described in this agreement, the parties agree as follows:

I. BACKGROUND

Smith Cove is located on Port-owned aquatic lands as depicted in the map attached as **Exhibit A**. The site is the location of the Monitoring Project, which includes specific habitat restoration treatments undertaken to evaluate potential benefits, including carbon sequestration, water quality (amelioration of seawater acidification) and habitat productivity. These treatments include installation of bull kelp, eelgrass and Olympia oyster beds. Following installation, the Port aspires to measure potential benefits in and around the site for a period of not less than three years, including residents as part of a community-based science initiative to the extent practicable. The Parties will collaborate to implement this Monitoring Project and community-based science initiative as outlined below.

II. RESPONSIBILITIES OF THE DEPARTMENT OF NATURAL RESOURCES

1. DNR shall dedicate 50% staff time of a Natural Resource Scientist II position to the Monitoring Project for a period of three years;
2. DNR shall undertake the pH monitoring, larval settlement tiles and shellfish survival and growth tasks detailed in the *Final Monitoring Plan*,
3. DNR shall continue to include the Smith Cove project site in the ANEMONE array, which means there will be necessary installation, maintenance and monitoring of water quality sensors;
4. DNR shall incorporate ANEMONE volunteer participation into a *Community-Based Science Plan* and implement the plan to involve communities identified by the Port in the Monitoring Project;
5. DNR will be responsible for repairs to water quality sensors and other ANEMONE equipment required for implementation of the Monitoring Project;
6. DNR shall make water quality and biological data collected from ANEMONE available to the Port and members of communities identified by the Port;
7. DNR shall generate a final report due three years from execution of this agreement, prior to this Agreement's expiration date, summarizing the water quality and biological data findings.

III. RESPONSIBILITIES OF THE PORT

1. The Port of Seattle will provide a not-to-exceed total of \$163,500 in funding to DNR to support a Natural Resource Scientist II position to conduct the tasks described in Section II.

DNR Agreement # 93-100877

The DNR will invoice the Port for these funds to be paid in quarterly disbursements upon completion of work identified in the invoice throughout the effective period of this agreement.

2. The Port of Seattle will provide access to the Monitoring Project site and will coordinate with designated DNR personnel for temporary use of Port equipment for purposes of carrying out the Monitoring Project under this Agreement, including:
 - a. Access to the Terminal 91 boathouse for storage of DNR's sampling equipment and gear;
 - b. Ability to travel by means of the Port's boat which must be captained by Port staff
 - c. All file materials and data which may be germane to the Monitoring Project.
3. The Port will cooperate with DNR to identify communities participating in community-based science initiatives.

IV. BUDGET

The total budget for this Agreement is \$163,500, which funding will be used to support the tasks described in Sections II and III above. DNR and the Port may obtain additional funding as needed to support their own activities in connection with the Monitoring Project, that funding will not be included in the total under this Agreement unless agreed to in writing. DNR will manage the budget for the project and will provide quarterly updates to the Port.

The Parties designate the following representatives for coordinating administrative tasks (such as budget and invoicing) and transmittal of deliverables and any notices required by this Agreement:

DNR:

Department of Natural Resources
c/o Cinde Donoghue (Cinde.Donoghue@dnr.wa.gov)
Aquatic Assessment and Monitoring Team
1111 Washington St SE
Olympia, WA 98504

Port: Kathleen Hurley (Hurley.K@portseattle.org)
Maritime Environment and Sustainability
2711 Alaskan Way
Seattle, WA 98121

Any updates to the identity of the designated representative will be provided in writing to the individual identified above.

V. PROPERTY

Upon termination of this Agreement, each Party will retain ownership of any real or personal property acquired in its own name prior to execution of this Agreement. "Background IP" means all intellectual property that: (i) was owned or developed by a Party prior to the execution of this Agreement; or (ii) was independently developed by a Party without contribution, assistance or influence from the other party to this Agreement. Each Party will retain all rights, title and interest in their respective Background IP. Each Party hereby grants to the other Party a non-exclusive, nontransferable, paid-up, worldwide, royalty-free license under its Background IP as may be necessary for such other Party to perform its obligations under this Agreement.

VI. TERM OF THIS AGREEMENT

This Agreement is intended to be effective on February 1, 2020, or upon the signature of the two Parties, whichever event occurs last, for a term of three years from the date of final signature.

VII. DISPUTE RESOLUTION

Any disputes that may arise between the Port and DNR shall be governed under these Dispute Resolution provisions. The Port and DNR agree that cooperation and communication are essential to resolving issues efficiently. If disputes about the implementation of this Agreement arise, the Managing Director of the Maritime Division for the Port of Seattle and the Aquatics Division Manager for DNR shall meet to discuss and attempt to resolve the dispute in a timely manner. If the DNR's representative and the Port's Managing Director are unable to resolve the dispute, then the Parties are free to pursue any legal remedies. At all times prior to resolution of the dispute, the Parties shall continue to perform and make any required payments under this Agreement in the same manner and under the same terms as existed prior to the dispute.

VIII. INDEMNIFICATION AND HOLD HARMLESS

To the extent permitted by law, DNR will protect, defend, indemnify, and hold harmless the Port, its officers, employees and agents from any and all costs, claims, judgments, or awards of damages arising out of or in any way resulting from the negligent acts or omissions of the DNR, its officers, employees, or agents. DNR agrees that the obligation to indemnify, defend, and hold harmless the Port and its agents and employees under this provision extends to any claim, demand or cause of action brought by or on behalf of any employee of DNR against the Port, its officers, agents, or employees and includes any judgment, award and cost arising therefrom, including attorneys' fees that may arise under the execution of this agreement. For this purpose, DNR hereby waives, with respect to the Port only, any immunity that would otherwise be available against such claims under the Industrial Insurance provisions of Title 51 Revised Code of Washington (RCW). This indemnification shall survive the termination of this Agreement.

IX. DISCRIMINATION

The Port hereby certifies that it is an equal opportunity employer and has developed and implemented affirmative action policies pursuant to Port of Seattle Resolution #3628, paragraph 16 and other policies and procedures of the Port of Seattle. The two Parties agree that they will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, marital status, or disability. The two Parties agree that they will take affirmative action to ensure that all employment actions are without regard to race, color, religion, sex, national origin, marital status or disability. Such action includes but is not limited to employment, upgrading, layoff, or termination, rates of pay or other forms of compensation, or selection for training, including apprenticeship.

X. NOTICES

All notices to the parties under terms of this Agreement, unless otherwise specified herein, or as may be amended, shall be in writing, addressed as follows:

Department of Natural Resources
c/o Cinde Donoghue
Aquatic Assessment and Monitoring Team
1111 Washington St SE
Olympia, WA 98504

Port of Seattle
c/o Jon Sloan
Maritime Environment & Sustainability
2711 Alaskan Way
Seattle, WA 98121

XI. ENTIRE AGREEMENT

This Agreement is intended to express the entire agreement of the Parties and may not be altered or modified in any way unless such modification is reduced to writing, signed by both parties, and affixed to this original Agreement.

XII. RIGHTS AND REMEDIES The rights and remedies of the parties to this Agreement are in addition to any other rights and remedies provided by law except as otherwise provided in this Agreement.

XIII. ASSIGNMENT The parties will not assign, transfer, or otherwise substitute its obligations under the Agreement without the prior written consent of the other parties. Any assignment made in violation of this provision will be null and void and confer no rights whatsoever on any person.

XIV. ADDITIONAL SERVICES, MODIFICATION, AND TERMINATION

The parties may negotiate additional and non-standard services, which must be agreed to in writing prior to implementation.

Any modifications to this Agreement may be modified by the mutual agreement of the parties under the same formalities with which this Agreement was executed and must be in writing.

Either party may terminate this Agreement upon written notice to the other Party, in which DNR shall promptly transmit a final invoice for work not previously invoiced and the Port's payment shall be due to the DNR within 30 days of receipt of a request for payment.

XV. APPLICABLE LAWS AND VENUE

This Agreement will be governed by, and construed and enforced in accordance with, the laws of the State of Washington. Any legal action brought resulting from this Agreement shall be brought in the Superior Court of Thurston County, Washington.

XVI. SEVERABILITY

If any court determines that any provision of this Agreement is invalid or unenforceable to any extent, the remainder of the Agreement shall not be affected thereby and each other term, covenant or condition of this Agreement shall be valid and enforced to the fullest extent permitted by law.

XVII. WAIVER OF DEFAULT

Waiver of any default by either Party shall not be deemed to be a waiver of any subsequent default. Waiver of breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach. Waiver of any default or breach shall be interpreted or construed to constitute a modification of the terms of this Agreement, unless so stated in writing and signed by both Parties.

XVIII. MUTUAL NEGOTIATION

The Parties agree that the terms and provisions of this Agreement have been negotiated, that the Agreement shall be deemed to be mutually negotiated and mutually drafted by both Parties, and the language in the Agreement and Exhibits shall, in all respects, be construed according to its fair meaning and not strictly for or against either Party.

XIX. LEGAL OBLIGATIONS

This Agreement does not relieve either Party of any obligation or responsibility imposed upon it by law. No third-party beneficiaries are intended to be created by this Agreement and no third party, by law or equity, may enforce this Agreement against the Port or DNR, their officers or elected officials, or any person.

DNR Agreement # 93-100877

XX. COUNTERPARTS

The Parties may execute this Agreement in counterparts, which, taken together, constitute the entire Agreement.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the day and year set forth below their signatures.

**STATE OF WASHINGTON
DEPARTMENT OF NATURAL RESOURCES**

PORT OF SEATTLE

Signature

Signature

Katrina Lassiter _____
Printed Name

Printed Name

Acting Aquatics Deputy Supervisor _____
Title

Title

Date

Date

APPENDIX A



**COMMISSION
AGENDA MEMORANDUM**

Item No. 8b

ACTION ITEM

Date of Meeting April 14, 2020

DATE: February 22, 2020

TO: Stephen P. Metruck, Executive Director

FROM: Sandra Kilroy, Director, Maritime Environment & Sustainability
Jon Sloan, Sr. Manager, Environmental Programs

SUBJECT: Interlocal Agreements to support Smith Cove Blue Carbon Monitoring Study

Amount of this request: N/A
Total estimated project cost: \$250,000

ACTION REQUESTED

Request Commission authorization to execute Interlocal Agreements with the Washington State Department of Ecology (Ecology) and Washington State Department of Natural Resources (DNR) to support a three-year evaluation of carbon sequestration, water quality improvement, and ecological productivity associated with the Smith Cove Blue Carbon Pilot Project.

EXECUTIVE SUMMARY

The design and construction of the Smith Cove Blue Carbon Pilot Project was included in the 2018 Maritime Division expense budget. The port subsequently contracted with Puget Sound Restoration Fund and Grette Associates to implement the work. The project work was completed, and now in ongoing monitoring and adaptive management. Subsequent to the project authorization, staff was approved to use \$250,000 in previously authorized Energy & Sustainability Committee funding to support a long-term evaluation of project benefits. To that end, staff proposes to engage Ecology and DNR to assist with data collection, analysis, reporting, and public outreach. The partnership will require two separate interlocal agreements (ILAs) to formalize the scope of work and financial relationship.

JUSTIFICATION

Kelp and eelgrass have been widely recognized as keystone habitats for a wide range of fish and wildlife species. Researchers have also begun to recognize that they are effective “carbon sinks,” storing as much as a third-of-a-ton of carbon per acre per year. In that light, the Smith Cove Blue Carbon Pilot Project was undertaken to make progress on Long Range Plan Objective 15, Priority Action 4, “Optimize PORTfolio park and habitat restoration sites to sequester greenhouse gases

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(GHG's)”; and, Objective 17, “Restore, create, and enhance 40 additional acres of habitat in the Green/Duwamish Watershed and Elliott Bay.”

The degree to which the project can be credited towards either of these two objectives, however, is based on assumptions from the academic literature. To that end, a long-term data collection and analysis effort has been developed. The effort will contribute to knowledge and expertise applicable to kelp, eelgrass and shellfish restoration in urban environments, and confirm the ability to make important water quality and habitat improvements in Elliott Bay. The Smith Cove project will demonstrate the port’s regional leadership in achieving balanced economic and environmental benefits, while providing a case study for other agencies and interests to implement similar blue carbon projects.

DETAILS

The Smith Cove Blue Carbon Pilot Project has specific habitat restoration elements that will be evaluated for carbon sequestration, water quality (specifically seawater acidification) benefits, and habitat productivity. These elements include bull kelp, eelgrass and Olympia oyster beds installed between 2018-2020. If approved, Port staff will work the Washington State Departments of Ecology (Ecology) and Natural Resources (DNR) to study and evaluate project effectiveness and benefits of the elements.

The Interlocal Agreements (ILAs) that are required to formalize this arrangement will include the following provisions:

- ILA with DNR: The Port will provide \$163,500 in funding to support 50% of a Natural Resource Scientist II position to assist with the Smith Cove study in collaboration with Port staff. The DNR Scientist II will collect pH data, shellfish survival rates, and other data for three years, as part of the *Acidification Nearshore Monitoring Network* (ANEMONE) program. The ANEMONE program includes nine study sites (including Smith Cove) where pH measurements are being taken over time to measure the rate and magnitude of seawater acidification in Puget Sound.
- ILA with Ecology: The Port will provide \$36,500 in funding to Ecology to support high-level technical oversight, analysis, and participation by Dr. Micah Horwith, Washington State’s ocean acidification (OA) expert. Smith Cove will be integrated into his ongoing ocean acidification monitoring program, including at least two vessel-based data collection events.
- DNR and Ecology will create a *Community-Based Science Plan* to allow for participation in the Smith Cove study by members of the Port’s neighboring communities. The DNR Scientist II will manage the community-based science program in collaboration with Port Community Affairs staff.

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- Ecology data and ANEMONE program data will be combined and analyzed by Dr. Horwith and the DNR Scientist II, who will collaborate to present findings to the Port and community partners on an annual basis for three years.
- At the end of the three-year study period, DNR and Ecology will produce a Final Report.

Depending on the results of this work, additional kelp, eelgrass and oyster restoration may be promoted as a way to contribute to the Port's greenhouse reduction goals, reduce seawater acidification, and provide habitat for imperiled species of fish and wildlife.

Schedule

The majority of pre-project baseline data collection occurred in 2017-2018. The development of the long-term study plan occurred in collaboration with Ecology and DNR in 2019 and will be updated upon approval of the ILAs. The proposed study will include limited additional baseline data collection, followed by extensive monitoring over a three-year period.

Activity

Commission approval – E&S Committee funds	Sept. 11, 2018
Commission request – Ecology & DNR ILAs	March 25, 2020
Additional kelp and oyster restoration	2020
Year 1 monitoring	2020
Year 2 monitoring	2021
Year 3 monitoring	2022
Final report	2023

Cost Breakdown

	This Request	Total Project
Study Plan/Design	\$0	\$0
Study implementation	\$250,000	\$250,000
Total	\$250,000	\$250,000

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1. Engage consultants to undertake the study rather than Ecology and DNR.

- Cost: >\$360,000
 Pros: Utilizes existing IDIQ contracts.
 Cons: Exceeds authorized budget for study.

This is not the recommended alternative

Alternative 2. Engage UW researchers and students rather than Ecology and DNR.

- Cost: >\$500,000

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- Pros: Enhances port's relationship with UW. Scientific bandwidth of UW adds credibility.
- Cons: Cost is significantly higher than Ecology/DNR and exceeds authorized budget. Also, effort is limited by constraints associated with school year and availability of UW staff/students.

This is not the recommended alternative

Alternative 3. Execute ILA's with Ecology and DNR to undertake study.

- Cost: <\$250,000
- Pros: Engages public-agency partners that are already undertaking this type of work in the area. Aligns with community-based science initiative getting underway at DNR.
- Cons:

This is the recommended alternative

FINANCIAL IMPLICATIONS

The Smith Cove Blue Carbon Pilot Project was funded for \$295,000 in the 2017-18 Maritime Division expense budget. The Commission authorize use of an additional \$250,000 in 2018 to support the long-term study. No additional funding is being requested.

Cost Estimate/Authorization Summary

	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$0	\$0	\$0
AUTHORIZATION			
Previous authorizations	0	\$545,000 ¹	\$545,000
Current request for authorization	0	0	0
Total authorizations, including this request	0	0	\$545,000
Remaining amount to be authorized	\$0	\$0	\$0

¹ Includes \$295k authorized in 2018 Maritime Division expense budget and \$250k authorized in Energy & Sustainability Committee funding (\$1m)

Annual Budget Status and Source of Funds

Funds from the Energy & Sustainability Committee needed to implement the ILAs are previously authorized and will be allocated in the 2020-23 expense budgets. No funds are being requested as part of this authorization.

Meeting Date: April 14, 2020

Financial Analysis and Summary

Project cost for analysis	N/A
Business Unit (BU)	N/A
Effect on business performance (NOI after depreciation)	N/A
IRR/NPV (if relevant)	N/A
CPE Impact	N/A

Future Revenues and Expenses (Total cost of ownership)

N/A

ATTACHMENTS TO THIS REQUEST

- (1) Presentation slides
- (2) Draft-Final Interlocal Agreements (ILAs) w/ Ecology and DNR

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

Sept. 11, 2018 – The Commission moved to approve the Smith Cove Blue Carbon Pilot Project as a recipient of Energy & Sustainability Committee funding

Interlocal Agreement: Washington State Department of Natural Resources

Smith Cove Blue Carbon Monitoring Study

February 9, 2021



Smith Cove Project Goals

- Investigate carbon sequestration potential
- Improve water quality
- Improve fish & wildlife habitat
- Enhance understanding of restoration techniques for kelp, eelgrass, and oyster in Central Puget Sound



Purpose of the ILA

- Request approval of a revised ILA with DNR to remove specific indemnity language (approved by legal).
- Draft ILAs were approved in April 2020.
- The Smith Cove Study requires ILAs with the Department of Ecology (Ecology) and the Department of Natural Resources (DNR) for implementing the monitoring plan.
- The revised ILA does not alter DNR's scope.

DNR Responsibilities

DNR

- Provide 50% of a Scientist II position for 3 years
- Monitor water quality/seawater acidity (pH) and shellfish survival
- Include site in the State's *Acidification Nearshore Monitoring Network* (ANEMONE)
- Incorporate volunteer participation through a community-based science plan
- Maintain/repair water quality sensors and other equipment at the site
- Generate a final report summarizing findings

Port Responsibilities

- Provide \$163,500 in funding to DNR to support the Scientist II position and community-based science involvement
- Provide access to the Smith Cove site and equipment
- Coordinate activities between Ecology, DNR, Puget Sound Restoration Fund, consultants, port, and community

Smith Cove Progress and Next Steps

2020

- Mapped distribution of cultch shell distribution at Smith Cove;
- Collection of central Puget Sound Olympia oysters for propagation
- Natural set capture for oyster seed;
- Kelp enhancement activities in (March 2020)
- Deployed data loggers to record light levels and temperature

2021

- Placement and monitoring of Olympia oysters (COVID-19 delay in 2020)
- Investigate kelp limiting factors along Seattle shoreline
- Eelgrass monitoring
- Kick-off monitoring program with DNR and Ecology

Schedule

Commission approval – E&S Committee funds	Sept. 11, 2018
Commission request – Ecology & DNR ILAs	April 14, 2020 and February 9, 2021
Additional kelp and oyster restoration	Spring 2020 – Spring 2021
DNR Requests revisions to ILA; Ecology ILA finalized	Fall 2020
Year 1 monitoring	Fall-Winter 2020
Year 2 monitoring	2021
Year 3 monitoring & Final Report	2022

**COMMISSION
AGENDA MEMORANDUM**

Item No.

8h

ACTION ITEM

Date of Meeting

February 9, 2021

DATE: February 9, 2021

TO: Steve Metruck, Executive Director

FROM: David McFadden, Managing Director Economic Development
Kyra Lise, Director of Real Estate Development

SUBJECT: SR509 Right-of-Way Surplus Acquisition

Amount of this request: \$3,150,000

Total estimated project cost: \$3,150,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute a purchase and sale agreement to acquire SR509 Surplus property in Des Moines, WA for \$2,900,000 plus associated fees, including predevelopment costs, due diligence and feasibility studies. The property will support development of an adjacent Port-owned property and add value to the overall development of this site.

EXECUTIVE SUMMARY

The Port of Seattle and Washington State Department of Transportation (WSDOT) have agreed to terms to acquire a 14-acre WSDOT-owned parcel located on S. 216th Street in Des Moines, WA. This parcel is identified as the SR509 Surplus Site and was designated as a right-of-way for the former SR509 extension project. This section of the highway extension is now obsolete and the Port is interested in buying this parcel in order to connect two other Port properties on both adjacent sides of the subject parcel.

This Port acquisition will allow all parcels to be one contiguous parcel with a direct connection to the Des Moines Creek Business Park. This new contiguous section will be called "Des Moines Creek West" (DMCW) and be part of a long-term ground lease development strategy slated for Q2 2021 Request for Proposals (RFP).

Port staff has completed various due diligence activities on the property so the Port can issue this RFP soon after the purchase in collaboration with the Aviation Division. The property is currently vacant forest land.

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Sellers (WSDOT) of the SR509 Surplus Property have accepted the Port's offer of \$2,900,000. This price has been substantiated by our own appraisal, their appraisal and a final third appraisal that both parties (buyer and seller) have agreed to.

The investment made at Des Moines Creek-West will help fulfill the goals and economic benefits of the Port of Seattle's Century Agenda in the following ways:

- Support SEA operations by generating income for the Aviation division and developing property for aviation suppliers, logistics and support operations;
- Development of DMCW will create jobs and provide economic benefits to the City of Des Moines and surrounding communities.
- Will complement the nearby Des Moines Creek Business Park by adding additional best-in-class industrial inventory that will continue to attract and retain growing firms, keeping jobs within King County and the nearby region.
- The infill location of Des Moines Creek-West will help reduce sprawl by creating new light industrial facilities adjacent to current road infrastructure, highways, and public transportation.

Land Summary

The site is a 14.3-acre vacant land parcel with an irregular shape. Based on soil surveys and other initial research, the site has reasonable level areas, but the northern portion is impacted by moderate slopes. Based on the information available, the wetlands and buffers also impact 72% of the site leaving four acres of usable land area.

JUSTIFICATION

Acquiring the WSDOT property enhances development of the Port's DMCW property, which flanks this property on both sides of the subject. Assembling these parcels results in a larger and more regularly shaped parcel, which is more conducive to development. The WSDOT property favorably impacts overall development of DMCW by allowing developers to maximize overall use of the properties, significantly provide more jobs and increase land rent revenues by 46%.

The DMCW property was originally purchased to support development of the third runway at Seattle Tacoma International Airport (SEA). Developing DMCW can further develop the aviation supply chain and drive SEA efficiencies. The development also creates jobs for the City of Des Moines and generates favorable economic impacts for the city and surrounding communities.

The property development can also generate income to support SEA operations and capital projects. Additionally, the development can advance Port Diversity in Contracting and Workforce Development goals.

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The new assemblage would have good visibility and access to I-5 and SR509. The larger industrial market continues to have low vacancy rates along with rising rents. The demand fueling rent growth and low vacancies over the past ten years has attracted a lot of new development. The strong and positive absorption rates show new deliveries are quickly being absorbed. Current vacancy of less than 5% is well below the historical average of 9.9%. In addition, rent growth has averaged over 7% over the last five years (2016-2020), indicating demand remains strong in the face of new supply.

Given strong market demand for industrial property it is an excellent time to develop DMCW. We are also well prepared to go to market. The City of Des Moines and the Port have worked over the past couple years to widen adjacent roadways and improve overall access to this site and general area.

The larger property can support up to 300,000 square feet of light industrial warehouse facilities. Tenants may include food processors, manufacturers, and logistics providers that support the aviation and air cargo industries.

DETAILS

Upon Commission authorization staff would execute the purchase sale agreement (PSA) with WSDOT. Staff will also work with the City of Des Moines to merge these parcels through a boundary line adjustment process. On a parallel path, we will begin the RFP process which will determine a development partner, who we will ultimately negotiate a long term ground lease agreement with, and they would subsequently begin pre-development, entitlements and permitting, build the facilities and finally, procure a final end user / tenant.

Schedule***Activity***

Commission purchase authorization	Q1 2021
RFP Procurement and Land Assemblage	Q2 2021
Execute Long Term Land Lease	Q1 2022
Begin Construction	Q2 2023
Certificate of Occupancy	Q3 2024

ALTERNATIVES AND IMPLICATIONS CONSIDERED**Option One: Do Nothing – Pass on Acquisition Opportunity****Cost Implications:** None**Pros**

- Retains Port capital for other priority projects and finance initiatives.

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- The property could remain available for an unknown airport operational purpose and expansion of adjacent property development at a later time.

Cons

- Potential to lose this aviation supportive land to a non-compatible and non-aviation /Industrial use.
- Loss of ability to add additional light industrial space in the City of Des Moines.
- Missed opportunity to lead or help with wetland remediation and environmental enhancement at this site.

This is not the recommended option

Option Two: Purchase the vacant surplus property

Pros

- The purchase would protect and reserve future industrial land development and provide needed space for local distribution and manufacturing companies related to the aviation sector.
- The property assemblage is adjacent to the highly successful Des Moines Creek Business Park.
- The property would support new job creation. 1 new 300,000 square foot light industrial facility typically supportive of 400 jobs.
- The property provides the Port a wetland remediation opportunity.
- Environmental liabilities and buffers are balanced by reduction in purchase price.

Cons

The acquisition and development use Port capital at a time when there are other competing needs with limited long-term financial capacity.

This is the recommended option

Option Three: do not purchase, and develop only Port-owned parcel

Cost Implications: Site Due Diligence and associated predevelopment costs of approx.. \$250,000

Pros

- Retains Port capital for other priority projects and finance initiatives.
- Develop adjacent 14 acre property, although limited, but still feasible.
- The property could remain available for an unknown airport operational purpose and expansion of adjacent property development at a later time.

Cons

- Potential to only create half as many jobs as the larger project can deliver.
- Loss of half of ground rent revenue that will be attained by larger project.

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- Missed opportunity to satisfy the air cargo market with a larger light industrial building.

This is not the recommended option

FINANCIAL IMPLICATIONS

Annual Budget Status and Source of Funds

The purpose of purchasing, and the ultimate assemblage of Des Moines Creek-West is to put the property back into productive use with an aviation supportive and compatible development. To ensure a Fair Market purchase price for the land, the Port and the seller appraised the property in its current condition and then both parties agreed to a third and final appraisal of \$2.9m. This ensures the Port starts off with a low land cost basis which will ensure healthy financial returns.

We are confident that the future lease proposals on this land assemblage that the eventual RFP will present, will exceed the financial expectations and addresses the aspirational goals set by Commission for a property that has otherwise remained fallow and vacant for decades.

Financial Analysis and Summary

Initial project cost for analysis*	\$3,150,000
Business Unit (BU)	Aviation - Airport Development Fund
Effect on business performance (NOI after depreciation)	Revenue, Expense, and Depreciation is planned to stabilize at the end of year 3 with NOI after Depreciation of approximately 21%
IRR/NPV (if relevant)	IRR 7.8%
CPE Impact	N/A

Future Revenues and Expenses (Total cost of ownership)

ATTACHMENTS TO THIS REQUEST

- (1) Appraisal Summary
- (2) Purchase Sale Agreement
- (3) DMCW Analysis and Conceptual Options
- (4) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None

Appraisal Report

SR 509 Surplus Land | Des Moines, WA 98198

as of August 10, 2018



Prepared for

Port of Seattle
Mr. Daniel Alhadeff

Prepared by

David Chudzik, Ph.D., MAI, CRE

KM Job A19-0087

Kidder Mathews
Valuation Advisory Services
601 Union Street, Suite 4720
Seattle, WA 98101
206.205.0222 | Fax 206.205.0220
dchudzik@kiddermathews.com
kiddermathews.com

March 8, 2019

Mr. Daniel Alhadeff
Port of Seattle
PO Box 1209,
Seattle, WA 98111

RE: SR 509 Surplus Land
XXX S. 216th Street
Des Moines, WA 98198

Dear Mr. Alhadeff:

At your request, we have prepared an appraisal of the above-referenced property, which is described in the attached report. The subject is a 623,734 sq ft or 14.32-acre vacant land parcel which is a portion of an earlier proposed extension of the SR 509 that was never built. We have inspected the subject property and obtained data regarding other similar real estate in the area. This report has been prepared in conformance with the current Uniform Standards of Professional Appraisal Practice (USPAP), as formulated by the Appraisal Foundation. In addition, our services comply with and are subject to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute as well as the WSDOT ROW manual.

The intended use of this appraisal is to assist Port of Seattle to support setting a purchase price for potential acquisition of the subject. This report may not be suitable for other uses.

As a result of our investigation and analysis, we have concluded on the following fee simple market value, subject to the limiting conditions and assumptions contained herein:

“As Is” Value, as of August 10, 2018\$2,900,000

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Dil Chudzik'.

David Chudzik, Ph.D., MAI, CRE
State-Certified General Real Estate
Appraiser #1102099

DMC/sh

Certification

I certify that, to the best of my knowledge and belief:

- 1) The statements of fact contained in this report are true and correct.
- 2) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- 3) I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- 4) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- 5) My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- 6) My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- 7) The reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
- 8) I have made a personal inspection of the property that is the subject of this report. The comparables were all confirmed with appropriate sources as indicated in the report.
- 9) David Chudzik has not provided professional appraisal or consulting services concerning the subject property once within the past three years.
- 10) No one provided significant real property appraisal assistance to the person signing this certification.
- 11) The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
- 12) The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
- 13) As of the date of this report, David Chudzik, Ph.D., MAI, CRE has completed the continuing education program for Designated Members of the Appraisal Institute.



David Chudzik, Ph.D., MAI, CRE
State-Certified General Real Estate
Appraiser #1102099

Limiting Conditions

Limiting conditions specific to this appraisal are:

- 1) The appraiser has made no survey of the property and assumes no responsibility in connection with such matters. Any sketch or identified survey of the property included in this report is only for the purpose of assisting the reader to visualize the property.
- 2) I assume that there are no hidden or unapparent conditions of the property, subsoil, or structures (including asbestos, soil contamination, or unknown environmental factors) that render it more or less valuable. No responsibility is assumed for such conditions or for arranging the studies that may be required to discover them.
- 3) No responsibility is assumed for the legal description or for matters including legal or title considerations.
- 4) The information identified in this report as being furnished by others is believed to be reliable, but no warranty is given for its accuracy.
- 5) The appraiser is not required to give testimony or attendance in court by reason of this appraisal unless arrangements have previously been made.
- 6) The allocation of total value to land, buildings, or any fractional part or interest as shown in this report, is invalidated if used separately in conjunction with any other appraisal.
- 7) The appraiser is competent and qualified to perform the appraisal assignment.
- 8) Valuation Advisory Services is a subsidiary of Kidder Mathews, a full service commercial real estate brokerage firm. On occasion, employees or agents of the firm have interests in the property being appraised. When present, interests have been disclosed, and the report has been made absent of any influence from these parties.

RESTRICTION UPON DISCLOSURE & USE:

Neither all nor any part of the contents of this report (especially any conclusions as to value, the identity of the appraisers or the firm with which they are connected, or any reference to the Appraisal Institute or to the MAI designation) shall be disseminated to the public through advertising media, public relations media, news media, sales media or any other public means of communication without the prior written consent and approval of the appraisers. No part of this report or any of the conclusions may be included in any offering statement, memorandum, prospectus, or registration without the prior written consent of the appraisers.

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Summary of Appraisal

Summary of Appraisal

Identity of Property	SR 509 Surplus Land XXX S. 216th Street Des Moines, WA 98198
Property Description	<p>The subject is a 623,734 sq ft or 14.32-acre vacant land parcel which is a portion of an earlier proposed extension of the SR 509 that was never built. The subject site is located at the north side S. 216th Street in Des Moines. The subject lies to the east of 15th Avenue S. and to the west of 24th Avenue S. It extends northerly to a point where S. 212th Street would intersect the parcel, but this street ends further west. A narrow strip of subject extends toward S. 212th Street at the intersection 15th Avenue S. The site irregularly-shaped and reasonably level in most areas but moderately sloped toward the north. Wetlands and associated setbacks appear to significantly impact the property. Based on the wetland information available, it is estimated that wetlands and buffers impact about 75% of the site, leaving about 25% or 4.3 acres as usable area. The property is zoned Business Park (B-P) by the City of Des Moines.</p> <p>Based on the requirements in the WSDOT ROW manual, the appropriate method to value the subject is to consider its value enhancement to the adjoining property to the west which is owned by the Port of Seattle, the potential acquirer of the subject. This method is essentially a reverse Before and After appraisal. The difference between the value of both assembled parcels (After) and the value of the abutting Port of Seattle property's standalone value (Before) is market value for the subject.</p>
Scope	Comprehensive appraisal with sales comparison approach
Intended User/Use of Appraisal	The intended use of this appraisal is to assist Port of Seattle to support setting a purchase price for potential acquisition of the subject. This report may not be suitable for other uses.
Property Rights Appraised	Fee Simple Estate
Extraordinary Assumption	It is an extraordinary assumption that the information provided by the client particularly information regarding property area, boundary line delineation and potential wetland areas is reasonably accurate and as described in this report. The use of this extraordinary assumption may

have affected the results of this report.

**Hypothetical
Condition**

None

Highest & Best Use

As Vacant
Industrial use

Value Conclusion

	As Is on August 10, 2018
After Value	\$11,600,000
Before Value	\$8,700,000
Difference /Subject Value	\$2,900,000

Date of Report

March 8, 2019

**Date of Last
Inspection**

August 10, 2018

**Effective Dated of
Appraisal**

August 10, 2018

Exposure Time

Three to six months



Aerial Photograph of Subject (North at Top)

Subject Photographs

Looking west along S. 216th
Street with the subject on the
subject



Looking north from S. 216th
Street at the subject



Looking north along trail
leading northward through the
subject



Subject Photographs

Looking northward along trail



Wooded area in central part of
subject looking roughly
eastward



Wooded area in central part of
subject looking roughly
westward



Subject Photographs

In central part of the subject
looking westward along a
primitive pathway



Trail in northern part of the
subject leading toward S. 212th
Street/15th Avenue S.



Stairway leading to trail in
northwestern part of the subject
at S. 212th Street



Introduction

Introduction

Identity of Property	The subject is a 623,734 sq ft or 14.32-acre vacant land parcel located in Des Moines.
ADDRESS	XXX S. 216th Street Des Moines, WA 98198
ASSESSOR'S TAX PARCEL NUMBER	The subject does not appear to be associated with a King County tax parcel number. The parcel numbers corresponding to the Port of Seattle property are 092204-9042 and 092204-9303.
LEGAL DESCRIPTION	<p>The legal description for the subject provided by the client is as follows:</p> <p>Beginning at a point opposite Highway Engineer's Station (hereinafter referred to as HES) 23+00 on the s 216th line survey of SR 509, SR 516 to Des Moines Way South and 60 feet Northerly, therefrom; thence Northeasterly to a point opposite HES 766+00 on the SR 509 line survey of said Highway and 220 feet Northwesterly therefrom; thence Northeasterly to a point opposite HES 772+05 on said line survey and 178.39 feet Westerly therefrom; thence Westerly, a distance of 75 feet to a point opposite said HES; thence Northerly 80 feet, more or less, to a point opposite HES 10+28.42 on the F6 line survey of said Highway and 85.26 feet Westerly therefrom, said point being on the Northerly line of the South half of the Northwest quarter of the Southwest quarter of the Northwest quarter of Section 9, Township 22 North, Range 4 East, W.M.; thence Easterly along said Northerly line to a point opposite HES F6 10+27.45 on said F6 line survey and 30 feet westerly therefrom; thence Northerly to a point opposite HES F6 12+91.08 on said F6 line survey and 25.45 feet Westerly therefrom; thence Northwesterly to a point opposite HES F6 14+13.05 P.T. on said line survey and 30 feet Southerly therefrom; thence Westerly parallel with said line survey to an intersection with the West line of said Section 9; thence northerly, along said West line 30 feet, more or less, to HES F6 19+84.89 A.P. on said line survey; thence Westerly along said line survey to HES F6 22+04.83; thence Northeasterly, to a point opposite HES F6 21+30 on said line survey and 50 feet Northerly therefrom; thence Easterly, parallel with said F6 line survey to a point opposite H.E.S. 777+00 on said SR 509 line survey and 155.03 feet Westerly therefrom; thence Southerly parallel with said Line Survey, to a point on the North line of the North 30 feet of the North half of the North half of the Northeast quarter of the Southwest quarter of the Northwest quarter of said section 9; thence easterly, along said north line to an intersection with the Easterly margin of said Highway, as described in Warranty Deed dated March 8, 1971, recorded May 6, 1971 under Recording No. 7105060274, said point being 110± feet easterly when measured at right angles or radially from said SR 509,</p>

line survey; thence Southerly to a point opposite HES 775+00 on said line survey and 110.85 feet Easterly therefrom; thence Southeasterly to a point opposite HES 773+00 on said line survey and 175 feet easterly therefrom; thence Southerly to a point opposite HES 766+00 on said line survey and 295 feet Easterly therefrom; thence southeasterly to a point opposite HES 30+22.76 on the s 216th line survey of said Highway and 60 feet Northerly therefrom; thence Westerly parallel with said line survey to the point of beginning.

Containing 623,734 square feet or 14.32 Acres, more or less.

The adjoining Port of Seattle properties have the following abbreviated legal descriptions:

Tax parcel 0922049303

S 170 FT OF E 130 FT OF N HALF NW QTR SW QTR NW QTR STR
09-22-04 LESS E 15 FT THOF FOR ROAD (18TH AVE S)

Tax parcel 092204-9042

POR SW 1/4 - NW 1/4 LY WLY & NLY SR 509 LESS S 170 FT OF E 130
FT OF N 1/2 - NW 1/2 - SW 1/4 - NW 1/4 LESS E 15 FT FOR RD LESS
POR FOR RD PER REC #'S 7204250337 & 7201070230 & 7210300307
& 308 LESS POR FOR RD PER SCC #'S 767788 & 753046

Ownership History

The subject is currently owned by the Washington State Department of Transportation. The owner is contemplating selling the subject to the Port of Seattle. This appraisal will assist the Port of Seattle in determining an offer/sale price.

Extraordinary Assumption

It is an extraordinary assumption that the information provided by the client particularly information regarding property area, boundary line delineation and potential wetland areas is reasonably accurate and as described in this report. The use of this extraordinary assumption may have affected the results of this report.

Property Rights Appraised

This is an appraisal of the fee simple estate. The definition of “fee simple estate” is as follows:

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Purpose of Appraisal The purpose of this appraisal is to estimate the market value of the subject property. The term “Market Value” is defined as:

The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date, and the passing of title from seller to the buyer under conditions whereby:

- a. the buyer and seller are typically motivated;*
- b. both parties are well informed or well advised, and acting in what they consider their own best interests;*
- c. a reasonable time is allowed for exposure in the open market;*
- d. payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- e. the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

Source: Office of the Comptroller of the Currency under 12 CFR, Part 34, Subpart C-Appraisals, 34.42 Definitions [g].

Scope of Appraisal This report has been prepared in conformance with the current Uniform Standards of Professional Appraisal Practice (USPAP). In addition, our services comply with and are subject to the Code of Professional Ethics and Standards of Professional Practice of the Appraisal Institute as well as the WSDOT ROW manual. Based on the requirements in the WSDOT ROW manual, the appropriate method to value the subject is to consider its value enhancement to the adjoining property to the west which is owned by the Port of Seattle, the potential acquirer of the subject. This method is essentially a reverse Before and After appraisal. The difference between the value of both assembled parcels (After) and the value of the abutting Port of Seattle property’s standalone value (Before) is market value for the subject.

