

THE waterfront DISTRICT

BELLINGHAM WASHINGTON

PORT OF BELLINGHAM – Downtown Waterfront Redevelopment Request For Proposals (RFP)



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Quick Facts

Development Opportunity:

- Master Developer for Land Area: 10.8 acres, and/or;
- Adaptive Reuse of Existing Improvements: Granary Building, 49,500 sq ft, and/or;
- Project-Specific Developer.

Planned Investments:

- Port: Environmental Remediation
- City:
 - All public utilities
 - Arterial Streets
 - 3.3 acres of new parks

Zoning:

- Commercial/Mixed Use (2.0 – 5.0 FAR)

Transaction Structure:

- Outright Land Sale or Land Lease

“Creating great places and enduring value.”

HEARTLAND

PORT OF BELLINGHAM
Washington State



RFP Release Date:

Wednesday, May 15, 2013

Responses Due:

Wednesday, July 10, 2013

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Executive Summary

The Initial Development Opportunity

For development teams that are looking to create great places of enduring value, Bellingham's Waterfront District is an opportunity not to be missed. The Port of Bellingham ("Port") is issuing this Request for Proposals ("RFP") for a Master Developer for the Initial Development Opportunity ("IDO") and a Project Developer for the adaptive reuse of the Granary Building, both located in the Downtown Waterfront Area of the Waterfront District.

The land area available through this RFP comprises approximately 10.8 total developable acres of land. It is available for sale or lease at developers' option; alternative deal structures will also be considered. The 10.8 acres can be broken down into three (3) development areas (FIGURE 1):

1. **Parcel 1:** a 6.7-acre development area generally located between the Roeder Avenue viaduct and the future Granary / Bloedel Avenue;
2. **Parcel 2:** a 3.6-acre development area generally located west of the future Bloedel Avenue, adjacent to the Whatcom Waterway;
3. **Parcel 3:** a 0.63-acre site under and supporting the Granary Building.



The Port will give preference to respondents proposing to serve as Master Developer for the Parcel 1 and 2 development areas within the IDO, however will also consider proposals for development of smaller parcels within these larger sites if those proposals support a master development. Respondents may pursue the Granary Building - Parcel 3 - either in tandem with or independent from the rest of the IDO.

FIGURE 1: The Initial Development Opportunity

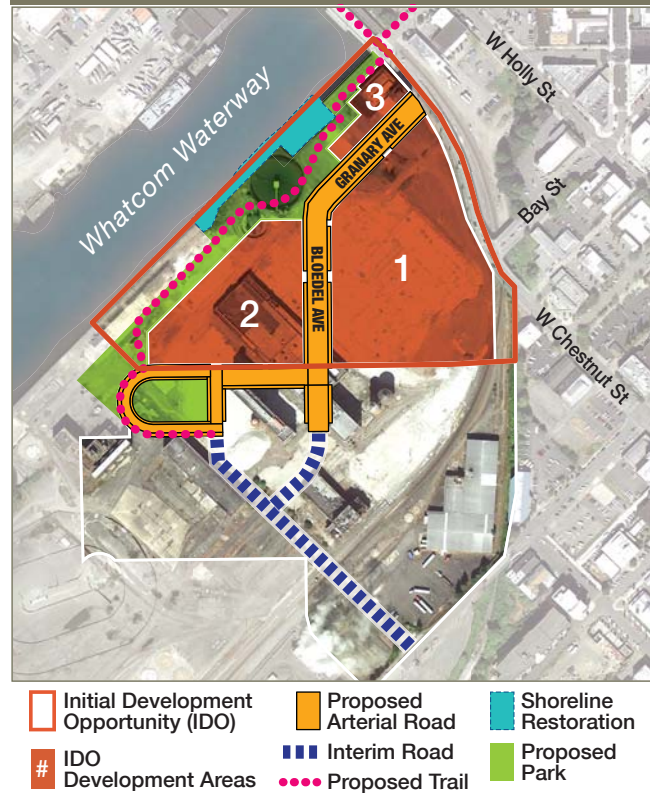


FIGURE 2: The Waterfront District





The IDO will benefit from substantial near-term public investment in roadways, utilities, parks, and open space. The IDO's edge along the Whatcom Waterway will be improved with parks and trails and public access to the water. Granary Avenue will be constructed through this area leading the public from the City's existing central business district ("CBD") and into the heart of the Waterfront District. This will create the two large initial development areas of approximately 6.7 (Parcel 1) and 3.6 acres (Parcel 2). Parcel 1, the larger of the two development areas, parallels the railway just below the center of the downtown CBD; the proposed zoning in this area allows for buildings up to 200' tall. Parcel 2, the smaller of the two development areas, will parallel the park and trail along Whatcom Waterway; the proposed zoning allows for buildings up to 100' tall.

The Granary Building (Parcel 3) is the landmark building located between Central and Granary Avenues at the entry to the Waterfront District. Built in 1929, it is approximately 49,500 GSF and consists of a two-level structure (not including a basement level) and a five-story tower situated on a 0.63-acre parcel. The Granary Building parcel is offered for sale for adaptive reuse. Viable reuse concepts will acknowledge the structure's iconic nature, its important location as the gateway to the Waterfront District, and its opportunity to serve as a focal point for the development.

Land for supportive surface parking for the Granary could be made available across Granary Avenue, near and under the Roeder Avenue viaduct. To encourage earlier redevelopment of the Granary Building parcel, it may be possible to complete this transaction separately from and prior to that of the broader IDO.

In addition to the summary information contained within this RFP, supporting due diligence and existing conditions documentation is available through both an FTP site and DRiVE Google Earth visualization platform.

• **FTP Site:**

- **URL:** <http://ftpserver.htland.com/>
- **Username:** [POBellingham2013](#)
- **Password:** [WaterfrontIDO](#)

• **DRiVE Google Earth Platform:** <http://dr-i-ve.com/heartland/pobf>

Interested parties to this Initial Development Opportunity in the Waterfront District are invited to contact the Port for site visits and tours, along with questions about the information available on the FTP site (a list of these documents is available in the **APPENDIX**).

Responses to this RFP are due July 10, 2013.

The Waterfront District

As gateways to the world and through the commerce of manufacturing and trade, waterfront ports have historically given rise to the cities around them. When the industrial uses of the past disappear, cities and ports with visionary leadership and strategic locations are increasingly able to shape their waterfronts to accommodate new technologies and demographic shifts, while also cleaning up the industrial environmental legacies and restoring the natural environment.

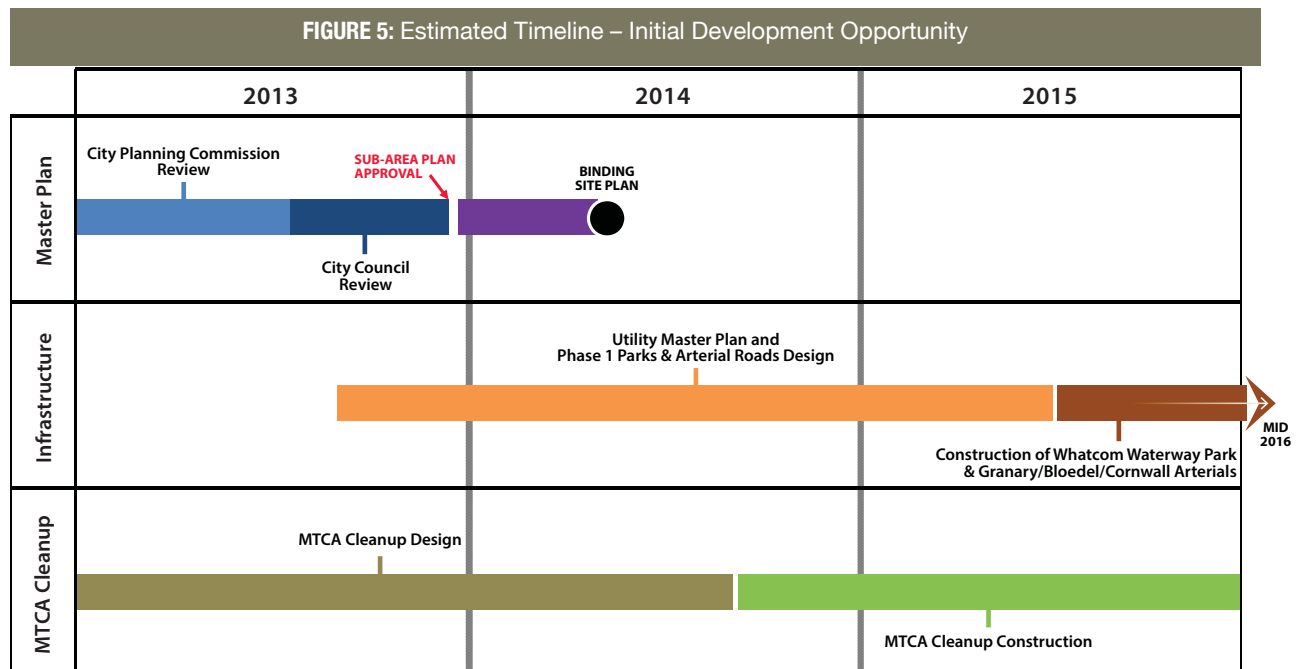
Over the last eight (8) years, the Port and the City of Bellingham (“City”) have moved a 137-acre former Georgia Pacific (“GP”) pulp mill into public ownership and set the stage for the creation of a new Waterfront District. As the brownfield redevelopment project the “Waterfront District”, the Port, and the City have worked to reduce the typical brownfield redevelopment timeline, especially for this Initial Development Opportunity:

- **Location for the Future:** Bellingham epitomizes what is great about the Pacific Northwest— it is surrounded by evergreen hillsides, productive agricultural land, snowcapped mountains, and the San Juan Islands, all within a short distance of the Waterfront District and Bellingham Bay. Bellingham’s location on Interstate 5 between Vancouver, B.C. and Seattle, makes it a thriving small city less than two hours from two of North America’s most dynamic metros. From the Baby Boomers to the Echo Boomers, Bellingham and the Waterfront District are poised and ready to take advantage of the fundamental demographic and technological shifts that are driving the economies of the future.
- **United Vision:** The Port, City, and community have developed a community vision for a vibrant pedestrian-friendly Waterfront District with a dynamic mix of both daytime and evening uses including office, retail, educational, residential, and hospitality. Overall redevelopment will leverage the waterfront location, restoring much of the shoreline for habitat and public access, building on Bellingham’s network of interconnected trails and open space, developing the working waterfront, and uniting this development with the central business district and adjacent neighborhoods. The Bellingham community has worked together on this shared vision since 2003, resulting in anticipation and excitement for the redevelopment to occur.
- **Regulatory Certainty:** The Port and City have collaborated on a full package of draft regulatory documents that will provide developers with certainty and predictability. The completed Final Environmental Impact Study (“FEIS”) and proposed Planned Action Ordinance means developers can utilize pre-existing documents for environmental review.
- **Environmental Stewardship:** Washington State Department of Ecology (“Ecology”) supervised investigations and remedial actions are in process and the funding is secured to complete this work. Based on



current Remedial Investigation reports, it is anticipated that only limited areas within the IDO will require active remediation work. Shoreline cleanup and restoration activities adjacent to the IDO are planned as parks and open space. The active remediation is planned to be conducted in advance or in conjunction with any development and are planned to be completed and ready for brownfield redevelopment by the end of 2015.

