

# WATERFRONT LAND ACQUISITION

Capital Project  
Proposal  
2017-2019



Active Minds Changing Lives

Institution
Western Washington University
Project Title
Waterfront Land Acquisition
Project Location (City)
Bellingham

## 1. Problem Statement (short description of the project – the needs and the benefits)

As the third largest public university in Washington in terms of enrollment and the smallest in terms of campus size, Western Washington University must expand its physical campus in order to continue to meet its responsibility and mission to provide access to quality higher education in the northwest region of the state. Western's enrollment has grown to 15,332 students (14,194 FTE students) in the 2015-16 academic year, representing a 13% enrollment increase since the 2001-02 academic year and far exceeding the University's planned enrollment capacity of 12,500 FTE students. Responsible stewardship of Western's future involves not only planning for future enrollment growth but also consideration of the State's educational attainment goals, including the Results Washington goal of producing 149,000 postsecondary credentials by 2023. Refer to Appendix B.

Given that Western's main campus is landlocked by neighborhoods and the Sehome Arboretum, it has limited options for expansion. The University's strategic plan specifies that enrollment growth beyond the 12,500 main campus capacity must consider capital development opportunities for additional capacity.

Western has a unique opportunity to acquire 6 acres of redevelopment property on Bellingham's downtown waterfront through a combination of State investment (\$4.5 million) and the sale of existing WWU property. This land acquisition would not only address capacity constraints on the University's main campus, it would also allow the University to further partner with the Port of Bellingham, the City of Bellingham and other stakeholders in one of the most innovative and collaborative economic development and environmental restoration projects in the country. The State has already invested millions of dollars in the Bellingham waterfront effort and having a public university presence would greatly enhance the partnership's educational and economic development potential.

Western has long been viewed as a key partner and an ideal anchor tenant in the redevelopment of the waterfront due to the University's unique ability to expand educational and community partnerships and to help drive activity and traffic to the downtown corridor. The downtown waterfront also provides a strategic location that would extend Western's reach and influence into the community it serves while simultaneously increasing community access to Western's programs and expertise. The strategic location would also greatly enhance the potential for expanding public/private partnerships with local industry and employers, as well as other higher education partners in the community and region.

The land acquisition request is for 6 acres in the Institutional Mixed-Use Zone at the former site of the Georgia Pacific pulp and paper factory at Bellingham's downtown waterfront. This acquisition would enable WWU to expand to the waterfront and address growing capacity and operational challenges on the WWU main campus. Western is working with the Port to purchase the property at a very reasonable cost that is below market value at a time when the Bellingham and Whatcom County real estate markets are some of the most expensive in the State. Taking advantage of this opportunity, therefore, would result in direct savings to future operating and capital costs. 100% of

the proposed parcel is considered buildable/suitable for development, which would result in further cost savings and efficiency.

## 2. University programs addressed or encompassed by the project

Western's primary purpose for acquiring property on the Bellingham waterfront is to expand capacity of, and access to, academic programming. The project would also address critical programmatic and space utilization challenges on WWU's campus by freeing much-needed classroom, lab, and office space for other disciplines.

Western is increasingly taking an interdisciplinary approach to academic programming throughout the university, and accordingly, cross-disciplinary programming will be a key component of programmatic planning at the WWU waterfront facilities.

Given the interdisciplinary nature of the future University waterfront facilities, Western has developed the following overarching guidelines for the establishment of functions in the new facility, as opposed to identifying specific academic programs that should be relocated:

- Promote and enhance Western's reputation through the creation of facilities that serve as a "destination point" for people within the local community, and from around the region, state, nation and world;
- Enhance the quality of a Western education through collaboration, and in doing so, create an environment that fosters constant learning;
- Improve access to WWU resources and strengthen community relations and community capacity by shared use of resources;
- Create space and access that does not currently exist at Western's main campus;
- Configure space for both critical use and unique use;
- Promote relationships with off-campus partners; and
- Generate foot traffic that contributes to economic development in the Bellingham community.

## 3. Supported by planning:

### a. Campus/Facilities Master Plan

Given that Western's main campus is landlocked by neighborhoods and the Sehome Arboretum and by the fact that Western's Institutional Master Plan (IMP) identifies 12,500 students as the maximum capacity on main campus, WWU must consider developing for additional capacity and the Bellingham waterfront offers a unique opportunity to meet this need. (Appendix C) Specifically, land acquisition along the Bellingham waterfront has been part of Western's 10-year capital plan since 2009-11, with Western receiving state operating funding in the 2007-09 biennium specifically for the purpose of waterfront campus planning.

Western has been dedicated to this issue for more than a decade. In 2004, Western Washington University was invited by the Port of Bellingham to participate in the planning and redevelopment of a 220-acre former industrial site located on the Bellingham waterfront. Western's commitment was raised to another level in June 2013 when the WWU Board of Trustees approved a Memorandum of Understanding authorizing the transfer ownership of a Western property located at the corner of Hannegan Road and Bakerview Road in Bellingham into Western Crossing Development (WCD). WCD, a non-profit corporation created by WWU and the Port of Bellingham, put the property up for sale with proceeds of the sale being used to

purchase property in the Bellingham Waterfront District. That property is composed of six acres located in the Institutional Mixed Use Zone, which the Port of Bellingham is transferring into Western Crossing. See Appendix D.

Today, planning for Western's presence on the waterfront is fully integrated into all waterfront plans—the Port and City of Bellingham have completed a Master Plan and Environmental Impact Study for the entire 220 acre site of which WWU's portion is estimated to be up to approximately 12 acres. To date, a proposed location for the new university facilities have been identified, existing facilities have been analyzed for the potential of adaptive reuse, and an inter-local development entity with the Port of Bellingham (Western Crossing Development) is tasked with overseeing the development project for mutual benefit.

b. Ongoing academic and/or research program need and Strategic Plan

Western continues to plan for land acquisition, facility development and academic programming at the Bellingham waterfront.

This effort will directly enhance Western's ability to meet its strategic goals of:

- Building upon Western's strengths to address critical needs in the State of Washington;
- Expanding student access to rigorous and engaging baccalaureate and graduate education;
- Fostering and promoting life-long learning and success in an ever-changing world;
- Applying Western's expertise and collaborative approach to scholarship, creativity, and research in ways that strengthen communities beyond the campus; and
- Serving as a model for institutional effectiveness, innovation, diversity, and sustainability. See Appendix E.

Western's expansion to the Bellingham Waterfront District is an on-going, three-phased process:

*Phase I – The WWU Technology Development Center* - Western Washington University already serves as an anchor on the Bellingham waterfront in the form of the Technology Development Center which is part of the Technology Development Zone, a State and Federally funded initiative in Washington State. The facility, which is shared with Bellingham Technical College, was dedicated in the fall of 2009 and is now home to a research arm of WWU's College of Sciences and Engineering.

*Phase II – The WWU Center for Community Engagement and Innovation* - In Phase 2 WWU envisions the construction of a multi-purpose facility that focuses on academic engagement and innovation, and brings people together through conference and large group gatherings.

*Phase III – Future WWU Growth* – Phase 3 entails the development and construction of new academic facilities on the 6 acre plot designated for use by WWU in the Institutional Mixed Use area of the Waterfront District. The facilities will be determined by emerging academic programmatic and community needs.



#### 4. Reasonableness of Cost:

In accordance with a letter from the Port of Bellingham dated August 2, 2016, the Port is seeking \$9.28 million for approximately 6 acres of land located on the Bellingham Waterfront. That is approximately \$1,546,500 per acre. (See Appendix F for additional information.)

The following comparables are taken from page 20 of Appendix G, A Restricted Use Appraisal of Approximately 48.45 Acres of Waterfront Land on Bellingham Bay West Corner of Chestnut and Cornwall, Bellingham, Washington 98225 dated June 5, 2009. A second appraisal of 10.8 acres within the original 48.45 acres dated May 21, 2014 was also prepared for the Port of Bellingham by the same company, *Columbia Valuation Group, Inc. - Seattle*, located in Shoreline, Washington, and site comparables can be found on page 29 of that report in Appendix G.

Comparable Land Acquisition	Location	Total Acreage	Sale Price	Price per Acre
Skyridge Condominium Site	3201 Chandler Parkway Bellingham, WA	0.4065	\$650,000	\$1,599,000
Multifamily development site	1405-1415 Dupont Street Bellingham, WA	0.5452	\$859,000	\$1,575,500
Multifamily development site	1315 Dupont Street Bellingham, WA	0.4362	\$659,000	\$1,510,800
8 unit development site	403 N. State Street Bellingham, WA	0.3515	\$1,600,000	\$4,551,400
5 unit development site	425 N. State Street Bellingham, WA	0.2368	\$520,000	\$2,195,900
Boss Tweed site	400-412 W. Holly Street Bellingham, WA	0.58	\$1,469,453	\$2,533,500
Redevelopment site	401-415 W. Holly Street Bellingham, WA	0.24	\$825,000	\$3,437,600
Redevelopment site	119 Chestnut Street Bellingham, WA	0.42	\$1,350,000	\$3,214,300
<b>Blended Average of 8 Sites in Appraisal</b>	<b>Bellingham, WA</b>	<b>3.2162</b>	<b>\$7,932,453</b>	<b>\$2,466,405</b>

On July 29, 2016, at the Port of Bellingham's request, Broadview Appraisal, Inc., reviewed the conclusions of the two appraisals and found 'Based on the conclusions of these two reports, market values declined approximately 11.25 percent during the 5-year period between the two reports'. (Appendix G) The Port of Bellingham, in their letter dated August 2, 2016, stated "... This review

finds that the market value of the subject property declined approximately 11.25% between 2009 and 2014 reducing the property value from \$40.00 per square foot to \$35.50 per square foot. The approximate cost for 6 acres (261,360 +/- square feet, with the exact location and survey to be finalized prior to purchase) at a price of \$9.28 million.” See Appendix F.

It is Western’s intention to use the \$4.5 million in requested funding from the State, proceeds from the sale of currently owned WWU property, and an assortment of institutional funds to complete this purchase.

## 5. Intended Use:

Western plans to create a programmatic and physical presence at the waterfront that enables WWU to carry out its mission and strategic plan by extending and enhancing University educational and programming outreach, connections and activities to and with the community and beyond. Space design and facility planning on Western’s waterfront location would emphasize maximizing a diverse accommodation of users and uses, with adaptive qualities to meet multiple and changing needs of various stakeholders. It is Western’s goal to serve its communities through partnerships, including working with other local higher education institutions, non-profit organizations, and the private sector in vital areas of cultural, economic, environmental, international, technological, and societal innovation and sustainability.

Western’s presence on the waterfront has the potential to enhance the role and mission of the university by:

- Providing appropriate space for the delivery of applied educational experiences for students of all ages both through its academic programs and Extended Education’s offerings;
- Creating a “destination point” that increases visibility, access and service to a wide community from across the city, state, nation and world;
- Meeting the educational and professional needs of the state by supporting expanded delivery modes to reach additional enrollment;
- Offering the possibility of generating new revenue streams that support Western as a publicly-purposed university;
- Facilitating the delivery of innovative approaches to learning through:
  - Hybrid and collaborative activities
  - Evening and weekend instruction
  - Guest speakers
  - Presentation and exhibit space
  - Colloquia/conferences
  - Video-conferencing
  - Specialized instruction
- Providing expanded opportunities for specialized, interdisciplinary and non-traditional learning that enhance community connection and community service by attracting a wider reach of people with diverse interests; and
- Continuing Professional Credentialing to support professional growth and advancement of community and regional members and alumni.

**6. Percentage of Buildable Area:**

100% of the proposed parcel is considered buildable/suitable for development, which would result in further cost savings and efficiency.

**7. Facility Condition: N/A**

**8. Capital improvements required to adapt facility to proposed use: N/A**

**9. Savings to Operating Costs:**

When facilities are completed on this brownfield redevelopment site, the goal would be to achieve operating savings that would equate to the equivalent of the acquisition cost in ten years.

# Waterfront Land Acquisition

## Appendix Contents

- A. Office of Financial Management Reports (CBS002)  
Project Cost Summary/C100
- B. Results Washington Postsecondary Graduate Target
- C. WWU Institutional Master Plan
- D. The Waterfront District Sub-Area Plan 2013
- E. WWU Mission Statement and Strategic Plan
- F. Port of Bellingham Transmittal Letter
- G. Review of Market Conditions and Appraisals

# **Appendix A**



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**STATE OF WASHINGTON**

**AGENCY / INSTITUTION PROJECT COST SUMMARY**

Agency	Western Washington University	
Project Name	Waterfront Land Acquisition	
OFM Project Number	30000606	

**Contact Information**

Name	Rick Benner, FAIA	
Phone Number	(360) 650-3550	
Email	<a href="mailto:rick.benner@wwu.edu">rick.benner@wwu.edu</a>	

**Statistics**

Gross Square Feet		MACC per Square Foot	
Usable Square Feet		Escalated MACC per Square Foot	
Space Efficiency		A/E Fee Class	
Construction Type		A/E Fee Percentage	
Remodel		Projected Life of Asset (Years)	

**Additional Project Details**

Alternative Public Works Project		Art Requirement Applies	
Inflation Rate	2.80%	Higher Ed Institution	
<a href="#">Sales Tax Rate %</a>	8.70%	Location Used for Tax Rate	
Contingency Rate			
Base Month	July-16		
Project Administered By	Agency		

**Schedule**

Predesign Start		Predesign End	
Design Start		Design End	
Construction Start		Construction End	
Construction Duration			

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**Project Cost Estimate**

Total Project	<b>\$4,500,000</b>	Total Project Escalated	<b>\$4,500,000</b>
		Rounded Escalated Total	<b>\$4,500,000</b>

**STATE OF WASHINGTON**  
**AGENCY / INSTITUTION PROJECT COST SUMMARY**

Agency	Western Washington University	
Project Name	Waterfront Land Acquisition	
OFM Project Number	30000606	

**Cost Estimate Summary**

Acquisition			
Acquisition Subtotal	\$4,320,000	Acquisition Subtotal Escalated	\$4,320,000

Consultant Services			
Predesign Services	\$0		
A/E Basic Design Services	\$0		
Extra Services	\$0		
Other Services	\$0		
Design Services Contingency	\$0		
Consultant Services Subtotal	\$0	Consultant Services Subtotal Escalated	\$0

Construction			
Construction Contingencies	\$0	Construction Contingencies Escalated	\$0
Maximum Allowable Construction Cost (MACC)	\$0	Maximum Allowable Construction Cost (MACC) Escalated	\$0
Sales Tax	\$0	Sales Tax Escalated	\$0
Construction Subtotal	\$0	Construction Subtotal Escalated	\$0

Equipment			
Equipment	\$0		
Sales Tax	\$0		
Non-Taxable Items	\$0		
Equipment Subtotal	\$0	Equipment Subtotal Escalated	\$0

Artwork			
Artwork Subtotal	\$0	Artwork Subtotal Escalated	\$0

Agency Project Administration			
Agency Project Administration Subtotal			
DES Additional Services Subtotal	\$0		
Other Project Admin Costs	\$0		
Project Administration Subtotal	\$180,000	Project Administration Subtotal Escalated	\$180,000

Other Costs			
Other Costs Subtotal	\$0	Other Costs Subtotal Escalated	\$0

Project Cost Estimate			
Total Project	\$4,500,000	Total Project Escalated	\$4,500,000
		Rounded Escalated Total	\$4,500,000

## Cost Estimate Details

Acquisition Costs					
Item	Base Amount		Escalation Factor	Escalated Cost	Notes
Purchase/Lease	\$4,170,000				
Appraisal and Closing	\$150,000				
Right of Way					
Demolition					
Pre-Site Development					
Other					
Insert Row Here					
ACQUISITION TOTAL	\$4,320,000				

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## Cost Estimate Details

Consultant Services				
Item	Base Amount	Escalation Factor	Escalated Cost	Notes
<b>1) Pre-Schematic Design Services</b>				
Programming/Site Analysis				
Environmental Analysis				
Predesign Study				
Other				
Insert Row Here				
<b>Sub TOTAL</b>	<b>\$0</b>	<b>1.0000</b>	<b>\$0</b>	Escalated to Design Start
<b>2) Construction Documents</b>				
A/E Basic Design Services				69% of A/E Basic Services
Other				
Insert Row Here				
<b>Sub TOTAL</b>	<b>\$0</b>	<b>1.0000</b>	<b>\$0</b>	Escalated to Mid-Design
<b>3) Extra Services</b>				
Civil Design (Above Basic Svcs)				
Geotechnical Investigation				
Commissioning				
Site Survey				
Testing				
LEED Services				
Voice/Data Consultant				
Value Engineering				
Constructability Review				
Environmental Mitigation (EIS)				
Landscape Consultant				
Other				
Insert Row Here				
<b>Sub TOTAL</b>	<b>\$0</b>	<b>1.0000</b>	<b>\$0</b>	Escalated to Mid-Design
<b>4) Other Services</b>				
Bid/Construction/Closeout				31% of A/E Basic Services
HVAC Balancing				
Staffing				
Other				
Insert Row Here				
<b>Sub TOTAL</b>	<b>\$0</b>	<b>1.0000</b>	<b>\$0</b>	Escalated to Mid-Const.
<b>5) Design Services Contingency</b>				
Design Services Contingency	\$0			
Other				
Insert Row Here				
<b>Sub TOTAL</b>	<b>\$0</b>	<b>1.0000</b>	<b>\$0</b>	Escalated to Mid-Const.
<b>CONSULTANT SERVICES TOTAL</b>	<b>\$0</b>		<b>\$0</b>	

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## Cost Estimate Details

Construction Contracts				
Item	Base Amount	Escalation Factor	Escalated Cost	Notes
<b>1) Site Work</b>				
G10 - Site Preparation				
G20 - Site Improvements				
G30 - Site Mechanical Utilities				
G40 - Site Electrical Utilities				
G60 - Other Site Construction				
Other				
Insert Row Here				
<b>Sub TOTAL</b>	<b>\$0</b>	<b>1.0000</b>	<b>\$0</b>	
<b>2) Related Project Costs</b>				
Offsite Improvements				
City Utilities Relocation				
Parking Mitigation				
Stormwater Retention/Detention				
Other				
Insert Row Here				
<b>Sub TOTAL</b>	<b>\$0</b>	<b>1.0000</b>	<b>\$0</b>	
<b>3) Facility Construction</b>				
A10 - Foundations				
A20 - Basement Construction				
B10 - Superstructure				
B20 - Exterior Closure				
B30 - Roofing				
C10 - Interior Construction				
C20 - Stairs				
C30 - Interior Finishes				
D10 - Conveying				
D20 - Plumbing Systems				
D30 - HVAC Systems				
D40 - Fire Protection Systems				
D50 - Electrical Systems				
F10 - Special Construction				
F20 - Selective Demolition				
General Conditions				
Other				
Insert Row Here				
<b>Sub TOTAL</b>	<b>\$0</b>	<b>1.0000</b>	<b>\$0</b>	
<b>4) Maximum Allowable Construction Cost</b>				
<b>MACC Sub TOTAL</b>	<b>\$0</b>		<b>\$0</b>	

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**7) Construction Contingency**

Allowance for Change Orders	\$0		
Other			
Insert Row Here			
<b>Sub TOTAL</b>	<b>\$0</b>	<b>1.0000</b>	<b>\$0</b>

**8) Non-Taxable Items**

Other			
Insert Row Here			
<b>Sub TOTAL</b>	<b>\$0</b>	<b>1.0000</b>	<b>\$0</b>

**Sales Tax**

<b>Sub TOTAL</b>	<b>\$0</b>	<b>\$0</b>
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<b>CONSTRUCTION CONTRACTS TOTAL</b>	<b>\$0</b>	<b>\$0</b>
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## Cost Estimate Details

Equipment				
Item	Base Amount	Escalation Factor	Escalated Cost	Notes
E10 - Equipment				
E20 - Furnishings				
F10 - Special Construction				
Other				
Insert Row Here				
<b>Sub TOTAL</b>	\$0	1.0000	\$0	
<b>1) Non Taxable Items</b>				
Other				
Insert Row Here				
<b>Sub TOTAL</b>	\$0	1.0000	\$0	
<b>Sales Tax</b>				
<b>Sub TOTAL</b>	\$0		\$0	
<b>EQUIPMENT TOTAL</b>	\$0		\$0	

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## Cost Estimate Details

Artwork					
Item	Base Amount		Escalation Factor	Escalated Cost	Notes
Project Artwork	\$0				0.5% of Escalated MACC for new construction
Higher Ed Artwork	\$0				0.5% of Escalated MACC for new and renewal construction
Other					
Insert Row Here					
ARTWORK TOTAL	\$0				NA

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<div>Cost Estimate Details</div>
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Project Management					
Item	Base Amount		Escalation Factor	Escalated Cost	Notes
Agency Project Management					
Additional Services					
PM Fee	\$180,000				
Insert Row Here					
PROJECT MANAGEMENT TOTAL	\$180,000		1.0000	\$180,000	

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# **Appendix B**

# Postsecondary: More Graduates

Increase annual attainment of certificates, credentials, apprenticeships and degrees from 72,000 in 2012 to 149,000 in 2023 [Explore the data](#)

**72,997** number of graduates  
Current as of Jun 2014

**149,000** number of graduates  
Jun 2023 Target

## Postsecondary Attainment



[Explore the data](#)

## Why is this a priority?

Increasing educational attainment is vital to the well-being of Washingtonians and critical to the health of the state's economy. A well-educated population generates more tax revenue and requires fewer social services. Education opens doors to gainful employment, higher wages, increased job benefits, improved physical health, and increased civic engagement. Educated workers capable of competing for high-demand jobs in today's global economy sustain existing employers and attract new businesses—directly contributing to the state's economic growth and vitality.

# **Appendix C**

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# Western Washington University Institutional Master Plan

An Addendum to the Western Washington University Neighborhood Plan

Adopted by the City of Bellingham, September 24, 2001  
Ordinance #2001-09-068



Approved by WWU Board of Trustees, October 5, 2001



## Institutional Master Plan Advisory Committee

The *Institutional Master Plan (IMP)* was developed with the invaluable assistance and input of a diverse advisory committee formed in November of 1998 by President Karen Morse and Mayor Mark Asmundson.

Representatives from adjacent neighborhoods, the City and campus comprised the Institutional Master Plan Advisory Committee (IMPAC) that was charged to serve in a review and advisory capacity to the President of Western and to the Mayor of Bellingham in the development and adoption of the *IMP*. (See the Acknowledgements page for a list of the IMPAC members.)

## Intent of the *Institutional Master Plan*

The results of the Institutional Master Plan Advisory Committee's months of work, the input of the Western planning staff and Western planning students, and the recommendations of Bellingham's Planning Commission and City Council are contained within this *IMP* document. The intent is that this document not only fulfill the land use ordinance requirements set by the City and State but also reinforce and support a healthy relationship between Western and the surrounding neighborhoods and Bellingham community. The *IMP* provides a framework for the future development of campus to accommodate the projected growth to 12,500 full time equivalent (FTE) students, without compromising the character of campus or of the adjacent neighborhoods.

# **Appendix D**

# THE waterfront DISTRICT

BELLINGHAM  WASHINGTON



Stephanie Bower, Architectural Illustration

## Sub-Area Plan

## 2013

A Port of Bellingham/City of Bellingham  
Partnership Project



**Prepared by the Port of Bellingham and the City of Bellingham, with assistance from CollinsWoerman, the Waterfront Advisory Group and many other Whatcom County citizens and volunteers.**

**Additional input, assistance and analysis was provided by Blumen Consulting Group, The Transpo Group, KPFF Consulting Engineers, Landau Associates, Inc., A.C. Kindig and Co., Grette Associates, Primedia Group, Walker-Macy, Norton-Arnold, David Evans and Associates, Hebert Research, LMN Architects, Johnson Architecture and Planning, Anchor Environmental, Northwest Archaeological Associates, Artifacts Consulting, 2020 Engineering, Terry Brown, AIA, Curt Carpenter, AIA, Dave Christensen, AIA, Brad Cornwell, AIA, Doug Landsem, AIA, Terry Moore, AIA, Sharon Robinson, AIA, Bob, Ross, AIA, John Stewart, AIA, and Stephanie Bower.**

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New Whatcom Redevelopment Project Addendum to DEIS, dated February 2010  
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Final EIS, dated July 2010  
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# CHAPTER ONE

## INTRODUCTION

### 1.0 Introduction

Bellingham's central waterfront is in a state of transition from its long history as an active industrial site to a new mixed-use neighborhood. Over the past several years, the Port of Bellingham and the City of Bellingham have joined together to create a vision and develop a clear path to transform this vacant brownfield site into a thriving mixed-use urban neighborhood. In early 2005, the Port of Bellingham acquired approximately 137 acres of waterfront property and tidelands adjacent to Bellingham Bay. This property had been owned by the Georgia-Pacific Corporation, which operated a pulp and tissue mill on the site. This property, along with other Port, City and private properties, made up a project site, which was initially called "New Whatcom", and later renamed the "Waterfront District". The Sub-Area Plan boundary was expanded in 2012 to include the bluff along Boulevard and State Street to make the boundary contiguous with the Sehome and South Hill neighborhood boundaries and to delete several parcels which overlapped with the Old Town Urban Village Plan. See Figure 1-1 Sub-Area Boundary.



### 1.1 Purpose of the Sub-Area Plan

The Sub-Area Plan's purpose is to provide a framework for future development of the 237 acre site known as the "Waterfront District". The Waterfront District Sub-Area Plan includes a balance of environmental, economic and community objectives developed to

restore the health of the land and water, improve waterfront access, promote a healthy and dynamic waterfront economy, and reinforce the inherent qualities of the waterfront.

The Waterfront District Sub-Area Plan represents a joint planning effort with the City of Bellingham involving residents, landowners, community stakeholders and resource agencies to create a long-term redevelopment opportunity for the Waterfront District.

### 1.2 Relationship to the 2006 Comprehensive Plan

The 2006 City of Bellingham Comprehensive Plan establishes goals and policies to guide future decision-making and coordinate growth within the City over a 20-year planning period. The Comprehensive Plan serves as a guideline for designating land uses, infrastructure development and community services, and long-range implementation strategies.

The Waterfront District falls within two urban villages defined in the Comprehensive Plan: the "Central Waterfront District" and the "Central Business District (CBD) Core Village". Infill within urban villages is an essential element of the City growth strategy.

Comprehensive Plan Policy FLU-18 requires a master plan to be prepared for each urban village to provide a framework for development. The Waterfront District Sub-Area Plan meets the criteria for a Master Plan as defined in the City Comprehensive Plan. Master or Sub-Area plans for urban villages must specify land uses and densities; street and utilities layout; lot arrangement; housing types; village square or plaza locations; streetscape amenities; relationship of the buildings to the street; parking structures or lots; protection of critical areas; pedestrian and bicycle facilities; and compatibility with surrounding areas.

The Waterfront District is located within the City of Bellingham CBD Neighborhood. When the CBD Neighborhood Plan was updated in 2008, the neighborhood plan incorporated sections of the Waterfront Futures Group Vision and Framework Plan pertaining to the City Center, which includes the Waterfront District. Concurrent with the adoption of the CBD Neighborhood Plan, the Waterfront District was rezoned to a new zoning category called “Waterfront Mixed-Use”. This new zoning designation becomes effective upon adoption of the Waterfront District Sub-Area Plan, which more clearly defines the intended uses and development patterns within the area.

## 1.3 The Planning Process

### *Related Planning Processes*

Bellingham’s City Center and Central Waterfront has been a focus of numerous planning efforts since the early 1990’s. Those plans include:

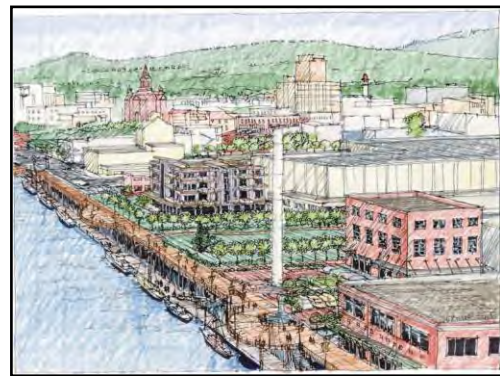
- Regional Urban Design Assistance Team Report (1992)
- Visions for Bellingham (1992)
- Bellingham Bay Demonstration Pilot (1996–present)
- Whatcom Creek Waterfront Action Program (1996)
- Downtown Development Workshop (1998)
- Bellingham Bay Comprehensive Strategy FEIS (2000)
- City Center Master Plan (2002)
- Community Forum on Growth Management (2004)
- Waterfront Futures Group (WFG) Vision and Framework Plan (2005)
- Bellingham Comprehensive Plan (2006)
- Central Business District Neighborhood Plan (2008)

These planning efforts involved various forms of community input and involvement.

Each process identified the Waterfront District as an underutilized area and a vital link between

the Central Business District, Old Town, and adjacent residential neighborhoods. Job opportunities, environmental restoration, and increased public access and recreational opportunities on the waterfront have been identified as priorities for the area.

An extensive planning effort was conducted by the Waterfront Futures Group (WFG) in 2003/2004. The Port and City appointed this citizen-led task force to take a fresh and independent look at the future of the entire waterfront in response to the closure of Georgia-Pacific’s (GP) pulp and tissue operations. The WFG held 41 public meetings

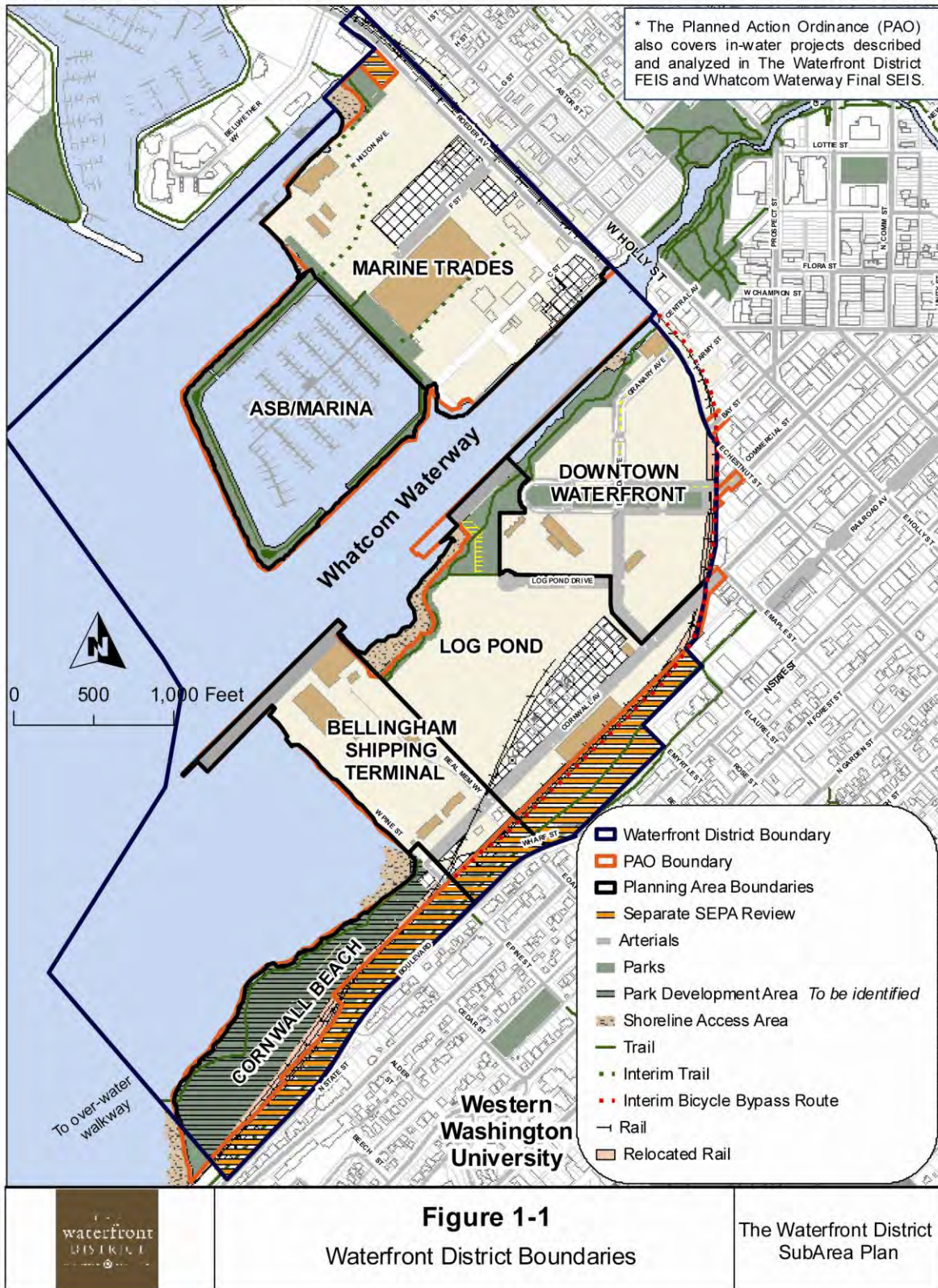


and had 26 guest forums and special events focusing on the future of the waterfront. The WFG completed the community visioning process by publishing the Waterfront Vision and Framework Plan which called for redevelopment of the city center waterfront into “a mixed-use neighborhood that combines commercial, institutional, industrial, retail and residential uses, and that over time will provide many new job opportunities and a substantial amount of urban housing.”

The WFG vision was approved by City Council and the guiding principles and recommendations were used to update Bellingham’s Comprehensive Plan and the CBD Neighborhood Plan in 2006 and 2008 respectively.



**Figure 1-1: Waterfront District Boundaries**





### **Public Investment**

After closure of the pulp mill in 2001, GP explored options to fund the required environmental clean-up to market the property for private development, but the cost of clean-up and the required infrastructure investment made it difficult to attract private investors. During this period, the Port studied the potential acquisition of the GP property to determine if public ownership was viable. The Port purchased the GP property in 2005 after extensive community outreach and partnership commitments from the City and the Washington State Department of Ecology to make the long-term public investments necessary to implement the community's vision on the central waterfront. The Port committed to pay for most of the environmental cleanup, to build marine infrastructure, and to dedicate land for parks, public space and rights of way. The City agreed to build new streets and utilities to serve the site, to develop waterfront parks and trails, and to create a regulatory environment that would attract private investment. The Department of Ecology pledged grant support for environmental cleanup costs.

Since acquiring the GP property, the Port and City have secured significant state and federal grant support and have started to spend money on environmental cleanup, habitat restoration and infrastructure design. These public investments are intended to attract substantial private sector investment and generate long-term positive impacts for the community.

### **The Waterfront District Planning Process**

The Port and City launched a public planning process to develop a Sub-Area Plan for the Waterfront District shortly after acquiring the GP property. To ensure this plan was consistent with the community vision, the Port and City appointed the Waterfront

Advisory Group (WAG) to integrate recommendations of the WFG into plans, projects and regulations. From 2005-2010, this citizen-led task force held regular public meetings to gather public input and ensure public awareness and participation in waterfront planning.

The Port and City started development of the Sub-Area Plan by inviting neighbors, business owners and anticipated stakeholders to a series of eight workshops and community meetings during 2005 and 2006 to help turn the WFG vision into a Draft Framework Plan, which could be tested under the



State Environmental Policy Act (SEPA). During these meetings and workshops, the community evaluated a range of design alternatives that illustrated how infrastructure, development, public parks and trails, and new habitat might take shape on the waterfront.

# CHAPTER ONE

## INTRODUCTION

The Draft Environmental Impact Statement (DEIS) identified a traffic congestion problem with the proposed street layout in the “Draft Framework Plan” and evaluated alternate street layouts, densities and other mitigating measures to address traffic, view corridors, historic and cultural resources, critical areas and a range of other important considerations. The Draft Framework Plan also provided an opportunity for the Port and City to assess the project economics.

Additional public meetings and workshops were held during 2007 and 2008 to update the community, address specific issues raised by the SEPA analysis and by the public, and receive input to guide development of draft master plan concepts and regulations. During this process, the public provided input on the Waterfront District’s character-defining features, view corridors and vistas, preferred land uses, building heights and design standards. The community discussed the role of Western Washington University (WWU) and its plans to create a campus on the waterfront, multimodal circulation, development character, environmental considerations, parks, trails, plazas, economic viability, block sizes, parking strategies, development phasing, historic and cultural resources, and sustainable strategies.

A group of local architects volunteered to evaluate the planning concepts and provide recommendations and ideas that maintained the original WFG vision. The Port and City also hired an architectural firm to assess the potential for preservation and adaptive reuse of eleven industrial buildings and structures. This evaluation considered the condition of the historic resources, the cost of construction, market feasibility and compatibility with other planning objectives.

In addition to the public input received during the planning process, the Port and City received feedback and recommendations from the Waterfront Advisory Group, Western Washington University, Whatcom Transportation Authority, environmental resource agencies, regional and local developers and professional consultants. This Sub-Area Plan is the culmination of these public processes.

## 1.4 Context

### *Natural and Historical Setting*

Bellingham’s current waterfront is made up of land forms created by filling tidal flat areas over the past century. Before this filling occurred, these tide flats provided food and protection to young salmon as they left nearby rivers and adjusted to salt water in preparation for a journey out to sea.



Source J.B.Hann circa 1902

For thousands of years, ancestors of the present day Lummi Nation and Nooksack Indian Tribe relied upon catching the salmon passing the nearshore areas. The beaches and nearshore areas were used by these Native American tribes as seasonal encampments for fishing and shellfish harvesting.

For the last 100 years or more, Bellingham’s waterfront has served the regional economy as a thriving industrial area, transportation gateway and home to many maritime activities. In 1891, the Great Northern Railroad finished an overwater rail trestle across the mud flats on Bellingham’s central waterfront allowing the



distribution of goods across a new, nationwide rail network. In the early 1900's, the Whatcom Creek federal waterway was established and silt from the dredged waterway was used as fill along parts of the waterfront.

In 1926, Ossian Anderson opened Bellingham's first pulp mill on the south side of the Whatcom Waterway creating a new economic opportunity for Whatcom County's extensive timber resources. In the years after, Pacific Coast Paper Mills and Puget Sound Pulp were founded and operated as major employers on the waterfront. Through the 1930's and 40's, the Bellingham waterfront saw major activity related to the pulp mill and the production of ethyl alcohol (a by-product from pulp mill waste). In the early 1960's, Georgia-Pacific acquired the waterfront mill site. Operations continued through the following decades, discharging various waste products to adjacent waterways and upland properties. During this time, Bellingham's waterfront industries were largely unregulated and there was not a general awareness or understanding of the importance of environmental stewardship.



In 1972, the United States passed the Clean Water Act ushering in a new era of pollution control. In response to the growing framework of environmental regulations, GP

built a 36-acre wastewater treatment lagoon on the north side of the Whatcom Waterway to treat process water.

The GP mill adjusted to economic trends over the years, but in 2001 the pulping operation was permanently closed down. This signaled a slow decline that continued until Georgia-Pacific closed its Bellingham site permanently on December 21, 2007.

### ***The Waterfront District Today***

Today, the Waterfront District is bordered by Bellingham Bay to the west, CBD and Old Town to the east, the Lettered Streets and Columbia neighborhoods to the north, and Sehome and South Hill neighborhoods to the south.

Present densities within the Waterfront District are low. There is no residential population and most of the property is vacant with pockets of contamination due to past industrial activities. The site is primarily paved and occupied by inactive industrial structures. Despite its prominent location between Bellingham Bay and downtown Bellingham, public pedestrian and vehicular access is limited and the only recreational use of the site occurs at the southwesterly end of Cornwall Avenue where a small pocket beach is located. Most of the shorelines are hardened with industrial wharfs, bulkheads, and non-engineered rip rap.

Redevelopment of the Waterfront District is a "once in a century" opportunity intended to restore public access along the shoreline and convert the upland area closest to the Central Business District to a vibrant mixed-use extension of downtown Bellingham. Other portions of the site will be remediated and marketed for shipping, marine trades and light industrial uses to replace a portion of the jobs lost when the Georgia Pacific mill closed.

# CHAPTER ONE

## INTRODUCTION

### 1.5 Redevelopment Potential

The redevelopment of the Waterfront District as an urban neighborhood will help concentrate a significant amount of expected population growth within the existing city limits and reduce impacts on agricultural, forest and rural landscapes in the county. The 2006 Bellingham Comprehensive Plan projects a demand for 1,225 infill housing units in the Central Waterfront District Urban Center, and an additional 1,321 units in the Downtown Core Urban Center by the year 2025. The Waterfront District encompasses the majority of the vacant land within these two Urban Centers and redevelopment at urban density is an important element in the City's adopted infill strategy.



There are 237 acres within the planning area of the Waterfront District, including the ASB lagoon, most of which is currently in public ownership by the Port, City and Washington State Department of Natural Resources. Over half of the project area will be retained for public open space and infrastructure, including 33 acres of new park land, 4 acres of existing public open space, 60 acres for streets, utilities and railroad rights-of-way, and 29 acres for a marina. The remaining 111 acres of Port, City and private property will be available for industrial use or redevelopment for residential, retail, commercial, and institutional use.