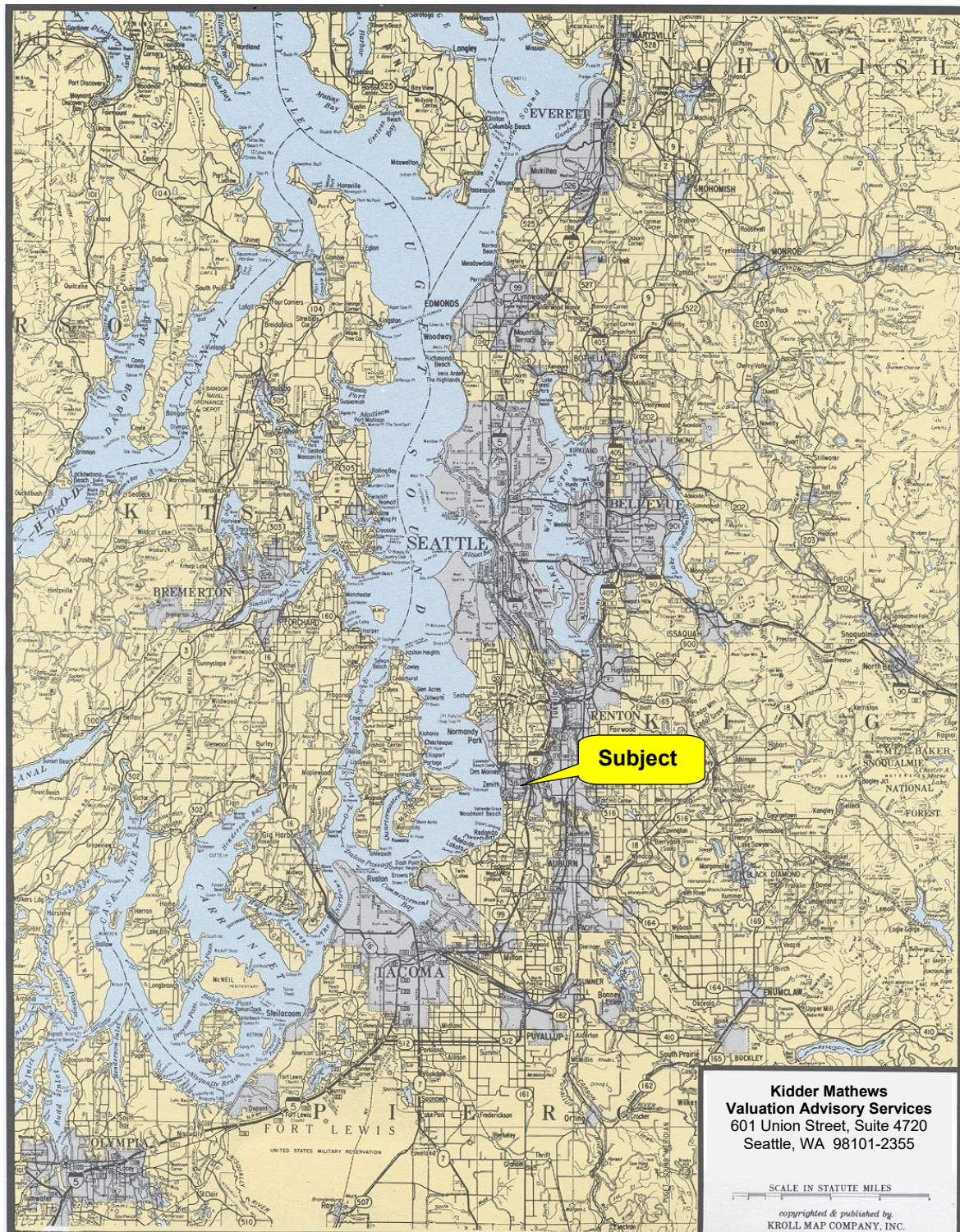
It is presented as a comprehensive appraisal report. In this report, the sales comparison approach is used as it is the primary method used to estimate land value. The cost and income approaches are not utilized as there are no significant improvements and land properties like the subject are not typically valued on an income basis.

- The subject was inspected on August 10, 2018.

- The research included both general and specific data. Sources of general data included in the market trends and neighborhood description are obtained from various sources that include Kidder Mathews field investigation, as well as information from various organizations and governmental resources.
- Specific data concerning the subject were obtained from various sources, including King County (assessed values and real estate taxes), the City of Des Moines (zoning) and the owner (survey, legal description, wetland information).
- In the sales comparison approach, sales were researched of similar land value properties in the surrounding areas. All the sales data were confirmed with a party involved in the transaction and/or through private sources or public records.

Intended User/Use of Appraisal	The intended use of this appraisal is to assist Port of Seattle to support setting a purchase price for potential acquisition of the subject. This report may not be suitable for other uses.
Date of Report	March 8, 2019
Date of Last Inspection	August 10, 2018
Effective Dated of Appraisal	August 10, 2018

Market Overview



Regional Map

Regional Overview

Introduction

The subject is located in the Puget Sound region of western Washington. The core of the market is comprised of King, Snohomish, and Pierce counties. Thurston is at the south end and Kitsap is on the west side.

National Overview

The national recovery has now lasted eight years with job growth continuing with only minor pauses during the past two quarters. The gain outside of base wage jobs that started in 2015 has slowed but is still trending upward. 2017 ended with 2.09 million new jobs, an increase of 1.4%. This follows 2.69 million in 2016 and 2.89 million in 2015. The forecast for 2018 is a further increase by 1.4% for 2018, and 1.1% for 2019. Unemployment was 4.1% in March 2018, 40 basis points (bps) down from March 2017. The unemployment rate has held steady at 4.1% over the past six months.

The GDP growth rate for 2017 was 2.3%, up from 1.5% in 2016. Improvement to 2.8% is expected in 2018 and 2.4% for 2019. The change reflects downturns in private inventory investment, non-residential fixed investment, personal consumption, and in state and local government spending. These were partially offset by higher federal government spending and exports.

Inflation was up to 2.1% in 2017 compared to 1.3% in 2016 following 0.1% in 2015 and 1.6% in 2014. The forecast is 2.1% for 2018 as well as in 2019.

Regional and National Economic Indicators

Annual Change										Forecast	
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Puget Sound Region											
Employment	-4.9%	-1.7%	1.6%	2.3%	2.8%	2.8%	3.0%	3.2%	2.9%	2.3%	1.4%
Personal Income	-1.6%	2.5%	6.1%	4.9%	2.6%	6.2%	4.4%	4.7%	4.3%	4.5%	5.2%
Consumer Price Index	0.6%	0.3%	2.6%	2.5%	1.3%	1.8%	1.4%	2.2%	3.0%	2.4%	2.3%
Housing Permits	-50.1%	31.5%	11.9%	51.8%	8.9%	16.9%	22.5%	-4.4%	9.4%	-17.2%	-1.4%
Population	1.5%	1.0%	1.0%	1.3%	1.4%	1.4%	1.7%	1.7%	1.5%	1.4%	1.2%
United States											
Employment	-4.4%	-0.7%	1.2%	1.7%	1.7%	1.9%	2.1%	1.8%	1.5%	1.4%	1.1%
Personal Income	-1.7%	3.7%	5.1%	4.2%	2.0%	4.4%	4.4%	2.4%	3.1%	4.5%	4.6%
Consumer Price Index	-0.3%	1.6%	3.2%	2.1%	1.5%	1.6%	0.1%	1.3%	2.1%	2.1%	2.1%
Housing Starts	-38.4%	5.6%	4.5%	28.0%	18.7%	7.8%	10.7%	6.1%	2.7%	5.2%	4.7%

Source: The Puget Sound Economic Forecaster, March 2018

Income and sales tax revenues continue a path of sporadic increases, providing limited economic lift. Home sales continue to be strong, although

new homes were restricted somewhat by low inventory throughout 2017, a trend that has continued into 2018. Prices continue to move up, especially in the top markets. Consumer confidence as measured by the Thomas Reuters/University of Michigan Index of Consumer Sentiment edged upward from 95.7 in January 2018 to 101.4 in March 2018. On average, the index was higher in 2017 than any time since 2000. There is good probability that the US economy will experience some downturn over the next five years as the current expansion would be the longest in the past 150 years if the economy continues expanding over the next two years. Prospects for renewed spending gains will depend on continued growth in jobs and wages, low inflation, and low interest rates. The small increases in interest rates in December 2017 had minimal impact on spending and, combined with a mild slowdown in job creation, kept unemployment rates lower. These changes are all anticipated to be small over the next year. Real personal consumption increased by 3.0% in 2017 but is down 0.2% through February 2018. The Measure of CEO Confidence, which bounced back in the 4th quarter made further gains in the 1st quarter of 2018. The measure now reads 65 up from 63 in the 4th quarter 2017. A reading of more than 50 points reflects more positive than negative responses. In other positive news, the help wanted online listings increased by 102,100 in March 2018. This continued an upward trend that started in 2015. In April, the head of the Federal Reserve announced that they will likely increase interest rates at least three times in 2018, which could affect projected employment and production growths.

Regional Overview

The Puget Sound region continues to be one of the best performing areas of the nation. Employment growth was nearly double (93%) the national average in 2017 following 79% higher in 2016, 38% in 2015 and 47% in 2014 and 65% in 2013. Since the depth of the recession in early 2010, the region has added 295,600 new jobs through the end of 2017. Year over year (February 2017-February 2018) has gained 69,180 jobs. A positive trend over the past year was an expansion of the job growth out from the core companies, specifically Amazon and other tech firms. The growth has also been strong in the lower wage categories, even with the recent increases in the State and Seattle minimum wages. The retail category has done well as retail sales have improved for 27 quarters year over year. Employment growth was 2.8% in 2014 and 3.0% in 2015, 3.2% in 2016 and 2.8% in 2017. Recent forecasts were revised upward to 2.3% in 2018 and 1.4% in 2019. The prospect of Amazon creating a second and equal headquarters potentially slows their growth in the Puget Sound market in coming years. Regardless, the employment growth is anticipated to continue.

With the strong employment growth and geographic constraints, the region is in demand for national and international investors. Apartments remain at a plateau at the peak of the cycle as prices continue to increase even as a large number of new units were delivered to the market and rent growth has started to moderate. Most of the office-based employment growth has occurred in the Seattle and Bellevue CBDs in King County, and these two markets have seen the bulk of new development. Industrial real estate has strong occupancy and high prices with institutions looking for traditional warehouse product and owner users dominating close-in Seattle markets. The retail market is strong in core trade areas. Daily needs retail—food and drugs—is the strongest sector. New home inventories are low and infill construction is active.

Population

During the past 40 years, the population of Washington has grown by an average of approximately 20% per decade, according to the Puget Sound Regional Council (PSRC). The five counties that comprise the Central Puget Sound Region and account for 59% of Washington's 2017 population (7,310,300) experienced a population increase of 13.7% during the previous decade. The region's growth rate was 2.0% in 2017, 2.2% in 2016, and 1.6% in 2015, with in-migration fueled by job growth. A minor slowing was anticipated in 2017 to 1.5% (OFM data shows growth of 2.0%, June 2016–June 2017), then to 1.3% in 2018.

Employment

Regional employment is at an all-time high, well above the previous high in 2009. The recovery began in 2011. Year over year region wide employment growth was a robust 3.1%; 4.0% in King, 4.0% in Snohomish, 1.4% in Kitsap, 1.3% in Thurston, and 0.9% in Pierce.

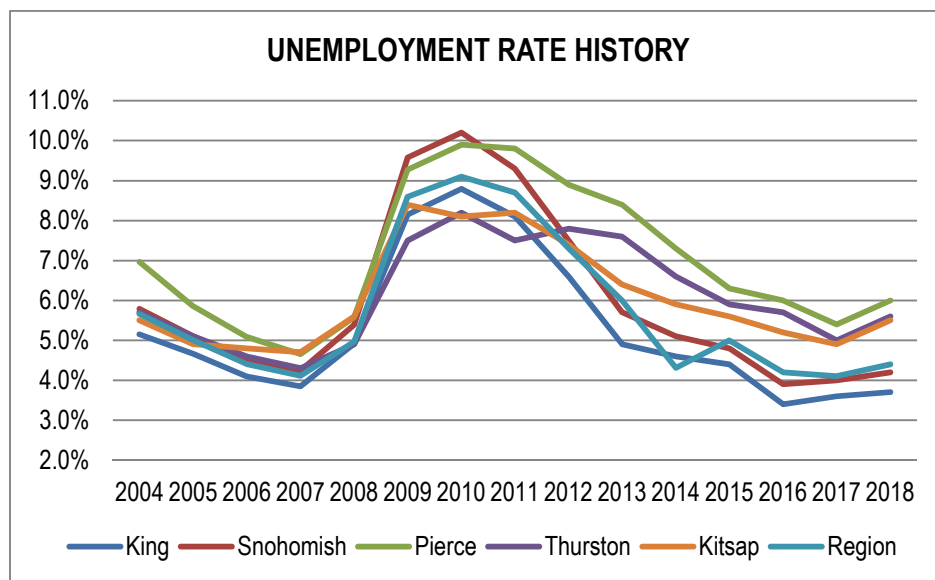
Non-Farm Employment

County	Feb-17		Feb-18	
	Jobs	Unemp.	Jobs	Unemp.
King	1,178,941	3.6%	1,225,543	3.7%
Snohomish	401,757	4.1%	417,729	4.2%
Pierce	390,988	5.9%	394,324	6.0%
Thurston	126,726	5.6%	128,423	5.6%
Kitsap	113,450	5.4%	115,023	5.5%
Region	2,211,862	4.3%	2,281,042	4.4%

Source: Washington State Employment Security Department

In the individual projections, King and Snohomish showed the fastest recovery. Pierce and Thurston took more time with the cutback of government jobs kicking the rate back up in 2012. In January, State Farm

announced they will be leaving Tacoma by the end of 2018. 1,400 jobs will be lost, although 800 of these are relocating to DuPont, so overall, a net loss of 600 jobs in the County.



The unemployment rate has leveled off but remains at historic low levels that continue to decline, moderated slightly by the return to the labor force of those persons uncouncted (unemployed but not actively seeking employment) and under-employed, both of whom are not reflected in the current calculation.

Amazon has been the biggest single contributor to employment growth. The company's employment in the state is about 40,000, with more than 25,000 in Seattle. Amazon shows no signs of slowing anytime soon. The company's confidence in that was underlined by the completion of two 1.1 million sq ft office buildings for its own use, and the starting of a third, along with addition leases announced for over for 0.65 million sq ft in other Seattle projects. As mentioned above, Amazon is currently searching for a second headquarters location. Selection of the location is currently in progress. Amazon current speculates that both headquarter sites will have about 50,000 employees. Microsoft had more local employees at 47,113 as of June 2017 but the growth rate is much lower. The second headquarters will likely cap Amazon's local growth. Significant expansions are being made by Facebook, Tableau, Zillow, Apple, and Google.

The region's largest employer remains Boeing with a total of 65,829 in Washington as of the beginning of January 2018, down nearly 5,300 jobs in 2017. Almost all of those employees are in King, Snohomish, and

Pierce counties. Boeing employment was 6.3% of the region in 1997 and this has declined to 3.0% as of December 2017. There is less hope of future growth as Boeing continues to diversify in other states.

Economic Indicators

The finance, insurance, and real estate (FIRE) and construction sectors have recovered as commercial and residential construction continues to expand. Manufacturing losses were led by those Boeing jobs, with a myriad of smaller companies cutting back by smaller amounts. Many of those Boeing jobs have now been lost. Retail job gains follow the increases in retail sales volume. Sales growth continues its fifth plus year of increases with a robust gain in 2016. Growth was strongest in 2014, tapering slightly in 2015 and again in 2016. Retail sales through the first nine months of 2017 are up 6.1%.

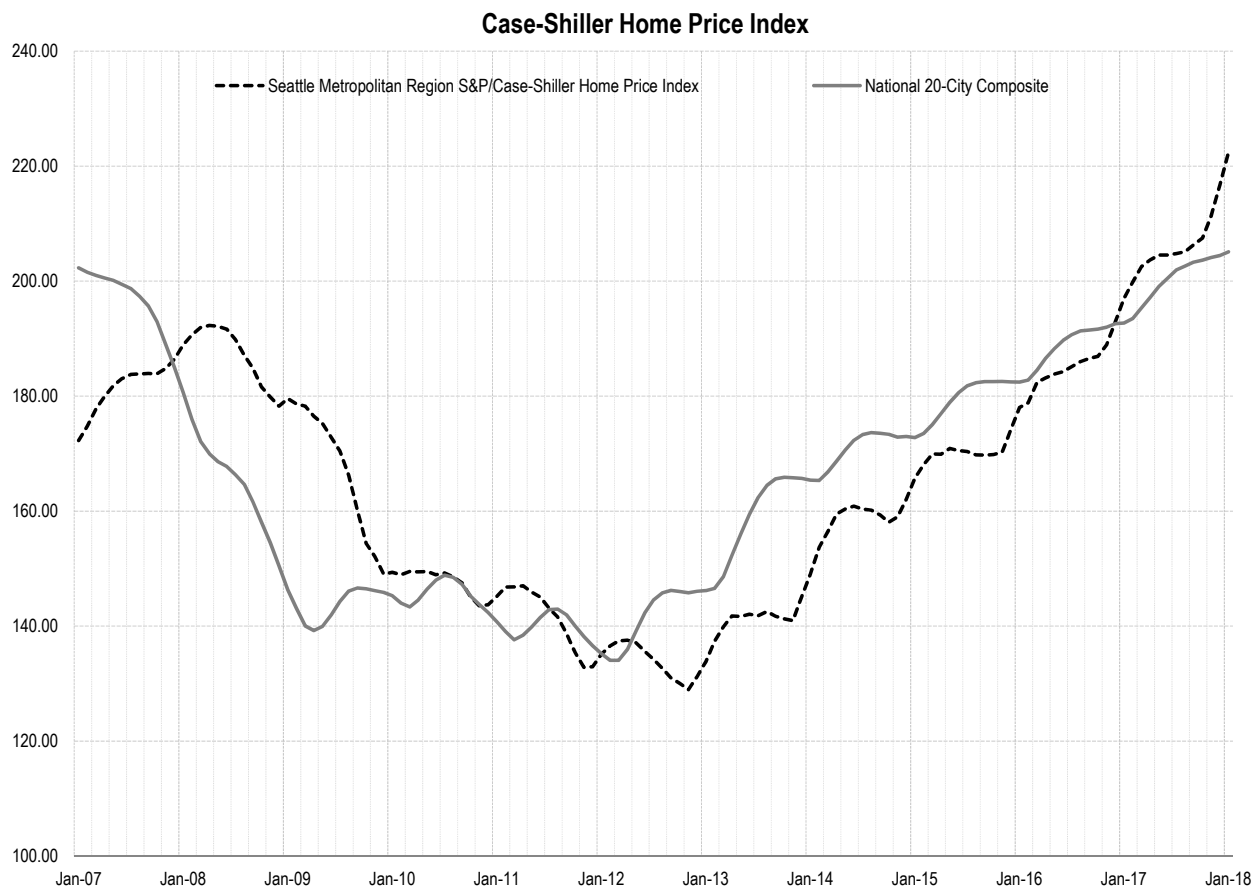
Washington State Retail Sales (\$,000)						
	2017	2016	2015	2014	2013	2012
4Q		38,412,020	35,933,056	33,372,252	31,172,889	29,435,885
3Q	41,310,158	38,497,518	35,845,087	33,249,625	28,788,875	28,766,782
2Q	38,657,150	36,795,596	33,883,425	30,973,320	28,998,096	26,803,035
1Q	34,215,275	32,364,927	29,712,715	27,248,916	25,985,522	24,028,170
Total	114,182,583	146,070,061	135,374,283	124,844,113	114,945,382	109,033,872

Source: Washington State Department of Revenue

Personal income increased an average of 4.7% between 2010 and 2016, spiking at 6.2% in 2014 and dropping to 4.4% in 2015, but increasing to 4.7% in 2016 and 4.3% in 2017. The forecast for 2018 is to be slightly higher at 4.5% and 5.2% in 2019. These gains are amplified by low inflation, which averaged 1.9% over the past five years. The CPI did increase 3.0% in 2017 and is expected to increase to 2.4% in 2018 and 2.3% 2019.

Regional Housing Market

The housing market has shown varying levels of recovery, based on location and price point. Sales started to recover in 2012 with a 20% increase in King and Snohomish Counties. Pierce County remained soft, increasing only 3.5%, reflecting a lack of job growth. Values also first started to recover in 2012. These trends have continued through 2017. Median prices in King County increased by 14.4% over 2016, with new home sales up 7.1%. Snohomish was up 13.0% (also up 8.6% in new home sales) and Pierce gained momentum, up 11.6% (up 20.8% in new home sales). Smaller increases were experienced in Kitsap and Thurston counties. Sales volume in December 2017 totaled \$3.34 billion, up 15.2% from one year ago. Sales volume in March 2018 was \$3.38 billion up 9% from one year ago. This growth is across the board, felt in all five counties.



Standard & Poor's Case-Shiller Index improved for each month since May 2012 except for some minor seasonal dips during the 3rd quarters of select years. Improvement was 11.8% in 2013, 8.5% in 2014, 7.9% in 2015, 10.9% in 2016, and 12.7% in 2017. Prices surpassed the peak reached in July 2007 in March 2016. As of January 2018, the Seattle index was 234.19, up 12.9% over the past 12 months and now 20.4% above the 2007 peak. The national prices are also increasing but are still down 0.2% from their peak, but still up 6.4% over the past 12 months. Improvement has been stronger in Seattle's close-in neighborhoods and on the Eastside around Bellevue. In those markets, inventory levels are very low, creating over-bids in popular neighborhoods.

Housing-permit activity increased by 16.9% in 2014 and 24.4% in 2015. This reversed in 2016 with a 4.4% decrease in permits but increased 9.4% in 2017. That trend is expected to drop 17.2% in 2018 and -1.4% in 2019 as single-family and multi-family permits are expected to drop with all of the projects already in the pipeline and the expected slowdown in employment growth.

Commercial Real Estate Markets

The region ranks in the top five national investment markets. Class A core apartments, office, retail, and industrial properties are all still on the institutional buyers' list with strong demand and pricing. Apartments have been at the top of the cycle for several quarters now. The other categories are still ascending. Vacancy rates in the region are as follows:

Regional Vacancy Rates-1Q 2018

Segment	Seattle	King	Pierce	Snohomish	Kitsap	Thurston
Office	7.1%	7.2%	6.4%	7.2%	7.6%	6.5%
Industrial	1.6%	3.4%	2.7%	4.5%	1.0%	3.3%
Apartment	6.8%	6.1%	4.4%	4.8%	4.7%	4.6%
Retail	1.9%	3.4%	5.4%	5.1%	6.8%	4.5%

Source: CoStar

Even though rent growth in the apartment market has started to moderate, prices continue to increase as cap rates remain very low, tied to low interest rates and the low perceived risk. This will be tested as new construction deliveries peak in 2018 in both the apartment and office categories. The apartment market continues to expand with nearly 19,000 units under construction in the region. The bulk of those are in larger projects in the area around the Seattle CBD, but development has begun to increase in the suburban markets as well.

The office market has seen most demand in the core markets like Seattle and Bellevue CBDs. Amazon is building for itself and remains one of the top lessees as well. Developers are building space for Facebook, Google, and Tableau.

Industrial leasing is strong but saw a slight slowdown in the 1st quarter of 2018. Rents continue to increase. Retail has shown improvement, with vacancy down and rental rates moving up in stable and strong trade areas. Both industrial and retail markets have been boosted by increased retail sales.

The lodging market saw improvement, reflecting the tourist draw of the region and strong conference business. However, occupancy rates are beginning to decline slowly in areas with rapid hotel development. Long term, each sector's expansion is limited by available land, a major reason that investors rank the region so highly.

Investors have begun to back off on some pricing parameters with fewer rent spikes and increased terminal capitalization rates as eventual interest

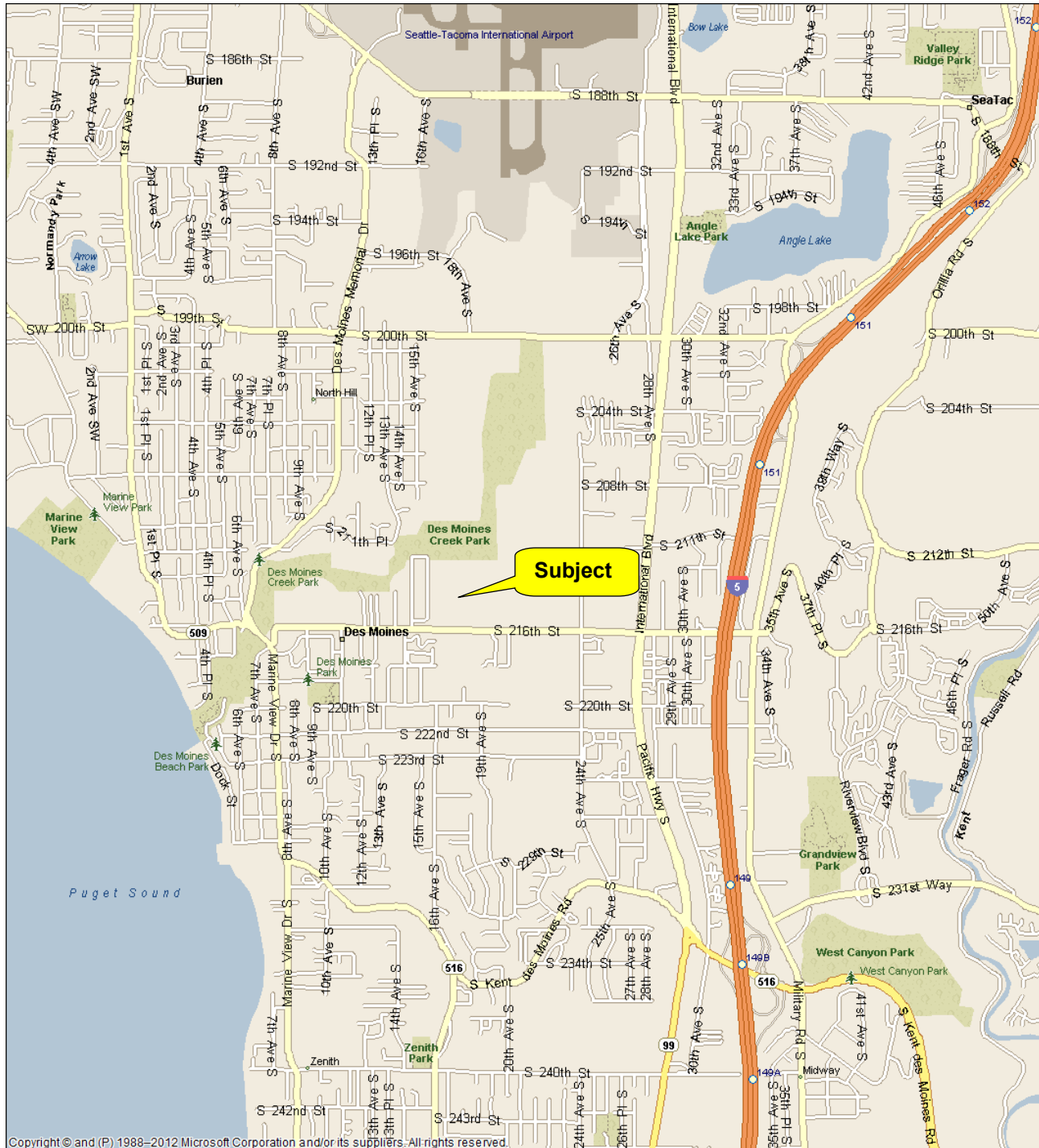
rate growth is acknowledged. That factor will likely have an effect on going-in rates at the next increase as the previous one was absorbed via lower equity return. Many investors do not plan to repeat that adjustment.

Area Market Summary

The long-term outlook for the region continues to be better than most markets nationwide. The recovery has been strong for five years. Job growth in 2017 was 2.9% following the 3.2% growth in 2016. Both of these were better than expected. The forecast for 2018 and 2019, but expected growth is to be lower. Retail sales have increased between 7.9% and 8.6% per year between 2014 and 2016. Through the first nine months of 2017, retail sales are up 6.1%. The region is expected to outperform most of the nation, based on the diversified core of the economy anchored by Microsoft, Amazon, and Boeing as specific examples. Even though Microsoft and Boeing shed jobs in 2014 and 2015 (and Boeing again in 2016 and 2017), those losses were covered by the growth of Amazon and other tech companies. The impact of Amazon's second headquarters on the regional economy remains to be seen, but it is sure to moderate growth.

Most of the local real estate markets are in some level of ascendance, or extended peak-plateau. Apartments are perched at a plateau. Pending supply is a major concern and there are some initial signs of vacancy increase and growing use of concessions. Still there are limited signs of descent near-term. Investment activity continues to increase primarily in the best quality properties in all categories by institutional investors. Sales have increased in the value-add sector of the office, apartment, and retail markets as the returns available on Class A properties are squeezed by high demand.

Slowing job growth in 2018 will test the apartment market since a large number of units are scheduled for completion in 2018 to 2019. This should have less effect on the office and retail categories where demand for space tends to lag job growth by a few quarters. The real estate markets in the region have solid fundamentals due to the broad-based economy.



Neighborhood Map

Neighborhood Description

Introduction

The subject is located in the city of Des Moines in southwest King County. The city is about 13 miles south of Seattle, 10 miles north of Tacoma, and 1.5 miles southeast of Seattle Tacoma International Airport. The city is located on the shores of the Puget Sound and includes six miles of shoreline and an active marina. The strategic placement between the region's two strongest ports has led to this being one of the more convenient bedroom communities in the region. Residents have relatively short commutes to either CBD and very easy access to the industrial Kent Valley.

Neighborhood Character

The immediate neighborhood consists primarily of retail, professional services, residential and industrial uses. Commercial uses are located along primary arterials particularly SR 99 known alternatively as International Boulevard and Pacific Highway S. Single family uses are located off of arterials.

The older downtown core of Des Moines is located to the west along the shore of Puget Sound. It comprises older storefronts and retail strips that include a mix of retail uses including restaurants, flower shops, hair and nail salons, an older single screen movie theater, and clothing shops. There is a mix of older office spaces and newer office buildings and fuel service stations located along this street as well. Almost all of the tenants are local businesses often owned by city residents.

The subject is west of a significant new industrial development known as Des Moines Creek Business Park which is being constructed by Panattoni. This an 87-acre business park with about 2 million square feet with distribution warehouse uses as well as offices for the FAA. This project is significant and has greatly increased the stock of newer industrial buildings in the immediate area.

To the west of the subject are primarily single-family residential neighborhoods.

Access

Des Moines has good regional access, with proximity to I-5 and Pacific Highway South (SR 99), which serves as a primary arterial on the eastern border of the city on which many retail services are located. The subject is located along International Boulevard (SR-99) the principle north-south arterial through the eastern portion of the city.

Demographics Seattle and surrounding areas continue to grow reflecting the relatively good economic conditions and high quality of life of the region that stimulate native growth and continued in-migration. Population growth within the three- and five-mile rings are below the county and state. Income levels and home values within the subject's immediate area, as seen in the one- and three-mile ring are below the county and state, reflecting a significant working class component.

Summary of Demographics

Demographics	Radius From Subject			City	County	State
	1-Mile	3-Mile	5-Mile			
2010 Population by Census	14,516	72,794	180,580	29,673	1,931,249	6,724,540
2018 Population Estimate	16,247	79,666	198,881	32,264	2,199,247	7,452,102
2023 Population Projection	17,477	84,393	210,949	34,096	2,375,574	7,950,929
Average Annual Growth Rate ('10-'18)	1.9%	1.5%	1.6%	1.4%	2.2%	1.7%
Projected Annual Growth Rate ('18-'23)	1.5%	1.2%	1.2%	1.1%	1.6%	1.3%
Current Estimates 2018						
Number of Households	5,657	30,496	74,470	12,466	789,232	2,620,076
Number of Housing Units	6,245	32,937	79,696	13,541	949,319	3,142,423
% Owner Occupied	37.4%	49.5%	48.1%	55.0%	53.2%	57.5%
% Tenant Occupied	53.2%	43.1%	45.3%	37.1%	40.7%	34.0%
% Vacant	9.4%	7.4%	6.6%	7.9%	6.2%	8.5%
Average Household Size	2.71	2.57	2.63	2.55	2.42	2.54
Median Age	33.3	37.4	36.8	40.4	38.3	38.4
Median Household Income	\$51,840	\$59,751	\$60,923	\$68,902	\$84,072	\$68,734
Per Capita Income	\$25,222	\$31,045	\$31,184	\$34,784	\$47,839	\$36,796

Source: STDB, August 2018

The demographic is generally less affluent than the broader region. Home ownership rates are also lower than the broader region.

Major areas of employment in Des Moines include manufacturing (13.4%) retail (9.2%), transportation/warehousing (9.9%) and health care (11.7%). This is a more blue-collar demographic and reflects a location close to Boeing facilities, Southcenter Mall and SeaTac airport.

Highline Community College

Highline Community College was founded in 1961 and is the first community college in King County, Washington. The main campus is located on 80 acres. As of 2015, there were approximately 17,000 students and 350,000 alumni of the college.

Summary

The subject is located along an arterial in the city of Des Moines west of SR 99. The immediate neighborhood consists primarily of retail, professional services, multi-family residential and some industrial uses.

Commercial uses are located along primary arterials particularly SR 99 known alternatively as International Boulevard and Pacific Highway S. Single family uses are located off of arterials and primarily to the west. Demographics are somewhat below average, but the central location between Seattle and Tacoma is appealing to both businesses and residents.

Industrial Market Overview

Introduction

The subject is a vacant site with the most likely use as an industrial property. An overview of the region's industrial market is presented first followed by a discussion of the subject's sub-market focusing first on industrial trends followed by a brief discussion of the flex market.

Regional Overview

The Puget Sound region's industrial market saw an increased level of activity from the construction and leasing sides. Construction volume increased to 7,004,711 sq ft now under development (38 buildings) compared to 6.1 million sq ft (24 buildings) last quarter. The second quarter also saw delivery of 1.36 million sq ft of new product with the overall market supply standing at nearly 333 million sq ft. After a slow first quarter, net absorption totaled nearly 1.2 million sq ft this quarter, keeping close pace with deliveries. The region's vacancy rate held steady at 3.3%. During the quarter there were over 1.1 million sq ft of leases signed, but most of these will not be moving into their new spaces until the third or fourth quarters, so we expect the vacancy to continue to approach 3%. With 7.1 million sq ft under construction and another 14.4 million sq ft in the pipeline, the region is poised for additional growth assuming our economy continues to expand. The bulk of these proposed projects are in Pierce, Snohomish, and Thurston Counties. While the consensus is that at some point the market will likely hit some dips, the immediate outlook is still positive.

For starters, port activity is doing well. The Northwest Seaport Alliance reports the May 2018 imports reached their highest level since 2010 at 131,067 TEUs (20-foot equivalent units), an increase of 0.7% over last May. At 114,227 TEUs, export volumes were down 11.2%, but above the five-year average. Breakbulk cargo volume grew 34.8%, year to date, while auto volume continues to be down, currently at 15% year-to-date.

The region's employment also continues to perform well. Year over year growth (May 2017 to May 2018) grew by 3.0% (nearly 64,000 jobs). The key sectors that have an impact on the industrial market include Construction (+3,900 jobs), Transportation & Warehousing (+600 jobs) and Wholesale Trade (+1,600 jobs). Manufacturing, which has been showing declines in employment, actually was on the positive side at +1,500 jobs over the past 12 months. Looking ahead, The Puget Sound Economic Forecaster's 2nd quarter 2018 report projects employment growth of 2.4% in 2018 and 1.0% in 2019. The latest growth projections of 2018 are slightly above their prior projected growth of 2.3%, while the

2019 projection is below the prior estimated growth of 1.4%. Wholesale and retail trade are expected to grow by 8,400 jobs followed by Construction at 1,700 jobs and Transportation at 2,200 jobs. Manufacturing is expected to lose another 2,700 jobs, primarily in Aerospace.

Looking at key employers, while Boeing has been trimming jobs, they are planning to boost monthly production of the 737 and 787 jets in 2019 and the 767 in 2020. The biggest backlog on jet orders is the 737 at 4,656 jets. Microsoft is planning to expand their existing campus in Redmond with 18 new buildings over the next five to seven years, remodel several others, and demolish some. The end result is potentially adding 8,000 more workers. Amazon continues to hire in Seattle despite the recent drama of the approval, then repeal of the Seattle head tax. Nationally, the trade tariffs by the Trump administration and the potential impacts on our local economy will need to be watched as that is played out over the next several months.

Regional Industrial Inventory- 2nd Qtr 2018

Sub-Market	Size (Sq ft)	% of Market	New Construction
Seattle Close-In	58,222,992	17.5%	661,075
South King County	111,377,876	33.5%	1,978,352
East King County	21,756,297	6.5%	65,000
Snohomish	51,621,658	15.5%	446,863
Pierce County	76,818,329	23.1%	3,243,593
Thurston County	13,023,304	3.9%	609,828
Total	332,820,456	100.0%	7,004,711

Source: KM & CoStar

Regional Vacancy / Absorption / Rent Forecast

As noted above, absorption was positive at 1,196,710 sq ft for the 2nd quarter. Pierce County led the way (772,921 sq ft), followed by South King (360,955 sq ft) and Snohomish County (281,561 sq ft). A list of notable 2nd quarter leases is included in the Significant Transactions section.

A total of 1,355,847 sq ft was delivered in the 2nd quarter. In addition, some older buildings were removed from the total supply (approximately 67,000 sq ft). With positive net absorption of 1,196,710 sq ft, the region's vacancy held steady at 3.3%. There are several leases signed but the tenants have not yet moved in, which should continue to boost the market.

Rental rates over the past three months saw an increase in three of the six markets. Overall, for the region, the average asking rental rates continue to grow on a quarterly basis.

Regional Industrial Vacancy

Sub-Market	2013	2014	2015	2016	2017	1Q 2018	2Q 2018
Seattle Close-In	3.3%	2.1%	1.7%	2.0%	1.5%	1.6%	2.09%
South King County	5.9%	4.7%	4.1%	2.3%	3.4%	4.0%	3.66%
East King County	7.9%	6.6%	5.3%	2.7%	3.2%	3.2%	3.33%
Snohomish	8.3%	5.6%	5.7%	5.0%	4.7%	4.5%	4.30%
Pierce County	5.3%	6.2%	6.9%	5.9%	2.2%	2.7%	3.18%
Thurston County	8.1%	7.5%	5.7%	2.9%	3.0%	3.3%	2.01%
Total	5.9%	4.9%	4.7%	3.5%	3.0%	3.3%	3.29%

Source: KM & CoStar

Regional Industrial Absorption

Sub-Market	2013	2014	2015	2016	2017	2Q 2018	YTD 2018
Seattle Close-In	(107,094)	565,919	183,596	(402,455)	337,373	(322,746)	(381,764)
South King County	975,514	1,731,629	1,951,046	2,191,388	-90,309	360,955	(32,908)
East King County	(172,671)	118,399	329,707	706,020	-73,717	(62,960)	(68,226)
Snohomish	372,391	1,409,096	539,023	446,803	639,719	281,561	373,727
Pierce County	1,911,425	1,106,767	1,670,102	3,030,113	4,635,584	772,921	693,207
Thurston County	(39,591)	69,164	262,934	339,472	800,273	166,979	155,527
Total	2,939,974	5,000,974	4,936,408	6,311,341	6,248,923	1,196,710	739,563

Source: KM & CoStar

Submarket Review

Seattle Close-In Review

The Seattle Close-In market vacancy rose to 2.1% this quarter. The biggest challenge in this market is for tenants to find space and ultimately many end up looking south for opportunities. Absorption was a negative 322,746 sq ft for the quarter, but the outlook remains positive. Two projects are under construction, including Prologis Georgetown Crossroads (589,615 sq ft) targeted to be completed later this year. West Woodland Business Center (71,460 sq ft) recently broke ground. One notable sale this quarter was Village Investment Partners purchase of the Hathaway Building for \$12,250,000 (\$306/sq ft). Also, Seattle Goodwill Industries purchased the Brick Building for \$5,175,000 (\$187/sq ft).

The forecast for the Seattle Close-In market for the next six months is for lease rates to range from \$1.00 to \$1.80/sq ft/month, NNN for medium- and high-grade buildings. Overall, where rents are actually quoted, the average asking rent increased from \$1.06/sq ft to \$1.09/sq ft, blended. Demand for sale properties continues to remain high with a very limited

supply. Better quality buildings will sell between \$200 and \$300/sq ft. When available, depending on size and whether it is paved, graveled, and fenced, yard rates will vary from \$0.22 to \$0.25/sq ft going south to north.

