

PROJECT ACTION MEMO

Port of Tacoma Commission



Item No: 6B
Meeting Date: October 24, 2023

DATE: October 9, 2023

TO: Port of Tacoma Commission

FROM: Eric Johnson, Executive Director
Sponsor: Alisa Praskovich, Chief Strategic Projects & Commission Relations
Project Manager: Stanley Ryter, Sr. Project Manager, Engineering

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

A. **ACTION REQUESTED**

1. Request project authorization in the amount \$2,970,000 for a total authorized amount of \$4,770,000, for work associated with the Port of Tacoma Maritime Skills Center and Port Maritime Center, Master Identification No. 101549.01.

2. Request authorization for the Executive Director to enter into an amendment to the Second Interlocal Agreement (ILA) between the Tacoma Public School District (District) and the Port of Tacoma (Port) to outline the payment reimbursement process for the Initial Design Build Contract and establish a not-to-exceed amount for Port reimbursement of Parametrix services.

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

B. **SYNOPSIS**

The Port has partnered with Tacoma Public Schools to develop a Maritime Skills Center and Port Maritime Center Campus on Parcels 92 and 94. The Maritime Skills Center will support future employment needs of the maritime and logistics industry and the Maritime Center will support the Port's business operational needs with a new administration and commission space. The project will be delivered using the Progressive Design Build delivery method. This dual-action request authorizes and funds the project through schematic design (30% design) including programming, community engagement as well as master planning.

C. **BACKGROUND**

Since 2021, the Port has led several strategic initiatives to support developing a Maritime Skills Center in partnership with Tacoma Public Schools and a new Port Maritime Center. In March of 2023 the Port and Tacoma Public Schools executed an Interlocal Agreement to build a Maritime Skills Center on Port property. A second interlocal agreement was executed in August of 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 to be split between the District and the Port based on services rendered up to the not to exceed maximum which is provided within this proposed Amendment to the Second ILA. The proposed Amendment to the Second ILA will go before the District Board of Directors for approval on October 12, 2023.

Concurrently, the Port and District were granted permission by the State’s Project Review Committee, to deliver the project using Progressive Design Build. A selection committee comprised of District and Port staff selected a design builder through a rigorous selection process. Commission previously authorized funds in April of 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. This request allows the design build team to begin master planning, programming, community engagement, site selection and up to 30% design.

D. PROJECT DETAILS

Scope of Project:

- Design and construct a new Port Maritime Center on Parcel 92/94.

Scope of Work for This Request:

- Project Management Support for Progressive Design Build (Parametrix)
- Master planning and community engagement
- Site Selection
- Programming
- Schematic Design (30%) design
- Staff Time

Schedule:

Execute Design Contract	October 30, 2023
Master Planning, Programming	November 1, 2023
Site Selection	January 15, 2024
Complete Schematic Design	March 29, 2024

E. FINANCIAL SUMMARY

Estimated Cost of Project

The total project cost including all stages is estimated at \$38,000,000.

Estimated Cost for This Request

The total estimated cost of the initial 30% design phase for this project is \$2,970,000. Additional Commission authorization will be requested before the next phase of design.

Estimated Sales Tax

The total estimated sales tax to be paid by the Port and Tacoma Public Schools to local and state governments for this phase of the project is \$373,000.

Cost Details

Item	This Request	Total Previous Requests	Total Request	Total Project Cost	Cost to Date	Remaining Cost
DUE DILIGENCE	\$ 0	\$ 1.8M	\$ 1.8M	\$1.8M	\$ 975,000	\$825,000
DESIGN	\$ 2.97M	\$ 0	\$ 2.97M	\$7.2M	\$0	\$7.2M
CONSTRUCTION	\$ 0	\$ 0	\$ 0	\$29M	\$0	\$29M
TOTAL	\$ 2.97M	\$ 1.8M	\$ 4.77M	\$38M	\$975,000	\$ 37.025M

Source of Funds

The current Capital Investment Plan (CIP) allocates \$38,025,000 for this project. The project has also been awarded the following outside funding:

- Toxic Cleanup Integrated Planning Grant, Department of Ecology, in the amount of \$300,000.

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

The Maritime Skills Center will employ 25 full-time staff and serve approximately 300 students on site. The Maritime Skills Center will serve as the hub of a program expected to enroll 600 students through Pierce County. The students will receive industry recognized credentials preparing them for employment in many industries in the tide flats. The Port Maritime Center is expected to house 150 employees from the Port of Tacoma and the Northwest Seaport Alliance. The local construction industry will benefit from the construction of the Port Maritime and TPS (Tacoma Public Schools) Skill center.

G. ALTERNATIVES CONSIDERED AND THEIR IMPLICATIONS

Alternative 1) Proceed with the Progressive Design Build Delivery Method – This method allows for owners to achieve cost certainty at 60% design. Construction activities can also begin earlier, shortening the life of the project. A shorter project lifespan helps mitigate inflation as well as supply chain pressures. Tacoma Public Schools’ partnership with the Port is dependent on using this delivery method. TPS track record with this delivery method is excellent.

Alternative 2) Delay or defer the Port’s portion of the Maritime Center Project and continue to support the District’s Maritime Skills Center project.

Alternative 1 is the recommended course.

H. ENVIRONMENTAL IMPACTS/REVIEW

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

Remediation: Preliminary Site Assessment results indicate intermittent soil and groundwater contamination on Parcel 94. Once the site assessment report is available, Parcel 94 will be added to Ecology’s list of Contaminated Sites. This project may require development of a cleanup action plan during the 30% design, depending on building locations relative to the presence of contamination.

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 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 Maritime Center	\$0
February 22, 2023	Maritime Skills Center Development Update – Special Work Session	\$0
March 21, 2023	Commission Authorization Port of Tacoma and Tacoma School District Interlocal Agreement	\$0
April 26, 2023	Project Authorization for the Maritime Skills Center	\$1,500,000
August 31, 2023	Commission Authorization Port of Tacoma and Tacoma Public School District ILA#2	\$0
TOTAL		\$1,800,000

J. ATTACHMENTS TO THIS REQUEST

- Slide presentation
- Second Amendment to Interlocal Agreement #2

K. NEXT STEPS

- Consultation with Puyallup Tribe of Indians on Cultural / Environmental Surveys
- Execute contract with Design Build Team
- Work with Design Build team on community engagement and master planning
- Work with Design Build team on facility programming and site selection
- Schematic Design (Preliminary Engineering)
- Return to Commission for additional authorization to fund design through 60%