One of the key challenges for this planning effort was the definition of an appropriate goal for the level of development density within the Waterfront District. During initial planning discussions in 2005, the Port and City planning team identified the Fairhaven Historic District as a starting point for evaluating density options. The density of building in Fairhaven, if applied to the entire Waterfront District would result in approximately 6.0 million square feet of building floor space. This density assumption was used in the Draft Framework Plan published jointly by the City and Port in September, 2006, and was used as the medium density development alternative in the evaluation of a range of alternatives in the Environmental Impact Statement (EIS) for the proposal. A low-density alternative of 4.0 million square feet and a high-density alternative of 7.5 million square feet were also analyzed. Based on this analysis and public comment, the medium-range density of 6.0 million square feet of floor space was selected as the preferred alternative in the 2008 Supplemental Draft EIS.

As the preferred alternative was further refined, five separate planning areas were defined, each of which has a different redevelopment character and density. The Downtown Waterfront Area is expected to accommodate a density somewhat higher than Fairhaven, while the Marine Trades, Shipping Terminal and Cornwall Beach Areas will be significantly less dense than Fairhaven. The Log Pond Area is proposed to remain in industrial use through the end of the planning period for the Sub-Area Plan. At full build-out, the Waterfront District is projected to have 5.3 million square feet of building capacity, with a mix of commercial, residential, office, institutional and industrial uses.

# CHAPTER TWO

## VISION

### 2.0 Vision

The community vision for Bellingham's central waterfront has been developed over more than two decades of planning and strategic investment. Some of the key vision statements from the WFG's guiding principles for the City Center character and Central Business District Neighborhood Plan are repeated in this Waterfront District Sub-Area Plan to ensure that the plan is consistent with and implements the City's Comprehensive Plan, Central Business District Neighborhood Plan and the WFG vision.



*Architectural Concept Images by Stephanie Bower*

### 2.1 Waterfront Futures Group Vision

#### ***Guiding Principle 1 – Reinforce the Inherent Qualities of Each Place on the Waterfront:***

- 1-1. Make the waterfront a regular part of the lives of more people.
- 1-2. Respect history, cultures, and the arts.
- 1-3. Make the waterfront inviting to people on foot.
- 1-4. Reinforce a unique “sense of place” at different waterfront locations.
- 1-5. Complement adjacent uses.

#### ***Guiding Principle 2 – Restore the Health of Land & Water:***

- 2-1. Enhance or reintroduce natural systems.
- 2-2. Create and restore habitat wherever possible.
- 2-3. Remediate upland and in-water contamination.
- 2-4. Protect existing natural shorelines.
- 2-5. Seek opportunities to soften existing hardened shorelines.
- 2-6. Tailor environmental cleanup strategies and remediation to planned use.
- 2-7. Manage stormwater to enhance estuarine habitats.
- 2-8. Require sustainable practices in all development.
- 2-9. Restore, enhance and expand beaches wherever possible.
- 2-10. Connect proposed open space and natural areas to regional open space network and natural wildlife corridors.
- 2-11. Explore mitigation banking and incentives (such as environmental credits) for environmental resource protection and enhancement prior to redevelopment.





# CHAPTER TWO

## VISION

### ***Guiding Principle 3 – Improve Waterfront Access:***

- 3-1. Develop strong connections between up lands and water.
- 3-2. Provide links to regional trail systems.
- 3-3. Provide multiple modes of access to each area of the waterfront.
- 3-4. Provide convenient connections between different modes of transportation (jitney/bus).
- 3-5. Create and connect large and small parks and open spaces with a “braided” system of pedestrian trails.
- 3-6. Enhance opportunities for visual access to waterfront areas.
- 3-7. Provide the opportunity to walk the waterfront while respecting natural habitat.
- 3-8. Help people find their way.
- 3-9. Provide way finding for the Coast Millennium Trail as a route that follows existing and proposed trails.
- 3-10. Explore the concept of public access “banking” and other financing incentives for improving public access.
- 3-11. Protect and enhance environmental resources when designing shoreline access and upland development.

### ***Guiding Principle 4 – Promote a Healthy and Dynamic Waterfront Economy:***

- 4-1. Create new mixed-use areas on the waterfront for commercial, industrial, educational, recreational and residential uses.
- 4-2. Support water dependent activities and uses.
- 4-3. Create conditions attractive to jobs of the future.
- 4-4. Strengthen the tie between local jobs and resources.
- 4-5. Provide public amenities and

infrastructure to support redevelopment.

4-6. Improve permitting processes to achieve the goals and principles of the Waterfront Vision.

4-7. Explore economic spin-off related to Bellingham Bay Pilot cleanup strategies.

4-8. Provide incentives and credits for “green” buildings.

## **2.2 The Waterfront District**



### **Guiding Principles and Implementation Strategies**

The WAG sponsored a public involvement process during 2005 and 2006, which led to the adoption of “New Whatcom Guiding Principles and Implementation Strategies” by the Port and City in 2006. The Implementation Strategies provide further guidance related to redevelopment of the Waterfront District and are listed in the applicable chapters of this Sub-Area Plan.

## **2.3 City Of Bellingham Comprehensive Plan**

The WFG plans, visions, guiding principles and recommendations were used to inform updates to the Bellingham Comprehensive Plan. Accordingly, the visions for the six “character areas” along the waterfront and 39 general guiding principles were included in the Framework Goals and Policies chapter of the 2006 City of Bellingham Comprehensive Plan.

## 2.4 Central Business District Neighborhood Plan

The WFG guiding principles for the City Center character area were summarized and incorporated into the Central Business District Neighborhood Plan to ensure consistency with, and implementation of the City's Comprehensive Plan and the WFG's recommendations for Bellingham's waterfront.

- Create a mixed-use neighborhood, with a combination of commercial, institutional, educational, retail services and housing.
- Provide a place where people can live, work, study and spend their leisure time without relying on auto transportation.
- Convert the existing ASB into a new marina or marine habitat.
- Maintain deep water and transient moorage and marine-related commerce in and along the Whatcom Creek Waterway.
- Significantly improve public access opportunities throughout the area.
- Locate WWU and/or other educational or institutional facilities in the area.
- Acquire the GP property to ensure community involvement in planning for redevelopment and to secure acquisition of land for parks, roads and public access.

When implemented, this vision will connect downtown Bellingham with the central waterfront and contribute in a significant way toward the vibrancy of the community and the region.

## 2.5 Bellingham Shoreline Master Program

The City of Bellingham adopted an update to its Shoreline Master Program (SMP) in 2013. The SMP goal for shoreline development within the Waterfront District is:

*Coordinate shoreline uses to ensure uses that result in long-term over short-term benefit, protect and restore the shoreline resources and ecological*

*functions, increase public access to the shoreline, and promote economic development and accommodate water-dependent uses.*

The proposed shoreline uses, setbacks and development standards in the Waterfront District Sub-Area Plan are consistent with and implement the SMP.

## 2.6 Applicants' Objectives

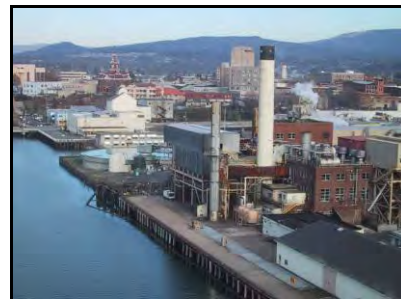
The applicants' objectives prepared for the Draft Environmental Impact Statement for the Waterfront District, and listed below, reflect the Vision statements adopted over the past two decades of planning and public involvement and are the basis for the plans, policies and implementation strategies included in the Waterfront District Sub-Area Plan:

- Redevelop the industrial site into a mixed use, waterfront neighborhood providing opportunities for a range of uses and activities. Create a vibrant area that integrates water-dependent uses and open space with new office, retail, services, institutional, and residential uses, and enhances the economy and livability of the area.
- Connect the Waterfront District Redevelopment project with surrounding neighborhoods including the Central Business District by: ensuring that the redevelopment is compatible with adjacent areas; encouraging uses that complement, not replace, neighboring uses; and integrating new roadway, pedestrian access and trails with surrounding systems.
- Provide community benefits through the phased construction of public open spaces and beaches, pedestrian trails, and moorage for small vessels that fit within the overall intent of the redevelopment plan.
- Identify opportunities to restore and create habitat along the waterfront environment; creating an economically-viable redevelopment.

# CHAPTER TWO

## VISION

- Ensure that redevelopment is compatible with environmental remediation efforts.
- Enhance the region's economic vitality by creating conditions that are attractive to a range of employment opportunities and businesses, including water-related industries, research and development ventures, goods and service establishments, and educational and cultural facilities.
- In conjunction with the City of Bellingham, construct an integrated and economically responsible infrastructure network and public amenities that adequately support phased, long-term redevelopment of the site and stimulate private investment in the project. The ability to provide the infrastructure and public amenity system should be derived from grants and the sale or lease of redevelopment parcels by the Port and from grants, bond financing and tax revenues by the City and other applicable fees and service charges. These sources of capital will be used to offset the initial and ongoing investment in infrastructure and amenities to minimize subsidy from the general tax base of the Port or City.
- Increase public access to the waterfront by developing pedestrian, bicycle and vehicular connections to/from the site and an interconnected system of trails, viewpoints, walkways, streets, parking and boat moorage facilities. Use of non-motorized transportation modes will be a priority.
- Work with non-profit organizations and developers to provide opportunities for a mix of housing products affordable to a range of employees on the site and in the community.
- Work cooperatively with the City of Bellingham and the public to adopt a Sub-Area Plan and Development Agreement that provide the necessary predictability, consistency and expediency for long-term success of the redevelopment, and allow for flexibility to respond to market factors over time.
- Encourage sustainable and "green" development practices as part of future building and infrastructure design and construction at the site.
- Incorporate features into the planned marina to complement future mixed-use redevelopment, including: boat slip configurations, public walkways/small parks around the perimeter of the marina, and enhanced habitat opportunities.
- Continue to coordinate with state, federal and local agencies, tribes, organizations, institutions, the public and the private sector to facilitate redevelopment planning and implementation that is successful and an asset to the community.



## CHAPTER THREE

### ENVIRONMENTAL CONSIDERATIONS

### 3.0 Environmental Considerations

#### *Environmental Cleanup*

Most of the Waterfront District is built on tidelands, which have been dredged and filled to support over 100 years of heavy industrial waterfront activity. Portions of the site are affected by soil, groundwater and/or sediment contamination caused by historic releases of hazardous substances. Bringing this environmentally compromised land back into functioning and productive use is essential to meet the community vision for the central waterfront. Clean up of contaminated properties is regulated by the Washington State Model Toxics Control Act (MTCA). MTCA is a citizen-mandated law enacted through a voter's initiative and is the state counterpart to the federal Superfund law. Ecology is the lead agency responsible for the implementation and enforcement of MTCA. The mission of Ecology is to protect, preserve, and enhance Washington's environment, and promote the wise management of air, land and water for the benefit of current and future generations.



There are six state-listed cleanup sites within the Waterfront District. The MTCA cleanup process includes multiple steps from the initial discovery of contamination, to long-term monitoring to ensure the effectiveness of the cleanup action, to deed restrictions that ensure the long-term integrity of the cleanup action. The Department of Ecology, the Port and the City are working cooperatively to effectively and efficiently integrate site cleanup, habitat restoration, and redevelopment activities. Ecology's cleanup requirements will vary

from site to site and will depend on a number of considerations including the nature and extent of contamination and the intended uses of the property.

Ecology must select the most appropriate cleanup action for current and reasonable foreseeable uses of the property. Cleanup methods may include treating, removing, or isolating contaminants in order to reduce exposure to humans and the environment. For each site, Ecology will evaluate a range of cleanup options that meet cleanup requirements given the current and planned uses of the property.

Environmental cleanup can be effectively and efficiently performed in conjunction with redevelopment activities. For example, if an environmental cleanup requires isolation of contaminated soil to reduce exposure, that isolation could be achieved through paving or buildings. The former GP tissue warehouse, located on the north side of the Whatcom Waterway, is an example of the integration of environmental cleanup and redevelopment. This warehouse was built in 1999 on top of a former municipal landfill and a state-listed cleanup site. The warehouse floor and surrounding parking lot were designed to function as an environmental cap which isolates contaminants in the underlying landfill from humans and the environment. The warehouse foundation includes a vapor control system which releases gases generated as the landfill decomposes over time.

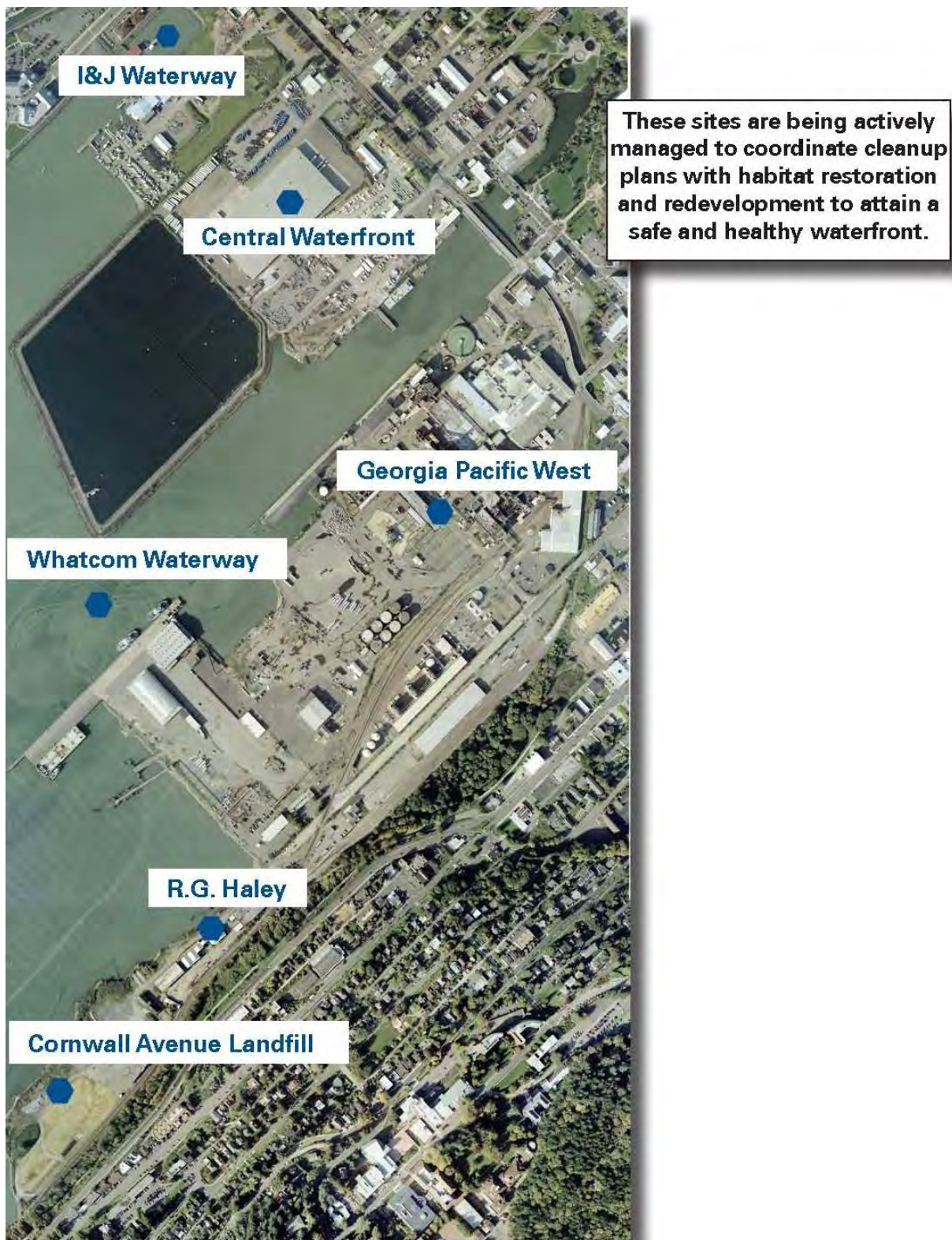
Environmental cleanup requirements established by Ecology under state law will be adhered to throughout the redevelopment of contaminated properties within the Waterfront District.



## CHAPTER THREE

### ENVIRONMENTAL CONSIDERATIONS

Figure 3-1: State-Listed Cleanup Sites





There are six state-listed cleanup sites within the Waterfront District. These sites include contaminants at levels exceeding state standards in the soil, surface water, ground water and sediments caused by historic industrial activities. The upland sites were originally tide flats and sub-tidal areas in Bellingham Bay that were filled in, beginning in the mid 1800's, to support industrial activities.

Site	Description
Cornwall Avenue Landfill	This site was used to support a variety of industrial activities from the late 1800's to 2004 including sawmill operations, a garbage dump, and pulp and paper mill product storage. The site is primarily contaminated with heavy metals, petroleum compounds, and solid waste caused by use of this property from 1953-1965 as a municipal landfill. The Port acquired this property in 2005 and is developing cleanup options under Ecology oversight which protect human health and the environment based upon a large waterfront park and mixed-use redevelopment along the bluff.
R.G. Haley	This site was used for a variety of industrial activities from the mid 1800's to late 1900's including lumber, coal and wharf operations. The site is primarily contaminated with petroleum compounds caused by wood treatment operations performed by R.G. Haley and other companies from 1951 to 1986. The City acquired this property in 2010 and is developing cleanup options, under Ecology oversight, which protect human health and the environment based upon mixed-use redevelopment.
Georgia Pacific West	This site was used to manufacture paper products from 1925-2007. The site is primarily contaminated with petroleum compounds, mercury, metals, and caustic caused by pulp, paper and chemical manufacturing operations performed by GP from 1963-1992. The Port acquired this property in 2005 and is developing cleanup options under Ecology oversight which protect human health and the environment based upon a combination of industrial and mixed-use redevelopment.
Whatcom Waterway	This site, located within the waters of Bellingham Bay including the Aerated Stabilization Basin, is primarily impacted by mercury contamination discharged from GP's former chemical plant from 1965-1979. The Port is implementing Ecology's selected cleanup action which protects human health and the environment based upon habitat restoration, a new marina, visitor moorage, marine trades and public access along the shoreline.
Central Waterfront	This site was used to support a variety of industrial activities from the early 1900's to the 1970's including a municipal and wood waste landfill, boat yards, foundry activity, petroleum storage, and pulp and paper mill product storage. The site is primarily contaminated with heavy metals, petroleum compounds, and solid waste caused by a range of historic industrial activities. The Port and City acquired most of the privately-owned portions of this site in 2005 and 2006 and are developing cleanup option plans under Ecology oversight which protect human health and the environment based upon industrial mixed-use redevelopment.
I&J Waterway	This site, located within the waters of Bellingham Bay, has been used since the early 1900's to support a variety of industrial activities including lumber mills, a rock crushing plant, frozen foods processing, and a seafood processing facility. The site is primarily contaminated with metals and phthalates caused by a range of historic industrial activities. The Port is developing cleanup options under Ecology oversight which protect human health and the environment based upon mixed-use redevelopment of the surrounding uplands and ongoing light industrial navigation requirements in the I&J Waterway.

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## ENVIRONMENTAL CONSIDERATIONS

### *Habitat Restoration*

In 1999, Chinook salmon were listed as threatened under the Endangered Species Act in the waters throughout the Bellingham area. These fish, the largest of the Pacific salmon, once filled the surrounding waters and represented the natural heritage of the northwest coast. A combination of factors including over fishing, the destruction of habitat in the rivers and the ocean, and dams and other barriers, brought these massive fish to the brink of extinction. The decline of salmon is closely associated with the decline in the health of Bellingham Bay and Puget Sound. Over the past one hundred years, there has been a large recession in the population of species which inhabit the surrounding area including forage fish, bottom fish, orca whales, salmon and marine birds. The restoration of shoreline habitat is critical to a coordinated, ecosystem-wide restoration effort and figures prominently into redevelopment plans for the Waterfront District.



Bellingham's central waterfront was once surrounded by shallow mudflats and extensive eelgrass beds which offered a surplus of food and protection to juvenile salmon as they left nearby rivers and adjusted to salt water in preparation for a journey out to sea. This natural environment has been devastated by more than a century of unregulated heavy industrial activity on the waterfront. Historic industrial development expanded on top of traditional salmon spawning grounds and the shallow mudflats were filled to create new

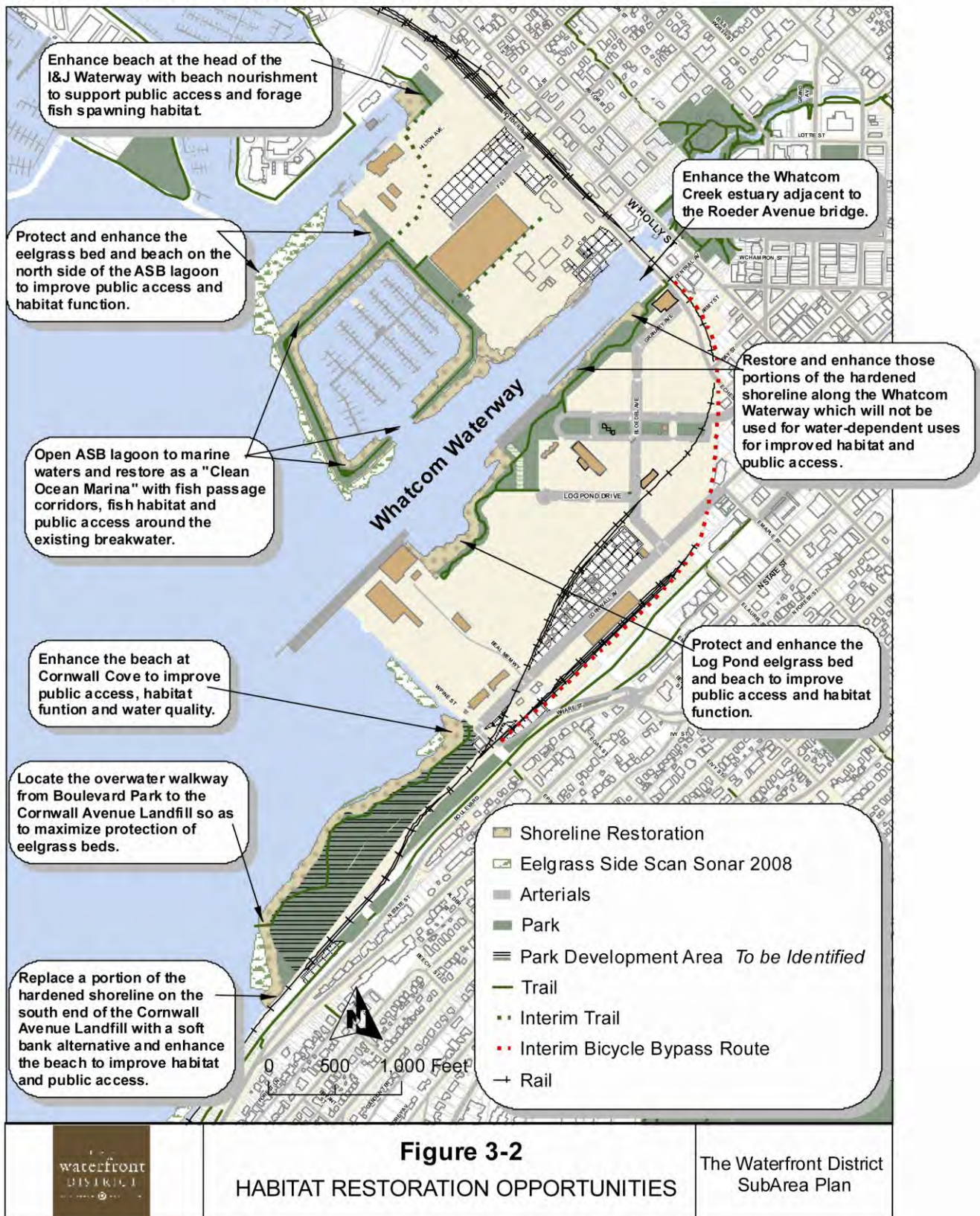
industrial land. Shorelines were hardened with bulkheads, docks, wharves and rip rap and, as young salmon lost their traditional habitat, they became increasingly vulnerable to predators. Today, the shorelines throughout the Waterfront District include a legacy of failing bulkheads, old docks and over-water industrial structures. While these structures were important to the waterfront operations that supported the local economy for many years, some of the existing overwater structures are now recognized as impediments to the new community waterfront envisioned by the WFG. Removing the failing and unused infrastructure will create opportunities to soften and reshape the shorelines to provide richer and more productive habitat for salmon at all tidal stages. Portions of the GP Wharf which are in usable condition will be retained into the future to support water-dependent uses in the Log Pond area.

The Port and City, working in collaboration with the multi-agency task force, the Bellingham Bay Pilot, have identified the highest priority habitat restoration areas in Bellingham Bay. The Waterfront District will support Puget Sound recovery efforts by restoring several miles of urban shorelines, removing creosote pilings and unnecessary overwater structures, improving nearshore connectivity, and building more than four acres of new shallow habitat benches. Human activities and the natural environment will be balanced through design solutions which integrate shoreline habitat into mixed-use urban redevelopment. While salmon recovery and the customary return of Chinook will ultimately require all causes of decline to be addressed, the Waterfront District redevelopment will restore critical nearshore salmon habitat and serve as a Puget Sound model for how urban development can be carefully balanced with intricate human-nature interactions.



The habitat restoration projects illustrated on Figure 3-2 will occur over time as environmental remediation projects are completed and upland areas are converted to mixed-use development.

**Figure 3-2: Habitat Restoration Opportunities**



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### Shoreline Development

The Waterfront District includes approximately 3 miles of shoreline, which is regulated by the City's Shoreline Master Program. (SMP) The Washington State Department of Ecology approved the City's SMP in February of 2013.

The SMP includes the "Waterfront District" shoreline designation under which "Special Area Planning" was conducted as specified in WAC 173-26-201(3)(d)(ix).

The stated purpose of the Waterfront District Shoreline Designation is:

*"To plan for, protect and implement restoration of the shoreline ecological function, reserve areas for water-dependent and water-related uses, maximize public access to the shoreline and accommodate shoreline mixed uses and non-water-oriented uses where appropriate."*

The SMP establishes Shoreline Management Policies for the Waterfront District, which were adapted from the WFG Guiding Principles for City Center and the Waterfront District Implementation Strategies. The Shoreline Policies and Implementation Strategies in the Waterfront District Sub-area Plan are consistent with and implement the Waterfront District Shoreline Management Policies in the SMP.

The SMP includes habitat protection and restoration management policies for the Waterfront District that incorporate and are integrated with the Bellingham Bay Demonstration Pilot Project Comprehensive Strategy analysis. The policies include:

- Coordinating with state, federal and local agencies including Lummi Nation and Nooksack Tribe to improve ecological function of the shoreline.

- Cooperative projects and funding for shoreline restoration, habitat enhancement, environmental remediation and public access should be identified.
- Pocket beaches within the Waterfront District should be reserved for preservation and restoration / enhancement as habitat and public access points."

The SMP also includes a Waterfront District Development Regulation Matrix with minimum and maximum shoreline setbacks, buffers and height regulations for each shoreline use area. The SMP provides that:

*"The maximum setbacks and buffers within the Waterfront District shoreline mixed-use sub-area may be reduced down to the minimum setbacks and buffers (both as specified in BMC 22.11.30 F) as conditioned upon the adoption of a Comprehensive Plan amendment for a Waterfront District Master Plan and Development Agreement for the entire Waterfront District Special Development Area or, upon the adoption of a master plan for a portion of land area within the Waterfront District."*





### ***Sea Level Rise***

The Waterfront District infrastructure and development will be constructed to accommodate potential long-term sea level rise and tsunami conditions. Most of the site is currently located at an elevation of 5-7 feet above the Mean High Water Mark. Recent climate change studies have projected sea level to rise 15" to 50" over the next 100 years. Development in the Waterfront District shall be constructed in accordance with the best available science sea level rise information at the time the development occurs.

The site grade for parks, infrastructure and development pads will be raised to levels appropriate for the design lifetime of the projects. Marine-related industrial uses which need water access and buildings or facilities with a low initial cost or short life span may be located close to current sea level elevations and modified over time to adjust to rising sea level. Commercial, residential and institutional uses with a longer building life or more significant investment will be elevated at appropriate levels to reflect projected sea level rise.

### Waterfront District Guiding Principles and Implementation Strategies

The WAG sponsored a public involvement process during 2005 and 2006, which led to City and Port adoption of “Guiding Principles and Implementation Strategies” in 2006. The following Implementation Strategies provide guidance related to Environmental Restoration, Habitat and Shorelines:

- Continue to work with State and Federal and local agencies, organizations, institutions, including the Lummi Nation and Nooksack Tribe to be good stewards of the environment. Identify opportunities for cooperative projects and joint funding for shoreline restoration, habitat enhancement, environmental remediation and public access improvements.
- Evaluate sites identified in the Waterfront Futures Group “Opportunities and Ideas for Habitat Restoration and Water Access on Urban Bellingham Bay” and other plans and studies for designation as public access and shoreline restoration sites in the New Whatcom\* Master Plan and City of Bellingham Shoreline Master Program update.
- Designate the natural shoreline areas at the head of the I&J Waterway, the foot of Cornwall, and adjacent to the Log Pond for preservation and enhancement as habitat and public access points.
- Explore opportunities to rehabilitate and enhance hardened shoreline along the Whatcom Waterway, ASB lagoon and other shores for improved habitat and public access.
- Continue work with NOAA to develop a “Clean Ocean Marina” standard which incorporates environmental remediation, habitat enhancement, pollution prevention practices and public access, and apply these standards to the proposed New Whatcom\* Marina.
- Make the majority of water’s edge accessible via non-motorized means of transportation, including pedestrian walkways, bicycle trails, motorized and non-motorized boat access, and transient moorage, connected to a network of parks, trails and transit connections. Restrict or control public access to areas used for water-dependant industry, sensitive habitat or government agency uses where public access would conflict with public health or safety, habitat protection or national security.

\* Note: This planning area, originally called “New Whatcom” has been renamed the Waterfront District.

### 3.1 Environmental Considerations Policies

#### ***Environmental Cleanup***

1. Work with Ecology to coordinate the selection of environmental cleanup strategies that are appropriate and compatible with anticipated land uses.
2. Integrate habitat restoration into Ecology required cleanup actions.
3. When implementing Ecology-required cleanup actions, incorporate sustainable strategies to minimize the net environmental footprint.
4. Identify areas within cleanup site boundaries which best support modified Low Impact Development solutions as part of future upland redevelopment.
5. Evaluate the beneficial reuse of dredge material that meets Ecology standards as fill material and as raw material for construction projects.
6. Clean-up levels will be developed pursuant to state law to be protective of land uses in the Waterfront District.

#### ***Habitat***

7. Where appropriate, replace hardened shorelines with natural beach alternatives in coordination with cleanup and redevelopment activities to enhance habitat, improve aesthetics, reduce long-term maintenance costs, and achieve the stabilization and safety of the shoreline.
8. Protect, restore, and enhance eelgrass habitat.
9. Protect, restore and enhance nearshore habitat connectivity.
10. Protect, restore, and enhance natural habitat forming processes such as stream hydrology, tidal hydrology, sediment supply, wave environment, long shore sediment transport, and the food web.
11. Create shallow water habitats by modifying elevations.
12. Remove creosote-contaminated logs, pilings and debris or replace with non-creosote alternatives.

13. Use Low Impact Development stormwater principles to improve wildlife habitat and enhance estuarine functions.
14. Restrict off-leash dog areas and boat anchoring from sensitive nearshore habitat areas.
15. Develop complex riparian vegetation along the shoreline in order to restore habitat. Where appropriate, include designated trails and areas of focused public access to the water.
16. Restoration and enhancement opportunities should be integrated with site clean-up plans to the extent allowed under project-specific regulatory permitting requirements and implemented as specified in the SMP's Restoration Plan, the Whatcom Resource Inventory Area 1's "Marine Nearshore and Estuarine Assessment and Restoration Prioritization" plan and the City's Habitat Master Restoration Plan.

#### ***Shorelines***

17. The majority of water's edge should be accessible via non-motorized means of transportation, including pedestrian walkways, bicycle trails, motorized and non-motorized boat access, and transient moorage, connected to a network of parks, trails and transit connections.
18. Public shoreline access may be restricted in areas used for water-dependent industry, sensitive habitat or government agency uses where public access would conflict with public health or safety, habitat protection or national security.
19. Shoreline areas within the Cornwall Beach, ASB marina and the head of the I&J Waterway are designated as a Recreational Shoreline Environment where the primary uses within shoreline jurisdiction are public recreation, open space and habitat restoration. Accessory uses intended to support public recreation or serve park visitors should also be permitted in this area.

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## ENVIRONMENTAL CONSIDERATIONS

20. The shoreline within the Log Pond area was also designated as a Recreational Shoreline in the Final Draft SMP. The shoreline will be restored for public access and habitat function. Water-dependent, water-related and water-enjoyment uses are also permitted within Recreational Shorelines.
21. The shoreline within the Downtown Waterfront area is designated as a Mixed-Use Shoreline Environment where the water's edge is reserved for habitat and public access, with variable building setbacks to allow businesses, residences, and public facilities to be located within shoreline jurisdiction.
22. Buildings located within shoreline jurisdiction along the Whatcom Waterway should have variable shoreline setbacks and open space between buildings to avoid construction of a wall of buildings close to the water.
23. The Bellingham Shipping Terminal and Marine Trades Area of the Waterfront District are identified as appropriate locations for water-dependent and water-related uses and ancillary activities to support commercial fishing, recreational boating and maritime industries, including boat building and repair.
24. Parking within shoreline areas should be located under buildings or within parking structures located on the upland side of the development unless associated with a water-dependent use or unless no other feasible alternative exists. Surface parking, with appropriate stormwater management, may be developed as an interim use on areas planned for future redevelopment. Where interim surface parking is permitted, the long-term parking strategy and timing of the proposed redevelopment should be specified in the shoreline permit for the project.
25. Streets within shoreline jurisdiction should be designed and aligned in such a manner that the minimum width of travel way for vehicles is provided to facilitate circulation and accommodate future land uses.
26. Shoreline buffers should be managed to preserve, enhance and restore native vegetation and habitat functions. Public trails to provide water access should be permitted within shoreline buffers, provided they are designed and managed to protect or enhance shoreline ecological function.
27. Parks, trails, public plazas, artwork, signs benches and outdoor seating areas should be allowed within shoreline setbacks outside of designated shoreline buffers, other than areas designated for habitat restoration in future park plans.
28. Site grades should be raised to accommodate potential long-term sea level rise and tsunami conditions appropriate to the design life-time of the project.



### 3.2 Environmental Considerations Implementation Strategies

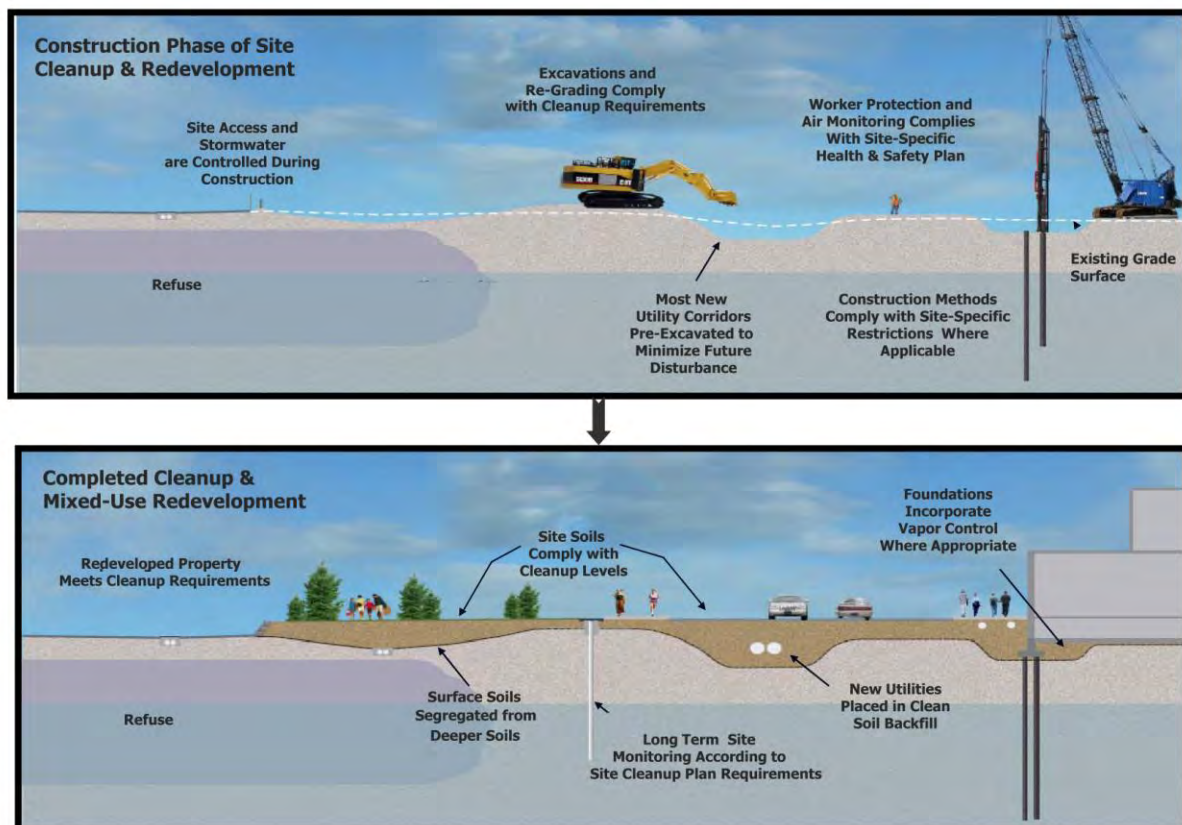
1. Replace a portion of the hardened shoreline on the south end of the Cornwall Avenue Landfill with a soft bank alternative and enhance the beach to improve habitat function and public access in coordination with cleanup and redevelopment activities in the Cornwall Beach Area.
2. Locate the overwater walkway from Boulevard Park to the Cornwall Avenue Landfill so as to protect eelgrass beds from construction impacts. Enhance the Cornwall Cove beach to improve public access and habitat function in coordination with cleanup



and redevelopment activities in the Cornwall Beach Area.

3. Enhance stormwater management at Cornwall Cove beach in accordance with Ecology stormwater standards, in coordination with the upgrade of Cornwall Avenue.
4. Enhance the Log Pond beach to improve public access and habitat function in coordination with cleanup and redevelopment activities in the Log Pond Area.
5. Protect and enhance the Log Pond eelgrass bed.
6. Portions of the hardened shoreline along the Whatcom Waterway which are not being retained for water-dependent uses should be restored and enhanced for improved habitat and a variety of public access experiences upon completion of environmental remediation and in coordination with redevelopment activities in the Downtown Waterfront area.
7. Build public promenades along the waterfront with viewing platforms and overlooks to provide users with recreational opportunities and vistas of key estuary and habitat areas in coordination with upland redevelopment activities.

**Figure 3-3:  
Coordinating Site Redevelopment  
with Cleanup Requirements**



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## ENVIRONMENTAL CONSIDERATIONS

8. Enhance the Whatcom Creek estuary adjacent to the Roeder Avenue Bridge.
9. After completion of environmental remediation, the ASB lagoon may be opened to marine waters and restored as a Clean Ocean Marina with fish habitat and public access around the rim of the existing breakwater. In the event that a marina is built, it should include fish passage corridors through the north and south sides of the breakwater which are located so as to protect existing eelgrass beds from construction impacts.
10. Enhance the shoreline next to the C Street stormwater outfall in coordination with cleanup and redevelopment activities in the Marine Trades Area. This beach shoreline area should not be designated as a public beach due to proximity to the stormwater outfall.
11. Enhance the beach on the north side of the ASB lagoon to improve public access and habitat function in coordination with cleanup and redevelopment activities in the Marine Trades Area.
12. Enhance beach at the head of the I&J Waterway with beach nourishment to support public access and forage fish spawning habitat in coordination with cleanup and redevelopment activities in the Marine Trades Area.
13. Remove creosote-treated pilings and unnecessary overwater structures or replace with non-creosote alternatives.
14. Use sustainable design as part of environmental cleanup where feasible (i.e. design impermeable, rainwater-harvesting structures that act as subsurface “caps” for deeper contaminated materials but allow for near-surface water movement and infiltration for collection).
15. Continue to work with State and Federal and local agencies, organizations, institutions, including the Lummi Nation and Nooksack Tribe to be good stewards of the environment. Identify opportunities for cooperative projects and joint funding for shoreline restoration, habitat enhancement, environmental remediation and public access improvements.
16. Development within shoreline jurisdiction shall comply with the shoreline buffers, setbacks and height limits for the Waterfront District, established in the Final Draft SMP, upon Ecology approval.
17. Restrict off-leash dogs and boat anchoring from sensitive near-shore habitat areas.
18. Develop an interpretive signage program to educate the public about sensitive habitat areas and access restrictions.



