

Long-Term Financial Sustainability



Fishermen's Terminal Redevelopment

This project improves the long term-financial stability of the Port by developing new light industrial space and creating new jobs.

"Making the most of the industrial land the maritime industry has at its disposal is critical in a city going through the kind of change Seattle is experiencing. Developing the proposed new Gateway Building at Fishermen's Terminal will do just that, bringing more jobs and more economic benefits to our region."

-Joshua M. Berger, Governor's Sector Lead, Director of Maritime, State of Washington

TOTAL COST: \$24.5 MILLION (2019-2023: \$23 MILLION)

PROJECT SUMMARY

- New "Gateway" Building (in the area of the existing vacant bank building and Net Sheds 7 & 8) providing approximately 60k SF of new light industrial space for complementary maritime businesses. LEED Certification is targeted for the proposed building.
- General associated FT facility improvements including parking restriping, lighting upgrades, wayfinding signage, and new public interpretive displays.

JUSTIFICATION

- The market for light industrial real estate is still strong. Current rents are climbing 3% per year and vacancy rates are 3% across the region.
- The Port has received numerous inquiries from established fishing and maritime suppliers, many of which are well established and creditworthy.
- Strong markets and tenant interest is offset by possibility of recession over the next five years.

CENTURY AGENDA/LONG RANGE PLAN

- Continue to grow the economic value of the fishing and maritime cluster including the number of local jobs and business revenue
- Prioritize uses that support the commercial fishing industry, with a focus on anchoring the North Pacific fishing fleet

BUSINESS PLAN OBJECTIVES

- Develop new light industrial space and create new jobs
- Generate new revenue and ensure FT's economic viability
- Advance maritime industry innovation
- Enhance public awareness of the terminal and fishing industry
- Modernize overall property

PRELIMINARY FINANCIAL ANALYSIS SUMMARY

PROJECTED IRR: 5-5.5%

NPV: (6.9M)

PAYBACK: 20 YEARS

Estimated Completion Date: Q3 2021

Long-Term Financial Sustainability



Bell Harbor International Conference Center Modernization

This project improves the long-term financial stability of the Port by advancing the region by generating future revenue.

"We enthusiastically support proposed projects by the Port to modernize Bell Harbor. Over the years, Bell Harbor has provided not only a unique and distinctive meeting setting on our waterfront - but much needed flexible functionality for meeting and event planners. As a stand-alone venue - Bell Harbor is a true demand generator for both international and domestic meetings. And citywide convention planners also enjoy the ability to include Bell Harbor into their plans as one of the few truly unique "Seattle" meeting venues."

-Tom Norwalk, President & CEO, Visit Seattle

TOTAL COST: \$11 MILLION (2019-2023: \$9.9 MILLION)

PROJECT SUMMARY

Modernize Bell Harbor International Conference Center by improving both aesthetics and functionality of space.

Preliminary scope items include:

- Reconfiguration of front lobby/reception and conference room area.
- Creation of expanded leasable area
- Operable/stacking walls and access control/separation of areas for event use
- Replacement of carpet
- Upgrade of audio/visual equipment and installation of energy efficient lighting and new lighting controls

- Upgrade electrical power, wireless infrastructure, and mechanical systems
- Reconfigure spaces/adding seating in Bay Auditorium
- installation of new window coverings

JUSTIFICATION:

BHICC occupies a niche position in the local conference and event market as a mid-sized, flexible event space. It will be able to compete in the future as long as it is brought up to date. This market is strong and projected to remain strong. Strong markets and user interest could be offset by the risk over time of economic downturn and possible decline in demand for events.



CENTURY AGENDA/LONG RANGE PLAN

Supports the Port's Century Agenda goal of advancing this region as a business gateway by fostering collaboration, ideas exchange, and relationship building among attendees.

BUSINESS PLAN OBJECTIVES

- Maintain existing assets and improve their flexibility of use to ensure optimal financial performance is achieved.
- In order to remain competitive, invest in technological improvements to increase effectiveness and enable this facility to provide the same audio visual and digital wayfinding services its competitors provide.