- **Public Investment:** The City and Port are making significant and ongoing investments in design and construction of site infrastructure in order to deliver the IDO, and later phases of the Waterfront District, in a development-ready condition according to a carefully planned timeline.
- **Flexible Scale:** The Initial Development Opportunity is large enough to allow for both the creation of a critical mass and to generate a predictable pipeline of investment opportunities throughout the development cycle; transactions can be structured to match market dynamics. Development regulations will support Floor Area Ratios (FAR) ranging from 2.0 – 5.0 and height limits up to 200 feet.
- **Timing:** With the Port moving forward with the environmental remediation and shoreline restoration, the City designing and building the major infrastructure and open space, and the programmatic regulatory approvals currently in the City’s formal review process, a developer can focus entirely on creating great places. Infrastructure supporting the IDO will be coordinated between the Port, City, and developer. Construction of the Whatcom Waterway Park and Granary/Bloedel/Cornwall arterials should commence by mid-2015 and is expected to take 12 months to complete (FIGURE 5).



All of these items together show that the City and Port of Bellingham are ready to partner with private developers. The Port is very intentionally endeavoring to secure a developer partner now so that final plans for public investments in parks, infrastructure, and environmental cleanup on this unique shoreline brownfield site can benefit from a developer’s perspective and coordination.

Project Overview

Waterfront District Redevelopment Project

The Waterfront District is a brownfield redevelopment project with a total of 237 acres segmented into five (5) distinct areas. In 2005 the Port acquired 137 acres from Georgia Pacific (“GP”) corporation; this site had been filled historically for logging and shipping, and it had been used since 1928 as a pulp, paper, and tissue mill. In addition to being the primary landowner, the Port is responsible for the management of environmental cleanup of five (5) of the six (6) Washington State Department of Ecology listed sites within it.

The Waterfront District represents a joint planning effort of the Port and City involving residents, landowners, community stakeholders and resource agencies to create a long-term brownfield redevelopment opportunity. In addition to serving as the regulatory authority for the Waterfront District, the City is also a key redevelopment partner pursuant to the draft interlocal documents. The City has secured funding for a large portion of the infrastructure supporting the IDO and preliminary design work will begin in 2013. The State of Washington is also a key partner in the Waterfront District redevelopment: the Port and the State Department of Ecology are working together to complete the environmental remediation. Meanwhile, clean up is underway and is fully financed for the IDO.

The vision for redevelopment approved by the City Council, Port Commission, and a community stakeholder advisory group is embodied by four (4) key principles:

1. **Reinforce the Inherent Qualities of the Waterfront**
2. **Restore the Health of the Land and Water**
3. **Improve Public Access to the Water**
4. **Rebuild the Waterfront Economy**

Waterfront District Area Descriptions

Rebuilding Bellingham’s waterfront economy and creating new jobs are top priorities for the City and Port. At full build-out, the Waterfront District is projected to have up to 6,500 new jobs and up to 5,300,000 square feet of development. Traffic capacity modeling assumes roughly 57% of this square footage dedicated to commercial and industrial uses, 37% to residential uses, and 6% to retail uses (per EIS Addendum).

The areas within the Waterfront District will accommodate a range of land uses including shipping, marine trades, and light industrial activities. Buffers and careful transitions between areas will ensure the diverse uses will work well together on the large waterfront site.

FIGURE 6: The Waterfront District Areas



	COMMERCIAL	INDUSTRIAL	RESIDENTIAL	RETAIL	TOTAL
DOWNTOWN WATERFRONT	1,000,000	0	1,625,000	208,000	2,833,000
LOG POND	0	250,000	0	50,000	300,000
SHIPPING TERMINAL	0	280,000	0	20,000	300,000
CORNWALL BEACH	10,000	0	350,000	7,000	367,000
MARINE TRADES	410,000	1,000,000	0	90,000	1,500,000
TOTAL	1,420,000	1,530,000	1,975,000	375,000	5,300,000

- **Downtown Waterfront Area:** All of the 10.8 acres of the IDO are included in this 37-acre area. The Downtown Waterfront is intended to function as an Urban Village with a character and density slightly higher than the commercial portion of the City's Central Business District ("CBD"), to which it is adjacent, and the Fairhaven neighborhood south of the city center. The Downtown Waterfront is intended to be an extension of and critical link to the CBD. It will be pedestrian-oriented and offer strong connections to the water.

A mix of housing, office and institutional uses are proposed to be accommodated in an urban-density configuration centered around the Commercial Street Green open space and Bloedel Avenue. Uses that provide goods and services will mainly serve the population of the area. A site for a higher-education or other institutional or business campus is identified along the southern edge adjacent to the IDO and the industrial uses of the Log Pond.

- **Marine Trades Area:** This 58-acre area will be characterized by a working waterfront that supports a new marina planned for later phases and developed through adaptive reuse of the wastewater treatment lagoon. The main focus of development in this area is to accommodate jobs revolving around marine trades such as fishing, boat building, boat repair, marine haul out facilities, marine product manufacturing and supplies, research and development, and other services that support a marina.
- **Log Pond Area:** This 52-acre area is identified as an Industrial Mixed-Use area to be utilized for transportation, high-tech, bio-tech, construction or other industrial uses. The IDO and Downtown Waterfront area is buffered from this area by the institutional uses, including the proposed Western Washington University waterfront campus buildings, in the southern portion of the Downtown Waterfront area. The Port intends to lease or sell area within the Log Pond to tenants that can serve as a transition between the urban-level development of the institutional uses in the south Downtown Waterfront and the working waterfront-maritime industrial uses in the Shipping Terminal area.

Materials that are manufactured, processed or stored in this area may be imported or exported by truck or by vessel through the Bellingham Shipping Terminal or over the remaining portion of the GP Wharf south of the Downtown area. The shoreline and beach along the Log Pond will be restored for habitat and public enjoyment, accessible via a waterfront pedestrian and bicycle trail and by non-motorized vessels.

- **Shipping Terminal Area:** The existing deep-water port in this 20-acre area will be maintained for shipping, port and industrial related opportunities. Industrial uses will continue to characterize this area with the potential for use of its peripheral areas to accommodate transitions between related office, transportation, and light industrial uses.
- **Cornwall Beach Area:** A new park will comprise 14 of the 29-acre area, offering connections to Boulevard Park via a City-planned over-water walkway. A 2.2-acre medium density development parcel will be retained by the City for commercial and mixed use development in later phases.

Market Overview

The City of Bellingham is located approximately 50 miles south of Vancouver, BC, Canada and 90 miles north of Seattle. Bellingham's location along I-5 within two hours of two of North America's most dynamic metros places it centrally in the middle of a population base of over 6,000,000 people. Both Vancouver (3rd largest metro in Canada) and Seattle (15th largest metro in the US) consistently rank within the Top 10 investment markets for their respective countries (ULI annual Emerging Trends in Real Estate publication), owing to diversity of employment base, above-average job growth, driver of Pacific Rim trade, and attraction for Echo Boomers.

At the same time, with a city population of 81,000 and a regional population of 200,000, Bellingham retains its idyllic small-city flavor. The City is the commercial, cultural, entertainment, and recreation center for the Whatcom County metro area. Bordered by the Puget Sound waters of Bellingham Bay, marked by dramatic hills and three popular lakes, Bellingham is a beautiful place to live and work. Bellingham is acclaimed for its small-city flavor, easy access to outdoor opportunities in the San Juan Islands and North Cascades Mountains, its deep commitment to environmental sustainability and innovation, its diverse and strong local economy, and its overall quality of life.

- **Transportation Linkages:** The Bellingham Waterfront District is located just a few minutes from Interstate 5 ("I-5") and is close to Downtown Bellingham, Western Washington University ("WWU"), and the historic Fairhaven District. Bellingham International Airport is a thriving local airport with four (4) commercial airlines serving eleven (11) non-stop flight destinations including Las Vegas, Palm Springs, Portland, Phoenix, San Diego, Los Angeles, Oakland, Seattle, Honolulu, Maui, and Denver. Its commercial air terminal is in the second phase of a \$38.5 million expansion, attracting more than 1.2 million passengers in 2012. The airport also provides corporate and general aviation facilities. Bellingham's Fairhaven neighborhood is home to the Fairhaven Transportation Station (location of the southern terminus and only mainland terminal for the Alaska Marine Highway ferry system), the Amtrak passenger train station, Greyhound bus, taxi stands and City bus stops.

