

Item No.: 10a_supp
Meeting Date: February 24, 2026



T91 Uplands Redevelopment

Post-Validation contract amendment



Action Requested

Request Commission authorization for the Executive Director to approve funding to execute a Post-Validation Amendment to the alternative public works Progressive Design-Build contract, MC-0321389, for the T91 Uplands Development program (C800158, C801169, C801372) to further advance design, complete the development and negotiation of a Guaranteed Maximum Price (GMP), and perform some early work and procurement of long-lead items. The total requested for this action is \$36,200,000 for a total project authorization of \$46,300,000.

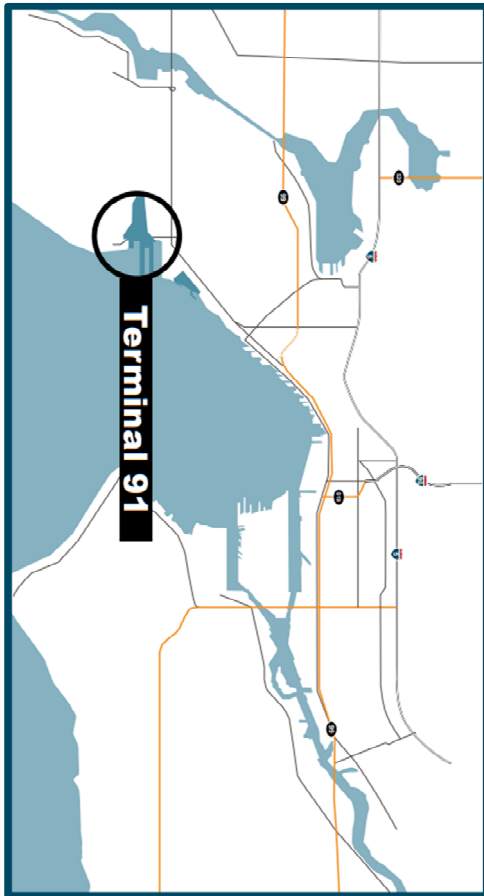
Vision and Purpose

Develop new maritime industrial buildings with associated utility and site infrastructure and demolish several outdated buildings.

New upland Port buildings will help sustain and support maritime industries and maritime supply chain.

- Shortage of leasable light industrial building space in Ballard Interbay Northend Manufacturing Industrial Center (BINMIC)
- Demonstrate support for Seattle's Industrial Lands policy
- Retain port-dependent maritime tenants supporting vessel activity at Piers 90 & 91
- Support Maritime Innovation Center and other maritime innovation businesses
- Make-up for demolition of obsolete warehouse space at T91

Project Area



Project Baseline Scope

1. Phase 1 Buildings

- Building A, B, and C

2. Phase 1 Site

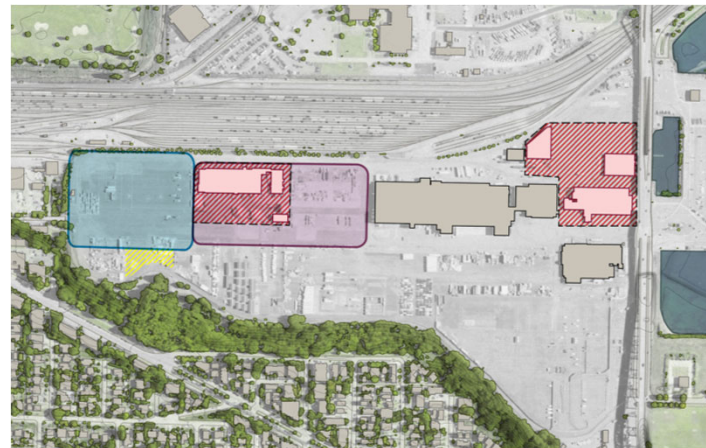
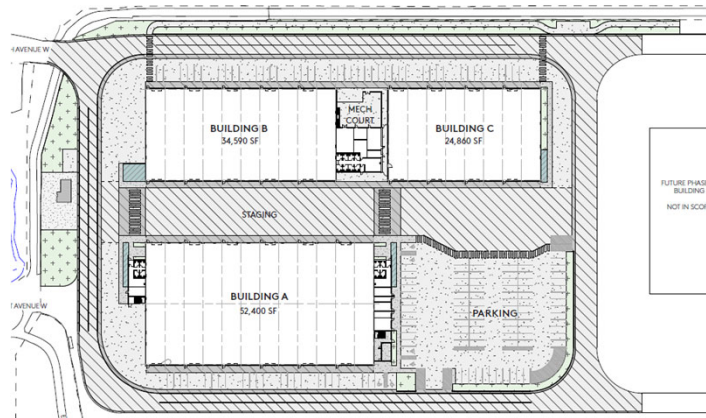
- Parking & Staging Area
- Site Infrastructure

