



COMMISSION

AGENDA MEMORANDUM

ACTION ITEM

Item No. 10a

Date of Meeting January 26, 2021

DATE: January 19, 2021

TO: Stephen Metruck, Executive Director

FROM: Dave McFadden, Managing Director, Economic Development
Kyra Lise, Director, Real Estate Development
Sally del Fierro, Director, Community Engagement
Christina Billingsley, Senior Program Manager, Environmental Engagement

SUBJECT: Lease of Duwamish Valley Property from South Park Properties, LLC

Total Authorization Request: \$360,000

ACTION REQUESTED

Request Commission 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.

EXECUTIVE SUMMARY

Staff requests Commission authorization to enter into a lease agreement with South Park Properties, LLC for a property at 8600 16th Avenue, South. This 2300 square-foot facility with associated approximately 10,000 square feet of paved parking will serve as an office for Port staff overseeing construction at Duwamish River People’s Park and Shoreline Habitat (People’s Park), formerly Terminal 117. This space will also provide community uses such as job training and economic development events. The initial term of the lease will be for 3 years, commencing in March 2021. There are two one-year options to renew at the end of the first term of the lease. Lease rates have been verified as consistent with contemporary market rents through a formal rent study conducted by Heartland, LLC in the market area.

The Port of Seattle will seek to identify a community relations provider who will function as the operator of the space; organizing schedules, providing for routine opening and closing of the facility, and interacting with Asset Management staff on operational matters pertaining to the administration of the lease between Port and South Park Properties. Port of Seattle staff is working to procure a qualified operator now and plans to contract for this service by April 2020.

Resolution No. 3767, the Duwamish Valley Community Benefits Commitment, directs the Port to create equitable access to Port-related economic development activities such as career resource

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fairs, workforce trainings, small business and entrepreneur support, and other entry-points to port-related industries. The Port’s lease of the property located at 8600 14th Avenue South in the Duwamish Valley helps fulfill the Port’s commitments to create place-based and community-led economic development.

JUSTIFICATION

A. People’s Park and Shoreline Habitat (formerly Terminal 117) construction field office

The Port is currently constructing habitat and public access features at People’s Park and Shoreline Habitat in the Duwamish Valley. Project staff has need for a field office to support efficient operations and community partnerships through use of a sustained physical presence in the community. This model was used during 2014 Early Action Area Superfund cleanup at the site. During this time, Port staff leased a nearby property for project staff to conduct meetings and engage with the community to formulate design concepts for the future park and restoration project. The field office served the project and the community with significant value add: the Port’s office was a highly effective hub for information sharing about the construction and other Port programs. Outreach conducted on-site supported the Maritime Environmental and Project Management Team in ensuring that the new park’s designs were inclusive to feedback from multicultural and often under-represented community members.

The proposed location for the new field office, a two-minute walk from People’s Park, offers sufficient space that will enable the Port to safely conduct concurrent activities that would benefit the habitat site. In addition to a field office for staff and contractor meetings, the parking lot offers space for a plant nursery and fabrication area. The construction project has committed to frequent and regular use of the space through March 2022. After that period, staff have identified a need for limited but continued use of the facility to support longer-term maintenance of the Peoples’ Park habitat site. Further, throughout the lease, Port staff will host open houses and public events at the facility to raise awareness about the historical, cultural, economic, and environmental significance of the Duwamish River People’s Park.

B. Need for a place-based resource dedicated to broad economic development in the Duwamish Valley

Due to historic discrimination and redlining, the Duwamish Valley is a community that has experienced exclusion and underinvestment by the local government and industry for decades. After thorough research and consultation with Economic Development Department staff, local government and agency partners, non-profits, and community members, it was confirmed that there are no dedicated economic development resource centers in the Duwamish Valley. Further, there are multiple gaps in local government, industry, and union efforts in their delivery of economic development resources and opportunities to workers, youth, and Women and Minority Business Enterprises (WMBEs) based in the Duwamish Valley.

