



Commission Meeting
Topic: *East Bay Redevelopment Recommendation*

Date of Commission Meeting: June 22, 2009
Location of Meeting: LOTT Board Room

Type of Action Requested:

- Action**
- Resolution #**
- Advisory**

Presented By: Kari Qvigstad
Business Unit or Department: Marketing and Business Development
Director: Kari Qvigstad

Description/Background:

Port staff will make recommendations on the outcome of the Port's Request for Proposals (RFP) process employed for the East Bay District ("East Bay") based on the selection criteria identified in the RFP process.

The two decisions will come before the Port Commission:

1. Selection of development partner(s) for exclusive negotiations on selected East Bay parcels;
and
2. Delegation of authority to the Executive Director to enter into an Exclusive Negotiation Agreement with the selected partner(s) for the selected East Bay parcels.

The East Bay district's economic development platform is expected to encourage significant private investment, complimenting the three public projects already committed. The available parcels, adjacent to State Avenue and totaling 6.83 acres of downtown Olympia waterfront property, are in close proximity to the planned public plaza, expanded children's museum, and LOTT educational facilities. This trio of dynamic projects is already predicted to create a vibrant, pedestrian-friendly center of activity, and connect surrounding communities, the waterfront and Olympia's downtown.

Planning and citizen input for the East Bay project has been under development for more than seven years. Additional information is captured in the "Energizing East Bay" brochure and East Bay "Fact Sheet".

Request for Proposals

On March 2, 2009 the Port issued a Request for Proposals for the East Bay Redevelopment Project to a group of developers that had been identified through a previous Request for Qualifications process. On April 24, 2009 the Port received responses from Lorig, MJR Development, and Tarragon.

RFP Submittal requirements and Evaluation Criteria:

The following summarizes the RFP submittal requirements and criteria that also reflect input from Commissioners from previous briefings, as well as how the elements will be evaluated.

- **Development Concept:** Respondent will include illustration of design concepts, proposed uses, design elements, and parking strategies. The respondents will be evaluated on how they demonstrate a mix of uses and site layout that
 - Helps support 18-hour per day usage
 - Encompasses most or all of the six available parcels,
 - Strives to achieve a high level of sustainability,
 - Outlines their plan for parking, and
 - Demonstrates pedestrian orientation while enhancing coordination and connectivity both within East Bay and the surrounding area.
- **Market Analysis to Support Development Concept:** Respondents will provide sufficient information to demonstrate their knowledge of the real estate market in the Olympia area and how it will impact their development plans. Respondents will be evaluated on:
 - Proposed construction schedule,
 - Level of planned investment,
 - Demonstrated understanding of the Olympia market required to support project feasibility, and
 - Minimal (if any) additional public investment sought in order to achieve development concept.
- **Preferred Transaction Structure:** Respondents will be asked to outline the basic structure of the property transaction. The evaluation will be based on preference for ground lease or their ability to articulate how a sale best supports realization of a viable project that meets or exceeds the Port's Vision for the East Bay District. In order to preserve, protect, and buffer future development from existing maritime industrial uses elsewhere on the Port Peninsula, the Port's consideration of an outright land sale is generally limited to Parcels 1A, 1B, 2, 3, and/or 9.
- **Community Benefits:** In recognition that the key element of the Port's mission is economic development, respondents will discuss the benefits the development concept will provide to the community. The respondents will be evaluated on their ability to clearly demonstrate that the benefits to the community from development of this project outweigh the costs, both quantitative and qualitative. Demonstration of positive direct net fiscal impacts using reasonable assumptions will be helpful in this endeavor, as will indirect, multiplier effects, and discussion of job creation.
- **Capability of the Developer:** Respondents will be asked to expand on the information provided in the RFQ response concerning their qualifications. Evaluation of the materials will be focused on demonstrated financial strength and ability, developer competence demonstrated through performance track record, capacity to take on this project (including appropriate

involvement from executive leadership within their firm), and solid experience in public outreach and involvement.

Selection Process and Exclusive Negotiation Period

On May 20, 2009 the Port hosted a public open house at Washington Middle School. With an attendance of over 100 people, the responding developers presented their proposals in a public forum and interacted with attending members of the community. The purpose of the event was twofold:

- To give the community an opportunity to learn about the East Bay proposals and ask questions, and
- To give the developers an opportunity to interact with the community.

Upon completed review and the processing of public input from the open house, the EBRT will make a recommendation to the Port Commission of both a preferred developer(s) and an alternate developer(s). Upon approval by the Port Commission the preferred developer(s) and the Port will enter into an Exclusive Negotiating Agreement (“ENA”) for a period of 120-180 days.

Developer Recruitment Timeline:

- RFP Responses Due - April 24, 2009
- Public Open House - May 20, 2009
- RFP Response Review - April 24, 2009 – June 22, 2009
- Joint Meeting with the City of Olympia – June 16, 2008
- Announcement of Preferred Developer(s) – targeted for June 22, 2009
- Exclusive Negotiation Period - July 2009 – October/December 2009

Responding Developers:

- **Lorig** is a Seattle-based company formed in 1972. Experience covers 58 mixed-use projects, including Thornton Place at Northgate, Center for Urban Waters in Tacoma and Newcastle Development.
 - Proposal highlighted a mixed use development incorporating the six remaining parcels. Concepts included office space, residential, retail, and hospitality.
- **MJR Development** is a Kirkland-based firm established in 1991. Experience encompasses 17 projects, such as Woodinville Village, Madison Lofts, Lakewood Office Building and other mixed-use developments.
 - Proposal focused exclusively on parcel 6 of the short plat for a possible office building and exhibition space.
- **Tarragon** is a Seattle-based company formed in 1995. Experience includes over 20 million square feet of mixed-use developments, for example, Kent Station, Sunrise Village, Saffron and Lakeland Town Center.
 - Proposal included a mix of uses such as office, retail, residential, and hospitality over the remaining six parcels.

Recommended Action:

Staff will make recommendations to the Port of Olympia Commission on:

1. Development partner(s) selection for exclusive negotiations on remaining East Bay parcels, and
2. Delegation of authority to the Executive Director to enter into an Exclusive Negotiation Agreement with the selected partner(s) for the selected East Bay parcels.

Attachments:

Executive Director Approval: 