# CHAPTER FOUR

## DEVELOPMENT CHARACTER

### 4.0 Development Character

The Waterfront District redevelopment is intended to implement the community vision for the Central Waterfront by converting a large under-utilized Brownfields industrial site into a vibrant mixed-use neighborhood where people can live, work, shop, study and spend their leisure time, without relying on vehicular transportation. The project will reflect the commitment of Bellingham citizens to environmental stewardship by remediating historic contamination and restoring degraded shorelines to provide habitat for fish, birds and small wildlife species, as well as, opportunities for public access to the water. A network of interconnected waterfront parks, trails and public open space will provide outdoor recreation opportunities and community gathering places to serve the entire Whatcom County community and attract new residents, businesses and visitors to the region.

The mix of uses and phasing of development and infrastructure within the Waterfront District is intended to complement and enhance businesses in the Central Business District and adjacent neighborhoods. Development should include a healthy balance between the creation of new jobs and housing opportunities, supported by goods and services. Public ownership of the majority of the land, during the planning phase, will allow some of the land to be leased or sold for development over time.

Interim uses are proposed to make use of vacant properties until the development market and infrastructure investment can support more intensive uses. These interim uses include but are not limited to: marine-related light industrial and transportation, construction staging, environmental remediation, alternative energy research and production, food production and surface parking.

The policies and implementation strategies in

this chapter, and the associated development regulations, are intended to guide the redevelopment of the site as a compact urban village with sufficient density to support transit and pedestrian-oriented development. Development standards relating to building height, setbacks, and design are proposed to preserve key view corridors to and from adjacent neighborhoods, limit building mass adjacent to parks and rights-of-way, and encourage sustainable design features and amenities to support pedestrian-oriented commercial activity and public gathering space at the ground level.



The Waterfront District Downtown Area achieved a Stage 1 Certification under the US Green Building Council's LEED (Leadership in Energy and Environmental Design) for Neighborhood Development pilot program. This program integrates the principles of smart growth, new urbanism and green building and 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 this Sub-Area Plan.

The Waterfront District, Old Town and a portion of the Central business District have also been selected by the Portland Sustainability Institute to participate in the EcoDistrict Program. There is considerable overlap between LEED ND program concepts and EcoDistrict concepts. Where feasible, these concepts have been integrated into the updated draft Sub-area Plan and Development Regulations.



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## DEVELOPMENT CHARACTER

### Waterfront District Guiding Principles and Implementation Strategies

The Waterfront Advisory Group sponsored a public involvement process during 2005 and 2006, which led to City and Port adoption of the Guiding Principles and Implementation Strategies” in 2006. The following New Whatcom Implementation Strategies provide guidance related to Development Character:

- Redevelop the New Whatcom site with a mix of uses including jobs, housing, retail development, services, educational and cultural facilities and water-dependent industrial uses.
- Divide the New Whatcom redevelopment area into a number of districts with distinct character and function, developed in phases to correspond with market demand.
- Encourage a mix of uses which complement, rather than duplicate, businesses in the Central Business District and provide family-wage jobs, including offices, research and development, business incubators, live-work studios, and water-related industries.
- Maintain a balance between jobs, housing, retail development and services developed on the New Whatcom site. Develop a phasing plan which establishes a ratio between retail, services, offices or institutional uses, and residential development on the site.
- Encourage the development of businesses which provide goods and services to residents of the site and surrounding neighborhoods, local businesses and employees, and visitors to attractions on the site. Develop size and design criteria which discourage “big box” stores which draw the majority of their customers from other areas of the City.
- Work with non-profit organizations and private developers to provide incentives for development of a mix of housing types affordable to the employees of the businesses provided on the site.
- Include sites for water-related industry and services to support commercial fishing, recreational boating and maritime industries, including boat building and repair to preserve the nautical history of our community.
- Develop appropriate design features and transitional areas to buffer uses which produce noise, glare or odors from incompatible uses where needed.
- Capitalize on the synergistic relationship between New Whatcom and adjacent commercial districts by enhancing rather than competing with adjacent areas especially the Central Business District. This can be achieved by an early emphasis on jobs, residential units and other activities which support businesses in the adjacent areas.
- Work with universities, agencies, organizations and business groups involved in education, art and culture to attract educational and cultural facilities to the waterfront.
- Work with non-profit organizations and provide a combination of incentives, mandates, and subsidies for private developers to develop a mix of housing types affordable to employees of the jobs provided nearby.
- Implement land uses that acknowledge Bellingham’s deep maritime and cultural history.
- Design a building scale and business atmosphere which encourages unique, locally owned businesses.
- Utilize appropriate site design standards, such as Whatcom County Building Industry of Washington “Green Community” program or Leadership in Environmental Education and Design (LEED)™ Neighborhood Development standards and encourage new or remodeled buildings to be BuiltGreen™ or LEED™ certified.
- Establish unique urban waterfront design guidelines to encourage contemporary architecture and leading green building techniques that blend with the historic industrial buildings on the GP site and highlight the maritime flavor and cultural heritage of the Bellingham waterfront.
- Work with Lummi and Nooksack leaders to facilitate their development of cultural and educational facilities which feature Native American culture and history.

## 4.1 Development Character

### ***Policies Land Use Policies:***

1. Encourage a compatible mix of urban density commercial, residential, recreational, institutional, and light industrial uses.
2. Maintain a balance between job creation, housing, and building space for goods and services within the Waterfront District. Allow the market to influence uses within individual development projects.
3. Cluster compatible land uses and adopt appropriate development regulations to establish areas of unique character within different sub-zones of the Waterfront District.
4. Develop a network of waterfront access points, parks, public gathering places and areas for public use and enjoyment throughout the Waterfront District. Integrate parks and open space into development areas to add value to adjacent properties.
5. Encourage pedestrian-oriented development at street level and require the ground floor of buildings fronting on Commercial Street and Bloedel Avenue to be designed for commercial, retail, services or public facility use. Allow these spaces to be occupied by offices or other interim uses until such time as the market supports conversion to commercial use.



6. Preserve sufficient land for marine cargo and marine-related commercial, recreational and industrial uses in areas

with access to navigable waters, and adopt appropriate development standards for these areas which recognize the potential for noise, glare and the need for water access, open yard space and buildings big enough to store and repair large vessels and equipment.

7. Identify a site with sufficient size and expansion space for a campus of higher education or other institutional or business campus and adopt flexible design standards to allow a unique character to be established for this campus area.
8. Allow for opportunities to accommodate a grocery store, elementary school, day care center, recreation facilities and similar services for families with children and encourage construction of such facilities when there is sufficient demand.



9. Establish transitional areas to be used for light industrial use, construction staging, environmental clean-up uses, including temporary storage or treatment of dredge materials, alternative energy research or production, local food production, surface parking and similar interim uses until such time as the market and infrastructure is available for these areas to be developed into more intensive uses.
10. Enable the development of inclusive affordable housing for low and moderate income persons. A variety of housing types and price ranges should be available, including housing for elderly and disabled persons, families with children, students and employees of local businesses.

# CHAPTER FOUR

## DEVELOPMENT CHARACTER

11. Encourage the development of public services, art and cultural facilities which reflect the history of the site and region to serve area residents and attract visitors to the District.
  12. Provide for sufficient density to allow public entities to recover investments into land, clean-up costs, parks and infrastructure, through land sales and future tax revenues.
  13. Phase development to meet market demand and installation of infrastructure.
  14. Encourage land uses in the Waterfront District that complement and help to diversify and expand the City Center and that also take advantage of the unique urban waterfront location.
  15. Encourage industrial land uses that provide jobs for light manufacturing and assembly, high technology, research and development and industrial uses which depend upon or relate to the waterfront.
- Sustainable Development Policies:***
16. Promote sustainable design strategies and development practices generally consistent with LEED for Neighborhood Design and other sustainable development programs.
  17. Ensure that environmental remediation of soil, groundwater and marine shoreline areas occurs prior to or in conjunction with redevelopment.
  18. Restore marine shorelines by removing creosote pilings and dilapidated industrial structures and replace with shoreline materials and contours which support ecosystem recovery goals and public access, where appropriate.
  19. Encourage re-use and recycling of materials on-site.
  20. Re-use the existing Aerated Stabilization Basin breakwater materials for environmental capping, shoreline restoration and fill for parks and roadways to lower the carbon footprint of the project and reduce impacts on local sand and gravel quarries.
  21. Encourage building and site designs which conserve energy and potable water, capture and treat storm water on-site, and utilize alternative energy, recycled wastewater, sustainable building materials and innovative construction techniques.
  22. Create a framework for personal wellness and environmental stewardship by providing habitat restoration, outdoor recreation opportunities, convenient recycling and compost facilities, roof top and patio gardens, sites for local food production and facilities to support pedestrians, and alternative modes of transportation such as bicycles, motorcycles, transit and ride-share programs.
  23. Incorporate bio-swales and other low-impact stormwater management techniques into landscape medians, street plantings and stormwater systems where possible to provide an aesthetic amenity and reduce the impacts of stormwater runoff.
  24. Utilize natural vegetation and low-water use plants in landscape design to avoid the need to use potable water for irrigation.
  25. Design circulation systems and parking facilities which encourage non-motorized transportation, transit and ride-share programs, reduce paved driving surfaces, and protect water quality.
  26. Encourage the adaptive reuse of existing buildings if an assessment of structural, economic, market and land use factors show positive benefits of keeping the building. New buildings should be built utilizing methods that will allow easy adaptive reuse in the future if the building use changes over time.
  27. Development should utilize district specific utilities, such as district heating and cooling, and non-potable water systems if



available and implemented through a Waterfront Utilities Master Plan.

### **Site Design Policies:**

28. Within mixed-use commercial and residential areas, define pedestrian-scale blocks and building pads by developing a network of interior roads, bicycle routes and pedestrian connections with a block size similar to or smaller than the existing City of Bellingham Central Business District and Fairhaven. Where buildings or blocks exceed 240 feet, require pedestrian through-block routes and pedestrian access through buildings during business hours.
29. Encourage pedestrian-oriented development in mixed-use commercial areas by locating buildings adjacent to the sidewalk on arterial streets, except when set back to accommodate public plazas, outdoor seating, dining, landscaping or artwork.
30. Minimize the visual impact of surface parking by reducing parking space requirements, locating surface parking along interior streets or alleys, behind or within the interior of buildings, or below street grade where feasible, and requiring landscaping or screening of surface parking lots. (See related parking policies in Chapter 5 entitled Multi-modal Circulation & Parking.)
31. Establish view corridors and design standards to preserve water views from public streets and designated view points within adjacent neighborhoods and establish visual connection with the Central Business District.
32. Encourage public and private open space at ground level through design regulations and incentives for dedication of public open space.

### **LEED ND Credit Opportunities**

Note: LEED ND, developed by the US Green Building Council, is one of many different voluntary rating systems to address and achieve sustainability goals. The following plan features provide potential credit toward LEED ND certification:

The project includes a balance of housing units and jobs. At least 25% of the total building square footage is designed for residential use, and the project is located within a ½ mile walking distance of 4,900 existing jobs.

Half of the housing units are within walking distance of the proposed Western Washington University campus site.

Site design policies and development standards encourage walkable streets, with buildings located close to the sidewalk, commercial uses at ground level, doors and windows facing the sidewalk, and pedestrian amenities such as weather protection, benches, lighting and art work at street level.



***Commercial street frontage and pedestrian amenities soften the appearance of parking garages and maintain walkable streets.***



## CHAPTER FOUR

### DEVELOPMENT CHARACTER

#### ***Building Design Policies:***

33. Establish design regulations and a predictable design review process to ensure that building designs are consistent with the intended character of the various development areas.
34. Encourage pedestrian-oriented uses on the ground floor of buildings fronting arterial streets within Commercial Mixed- Use areas, and provide street-level amenities, such as awnings, benches, lighting and landscaping to support pedestrian and transit use.
37. Encourage appropriately scaled signs and kiosks integrated with building design and street furniture to identify businesses and direct the public to parks, trails, transit facilities, parking and other locations of interest.
38. Design building roof tops and mechanical equipment with consideration for appearance from the adjacent bluff. Encourage screening, vegetation and use of materials to minimize glare.

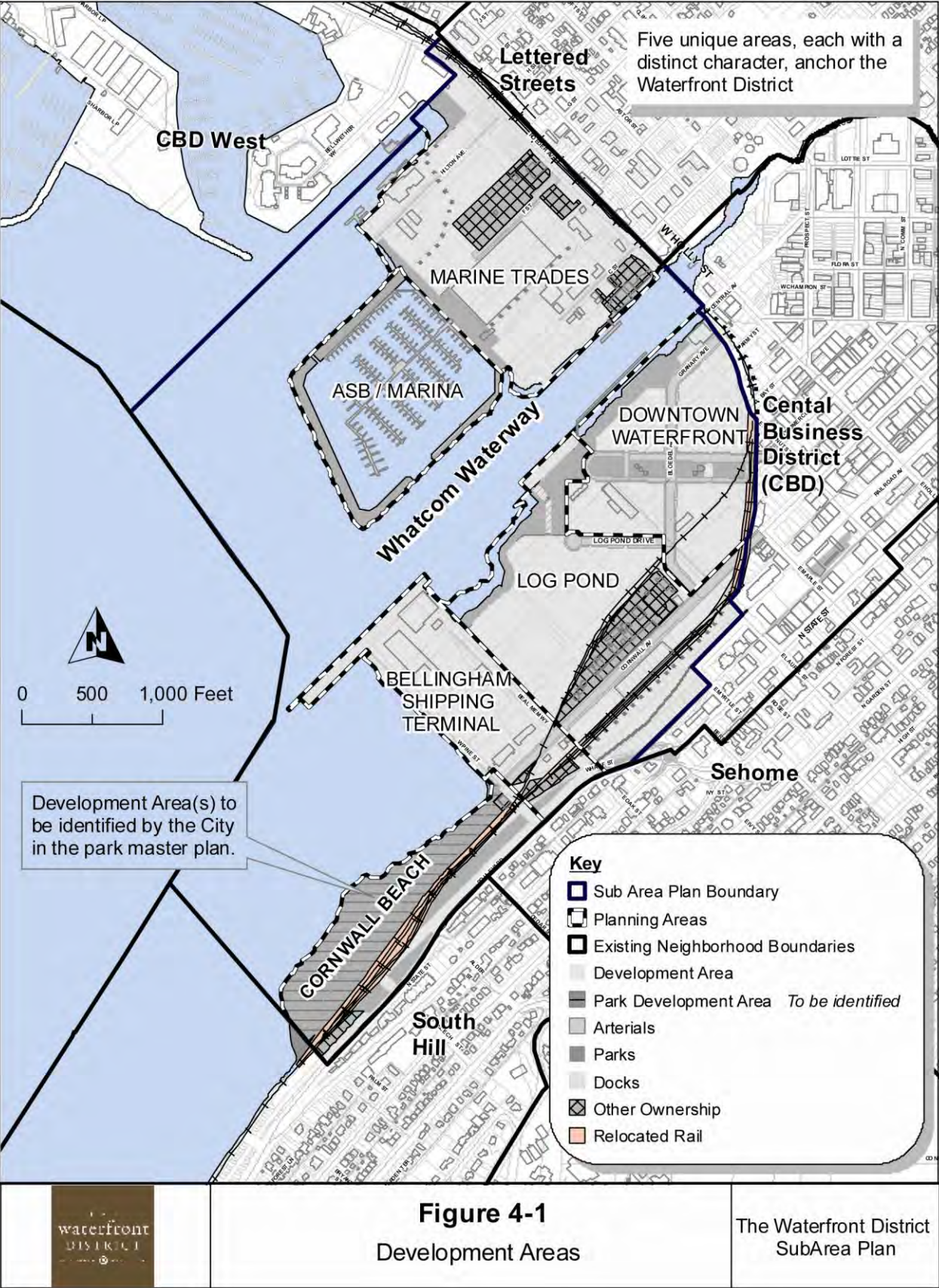


35. Establish building heights, density, and design standards relating to building bulk and scale to encourage building forms which are inviting to pedestrians at street level, preserve views to and from adjacent neighborhoods, and have sufficient density to support use of public transit and attract private investment.
36. Recognize the need for larger industrial buildings and less stringent design standards to accommodate marine industrial uses, upland boat storage and other light industrial uses within Industrial Mixed-use areas. Provide lighting standards, setbacks, screening or landscaping to reduce impacts and separate Industrial Mixed-use areas from other mixed-use development areas.



*When residential development is located at street level, the ground flow should be elevated above street level or set back from the sidewalk with landscaping along the street frontage.*

Figure 4-1: Waterfront District Development Areas





## Areas of Unique Character

The Waterfront District is divided into five areas of unique character where the mix of land uses, density, building types and the layout and design of streets, trails, parks and open spaces will define the character and function of the proposed development:

### Marine Trades Area

This 58-acre area is characterized by a working waterfront that will support a new Clean Ocean Marina which adaptively reuses 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.

### Shipping Terminal Area

The existing deep water port in this 25-acre area will be maintained for shipping, port and industrial related opportunities. Industrial uses characterize this area with the potential for use of its peripheral areas to accommodate transitions between related office, transportation, and light industrial uses.

### The Downtown Waterfront Area

The character of this 37-acre area is similar to the commercial portion of the Central Business District (CBD) or Fairhaven. Uses that provide goods and services will mainly serve the population of the area and are not intended to compete with those in the CBD. A mix of housing, office and institutional uses are proposed to be accommodated in a high density configuration centered around the Commercial Street Green open space and Bloedel Avenue. A site for a higher-education or other institutional or business campus is identified along the southern edge. Minimum building heights will be encouraged to establish an urban environment that will become the heart of the Waterfront District. This area's waterfront development will have an urban character with pedestrian-oriented uses encouraged along the waterfront promenade.



### Log Pond Area

This 52-acre area is identified as an Industrial Mixed-use area to be utilized for transportation, construction or light industrial uses through the end of the planning period for the Waterfront District Sub-area Plan. Preferred land uses in the area also include light manufacturing and assembly, high technology, and research and development. Materials which 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. The Port is working with Burlington Northern to obtain permission to install a rail spur to serve this area in the future. 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 vessel. Public access through this area may need to be interrupted during periods when recreational use would conflict with industrial or cargo activities.

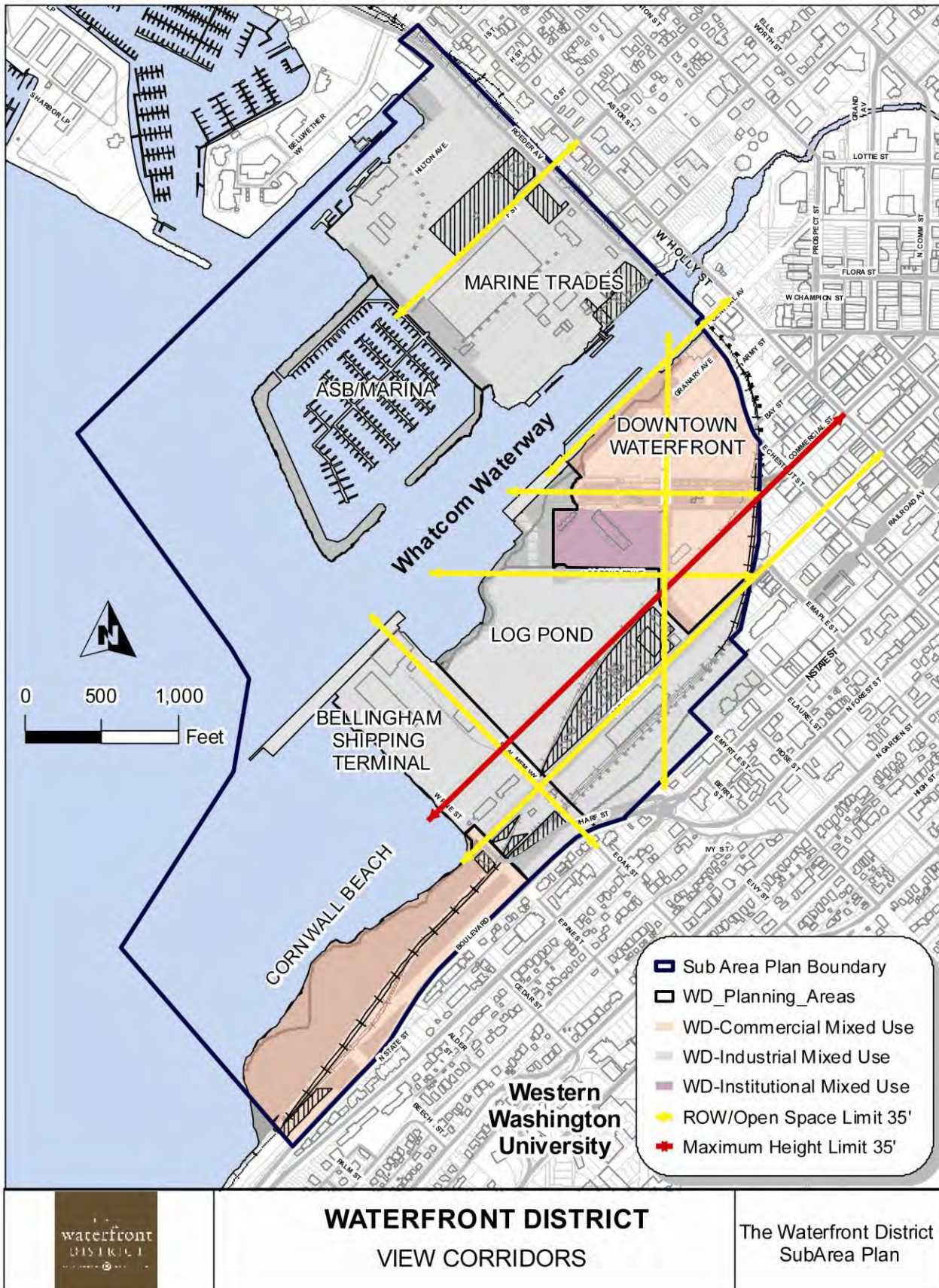


### Cornwall Beach Area

A mix of residential and office uses, with a small amount of goods and service uses are proposed in this 29-acre area. The goods and service uses will mainly serve residents of the Waterfront District and the users of the Cornwall Beach Park, which is a major component of this area, with connections to Boulevard Park via an over-water walkway. Medium density development will be encouraged to relate to the park environment. The Cornwall Beach area includes the bluff located east of the railroad tracks along Boulevard and State Street. The majority of this bluff is in public ownership and is not developable due to steep slopes and limited access. The Environmental Impact Statement for the Waterfront District did not contemplate any development along this bluff. If the private property along the bluff develops in the future, additional planning and SEPA review will be required.



Figure 4-2: Waterfront District Urban Village View Corridors



## CHAPTER FOUR

### DEVELOPMENT CHARACTER

#### Floor Area Ratio (FAR)

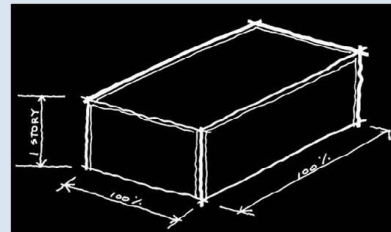
During initial planning discussions in 2005, the Port and City planning team identified the Fairhaven historic district as a starting point for evaluating density options. The density of building in Fairhaven, if applied to the entire Waterfront District would result in approximately 6.0 million square feet of building floor space.

Lower density development is proposed in the Marine Trades, Bellingham Shipping Terminal and Log Pond areas and urban density development is concentrated in the Downtown Waterfront area and the development pad within the Cornwall Beach area.

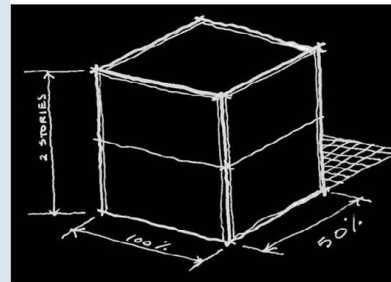
Base and Maximum FAR for the various Waterfront District planning areas are included in the Waterfront District Development Regulations.

#### What is Floor Area Ratio(FAR)?

FAR is the gross square footage of a building, excluding structured parking, divided by the square footage of the site.



**Two different forms of  
a 1.0 FAR building**



For example: In both examples above, the building is 10,000 square feet, and is built on a 10,00 square foot lot. This is an FAR of 1.0.

If you know the FAR and you want to calculate how much gross floor area you could build, multiply the FAR by the site area.



## **Historic and Cultural Resource Policies:**

39. Utilize the assumptions, methodology and recommendations from the Waterfront District Adaptive Re-Use Assessment dated 2009, prepared by Johnson Architecture to evaluate any proposals to demolish any of the structures identified on Figure 4-3. An updated assessment of market conditions and/or developer interest in adaptive re-use should be completed for the Granary Building, Board Mill Building or east portion of the Alcohol Plant prior to demolition of these buildings.
40. Temporarily hold certain structures for further market consideration and demolish certain unsafe structures and structures with limited potential for reuse, and salvage or reuse of materials and equipment within buildings and open spaces.
41. Document and preserve the rich industrial and Native American histories of the site through photographs and interpretive displays, signage, display of old industrial equipment and tanks, and reuse materials salvaged from demolished structures.
42. Ensure the preservation of culturally significant features through adherence to defined protocols and procedures for site cleanup and redevelopment.
43. Encourage the adaptive reuse of existing buildings if an assessment of structural, economic, market and land use factors show positive benefits of keeping the building. New buildings should be built utilizing methods that will allow easy adaptive reuse in the future if the building use changes over time.

### **Old Granary Building**



Built: 1928  
Dimensions: 121'x110' with  
81'x39' office  
Footprint Area: 16,469 sf.

**Resource:** Possible adaptive reuse of structure, or relocate and reuse materials.

### **Digester Building Tanks**



Built: Ca 1938  
Dimensions: 235'x44'  
Footprint Area: 10,340 sf.

**Resource:** Possible reuse of materials, industrial equipment or display of tanks as a park feature.

### **Ceramic Tanks**



Built: 1930  
Dimensions: 31' x 120  
Footprint Area: 1,607 sf.

**Resource:** Possible adaptive reuse as park feature, augmented with relocation of other historic equipment and materials.

### **Board Mill**



Built: Ca 1946  
Dimensions: 303'x72'  
Footprint Area: 21,816 sf.

**Resource:** Possible adaptive reuse of structure, or relocate and reuse materials.

### **Chip Bins**



Built: Ca 1937-1946  
Dimensions: 129' x 51'  
Footprint Area: 11,938 sf.

**Resource:** Possible adaptive reuse of structure, or relocate and reuse materials.

### **Alcohol Plant**



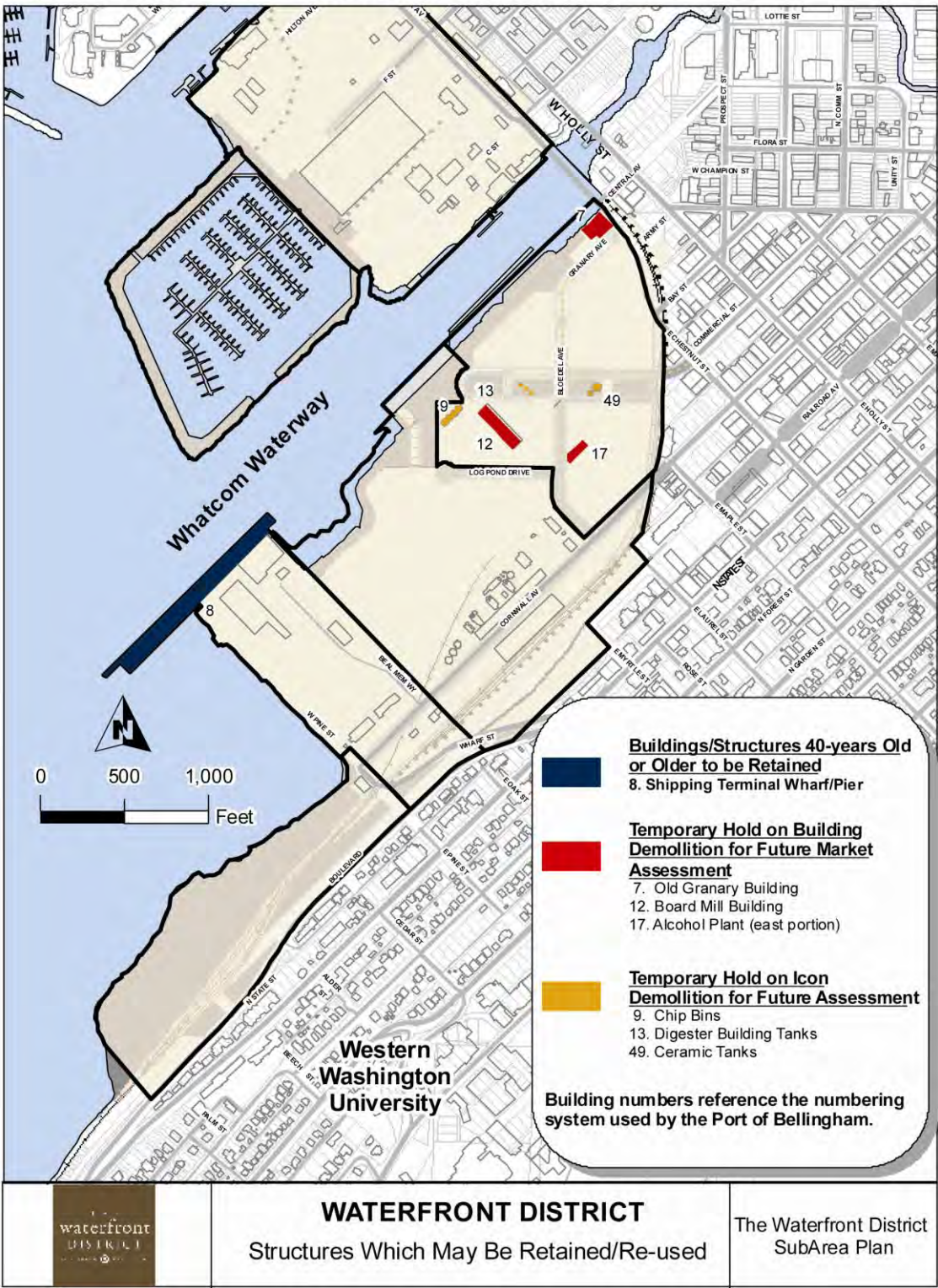
Built: Ca 1937-1946  
Dimensions: 141.5' x 50'  
Footprint Area: 15,575 sf.

**Resource:** Possible adaptive reuse of structure, or relocate and reuse materials.

# CHAPTER FOUR

## DEVELOPMENT CHARACTER

Figure 4-3: Structures Which Maybe Retained/Re-used



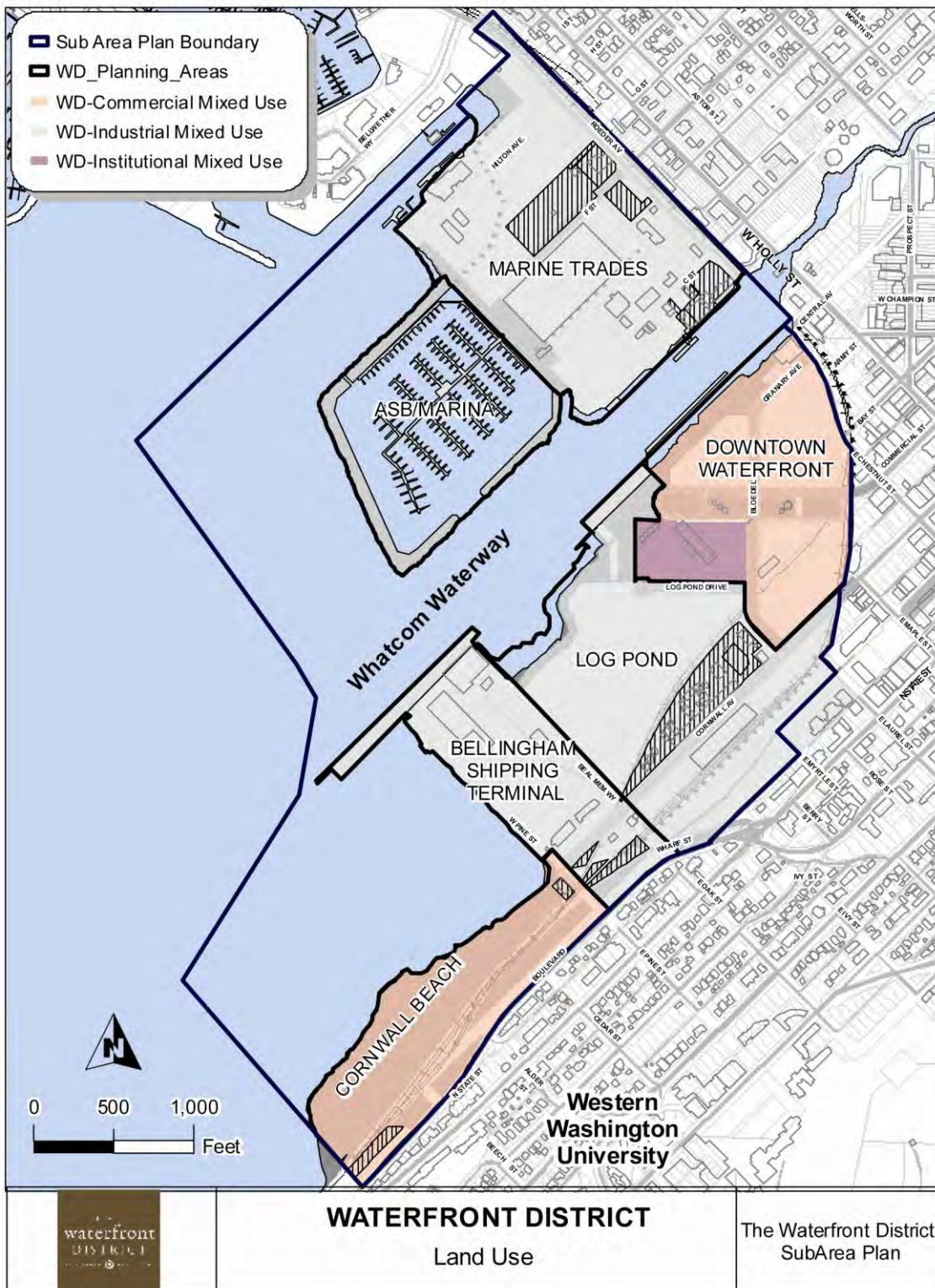


## 4.2 Implementation Strategies

1. Establish areas of unique character and several different Waterfront Mixed-Use zones to encourage clustering of compatible uses and variation in density and development standards by area.
2. Adopt development regulations, design standards and a predictable and efficient development approval process to implement the community vision established in the Waterfront District Sub-Area Plan.
3. Establish building height regulations and a Floor Area Ratio (FAR) system to encourage urban density development with sufficient critical mass to support transit and pedestrian-oriented mixed-use development.
4. Provide density bonuses to encourage provision of public open space, affordable housing, LEED Silver (or equivalent ) buildings, or acquisition of density credits from the Lake Whatcom watershed.
5. Establish view corridors and design regulations to preserve public views along waterways and to and from street ends, public places and view points within adjacent neighborhoods.
6. Establish a phasing plan to phase building square footage by area to coincide with market demand and the availability of infrastructure, with flexibility to respond to changes in the economy or market and the availability of grant funding or private investment.
7. Establish the character of the early phase development by providing parks, trails, bicycle & transit facilities and pedestrian amenities in conjunction with early development.
8. Implement the Waterfront District Adaptive Re-Use recommendations by actively marketing buildings with adaptive reuse potential, retaining certain industrial icons within public spaces, completing mitigation for removal of structures and demolishing unsafe and/or unusable structures.
9. Work with the Bellingham/Whatcom Housing Authority, Kulshan Community Land Trust and other public and private housing developers to construct affordable housing units within residential or mixed-use development projects. When evaluating alternative development proposals, give priority to proposals which include programs to maintain at least 10% the housing units at levels affordable for purchase or rent by households which earn up to 80% of the City of Bellingham area median income.
10. When subdividing the property include a range of parcel sizes so as not to exclude any potential developers the opportunity to lease or purchase land in the Waterfront District.
11. Evaluate alternative development scenarios utilizing evaluation criteria to balance environmental impacts, economic impacts and community benefit.
12. Provide additional flexibility in the application of development standards in the Land Use Code to facilitate the development of buildings attempting to meet the Living Building Challenge (LBC) or equivalent. Such flexibility could be in the form of incentives such as added height and floor area ratio, or less stringent adherence to certain development and design standards. The LBC is a green building certification program created by the International Living Future Institute to recognize buildings meeting the most advanced sustainable standard. Information on the challenge is available at [www.ilbc.org/lbc](http://www.ilbc.org/lbc).

## DEVELOPMENT CHARACTER

**Figure 4-4: Waterfront District Urban Village Boundary & Land Use Areas**



# CHAPTER FIVE

## MULTI-MODAL CIRCULATION & PARKING

### 5.0 Multi-modal Circulation & Parking

The circulation network for the Waterfront District includes a system of multi-modal pedestrian-friendly streets, sidewalks, transit routes and bike paths which will reconnect the City of Bellingham to the waterfront.



The street network is one of the most important components for defining the character in each of the five different planning areas within the Waterfront District. In some places, the street design will accommodate commercial and light industrial activities associated with marine trades. In other areas, the streets will be designed as arterials or “green” streets within a more compact urban environment. Throughout the Waterfront District, the circulation system will encourage people to access and enjoy new community parks, walkways, open space and restored shorelines along Bellingham Bay. The circulation design, policies and implementation strategies in this chapter are intended to provide convenient, cost effective access for people of all ages and physical abilities, while maintaining a walkable character.

The Waterfront District has unique opportunities and challenges presented by its location. The street network must integrate a number of functions, if it is to support the successful transition of this area into a new urban neighborhood. Some of the most important functions of the street network include:

- **Connectivity** – Waterfront streets will establish new connections between the waterfront and adjacent neighborhoods by extending the existing street grid, new view corridors, and access points, allowing safe transport over the bluff and an active railroad.
- **Local traffic** – Streets within the waterfront will be designed to serve mostly local traffic and include a number of traffic calming features, such as narrow lanes, paving and sidewalk textures and landscaping to ensure that vehicles move at slow speeds, in keeping with the character of the area.
- **Pedestrian environment** – A variety of pedestrian features will create a walkable environment, with design adjustments to accommodate a comfortable blend of opportunities for people moving on foot, and using bikes, transit, commercial and personal vehicles.



- **Phased implementation** – The street network will be constructed gradually over time in planned phases. A biennial monitoring program will provide information on frequency of use and available capacity for each section of the network to assist the City and Port in programming needed infrastructure improvements and maintaining concurrency with adopted levels of service.



# CHAPTER FIVE

## MULTI-MODAL CIRCULATION & PARKING

The design objective, whether in the Marine Trades, Downtown Waterfront, or Cornwall Beach area is for a slow-moving experience that encourages safe and comfortable interactions among people using various modes of transit, in pursuit of diverse business and pleasure activities.

The parking strategy provided in this chapter is intended to promote a pedestrian-friendly waterfront



environment and encourage transit ridership, while providing sufficient parking to accommodate public access, support future businesses and attract private developer investment. Reduced surface parking is a key strategy in creating pedestrian-oriented development. Reduced surface parking will also decrease the total amount of impervious surfaces in the Waterfront District and lessen the impacts of stormwater runoff. Parking policies and design standards support reduced minimum parking space requirements, shared parking, commute trip reduction, and require off-street parking in commercial mixed-use areas to be located behind, beside or under buildings, or within parking structures. These provisions are needed to accommodate the projected density without creating a waterfront dominated by surface parking.

