



**COMMISSION  
AGENDA MEMORANDUM**

**Item No.** 10b

**BRIEFING ITEM**

**Date of Meeting** March 23, 2021

**DATE:** February 22, 2021

**TO:** Stephen P. Metruck, Executive Director

**FROM:** Stephanie Jones Stebbins, Managing Director, Maritime  
Dave McFadden, Managing Director, Economic Development  
Kyra Lise, Director Real Estate Development  
Elena Franks, Capital Project Manager

**SUBJECT: FT Redevelopment Briefing and Request to Complete the Site Improvements Project Under a New CIP**

**Amount of this request:** \$ 0

**Total estimated project cost:** FT Site Improvements: \$3,300,000  
FT Maritime Innovation Center: \$ 18,000,000

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to complete design and permitting of the Fishermen’s Terminal (FT) Site Improvements (U00320) under the new CIP C801211, utilizing \$1,525,505 in formerly authorized funding for the Gateway Building CIP. No request for funding is associated with this authorization at this time.

**EXECUTIVE SUMMARY**

The vision for Fishermen’s Terminal is to improve a community landmark that supports the maritime industry by welcoming the general public to the parts of the terminal that enhance the understanding and support of the industrial working waterfront. The improvements will also facilitate keeping parts of the facility focused on the industrial needs of the North Pacific Fishing Fleet. The general site improvements planned are aimed at supporting such vision by improving safety for both visitors and industry while creating engaging and educational storytelling and wayfinding signage for the general public that describes the legacy of Fishermen’s Terminal and the importance of the maritime industry in the region.

The FT Site Improvements include providing clarity for vehicular, bike and pedestrian routes and access, electrical lighting upgrades, low maintenance landscape, improved signage, interpretative signage, wayfinding and branding, and provisions for parking and loading to accommodate future needs. In addition, these site improvements will link the remodeled Maritime Innovation Center to the central commercial core of Fishermen’s Terminal primarily

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comprised of the Fishermen’s Center Building (C-15 Building), and the parking areas in between them.

The present definition of the FT Site Improvements may have not been transparently characterized in the last relevant Commission Authorizations in terms of scope and cost so far, as its components were bundled with the Gateway building’s scope of work, as WP U00320 with a budgeted amount of \$1,525,505.

**JUSTIFICATION**

It has become apparent that the FT Site Improvements project constitutes a separate scope, which should have its own CIP and budget. This is to avoid that it covertly and significantly inflates the Gateway budget, and to prevent the project from being unintentionally delayed together with the planned pause of the Gateway’s CIP.

**DETAILS**

***Scope of Work***

The Site Improvements project scope has progressed and achieved 60% Design completion alongside the Gateway and the MInC buildings. The total anticipated project cost is estimated to be \$3,300,000. Upon assignment of a new CIP, it has been deemed eligible for the Port of Seattle’s 1% Art Program Policy, included in the projected total project cost.

The design to be completed under the FT Site Improvements includes the following FT Development program elements:

- Landscape Planting
- Parking Striping
- Crosswalk Improvements
- Site Furniture
- Interpretative Signage
- Wayfinding Signage
- Site Lighting
- 1% Art Program

***FT Redevelopment Program Progress***

With respect to the overall progress of the FT Redevelopment program, since last coming before the Commission in December 2020 for the FT Maritime Innovation Center’s Authorization for Construction, the Port has:

- Completed 60% design for the Gateway Building (U00412) and associated Right of Way (ROW) Improvements (U00418), the Maritime Innovation Center (MInC) building (U00414), and the general Site Improvements (U00320).
- Determined a series of feasible environmental sustainability objectives that have been incorporated into the projects’ construction scopes.

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- Completed updated project cost estimates based on the 60% designs and preferred sustainability options.
- Conducted Risk Workshops to identify and quantify risks in terms of probability and impact on cost and schedule, which will be followed by stochastic modeling.
- Secured a \$5,000,000 grant from WA State Department of Commerce towards the construction of the MInC building.
- Defined the services and effort needed to shelve the Gateway Building project and associated ROW Improvements prior to pausing it, upon completion of 60% Design review and concurrence. Per the 2021 Plan of Finance, the Gateway project is scheduled to resume in 2026.
- With the pausing of the Gateway Project, an interim plan will be needed for the buildings and land in the location of the Gateway Project, including the Bank Building (C-12) and Net Sheds 7 and 8. Staff is evaluating alternatives and expects to have recommendations in Q4 of 2021.

### ***Diversity in Contracting***

The two projects that are moving towards completion, the MInC and the Site Improvements, aim at high Diversity in Contracting goals. The MInC is targeting Living Building Challenge (LBC) requirements, which align with –when not higher than– the current Port aspirational percentage of dollars spent on WMBE contracts. The Site Improvements will be bid and constructed together with the MInC, and therefore follow the same objectives.