3. South Building Demo

- W-39, M-28, and M-19

4. Phase 2 Pad Ready

- Limited to design



PHASING DIAGRAM

- Phase 1
- Phase 2
- Building to be Demolished
- Demolition Phase Extents
- General Contractor's Staging Area

Phase 1 – Building Footprint

MAXIMIZING VALUE

The Phase 1 project site is approximately six acres of paved area at the northern terminus of the Terminal 91 site. The site is primarily used as flexible outdoor storage for various tenants. Providing light industrial building space for lease would maximize the value of this portion of Port property. The approximate footprints of the proposed buildings are indicated below.



Proposed Phase 1 – Warehouses



Proposed Phase 1 – Warehouse & Support



Proposed Phase 1 – Shared Staging Area



South Demolition: W-39, M-28, M19



Cost Breakdown and Target GMP

Cost Element	Design and GMP Develop. Authorization	Total Cost
Design	\$14,085,000	\$24,185,000
Phase 1	\$11,500,000	\$20,300,000
Phase 2 Pad-Ready	\$1,585,000	\$1,885,000
Demolition	\$1,000,000	\$2,000,000
Environmental Remediation Liability	\$8,800,000	\$8,800,000
Phase 1 – Soil Remediation	\$1,000,000	\$1,000,000
Phase 2 – Soil Remediation	\$0	\$0
Demo – Abatement	\$7,800,000	\$7,800,000
Construction	\$13,300,000	\$98,000,000
Phase 1	\$5,000,000	\$89,700,000
Phase 2 Pad-Ready	\$0	\$0
Demolition	\$8,300,000	\$8,300,000
Total	\$36,185,000	\$130,985,000
Phase 1	\$17,500,000	\$111,000,000
Phase 2 Pad-Ready	\$1,585,000	\$1,885,000
Demolition	\$17,100,000	\$18,100,000

Phase 1 Financial Analysis

- Net Present Value: (\$78 million)
- Internal Rate of Return: (0.40%)
- Payback Period: 30+ years
- Incremental Income: \$1.8 million/yr
 - Negative NOI after depreciation
 - Initial at stabilization

Assumptions:

- Only includes Phase 1 Development
 - Analysis does not include building demolitions
 - Does not include Phase 2 costs*
- Occupancy of 90% (stabilization), with rent escalation of 3% annually
 - 70% warehouse/office & 30% warehouse only
 - Estimated 50% pre-lease
- Includes only incremental expenses: property management and maintenance
 - NNN leasing strategy
- Analysis based on 30-year cash flows

*Phase 2 will be evaluated post design/initial negotiation













CIP Changes & Funding Shortfalls

- 2026 Capital Plan/Budget: \$67 million
 - Phase 1: \$50 million
 - Phase 2: \$9 million
 - Building Demolition: \$8 million
- T91 Phase 1 & Demo Current Cost Estimate: \$131 million → CIP shortfall of \$64 million
 - Additionally, latest CIP update resulted in a net increase of \$41 million (vs. POF) due to cost estimate revisions
- Proposed changes to the 2026-30 CIP to accommodate:
 - FT NW Dock Improvements (\$58M): Defer project start by 4 years.
 - Harbor Mooring Dolphins (\$19M): Project removed from the capital plan.
 - T91 Uplands Phase 2 Pad-Ready (\$9M): Include design cost only of \$1.8M.
 - Current cost estimate at \$16.63 million
- MD Reserve (\$55M): **Reallocate all reserve funding for the 5-year period.**
 - Large number of asset preservation projects on the horizon
 - Without additional funding, capacity constraints will further limit future capital investment needs & opportunities