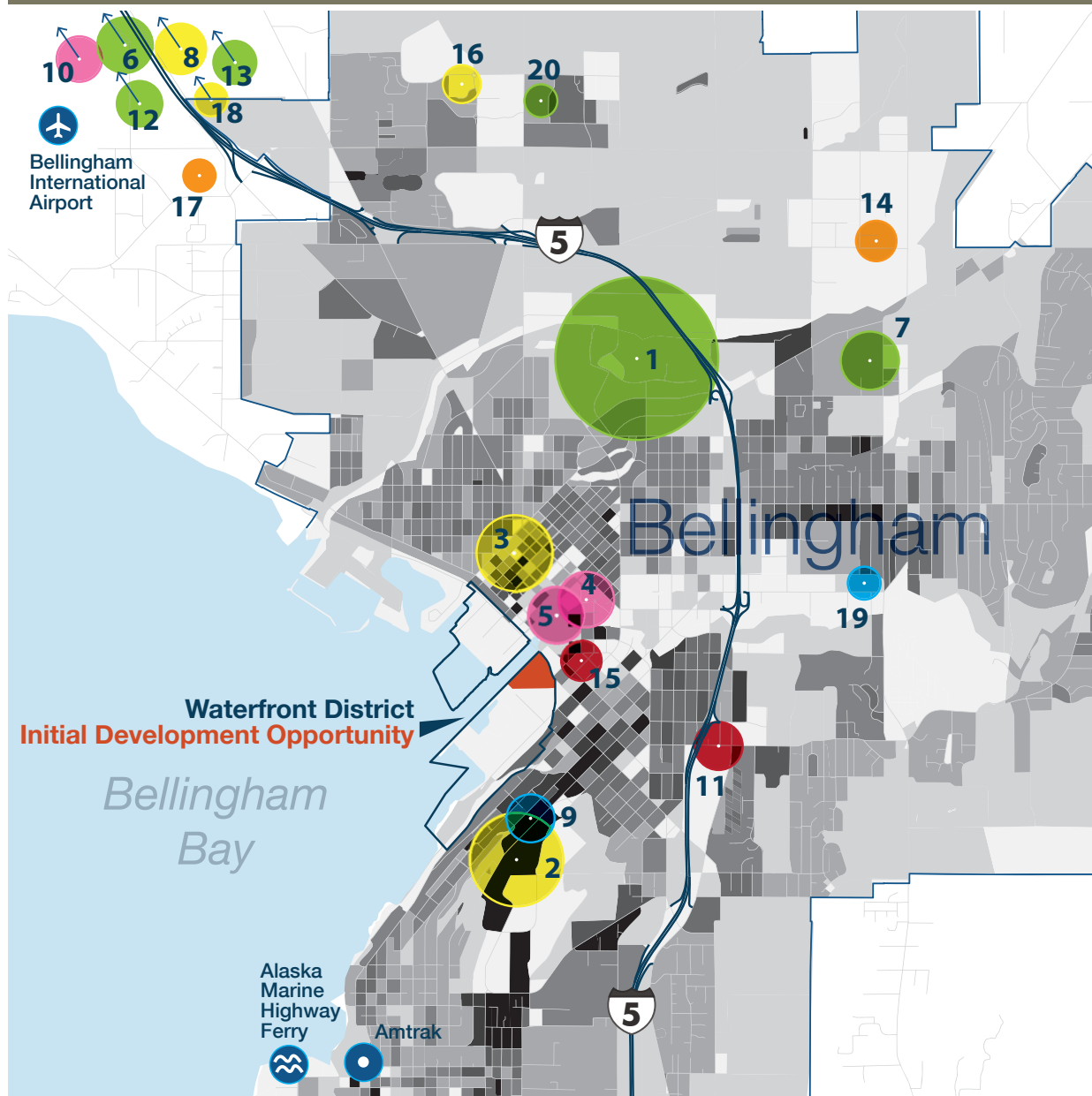


- **Employment Sectors:** Whatcom County's economy is a healthy balance of longstanding employment in oil and aluminum refining, fishing and farming, as well as emerging technologies and diverse small businesses. The five largest industry sectors in Bellingham's Urban Growth Area are Retail Trade (16%), Health Care & Social Assistance (16%), Arts, Entertainment, Accommodation and Food Services (11%), Manufacturing (9%) and Educational Services (8%). The metro's major employers are shown in **FIGURE 7**. While the top 20 employers account for one (1) out of every four (4) jobs, it is important to note that nearly 60% of businesses are comprised of companies with a workforce of four (4) or fewer employees.

Tourism is also a big driver of the local economy. Tourists are drawn regionally from British Columbia, Seattle, the Washington/Oregon/Idaho/California area, Western Washington University alumni worldwide, and markets with direct flights to Bellingham via the Bellingham International Airport. They go sailing in the San Juan Islands, skiing at Mt. Baker, attend functions at WWU, and recreate in the outdoor areas. Tourism expenditures in Whatcom County increased 10.3% in 2012 to \$596 million. The industry experienced a 4.4% increase in job growth in 2012, bringing the total to 6,080 local jobs.

As of 2012, the total non-farm workforce for the metro consists of 82,270 jobs, 32% of which are in office-demanding sectors. The workforce has grown by an average of 1.4% annually in the trailing 10 years for all non-farm industry sectors and 1.2% for office-demanding sectors; since 2009 office-demanding employment has grown at a rate of 1.7% annually. The metro currently consists of 5,665,000 square feet of office space and has absorbed 75,000 – 100,000 square feet of commercial space annually over the past 10 years. The vast majority of this space has been concentrated in the Fairhaven, Downtown, Barkley Village, and Bellwether areas.

FIGURE 7: Major Employers & Population Density



MAJOR EMPLOYERS BY TYPE

Circles depicted on map relative in size to number of employees.

- Education
- Manufacturing
- Retail
- Service
- Government
- Other



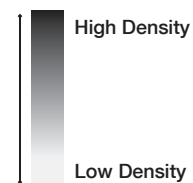
TOP 20 EMPLOYERS (2010-11)

RANK	BUSINESS	EMPLOYEES
1	St Joseph Hospital/Madrona Medical Group	2,753
2	Western Washington University	1,592
3	Bellingham School District	1,312
4	City of Bellingham	899
5	Whatcom County	864
6	BP Cherry Point Refinery	800 *
7	Heath Tecna Inc	704
8	Ferndale School District	698
9	Sodexo Services	652
10	Lummi Tribal Office	640
11	Fred Meyer	613
12	Alcoa Intalco	605 *
13	Silver Reef Casino	544
14	Matrix Service Incorporated	482 *
15	The Markets LLC	476
16	Whatcom Community College	413
17	Anvil Corp.	400
18	Lynden School District	360
19	Premier Graphics	354
20	Smith Gardens Incorporated	350

TRANSPORTATION AMENITIES

- Ferry
- Amtrak
- Airport

POPULATION DENSITY



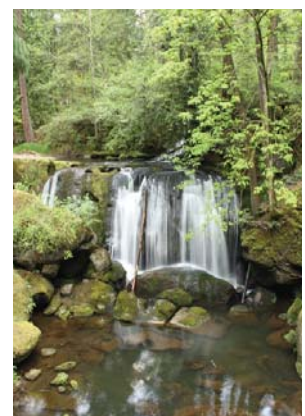
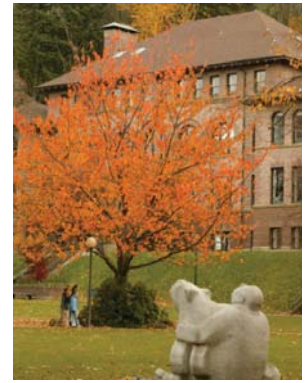
Top 20 Employer Source: Whatcom County Top 25 Employers (2010-11)
 * Employee counts are Full-Time Equivalent (FTE), all others are headcount

- **Higher Education:** Bellingham is home to the Northwest Indian College, Whatcom Community College, Bellingham Technical College, and Western Washington University. With an approximate enrollment of 14,500 students, WWU is the third largest public university in the state and the region's second largest employer. WWU is consistently recognized nationally for its successes, including US News and World Report's best public master's granting university in the Pacific Northwest, Kiplinger's top 100 Best Values in Public Colleges and Universities, Forbes Nation's Top Colleges, and the Sierra Club's recognition of WWU as one of the most sustainable and "green" campuses in the nation. For the overall community, many of the WWU graduates choose to live and work here after graduation, thereby providing a new generation of critical thinkers to the existing labor pool.

WWU has a long history of involvement with the Waterfront District, from participating in community planning to locate a division of their College of Science and Technology within the existing Technology Development Center (itself a part of the Marine Trades Area of the Waterfront District). Currently, WWU is working with the Port on ways to participate as a tenant within the IDO while at the same time shaping its plans for larger involvement in the institutional zone of the Downtown Waterfront Area. This larger involvement would establish a waterfront campus for areas of study that integrate WWU programs into the waterfront setting, possibly including classrooms, housing, and community resources. Expanding the campus to the waterfront is critical to WWU for their long-range growth needs.

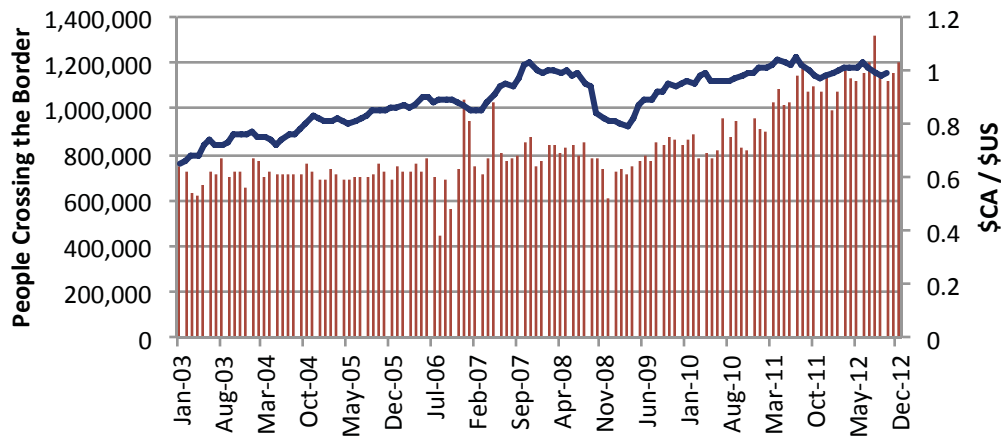
- **Demographics:** The large student population strongly influences the household characteristics in Bellingham. The City's residents are well educated compared to regional and state averages. Almost 40% of City residents have attained a bachelor's degree or higher, compared to 31% statewide. Of Bellingham's 35,000 households, 53% are of non-family status, and 54% are renters. Comparatively, only 28% of the metro households outside the City are of non-family status and only 25% are renters. Over the past 10 years, the market area has consistently added 50-100 multifamily units to the housing stock annually, concentrated almost exclusively in the neighborhoods of Fairhaven, Downtown, and Barkley Village.