South King County Review

After seeing a slight rise in vacancy last quarter, the South King submarket's vacancy rate dropped back down to 3.7% with positive net absorption of 360,955 sq ft. Notable recent leases include Talking Rain (95,533 sq ft) at North Valley 64, and Dealer Tire (84,251 sq ft) at Auburn Distribution Center. Development continues to be active, with Seattle Gateway Center 1 & 2 (458,490 sq ft combined), DCT Hudson Distribution Center (287,832 sq ft), Des Moines Creek Business Park Phase IV, Buildings A & B (514,121 sq ft), North Auburn Logistics (261,553 sq ft), and 234 Distribution Center (125,400 sq ft). All are approaching construction completion and experiencing significant leasing activity. Pacific Logistics North (163,894 sq ft) also just broke ground. There were no deliveries in the quarter, but nearly 1.8 million sq ft are on target to be completed this year. On the sales side, LBA Realty was active buying side, with the \$19.5 million purchase of 200 SW 34th Street in Renton (\$133/sq ft) and two smaller buildings at 720-790 Andover Park East (Tukwila) and the Allied Building (Kent) for a combined \$14.5 million or \$141/sq ft. We also note that Blackriver Corporate Park sold (\$28.8 million or \$121/sq ft), but that project is comprised primarily of office buildings with a few flex buildings. Laird Norton Properties was the buyer.

Average asking rents (blended) continue to climb, now at \$0.72/sq ft, \$0.02/sq ft higher than last quarter. Shell rates on newly constructed buildings are in the mid \$0.60s/sq ft with office add-on now \$1.00/sq ft. Older existing buildings are achieving rents in the lower to mid \$0.60s. Office add-on rates vary from \$0.75 to \$0.95, depending on age and quality of the build-out. Building sale prices are expected to range from \$115 to \$170/sq ft. Land values will range from \$25 to \$28/sq ft for fully improved sites, with the higher prices further north.

East King County Review

East King County had mix results this quarter. Total supply shrank due to some older buildings removed from the inventory (about 32,000 sq ft). Net absorption was a negative 62,960 sq ft for the quarter resulting in a slight increase in vacancy from 3.2% to 3.3%. The majority of leases signed are under 10,000 sq ft, which is typical for this predominantly flex

market. One project in Redmond (7310 185th Ave. NE) is underway and totals 65,000 sq ft. Delivery is expected before the end of this year. Kennedy-Wilson purchased Redmond East Business Campus, an 8-building office and flex development from The Blackstone Group for \$52.125 million (\$179/sq ft). Compact Information Systems purchased the Nexus Corporate Park in Snoqualmie for \$16 million or \$209/sq ft. Nexus Properties, Inc. out of San Diego was the seller.

The forecast is for NNN warehouse lease rates with high-bay warehouse manufacturing space to range between \$0.70 and \$1.00/sq ft/month, with most in the \$0.75 to \$0.95/sq ft range. In some markets such as Bellevue, the rate is pushing closer to \$0.95/sq ft and above. Office rates are in the \$1.40 to \$1.65/sq ft range. Flex space rents to range between \$1.00 and \$1.40/sq ft/month, NNN. Building sale prices are between \$175/sq ft to \$220/sq ft of building area for industrial (owner/users at the high end) and over \$200 to close to \$300/sq ft for flex properties. Land prices will run from \$15 to nearly \$40/sq ft for a premium site, although there is a limited amount of available land ready for development.

Snohomish County Review

Snohomish County continues to be very active on the industrial side. Seaway West Buildings A & B were delivered this quarter (186,977 sq ft). Net absorption totaled 281,561 sq ft, outpacing deliveries. End result is a drop in vacancy to 4.3%. On the development side, Dermody Development's LogistiCenter @ Woodinville, Buildings A & B (409,500 sq ft) broke ground earlier this year, while Leifer Industrial Park 2 (37,363 sq ft) is nearly done. Also, GS Venture Partners last quarter announced that their Gateway Business Park, a 54-acre development of the former Northwest Hardwoods and Weyerhaeuser log mill site in Arlington was nearly pad ready for a 300,000 sq ft industrial building and should start construction soon. Up to 1.0 million sq ft is planned. Harbour Point Tech Center in Mukilteo was acquired by a local investment group for \$25 million or \$76/sq ft. The Bauman Family Investment acquired two smaller properties in Monroe for \$4.4 million (\$110/sq ft) and \$3,925,000 (\$109/sq ft).

The forecast over the next six months is for warehouse lease rates to range between \$0.60 to \$0.70/sq ft/month, NNN in the closer-in submarkets and lower (\$0.50 to \$0.55/sq ft) in the outlying markets. Office rents are \$1.25 to \$1.35/sq ft for second generation space and \$1.35 to \$1.40/sq ft for new space. Building sale prices are predicted to range from \$140 to \$170/sq ft for buildings in the 5,000 to 20,000 sq ft

range; \$110 to \$150/sq ft for buildings in the 20,000 to 60,000 sq ft range. Flex space will be higher (over \$200/sq ft). There is a lack of larger buildings offered for sale in the market. Land values should range from \$5 to \$16/sq ft with an ample supply of industrial-zoned sites, particularly up north in Arlington and Marysville.

Pierce County Review

Pierce County's net absorption for the quarter was nearly 773,000 sq ft. However, with nearly 1.2 million sq ft in deliveries, vacancy rose from 2.7% to 3.2%. The County remains very active on the construction front with 11 projects totaling 3,243,593 sq ft or about 46% of the total for the region. Development hot spots include Port of Tacoma/Fife, Puyallup, Lakewood, and DuPont. The largest project completed this quarter was IPT Tacoma Logistics Buildings A & B (1,109,145 sq ft), with SBS Transportation leasing 444,428 sq ft in Building B. Another large tenant moving in this quarter was Tiger Logistics at Building D-Prologis Park Tacoma. Three notable sales this quarter include Fife I-5 Commerce Center for \$37,250,000 (\$149/sq ft). Blackrock is the buyer and The Carlyle Group the seller. Sumner West sold on a sale/leaseback for \$19,750,000 or \$160/sq ft by DCT Industrial Trust. In another sale/leaseback, Jesse Engineering Company sold their building at 1840 Marine View Drive for \$16.7 million (\$27.58/sq ft on the land area) to CenterPoint Properties.

Pierce County's forecast is for shell rates to range between \$0.55 to \$0.62/sq ft/month, NNN, plus add-on office rates of \$0.90 to \$1.00/sq ft/month. Industrial building sale prices will range from \$80/sq ft for older buildings to \$155 to \$165/sq ft for new or smaller buildings. Land values typically range between \$16/sq ft and \$18/sq ft.

Thurston County Review

Thurston County saw its vacancy rate drop to 2.0% from 3.3% with 166,979 sq ft in positive net absorption. Construction activity picked up this quarter with two projects at Hawks Prairie III Lots 10 and 19 (226,550 sq ft) and Meridian Campus Corporate Park (9045 Polaris) at 318,028 sq ft. Total construction volume stands at 609,828 sq ft. With an abundance of land, the County has a substantial amount available for development. Currently, there is about 5.0 million in the pipeline with a potential of about 1.8 million sq ft that could start before the end of 2018. Endangered gopher habitat issues continue to have an impact on development.

Shell rents are ranging between \$0.38 to \$0.40/sq ft on larger spaces and office add-on rates from \$0.75 to \$0.90/sq ft. Smaller spaces are \$0.45 up to \$0.55/sq ft on the shell with office add on at \$0.85 to \$0.90/sq ft. Building sales are expected to range from \$50 to \$100/sq ft. Land values range from \$4.00 to \$7.00/sq ft, with some smaller lots being offered at up to and over \$8.00/sq ft.

Investment Market

Sales activity through the first half of 2018 was active with 118 transactions totaling \$917.4 million. Cap rates are now in the 4% to 4.5% range. Notable sales over \$20 million that sold this quarter include Redmond East Business Campus (\$52.125 million or \$179/sq ft) to Kennedy-Wilson Properties. Fife I-5 Commerce Center (\$37.5 million or \$149/sq ft) to Black Rock (The Carlyle Group was the seller). Harbour Point Tech Center acquired by MRM Mt. Vernon LLC & GT Mukilteo LLC for \$25 million (\$76/sq ft). The seller was Prescott Realty Group; Sumner West at \$19,750,000 (\$160/sq ft) to DCT Industrial Trust on a sale/leaseback.

REGIONAL INDUSTRIAL SALES

Year	Sales	Total SF	Total \$ Volume	Avg Size SF	\$/SF	Avg Cap Rate
2018*	118	5,238,434	\$917,413,190	47,193	\$175.53	5.49%
2017	205	6,221,386	\$1,031,004,151	31,905	\$153.73	6.42%
2016	250	10,507,780	\$1,458,135,537	43,601	\$133.06	6.46%
2015	222	10,134,650	\$1,609,337,910	48,032	\$121.60	6.69%
2014	233	9,916,744	\$926,615,006	43,686	\$89.33	6.97%
2013	172	6,553,111	\$712,341,402	39,477	\$105.53	6.28%
2012	200	8,195,968	\$920,922,952	43,829	\$87.68	6.82%
2011	113	6,927,319	\$528,284,088	64,142	\$74.51	7.78%
2010	99	4,115,634	\$361,919,782	41,996	\$86.86	7.84%
2009	94	3,317,301	\$281,514,709	35,670	\$84.66	8.54%
2008	201	6,993,731	\$751,544,060	35,501	\$105.86	6.21%

Source: CoStar

* 2018 through June 23, 2018

Other Development News, Trends & Significant Transactions

Development News & Trends

Notable projects under construction include:

- Panattoni's Lakewood Tacoma Gateway (467,526 sq ft)-expected delivery-3rd quarter 2018
- IPT Sumner Distribution Center (229,016 sq ft)-expected delivery 3rd quarter 2018
- DCT Blair Logistics-Buildings A & B (542,750 sq ft and 428,228 sq ft)-expected delivery 3rd quarter (Building A) 4th quarter 2018 (Building B)
- Seattle Gateway Center 1 & 2 (325,290 sq ft & 133,200 sq ft)-

expected delivery 3rd quarter 2018

- Prologis Georgetown Crossroads project (589,615 sq ft) is underway, delivery by 3rd quarter 2018
- Des Moines Creek Business Park Phase IV-Buildings A and B (514,121 sq ft)-delivery by 4th quarter 2018
- North Auburn Logistics (261,553 sq ft) is targeted for 3rd quarter 2018 delivery
- LogstiCenter @ Woodinville-Buildings A & B (275,500 sq ft and 134,000 sq ft)-expected delivery-4th quarter 2018.
- DCT Hudson in Auburn (287,832 sq ft)-delivery expected by 3rd quarter 2018
- The Viking in Pierce County (438,065 sq ft)-delivery expected by 1st quarter 2019
- Gayteaway Business Park in Arlington is ready to move forward with 300,000 sq ft. A 12-month construction period is projected
- DCT 167 Landing, Buildings A & B (360,955 sq ft)-delivery expected by 1st quarter 2019
- Meridian Campus Corporate Park (318,028 sq ft)-delivery by 3rd quarter 2018
- Hawks Prairie III-Lots 10 and 19 (226,550 sq ft)-delivery by 1st quarter 2019
- Fennell Creek Industrial Park in Pierce County (257,000 sq ft)-delivery by 4th quarter 2018

Significant Transactions-2nd Quarter 2018

Notable Sales include:

- Redmond East Business Campus sold for \$52.125 million (\$179/sq ft). Buyer is Kennedy-Wilson Properties and the seller is The Blackstone Group.
- Fife I-5 Commerce Center sold for \$37.5 million (\$149/sq ft). Buyer is Black Rock. Seller is The Carlyle Group.
- Harbour Point Tech Center sold for \$25 million (\$76/sq ft). Buyer is MRM Mt Vernon LLC GT Mukilteo LLC and seller is Prescott Realty Group.
- Sumner West sold for \$19,750,000 (\$160/sq ft). Buyer is DCT Industrial Trust Inc. and the seller is Sound Sleep.

Notable leases include:

- SBS Transportation (444,428 sq ft) at IPT Tacoma Logistics Center
- Tiger Logistics (160,000 sq ft) at Prologis Park Tacoma, Building D
- Talking Rain (95,533 sq ft) at North Valley 64

Conclusion

The region's industrial market continues to perform well and is very active with 7.0 million sq ft currently under construction and another 14.4 million sq ft in the pipeline. The majority of the pipeline are in Pierce and Thurston Counties. In addition, several notable leases have been signed with targeted move-in dates in the next six months should provide a continued boost to the market, which saw nearly 1.2 million sq ft of positive net absorption in the 2nd quarter. The Northwest Seaport Alliance reports that May import volumes reached their highest volume since 2010, but export volumes were down. Finally, rental rates continue to increase in most markets and holding steady in others.

Burien/Seatac Industrial Submarket

Quarter	Inventory Bldgs	Inventory SF	Vacant SF Total	Vacant Percent % Total	Net Absorption SF Total	Deliveries Bldgs	Deliveries SF	Under Construction Bldgs	Under Construction SF	All Service Type Rent Overall
QTD	122	4,530,457	64,070	1.4%	5,516	0	0	1	246,108	\$7.78/nnn
2018 Q2	122	4,530,457	69,586	1.5%	233,500	1	268,013	1	246,108	\$7.91/nnn
2018 Q1	121	4,262,444	35,073	0.8%	3,364	0	0	2	514,121	\$7.97/nnn
2017 Q4	121	4,262,444	38,437	0.9%	9,808	0	0	2	514,121	\$8.85/nnn
2017 Q3	121	4,262,444	48,245	1.1%	(24,129)	0	0	2	514,121	\$7.80/nnn
2017 Q2	121	4,262,444	24,116	0.6%	566,056	1	150,103	0	0	\$7.62/nnn
2017 Q1	120	4,112,341	440,069	10.7%	7,390	1	352,800	1	150,103	\$7.62/nnn
2016 Q4	119	3,759,541	94,659	2.5%	147,572	0	0	2	502,903	\$7.24/nnn
2016 Q3	119	3,759,541	242,231	6.4%	5,361	0	0	2	502,903	\$6.96/nnn
2016 Q2	119	3,759,541	247,592	6.6%	374,973	0	0	2	502,903	\$6.43/nnn
2016 Q1	119	3,759,541	622,565	16.6%	65,648	0	0	0	0	\$6.34/nnn
2015 Q4	119	3,759,541	688,213	18.3%	(24,213)	3	501,659	0	0	\$6.12/nnn
2015 Q3	116	3,257,882	162,341	5.0%	(19,827)	0	0	3	501,659	\$7.95/nnn
2015 Q2	116	3,257,882	142,514	4.4%	51,153	0	0	3	501,659	\$8.10/nnn
2015 Q1	116	3,257,882	193,667	5.9%	(22,813)	0	0	3	501,659	\$7.71/nnn
2014 Q4	117	3,263,842	176,814	5.4%	(4,919)	0	0	2	267,956	\$7.77/nnn
2014 Q3	117	3,263,842	171,895	5.3%	(487)	0	0	2	267,956	\$6.99/nnn
2014 Q2	117	3,263,842	171,408	5.3%	(10,671)	0	0	2	267,956	\$6.16/nnn
2014 Q1	117	3,263,842	160,737	4.9%	84,808	0	0	0	0	\$6.32/nnn
2013 Q4	117	3,263,842	245,545	7.5%	(12,011)	0	0	0	0	\$6.15/nnn
2013 Q3	117	3,263,842	233,534	7.2%	35,475	0	0	0	0	\$5.99/nnn
2013 Q2	117	3,263,842	269,009	8.2%	29,850	0	0	0	0	\$5.87/nnn
2013 Q1	117	3,263,842	298,859	9.2%	(19,996)	0	0	0	0	\$5.61/nnn
2012 Q4	117	3,263,842	278,863	8.5%	(36,804)	0	0	0	0	\$5.63/nnn
2012 Q3	117	3,263,842	242,059	7.4%	17,730	0	0	0	0	\$6.10/nnn
2012 Q2	117	3,263,842	259,789	8.0%	(5,678)	0	0	0	0	\$6.25/nnn
2012 Q1	117	3,263,842	254,111	7.8%	36,243	0	0	0	0	\$6.51/nnn

Burien/Seatac Submarket	<p>The subject is located within the Burien/Seatac submarket. This district is part of the South King County industrial submarket, which is the largest of the five submarkets that comprise the greater Puget Sound industrial market. The table on the previous page summarizes inventory trends over the past seven years by quarter from 2012 through the current quarter.</p>
EXISTING INVENTORY & NEW CONSTRUCTION	<p>As of the current quarter, there is about 4.5 million sq ft of industrial building stock with one 246,108 sq ft project currently under construction. Since 2014, about 1.3 million sq ft were delivered across six developments include nearly distribution warehouses developed by Panattoni. Increasing demand from the strong economy and increase in internet retailing has spurred increased industrial development. Many new projects have been delivered recently in South King County. Since 2015, Panattoni delivered about 800,000 sq ft of new warehouse space in the Des Moines Creek Business Park on land leased from the Port of Seattle to the south Sea-Tac International Airport. This project is east of and close to the subject. Lease-up was rapid. To the south, several large distribution warehouse developments have been constructed in the past four years as noted previously.</p>
VACANCY & OCCUPANCY	<p>Vacancy rates have declined steadily and current vacancy at 1.4% is a slight increase over the 0.8% reported at the beginning of the year.</p>
ABSORPTION, DEALS & LEASE RATES	<p>Since the beginning of 2012, nearly 1.5 million sq ft have been absorbed. Average asking rates declined to \$0.47/sq ft/month in late 2012 but have generally been increasing since. Current asking rental rates are now \$0.65/sq ft/month NNN.</p>
Conclusion	<p>The subject submarket remains healthy and weathered the downturn associated with the 2008-2009 recession relatively well. Limited new construction and a desirable location allowed the market to stabilize relatively quickly. Recent new development has absorbed rapidly. Demand for industrial space continues to remain strong. The area is well-positioned to remain a healthy industrial submarket.</p>

Property Description - After



Parcel Map - After

Site Description - After

Introduction

Based on the requirements in the WSDOT ROW manual, the appropriate method to value the subject is to consider its value enhancement to the adjoining property to the west which is owned by the Port of Seattle, the potential acquirer of the subject. This method is essentially a reverse Before and After appraisal. The difference between the value of both assembled parcels (After) and the value of the abutting Port of Seattle property's standalone value (Before) is market value for the subject. In this report, the subject in the After condition when assembled with the adjoining property owned by the Port of the Seattle is first valued. Then in the Before scenario, the adjoining Port of Seattle property is valued. The value for the subject is reconciled as the difference between the Before and After values. This section and subsequent sections pertain to the After condition. Later in the report, corresponding sections pertain to the Before condition.

Street Address

XXX S. 216th Street
Des Moines, WA 98198

Site Dimensions & Land Area

In the After scenario, the subject is a 1,300,796 sq ft or 29.86-acre vacant land parcel. The site is about 1,300 feet north to south and 1,300 feet east to west at its greatest extent at the north. As discussed in this section, the subject's wetlands are limiting factors in development.

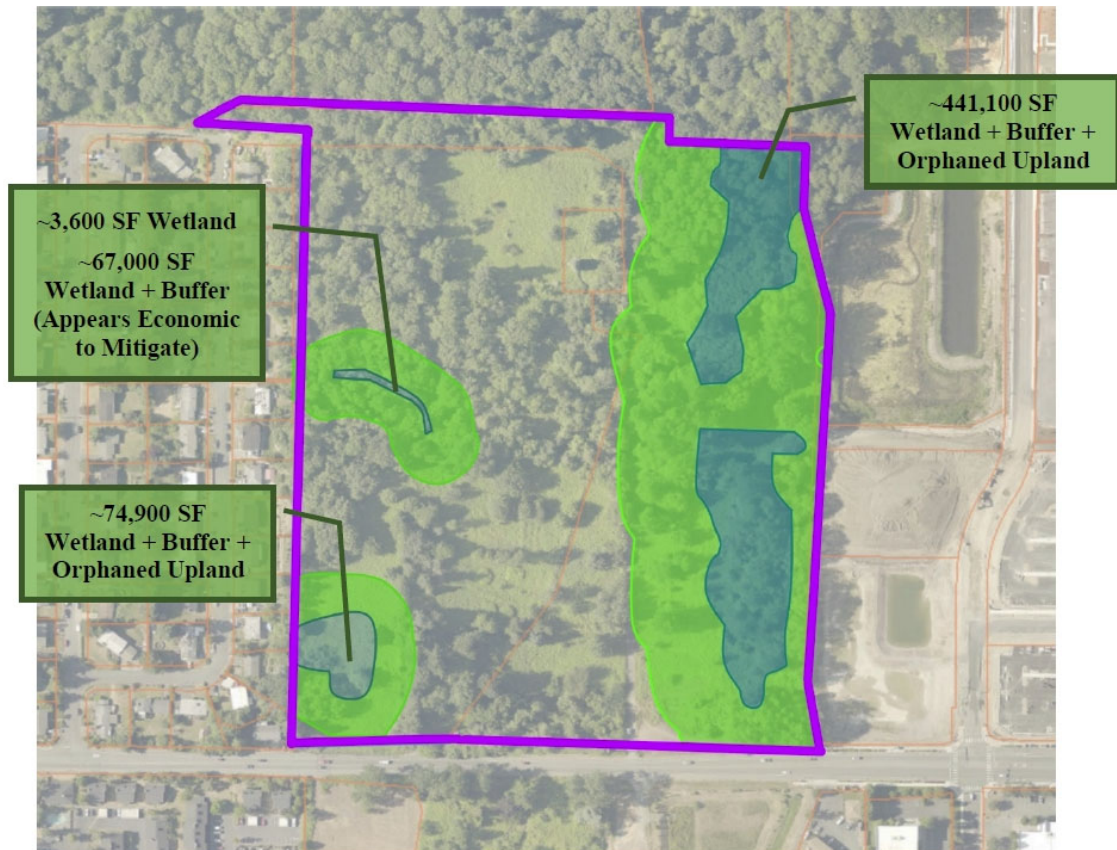
Streets, Access & Exposure

The irregularly-shaped site is located at the north side S. 216th Street in Des Moines. It has about 1,025 lineal feet along S. 216th Street. A narrow strip of subject at the north end of the subject extends toward S. 212th Street at the intersection 15th Avenue S. Visibility from S. 216th Street is good. Access to I-5 is via the S. 200th Street or SR 516 interchanges each about 2.2 miles away. The subject's access and exposure are good.

Topography & Soil Conditions

Much of the subject is fairly level in its southern extent but has a downward grade at the northern portion of the subject. The maximum grade change is about 100 feet across the entire site with the highest point in the southeast and lowest in the northwest part of the subject. No soils reports were provided for review. It is an assumption that soils are sufficient to support the proposed building improvements. The client provided the following map indicating potential wetlands impacting the subject. This information appears is based on a 2007 draft

Map of Potential Wetlands



Environmental Impact Study (EIS) for the Des Moines Creek. As shown, three areas of suspected wetlands impact the site. According to Port of Seattle documents, the two wetland areas on the west side are Class III wetlands. With setback buffers included, about 45% of the property appears to be impacted. The potential presence of wetlands appears to significantly impact the use of the subject. This information from the client is the best available and is presumed to be accurate. Mr. Glenn Price a Review Appraiser at WSDOT has reviewed the wetland and determined the following areas:

	Area (SF)
Upland	717,796
Southwest wetland + buffer	74,900
West wetland + buffer	67,000
East wetland + buffer	441,100
<u>Total</u>	<u>1,300,796</u>

I have reviewed Mr. Price's estimates and they appear to be sufficiently

accurate and are used in this report. About 717,796 sq ft is dry upland area. The remainder comprises wetland in three separate locations. The largest wetland is along the entire east side of the property. Two smaller wetlands are along the west side of the property. It is an extraordinary assumption that the wetland impact and resulting usable area conclusion are accurate.

Flood Zone

The site is located in an area not prone to flood risk, per FEMA community panel 53033C0966F. This is a non-printed panel. The subject is located in Zone X, which is an area determined to be outside the 100-year floodplain.

Earthquake Zone

The International Building Code (IBC) is the building code in Washington State. The IBC uses a parameter called the Seismic Design Category rather than seismic zones used in previous building codes. The Seismic Design Category is a function of three parameters: ground motion, soil type and building occupancy. The typical Seismic Design Category in the Puget Sound is category "D" or greater, but because these parameters interact, this category can vary. The higher the category (A is lowest, F is highest), the more stringent the structural requirements. As the appraiser does not possess the expertise in seismic, structural & geotechnical engineering, further analysis is required to determine the subject's degree of risk.

Utilities

Public utilities are available to the subject include sewer, water, storm drainage and electricity.

**Easements,
Encroachments,
Covenants &
Restrictions**

No title report was provided. The City of Des Moines' Des Moines Creek Trail passes through the subject and there may be an easement associated with that use. It is an assumption of this report that no easement, encroachment, covenant or restricts negativity impacts the use or marketability of the subject.

**Recognized
Environmental
Conditions**

Environmental reports were not provided. For the purpose of this appraisal, it is assumed that the subject property is free of contamination of any kind. This assumption should not be construed as a guarantee that such conditions do not exist. The reader is referred to Item 2 of the Limiting Conditions at the beginning of this report. The subject is located south of the central runway at Sea-tac International Airport. During the inspection, with aircraft take-offs to the south over the subject, frequent aircraft noise was observed.

Zoning

The subject is zoned B-P (Business Park) by the City of Des Moines.

(1) The primary purpose and objective of the Business Park (B-P) Zone is to provide areas of the City for development of compatible business, professional office, light industrial, research and development, service uses, wholesale trade, and limited retail uses. Such uses shall be developed within master planned sites in park-like settings pursuant to development standards.

(2) It is also the purpose of this zone to ensure compatibility between business parks and adjacent uses in terms of height, bulk, scale, and design; to mitigate potential adverse environmental impacts and nuisance effects on-site and off-site through careful planning, the use of buffering and screening, and the imposition of environmental performance standards and appropriate off-site mitigation requirements; to provide for the planned economic development of the City; to ensure that business park development is coordinated with the provision of adequate infrastructure by private applicants and the City, such as roads, drainage, and other utility systems; to require that business park developments pay their fair share of the costs of needed services and facilities; and to ensure that development occurs consistent with the goals and policies of the City of Des Moines Comprehensive Plan.

(3) Further, it is the purpose of this zone to establish standards to ensure that development occurs in a manner that is compatible with the Des Moines Creek Park, Des Moines Creek Trail, Steven J. Underwood Memorial Park, City of Des Moines Activity Center and adjacent residential-designated properties.

In this zone, development by master plan is required. Allowable uses include a variety of commercial uses including retailing, office, warehouse and light manufacturing uses. Residential use is not permitted. Development standards include a minimum lot size of 2 acres; maximum coverage ratio is 75%, building height limit of 75 feet, setbacks of 20 feet along the arterials, 30 feet from adjacent residential properties, and 15 feet from non-arterial streets and 10 feet from properties other than residential properties.

On-site parking is required depending upon use. For manufacturing and warehousing uses, the minimum is two parking spaces for each three employees or one space for each 1,500 sq ft of gross floor area; use whichever is greater. For office use, the minimum is one stall per 350 sq ft of gross floor area.

**Taxes & Assessment
Information**

The subject property is government-owned and exempt from property taxes except for minor special assessments. These potential minor assessments are unknown.

Conclusion

In the After scenario as assembled with the Port of Seattle properties, the subject is a 1,300,796 sq ft vacant land parcel with an irregular shape. It has reasonably level areas, but the northern portion is impacted by moderate slopes. All typical utilities are available. Surrounding properties are a mix of industrial uses to east, then commercial uses along SR 99. To the west are mainly single-family residences. Based on the wetland information available, it is estimated that wetlands and buffers impact about 45% of the site. However, the as discussed previously, a portion of the wetlands appears to be suitable for mitigation. It is important to note that this conclusion is based on the best available information at hand and no formal wetland delineation was been performed. It is an extraordinary assumption that this information is accurate. The subject's irregular shape, particularly the extension to the west in the northern part, is a limiting factor in development. Apart from the wetlands and shape, given the location, size, utility and topography of the site's usable area, the subject is conducive to any permitted use under zoning.

Highest & Best Use - After

Highest & Best Use - After

“Highest & Best Use” is defined by the Appraisal Institute as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

AS VACANT

The subject is zoned B-P (Business Park) by the City of Des Moines. Allowable uses include a variety of commercial uses including industrial uses. Residential use is not permitted. Development standards include a minimum lot size of 2 acres; maximum coverage ratio is 75%, building height limit of 75 feet, setbacks of 20 feet along the arterials, 30 feet from adjacent residential properties, and 15 feet from non-arterial streets and 10 feet from properties other than residential properties.

In the After scenario when assembled with adjacent Port of Seattle property, subject is a 29.86-acre vacant land parcel with an irregular shape. It has reasonably level areas, but the northern portion is impacted by moderate slopes. All typical utilities are available. Surrounding properties are a mix of industrial uses to east, then commercial uses along SR 99. To the west are mainly single-family residences.

With setback buffers included, about 45% of the property appears to be impacted. The potential presence of wetlands appears to significantly impact the use of the subject.

	Area (SF)
Upland	717,796
Southwest wetland + buffer	74,900
West wetland + buffer	67,000
East wetland + buffer	441,100
Total	1,300,796

The largest wetland is along the entire east side of the property. Two smaller wetlands are along the west side of the property. The west wetland is smallest and based on data from the Port of Seattle, the actual wetland (not including buffer) is only 2,316 sq ft. Given its orientation in

the midsection of the property with upland areas all around as well as its relatively small size and category III type, it is financially feasible to mitigate this wetland. Based on data from Ms. Megan Webb of King County Water & Land Resources Division, wetland mitigation fees depend on a variety of wetland characteristics including the size and type of wetland. Category I wetlands are rarely mitigated with Category III and IV more commonly mitigated. The likely cost to purchase mitigation credits (\$50,000 per credit) for this wetland will range from about \$40 to \$50/sq ft or between \$92,640 and \$115,800. Mitigation costs are not the only cost to mitigate and convert wetlands to uplands. Other costs include consultant fees, permit fees, overhead and a reasonable profit to incur the risk and effort of eliminating wetlands. However, as shown in this report, the value of the subject usable land is \$15/sq ft suggesting a potential value of \$871,000 for this wetland and associated buffer. Assuming this wetland and buffer were mitigated, total upland usable area would be 784,796 sq ft.

The subject has good visibility and access to I-5. Surrounding uses include mainly industrial and commercial uses. The larger industrial market is healthy with a low vacancy rate and rising rents. Speculative industrial development has been on-going and successful in the larger Seattle industrial market. It is currently financially feasible. In recent years, Panattoni has successfully developed and sold several industrial buildings directly east as part of the Des Moines Creek Business Park. Retail, office and services are also possible in this area, but industrial development is more likely given the location adjacent to other new industrial development and the impact of airport noise.

**AS VACANT
CONCLUSION**

Considering all factors, the highest and best use of the subject in the After scenario is industrial use with mitigation of the west wetland.

Sales Comparison Approach - After

Sales Comparison Approach - After

Introduction

The Sales Comparison Approach is based on the premise that market value of the property is directly related to recent sale prices of competitive properties and the availability of substitute properties with similar utility and desirability. The most similar sales of properties within this area were investigated and compared to the subject in this analysis. A summary of pertinent details to the comparable sales selected is presented on the facing page with a location map and photographs on the preceding pages.

Comparable Sales Data

The value of land is strongly influenced by its potential highest and best use. Therefore, land is customarily valued as though unimproved and available for development for the use, which would justify the highest price and the greatest net return. Land valuation involves the same principles and methodology of the physical unit of comparison method discussed later in the Sales Comparison Approach. Sales of unimproved land similar to the subject are investigated and the most appropriate transactions are analyzed and compared to the subject.

As noted previously, the subject site comprises land zoned for commercial and industrial use and is located in Des Moines. The highest and best use will be for industrial use. Four sales of similar properties located in the area were selected for analysis. The comparables are analyzed by the price per square foot of usable land area, the most common indicator of value for properties of similar value and utility when compared with the subject.

As discussed in the Highest and Best Use section, mitigation of the wetland is financially feasible. The Sales Comparison Approach is performed assuming the wetland and associated buffer are converted to usable upland area bringing the total upland area to 784,796 sq ft. Then costs to mitigate the wetland are deducted to yield the After value indication.

SALE COMPARISON NO. 1

This is the sale of a 6.7-acre regular site in an industrial area in Pacific. The property was assembled by the seller for owner use, but the seller decided to sell after recognizing the challenge of relocating his business. The broker approached Panattoni directly without listing the property for sale. Panattoni made an offer that was accepted. Wetlands reduced usable area is about 5.85 acres. The property sold for \$17.45/sq ft of usable land in May of 2018.



Comparable Land Sales Map

Land Sale Photographs

Comparable 1
942 Valentine Avenue
Pacific, WA



Comparable 2
NEC of S. 216th Street & 24th
Avenue S.
Des Moines, WA



Comparable 3
6600 & 6603 S. 287th Street
Auburn, WA



Land Sale Photographs

Comparable 4
2801 78th Avenue E
Fife, WA



Land Sale Comparisons

No.	Address City Tax Parcel	Zoning	Land Area (Sq ft) Land Area (Acres)	Sale Date	Sales Price	Price/Sq ft	Buyer Seller	Comments/Confirmation																											
1	942 Valentine Avenue Pacific, WA 449540-0130, -0100, -0120, -0110	LI	254,826 5.85	May-18	\$4,446,483	\$17.45	Panattoni Development A-1 Pallets Inc.	Purchased for development of a proposed warehouse. Site is about 6.7 acres but impacted by wetlands to reduce usable to about 5.85 acres. <i>Jeff Crane, Andover, (206) 336-5336</i>																											
2A	Portion of Property 21202 - 21402 24th Avenue S Des Moines, WA 092204-9399	PR-C	15,842 0.36	Jul-17	\$800,000	\$50.50	Panattoni Development Jaspal & Parneet Cheema	Sale of a portion of the site improved with a single family residence. <i>Internal Files/Costar</i>																											
2B	Portion of Property 21202 - 21402 24th Avenue S Des Moines, WA 092204-9083, -9053, -9069, -9126, -9135, -9320	PR-C	601,087 13.80	May-17	\$9,000,000	\$14.97	Panattoni Development Robert Furney	Sale of a portion of the site improved with a nursery. <i>Internal Files/Costar</i>																											
2C	Portion of Property 21202 - 21402 24th Avenue S Des Moines, WA 092204-9134	PR-C	15,561 0.36	Jun-17	\$560,000	\$35.99	Panattoni Development Shirley Stalgis	Sale of a portion of the site improved with a single family residence. <i>Internal Files/Costar</i>																											
2D	Portion of Property 21202 - 21402 24th Avenue S Des Moines, WA 092204-9003	PR-C	351,672 8.07	May-17	\$6,015,000	\$17.10	Panattoni Development Ono Yoshikatsu	Sale of a portion of the site <i>Internal Files/Costar</i>																											
2E	Portion of Property 21202 - 21402 24th Avenue S Des Moines, WA 092204-9142	PR-C	10,005 0.23	Jun-17	\$600,000	\$59.97	Panattoni Development Wayne Carlson	Sale of a portion of the site improved with a single family residence. <i>Internal Files/Costar</i>																											
	Total Property Des Moines, WA	PR-C	994,167 22.82	Nov-16 to Jul-17	\$16,975,000	\$17.07																													
3	6600 & 6603 S. 287th Street Auburn, WA 98001 352204-9024, -9016	M-1	666,300 15.30	Nov-16	\$9,715,840	\$14.58	Panattoni Development SVR South 287th Auburn LLC	Purchased for development of a proposed distribution warehouse. Price included plans, SEPA, land, building permit. <i>Internal Files/Costar</i>																											
4	2801 78th Avenue E Fife, WA 042008-4088, -4089, -4090	I	574,052 13.18	Jul-16	\$7,710,374	\$13.43	Trammell Crow Company Benaroya Company	Purchased for industrial development. Sale price included included compensation for pre-development costs and office mitigation fees. <i>Internal Files</i>																											
<table border="1"> <tr> <td>After Scenario XXX S. 216th Street Des Moines, WA 98198</td> <td>B-P</td> <td>784,796 18.0</td> <td>Appraisal (Rounded)</td> <td>\$11,771,940</td> <td>\$15.00</td> <td colspan="3"></td></tr> <tr> <td></td> <td></td> <td></td> <td>Less: Wetland Mitigation</td> <td>\$200,000</td> <td></td> <td colspan="3"></td></tr> <tr> <td></td> <td></td> <td></td> <td>"As Is" Value</td> <td>\$11,600,000</td> <td></td> <td colspan="3"></td></tr> </table>									After Scenario XXX S. 216th Street Des Moines, WA 98198	B-P	784,796 18.0	Appraisal (Rounded)	\$11,771,940	\$15.00							Less: Wetland Mitigation	\$200,000								"As Is" Value	\$11,600,000				
After Scenario XXX S. 216th Street Des Moines, WA 98198	B-P	784,796 18.0	Appraisal (Rounded)	\$11,771,940	\$15.00																														
			Less: Wetland Mitigation	\$200,000																															
			"As Is" Value	\$11,600,000																															

Upward adjustment is warranted for location. Downward adjustment is made for site condition and shape/topography. The shape adjustment will be significant given that the northern portion of the usable land area is elongated and of little value apart from access and potentially assembling with the adjacent parcel.

**SALE
COMPARISON
NO. 2**

This is the sale of a site located just east of the subject that includes five separate sale transactions that closed between May and July of 2017. The overall price is \$17.07/sq ft although three of transactions reflect sales of single-family residences with indicated price based on land at or above \$35/sq ft. The other two sales indicate prices between about \$15/sq ft and \$17/sq ft. The overall sale price is analyzed. This is a reasonably level and mostly cleared and graded site between Pacific Highway S. and 24th Avenue S. north of S. 216th Street.

Downward adjustment is made for site condition and shape/topography. Upward adjustment is made of sale date.

**SALE
COMPARISON
NO. 3**

Sale 3 is the November 2016 sale of a 15.3-acre industrial site in Auburn for \$9,715,840 or \$14.58/sq ft. The buyer, a partnership that includes Panattoni Development, plans to develop the site with a proposed distribution warehouse. The regularly-shaped site is in an area with minor flood risk. The developer will add fill to raise the grade somewhat.

Upward adjustment is warranted for sale date and location. A downward adjustment is made for shape/topography.

**SALE
COMPARISON
NO. 4**

Sale 4 is the July 2016 purchase by Trammel Crow of a site on the west side of Freeman Road E., south of 26th Street E. in Fife. It consists of an 11.51-acre development site that is zoned Industrial by the City of Fife. The buyer is developing a speculative 250,010 sq ft distribution building. The confirmed sale price is \$7,710,374, or \$13.43/sq ft which included compensation for pre-development costs and office mitigation fees to the City of Fife. The site will be ready-to-build and is located within the Benaroya Business Park in Fife.

Upward adjustment is warranted for sale date and location. Downward adjustment is made for shape/topography.

**Adjustments to
Comparable Data**

Pertinent market factors, along with property characteristics, were taken into consideration in the analysis, and all sales were adjusted to account for the differences between the comparables and the subject. In the table below, adjustments are made to the indicated comparable sales prices as previously described.

