



**PORT of OLYMPIA**  
Serving All of Thurston County  
**Commission Special Work Session**  
**Monday, May 6, 2024**  
**3:30 PM**

Percival Plaza - Olympics Room  
626 Columbia Street NW  
Olympia, WA 98501

The meeting agenda is available on the Port's website as of May 2, 2024.

<https://www.portolympia.com/commission>

The public may join the meeting from their computer, tablet or smartphone at:

<https://us02web.zoom.us/j/82228577847>

or Telephone: 1 253 215 8782

Webinar ID: 822 2857 7847

## AGENDA

- A. Call to Order
- B. Approval of Agenda
- C. Destination Waterfront Center:
  - Alex Smith, Executive Director, Port of Olympia
  - James Sommer, Capital Assets Program Manager, Port of Olympia
  - Ron Thomas, President, Thomas Architecture Studios
  - Annette Pitts, CEO, Experience Olympia and Beyond
  - Commissioner Caleb Reese, Port of Silverdale
  - Chris Patano, Principal, EHDD Architecture
- D. Adjourn

### ***Port of Olympia Mission***

*Creating economic opportunities and building community for all of Thurston County through responsible resource use.*

## COVER MEMO

**Briefing Date/Time:** May 6, 2024

**Staff Contact/Title:** James Sommer, Capital Assets Program Manager  
360.528.8005, [JamesS@portolympia.com](mailto:JamesS@portolympia.com))

**Subject:** Waterfront Center Briefing

**Purpose:**  Information Only  Decision Needed

### **Overview:**

This presentation is a briefing only and no action is required.

This presentation will provide an overview of the community engagement and planning that has gone into Destination Waterfront and the Waterfront Center. Commissioners will hear from Port Staff, Thomas Architecture Studios, Experience Olympia & Beyond, fellow Ports, and EHDD Architecture. We will also review the next steps in the project process.

### **Background:**

The process of visioning and developing the waterfront goes back to the 1980s when the first sketch of a waterfront building was developed. It has long been a goal of the port and the community to better utilize our properties along the Port Peninsula. This presentation focuses on the more recent efforts starting in 2017 and forward.

#### **2017**

- In 2017, mold was found in the marina office. Although a temporary fix was implemented, it became immediately clear that this building was at the end of its life cycle and required replacement.

#### **2018**

- In 2018, the POCAC was asked to review how the Port utilizes its leased spaces and to investigate and make suggestions about how the Port might use those resources most efficiently while still providing sufficient space to accommodate the Port's changing real estate needs over time. The impetus for this assignment was the discovery of the environmental issues affecting the Marina Office. Although the immediate pressing need was addressed, it

prompted a closer look into Port real estate needs and obligations, and whether some advantage could be realized through consolidating certain facilities. One recommendation that came from the POCAC is that in the long term, it would be better for the Port to own its buildings rather than continue to lease.

## **2019**

- In 2019, the Port Commission accepted the Port Vision 2050 plan. Port Vision 2050 was an 18-month process that sought input on goals for Port activities through 2050 from key stakeholders and the community at large. One of the key community goals that emerged from this effort was to “Turn the Port Peninsula into a premier destination by adding attractions, increasing accessibility, and maintaining a clean and safe environment. The Port recognizes that the Port Peninsula can be transformed into a revenue-generating, environmentally sustainable, community asset with the proper planning and vision in place.
- The Port also contracted with MSGS in 2019 to determine the cost and phasing for a new marina office and the potential of consolidating all administrative offices. It was determined that combining both areas in one building, rather than two, would reduce costs by an estimated 10-15%. This would also leave more site flexibility for future development.
- The Port also contracted with Skillings Engineers to perform asset assessments on existing owned properties. The asset assessment confirmed that the Marina Office was indeed at the end of its lifecycle and needed replacement.