The site draws from an existing population of over 205,000 in the County and over 3,000,000 in the market area. There are just under 100,000 people from within a five-mile radius with an average household income of \$61,500, and an average household size of 2.38 persons (2012 data). By 2017, population is expected to grow at a steady rate of 1.1% annually for an increase of just over 5,000 people. Over the same timeframe, average household income is expected to grow by 2.2% annually to \$68,500.



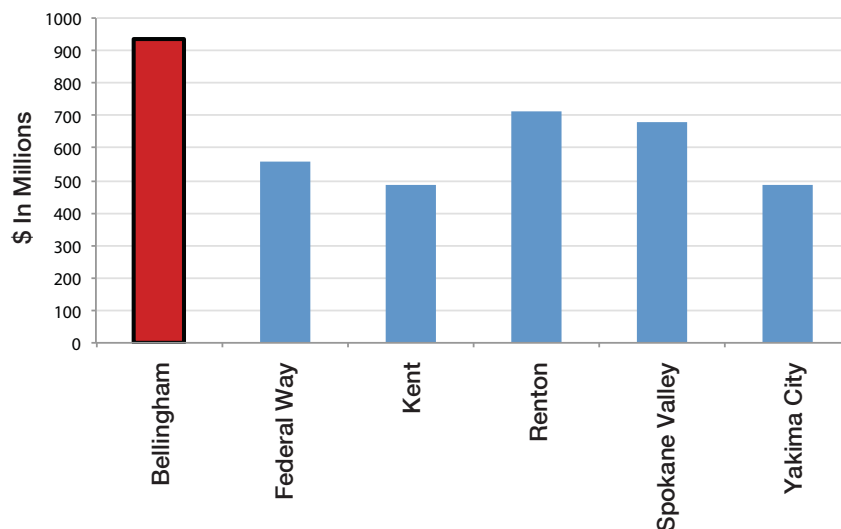
- **Canadian Influence:** Bellingham's proximity to lower British Columbia's metro area (population 3,000,000) is a major economic driver both in terms of Canadian consumer expenditures and Canadian companies' desire to have operations on the U.S. side of the border. There were 13.7 million border crossings into the US through the three Bellingham-area border crossings (Blaine, Lynden, and Sumas), an 8.45% increase over 2011 figures. Since 2003, the rate of crossings has consistently trended up save for a small dip during the recession (**FIGURE 8**).

FIGURE 8: Border Crossings



This Canadian influence is perhaps most strongly evidenced by retail sales receipts. For 2012, retail sales in Bellingham are projected to reach approximately \$935 million. This total will outpace those other comparably sized cities by almost \$225 million (**FIGURE 9**). The rationale for this isn't that Bellingham households spend vastly more of their disposable income on retail goods, but rather that millions of Canadians cross the border annually to take advantage of the pricing arbitrage, variety, and quality of goods in Washington compared to British Columbia. For similar reasons, many British Columbians elect to fly out of Bellingham International Airport instead of the Vancouver International Airport. Approximately 60% of the 1.2 million passengers to BLI in 2012 were from Canada. To meet this demand, the Port recently executed a letter of intent for development of the first hotel on airport grounds to serve this clientele.

FIGURE 9: Retail Sales Receipts



Public Investments - Regulatory

The Port and the City have made significant investments in the Waterfront District to ensure the Initial Development Opportunity is as shovel-ready as possible, removing early regulatory hurdles and providing developers with regulatory certainty for the next 20 years. At the same time, the current stage of the process allows for developers to provide valuable input prior to the final design of any infrastructure.

Planning Documents

A series of agreements between the Port and the City governing redevelopment of the Waterfront District are currently in the mid- stages of the City's approval process and it is expected they will be adopted by the end of 2013. The focus of this package of agreements and regulations is to create predictability and certainty for developers, yet be flexible for changing market conditions. With these agreements in place, developers will have most of their early environmental review and regulatory hurdles behind them. The agreements include:

1. **Sub-Area Plan or Master Plan:** This document, part of the City's Comprehensive Plan, describes the community vision, goals and policies for the Waterfront District and the five (5) different subareas, each with a unique character and land use. It presents a multi-modal plan for arterial streets, transportation, utilities and a system of parks and public access.
2. **Environmental Impact Statement ("EIS"):** The EIS analyzes the potential impacts for developing the Waterfront District according to the approach defined in the draft Master Plan. Key elements of analysis include traffic impacts, views, stormwater, historic resources, seismic hazards, and other environmental conditions. A Final EIS was published in July 2010 by the Port's SEPA Responsible Official. A second Addendum to the EIS, analyzing the 2012 Updated Preferred Alternative (i.e., current draft Sub-Area Plan) was completed in December 2012.
3. **Planned Action Ordinance ("PAO"):** The PAO provides early and comprehensive SEPA analysis and public involvement for the project based on the FEIS. It essentially serves as the umbrella environmental review document for planned development within a defined area and specifies mitigating measures for defined actions. With adoption of this ordinance, environmental review for the planned redevelopment will be streamlined for the entire Waterfront District, providing greater up-front certainty for the developers and the public, and avoiding the requirement to perform a series of project-level SEPA reviews for individual proposals.
4. **Development Regulations:** The development regulations, which include Design Standards, will be adopted as City code to define the specific land uses, density, building heights, Floor Area Ratios ("FAR"), and setbacks for buildings and sites, as well as development standards for public and private streets, and for pedestrian and bicycle facilities.
5. **Development Agreement ("DA"):** The DA creates predictability and certainty for development and defines applicable regulations and zoning for a defined period of time. It sets the vesting schedule, and commits the project to a goal of 10% of residential units developed for those making no more than 80% of area median income (AMI). This document also establishes an impact fee credit that may be used to offset transportation and park impact fees in the IDO. The DA requires approval by the Port, as landowner, and the City, as land use regulator.
6. **Interlocal Agreement for Capital Facilities ("CFA"):** The CFA clarifies future commitments by both the City and the Port for phased implementation of capital improvements in the Waterfront District, including environmental cleanup under MTCA, arterial streets, utilities, parks, and any associated property transfers for parks and right-of-way dedications between the Port and City. It establishes partnership protocols for coordinated administrative decision-making, project management, project requirements, budget planning, cooperative funding strategies, and implementation.

7. **Design Review and Document Approval Handbook:** The purpose of the handbook is to describe permit application procedures and points of contact at the Port and City for potential developers of property within the Waterfront District. The City has agreed to prepare this document after the final sub-area plan, development regulations and agreements have been approved by the Port Commission and City Council in late 2013.

Zoning and Development Regulations

The proposed zoning designation for the Initial Development Opportunity is Commercial Mixed ("CM"), envisioned to consist of a mix of residential, office, retail, and other commercial uses. Eating, drinking, entertainment, retail, and service establishments will be encouraged at ground level, with residential uses permitted on the ground level with certain conditions.

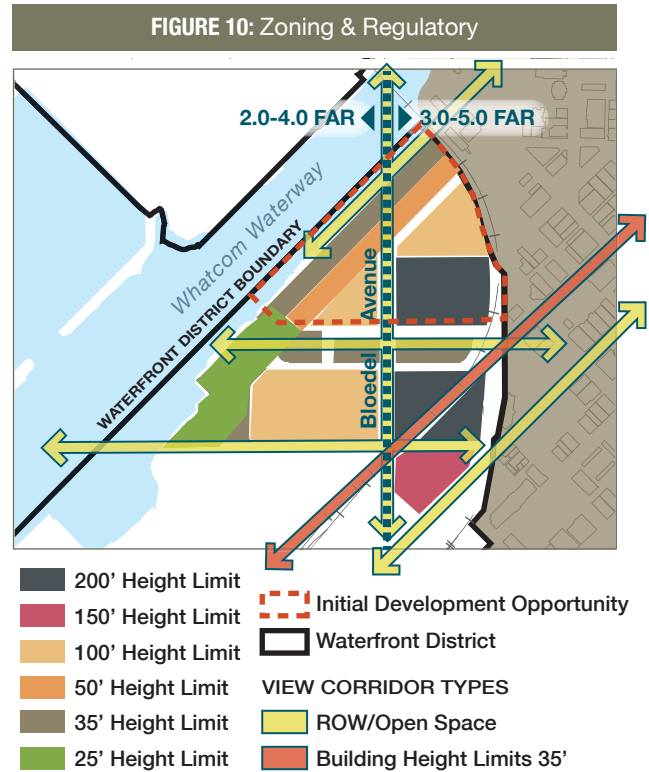
Bloedel Avenue is the main dividing line for allowed densities in the both the Downtown Waterfront area as a whole as well as the Initial Development Opportunity. Allowed Floor Area Ratios ("FAR") will range from 2.0 – 5.0 while building heights up to 200 feet will be permitted east of Bloedel Avenue outside the view corridors (**FIGURE 10**).

Bonus options are additive but cannot exceed the maximums. In addition to the bonus options listed in **FIGURE 10**, FAR may be transferred between properties that are part of a single development plan.

Parking Standards

The Port and City envision that parking will be accommodated through a balanced mix of on-street, surface lots, integrated structured parking, and freestanding garages to support the future development capacity. Initially, on-street parking and low-cost interim surface parking lots will provide much of the parking capacity. As density increases, the interim surface parking will transition to structured parking integrated into the development. The long-term strategy to redevelop surface parking lots as infill occurs allows maximum flexibility to encourage initial development without sacrificing the long-term vision of the Waterfront District as a dense urban environment with limited, but sufficient off-street surface parking. Permitting for development will include clear time lines for closure of interim surface lots and provisions for alternate parking facilities upon loss of interim surface parking.