Therefore, the Duwamish Valley Community Benefits Commitment’s 2020 Work Plan directs the Port to “explore the feasibility of an inter-agency job information and training center to promote Port-related careers” (p.12).

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C. Fulfills Resolution No. 3767, Goal 3: Economic Prosperity in Place

The Port adopted Resolution No. 3767, the Duwamish Valley Community Benefits Commitment (CBC), to guide the implementation of the Duwamish Valley Community Equity Program (DVCEP) and other port operations which impact the Duwamish Valley community. These community benefits are also reflected in the Workforce Development Policy Directive that was adopted by the Commission on June 23, 2020, to help fulfill Century Agenda strategic objectives. The property would offer in-community trainings for pre-apprenticeship outreach and skilled trades recruitment and retention efforts that will benefit Port of Seattle industries, customers and tenants.

Furthermore, this proposal advances the Port's 2018 Diversity in Contracting policy directive, Resolution No. 3737, wherein the goal is to triple the number of WMBE firms doing business with the Port by 2023. The programming that would take place at this property would attract local WMBE firms in South Seattle and South King County to utilize workshops and trainings to build their capacity to work with the Port of Seattle and across port-related industries to develop contracts and apply for grants or other economic recovery resources.

D. Provides anti-displacement benefits

The concurrent benefits of opening a construction project field office for the Duwamish River People's Park site and piloting an economic development resource center offers the most impactful, immediate, and direct method for the Port to prevent multiple types of displacement currently taking place in the Duwamish Valley. The Port defines displacement as the involuntary relocation of current residents or businesses from their current residence, which manifests in three ways:

- 1) *Economic displacement* occurs when residents and businesses can no longer afford escalating rents or property taxes.
- 2) *Cultural displacement* occurs when people choose to move because their neighbors and culturally-related businesses or institutions have left the area.
- 3) *Physical displacement* is the result of eviction, condemnation, rehabilitation, or demolition of property, or the expiration of covenants on rent- or income-restricted housing.

Leasing the field office and using it as a site to host educational events would connect the community to the People's Park in multiple ways. First, to address economic disparity, the site offers multiple opportunities to increase access and awareness for local workers to enter Port-related careers in multiple sectors including environmental/green jobs, maritime, and skilled trade sectors. Next, the field office helps establish People's Park as a physical and cultural anchor that memorializes the community's involvement throughout the Duwamish River Superfund cleanup and the subsequent involvement with the Port to design People's Park. The field office's additional uses and benefits help build local capacity to manage neighborhood change by increasing access to jobs and careers, establishing a cultural connection to the river, and providing a physical space to help community members promote economic development in place.

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ACTIVITIES

A. Legal Authority and Management Plan

The lease agreement for the project field office supports construction and maintenance of People's Park furthers valid Port purposes. 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. RCW 53.08.245 authorizes port authorities to engage in economic development programs. The facility will be used by Port staff and provides additional benefits to the Port by demonstrating economic development outcomes and promoting business development for small and women/minority business enterprises (WMBEs) described in the June 2020 Workforce Development Policy Directive and January 2018 Diversity in Contracting Policy Directive, respectively.

The Port will receive fair market value or market rate for any subleases or other uses of the space. To ensure the building is managed properly, the Port will contract with an entity to assist with operating the facility. This will help ensure that building uses fall within the Port's authority.

The operator will manage use of the facility, oversee daily operations, and help the Port screen prospective subtenants. The Port will ultimately approve subleases and other uses of the premises. To ensure equity and community leadership, the contractor will collaborate with the Duwamish Valley PCAT and Port staff to identify, prioritize and implement the facility's day-to-day programming, events, and activities.

B. Community Leadership

The Duwamish Valley PCAT is a critical partner in the advancement of this request to Commission. In 2019, the community ensured that Resolution No. 3767 captured the long-standing need for a place-based community resource center that would provide direct access to port-related jobs training and information resources. This priority was so high for the community that PCAT members worked with Port staff to ensure it was included in the immediate 2020 Work Plan.