## **2020**

- In 2020, the Port contracted with an award-winning team led by Thomas Architecture Studio (TAS) to develop a Destination Waterfront Vision Plan that was completed with the assistance of a Community Economic Revitalization Board (CERB) grant. After an extensive and comprehensive community engagement process, a presentation was made to the Commission at the March 22, 2021, meeting. At this meeting, the commission passed a motion to:

*“Acknowledge the community input given to this vision for the development of a Destination Waterfront and recognize that staff will use this vision to*

*continue to build partnerships, market Port properties and develop project proposals for Commission consideration. “*

## **2021**

- In 2021, as a means to advance the implementation of this vision for a Destination Waterfront, the Port successfully sought and received an award of \$250,000 in the State 2021-2023 Capital Budget to program and begin the design of a mixed-use “Marine Center” building. The Port had originally been seeking enough funding for design and construction but was granted a scope change in 2022 for design only due to the award amount.

## **2023**

- In 2023, the state appropriation was extended, and the Port worked to finalize contracting to secure the funding.
- The Port also formed a new Waterfront Center project team to ensure the continuity of the project. Due to turnover, forming a team approach moving forward was essential.

## **2024**

- In 2024, the Waterfront Center design is an adopted Capital Budget line item. The Port released a Request for Qualifications to secure and architect for the design process. After evaluations and interviews, EHDD Architects was selected. EHDD is currently working with the Port to scope the project and provide a fee structure. The fee will be based on Washington State guidelines.

### **Documents Attached and Links:**

- PowerPoint Presentation
- 2018 POCAC Report
- 2019 MSGS Report
- [2021 Destination Waterfront Development Vision](#)
- [Destination Waterfront Development community engagement](#)
- [Strategic Plan](#)

### **Next Steps/Timeframe:**

An advisory presentation on the EHDD architectural contract is currently scheduled for May 28, 2024, with a follow-up action item presentation on June 10, 2024.

## **Port Office Consolidation**

### **A 2018 Citizens Advisory Committee Project Report**

**Prepared by Cameron Wilson, Greg Bucove, Thomas Woodruff, Jerry Wilkins, and Jim Broman -  
Subcommittee Members**

### **POCAC FINAL REPORT 16 Oct. '18**

## **Background**

The Port currently leases several types of commercial real estate from third parties in several locations here in Thurston County, at a cost approaching \$300,000 per year.

The POCAC was asked to look into how the Port utilizes its leased spaces, and to investigate and make suggestions about how the Port might use those resources most efficiently, while still providing sufficient space to accommodate the Port's changing real estate needs over time.

The impetus for this assignment was the discovery of environmental issues affecting the Marina office. Approximately \$400,000 was allocated in the 2018 budget for remediation of these issues, though a "short term fix" was implemented. Although the immediate pressing need was addressed, it prompted a closer look into Port real estate needs and obligations, and whether some advantage could be realized through consolidation of certain facilities.

## **Current Situation**

### **Administrative Offices:**

The Port currently leases just over 12,000RSF (rentable square feet) of Class B+ office space at Percival Plaza, a multi-tenant office building in downtown Olympia. This facility is leased through June 30, 2020 at a rate which, during the final year of the agreement will equate to \$22.38/sf on a Modified Gross basis inclusive of property taxes, building insurance, and proportionate operating expenses. This is in the higher range for comparable space elsewhere in the County, but for space in this particular location, with close proximity to the Marine Terminal and the Swantown Marina, it is very much in line with market rates.

### **Maintenance Space:**

Additionally, the Port leases at least one additional "warehouse" type space at 700 Marine Dr, at an annual cost of approximately \$40,000. This space is largely used as storage.

## **Other Considerations**

### **Changing Real Estate Needs:**

Over the last few years, the Port's real estate needs have seen substantial changes as staffing levels have adjusted. The Port's workforce will continue to expand and contract, but staffing decisions are much more immediate and flexible than real estate contracts. It is difficult to suggest options for real estate needs, including the relative advantages & disadvantages of leasing vs. owning, without a stronger sense of the Port's long term direction.

### **Other Real Estate Holdings:**

The Port of Olympia is a significant landowner in Thurston County, with more than 2,000 acres of land and numerous buildings either leased to third parties, or awaiting re-purposing. It is possible that some value (and flexibility) could be realized by the Port better utilizing its own commercial real estate.