Land Sales Approach Adjustment Grid

Name No.	\$/sq ft	Sale Conditions	Sale Date	Current Indicator	Location	Zoning	Size	Site Condition	Shape/ Topography	Final Indicators
092204-9003 1	\$17.45	0.0% \$0.00	0.0% \$0.00	0.0% \$17.45	5.0% \$0.87	0.0% \$0.00	0.0% \$0.00	-5.0% (\$0.87)	-10.0% (\$1.74)	-10.0% \$15.70
21202 - 21402 24th Aven 2	\$17.07	0.0% \$0.00	3.0% \$0.51	3.0% \$17.59	0.0% \$0.00	0.0% \$0.00	0.0% \$0.00	-5.0% (\$0.88)	-10.0% (\$1.76)	-12.0% \$14.95
6600 & 6603 S. 287th Str 3	\$14.58	0.0% \$0.00	5.0% \$0.73	5.0% \$15.31	10.0% \$1.53	0.0% \$0.00	0.0% \$0.00	0.0% \$0.00	-10.0% (\$1.53)	5.0% \$15.31
2801 78th Avenue E 4	\$13.43	0.0% \$0.00	7.0% \$0.94	7.0% \$14.37	10.0% \$1.44	0.0% \$0.00	0.0% \$0.00	0.0% \$0.00	-10.0% (\$1.44)	7.0% \$14.37

Average	\$15.08
Median	\$15.13
Conclusion	\$15.00

Land Value Conclusion

After adjustments, comparables indicate a range of values from \$14.37/sq ft to \$15.70/sq ft with an average of \$15.08/sq ft. Most emphasis is placed on the average indicator and Sale 2, the sale of the site closest to the subject indicating \$14.95/sq ft. Overall, considering all factors, the market value of the subject site is estimated \$15.00/sq ft of usable land area.

$$784,796 \text{ sq ft @ } \$15.00/\text{sq ft of usable land} = \$11,771,940$$

$$\text{(Rd)} \quad \$11,800,000$$

As discussed, mitigation of the west wetland is financially feasible and assumed in this analysis. Mitigation credits are estimated to cost \$45/sq ft or \$104,220. Other costs include consultants, permit fees, management oversight as well as a reasonable profit for the risk of mitigating the wetland. While it difficult to precisely estimate these costs an estimate of \$50,000 is used. A profit of 25% is deemed appropriate bringing to total cost to mitigate the west wetland to \$192,775 which is rounded to \$200,000.

Wetland Mitigation Credits	\$104,220
Other Costs	\$50,000
Subtotal	\$154,220
Profit at 25%	\$38,555
Total	\$192,775

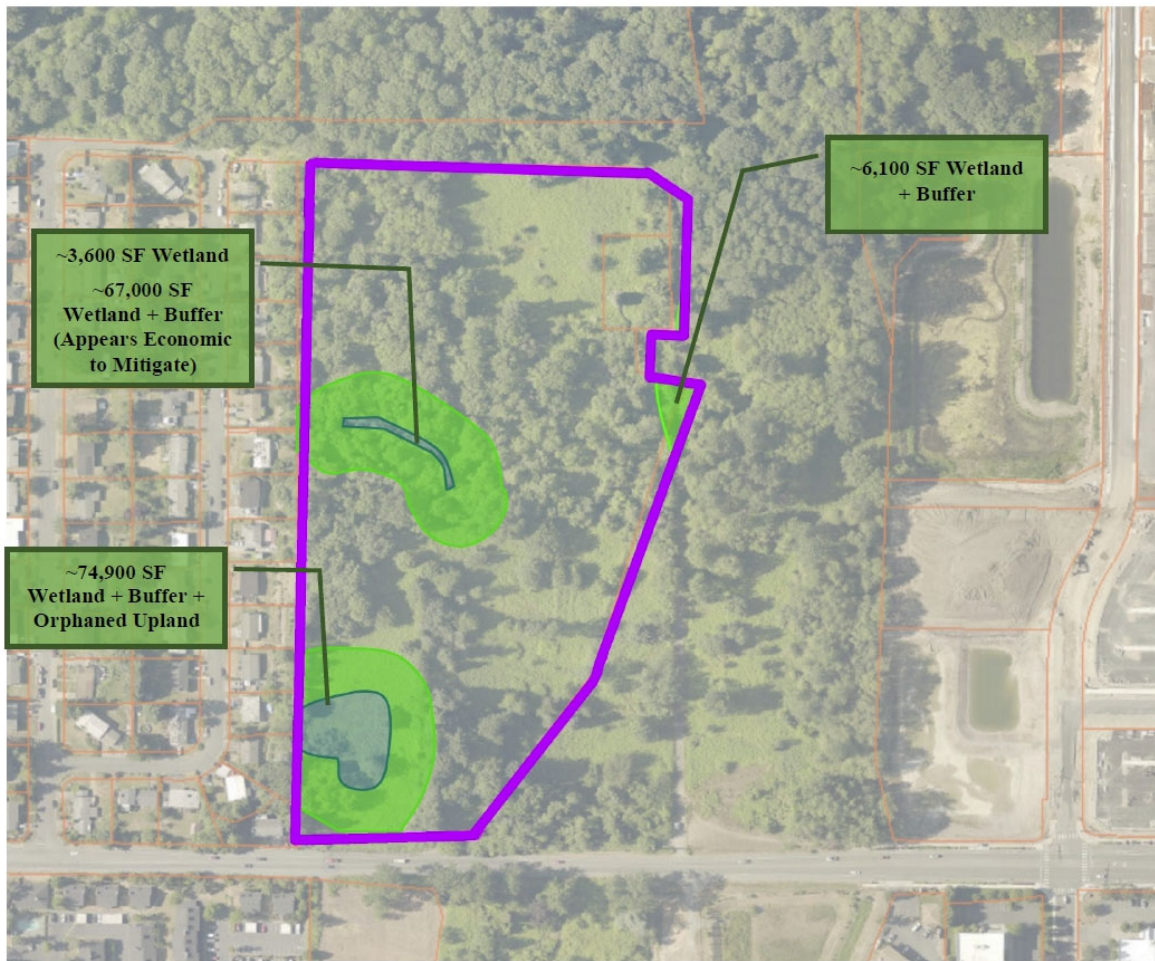
Deducting \$200,000, the indicated "as is" value in the After scenario is \$11,600,000.

Property Description - Before

Site Description – Before

Street Address	XXX S. 216th Street Des Moines, WA 98198
Site Dimensions & Land Area	This section and following sections pertain to the Before scenario. In the Before scenario, the property comprises only the adjoining Port of Seattle property which totals 677,062 sq ft or 15.54-acre. The site is about 1,250 feet north to south and 675 feet east to west at its greatest extent. The subject's wetlands are limiting factors in development.
Streets, Access & Exposure	The irregularly-shaped site is located at the north side S. 216th Street in Des Moines. It has about 310 lineal feet along S. 216th Street.

Map of Potential Wetlands



**Topography & Soil
Conditions**

Much of the subject is fairly level in its southern extent but has a downward grade at the western and northern portions of the subject. The maximum grade change is about 65 feet across the entire site with the highest point in the southeast and lowest in the northwest part of the subject. With setback buffers included, about 22% of the property appears to be impacted.

	Area (SF)
Upland	529,062
Southwest wetland + buffer	74,900
West wetland + buffer	67,000
East wetland + buffer	6,100
<u>Total</u>	<u>677,062</u>

Two wetlands are along the west side of the property. The west wetland is smallest and based on data from the Port of Seattle, the actual wetland (not including buffer) is only 2,316 sq ft. Given its orientation in the midsection of the property with upland areas all around as well as its relatively small size and category III type, it is financially feasible to mitigate this wetland as previously discussed. The east wetland is minor. It is an extraordinary assumption that the wetland impact and resulting usable area conclusion are accurate.

Conclusion

The subject is a 677,062 sq ft vacant land parcel with an irregular shape. It has reasonably level areas, but the western and northern portions are impacted by moderate slopes. Based on the wetland information available, it is estimated that wetlands and buffers impact 22% of the site. However, the as discussed previously, a portion of the wetlands appears to be suitable for mitigation. Apart from the wetlands, given the location, size, utility and topography of the site's usable area, the subject is conducive to any permitted use under zoning.

Highest & Best Use - Before

Highest & Best Use - Before

“Highest & Best Use” is defined by the Appraisal Institute as:

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

AS VACANT

In the Before scenario, the subject is a 677,062 sq ft vacant land parcel with an irregular shape. It some reasonably level areas but the northern and western portions are impacted by moderate slopes. All typical utilities are available. Surrounding properties are a mix of industrial uses to east, then commercial uses along SR 99. To the west are mainly single-family residences. Based on the wetland information available, it is estimated that wetlands and buffers impact 22% of the site. However, the as discussed previously, the west wetlands appears to be suitable for mitigation. Assuming this wetland and buffer were mitigated, total upland usable area would be 596,062 sq ft.

AS VACANT CONCLUSION

Considering all factors, the highest and best use of the subject in the Before scenario is industrial use with mitigation of the west wetland.

Sales Comparison Approach - Before

Sales Comparison Approach - Before

Comparable Sales Data The subject in the Before scenario will be sufficiently similar to the After scenario. The same sales comparables and unit value conclusion of \$15.00/sq ft of usable land are appropriate.

Land Value Conclusion Overall, considering all factors, the market value of the subject site is estimated \$15.00/sq ft of usable land area.

596,062 sq ft @ \$15.00/sq ft of usable land	=	\$8,940,930
	(Rd)	\$8,900,000

As discussed, mitigation of the west wetland is financially feasible and assumed in this analysis. Total wetland mitigation cost is estimated at \$200,000. Deducting \$200,000, the indicated “as is” value in the Before scenario is \$8,700,000.

Reconciliation & Final Value Opinion

Reconciliation & Final Value Opinion

Introduction

Based on the requirements in the WSDOT ROW manual, the appropriate method to value the subject is to consider its value enhancement to the adjoining property to the west which is owned by the Port of Seattle, the potential acquirer of the subject. This method is employed in this appraisal and is essentially a reverse Before and After appraisal. The difference between the value of both assembled parcels (After) and the value of the abutting Port of Seattle property's standalone value (Before) is market value for the subject.

	As Is on August 10, 2018
After Value	\$11,600,000
Before Value	\$8,700,000
Difference /Subject Value	\$2,900,000

Value Conclusion

It is concluded the evidence best supports the following "as is" value conclusion for the subject property:

\$2,900,000

Exposure Time

The definition of "exposure time" is as follows:

The estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based on an analysis of past events assuming a competitive and open market.

Source: The Dictionary of Real Estate Appraisal, Sixth Edition. Chicago: Appraisal Institute, 2015.

Brokers are reporting more market interest with most land properties selling within 1 to 3 months. Sale 1 sold immediately. The subject, with its irregular shape and wetland impact, is less appealing. An exposure time for the subject of 3 to 6 months is reasonable.

ADDENDUM

Appraiser's Experience Data



David M. Chudzik, Ph.D., MAI, CRE

Vice President

Valuation Advisory Services

CAREER SUMMARY

Since joining Kidder Mathews' Valuation Advisory Services in October of 2004, David has provided valuation and consultation services for a wide variety of commercial property types including office, industrial, retail, multifamily, hospitality, marina, and development properties. His experience includes complex properties like biotechnology research facilities, data centers, sawmills, shipyards, and other specialized property types. He has performed biotechnology valuation and market analysis on a national basis and authored the National Biotechnology Real Estate Market Analysis for GVA Worldwide. Assignments have included valuation of leasehold interests, air rights, condemnation compensation, conservation easements as well as market rent studies.

David's professional experience includes venture capital investing with emphasis in the life sciences industry. He has also worked as a development analyst and project manager at Seattle area real estate development companies. His development experience includes multifamily residential, commercial office, and marina developments.

David brings unique qualifications to real estate valuation and consulting making him well-qualified in the analysis of some of the most complex and sophisticated real estate.

EDUCATION

- Doctor of Philosophy, Biochemistry, University of Washington
- Master of Business Administration, Management, University of Washington
- Bachelor of Science, Biochemistry, University of Washington
- Bachelor of Arts, Spanish, University of Washington

PROFESSIONAL LICENSES

- Washington Certified General Real Estate Appraiser (No. 1102099)
- Oregon Certified General Real Estate Appraiser (No. C00182)
- California Certified General Real Estate Appraiser (No. 3004403)
- Idaho Certified General Real Estate Appraiser (No. CGA-4877)
- Virginia Certified General Real Estate Appraiser (No. 4001017780)
- Washington Real Estate Broker (No. 127896)

PROFESSIONAL AFFILIATIONS

- Member of Appraisal Institute (MAI)
- Counselors of Real Estate (CRE)

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Seattle, WA 98101
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David Chudzik, Ph.D., MAI, CRE continued

PARTIAL CLIENT LIST

Allstate Life Insurance Co.	KeyBank	Puget Sound Bank
Alexandria Real Estate Equities	King County	Puget Western
Archdiocese of Seattle	Low Income Housing Institute	San Juan County Land Bank
Bank of America	Memorial Medical Center	Schnitzer West
BECU	Merrill Lynch	Seattle BioMed
Bloch Properties	Morgan Stanley	Seattle Monorail Project
Citibank	Morton McGoldrick, PS	Server Farm Realty
City of Seattle	Moss Adams	Stockbridge Capital Group
City of Renton	National Real Estate Advisors	Todd Shipyards
Davis Wright Tremaine	Nexus Properties	Unico Properties
East West Bank	Northwest Diabetes Research Center	Union Bank
First Sound Bank	Northwest Kidney Center	University of Washington
First Mutual Bank	Novartis	US Bancorp
GE Capital	Olympus Real Estate Partners	Vulcan Real Estate
H5 Capital	Overlake Medical Center	Washington Federal
Heritage Bank	Perkins Coie	Washington Trust Bank
Jefferson County	Port of Port Townsend	Wells Fargo
JPMorgan Chase Bank	Portland State University	

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION



THIS CERTIFIES THAT THE PERSON OR BUSINESS NAMED BELOW IS AUTHORIZED AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

DAVID MATTHEW CHUDZIK
7047 51ST AVENUE NE
SEATTLE WA 98115

1102099

License Number

03/17/2011

Issued Date

11/02/2020

Expiration Date

Teresa Berntsen
Teresa Berntsen, Director

REAL PROPERTY PURCHASE AND SALE AGREEMENT

This Real Property Purchase and Sale Agreement (the "Agreement") made and entered into as of this ____ day of _____, 20____, by and between the STATE OF WASHINGTON, acting by and through its DEPARTMENT OF TRANSPORTATION (hereinafter "Seller") and the PORT OF SEATTLE, a municipal corporation of the State of Washington (hereinafter "Buyer"). Seller and Buyer shall each be referred to individually as a "Party" and, collectively, as the "Parties."

RECITALS

WHEREAS, Seller is the owner of certain real property located in King County, Washington, more particularly described in **Exhibit A**, attached hereto and by this reference incorporated herein; and

WHEREAS, Seller wishes to sell to Buyer and Buyer wishes to acquire from Seller the real property referenced in the foregoing recital, in accordance with the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

ARTICLE I PROPERTY

1.1. **Purchase and Sale.** Seller hereby agrees to sell and convey to Buyer, and Buyer hereby agrees to purchase from Seller, subject to the terms and conditions set forth herein, that certain real property located in King County, Washington, and more particularly described on **Exhibit A**, together with all rights, privileges, and easements appurtenant to said real property, including, but without limitation, all minerals, oil, gas, and other hydrocarbon substances on and under the real property, all improvements on or associated with the Property, and all development rights, air rights, water, water rights and any and all easements, rights-of-way, and other appurtenances used in connection with the beneficial use and enjoyment of the real property (collectively, the "Property").

ARTICLE II PURCHASE PRICE; ESCROW

2.1. **Purchase Price.** The purchase price for the Property shall be TWO MILLION NINE HUNDRED THOUSAND and 00/100 Dollars (\$2,900.000.00), paid in cash or immediately available funds upon Closing (as defined below).

2.2. **Escrow.** First American Title Insurance Company, through its offices in Seattle, Washington ("Escrow Holder" in its capacity as escrow holder and "Title Company" in its capacity as title insurer) has been designated as Escrow Holder hereunder by mutual agreement of Buyer and Seller. Upon the date that this Agreement has been executed by both the Parties (the "Agreement Date"), the Parties shall deliver a copy of the mutually executed Agreement to Escrow

Holder instructing Escrow Holder to open a closing escrow in accordance with the terms of this Agreement.

ARTICLE III TITLE TO PROPERTY

3.1. Title to Property. Seller shall convey to Buyer at the Closing, as hereinafter defined, marketable fee simple title to the Property, by execution and delivery of a Bargain and Sale Deed to the Property in the form attached hereto as **Exhibit B** (the “Deed”) free and clear of any and all claims, liens, encumbrances or defects other than the “Permitted Exceptions” as defined herein.

3.2. Title Commitment. Following the Agreement Date, Seller shall be at no expense or obligation to provide Buyer with a preliminary title commitment. Buyer shall be responsible for obtaining a preliminary commitment for an ALTA owner’s standard coverage title insurance policy issued by a Title Company describing the Property, showing all matters pertaining to the Property and identifying Buyer as the prospective named insured. Such preliminary commitment, Supplemental Reports (as defined below) and true, correct and legible copies of all documents referred to in such preliminary commitment and Supplemental Reports as conditions or exceptions to title to the Property are collectively referred to herein as the “Title Commitment.” Buyer may elect to obtain extended coverage owner's title insurance, or endorsements to the Title Policy, and Buyer shall pay the increased cost of such endorsements and/or any excess premium over the premium charged for a standard coverage owner’s policy and the cost of any ALTA survey required by the Title Company in connection therewith. At no expense Seller agrees to execute any customary affidavits, agreements, forms which the Title Company customarily requires of sellers in order to issue extended title insurance or to otherwise remove standard exceptions in the Title Policy.

3.3. Review of Title Commitment. Buyer shall give written notice to Seller of any disapproved exceptions in the Title Commitment. If Buyer so objects to any exceptions in the Title Commitment, Seller shall, within fifteen (15) days after receiving Buyer’s written notice of objections, deliver to Buyer written notice that either (a) Seller will, at Seller’s expense, cause some or all of the exception(s) to which Buyer has objected to be removed at or prior to Closing, or (b) Seller is unable to eliminate such exception(s). If Seller so fails to notify Buyer or is unable to remove any such exception at or prior to Closing, Buyer may elect to terminate this Agreement by written notice to Seller delivered no later than ten (10) days after the deadline for Seller’s 15-day notice as described in the immediately preceding sentence, in which event Buyer and Seller shall have no further obligations under this Agreement. If Buyer does not terminate this Agreement pursuant to the immediately preceding sentence, then Buyer shall be deemed to have waived, and at Closing shall receive and accept title to the Property subject to, any objectionable exceptions that Seller is unable to remove, all of which exceptions shall be included as Permitted Exceptions.

If any new title matters are disclosed in a supplemental title report issued by the Title Company (a “Supplemental Report”) or related document, the proceeding objection, Seller response and termination / waiver provisions shall apply to the new title matters, except that Buyer's written notice of objections must be delivered within seven (7) days of delivery of the Supplemental Report or document and Seller’s response must be delivered within five (5) days of Buyer's written notice

of objections. The Closing Date (as defined below) shall be extended to the extent necessary to permit time for the foregoing notices.

If Seller gives written notice that it will cause one or more objectionable non-monetary exceptions to be removed but is unable to remove any of them on or before the Closing Date, Buyer will have the right in its sole discretion to either (A) proceed with the purchase and take the Property subject to those non-monetary exceptions not approved by Buyer, or (B) terminate this Agreement in which case Buyer shall have no further liability hereunder.

3.4. As used in this Agreement, "Permitted Exceptions" means (1) liens for real property taxes for the year of Closing to the extent not due and payable as of the Closing, (2) those matters affecting title to the Property which are created by or with the written consent of Buyer, and (3) such exceptions or other matters reflected on the Title Commitment, any Supplemental Report(s) thereto and/or an ALTA survey which Buyer does not object to or waives pursuant to Section 3.3 above. However, the following shall be removed at Closing and shall in no case be included as Permitted Exceptions: any deeds of trust or other monetary liens shown in the Title Commitment or Supplemental Report(s) thereto (other than real property taxes and assessments not delinquent and liens created by or at the request of Buyer).

ARTICLE IV CONDITIONS TO BUYER'S OBLIGATIONS

4.1. Documents and Reports. Within fifteen (15) days after the Agreement Date, Seller shall deliver to Buyer copies of any leases, occupancy agreements, service agreements, licenses, easements, option agreements or other contracts, pertaining to the Property and/or its use or occupancy, other than those transmitted by Title Company in connection with the Title Commitment.

4.2. Inspection of the Property. Buyer and its employees, representatives, consultants and agents shall have the right and permission during the Contingency Period (as defined below) to enter upon the Property or any part thereof at all reasonable times and after reasonable prior notice, and from time to time, for the purpose, at Buyer's own risk, cost and expense, of making all tests and/or studies of the Property that the Buyer may wish to undertake, including, without limitation, surveys, structural studies and review of zoning, fire, safety, environmental, and other compliance matters; provided, however, that Buyer shall defend, indemnify and hold harmless Seller from and against all liability, cost, damage and expense (including, but not limited to, attorneys' fees) in connection with all claims, suits and actions of every name, kind and description made or brought against Seller, its officers, agents or employees by any person or entity as a result of or on account of actual or alleged bodily injury or property damage received or sustained, resulting from or caused by the negligent acts or omissions of Buyer, its officers, agents or employees, in exercising its rights under the right of entry granted herein.

Seller shall permit Buyer and its agents, at Buyer's sole expense, to enter the Property at reasonable times to conduct inspections concerning the Property and improvements, including, without limitation, the structural condition of improvements, Hazardous Substances (including Phase I and Phase II assessments), soils conditions, sensitive areas, and/or other matters affecting the feasibility of the Property for Buyer's intended use. Buyer shall advise Seller of any entry on

to the Property in advance. Buyer may take or have taken materials, soil, and water samples from the Property and test and analyze those samples to determine the extent of any presence of Hazardous Substances or other contamination in, on, or under the Property. Such testing and sampling shall be performed in a manner not disruptive to any tenants or to the operation of the Property. Buyer shall indemnify and hold harmless Seller from and against any construction or other liens or encumbrances arising out of or in connection with its exercise of this right of entry and shall cause any such liens or encumbrances to be promptly released.

4.3. Approval of the Property. Buyer's obligation to purchase the Property shall be subject to and contingent upon Buyer's approval, in its sole and absolute discretion, of all aspects of the Property, including, without limitation, the physical condition of the Property, and all of the information delivered by Seller pursuant to this Article IV or otherwise obtained by Buyer regarding the Property. Such contingency shall be satisfied or waived on or before the expiration of the Contingency Period.

4.4. Contingency Period Defined. As used in this Agreement, the term "Contingency Period" means the period commencing on the Agreement Date and ending at 5:00 p.m. on the day that is ninety (90) days after the Agreement Date.

4.5. Buyer's Right to Terminate. If Buyer's conditions, set forth in this Article IV, are not satisfied in Buyer's sole and absolute discretion, Buyer shall have the right to terminate this Agreement by sending written notice to Seller and to the Escrow Holder on or before expiration of the Contingency Period. If Buyer gives a termination notice to Seller under this Section 4.5, this Agreement shall terminate and neither party shall have any further liability to the other under this Agreement. If Buyer does not give a termination notice to Seller on or before the expiration of the Contingency Period, Buyer shall be deemed to have satisfied or otherwise waived the condition set forth in this Article IV.

ARTICLE V ADDITIONAL CLOSING CONDITIONS

5.1. Buyer's Conditions. Buyer's obligation to purchase the Property shall be subject to, in addition to the contingency set forth in Article IV above, the following conditions that must be satisfied as of Closing or such earlier date as specified below:

5.1.1 Lot Boundary Adjustment. As a condition to Buyer's obligation to Close, Buyer shall be entitled to obtain, at its sole cost and expense, an approved boundary line adjustment from the City of Des Moines (the "City") for the Property and Buyer's separate and adjacent property. Seller agrees to cooperate, without cost to Seller, with Buyer in its application and submittal of the boundary line adjustment application, including, signing any necessary application documents reasonably required by Buyer or the City, provided, that the boundary line adjustment, even if approved, will not be finalized, nor any related instruments recorded, except at the Closing.

5.1.2 At Closing, title to the Property shall be in the condition required by this Agreement and Escrow Holder shall deliver the Title Policy, or Title Company's irrevocable commitment to issue the Title Policy, to Buyer, at Buyer's expense.

If the conditions set forth in this Section 5.1 are not satisfied as of Closing (or such earlier date as specified above) and Buyer does not waive the same, Buyer may terminate this Agreement by giving written notice to Seller and the Escrow Holder, and thereafter neither party shall have any further liability to the other under this Agreement.

5.2. Seller's Conditions. Seller's obligation to sell the Property shall be subject to the following conditions that must be satisfied as of Closing:

5.2.1 All representations and warranties of Buyer contained herein shall be true, accurate and complete in all material respects at the time of Closing as if made again at such time; and

5.2.2 Buyer shall have performed all obligations to be performed by it hereunder on or before Closing (or, if earlier, on or before the date set forth in this Agreement for such performance).

If the conditions set forth in this Section 5.2 are not satisfied as of Closing and Seller does not waive the same, Seller may terminate this Agreement by giving written notice to Buyer and the Escrow Holder, and thereafter neither party shall have any further liability to the other under this Agreement.

ARTICLE VI REPRESENTATIONS AND WARRANTIES OF THE PARTIES AND CONDITION OF PROPERTY

6.1. Warranties, Representations and Covenants of Seller. As of the date hereof and as of the Closing Date, Seller represents and warrants as follows:

6.1.1 Seller is an agency of the State of Washington, duly organized, validly existing and in good standing under the laws of the State of Washington, has all requisite power and authority to execute and deliver this Agreement and to carry out its obligations under this Agreement and the transactions contemplated hereby.

6.1.2 There is no pending, or to Seller's knowledge, threatened claim, lawsuit, litigation, arbitration, investigation or other proceeding pertaining to the Property or any part thereof. There is no pending or, to the best of Seller's knowledge, threatened condemnation or similar proceeding pertaining to the Property or any part thereof.

6.1.3 No governmental entity with jurisdiction or other person or entity has asserted, or to Seller's knowledge, has threatened to assert that the Property or any part thereof is in violation of any applicable legal requirement. Seller has consents necessary to own and operate the Property for its current use.

6.1.4 Except for the Permitted Exceptions, there are no contracts, agreements or other arrangements under which Seller is obligated to sell, exchange, transfer, lease, rent or allow the use of the Property or any part thereof now or in the future, or under which any person or entity has the right to possess or occupy the Property or any part thereof now or in the future.

6.1.5 Seller warrants and represents that there are no existing leases, tenancies, options, purchase rights, or rights of persons in possession of the Property.

6.1.6 From and after the Agreement Date unless this Agreement is terminated in accordance with its terms, Seller shall not without the prior written consent of Buyer: (a) grant, create, amend or enter into any easement, right-of-way, encumbrance, restriction, covenant, lease, license, permit, option to purchase or other right or transaction which would affect the Property in any way prior to or after Closing; or (b) sell, dispose of or encumber any portion of the Property.

6.1.7. Seller shall continue to maintain the Property in its current condition, normal wear and tear excepted, and in compliance with all applicable laws and to pay all costs of the Property between the Agreement Date and Closing.

6.2. Representations, Warranties and Covenants of Buyer. As of the date hereof and, as of the Closing Date, Buyer represents and warrants as follows:

6.2.1 Buyer is a municipal corporation of the State of Washington, duly organized, validly existing and in good standing under the laws of the State of Washington, has all requisite power and authority to execute and deliver this Agreement and to carry out its obligations under this Agreement and the transactions contemplated hereby.

ARTICLE VII HAZARDOUS SUBSTANCES

7.1. Definitions. The term “Hazardous Substances” means any substance, waste or material (including without limitation petroleum products, asbestos or asbestos-containing material, and polychlorinated biphenyls) regulated, defined or designated as dangerous, hazardous toxic or radioactive, by any federal, state or local law, statute, ordinance rule or regulation relating to the protection of human health or the environment now or hereafter in effect (collectively “Environmental Laws”).

7.2. Environmental Documents. Seller represents and warrants that it has delivered (or in accordance with Section 4.1 will deliver) to Buyer all documents, if any, within its possession or control pertaining to the environmental quality of the Property. The Environmental Checklist for Surplus Property Disposals represents the entirety of all documentation in the possession or control of Seller with regard to or relating to any Hazardous Substances on the Property or in any improvement thereon, and is referred to herein as the “Environmental Documents.”

7.3. Underground Storage Tank and Water Well Decommissioning. Seller warrants that the structures remaining on the property at time of acquisition by the Seller in the 1970s were demolished pursuant to the Laws and Administrative Code in place at that time. Buyer acknowledges that the Environmental Checklist indicates Seller found no evidence of USTs or water wells remaining on the vacant property at the time it was approved for surplus in 2017.

7.4. Environmental Indemnification. Seller agrees to indemnify, defend, and hold harmless Buyer, its Commissioners, officers, employees and agents (the “Buyer Indemnified

Parties”) from and against any and all present or future claims or demands and any and all damages, losses, injuries, liabilities, causes of action, costs and expenses (including without limitation fines, penalties, judgments and attorneys’ fees) of any and every kind or character, known or unknown (collectively “Losses”) that any Buyer or any other Buyer Indemnified Party sustains as a result of claims by third parties, including but not limited to federal, state and local regulatory agencies, for damages or remediation costs related to or arising out of the presence of Hazardous Substances in, at, on, under or originating from the Property that was caused during the Seller’s ownership. Losses shall include without limitation (a) the cost of any investigation, removal, remedial or other response or action that is required by any Environmental Law, that is required by judicial order or by order of or agreement with any governmental authority, or that is necessary or otherwise is reasonable under the circumstances, (b) Losses for injury or death of any person; and (c) Losses arising under any Environmental Law enacted after transfer. This indemnification shall survive the Closing Date and recording of the Deed.

7.5. Survival. Notwithstanding any provision of this Agreement to the contrary, the provisions of this Article VII shall survive the Closing of the transaction contemplated herein and the delivery of the Deed.

ARTICLE VIII CLOSING

8.1. Closing.

8.1.1 Time and Place. The closing of this sale (“Closing”) shall take place at the offices of Escrow Holder’s office in Seattle, Washington, on the date that is thirty (30) days after (i) the end of the Contingency Period or (ii) such earlier date as Buyer may waive all contingencies in writing prior to expiration of the Contingency Period (“Closing Date”); provided, however that either party may extend the Closing Date for up to thirty (30) days by giving written notice of such extension to the other party at least fifteen (15) days in advance of the Closing Date. The Closing Date may also be accelerated by Agreement of the parties. All documents shall be deemed delivered on the date the Deed is recorded.

8.1.2 In the event the Closing does not occur on or before the Closing Date, Seller shall, unless it is notified by both parties to the contrary within ten (10) days after the Closing Date, return to the depositor thereof items which may have been deposited hereunder. Any such return shall not, however, relieve either party hereto of any liability it may have for its wrongful failure to close.

8.2. Delivery by Seller. On or prior to the Closing Date, Seller shall provide:

- (a) The Deed duly executed and acknowledged by Seller and accepted by Buyer, together with a duly signed real estate excise tax affidavit;
- (b) Any other documents, instruments, data, records, correspondence or agreements called for hereunder which have not previously been delivered.

8.3. Delivery by Buyer. On or before the Closing Date, Buyer shall deposit with the Seller and/or Escrow Holder the Purchase Price.

8.4. Other Instruments. Seller and Buyer shall each deposit such other instruments as are reasonably required to close the escrow and consummate the purchase of the Property in accordance with the terms hereof.

8.5. Closing Costs. Buyer shall pay the real estate excise tax ("REET") assessed in connection with Closing, if any, any REET affidavit fees, the premium and all associated charges for the standard owner's coverage title insurance, and the fees and charges (including recording fees) of the Escrow Holder in connection with the Closing ("Escrow Fees"). Buyer shall pay the Escrow Fees and any excess premium for extended owner's coverage title insurance. Real and personal property taxes and assessments, if any, payable in the year of Closing, utilities and other operating expenses shall be prorated as of the Closing Date.

Escrow Holder is instructed to prepare certification that Seller is not a "foreign person" with the meaning of the Foreign Investment in Real Property Tax Act ("FIRPTA Certification"). Seller agrees to sign this FIRPTA Certification. If Seller is a foreign person, and this transaction is not otherwise exempt from FIRPTA, Escrow Holder is instructed to withhold and pay the required amount to the Internal Revenue Services.

ARTICLE IX POSSESSION

9.1. Possession of the Property shall be delivered to Buyer on the Closing Date.

ARTICLE X COVENANTS OF SELLER PENDING CLOSING

10.1. Conduct, Notice of Change. Seller covenants that between the Agreement Date and the Closing Seller shall take all such actions as may be necessary to assure that the representations and warranties set forth in Section 6.1 hereof will be true and complete as of the Closing (except such representations, warranties and matters which relate solely to an earlier date), and all covenants of Seller set forth in this Agreement which are required to be performed by it at or prior to the Closing shall have been performed at or prior to the Closing as provided for in this Agreement. Seller shall give Buyer prompt written notice of any material change in any of the information contained in the representations and warranties made in Section 6.1 or elsewhere in this Agreement which occurs prior to the Closing.

10.2 Exclusivity. Between the Agreement Date and Closing or earlier termination of this Agreement, Seller shall not market the Property, make or accept any offers to sell, exchange, lease or otherwise transfer or in any way encumber, or otherwise solicit any offers to purchase, or enter into any agreement for the sale, exchange, lease or other transfer or encumbrance of the Property.

ARTICLE XI DEFAULT, REMEDIES

11.1. Specific Performance. In the event of a material breach or default in or of this Agreement or any of the representations, warranties, terms, covenants, conditions, or provisions hereof by Seller, Buyer shall have, in addition to a claim for damages for such breach or default,

and in addition to and without prejudice to any other right or remedy available under this Agreement or at law or equity, the right to (a) demand and have specific performance of this Agreement; or (b) terminate this Agreement upon written notice without liability to Seller.

11.2. Attorneys' Fees. In the event either party hereto finds it necessary to bring an action against the other party to enforce any of the terms, covenants or conditions hereof or any instrument executed pursuant to this Agreement, or by reason of any breach or default hereunder or thereunder, the party prevailing in any such action or proceeding shall be paid all costs and reasonable attorneys' fees by the other party and in the event any judgment is secured by such prevailing party all such costs and attorneys' fees shall be included in any such judgment. The reasonableness of such costs and attorneys' fees shall be determined by the court and not a jury.

ARTICLE XII MISCELLANEOUS

12.1. Risk of Loss; Condemnation. Seller assumes all risk and liability until Closing for damage or injury occurring to the Property by fire, storm, accident or any other casualty or cause, and for condemnation or a similar taking by any governmental agency of all or any portion of the Property; after Closing Buyer bears and assumes all such risks and liability. If, prior to Closing, (a) the Property, or any portion thereof, suffers any damage from fire or other casualty, or (b) an action is initiated or threatened to take the Property or any portion thereof, by eminent domain or condemnation proceedings or by deed in lieu thereof, then Seller shall promptly give written notice to Buyer of such event and Buyer may elect to either: (1) terminate this Agreement, or (2) consummate this Agreement, in which event Seller shall deliver to Buyer, on the Closing Date, any proceeds actually received by Seller in connection with such casualty or condemnation, or assign to Buyer, on the Closing, all of Seller's right, title and interest in any claim to proceeds of any insurance covering such damage, if any, or in the award of the condemning authority (provided that in no event shall Buyer be entitled to receive payment or assignment of such proceeds in an amount greater than the Purchase Price). Buyer shall make such election by sending written notice to Seller within twenty (20) days after Seller provides written notice to Buyer of the casualty or condemnation, as applicable; provided that, if Buyer fails to timely deliver written notice to Seller within said 20 days, Buyer shall be deemed to have elected to terminate this Agreement.

12.2. General Indemnity. Seller shall indemnify, defend, protect and hold the Buyer Indemnified Parties harmless from and against any and all liabilities, obligations, damages, penalties, fees, commissions, costs, expenses and other charges, including without limitation reasonable attorneys' fees, which any Buyer Indemnified Party may suffer or incur in connection with (i) its ownership of the Property resulting from any action or inaction of Seller, its agents or employees occurring before the Closing; (ii) the falsity or breach of any representation or warranty set forth in Article VI hereof; (iii) any misrepresentation in or omission of any material documents, items or information to be submitted by Seller to Buyer relating to the Property or its operations; or (iv) any failure of Seller to perform any of its obligations hereunder. The foregoing indemnity shall survive the Closing and shall be in addition to, and not in derogation of any other rights Buyer may enjoy under this Agreement or under law for breach of any representation or warranty set forth in this Agreement. Promptly after the receipt by Buyer of notice of any claim or the commencement of any action or proceeding for which Seller has agreed to indemnify the Buyer Indemnified Parties, Buyer shall give Seller written notice of such claim or the commencement of

such action or proceeding and Seller shall thereafter vigorously defend on behalf of Buyer, but at Seller's sole cost and expense, any such action or proceeding for which indemnification is sought utilizing counsel satisfactory to buyer. No settlement of any such action or proceeding shall be made without Buyer's prior written approval (unless buyer has previously been discharged from all liability in connection with such action or proceeding); provided that this provision is subject to the limitations of RCW 4.24.115 to the extent applicable.

12.3. Brokers and Finders. Each party represents to the other that no broker or finder has been involved in this transaction. In the event of a claim for broker's fee, finder's fee, commission or other similar compensation in connection herewith, Buyer, if such claim is based upon any agreement alleged to have been made by Buyer, hereby agrees to indemnify and hold Seller harmless from any and all damages, liabilities, costs, expenses and losses (including, without limitation, reasonable attorneys' fees and costs) which Seller may sustain or incur by reason of such claim, and Seller, if such claim is based upon any agreement alleged to have been made by Seller, hereby agrees to indemnify and hold the Buyer Indemnified Parties harmless from any and all damages, liabilities, costs, expenses and losses (including, without limitation, reasonable attorneys' fees and costs) which any Buyer Indemnified Party may sustain or incur by reason of such claim. The provisions of this Section 12.3 shall survive the termination of this Agreement or the Closing.

12.4. Notices. All notices, demands, requests, consents and approvals which may, or are required to be given by any party to any other party hereunder shall be in writing and shall be deemed to have been duly given if delivered personally, sent by fax, sent by a nationally recognized overnight delivery service, or if mailed or deposited in the United States mail and sent by registered or certified mail return receipt requested, postage prepaid to:

Seller at	Department of Transportation Attn: Headquarters Real Estate Services Property Management Program Manager P.O. Box 47338 Olympia, WA 98504-7338
Buyer at:	Port of Seattle Attn: Director, Real Estate & Economic Development 2711 Alaskan Way Seattle, WA 98121

or to such other address as either party hereto may from time to time designate in writing and deliver in a like manner. All notices shall be deemed complete upon actual receipt or refusal to accept delivery. Facsimile transmission of any signed original document, and retransmission of any signed facsimile transmission shall be the same as delivery of an original document. At the request of either party or the Escrow Holder, the parties will confirm facsimile transmitted signatures by signing an original document.

12.5. Calculation of Time Periods. Unless otherwise specified, in computing any period of time described in this Agreement, "days" means calendar days, and the day of the act or event

after which the designated period of time begins to run is not to be included and the last day of the period so computed is to be included, unless such last day is a Saturday, Sunday or legal holiday, in which case the specified period of time shall expire on the next day that is not a Saturday, Sunday or legal holiday. Any specified period of five (5) days or less shall not include Saturdays, Sundays or holidays. The final day of any such period shall be deemed to end at 5 p.m., Pacific Standard or Daylight time, as applicable.

12.6. Amendment, Waiver. No modification, termination or amendment of this Agreement may be made except by written agreement signed by all parties. No failure by Seller or Buyer to insist upon the strict performance of any covenant, duty agreement, or condition of this Agreement or to exercise any right or remedy consequent upon a breach thereof shall constitute a waiver of any such breach or any other covenant, agreement, term or condition. Any party hereto, by notice and only by notice as provided in Section 12.4 hereof, may, but shall be under no obligation to, waive any of its rights or any conditions to its obligations hereunder, or any duty, obligation or covenant of any other party hereto. No waiver shall affect or alter this Agreement, and each and every covenant, agreement, term and condition of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach thereof. All the terms, provisions, and conditions of this Agreement shall inure to the benefit of and be enforceable by Seller's or Buyer's respective successors and assigns. Buyer reserves the right to assign its rights under this Agreement.

12.7. No Merger; Survival. The terms of this Agreement shall not merge with any deed or other conveyance instrument transferring the Property to Buyer at Closing. All provisions of this Agreement which involve obligations, duties or rights which have not been determined or ascertained as of the Closing Date or the recording of the Deed and all representations, warranties and indemnifications made in or to be made pursuant to this Agreement shall survive the Closing Date and/or the recording of the Deed.

12.8. Captions. The captions of this Agreement are for convenience and reference only and in no way define, limit, or describe the scope or intent of this Agreement.

12.9. Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

12.10. Counterparts. This Agreement may be executed in any number of counterparts, and each such counterpart hereof shall be deemed to be an original instrument, but all such counterparts together shall constitute but one agreement.

