



**COMMISSION
AGENDA MEMORANDUM**

Item No. 10f

ACTION ITEM

Date of Meeting August 8, 2023

DATE: August 8, 2023

TO: Stephen P. Metruck, Executive Director

FROM: Dave McFadden, Managing Director, Economic Development
Kyra Lise, Director of Real Estate Development
Kelly Purnell, Project Manager, Waterfront Project Management

SUBJECT: Fishermen’s Terminal Redevelopment Program - Maritime Innovation Center (CIP #C801084) and Site Improvements (CIP #C801211)

Amount of this request: \$ 27,415,000
Total estimated project cost: \$ 32,600,000

ACTION REQUESTED

Request Commission authorization for the Executive Director to advertise, award, and execute a major works construction contract utilizing a Project Labor Agreement to enable construction of a package of improvements to the Fishermen’s Terminal including 1) the renovation of the Ship Supply Building into the Maritime Innovation Center and 2) a set of public space improvements to Fishermen’s Terminal which include landscape enhancements, wayfinding signage and interpretative signage. Both projects include art projects supported by the Port’s 1% for Art program. Request for the Maritime Innovation Center is \$25,750,415. Request for the Site Improvements is \$1,665,000. Requested funds include funds allocated for the art project components of both projects representing \$320,500. Total request for this action will be \$27,415,000 for a project total authorization of \$32,600,000.

EXECUTIVE SUMMARY

Staff is requesting authorization to renovate and transform the historic Seattle Ship Supply Building into a cutting-edge, Living Building Challenge (LBC) certified Maritime Innovation Center (MInC). The building will serve as a beacon for innovation within the maritime industry. It will bring in partners, students and innovators from academia, business, government agencies and the community together to collaborate around maritime problems and opportunities. The MInC will ultimately help support maritime industry vitality and sustainability. (It is intended that Maritime Blue will be the tenant/operator of the MInC under a lease agreement with the Port that is not part of this authorization. The Port’s Asset Management team is currently negotiating with Maritime Blue the terms of that lease.)

The second project is a set of public space site improvements including new wayfinding and monument signage; interpretative signage with newly developed content intended to inform the

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public about the history, cultural relevance, and heritage of Fishermen’s Terminal; and new landscape and public space hardscape improvements intended to enhance the visitor experience at FT. Each of the two projects include a 1% for Art investment yielding at least three new art works commissioned by the Port for the facility.

JUSTIFICATION

In 2015, the Port of Seattle Commission directed staff to develop a long-term strategic plan for Fishermen’s Terminal (FT). The Port subsequently worked with VIA architecture to develop this plan, which utilized extensive engagement with internal and external stakeholders at FT. The FT strategic plan, produced in 2016, provided a context for determining a series of planned investments in the property to meet the key strategic objective outlined in the plan: to “leverage the maritime and fishing activities and industries, in alignment with Century Agenda goals, to *prepare the uplands portion of Fishermen’s Terminal for growth.*”

Broadly stated, this package of projects and capital investments makes good on strategic objectives outlined in the FT Strategic Plan and primes Fishermen’s Terminal for future growth with success measured against the following strategic outcomes:

- Continue to grow the economic value of the fishing and maritime cluster including the number of local jobs and business revenue.
- Improve overall financial returns to allow us to fulfill the Port’s commitment to the industry and taxpayers.
- Prioritize uses that support the commercial fishing industry, with a focus on anchoring the North Pacific Fishing fleet.
- Prioritize development that maximizes utilization of facility assets.
- Recognize and enhance Fishermen’s Terminal as a living community landmark.

Maritime Innovation Center (MInC)

As part of efforts to redevelop Fishermen’s Terminal, staff has worked over the past six years with the maritime community to develop a Maritime Innovation Center that will:

- Be a focal point for maritime innovation.
- Support investment in **Blue Economy** start-ups and new technologies.
- Offer an incubator and accelerator environment.
- Drive equitable economic development.
- Support workforce development and maritime career exploration.