PRELIMINARY FINANCIAL ANALYSIS SUMMARY*

PROJECTED IRR: 7-8%

NPV: \$2.2M

PAYBACK: 8.9 YEARS

* Based on proforma estimates from CHI.

OVERVIEW OF THE BELL HARBOR INTERNATIONAL CONFERENCE CENTER

Bell Harbor International Conference Center (BHICC) has been a major success over the past twenty-two years. It has helped anchor Seattle's waterfront revitalization, generated significant international interest in the region, contributed significant economic impacts to the region and become an asset that contributes to the Port's bottom line.

ACHIEVEMENTS

BHICC has achieved multi-faceted success beyond the successes described above. Its contribution to the local

economy over the past twenty-two years is estimated at \$250M. Efforts to support the Port's green initiatives resulted in being awarded the 4 Star Envirostar Rating and Code of Sustainability Award – Gold Tier. In addition, because of its operational success, BHICC is a two time recipient of the National Planners Choice Award.

INTERNATIONAL VISITORS

Validating the "International" in its name, BHICC has garnered exposure all over the world. The World Trade Center Seattle (WTCSE) also welcomes guests from many different countries on an ongoing basis:

- Hosted guests from over 96 different countries
- Staged almost \$15 million in international business (10% of the total revenue from groups with attendees from all over the world)

STRONG PARTNERSHIPS

The Port and Columbia Hospitality (CHI) have been strong partners from the beginning. They were initially selected to help the Port develop the unique business model of a non-residential conference center. While they had many years' experience in event production and management, the Port was their first client in the role of conference center manager. Together, a successful and profitable business was developed that met the Port's goals and objectives.

In advance of the initial contract expiration in 2012, Port staff (in conjunction with well-known consultant David Smith & Co) initiated a national Request for Proposal for a management company. It was a very competitive process and the Port received multiple credible proposals but ultimately Columbia Hospitality was unanimously selected for another term.

Since its inception, CHI has steadily grown its portfolio, creating one of the largest hospitality management companies based in the Northwest. Columbia employs more than 3,000 team members at properties in Washington, Idaho, Montana, California, Arizona and Hawaii. In addition to expanding their management portfolio, CHI has consulted on over 200 hospitality projects worldwide.

HISTORY OF FINANCIAL PERFORMANCE

- The Port of Seattle's Conference and Event Centers have welcomed over 2 million local, regional, national, and international visitors (Well over 100,000 guests per year).
- Hosted over 30,000 events (Over 1,500 every year).

Estimated Completion Date: Q3 2020

Long-Term Financial Sustainability



Harbor Mooring Dolphins

This project improves the long-term financial stability of the Port by increasing moorage capacity for maritime barge and commercial vessels.

TOTAL COST: \$3.6 million

PROJECT SUMMARY

Construct four new steel dolphins approximately 50' from the shore line, identical in nature to T18 N Dolphins.

JUSTIFICATION

- The market for dolphins in the harbor has been increasing. With the likely decommissioning of the dolphins at Pier 2, there will be a shortage of barge moorage near the mouth of the river.
- Staging areas are needed for barges awaiting harbor tugs to transport into the river and for loaded barges waiting to be picked up for long-haul runs to Alaska and elsewhere.
- Additionally, with the continued increase in size and numbers of cruise vessels calling at the Port of Seattle, we have seen an increase in fuel barge demand locally.

CENTURY AGENDA/LONG RANGE PLAN

- The new dolphins will help continue to position the Puget Sound as a premier logistics hub by providing additional capacity for maritime barges and commercial vessels.

- Dolphins will help the Port increase the value of fishing and maritime cluster.
- The new dolphins will accommodate fuel barges that are in higher demand due to the continued growth of Cruise operations in our harbor.

BUSINESS PLAN OBJECTIVES

- Maintaining an adequate supply of functional industrial moorage for barges and other commercial vessels is essential to a healthy working port and harbor. The supply of industrial moorage in our harbor has declined, while demand for such moorage has grown.
- Federal security requirements for moorage of fuel barges have exacerbated the shortage of suitable moorage for that sector.
- This project would restore moorage capacity that was removed from service due to age and deterioration.

