

COMMISSION AGENDA

Item No: 6B

Meeting: 07/26/18

DATE: July 11, 2018

TO: Port Commission

FROM: John Wolfe, Chief Executive Officer

Sponsor: Tong Zhu, Chief Commercial Officer & Chief Strategy Officer

Project Manager: Scott Francis, Director, Real Estate

SUBJECT: Wheeler Osgood Property Opportunities (Update on Port Parcels 92 and 94)

A. PURPOSE OF GENERAL BUSINESS

This memo is intended to brief the Commission on Port Parcel 92 (Tax Parcels 0320041051 and 0320041052) and Port Parcel 94 (Tax Parcels 8950001052 and 0320041040). The goal is to promote general discussion on the general use and development of these properties. No action is requested of the Commission at this time.

B. BACKGROUND

Port Parcel 94 – Wheeler Osgood

- In 2007, the Port purchased Tax Parcels 8950001052 and 0320041040 known as 1203 East D Street, Tacoma, WA 98421 for a purchase price of \$10,335,000.
- These two parcels known as Port Parcel 94 total approximately 17.26 acres with approximately 15 usable acres that are split into two 7-8 acre parcels by an active rail spur.
- Currently this property is vacant, except for a month-to-month lease with Marine Floats for two acres and use of the waterway.
- Considerable development interest has been received from the development community.
- The Port is prepared to issue an RFP for the development of this property.

Port Parcel 92 – 459/465 E. 15th Street

- In 2006, the Port purchased Tax Parcels 0320041051 and 0320041052 respectively known as 459 E. 15th Street and 465 E. 15th Street, Tacoma, WA 98421 for a combined purchase price of \$3,400,000.
- These two parcels known as Port Parcel 92 total approximately 4.42 acres.
- Property improvements include four buildings:
 - Two vacant buildings are scheduled for demolition at an estimated cost of \$650,000.
 - Sound Lumber leases a small building on a month-to-month term for \$3883/mo.

- Urban Accessories (foundry) leases a 22,000 sf building on a month-to-month term for \$7800/mo.
 - This building was constructed in 1945 and requires considerable repairs and improvements to keep it operational.
 - The property is covered with dust and slag from the foundry.
- Demolition costs for all four buildings is conservatively estimated at \$1,550,000.
- Staff has determined the location of this property is outside of the Port's strategic planning area and the buildings are at the end of their useful life.
- The BNSF Railway Company owns the waterfront property surrounding Port Parcel 92.
 - BNSF has indicated they may consider selling this property.
 - The BNSF property is involved in the Foss Waterway environmental clean-up.
 - Acquisition of this property requires considerable environmental review.
- Developers have expressed interest in acquiring this property for industrial development.