In summer 2019, community members identified this site and brought it forward to Port staff as an ideal location for the resource center. Since then, Port staff has worked with PCAT to identify funding sources and internal/external partners to make the investment feasible. PCAT members will advise the Port during the procurement process for the building operator and will support ongoing decision making related to prioritizing community issues addressed through programming, evaluating success, outreach, and connecting the facility to leverage local networks and resources to create maximum community benefit.

C. Facility Uses

The facility provides approximately 2,300 square feet of office space and 10,000 square feet of paved parking. The City has approved the Port's Change of Use Permit to convert the space into a community resource center that will feature a flex-use events area for trainings, workshops and public events, two conference areas for small group meetings, storage areas for Port and tenant equipment, and a parking lot conducive for outdoor events. As stated in the Duwamish Valley Community Benefits Commitment, Port activities will be culturally responsive and strive to address the concerns of underserved and disproportionately impacted community members,

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especially communities of color, Native Americans, low-income workers and residents, refugees and immigrants, undocumented individuals, veterans, youth and elders, formerly incarcerated individuals, LGBTQAI+ people, people with disabilities, limited English proficient populations, WMBEs, and women- and people-of-color-led organizations.

The Port will work with the Duwamish Valley PCAT, the Workforce Development Council of Seattle-King County, Seattle Public Library – South Park Branch, Port Jobs and other organizations to identify the most impactful and appropriate economic development activities to host at the property. Many community based organizations have expressed support for the Port’s investment into a jobs training and small business resource center, including: Duwamish Valley Affordable Housing Coalition, Villa Comunitaria, Duwamish River Cleanup Coalition, Friends of Georgetown History, and others. The following list highlights specific identified uses for the facility:

1) Duwamish River People’s Park (formerly Terminal 117) Construction Field Office

The Port is constructing habitat restoration and public access features at Duwamish River People’s Park and Shoreline Habitat in South Park (previously referred to as Terminal 117 Shoreline Habitat and Public Access Site). Project staff has need for a field office to support efficient operations and community partnerships through sustained physical presence in the community. This model was used during cleanup operations at Terminal 117, during which Port staff engaged with the community to formulate design concepts for the future park and restoration project. In addition to a field office, this facility may also provide space for a plant nursery, and fabrication area. The property identified in this proposal meets these needs and is a convenient one-minute walk from the construction site. The construction project has committed to frequent and regular use of the space through March 2022, with reduced hours but continued use after that period where crews will continue to use the site to support maintenance of the habitat site.

2) Duwamish Valley Port Community Action Team (PCAT) Engagement

The Port Community Action Team (PCAT) is the community-convened advisory group established in 2017 and consists of Duwamish Valley community members that engage the Port in collaborative action and strategic planning in order to address historical and current disproportionate, cumulative impacts affecting the Duwamish Valley community. The PCAT has been critical to informing the Port about the need for a jobs training and resource center for many years and will be a key partner to influencing how the site would be managed for maximum community benefit. The PCAT will work with the Port and the building operator to ensure that all programming is relevant to community need and delivered with cultural competency and inclusion principles. The PCAT will use the space to host its own meetings and public events that help the Port fulfil its commitments in Resolution 3767.

3) Duwamish River Green Jobs Program

In a landmark Port contract to promote environmental equity DIRT Corps, LLC will lead the Port’s “Duwamish River Green Jobs Program” to train local youth and adult workers as paid stewards

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of eight Port-owned habitat sites along the Duwamish River and the Smith Cove Blue Carbon project. To increase access across the community, DIRT Corps has subcontracted with Duwamish Tribal Services, Duwamish Valley Youth Corps, and ECOSS – three community based organizations to provide on-the-job training for workers, specifically encouraging women, people of color, LGBT, and veterans to enroll. This program is the first formal Port effort to build a cohesive “green job/green career pathway” within Port operations and focuses on building career connected learning, technical skills development, and networks that will help trainees gain employment opportunities in fields such as marine biology, parks management and land use design, construction and landscaping, forest and wildlife conservation, stormwater management and habitat restoration.

