

# ACTION ITEM MEMO

Port of Tacoma Commission



Item No: 6F  
Meeting Date: 11/19/24

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**DATE:** October 31, 2024

**TO:** Port of Tacoma Commission

**FROM:** Eric D. Johnson, Executive Director  
Sponsor: Eric D. Johnson, Executive Director  
Project Manager: Debbie Shepack, Sr. Director, Real Estate

**SUBJECT:** 1st Amendment to Ground Lease/Interlocal Agreement with Tacoma School District No. 10 – Port Parcel 94, South Puget Sound Maritime Skills Center

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**A. ACTION REQUESTED**

Request authorization for the Executive Director or his designee to enter into a 1<sup>st</sup> Amendment to Ground Lease/Interlocal Agreement with the Tacoma School District and the Port of Tacoma for the premises located at 1203 East D Street, Tacoma, WA (also known as Port Parcel 94,) to amend the terms of the agreement to address construction responsibilities and payment for certain capital site improvements associated with the development of the South Puget Sound Maritime Skills Center.

**Strategic Plan Initiatives: EV-2, EV-4, OS-4, OS-6**

**B. SYNOPSIS**

The Port of Tacoma (“Port”) has partnered with the Tacoma School District (“District”), (together, the “Parties”) to develop the Port Maritime Center and the District’s Maritime Skills Center (“Maritime 253”) on Parcel 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 and operational needs, including administrative offices and Port Commission meeting chambers. The District is uniquely positioned to support the Port’s leadership and vision by building a skills center focused on existing and emerging maritime and logistics industry workforce needs. Maritime 253 will be a regional career and technical education center serving high school students from multiple schools within the District and South Puget Sound.

**C. BACKGROUND**

The Port previously executed two interlocal agreements with the District to govern the planning and development of the project through initial design development, schematic design, and cost estimating.

On 11/19/2024 Port staff will be requesting from the Port of Tacoma Commission approval of Interlocal/Interdistrict Agreement No. 3 that governs the planning and development of the Maritime Center Project through the completion of site development and construction of the District's Maritime Skills Center and Port Maritime Center. Under this agreement, the Port and the District shall each retain and provide its own project management teams to oversee project final design and construction of each Parties respective buildings.

Concurrent with the design build process under the Interlocal Agreements, the Port's Real Estate staff negotiated a Ground Lease/Interlocal Agreement with the District for the terms of the proposed ground lease for Maritime 253 which included a cost contribution by the District to pay for required capital improvements to serve the site. The Ground Lease, approved by Port of Tacoma Commissioners on May 21, 2024, contemplated that the Parties would enter into a future amendment addressing construction responsibilities and payment for certain capital site improvements and other provisions.

A separate future Joint Use Agreement will include, among other items, details for maintenance of the shared amenities. Both parties acknowledge the Port is the owner of these amenities and is primarily responsible for their maintenance.

**D. TERMS SPECIFIC TO THE FIRST AMENDMENT**

The Port shall construct the following site improvements necessary to serve the Premises:

1. Electricity, water, stormwater, and sanitary sewer to the Premises boundary as well as off-site improvements serving the site.
2. Parking lots and driveway accesses required to serve Maritime 253, pursuant to applicable City of Tacoma codes and development standards.
3. All safety improvements and trackage associated with the crossing rights that are required by the final BNSF license agreement or any temporary agreement for private crossing.

In addition, the lease amendment commits the District to a capital site contribution of \$5,500,000, in lieu of monthly rental payments.

**E. OTHER TERMS & CONDITIONS**

See attached Term Sheet

**F. MAP AND CONCEPT SITE PLANS**

See attached Exhibits "A" and "B"

**G. FINANCIAL SUMMARY & PAYMENT**

The Port is delivering to the District unimproved property that the District is improving with a Maritime Skills Center at a cost of \$40,000,000, which the District is paying for at its sole cost. In lieu of monthly rental payments and as consideration over the initial lease term (50 years), the District will share in the Port's cost to construct certain capital site improvements consisting of

utilities, parking lots, driveway access and rail crossing safety improvements on Port property and adjacent to Maritime 253.

#### H. **ECONOMIC INVESTMENT / JOB CREATION**

This ground lease supports the potential for numerous job opportunities in the maritime and transportation industry within the Port of Tacoma, Pierce County and potentially throughout the greater Puget Sound region. Maritime 253 will employ approximately 20 full-time staff and serve up to 300 students per session (two sessions per weekday) on site. Maritime 253 will provide career/technical education to junior/senior-level high school students throughout Pierce County. Students will receive industry recognized credentials preparing them for employment in the maritime and trades industries.

The local construction industry will benefit from the construction of the Port Business Center and Maritime 253 Skills Center.

#### I. **ENVIRONMENTAL IMPACTS / REVIEW**

Permits: Construction of the Maritime 253 Skills Center and associated site improvements requires City, State, and Federal permits. All upland site development permits are anticipated by March 2025 with all in-water site development permits anticipated by late 2025.

Remediation: Remediation is currently in progress and the work is being done under the authorization granted on August 20, 2024. Some additional remediation is needed with upcoming site improvements.

Stormwater: Stormwater best management practices have been designed to meet site development requirements per the Port's stormwater permit and City code.

Air Quality and Sustainability: The Port Business Center building is designed to achieve LEED Silver certification standards.

#### J. **NEXT STEPS**

- The 1st Amendment to Ground Lease/Interlocal Agreement will be presented at the Tacoma Public Schools Board of Directors meeting on November 14, 2024.
- Port to finish site remediation.
- Port to continue working with BNSF to finalize the at-grade crossing design and develop a new easement agreement, along with a permanent rail crossing agreement.
- Port to continue working with the design build team to finalize the design drawings as construction ready.
- Obtain all city, state, and federal permits necessary to begin site and building construction.
- Port and District to finalize the Joint Use Agreement between the parties.

- Port to deliver all site improvements to the district as outlined in the above stated terms of the 1st Amendment.
- After issuance of the City of Tacoma's occupancy permit, the District will pay the Port \$5,500,000.