The LBC is comprised of seven performance areas, or “Petals”: Materials, Site, Water, Energy, Health, Equity, and Beauty. The LBC now has ten Core Imperatives that address the fundamental tenets of each Petal; all the Core Imperatives are required for Petal Certification. Inclusion is a new imperative addressing diversity in hiring and access to training compliance. This establishes the requirement to include diverse stakeholders from vulnerable or disadvantaged populations in the design, construction, operations and maintenance phases at the following levels:

- (1) 20% of design contract and/or construction contracts, and 10% of maintenance contracts must be with JUST organizations that meet required levels for Diversity category, or are registered Minority, Women, or Disadvantaged Business Enterprises (MWDBE) organizations, or international equivalent.
- (2) Workforce development/training/community benefits agreements, registered apprentice programs, and similar programs are employed for 10% of the General Contractor’s project contracts and/or maintenance contracts. This imperative may be also satisfied through a donation to appropriate groups that meet the intent.

Meeting the LBC imperatives supports the Port of Seattle’s goal to triple the number of WMBE firms that contract with the Port and increase the percentage of dollars spent on WMBE contracts to 15 percent within 5 years of program implementation of the Diversity in Contracting Program.

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***Community Outreach and Communications***

Initial community outreach and engagement around the Maritime Innovation Center and the Gateway Building unfolded during the Port’s Fishermen’s Terminal Master Planning process in 2016 and 2017. Staff hosted multiple planning sessions, open houses and stakeholder meetings as part of developing new plans for FT. During the process, stakeholders cited a need for light industrial facilities with smaller spaces for maritime manufacturers and suppliers. Several participants also suggested that FT develop space for meeting rooms/conference center.

Extensive outreach and engagement included:

- (1) A Strength, Weakness, Opportunities and Threats (SWOT) workshop with 25 maritime stakeholders
- (2) Online survey that solicited input from 150+ stakeholders
- (3) Outreach meetings with partners in Anacortes and Port Hadlock
- (4) Interviews with 35 Maritime stakeholders (28 distinct organizations)
- (5) Facilitation of a design eco-charrette focused on adaptive reuse of the Port’s Ship Supply building

As the Maritime Innovation Center plan was completed, the state’s Maritime Blue initiative started. It generated significant outreach and engagement in 2018 and the Maritime Innovation Center was a central part of the strategy they shared with hundreds of maritime and community stakeholders.

In continuing the marketing, communications, and outreach efforts, the Port project team will provide a workplan for sales process audit and other Sales & Marketing efforts geared at fulfilling the lease strategy goals for the MInC, and attract future investors and/or partners for the Gateway building. Additionally, a robust communications and outreach plan will keep stakeholders informed about the schedule, design scope and impacts of the FT Redevelopment Program.

Outreach will provide opportunities for a wide range of stakeholders to offer input including residents in neighboring communities, current tenants, and business and maritime industry organizations. In addition, liaison work will continue with local regulatory agencies to ensure awareness and coordination. Updates also will be provided via media outreach and open houses, along with project updates at industry, business and community meetings.

***Schedule***

The schedule below pertains to the MInC and Site Improvement projects, which are progressing towards completion of design and permitting phase.

*Activity*

Commission design authorization (initial FT Redevelopment)	2016 Quarter 4
Design start	2019 Quarter 2

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Commission construction authorization	2022 Quarter 1
Construction start	2022 Quarter 3
In-use date	2024 Quarter 1

**Cost Breakdown**

	This Request	Total Project
Design		
MInC Building	\$0	\$2,150,000
Site Improvements	\$0	\$1,525,505
Construction		
MInC Building	\$0	\$15,850,000
Site Improvements	\$0	\$1,974,475
Total		
MInC Building	\$0	\$18,000,000
[does not account for \$5M State grant]		
Site Improvements	\$0	\$3,300,000

**ALTERNATIVES AND IMPLICATIONS CONSIDERED**

**Alternative 1** – Do nothing: pass on completing the Site Improvements under a new CIP, with the currently allocated budget

Cost Implications: Delivering the MInC on its own reduces the bid package value and will increase the cost of execution.

Pros:

- (1) Retain Port capital for other priority projects and financial initiatives.

Cons:

- (1) Pass on the opportunity to improve safety, visitor experience, and site identity at the FT Site, and enhance the public awareness and enjoyment of FT as Seattle amenity.
- (2) Pass on the opportunity to integrate the FT Site Improvements with the MInC project components.

This is not the recommended alternative.

**Alternative 2** – Complete FT Site Improvements under a new CIP, alongside with the MInC.

Cost Implications: None at this time; the total project cost estimate is not expected to change based on this request. The alternative will overall result in greatest cost efficiency due to combination of design efforts and bid package with the MInC.

