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**COMMISSION**

AGENDA MEMORANDUM Item No. 8e

ACTION ITEM Date of Meeting January 9, 2024

DATE : January 2, 2024

TO: Stephen P. Metruck, Executive Director

FROM: David McFadden, Managing Director, Economic Development Division

Pearse Edwards, Senior Director, External Relations

Sally del Fierro, Director, Community Engagement

SUBJECT: Lease Extension of Duwamish River Community Hub Property from South Park Properties, LLC

Amount of this request: Funding of

\$240,000

previously

authorized

**ACTION REQUESTED**

Request Commission authorization for the Executive Director to approve lease extension options for up to two years beyond the current lease expiration date of June 30, 2024, and to negotiate an option to purchase the Duwamish River Community Hub (DRCH) property. Staff will return to Commission to acquire the property as well as the funds needed for that acquisition.

**EXECUTIVE SUMMARY**

To honor Resolution 3767, the Duwamish Valley Community Benefits Commitment (CBC), the Port of Seattle leases the Duwamish River Community Hub (DRCH) to provide Duwamish Valley community members with opportunities for economic development, such as Port-related career resource fairs, career and workforce trainings, small business support, and other entrypoints in Port-related economic activities. The Port's lease of a property owned by South Park Properties, LLC provides the Port and the near-port community with much needed convening, conferencing, and training space for economic recovery and workforce development services. In addition to extending the lease for this facility for up to two additional years, staff will negotiate the terms of a purchase option within the lease agreement, should the Port be interested in acquiring the facility over the next few years. The terms of the option agreement is not part of this authorization request. Any Purchase and Sale agreement arising from the exercise of the purchase option in the lease will require additional Commission approval along

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with authorization for the funds for such purchase and would be thus subject of a subsequent Commission action.

**JUSTIFICATION**

The DRCH has interior space and a parking lot available for booking and serving various user groups – community-based organizations, small businesses, government agencies, PCAT, and Port of Seattle. In 2021, the DRCH hosted 12 events; in 2022, 124 events, and in 2023- 256 events are completed or scheduled. Inquiries are coming in for reservations in 2024, including the 2024 school year running until June 2025. The extension of this resource's lease will support the Port's ability to advance Port Resolution No. 3767.

The DRCH fills a gap for the community. It provides Community-based organizations with a facility to host their programs, resulting in youth and adults learning about the Port and gaining job skills and contributing to the goals of the CBC. As a result, Port and community capacity increases, the environment of this area is being restored, and workforce and economic development is increasing.

Community-based organizations have used the DRCH for programs and events that teach youth and adults the skills that allow for entry into educational or career pathways. The location of the DRCH is important to local organizations who have attendees coming by foot or bus and for proximity to Duwamish River environmental restoration work.

In the Port's Duwamish Valley Community Benefits Commitment 2020 Work Plan described in Resolution 3767, the Port committed to "explore the feasibility of an inter-agency job information and training center to promote Port-related careers." (p.12). The DRCH property at

8600 14th Avenue South, Seattle, WA 98108 fits the needs of this commitment and supports the ongoing implementation of the Duwamish Valley Community Equity Program (DVCEP).

Duwamish River Peoples Park (formerly Terminal 117) Field Office

The DRCH also provides space to support the Port's development of Duwamish River Peoples Park and Shoreline Habitat in South Park (previously referred to as Terminal 117 Shoreline Habitat and Public Access Site). The Hub provides space for a plant nursery and fabrication area and is a convenient one-minute walk for ongoing maintenance and improvements and other port operations at Duwamish Peoples Park that connect to the Duwamish Valley community.

#### ACTIVITIES

The facility has a flex-use events area for trainings, workshops and public events, a conference area for small group meetings, and a parking lot to host outdoor trainings and events.

Workshops will be culturally responsive and include services that strive to address the concerns of underserved and disproportionately impacted community members, especially communities of color, Native Americans, low-income workers and residents, refugees and immigrants,

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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.

Duwamish Valley Port Community Action Team 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 to address historical and current disproportionate, cumulative impacts affecting the Duwamish Valley community. The PCAT uses the DRCH to host its own meetings and public events that also help the Port fulfil its commitments in Resolution 3767.

#### AGREEMENT HIGHLIGHTS

Landlord: South Park Properties, LLC

Tenant: Port of Seattle

Term/Effective Date: The current Lease term is three years, beginning July 1, 2021, and ending June 30, 2024. The proposed extension is from July 1, 2024, to June 30, 2025.

Use: The Port will use the Premises for general office work, training, events and staging for redevelopment of Terminal 117 (and similar properties)

Area: Approximately two thousand three hundred (2,300) square feet of office space, and about ten thousand (10,000) square feet of paved parking, all as shown on the attached Exhibit B. The premises (the "Premises") is located at 8600 14th Avenue South, Seattle, WA 98108.