Minimum parking requirements are illustrated in **FIGURE 10**. These code minimums can be reduced through shared parking reductions and through credits for on-street parking stalls.



COMMERCIAL MIXED ("CM") DEVELOPMENT STANDARDS		
FAR	WEST OF BLOEDEL AVE	EAST OF BLOEDEL AVE
Base	2.0	3.0
Max	4.0	5.0
HEIGHT	WEST OF BLOEDEL AVE	EAST OF BLOEDEL AVE
Max	100'	100-200'
Shoreline	30-50'	35-50'
View Corridors	35'	35'
PARKING	MIN. STALLS	PER
Residential	1.0	GSSF/Stall
Commercial Office	500	GSSF/Stall
Retail	500	GSSF/Stall
Restaurant	500	GSSF/Stall
Educational	500	GSSF/Stall
Industrial	5,000	-
BONUS OPTIONS	RATIO	MAX
Public Plaza/Open Space	2.5 SF granted for every 1 SF provided	1.0 FAR
Affordable Housing	4.0 granted for every 1 SF provided	0.5 FAR
Minimum LEED Silver	1.0 FAR bonus	1.0 FAR
Lake Whatcom Watershed Property Acq. Program	1.0 SF granted for each fee unit paid	0.5 FAR

Public Investments - Infrastructure

Overview

The City of Bellingham is committed to build the arterials, public parks, and trunk utilities within utility corridors to service development of the Initial Development Opportunity and the broader Waterfront District. The first arterial to be constructed, Granary Avenue, will provide pedestrian and vehicular access to the site. The existing access road, Central Avenue, which is between the Granary Building and the Whatcom Waterway, will then serve as broad public plaza and a welcoming pedestrian entrance to the Waterfront District.

Site grades are approximately 30 feet below the existing downtown elevation at Commercial, Cornwall, and Bay Streets. Future phases will bridge this steep bluff with a bridged arterial designed with a gentle slope extending from the Central Business District to the shoreline, with pedestrian-scale uses along the street level and below-grade structured parking. This integrated slope will also elevate the Downtown Waterfront area to deal with potential sea level rise.

The City intends to construct the arterial streets, public utilities, and parks in phases as defined in the Interlocal Agreement for Capital Facilities. The City and Port have planned for five phases of development (**FIGURE 11**), with infrastructure design for Phase 1 planned to begin in mid-2013 (including the Granary/Bloedel arterial and a portion of Whatcom Waterway park). Building on Bellingham's network of interconnected trails and open space, the City and Port will add 3.3 acres of new upland parks in the initial infrastructure phase within the IDO. Traditional public utilities will be installed during arterial street construction and private utilities will be coordinated to service adjacent development. Utility corridors will also be established for district energy, non-potable water and/or other utilities if deemed appropriate.



- | | |
|---|--|
|  Waterfront District | PROPOSED |
|  Initial Development Opportunity |  Shoreline Restoration Area |
| EXISTING |  Proposed Park |
|  Park |  Proposed Arterial Road |
|  Trail |  Proposed Local Road |
| |  Interim Road |
| |  Proposed Trail |

Parks and Open Space

One of the most significant elements encompassing the entire Waterfront District is that it will provide the community with numerous new waterfront access opportunities through the creation of approximately 33 acres of new upland parks and trails and six (6) acres of restored public beach. These signature parks and trails will link downtown Bellingham and adjacent neighborhoods to the waterfront and will feature outstanding areas to walk, play and experience the waterfront. Parks and open spaces within the Waterfront District will be interconnected by a network of pedestrian and bicycle trails, with connections to the Coast Millennium Trail system and other local parks and trail systems. This network of trails and sidewalks will eventually connect to Boulevard Park via a City-planned over-water walkway from the Cornwall Beach Area. The planned shoreline trail may be designed as a wide esplanade with benches and ornamental lighting along the top of the restored shoreline bank, with a few shoreline overlooks or viewing platforms.



Maritime Heritage Park, just a block northeast of the IDO, is the gateway to the 3-mile Whatcom Creek trail, which ends at Lake Whatcom. This Park also provides an important pedestrian connection from the city's urban core to Whatcom Waterway Park, adjacent to the IDO. Whatcom Waterway Park may become an esplanade that will merge with wide walks in front of waterfront mixed-use buildings, which will encourage cafes and restaurants to incorporate outdoor seating along the walk. The park space in this area will feature landscaped pockets, seating and spaces for passive recreation on lawn or turf between the shoreline trail and adjoining development areas between the trail and the water's edge will likely feature habitat restoration with designated public water access points at docks, overlooks and beaches formed when portions of the bulkheads are removed and the banks are softened.

Several sections of the existing GP wharf waterside and southwest of Parcel 2 will be retained to support water-dependent uses through the first three phases of development. Most of the remaining wharf sections will be removed as environmental remediation is completed and the adjacent uplands are converted to mixed-use development. In areas where sections of the GP wharf remain, the shoreline trail will be constructed along the upland edge of the wharf and will extend south through the Downtown Area of the Waterfront District along the southern edge of the Whatcom Waterway.

Where feasible and desirable, the City and Port will preserve artifacts on the Georgia Pacific site that have historic or aesthetic value, including salvaged building materials, equipment and storage tanks, display them as art icons at community gathering points, or incorporate them into new buildings.

Multi-Modal Transportation Framework

The Port and City have worked closely to design an arterial road grid for the Waterfront District that will work for a long-term phased project with extensions gradually being built as density and development occur. This road system has undergone comprehensive engineering, traffic flow and environmental analysis. It has been designed to protect established view corridors and to be built in a manner that addresses sea level rise. This road grid represents the "best fit" for this site. In the IDO, the non-arterial road grid layout is flexible, however must feature small block sizes and can be adjusted per developer vision to best fit the site, the development, and the users.

A phased network of transportation system improvements is proposed to accommodate the needs of pedestrians, cyclists, automobiles, transit and parking. The plan places an emphasis on pedestrian and bike routes, with selected areas of on-street parking; at full build-out, the network will consist of a grid of interconnected multi-modal streets, trails, dedicated bike lanes and transit routes to integrate the Waterfront District with surrounding neighborhoods.

Early phases of infrastructure are designed to activate the IDO, providing strong connections between downtown and the waterfront. The installation of park and trail connections will also occur in incremental phases in conjunction with installation of streets and utilities. The combination of transportation and public access features in early phases will create strong physical and visual connections between downtown and the waterfront and establish signature parks and public access features along the south side of the Whatcom Waterway. As the Downtown Waterfront Area gradually develops into an urban village, infrastructure will be expanded as necessary to serve proposed development and increase public access to the waterfront.

- **Transit Access:** Currently, transit service is available within a few blocks of the site on Holly Street and State Street. This service will be extended through the Waterfront District as it develops, and as residential and commercial densities increase.
- **Pedestrian Access:** Sidewalks along Cornwall Avenue, Chestnut Street, Roeder Avenue, and Central Avenue currently provide pedestrian access to the site, which will be extended along all new roads constructed within the development areas.
- **Bicycle Access:** Bicycles currently share traffic lanes with automobiles on Cornwall Avenue and Roeder Avenue. The South Bay trail provides pedestrian and bicycle access to Fairhaven along the top of the bluff at the southern end of the site. This bicycle network will be expanded with dedicated bike lanes on all arterial streets through the site as it develops.
- **Rail Access:** The main line of the Burlington Northern Railroad passes through the site, with active rail crossings at Cornwall Avenue, Wharf Street and Laurel Street. Passenger trains pass through the site and stop at the Fairhaven Station, approximately four (4) miles south of the site. Relocation of the railroad to a corridor along the base of the bluff is proposed to allow development of an efficient road grid within the Waterfront District and avoid at-grade rail crossings, however the timing of the relocation is uncertain. After it occurs, a portion of the old rail way within the Log Pond area may be retained as a side spur to serve the Bellingham Shipping Terminal.
- **Water Access:** The Waterfront District is also accessible by water. The Bellingham Shipping Terminal provides deep-water access to ocean-going ships. Navigable waters in the Whatcom and I&J Waterways provide water access, loading and off-loading, and haul-out facilities for commercial fishing boats, barges and recreational boats. Pocket beaches at the head of the I&J Waterway, north of the ASB lagoon and future marina, the Log Pond, Cornwall Cove, and south of the Cornwall Avenue Landfill may be upgraded for hand carry boats. Phase 4 planning includes a waterway float and gangway for recreational vessel moorage and access to the park and trail above.

