

Item No.	10b
Date of Meeting	July 12, 2022

Des Moines Creek West Development Partnership

July 12, 2022



Action Requested

Request Commission authorization for the Executive Director to execute a ground lease with PDC Seattle LPIV BB/TH, LLC (Panattoni) in order to develop approx. 399,337 sf of Class A, environmentally sustainable state of the art logistics & distribution facilities to support SEA airport's Aviation and Logistics operations.

509

SEA Seattle-Tacoma International Airport

ANGLE LAKE STATION

28th Ave S

SR-509 EXTENSION

S 200th St

Newly Constructed 24th to 28th Connection

S 208th St

5

Property Details

- Size: 19.8 acres
- Zoning: B-P (Business Park)



DES MOINES CREEK BUSINESS PARK

24th Ave S

International Blvd

S 216th St

99

Des Moines

New Development Supports Port Goals

- Project supports regional aviation, logistics & manufacturing industries
- 550 net new jobs expected with combined annual earnings of \$16M
- Contractor Abbot Construction commits to project labor agreement (PLA),
 - Priority Hire and Apprenticeship Utilization
- Company committed to WMBE utilization goal
- Generates nearly \$4M in Port revenue to contribute to aviation division needs and capital projects
- Building Design targets LEED (or similar) sustainability standards
- Preserves adjacent wetlands and significant green buffer
- Relocates & improves popular walking trail



Panattoni will develop a 399,337 square foot light industrial building at Des Moines Creek West

Development Partner

Panattoni Seattle will develop Des Moines Creek West:

- **NAIOP Washington's Developer of Year 2017** and the most active industrial developer in the Pacific Northwest, covering Washington, Oregon, and Idaho.

Port of Seattle Development projects include:

- Des Moines Creek Business Park Phase 1 – 3 = 1,332,000 SF
- Burien Northeast Redevelopment Area 2 & 3 (NERA) = 460,000 SF



NERA 3 completed 2019 (Burien, WA)