Parking will be accommodated through a balanced mix of on-street, surface, 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

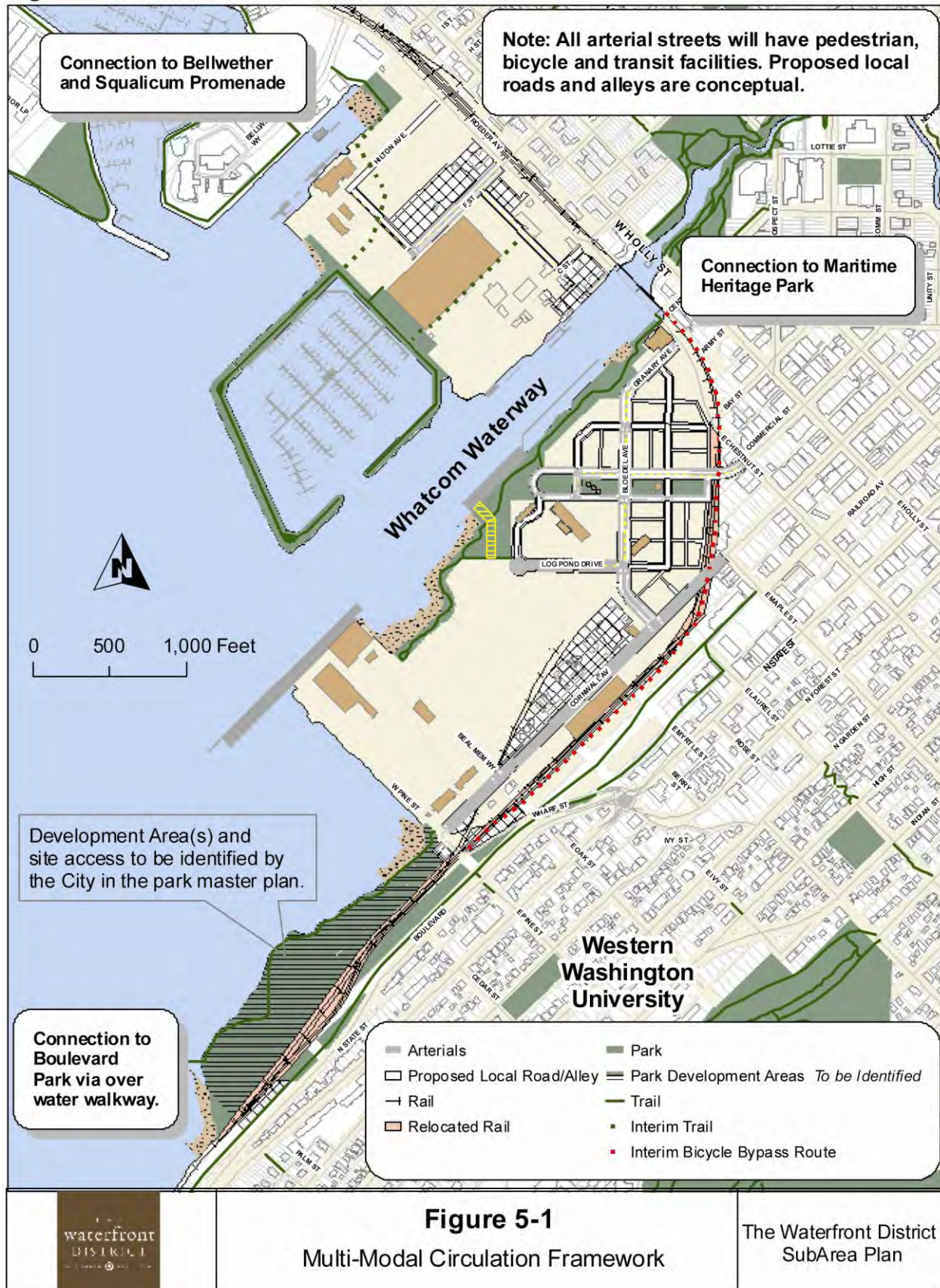
development. The long-term strategy to redevelop surface parking lots as infill sites allows maximum flexibility to encourage initial development without sacrificing the long-term vision of the Waterfront District as a dense urban environment with limited, but sufficient off-street surface parking. Permitting 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.

The Waterfront District is split in two sections by the Whatcom Waterway. Properties north of the Whatcom Waterway are accessed by C Street, F Street and Hilton Avenue, which connect to Roeder Avenue. These streets have historically provided automobile and truck access to businesses on the site. In the future, F Street will be upgraded to be the primary access to the new marina and businesses, and will include sidewalks and dedicated bicycle lanes. Hilton Avenue and C Street will become local streets designed to accommodate truck traffic, forklifts, large and heavy freight and boats on travel lifts.

Properties south of the Whatcom Waterway are accessed primarily via Cornwall Avenue. Central Avenue historically provided access to the GP mill site via Roeder Avenue and is temporarily closed and gated. Wharf Street provides limited access to the south end of the site. A network of private streets which historically provided access within the GP paper mill is currently closed to the public.

Currently, bus service is available within a few blocks of the site on Holly Street and State Street. This service will need to be extended through the site as it develops. A network of pedestrian, bicycle and transit routes serve the surrounding Central Business District and neighborhoods. Sidewalks along Cornwall Avenue, Chestnut Street and Roeder

**Figure 5-1: Multi-Modal Circulation Framework**





# CHAPTER FIVE

## MULTI-MODAL CIRCULATION & PARKING

Avenue currently provide pedestrian access to the site, which will be extended along the new roads constructed within the development areas. Bicycles currently share traffic lanes with automobiles on Cornwall 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.

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 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 site and avoid at-grade rail crossings. A portion of the old rail way could be retained as a side spur to serve the Bellingham Shipping Terminal.

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, the Log Pond, Cornwall Cove, and south of the Cornwall Avenue Landfill could be upgraded for hand carry boats.

The Waterfront District has unique

opportunities provided by its location, but also has limitations due to the topography, soils, historic contamination, the railroad, water bodies, view corridors, historic resources, the location and elevation of existing facilities, future tenant requirements, constructability and cost. The Environmental Impact Statement (EIS) evaluation of the site provided insight into many of these issues and provided analysis of a number of circulation options, designs and construction sequences. Specific on-site and off-site mitigation measures are identified in the Final EIS and 2012 EIS Addendum for each phase of development.

A phased network of transportation system improvements is proposed to accommodate the needs of automobiles, pedestrians, cyclists and transit. At full build-out, the network will consist of a fine grid of interconnected multi-modal streets, trails, dedicated bike lanes and transit routes to integrate the Waterfront District with surrounding neighborhoods. However, redevelopment is expected to occur over a relatively long time frame. Phased construction of the circulation network will focus development in specific areas so that a cohesive feeling for the Waterfront District is maintained over time as growth occurs. Interim roads and trails will provide connectivity in some areas until permanent infrastructure can be constructed.

An Infrastructure Phasing Plan is included in the Development Agreement, Planned Action Ordinance and Facilities Agreement, proposed for adoption concurrently with the Waterfront District Sub-area Plan. The phased installation of a multi-modal system of streets, walkways, bike paths, trails and transit routes in the Waterfront District will be monitored and managed over time, in order to encourage preferred patterns of development,

but also to take advantage of unplanned opportunities that may arise. Redevelopment of the waterfront is taking place during a time when traditional patterns of land use and transportation are being adjusted. Climate change, for example, is placing demands on local communities to explore and encourage shifts in how people get from one place to another. As outlined in Figure 5.2, the goal for mode shift in the Waterfront District represents a 15.6% increase from census data collected in 2010. This is possible because the Waterfront District redevelopment project will include mixed-use urban-density development and provides the opportunity to build a more modern system of multi-modal transportation from the beginning, rather than retrofitting existing infrastructure. While this goal is not a regulatory requirement, it is an important feature of the multi modal circulation system to avoid traffic congestion and encourage non-motorized access.

Management of the transportation system will be data driven. A biennial traffic monitoring program will be established for the waterfront. Data collection under the program will be conducted during the evening peak traffic hour and include the following components:

- Traffic Counts. Daily and peak hour traffic counts at all site access locations.
- Vehicle Classification Counts. Daily and peak hour vehicle classification counts at the site access locations, including trucks, cars and transit.
- Pedestrian and Bicycle Counts. Peak hour pedestrian and bicycle counts at each site access location.

The ability to achieve certain mode shifts is influenced by the land use within each planning area. Separate monitoring will be required in each of the five planning areas, and mode shift expectations may be different for each area. The Marine Trades Area, for

example will typically have a higher auto use due to the type of activity in that area.

The data collected for each planning area will be used to confirm when street infrastructure improvements are required and will be used to make adjustments to concurrency determinations for planned redevelopment. In addition, the data will be used to assist in understanding whether mode share targets are being achieved. The ability to meet or exceed mode share targets may reduce the level of infrastructure improvements required to serve the site. Conversely, the inability to meet targets may require a reduction in the overall level of development accommodated during any given phase of development.

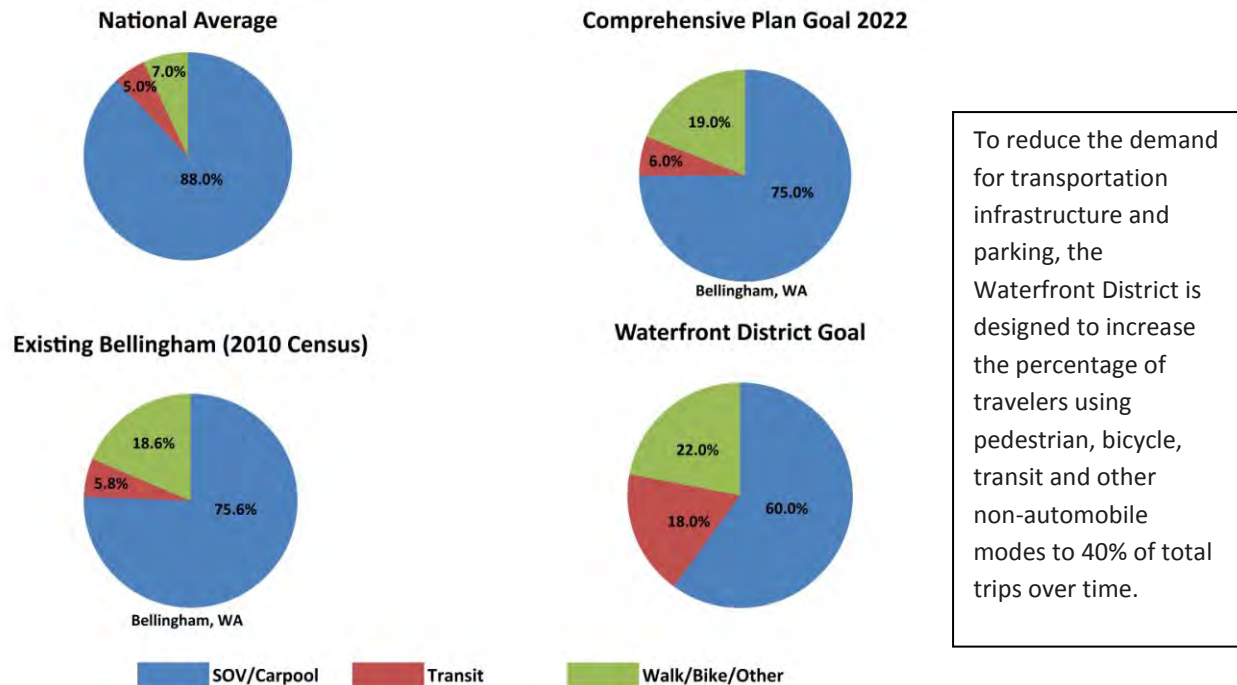
The response to mode shift data may take many different forms, including such things as behavioral adjustments, operational and/or engineering solutions, or policy determinations or some combination thereof. Behavioral adjustments by people accessing the waterfront may come in the form of people choosing to shift from cars to walking, biking or transit because of congestion. Operational solutions may take the form of having curb-side parking be limited during peak hours in order to provide an additional lane for vehicle traffic (e.g., cars, carpools, or dedicated transit lanes). Engineering solutions may include modifying existing roads, or construction of the next segment of street infrastructure before additional development occurs. A policy determination may be made that the public is satisfied with clogged intersections for an hour a day in order to keep the walkable character of the area.



# CHAPTER FIVE

## MULTI-MODAL CIRCULATION & PARKING

**Figure 5-2: Mode Share Assumptions**



Early phases of infrastructure are designed to activate the northern portion of the Downtown Waterfront Area, 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. The Log Pond Area

will continue to be used for light industrial activities without any significant public investment in roads or utilities.

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. Additional infrastructure will also be installed in the Marine Trades Area and the Cornwall Beach Area in later planning phases. Installation of the transportation network, public parks and trails will be managed over time in response to development trends and opportunities, funding availability, community priorities, and the schedule for railroad relocation.

## **Guidance from the New Whatcom Strategic Guidelines and Implementation Strategies (now known as the Waterfront District)**

*The Waterfront Advisory Group sponsored a public involvement process during 2005 and 2006, which led to the adoption of “New Whatcom Guiding Principles and Implementation Strategies” by the Port and City in 2006. The following Implementation Strategies provide guidance related to Circulation:*

- *Develop a network of interconnected pedestrian, bicycle and transit facilities within the site with connections to adjacent neighborhoods and parks.*
- *Design the living, working and shopping areas with a pedestrian scale, which is not dominated by vehicles.*
- *Dissolve the barriers that separate the waterfront from the Bellingham Central Business District, connecting the City with the Bay.*
- *Develop strong vehicular and pedestrian connections between New Whatcom, E. Holly Street, Roeder Street and State Street, while acknowledging and creatively working the obstacles of topography and the railroad. If there is a WWU presence on the New Whatcom site, develop a connection to the WWU campus.*
- *Encourage non-motorized transportation by creating a “park once” environment that makes it safe and attractive for pedestrians or bicycles to connect to amenities, goods and services, jobs and housing. Provide covered transit stops, pedestrian facilities and bicycle parking areas to support non-motorized travel.*
- *Encourage frequent, convenient and well designed transit service as well as sufficient density to support it.*
- *Connect the New Whatcom open space and trail network to Boulevard Park with an over water trail from the south end of the Cornwall Landfill to Boulevard Park.*
- *Parking should be thought of as infrastructure and must be convenient, ample, efficient and affordable, and facilitated or managed by a local jurisdiction.*
- *Generally, parking should be located under buildings and in parking structures located away from the shoreline, unless associated with a water-oriented use.*
- *Subject to the Sub-Area Plan design and phasing, surface parking may be developed as an interim use on areas planned for future redevelopment, enabling its evolution over time into a denser environment.*



# CHAPTER FIVE

## MULTI-MODAL CIRCULATION & PARKING

### 5.1 Multi-Modal Circulation and Parking Policies

#### *Circulation Policies*

1. The Waterfront District should be designed to increase pedestrian, bicycle and transit usage through the installation of appropriate infrastructure, land-use mixture and density, site design, policies, and education. Develop a transportation system which enables the movement of more people in proportionately fewer automobiles.
2. Spatially connect the City to the waterfront through a network of new interconnected roads and trails designed to accommodate pedestrians, bicycles, automobiles, trucks and transit.
3. Integrate and connect new waterfront streets and trails to the existing network of streets, bike routes and trails within the Central Business District (CBD) and surrounding neighborhoods.
4. Block size within commercial mixed-use areas should be similar to or smaller than blocks in the existing CBD and Fairhaven. Blocks exceeding 240 feet in length or depth should include an alley or pedestrian access through the block. Large buildings on oversize blocks should include pedestrian access through the building during business hours.
5. Blocks within the Shipping Terminal, Marine Trade Area and Log Pond Area may be larger to accommodate marine transportation and industrial uses.
6. All streets and sidewalks should be open to the public and available for general public use, with the exception of streets within the Bellingham Shipping Terminal and portions of the site where active environmental clean-up, construction or industrial activities require site security or could pose a hazard to the public.
7. Cul-de-sacs should be avoided unless temporary in nature or required to access areas constrained by water bodies, the railroad or bluff. If new cul-de-sacs are created, pedestrian or bicycle through-connections shall be provided to adjacent blocks, where feasible.
8. All streets should be limited to a maximum speed of 25 miles per hour.
9. Sidewalks or foot paths should be provided on both sides of all arterial and local streets within mixed-use areas. Pedestrian access to uses within Marine Industrial areas may be separated from traffic routes for safety.
10. Sidewalks, crosswalks and walkways shall be designed in compliance with the accessible design provisions of the American Disabilities Act (ADA).



11. Physically separated or protected bike lanes should be located within or parallel to arterial streets, in dedicated parts of the right-of-way, so that all residences, businesses and public facilities have easy access to a dedicated bicycle route. When possible, these protected bike routes should be connected with shared pathways that are part of parks and open space areas, to create an integrated system for non-motorized transportation. Local streets may include two-way bicycle tracks or bicycle lanes shared with automobiles.



12. Businesses, public facilities and residential developments should provide bicycle parking spaces or storage.
  13. Safe and comfortable transit facilities should be located at major trip generators to encourage transit use and reduce driving. Where feasible, transit stops should be located adjacent to buildings with weather protection or include shelters and benches, partially enclosed to buffer wind and rain, with lighting, route information and schedules.
  14. A variety of boat and barge docking, moorage and launching facilities and services should be developed to provide water access for boats of all sizes, support water transportation and make the Waterfront District welcoming to visiting boaters.
  15. Per City policy, this area receives an impact fee credit for the number of PM peak hour vehicle trips generated by the former Georgia Pacific Mill and other recent industrial uses within the Waterfront District. Transportation Impact Fees should not be imposed until such time as development exceeds the historic number of PM peak hour vehicle trips generated in this area, which will likely occur after early development phases; however, transportation impact fees should be phased in when redevelopment exceeds the threshold of historic transportation impact defined by number of PM peak hour vehicle trips.
  16. The goal of the Waterfront District is to increase the percentage of travelers using pedestrian, bicycle, and transit modes to at least 40% of total trips to and from the site over time.
- ### ***Streetscape Policies***
17. Encourage building design which supports pedestrian-oriented commercial activity and provides opportunities for visual or interactive links between businesses and pedestrians within commercial or mixed-use areas.
  18. In commercial and mixed-use residential areas, street furniture, artwork and shielded lighting should be provided along streets and within open spaces adjacent to streets to create comfortable outdoor gathering places for residents and visitors. The specific design of the street furniture and lighting should be reviewed at the time each phase of development is proposed to ensure a compatible design which contributes to the cohesiveness of the area, but allows for variation between the unique development areas.
  19. Within commercial and institutional mixed-use areas, street trees should be planted between the vehicle travel way and the sidewalk on arterial streets at intervals no greater than 50 feet. Within view corridors, tree species should be selected to minimize view impacts.
  20. Street trees should not be required along interior streets in Industrial areas where they could conflict with industrial traffic, but should be provided along F Street and Roeder Avenue. The exterior boundaries of industrial areas and boat yards should be landscaped where they abut commercial mixed-use areas, parks or public roads.
  21. Landscaping should feature native or drought tolerant plants which do not require permanent irrigation systems. Where feasible, streets should be designed with bioswales, tree wells or other natural stormwater treatment facilities to treat stormwater run-off from roads and double as landscaping.
  22. Parking lots, garages, and waste disposal facilities should be screened from public streets and trails.

# CHAPTER FIVE

## MULTI-MODAL CIRCULATION & PARKING

23. Transit stops, transit pull-outs and shelters should be located along all arterial streets at convenient intervals and should have priority over on-street parking and landscaping.
24. Well designed signage and way-finding should be located at frequent intervals to direct visitors to business districts, parking, transit stops, bicycle and pedestrian routes and public places throughout the Waterfront District and provide public information about site history and natural features.

### **Parking Policies**

25. Parking should be provided through a combination of on-street, surface and structured or below-grade parking facilities, with on-street parking spaces reserved for short-term visitors and customers.
26. Minimum parking requirements should be reduced to a standard which is appropriate for a mixed-use urban setting in the future, assuming fewer cars, smaller cars, shared parking facilities and mode-shift to non-auto modes. Regulations should include provision for further reduction to parking space requirements for uses which provide shared parking facilities and programs to reduce automobile dependence.
27. At full build-out, no more than one-third of the total automobile parking spaces in Commercial or Institutional mixed-use areas should be provided in off-street surface parking lots.
28. Within commercial mixed-use areas, surface parking lots and the entrances to parking garages should be located at the side or rear of buildings, and off-street parking lots should not be located between the building and the street.

**Figure 5-3: Parking Strategies**

Various parking types respond to the character of each development area within the Waterfront District.

#### **Surface**



Surface parking will be used to accommodate early action development. As density increases over time, surface parking will be minimal.

#### **Structure (Integrated)**



Structure (integrated) parking is accommodated below buildings or integrated into the center of a block to support multiple uses. This is the most typical parking type.

#### **Free-Standing Garage**



Free-standing garages are utilized to support office, institutional and community parking requirements.

#### **On-Street**



On-Street parking (essential to a vibrant urban neighborhood) will carry approximately 10% of the parking demand at full development build-out.

#### **Marina**



Surface parking will be utilized at the marina to accommodate interim marina parking and truck/trailer parking for the Clean Ocean Marina.

29. Within shoreline jurisdiction, parking should be located under buildings, or within parking structures located away from the shoreline, unless associated with a water-oriented use. Parking should not be located between the building and the shoreline.
30. Surface parking may be developed as an interim use on areas planned for future redevelopment, enabling its evolution over time into a denser environment. Where interim surface parking is permitted, a clear strategy and time line for development of permanent parking spaces and redevelopment of interim surface lots should be established in development permit conditions.
31. In areas where development sites abut the bluff, streets should be designed to provide space for parking within buildings below street grade, with building entrances at street level.
32. Parking lots should be designed to reduce heat island impacts by limiting the size of surface parking lots, providing landscaping to shade parking lots and encouraging covered or structured parking.
33. Parking lots and structured parking should be designed to include pedestrian walkways connecting the parking facility to the buildings or uses which they serve, and should be landscaped or screened from adjacent streets and walkways.
34. If a structured parking facility is located at street level, the street frontage along any arterial street should be occupied by a retail, service or public use, or the facility should include landscaping, art work or outdoor seating along the street frontage, subject to design review.
35. Bike parking or covered storage areas should be located near the entrances to all public and private buildings, facilities or clusters of uses. Central bicycle facilities may be provided for institutional campuses or business parks with internal pedestrian routes.
36. Parking throughout the Downtown Waterfront Area should primarily be located under buildings or within parking structures located on the upland side of the development.

## **LEED ND**

### **Credit Opportunities**

Note: LEED ND, developed by the US Green Building Council, is one of many different voluntary rating systems to address and achieve sustainability goals. The following plan features provide potential credit toward LEED ND certification:

Walkable streets include on-street parking, street trees, sidewalks, bike lanes and pedestrian oriented development at street level.

Project will encourage transit use and reduce driving by providing safe and comfortable transit facilities.

Parking is designed to increase pedestrian orientation and minimize the adverse effects of parking facilities by limiting the size and location of surface parking lots and providing bicycle and car-pool parking.

# CHAPTER FIVE

## MULTI-MODAL CIRCULATION & PARKING

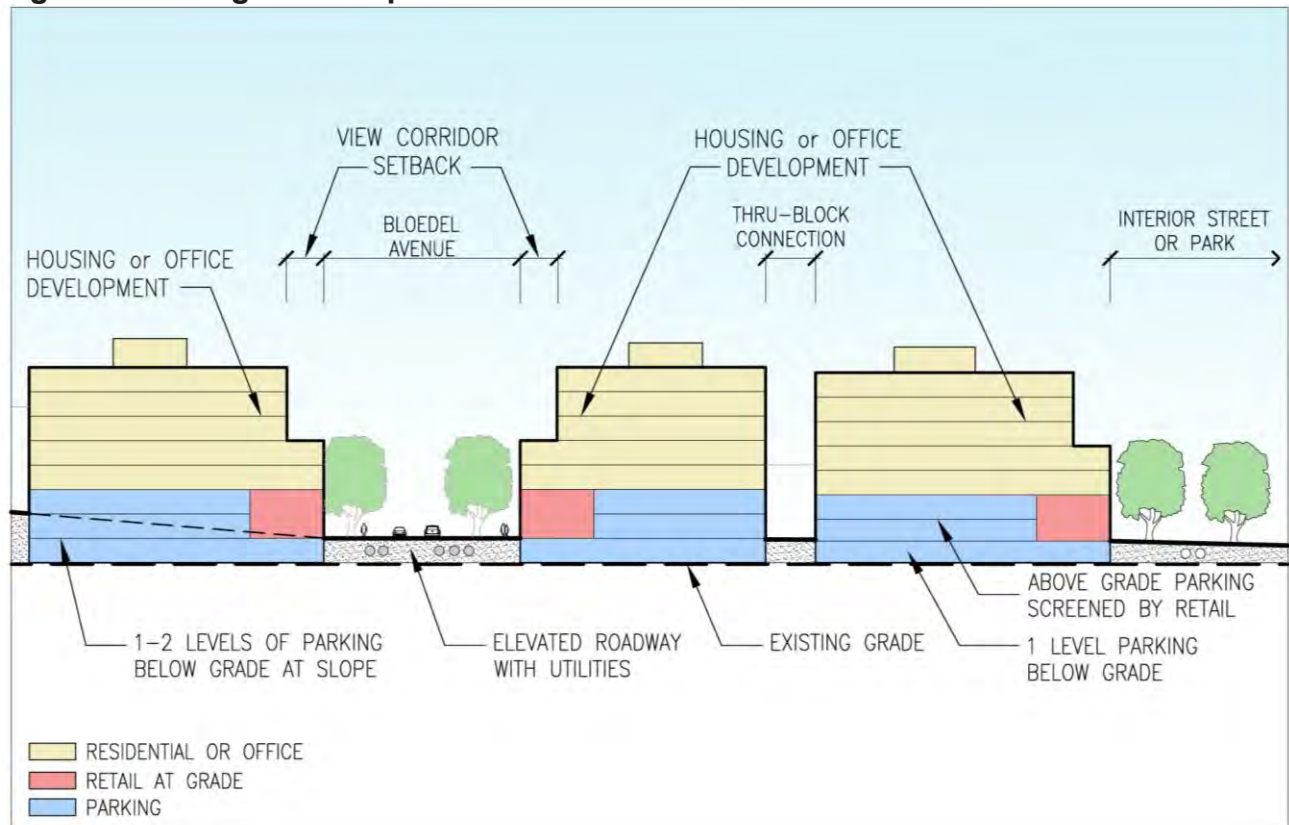
### *Integrated Slopes Approach*

The existing site grade in the Downtown Waterfront Area is approximately 30 feet below the level of the existing downtown at Commercial, Cornwall and Bay Streets. Site conditions pertaining to water tables, potential sea level rise and soils make it unfeasible to excavate below the existing grade for underground parking. Raising the street level across the site provides the opportunity to install below-grade parking with pedestrian scale uses at street level. This approach also allows placement of utilities and stormwater systems under streets with minimum excavation.

In order to provide the possibility for below-grade parking and reduce the

grade difference between the downtown and the Waterfront District, an “Integrated Slope Approach” is envisioned to raise the elevation of the streets within the Downtown Waterfront area a minimum of 10 feet. Street grade will slope upward from the shoreline to the Central Business District, providing the potential for up to three levels of below-grade parking along the bluff adjacent to Roeder Avenue and Chestnut Street. This approach for parking will also create a noise buffer between the relocated BN/Santa Fe railroad tracks and the Waterfront District development. This configuration could provide the opportunity for parking garages within the Waterfront District to be accessed from existing downtown streets, reducing the amount of automobile traffic traveling on Waterfront District streets.

**Figure 5-4: Integrated Slopes**





## 5.2 Implementation Strategies

1. Design a network of arterial streets and trails to serve as the primary vehicle, bicycle and pedestrian access routes to development sites and public amenities within the Waterfront District.



2. Phase the development of arterial streets, trails and infrastructure to coincide with environmental clean-up, the development of adjacent properties, funding availability, and the schedule for railroad relocation.
3. Design and construct local streets, alleys, bike and pedestrian routes to provide access to individual buildings and parking areas at the time development is proposed.
4. Where feasible, install streets and utilities on clean fill placed above the current ground level to minimize excavation in areas with contaminated soils and elevate streets above potential flood levels which could result from the impacts of global warming, sea level rise or storm surge events.

5. Adopt design standards which encourage an appealing and comfortable pedestrian street environment within commercial and residential mixed-use areas with buildings located contiguous to sidewalks, building entrances facing public streets, transparent glass on businesses at ground level, weather protection, landscaping, artwork, lighting and outdoor seating areas. Allow alternate design standards to be established for institutional campuses or business campuses with internal pedestrian access.
6. Work with the Whatcom Transportation Authority (WTA) to ensure adequate funding for an efficient, convenient transit system with stops located in close proximity to the majority of residences and businesses, prior to occupancy of the first 1 million square feet of building space.



7. Obtain input from WTA regarding street design to ensure bus maneuverability around the site, allowing convenient connections to Downtown, Fairhaven and Western Washington University.

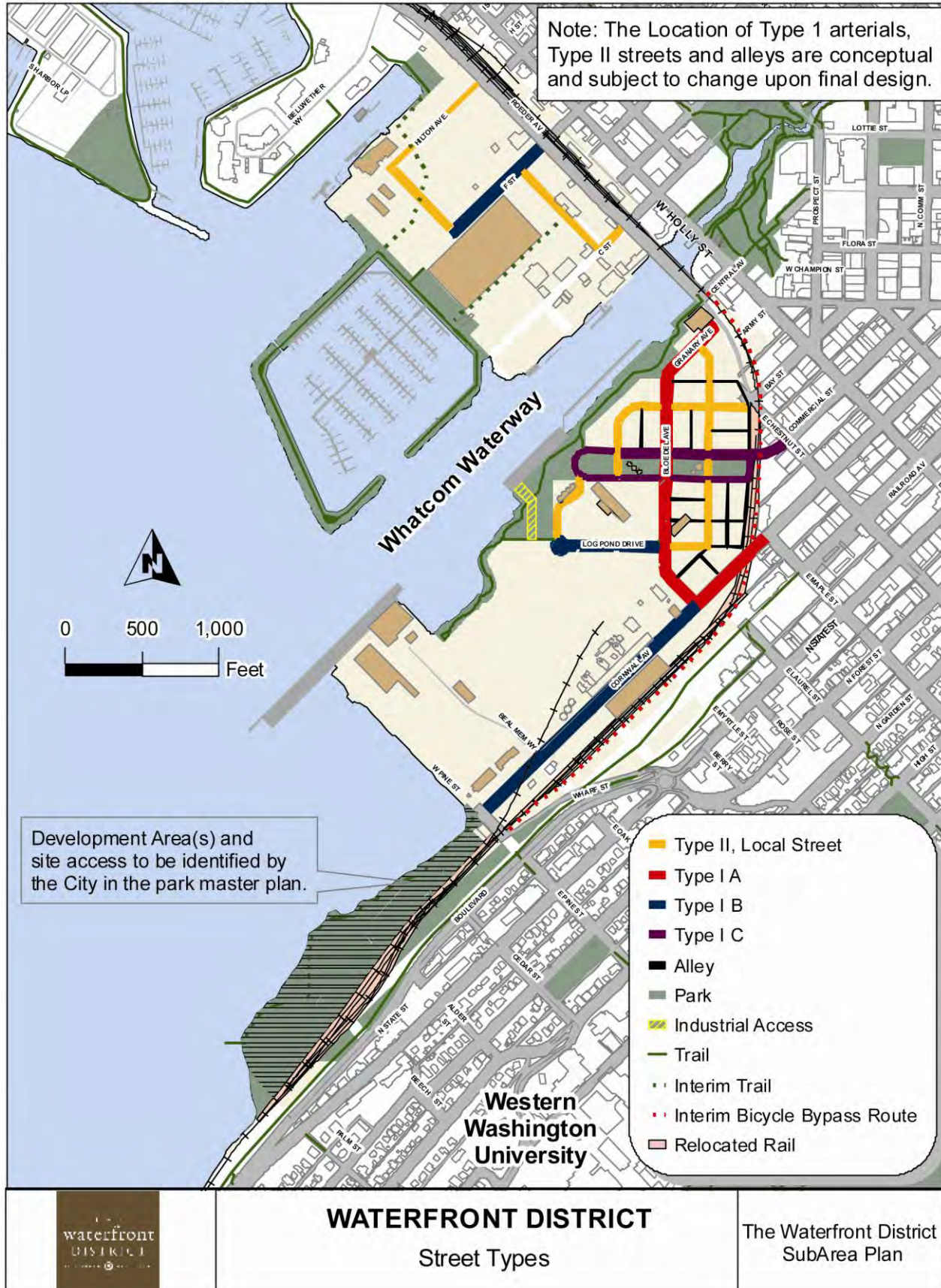


# CHAPTER FIVE

## MULTI-MODAL CIRCULATION & PARKING

8. Provide transit with priority access to the site if needed. This may include transit only lanes, shared bike/transit lanes, signal priority, or on-street parking lanes which convert to transit lanes during peak hour.
9. Work with Burlington Northern Railroad and seek grant funding to relocate the main line of railroad to a new route along the bluff, while maintaining a rail spur to serve the Bellingham Shipping Terminal and Log Pond transitional use area.
10. Work with the Port of Bellingham and BNSF Railroad to install a railroad quiet zone with supplemental safety measures at all track crossings in the Waterfront District.
11. Encourage landscaping, park design, and stormwater biotreatment facilities, such as bioswales, and use of native and/or drought tolerant plants which will not require permanent irrigation systems and support clean stormwater goals.
12. Maintain the Bellingham Shipping Terminal as a deepwater moorage and cargo facility, with adequate upland laydown area to support this use.
13. Develop a Clean Ocean Marina by adaptively re-using the ASB to serve the need for moorage.
14. Develop launching facilities and services for hand carry boats in one or more of the following areas: at the head of the I&J Waterway, north of the ASB lagoon, the south side of the Whatcom Waterway, Cornwall Cove, and/or south of the Cornwall Avenue Landfill.
15. Develop visitor moorage facilities along the Whatcom Waterway and encourage the development of services to attract visiting boaters to the Waterfront District.
16. Maintain and upgrade piers, moorage facilities and boat lifts along the north side of the Whatcom Waterway and south side of the I&J Waterway, and develop additional commercial boat haul-out facilities if needed to improve marine industrial water access.
17. Work with private carriers and pursue grant funding to assist in developing a network of water-taxis or a small ferry system to connect the Waterfront District to other transportation links.
18. Encourage landscaping with native or drought tolerant plants which do not require permanent irrigation systems.
19. Develop parking regulations and design regulations to prevent parked cars from dominating the landscape by reducing minimum parking requirements below existing city code requirements, encourage shared parking and commute trip reduction, and requiring surface parking lots to be located behind buildings and screened from public roads and trails.
20. Develop and implement a biennial traffic monitoring program to collect data and use results to encourage mode shift from cars to alternate forms of transportation such as walking, biking and transit, consistent with mode shift goals.
21. Take steps designed to encourage early development within each planning area in order to obtain the type of anchor tenants that will help define the character of development consistent with the Sub-Area Plan.
22. Develop an engineering response to the potential future closure of the at-grade crossing at Wharf Street that will support safe access to the Waterfront District by all users.

**Figure 5-5: Street Types**



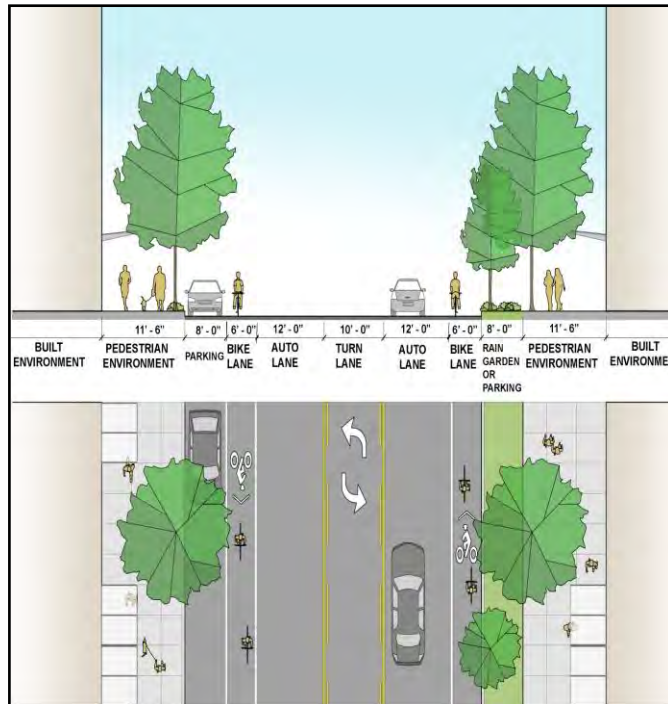


# CHAPTER FIVE

## MULTI-MODAL CIRCULATION & PARKING

**Figure 5-6: Waterfront District Street Designs**

The following street designs are conceptual. Alternate standards may be approved by the Public Works Director provided they are consistent with, and will further, the policies and implementation strategies in this chapter.



### Type IA - Arterial Streets

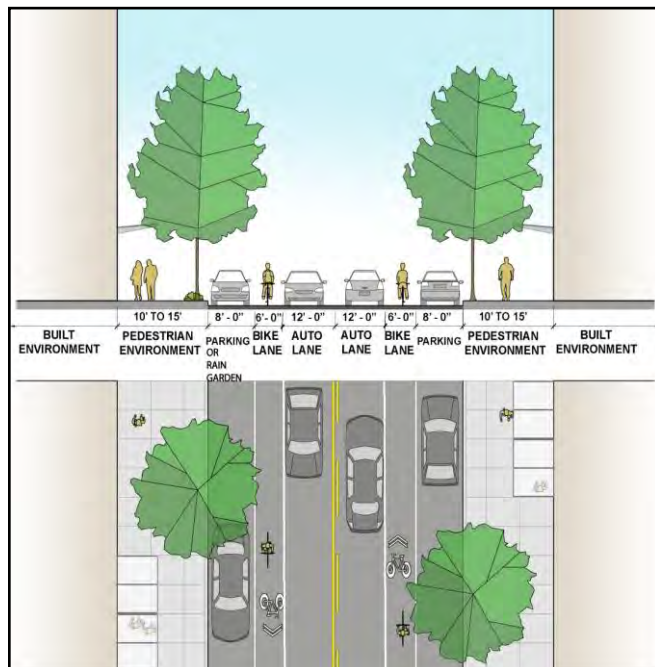
**ROW:** 85 ft. (2-way street) with one turn lane at intersection or optional center landscaping.

**Bikes:** Two dedicated bike lanes

**Parking:** Parallel parking on one or both sides of street

**Landscaping:** Street trees, highlighted landscape areas at wide sidewalk, natural biofiltration option in lieu of on street parking on one side of street.

**Pedestrian Environment:** Sidewalks on both sides of the street along with ground floor retail and commercial uses encourage pedestrian-oriented activity.



### Type IB - Arterial Streets

**ROW:** 72 to 82 ft. (2-way street)

**Bikes:** Two dedicated bike lanes

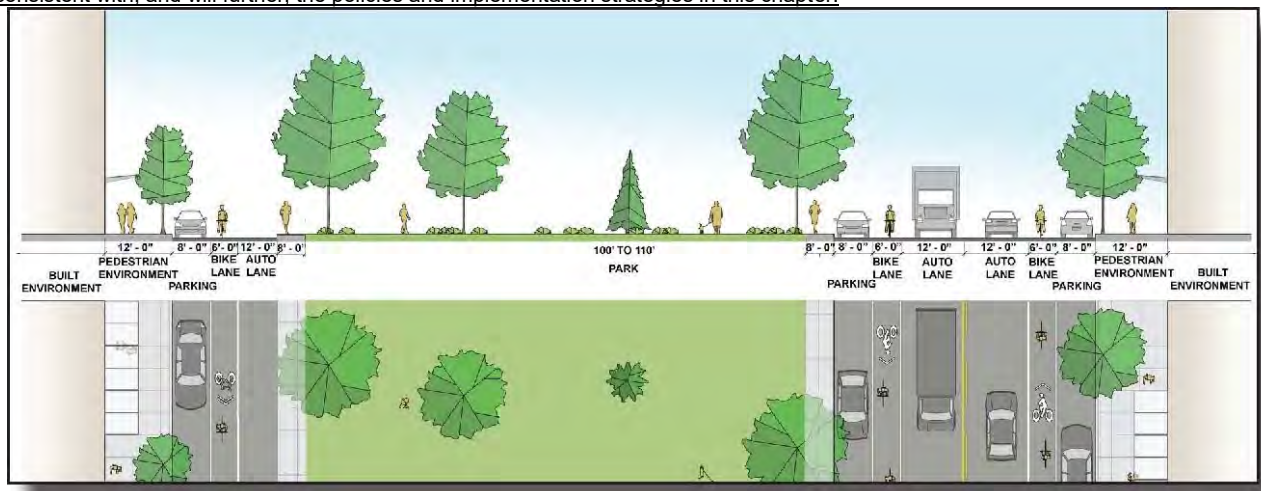
**Parking:** Parallel parking on one or both sides of street.

**Landscaping:** Street trees, natural biofiltration option in lieu of on street parking on one side of street.

**Pedestrian Environment:** Sidewalks on both sides of the street encourage pedestrian oriented activity.

## Figure 5-6: Waterfront District Street Designs (continued)

The following street designs are conceptual. Alternate standards may be approved by the Public Works Director provided they are consistent with, and will further, the policies and implementation strategies in this chapter.