4) Youth Internship Recruitment

Since spring 2018, Human Resources staff have proactively recruited youth in the Duwamish Valley with interactive resume workshops and career readiness activities to support local youth to apply for Port internships. In past years, these workshops would often take place in hallways of the local community center due to limited space available in the community. In spite of these barriers, over 50 youth have been placed into full or part-time internships with the Port across multiple departments. The Port provides livable wage internships for youth to gain basic skills and exposure to careers in public administration, engineering and construction, environment and sustainability, the maritime and aviation fields, and skilled trades. These experiences have helped youth secure new jobs in Port-related fields or entry to tertiary educational programs. Further, the incomes generated by youth in these positions regularly contribute to their families’ ability to stay in the neighborhood and prevent displacement.

5) Maritime High School

In March of 2020, the Port passed Motion 2020-05 in support of “A Changing Tide”, the case statement for a Maritime High School. A new project-based Maritime High School connected to the Duwamish Valley is set to launch in September of 2021. Developed and implemented by Highline Public Schools in collaboration with the Port of Seattle and Duwamish Valley community stakeholders, the school will provide incoming 9th graders with a high school-credit earning and project-based learning experience that promotes careers in the maritime and marine-based environmental conservation sector. Student learning will center on the environment, marine science, and maritime careers working on or near the water. This facility provides an optimal learning environment with access to shoreline learning space (Duwamish People’s Park and Shoreline Habitat) that is a one-minute walk from the property. It also provides easy access for industry partners along the river who wish to support the next generation of maritime industry workers.

COVID-19 CONSIDERATIONS

The property will adhere to the Port of Seattle’s COVID-19 safety precautions in the programming and activation of the site. Masks will be required for anyone who is inside the building. The 10,000

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square foot parking lot outside can also be utilized for activities like job fairs and outdoor classrooms to adhere to safety measures.

SCOPE OF AGREEMENT

A. Property and Lease Information

Landlord: Johnny Bianchi & Joe Kelso of South Park Properties, LLC

Tenant: Port of Seattle

Term/Effective Date: The lease term is three years, beginning January 1, 2021, and ending December 31, 2023, with an option to extend the lease for two additional one year terms.

Termination Option: If this lease is terminated for default, the rights and remedies under the lease shall be cumulative, and none shall exclude any other right or remedy allowed by law. The non-defaulting party may terminate the defaulting party’s interest in the lease by notice of termination. The lease shall terminate on the date specified in the notice of termination.

Use: A field office for the People’s Park construction project and a jobs training and small business development resource center located in the Duwamish Valley.

Area: Approximately two thousand three hundred (2,300) square feet of office space, and ten thousand (10,000) square feet of paved parking. The premises is located at 8600 14th Avenue South, Seattle, WA 98108.

Rental Rates: \$28 psf/annum of 2300 square feet (rentable bldg.) = \$5,359 per month
\$3.60 psf/annum of 9700 exterior yard sf = \$2910 per month
Total rent is \$8,269 per month or \$99,228 NNN annually.
Rental rates were set using a contemporary rent analysis conducted by Heartland, LLC in 2020.

Tenant Improvements: The landlord will be responsible for all tenant improvements.

B. Operating Expenses & Real Estate Tax Costs

Operating Costs: At the rate of ten cents (\$0.10) per square foot per month, equaling \$230.00 per month.

Property Tax: \$525.90 per month.

Insurance: \$204.8.00 per month.

Security Deposit: \$2000.00

Parking: There will be 10,000 square feet of parking on the premises.