12.11. Additional Acts. Except as otherwise provided herein, in addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by Seller or Buyer, Seller and Buyer hereby agree to perform, execute and/or deliver, or cause to be performed, executed and/or delivered, at the Closing any and all such further acts, deeds and assurances as Buyer or Seller, as the case may be, may reasonably require to (a) evidence and vest in the Buyer

the ownership of and title to the Property, and (b) consummate the transactions contemplated hereunder.

12.12. No Joint Venture. It is not intended by this agreement to, and nothing contained in this Agreement shall, create any partnership, joint venture or other arrangement between Buyer and Seller. No term or provision of this Agreement is intended to be, or shall be, for the benefit of any person, firm, organization or corporation not a party hereto, and no such other person, firm, organization or corporation shall have any right or cause of action hereunder.

12.13. Neutral Authorship. Each of the provisions of this Agreement has been reviewed and negotiated, and represents the combined work product of both parties hereto. No presumption or other rules of construction which would interpret the provisions of this Agreement in favor of or against the party preparing the same shall be applicable in connection with the construction or interpretation of any of the provisions of this Agreement.

12.14. Governing Law, Time. This Agreement and the right of the parties hereto shall be governed by and construed in accordance with the laws of the State of Washington and the parties agree that in any such action venue shall lie exclusively in Thurston County, Washington. Time is of the essence of this Agreement.

12.15. Costs and Expenses. Each party hereto will bear its own costs and expenses in connection with the negotiation, preparation, and execution of this Agreement and other documentation related hereto and in the performance of its duties hereunder.

12.16. Entire Agreement. This Agreement and the exhibits hereto constitute the entire agreement between the parties with respect to the purchase and sale of the Property and supersedes all prior and contemporaneous agreements and understandings between the parties hereto relating to the subject matter hereof.

[Signature Page Follows]

Item No. 8h_attach2

Date of Meeting February 9, 2021

IN WITNESS WHEREOF, the parties have executed this agreement as of the day and year first above written.

Seller:

State of Washington, Department of Transportation

By: _____ Date: _____
Its: _____

Buyer:

The Port of Seattle, a Washington municipal corporation

By: _____ Date: _____
Its: _____

Exhibit A

Legal Description

ICN 1-17-07992

A tract of land situate in the Northeast quarter of the Northeast quarter of Section 8, and the West half of the Northwest quarter of Section 9, all in Township 22 North, Range 4 East, W.M., in King County, Washington, described as follows:

BEGINNING at a point opposite Highway Engineer's Station (hereinafter referred to as HES) 23+00 on the S 216TH line survey of SR 509, SR 516 TO DES MOINES WAY SOUTH and 60 feet Northerly therefrom; thence Northeasterly to a point opposite HES 766+00 on the SR 509 line survey of said plan and 220 feet Northwesterly therefrom; thence Northeasterly to a point opposite HES 772+05 on said SR 509 line survey and 168 feet Westerly therefrom; thence Westerly perpendicular to said SR 509 line survey a distance of 90 feet to the most Westerly line of that property conveyed by Warranty Deed recorded April 25, 1972, under recording number 7204250337, records of King County, Washington; thence Northerly 80 feet, more or less, to a point opposite HES 10+28.42 on the F6 line survey of said plan and 85.26 feet Westerly therefrom, said point being on the North line of the South half of the Northwest quarter of the Southwest quarter of the Northwest quarter of said Section 9; thence Easterly along said North line to a point opposite HES F6 10+27.45 on said F6 line survey and 30 feet Westerly therefrom; thence Northerly to a point opposite HES F6 P.O.C. 12+91.08 on said F6 line survey and 25.45 feet Westerly therefrom; thence Northwesterly to a point opposite HES F6 14+13.05 P.T. on said F6 line survey and 30 feet Southerly therefrom; thence Westerly parallel with said F6 line survey to an intersection with the west line of said Section 9; thence Northerly along said west line a distance of 30 feet, more or less, to HES F6 19+84.89 A.P. on said F6 line survey; thence Westerly along said F6 line survey to HES F6 22+04.83 thereon; thence Northeasterly to a point opposite HES F6 21+30 on said F6 line survey and 50 feet Northerly therefrom; thence Easterly parallel with said F6 line survey to a point opposite HES 777+00 on said SR 509 line survey and 155.03 feet Westerly therefrom; thence Southerly parallel with said SR 509 line survey to a point opposite HES 776+45± thereon, said point being on the north line of the north half of the north half of the northeast quarter of the southwest quarter of the northwest quarter of said Section 9; thence Easterly along said north line to the northeast corner of that property conveyed by Warranty Deed recorded May 6, 1971, under recording number 7105060274, records of said county; said point being 110± feet Easterly when measured at right angles or radially from said SR 509 line survey; thence Southerly to a point opposite HES 775+00 on said SR 509 line survey and 110.85 feet Easterly therefrom; thence Southeasterly to a point opposite HES 773+00 on said SR 509 line survey and 175 feet Easterly therefrom; thence Southerly to a point opposite HES 766+00 on said SR 509 line survey and 295 feet Southeasterly therefrom; thence Southeasterly to a point opposite HES 30+22.76 on said S 216TH line survey and 60 feet Northerly therefrom; thence Westerly parallel with said S 216TH line survey to the point of BEGINNING.

The specific details concerning all of which may be found on sheet 5 of 11 sheets of that certain plan entitled SR 509, SR 516 TO DES MOINES WAY SOUTH, now of record and on file in the office of the Secretary of Transportation at Olympia, bearing date of approval December 1, 1969, revised June 8, 2018.

Item No.	8h_attach2
Date of Meeting	February 9, 2021

Exhibit B

Form of Deed

AFTER RECORDING RETURN TO:

ATTN: REAL ESTATE SERVICES
DEPARTMENT OF TRANSPORTATION
P.O. BOX 47338
OLYMPIA, WA 98504-7338

Document Title: Bargain and Sale Deed
Reference Number of Related Document: N/A
Grantor: State of Washington, Department of Transportation
Grantee: Port of Seattle
Legal Description: Ptn. NE 1/4 NE 1/4 Sec 8, W 1/2 NW 1/4 Sec 9, T 22 N, R 4 E, W. M.
Additional Legal Description is on Page 4 of document
Assessor's Tax Parcel Number: None – Existing State Highway Right of Way

B A R G A I N A N D S A L E D E E D

SR 509, SR 516 To Des Moines Way South

The Grantor, The STATE OF WASHINGTON acting by and through its DEPARTMENT OF TRANSPORTATION, for and in consideration of the sum of TEN AND NO/100 (\$10.00) Dollars, and other valuable consideration in hand paid, grant, bargain, sell, convey, and confirm to the PORT OF SEATTLE, a municipal corporation of the State of Washington, Grantee, the following described real property situated in King County, in the State of Washington:

For legal description and additional conditions
See Exhibit A attached hereto and made a part hereof.
Subject to the permitted exceptions on Exhibit B attached hereto
and by this reference incorporated herein.

The Grantor, for itself and for its successors in interest do by these presents expressly limit the covenants of the deed to those herein expressed, and exclude all covenants arising or to arise by statutory or other implication, and does hereby covenant that against all persons whomsoever lawfully claiming or to claim by, through or under said Grantor and not otherwise, and will forever warrant and defend the said described real estate.

The Grantee requests the Assessor and Treasurer of King County to set over to the

remainder of the hereinafter described Parcel "A" the lien of all unpaid taxes, if any, affecting the real estate hereby conveyed, as provided by RCW 84.60.070.

It is understood and agreed that delivery of this deed is hereby tendered and that the terms and obligations hereof shall not become binding upon the State of Washington unless and until accepted and approved hereon in writing for the State of Washington, by and through its Department of Transportation, by its authorized agent.

Subject to all existing encumbrances, including easements, restrictions, and reservations, if any.

The Grantee, on behalf of themselves and its successors or assigns, as part consideration herein, do hereby agree to comply with all civil rights and anti-discrimination requirements of chapter 49.60 RCW as to the lands herein conveyed.

The lands herein described are not required for state highway purposes and are conveyed pursuant to the provisions of RCW 47.12.063.

Dated at Olympia, Washington, this _____ day of _____, 20____.

S T A T E O F W A S H I N G T O N,
D E P A R T M E N T O F T R A N S P O R T A T I O N –
G R A N T O R

Roger Millar, PE, FASCE, FAICP
Secretary of Transportation

APPROVED AS TO FORM:

By: _____
Assistant Attorney General

REVIEWED AS TO FORM-GRANTEE:

By: _____

STATE OF WASHINGTON)

) : ss

COUNTY OF THURSTON)

On this _____ day of _____, 20____, before me personally appeared Roger Millar, known to me as the Secretary of Transportation, State of Washington, Department of Transportation, and executed the foregoing instrument, acknowledging said instrument to be the free and voluntary act and deed of the State of Washington, for the uses and purposes therein mentioned, and on oath stated that he was authorized to execute said instrument.

Given under my hand and official seal the day and year last above written.

Notary (print name) _____

Notary Public in and for the State of Washington,
residing at _____

My Appointment Expires _____

EXHIBIT A

A tract of land situate in the Northeast quarter of the Northeast quarter of Section 8, and the West half of the Northwest quarter of Section 9, all in Township 22 North, Range 4 East, W.M., in King County, Washington, described as follows:

BEGINNING at a point opposite Highway Engineer's Station (hereinafter referred to as HES) 23+00 on the S 216TH line survey of SR 509, SR 516 TO DES MOINES WAY SOUTH and 60 feet Northerly therefrom; thence Northeasterly to a point opposite HES 766+00 on the SR 509 line survey of said plan and 220 feet Northwesterly therefrom; thence Northeasterly to a point opposite HES 772+05 on said SR 509 line survey and 168 feet Westerly therefrom; thence Westerly perpendicular to said SR 509 line survey a distance of 90 feet to the most Westerly line of that property conveyed by Warranty Deed recorded April 25, 1972, under recording number 7204250337, records of King County, Washington; thence Northerly 80 feet, more or less, to a point opposite HES 10+28.42 on the F6 line survey of said plan and 85.26 feet Westerly therefrom, said point being on the North line of the South half of the Northwest quarter of the Southwest quarter of the Northwest quarter of said Section 9; thence Easterly along said North line to a point opposite HES F6 10+27.45 on said F6 line survey and 30 feet Westerly therefrom; thence Northerly to a point opposite HES F6 P.O.C. 12+91.08 on said F6 line survey and 25.45 feet Westerly therefrom; thence Northwesterly to a point opposite HES F6 14+13.05 P.T. on said F6 line survey and 30 feet Southerly therefrom; thence Westerly parallel with said F6 line survey to an intersection with the west line of said Section 9; thence Northerly along said west line a distance of 30 feet, more or less, to HES F6 19+84.89 A.P. on said F6 line survey; thence Westerly along said F6 line survey to HES F6 22+04.83 thereon; thence Northeasterly to a point opposite HES F6 21+30 on said F6 line survey and 50 feet Northerly therefrom; thence Easterly parallel with said F6 line survey to a point opposite HES 777+00 on said SR 509 line survey and 155.03 feet Westerly therefrom; thence Southerly parallel with said SR 509 line survey to a point opposite HES 776+45± thereon, said point being on the north line of the north half of the north half of the northeast quarter of the southwest quarter of the northwest quarter of said Section 9; thence Easterly along said north line to the northeast corner of that property conveyed by Warranty Deed recorded May 6, 1971, under recording number 7105060274, records of said county; said point being 110± feet Easterly when measured at right angles or radially from said SR 509 line survey; thence Southerly to a point opposite HES 775+00 on said SR 509 line survey and 110.85 feet Easterly therefrom; thence Southeasterly to a point opposite HES 773+00 on said SR 509 line survey and 175 feet Easterly therefrom; thence Southerly to a point opposite HES 766+00 on said SR 509 line survey and 295 feet Southeasterly therefrom; thence Southeasterly to a point opposite HES 30+22.76 on said S 216TH line survey and 60 feet Northerly therefrom; thence Westerly parallel with said S 216TH line survey to the point of BEGINNING.

The specific details concerning all of which are to be found on sheet 5 of 11 sheets of that certain plan entitled SR 509, SR 516 TO DES MOINES WAY SOUTH, now of record and on

file in the office of the Secretary of Transportation at Olympia, bearing date of approval December 1, 1969 , revised June 8, 2018.

EXHIBIT B

1. Taxes or assessments which are not shown as existing liens by the public records.
2. (i).Unpatented mining claims; (ii) reservations or exceptions in patents or in Acts authorizing the issuance thereof; (iii) water rights, claims or title to water, whether or not the matters described in (i), (ii) and (iii) are shown in the public records; (iv) tribal codes or regulations, Indian treaty or aboriginal rights, including easements or equitable servitudes.
3. Rights or claims of parties in possession not shown by the public records.
4. Easements, claims of easements or encumbrances which are not shown by the public records.
5. Encroachments, overlaps, boundary line disputes or other matters which would be disclosed by an accurate survey and inspection of the premises and which are not shown by the public records.
6. Any lien, or right to a lien, for services, labor or material heretofore or hereafter furnished, imposed by law and not shown by the public records.
7. Any service, installation, connection, maintenance, tap, capacity, construction or reimbursement charges for sewer, water, electricity or other utilities, or for garbage collection and disposal.
8. Any titles or rights asserted by anyone, including, but not limited to persons corporations, governments or other entities, to tidelands, or lands comprising the shores or bottoms of navigable rivers, lakes, bays, ocean or gulf, or lands beyond the line of the harbor or bulkhead lines as established or hanged by the United States Government, or riparian



**PORT OF SEATTLE
DRAFT
SITE DEVELOPMENT ANALYSIS FOR
The 17 Acre Sites
REPORT PREPARED BY
INNOVA ARCHITECTS INC.**

December 30, 2016

PORT OF SEATTLE CONTRACT NUMBER: P-00318122 SERVICE DIRECTIVE 20



ARCHITECTURE
ENGINEERING
PLANNING

Published by:

Paul B. McCormick P.E.
Connie E. Linden P.E.
Brian S. Ludwig LEED, AP

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1. Executive Summary

Introduction

This report is a summary of our proposed development options for the 17 Acre sites owned by the Port of Seattle, and located in the City of Des Moines. The site is located on 18th Avenue South, north of the intersection with South 216th Street (see the Site Vicinity Map herein). The purpose of this report is to provide the Port with the information needed to solicit and negotiate contracts with private developers, in order to lease the land for development purposes. Concept plans showing three development options for each of the sites are provided and are as follows:

- Distribution Center
- Manufacturing Facilities
- Small Business Incubator
- Office Building (Multi-story)

Each of the four options list above considers site layout based on the partial acquisition of the adjacent WSDOT property that is located to the east of the site. No matter which site plan option is used, we expect that this site will be developed to take advantage of the need for nearby air cargo facilities. This site will have access to Air Cargo Road, located to the north of the site (via 28th Avenue South transitioning into 24th Avenue South) upon the completion of connection 28th Avenue South from South 200th Street to South208th Street. Site costs run higher than some other sites due to the costs or earthwork, walls and storm detention facilities, but we believe the rental structure for this product in this location with close proximity to the airport will justify the added costs.

Each of the options presented will result in a different building coverage on the site with different development costs and incomes structure related to the developed property and different potential for creating jobs. The civil site design is much the same for all options, so we only provide a single cost estimate for the site development, regardless of which design option is used. However, cost data is provided for all the options related to the cost of the buildings placed on the site.

This work is being done in collaboration with Property Counselors, hired by the Port of Seattle. The scope of the Property Counselors' work is to perform market analysis for each of our proposed development options. They will then define lease rate structures for each of the development options in order to compile a pro-forma for each option. The work of Property Councilors combine with our work will provide the Port of Seattle with the necessary information to successfully market and lease the subject property, and should put the Port of Seattle in an informed position when negotiating contracts with private developers.

Each site and building layout option includes: a site plan, marketing renderings of the proposed buildings, and civil engineering concept plan, and the detailed report. Our work also includes construction and development cost information provided to the Port to aid in assessing the value of the development and thereby the value of the land to be leased to developers.

Background

INNOVA Architects was hired by the Port of Seattle indirectly through their contract with Commercial Real Estate Solutions LLC. That contract issued to INNOVA is Service Directive 20. INNOVA is well qualified to perform this scope of work because INNOVA's Principals and staff have been engaged in the feasibility analysis, as well as complete engineering and architectural design of similar industrial properties within the Puget Sound region for the last 26 years. We have designed over two million square feet of industrial facility in the Puget Sound region over the last 24 months alone, and during the last 26 years have designed more than 50 million square feet of industrial facilities.

Disclaimer to Developers

Developers may use the information in this report to better understand the information available relating to this site. We have attempted to formulate realistic site plans and realistic civil engineering design concepts. We state the estimated cuts and fills for earthwork, size of buildings that can be constructed and size of storm water vaults anticipated to be required. We also show proposed water and sewer sizes and locations, and even provide proposed road improvement concept plans. All of this is provided as a concept for the developer to understand what may be possible in developing this site. And although this is provided based on our best understanding of what is possible, the developer shall not base his proposal on any of these plans or information in the report, without first verifying with the developers own team of consultants, that the information is correct. The developer shall engage its own design team, consultants or experts to research and develop the plans and concepts for which his pro-forma is based on. The Port of Seattle shall not be liable in any way for any specific size of building proposed, or volume of earthwork, or lengths and sizes of pipes or storm vaults. In summary, what is provided is an opinion of what might be possible, but the developer may not rely on this, but rather must verify through his own means all information that the developer believes necessary in support of the developer's proposal to the Port. This disclaimer applies to both the plans and this report.

Site Description

Following this summary is a vicinity map showing the location of the site. We have defined on the Site Plan areas currently owned by the Port of Seattle, 682,120 sf (15.65 Acres) and areas to be acquired from WS DOT. The Port of Seattle is currently in discussion to acquire an additional 180,471 sf (4.1 Acres) to the east of their current property boundary, which is currently owned by Washington Department of Transportation. The development area limits for the 17 Acre Site include the area to be acquired from WS DOT. The development area, which is also the gross site area, for this site is 19.8 acres.

The 17 Acre site is located on South 216th Street between 20th Avenue South and 14th Avenue South, as shown on the vicinity map on page 6 of this report. The site is located within the City of Des Moines, will have access to Air Cargo Road via 28th once the city of SeaTac completes the connection of 26th Ave South to 24th Ave South at 208th Street.

Scope of Work

As part of our work we have gathered and review information on: zoning, municipal code, critical and sensitive areas mapping; Port and City inter-local agreement; adjoining roads, including roadway classification and template requirements, planned vacations, recent improvements, and City planned area transportation and capital improvement projects; utilities GIS and as-built data; utilities capacity data (as available); and, other pertinent information provided to us by the City and utility districts. We have contacted City of Des Moines planning and engineering staff, and worked with the water, sewer, power, and gas purveyors. We have attempted to gather the same level of information as we would need had we been a consultant for a developer in preparation to proceed with full design of this project.

We understand the power available, the fire flow available, and the sewer elevations needed to ensure they work with the finish floor elevations shown. We have researched what available wetland information exists. Based on all available information, we have provided site plans we believe can be developed, and which will prove to be a financially viable project.

We have set finished floor elevations, calculated cuts and fills, made sure sewer elevations will be adequate for the proposed development, and calculated locations and height of all required site retaining walls. We have spoken with city engineers to understand issues related to the storm water, and have estimated storm water storage needed and used a combination of open ponds where possible, and underground vaults where required. We have chosen to use underground storm water vaults in order to achieve a higher level of building coverage on the site. Any combination of pond and vault could be explored, but we have biased our design concepts toward maximizing building coverage.

This report is organized as shown on the following:

Executive Summary

Architectural Narrative

Site Civil Narrative

Appendix A – Vicinity Map and Site Plan of Development Limits

Appendix B – Conceptual Architectural Site Plans and Civil Engineering Plans

Appendix C – Architectural Renderings

Appendix D – City of Des Moines Zoning, Transportation & Capital Improvement Plan

Appendix E – Port of Seattle-City of SeaTac Inter-local Agreement (Excerpts)

Appendix F – City of SeaTac Watershed Basin Report (Excerpts and Mapping); Port NPDES (Excerpts); City Flow Control and Water Quality Mapping; and ESA Wetland Reconnaissance Memo

Appendix G – Utilities (Storm, Sewer, Water) GIS and As-builts

Appendix H – Sanitary Sewer Pump Station As-builts

Appendix I – Existing Conditions Topography & Site Drainage Basins/Existing Conditions Photos

Appendix J – Site Earthwork Quantity Exhibits

Appendix K – Redevelopment Cost Opinion

2. Architectural Planning

Below is a summary of the zoning and site plan options proposed in this report.

a. Zoning

i. B-P (Business Park), this is the City's future comprehensive zoning.

- Allowed uses – Distribution Center, Professional and Business Offices
- Of note, current zoning is R-SE (Residential Suburban Estate) but is planned to be rezoned to B-P by the City by means of Comprehensive Plan adoption in 2017.

ii. Parking Requirements

- Shown on site plans

b. Distribution Center Development Option – See Attached Site Plan Sheet A1.

i. Building Access

- Site access is via South 216th Street, which is a two-lane local access roadway. The driveway can be accessed from either the east or west.

ii. Buildings

- The distribution building is 291,800 SF, single-loaded truck dock.

iii. Building Width

- Single loaded building. 300 feet wide.

iv. Developer/End User Profile – The distribution center building type is, in our opinion, the most marketable of the three options proposed in the current marketplace. There has been an upswing in this (distribution) market. Developers who build speculative spaces are prevalent and looking for more land to develop.

v. Site Development – Reference civil plans Sheets C1.

c. Manufacturing Facility Option – See Attached Site Plan Sheet A2.

Manufacturing Facility Option:

i. Buildings Access

- Site access is via South 216th Street, which is a two-lane local access roadway. The driveway can be accessed from either the east or west.

ii. Buildings – Two manufacturing buildings

- Building A – 145,730 SF, single-loaded truck dock.

- Building B – 149,180 SF, single-loaded truck dock.

iii. **Building Width**

- Building A – Single loaded building 385 feet wide.
- Building B – Single loaded building 400 feet wide.

vi. **Site Development** – Reference civil plans Sheets C2.

d. **Small Business Incubator Option** – See Attached Site Plan Sheet A3.

i. **Buildings Access**

- Site access is via South 216th Street, which is a two-lane local access roadway. The driveway can be accessed from either the east or west.

iii. **Buildings –**

- Building A – 54,000 SF, with at grade truck docks
- Building B – 65,475 SF, with at grade truck docks
- Building C – 65,475 SF, with at grade truck docks
- Building D – 66,825 SF, with at grade truck docks

iv. **Building Width**

- Buildings A, B, C and D: 135- feet wide

v. **Developer/End User Profile** – This development option provides the least building coverage on the site; however, it has the potential to offer the most jobs of the three options and provides the highest rents.

vi. **Site Development** – Reference civil plans Sheet C3.

e. **Small Multi-Story Office Option** – See Attached Site Plan Sheet A4.

ii. **Buildings Access**

- Site access is via South 216th Street, which is a two-lane local access roadway. The driveway can be accessed from either the east or west.

vii. **Building –**

- Building A – 60,500 SF footprint, 5- stories proposed.

viii. **Developer/End User Profile** – This development option provides for a corporate office campus and a significant building lease area. It has the potential to offer the most jobs of all options and provides the highest rents.

3. Civil Site Concepts

Below is the narrative for site and civil engineering issues organized by categories for easy reference.

a. Critical Areas

i. Wetlands

- Onsite Wetlands: The site was reviewed for the presents of wetland indicators by Environmental Science Associates (ESA). ESA concluded that there are three wetlands, labeled B2-1, B2-2 and B2-3, located within the construction boundaries. Wetland B2-1 and B2-2 are preexisting wetlands that were previously identified on the site map. These two wetlands have not grown in size and according the ESA report Wetland B2-2 appears to have gotten smaller in size. The third wetland, B2-3, is similar in size to the two predetermined wetlands. The three wetlands are described as forested and depressional. A memorandum summarizing ESA's findings is provided in Appendix C
- Mitigation Credit Program: King County offers this program as an option for projects that result in unavoidable impacts to wetlands, rivers, streams or buffers. Included in Appendix X is the "Using Credits from In-Lieu Fee Program" which details the procedure to receive credits for alternate mitigation for the wetlands located on this site.
- Offsite Wetlands: From the review done by ESA, they concluded that there are two wetlands located off site to the west.

ii. Development on a Hillside

- The City of Des Moines municipal code defines a hillside with a slope of 15 percent or greater a critical area. The city's municipal code, Chapter 16.10.220 (Hillside of 15 percent slope and greater – Development standards – Disturbance limitation) restricts the maximum slope disturbance allowed on a development site. For slopes up to 15 percent there are no restrictions, for slopes from 15 – 25 percent, the percentage of the slope that may be disturbed is reduced to 60 percent, for slopes 25 – 40 percent the disturbed area is reduced to 45 percent and for slopes over 40 percent only 30 percent of the slope may be disturbed. For a combination for slope categories there is a formula to be used that can be found within this section of the city code.

b. Grading

i. Existing Conditions

The site is vacant has remained undeveloped, it is current covered with prairie grasses, brush and deciduous and conifer trees. See Appendix F for an existing conditions map that shows topographic and utilities data. The site is fronted by South 216th Street along the southern boundary, property currently owned by WS

DOT along the northern and eastern boundary and residential property along the western boundary.

The rectangular-shaped property slopes from the east to the west from a high elevation of 276-feet to a low elevation of approximately 192-feet. Slopes range across the site. In the western portion of the site slopes range from approximately 10- to 20-percent. Slopes in the eastern portion of the site range from gentle slopes of approximately 3-percent to 10-percent. There are steep slopes 40-percent and steeper located around the wetlands located along the western property line.

The development area has been kept to the east side of the property boundary. This will allow for the least amount of grading required. Slopes greater than 25 percent are generally only on the west side of the site around the wetlands. Conceptual development plans included in this report show development near these steep slopes. Keeping the development area away from the steeper slopes will limit the disturbance on the wetlands and reduce the credits received from the Mitigation Reserve Program.

A geotechnical study and slope assessment and analysis have not been conducted and are outside the scope of this report. The developer is responsible for preparing proposed development plans and providing any special studies, including geotechnical assessments and studies, required by the City of Des Moines or other jurisdictions having approval authority.

ii. Proposed Concept Design

There are three conceptual development options proposed for the 17 Acre site:

- Distribution Center
- Manufacturing Facility
- Small Business Incubator

- **Earthwork** - Factors guiding conceptual site layout and grading design are:

- Maximizing building square footages
- Balancing to extent possible site cut and fill quantities
- Minimizing site retaining walls
- Minimizing site-work construction costs

Preliminary earthwork quantities were estimated for each of the development options. Color-coded figures showing extent of cuts and fills is provided in Appendix G. Estimated quantities are based on the conceptual design for the Distribution Center, Manufacturing Facility, and Small Business Incubator developments. The conceptual development options show a net export of approximately 3,700 cubic yards for the Manufacturing Facility, 9,900 cubic yards of import for the Small Business Incubator and 8,600 cubic yards of import for the Distribution Center. Final

design by the developer will further refine earthwork quantities and may reduce cut (export) and fill (import) quantities. Also, estimated earthwork quantities were based on the conceptual layouts shown and GIS data obtained from King County. Actual earthwork quantities may vary considerably depending on site layout and actual site survey data; and therefore, earthwork quantities shall be determined by each developer. Each developer shall perform their own analysis to determine earthwork quantities for their project.

c. Site Walls

i. Existing Conditions

- There is a rockery retaining wall along the edge of the shoulder on the north side of South 216th Street. It is approximately 220 feet in length and has a maximum height of about 6 feet at the southwest corner of the project site, which is where the rockery wall ends.

ii. Proposed Design

- Estimated wall heights are shown on the conceptual civil plans, sheets C1 – C3, for each of the three options (Distribution Center, Manufacturing Facility, and Small Business Incubator). Site walls are anticipated to range from 2-feet to 20-feet, as shown on the conceptual civil plans. Wall heights shown on the conceptual plans are based on building site options shown. Each developer shall design the site to determine the wall heights necessary for their own proposed designs.

d. Storm Design

i. Existing Site Conditions

- The 17 Acre site is located within the City of Des Moines and drains into the Des Moines Creek Basin. The Des Moines Creek Basin is approximately 3.5 miles long and encompasses over 30 acres of wetlands. It is the largest stream flowing through the city and flows from a high elevation of 350 to sea level where it meets the Puget Sound at Des Moines Creek Beach Park. The drainage systems serving the 17 Acre site will be reviewed by the City of Des Moines.

ii. Proposed Description

- City of Des Moines follows the King County Surface Water Design Manual
- Agency Reviews – The site will drain off site through a 24-inch pipe within South 216th Street, this drainage system flows into the Des Moines Creek Basin and ultimately in the Puget Sound. This storm system will require the review/approval from the City of Des Moines and the Corp of Engineers.
- City of Des Moines design standards:

- *King County Surface Water Design Manual (KCSWDM) (2009 Edition)*
The City of Des Moines has established in their municipal code (16.10.350 Surface Water Design Manual) to adopt the King County Surface Water Design Manual, 2009 Edition, including all subsequent revisions as the Surface Water Design Manual for the City of Des Moines, as part of the City of Des Moines Stormwater Management Program, updated March 2016.
- *Des Moines Street Development Standards*
- *Washington State Department of Transportation Standard Specification for Road, Bridge, and Municipal Construction*

- **Proposed Storm Water Facilities –**

This site drains to the Des Moines Creek Basin therefore; this site would need to meet City storm water standards, the *KCSWDM* 2009 edition. Flow control standards that are to be met are Conservation Flow Control, Level 2; and, water quality standards that are to be met are Enhanced Water Quality. In addition, Core Requirement #9 of the *KCSWDM* 2016 edition would also apply. As noted above, this core requirement calls for flow control BMPs, such as infiltration, dispersion and application of low-impact design to the extent feasible. The developer will likely be required by the City to provide flow control BMPs, or, show that these BMP (e.g. onsite infiltration, dispersion, low-impact features) are not feasible. Since USGS mapping shows those areas soils are till, which are not favorable for infiltration, the conceptual plans show detention vaults and ponds for flow control and modular wetlands for enhanced treatment. However, it is responsibility of the developer to fully determine the appropriate flow control and water quality facilities necessary to meet City standards, and whether flow control BMPs are feasible.

The approximately 8.5 acre area north of South 150th Street is shown on the conceptual plans discharging to the existing 12-inch pipe that crosses 24th Avenue South to the NEPL site. This 12-inch pipe is located within the City of SeaTac's right-of-way. Although this area drains to the NEPL Pond, drainage from this area would be conveyed through a storm pipe within the City's right-of-way and maintained by the City. City staff indicated in preliminary discussions that the L-Shaped site is to comply with *KCSWDM* 2016 edition standards and the City's *Addendum*. The developer is fully responsible for determining, through coordinating with the Port and City, applicable design standards that must be followed to meet Port and City requirements.

e. Water

i. Existing Condition

- The water district serving the 17 Acre sites is Highline Water District. There is an 18 inch cast iron main that runs along S. 216th Street. There is also an 8 inch ductile iron

pipe that runs the western border of the site boundary which is fed from the 18 inch main in S. 216th Street.

- **Available Fire Flow** – Highline Water District provided estimated pressure for the 18-inch cast iron main in S 216th Street. The District indicated that the main is near a high elevation point of their system and therefore, lower in available pressure. Also, the District did not have flow data for the system. Therefore, flow testing is needed to determine actual flows available to the site. District also indicated that applicant (developer) must submit a “Water Availability” application and arrange for testing.

- Southwest corner of the 17 Acre site

Static Pressure: 119 psi

- S. 216th Street @ 18th Ave. S

Static Pressure: 93 psi

- S. 216th Street @ 20th Ave. S

Static Pressure: 82 psi

ii. **Proposed Design**

- **Site Fire Protection** - The fire flow anticipated to be required for site development, considering Type 5B construction, is 4,000 GPM (2015 International Fire Code). This anticipated flow, 4,000 GPM, is based on taking into account a 50-percent reduction for buildings equipped with an automatic sprinkler system. With the pressures provided by the Highline Water District in an 18 inch cast iron main, it is assumed that there will be sufficient flow for fire protection; however this will need to be confirmed by the jurisdictional Fire Marshal once development design is confirmed. It is recommended that the developer contact the District to arrange for fire flow testing to confirm actual available flow and to determine fire system design requirements to attain needed pressure/flow. Interior water-main loop shown on the conceptual plans for the 17 Acre site is an 8-inch loop, connecting to S 216th Street.
- **Domestic Service** - Domestic meter sizing will depend on demand for each of the development options. Irrigation meters will also need to be provided with backflow prevention.

f. **Sewer**

i. **Existing Condition**

- The sewer district serving the 17 Acre site is Midway Sewer District. An 8-inch sanitary sewer main is located for connection north of the site location. Before 18th Ave. S was vacated a sewer manhole was installed at what was going to be the intersection of 18th Ave. S and S 212th Street. This manhole has sufficient depth to allow connection to the site.

ii. Proposed Design

- The conceptual plans show connecting to the manhole that was to be located at the intersection of 18th Ave. S and S 212th Street. Midway Sewer District was contacted and confirms the availability to connect to their system at this location.

g. Gas

- Gas is available to the 17 Acre sites along South 216th Street. Puget Sound Energy (PSE), the gas purveyor, could not provide capacity data at this time, and indicated that a “Customer Service Information Sheet” would be required to confirm capacity.

h. Power/Cable/Fiber

i. Existing Condition

- The purveyor for power is Puget Sound Energy (PSE). Overhead power is available on S. 216th Street. Puget Sound Energy indicated that a power application, “Customer Service Information Sheet” indicating power needs before power capacity can be confirmed.
- Communication lines and cable lines are located on existing power poles in 24th Avenue South and on South 152nd Street. The purveyor is Comcast for cable and Century Link for com lines.

ii. Proposed Design

- It is anticipated that power for the 17 Acre site will be served from S 216th Street. As mentioned in the “Existing Condition” section above, Puget Sound Energy could not provide power capacity data, and indicated that a “Customer Service Information Sheet”, which is to include power requirements and a site map, would be required to begin a power assessment and determine if additional feeders would be needed to serve the sites.
- Cable and fiber capacity and availability will need to be confirmed with Comcast and Century Link. As indicated in the paragraph above, conduit will need to be routed onto the sites to serve building facilities. In addition, the overhead lines on S 216th Street may need to be underground since line height on the existing poles may not provide needed vertical clearance for semi-trucks.

i. Dedications/Easements/Vacations

i. Right-of-Way (ROW) Dedications

The City of Des Moines has approved of a project to improve the South 216th Street and 24th Avenue South rights-of-way. This project is to be known as the Transportation Gateway Project. South 216th Street from 24th Avenue South to 18th Avenue South is to be widened to a five lane arterial with a middle turn lane. The city has waived the requirement of a twenty (20) foot wide Type I landscaping strip including a five (5) foot

tall earthen berm adjacent to South 24th Avenue South and South 216th Street, in lieu the required landscaping shall be a ten (10) foot wide Type II landscaping striped as defined by DMMC 18.195.390. It is assumed that these design standards will continue to the west to the edge of the project boundary. The project site currently is fronted with a rockery retaining wall with a maximum height of approximate height of 6 feet. It is the cities intent to negotiate with the Port of Seattle to remove the retaining wall with this portion of South 216th Street is widened and grade towards the site rather than replacing the retaining wall. This will require a Right-of-Way dedication to the City of Des Moines to include a slope easement.

ii. Easements

- 15-foot wide easements conveyed to Highline Water District will be required for the interior 8-inch water main loops through the 17 Acre sites.

j. Assumptions/Exclusions/Unknowns & Risks

i. Further Wetland Studies

- A full wetland study and assessment will be required for the 17 Acre sites to confirm that the wetlands that exist on the sites are categorized correctly.

ii. Property Boundary

- Alta Survey - An Alta Survey has not been conducted at this time, and will be required to confirm the actual boundary of the property, as well as to confirm any dedications, slope easements, and utilities easements.
- Topography – A topographic survey has not been conducted for the 17 Acre sites. GIS data was used for the preparation of conceptual designs. Therefore, a topographic survey and utilities locates will need to be conducted/obtained by the developer for use in their design.

iii. Geotechnical Considerations

- A geotechnical investigation/study has not been conducted for the 17 Acre Site. Geotechnical investigation/study will need to be done by the developer to confirm site soil conditions for site and building development. USGS mapping show area soils as till. Infiltration testing will also be required by the City of Des Moines to confirm feasibility of low-impact design features, including onsite infiltration.
- Ravine sidewalls and bluffs – The City of Des Moines defines a ravine as “a steep slope which abuts and rises from the valley floor...” the ravine will also “contain slopes predominantly in excess of 40 percent... the top of a ravine sidewall is typically a distinct line where the slope abruptly levels out”, *Chapter 16.01.050 Definitions*. The Des Moines municipal code, *16.10.210 Ravine sidewalls and bluffs – Development*

standards, requires a 50-foot undisturbed buffer from the top, toe and sides of all ravines sidewalls. The municipality will allow a reduction to the buffer to a minimum of 10-feet when a special environmental study is done by a licensed engineer specializing in geotechnical analysis of a licensed engineering geologist.

- Hillsides of 15 percent slope and greater – Before site design and grade is done for the 17 Acre site a number of limitations will need to be taken into consideration. *Chapter 16.10.220 Hillsides of 15 percent slope and greater* is to be used to determine the area of usable land for the site. This chapter also provided guidance for landscape and shrub requirements.

iv. **Storm-water Requirements**

- Per discussions with the City of SeaTac City Engineer and Storm Assets Management Coordinator, there has not been any drainage or flooding complaints relating to the storm conveyance system within the immediate area of the site. The City adopted the 2016 edition of the *KCSWDM* on January 1, 2017. Considering the 2016 edition of the *SCSWDM*, City flow control mapping (see Appendix C) shows that the site is located in a Conservation Flow Control Area. Properties located in this area designation typically must meet Level 2 Flow Control requirements of the King County *SCSWDM*, which state that developed discharge from a site must meet pre-developed durations from 50-percent of the 2-year peak flow up to the full 50-year peak flow. Pre-developed site conditions or land cover is to be considered as “historic” conditions, or typically forested. In addition, peak discharge rates from the developed site must meet pre-developed peak discharge rates for the 2- and 10- year return periods. Water quality level that will be required to protect downstream sensitive areas is enhanced water quality facilities.
- Since the southern leg of the 24th Avenue South conveyance system out-lets to the SR-518 right-of-way, drainage systems for the L-Shaped site connected to this conveyance line will be required to also meet WSDOT storm water standards, as indicated in the storm water section of this report.
- See the storm water section of this report for discussion on the storm water requirements for the NEPL site.

Appendix A

Vicinity Map And Site Plan of Extent of Development Limits

Appendix B

Conceptual Architectural Site Plans And Conceptual Civil Engineering Plans

Appendix C

Architectural Renderings

Appendix D

City of Des Moines Zoning, Transportation & Capital Improvement Plan (Excerpts)

Appendix E

City of Des Moines Storm Water & Critical Areas

Appendix F

Utilities (Storm, Sewer, Water) GIS and As-Builts

Appendix G

City of Des Moines CIP

Appendix H

SR-509 Land Use

	Item No.	8h supp
	Date of Meeting	February 9, 2021

SR509 Surplus Land Purchase

Supporting Development of the Des Moines Creek West property

Action Requested

Request Commission authorization for the Executive Director to execute the purchase and sale agreement between WSDOT and the Port of Seattle, and approve \$3.15 million, which includes \$2.9 million and associated costs, in order to purchase a 14.3 acre section of the former SR509 right of way in the City of Des Moines, WA.