The Center can help the region’s maritime industry adopt advanced technologies and stimulate innovative entrepreneurship. Staff has visited maritime innovation centers like the Ocean House in Iceland or Alta Sea at the Port of Los Angeles and seen how these facilities are helping sustain important fishing and maritime industries. Developing the Port of Seattle MInC can foster similar impacts. This is a significant opportunity for the region and Washington State:

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- The MInC can support maritime industry competitiveness and position it for new opportunities. The global “Ocean Economy” is growing. It is valued on a conservative basis by the Organization for Economic Cooperation and Development (OECD) at \$1.5 trillion (2010) and growing to \$3.0 trillion by 2030.
- The Center can tap into our region’s world class entrepreneurial ecosystem and channel its energy and technologies to benefit the maritime industry.
- Public and private partners are interested in the MInC as focal point to help advance: 1) electrification; 2) ship and vessel design innovation; 3) marine renewables; and 4) seafood product development.

The MInC also builds upon a successful partnership we have forged with Maritime Blue (MB). The Port and MB have built a successful maritime accelerator program and are now instituting a new incubator program at Fishermen’s Terminal. The Port also has a significant partnership with MB to advance maritime career exploration and development. These key initiatives will continue to unfold over the next few years, and they can further scale when MB expands operations into the MInC.

Developing the MInC aligns with and advances the Port’s Century Agenda. Developing a Living Building Challenge (LBC) certified facility demonstrates the Port’s commitment to be *the greenest and most energy-efficient port in North America*. The MInC will also host work and collaborations focused on green energy development and sustainability.

The MInC also demonstrates the Port’s commitment to *responsibly invest in the economic growth of the region and all its communities*. The facility will promote industrial land use and investment. It will also support career connected learning, workforce development and women- and minority-owned business development.

Signage/Landscaping Improvements

The second project is a set of public space improvements in and around the vicinity of the Maritime Innovation Center which include wayfinding and site signage, interpretative signage and landscaping which connects to our goal to *become a model for equity, diversity, and inclusion*. This package of improvements enhances the public experience at Fishermen’s Terminal that was a priority of the FT Strategic Plan. Our design works to balance our objectives of inviting the public to explore FT and understand the value of the working waterfront by clearly separating the public from the operational needs of the Terminal.

Our new interpretative signage content was developed by public historian Sharon Boswell to work with Native consultant Headwater People and representatives from the Port of Seattle’s Office of Equity, Diversity, and Inclusion (OEDI). These representatives engaged stakeholders from various institutions across Seattle whose role is aligned with developing public histories (National Nordic Museum, MOHI, Burke Museum) as well as representatives from the local fisher community to develop the story of FT featuring a wider array of voices, communities, and key issues that have influenced the history of FT. The new historic content updates and contextualizes the facility’s historic role in the region through the eyes and stories of the

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individuals and communities of FT. Overall, the interpretative signage program is designed to do the following:

- Improve public literacy about the maritime and fishing industries
- Integrate Native history and context to the story of FT
- Explore the communities who have contributed to the history of FT
- Better understand the ecological and industrial context of FT
- Provide clear and safe pedestrian navigation of the public on the working waterfront
- Increase exposure to the public of retail and dining establishments

Project Labor Agreement:

There is a project labor agreement (PLA) for the MInC project. The PLA for this project requires an apprenticeship of 15% of total labor hours. Of that, 21% will be People of Color, and 12% will be women. Additionally, this PLA has a priority hire requirement of 20%.

Diversity in Contracting

The project has met the 20% of design contracts requirement, and the Project Labor Agreement (PLA) for this project exceeds the LBC requirement for workforce development. In addition to meeting the LBC imperative, the Port Diversity in Contracting Department has established a 12% WMBE goal for the MInC and Public Site Improvements project.