Pros:

- (1) Implementation of FT Long-Term Strategic Plan objectives of supporting fishing and maritime clusters.
- (2) Design development continues towards completion without interruption.

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Cons:

- (1) Requires major Port investment of funds over shorter term.
- (2) Creates temporary construction impacts to existing FT operations, tenants and visitors.

***This is the recommended alternative.***

**FINANCIAL IMPLICATIONS**

<b><i>Cost Estimate/Authorization Summary</i></b>	Capital	Expense	Total
<b>COST ESTIMATE</b>			
Original estimate			
Gateway Building	\$51,500,000	\$1,500,000	\$53,000,000
MInC Building	\$16,000,000	\$0	\$16,000,000
Current change	\$5,300,000	\$0	\$0
Revised estimate			
Gateway Building	\$51,800,000	\$1,400,000	\$53,200,000
MInC Building	\$18,000,000	\$0	\$18,000,000
FT Site Improvements	\$3,300,000	\$0	\$3,300,000
<b>AUTHORIZATION</b>			
Previous authorizations	\$7,626,000	\$349,000	\$7,975,000
Gateway Building	\$5,476,000	\$349,000	\$5,825,000
[Includes \$1,525,505 Site Impr.]			
MInC Building	\$2,150,000	\$0	\$2,150,000
Current request for authorization	\$0	\$0	\$0
Total authorizations, including this request	\$7,626,000	\$349,000	\$7,975,000
Remaining amount to be authorized			
Gateway Building	N/A	N/A	N/A
MInC Building	\$15,850,000	\$0	\$15,850,000
FT Site Improvements	\$1,774,475	\$0	\$1,774,475

***Annual Budget Status and Source of Funds***

The MInC project was included in the 2021 Plan of Finance under C801084 FT Maritime Innovation Center with a total project cost of approximately \$16,000,000. Additional funding will be covered by the delayed spending on C800525 FT Gateway Building.

The Gateway project was included in the 2021 Plan of Finance under C800525 FT Gateway with total estimated spending of \$1,000,000 in 2021 and a total project cost of approximately \$53,300,000.

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The Site Improvements project was not included in the 2021 Plan of Finance. This request proposes its inclusion in the draft 2022 Capital Plan under the new CIP C801211 with a total project cost of approximately \$3,300,000.

All projects will be funded by the Tax Levy. The MInC project will also receive a \$5,000,000 grant from the Washington State Department of Commerce towards its construction costs.

***Financial Analysis and Summary***

Project cost for analysis (FT Redevelopment projects continuing towards construction)	
MInC Building	\$18,000,000
FT Site Improvements	\$3,300,000
Business Unit (BU)	Maritime Portfolio Management
Effect on business performance (NOI after depreciation)	Forecasted NOI from the Maritime Innovation Center provided to Commission upon design completion and construction authorization.  Both MInC and FT Site Improvements are expected to increase depreciation expense by over \$500K per year.

**ATTACHMENTS TO THIS REQUEST**

- (1) PowerPoint presentation: “Fishermen’s Terminal Redevelopment Program: Briefing and Authorization to Complete Site Improvements Under New CIP.”

**PREVIOUS COMMISSION ACTIONS OR BRIEFINGS**

December 8, 2020 – Commission authorized Construction of the MInC as the condition for executing the Interagency Agreement with Washington State Department of Commerce to allow the acceptance of a \$5M grant towards its construction.

May 14, 2019 – Commission authorized \$1,850,000 design funding and an amendment to the Fishermen’s Terminal Phased Design Services contract, with Miller Hull Partnership LLP, for \$1,000,000 for final planning, design, and permitting for the Maritime Innovation Center.

January 22, 2019 – The Commission authorized an additional \$1,800,000 in design funding for FT Gateway Building improvements, and the execution of an amendment to the existing Architectural/Engineering Services contract for FT Redevelopment for \$1,000,000 to complete the final planning, design and permitting of the Gateway Building and FT Site improvements.

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January 8, 2019 – Commission received a briefing regarding Maritime Blue Plan and the Maritime Innovation Center.

September 26, 2017 – The Commission authorized \$1,325,000 construction funding for the demolition of the existing bank building and Net Sheds 7 and 8. This work has not yet been advertised for bids, per direction by the Commission, pending finalization of a Gateway Building tenant lease agreement.

December 13, 2016 – Commission authorized an initial \$3,000,000 for the Fishermen’s Terminal Redevelopment program planning and design; the total preliminarily estimated design cost was \$7,000,000.

May 17, 2016 - Commission received a briefing on the planning strategies comprising the Fishermen’s Terminal Long-Term Strategic Plan.

October 27, 2015 - Commission received a briefing about the progress of the stakeholder outreach program for the Fishermen’s Terminal Long-Term Strategic Plan.

August 11, 2015 - Commission received a briefing on the proposed scope and goals in advance of the launch of the planning process.