

PROJECT ACTION MEMO

Port of Tacoma Commission



Item No: 6A
Meeting Date: 3/19/24

DATE: March 11, 2024

TO: Port of Tacoma Commission

FROM: Eric Johnson, Executive Director
Sponsor: Alisa Praskovich, Chief Strategic Projects and Commission Relations
Project Manager: Stanley Ryter, PE, Senior Project Manager

SUBJECT: Port of Tacoma Maritime Center Project Authorization Increase
(Master ID # 101549.01) & ILA Amendment

A. ACTION REQUESTED

1. Request additional project authorization in the amount \$7,000,000 for a total authorized amount of \$11,770,000, for work associated with the Port of Tacoma Maritime Center, Master Identification No. 101549.01.
2. Request authorization for the Executive Director to enter into Amendment 2 to the Second Interlocal Agreement (ILA) between the Tacoma Public School District and the Port of Tacoma to continue the previously established payment reimbursement process for Phase 2 of the Project through 60% design.

Strategic Plan Initiatives: - EV-4, EL-1, OS-4, CC-1, CC-2.

B. SYNOPSIS

The Port of Tacoma (Port/POT) has partnered with Tacoma Public Schools (District) to develop a Port Maritime Center Campus and a Maritime skills center (Maritime|253) on Parcels 92 and 94. Maritime|253 will support future employment needs of the maritime and logistics industry and the Port Maritime Center will support the Port's business operational needs with a new administration and Commission space. The project is being delivered using the Progressive Design-Build delivery method. The delivery method will shorten the schedule and achieve earlier cost-certainty. This dual-action request increases the authorized funds for the project through design development (60% design) including continued community engagement and master planning and legal fees.

C. BACKGROUND

Since 2021, the Port has led several strategic initiatives to support developing a new POT Maritime Center and Maritime Skills Center in partnership with the District. In March 2023, the Port and the District executed an Interlocal Agreement to build a maritime skills center on Port property.

A second interlocal agreement was executed in August 2023, to govern the planning and development of the project from execution of the Initial Design-Build Team contract through completion of initial design development, schematic design, and cost estimating. The Second ILA established that Parametrix, the District's project management firm, would be fully funded by the District up until the Initial Design Build contract is executed.

Following contract execution, Parametrix fees were split between the District and the Port based on services rendered up to the not to exceed maximum provided in the October 2023, Amendment 1 of the Second ILA. The currently proposed Second Amendment to the Second ILA will:

- Extend the agreement to have the initial services contract through Design Development (60%)
- Extend the current contract management process as managed by the District, and maintain the current invoicing process whereby the District is reimbursed by the Port through a negotiated cost split.
- Maintain the POT's not to exceed limit for the Parametrix project support costs.

The Port and District were granted permission by the State's Project Review Committee, to deliver the project using the Progressive Design-Build process. A selection committee comprised of District and Port staff selected and negotiated a contract with BNBuilders and TCF Architects as the design-build team. Commission previously authorized funds in April 2023, primarily to complete two phases of cultural and environmental investigations, the result of which have been shared with Commission and the Puyallup Tribe of Indians. Commission also authorized funds in October 2023, to take the project to 30% design. Programming, site selection, community engagement, master planning, and all the components of 30% design are expected to be complete by the end of March 2024. Two special Port Commission study sessions were held, on February 13, 2024, and February 27, 2024, to provide information and gather Commissioner feedback on the approach to master planning, site development and building design.

The resulting efforts of design have brought the project through a series of milestones. A rigorous and inclusive programming process produced the data to layout the footprint of the POT and District buildings. This was done in conjunction with identifying and working within the various site constraints. The proposed Port Maritime Center building is 60,000 square feet, includes Commission and conference space, and executive, administrative and technical staff space. The location will be fronting the north bank of the Wheeler Osgood Waterway on Port Parcel 94. Adjacent to the Port building to the east will be the District's 35,000 square foot Maritime|253 building will have two full stories and a partial third story whereas the Maritime|253 building will have two stories. Parking will be on the northern part of the site. Three hundred parking spaces will be provided with the Port using 180 and the District using 120 spaces. Access to the water is anticipated to be provided through a pocket beach on the Wheeler-Osgood positioned immediately south of the buildings' plaza areas, as well as a floating dock on the Foss Waterway. A pedestrian esplanade will circle the site with the target of connecting public access to the waterway and back to the 11th street bridge in this early phase of development.

