




MEMORANDUM

TO: Rob Fix
DATE: October 8, 2019
FROM: Brian Gouran 
COPIES: Frank Chmelik
Mike Hogan
SUBJECT: Harcourt Project No.2 – Project Memorandum Material Modification

ACTION REQUESTED

Authorize the Executive Director to approve Material Modification No.1 to the Project Memorandum for Harcourt's Waterfront Residential project, in accordance with Section 5.2 of the Master Development Agreement.

BACKGROUND

In March, 2018 the Port of Bellingham (the Port) approved a Project Memorandum prepared by Harcourt Bellingham, LLC for a Waterfront Residential development project within the Downtown Waterfront. Since that time, the Port has sold the approximately 1.7 acre parcel for this project to Harcourt and Harcourt is underway with project design and permitting.

Harcourt has indicated that although permitting is proceeding, recent discussions with the City of Bellingham resulted in some design changes that impacted the Project Schedule. In accordance with the Master Development Agreement (MDA), any schedule change that could delay the Construction Start Date or Completion Date by more than 60 days represents a "Material Modification". Per the MDA, any Material Modification requires Port approval.

On August 1, 2019 Harcourt provided the Port with a Notice of Material Modification and a proposed revised Project Schedule. Based on permitting timelines and the current understanding of the project, Port and Harcourt staff have developed a revised Project Schedule with the remaining milestones. Note that the actual completion date for the project has not been extended:

- Parking Garage/Foundation Permit Application Submittal (January 2019)
- Building Permit for Buildings A, B & C Application Submittal (February 2019)
- Construction Start Date (May 1, 2020)
- Building Occupancy (January 2022) - no change

FISCAL IMPACT

There is no direct fiscal impact to the Port related to the approval of Material Modification No.1.

STRATEGIC PURPOSE

The Waterfront Residential Project supports the Port's 2019 Key Corporate Goal No. 1 – Ongoing Development in the Waterfront District.

RECOMMENDATION

Staff recommends approval.

Attached: Waterfront Residential Project Memorandum – Material Modification No. 1

Waterfront District
Waterfront Residential Project Memorandum-Material Modification No.1

October 1, 2019

Section 5.1 of the May 19, 2015 Master Development Agreement (MDA) between the Port of Bellingham and Harcourt Bellingham LLC requires the Port, Harcourt and the Special Purpose Entity to prepare a Project Memorandum for each development project. The process associated with any modifications to an approved Project Memorandum is described in Section 5.2.2 of the MDA. Any Material Modification proposed by Harcourt the approval procedure described in Section 5.2 shall be used. A Material Modification is defined in Section 1.37 as *"any significant modification that (i) conflicts with the Project Documents, (ii) alters the exterior physical appearance of the Project in a readily apparent way, (iii) materially alters the exterior structure of the building to be constructed on the Parcel, or (iv) causes a Construction Start Date or Completion Date to be delayed by more than sixty (60) days unless such delay(s) can be attributed to a Force Majeure event or any other exception that is outlined in this Agreement."*

Harcourt Bellingham LLC and Harcourt Residential Bellingham, LLC, the Special Purpose Entity for the Waterfront Residential Development (collectively "Harcourt") provided a Notice of Material Modification dated August 1, 2019 with a proposed revised project schedule that would delay Construction Start Date by more than 60 days. Based on permitting timelines and current understanding of the project, this Material Modification documents the approval of the following revised Project Schedule.

Second Building Project: Waterfront Residential Development

5.1.1 Revised Project Schedule

Submission to Port Commissioners:	September 2018 (Complete)
Pre-Application Design Conference Application:	October 2018 (Complete)
Design Review/Land-Use Permit Application:	September 13, 2019 (Complete)
Parking Garage/Foundation Permit Application:	Submitted by January 13, 2020
Building Permit for Buildings A, B, & C Application:	Submitted by February 13, 2020
Construction Start Date:	May 1, 2020
Building Occupancy:	Begin Occupancy January 2022

Approval of Revised Material Modification:

HARCOURT BELLINGHAM, LLC

Approved by: Patrick Power, Director

Date:

Waterfront District
Waterfront Residential Project Memorandum-Material Modification No.1
October 1, 2019

HARCOURT RESIDENTIAL BELLINGHAM, LLC

Approved by: Patrick Power, Director

Date:

PORT OF BELLINGHAM

Approved by: Rob Fix, Executive Director

Date