### **Financing:**

As a public entity, the Port of Olympia has the ability to obtain financing through the issuance of bonds. However, the capacity for taking out additional bonds (and servicing that debt) is limited, and decisions must be made about the highest and best use for any additional bonding capacity. It is the POCAC's understanding that there are numerous projects that would require that additional bonding capacity, and the Commissioners and staff face some difficult decisions in allocating those funds appropriately and effectively.

### **Sea Level Rise:**

It is generally expected that sea levels will continue to rise in the future. The Port of Olympia is on the front lines of that issue, and any decisions made with respect to the Port's real estate needs and holdings will need to take that issue into consideration.

## **General Findings/Recommendations**

### **Overall Direction**

Before the Port can make an informed, responsible decision about consolidating its leased real estate, and before the POCAC can really be of any use in providing feedback from the citizens' perspective, decisions about the future direction of the Port need to be made.

### **Lease vs Own**

One of the most significant decisions facing the Port as far as real estate is concerned is the question of leasing vs ownership of its facilities. If the Port expects to be around for another 100+ years, and we at

the POCAC have no reason to doubt that it would, then owning its own building (either through building or buying) is the wiser choice by a large margin. The real difficulty is deciding when the time is right to buy or build. With other important projects competing for limited financial resources, with construction costs at record highs as they are today, it is probably in the Port's best interest to continue leasing for the next several years – perhaps with an eye on building/buying during the next eventual downturn in the real estate market when prices and construction costs finally dip down.

### **Our Best Advice**

At this time, there are too many variables at play (see “Other Considerations” above) for the POCAC to provide any real meaningful input into the decision of whether or not to consolidate the Port's offices. However, we would welcome the opportunity to participate in this important conversation at a time when the number of viable options been narrowed down. In the meantime, it is our strong recommendation that Port staff begin negotiations for a renewal of its current Lease agreement at Percival Plaza as soon as possible. By entering into negotiations for a renewal now, even a short term renewal, the Port will achieve the best possible outcome – a deferral of this important decision until it is in a better position from which to evaluate all of its potential solutions.

### **Project Costs**

- **Total project costs** – all-inclusive of construction, permitting, design, sales tax, furniture and equipment. \*  
\*Financing costs not included.

### **Determination of building square footages**

Program Area Summary developed using data provided by the Port for both facilities:

- Administration (current lease space is 12,356 SF; Programmed space is 8,480 SF)
- The programmed spaces based on the approximate sizes of each office and all support spaces including two vacancies (1 Director, 1 Project Manager).
- Formerly Engineering space and unused offices on the third floor are excluded.
- The total number of used spaces is multiplied by a factor of 1.25 to account for an industry average of an additional 25% space required for hallways, thickness of walls, mechanical/electrical rooms, etc.

### **Marina Office**

- (Currently the marina office is approximately 2,500 SF including marina and harbor patrol storage. Programmed space is 3,150 SF)
- The programmed spaces based on existing rooms and sizes, with input from the marina staff
- Determined that additional space was needed at the reception area, larger conference rooms, larger workroom, larger records storage, separate office for security, and desired equipment storage.

### **Mobile Office Options**

- Temporary modular square footages are smaller due to scaling back the programs.
- Space for 22 staff and 3 workstations for commissioners.
- Reduces the staff count to 17 smaller offices for leadership team members
- Smaller work room and one less conference room
- Mobile Marina option eliminates records and events storage, reduces the size of the work-room, and provides one less conference room

### **Cost per square foot factors**

- Construction according to the State of Washington Prevailing Wage rates
- Quality of space is assumed to be Class B Office or better
- Quality of construction is assumed to be typical for public buildings designed to last 50 years or longer

**Marina Office Site-work Costs**

- Assumption is that the marina office building will be constructed as Phase 1, followed by the administration building as a Phase 2 addition.
- High first costs associated with Phase 1 include re-routing of existing utilities to clear the area for both buildings to be constructed
- Construction of a new public plaza and landscaping between the marina office and the guest dock
- Modifications to the existing parking lot and storm water facilities
- Phase 2 site construction will be primarily completing parking and sidewalk modifications and landscape immediately around the administration addition.
- Overall site construction costs also account for importing a significant amount of fill to raise the elevation of the building above projected sea level rise
- Creating Accessible connections between the building and adjacent marina facilities.
- Stormwater treatment and retention requirements are unknown at this time.
- Costs assume a robust system of underground storm water storage will be included in the project.