Geotechnical

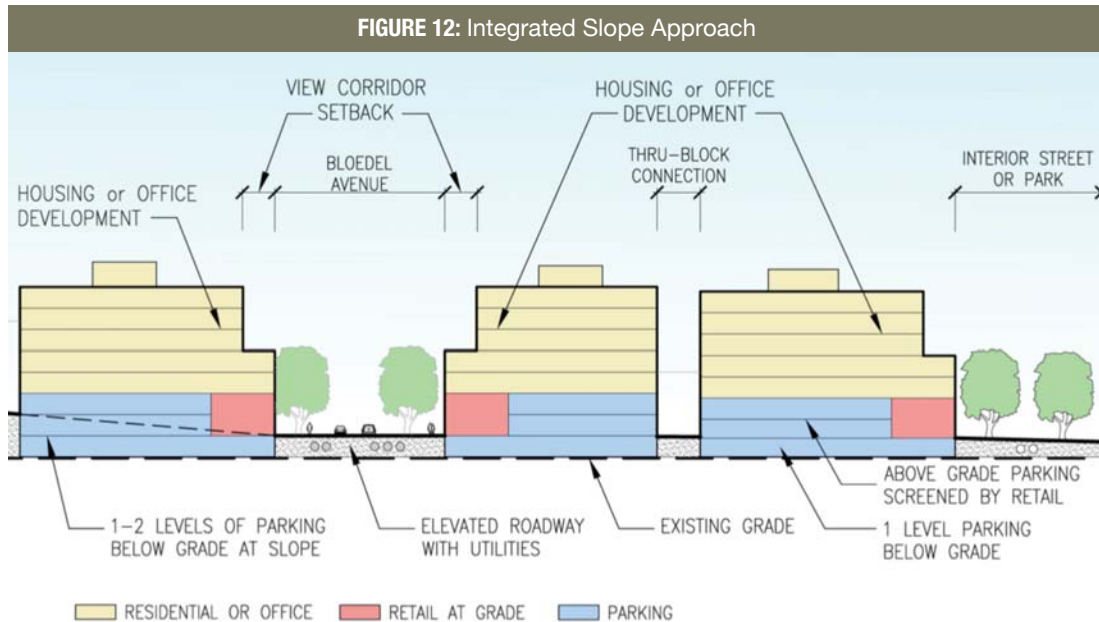
The Downtown Waterfront Area was created by filling tidal areas of Bellingham Bay. Depth to the bedrock is irregular and undulating; fill varies from 10'-30' near the bluff, and can be deeper than 150' near the waterway. The characterization of the fill in the project vicinity is typically variable in composition, ranging from beach deposits, clay derived from dredging, variable silt, sand, debris from upland sources, and pipes and foundations from former mill operations. The fill is generally loose/soft, compressible, with low shear strength, and the granular zones are moderately to highly susceptible to soil liquefaction below the water table. The fill has been found to contain higher debris content toward the bluff.

Most of the existing and past buildings within the Waterfront District have been pile-supported. More recently, some ground improvement techniques have been used on commercial and public foundation infrastructure in these types of waterfront environments.¹

¹ These two approaches are discussed in more detail in the June 2011 Preliminary Geotechnical Report available as part of the due diligence materials.

Utilities and Grading

- Integrated Slope Approach:** Due to challenges with excavation below the existing grade, the City will raise the arterial street level across the Downtown Waterfront by a minimum of six (6) feet in the course of installing infrastructure. This will both accommodate sea-level rise as well as allow below-grade parking for building pads (above the current site grades) to achieve the desired street level elevations (FIGURE 12). Clean fill will be used to raise streets to the appropriate elevations and support utility installations.



- Potable Water:** Potable water mains surround the Waterfront District at a number of locations (Beal Memorial Way in the vicinity of the Oak Street right of way, Pine Street, Laurel Street, C Street, F Street, Hilton Avenue). Potable water system infrastructure will be installed within the site's new arterial roadway network in concert with onsite development need and in coordination with other utility system improvements. It is anticipated, desired, and expected that sustainable water practices, which may include reuse of gray water and/or rainwater harvesting, will be incorporated into any developments in the Waterfront District from the outset.
- Non-Potable Water:** A significant source of non-potable water is available on the east side of the IDO via two industrial water mains; it can be used for irrigation, purple pipe, and/or other non-potable uses. Developers are encouraged to consider sustainable uses of this resource to lessen the development's potable water needs.
- Sanitary Sewer:** The City's Capital Facilities Plan affirms that improvements to the existing sanitary system can service the full amount of planned development. Sewer pipes surround the Waterfront District and extend into the site at a number of locations (Beal Memorial Way, Pine Street, Laurel Street, C Street, Hilton Avenue). The majority of the site's existing gravity sewer system, especially in the area south of the Whatcom Waterway, will be reconstructed and relocated within the site's new roadway network contingent on-site development needs and in coordination with other utility system improvements. While new on-site pump stations will be required to help transport collected wastewater to the Post Point Pollution Control Plant, it is anticipated, desired, and expected that alternative and sustainable methods of dealing with sewage will be incorporated into any developments in the Waterfront District from the outset, thus reducing the need for pump stations or extensive sewer infrastructure is anticipated, desired, and expected that alternative and sustainable methods of dealing with sewage will be incorporated into any developments in the Waterfront District from the outset, thus reducing the need for pump stations or extensive sewer infrastructure.

- **Stormwater:** New conveyance facilities for stormwater will be installed along with arterial roadways by the City in coordination with the phased construction of streets and other infrastructure. The street stormwater systems will be designed in accordance with Ecology stormwater requirements, the “LID Technical Guidance Manual for Puget Sound” and Eco District-type development strategies, while following MTCA recommendations for protecting soil, groundwater, and marine resources. Arterial street stormwater facilities will focus on utilization of LID techniques but may also be integrated into the new system of waterfront parks, creating a visual and attractive theme of natural water connections between upland areas and newly restored shorelines where appropriate and consistent with park goals and plans. In most locations, the infiltration of stormwater will be avoided in order to prevent contact with contaminated subsoils. Development within the IDO should consider low-impact development strategies, such as the use of green roofs, pervious surfaces, rain gardens, bioswales, and rainwater reuse as long as they are designed to be compatible with MTCA site cleanup requirements and meet applicable storm water regulations. It is anticipated, desired, and expected that sustainable stormwater treatment practices will be incorporated into any development in the Waterfront District from the outset, thus reducing the need for stormwater conveyance and treatment facilities.
- **Electricity:** Puget Sound Energy (“PSE”) provides electricity to customers in and around the Waterfront District. PSE is expanding its electrical substation system to meet the area’s long-term energy demands and will accommodate the planned levels of development in the Waterfront District contingent upon energy demands and site development needs. Most of the site’s existing electrical lines will be removed or replaced with below-grade lines within the site’s new roadway network in coordination with other utility system improvements. It is anticipated, desired, and expected that sustainable and energy efficient systems and practices related to electricity use will be incorporated into any development in the Waterfront District from the outset.
- **Natural Gas:** Cascade Natural Gas provides natural gas service to customers in and around the Waterfront District. Cascade Natural Gas has sufficient capacity to service the full amount of planned development in the Waterfront District. A 16-inch high-pressure natural gas distribution line traverses the perimeter of the site along Roeder Avenue, Chestnut Street and Cornwall Avenue and gas lines extend to the site at a number of locations. Most gas lines will be built within the site’s new roadway network contingent on site development needs and in coordination with other utility system improvements. It is anticipated, desired, and expected that sustainable and energy efficient systems and practices related to natural gas use will be incorporated into any development in the Waterfront District from the outset.
- **District Energy:** The City is reviewing the feasibility of a district energy system within the Waterfront District to serve both the IDO and future development. RFP responses should include a discussion on how this system could integrate with the proposal for the IDO including public/private utility partnership concepts.
- **Telecommunications:** As street infrastructure is installed fiber optic telecommunication service would be coordinated and installed with regional providers to ensure that trunk line service would be available for development.

Public Investments – Environmental

Waterfront District

The IDO is within the Downtown Waterfront Area, part of the larger 237-acre Waterfront District, which is an expansive brownfield redevelopment project. As such, portions of the Waterfront District are affected by soil, groundwater and/or sediment contamination caused by historic releases of hazardous substances. The Port and City will complete over \$150 million worth of environmental cleanup over the entire former GP Site to address a range of hazardous substances in the soil, marine sediment, and groundwater with regulatory oversight by the Washington State Department of Ecology (“Ecology”). Many of the steps investors would typically need to take on brownfield projects will be completed by the Port and City in the Waterfront District, including agreements and settlements (Consent Decrees and Agreed Orders) with Ecology for the planned cleanup projects. Widespread environmental testing has been performed, and Consent Decrees with Ecology will be in place settling liability for known contamination. In addition to evaluating final cleanup alternatives for the Downtown Waterfront, Ecology has partnered with the Port to allow several early action cleanups to be completed in the recent years, enabling the redevelopment to move forward.

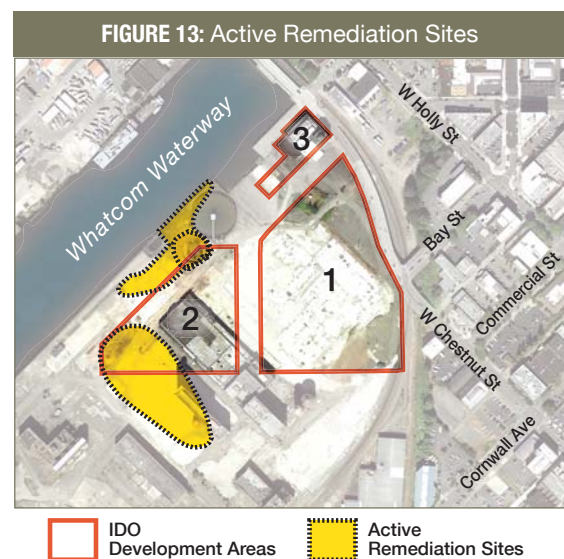
Once the Consent Decrees are signed and cleanup actions are completed as required, all areas of the Waterfront District will meet state cleanup standards for safe, mixed-use redevelopment. However, it is anticipated that there will be areas where contaminants will remain safely below the surface in soil, sediment, and groundwater, either at concentrations below regulatory action levels or contained with environmental caps and groundwater barriers. At this point, disturbance of the contaminated soils or groundwater will not change the remediation but will require appropriate handling of these materials in the construction process. Close coordination between environmental cleanup, land use planning, and geotechnical engineering is needed to achieve the redevelopment of the Waterfront District.

The Master Plan has been developed with careful consideration given to the types, levels, and location of contaminants expected to remain on-site. Residential, commercial and retail uses are focused in areas which are clean or will contain Ecology-accepted levels of isolated contaminants.

Initial Development Phase

Based on current Ecology-approved Remedial Investigation reports, it is anticipated that only limited areas within the IDO will require active remediation work. These areas are in addition to the shoreline cleanup and restoration activities, which are planned as parks and open space. Remediation of the identified active remediation sites (FIGURE 13) are targeted for completion by the end of 2015.