Sustainability at the MInC

The Living Building Challenge is comprised of seven performance areas, or “Petals”: Materials, Site, Water, Energy, Health, Equity, and Beauty. The LBC now has ten Core Imperatives that address the fundamental tenets of each Petal; all the Core Imperatives are required for Petal Certification. Inclusion is a new imperative addressing diversity in hiring and access to training compliance. This establishes the requirement to include diverse stakeholders from vulnerable or disadvantaged populations in the design, construction, operations and maintenance phases at the following levels:

- 20% of design contract and/or construction contracts, and 10% of maintenance contracts must be with JUST organizations that meet required levels for Diversity category, or are registered Minority, Women, or Disadvantaged Business Enterprises (MWDBE) organizations, or international equivalent.
- Workforce development/training/community benefits agreements, registered apprentice programs, and similar programs are employed for 10% of the General Contractor’s project contracts and/or maintenance contracts.

This imperative may be also satisfied through a donation to appropriate groups that meet the intent.

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Meeting this imperative supports the Port of Seattle’s aspirational goal to triple the number of WMBE firms that contract with the Port and increase the percentage of dollars spent on WMBE contracts to 15 percent within 5 years of program implementation of the Diversity in Contracting Program.

DETAILS**Scope of Work**

Built around 1918, the Seattle Ship Supply Building (Maritime Innovation Center) is one of the oldest structures on the Fishermen’s Terminal site. The original building’s heavy timber structure is a classical basilica form with a central two-story nave and gable roof, flanked by two side shed structures. At over 45 feet at the top of the gable, Seattle Ship Supply is the tallest existing building on the Fishermen’s Terminal site and is prominently visible from the Ballard Bridge. The existing building suffers from years of ad hoc modifications and needs substantial improvements to meet current building codes.

The Port recognizes the potential to honor the history of Fishermen’s Terminal by restoring and enhancing the original structure and providing spaces that support the next generation inventions that drive the competitiveness of Washington State’s Blue Economy. The building once renovated will provide approximately 15,700 SF of light industrial spaces, meeting rooms, and classrooms that will bring together leaders from education, industry, and government to address both challenges and opportunities within the maritime cluster.

The following scopes of work will be completed:

Maritime Innovation Center (MInC):

The MInC will be an incubator space that supports and drives innovation in the maritime sector at Fishermen’s Terminal in Seattle through collaborative research and enterprise development support services, operated by Maritime Blue, a non-profit partner of the Port. Once constructed the MInC will provide light industrial spaces, office, meeting rooms, research and development, as well as classrooms and collaboration space that will bring together leaders within the maritime cluster. The alteration of the historic structure will transform the building in many ways with an all-new exterior envelope, seismic upgrades, building systems, and leading-edge sustainability features in line with the Port of Seattle’s goal to be the greenest, most energy efficient Port in North America.

The following work will be completed:

- Hazardous materials abatement for lead paint, asbestos, and silica that is so prolific in early twentieth century construction will be completed by Port Construction Services in advance of the general contractor breaking ground.
- Demolition and renovation of the “core and shell” of the building, meaning all existing siding, roofing, utilities, and internal infrastructure will be removed, while preserving the bulk of the original timber framing.

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- The building will be jacked and cribbed and temporarily relocated to the adjacent south parking lot to install a new driven-pile deep foundation with grade beams and pile caps.
- Renovated and new core and shell including preserving the rare and valuable original old-growth timber framing, reinforced with modern steel framing.
- Salvage of existing old-growth timber flooring and some of the existing beams that will not be used for the framing, will be restored and used for flooring, benches, and other building aesthetic components.

Sustainability Details

With the goal of being “the greenest and most energy-efficient port in North America” the Port of Seattle has set ambitious but achievable targets in energy efficiency, stormwater management and emissions reduction. To meet these goals while setting a new standard of environmentally sustainable development for ports around the world, Fishermen’s Terminal is pursuing the world’s most rigorous green building certification – The Living Building Challenge.