**20% project contingency**

- Several factors leading to include this contingency.
- Early design stage, 5-10% contingency for unknowns that will become known when a more detailed design is developed.
- Carry a 5% contingency for potential change orders during construction.
- Assumed cost of construction will continue to rise with a five-year delayed start date

**Single phase construction costs reduction**

- Anticipate 10-15% in total project costs with combined construction



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## Waterfront Center

James Sommer  
Capital Assets Program Manager  
May 6, 2024



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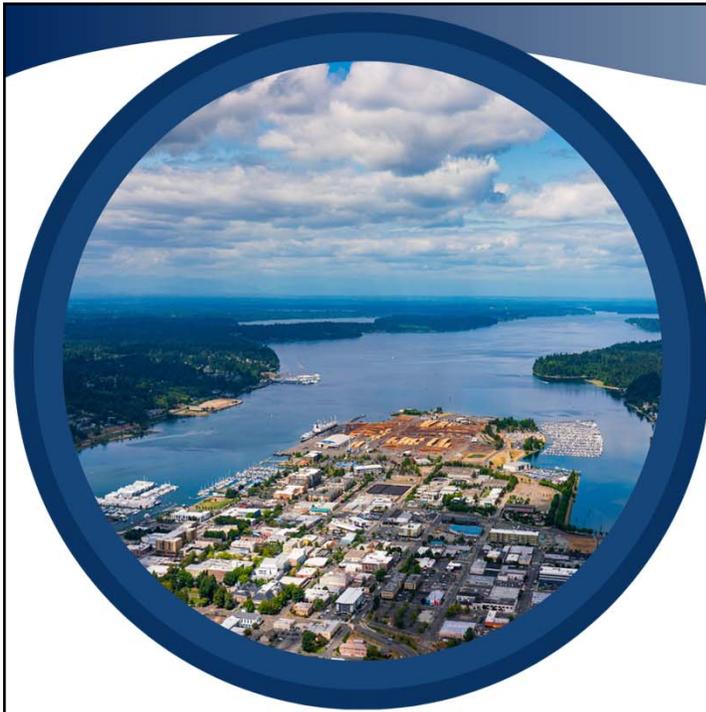
## Today's Presentation

*Briefing Only – No Action Required*

- Project Background
- Destination Waterfront Development Vision – Thomas Architecture Studio
- Experience Olympia and Beyond
- Port of Silverdale / Port of Everett
- EHDD Architecture



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## Project Background



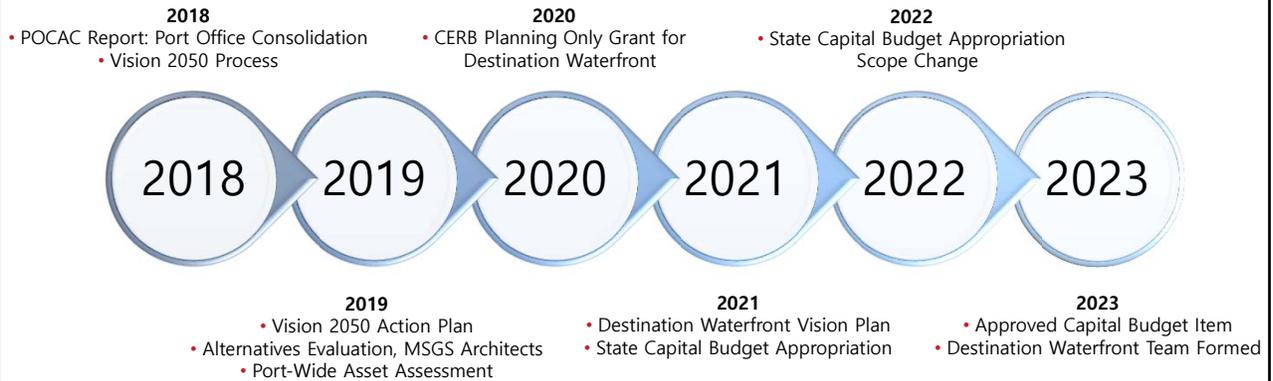
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# Background: Marina Office