### Type IC - Arterial Street “Commercial Street Green”

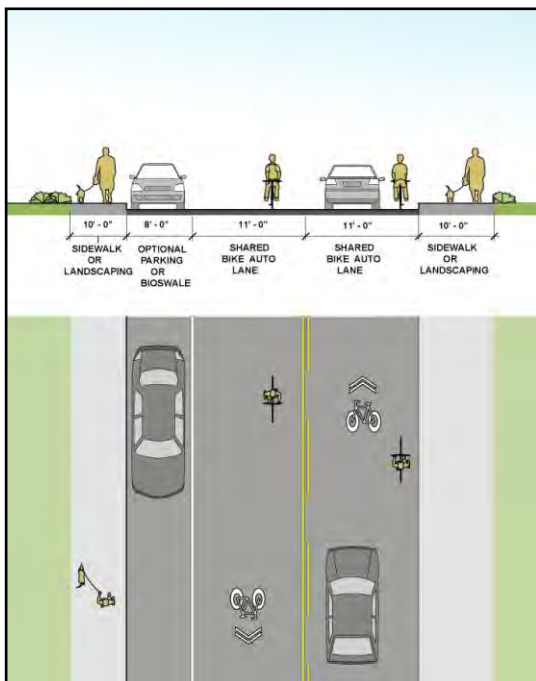
**ROW:** 210 TO 220 ft. (2-way street & 1-way street)

**Bikes:** Three dedicated bike lanes (2 on 2-way street & 1 on 1-way street)

**Parking:** Parallel parking both sides of the 2-way street & one side of the 1-way street

**Landscaping:** Street trees, potential for biofiltration, mill artifacts & landscape features within the center open space area.

**Pedestrian Environment:** Primary pedestrian link from downtown; encouraged activity at the ground floor. Sidewalks on both sides of the street and park.



### Type II - Local Streets

**ROW:** 36 to 56 ft. (2-way street)

**Bikes:** Auto lane shared with bikes (lane striping to indicate shared auto/bike environment).

**Parking:** Optional parallel parking or bioswale on one side of street.

**Landscaping:** Street trees, low scale shrubs and ornamentals over utility vaults. Landscaping requirement may be waived within industrial areas.

**Pedestrian Environment:** Sidewalks on both sides, or optional sidewalk on one side and other side landscaped when located adjacent to park or trail with equivalent pedestrian facilities. Within industrial areas, separated pedestrian route may be provided.



### 6.0 Utility Systems

The Waterfront District requires an expansion of utility services to support the anticipated levels of development. Public and private utility suppliers have the capacity to service the full amount of planned development and system upgrades will be made in coordination with the site development schedule. Traditional conveyance lines for water, sewer and stormwater will be included in City rights-of-way. A non-potable, treated waste water conveyance system may also be located in City rights-of-way for irrigation use. These new utility corridors will be pre-excavated and backfilled with clean materials during the initial phase of utility and roadway installation, consistent with site cleanup activities. A utilities master plan, evaluating existing systems and envisioned improvements, will be prepared by the City's Public Works Department prior to site development to provide a framework for the short-term and long-term improvements. Innovative systems to treat or recycle wastewater or stormwater run-off within buildings or sites will be privately developed and maintained.



#### **Water**

The City provides water service to customers in and around the Waterfront District. The City's Capital Facilities Plan, updated in 2006, affirms that improvements to the existing water system can service the full amount of planned development. Potable water mains surround the Waterfront District and extend

into the site 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). Additional water system infrastructure will be placed within the site's new roadway network contingent on site development needs and in coordination with other utility system improvements.



#### **Sanitary Sewer**

The City provides sanitary sewer utility service to customers in and around the Waterfront District. The City's Capital Facilities Plan, updated in 2006, 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. New on site pump stations will be required to help transport collected wastewater to the Post Point Pollution Control Plant.

## ***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.

## ***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 into the site at a number of locations. Most gas lines will be removed or replaced within the site's new roadway network contingent on site development needs and in coordination with other utility system improvements.



## ***Stormwater Management***

The careful management of stormwater is a high priority for waterfront communities throughout the Puget Sound. Federal, state and local regulatory requirements for stormwater



management have become increasingly stringent in an ongoing effort to protect adjacent marine resources. Stormwater is generally managed within the Waterfront District by both the Port of Bellingham and the City of Bellingham under Phase II Municipal Stormwater permits issued by the Department of Ecology. Stormwater management associated with other specific operations, such as construction activity, boatyards and the Aerated Stabilization Basin (ASB), is also regulated by Ecology. Currently most of the stormwater generated in the Downtown Waterfront, Log Pond and Marine Trades areas is routed to the ASB. Stormwater treatment within the ASB will be discontinued prior to cleanup and redevelopment of that facility as a new Clean Ocean Marina, requiring the design and permitting of new conveyance and treatment facilities throughout the Waterfront District.

New conveyance and treatment facilities for stormwater typically will be installed in coordination with the phased construction of streets and other infrastructure. The new stormwater systems will be designed in accordance with Ecology stormwater requirements, low-impact development strategies, and MTCA requirements for protecting soil, groundwater, and marine resources. In many locations, the infiltration of stormwater will be avoided in order to prevent contact with contaminated subsoils. However, low-impact development strategies, such as the use of green roofs, pervious surfaces, rain gardens, and bioswales may be incorporated throughout the site as long as they are designed to be compatible with MTCA site cleanup requirements and meet applicable storm water

# CHAPTER SIX

## UTILITY SYSTEMS

regulations. Where appropriate and consistent with park goals and plans, these sustainable stormwater features 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. New stormwater outfalls will be designed and permitted to ensure that clean stormwater is discharged to Bellingham Bay in locations compatible with comprehensive shoreline restoration projects.



### **Communication**

The Waterfront District is served by telephone, wireless telephone service and cable television. Cable television is available through Comcast Corporation by franchise agreement with the City. Standard telephone service is available through Qwest and wireless telephone service is offered by a number of providers. Communication lines will be extended into the site contingent on site development needs and in coordination with other utility system improvements.

### **Sustainability**

The installation of utility systems provides a unique opportunity to



integrate sustainable design principles and functions within the planned infrastructure to help minimize the environmental impacts of development and implement water-neutral and carbon-neutral resource strategies. Utility corridors could include additional piping and infrastructure to support the long-term development of district heating and cooling, on-site energy generation and wastewater reuse. An alternative approach might be to construct utility tunnels in some areas to facilitate the future addition of required infrastructure. The vast network of parks and open space could incorporate low-impact development stormwater solutions with significant environmental and economic benefits. As the waterfront develops into an urban village, a coordinated set of sustainable utility system strategies will help improve habitat, minimize the reliance on imported water and demand for water treatment and reduce the demand for nonrenewable energy resources.

District heating and cooling saves energy and money by using underground pipes to distribute hot water, chilled water or steam from a single source to a network of buildings which do not need boilers, furnaces, or cooling systems. The Waterfront District will have a variety of potential district energy sources, including recaptured “waste heat” from WWU, other institutional buildings or the Encogen plant.

On-site power generation is an energy efficiency strategy which reduces transmission losses from regional power stations





and responds directly to the site's energy needs. These systems can be large or small and surplus power can be fed back into the regional power grid. Potential on-site renewable sources of power include solar, wind, tidal, or hydropower. Hydropower could be generated from a surplus industrial pipeline extending from Lake Whatcom to the site which has a hydraulic capacity of 50 million gallons of water per day and historically supplied process water to GP.

Wastewater reuse systems significantly reduce water usage by using advanced treatment to recycle water to support landscape features, toilet flushing, and other building operations. On-site wastewater treatment could be phased with development and might be a cost-effective opportunity to expand treatment capacity and reduce loading to the Post Point Pollution Control Plant.

Low-impact development stormwater solutions could be used in combination with traditional engineering alternatives to reduce infrastructure costs and increase land values.



A naturalized stormwater system could be facilitated in areas like the Commercial Street Green with a planned grade change.



Relatively clean water from roofs and open spaces could be conveyed in a naturalized creek and pond system which would also serve as an aesthetically pleasing, signature “green” infrastructure resource. Polluted stormwater from traffic areas could be treated in properly designed oil separators and underground settling tanks. Special consideration is needed for implementing low- impact development stormwater solutions in areas where contaminated soils may be isolated and capped or blended with clean soils to meet state standards for public health and safety. Engineering solutions might include impermeable, rainwater-harvesting structures which act as subsurface “caps” for deeper contaminated materials but allow for near-surface water movement and infiltration for collection.

A proactive approach towards sustainable utility systems and infrastructure will help minimize the long-term demand for water and energy, improve habitat, provide aesthetic and recreational value, and reduce long-term capital and maintenance costs.

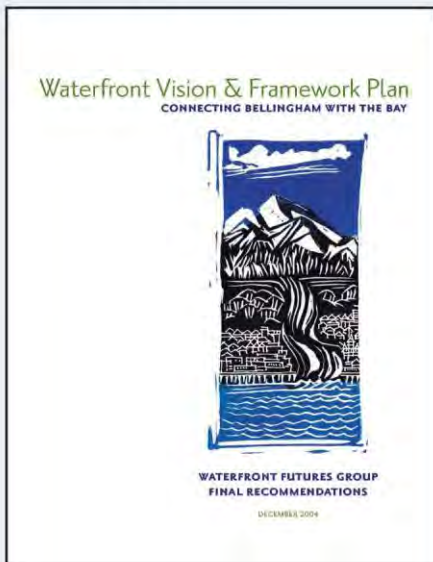


# CHAPTER SIX

## UTILITY SYSTEMS

### ***Waterfront District Guiding Principles and Implementation Strategies***

The Waterfront Advisory Group sponsored a public involvement process during 2005 and 2006, which led to City and Port adoption of “Guiding Principles and Implementation Strategies” in 2006. The following Implementation Strategies provide guidance related to Utility Systems:



- *Where feasible, use bioswales, rain gardens and other appropriate low-impact development techniques to treat stormwater.*

### **6.1 Utility System Policies**

1. Provide utility facilities that are sufficient to support the planned levels of development.
2. Wherever practicable, place utility distribution lines underground in corridors that are pre-excavated and backfilled with clean materials during the initial phase of utility and roadway installation.
3. Where above ground utility infrastructure and facilities are installed, all efforts should be made to minimize environmental, visual, and aesthetic impacts. Street lights should be shielded to avoid off-site light impacts.
4. Locate transmission lines, pipelines, and other utilities in the same infrastructure corridors whenever possible.
5. Encourage energy conservation, on-site energy generation and the use of on-site renewable energy sources.
6. Reduce the unnecessary or wasteful consumption of water.
7. Encourage low-impact development practices for stormwater management which are compatible with MTCA site cleanup requirements, stormwater regulations, and demonstrate the integration of natural system connections between shoreline restoration projects and appropriate waterfront park designs.

### **6.2 Utility Systems Implementation Strategies**

1. Coordinate new road construction and the maintenance of existing roads with utility trenching activities.

2. Wherever practicable, install utility infrastructure that supports the long-term implementation of district heating and cooling, wastewater reuse and on-site energy generation.
3. Extend utility services to the site in accordance with the requirements of the utility companies.
4. Coordinate with utility providers for consistency between the comprehensive plans of each utility and development plans in the Waterfront District.
5. Provide timely notice of new construction, maintenance, and repair of existing roads to utility providers.
6. Encourage the use of water conserving design and techniques in required landscaping.
7. Whenever practicable, install utility infrastructure which is compatible with or allows the future conversion to on-site energy production.
8. Wherever practicable, manage and treat stormwater with low impact development techniques that support natural hydrology and ecosystem functions while meeting MTCA site cleanup requirements for protective confinement of contaminated subsoils.
9. Where appropriate, incorporate clean stormwater as an integral resource in the design and construction of parks, open space, landscaping, and shoreline restoration projects in a way that encourages public interaction and awareness of the natural system connections between uplands, shorelines and Bellingham Bay.

## LEED ND Credit Opportunities

Design or purchase traffic lights, street lights, water, wastewater pumps and treatment systems that achieve a 15% annual energy reduction beyond an estimated baseline energy use for this infrastructure.

Incorporate the use of shared on-site, non-polluting renewable energy generation technologies such as solar, wind geothermal, small scale/micro hydro electric and biomass with peak generating capacity at least 5% of the total electrical service load.

Note: LEED ND, developed by the US Green Building Council, is one of many different voluntary rating systems to address and achieve sustainability goals. The above plan features provide potential credit toward LEED ND certification.

# CHAPTER SEVEN

## PARKS, OPEN SPACE & TRAILS

### 7.0 Parks, Open Space and Trails

One of the most significant elements of this redevelopment project is that it will provide people with numerous new waterfront access opportunities through the creation of approximately 33 acres of new upland parks and trails and 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.



Approximately 18% of the Waterfront District land area is proposed for use as public park, trails and habitat, equaling approximately 33 acres of new upland parks, plus 4 acres of existing public land located east of the railroad tracks along the South Bay Trail, State Street and Boulevard Street. In addition, 6 acres of public beaches will be restored for habitat and public use. The Waterfront District will serve as an important linkage in developing a regional system of waterfront parks and trails. The majority of the shoreline within the Waterfront District will be dedicated for public access and improved for public recreation, water access and habitat. This will benefit the entire community as well as the future businesses

and residential development located within the Waterfront District. The precise design and layout of the parks, trails and habitat within each development area will be determined through future planning processes integrated with the design of future building footprints and streets. The Waterfront District Sub-Area Plan suggests the general location, size and key elements of various park developments, but recognizes that community discussion under the direction of Bellingham Parks and Recreation Department will further guide the details of the parks, open spaces and trails in the Waterfront District.

Similar to the transportation system, the parks, open space and trails will be phased as the site develops. Each phase of development will be accompanied by the creation of new public recreation, open space and habitat areas.



The public parks and open spaces described on the following pages will allow a variety of passive and active uses. Once development occurs within the Waterfront District, there may also be private open spaces within development parcels, such as courtyards, plazas and rooftop gardens. It will be important for designers to pay close attention to the transition between public and private open spaces.



Figure 7-1: Parks, Open Space & Trails

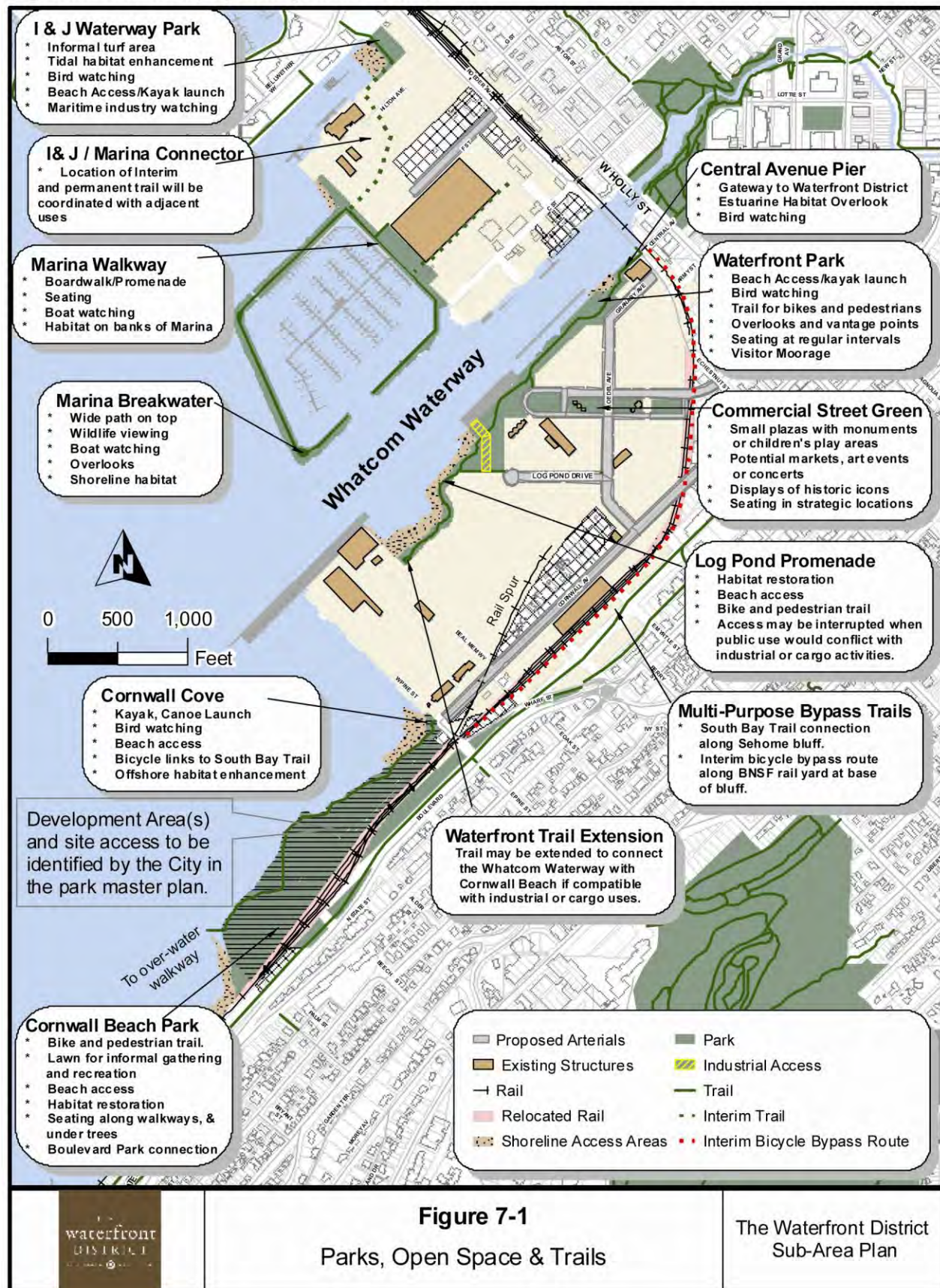


Figure 7-1  
Parks, Open Space & Trails

The Waterfront District  
Sub-Area Plan



# CHAPTER SEVEN

## PARKS, OPEN SPACE & TRAILS

### Park and Open Space Descriptions and Acreage by Planning Sub-Area

**Marine Trades Area** (9-acres of upland park plus one acre of restored public beach)



The parks and open spaces within this area will create a dramatic new public access trail along the top of the breakwater to the Clean Ocean Marina. A public trail with pockets of natural vegetation and seating will extend along the length of this breakwater, ending at an overlook at the Marina entrance. People who walk to the outer end of the breakwater will experience an unencumbered feeling and unique views of Bellingham Bay, the city center, Western Washington University and Sehome Hill. The new breakwater trail will connect to a wide promenade or boardwalk with landscaping, public gathering areas and amenities fronting the future Marina. A bicycle trail or wide sidewalk along F Street will connect the marina boardwalk and trail system to an existing trail at the head of the I&J Waterway and a network of parks and trails at Squalicum Harbor and Bellwether on the Bay. A new beach park will be created at the north eastern end of the I&J Waterway for passive uses associated with hand-carry boat launching, exploring the beach or contemplating nature. Shoreline habitat

will be enhanced at this park and along portions of the Whatcom and I&J Waterways in areas where existing bulkheads are removed.

### Downtown Waterfront Area (5-acres)



Maritime Heritage Park will link to the waterfront when the new park and trail areas take shape in the Downtown Waterfront Area. Much of the water frontage along the southern side of the Whatcom Waterway will become a public trail and park. The existing waterfront edge is a wharf on pilings or bulkhead, which may remain in front of the Granary Building and one or two other public viewing platforms. However, the majority of the waterfront edge will be softened over time by removal of the hardened edge, pilings, and over-water shading to provide a more natural shoreline along the Whatcom Waterway.

Several sections of the existing GP wharf southwest of the Clarifier tank will be retained to support environmental remediation activities and 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. If industrial activities in the Log Pond area require ongoing water access, a section of wharf south of the Laurel Street crane pad may remain into the future.

A shoreline trail will extend south

through the Downtown Area of the Waterfront District along the southern edge of the Whatcom Waterway. This trail may continue through the Log Pond Area if compatible with industrial uses. A network of trails and sidewalks will eventually lead to Boulevard Park via an over-water walkway from the Cornwall Beach Area. The shoreline trail may be designed as a wide esplanade with benches, a railing and ornamental lighting along the top of the restored shoreline bank, with a few shoreline overlooks or viewing platforms. Lighting along the trail will be appropriately directed and shielded to provide adequate light for park and trail users, and avoid unnecessary glare on adjacent habitat and residential areas. This esplanade 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 the bulkheads are removed and the banks are softened.

In areas where sections of the GP wharf remain, the shoreline trail will be constructed along the upland edge of the wharf. Public access along these sections of trail may need to be interrupted during periods when pedestrian or bicycle access would conflict with industrial or cargo activities on the wharf.

## Log Pond Area



(5-acres of upland park and 2 acres of restored public beach are in the Log Pond area boundary) The shoreline

trail described within the Downtown Waterfront Area will continue along the Log Pond shoreline to provide public access to the restored Log Pond beach. Here people will experience a soft-bank shoreline similar to the shoreline at the Port's Marine Park facility in Fairhaven. Fronting onto the restored Log Pond, this park will offer a mixture of naturalized shoreline habitat, public overlooks and some water access via small beaches. The existing Log Pond shoreline may be reconfigured for more optimal habitat creation.

To the extent it is compatible with future industrial use, the Log Pond shoreline trail may continue through the Log Pond area to connect to the Cornwall Beach park and the overwater boardwalk. If public access through the Log Pond industrial area is not feasible, an alternate trail or sidewalk will be developed around the industrial use areas to connect the Whatcom Waterway to the Cornwall Beach Park.

**Shipping Terminal Area** (No new park acreage) The boundary of the Shipping Terminal was modified to add additional land along Wharf Street east of the previous sub-area plan boundary and exclude the small pocket beach previously described in this area. The Cornwall Cove pocket beach is now part of the Cornwall Beach area. A small parcel of City land with a short section of the existing South Bay Trail runs through the modified Shipping Terminal boundary.

# CHAPTER SEVEN

## PARKS, OPEN SPACE & TRAILS

### Cornwall Beach Area



(14-acres new upland park, 3-acres restored beach- conceptual image.)

The Cornwall Beach Area will provide the largest park in the Waterfront District, similar in size and experience to Boulevard Park, including a long natural beach for diverse recreational experiences.

This park, once a landfill, may include space for active and passive recreation use. This may be a good location for a small amphitheater for concerts with a stunning natural backdrop. The shoreline will be restored, with native plantings on the existing degraded shoreline and perhaps the creation of a new pocket beach along the southern shoreline. This entire area is a landfill, so shoreline reshaping will be required in some areas to cap and restore the shoreline. The park will include longer stretches of publicly accessible and walkable beach. This park will enable the realization of long term goals of connecting Cornwall Beach with the proposed over-water trail to Boulevard Park and the Taylor Avenue Dock to the south. This trail will intersect with a looping system of pedestrian trails or walks weaving through the park. Potential new residential or office development may overlook this park, providing an amenity for residents. This park could also be accessed in the future via a pedestrian bridge over the railway tracks from the South Bay Trail.

The expanded Waterfront District boundary includes approximately four acres of City and County land along the bluff above the Cornwall Beach planning area, which is currently used for public open space. The South Bay trail crosses through a portion of this public land. The trail could be extended along the Railroad Ave. right-of-way north of Wharf Street, or along the base of the bluff on BNSF land if an agreement can be reached with BNSF to allow a bicycle trail to be constructed within the railroad right-of-way.

The Cornwall Beach area also includes a small pocket beach adjacent to the Port Maintenance Shop, which has been discovered by the community as the perfect place to launch a kayak, enjoy a picnic or watch a sunset over Lummi Island. A small lawn area will provide gathering space and a location for boaters to prepare for launching, while areas adjacent to the beach will be restored to natural conditions to provide wildlife habitat. The size of this park is currently constrained by the location of the existing Port Maintenance Shop and parking lot and the existing location of Cornwall Avenue. If the Maintenance Shop site redevelops in the future, the size of this park, amenities and associated parking may be expanded.



## ***Waterfront District Guiding Principles and Implementation Strategies***

The Waterfront Advisory Group sponsored a public involvement process during 2005 and 2006, which led to City and Port adoption of “Guiding Principles and Implementation Strategies” in 2006. The following Implementation Strategies provide guidance related to Parks, Open Space and Trails:

- Establish signature design elements, a memorable park system, interconnected pedestrian and bicycle routes, and public amenities which set the New Whatcom area apart from other urban waterfront areas.
- Work with Lummi and Nooksack leaders to facilitate their development of cultural and educational facilities which feature Native American culture and history.
- Identify and preserve artifacts on the Georgia Pacific site, including equipment and storage tanks which have historic or aesthetic value, and utilize them as displays or art at community gathering points in the redevelopment project. Develop interpretive signs and information about the historical uses of the site.
- Develop an interconnected system of waterfront access and view points, public parks, open spaces, pedestrian walkways and bicycle routes which will be the back-bone of the New Whatcom redevelopment project.
- Make the majority of water's edge accessible via non-motorized means of transportation, including pedestrian walkways, bicycle trails, motorized and non-motorized boat access, and transient moorage, connected to a network of parks, trails and transit connections. Restrict or control public access to areas used for water-dependant industry, sensitive habitat or government agency uses where public access would conflict with public health or safety, habitat protection or national security.
- Develop the Whatcom Waterway and its adjacent waterfront access as a community amenity, extending the Maritime Heritage Park to the Bay.
- Connect the New Whatcom open space and trail network to Boulevard Park with an over water trail from the south end of the Cornwall Landfill to Boulevard Park.





# CHAPTER SEVEN

## PARKS, OPEN SPACE & TRAILS

### 7.1 Park, Open Space and Trail Policies



#### **Park Policies**

1. An interconnected system of waterfront access and view points, public parks, open spaces, pedestrian walkways and bicycle routes should be designed and constructed to form the backbone of the Waterfront District.
2. Each park should be designed with a distinct character to provide a variety of park sizes, amenities and experiences for passive and active recreation for people of all ages, including water access and natural areas for wildlife habitat and viewing.
3. The detailed design, funding and construction of parks, open space and trail improvements should coincide with environmental clean-up, habitat restoration and the installation of streets and utilities for each phase of development.
4. Where appropriate and compatible with park plans, parks and open spaces should include some areas with natural or low-water use vegetation, utilize reclaimed wastewater for irrigation, or include water features which double as stormwater treatment or detention facilities.
5. Shoreline parks should include restored shoreline buffers and incorporate habitat enhancement projects consistent with the Bellingham Shoreline Master Program and Restoration Plan. Shoreline buffers may include trails and designated water access points, where no net loss of shoreline ecological function occurs to critical saltwater habitat. (See related policies in Chapter 3.)
6. Appropriate locations for off-leash dog areas should be identified within parks, with attention to conflicts with habitat areas. Off-leash dog use should be restricted in areas with eel grass or sensitive off-shore habitat, such as the Log Pond and pocket beach adjacent to the ASB.
7. Patios and private open spaces should include space for community gardens to allow residents to grow produce and flowers.
8. Reduce opportunities for crime and inappropriate activities by designing parks and trails with adequate lighting and visibility from adjacent roads, businesses and residents. Avoid isolated blind spots.



## ***Open Space Policies***

9. Within areas identified for development, buildings and landscaping should be designed to include public and private open spaces, plazas and roof top gardens for the use and enjoyment of residents, visitors and the general public. These spaces may be dedicated as public parks or managed by property developers, but are not counted as part of the 33 acres of new public park land described in this plan.
10. Public open space within development areas should be designed to be welcoming to the general public, with clearly defined access points to and from adjacent parks, sidewalks and pedestrian ways.
11. Private open spaces should be designed to be accessible by residents, employees or business patrons.
13. Recreational trail systems within parks should include clear directional signage and convenient connections to sidewalks and on-street bicycle routes.
14. Bicycle and pedestrian trails should be designed to comply with the accessible design provisions of the American Disabilities Act (ADA). Multi-modal trails should be at least 10 feet wide.



## ***Trail Policies***

12. Public parks and open spaces should be connected by a network of pedestrian and bicycle trails to establish a continuous corridor of non-motorized trails from Squalicum Harbor to the over-water walkway to Fairhaven.



# CHAPTER SEVEN

## PARKS, OPEN SPACE & TRAILS

### 7.2 Implementation Strategies

1. At full build-out, include at least 33 acres of new public parks and 6 acres of restored public beach, divided between the various development areas as follows:

Development Area	Upland Park	Public Beach
Marine Trades Area	9 acres	1 acre
Downtown Waterfront Area	5 acres	
Log Pond Area	5 acres	2 acres
Shipping Terminal Area	0 acres	
Cornwall Beach Area	14 acres	3 acres
Total	33 acres	6 acres

2. Construct early access park and trail features with Phase 1 and 2 development and infrastructure improvements to provide public access along the Downtown Waterfront Area and Cornwall Beach Area.
3. Work with Lummi Nation and Nooksack Indian tribal leaders to identify appropriate locations and facilitate the development of art work, displays and cultural facilities which feature Native American culture and history.
4. Where feasible and desirable, identify and preserve artifacts on the Georgia Pacific site that have historic or aesthetic value, including salvaged building materials, equipment and storage tanks, and utilize them as displays or art at community gathering points. Develop interpretive signs and information about the historical uses of the site.
5. Locate and design parks to serve as view corridors where appropriate. In those parks which are designated as view corridors, design landscaping and buildings to avoid obstructing views and limit the height of any structures to no

more than 35'. Limit building height to 25' within shoreline parks designated as "Recreational Shorelines" in the Shoreline Master Program.

6. Restore natural beaches and provide public access to the water's edge at the head of the I&J Waterway, the pocket beach northwest of the ASB lagoon, the restored beach within Log Pond Park, the pocket beach at the end of Cornwall Ave., referred to in this plan as Cornwall Cove, and the beach at the southern end of the Cornwall Ave. landfill.
7. Include hand carry boat launch areas and facilities for boaters within parks where topography and water depth support water access, with attention to potential impacts on near-shore habitat.
8. Restore shoreline buffers and natural systems within parks and set them aside as habitat, with landscaping, fencing or topography barriers to protect natural areas from more active recreation uses.
9. Restrict off-leash dogs and boat moorage within sensitive near-shore areas, including the Log Pond and pocket beach north of the ASB, and develop a signage program to inform visitors about the location and importance of habitat areas.
10. Develop the south side Whatcom Waterway and its adjacent waterfront as a community amenity, extending the Maritime Heritage Park along the Whatcom Waterway. Design a variable width system of parks and trails to be constructed over time as adjacent properties are developed. Develop interim access routes through or around areas where environmental cleanup or interim uses are not compatible with early public access.



11. Connect the Waterfront District park and trail network to existing parks and trails within adjacent neighborhoods. Connect to Bellwether on the Bay and the Squalicum Promenade through a new park at the head of the I&J Waterway. Provide access to Maritime Heritage Park with a pedestrian and bicycle connection at Central Avenue. Access the South Bay Trail with connections at Cornwall Ave. and Wharf Street, and construct a link to Boulevard Park with an over-water trail connecting to the large new park at the south end of the Cornwall Landfill.
12. Work with BNSF, the City Public Works and Park Department to develop additional pedestrian connections over the railroad from the Cornwall Beach area to the South Bay Trail, at Laurel Street and connecting Broadway to Bellwether Way, over time as funding is available.
13. Develop a park and trail along the frontage of the new Clean Ocean marina, with a public trail, natural vegetation and seating areas extending around the marina breakwater.
14. Establish development regulations and incentives which encourage the development of public open space within areas proposed for development. Provide floor area bonuses for projects that provide public open space or plazas for public use.
15. Explore options for increased parking adjacent to the Cornwall Cove pocket beach, including on-street parking along Cornwall Ave.
16. Provide a density bonus or impact fee credit to developers who fund the construction of public parks or open space.
17. Park plans for the first phase of the Whatcom Waterway Waterfront Park should identify a location for a small visitor float, pier or beach area for access and temporary storage of kayaks, dinghies and other small vessels.
18. Develop an interim and permanent off-road trail connection between Bellwether Way and the ASB/Marina trail. The specific location of the interim trail and future permanent trail will be coordinated with future industrial uses to avoid unnecessary conflict with Port and/or Port-tenant operations.
19. Develop a continuous waterfront trail along the south side of the Whatcom Waterway and Log Pond shoreline from Roeder Ave. to the Northeasterly edge of the Shipping Terminal. This trail should be extended through the Log Pond planning area to connect to Cornwall Ave. if compatible with industrial and/or cargo uses in the Log Pond area. If the Log Pond area is subdivided into smaller parcels to be leased or sold for long term uses which do not require access to the Shipping Terminal, dedication of a trail connection should be considered during the binding site plan approval process. Public access along the Log Pond trail may be suspended for public safety or site security purposes during periods when upland uses conflict with trail use.
20. The breakwater trail around the marina should include a flat surface to accommodate a variable width public trail with a minimum width of 12-15-feet, several public gathering areas and gently sloping public beaches suitable for public use.
21. Develop launching facilities and services for hand carry boats in one or more of the following areas: at the head of the I&J Waterway, north of the ASB lagoon, the South side of the Whatcom Waterway, Cornwall Cove, and/or south of the Cornwall Avenue Landfill.



# CHAPTER SEVEN

## PARKS, OPEN SPACE & TRAILS

### LEED ND Credit Opportunities

Note: LEED ND, developed by the US Green Building Council, is one of many different voluntary rating systems to address and achieve sustainability goals. The following plan features provide potential credit toward LEED ND certification:

At least 50% of dwelling units and building entrances will be located within  $\frac{1}{4}$  mile walk distance of a multi-use trail at least 3 miles in length.

Recreation facilities and trails will be designed according to the accessible design provisions of the American Disabilities Act (ADA)

At least 90% of the dwelling units and business entrances within the Waterfront District will be located within  $\frac{1}{6}$  mile of a park, green plaza or square at least  $\frac{1}{6}$  acre in area and average park size is greater than  $\frac{1}{2}$  acre.



# CHAPTER EIGHT

## CAPITAL FACILITIES

### 8.0 Capital Facilities

The Waterfront District is a long-range project which will develop over several decades. The City and Port have worked jointly to develop an infrastructure phasing plan for the Waterfront District to ensure that transportation systems, utilities and parks within the Waterfront District will be adequate to serve each phase of development. The City and Port have also established a process to regularly evaluate and update the infrastructure phasing and associated capital projects over time.

Table 8-1 describes roads, bridges, utilities, parks, trails, cleanup and marine infrastructure projected to serve the first three phases of development. These projects correspond with Phase 1 through 3 in the infrastructure phasing plan, included in the Waterfront District Planned Action Ordinance and Facilities Agreement. Upon completion of these projects, the transportation infrastructure could support 2.7 million square feet of development south of the Whatcom Waterway and 0.7 million square feet of development north of the Whatcom Waterway.

These projects will be included in the respective City and Port Transportation Improvement Plans and Capital Improvement Plans. Projects will be scheduled and budgeted over time as development occurs and when additional infrastructure capacity will be needed.

Figure 8-1 Phase 1-3 Infrastructure and Cleanup Projects

<b>Phase 1-3 Roads, Bridges &amp; Utilities</b>	<b>Estimated Cost by Project*</b>	<b>Subtotals and Total Phase 1-3</b>
Interim Central Avenue	\$2,500,000	
Granary/ Bloedel Avenue to Laurel And Interim Laurel St. to Cornwall	\$6,500,000	
Commercial Street Loop	\$4,400,000	
Wharf Street Roundabout	\$3,000,000	
Commercial Street Bridge	\$30,000,000	
Complete Commercial Street	\$3,200,000	
Sewer Lift Station	\$100,000	
<b>Subtotal</b>		<b>\$49,700,000</b>

\* Cost estimates are based on preliminary designs in 2012 dollars, and are subject to change based on final design and construction timing.

# CHAPTER EIGHT

## CAPITAL FACILITIES

<b>Phase 1-3 Parks &amp; Trails</b>		
Whatcom Waterway / Central Avenue Park	\$2,310,000	
Cornwall Beach Park ( excluding cleanup)	\$12,550,000	
ASB Trail - Temporary	\$500,000	
Commercial Green Park	\$3,700,000	
<b>Subtotal</b>		\$19,060,000
<b>Phase 1-3 Cleanup &amp; Site Preparation</b>		
GP West	\$19,600,000	
Cornwall Landfill	\$6,200,000	
Whatcom Waterway Phase 1	\$27,000,000	
Central Waterfront	\$12,900,000	
I&J Waterway	\$4,600,000	
RG Haley	\$6,000,000	
Demolition/ Site Preparation	\$5,500,000	
<b>Subtotal</b>		\$81,800,000
<b>Total Phase 1-3 Infrastructure &amp; Cleanup</b>		<b>\$150,560,000</b>

\* Cost estimates are based on preliminary designs in 2012 dollars, and are subject to change based on final design and construction timing.

Table 8-2 shows future projects projected to serve Phase 4 and 5 of development. The timing and cost of these projects may be modified over time to reflect more specific design, future demand and funding opportunities.

Figure 8-2 Phase 4-5 Infrastructure and Cleanup

<b>Phase 4-5 Roads, Bridges &amp; Utilities</b>	<b>Estimated Cost by Project *</b>	<b>Subtotals and Total Phase 4-5</b>
C and F Street	\$4,200,000	
Maple and Chestnut Street	\$1,800,000	
Cornwall Ave Bridge	\$27,000,000	
Railroad Relocation	\$15,000,000	
Bloedel Ave. to Cornwall	\$6,900,000	
<b>Subtotal</b>		\$54,900,000
<b>Phase 4-5 Parks &amp; Trails</b>		
Marina Park and Breakwater Trail	\$1,630,000	
I&J Waterway Park	\$1,140,000	
Whatcom Waterway Trail to Log Pond	\$200,000	
Log Pond Park and Trail	\$3,750,000	
<b>Subtotal</b>		\$6,720,000

<b>Phase 4-5 Cleanup &amp; Site Preparation</b>		
Whatcom Waterway Phase 2	\$78,000,000	
GP Wharf Demolition	\$3,300,000	
<b>Subtotal</b>		\$81,300,000
<b>Phase 4-5 Marine Infrastructure</b>		
Clean Ocean Marina	\$27,000,000	
Waterway Moorage	\$3,500,000	
<b>Subtotal</b>		\$30,500,000
<b>Total Phase 4-5 Infrastructure &amp; Cleanup</b>		<b>\$173,420,000</b>

The projects listed in Table 8-1 and 8-2 are proposed to be funded through a combination of state and federal grants, Real Estate Excise Tax (REET), Local Infrastructure Financing Tool (LIFT) funds, impact fees and other developer contributions. Projects described in the Infrastructure Phasing Plan and included in the City TIP may be funded out of sequence to respond to grant funding opportunities or the needs of early phase development projects.

The results of the biennial traffic monitoring program described in Chapter 5 will be used in conjunction with regular strategic budget discussions between the Port and City to ensure that infrastructure funding priorities are managed in alignment with development phasing.



### 9.0 Conclusions

The Waterfront District Sub-Area Plan describes a long-term redevelopment project which will convert an under-utilized Brownfields industrial site on the Bellingham waterfront to a vibrant mixed-use neighborhood, and restore three miles of shoreline for habitat and public access. The Waterfront Futures Group charted the course when they completed the Vision and Framework Plan for the Central Waterfront in 2004. The City and Port have been working together over the past seven years to complete the detailed planning, environmental review, development regulations and implementation strategies to allow this vision to move forward.



The following additional actions will to allow the first phases of development to begin, and will set the stage for a long term cooperative relationship between the City and Port as the site fully develops:

#### 9.1 Implementation Strategies

1. Adopt the Waterfront District Sub-Area Plan as a sub-area of the City of Bellingham Comprehensive Plan and as an amendment to the Port of Bellingham Comprehensive Scheme of Harbor Improvements.
2. Adopt a Planned Action Ordinance with a table of required mitigation measures, consistent with those identified in the Final Environmental Impact Statement and 2012 Addendum to the EIS, to assist potential developers and agency regulators in the processing of permit applications for projects within the Waterfront District.
3. Develop a process so that mitigation measures identified in the Final Environmental Impact Statement for anticipated impacts associated with specific types of actions are implemented either before or concurrent with the specific action.
4. Establish a partnership structure, including representatives from both the Port of Bellingham and City of Bellingham, for long-term cooperation in the phased installation of public infrastructure and mitigation implementation.

5. Adopt a Development Agreement and associated Development Regulations to establish clear, predictable standards and review procedures for development.
6. Adopt a Facilities Agreement to clarify the roles and responsibilities of the City and Port to implement the Waterfront District Sub-Area Plan.
7. Establish an efficient permitting process that provides predictable time lines and determinations, for both prospective developers and the local community, on Waterfront District development projects that are consistent with the Sub-Area Plan.
8. Prepare more detailed park and infrastructure plans, with additional opportunities for public input, as specific parks and public spaces are designed and funded.
9. Periodically review the Waterfront District Sub-Area Plan and prepare amendments to the plan and development regulations, at least every ten years, to respond to development trends or changes in technology.



# **Appendix E**

# Mission Statement and Strategic Plan

## Mission

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Western Washington University serves the people of the State of Washington, the nation, and the world by bringing together individuals of diverse backgrounds and perspectives in an inclusive, student-centered university that develops the potential of learners and the well-being of communities.

## Vision

---

Western will build a stronger Washington by being an international leader in active learning, critical thinking, and societal problem solving.

## Strategic Goals

---

- Build upon Western's strengths to address critical needs in the State of Washington.
- Expand student access to rigorous and engaging baccalaureate and graduate education.
- Foster and promote life-long learning and success in an ever-changing world.
- Apply Western's expertise and collaborative approach to scholarship, creativity, and research in ways that strengthen communities beyond the campus.
- Serve as a model for institutional effectiveness, innovation, diversity, and sustainability.