As with any brownfield redevelopment, once the cleanup is complete any disturbance that causes release of contaminants must be planned and understood. The Port will be responsible for cleanup and containment of contamination that exists on the Site and will issue development guidelines and controls for all areas where the cleanup is complete and the site is ready for development. Alternately, it may be possible to proceed with development concurrently with cleanup to maximize efficiency of both cleanup and development, design building foundations and other project elements to function as part of the environmental cap under MTCA, and minimize possible release of contaminants later during the development process.



Sustainability

The City and Port both desire a highly sustainable development in the Waterfront District. The proposed draft Master Plan includes sustainable goals, policies, and requirements as well as elements from known sustainability programs such as the US Green Building Council's Leadership in Energy and Environmental Design for Neighborhood Development ("LEED"; "LEED-ND") and the Portland Sustainability Institute's EcoDistrict Program ("EcoDistrict")². Public street infrastructure will also actively seek certification by the Greenroads Foundation ("Greenroads")³ as a further commitment to sustainability.

The Waterfront District Downtown Waterfront Area as planned achieved a Stage 1 Certification under the LEED-ND program. This program integrates the principles of smart growth, new urbanism, and green building; it also benefits communities by reducing urban sprawl, increasing transportation choices, decreasing automobile dependence, encouraging healthy living, and protecting threatened species. These development strategies are reflected in policies and implementation strategies throughout the Sub-Area Master Plan.

There is considerable overlap between City and Port sustainability elements in existing planning documents, the LEED-ND program concepts, and EcoDistrict concepts. It is anticipated, desired, and expected by the community that these concepts will guide public and private development.

The Waterfront District presents significant opportunities to develop a high-performance sustainable neighborhood as defined by these concepts. They will help reduce public and private utility costs over the long-term and provide the Waterfront District with a major competitive advantage. The Port and City will seek to collaboratively consider and develop sustainable concepts for the Waterfront District including (but not limited to):

- Deep water cooling from Bellingham Bay;
- Solar power;
- District energy development;
- Waste energy capture from adjacent industrial operations;
- Non-potable water systems;
- Cycle and pedestrian corridors;
- Transit access;
- On-site materials re-use;
- Environmental asset protection and enhancement;
- Community engagement and interaction; and
- Low-Impact stormwater management.

² For more on the EcoDistrict concept, see www.pdxinstitute.org

³ For more on Greenroads see www.greenroads.org

Proposal Requirements

Key Business Terms

As part of your RFP response, please acknowledge acceptance of the minimum business terms stated below, or acknowledge areas of disagreement with any of these terms, with an explanation or suggestion of an alternative way of addressing the term in question. These minimum business terms will be incorporated into the transaction agreements negotiated during the Exclusive Negotiation Period immediately following selection of a preferred developer(s):

1. **Vision:** The developer will commit to a design for the Initial Development Opportunity that fulfills the Port, City, and Community's Vision for the Waterfront District redevelopment.
2. **Process:**
 - a. The developer will, unless otherwise determined by the Port, participate in formal community outreach, public meetings, and hearings where the Waterfront District redevelopment is discussed;
 - b. The developer will collaborate with the Port and City on key infrastructure decisions and the sequencing of environmental cleanup activities with construction activities;
 - c. The developer will be responsible for conducting all feasibility analyses necessary to undertake redevelopment within the IDO;
 - d. The developer will provide a plan for the marketing and leasing of the development projects within the IDO;
 - e. The developer will meet all City, state, and federal requirements for the permitting and the environmental review of the planned improvements;
 - f. The Port will review and approve the design of the project prior to submission of plans to the City;
 - g. The developer will retain ultimate responsibility for the design quality, integrated project cohesion, and overall project performance for all parcels included in this response;
 - h. The developer will commit to a market-based schedule for the completion of the IDO, as mutually agreed upon by the developer and the Port; and
 - i. The developer will provide a plan that incorporates sustainability goals with measurable metrics into the development projects.
3. **Financing:**
 - a. The developer will make a significant financial commitment to the IDO;
 - b. The developer will obtain adequate financing to assure completion of the IDO; and
 - c. The developer will pay Fair Market Value to the Port for any and all land acquired within the IDO.

Proposal Requirements

RESPONSES TO THIS RFP MUST INCLUDE THE FOLLOWING ELEMENTS. Responses should address all of the elements identified below and should provide a sufficient level of detail to allow the Port to evaluate proposals. Please indicate if your proposal is as a master developer, as a project-specific developer within the IDO, or as an adaptive reuse developer of the Granary Building. Your proposal will not be legally binding on either you or the Port, **however it must be signed by an authorized officer or principal of your firm.**

1. **Capability of the Development Team:**

- a. Please provide background information on your company (history, management team, expertise, etc.).
- b. Please list and provide bios of the people in your organization that will be involved with this venture. Include any background information that is relevant to this project.
- c. Please list and provide information on your proposed advisor or consultant firms that you consider to be key members of your team, including individual bios where appropriate. This may include legal counsel, architecture firms, engineering firms, and/or any other third party advisors.
- d. Provide a description of past and current development projects that demonstrate your firm's ability to manage projects of similar size and complexity from concept initiation to a successful outcome. Special emphasis should be placed on your firm's experience with:
 - ii. Brownfield redevelopment;
 - iii. Public/Private Partnerships or Transactions;
 - iv. Master developer experience on multi-use, multi-phase projects;
 - v. Waterfront District-level sustainability efforts (i.e. including any LEED-ND, EcoDistrict, or other programs); and
 - vi. Adaptive reuse (as applicable to your pursuit of the Granary Building).
- e. Provide information about how you anticipate funding your development concept including the level of co-invest, third party equity, and debt.
- f. Describe any past or current litigation or other legal disputes that could impact your firm's ability to perform on this project.
- g. References: Include at least three (3) project partner references that can speak to your firm's track record, expertise, and capabilities.

2. **Development Concept:** To help the Port understand the scope, density, quality, and cohesion of your project, submit illustrations of your development concept with concept-level site plans and sketches (i.e. Plan, Elevation, and Axonometric) accompanied by a redevelopment concept statement to include:

- a. **Proposed uses** – Include approximate square footages and unit counts. Discuss any public amenities included in your development concept. Explain which uses and/or parcels you intend to develop yourself and which you intend to engage third parties to undertake;
- b. **Bulk and Massing** – Density and scale, building height, lot coverage, open and green space, public areas, etc.;
- c. **Transportation and Parking Program** – Delineate the pedestrian, bike, transit, automobile system and parking program to support proposed uses;

- d. **Sustainability and Development Quality** – Describe the character and quality of development you foresee for the IDO. Describe all of the sustainable elements of your development concept, including any specific goals relating to long-term sustainability including specific measurable sustainability metrics.
 - e. **Jobs** – Estimate the number and type of permanent jobs in the proposed development area.
 - f. **Affordable Housing** – Explain your solution for satisfying the requirement that 10% of all residential development be affordable to households earning no more than 80% of AMI.
 - g. **Brownfield Challenges** – Describe how you might determine solutions for typical brownfield development issues (i.e. non-disturbance of mitigation caps, soils management, etc.); and
 - h. **Port Role** – Describe the role you see the Port playing in the development process.
3. **Proposed Transaction Structure:** Describe the elements of your proposed transaction structure:
- a. Land area to be acquired (whether by sale, lease, or other structures);
 - b. Project Phasing (note that releases of land for development would be based on successfully achieving agreed upon performance measures);
 - c. Purchase Price: The Port must receive Fair Market Value (“FMV”) for any and all property sold or leased.
 - d. Earnest Money: Demonstration of your financial commitment to pursue the project (i.e., exclusive negotiating fee, earnest money deposit, etc.);
 - e. Timing and Transaction Commitment: Indicate your desired closing date, your required conditions of closing the transaction, including any required approvals and the timing anticipated in obtaining such approvals; and
 - f. Other material terms and conditions required by you if you are selected for exclusive negotiations, including what, if any, incentives, subsidies, or direct investments you are assuming in addition to those represented in this RFP and supporting materials (note that the Port is not assuming any additional incentives, subsidies, or direct investments will be required).

Selection Process

Evaluation Criteria

The following criteria will guide the selection of a preferred developer(s) by the Port:

1. **Capability of the Developer:**

- Materials submitted demonstrate financial strength and ability;
- Developer competence demonstrated through performance track record;
- Demonstrated capacity to take on this project, including appropriate involvement from executive leadership within your firm; and
- Overall strength and experience of the development team.

2. **Development Concept:**

- Demonstrates a mix of uses and site layout that helps support 18-hour per day usage, including ground floor retail wherever feasible;
- Works with adjacent neighborhoods and with adjacent working waterfront, reflects the history of the site, and fits into the character of Bellingham;
- Encompasses most or all of the Initial Development Opportunity;
- Defines phasing plan for investment and project build-out, including criterion and/or factors that will be used to activate each phase.
- Strives to achieve a high level of sustainability, not only for individual buildings, but on a Waterfront District-wide level;
- Strives for enduring and high-quality job creation;
- Seeks to hide parking by minimizing surface parking and employing approaches to place it in structures, below grade, or wrapping/tucking it with pedestrian friendly uses; and
- Demonstrates pedestrian orientation and provides and enhances coordination and connectivity both among individual uses in the Waterfront District and between the Waterfront District, Old Town, Downtown, and other surrounding areas.

3. **Preferred Transaction Structure:**

- Clearly illustrates how preferred transaction structure best supports realization of a viable project that meets or exceeds the Port, City, and Community's Vision for redevelopment of the Waterfront District;
- Demonstrates a logical phasing plan that matches City planned infrastructure construction and works with Port environmental cleanup;
- Offers Fair Market Value for the Initial Development Opportunity;
- Demonstrates financial commitment to the Port early by maximizing non-refundable payments to the Port; and
- Minimizes closing contingencies (those not otherwise required by the Port).

4. **Key Business Terms:**

- Acknowledgment of Key Business Terms.

Guidelines for Submittal

Proposers must submit:

- One (1) original unbound copy of the RFP response;
- Four (4) bound hardcopies of the RFP response; and
- One (1) electronic PDF file of the RFP response contained on a CD.

Please tab sections for easy reference.