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# Background: Timeline

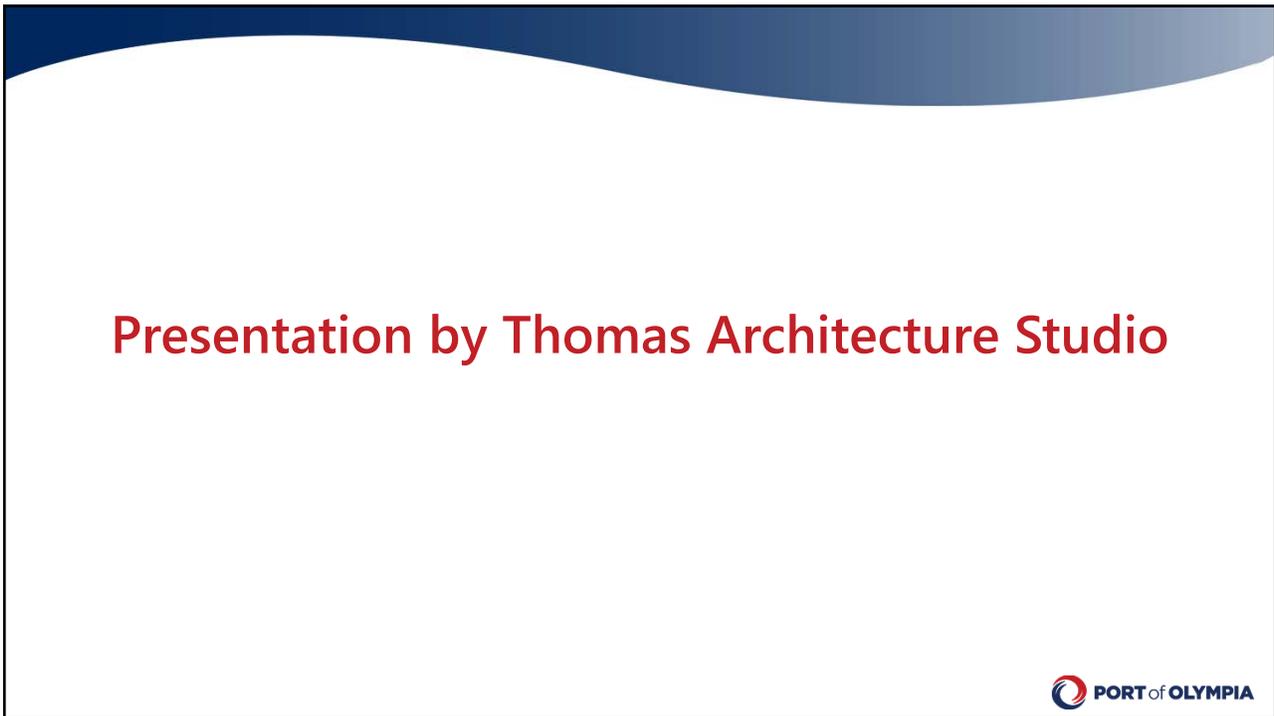


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# Thurston County Destination Masterplan



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# Presentation by Experience Olympia & Beyond