# **Appendix F**



# PORT OF BELLINGHAM

*Washington State*

Method of Delivery via Email: [Rick.Benner@wwu.edu](mailto:Rick.Benner@wwu.edu)

August 2, 2016

Rick Benner, FAIA Director and University Architect  
Office of Facilities Development and Capital Budget  
Western Washington University  
Bellingham, Washington 98225

Dear Mr. Benner:

This correspondence is an update to the May 21, 2010 correspondence relative to Port owned property known as The Waterfront District in connection with your funding request from the State.

- Review of Market Conditions prepared by Broadview Appraisal, Inc. dated July 29, 2016. This review finds that the market value for the subject property declined approximately 11.25% between 2009 and 2014 reducing the property value from \$40.00 per square foot to \$35.50 per square foot. The approximate cost for 6 acres (261,360 +/- square feet, with the exact location and survey to be finalized prior to purchase) at a price of \$9.28 million.
- The Waterfront District Sub-Area Plan 2013 is attached which describes the purpose of the Sub-Area Plan, Vision, Environmental Considerations, Development Character, Multi-modal Circulation and Parking, Utility Systems, Parks, Open Space and Trails, Capital Facilities, and Conclusions.

We appreciate our partnership with Western Washington University and we are excited about working with Western Washington University on its anticipated purchase of a portion of The Waterfront District in Bellingham, Washington; such transaction is subject to Commission approval in an open public meeting.

Please contact me if you have questions or if the Port of Bellingham can be of assistance.

Sincerely,

PORT OF BELLINGHAM

  
Shirley McFearn, Managing Broker  
Director of Real Estate

c Rob Fix, Executive Director

Attachments: i) Broadview Appraisal, Inc. – Review of Market Conditions  
ii) The Waterfront District Sub-Area Plan 2013

# **Appendix G**

BROADVIEW APPRAISAL, INC.

---

Real Estate Appraisers and Consultants  
925 North 130th Street  
Seattle, WA 98133  
(206) 362-0100  
Fax (206) 362-0110

July 29, 2016

Mr. Terry Ilahi  
Real Estate Analyst  
Port of Bellingham  
1801 Roeder Avenue  
Bellingham, Washington 98225

RE:                      Review of Market Conditions

Dear Mr. Ilahi:

At your request, we have reviewed the conclusions of two appraisals that were prepared in 2009 and 2014 by Columbia Valuation Group, Inc. for the Port of Bellingham. These appraisals are referenced by Columbia Valuation Group job numbers 09-118 and 14-113. The appraisers were the same for both appraisals and are the same appraisers signing this letter.

The property appraised in 2014 was part of the appraisal from 2009 and both appraisals developed values at the retail level for similarly sized parcels of land. The zoning and development potential in both reports were nearly identical and the assumptions employed in the valuation were very similar. Based on the conclusions of these two reports, market values declined approximately 11.25 percent during the 5-year period between the two reports.



Mr. Terry Ilahi  
Port of Bellingham  
Page 2

Please feel free to contact us if you would like to have any of the property that was part of the subject of our two prior appraisals appraised again.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'John C. Bryan'.

John C. Bryan, MAI  
WA Certified General Appraiser  
No. 1101826

A handwritten signature in blue ink, appearing to read 'Kevin H. McAuliffe'.

Kevin H. McAuliffe, MAI  
WA Certified General Appraiser  
No. 1100752

**McAULIFFE & McMAHON**  

---

**COLUMBIA VALUATION GROUP, INC. — SEATTLE**  
*Real Estate Appraisers and Consultants*

2402 Northwest 195<sup>th</sup> Place  
Shoreline, Washington 98177  
206-364-8556 (Fax)  
206-364-8580

June 10, 2009

Ms. Lydia Bennett  
Director of Real Estate  
Port of Bellingham  
1801 Roeder Avenue  
P.O. Box 1677  
Bellingham, Washington 98227

RE:                               Former GP Site, 48.45 Acres Waterfront Land with Mixed Use Zoning  
Bellingham Waterfront, West Corner of Cornwall and Chestnut  
Bellingham, Washington 98227

CVG File:                       09-188

Dear Ms. Bennett:

At your request, we have prepared a restricted use appraisal of the above captioned property. The purpose of this appraisal is to provide a baseline benchmark unit value of the As-Is value of the subject. There are a number of hypothetical conditions to which this valuation is subject. These include that the subject is assumed as vacant and free of any environmental contamination, that the subject is served by an interior road network and all necessary utilities requisite for development; that the subject is subject to a waterfront mixed use zoning that will allow a base floor area ratio of at least 3.0 with height limits ranging from 100 to 200 feet; that the portions of the subject are retail sized lots of 1 to 3 acres and that no bulk discounting has been performed; and that the subject parcels will be entitled for development with mixed-use projects.

This report conforms with the Uniform Standards of Professional Appraisal Practice and with the guidelines of the Port of Bellingham. A copy of your letter of engagement is included in the addendum.

The real property interest appraised is the fee simple interest in the subject parcels As Vacant. The appraisal is subject to the general Certification, Assumptions, and Limiting Conditions as well as specific assumptions and limiting conditions contained in the report.

Based on the analyses contained in this report, we have concluded to a baseline benchmark unit value for the subject of **at least \$40.00 per square foot** as of the effective date of value on June 5, 2009. We reiterate that this valuation is subject to the aforementioned hypothetical conditions

Ms. Lydia Bennett  
June 10, 2009  
Page 2

and that this is a baseline value at the retail level. No bulk discounting has been performed and no gross retail values have been determined because the specific shapes, sizes and configuration of the subject's lots have not yet been determined.

Respectfully submitted,

*COLUMBIA VALUATION GROUP, INC.*

A handwritten signature in blue ink, appearing to read "Kevin H. McAuliffe".

Kevin H. McAuliffe, MAI

A handwritten signature in blue ink, appearing to read "John C. Bryan".

John C. Bryan

# A RESTRICTED USE APPRAISAL OF

Approximately 48.45 Acres of Waterfront Land on Bellingham Bay  
West Corner of Chestnut and Cornwall, Bellingham, Washington 98225

PREPARED FOR  
Port of Bellingham  
1801 Roeder Avenue  
P.O. Box 1677  
Bellingham, Washington 98227

June 5, 2009

Columbia Valuation Group, Inc. - Seattle  
2402 Northwest 195<sup>th</sup> Place  
Shoreline, Washington 98177  
206-364-8580



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## ADDENDUM

Exhibit I:	Plat Map
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Exhibit III:	Letter of Engagement
Exhibit IV:	Appraisers' Qualifications

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

<b>Location</b>	Former Georgia Pacific site Bellingham Waterfront West corner of Cornwall Avenue and East Chestnut Street Bellingham, Washington 98225
<b>Property Description</b>	Waterfront and Water View Land
<b>Lot Sizes</b>	48.45 Acres
<b>Tax Parcel Numbers</b>	Numerous, see text
<b>Zoning</b>	Waterfront Mixed-Uses (see discussion)
<b>Highest and Best Use</b>	Mixed-use development
<b>Retail Unit Value Benchmark</b>	At least \$40/square foot
<b>Date of Value</b>	
As Is Retail Unit Value Benchmark	June 5, 2009
<b>Appraisers</b>	Kevin H. McAuliffe, MAI John C. Bryan

## CERTIFICATION OF VALUE

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by our reported assumptions and limiting conditions, and are our personal, unbiased, impartial, professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standard of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representative.
- We made personal inspections of the property that is the subject of this report.
- No one provided significant real property appraisal assistance to the persons signing this report.
- We have considered all available factors affecting value in forming a value opinion.
- The appraisal report identifies all of the limiting conditions imposed by the terms of our assignment or by the undersigned affecting the analyses, opinions, and conclusions contained in this report.
- As of the date of this report, Kevin H. McAuliffe, MAI, has completed the requirements of the continuing education program of the Appraisal Institute and the State of Washington. We are competent and qualified to perform the appraisal assignment.



6/10/09

Kevin H. McAuliffe, MAI                      date  
Washington Certified General Appraiser  
No. 1100752



6/10/09

John C. Bryan                                      date  
Washington Certified General Appraiser  
No. 1101826

COLUMBIA VALUATION GROUP, INC.

Seattle

Tacoma

Wenatchee

Yakima Valley

Bellingham



## ASSUMPTIONS AND LIMITING CONDITIONS

1. That legal description furnished the appraisers is correct, and that no survey has been furnished.
2. That the title to the property is good and marketable, free and clear of liens; and, unless otherwise mentioned in this report, is appraised as if owned in fee simple title without encumbrances.
3. That responsible ownership and competent management exist for the property.
4. The appraisers are not responsible for the accuracy of opinions or information furnished by others and contained in this report. Nor are the appraisers responsible for the reliability of government data utilized herein. The appraisers have made a reasonable attempt to consider all available governmental regulations or restrictions, but assume no responsibility for future conditions that are not readily available or public knowledge at the time the appraisal is made.
5. The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal, the certification page, and in the body of the report within the Factual Description section. The appraisers assume no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.
6. That any sketches in this report are included to assist the reader in visualizing the property. The appraisers have not made a survey of the property, and assume no responsibility for accuracy of surveys or plans prepared by others.
7. That the values assigned to improvements, shown in this report, are in proportion to the contribution said improvements made to the value of the properties as a whole. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used or if used separately.
8. That neither all nor part of the contents of this report shall be conveyed to the public through advertising, public relations, news sales, or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraisers or firm with which they are associated, or any reference to the Appraisal Institute.
9. That compensation for appraisal services is dependent only upon delivery of this report, and is not contingent upon values estimated, or approval of a loan.

10. That this report considers nothing of legal character, and the appraisers assume no responsibility for matters of legal nature.
11. That testimony or attendance in court is not required by reason of this appraisal unless arrangements are previously made therefore.
12. That reasonable inspection has been made and the appraisers assume there are no hidden or unapparent conditions of the subject property, subsoil, or structures that would render it more or less valuable. The appraisers assume no responsibility for such conditions, nor for engineering that might be required to discover such factors.
13. The appraisers have completed a commercially reasonable investigation for the presence of toxic waste and hazardous materials. Although the results of this investigation do not indicate an environmental problem, a real estate appraiser is not an expert in this field. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment.

The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraisers' value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report.

No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. That information furnished by property owner, agent, or management is correct and complete.
15. That no part of this report may be reproduced without permission of the appraisers.
16. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
17. It is assumed that all applicable zoning and land use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.

18. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from local, state, or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.
19. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
20. Unless otherwise stated, this appraisal takes no account of the potential for a higher price that may result from buyers such as abutters who may gain special benefits from acquisition. Discovery of the identity, motivation, and purchasing power of parties in a position to gain special benefits requires information not publicly available, and is beyond the scope of this appraisal.
21. **Unavailable Information:** The following information was not available for review by the appraisers: 1) soils survey, 2) title report, or 3) environmental assessment. The site is assumed clean therefore an environmental assessment was not necessary. We assume that this information, although unavailable, does not indicate the presence of any detrimental factors that would impact the value of the property, and if it does, we reserve the right to amend our value conclusion.
22. **Hypothetical Conditions:**
  - 1) The subject site is free of contamination.
  - 2) The site is vacant.
  - 3) The subject site is serviced by internal roads and utilities.
  - 4) The benchmark value being determined is a retail unit value for individual parcels in the 1 to 3 acre range.
  - 5) The site will have Waterfront Mixed-Use zoning.
  - 6) The site will be entitled for development with mixed-use projects.

## SUBJECT PHOTOGRAPHS



Looking Northwest over Area 2 of the Subject



Looking North over Area 2 of the Subject



## SUBJECT PHOTOGRAPHS



Looking West over the Subject



Looking South over Areas 4 and 8 toward Sehome Hill

## SUBJECT PHOTOGRAPHS



Looking Northwest from Area 8 of the Subject



View of Beach at Area 8 of the Subject



## SUBJECT PHOTOGRAPHS



Looking East over the Subject toward Downtown Bellingham



Looking West over Area 7 of the Subject

# SUBJECT PHOTOGRAPHS



Looking West on Cornwall Avenue, subject on both sides of street



Looking East on Cornwall Avenue, subject on both sides of street



# **RESTRICTED USE APPRAISAL REPORT**

## **OSTENSIBLE OWNER OF RECORD AND PROPERTY HISTORY**

No title report was available for review by the appraisers. According to public records, the subject is owned by the Port of Bellingham.

## **LOCATION**

The property is located on the Bellingham waterfront, on the western corner of the intersection of Cornwall Avenue and Chestnut Street. The immediate neighborhood is proposed for redevelopment from historical industrial to an urban mixed-use waterfront with civic amenities and some institutional uses as well. The subject is designated as areas 2, 3, 4, 5, 7 and 8 on the aerial map that is included later in the report.

## **PRESENT AND PROPOSED USE**

The subject has historically been known for its connection with the operations of Georgia Pacific's timber milling and processing. The Port of Bellingham purchased this property in 2005 and the purchase consisted of 137 acres of uplands and tidelands in exchange for only \$10.00 (ten dollars) consideration with the understanding that the Port of Bellingham would assume responsibility for the environmental cleanup of the site. The price of \$15,000,000 appears on public records and reportedly Georgia Pacific paid excise tax on this amount, which was an allocation for the aerated stabilization basin (ASB), but the Port of Bellingham paid only the minimum consideration for the site.

The site is currently largely vacant, with a few buildings that may be preserved and a few others that most likely will be preserved. These buildings are not valued in this analysis.

The site is reportedly contaminated with levels of mercury, dioxins, petroleum and polycyclic hydrocarbons and volatile organic compounds that exceed acceptable levels under state law. The Port proposes to remediate the contamination of the site and redevelop the entirety of the site with a mix of uses including residential, commercial, light industrial, civic, recreational and marine-dependent uses. Upon completion of the development, a street grid and infrastructure will be installed and the subject will have two distinct zonings, both of which will have a base FAR of 3.0 and height limits of either 100 or 200 feet, with the lower height limit in place closer to the waterfront.

The Port has reportedly had numerous meetings with parties interested in purchasing portions of the project once the remediation is completed and the infrastructure is in place. Reportedly there is a list of over 75 interested parties with at least 20 that are seriously interested in pursuing projects. These are reportedly well-capitalized entities and consist of local, regional

and national developers. No prices have reportedly been discussed at this early point in the redevelopment.

## LEGAL DESCRIPTION

No title report was provided for review by the appraisers. A copy of the public records for each of the subject parcels is included in the Addenda. The following chart shows the size and assessed values of the parcels that comprise the subject. The aerial included later in the report clearly shows the parcels that comprise the subject.

## PURPOSE OF APPRAISAL

The purpose of the appraisal is to provide a baseline benchmark value for the usable portions of the vacant subject site as of the final date of inspection on June 5, 2009 which is also the effective date of value.

## DISCLOSURE OF CLIENT AND INTENDED USER(S)

The term **client** is defined in *Uniform Standard of Professional Appraisal Standards*, 2008-09 edition as: "The party or parties who engages an appraiser (by employment or contract) in a specific assignment."

The term **Intended User(s)** is defined in *Uniform Standards of Professional Appraisal Standards*, 2008-09 edition as: "The client and any other party as identified, by name or type, as users of the appraisal, appraisal review, or appraisal consulting report, by the appraiser on the basis of communication with the client at the time of the assignment."

This report restricted for use only by the Port of Bellingham (the client). There are no other users intended by the appraisers.

## DISCLOSURE OF CLIENT'S INTENDED USE

The term **Intended Use** is defined in *Uniform Standards of Professional Appraisal Practice*, 2008-09 edition as: "The use or uses of an appraiser's reported appraisal, appraisal review, or appraisal consulting assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment."

This use of this report is limited solely to internal accounting purposes. This report is not intended for any other use.

## **FUNCTION OF APPRAISAL**

The function of the appraisal is to provide the Port of Bellingham with a baseline value for internal accounting purposes.

## **SCOPE OF APPRAISAL - EXTENT OF THE APPRAISAL PROCESS**

The scope of the appraisal assignment included the following tasks:

- An inspection of the subject property and comparable sales data considered.
- An analysis of the subject property's physical, locational, and investment characteristics.
- An investigation and evaluation of market characteristics and trends.
- The collection and analysis of pertinent data, including searches for comparable improved sales was conducted through Commercial Multiple Listing Service, Northwest Multiple Listing Service, and the Columbia Valuation Group, Inc. - Seattle data base.
- The development of a conclusion as to the market value of the property through the application of the appropriate approaches to value.
- Present the results in a Restricted Use format, including the development of a conclusion as to the market value of the property interests appraised through the application of the appropriate approaches to value.

The purpose of the appraisal is to estimate a value benchmark for the retail portions of the subject site as vacant as of the effective date of value.

The value conclusions contained in this report are based upon review and analysis of market conditions affecting real property value, with primary consideration of physical and site characteristics influencing the subject property, and with emphasis on recent sales and listings of generally similar type property, and the attributes of competitive properties. The subject and comparable properties have been inspected and photographed.

The cost, sales comparison, and income capitalization approaches were considered, with only the sales comparison approach fully developed, as the subject consists of vacant land only. No gross retail values are determined because the specific number, configuration and sizes of the lots of which the subject will eventually consist have not yet been established.

## **DEFINITION OF MARKET VALUE**

*Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, and*

knowledgeably, and assuming the price is not affected by unique stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated
2. Both parties are well informed or well advised, and both acting in what they consider their own best interest
3. A reasonable time is allowed for exposure in the open market
4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto
5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.

(OCC, 12 CFR Part 34, Subpart C, 34.42)

## PROPERTY RIGHTS APPRAISED

The ownership interest appraised is fee simple estate.

The **Fee Simple Estate** is *absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the government powers of taxation, eminent domain, police power, and escheat.*

(*The Appraisal of Real Estate*, 13<sup>th</sup> Ed., Chicago: Appraisal Institute, 2008, p. 114.)

## UNAVAILABILITY OF INFORMATION

We were not provided with title reports, prospective development costs, a market study or an environmental assessment. The site is assumed clean therefore an environmental assessment was not necessary. We assume that this information, although unavailable, does not indicate the presence of any detrimental factors that would impact the value of the property, and if it does, we reserve the right to amend our value conclusion.

## REASONABLE EXPOSURE TIME/MARKETING PERIOD

The term “marketing period” is defined by Advisory Opinion 7 of the Uniform Standards of Professional Appraisal Practice (USPAP), 2008-09 Edition, as:

*“an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.”*



The term “exposure time” is defined by Statement on Appraisal Standards No. 6 of the Uniform Standards of Professional Appraisal Practice (USPAP), 2008-09 Edition, as:

*“the estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal; a retrospective opinion based upon an analysis of past events assuming a competitive and open market.”*

The market for finished blocks at the subject in the 1 to 3 acre size range would be substantial if all infrastructure were in place and the additional proposed civic amenities were under construction, including Western Washington’s campus, parks, beaches and marinas. Were all of this infrastructure in place, we project that retail-sized portions of the subject, again in the 1 to 3 acre size range, would likely sell in less than 12 months. This is the concluded marketing time. The exposure time would be similar and is estimated at less than 12 months as well.

## **COMPETENCY**

We are competent to appraise the subject property. We have appraised waterfront properties and other highly amenitized residential and mixed-use developments around the Puget Sound region. We additionally have appraised the Cornwall landfill site and provided valuation services for numerous portions of submerged and filled tidelands along the waterfront of Bellingham Bay. Please refer to the Scope of the Appraisal, the Appraiser Qualifications at the end of the report, and the research and presentation of data throughout the report for verification of competency.

## **DATE OF INSPECTION**

May 20 and June 5, 2009

## **DATE OF VALUATION**

June 5, 2009 – As Is

## **DATE OF REPORT**

June 10, 2009

## AREA DATA

Whatcom County is located in Washington State in the farthest northwest corner of the contiguous 48 United States. It is bordered to the west by the Strait of Georgia and the associated bays, harbors and waterways; to the north by the international border crossing with Canada and the Canadian province of British Columbia; to the south by Skagit County; and to the east by Okanogan County. The population of Whatcom County as of April 2008 was estimated at 191,000. Bellingham is the county seat and principal city, with a population of 75,750. Lynden is the second-largest city in the county with 11,350 residents, and Ferndale is a close third with 10,800 residents.

The principal industries in the county are health care, education, government and retail sales. Oil and aluminum refining are significant industries as well, with two operating oil refineries west of Ferndale and Intalco aluminum operating a refining operation in that area. There is a substantial agricultural component to the economy as well, with the areas located east of the Interstate 5 corridor representing prime agricultural lands. Principal crops include blueberries, raspberries and strawberries as well as dairy operations, nut cultivation and vegetable row crops. Other industries include some logging and timber operations, boat building, fishing, gravel and mineral mining.

A large source of income to the county comes from Canadian visitors. There are more than 1.6 million Canadians living within an hour's drive of Bellingham. The volume of retail sales has historically been connected to the value of the Canadian dollar. Canadians are heavy investors in and owners of Whatcom County real estate, especially recreation properties and, in recent years, agricultural lands that have been made more affordable by the falling U.S. dollar.

### POPULATION TRENDS

Year	County	% Change	Bellingham	% Change
1998	157,500	0.83%	61,980	1.20%
1999	161,300	2.41%	64,070	3.37%
2000	163,500	1.36%	64,720	1.01%
2001	170,600	4.34%	68,890	6.44%*
2002	172,200	0.94%	69,206	4.59%
2003	174,500	1.34%	69,850	0.93%
2004	177,300	1.60%	71,080	1.76%
2005	180,800	2.00%	72,320	1.75%
2006	184,300	1.94%	73,460	1.58%
2007	188,300	2.17%	75,220	2.40%
2008	191,000	1.43%	75,750	0.70%
<b>AVERAGE</b>		<b>2.13%</b>		<b>2.22%</b>

\* The large increase in 2001 was attributable to an adjustment in the Census 2000 numbers

The service sector is the largest segment of the Whatcom economy, with government jobs, goods production, and retail trade the three largest components. With the exception of a slight contraction in the non-durable manufacturing sector and stagnancy in natural resources, the Washington Employment Security Department is forecasting growth across the entire employment spectrum between 2008 and 2012. The largest areas of growth are construction, wholesale trade, and federal governmental employment. The construction growth is attributable to the significant development that has occurred in recent years. The increase in wholesale trade is attributable to the strengthening of the Canadian dollar which makes domestic goods more affordable to Canadian buyers. Blaine is one of the largest border crossings in terms of border trade. The increase in federal governmental jobs is due to the increased security presence at the US-Canada border. Overall, employment trends are strong, although lagging anticipated population growth. This disparity can be attributed to immigrating retirees and a growing component of self-employed and telecommuting residents.

### WHATCOM COUNTY'S LARGEST EMPLOYERS

St. Joseph Hospital	2,217
Western Washington University	1,664
Bellingham School District	1,300
Whatcom County Government	942
City of Bellingham	795
BP Cherry Point Refinery	725
Haggen's, Inc.	720
Lummi Tribal Office	700
Ferndale School District	681
Sodexo Services	671
Alcoa Intalco	544
Brown and Cole	524
Silver Reef Casino	520
Heath Tecna Inc	487
Fred Meyer	480

*Source: Western Washington University, College of Business and Economics*

The Bellingham MSA labor force, as of February 2009, was approximately 124,840 with unemployment at 7.8 percent. In February 2008, the unemployment rate was 4.8 percent. The increase in unemployment is due to a decrease in employment of 3,430 jobs over the prior 12 months and a growth in the labor force of 330 workers.

The median sale price for Whatcom County in 2008 was \$278,000 according to the Northwest Multiple Listing Service. This represents a decrease of about 4.3 percent over the median price recorded in 2007, which reflected a decline of 6.5 percent over the median price for 2006. The number of home and condominium sales declined in 2008 to 1,986 units as compared with 2,713 units in 2007. Marketing periods increased slightly during 2008 to an average of 104 days as

compared with 97 days in 2007. Generally the residential real estate market has cooled considerably from the housing boom that occurred between 2004 and 2006. The movement of population from California to the Seattle area is the same force that is driving residents in the Seattle Metropolitan Area north towards Bellingham. Bellingham is attractive because of affordable housing and less traffic, offering a small-town appeal that is fading from Seattle. Bellingham has the single largest concentration of housing in Whatcom County. Bellingham's housing stock accounts for about half of the county's total housing stock; however, the inflow of new residents seeking rural appeal fuel some subdivision development in the county and other cities in Whatcom County. Future demand will be fueled by overflow from the greater Seattle area, as well as the lower mainland of British Columbia, as these areas build to capacity and as investment and commerce between these two major regions accelerates.

The Bellingham area offers alternatives to Canadian companies wanting an operational base on the U.S. side of the border. Commercial and industrial real estate investors have historically looked to Whatcom County to purchase suitable sites, viewing it as a gateway location with skilled labor and free trade zones. In the past Canadian customers have accounted for up to 30 percent of Whatcom County's retail sales. In recent years, Canadian spending in Whatcom County waned due to the falling Canadian dollar, imposition of higher tariffs on liquor and cigarettes, more vigorous enforcement of import restrictions on other goods, and better competition from BC retailers. The dramatic resurgence of the Canadian dollar in 2007 and into the first half of 2008 revived retail sales to Canadians throughout the county. This led to more Canadians visiting the U.S. and investing in areas such as Whatcom County. Border crossings between Whatcom County and Canada increased in 2006 and 2007. Total border crossings were 9.8 million in 2007, the highest level since 2001 when 11.4 million crossings were recorded between Whatcom County and Canada. However, since mid-2008, after peaking at about \$1.09 U.S., the Canadian dollar has retreated and is currently worth about \$0.83 U.S. In response, cross-border traffic dropped 3.5 percent from 2007 to 2008 and was at approximately 9.48 million passengers in 2008.

Overall, trends have been positive for the Bellingham area and Whatcom County as a whole over the past few years. Despite a national housing slowdown, the real estate market in Whatcom County has remained more stable than many other regions of Western Washington with only a minor decline in home prices between 2007 and 2008. The most significant impact of the current economic slowdown has been on the residential land segment of the real estate market, with a few lot sales, little interest in land available for residential development on the part of developers, and a multi-year inventory of available building lots. The subject's lots enjoy a stronger location than most competing inventory and, as such, the forecast for absorption of these units is stronger than in many other locations in Bellingham and the wider Whatcom County market.



## MARKET AREA MAP



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Seattle

Tacoma

Wenatchee

Yakima Valley

Bellingham

## MARKET AREA DATA

A market area can be defined as an area of complementary land uses. A market area's boundaries identify the area that influences the value of the subject property. The subject property is located along the Bellingham waterfront and has historically been known as the Georgia Pacific site. The market area has been identified with heavy industrial uses throughout most of Bellingham's history. In 2005, the Port of Bellingham finalized a purchase of the Georgia Pacific site, some 137+ acres, in exchange for the Port assuming responsibility for remediation of contamination by toxic chemicals associated with the GP's timber processing operations. At present, the Port has planned an ambitious redevelopment of the waterfront which will include mixed land uses, including residential, commercial and light industrial components along with civic uses, recreational areas and facilities to accommodate marine dependent commerce.

The market area is effectively the Bellingham waterfront. The geographic boundaries that define this market area are Bellingham Bay to the southwest, the bluff that rises above Cornwall Avenue and the railroad right of way to the southeast, Squalicum Way to the north and West Holly Street/Eldridge Avenue to the northeast.

The downtown commercial core is located to the immediate east of the subject and onramps for Interstate 5 are located approximately 1 mile to the east of the subject. Western Washington University is located on the bluff to the south of the subject's market area. As mentioned, the subject market area has historically been identified with heavy industry and marine dependent commercial uses. The New Whatcom waterfront plan aims to redevelop the Georgia Pacific site to a mix of residential and commercial uses as well as a number of civic and institutional uses, including an extension of Western Washington University, and recreational uses, including city parks and a public beach.

In conclusion, the subject market area is very well located with regard to the downtown area of Bellingham and the redevelopment of this market area is an ambitious long range plan that will eventually capitalize on the valuable amenity that is the Bellingham waterfront. Market trends at present are being affected by recessionary forces but this is a national phenomenon and not limited to this market area. The future of this area is projected to be positive and eventual developments in this area will likely be well-received by the market providing that the needs of the market are met.

## SITE DESCRIPTION

Photographs of the subject property appear in the front of this report and a color aerial of the parcels that comprise the subject are included at the end of this section. A plat map of the subject that was provided by the Port of Bellingham, is located in the Addenda.

## LOCATION

The property is located on the Bellingham waterfront, on the western corner of the intersection of Cornwall Avenue and Chestnut Street. The immediate neighborhood is proposed for redevelopment from historical industrial uses to an urban mixed-use waterfront with civic amenities and some institutional uses as well. The subject is designated as areas 2, 3, 4, 5, 7 and 8 on the aerial map that is included at the end of this section.

## SHAPE AND AREA

The site consists of a total of 48.45 usable acres. The site is irregular in shape but the site is large enough that this is not projected to pose any significant obstacles to development. A breakdown of the portions of the subject is captioned on the chart below:

Area No.	Area Name	Gross Area (acres)	Net Marketable Area (acres)
2	Mill Reservation	22.85	13.12
3	Historic District	7.70	4.13
4	Western Washington University	10.06	6.74
5	Laurel	7.65	4.86
7	Upper Cornwall	10.16	6.00
8	Commercial-Industrial	24.27	13.60
TOTAL		82.69	48.45

It is noted that the areas correspond to the names of the areas that are given on the map that is included at the end of this section.

## EASEMENTS

There was no title report provided for this assignment. The subject will be replatted with street grids and utility corridors and any easements or encumbrances will most likely be relocated as part of this process.

## **TOPOGRAPHY AND SOILS**

The site is generally level. There were no soils surveys or geotechnical reports provided for this assignment. It was reported that prospective developments will most likely need to utilize pilings in order to support foundations of future developments.

## **UTILITIES**

All utilities necessary for development will be routed through the subject as part of the future development of the area.

## **ENVIRONMENTAL CONCERNS**

No environmental assessment was provided for this appraisal but the wider area is known to have contamination issues as a result of the industrial history of the area. Remediation of these conditions will be performed in conjunction with the redevelopment of this area. It is a hypothetical assumption of this report that the subject is free from contamination.

## **ACCESS AND EXPOSURE**

The property will be served by an internal road network that is still under development. Any exposure will be reliant on the mix of development that will potentially draw people to this market area because it is not geographically enmeshed with the existing street networks. In terms of accessibility, the site is located adjacent to the downtown area and access will be average to above average. This will also be dependant on the street network that is proposed for the area.

## **SITE AMENITIES AND OUTSIDE INFLUENCES**

The subject will be located on the Bellingham waterfront, an area that is proposed for redevelopment with mixed residential, commercial and some light industrial uses along with civic uses including an extension of Western Washington University as well as city parks and beaches. The amenities available to the subject will vary depending on location within the larger development and other proposed buildings that could affect potential view corridors.

## **SITE IMPROVEMENTS**

Once the redevelopment of the area is complete, there will internal streets with curb and gutters, utilities and stormwater sewers.



## ZONING

The subject will be zoned Waterfront Mixed Use in accordance with a Master Development Plan that is still under development. The two development areas that encompass the subject area are 'Downtown Waterfront' which is accommodating to mixed-uses including high-rise residential, neighborhood commercial and some institutional uses. The height limits in this area will be 200 feet with a base Floor Area Ratio (FAR) of 3.0 and a maximum of 5.0. The second zone is currently being called the 'Log Pond Park' and this has a height limit of 100 feet and a base FAR of 3.0 and a maximum FAR of 4.0. Maximum FARs are achievable through the setting aside of units at affordable rates, open spaces for public use and sustainable/LEED building credits that are still being negotiated with the City of Bellingham.

## ASSESSED VALUATION

The assessed values for 2009 for the parcels that comprise the subject are captioned on the chart below. It is noted that the subject under appraisal only represents a portion of the tax parcels outlined below. The subject is owned by a municipal corporation and is exempt from taxes. Once the waterfront redevelopment is complete, the subject will most likely be reassessed at new market supported values. Taxes will depend on millage rates and assessments for the subject's market area and land use type upon completion of the redevelopment.

Parcel Number	Size (Acres)	Assessed Value -		
		Land	Bldg.	Total
3802254200220000	0.8	\$209,630	\$2,133,500	\$2,343,130
3802254320040000	1.3	\$225,760	\$0	\$225,760
3802255220210000	79.37	\$7,779,105	\$990,855	\$8,769,960
3802255220210002	16.78	\$1,644,605	\$8,468,560	\$10,113,165
3802364965260000	12.38	\$1,618,120	\$0	\$1,618,120
3802365474830000	1.12	\$413,080	\$0	\$413,080
3803300611900000	0.34	\$74,500	\$0	\$74,500
3803300890240000	0.07	\$3,200	\$0	\$3,200
3803310145250000	1.81	\$236,530	\$0	\$236,530
3803310355490000	0.68	\$98,550	\$0	\$98,550
TOTAL	114.65	\$12,303,080	\$11,592,915	\$23,895,995

# AERIAL SITE PLAN



COLUMBIA VALUATION GROUP, INC.

Seattle

Tacoma

Wenatchee

Yakima Valley

Bellingham

## DATA ANALYSIS AND VALUATION INTRODUCTION

Analysis and valuation of the subject property involves determining the highest and best use of the site, estimating the value for the subject by current appraisal theory, and reconciling to a final estimate of value.

The first step in valuation and analysis is determining the highest and best use of the site. The four criteria highest and best use must meet are: Legal permissibility, physical possibility, financial feasibility, and maximum productivity. Two types of analyses were made in determining the highest and best use. The first is highest and best use of the site as if currently vacant; the second is highest and best use if developed as proposed.

Three approaches to value form the foundation for current appraisal theory: the cost approach, the sales comparison approach, and the income capitalization approach.

### **Cost Approach**

The cost approach is based upon the principle that the informed purchaser would pay no more than the cost to produce a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use for the land or when relatively unique or specialized improvements are located on the site and for which there exists no comparable properties on the market.

### **Sales Comparison Approach**

The sales comparison approach utilizes process paid in actual market transactions of similar properties to estimate the value of the subject. This appraisal technique is dependent upon utilizing truly comparable sales data that have occurred near enough in time to reflect market conditions relative to the time period of the subject appraisal.

### **Income Approach**

The income capitalization approach is widely applied in appraising income producing properties. Anticipated present and future net operating income, as well as any future reversions, are discounted to a present worth figure through the capitalization process. This approach also relies upon market data to establish current market rents and expenses levels to arrive at an expected net operating income. This approach typically is not applicable in the appraisal of unimproved land.

The resulting indications of value from the three approaches are correlated into a final estimate of value. It is not always possible or practical to use all three approaches to value. The nature

of the property being appraised, and the amount, quality, and type of data available dictates the use of each of the approaches.

The subject property consists of 48.45 acres of waterfront land that is proposed for mixed use development. As such, the sales comparison approach is the most market typical method for valuing this type of property. There are no prospective developments from which to infer a value via a residual analysis. The purpose of the assignment is to determine a benchmark value for accounting purposes for retail sized portions of the larger property. Therefore, although a discounted cash flow analysis would be market typical for a property like the subject with numerous lots that would be sold, the purpose of the assignment and the valuation scenario requested by the Client do not require it. Additionally, no gross retail values are determined because the specific number, configuration and sizes of the lots of which the subject will eventually consist have not yet been established.



## HIGHEST AND BEST USE ANALYSIS

*The Appraisal of Real Estate*, 13<sup>th</sup> edition, published by the *Appraisal Institute* defines Highest and Best Use as:

*The reasonably probable and legal use of vacant land, or an improved property that is physically possible, appropriately supported, and financially feasible, and that results in the highest value.*

(*The Appraisal of Real Estate*, 13<sup>th</sup> Ed. (Chicago: Appraisal Institute, 2008), p. 277-278.)

The highest and best use of a property is concluded after the four criteria have been applied and various alternative uses have been eliminated. The remaining use that fulfills all four criteria is the highest and best use. These criteria include: legally permissible, physically possible, financially feasible, and maximally productive.

### AS VACANT

The subject site is large and level and located along the Bellingham waterfront. The zoning is assumed to be mixed use and accommodating to a mix of uses, including residential and commercial with a base FAR of 3.0 and height limits ranging from 100 to 200 feet. From a financial feasibility perspective, as a vacant site, this is typically inferred from the pricing of comparable properties in the market. In terms of maximally productive use, the mixed use zoning allows for a variety of potential developments that would meet the needs of the market. The maximally productive use of the subject will have to combine a mix of uses that mesh with the urban character of the market and attract a broad range of users for commercial, residential and civic developments. In conclusion, the highest and best use of the subject is for a mix of uses that accommodate a wide array of market demands and capitalize on the extensive proposed amenities.

## SALES COMPARISON APPROACH

The subject consists of 48.45 acres of waterfront land that will be zoned for mixed-uses upon adoption of the redevelopment plan for the New Whatcom waterfront district. Specific densities are not yet available and, as such, a valuation per usable square foot via a Sales Comparison Approach is the most typical method for valuing a site like the subject. This approach has been used to estimate the market value of the subject in its current state. It is noted that the purpose of this assignment is to estimate a benchmark value for retail portions of the subject in the range of 1 to 3 acres.

The sales comparison approach is an examination of the property's value based on the comparison of similar properties that have sold, are listed for sale, have purchase options, or have offers to purchase. Like the cost approach, the sales comparison approach is based on the principle of substitution, which indicates that when a property is replaceable in the market, its value would be no greater than the cost of acquiring an equally desirable substitute property, assuming no costly delay in acquiring the substitute property. The following steps in the sales comparison approach are typically used to reach an estimate of value:

1. Recent sales of similar vacant sites and finished lots were found in the immediate and general area of the subject land.
2. The market data gathered was verified as factual, accurate, and reflective of arm's-length transactions.
3. The most consistent unit of comparison was selected based on consideration of the market data, and a comparative analysis was then developed.
4. The comparables were directly compared with the subject land based on the unit of comparison, and adjustments were made to the sales.
5. The various indications of market value resulting from this process are reconciled into a conclusion of the retail value of the subject's lots.

The economic principle of substitution applies to the sales comparison approach. The value of a property that can be replaced in the market tends to be set by the cost of acquiring an equally desirable substitute property. The sales comparison approach is usually given greatest weight when sufficient comparable sales are available to allow for the value patterns in the market to be developed. When the sales are reasonably well confirmed, the comparison process can be carried out with confidence.

## SITE VALUATION

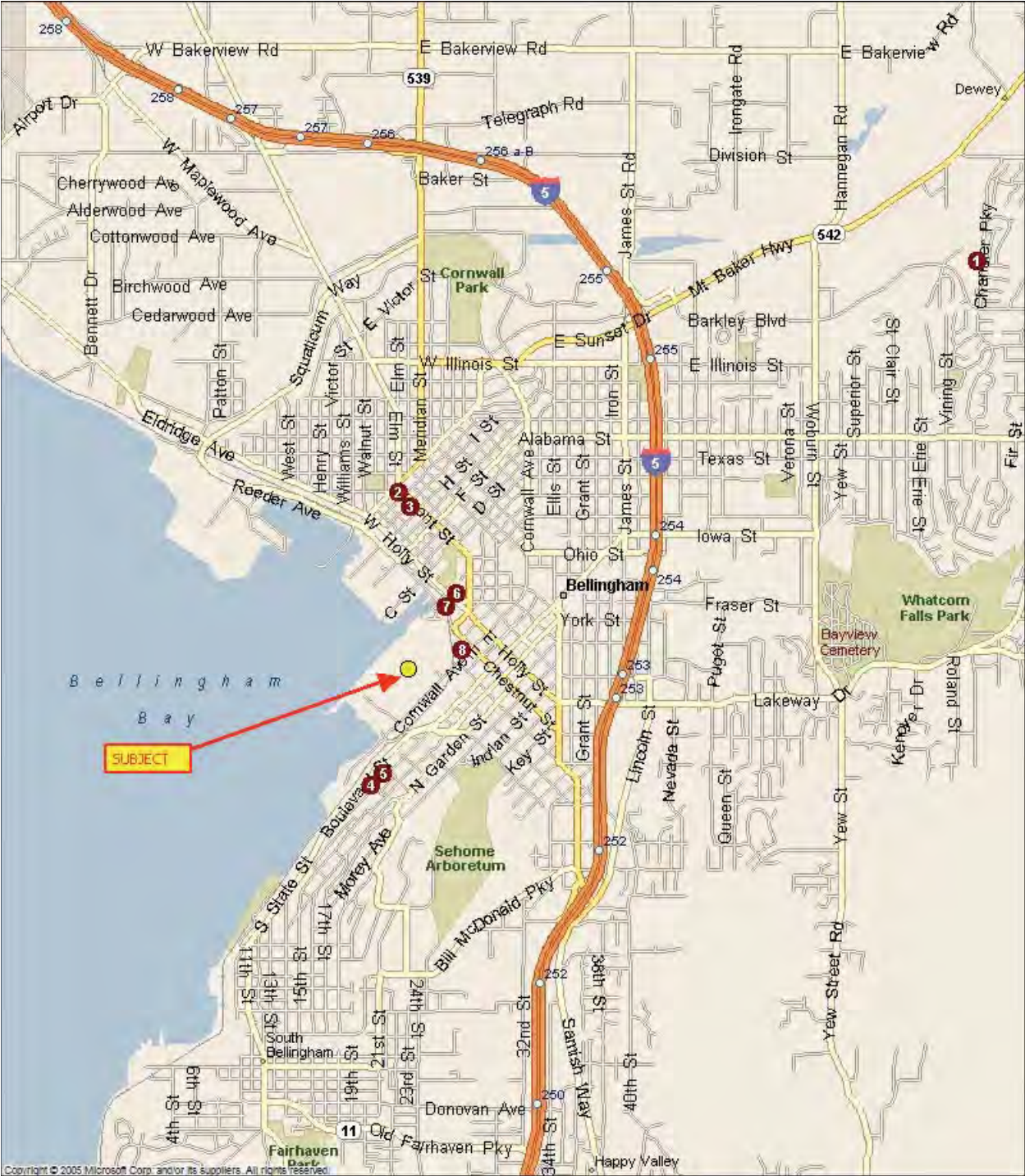
A search was conducted for sales of sites with similar development potential and/or similar view amenities. The included comparables are the best indication of value for the subject site as retail-sized portions. Most of the sales are situated in the immediate market area of the subject and have similar development potential as the subject. Following are a summary table, location map, plat maps, and photographs of each comparable property.