The far east end of the site, often referred to as the “Boot” will remain untouched during project development pending further discussion and consultation with the Puyallup Tribe of Indians. Environmental cleanup work throughout the site has been identified. The goal is to do environmental cleanup to residential standards around the buildings and to industrial standards in the parking lot area. Clean-up is expected to commence late Summer 2024.

Community engagement and stakeholder outreach is a key component of the process. In November 2023, a 29-member Community Advisory Committee was convened to meet regularly throughout the design process. Two committee meetings have been held to date. Also in November, an online feedback portal was launched, and a public open house event was held at the Foss Waterway Seaport Museum. A second open house is planned for May 2024. Feedback received from public engagement efforts has been, and will continue to be, woven into the design development.

Negotiations with BNSF Railway are underway to design and apply for private crossings over the existing track that bisects the site. Lease negotiations are also in progress with the District to work out the terms of the District’s ground lease and cost sharing for required capital improvements. Staff expect to bring the lease to Commission at the April 2024 meeting for approval.

D. PROJECT DETAILS

Scope of Project:

The scope of work will include:

- Design and construction of a Port Maritime Center, including a new Port administration building and the District’s Maritime|253 building, with associated on-site and off-site improvements and environmental remediation.

Scope of Work for This Request:

- Advancing design from 30% to 60%
- Legal Fees for BNSF crossing, and design build contract review and cost recovery
- Permitting costs for environmental and site development
- Continuation of master planning and community engagement
- Retaining a Commissioning Agent
- Staff time

Schedule:

Initial Concept Design	Nov 2023 to Feb 2024
Concept Cost Range	Feb 2024
Schematic Design (30%)	Jan 2024 to March 2024
District Board Approval to 60%	March 14, 2024
Commission Approval to 60%	March 19, 2024
District / POT Lease Agreement Commission Approval	April 26, 2024
Design Development (30% to 60%)	Apr 2024 to Aug 2024
Commission Approval of Site Cleanup	July 16, 2024
District Board Approval of GMP	Aug 22, 2024
Commission Approval of GMP	Aug 2024

Construction Docs	Aug 2024 to Nov 2024
Construction Cost Estimate	Sep 2024 to Nov 2024
Environmental Cleanup	Aug 2024 to Nov 2024
Ground Improvements	Nov 2024 to Feb 2025
Port Business Center Construction	Mar 2025 to Dec 2026
Maritime Skills Center Construction	Mar 2025 to July 2026

E. FINANCIAL SUMMARY

Estimated Cost of Project

The total project cost including all stages is estimated at \$105,000,000 to \$150,000,000. The District is anticipated to contribute a range of \$35,000,000 to \$41,000,000 to the total cost of the project.

Estimated Cost for This Request

The total estimated cost of the design for this project is \$13,500,000. If the cost of this estimate is anticipated to exceed the authorized amount, additional Commission authorization will be requested.

Estimated Sales Tax

The estimated sales tax to be paid to local and state governments for the entire design portion of the project is \$1,630,659.

Cost Details

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
DUE DILLIGENCE	\$0	\$1.8M	\$ 1.8M	\$1.8M	\$1.4M	\$ 0.4M
DESIGN	\$7.0M	\$2.97M	\$9.97M	\$13.5M	\$2M	\$5.5M
CONSTRUCTION	\$ 0	\$0	\$0	\$65-95M	\$ 0	\$ 65-95M
TOTAL	\$ 7.0M	\$ 4.77M	\$ 11.77M	\$80-110M	\$ 3.4	\$ 77-107M

Source of Funds

The current Capital Investment Plan (CIP) allocates \$38,415,000 for this project. The budget will be updated to reflect the total investment once the design has been completed.