509

SeaTac
International Airport

ANGLE LAKE
STATION



SeaTac

SR-509 EXTENSION

S 200th St

Newly Constructed
24th to 28th
Connection

S 208th St

WSDOT
PARCEL

Des Moines
Creek West

DES MOINES
CREEK
BUSINESS PARK

S 216th St

24th Ave S

International Blvd

5

99

Des Moines

190

© Aerolistphoto

Adding Value to Port Des Moines Creek West Development



Property Details

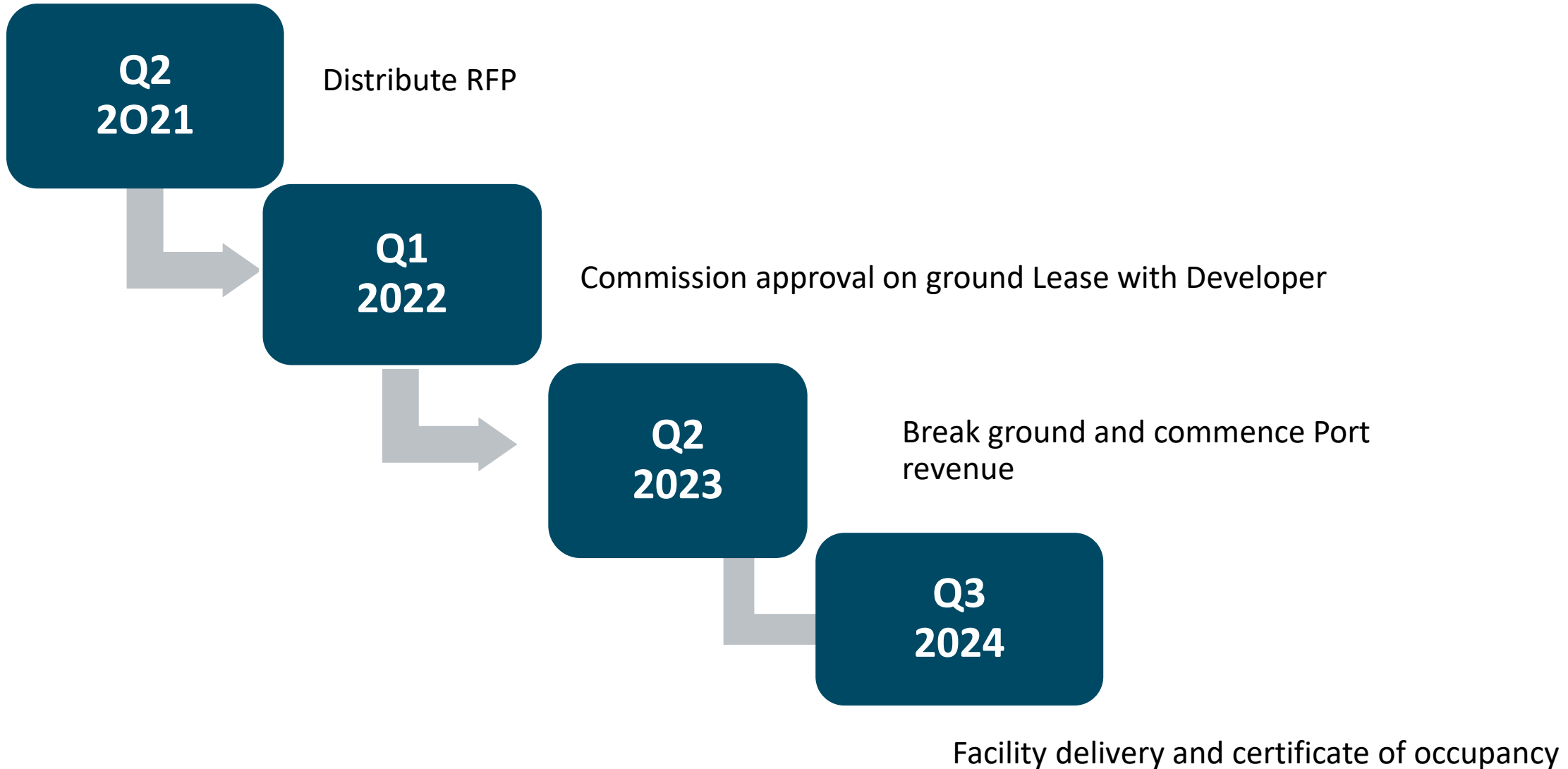
- WSDOT acreage: 14.3 acres
- Port acreage: 15.6 acres
- Purchase price: \$2.9 million
- Street Improvements: \$1.5 million

Light Industrial Development Supports SEA

- ❑ Property acquisition enhances potential to support aviation supply chain (logistics companies, manufacturers, service providers, etc.) and SEA efficiencies
- ❑ Property acquisition and subsequent larger development generates jobs and new tax revenues for City of Des Moines and surrounding communities
- ❑ Property development will generate income to support airport operations and capital projects
- ❑ Property development will support Port Diversity in Contracting and Workforce Development initiatives
- ❑ The purchase protects and reserves land for industrial development

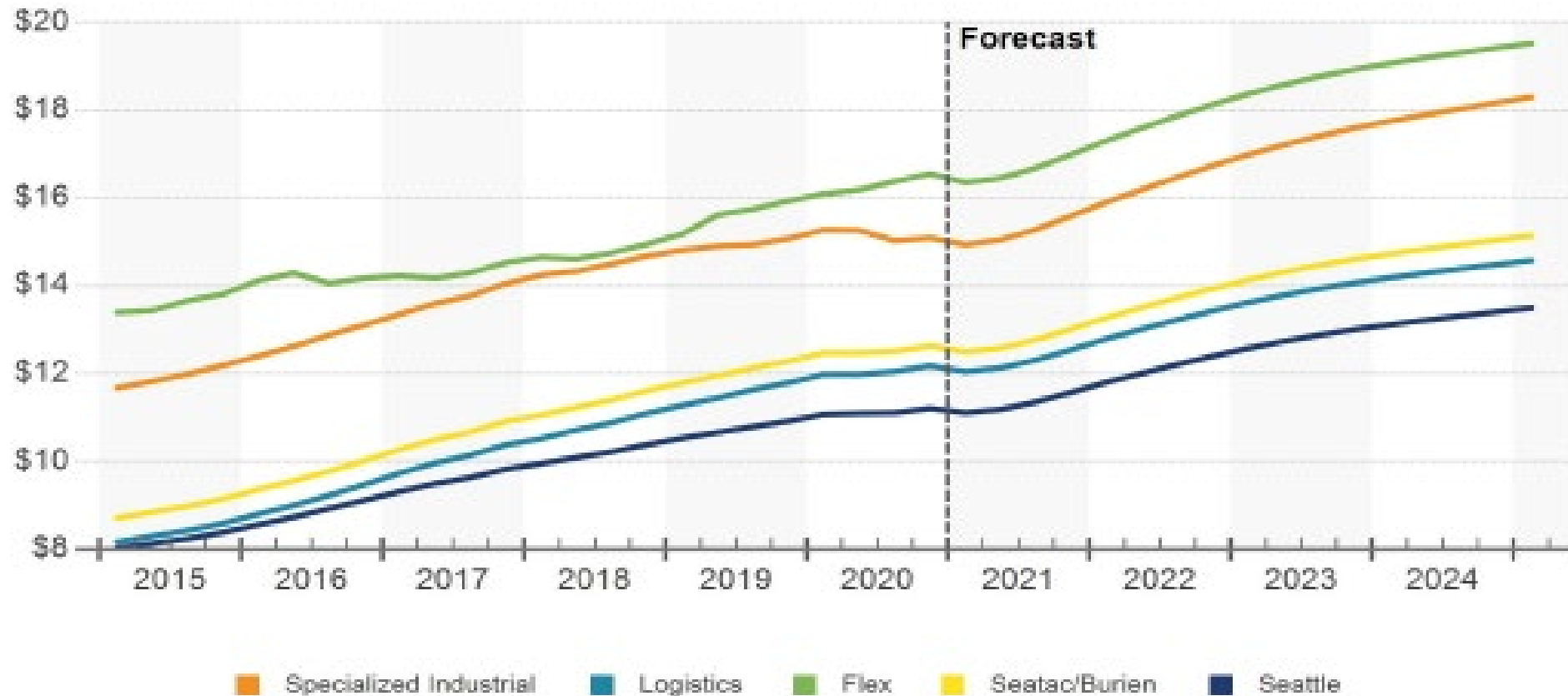


Des Moines Creek West Development Schedule



Strong Market for Industrial Development

MARKET RENT PER SQUARE FEET



Property Development Options



Manufacturing



Office Center



Distribution



Small Business Incubator

Financial Summary

Site area

Total Developable Site Area	19 acres
Building Area	300,000 SF
Des Moines Creek West Stabilized Annual Income	\$1,100,000

Cost Basis

Street improvement payment to Des Moines	\$1,500,000
14 acre WSDOT Property Acquisition	\$2,900,000
Predevelopment costs	\$250,000

Total Cost Basis	\$4,650,000
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IRR	*7.8%
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Payback period (From stabilization)	7 years
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Des Moines Creek West Development Recap



- Need Commission support to purchase WSDOT property that enhances development of adjacent Port property.
- Property development can support aviation supply chain and generate positive economic impacts to local cities
- Industrial market is hot and this is an excellent time to go to market with this property
- We expect lease can be executed to support development by Q1 2022. Subsequent development would be completed sometime in 2024.

Appendix

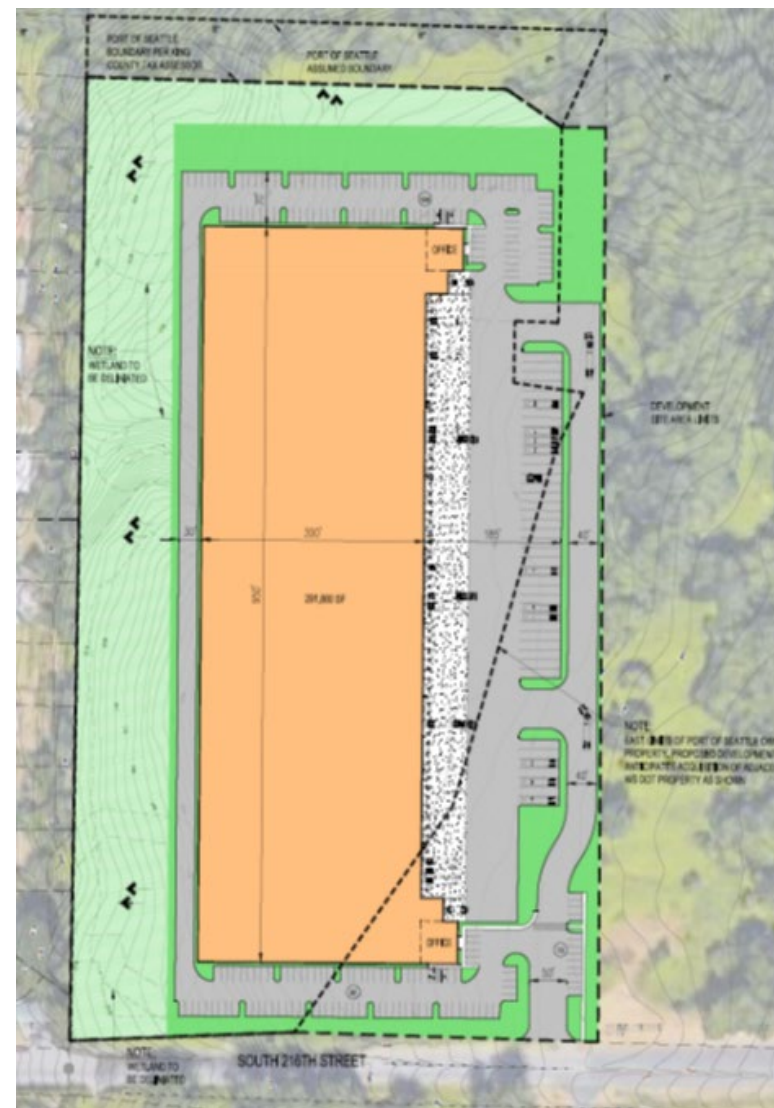
With or Without WSDOT Option

Without the additional land of WSDOT parcel, site has limited access & 46% lower projected rent income.



In addition to much more rental income, more jobs will be created when combining the two sites.

[Return to Agenda](#)





COMMISSION
AGENDA MEMORANDUM

Item No. 10a

ACTION ITEM

Date of Meeting February 9, 2021

DATE: January 22, 2021

TO: Stephen P. Metruck, Executive Director

FROM: David McFadden, Managing Director

SUBJECT: 2021 Program Authorization Request and 2020 Economic Development Partnership Program Results

Amount of this request: \$930,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute contract agreements and implement the 2021 Economic Development Partnership program with King County cities in an amount not to exceed \$930,000.

EXECUTIVE SUMMARY

The Economic Development Partnership (EDP) program builds alliances with King County cities to advance economic development broadly across the region. The program, funded by the Port property tax levy, provides cities \$5,000 - \$60,000 grants to implement economic development projects that tie to the Port's business interests. The Port requires a 50% match (up to 25% monetary match and 25% in-kind resources match) to ensure cities are also committed to project success.

The Port of Seattle Commission created the Economic Development Partnership (EDP) program in 2016 to advance local economic development in partnership with cities in King County. Over the past four grant cycles (2016 – 2020), city grant partners have implemented projects that advanced economic diversification, local business development, company attraction, planning and feasibility studies, tourism, and workforce development.

For 2021 staff is requesting Commission to authorize funding not to exceed \$930,000 to implement the EDP program. This represents a \$35,000 reduction from historical funding. Staff plans to reduce the maximum grant award amount from \$65,000 to \$60,000 to accommodate this reduction.

FOCUSING ON COVID-19 RECOVERY IN 2021

The 2021 grant partnership with King County cities will focus on initiatives that advance COVID-19 economic recovery. Staff will work with city partners to implement projects this year that help

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small businesses rebound and stay open, drive buy local efforts, promote local (safe) tourism activities and support impacted workers.

If funding is authorized, staff will open the 2021 application with a program kick-off meeting in February. During the application process, staff will work closely with cities, especially smaller cities, to create projects that address COVID-19 economic impacts in their communities.

Once an application is approved and agreements are in place, cities will work on projects and send final reports between March 2021 and November 1, 2021. Awarded funds are calculated based on the budgets submitted by participating cities in the applications and agreements executed by the Port of Seattle.

2020 YEAR IN REVIEW: CITY PARTNERS PIVOT TO ADVANCE RELIEF/RECOVERY EFFORTS

In the second quarter of 2020, the Port began working with cities to pivot projects, through agreement amendments, to meet immediate community needs created by COVID-19. During this period, staff also worked with smaller cities to move projects that supported local businesses. Over half of the participating cities pivoted or reallocated resources to projects that supported COVID-19 relief and recovery.

As the year continued, the Port convened cities on five virtual meetings to identify resources to support small businesses, share response best practices as the crisis evolved, and offer feedback on the Greater Seattle Partners Recovery Framework.

Overall, 30 King County Cities **leveraged about \$811,000 in Port EDP funding** and contributed about **\$567,000 in matching resources** (about \$501,000 in monetary matching funds and about \$66,000 in in-kind matching resources) to spur economic development projects.

The 2020 projects are classified into five categories based on the type of economic development activities. The small business assistance projects, “buy local” initiatives, and tourism development projects (totaling \$646,346 in EDP funds together) had some of the greatest impacts on supporting local economies through business support and promoting local commerce. Several cities are conducting multiple projects and some cities’ projects crossover into multiple categories.

The number of economic development projects by category are:

- Small business assistance: 17 cities executed 24 projects with \$352,609 of EDP funding,
- Buy local initiatives & marketplace development: 12 cities executed 14 projects with \$159,604 of EDP funding,
- Tourism development: 11 cities executed 14 projects with \$134,133 of EDP funding,
- Business attraction and trade development: 7 cities executed 8 projects with \$88,345 of EDP funding,
- Planning/ feasibility studies: 3 cities executed 3 projects with \$10,000 of EDP funding,
- Workforce: 2 cities executed 2 projects with \$66,261 of EDP funding.

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The program funding supported \$556,267 for projects in large cities (50,000 or greater population), \$193,395 for projects in mid-sized cities (10,000 to 49,999 population), and \$61,290 for projects in small cities (0 to 9,999 population.) Program funding supported \$420,645 for projects in South King County, \$312,868 for projects in East King County, and \$77,440 for projects in North King County.

The projects highlighted in the City Project Summaries section offer a sample of the ways cities are leveraging the EDP program to create jobs and advance the regional economy.

LEVERAGING THE PORT EDP FUNDS TO GET FEDERAL PANDEMIC AID TO BUSINESSES

Funding from the Economic Development Partnership (EDP) program drove a unique economic partnership in 2020. King County cities used the Port's funding to leverage state and federal resources that supported COVID-19 relief and recovery for hard-hit businesses. As an example, 17 cities used \$352,609 in Port funds to support small business outreach, technical support to small businesses, and to help small businesses apply for U.S. Small Business Association pandemic aid programs.

As of December 2020, 29 cities in King County shared data on federal cash grants they provided to small businesses:

- Cities supplied **3,446 grants** to small businesses and non-profit organizations.
- Cities distributed **\$16,417,215 in cash grants** to businesses with many cities also supplying COVID-19 response materials like personal protective equipment.
- At least 1,248 grants were dispersed to women-owned businesses (18 reporting cities), 1,016 grants distributed to minority-owned businesses (14 cities), and 32 veteran-owned businesses (4 cities.) Multiple responses from cities unofficially noted that many did not collect this data or disaggregate this data suggesting that the number of grants going to women-owned, minority-owned, or veteran-owned businesses is higher.

The Port of Seattle Economic Development Partnership (EDP) program funding helped cities communicate and provide technical support to get grants and other forms of pandemic assistance to small businesses. Some projects supported direct technical assistance for businesses such as the (Re)Startup425 helping local businesses apply for Payment Protection Loans or Burien, Covington, and Tukwila funding technical support from local chambers of commerce. The cities of Enumclaw, Mercer Island, Burien, Pacific, Redmond, SeaTac, Tukwila, and Woodinville used funds to outreach to local businesses about pandemic aid programs.

FINANCIAL IMPLICATIONS

Annual Budget Status and Source of Funds

The Port of Seattle Economic Development Partnership program is an initiative that will cost approximately \$930,000 to implement in 2021. The Port property tax levy will be used to support the 2021 grant program.

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Future Revenues and Expenses (Total cost of ownership)

The program is anticipated to operate annually. It will likely cost between \$700,000 and \$1,000,000 per year unless the Port of Seattle Commission changes or eliminates the program.

DETAILED INFORMATION ON CITY PROJECTS***Regional Partnerships*****Redmond and Kirkland (Bellevue participated using separate funds)**

- Innovation Triangle – Participated in UK City of Surrey Briefing, D.I.C.E. Trade Show, UK West Midlands Briefing, and NASSCOM Trade Mission follow-up.
- Retained an automotive retailer and shared information across participating cities on COVID-19.
- Innovation Triangle website received 1,063 users (12% increase year-over-year.)

Bellevue, Issaquah, Kirkland, Redmond, and Renton

- (Re)Startup 425 – Launched a web portal for COVID-19 resources for East King County.
- Launched Startup 425 Innovation Lab accelerator with 12 businesses participating with Bellevue College.
- Conducted more than a dozen Startup 425 workshops online with hundreds of participants, plus added webinars on specific topics (like federal financial relief and retail.)
- Assisted almost 600 businesses (with more than 3,200 employees) with financial advising and federal business relief applications, including more than 600 calls and 1,000 email interactions. Provided business assistance to more than a dozen businesses in languages other than English including 12 in Spanish, 4 in Chinese, 2 in Korean, and several in other languages.

Duvall and Snoqualmie

- Supported the “Savor Snoqualmie Valley” tourism initiative by replacing signage, implementing social media promotions, and implementing a cooperative marketing campaign.

Individual City Projects**Algona - \$5,000 (1 of 6 cities finishing projects)**

- Redeveloping King County Transfer Station – Conducting a real estate study to determine how to redevelop King County’s waste transfer station property. The site will be transferred to the city.

Meeting Date: February 9, 2021

Auburn - \$65,000

- Auburn IPZ Incubator Operations – Continued incubator operations during COVID-19 and moved workshops and technical assistance online. Workshop participation ranged from 10-60 participants.
- Non-profit Conference – Hosted a two-day conference for non-profits focused on resiliency strategies.
- Buy Local Auburn – Marketing campaign for the citywide business directory generated 1.3 million impressions. Businesses have been able to manage their profiles during COVID-19 showing their open hours and services like delivery or curbside pickup.

Bellevue - \$65,000

- Heart of Bellevue Campaign - Launched a multi-pronged “buy local” marketing and activation campaign in partnership with Bellevue Downtown Association called “Heart of Bellevue” to drive activity at local small businesses and encourage outdoor dining during the summer.
- Outdoor Dining – Created the first outdoor dining program in Bellevue history, which garnered dedicated support from more than 70 percent of survey respondents and “provided near-typical revenue for Main Street restaurants during the most unusual summer in recent memory.”
- Bellwether Arts Festival – Adapted the Bellwether Arts Festival due to COVID-19 to provide an online marketplace for local artists during the holiday season.
- Participated in Startup 425, (Re)Startup425, and the Innovation Triangle.

Black Diamond - \$5,000

- Commercial Area Survey – The city received 240 survey responses, including 95% from residents and 12% from business owners, suggesting citizens would like to see a seasonal market or public spaces (public seating or plaza) on a piece of city-owned land in the city’s historic downtown area.

Burien - \$52,000 (1 of 6 cities finishing projects)

- Downtown 153rd Street Activation – Public space activation and streetscape improvement with multiple elements. The ribbon-cutting had 2,000 people watching the video and received 200 shares on social media.
- Commissary Kitchen – Planning for the Discover Burien Maker Space and Commissary Kitchen to promote food-oriented microenterprises through training, collaboration, and shared kitchen space.
- Regional Visitor and Business Attraction – The Discover Burien website received 648,000 impressions for visitor promotion and continued to support business attraction through the Soundside Alliance for economic development.

Meeting Date: February 9, 2021

Carnation - \$5,000 (1 of 6 cities finishing projects)

- Tolt Avenue Business Retention – Supporting key local businesses affected by the Tolt Avenue construction project. Work includes connecting business owners with technical assistance and creating local "special events and promotions" to draw people to the downtown core during road construction and COVID-19.

Covington - \$20,000

- Small Business Support – The Green River Small Business Development Center counseled 12 small businesses for 28 hours and shared COVID-19 resources at the "Covington Virtual Luncheon."
- Website and Marketing Refresh – Produced 2 30-second videos and shot new professional photos highlighting downtown Covington and development opportunities.

Des Moines - \$0

- Des Moines Marina Redevelopment - Building on the first 3 Port of Seattle grants, the city is continuing to investigate financing for a public-private redevelopment partnership for the Des Moines Marina. The redevelopment proposal was delayed due to COVID-19.

Duvall - \$7,840

- Savor Snoqualmie Social Media Outreach – Increased Facebook (1%) and Instagram (26%) followers, increased impressions of the "Perfect Pairings" and "Arts and History" blog series, and added new photos and videos.
- Restoration of Main Street/ SR 203 Wayfinding Signage – Replaced signage that received multiple positive sentiments on social media.

Enumclaw - \$12,200

- Small Business Outreach and Assistance – Partnered with the Enumclaw Chamber of Commerce to contact 150 businesses and surveyed 1,000 businesses affected by COVID-19. Referrals were made to the Green River College Small Business Development Center.

Federal Way - \$59,295

- Promoting 2021 NCAA Event – Prepared for 2021 NCAA Swimming and Diving Championships (athletic event) expecting over 2,000 athletes and 10,000 people.
- Hospitality and Tourism Training Program – Created an online hospitality education and tourism training course for industry staff delivered to 400 businesses.
- Virtual Consulates Week and Tourism Capital Improvement Plan – Developed the concept for a Consulate Week to promote international trade and a written report on how to finance \$1 million in capital improvements at Celebration Park.

Meeting Date: February 9, 2021

Issaquah - \$37,589

- Business Retention and Buy Local program – Launched a marketing and business outreach campaign with local banners, 29 newsletters going to 3,796 subscribers (25 – 55% open rate), and 200 surveyed businesses focused on promoting local shopping.
- Regional Business Summit with Chamber of Commerce - Hosted 88 businesses at the Regional Business Summit to discuss regional COVID-19 issues.
- Data collection project with Chamber of Commerce - The Chamber of Commerce created five data modules and a tax toolkit for small businesses.
- Great Careers for Students – The "Great Careers" career fair was postponed, and funds were used to develop digital tools for future fairs. The event connects students to living-wage jobs that do not require a 4-year degree.
- Participated in the Startup425 and Re-Startup 425 regional partnerships.

Kenmore - \$21,242

- Business Survival Training – 8 businesses and 2 non-profit organizations completed the business training accelerator focused on navigating the current business climate.
- Professional Photos – Updated aerial and community stock photos for economic development marketing.

Kent - \$65,000

- Apprenticeships and Advanced Manufacturing Training – The Aerospace Joint Apprenticeship Committee (AJAC) trained 10 workers (6 participants self-identified as women and 7 as individuals of color) on skills helping them move to jobs paying on average \$18 an hour.
- 34 jobseekers receive tuition-free, pre-apprenticeship training, and 17 front-line workers receive COVID-19 safety training.
- AJAC establish an online portal for employers to easily identify and apply for available wage reimbursement resources.

Kirkland - \$65,000

- Participated in the Startup425, Re-Startup 425, and the Innovation Triangle regional partnerships.

Maple Valley - \$26,180

- Entrepreneur and Resident Survey on COVID-19 – 173 businesses responded to a survey on business needs and 208 residents replied to surveys finding where residents work. The business survey informed the city's actions to COVID-19.
- Advertising/ Marketing for Outdoor Recreation – Marketed the city as an outdoor destination in Outdoor Northwest and Visit Seattle.

Meeting Date: February 9, 2021

Mercer Island - \$24,470

- Business Outreach – Surveyed 269 businesses (mail and email) and updated contact information for 109 active businesses. Using the updated list, staff sent three emails to about 950 businesses (41% open rate) about COVID-19 resources and grant information.
- Buy Local Program – Started a buy local program with 18 businesses participating and 52 social media followers.

Milton - \$5,000

- Mainstreet Placemaking Project – Installed street banners to delineate and promote Milton's main commercial corridor.

Newcastle - \$12,450 (1 of 6 cities finishing projects)

- Retail Gap Analysis and Report – A consultant developed a detailed retail market analysis of downtown Newcastle to identify retail and service businesses that could be attracted to the city. The market research report can also be used by existing businesses.

Normandy Park - \$6,610

- Update Economic Development Website – Updated the city's economic development website with 2 eco-tourism videos and data from the current comprehensive plan.
- Ecotourism Marketing Video – Produced an "ecotourism marketing video" to use on the city's website and in marketing programs.

North Bend - \$6,965

- Tourism Attraction Signage – Worked with the North Bend Downtown Foundation to create and restore wayfinding signage and add 16 seasonal beautification and community event hanging light pole banners to better direct tourists toward Downtown North Bend.

Pacific - \$6,875

- Business Engagement Survey – Partnered with a local chamber of commerce to develop and administer a survey of 43 businesses. The survey showed that 57% had applied for federal pandemic aid and 50% had "resorted to temporary layoffs."

Redmond - \$63,774

- Business Outreach and COVID-19 Support – Surveyed 75 businesses, participated in the Eastside Recovery Hub, and assisted 60 companies with support resources.
- Light Rail Dislocated Businesses – Contacted 93 businesses during 4 business walks and developed a podcast with updates on the project.
- Eastside Economic Analysis – Created an economic baseline report and regional profile.
- Participated in the Startup425, Re-Startup 425, and the Innovation Triangle regional partnerships.

Meeting Date: February 9, 2021

Renton - \$65,000

- Tourism Development – Launched an integrated strategy targeted at local, tourism, and business recruitment audiences promoting local commerce. Social media reached 45,000+ people across five different social media channels growing 27.9 percent over a year.
- Downtown Façade and Storefront Improvement Program – Mix of programs supporting downtown retail area with 65 percent of downtown businesses participating.
- Pandemic Small Business Support – Hosted COVID-19 retail best practices event with 6 individual store-front consultations. Participated in Startup425 and hosted entrepreneurial support for 118 registrants in 3 webinars.

SeaTac - \$6,555

- Business "Synergy" Retention and Expansion Program – Conducted outreach and business support to 208 businesses, including 55 restaurants and 38 hotels. 300 businesses replied to the survey.
- Website COVID-19 Update for Businesses - Updated the SeaTac city economic development website with relevant information for businesses about COVID-19 and resources for economic recovery.

Shoreline - \$56,198

- Urban Pop-Up Drive-In Arts Series – Created 4 sold-out drive-in arts experiences highlighting 15 local films that received 5 earned media placements and created paid opportunities for filmmakers and local vendors.
- Shoreline Place Farmers Market Promotion – Helped the Farmers Market adapt to COVID-19 to run 17 market days and increased the average shopper spending per visit.
- Music Industry Incubation and Tourism – Hosted second Music Summit and 2 events for small businesses on arts monetization strategies.
- Glass Art Festival Tourism and Commercial Center Activation – Promoted a neighborhood commercial center through participation in Refract 2020: The Seattle Glass Experience with local artist demonstrations.

Skykomish - \$5,000 (1 of 6 cities finishing projects)

- Digital Interpretive Tour of Skykomish History – Created a digital walking tour of Skykomish working collaboratively with the Skykomish Chamber of Commerce, the Skykomish Historical Society, and the U.S. Forest Service. The tour will be marketed with QR codes at points of interest, physical signage and marketing collateral, search engine optimization, and social media.

Snoqualmie - \$8,000 (1 of 6 cities finishing projects)

- "Seasons in Snoqualmie" Destination Marketing and Tours – Promoted the "Seasons in Snoqualmie" brand to encourage visitation to Snoqualmie year-round and contract with Savor Snoqualmie Valley to grow Instagram content and run the "Unexpected Pairings"

Meeting Date: February 9, 2021

marketing campaign to raise the visibility of unique activities in and around the City of Snoqualmie.

Tukwila - \$20,930

- Digital Media Program for Tourism – Created a digital media program for tourism by creating content shared through a new website, email newsletter, and social media.
- Business Assistance – Contracted with the Seattle Southside Chamber to contact 600 businesses, provide technical assistance to 10 businesses, and conduct 890 referrals.
- Kent Valley Industrial Area Company Recruitment – Maintained the business recruitment campaign for aerospace and manufacturing companies across the Kent Valley in partnership with Kent and Auburn. The site revived 1,402 unique visits in the first three quarters of 2021.

Woodinville - \$11,779

- COVID-19 Online Resource Hub – Partnered with Woodinville Chamber of Commerce to create, maintain, and market the Woodinville COVID-19 business recovery resource micro-site that received 1,000 visits while contacting 800 businesses with resources on managing COVID-19.
- Wayfinding – Improved placemaking and neighborhood identification through updated neighborhood banners and the development of a digital visitor map in partnership with the Woodinville Wine Country.

ATTACHMENTS TO THIS REQUEST

- (1) Economic Development Partnership Program PowerPoint Presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

July 10, 2020 – The Commission heard a briefing on how the 2020 Economic Development Partnership Program funding was being used to respond to COVID-19.

December 10, 2019 – The Commission authorized the Executive Director to execute contract agreements and implement the 2020 Economic Development Partnership program with King County cities in an amount not to exceed \$965,000.

July 23, 2019 – The Commission heard a briefing on the 2019 Economic Development Partnership program.

January 8, 2019 – The Commission authorized the Executive Director to execute contracts supporting the 2019 Port of Seattle Economic Development Partnership Program in an amount not to exceed \$960,000.

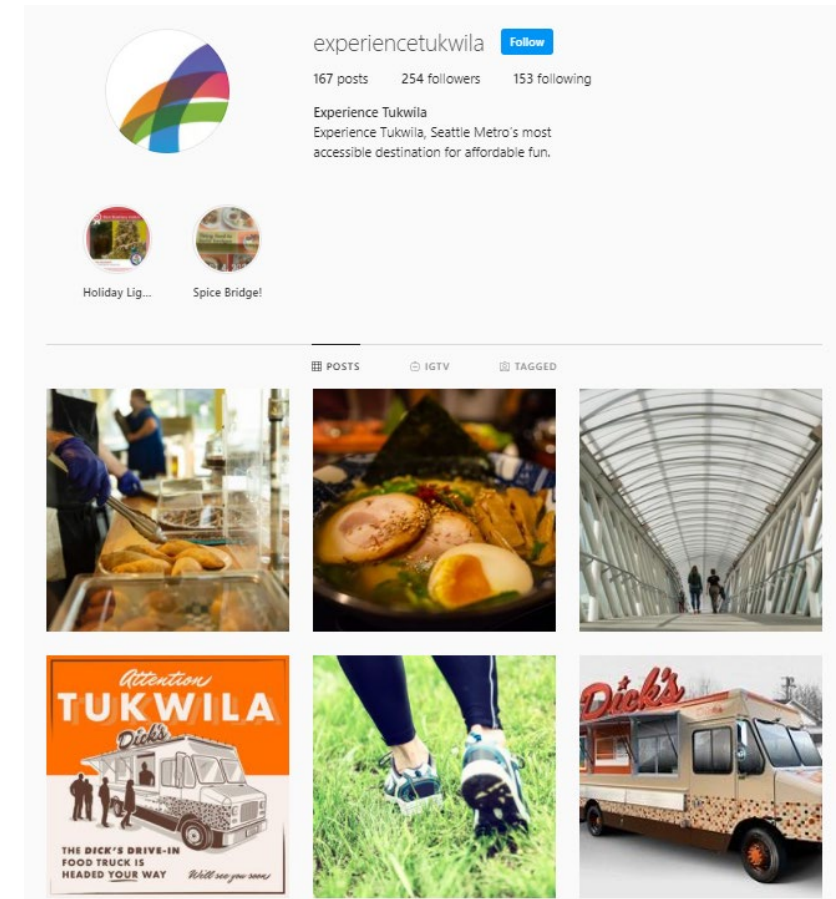
[Return to Agenda](#)

Port of Seattle Economic Development Partnership Program 2021 Authorization Request



2021 Authorization Request

Request Commission authorization for the Executive Director to execute contract agreements and implement the 2021 Economic Development Partnership program with King County cities in an amount not to exceed \$930,000.



Experience Tukwila Instagram

Economic Development Partnership Program Overview

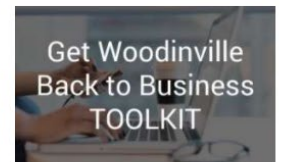
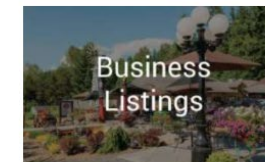
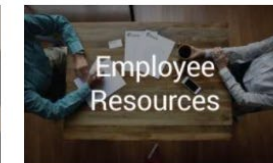
- King County cities receive funding to advance local economic development projects throughout the region
- Annual grant funding provided on a \$1 per capita formula:
 - Large cities capped at \$65,000 (now 60k)
 - Smallest cities receive a minimum of \$5,000
- Cities contribute a 50% project match where up to 25% of Port match can be in-kind resources



Green River Small Business Development Centers
working with businesses in Covington
(virtual advising since March)

Prioritizing 2021 Funding on Relief and Recovery

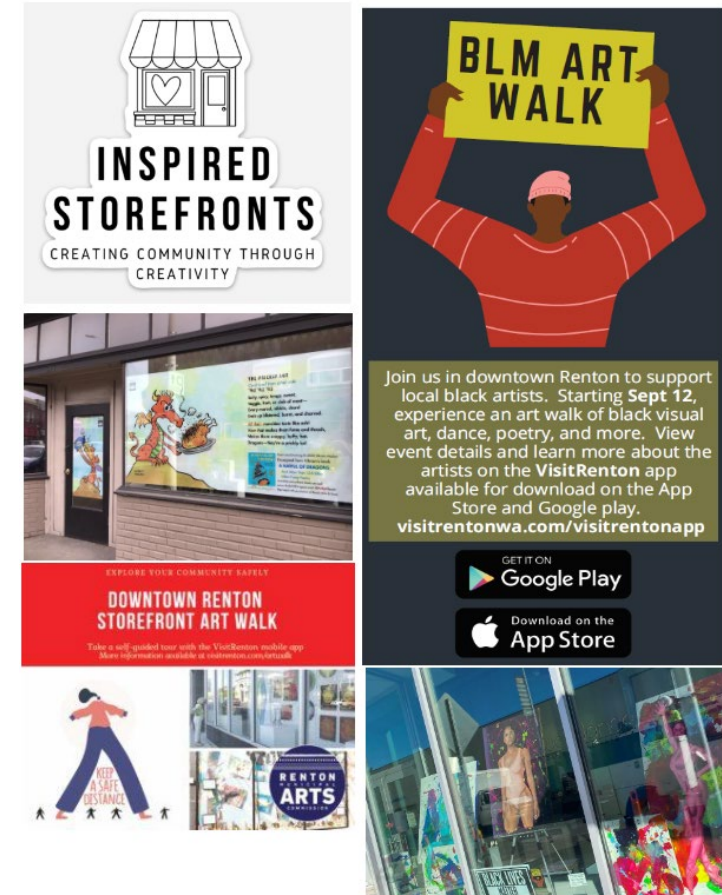
- Focus on projects that respond to COVID-19 relief and recovery
- Prioritized project categories:
 - Small business (and key industry) assistance
 - Buy local and marketplace development
 - Local tourism promotion
 - Workforce retention/ development
- Focus on supporting impacted businesses, communities, and workers



“Woodinville Strong” website with COVID-19 resources for businesses and the community

2020 Program Highlights

- 30 cities participated in 2020
- Port Funds Used = **\$811,000**
- City Match Funds = **\$567,500**
- Top 3 project categories:
 - Small business assistance (24 projects, \$352,609)
 - Buy local initiatives & marketplace development (14 projects, \$159,604)
 - Tourism development (14 projects, \$134,133)



Downtown Renton Storefront and Façade Improvement Program

City Partners Advance Relief/Recovery Efforts

- Over half of cities pivoted projects to address COVID-19 in 2020 Q2
- \$352,609 in Port funds supported small business outreach and support

CITY EFFORTS TO DISTRIBUTE CARES FUNDING TO IMPACTED SMALL BUSINESSES

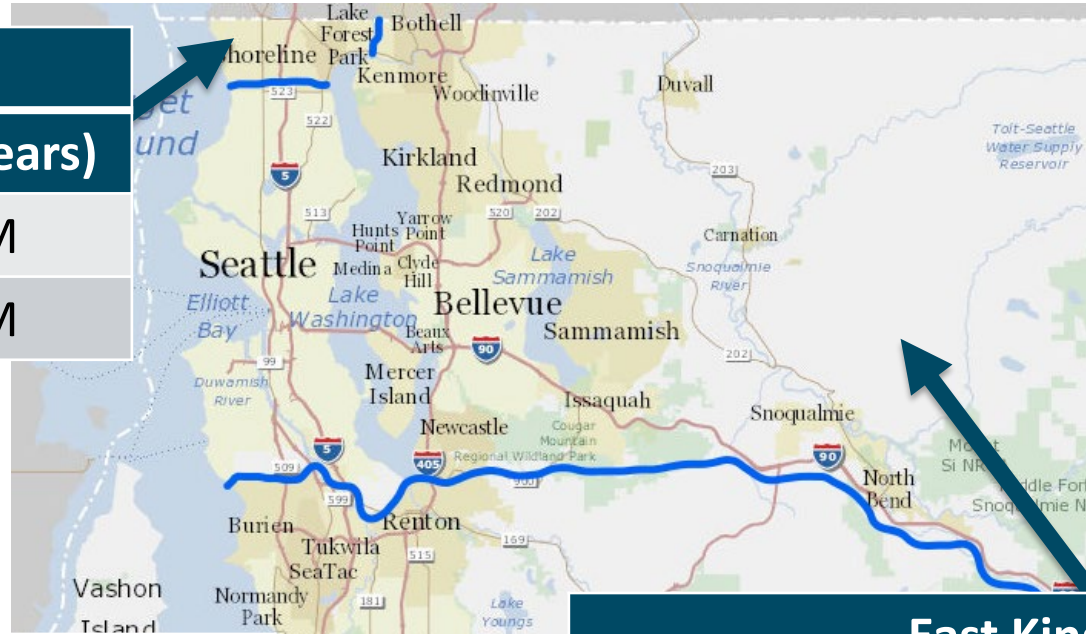
- **29 cities** provided the Port details on efforts to provide grants/ resources to local small businesses:
 - Responded to 4,796 grant requests
 - Provided **3,446 grants** to impacted small businesses (and some nonprofits)
 - 1,248 women owned firms
 - 1,016 minority owned firms
 - 32 veteran owned firms
 - **Provided \$16,417,215 in funding** to small businesses across King County

A number of city grant partners used Port funding to help support these relief efforts

Investments Across King County

North King County

	2020	Total (4 years)
Port	\$0.08 M	\$0.2 M
Cities + Port	\$0.1 M	\$0.5 M



South King County

	2020	Total (4 years)
Port	\$0.4 M	\$1.7 M
Cities + Port	\$0.7 M	\$2.9 M

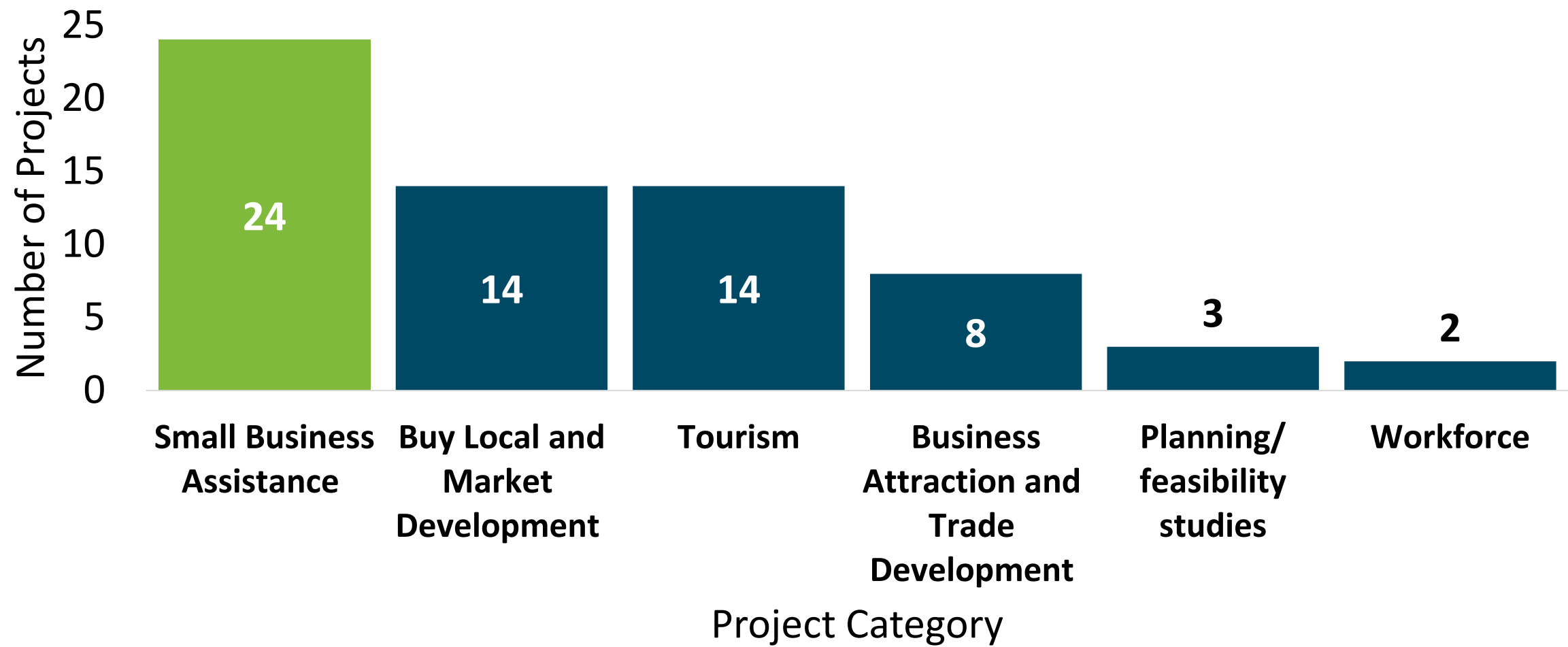
East King County

	2020	Total (4 years)
Port	\$0.3 M	\$1.3 M
Cities + Port	\$0.5 M	\$2.1 M

2020 = \$1.4 Million combined investment in economic development across King County

Appendix

City Economic Development Projects by Type



Algona

Grant Award: \$5,000

- Conducting a real estate study to determine how to redevelop King County's waste transfer station property, which is being transferred to the city.