PRELIMINARY FINANCIAL ANALYSIS SUMMARY

PROJECTED IRR: 6.5-7%

NPV: \$1.8M

PAYBACK: 11 YEAR

Estimated Completion Date: Q3 2020

Long-Term Financial Sustainability



Terminal 91 Uplands

This project improves the long-term financial stability of the Port by creating infrastructure to support new jobs, generate new revenue, and advance maritime innovation.

"Making the most of the city's threatened industrial lands is critical to our economy. This project would bring industrial jobs and business activity to a site ideally suited to it."

-Eugene Wasserman, President, North Seattle Industrial Association

TOTAL COST: \$39 MILLION

PROJECT SUMMARY

Develop two 50,000 square foot light industrial buildings and associated site infrastructure improvement including, but not necessarily limited to: paving, water, sanitary sewers, storm sewers, lighting, electrical power, natural gas, communications, and landscaping.

JUSTIFICATION:

- The market for light industrial real estate is still strong. Current rents are climbing +3% per year and vacancy rates are under 2% across the region.
- The Port has received numerous inquiries from established fishing and maritime suppliers, many of which are well established and creditworthy.
- Strong markets and tenant interest is offset by possibility of recession over next five years. The Port may face lower occupancy rates at these facilities during the downturn especially if they are leased to multiple tenants.

CENTURY AGENDA/LONG RANGE PLAN

- The new facilities will support fishing and maritime supply chain companies needing to expand within the Ballard/Interbay Manufacturing Industrial Center.
- The Port has received strong interest from expanding fishing equipment manufacturers and maritime manufacturing companies who want to locate new facilities proximate to the fishing fleet and maritime supply chain.
- These new facilities will be part of the Port's maritime innovation center where companies collaborate to grow and modernize operations.

BUSINESS PLAN OBJECTIVES

- Support new jobs
- Generate new revenue
- Advance maritime innovation

PRELIMINARY FINANCIAL ANALYSIS SUMMARY

PROJECTED IRR: 5-6%

NPV: (8.71M)

PAYBACK: 17 YEARS

Estimated Completion Date: Q3 2021

Long-Term Financial Sustainability



New cruise terminal

This project improves the long-term financial stability of the Port by developing a new cruise berth and passenger terminal to leverage the global demand for cruise and support an increased economic benefit for the region, while maintaining our deep water facilities for maritime use.

TOTAL COST: \$100 MILLION in Port cost (assumes 50% cost share with private investment)

PROJECT SUMMARY

- Provide a new fourth cruise berth alongside continuing container operations to support an efficient and productive use of Seattle's working waterfront as well as remaining consistent with Northwest Seaport Alliance goals.
- Work with our partners and key stakeholders to ensure we develop a facility that will provide strong public benefits and opportunities to celebrate our region's rich heritage.
- The project will support deep water facilities and industrial lands serving maritime uses and preserving family wage jobs for all communities.

JUSTIFICATION:

- Strong demand for the Alaska cruise market creates opportunities to increase both Port revenues and economic benefits to the region.
- A new berth complements state and local economic development goals to increase tourism revenue and increase connectivity to the redeveloped Seattle waterfront.
- The cruise industry currently generates \$500 million a season in revenue for local businesses. In providing another cruise berth, the Port will support broadening that benefit for the region.

- Expand the public's access to the waterfront and set a new standard for walkability, sustainability and connectivity.

CENTURY AGENDA/LONG RANGE PLAN

- The new terminal will support our goal to double the economic value of the cruise traffic to Washington state.
- Growing our cruise business will support the advancement of our region as a leading touring destination and business gateway.
- The new facility will also support economic opportunities for small business and women and minority business enterprise growth.

BUSINESS PLAN OBJECTIVES

- Increase cruise revenue while growing the benefits of cruise for our regional economy.
- Develop a new cruise terminal with additional big ship berth capacity and future expansion.
- Build support of cruise business with our community and local business.

PRELIMINARY FINANCIAL ANALYSIS SUMMARY

PROJECTED IRR: 10-11%

NPV: \$267.3M

PAYBACK: 9 YEARS

Estimated Completion Date: Q2 2022