A holistic and performance-based rating system, the LBC requires projects create regenerative buildings that address site, water, energy, materials and even equity related challenges. Certification is only awarded once a building has proven its net positive energy and water performance after a year’s worth of building operations.

Below are just some of sustainable features of The Fishermen’s Terminal project.

To achieve net positive energy and reduce emissions:

- On-site photovoltaic energy production.
- No combustion, all-electric building operation to support greenhouse gas reduction (ground source heat pump).
- Battery backup system to add resiliency for facility operations.
- Electric vehicle charging stations, bike parking and shower facilities.

To demonstrate the commitment to restoring water quality and improving aquatic life on industrial property:

- On-site stormwater treatment and detention
- Rainwater catchment for irrigation, toilet flushing and potable water use
- On-site grey water and black water treatment

To improve the health and wellbeing of our community:

- Daylighting and natural ventilation to reduce energy demand and provide a healthier interior environment.
- No “red list” materials will be used – significant reduction in chemicals of concern.
- Biophilic design that incorporates strategies to enhance the human/nature connection and reinforces the connection to place.
- Community education and outreach

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- Urban agriculture

To reduce emissions and build toward the circular economy:

- Reclaimed and FSC-certified wood regional materials.
- Landfill waste diversion
- Equitable and diverse workforce

Public Site Improvements:

The Vision for Fishermen’s Terminal included in the FT Strategic Plan is to create a community landmark that supports the maritime industry by welcoming the general public to the industrial working waterfront. The general public site improvements planned are aimed at supporting such vision by improving safety for both visitors and industry while creating engaging and educational storytelling and wayfinding signage for the general public that describes the legacy of FT and the importance of the maritime industry in the region.

The FT Site Improvements include:

- Providing clarity for vehicular, bike and pedestrian routes and access with improved wayfinding signage and branding
- Electrical lighting upgrades
- Low maintenance landscaping
- Interpretive signage
- Provisions for parking and loading to accommodate future needs
- These site improvements will link the remodeled MInC to the central commercial core of Fishermen’s Terminal primarily comprised of the Fishermen’s Center Building (C-15 Building), and the parking areas in between them.

1% for Art

Two contracts have been executed to commission original works of Art for the MInC.

- Ty Juvinel – A local Coast Salish carver, Cultural preservationist, and artist. Ty has submitted a proposal for a 12-foot laser cut aluminum sculpture depicting Coast Salish traditional purse seining.
- Shogo Ota – A Seattle based graphic designer and artist specializing in murals, event posters and custom illustrations. Shogo has submitted a proposal for a large-scale mural depicting salmon migration that will be located on the west side of Net Shed 3, immediately adjacent to the MInC.

An RFQ for the Public Site Improvements Art has been developed. This will be an artist invitational, and the finalist will be selected by a diverse panel of Port staff and Seattle art community members.

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Tenancy

The MInC is proposed to be tenanted by the Maritime Blue Accelerator project and other relatively small anchor tenants associated with Maritime Blues program not yet identified. The master tenant shall run the MInC as a business incubator, complete with services and support for an ongoing set of cohorts of maritime focused enterprises. Subtenants may also be allowed under the master tenant contract. Selection of the master tenant will be timed in coordination with the construction timetable for the MInC such that occupancy can begin with the issuance of an Occupancy Permit by the City of Seattle.

Risk Management

Fishermen’s Terminal, like much of Port-owned waterfront properties, was built on poor quality fill soils. The soil conditions at the location of the Seattle Ship Supply building will require a new, deep driven-pile foundation. Additionally, current land use code prohibits building “new” buildings within the shoreline. The project is within the shoreline. The building cannot be completely disassembled to install the new foundation and then reassembled as to do so runs the risk of being considered “new” build per code. Therefore, it is likely that the building will need to be jacked and cribbed, and temporarily relocated in its entirety into the adjacent south parking lot, a significant risk which must be carefully approached to ensure success.