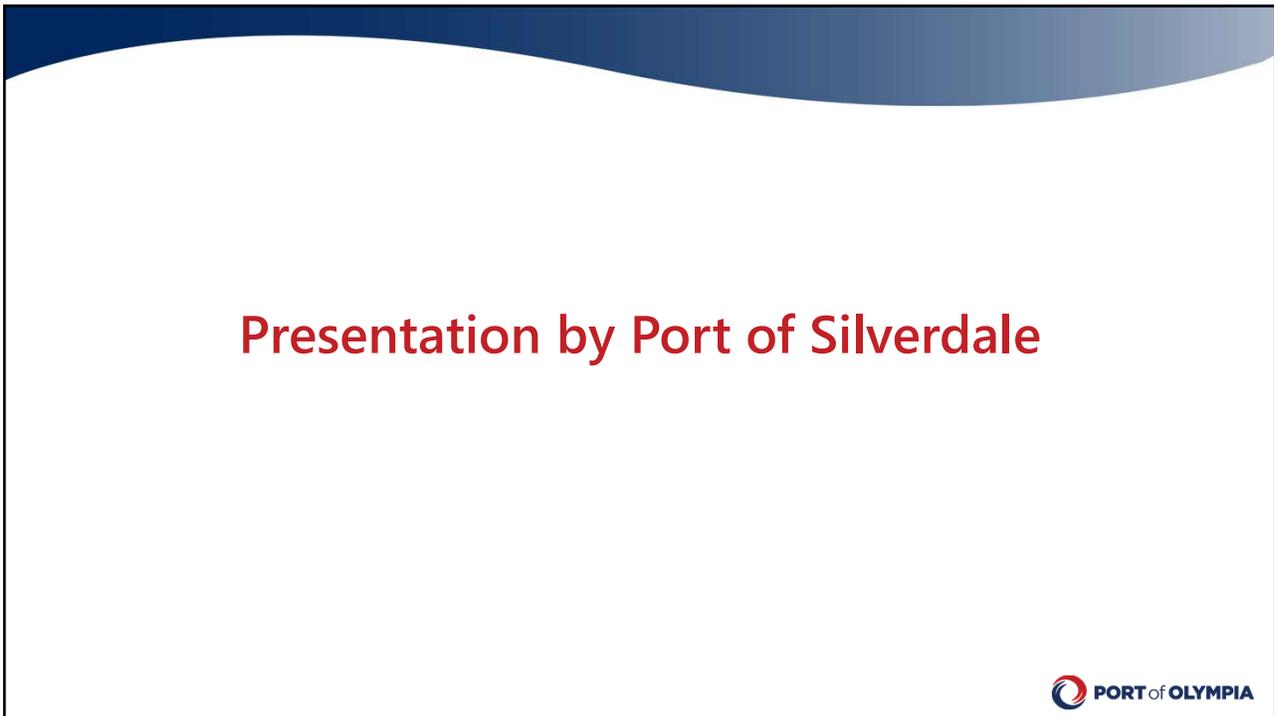
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# Port of Silverdale Waterfront Development



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# Presentation by Port of Silverdale



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# Port of Olympia Waterfront Center



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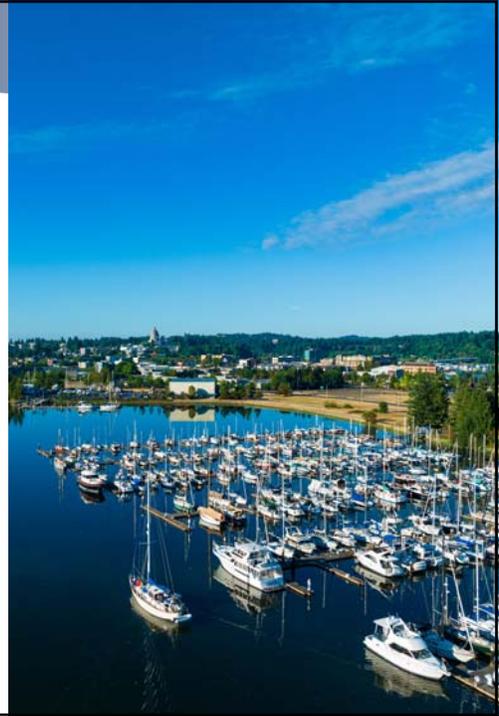
# Presentation by EHDD Architecture



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## Next Steps

- Execute Contract
- Design
- Funding
  - Capital Budget / Grant Requests
  - Partnerships
  - Tenants
- Construction



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## Questions and Comments

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