Project Schedule

Phases	Anticipated Dates
Commission Authorization – Post-Validation Amendment funding	February 24, 2026
Design and GMP Development	Q1 2026 – Q4 2026
Sustainability Environment & Climate Committee meeting	Q2 2026
Demolition of M-39, W-28, M-19	Q3 2026 – Q3 2027
Commission Authorization – GMP Amendment funding	Q4 2026
Construction – Phase 1	Q1 2027 – Q1 2028
Construction – Phase 2 Pad Ready (potential)	Q4 2027 – Q4 2028

Potential Risks

RISKS	DESCRIPTION	PROBABILITY	IMPACT	MITIGATION
Tie-in to existing infrastructure	Assumptions are made about connecting to existing systems that may change before the project is complete.	High 	High 	PDB validation and internal testing has identified potential issues that can be tracked in additional capital projects and the Risk Register
Unknown Site Conditions	The site is full of abandoned foundations and utilities that can impact construction timelines and cost.	High 	High 	Partnering with a progressive design-build (PDB) team allows validation of the site and better understand what is in the ground. This can then be incorporated into schedule and the GMP for better cost certainty.
Permitting time	Permitting delays may impact schedule and cost.	Med 	Med 	PDB project delivery will allow for early collaboration on design and permitting to the extent feasible.
Coordination with other projects and seasonal demand at T91	There are many other projects scheduled on Pier 91 with similar timelines that may impact construction.	Med 	Low 	Communication consultant will help coordinate the identification of on-going and upcoming construction work.
Supply chain uncertainty	Supply chain logistics could delay project delivery. Tariffs could impact ability to procure long-lead items and create uncertainty in pricing.	Med 	High 	Adding cost contingency to the risk register to account for tariff price impacts. Early procurement of long-lead equipment in advance.
Demolition of W-39	The W-39 building is connected to the Magnolia Bridge.	Med 	Low 	Early engagement with SDOT to align expectations and mitigate approval delays. Additional coordination and work regarding the Magnolia Bridge railing is added to the Risk Register.



Questions?



Appendix

Project Funding

COST ESTIMATE	CAPITAL	EXPENSE DEMO	EXPENSE ERL	TOTAL
Original estimate				
Phase 1	\$39,000,000	\$0	\$0	\$39,000,000
Phase 2 Pad Ready	\$10,350,00	\$0	\$0	\$10,350,000
Demolition	\$0	\$9,100,000	\$0	\$9,100,000
Previous changes – net				
Phase 1	\$45,000,000	\$0	\$0	\$45,000,000
Phase 2 Pad Ready	\$0	\$0	\$0	\$0
Demolition	\$0	\$0	\$0	\$0
Current change				
Phase 1	\$27,000,000	\$0	\$0	\$27,000,000
Phase 2 Pad Ready*	\$1,885,000	\$0	\$0	\$1,885,000
<i>Limited design only</i>				
Demolition	\$0	\$1,000,000	\$8,000,000	\$9,000,000
Revised estimate				
Phase 1	\$111,000,000	\$0	\$0	\$111,000,000
Phase 2 Pad Ready*	\$1,885,000	\$0	\$0	\$1,885,000
<i>Limited design only</i>				
Demolition	\$0	\$10,100,00	\$8,000,000	\$18,100,000

COST ESTIMATE	CAPITAL	EXPENSE DEMO	EXPENSE ERL	TOTAL
Previous authorizations				
Phase 1	\$8,800,000	\$0	\$0	\$8,800,000
Phase 2 Pad Ready	\$300,000	\$0	\$0	\$300,000
Demolition		\$1,000,000	\$0	\$1,000,000
Current request for authorization				
Phase 1	\$16,500,000	\$0	\$1,000,000	\$17,500,000
Phase 2 Pad Ready	\$1,585,000	\$0	\$0	\$1,585,000
Demolition	\$0	\$9,300,000	\$7,800,000	\$17,100,000
Total inc. this request				
Phase 1	\$25,300,000	\$0	\$1,000,000	\$26,300,000
Phase 2 Pad Ready	\$1,885,000	\$0	\$0	\$1,885,000
Demolition	\$0	\$10,300,000	\$7,800,000	\$18,100,000
Remaining amount to be authorized				
Phase 1	\$84,700,000	\$0	\$0	\$84,700,000
Phase 2 Pad Ready	\$0	\$0	\$0	\$0
Demolition	\$0	\$0	\$0	\$0