Rent & Other Costs: Current monthly rent plus specified operating cost, property tax and insurance totals \$9,229.75 which will increase by 3% per year starting July 1, 2024.

Parking: Approximately 10,000 square feet of parking available on the premises.

#### Schedule

Commission authorization 2024 First Quarter

Lease Agreement Signed (We already 2024 First Quarter received landlord's letter granting Port the request to extend the lease.)

In-use date 2024 Third Quarter

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#### ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Extend Lease for this facility

##### Pros:

1. The facility was identified as an ideal location for community access by South Park and Georgetown residents, easily accessible by foot, public bus, car parking is widely available, and pedestrian/bike trails pass right in front of building. Due to the highways

that intersect the South Park neighborhood, this location is especially valuable for accessibility. As other facilities that the CBO's currently use are on the other side of the highway.

2. Ideal location for incorporating the Port's Duwamish River People's Park and Shoreline Habitat into site programming (less than a two-minute walk away).
3. Cost efficient and affordable rental offer considering size of space and location.
4. Community members identified the large parking lot as a unique feature that will be useful for events and gatherings.
5. Recommended by the Duwamish Valley PCAT.

Cons:

1. Leasing a property from an owner is an uncommon method in the Port's real estate portfolio and requires the continuation of a unique relationship to manage the property. This is the recommended alternative.

Alternative 2 – Lease a different property

Pros:

1. Possible lower cost to lease another property.
2. Properties in other locations could impact who is served, possibly meeting unmet needs.
3. Other properties could offer alternative features like additional rooms or larger spaces.

Cons:

1. No other facilities have been identified to meet this demand. 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 pass right in front of building.
2. Ideal location for incorporating the Port's construction of the Duwamish River People's Park and Shoreline Habitat into site programming (less than a two-minute walk away).
3. The location makes it feasible for the Port's construction project team and contractors to use the site as a field office.
4. Community members identified the features in this property as most ideal: ADA restrooms, large parking area, multiple meeting, and storage rooms.

This is not a recommended alternative.

Alternative 3 – Do not lease the facility

Pros:

1. Cost savings for the Port.

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[Annotation] Maietta, Jennifer

I think this section can be deleted from the document as we are not asking for any funding authorization. Your note in the next section tells the story.

[Annotation] Lise, Kyra

I'm still waiting to hear if we have the budget authorizations we are asking for. If so, I will delete this section.

[Annotation] Lise, Kyra

@Ninburg, Lily even though I understand that the costs have already been budgeted for this extension, we do need to add the prior authorizations to support this extension terms don't we?

[Annotation] Lise, Kyra

@Maietta, Jennifer With Lily out, can you help finalize the prior financial authorizations that support this lease extension? Or point me in a direction. As I understand it, EDD, Maritime Sustainability and External Relations are the funding partners

[Annotation] Maietta, Jennifer

I believe the best way to get this information is to have Finance provide it. I would reach out to Esther Suan Tjoe and Tyler Cooley for confirmation.

[Annotation] Lise, Kyra

Will do thanks!

[Annotation] Lise, Kyra

Ester's out of the country. I've left a message for Tyler

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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 of spaces to conduct the Port's programming is limited already.
2. No existing location in Duwamish Valley could meet all of the needs for the Port's proposed activities, so the Port will not be able to deliver on its commitments.

3. Whenever public space is available for the Port's programming, Port will still need to pay venue rental fees.

4. Inability to effectively incorporate the Port's construction of the Duwamish River People's Park and Shoreline Habitat into other Port programming.

5. Continued inefficiencies in coordinating, scheduling rentals of public spaces by Port staff.

This is not a recommended alternative.

#### FINANCIAL IMPLICATIONS

Cost Estimate/Authorization Summary Capital Expense Total

#### COST ESTIMATE

Original estimate \$0 \$0 \$0

#### AUTHORIZATION

Previous authorizations 0 0 0

Current request for authorization 0 0 0

Total authorizations, including this request 0 0 0

Remaining amount to be authorized \$0 \$0 \$0

#### Annual Budget Status and Source of Funds

Annual budget for lease of facility is \$120,000 with the base rent being \$112,418. The source of funds is Economic Development Division Maritime Sustainability and External Relations share the cost of this previously budgeted item under previous authorizations. No funding is requested for this authorization.

#### ATTACHMENTS TO THIS REQUEST

(1) Current lease

(2) Map of location and images of building exterior

(3) PowerPoint presentation

#### PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

January 26, 2021 – Commission authorization to lease the Duwamish River Community Hub one

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