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C. Schedule

Commission authorization	2021 First Quarter
Lease Agreement Signed	2021 First Quarter
In-use date	2021 Second Quarter

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Use existing Duwamish Valley community spaces to support the Duwamish partnership

Pros:

1. Cost savings for the Port: no rent or operator costs. Programs will rent venue space.
2. Reduced staff time coordinating lease and building operator.

Cons:

1. Due to discrimination and redlining, there are very few community spaces in the Duwamish Valley, so the inventory is limited already.
2. Existing public spaces are already regularly and fully occupied and will not be available to regularly meet the Port’s proposed programming needs.
3. Port staff have utilized existing public spaces for the past three years to conduct minimal programming; for the Port’s proposed activities, existing local resources will not be sufficient.
4. Whenever public space is available, Port will still need to pay venue rental fees to conduct programming.
5. Existing spaces do not have enough internet access, computers, tables, or conference rooms to meet the Port’s demands for programming.
6. Not recommended by the Duwamish Valley PCAT.

This is not a recommended alternative.

Alternative 2 – Lease this facility

Pros:

1. The facility was identified as an ideal location for community access by South Park and Georgetown residents, easily accessible by public bus, car parking is widely available, and pedestrian/bike trails connect to the building.
2. Ideal location for incorporating the Port’s construction of the Duwamish River People’s Park and Shoreline Habitat into site programming (a one-minute walk).
3. The location makes it feasible for the Port’s construction project team and contractors to use the site as a field office.
4. Cost efficient and affordable rent considering size of space and location.
5. Community members identified the large parking lot as a unique feature that will be useful for events and gatherings to ensure COVID 19-safety precautions.

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6. Large floor space and multiple rooms enable events and workshops to take place concurrently through the course of a day.
7. Leasing enables the Port to pilot the concept and practice of an on-location jobs training and small business resource center, rather than commit to a permanent acquisition.
8. Recommended by the Duwamish Valley PCAT.

Cons:

1. Older building and former use as a retail space/restaurant requires some minor construction and investments to prepare it for the Port’s proposed use.
2. Leasing a property from an owner is an uncommon method in the Port’s real estate portfolio and requires new strategies for how to manage the property.

This is the recommended alternative.

Alternative 3 – Do not lease the facility

Pros:

1. Cost savings for the Port: no rent or operator costs. Programs will rent venue space.
2. Reduced staff time coordinating lease and building operator.

Cons:

1. The port will not have a location for the Duwamish River People’s Park construction field office.
2. Inability to effectively incorporate the Port’s construction of the Duwamish River People’s Park and Shoreline Habitat into other Port programming.
3. Continued inefficiencies in coordinating, scheduling rentals of public spaces by Port staff.
4. Missed opportunity to invest in a highly visible and tangible anti-displacement strategy in a near-port environmental justice community. Missed opportunity to model creative anti-displacement solutions across the Port, City, in King County.
5. Not recommended by the Duwamish Valley PCAT.

This is not a recommended alternative.

FINANCIAL IMPLICATIONS

Annual expenses for this lease include: rent, operator, utilities, insurance, taxes, etc.

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Original estimate	\$0	\$360,000	\$360,000
AUTHORIZATION			
Previous authorizations	0	0	0
Current request for authorization	0	\$360,000	\$360,000

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Total authorizations, including this request	0	0	0
Remaining amount to be authorized	\$0	\$0	\$0

D. Annual Budget Status and Source of Funds

Annual budget request for lease of facility is \$120,000. Funds to cover rent will come from several budgets, including Duwamish River People’s Park (formerly Terminal 117) Construction Project, Duwamish Valley Community Equity Program, and rental of space to other agencies and programs, such as the Maritime High School.

The annual cost for the operator will be \$50,000. These funds will come from the Economic Development Division. We will evaluate the need for an operator (and related scope of services) on an annual basis.

ATTACHMENTS TO THIS REQUEST

- (1) Draft lease
- (2) PowerPoint presentation

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

None