These conditions, along with the inherent complexity of renovating a 100+ year-old timber frame building, and incorporating all the diverse FT stakeholder inputs, carries more risk than a typical new construction building project. To address the various risks associated with this project, a robust risk analysis model was developed by a project controls and risk management consultant to identify, quantify, and plan for risk management and mitigation before, during and after construction. Risk analysis workshops were held to engage all the project subject matter experts to review the potential risk probabilities for a suite of identified issues; the first workshop was held during design, and the second workshop focused on construction. The results of the risk model inform the team on how the realization of these risks, and potential opportunities, could affect the project from a cost and schedule perspective.

The results of the first risk assessment at 60% design led the project team to conduct the following additional site validation studies.

- Geotechnical environmental site analysis
- Soil conductivity testing for ground source heat pump wells
- Foundation alternatives study
- Constructability study (construction means and methods)

The second risk assessment at 100% design has informed the project team largely on the construction risks.

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In addition to the risk workshops, two contractor information sessions, including one-on-one sessions with prospective general contractors, were held in Q1 2022 and Q2 2023 to solicit feedback on the project documents and expected construction approach options. The comments that were received reinforced known risks, and identified additional risks that were then added to the risk model.

Overall, the 60% risk assessment identified sixty (60) risks. Eleven (11) more were added during the 100% risk assessment; however, due to the Port team's due diligence to mitigate many of the risks between 60% and 100% design, twenty-two (22) risks were either closed, absorbed into the estimate, or sufficiently managed during the 100% risk assessment, bringing the active risks to forty-nine (49).

The top ten (10) remaining risks are listed below in order of probability and impact. Many of these risks have now been further addressed through additional mitigation measures to either accept the risk or incorporate them into the overall project estimate. Some of the most critical mitigation measures are described below.

1. General Contactor's Living Building Challenge experience
2. Safety and Security – theft and break-ins
3. Living Building Challenge requirements for materials
4. Permit timing
5. Jacking and cribbing the building
6. Photovoltaic system adequacy
7. Tie-in to existing equipment/systems
8. Unforeseen hazardous materials in building
9. Lift station controls mod schedule conflict
10. Bids significantly over estimate

While switching to an alternate project delivery (General Contractor/Contract Management or GC/CM) was considered when the project reached 60%, the impact to the schedule was deemed too great and the project continued with a Design-Bid-Build delivery. However, significant risks remain due to the complexity of the project, including poor soils, need to temporarily relocate the building, and general unknown site conditions despite the many studies that have been conducted. The selected delivery method did not allow for a contractor to be involved in details of the development of the project construction means and methods and site validation efforts, creating gaps in information that would otherwise assuage a contractor's risk tolerance. To mitigate these risks, the project team has determined that 10% of additional major construction contingency funds should be carried above and beyond the typical 15%.

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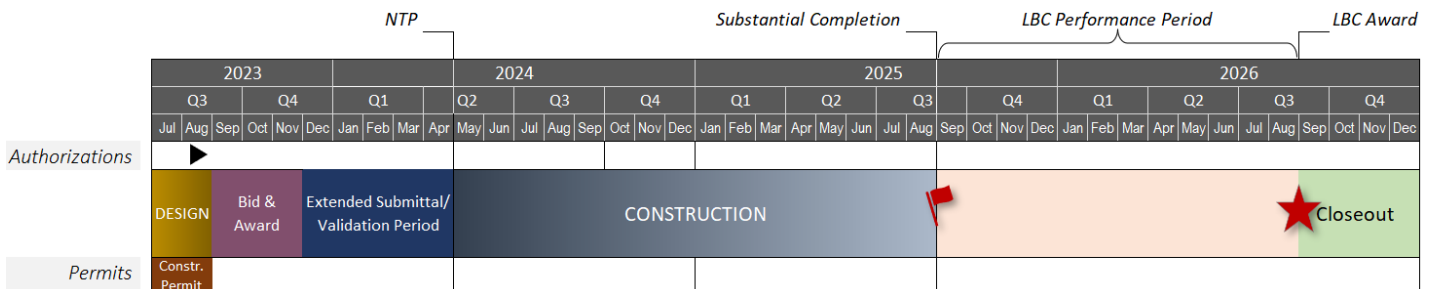
In addition, allowances (funding for specific scopes of work identified in the bid form at a pre-determined dollar value) will be set up so that the prospective bidders know there is money available to verify known-unknown risks. These allowances are meant to minimize bid inflation because of unknown site issues. These funds may or may not be fully utilized pending what is found during the construction process. Unused funds will revert to the Port.