**LAND SALES SUMMARY TABLE**  
*Former Georgia Pacific Site, Bellingham Waterfront - West Corner of Chestnut and Cornwall, Bellingham, Washington*

Sale	Location	Sale Date	Adjusted Sale Price	Land Size (SF)	Price per SF	Zoning	Corner	Arterial Frontage	Shape	Topo.	View
1	Skyridge Condominium Site 3201 Chandler Parkway, Bellingham	Listing	\$650,000	17,705	\$36.71	RM-10.0	No	Secondary	Rectangle	Sloping	Expansive city and bay
2	Multifamily development site 1405-1415 Dupont Street, Bellingham	Listing	\$859,000	23,750	\$36.17	RM-1.5	Yes	Primary & Secondary	L-shaped	Level	Bay and city from upper floors
3	Multifamily development site 1315 Dupont Street, Bellingham	Listing 5/15/2007	\$659,000 \$510,000	19,000	\$34.68 \$26.84	RM-2.0	Yes	Secondary	Flag-shaped	Level	Bay and city from upper floors
4	8 unit development site 403 N State Street, Bellingham	Expired listing (1/1/09)	\$1,600,000	15,313	\$104.49	RM-2.0	No	Secondary	Rectangle	Sloping	Bay and city
5	5 Unit Development site 425 N State Street, Bellingham	2/24/2009	\$520,000	10,315	\$50.41	RM-2.0	No	Secondary	Rectangle	Sloping	Bay and city
6	Boss Tweed site 400-412 W Holly Street, Bellingham	10/31/2005	\$1,469,453	25,265	\$58.16	Commercial Waterfront	Yes	Primary	Rectangle	Mostly level	Bay and city
7	Redevelopment site 401-415 W Holly Street, Bellingham	3/24/2006	\$825,000	10,454	\$78.92	Commercial Waterfront	Yes	Primary	Rectangle	Sloping	Bay and city
8	Redevelopment site 119 Chestnut Street, Bellingham	7/29/2005	\$1,350,000	18,295	\$73.79	Commercial	Yes	Primary	Rectangle	Mostly level	Bay and city
<b>Subject</b>	<b>Georgia Pacific site, Bellingham Waterfront W Corner of Cornwall and Chestnut</b>	<b>6/5/2009</b>	<b>–</b>	<b>1 to 3 acre parcels</b>	<b>–</b>	<b>Waterfront Mixed-Use</b>	<b>Yes</b>	<b>Primary/ Cornwall</b>	<b>Irregular</b>	<b>Level</b>	<b>Expansive city and bay</b>



COMPARABLE LAND SALES MAP



COLUMBIA VALUATION GROUP, INC.

Seattle

Tacoma

Wenatchee

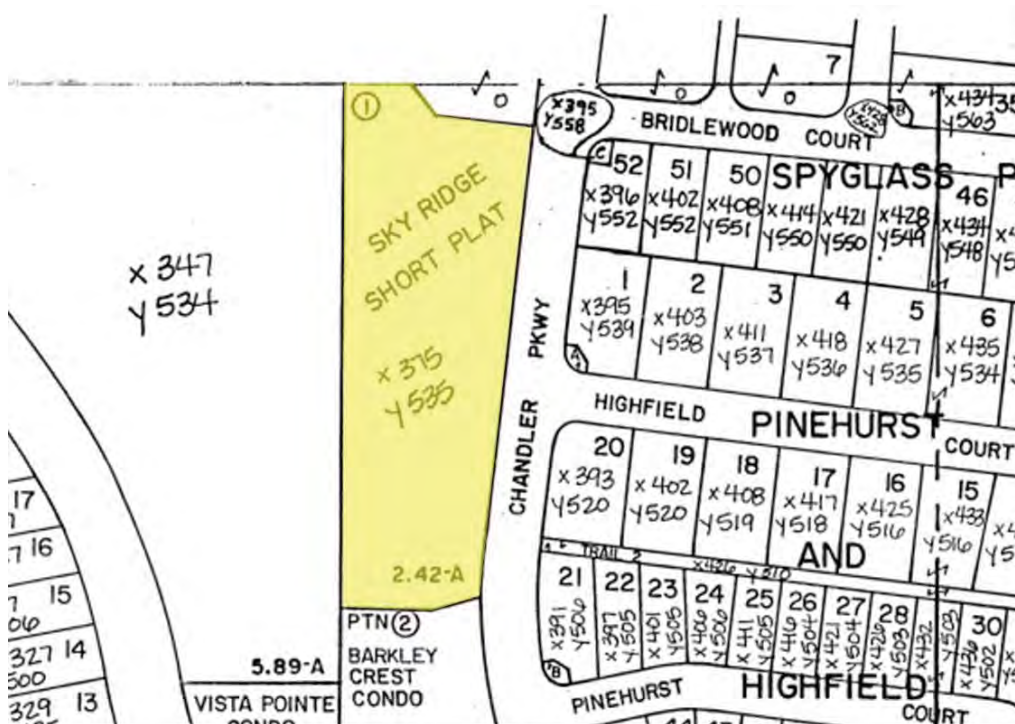
Yakima Valley

Bellingham

## COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



Comparable 1 – 3201 Chandler Parkway

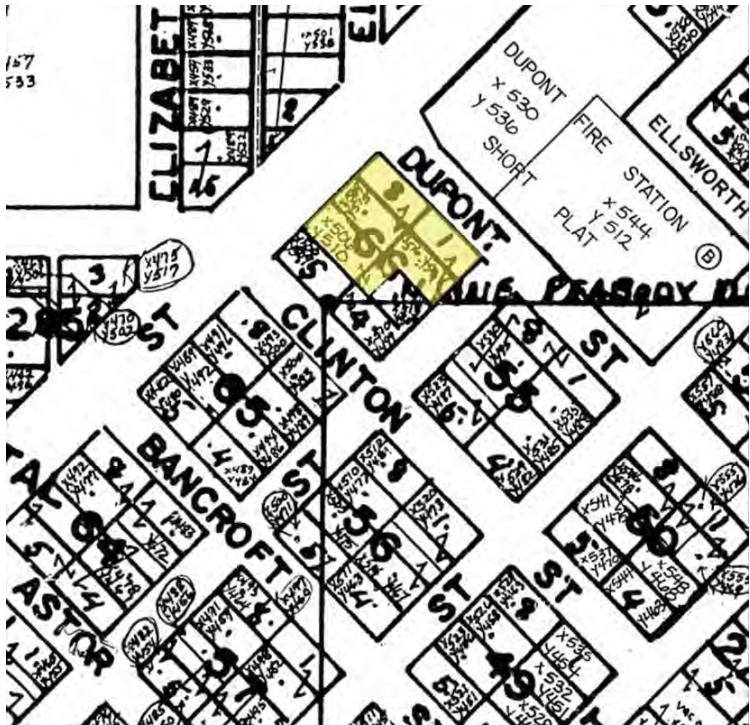




COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



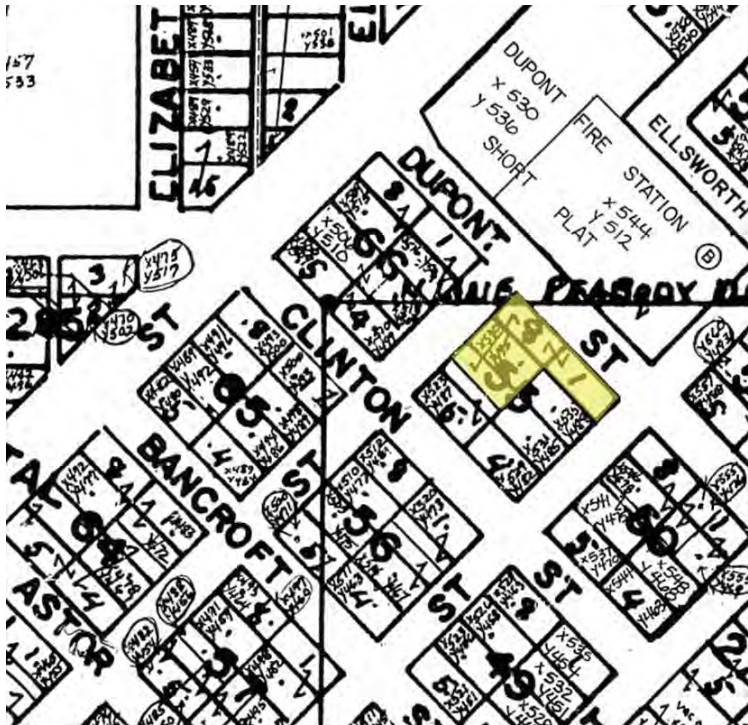
Comparable 2 – 1405-1415 Dupont Street



COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



Comparable 3 – 1315 Dupont Street



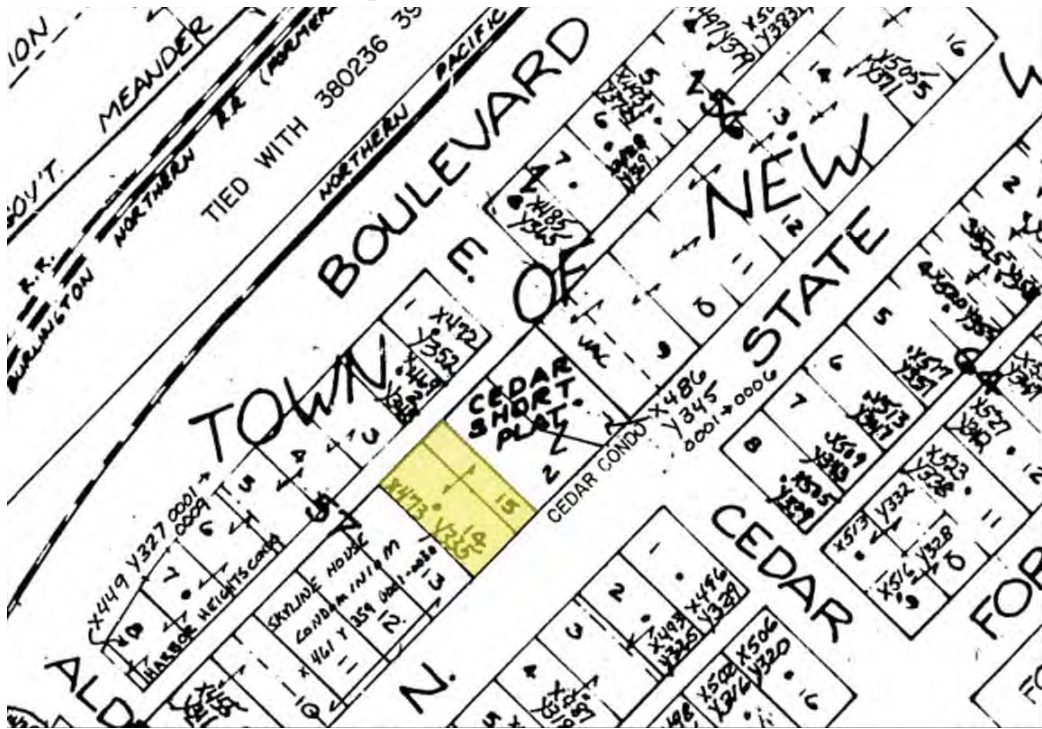




COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



Comparable 5 – 425 N State Street

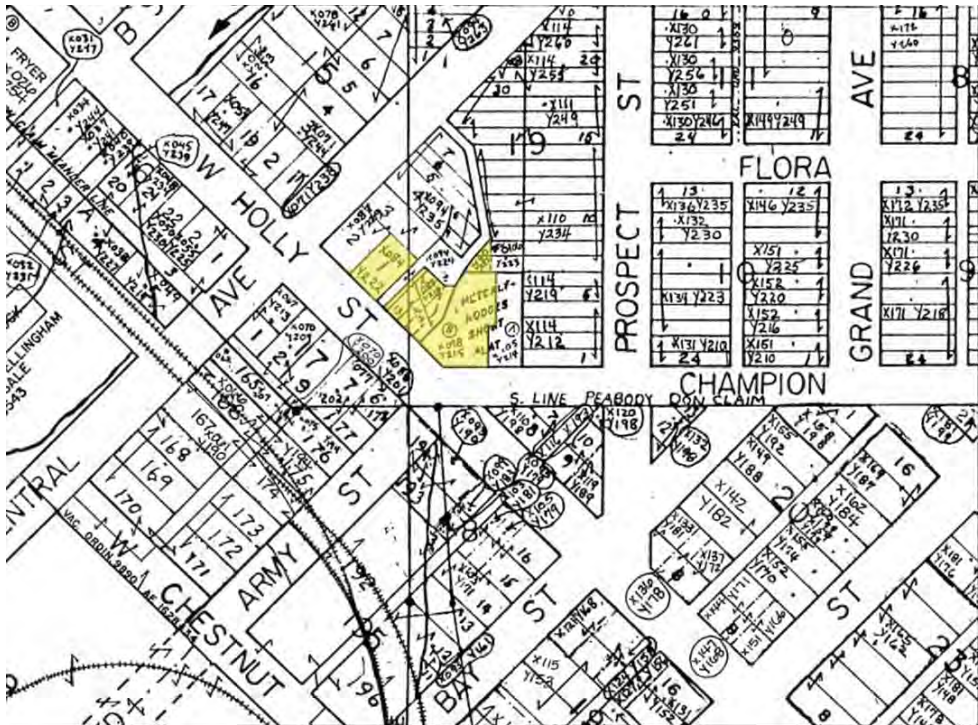




COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



Comparable 6 – 400-412 W Holly Street



COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



Comparable 7 – 401-415 W Holly Street

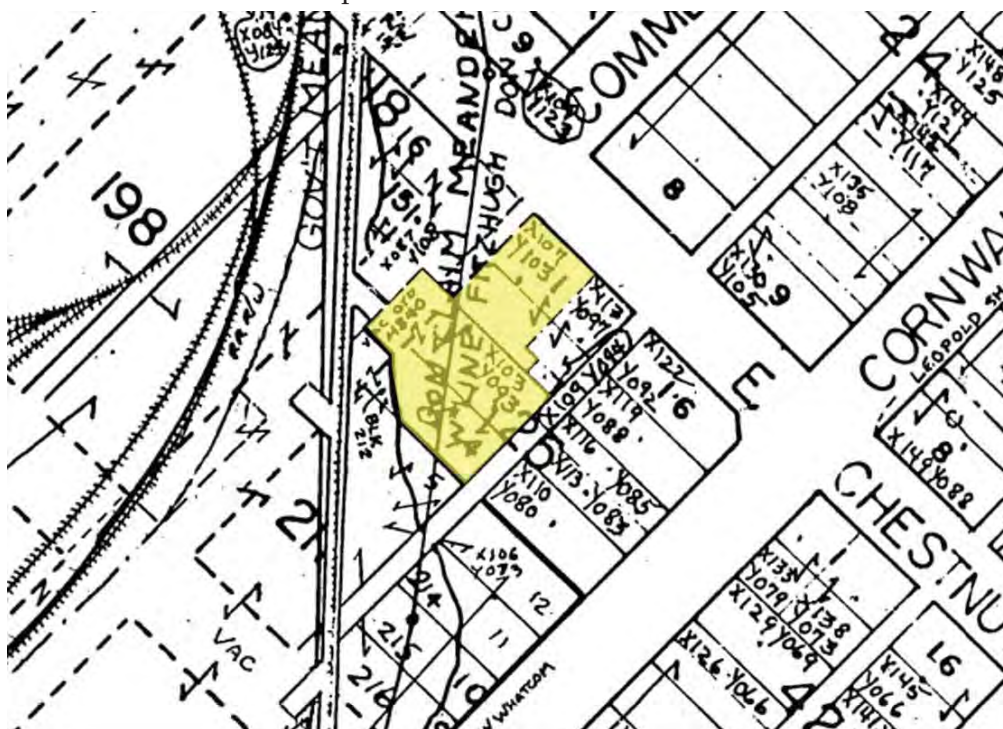




## COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



Comparable 8 – 119 Chestnut Street



COLUMBIA VALUATION GROUP, INC.

Seattle

Tacoma

Wenatchee

Yakima Valley

Bellingham

## DISCUSSION OF COMPARABLE SALES

**Comparable 1 (\$36.71/SF)** is a condominium development site that is located a short distance from Barkley Boulevard. This site is proposed for development with 13 condominium units. The site offers expansive views over the City of Bellingham and Bellingham Bay.

**Comparable 2 (\$36.17/SF)** is a multifamily development site that is currently listed for sale. This site is located at the corner of Dupont and Broadway and reportedly could achieve good quality views of the city and bay from upper stories.

**Comparable 3 (\$34.68/SF)** is a multifamily development site that is currently listed on the market and entitled for development with a 4 story building that includes 12 residential units and 6,700 square feet of retail space. This listing has been on the market for about 10 months currently. There was a prior sale of this property in May 2007 for \$26.84/SF but was negotiated some months earlier. It is noted that the market has been essentially flat if not receding since this prior sale, indicating that a large portion of the increased price is attributable to entitlements and plans.

**Comparable 4 (\$104.49/SF)** is a multifamily development site located on N State Street above Bellingham Bay to the south. This site offers excellent quality bay views and good views of the city. This was an expired listing as of January 2009 but the listing might be renewed. The prior listing was exposed to the market for about 15 months prior to expiration. This site could reportedly be improved with 8 development units although the zoning would indicate only 7 units given the site size. As an expired listing, this asking price is considered to be a high indication for land with this development potential.

**Comparable 5 (\$50.41/SF)** is a multifamily development site that is located a short distance from Comparable 4 on N State Street. This site could accommodate the development of 5 residential units. This site was listed at \$65.45/SF for about 7 months before the price was reduced to the sale price. The property went under contract about 3 weeks after the price reduction.

**Comparable 6 (\$58.16/SF)** is a site that was purchased as a longterm redevelopment project. There is a 3,800+/- SF building on the site that provides some interim income to offset demolition costs.

**Comparable 7 (\$78.92/SF)** is a site that was purchased by the same ownership that purchased Comparable 6 with same goal of redevelopment. This site was improved with a commercial building that contains approximately 17,680 square feet of space. This building was originally built in 1910 and was in fair condition with a very short remaining economic life. The building is currently vacant.

**Comparable 8 (\$73.79/SF)** is another site that was purchased as a longterm redevelopment project. This property is improved with a 10,784 square foot building that was constructed in 1926 and has been reasonably well-maintained and is considered to contribute value to the overall site although this is difficult to quantify.

## VALUE CONCLUSION

The comparable sales and current listings demonstrate a range of values from \$34.68 to \$78.92 per square foot. The expired listing forms the upper limit for indications from the market at \$104.49 per square foot. The current listings and recent sale that comprise Comparables 1 through 3 and 5 demonstrate a range of unit values from \$35.00/SF to \$50.00/SF which is a fairly tight range of values. None of this bunch of comparables enjoy such strong proximity to the waterfront as the subject but all enjoy good view potential, with Comparables 1 and 5 having very strong view amenities.

Comparables 6 through 8 are all located very proximate to the subject and have similar development potential, view potential and linkage with the downtown area. These buildings all had interim income potential during the period of redevelopment but were bought as eventual redevelopment sites. There are older sales and date back to when the market was considerably stronger than it is presently and as such there could be some downward pressure on prices since. Overall these are the strongest indications of value for the subject although the properties are considerably smaller than the retail sized portions of the subject that are under analysis. The subject's water orientation offsets some of the downward pressure that would be attributable to the significant size differences between the comparables and the retail sized lots at the subject.

On balance, we conclude to a benchmark value as of June 5, 2009 of **at least \$40 per square foot** for the subject. It is noted that this value conclusion is based on numerous hypothetical conditions, including the assumptions that the site is not affected by any environmental contamination, that the sites are serviced by utilities and street networks, that the subject under appraisal are retail sized portions from 1 to 3 acres, and that the sites are entitled for development with mixed-use projects.

## RECONCILIATION AND FINAL VALUE OPINION

The indicated market value, with sole emphasis on the Sales Comparison Approach, is summarized as follows:

Sales Comparison Approach

Market Value As Is

48.45 Acres of Waterfront Mixed Use Land

At least \$40 per square foot

The only method appropriate for this appraisal assignment is the sales comparison approach.

As a result of our investigation and analysis, it is our opinion that the benchmark value of the identified interest in the subject real property, as of June 5, 2009, is:

**Market Value As Is**

**At least \$40 per square foot**

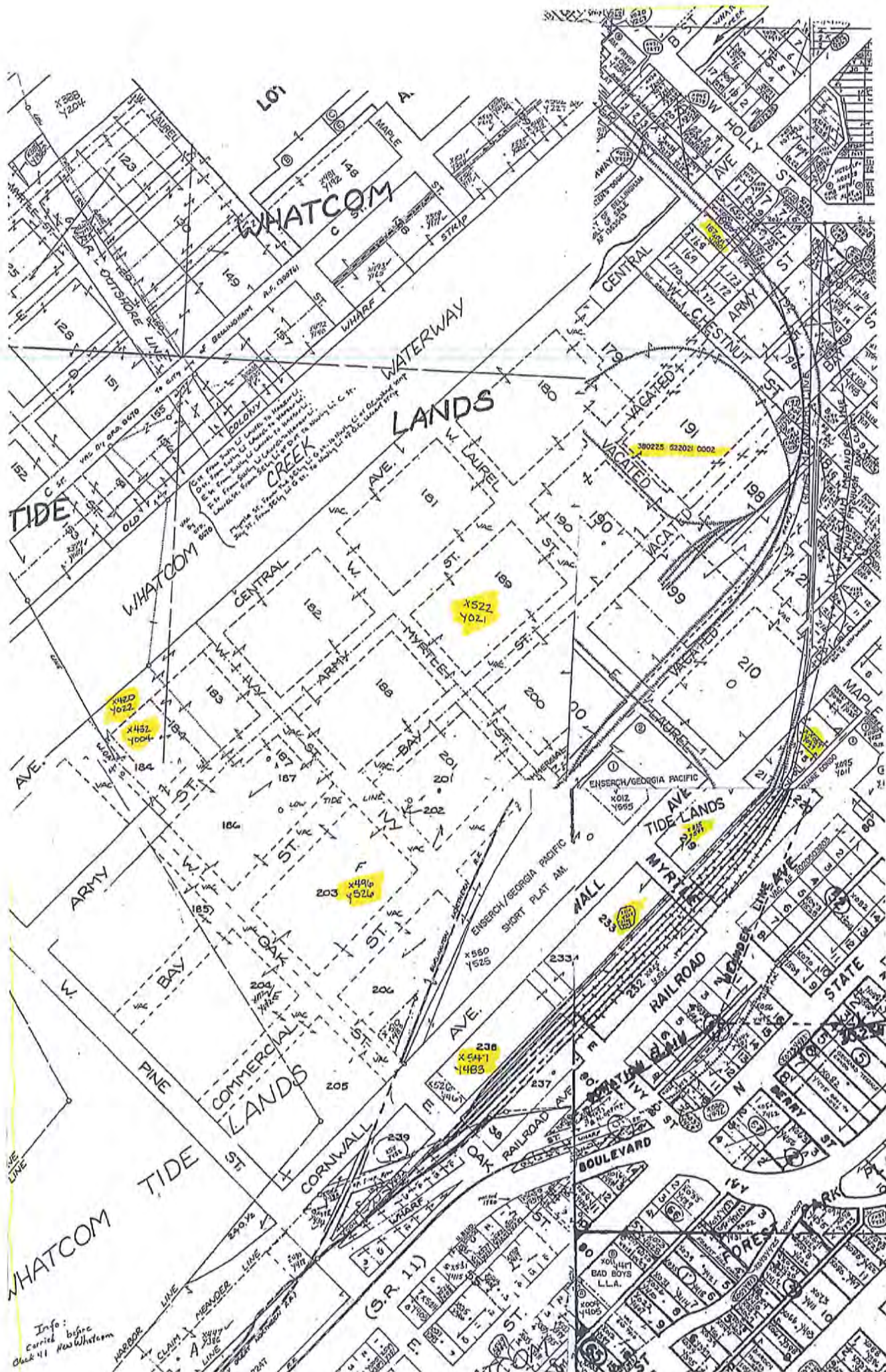
This value conclusion is based on numerous hypothetical conditions, including the assumptions that the site is not affected by any environmental contamination, that the sites are serviced by utilities and street networks, that the subject under appraisal are retail sized portions from 1 to 3 acres without regard to bulk discounting, and that the sites are entitled for development with mixed-use projects.



Exhibit I:

Plat Map







## Exhibit II:

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**380225 420022 0000**

Site address: 625 CORNWALL AVE

Legal: NEW WHATCOM TIDELANDS

Description: SWLY 200 FT OF LOT 184-TOG WI VAC  
CENTRAL AVE ABTG-TOG WI VAC W OAK ST  
BOUNDED BY NWLY LI OF ARMY ST-SWLY LI  
OF LOT 184-INNER HARBOR LIOwner: PORT OF BELLINGHAM  
P O BOX 1677  
BELLINGHAM WA 98227-1677

Taxpayer: PORT OF BELLINGHAM

**Property Characteristics**

	Assessed Value	Total Acres
Land:	209,630	.80
Imp:	2,133,500	
Total:	2,343,130	

Land Use: 6376 GENERAL WAREHOUSING/STORAGE

Tax Dist: 109 BELLINGHAM 501 LIFT

Zoning: HEAVY INDUSTRY

Tax Status: PORT OF BHAM

F/P? N

F/P Ac: .00

Exempt Prog:

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**380225 432004 0000**

Site address: 0 CORNWALL AVE

Legal: NEW WHATCOM TIDELANDS

Description: THAT PTN OF SWLY 200 FT OF LOT 184-TOG  
W/ VAC NWLY 1/2 ARMY ST ABTG AS ATTACHES  
BY OPERAITON OF LAW AS VAC ORD 7480  
AF 973112 DAF-BEG AT NW COR OF SD SWLYOwner: PORT OF BELLINGHAM  
P O BOX 1677  
BELLINGHAM WA 98227-1677

Taxpayer: GEORGIA PACIFIC CORPORATION

**Property Characteristics**

	Assessed Value	Total Acres	
Land:	225,760	1.30	
Imp:	0		
Total:	225,760		
Land Use:	9130 INDUSTRIAL		
Tax Dist:	109 BELLINGHAM 501 LIFT		F/P? N
Zoning:	HEAVY INDUSTRY		F/P Ac: .00
Tax Status:	PORT OF BHAM		Exempt Prog:

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**380225 522021 0000**

Site address: 411 W CHESTNUT ST

Legal: NEW WHATCOM TIDELANDS

Description: SELY 50 FT OF LOT 97-SELY 1/2 OF LOT 98-  
SELY 50 FT OF LOT 99 LY NELY OF RR-TOG  
WI ALL ABANDONED RR 100 FT R/W THRU LOT  
99 ABTG-LOT 123-LOT 124-EXC SELY 50 FTOwner: PORT OF BELLINGHAM  
P O BOX 1677  
BELLINGHAM WA 98227-1677

Taxpayer: GEORGIA PACIFIC CORPORATION

**Property Characteristics**

	<b>Assessed Value</b>	<b>Total Acres</b>	
Land:	7,779,105	79.37	
Imp:	990,855		
Total:	8,769,960		
Land Use:	2610 PULP		
Tax Dist:	109 BELLINGHAM 501 LIFT		F/P? N
Zoning:	INDUSTRIAL		F/P Ac: .00
Tax Status:	PORT OF BHAM		Exempt Prog:

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**380225 522021 0002**

Site address: 411 W CHESTNUT ST  
Legal: NEW WHATCOM TIDELANDS  
Description: TISSUE RESERVE AREA-SUBJ TO RESERVATION  
OF CERTAIN RIGHTS DESC AF 2050103046

Owner: PORT OF BELLINGHAM  
P O BOX 1677  
BELLINGHAM WA 98227-1677

Taxpayer: PORT OF BELLINGHAM

**Property Characteristics**

	<b>Assessed Value</b>	<b>Total Acres</b>		
Land:	1,644,605	16.78		
Imp:	8,468,560			
Total:	10,113,165			
Land Use:	2610 PULP			
Tax Dist:	109 BELLINGHAM 501 LIFT		F/P?	N
Zoning:	INDUSTRIAL		F/P Ac:	.00
Tax Status:	PORT OF BHAM		Exempt Prog:	

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**380236 496526 0000**

Site address: 302 W LAUREL ST

Legal: NEW WHATCOM TIDELANDS

Description: LOTS 186-187-203-206-207-TOG W/ VAC PTNS  
OF COMMERCIAL-BAY-IVY-OAK STS ABTG  
INCLUDING ALL VAC COMMERCIAL ST BTWN  
LOTS 201-208-ALL VAC IVY ST BTWN LOTSOwner: PORT OF BELLINGHAM  
P O BOX 1677  
BELLINGHAM WA 98227-1677

Taxpayer: GEORGIA PACIFIC CORPORATION

**Property Characteristics**

	Assessed Value	Total Acres	
Land:	1,618,120	12.38	
Imp:	0		
Total:	1,618,120		
Land Use:	2600 PAPER AND ALLIED PRODUCTS MFG		
Tax Dist:	109 BELLINGHAM 501 LIFT	F/P?	N
Zoning:	INDUSTRIAL	F/P Ac:	.00
Tax Status:	PORT OF BHAM	Exempt Prog:	

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**380236 547483 0000**

Site address: 0 CORNWALL AVE

Legal: NEW WHATCOM TIDELANDS

Description: ALL BLK 238-EXC MIN RTS AS RES  
AF 1397655-TOG WI SWLY 1/2 VAC IVY  
ST ABTG AS VAC ORD 9805 AF 1604949-  
EXC SWLY 50 FT THEREOFOwner: PORT OF BELLINGHAM  
P O BOX 1677  
BELLINGHAM WA 98227-1677

Taxpayer: PORT OF BELLINGHAM

**Property Characteristics**

	<b>Assessed Value</b>	<b>Total Acres</b>	
Land:	413,080	1.12	
Imp:	0		
Total:	413,080		
Land Use:	9130 INDUSTRIAL		
Tax Dist:	109 BELLINGHAM 501 LIFT		F/P? N
Zoning:	HEAVY INDUSTRY		F/P Ac: .00
Tax Status:	PORT OF BHAM		Exempt Prog:

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**380330 061190 0000**

Site address: 0 ROEDER AVE

Legal: THAT PTN OF BURLINGTON NORTHERN SANTA FE

Description: RR CO (FORMERLY GREAT NORTHERN RR)  
EVERETT TO BLAINE WA BRANCH LI R/W NOW  
DISCONTINUED BEING ON VARYING WIDTH ON  
EACH SIDE OF BRANCH LINE MAIN TRACK C/LOwner: PORT OF BELLINGHAM  
P O BOX 1677  
BELLINGHAM WA 98227-1677

Taxpayer: PORT OF BELLINGHAM

**Property Characteristics**

	<b>Assessed Value</b>	<b>Total Acres</b>	
Land:	74,500	.34	
Imp:	0		
Total:	74,500		
Land Use:	9130 INDUSTRIAL		
Tax Dist:	109 BELLINGHAM 501 LIFT		F/P? N
Zoning:	COMM WATERFRONT		F/P Ac: .00
Tax Status:	PORT OF BHAM		Exempt Prog:

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**380330 089024 0000**

Site address: 0 CORNWALL AVE

Legal NEW WHATCOM

Description: FRAC OF LOTS 3 THRU 6 BLK 41

Owner: PORT OF BELLINGHAM  
P O BOX 1677  
BELLINGHAM WA 98227-1677

Taxpayer: GEORGIA PACIFIC CORPORATION

**Property Characteristics**

	<b>Assessed Value</b>	<b>Total Acres</b>		
Land:	3,200	.07		
Imp:	0			
Total:	3,200			
Land Use:	4600 AUTOMOBILE PARKING			
Tax Dist:	109 BELLINGHAM 501 LIFT		F/P?	N
Zoning:	LIGHT MANUFACT		F/P Ac:	.00
Tax Status:	PORT OF BHAM		Exempt Prog:	

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--------------------------------	-----------------------------	----------------------------	------------------------------------	--	----------------------------------	--------------------------

**380331 014525 0000**

Site address: 0 WALL ST

Legal: NEW WHATCOM TIDELANDS

Description: THAT PTN OF LOTS 219-233 LEASED TO  
GEORGIA PACIFIC #79,118 -78,900 SF-  
SUBJ TO COVENANT TO BIND PROPERTIES  
AF 920505098Owner: PORT OF BELLINGHAM  
P O BOX 1677  
BELLINGHAM WA 98227-1677

Taxpayer: GEORGIA PACIFIC CORPORATION

**Property Characteristics**

	<b>Assessed Value</b>	<b>Total Acres</b>	
Land:	236,530	1.81	
Imp:	0		
Total:	236,530		
Land Use:	2600 PAPER AND ALLIED PRODUCTS MFG		
Tax Dist:	109 BELLINGHAM 501 LIFT	F/P?	N
Zoning:	INDUSTRIAL	F/P Ac:	.00
Tax Status:	PORT OF BHAM	Exempt Prog:	

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--------------------------------	-----------------------------	----------------------------	------------------------------------	--	----------------------------------	--------------------------

**380331 035549 0000**

Site address: 0 CORNWALL AVE

Legal: NEW WHATCOM TIDELANDS

Description: LOTS 219-233-EXC PTN LEASED TO GEORGIA  
PACIFIC CORP #79,118 -78,900 SF-EXC MIN  
RTS AS RES AF 1567874-TOG WI VAC NELY  
1/2 MY ST ABTG BLK 233 VAC ORD 9805Owner: PORT OF BELLINGHAM  
P O BOX 1677  
BELLINGHAM WA 98227-1677

Taxpayer: GEORGIA PACIFIC CORPORATION

**Property Characteristics**

	<b>Assessed Value</b>	<b>Total Acres</b>		
Land:	98,550	.68		
Imp:	0			
Total:	98,550			
Land Use:	2600 PAPER AND ALLIED PRODUCTS MFG			
Tax Dist:	109 BELLINGHAM 501 LIFT		F/P?	N
Zoning:	INDUSTRIAL		F/P Ac:	.00
Tax Status:	PORT OF BHAM		Exempt Prog:	

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Exhibit III:

Letter of Engagement

# PROPOSAL FOR PROFESSIONAL VALUATION SERVICES

---

**DATE OF PROPOSAL:** June 1, 2009

## **PARTIES TO AGREEMENT:**

### **Client:**

Client name Lydia Bennett  
Client company Port of Bellingham  
Address line 1 1801 Roeder Avenue  
P.O. Box 1677  
Address line 2 Bellingham, Washington 98227  
Phone 360.676.2500  
Fax  
E-mail lydiab@portofbellingham.com

### **Appraiser:**

Appraisers names John C. Bryan  
Kevin H. McAuliffe, MAI  
Appraiser company Columbia Valuation  
Group  
Address line 1 2402 NW 195<sup>th</sup> Place  
Address line 2 Shoreline, WA 98177  
Phone 206-364-8580  
Fax 206-364-8556  
E-mail jbryan@cvgseattle.com

---

The appraiser proposes to complete an appraisal assignment as follows:

## **PROPERTY IDENTIFICATION**

The subject property consists of 48.45 acres of waterfront land proposed for a mixed use zoning. This site is the former GP site along the waterfront of the City of Bellingham. The site is identified by the site numbers 2, 3, 4, 5, 7 and 8 on the attached map.

## **PROPERTY TYPE**

The properties will be valued As Vacant and as if fully environmentally remediated. The properties are assumed to be rezoned to a mixed use zoning that is accommodating to both residential and commercial uses.

## **INTEREST VALUED**

Fee simple

## **INTENDED USERS**

The intended users of this report is the Port of Bellingham.

*Note: No other users are intended by Appraiser. Appraiser shall consider the intended users when determining the level of detail to be provided in the Appraisal Report.*

## **INTENDED USE**

For internal accounting purposes.

*Note: No other use is intended by Appraiser. The intended use as stated shall be used by Appraiser in determining the appropriate Scope of Work for the assignment.*

## **TYPE OF VALUE**

Market value as defined by the Office of the Comptroller of the Currency

**DATE OF VALUE:**

As Is market value as of the date of formal inspection

**HYPOTHETICAL CONDITIONS, EXTRAORDINARY ASSUMPTIONS**

The following hypothetical assumptions apply to the subject:

- The site is fully remediated of any environmental contamination.
- The site has a mixed use zoning
- The site is fully serviced by utilities and street improvements.
- The site is entitled for development with mixed uses.
- The value being reported is a retail valuation for 1 to 3 acre portions of the larger subject. The reported value does not incorporate discounts for a bulk sale or protracted absorption.
- The value reported is only for usable portions of the site, not including areas that will be deducted for internal streets, shoreline setbacks, utility corridors, etc.

**APPLICABLE REQUIREMENTS OTHER THAN THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE (USPAP)**

The Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.

**ANTICIPATED SCOPE OF WORK**

Visual inspection of all portions to be appraised. Valuation of the subject via a Sales Comparison Approach.

**Valuation approaches**

Development of the Sales Comparison Approach

**APPRAISAL REPORT****Report option**

Restricted use report to determine a low-end value benchmark. Value reported will be a unit value per usable square foot.

**CONTACT FOR PROPERTY ACCESS, IF APPLICABLE**

Lydia Bennett, Director of Real Estate, Port of Bellingham

**DELIVERY DATE**

On or before June 10, 2009.

**DELIVERY METHOD**

Overnight delivery to address provided by client

**NUMBER OF COPIES**

Three bound copies with photographs

**PAYMENT TO APPRAISER**

\$2,500



## **PROPERTIES FOR SALE**

If the property appraised is currently under contract for sale, Client shall provide to Appraiser a copy of said contract including all addenda. If the property is current listed for sale, the client shall provide contact information for the listing broker.

## **CONFIDENTIALITY**

Appraiser shall not provide a copy of the written Appraisal Report to, or disclose the results of the appraisal prepared in accordance with this Agreement with, any party other than Client, unless Client authorizes, except as stipulated in the Confidentiality Section of the ETHICS RULE of the Uniform Standards of Professional Appraisal Practice (USPAP).

## **CANCELLATION**

Client may cancel the appraisal at any time prior to the Appraiser's delivery of the Appraisal Report upon written notification to the Appraiser. Client shall pay Appraiser for work completed on assignment prior to Appraiser's receipt of written cancellation notice.

## **USE OF EMPLOYEES OR INDEPENDENT CONTRACTORS**

Appraiser may use employees of Columbia Valuation Group at Appraiser's discretion to assist in completion of the assignment. Notwithstanding, Appraiser shall sign the written Appraisal Report and take full responsibility for the services provided as a result of this Agreement. Should the need arise for additional consultants, these fees will be billed in addition to the above-stated fees providing that they have been authorized by the Client.


## **TESTIMONY AT COURT OR OTHER PROCEEDINGS**

Unless otherwise stated in this Agreement, Client agrees that Appraiser's assignment pursuant to this Agreement shall not include the Appraiser's participation in or preparation for, whether voluntarily or pursuant to subpoena, any oral or written discovery, sworn testimony in a judicial, arbitration or administrative proceeding, or attendance at any judicial, arbitration, or administrative proceeding relating to this assignment. Such participation will be subject to a subsequent contractual arrangement within an agreed upon framework and including acceptable compensation for preparation, travel and participation.

## **APPRAISER INDEPENDENCE**

Appraiser cannot agree to provide a value opinion that is contingent on a predetermined amount. Appraiser cannot guarantee the outcome of the assignment in advance. Appraiser cannot insure that the opinion of value developed as a result of this Assignment will serve to facilitate any specific objective by Client or others or advance any particular cause. Appraiser's opinion of value will be developed competently and with independence, impartiality and objectivity.