Financial Impact

Project costs will be capitalized and depreciated with estimated useful lives ranging from 10-50 years. Grant income will be recorded as non-operating revenue at the time reimbursement is requested.

F. ECONOMIC INVESTMENT/JOB CREATION

Maritime|253 will employ approximately 20 full-time staff and serve up to 300 students per session (two per weekday) on site. Maritime|253 will provide career/technical education to junior/senior-level high school students throughout Pierce County at no cost.

Students will receive industry recognized credentials preparing them for employment in the maritime and trades industries. The Port Maritime Center building is expected to provide workspaces for 150 Port and Northwest Seaport Alliance staff. The local construction industry will benefit from the construction of the Port Maritime Center and Maritime|253 Skills Center.

G. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1) Offramp the project at schematic (30%) design and stop work.

Alternative 2) Continue on course outlined in this memo.

Alternative 2 is the recommended course.

H. ENVIRONMENTAL IMPACTS/REVIEW

Permitting: Project will require city, state, and federal permits and close consultation and coordination with the Puyallup Tribe.

Remediation: 2023 Site Assessment results indicate widespread soil and intermittent groundwater contamination on Parcel 94. Parcel 94 has been added to Ecology’s list of Contaminated Sites, along with Parcel 92. Additional sampling was completed in February 2024 to refine volume estimates of impacted soil. Once the laboratory results are in hand, interim cleanup action alternatives will be assessed, and a preferred remedy identified. The interim cleanup action is scheduled for late summer 2024.

Stormwater: Stormwater treatment will be designed into the site improvements.

Air Quality and Sustainability: Greenhouse gas emissions from the project – design through construction and long-term operations – to ensure alignment with the Port’s goal of achieving net-zero Scope 1 and 2 GHG emissions by 2040, will be evaluated. Evaluation results will be used to guide design, construction, and operation of the building, including choices related to building materials, lighting and HVAC systems, and other features. In addition, compliance with the state Clean Buildings Law will be assessed, ensured, and documented.

I. PREVIOUS ACTIONS OR BRIEFINGS

Date	Action	Amount
September 17, 2021	Executive Authorization – Planning for a New Port Headquarters Building	\$300,000
March 17, 2022	Commission Authorization – Resolution 2022-07-PT to implement 21-26 Strategic plan with initiative to build a new Port Maritime Center	\$0
February 22, 2023	Port Maritime Center Development Update – Port Commission Study Session	\$0
March 21, 2023	Commission Authorization for Port of Tacoma and Tacoma School District Interlocal Agreement	\$0
April 26, 2023	Project Authorization for the Port Maritime Center	\$1,500,000

August 31, 2023	Commission Authorization Port of Tacoma and Tacoma Public School District ILA#2	\$0
October 24, 2023	Port Maritime Center Project Authorization Increase & Commission Authorization for the District as contract administrator, invoicing procedures and NTE amounts for Parametrix via an Amendment to ILA #2	\$2,970,000
February 13, 2024	Port Maritime Center Development Update – Port Commission Study Session	\$0
February 27, 2024	Port Maritime Center Development Update – Port Commission Study Session	\$0
TOTAL		\$4,770,00

J. **ATTACHMENTS TO THIS REQUEST**

- Slide presentation
- Interlocal Agreement #2 Amendment 2

K. **NEXT STEPS**

- Continued consultation and coordination with Puyallup Tribe of Indians
- Continued public engagement activities
- Finalize lease agreement terms and conditions with the District
- Continue Work with Design Build team on design process and master planning
- Continued discussion with BNSF Railway for crossing access
- Continued environmental analysis and return to Commission for cleanup funding
- Submitting of Permits to city, state, and federal authorities
- Design Development (60% Level Engineering)
- Return to Commission for additional authorization to fund final design and construction