Lastly, enhanced construction site security was identified as need to mitigate a significant, and highly probable risk of theft and break-ins. The Port has an on-call security guard contract that will be utilized to provide a dedicated security guard on-site during all non-construction hours. The cost for this has been absorbed into the construction estimate.

In addition to the risk mitigation measures described above, the Port has completed the following scopes of work since last coming before the Commission in 2022 for the MInC:

- Completed a structural redesign necessary to correct a design error found during the first cycle of construction permit review.
- Completed 100% design and completed an updated project cost estimate based on the 100% building designs and preferred sustainability options.
- Completed a draft content framework for the interpretive signage program with collaboration from a full panel of internal and external stakeholder reviewers.
- Completed the conceptual design for two commissioned art installations funded by 1% for Art.
- Completed second risk assessment workshop at 100% design that built upon the 60% design risk assessment workshop completed in 2021.

Schedule



Activity:

Commission initial design authorization	2016 Q4
Design start	2017 Q1
Commission additional design funding authorizations	2019 Q1, 2019 Q2, 2021 Q2, 2022 Q4
Commission authorization for conditional construction for execution of \$4.87M Dept. or Commerce grant	2020 Q4
Commission construction authorization	2023 Q3
Construction start	2024 Q2

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In-use date	2025 Q4
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Cost Breakdown	This Request	Total Project
Design (including 1% for Art)		
MInC	\$0	\$3,650,000
Public Site Improvements	\$0	\$1,535,000
Construction (including 1% for Art)		
MInC*	\$25,750,000	\$25,750,000
Public Site Improvements	\$1,665,000	\$1,665,000
Total	\$27,415,0000	\$ 32,600,0000

*does not account for additional \$5M Dept. of Commerce state grant #19-92201-007

ALTERNATIVES AND IMPLICATIONS CONSIDERED

Alternative 1 – Do nothing: pass on Authorization for Construction

Cost Implications:

Loss of \$5,000,000 Washington State Department of Commerce grant funding towards completion of Maritime Innovation Center project. Loss of \$5,000,000 sunk costs from design and permitting.

Pros:

- (1) Retains Port capital for other priority projects and financial initiatives.
- (2) Avoids temporary construction impacts to existing fishing and upland tenant business operations.

Cons:

- (1) Missed opportunity to implement FT Long-Term Strategic Plan objectives of supporting fishing and maritime clusters as the sector begins to recover from the recession caused by the COVID-19 pandemic.
- (2) Loss of \$5 million grant funds from Washington State Department of Commerce towards the construction of the MInC.
- (3) Risk of not being able to extend the Master Use Permit for another year, resulting in significant delays and rework to re-permit the project.
- (4) Missed opportunity for partnering with Washington Maritime Blue in creating FT based hub for regional innovation initiative and achieve Port objectives of advancing maritime industry through innovation and modernization.
- (5) Missed opportunity to enhance public awareness and enjoyment of Fishermen’s Terminal.

This is NOT the recommended alternative.

Alternative 2 – Postpone authorization for construction to a later date.

Pros:

- (1) Retains Port capital for other priority projects and financial initiatives.

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- (2) Enables factoring of more exact economic condition information into project approval decision.
- (3) Delays temporary construction impacts to existing fishing and upland tenant business operations.