Auburn

Grant Award: \$65,000

- Maintained Auburn Incubator services and moved classes online (including COVID-19 business adaption classes.)
- Buy Local Auburn marketing campaign generated 1.3 million impressions and advertised each businesses open status.



Bellevue

Grant Award: \$65,000

- Launched a multi-pronged buy local “Heart of Bellevue” marketing and activation campaign in partnership with Bellevue Downtown Association.
- Created the first outdoor dining program in Bellevue’s history.
- Adapted the Bellwether Arts Festival to provide an online marketplace for local artists during the holiday season.
- Participated in Startup 425, (Re)Startup425 and the Innovation Triangle.



Black Diamond

Grant Award: \$5,000

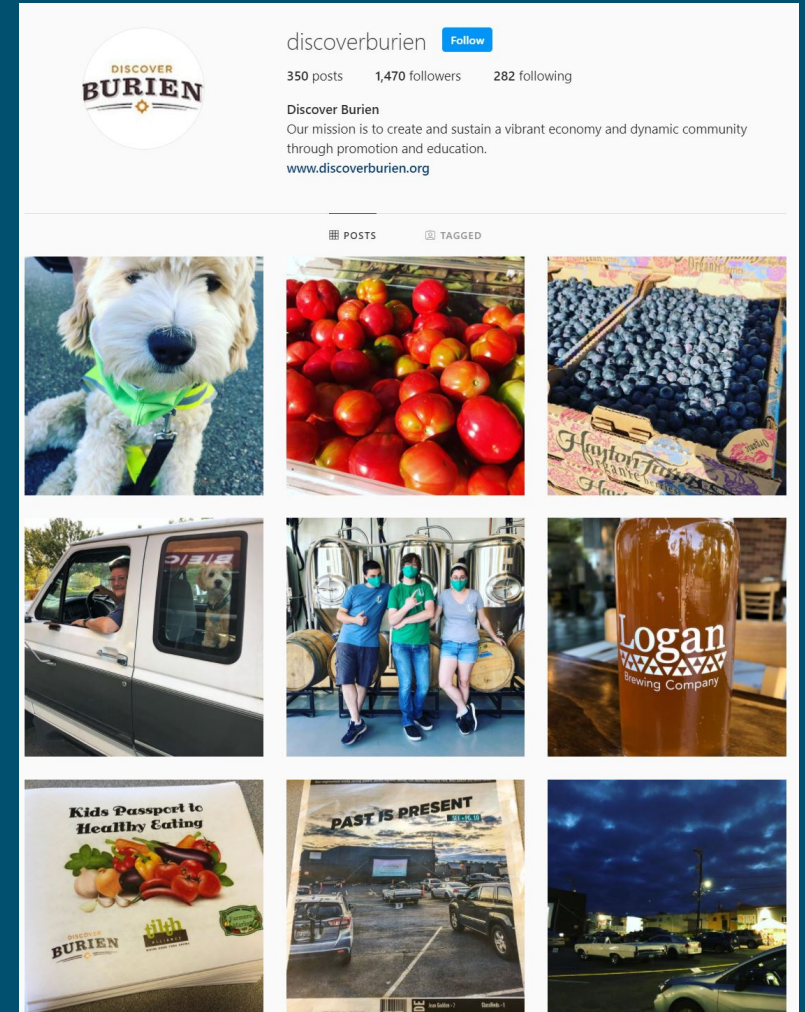
- The city received 240 survey responses, including 95% from residents and 12% from business owners, on preferred public improvements for a property in the city's historic downtown area.



Burien

Grant Award: \$52,000

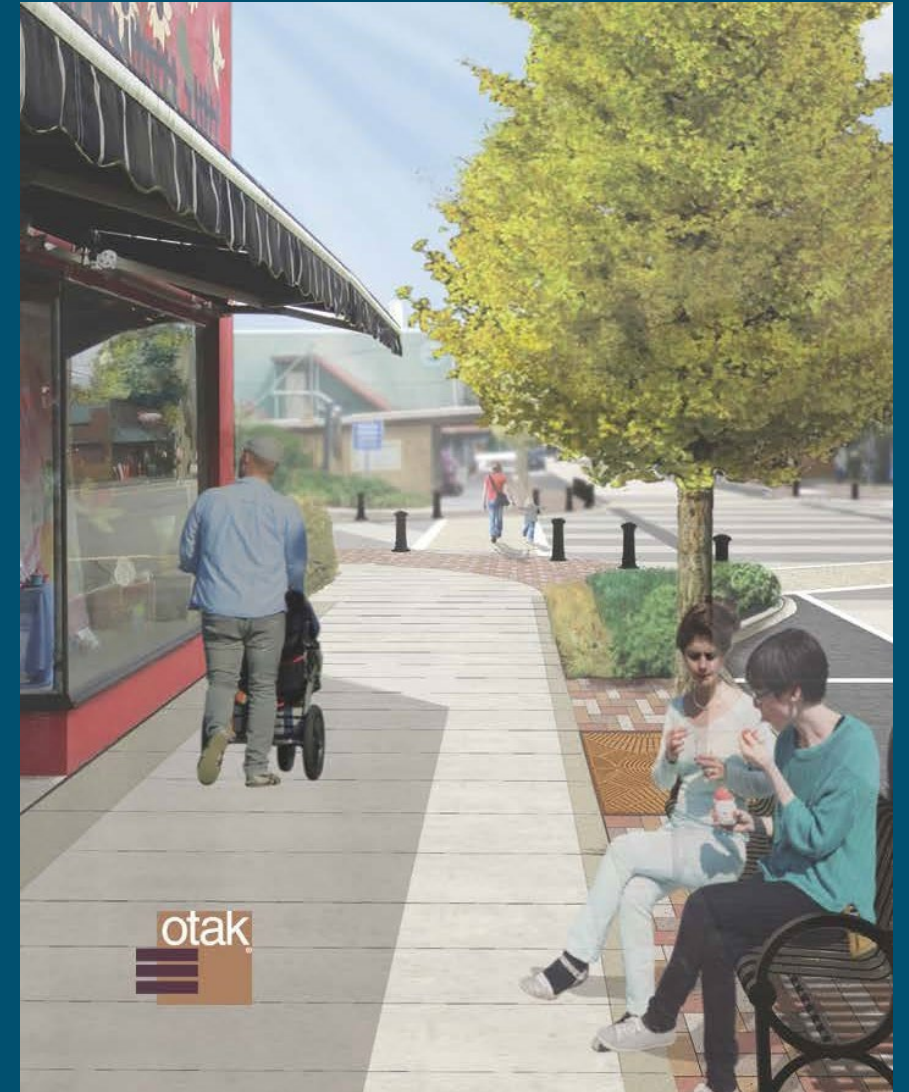
- Marketing for the Discover Burien website spurred 648,000 impressions.
- Supported business attraction through the Soundside Alliance for economic development.
- Created a plan for the Discover Burien Maker Space and Commissary Kitchen to promote food-oriented microenterprises through training, collaboration, and a shared kitchen space.
- Added art displays and streetscape improvements on 153 Street.



Carnation

Grant Award: \$5,000

- Supported key local businesses impacted by Tolt Avenue construction project.
- Work includes connecting business owners with technical assistance and creating local "special events & promotions" to draw people to the downtown core during road construction and COVID-19.



Covington

Grant Award: \$20,000

- The Green River Small Business Development Center counseled 12 small businesses for 28 hours and shared COVID-19 resources at the “Covington Virtual Luncheon.”
- Produced two 30-second videos and shot new professional photos highlighting downtown Covington and development opportunities.



Des Moines

Grant Award: \$0

- Building on the first 3 Port of Seattle grants, the city is continuing to investigate financing for a public-private redevelopment partnership for the Des Moines Marina. The redevelopment proposal was delayed due to COVID-19.



Duvall

Grant Award: \$7,840

- The Savor Snoqualmie Social Media campaign increased Facebook (1%) and Instagram (26%) followers, increased impressions of the “Perfect Pairings” and “Arts and History” social media stories
- Added new photos and videos
- Replaced signage that received multiple positive sentiments on social media



SELF-GUIDED ART TOUR OF HISTORIC DUVALL

Duvall's quirky history of art, music, and creativity remains front and center in its downtown. This itinerary guides...

[Read On](#)

Enumclaw

Grant Award: \$12,200

- Partnered with the Enumclaw Chamber of Commerce to contact 150 businesses and survey 100 businesses impacted by COVID-19.
- Referrals were made to the Green River College Small Business Development Center.



Federal Way

Grant Award: \$59,295

- Prepared for 2021 NCAA Swimming and Diving Championships (athletic event) expecting over 2,000 athletes and 10,000 people.
- Created an online hospitality education and tourism training course for industry staff delivered to 400 businesses.
- Developed the concept for a Consulate Week to promote international trade and a written report on how to finance \$1 million in capital improvements at Celebration Park.



Issaquah

Grant Award: \$37,589

- Launched a marketing and business outreach campaign with local banners, 29 newsletters going to 3,796 subscribers (25 – 55% open rate) and 200 surveyed businesses focused on promoting local shopping.
- Hosted 88 businesses at the Regional Business Summit to discuss regional COVID-19 issues.
- The Chamber of Commerce created five data modules and a tax toolkit for small businesses.
- The "Great Careers" career fair was postponed, and funds were used to develop digital tools for future fairs. The event connects students to living-wage jobs that do not require a 4-year degree.
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Kenmore

Grant Award: \$21,242

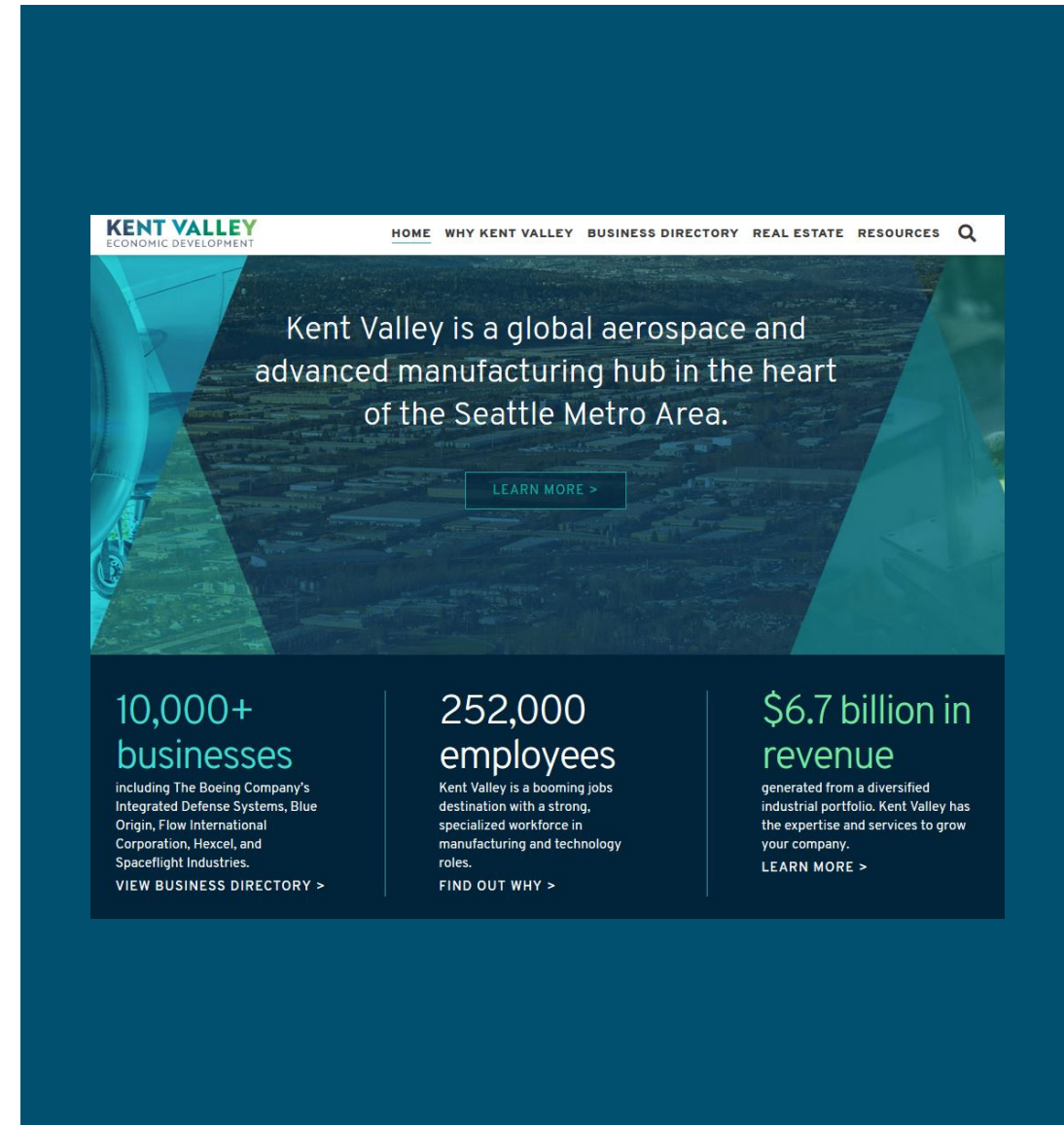
- 8 businesses and 2 non-profit organizations completed the Kenmore Business Accelerator focused on navigating the current business climate.
- Updated aerial and community stock photos for economic development marketing.



Kent

Grant Award: \$65,000

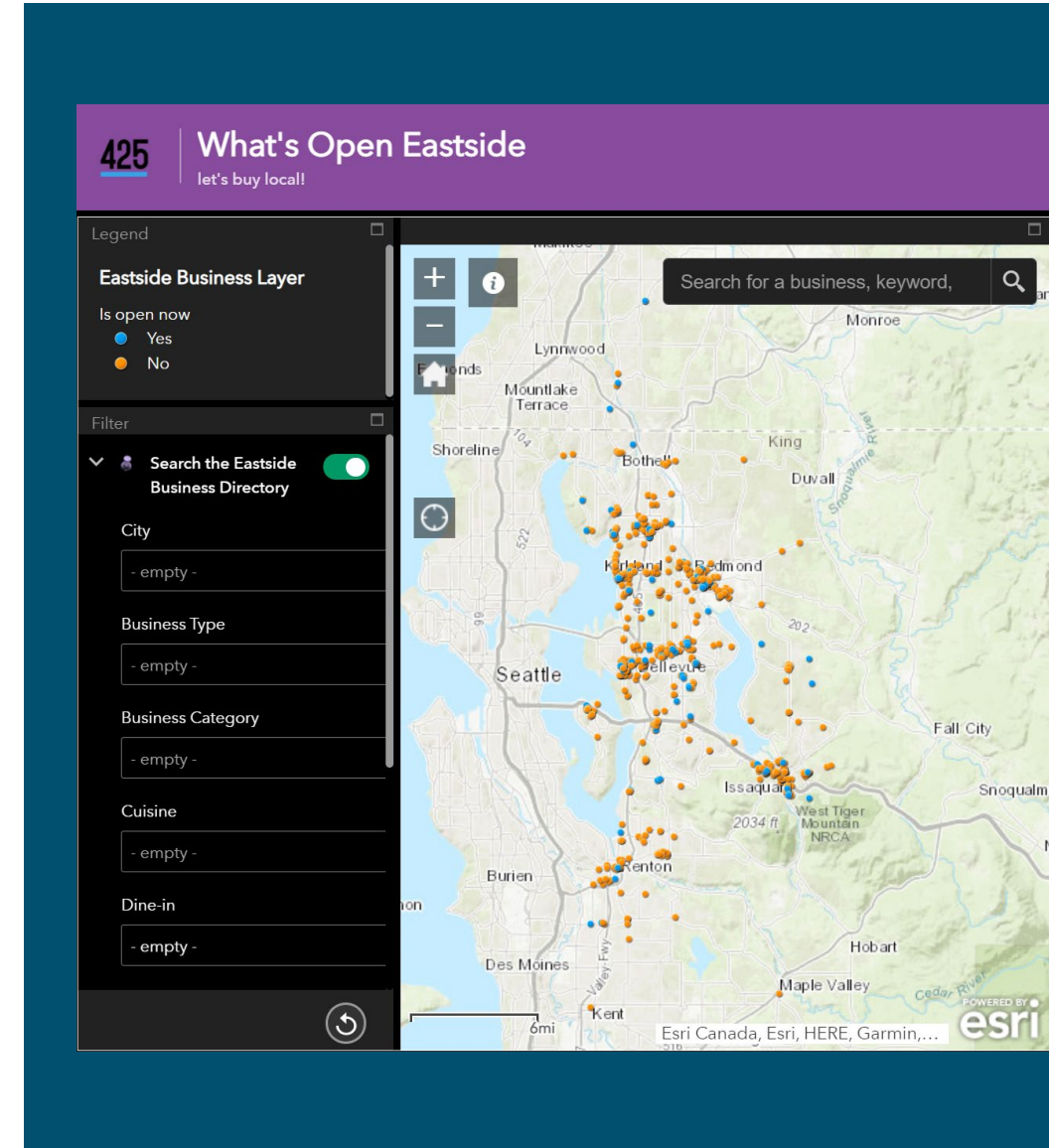
- AJAC trained 10 workers (6 identified as women and 7 identified as individuals of color) on skills helping them move to jobs paying on average \$18 an hour.
- 34 jobseekers receive tuition-free, pre-apprenticeship training and 17 front-line workers receive COVID-19 safety training.
- Establish an online portal for employers to easily apply for available wage reimbursement resources.



Kirkland

Grant Award: \$65,000

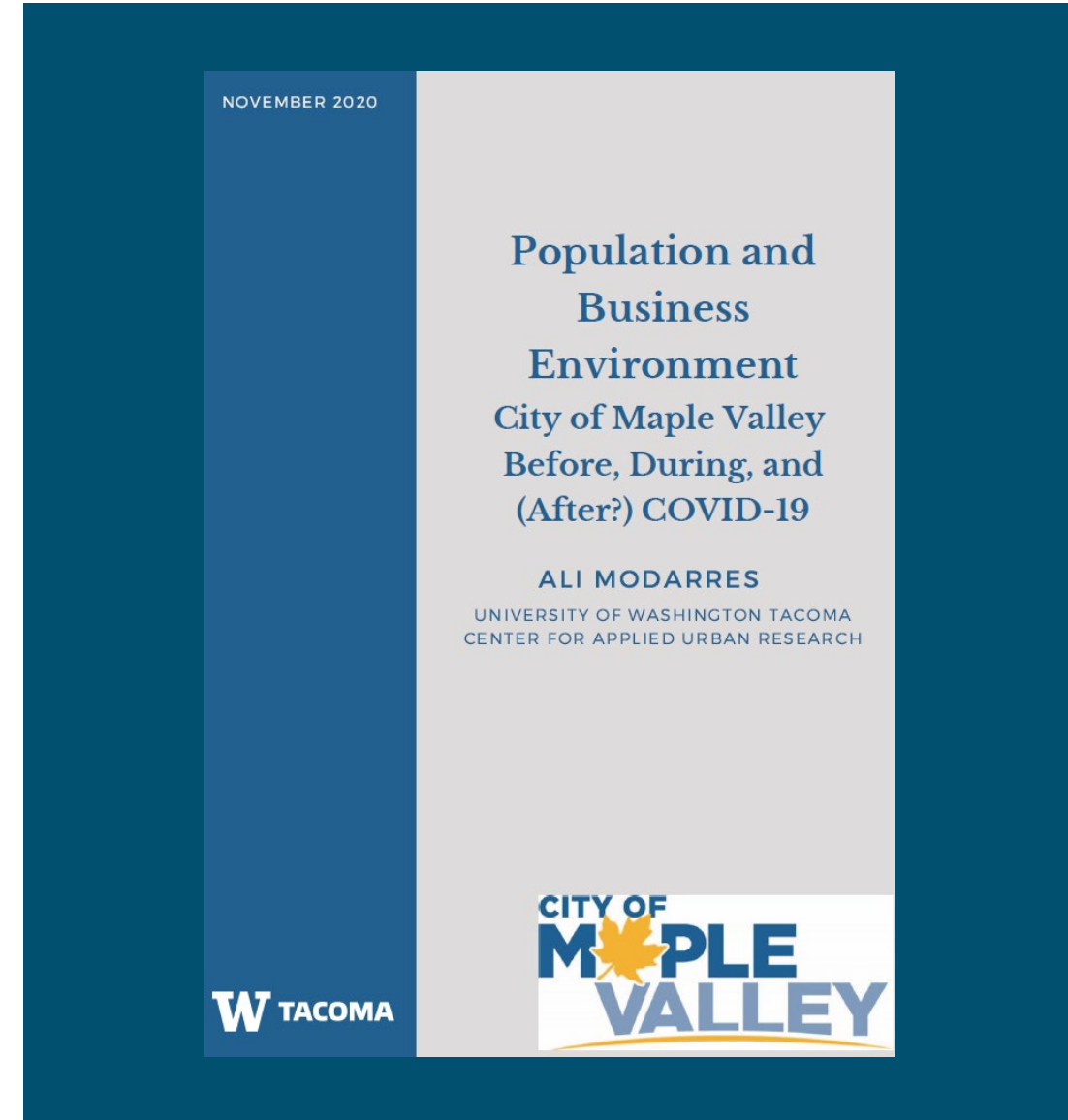
- (Re)Startup 425 and Startup 425
 - Launched a web portal for COVID-19 resources for East King County.
 - Launched Startup 425 Innovation Lab accelerator with 12 businesses participating
 - Conducted 12+ Startup 425 workshops online with hundreds of participants, plus additional webinars on specific topics (like federal financial relief and retailing.)
- Participated in the Innovation Triangle



Maple Valley

Grant Award: \$26,180

- Surveyed 173 businesses and 208 residents on COVID-19 needs and employment data.
- Marketed the city as an outdoor destination in Outdoor Northwest and Visit Seattle.



Mercer Island

Grant Award: \$24,470

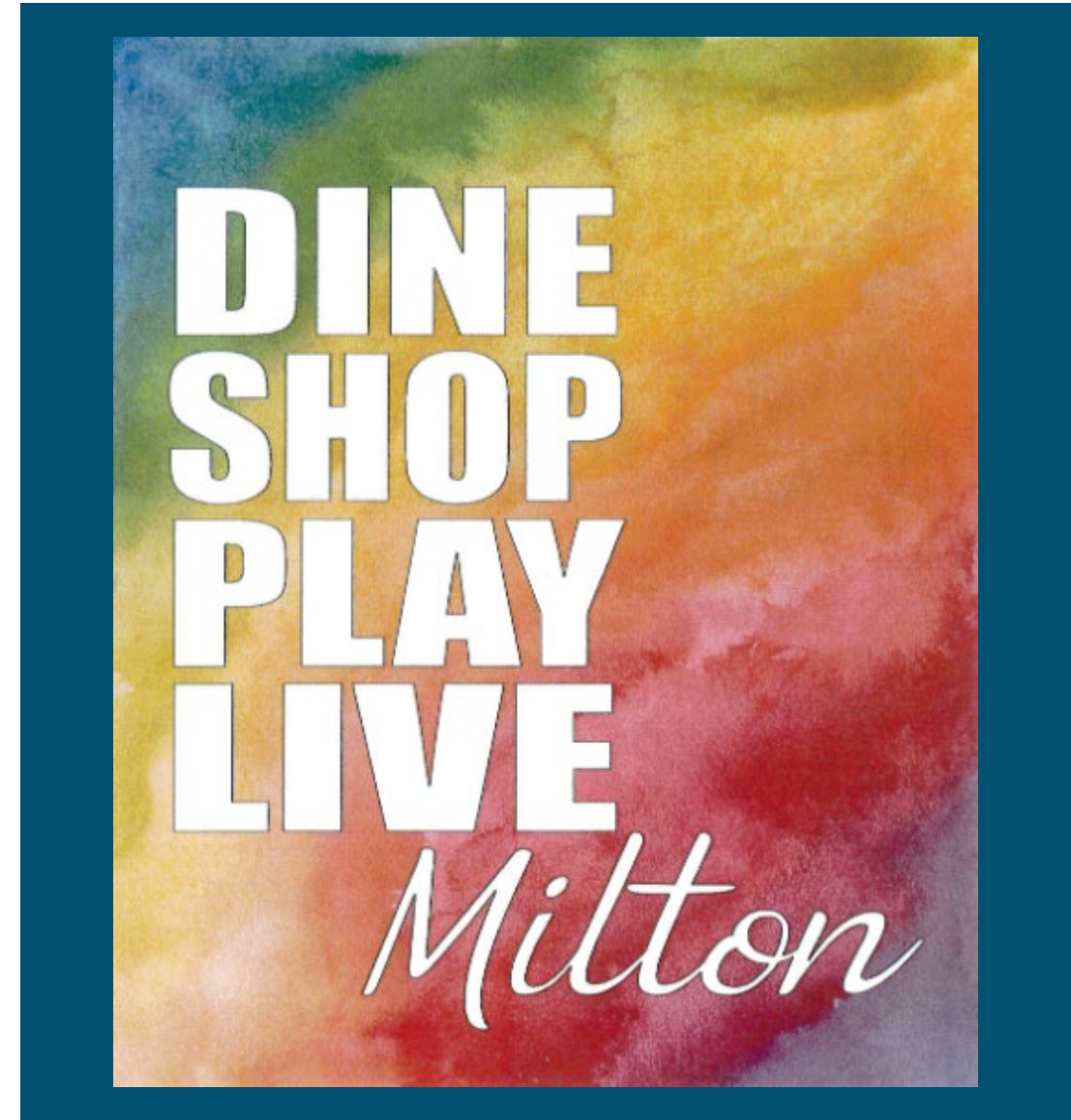
- Surveyed 269 businesses (mail and email) and updated contact information for 109 businesses.
- Contact list was used to send 3 emails to about 950 businesses (41% open rate) about COVID-19 resources and grant information.
- Started a buy local program with 18 businesses participating and 52 social media followers.



Milton

Grant Award: \$5,000

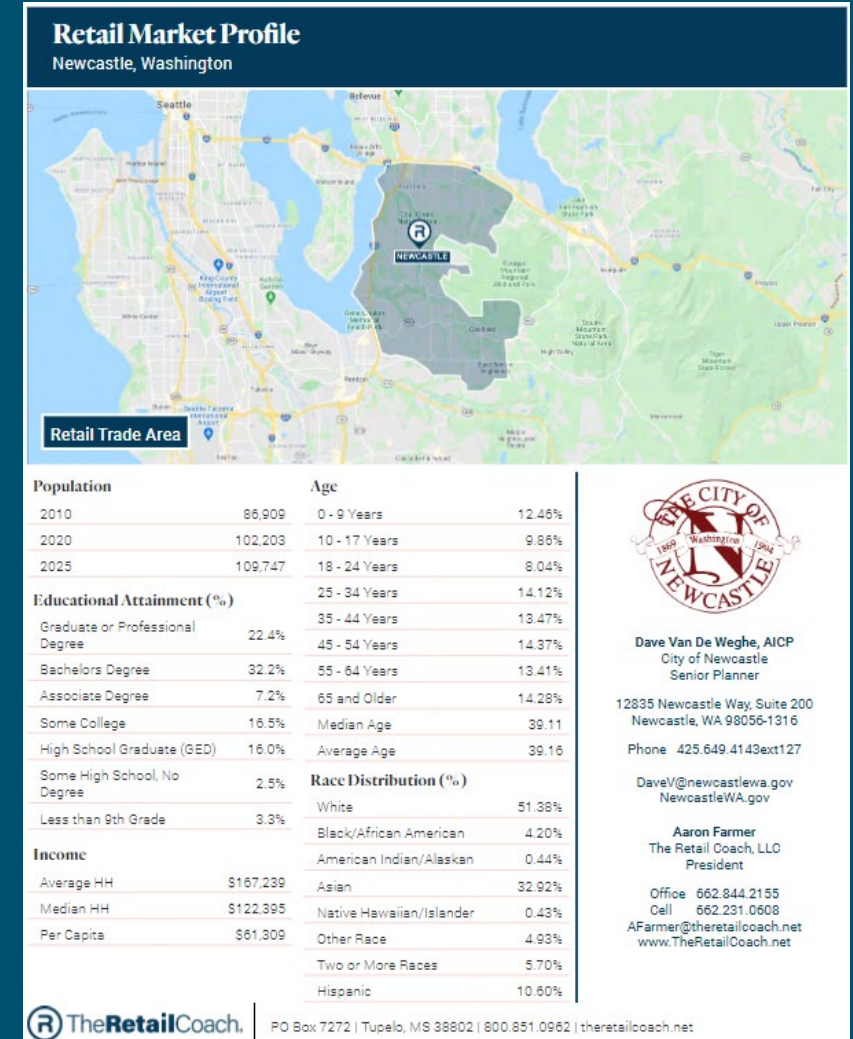
- Installed street banners to delineate and promoting Milton's main commercial corridor.



Newcastle

Grant Award: \$12,450

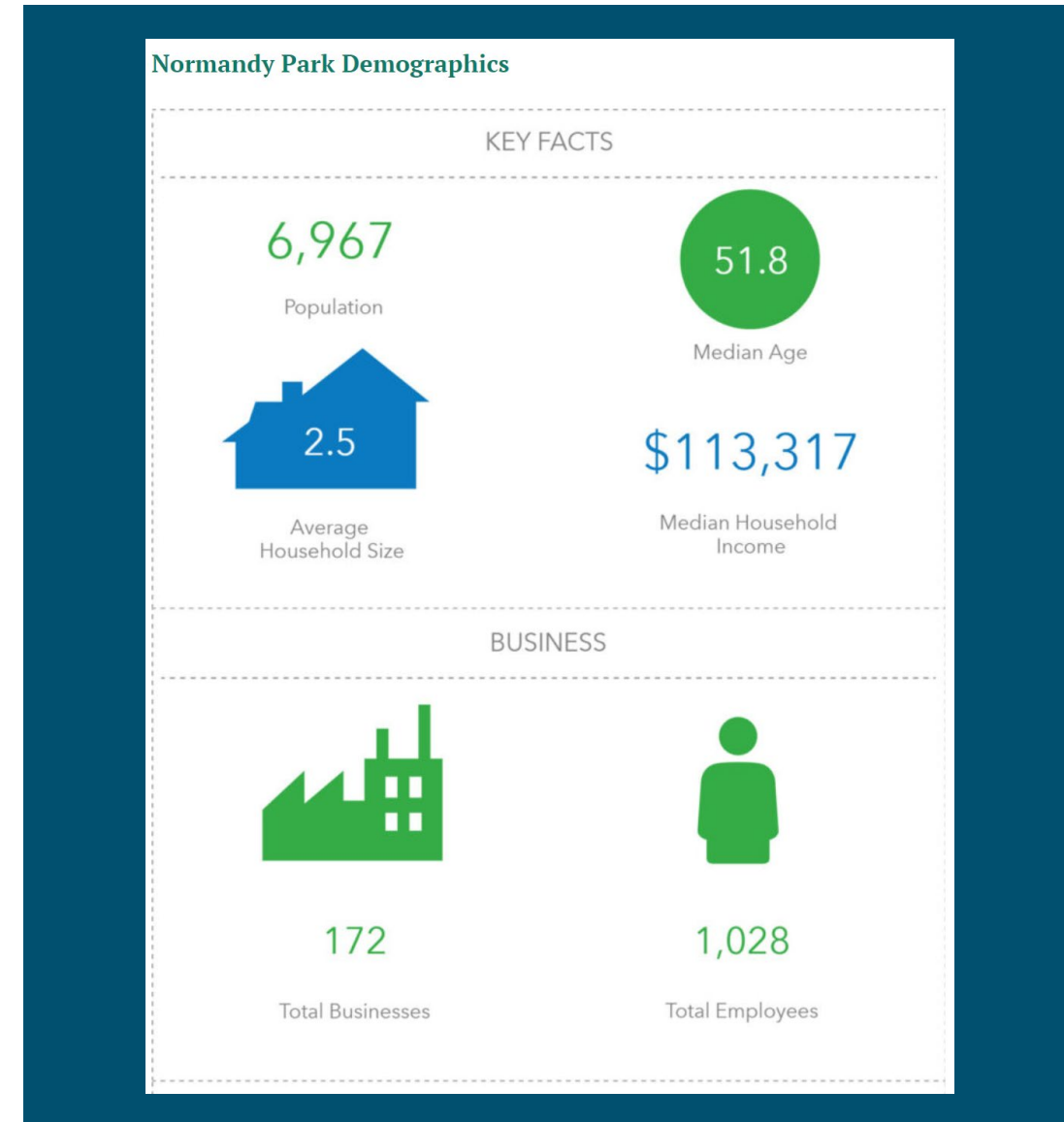
- Conducted a detailed retail market analysis to identify retail and service businesses that could be attracted to the city.
- The market research can also be used by existing businesses for picking products and marketing to customers.



Normandy Park

Grant Award: \$6,610

- Updated the city's economic development website with 2 ecotourism videos and data from the current comprehensive plan.
- Produced an "ecotourism marketing video" to use on the city's website and in marketing programs.



North Bend

Grant Award: \$6,965

- Worked with the North Bend Downtown Foundation to create and restore wayfinding signage.
- Added 16 seasonal beautification and community event hanging light pole banners to better direct tourist toward Downtown North Bend.



Pacific

Grant Award: \$6,875

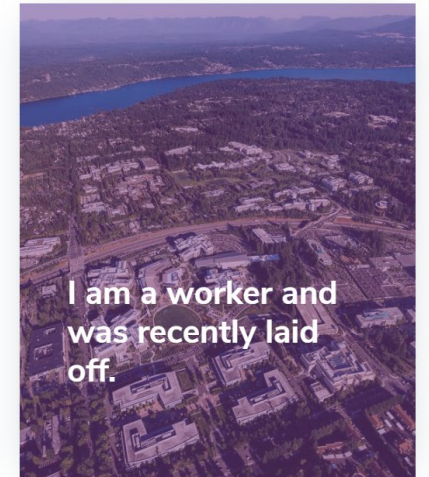
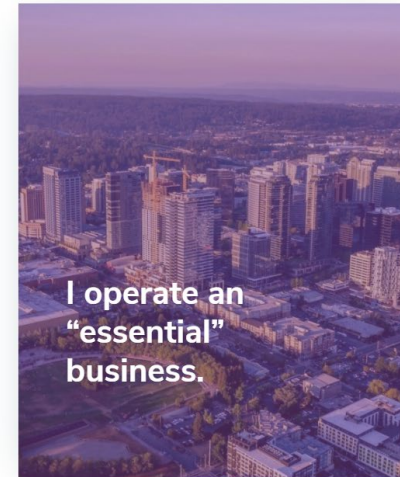
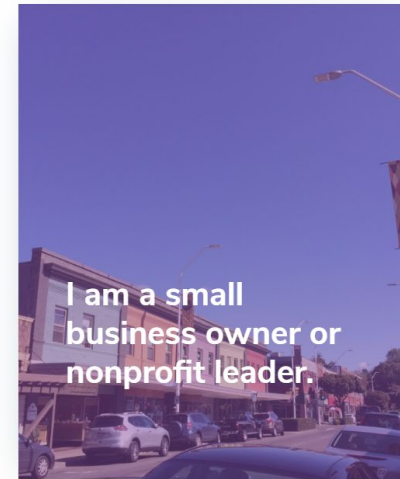
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- The survey showed that 57% had applied for federal pandemic aid and 50% had “resorted to temporary layoffs.”



Redmond

Grant Award: \$63,774

- Surveyed 75 businesses, participated in the Eastside Recovery Hub, and assisted 60 companies with support resources.
- Contacted 93 businesses during 4 business walks and developed a podcast with updates on the project.
- Created an economic baseline report and regional profile.
- Participated in the Startup425, Re-Startup 425, and the Innovation Triangle regional partnerships.



Renton

Grant Award: \$65,000

- Launched a tourism marketing campaign reaching 45,000+ people across five different social media channels and growing 27.9 percent over a year.
- Mix of programs supporting downtown retail area with 65 percent of downtown businesses participating.
- Hosted COVID-19 retail best practices event with 6 individual store-front consultations. Participated in Startup425 and hosted entrepreneurial support for 118 registrants in 3 webinars.



SeaTac

Grant Award: \$6,555

- Conducted outreach and business support to 208 businesses, including 55 restaurants and 38 hotels. Survey results were collected from 300 businesses.
- Updated the SeaTac city economic development website with relevant information for businesses about COVID-19 and resources for economic recovery.