Des Moines Creek Business Park Phase 2
FAA Regional Headquarters



DMC BP all phases complete: 2018

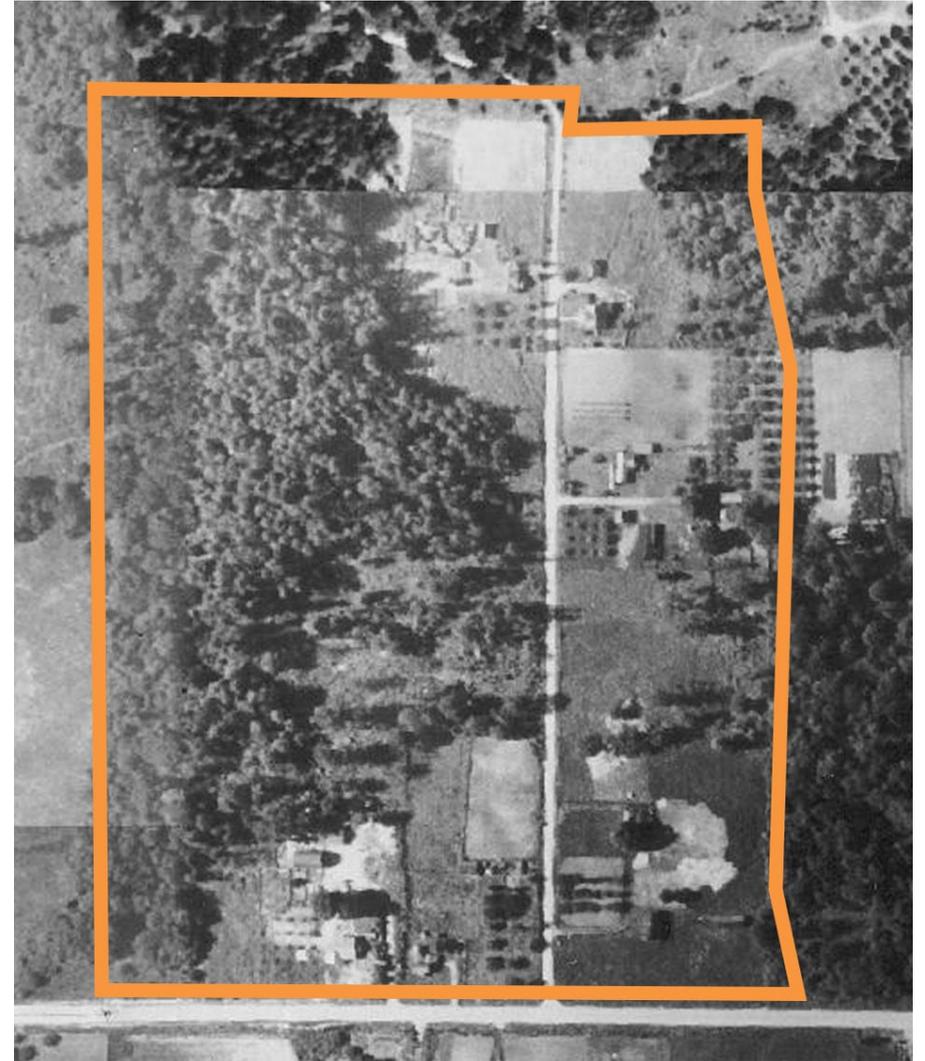
Property History/Ecological Inventory

History

- The parcel was historically agricultural land, including orchards.
- The Port bought the western portion as a potential borrow area for Third Runway fill in 1993, but the site was never used for such and has remained undeveloped.
- The Port purchased the eastern 14.3 acres of the site in 2021 from WSDOT (former HWY 509 ROW) to enhance the value of our property.

Ecology

- Majority red alder and other hardwoods, indicating a disturbed site history.
- Ground cover is predominately invasive blackberry and English ivy
- Wetlands and buffers impact 45% of the site, most of which is non developable, however suitable for mitigation
- Slopes - moderate to steep slopes are found onsite



Des Moines Creek West -- 1936 Orthophoto

Community/Sustainability Benefits

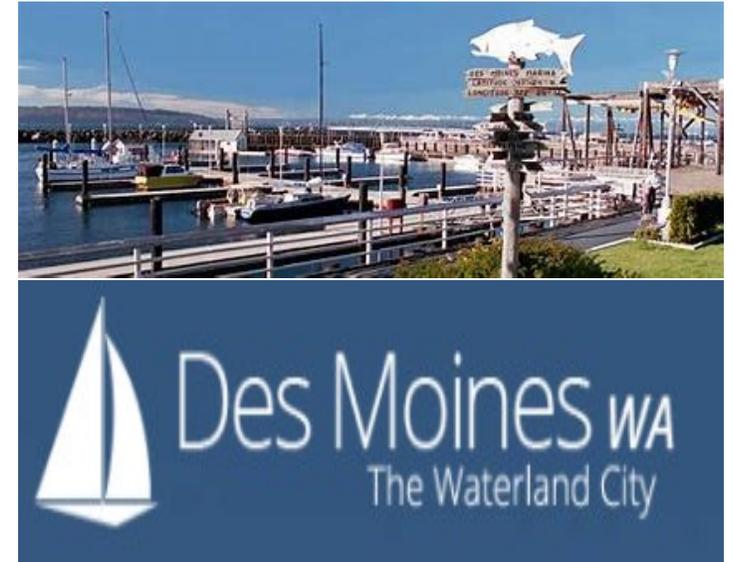


- ✓ Improved trail access for residents (Crime Prevention through Environmental Design)
- ✓ Sustainable Building Design, LEED or better is intention.
- ✓ Development preserves key wetlands and buffer strips with adjacent residential neighborhood
- ✓ Substantial buffer zones to remain

City of Des Moines Partnership

City has planned for and benefited from planned development along 216th:

- Supporting new FAA facility and other new employers
- Supports city diversification and downtown revitalization
- Invested over \$20 million in road and infrastructure development to accommodate new facilities



City Development Review and Permitting

Permit Requirements:

- Master Plan
- SEPA Environmental Review
- Environmentally Critical Areas Review
- Design Review
- Building Permit, Grading Permit, ROW Permit

Tree Replacement/Sustainability:

- 3:1 replacement ratio for trees
- City will use its new urban forest plan (completed by Forterra and paid for by the Port) to identify where trees will be planted



Financial Summary

Site area

Total Developable Site Area	19.8 acres
Building Area	399,337 SF
Des Moines Creek West Stabilized Annual Income	\$3,415,452
NPV	\$60,431,836

Cost Basis

Street improvement payment to Des Moines (2018)	\$1,500,000
14-acre WSDOT Property Acquisition (July 2021)	\$2,900,000
Predevelopment costs	\$250,000
Total Cost Basis	\$4,650,000
Yield year 1 & 2	7.35%
Yield year 3 and onward	75%+
MIRR	*12%
Payback period (From stabilization)	14 months

Des Moines Creek West Development Schedule



Des Moines Creek West Development Recap



- Requesting Commission authorization to develop Des Moines Creek West in partnership with Des Moines and Panattoni
- Excellent community benefits (jobs, workforce development, WMBE utilization, trail enhancements, etc.)
- \$3.4M annually in revenues generated to support Aviation Division and capital projects
- Substantial completion by Q1 2024