Cons:

- (1) Risk of not being able to extend the Master Use Permit for another year, resulting in significant delays and rework to re-permit the project.
- (2) Likely higher cost of completing construction bid documents due to delay.
- (3) Potential missed opportunity to capitalize on market and implement FT Long-Term Strategic Plan objectives of supporting fishing and maritime clusters as the sector begins to recover from the recession caused by the COVID-19 pandemic.
- (4) Likely loss of \$5 million grant funds from Washington State Department of Commerce towards the construction of the MInC.
- (5) Likely loss of Shoreline Substantial Development permit due to expiration and inability to extend per Washington Administrative Code requirements.
- (6) Potential missed opportunity for partnering with Washington Maritime Blue in creating FT based hub for regional innovation initiative and achieve Port objectives of advancing maritime industry through innovation and modernization.
- (7) Potential missed opportunity to capitalize on market and to enhance public awareness and enjoyment of Fishermen’s Terminal.

This is not the recommended alternative.

Alternative 3 – Approve construction funding to complete proposed MInC and Public Site Improvements

Pros:

- (1) Implementation of FT Long-Term Strategic Plan objectives of supporting fishing and maritime clusters as well as improving long-term financial viability of FT.
- (2) Creation of FT based hub, in financial partnership with the State of Washington, for regional innovation initiative and achieve Port objectives of advancing maritime industry through innovation and modernization.
- (3) Addition of major maritime business tenant(s) and needed light industrial space within the Ballard Interbay area.
- (4) Redevelopment of existing vacant and dilapidated facility areas and make an architectural statement at site entrance.
- (5) Enhancement of public awareness and enjoyment of Fishermen’s Terminal.
- (6) Support the creation of many new jobs in the maritime/manufacturing sector.

Cons:

- (1) Requires major Port investment of funds.
- (2) Creates temporary construction impacts to existing fishing and tenant business operations.

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FINANCIAL IMPLICATIONS

<i>Cost Estimate/Authorization Summary</i>	Capital	Expense	Total
COST ESTIMATE			
Previous Estimate (including 1% for Art)			
MInC Building	\$26,400,000	\$0	\$26,400,000
Site Improvements	\$3,20,000	\$0	\$3,203,000
Current Change (including 1% for Art)			
MInC Building	\$3,000,000	\$0	\$3,000,000
Site Improvements	(\$3,000)	\$0	(\$3,000)
Revised estimate (including 1% for Art)			
MInC Building	\$29,400,000	\$0	\$29,400,000
Site Improvements	\$3,200,000	\$0	\$3,200,000
AUTHORIZATION			
Previous authorizations			
MInC Building	\$3,650,000	\$0	\$3,650,000
Site Improvements	\$1,535,505	\$0	\$1,535,505
Current request for authorization (including 1% for Art)			
MInC Building	\$25,750,000	\$0	\$25,750,000
Site Improvements	\$1,665,000	\$0	\$1,665,000
Total authorizations, including this request			
MInC Building	\$29,400,000	\$0	\$29,400,000
Site Improvements	\$3,200,000	\$0	\$3,200,000
Remaining amount to be authorized			
MInC Building	\$0	\$0	\$0
Site Improvements	\$0	\$0	\$0

Annual Budget Status and Source of Funds

The MInC project was included in the 2023 Plan of Finance under C801084 FT Maritime Innovation Center with a total estimated project cost of \$25,060,000. The Public Site Improvements project was included in the 2023 Plan of Finance under C801211 FT Site Improvements with a total estimated project cost of \$3,487,000. Both projects have been included with updated cost estimates in the draft 2024 Capital Plan currently in development.

Both projects will be funded by the Tax Levy. The MInC has received a \$5 million contribution towards construction from the State of Washington’s Department of Commerce.