Responses must be addressed to:

Port of Bellingham
Attn: Lydia Bennett
1801 Roeder Avenue
Bellingham, WA 98225

Responses must be received by 4:00 pm on Wednesday, July 10, 2013. Responses may be sent by mail or hand-delivered; however, if sent by mail, the responsibility of their timely delivery is wholly upon the respondent. Faxed or emailed responses to this RFP will not be accepted.

Questions about the information contained within this RFP are welcomed and encouraged.

Please direct any questions you have to:

Lydia Bennett
Business Development Director
Port of Bellingham
lydiab@portofbellingham.com
(360) 676-2500

Rob Fix
Executive Director
Port of Bellingham
robfix@portofbellingham.com
(360) 676-2500

Matt Anderson
Principal & Senior Project Director
Heartland, LLC
manderson@htland.com
(206) 682-2500

Doug Larson
Principal & Project Director
Heartland, LLC
dlarson@htland.com
(206) 682-2500

Selection Process

The Port will review the responses to this RFP and will then schedule interviews with selected proposers. Following interviews, Port staff will make a recommendation to the Port Commission of both a preferred developer(s) and an alternate developer(s). The Port Commission has final decision-making authority.

Upon approval by the Port Commission, the preferred developer(s) and the Port will enter into an Exclusive Negotiating Agreement (“ENA”) for the purposes of structuring a Purchase and Development Agreement (“PDA”). If the parties cannot execute a PDA within the time period specified by the ENA, the Port reserves the right to enter into negotiations with the alternate development team.

The selection process for this RFP is outlined in the following tentative schedule. Dates are subject to change.

- | | |
|---|--|
| • Issue RFP | May 15, 2013 |
| • RFP Responses Due | July 10, 2013 |
| • RFP Response Review and Interviews | July 11 - August 13, 2013 |
| • Announcement of Preferred Developer(s) | August 20, 2013 |
| • Exclusive Negotiation Period | August 21, 2013 – December 31, 2013 |

Miscellaneous



PORT OF BELLINGHAM *Washington State* About the Port of Bellingham

The Port of Bellingham works closely with private enterprise and local and state agencies to facilitate essential transportation and economic development needs of the region, including facilitating the retention of existing business and the location of new business to Whatcom County. Bellingham enjoys an active waterfront port that supports fishing, charter cruises, leisure boating, boat building, shipping and marina operations. The Port's Squalicum Harbor Marina is the second largest in Puget Sound, with 1,400 pleasure and commercial boats moored in its slips.

Marine trades are an important part of the local economy. Marine Trades tenants include cold storage (the largest waterfront cold storage on the west coast), fish processing, boat building and marine supplies and services. Many local businesses rely upon large and small boat owners in our public marinas as their customers. Direct and indirect local employment generated from the Port's current marinas total 431 full-time jobs, and local purchases made by marine trades businesses total over \$11 million. These businesses pay about \$2 million annually in state and local taxes.

- Marine trades tenants represent 50% of the direct jobs generated by overall Port operations - 2,187 out of 4,084 direct jobs
- Marine industry supported another 1,618 jobs through spending by these businesses and by the people in the direct jobs.
- The local purchases made by marine industry total \$57.5 million and these businesses contributed \$17 million in state and local taxes annually.
- The business revenues created by marine industry at the port equals \$567 million – over 60% of the revenue received by all Port-anchored business.

At the same time, the Port of Bellingham's activities go far beyond seaport activities. Its many other activities are dedicated to meeting the broader economic and transportation needs of Whatcom County. The Bellingham International Airport, marine and rail passenger terminals, two marinas, a cargo transportation terminal, and those activities of over 250 different Port commercial property tenants account for more than 10% of the employment in Whatcom County.

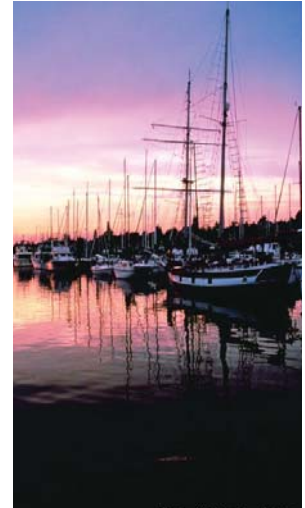
www.portofbelllingham.com



About the City of Bellingham

The City of Bellingham is the largest city and the county seat of Whatcom County in Washington State. Bellingham is acclaimed for its small-city flavor, mild and temperate climate, and easy access to outdoor opportunities both within the City and nearby in the San Juan Islands and North Cascades Mountains. Proximity to the cosmopolitan cities of Vancouver, British Columbia (Canada), and Seattle means there are over 3,000,000 in population within a one hour drive. Bellingham has a thriving weekly Farmer's Market, and is where the renowned Ski-to-Sea festival and end of relay race occurs (seven legs from Mt Baker to Bellingham Bay).

The City of Bellingham is committed to supporting and retaining its business community and enhancing



economic development. With Mayor Kelli Linville leading the charge, the City has identified economic development as a top strategic priority, involving economic diversification, building a positive business climate, maintaining an adequate supply of buildable land and infrastructure, encouraging mixed-use urban villages, and making continual investments in the quality of life. Within this economic development focus, redevelopment of the Waterfront District is a key City initiative. The Waterfront District will have a significant impact on the City's identity and overall character for generations to come. The City's immediate goals are environmental cleanup, job creation and public access. Other economic development initiatives include working with the Port, the County, WWU and other colleges, the Chamber of Commerce and other groups to support their efforts, creating capacity for development by expanding the wastewater treatment system and other critical infrastructure, meeting community goals and values to enhance the quality of life by investing in environmental cleanup and natural resources protection, and continually developing and enhancing the parks and trail system.

www.cob.org

HEARTLAND **About Heartland**

Heartland is a Seattle-based real estate advisory and investment firm with over 28 years of experience designing, analyzing and implementing strategies to manage risk and optimize value in all aspects of both the built and natural environment. Our practice areas focus on public and private clients, capital markets, brokerage, and investments.

Since forming the firm in 1984, our practice has been rooted in a deep understanding of the fundamental drivers of land use economics. With experience across both the public and private realm, we offer a unique ability to blend the needs of the private developer/investor with the needs of the public sector and public processes. Additionally, the expertise derived from work on our own investments and developments enhances and leverages our ability to advise others in all aspects of real estate-related activities.

As a strategic real estate consultancy, Heartland's clients range from Fortune 500 companies and private landowners to municipalities and port authorities. While the majority of our work is focused in Washington, we also have relationships and clients that take our work national and international

www.heartlandllc.com

Disclaimers

- *Information provided as part of this RFP response is subject to public disclosure laws and should be considered public information.*
- *All information contained in this RFP was obtained from sources we believe to be reliable. HOWEVER, we make no guarantee, warranty, or representation as to its accuracy or completeness, and reserve the right to amend any such information by way of addition, deletion, or amendment. Summaries contained herein of any legal documents are not intended to be a comprehensive statement of the terms of such documents, but rather are outlines of some of the principal provisions contained therein. The furnishing of such information will not convey any rights or license with respect to such information.*
- *The Port reserves the right at any time and for any reason to reject any or all responses to the RFP, to waive any irregularities in any response, and to terminate the process entirely. Further, the Port reserves the right to issue notice of changes to the RFP and to extend deadlines, as it deems necessary.*
- *Any commission paid to a broker representing a developer, user, or buyer will be paid by represented party. No finder's fees, commissions, expenses, or other compensation will be paid by the Port or Heartland to agents, consultants, advisors, or other intermediaries of any interested party.*

Appendix

Supporting Materials Within the FTP Site

In addition to the summary information contained within this RFP, supporting documentation is available through both an FTP site and DRiVE Google Earth visualization platform.

- **FTP Site:**

- **URL:** <http://ftpserver.htland.com/>
- **Username:** *POBellingham2013*
- **Password:** *WaterfrontIDO*

- **DRiVE Google Earth Platform:** <http://dr-i-ve.com/heartland/pobf>

- **FTP Categories**

- I. District Branding**

- a. Jan 2008 Waterfront Marketing and Branding Report

- II. Entitlements** [Note: All draft documents were prepared by the Port and City administrations. The issuance of this RFP does not constitute approval by City Council or the Port Commission.]

- a. Jul 2010 FEIS
 - b. Oct 2012 SEIS Addendum
 - c. Dec 2012 Design Standards Draft
 - d. Dec 2012 Development Agreement Draft
 - e. Dec 2012 Development Regulations Draft
 - f. Dec 2012 Sub-Area [Master] Plan Draft
 - g. Dec 2012 Facilities Agreement Draft
 - h. Dec 2012 Planned Action Ordinance Draft

- III. Environmental**

- a. Sep 2009 Agreed Order GP West
 - b. Oct 2010 Potential Interim Action Areas GP West
 - c. Apr 2011 Interim Action Pre-Design Investigation Report GP West
 - d. Aug 2011 Agreed Order Amend 1 GP West
 - e. Aug 2011 Interim Action Workplan GP West
 - f. Feb 2012 Brownfields Workshop Report
 - g. Feb 2012 Bunker C Interim Action Report GP West
 - h. Aug 2012 HLLC Cleanup Timing Summary
 - i. May 2013 Remedial Investigation DRAFT GP West

- IV. Geotech**

- a. Jun 2011 Preliminary Geotech and Foundations Report

V. Granary

- a. Nov 2005 Bird Residue Cleanup and Control
- b. Jun 2012 Site Specific Health and Safety Plan
- c. Aug 2012 Brief History of the Granary

VI. Infrastructure

- a. Dec 2012 Sub-Area [Master] Plan Infrastructure and Cleanup Costs
- b. Dec 2012 Public Investment Phasing Maps
- c. Jan 2013 Historical Resources Plan Draft

VII. Site Control

- a. Jan 2005 Statutory Warranty Deed

VIII. Title-Survey

- a. Nov 2004 ALTA Survey
- b. Jan 2005 Owner's Title Policy

IX. Transportation

- a. Aug 2012 Granary Access Study Report
- b. Oct 2012 Transportation Analysis Update for 2012 SEIS Addendum