

ACTION ITEM MEMO

Port of Tacoma Commission



Item No: 6B
Meeting Date: 5/21/24

DATE: May 9, 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: Ground Lease/Interlocal Agreement with Tacoma School District No. 10 – Port Parcel 94, South Puget Sound Maritime Skills Center (2nd Reading)

A. ACTION REQUESTED

Authorization for the Executive Director, or his designee to enter into a Ground Lease/Interlocal Agreement with the Tacoma School District (“District”) and the Port of Tacoma for the premises located at 1203 East D Street, Tacoma, WA (also known as Port Parcel 94) for development of the Maritime Skills Center, pursuant to the terms and conditions as presented.

The Master Policy Resolution 2024-03-PT requires two readings for new leases other than at the Fabulich Center. The first reading of this lease was held at the Port of Tacoma Commission regular meeting on April 26, 2024.

Strategic Plan Initiative: - EV-2, EV-4, OS-4, OS-6

The Port of Tacoma’s 2021-2026 Strategic Plan calls upon the Port to partner with regional organizations to facilitate career development and business growth in Pierce County. In addition, the Port of Tacoma Commission adopted a Workforce Development Plan in 2022, which has an overarching objective of ensuring that the maritime industry has access to workers who have the necessary skills to provide safe and efficient maritime services.

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 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. The Maritime 253

skills center brings the programmatic infrastructure, as well as connections with school districts throughout the region, post-secondary institutions and businesses throughout the region that are part of creating a network that nurtures a workforce ready to take on the challenges required by current and future Port business partners and customers.

C. BACKGROUND

In March 2023, the Port and the District executed an Interlocal Agreement to engage in a process to support the development of Port-owned property (Parcel 94) to include a Maritime Skills Center and a Port Maritime Center, to meet the business needs of the Port.

The Port Commission approved a second Interlocal Agreement in August 2023, to govern the planning and development of the project from execution of the initial design-build contract through completion of the initial design development, schematic design, and cost estimating.

In March 2024, the Port Commission approved an amendment to the second Interlocal Agreement to continue the previously established payment reimbursement process for Phase 2 of the project through 60% design.

Concurrent with design build process under the Interlocal Agreements, the Port's Real Estate staff has been in negotiations with the District on the terms of the proposed ground lease for the Maritime Skills Center and cost share for required capital improvements to serve the site. The key lease terms are summarized below.

D. PRIMARY LEASE TERMS

SEE ATTACHED DRAFT TERM SHEET

E. MAP AND CONCEPT SITE PLANS

SEE ATTACHED EXHIBITS "A" AND "B"

F. TIMEFRAME/PROJECT SCHEDULE

First Reading	April 26, 2024 (completed)
Second Reading	May 21, 2024
Lease Effective Date	June 1, 2024

G. FINANCIAL SUMMARY

Maritime 253 Skills Center and the Port Maritime Center are currently close to the 60% design phase. However, final plans, specifications, and cost estimates for the Maritime Skills Center are not yet finalized. The Port is delivering to the District unimproved property that the District is improving with capital site improvements which include: a skills center, utilities, a paved main entrance, parking areas and public spaces, and are also contributing (approximately 50%) of the actual costs associated with safety improvements that will be required to secure crossing rights with the BNSF railroad. In lieu of monthly rental payments, the District will share in the cost of

these capital site improvements, currently estimated at \$5.5M. However, the final District cost share and payment terms will be determined and codified in a future lease amendment as outlined in the attached Term Sheet.

H. ECONOMIC INVESTMENT / JOB CREATION

This ground lease supports the potential for numerous job opportunities in the maritime & transportation industry within the Port of Tacoma, Pierce County and potentially throughout the greater Puget Sound region.

I. ENVIRONMENTAL IMPACTS / REVIEW

Permits: Construction of the Maritime Skills Center and required site improvements will require city, state, and federal permits.

Remediation: The Port anticipates completing an interim action to remediate contamination on the site beginning in late summer 2024.

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

SEPA Review: The Port of Tacoma will be the SEPA Lead for the entire redevelopment effort.

J. NEXT STEPS

Upon Commission approval of the requested action, the Port Executive Director or his designee will enter into the Lease, which will be effective upon execution by both Parties.