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Financial Analysis and Summary

Project cost for analysis	\$27,600,000 (excludes \$5 million state contribution)
Business Unit (BU)	Maritime Portfolio Management
Effect on business performance (NOI after depreciation)	Upon full occupancy, the innovation center is expected to generate incremental revenue of approximately \$550K per year. A more accurate income forecast will be available upon execution of future lease/operating agreement(s). Together, both projects will increase annual depreciation by approximately \$650K.
IRR/NPV (if relevant)	NPV (approx.): (\$15,000,000) IRR: N/A
CPE Impact	N/A

ADDITIONAL BACKGROUND

The Living Building Challenge:

The MInC and Public Site Improvements project will achieve what only a handful of projects have done to date through adoption of the Living Building Challenge. The LBC consists of seven performance categories, or “Petals”: Place, Water, Energy, Health + Happiness, Materials, Equity and Beauty. Each of these petals requires an intensive and intentional design, skilled construction, and a 12-month maintenance and data collection period to prove that all the innovative sustainable systems are working properly and achieving maximum efficiency to obtain final LBC certification. LBC excludes all “Red List” chemicals in the materials used, requires salvage of wood materials, enhances the health of the community through equity, education, aesthetics, clean air and water, and access to public amenities.

For a complete description of the Living Building Challenge and its imperatives, please see Attachment 2.

ATTACHMENTS TO THIS REQUEST

- (1) Living Building Challenge 4.0
- (2) Presentation slides

PREVIOUS COMMISSION ACTIONS OR BRIEFINGS

- November 11, 2022 – Commission authorized an additional \$500,000 in design funding for the proposed Fishermen’s Terminal Maritime Innovation Center (C801084, U00414) to complete design and permitting due to a design error that required correction.
- March 08, 2022 –Commission authorization for the Executive Director to invest at least \$5,718,840 into the Maritime Innovation Center (MInC) to provide required matching funds for a United States Economic Development Administration grant in the amount of \$5,000,000.

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- May 11, 2021 – Commission authorized an additional \$1,000,000 in design funding for the proposed Fishermen’s Terminal Maritime Innovation Center (C801084, U00414) to complete design and permitting; and (2) to execute an amendment to the existing service agreement with Miller Hull Partnership, LLP for Fishermen’s Terminal Phased Design Services in the amount of \$2,500,000; for a new Not-To-Exceed (NTE) value of \$6,000,000.
- March 23, 2021 – Commission authorized Design and Permitting completion of the FT Site Improvements (U00320) Under the New CIP C801211, utilizing \$1,525,505 in formerly authorized funding for the Gateway Building.
- December 8, 2020 – Commission authorized Construction of the MInC as the condition for executing the Interagency Agreement with Washington State Department of Commerce to allow the acceptance of a \$5M grant towards its construction.
- May 14, 2019 – Commission authorized \$1,850,000 design funding and an amendment to the Fishermen’s Terminal Phased Design Services contract, with Miller Hull Partnership LLP, for \$1,000,000 for final planning, design, and permitting for the Maritime Innovation Center.
- January 22, 2019 – The Commission authorized an additional \$1,800,000 in design funding for FT Gateway Building improvements, and the execution of an amendment to the existing Architectural/Engineering Services contract for FT Redevelopment for \$1,000,000 to complete the final planning, design and permitting of the Gateway Building and FT Site Improvements.
- January 8, 2019 – Commission received a briefing regarding Maritime Blue Plan and the Maritime Innovation Center.
- September 26, 2017 – The Commission authorized \$1,325,000 construction funding for the demolition of the existing bank building and Net Sheds 7 and 8. This work has not yet been advertised for bids, per direction by the Commission, pending finalization of a Gateway Building tenant lease agreement.
- December 13, 2016 –Commission authorized an initial \$3,000,000 for the Fishermen’s Terminal Redevelopment program planning and design; the total preliminarily estimated design cost was \$7,000,000.
- May 17, 2016 - Commission received a briefing on the planning strategies comprising the Fishermen’s Terminal Long-Term Strategic Plan.
- October 27, 2015 - Commission received a briefing about the progress of the stakeholder outreach program for the Fishermen’s Terminal Long-Term Strategic Plan.
- August 11, 2015 - Commission received a briefing on the proposed scope and goals in advance of the launch of the planning process.