Shoreline

Grant Award: \$56,198

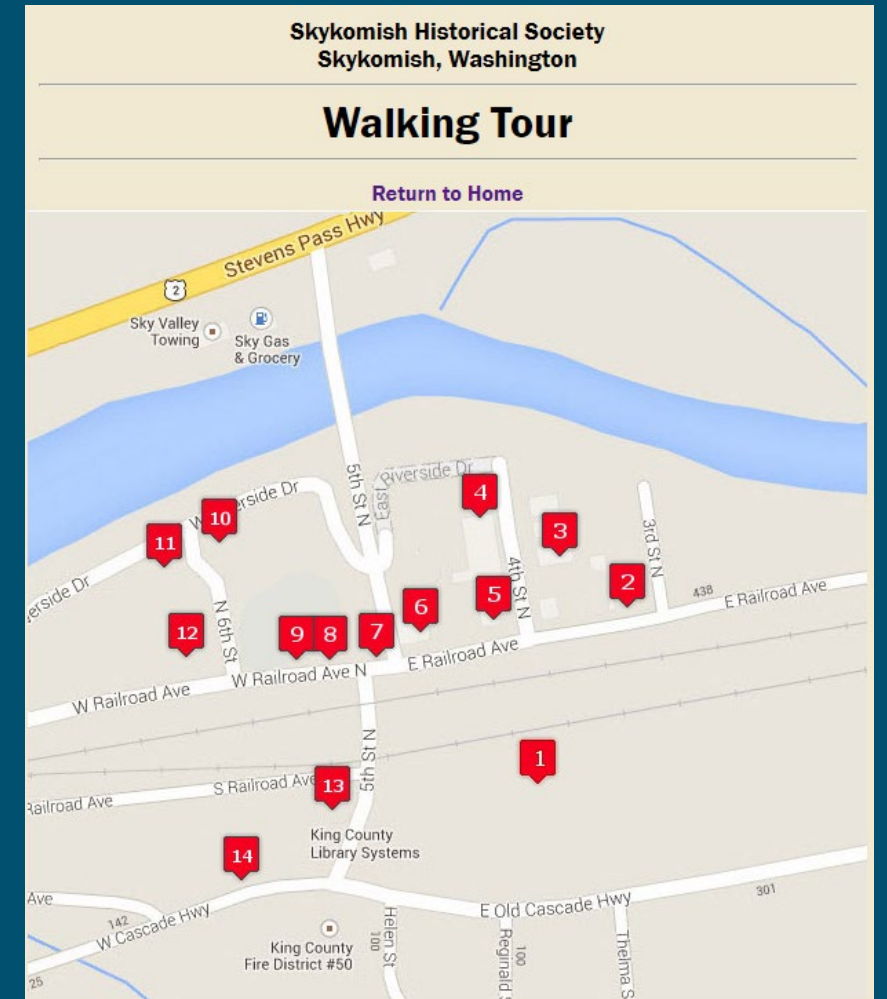
- Created 4 sold-out drive-in arts experiences showcasing 15 local films that received 5 earned media placements and created paid opportunities for filmmakers and local vendors.
- Helped the Farmers Market adapt to COVID-19 to run 17 market days and increased the average shopper spending per visit.
- Hosted second Music Summit and 2 events for small businesses on arts monetization strategies.
- Promoted a neighborhood commercial center through participation in Refract 2020: The Seattle Glass Experience with local artist demonstrations.



Skykomish

Grant Award: \$5,000

- Created a digital walking tour of Skykomish working collaboratively with the Skykomish Chamber of Commerce, the Skykomish Historical Society, and the U.S. Forest Service.
- The tour will be marketed with QR codes at points of interest, physical signage and marketing collateral, search engine optimization, and social media.



Snoqualmie

Grant Award: \$8,000

- Promoted the "Seasons in Snoqualmie" brand to encourage visitation to Snoqualmie year-round.
- Contracted with Savor Snoqualmie Valley to grow Instagram content and run the "Unexpected Pairings" marketing campaign to raise the visibility of unique activities in and around the City of Snoqualmie.



Tukwila

Grant Award: \$20,930

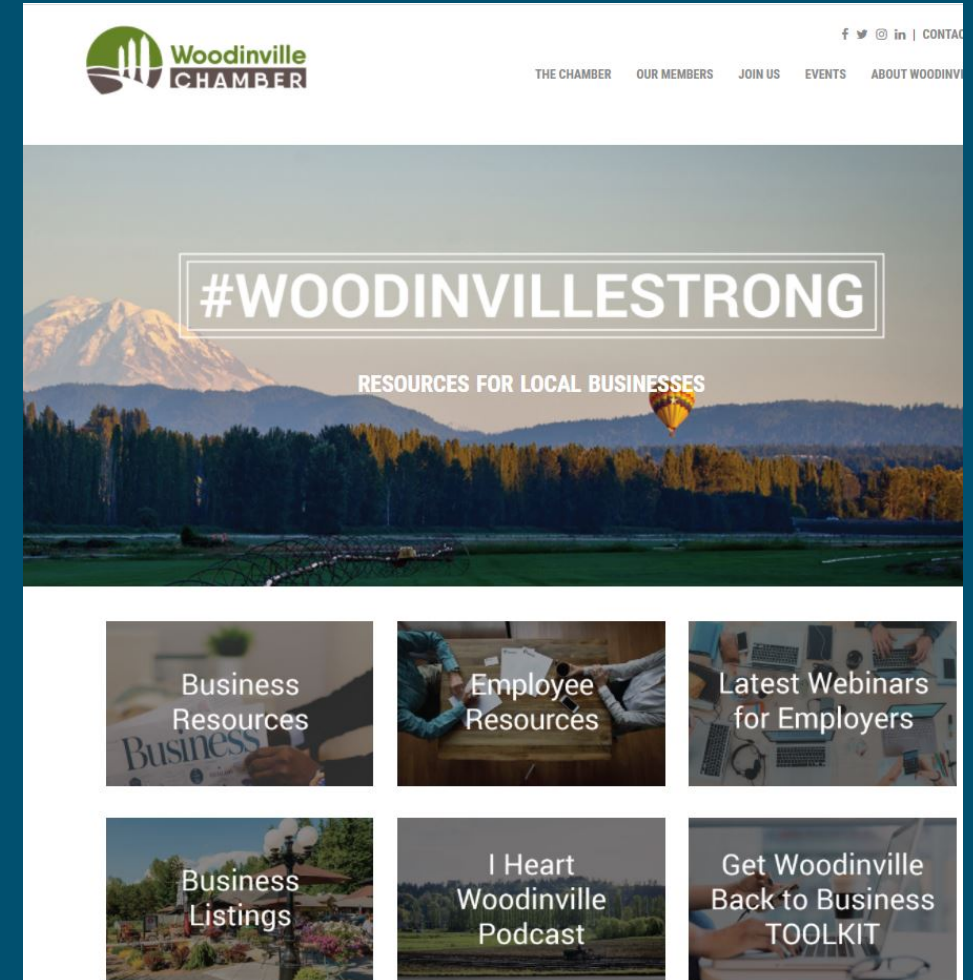
- Created a digital media program for tourism by creating new content shared through a new website, email newsletter, and social media.
- Contracted with the Seattle Southside Chamber of Commerce to contact 600 businesses, provide technical assistance to 10 businesses, and conduct 890 referrals.
- Maintained the business recruitment campaign for aerospace and manufacturing companies across the Kent Valley in partnership with Kent and Auburn. The site revived 1,402 unique visits in the first three quarters of 2021.



Woodinville

Grant Award: \$11,779

- Partnered with Woodinville Chamber of Commerce to create, maintain, and market a COVID-19 business recovery resource micro-site that received 1,000 visits.
- Contacted 800 businesses to share resources on managing COVID-19.
- Improved placemaking and neighborhood identification through updated neighborhood banners and the development of a digital visitor map in partnership with the Woodinville Wine Country.



Thank you

**COMMISSION
AGENDA MEMORANDUM**

Item No. 10b

ACTION ITEM

Date of Meeting February 9, 2021

DATE: February 2, 2021

TO: Stephen P. Metruck, Executive Director

FROM: Andy Gregory, Sr Program Manager Environmental Engagement, External Relations

SUBJECT: **Authorization to Execute the South King County Fund Environmental Grants**

Amount of this request: \$217,585

Total estimated project cost: \$217,585

ACTION REQUESTED

Request Commission authorization for the Executive Director to execute up to fourteen (14) contracts through the South King County Fund Environmental Grants Program, for a combined total not to exceed \$217,585.

EXECUTIVE SUMMARY

The following is a list of 14 recommended projects for funding in the first round of the South King County Fund Environmental Grants Program. These recommendations come following a robust outreach, solicitation, and selection process and with the enthusiastic support of program staff, community reviewers, and senior leadership. The selected projects, organizations, and communities served reflect the rich diversity of South King County. The recommended projects are community-led and will provide much needed environmental public improvements in near-airport cities. The authority for this funding comes from RCW 35.21.278, and all contracts will be drafted and executed in accordance to the statutory requirements therein. In the statement in support of Motion 2019-10 establishing the eight guiding principles for the fund, Commission stated their intent to “retain review and approval authority for proposed projects and to retain the authority to approve funding of projects recommended by Port staff.” This is why staff are requesting authorization for the Executive Director to execute the following contracts.

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Organization Name	Project Name	Cities Served	Requested Amount
Federal Way Korean American Association	Federal Way Korean Garden	Federal Way	\$20,000
Multicultural Self-Sufficiency Movement	Community Garden	Federal Way	\$9,000
Bridging Cultural Gaps	Raising an Environmentally Conscious Generation	Tukwila	\$20,000
Bhutanese Community Resource Center	Engaging and empowering Bhutanese community to local public spaces	Tukwila	\$14,000
Congolese Basketball	Park Improvement and Immigrant Inclusion Project	Tukwila	\$20,000
New Start Community Garden	Art for New Start Community Garden Fence	Burien	\$15,000
Partner in Employment	Youth-Led Park Restoration & Community Clean-Up	SeaTac and Tukwila	\$20,000
EarthCorps	Hill Top Park Restoration & Community Engagement	Burien	\$15,000
Highline Botanical Garden Foundation	Seike Japanese Garden Expansion	SeaTac	\$20,000
Environmental Science Center	Beach Heroes: Fostering Stewardship for Nearshore Habitat	Burien	\$10,000
Friends of Normandy Park Foundation	Marine View Park Forest Restoration	Normandy Park	\$8,683
Summer Search	Expanding Environmental Justice Education and Service Learning	Tukwila	\$20,000
Puget Soundkeeper Alliance	South KC Community Stewardship Project	Tukwila, Burien, Des Moines, and Federal Way	\$10,902
Tilth Alliance	Soil and Water Stewardship Training	Federal Way, Burien and Tukwila	\$15,000
Total:			\$217,585

BACKGROUND

The South King County Fund was created in November 2018 to provide \$10 Million in resources to near-airport communities for projects that address airport noise, environmental health, and sustainability. In June 2019, the Commission approved eight guiding principles to further shape the fund stating that the South King County Fund will:

- *Be used to fund projects in the South King County area: defined as near-airport communities, with other locations considered on a case-by-case basis;*
- *Prioritize community input to inform Port decision making;*

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- *Support Port equity policies and practices;*
- *Provide added benefit to current Port programs;*
- *Prioritize projects that are ready to proceed;*
- *Build on established programs and commitments to fulfill current obligations;*
- *Promote innovation; and,*
- *Encourage matching funds where possible.*

The Port Commission created the Airport Community Ecology (ACE) fund in motion 2016-5, adopted on November 22, 2016. The ACE Fund was bifurcated into two programs. A contract with nonprofit Forterra established Green City Partnership programs in Burien, Des Moines and SeaTac. Community groups and nonprofits serving these cities also became eligible to apply for funding through the Small Matching Grants Program (SMGP) for environmental public improvement projects per RCW 35.21.278.

After three years and six rounds of funding, ACE has supported forty-two projects and distributed \$364,092 in funding. Building upon the success of the ACE Small Matching Grants Program and drawing from the SKCF principles to “provide added benefits to current Port programs,” and to “build on established programs and commitments to fulfill current obligations,” the Environmental Grants Program was established under the South King County Fund. The application and underlying statutory authority are the same as ACE, but with the maximum contract value raised from \$10,000 to \$20,000 and the eligible cities expanded to also include Federal Way, Normandy Park and Tukwila.

The remaining balance of \$186,000 from ACE will be transferred to the South King County Fund Environmental Grants Program. These funds will be set aside and allocated only to projects occurring in the three ACE cities- Burien, Des Moines and SeaTac. Purchase Orders for these projects will link directly to the remaining ACE balance. Both Staff and Commission recognize and honor the commitment that was made to those cities in 2016.

COMMUNITY ENGAGEMENT

After three years of conducting outreach and receiving community feedback regarding the ACE program, several common barriers emerged. First, is the required 3:1 match enumerated in RCW 35.21.278. Small community groups find the match difficult to meet due to its financial and tracking burden. While Port staff have identified eight options for meeting the match including volunteer time, value of trees planted, and in-kind support, among others, it remains a real and perceived barrier for groups with limited experience in grant management or groups with smaller organizational budgets. Other common barriers identified by community members include the complexity of the procurement and contracting processes and the use of formal and inaccessible contract language.

To address these barriers, and to align with the SKCF principles to prioritize community input and implement Port equity policies and practices, External Relations engaged a group of Community Liaisons. Led by Alma Villegas Consulting, the liaisons represented South King County’s diverse

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population which includes: Latinx, African American, Korean, Somali, Filipino, Bhutanese, Pacific Islander, and Congolese communities. The liaisons chosen are trusted community leaders with deep connections to their communities. They include both Community Based Organizations (CBOs) and unaffiliated community leaders.

Early in 2020, the Port team began training the liaisons about the mission of the Port of Seattle, its role and limitations as a “special purpose government,” and the history of the South King County Fund. Next, the team went through a series of brainstorming exercises aimed at developing potential project ideas. The liaisons would then replicate this brainstorming activity with their communities. This served as an important foundation, equipping the liaisons with the tools and knowledge they needed to conduct community outreach.

Over the Spring and Summer of 2020, in the midst of COVID, liaisons engaged their communities to develop ideas and interest in applying for the Environmental Grants Program. Given the constraints on in-person gatherings, and the relived trauma of the most recent race and social justice movements, the liaison’s accomplishments are nothing short of astonishing. In total, eight liaisons:

- Engaged 10 BIPOC communities,
- Conducted 57 project brainstorm interviews,
- Identified 35 potential project locations,
- Helped drive 32 participants to grant info sessions, and
- Supported six applications from diverse communities.

In addition to this incredible community engagement work, the liaisons were also instrumental in the development of outreach messages, supporting grant materials, and training Port staff on multi-cultural engagement. An early suggestion from the group was to include a “sample application” in the supporting materials. This would give first time applicants the level of detail required in the written application. The sample application was developed and translated into Spanish, French and Korean upon request.

Another first for CPO and the Community Engagement team, was direct collaboration on the content, structure, and delivery of presentations for the public information sessions. Port staff prepared a draft presentation and delivered it virtually to the liaisons before delivering it to the general public. The liaisons gave feedback in real time on format, word choice, and graphic depictions of information. To increase language accessibility, Port staff members were also asked to use simple words and slow down the pace of the presentation. This feedback was incorporated in the presentation materials and how Port staff delivered the presentation.

All of this work yielded a participation rate in the information sessions that was nearly five times that of prior sessions. In the second session, four interpreters worked simultaneously to translate into three different languages to support participants. All of this was done in a virtual space and recorded and posted to the website for those unable to participate at the time of the event.

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Additionally, Contract Administrators with CPO provided weekly technical assistance on the use of the Port's Vendor Connect (VC) system. After working with Liaisons, they identified the VC system and its contractor-centered language as a barrier to accessing project materials. All materials were first posted in VC, and then cross-posted to the SKCF website. Staff then provided "office hours" for technical assistance to access the VC system.

APPLICATION AND SELECTION PROCESS

The application and selection processes were led by the Service Agreements team in the Central Procurement Office (CPO). The process mirrored what was developed for the Economic Recovery grant process with both written and oral components. Applicants completed a short two-page application and participated in a thirty-minute interview via MS Teams. All materials were reviewed by a three-member Port selection panel and two community reviewers. The community reviewers provided project strengths and weaknesses to the evaluation panel who made the final funding recommendations.

Community reviewers provide a critical level of community input and accountability. Their input in this process, much like the Economic Recovery Grant process, helped paint a clear picture of the needs of BIPOC communities and the authenticity and urgency of the organizations' funding requests. The process to work with community to inform decision-making is new to the Port but is standard practice in community grant-making. The inclusion of community advisors helps to normalize this practice in Port procurement processes and is consistent with procurement and selection processes implemented through the Duwamish Valley Community Equity Program.

RECOMMENDED PROJECTS

The following is a full list of the recommended projects for the first round of Environmental Grants. All projects meet the basic grant eligibility requirements and have demonstrated capacity for community collaboration. All projects serve or will directly benefit diverse near-airport communities through improvements to public spaces.

1. **Federal Way Korean American Association** will build a Korean garden in Federal Way's BPA Trail, and create a cultural space where community members can nurture and sustain the garden through intergenerational bonding. This project is also a larger part of a five-year plan with the organization's sister city in Korea to build out the garden. This project will take place in Federal way and they are requesting \$20,000.
2. **Multicultural Self-Sufficiency Movement** will develop a community garden for community members, youth, and older adults to engage with the natural spaces; have access to safe and healthy food; and grow and cultivate the garden space. This will be led by intergenerational families and community members. This project will be taking place in Federal Way and they are requesting \$9,000.
3. **Bridging Cultural Gaps** will support Black and East African immigrant families and youth to organize park clean up days and a recycling initiative that will be in multiple East African

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languages. They will also accept nature photography submissions and hold podcast conversations in several languages to better engage community members. This project will take place in Tukwila and they are requesting \$20,000.

4. **Bhutanese Community Resource Center** aims to educate young adult and youth immigrants and refugees in Tukwila to learn about native plants the region, and how to reduce waste through composting. They will also adopt and clean up the Cascade View Community Park in Tukwila. They are requesting \$14,000.
5. **Congolese Basketball** will focus on improving Crystal Spring Park in Tukwila. The group and volunteers will host small group park clean-up days, install basketball and tennis nets, and redesign the courts with art installations. They are requesting \$20,000.
6. **New Start Community Garden** will add culturally relevant art pieces for the garden fencing at New Start Community Garden, which is home to community gardeners and New Start High School student gardeners. This project aims to commission the art from students and local South King County artists to create a more welcoming garden space. This project will take place in Burien and they are requesting \$15,000.
7. **Partner in Employment** will work with immigrant and refugee youth to learn about, and work on park restoration and maintenance; identify native and non-native plant species; restore and design planting sites; and reach out to others in a variety of environmental fields to sustain the work. This project adds capacity to host five additional youth beyond what was funded through their Economic Recovery Grant. This project will take place in SeaTac and Tukwila and they are requesting \$20,000.
8. **EarthCorps'** young adult crew members will clear 60,000 square feet of invasive blackberry bushes at the Hilltop Park . They will also work with community volunteers to plant native trees for shade habitat and a safe place for community members to gather and enjoy the park. This project will take place in Burien and they are requesting \$15,000.
9. **Highline Botanical Garden Foundation** seeks to expand the Highline SeaTac Botanical Garden by moving twelve mature bonsai trees donated from The Seike Family in SeaTac. The original garden was impacted by airport expansion and the twelve trees will be incorporated into the new garden location. They are requesting \$20,000.
10. **Environmental Science Center** will serve 1100 Highline School District students in Kindergarten through 3rd grade with virtual beach habitat and stewardship classes live streamed and recorded at Seahurst Park. The naturalist-teachers from ESC will also clean up beaches during and after each of the fifty classes taught. Schools with at least 50% of their students on free or reduced lunch will be given priority. This project will take place in Burien and they are requesting \$10,000.

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11. **Friends of Normandy Park Foundation** will engage Highline School District families and friends to remove 20,000 square feet of invasive plant species at Marine View Park. The community members will then replace the area with native trees, shrubs and herbaceous plants. This project will take place in Normandy Park and they are requesting \$8,683.
12. **Summer Search** will work with eighty young people of color and underrepresented youth to explore land, water and air issues. The youth will develop and research four small group outdoor work sessions that will include planting trees and maintenance improvements around Tukwila's parks. The students will also be in YMCA's Summer Outdoor Leadership School, which was successful during COVID-19 in 2020. They are requesting \$20,000.
13. **Puget Soundkeeper Alliance** will empower youth leaders to support immigrant and refugee families as they do debris cleanups on kayak patrols, water quality monitoring, and microplastic education. This project will take place in Tukwila, Burien, Des Moines, and Federal Way and they are \$10,902.
14. **Tilth Alliance** will train twenty volunteers on urban farming techniques. The volunteers will then install rain gardens, habitat restoration, and create and support community gardens. They will partner with a local immigrant and refugee organization and serve Federal Way, Burien and Tukwila. They are requesting \$15,000.

JUSTIFICATION

The fourteen proposals submitted for Commission approval will support near airport communities hardest hit by COVID-19 and support environmental projects and programs in these areas.

These fourteen proposals directly support the Commission Motions that establish the South King County Fund. The original intent of the fund was to address Airport Noise, Environmental Health and Sustainability. These projects are direct investments in community environmental programs under the statutory authority set forth in RCW 35.21.278.

The work not only supports vulnerable communities including BIPOC, immigrants and refugees, it also supports the Highline Cities at a time where parks budgets and staffing have been reduced due to COVID. Most projects involve direct coordination with City park staff to make improvements to neighborhood parks. Additionally, many projects will work to directly implement Green City Partnership Urban Forest Management Plans by removing invasive species and planting natives. The plans were developed with support from Forterra under the Port's ACE Fund and these projects reflect early applications of the long-term planning that will guide forest restoration priorities in the decades to come.

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Schedule

Contracts should be executed by March. All contracts' end dates are 12 months from execution. The following is a summary of expenditures.

Annual Budget Status and Source of Funds

The expenses have been included in the annual operating budget, which is \$1.5 million for 2020 and \$2.0 million for 2021. The funding source is tax levy.

ATTACHMENTS TO THIS REQUEST

1. Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

April 28, 2020| **Motion 2020-10**

The Commission to add economic development to the permissible uses for the South King County Fund, in support of local recovery from the COVID-19 pandemic.

June 25, 2019| **Motion 2019-10**

The Commission adopting principals to guide outreach and development of the South King County policy.

November 27, 2018| **Motion 2018-14**

The Commission directing the Executive Director to designate funding in the 2019-2023 plan of finance for South King County communities...;

November 22, 2016| **Motion 2016-5**

The Port Commission directing the creation of an Airport Community Ecology Fund to support projects and programs in Sea-Tac Airport-area communities to improve ecological and environmental attributes in airport-area communities.

South King County Fund Environmental Grants Program

Pearse Edwards, Senior Director, External Relations

Andy Gregory, Senior Program Manager, External Relations

Alison Beason, Senior Policy Analyst, Office of EDI

Ilays Aden, Program Coordinator, External Relations

Providence Kamana, Community Liaison

Anahi Sanchez-Sandoval, Community Advisor

Action Requested

- Request Commission authorization for the Executive Director to execute up to fourteen (14) contracts through the South King County Fund Environmental Grants Program, for a combined total not to exceed \$217,585.

Airport Community Ecology Fund

Small Matching Grants Program

- Launched in 2016 and available to community groups in Burien, Des Moines and SeaTac
- Port has funded 42 projects for a total of \$364,092
- ACE Small Matching Grants Program sunset in 2020
- The balance of \$185,908 will remain available to Burien, Des Moines and SeaTac through the new SKCF Environmental Grants Program



South King County Fund

- Created in 2018 to address airport noise, environmental health and sustainability
- Eight Guiding Principles passed in June 2019
- In 2020, due to impacts of Covid-19, economic development was added
- The 2020 programs are:
 - Small Business Development - \$250,000
 - Economic Recovery Grants Program - \$1 Million
 - Environmental Grants Program - \$250,000



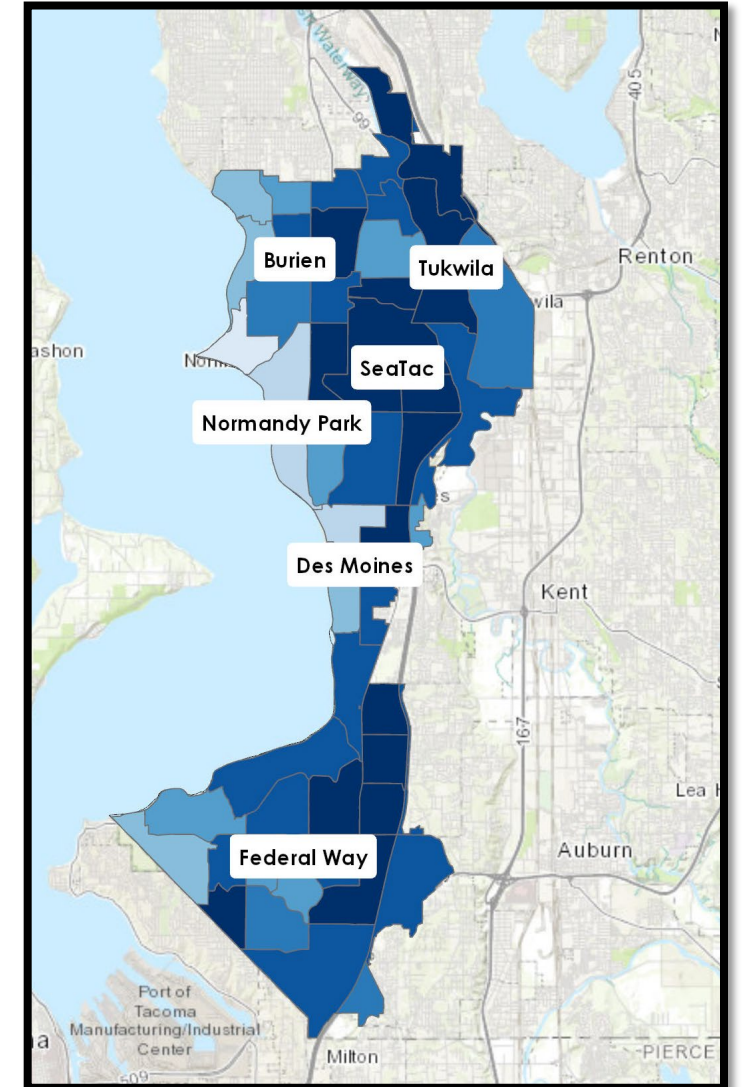
SKCF Environmental Grants Program

- Authority comes from RCW 35.21.278
 - Allows for park or habitat improvement, neighborhood stewardship project, or installation of public art or equipment.
 - Requires 3:1 match
- Contract cap \$20,000
- Eligible cities: Burien, Des Moines, Federal Way, Normandy Park, SeaTac, Tukwila



South King County Fund Eight Principles

- The Fund will:
 - Be used to fund projects in near-airport communities, with other locations considered on a case-by-case basis
 - Prioritize community input to inform Port decision making
 - Support Port equity policies and practices
 - Provide added benefit to current Port programs
 - Prioritize projects that are ready to proceed
 - Build on established programs and commitments to fulfill current obligations
 - Promote innovation and encourage matching funds where possible



Community Engagement

- After three years of conducting outreach and receiving community feedback regarding the ACE program, several common barriers emerged:
 - Three to one match from RCW 35.21.278.
 - Application process technical challenges
 - Language accessibility



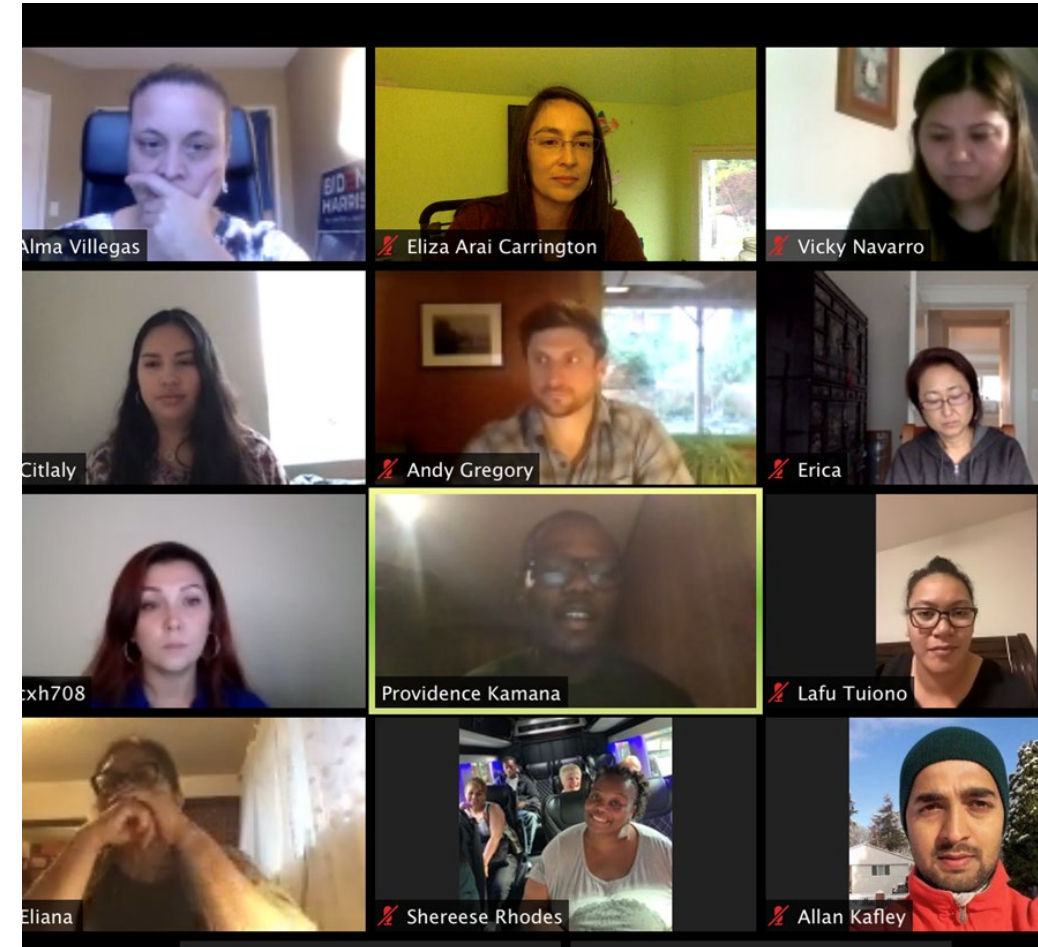
Community Liaison Model

- AV Consulting built an equity-based outreach plan to increase the diversity of applicants
 - Ten liaisons pre-COVID, and eight continued
 - Representing Latinx, African-American, Somali, Congolese, Korean, Bhutanese, Filipino, and Pacific Islander communities



Community Engagement

- The community liaisons:
 - Engaged 10 BIPOC communities
 - Conducted 57 project brainstorm interviews
 - Identified 35 potential project locations
 - Provided cultural and language-specific recommendations to make info session content more accessible
 - Helped drive 32 participants to grant informational sessions (5x increase)
 - Supported six applications from diverse communities





Community Liaison

– Providence Kamana,
Congolese Integration
Network

Application Process

- Written Application Process
 - Led by the Service Agreements team in the Central Procurement Office (CPO)
 - Mirrored what was developed for the Economic Recovery grant process
 - Included sample applications, translated materials, technical assistance support, and a list of fiscal sponsor agencies
- Applicant Interviews
 - Interviewed 15 of 16 applicants
 - Committee consisted of three Port reviewers and two community advisors



Community Advisor

— Anahi Sanchez-Sandoval

Recommended (Liaison-Generated Projects)

Organization Name	Project Name	Cities Served	Requested Amount
Federal Way Korean American Association	Federal Way Korean Garden	Federal Way	\$20,000
Multicultural Self-Sufficiency Movement	Community Garden	Federal Way	\$9,000
Bridging Cultural Gaps	Raising an Environmentally Conscious Generation	Tukwila	\$20,000
Bhutanese Community Resource Center	Engaging and empowering Bhutanese community to local public spaces	Tukwila	\$14,000
Congolese Basketball	Park Improvement and Immigrant Inclusion Project	Tukwila	\$20,000

Recommended (Previous Port Partners)

Organization Name	Project Name	Cities Served	Requested Amount
New Start Community Garden	Art for New Start Community Garden Fence	Burien	\$15,000
Partner in Employment	Youth-Led Park Restoration & Community Clean-Up	SeaTac and Tukwila	\$20,000
EarthCorps	Hill Top Park Restoration & Community Engagement	Burien	\$15,000
Highline Botanical Garden Foundation	Seike Japanese Garden Expansion	SeaTac	\$20,000
Environmental Science Center	Beach Heroes: Fostering Stewardship for Nearshore Habitat	Burien	\$10,000

Recommended (New Organizational Partners)

Organization Name	Project Name	Cities Served	Requested Amount
Friends of Normandy Park Foundation	Marine View Park Forest Restoration	Normandy Park	\$8,683
Summer Search	Expanding Environmental Justice Education and Service Learning	Tukwila	\$20,000
Puget Soundkeeper Alliance	South KC Community Stewardship Project	Tukwila, Burien, Des Moines, and Federal Way	\$10,902
Tilth Alliance	Soil and Water Stewardship Training	Federal Way, Burien and Tukwila	\$15,000
Total			\$217,585

Green City Partnership Coordination

- ACE investment in Forterra for GCP program startup in Burien, Des Moines and SeaTac
- Tukwila part of the Green City network
- Several projects are actively implementing stewardship goals
- Direct coordination between community and cities



Next Steps

- Contracting and project kickoffs in February and March
- External Communications
 - City Council presentations to the Highline Forum cities
 - Video and Blog series to capture the projects and impact
- Internal Communications
 - IDT presentations to further equity-based partnerships with Port staff
- Present policy recommendations for the second round of SKCF in an April Commission meeting
- Continuation of community liaison outreach model through fall of 2021
 - Technical Assistance workshops in English, Spanish and Somali
- Next round of funding Fall 2021

Questions?

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PORT OF SEATTLE COMMISSION COMMITTEES' 2020 RECAP AND 2021 WORKPLANS

Aaron Pritchard, Commission Office Policy Manager
February 9, 2021

Commission Standing Committees

COMMITTEES	COMMISSIONERS
Aviation	Calkins and Cho
Waterfront and Industrial Lands	Bowman and Steinbrueck
Energy and Sustainability	Steinbrueck and Bowman
Equity and Workforce Development	Cho and Calkins
Art Board	Bowman and Steinbrueck
Audit	Bowman and Cho

Aviation Committee 2020 Workplan

- **Met 7 times**
- **Progress, schedule, and budget for major airport infrastructure projects including projects currently underway**
 - Aviation 5-year CIP: long range plan outside of SAMP, Satellite Train Control Systems, SAMP Design at-risk, Project risk management (cost, schedule and scope) (Change Management) and Peer Review recommendations, Baggage Op Phase II, Alaska zones 6 and 7
- **Ground Transportation Policy Directive**
 - Focus on Transportation Management Association implementation
 - Taxi/TNC Activity Update and proposals
 - Highlight GTAP report
- **Monitor the progress of the Commercial Aviation Coordinating Committee**
 - March 26th Update
- **Sound Insulation Program and ADR Master Planning**
 - Delayed until 2021

2020 Aviation Committee Pivot

Flexibility: Shifted Focus to COVID Response

- FLYHealthy@SEA Update
- Financial Position/Updates
- National Uniform Protocols
- Temperature Check – 30 minutes
- Three #FLYHealthy reviews

Aviation Committee 2021 Workplan

- **February 10 Agenda (1st meeting)**
 - Zones 6/7
 - FLYHealthy@SEA update
- **Operational**
 - Customer Service
 - FLYHealthy@SEA
 - COVID-19 Health Measures
 - Ground Transportation (To be moved to Study Session format)
 - ADR Master Planning Program Review
- **Capital Projects**
 - Post-IAF Airline Realignment (1st Meeting)
 - Noise Program (infrastructure elements)
 - Zone 6/7
 - IAF Completion
 - NSAT Completion

Waterfront and Industrial Lands 2020 Workplan

- **Met 3 times**
- **Strategic direction on Cruise terminal T46**
 - Met once to develop indefinite postponement of T46 motion.
- **Industrial Lands Committee process**
 - Met three times on Mayor's Industrial and Maritime Strategy process
 - Met once to develop Committee recommendation for an approach to advocacy from PFD/PSA on Stadium District proposal
 - Met three times on West Seattle Bridge
- **Deliver Port's messaging re: development of Cruise and Industrial Lands.**

Waterfront and Industrial Lands 2021 Workplan

- **First meeting: March 4, 2021**
- **Public Development Authority: “State lands development authority” bill status on Feb 15**
- **Expected completion of the City of Seattle Industrial Lands process: Committee will review and propose a final communication to the Mayor**
- **Next steps on the West Seattle Bridge**
- **Sound Transit Ballard Crossing and West Seattle Crossing**
- **Postponement of T46 Cruise: Project hold**

Energy and Sustainability 2020 Workplan

- **Met 8 times**
- **Monitored implementation of Portwide Sustainability Evaluation Framework Policy Directive**
 - Finalized and added responsibility for Committee to review select projects at 30% design: first projects were Fisherman's Terminal Gateway, Maritime Innovation Center, and the World Trade Center HVAC
- **Review progress and results of the SAF Strategy and SAF MOU work**
 - Met six times on SAF focused on advancing the Clean Fuel Standard and MSW next steps
- **Reviewed implementation of the Cruise environmental principle**
- **Maritime Climate Change mitigation and greenhouse gas reduction**
 - Reviewed Maritime Climate Action Plan
- **Smith Cove Blue Carbon**
 - Reviewed ILA with State DNR on monitoring
- **Seattle Waterfront Clean Energy Strategic Plan**
 - Delayed to 2021

Energy and Sustainability Committee

Proposed 2021 Workplan

Q1

- **LCFS Legislative Strategy**
- **Sustainable Aviation Fuels Study Session Planning**
- **NREL Study SOW completed**
- **Waterfront Clean Energy Strategic Plan**
 - Project overview, scope, schedule, and approach
- **MSW Study**
 - Stakeholder engagement plan developed

Q2

- **Solar Pilot project Report (May)**
- **Sustainable Evaluation Framework Policy Directive Updates**
- **LCFS Next Steps**
- **Ocean Acidification Plan**
 - update and input prior to commission adoption

E+S Committee Proposed 2021 Workplan Cont.

Q3

- **MSW study scope of work**
- **Maritime/Aviation GHG Inventory**
 - COVID impacts (briefing)
- **Waterfront Clean Energy Strategic Plan**
 - Situational/landscape assessment, stakeholder engagement, inventory/baseline findings

Q4

- **NREL Study 75% Complete**
- **Sustainable Evaluation Framework- Workplan**
 - Remaining Commission directives: social equity, operational decisions, lease agreements, standards and specs
- **Smith Cove Blue Carbon Pilot**
 - Monitoring and performance status

Arts and Culture Board 2020 Workplan

- **Met 4 times in 2020**
- **Maintenance**
- **Conservation budget and timeline**
- **Temporary Art**
- **Art Program Organization and Strategic Plan updates**

Arts and Culture Board Proposed 2021 Workplan

Programs/ Public Engagement

- Art as a means to welcome the public back to the airport and to support ADR- Q2,3 and 4
- MLK JR Art Competition- Q1

Conservation

- Restoration of Linda Beaumont's "Spinning your wheels" at the Rental Car Facility
- Ted Johnsons' "Pantapol" will require light conservation and a re-site (this is one of the earliest acquisitions in our collection)

Arts + Culture Board Proposed 2021 Workplan Cont.

Temporary Art

- Black History Month Contingency Plan
- Preston Singletary temporary sculpture on ticketing level
- Pilchuck 50th anniversary collaboration
- Return of the “High Wire”, Q1
- Future planning for “The Landing” - Q-1,2
- Maritime Art: Initial planning

Commissions

- NSAT Phase II will 3 new works (Grade, Birnbaum and Butterfield)
- 2 potential landside projects with art components, CIP budget tentatively approved

Ad Hoc Committees

Governance Committee

- Commissioners Felleman and Steinbrueck
- Deliver revised Delegation of Responsibility and Authority for Commission Review and Adopting in 2021.

Tourism Committee

- Commissioners Felleman and Bowman
- Communicate and coordinate Port efforts on Tourism including Washington Tourism Alliance Partnership

Questions?

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