**Agreed to by Appraiser:**

  
\_\_\_\_\_  
John C. Bryan

**Agreed to by Client:**

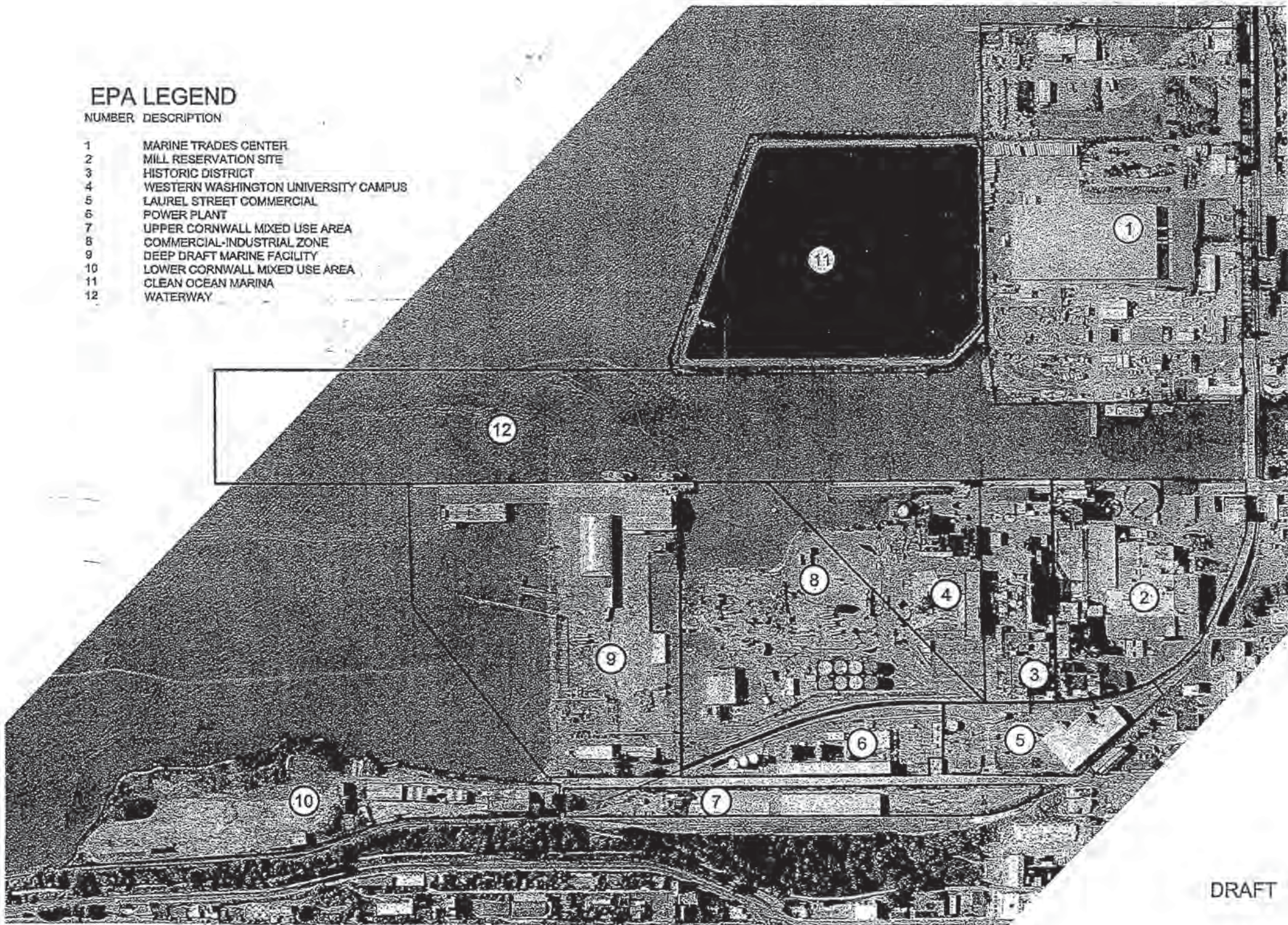
  
\_\_\_\_\_  
Lydia Bennett, Port of Bellingham



## EPA LEGEND

NUMBER DESCRIPTION

- |    |                                      |
|----|--------------------------------------|
| 1  | MARINE TRADES CENTER                 |
| 2  | MILL RESERVATION SITE                |
| 3  | HISTORIC DISTRICT                    |
| 4  | WESTERN WASHINGTON UNIVERSITY CAMPUS |
| 5  | LAUREL STREET COMMERCIAL             |
| 6  | POWER PLANT                          |
| 7  | UPPER CORNWALL MIXED USE AREA        |
| 8  | COMMERCIAL-INDUSTRIAL ZONE           |
| 9  | DEEP DRAFT MARINE FACILITY           |
| 10 | LOWER CORNWALL MIXED USE AREA        |
| 11 | CLEAN OCEAN MARINA                   |
| 12 | WATERWAY                             |



DRAFT



Economic Planning Area:	#1: Marine Trades	#2: Mill Reservation	#3: Historic District	#4 WWU	#5: Laurel	#6: Power Plant	#7: Upper Cornwall	#8: Comm Indust
<b>Gross Land Area</b>	<b>51.85</b>	<b>22.85</b>	<b>7.70</b>	<b>10.06</b>	<b>7.65</b>	<b>8.30</b>	<b>10.16</b>	<b>24.27</b>
<b>Net Marine Area (Uplands)</b>	<b>51.85</b>	<b>22.85</b>	<b>7.70</b>	<b>10.06</b>	<b>7.65</b>	<b>8.30</b>	<b>10.16</b>	<b>24.27</b>
Land Use at full buildout								
Rail ROW & sideslopes		2.16			0.54		0.69	
Roads/Utilities	6.45	4.18	1.58	1.31	2.25	2.45	2.89	2.31
Parks/Open Space	4.50	2.80	1.63	1.54			0.08	7.61
Bulkhead removal		0.59	0.36	0.47				0.75
<b>Subtotal Nonrevenue</b>	<b>10.95</b>	<b>9.73</b>	<b>3.57</b>	<b>3.32</b>	<b>2.79</b>	<b>2.45</b>	<b>3.66</b>	<b>10.67</b>
City Land	6.60						0.50	
Private land (inholdings)	6.79					5.85		
<b>Subtotal Other Owners</b>	<b>13.39</b>					<b>5.85</b>	<b>0.50</b>	
<b>Port Marine Facilities</b>	<b>8.00</b>							
<b>Port Maint Facility</b>								
<b>Marketable Port land</b>	<b>19.51</b>	<b>13.12</b>	<b>4.13</b>	<b>6.74</b>	<b>4.86</b>	<b>0.00</b>	<b>6.00</b>	<b>13.60</b>

Exhibit IV:

Appraisers' Qualifications



# APPRAISER QUALIFICATIONS

John C. Bryan

## EDUCATION

---

State University of New York at Albany — Bachelor of Arts in English

State of Virginia Right of Way Consultant Seminars

State of Washington Right of Way Consultant Seminars

IRWA 401 – Appraisal of Partial Acquisitions

Principles of Real Estate Appraisal

Real Estate Appraisal Procedures

USPAP 2006

Income Capitalization 310

Appraisal Institute 320 – General Applications

## PROFESSIONAL DESIGNATION

---

General Certified Appraiser, 1101826

Real Estate Salesperson, license inactive

## EXPERIENCE

---

2007 to Present – Columbia Valuation Group, Seattle, WA, *Real Estate Appraiser*

2002 to 2007 – PGP Valuation Incorporated, Real Estate Appraiser

1998 to 2002 – Right of Way Acquisition Agent

## TYPICAL ASSIGNMENTS

---

- Industrial developments, existing and proposed, single and multi-tenant
- Retail developments, existing and proposed, including freestanding single-tenant buildings, multitenant strip plazas and neighborhood shopping centers with land-leased outparcels
- Small to moderate sized office buildings, both single and multitenant
- Residential plats, including moderate sized planned-unit developments
- Agricultural properties
- Right of Way appraisal, including complex damages
- Waterfront, aquatic and submerged lands
- At-the-fence valuations, including rail corridors
- Highest and Best Use consultations and analyses

JOHN C BRYAN  
2402 NW 195TH PLACE  
SHORELINE WA 98177

STATE OF WASHINGTON

CERTIFIED GENERAL REAL ESTATE APPRAISER

JOHN C BRYAN  
2402 NW 195TH PLACE  
SHORELINE WA 98177

CERT/LIC NO. 1101826  
EXP. DATE 07/26/2010

*Elizabette A. Luce*  
Director

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON NAMED HEREON IS AUTHORIZED, AS PROVIDED BY LAW, AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

JOHN C BRYAN  
2402 NW 195TH PLACE  
SHORELINE WA 98177



Cert/Lic No.  
1101826

Issued Date  
05/04/2007

Expiration Date  
07/26/2010

*Elizabette A. Luce*  
Director

## PRINCIPAL QUALIFICATIONS

Kevin H. McAuliffe, MAI

### EDUCATION

---

Western Michigan University — Graduate Studies in Regional Planning  
Western Michigan University — Bachelor of Arts in Geography / Urban Planning  
American Institute of Real Estate Appraisal — Real Estate Appraisal Principles  
American Institute of Real Estate Appraisal — Basic Valuation Procedures  
American Institute of Real Estate Appraisal — Capitalization Theory and Techniques, Part A  
American Institute of Real Estate Appraisal — Capitalization Theory and Techniques, Part B  
American Institute of Real Estate Appraisal — Case Studies in Real Estate Valuation  
American Institute of Real Estate Appraisal — Standards of Professional Practice  
American Institute of Real Estate Appraisal — Valuation Analysis and Report Writing  
American Institute of Real Estate Appraisal, The Appraisal Institute and The International Right of Way Association — Uniform Standards of Professional Appraisal Practice (USPAP), Discounted Cash Flow Analysis; Investment Analysis; Applied Sales Comparison Approach; Appraising for Pension Funds; Subdivision Analysis; Rates, Ratios, and Reasonableness; Comprehensive Appraisal Workshop; FIRREA, Overview and Practical Application; Environmental Assessment and Audits; Easement Valuation; 1031 Tax Deferred Exchanging; Technical Inspection of Real Estate; The Appraiser as an Expert Witness; Fair Lending; Attacking and Defending an Appraisal in Litigation; Litigation Skills for the Appraiser; Standards of Professional Practice-Part C; Internet Search Strategies for Real Estate Appraising; Appraisal of Nonconforming Uses; GIS Applications for Real Estate; Income Valuation of Small Mixed Use Properties; Scope of Work; Real Estate Fraud; Operating Expenses; Small Hotel Valuation; Business Value and Going Concern Value; Analyzing Distressed Real Estate; Partial Interest Valuation, Divided and Undivided; Washington State Planning and Land Use Seminar; Appraising Vineyards and Wineries; and Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)

### PROFESSIONAL DESIGNATION

---

Member Appraisal Institute, MAI  
General Certified Appraiser, Washington State

### EXPERIENCE

---

Columbia Valuation Group, Inc. - Seattle, Seattle, WA, *Founding Principal*  
1992 - Current

Seafirst Bank, Seattle, WA, *Assistant Vice President and Senior Appraisal Officer* — Real estate advisory and appraisal services  
1986- 1992

---

COLUMBIA VALUATION GROUP, INC. - SEATTLE

Seattle

Tacoma

Wenatchee

Yakima Valley

Bellingham

REAA 657

KEVIN H MCAULIFFE  
2402 NW 195TH PLACE  
SHORELINE WA 98177

STATE OF WASHINGTON

CERTIFIED GENERAL REAL ESTATE APPRAISER

KEVIN H MCAULIFFE  
2402 NW 195TH PLACE  
SHORELINE WA 98177



CERT/LIC NO.  
1100752

EXP. DATE  
05/25/2011

*Elizabeth A. Luce*  
Director

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON NAMED HEREON IS AUTHORIZED, AS PROVIDED BY LAW, AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

KEVIN H MCAULIFFE  
2402 NW 195TH PLACE  
SHORELINE WA 98177



Cert/Lic No.  
1100752

Issued Date  
12/11/1991

Expiration Date  
05/25/2011

*Elizabeth A. Luce*  
Director



## Second Appraisal

**MCAULIFFE & MCMAHON**  

---

**COLUMBIA VALUATION GROUP, INC. — SEATTLE**  
*Real Estate Appraisers and Consultants*

2402 Northwest 195<sup>th</sup> Place  
Shoreline, Washington 98177  
206-364-8556 (Fax)  
206-364-8580

June 17, 2014

Ms. Shirley McFearn  
Director of Real Estate  
Port of Bellingham  
1801 Roeder Avenue  
P.O. Box 1677  
Bellingham, Washington 98227

RE: 10.8 Acres of Waterfront Land  
Bellingham Waterfront, West Corner of Cornwall and Chestnut  
Bellingham, Washington 98227

CVG File No.: 14-113  
Port of Bellingham Purchase Order No.: 44960

Dear Ms. McFearn:

At your request, we have prepared a narrative appraisal report of the above captioned property. The purpose of this appraisal is to provide an opinion of the As Is Value of the fee simple interest in the above-captioned property as of the date of inspection. This valuation is subject to a number of hypothetical conditions that are outlined in the report, including that the subject is assumed as vacant and that all environmental contamination issues have been remedied and the site is covered by a Consent Decree with the Department of Ecology; that the subject is served by an interior road network and all necessary utilities requisite for development; and that the permitting and development process will be expedited through the coordination of the Port and the City of Bellingham.

This report conforms with the Uniform Standards of Professional Appraisal Practice and with the guidelines of the Port of Bellingham. A copy of your letter of engagement is included in the addendum.

The real property interest appraised is the fee simple estate. The appraisal is subject to the general Certification, Assumptions, and Limiting Conditions as well as specific assumptions and limiting conditions contained in the report.

Ms. Shirley McFearin  
June 17, 2014  
Page 2

Based on the analyses contained in this report, our concluded opinion of value for the subject, as of May 21, 2014, is:

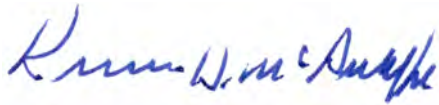
**Fee Simple Estate – Bellingham Waterfront Development Land – May 21, 2014**

**NINE MILLION SEVEN HUNDRED THOUSAND DOLLARS**

**\$9,700,000**

Respectfully submitted,

**COLUMBIA VALUATION GROUP, INC. – SEATTLE**

A handwritten signature in blue ink, appearing to read "Kevin H. McAuliffe".

Kevin H. McAuliffe, MAI

A handwritten signature in blue ink, appearing to read "John C. Bryan".

John C. Bryan

A NARRATIVE APPRAISAL REPORT  
& VALUATION ANALYSIS

10.8 Acres of Waterfront Land on Bellingham Bay  
West Corner of Chestnut and Cornwall, Bellingham, Washington

PREPARED FOR:  
Port of Bellingham  
1801 Roeder Avenue  
P.O. Box 1677  
Bellingham, Washington 98227

As Is Date of Value: May 21, 2014

Columbia Valuation Group, Inc. – Seattle  
2402 Northwest 195<sup>th</sup> Place  
Shoreline, Washington 98177  
206-364-8580



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## ADDENDUM

- Exhibit I:     Whatcom County Assessor Records
- Exhibit II:    Client’s List of Assumptions and Conditions
- Exhibit III:   Letter of Engagement
- Exhibit IV:    Appraisers’ Qualifications

## SUMMARY OF SALIENT FACTS AND CONCLUSIONS

<b>Location</b>	Bellingham Waterfront West corner of Cornwall Avenue and East Chestnut Street Bellingham, Washington 98225
<b>Property Description</b>	Land along the Bellingham Bay waterfront.
<b>Site Size</b>	10.8 acres; retail lot sizes assumed at 1.08 acres each
<b>Tax Parcel Number</b>	Portion of 3802255220210002
<b>Zoning</b>	Commercial Mixed-Use
<b>Highest and Best Use</b>	Mixed-use development
<b>Date of Value</b>	May 21, 2014
<b>Appraisers</b>	Kevin H. McAuliffe, MAI John C. Bryan
<b>VALUE CONCLUSIONS</b>	
<b>As Is Values as of May 21, 2014</b>	
<b>Retail Value of Economic Parcels (10)</b>	<b>\$1,670,000 each</b>
<b>Bulk Value</b>	<b>\$9,700,000</b>

## CERTIFICATION

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by our reported assumptions and limiting conditions, and are our personal, unbiased, impartial, professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the property that is the subject of this report, and we have no personal interest with respect to the parties involved.
- We have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- Our engagement in this assignment was not contingent upon developing or reporting predetermined results.
- Our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- Our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute, which include the Uniform Standards of Professional Appraisal Practice.
- The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representative.
- John Bryan inspected the subject property that is the subject of this report on May 21, 2014.
- No one provided significant real property appraisal assistance to the persons signing this report. We have performed no services, as appraisers or in any other capacity, regarding the subject property within the 3 years immediately preceding this appraisal.
- As of the date of this report, Kevin H. McAuliffe, MAI, has completed the requirements of the continuing education program of the Appraisal Institute and the State of Washington. John Bryan has completed the Standards and Ethics Education Requirement of the Appraisal Institute for Associate Members. We are competent and qualified to perform the appraisal engagement.



6/17/2014

Kevin H. McAuliffe, MAI  
Washington Certified General Appraiser  
No. 1100752



6/17/2014

John C. Bryan, Appraiser  
Washington Certified General Appraiser  
No. 1101826



## ASSUMPTIONS AND LIMITING CONDITIONS

1. That legal description furnished the appraisers is correct, and that no survey has been furnished.
2. That the title to the property is good and marketable, free and clear of liens; and, unless otherwise mentioned in this report, is appraised as if owned in fee simple title without encumbrances.
3. That responsible ownership and competent management exist for the property.
4. The appraisers are not responsible for the accuracy of opinions or information furnished by others and contained in this report. Nor are the appraisers responsible for the reliability of government data utilized herein. The appraisers have made a reasonable attempt to consider all available governmental regulations or restrictions, but assume no responsibility for future conditions that are not readily available or public knowledge at the time the appraisal is made.
5. The date of value to which the opinions expressed in this report apply is set forth in the letter of transmittal, the certification page, and in the body of the report within the Factual Description section. The appraisers assume no responsibility for economic or physical factors occurring at some later date which may affect the opinions herein stated.
6. That any sketches in this report are included to assist the reader in visualizing the property. The appraisers have not made a survey of the property, and assume no responsibility for accuracy of surveys or plans prepared by others.
7. That the values assigned to improvements, shown in this report, are in proportion to the contribution said improvements made to the value of the properties as a whole. The separate valuations for land and buildings must not be used in conjunction with any other appraisal and are invalid if so used or if used separately.
8. That neither all nor part of the contents of this report shall be conveyed to the public through advertising, public relations, news sales, or other media without the written consent and approval of the authors, particularly as to valuation conclusions, the identity of the appraisers or firm with which they are associated, or any reference to the Appraisal Institute.
9. That compensation for appraisal services is dependent only upon delivery of this report, and is not contingent upon values estimated, or approval of a loan.
10. That this report considers nothing of legal character, and the appraisers assume no responsibility for matters of legal nature.

11. That testimony or attendance in court is not required by reason of this appraisal unless arrangements are previously made therefore.
12. That reasonable inspection has been made and the appraisers assume there are no hidden or unapparent conditions of the subject property, subsoil, or structures that would render it more or less valuable. The appraisers assume no responsibility for such conditions, nor for engineering that might be required to discover such factors.
13. The appraisers have completed a commercially reasonable investigation for the presence of toxic waste and hazardous materials. Although the results of this investigation do not indicate an environmental problem, a real estate appraiser is not an expert in this field. The appraisers are not qualified to detect hazardous waste and/or toxic materials. Any comment by the appraisers that might suggest the possibility of the presence of such substances should not be taken as confirmation of the presence of hazardous waste and/or toxic materials. Such determination would require investigation by a qualified expert in the field of environmental assessment.

The presence of substances such as asbestos, urea-formaldehyde foam insulation, or other potentially hazardous materials may affect the value of the property. The appraisers' value estimate is predicated on the assumption that there is no such material on or in the property that would cause a loss in value unless otherwise stated in this report.

No responsibility is assumed for any environmental conditions or for any expertise or engineering knowledge required to discover them. The appraisers' descriptions and resulting comments are the result of the routine observations made during the appraisal process.

14. That information furnished by property owner, agent, or management is correct and complete.
15. That no part of this report may be reproduced without permission of the appraisers.
16. It is assumed that there is full compliance with all applicable federal, state, and local environmental regulations and laws unless noncompliance is stated, defined, and considered in the appraisal report.
17. It is assumed that all applicable zoning and land use regulations and restrictions have been complied with, unless a nonconformity has been stated, defined, and considered in the appraisal report.
18. It is assumed that all required licenses, certificates of occupancy, consents, or other legislative or administrative authority from local, state, or national government or

private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

19. It is assumed that the utilization of the land and improvements is within the boundaries or property lines of the property described and that there is no encroachment or trespass unless noted in the report.
20. Unless otherwise stated, this appraisal takes no account of the potential for a higher price that may result from buyers such as abutters who may gain special benefits from acquisition. Discovery of the identity, motivation, and purchasing power of parties in a position to gain special benefits requires information not publicly available, and is beyond the scope of this appraisal.
21. **Unavailable Information:** The following information was not available for review by the appraisers: 1) soils survey, 2) title report, or 3) environmental assessment. The site is assumed clean therefore an environmental assessment was not necessary. We assume that this information, although unavailable, does not indicate the presence of any detrimental factors that would impact the value of the property, and if it does, we reserve the right to amend our value conclusion.
22. **Hypothetical Conditions:** We have been asked to develop a value for the subject as of our date of inspection in May 2014, subject to the following hypothetical conditions. It is our understanding that all of these conditions will eventually be fulfilled but, for purposes of this analysis, the Client has requested that we make these assumptions as though they are currently in place. We note that these conditions have a significant effect on our conclusions of value.
  - 1) Any contamination on the site has been remediated and the site is in receipt of a Consent Decree. A soils management plan will still be required for all dirt excavated from the site and an environmental cap over contaminated areas will need to be maintained.
  - 2) The site is vacant and overlaid with a gravel base.
  - 3) The subject site is serviced by internal roads and utilities.
  - 4) The permitting process will be streamlined and both the Port and City of Bellingham will assist in facilitating the process.
  - 5) Impact credit fees totaling \$5,430 per residential development unit will be available to the developer.

- 6) There is a building on the site known as the Granary Building. The property has been valued as vacant without deductions for the demolition of the structure or allocations for any interim or shell value it might offer.



## SUBJECT PHOTOGRAPHS



Looking West over Subject Site from Future Granary Avenue Corridor



Looking East along Future Granary Avenue Corridor

## SUBJECT PHOTOGRAPHS



View of Granary Building Parcel



Looking Southeast over Subject Site



## SUBJECT PHOTOGRAPHS



Looking Northwest over Subject Site



Representative Westerly View from Westernmost Area of Subject

# **NARRATIVE APPRAISAL REPORT**

## **OSTENSIBLE OWNER OF RECORD AND PROPERTY HISTORY**

No title report was available for review by the appraisers. According to Whatcom County Assessor records, the subject is owned by the Port of Bellingham.

## **LOCATION**

The property is located on the Bellingham waterfront, west of the intersection of Bay Street and Chestnut Street. Access to the site is via Roeder Avenue, opposite the intersection with Central Avenue. There are no street addresses associated with the property, to our knowledge. The property is located in Whatcom County Census Tract Number 6.

## **PRESENT AND PROPOSED USE**

The subject site consists of 10.8 acres of land located along the Bellingham Bay waterfront. The site is currently predominantly vacant. There is one building on the site, known as the Granary Building. We have not considered any effects on value from this building, either for interim use or the shell contributing value or the cost of demolishing the building as a deduction. This is a hypothetical condition of this analysis.

The site is divided into three tracts that are separated from one another by areas reserved for future city streets. The topography of the site is mostly level and the shapes of the tracts that comprise the property are irregularly shaped, both individually and collectively. Municipal utilities are either currently available to the site or will be made available in conjunction with redevelopment of the site. The site is adjacent to downtown Bellingham but geographically separated by railroad tracks and an elevated roadway. Access and exposure are both rated above average.

The site is zoned Commercial Mixed-Use and this designation is meant to accommodate a mix of uses including residential, commercial, recreational and public uses. A wide range of possible uses are legally permitted in this zone. Height limits range from 100 to 200 feet, depending on orientation toward the waterfront, and the base floor area ratio ranges from 2 to 3 with the potential to be increased by an additional factor of 2 by meeting certain performance standards.

This site has historically been known for its connection with the operations of Georgia Pacific's timber milling and processing. The Port of Bellingham purchased this property in 2005 and the transaction included a total of 137 acres of uplands and tidelands with the understanding that the Port of Bellingham would assume responsibility for the environmental cleanup of the site.



The site is reportedly contaminated and the Port proposes to remediate the contamination of the site. This process will eventually culminate in the receipt of a Consent Decree from the Washington State Department of Ecology. Any subsequent purchasers of the property would be indemnified by this Decree, provided that they comply with other regulations and covenants that are part of this process. It is a hypothetical condition of this valuation that this process has already been completed and the Consent Decree is in place.

The Port has issued requests for proposals from developers interested in redeveloping the site and has received a number of proposals that they are currently in the process of evaluating. Once a developer or team of developers are selected, both the City and the Port will work with the developer(s) in order to expedite the permitting process and to provide all required infrastructure to serve the property. We do not know if there is a specific timeline for the selection of a developer or for the ultimate redevelopment of the property.

## LEGAL DESCRIPTION

No title report was provided for review by the appraisers. A copy of the public records for the legal tax parcel where the subject is located is included in the Addenda and includes an abbreviated legal description of that parcel, of which the subject is only a portion. For purposes of identifying the subject, we refer to the Site Plan map at the end of the Site Description section of this report. Until this area is replatted, it is beyond the appraisers' ability to legally describe the subject property.

## PURPOSE OF APPRAISAL

The purpose of the appraisal is to develop a value of the fee simple interest in the subject as of the effective date of value on May 21, 2014 and subject to a number of hypothetical conditions. This analysis develops a retail value for economic sized parcels and a bulk value for the property based on the sale of these economic sized parcels over time.

## DISCLOSURE OF CLIENT AND INTENDED USER(S)

The term **client** is defined in *Uniform Standards of Professional Appraisal Practice*, 2014-15 edition as:

*"The party or parties who engage, by employment or contract, an appraiser in a specific assignment."*

The term **Intended User(s)** is defined in *Uniform Standards of Professional Appraisal Practice*, 2014-2015 edition as:

*"The client and any other party as identified, by name or type, as users of the appraisal or appraisal review report by the appraiser on the basis of communication with the client at the time of the assignment."*

This report is for use only by the Port of Bellingham (the client) and other users as authorized by the Client.

## **DISCLOSURE OF CLIENT'S INTENDED USE**

The term **Intended Use** is defined in *Uniform Standards of Professional Appraisal Practice*, 2014-15 edition as:

*"The use or uses of an appraiser's reported appraisal or appraisal review assignment opinions and conclusions, as identified by the appraiser based on communication with the client at the time of the assignment."*

This intended use of this report is to establish values for the purpose of negotiating the potential sale of the subject and for decision-making purposes. This report is not intended for any other use.

## **SCOPE OF APPRAISAL - EXTENT OF THE APPRAISAL PROCESS**

The scope of the appraisal assignment included the following tasks:

- An inspection of the subject property was performed on May 21, 2014.
- The subject and the market where it is located were analyzed based on the Waterfront District Development Plans and associated documentation available from the City of Bellingham and the Port of Bellingham.
- A search for comparable sales was conducted using the Commercial Brokers' Multiple Listing Service, Costar Comparables and the Northwest Multiple Listing Service.
- All comparable sales were inspected and, to the greatest extent possible, confirmed with parties to the transaction.
- Market characteristics and trends were analyzed using U.S. Census data coupled with an abbreviated fundamental demand analysis based on this data.
- The property was valued using the sales comparison approach to develop a retail value for an economic lot size, estimated in this analysis at 1.08 acres. The As Is Value of the property was developed using a discounted cash flow analysis that models the

absorption of these parcels over a projected period of 10 years. As vacant land, no other approaches were applicable.

## DEFINITION OF MARKET VALUE

*Market value means the most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller, each acting prudently, and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:*

- 1. Buyer and seller are typically motivated*
- 2. Both parties are well informed or well advised, and both acting in what they consider their own best interest*
- 3. A reasonable time is allowed for exposure in the open market*
- 4. Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto*
- 5. The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.*

(OCC, 12 CFR Part 34, Subpart C, 34.42)

## DEFINITION OF BULK VALUE

The value of multiple units, subdivided lots, or properties in a portfolio as though sold to a single buyer in one transaction. Sometimes called bulk sale value.

*The Dictionary of Real Estate Appraisal, 5th ed. (Chicago: Appraisal Institute, 2010).*

## PROPERTY RIGHTS APPRAISED

The ownership interest appraised is fee simple estate.

The **Fee Simple Estate** is *absolute ownership unencumbered by any other interest or estate; subject only to the limitations imposed by the government powers of taxation, eminent domain, police power, and escheat.*

*(The Dictionary of Real Estate Appraisal, 5<sup>th</sup> Ed. Chicago: Appraisal Institute, 2010)*

## REASONABLE EXPOSURE TIME/MARKETING PERIOD

The term “marketing period” is defined by the *Uniform Standards of Professional Appraisal Practice* (USPAP), 2014-15 Edition, as:

*“an opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal.”*

The term “exposure time” is defined by the *Uniform Standards of Professional Appraisal Practice*, 2014-15 Edition, as the

*“estimated length of time the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal. Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market.”*

The market for multifamily development sites in Bellingham is quite strong presently, especially in areas that are well-located with respect to shopping and services and offer lifestyle amenities similar to those that will be available at the subject. Looking forward, we project a marketing period of less than a year. Looking backward, we project a similar exposure period of less than a year.

## COMPETENCY

We are competent to appraise the subject property. We have appraised waterfront properties and other highly amenitized residential and mixed-use developments around the Puget Sound region. We have additionally valued other parts of the Bellingham waterfront, including a larger site of which the subject is part. Please refer to the Scope of the Appraisal, the Appraiser Qualifications at the end of the report, and the research and presentation of data throughout the report for verification of competency.

## DATE OF INSPECTION

May 21, 2014

## DATE OF VALUATION

May 21, 2014

## DATE OF REPORT

June 17, 2014



## REGIONAL OVERVIEW

Whatcom County is located in Washington State in the farthest northwest corner of the contiguous 48 United States. It is bordered to the west by the Strait of Georgia and the associated bays, harbors and waterways; to the north by the international border crossing with Canada and the Canadian province of British Columbia; to the south by Skagit County; and to the east by Okanogan County. The population of Whatcom County, as of Census 2010, was at 201,140. Bellingham is the county seat and principal city, with a population of 80,885. Lynden is the second-largest city in the county with 11,951 residents, and Ferndale is a close third with 11,415 residents.

The principal industries in the county are health care, education, government and retail sales. Oil and aluminum refining are significant industries as well, with two operating oil refineries west of Ferndale and Intalco aluminum operating a refining operation in that area. There is a substantial agricultural component to the economy as well, with the areas located east of the Interstate 5 corridor representing prime agricultural lands. Principal crops include blueberries, raspberries and strawberries as well as dairy operations, nut cultivation and vegetable row crops. Other industries include some logging and timber operations, boat building, fishing, gravel and mineral mining.

A large source of income to the county comes from Canadian visitors. There are more than 1.6 million Canadians living within an hour's drive of Bellingham. The volume of retail sales has historically been connected to the value of the Canadian dollar. Canadians are heavy investors in and owners of Whatcom County real estate, especially recreation properties and, in recent years, agricultural lands that have been made more affordable by the falling U.S. dollar.

### POPULATION TRENDS

Year	County	% Change*	Bellingham	% Change*
Census 2000	163,500	N/ Ap.	64,720	N/ Ap.
Census 2010	201,140	2.30%	80,885	2.50%
2013	205,800	2.32%	82,310	1.76%
<b>ANNUAL AVERAGE</b>		<b>1.99%</b>		<b>2.09%</b>
<i>*Annually</i>				

The service sector is the largest segment of the Whatcom economy, with government jobs, goods production, and retail trade the three largest components. With the exception of a slight contraction in the non-durable manufacturing sector and stagnancy in natural resources, the Washington Employment Security Department is forecasting growth across the entire employment spectrum between 2008 and 2012. The largest areas of growth are construction, wholesale trade, and federal governmental employment. The construction growth is attributable to the significant development that has occurred in recent years. The increase in wholesale trade is attributable to the strengthening of the Canadian dollar which makes

domestic goods more affordable to Canadian buyers. Blaine is one of the largest border crossings in terms of border trade. The increase in federal governmental jobs is due to the increased security presence at the US-Canada border. Overall, employment trends are strong, although lagging anticipated population growth. This disparity can be attributed to immigrating retirees and a growing component of self-employed and telecommuting residents.

#### WHATCOM COUNTY'S LARGEST EMPLOYERS

<u>Employer</u>	<u>Employees</u>
1 St. Joseph's Hospital/PeaceHealth Whatcom	2,753
2 Western Washington University	1,575
3 Bellingham School District	1,200
4 BP Cherry Point Refinery	1100
5 Heath Tecna Inc.	850
6 City of Bellingham	807
7 Whatcom County Government	805
8 Haggen, Incorporated	787
9 Lummi Tribal Office	700
10 Fred Meyer	660
11 Alcoa Intalco	625
12 Aarmark	620
13 Ferndale School District	600
14 Silver Reef Casino and Hotel	578
15 The Markets LLC	522
16 Matrix Service, Inc.	475
17 Whatcom Community College	440
18 Costco	400
18 Alpha Group	400
20 Sterling Health	362

*Source: Western Washington College of Business and Economics (2013 is most current data)*

The Bellingham MSA labor force, as of February 2014, was 104,280 and this is 80 fewer than in the work force a year prior in February 2013. The current unemployment rate is projected at 7.6 percent, which is down 0.5 percent from the rate a year prior. The projected median household income for 2013 was \$51,910, up 1.25 percent from the median a year prior.

The median sale price for homes in Whatcom County has been volatile over the past few years but generally in the range of \$250,000. The following chart shows total sales volume over the past 4 years on the right axis with median price on the left axis.



Source: NWMLS

The volume of sales showed very slight improvement between 2010 and 2012 but volume increased substantially in 2013. The median price has failed to follow the uptick in volume and this presumably reflects the absorption of overhanging inventory. If sales volume continues to grow, a sustained increase in the median price is projected.

There have been 625 sales year to date in 2014, compared to 628 the year prior during the same period. There are currently 452 pending or contingent sales and 1,435 active listings. Based on the year to date rate of sales coupled with the pending sales, it appears that there is less than 6 months of inventory in the market and this is further reason to anticipate upward pressure on prices.

Bellingham is attractive because of affordable housing and less traffic, offering a small-town appeal that is fading from Seattle. Bellingham has the single largest concentration of housing in Whatcom County. Bellingham's housing stock accounts for about half of the county's total housing stock; however, the inflow of new residents seeking rural appeal fuel some subdivision development in the county and other cities in Whatcom County. Future demand will be fueled by overflow from the greater Seattle area, as well as the lower mainland of British Columbia, as these areas build to capacity and as investment and commerce between these two major regions grows.

The Bellingham area offers alternatives to Canadian companies wanting an operational base on the U.S. side of the border. Commercial and industrial real estate investors have historically looked to Whatcom County to purchase suitable sites, viewing it as a gateway location with skilled labor and free trade zones. In the past Canadian customers have accounted for up to 30 percent of Whatcom County's retail sales. In recent years, Canadian spending in Whatcom

County waned due to the falling Canadian dollar, imposition of higher tariffs on liquor and cigarettes, more vigorous enforcement of import restrictions on other goods, and better competition from BC retailers. The resurgence of the Canadian dollar over the past 6 years has helped support retail sales throughout the county. During 2011 there were more southbound crossings than there had been since 2001 when tighter border security measures were put in place and resulted in a substantial drop in crossings. This is due in large part to the strength of the Canadian dollar which, as of April 2014, is trading below parity with the US dollar, at about \$0.91 US dollars per Canadian dollar. The exchange rate has receded from high points of recent years when the Canadian dollar was trading above parity but the current rate is still far stronger than prior to the recession of 2007-08. This rate attracted more Canadian buyers back to the U.S. after a drop-off in cross-border traffic following the events of September 2001.

Overall, trends have been stable to moderately declining for the Bellingham area and the wider Whatcom County market over the past few years. Despite a national housing slowdown, the real estate market in Whatcom County has remained more stable than many other regions of Western Washington. The most significant impact of the current economic slowdown has been on the residential land segment of the real estate market, with few lot sales and little interest in land available for residential development on the part of developers.



## MARKET AREA DATA

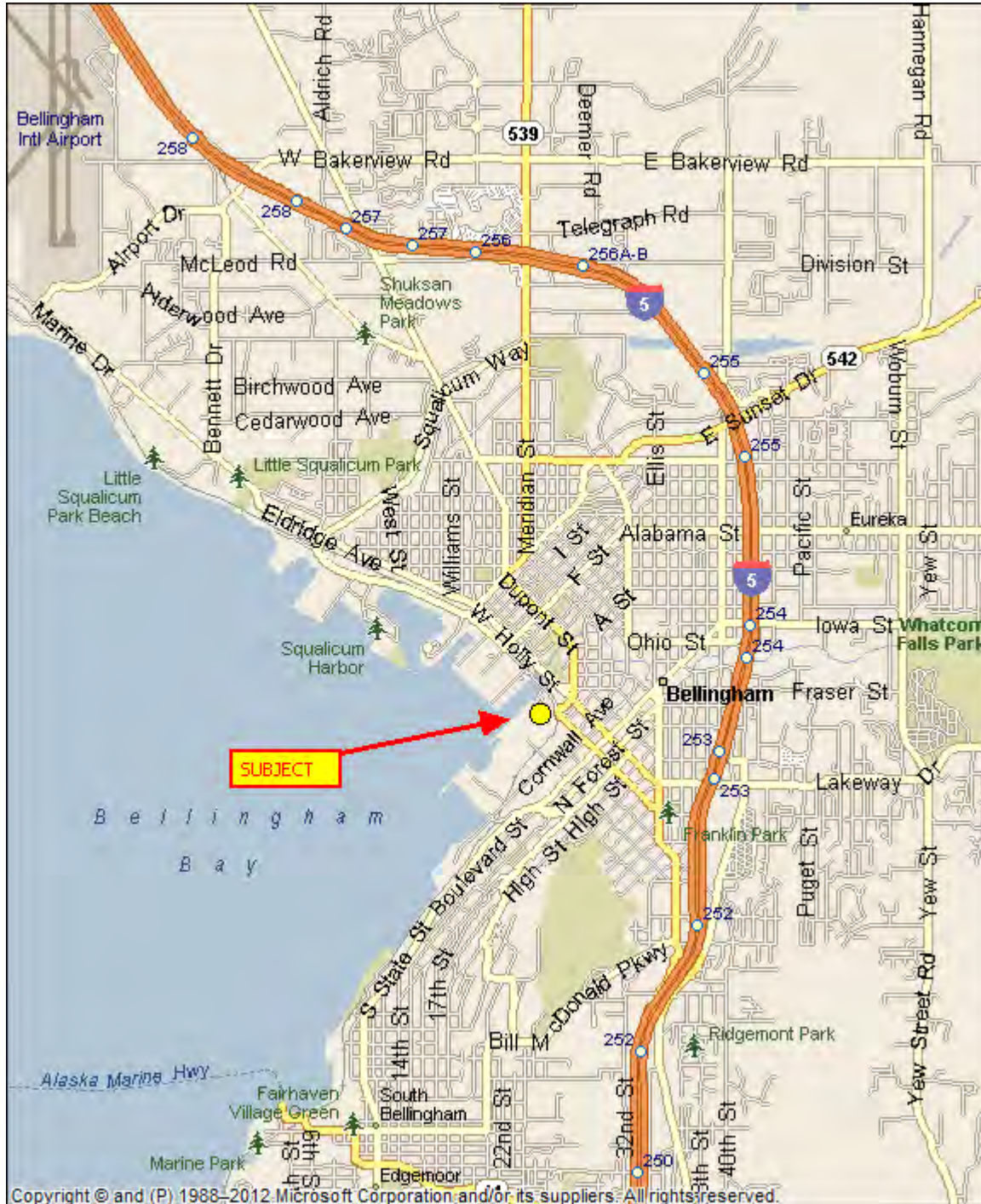
A market area can be defined as an area of complementary land uses. A market area's boundaries identify the area that influences the value of the subject property. The subject property is located along the Bellingham waterfront and has historically been known as the Georgia Pacific site. The market area has been identified with heavy industrial uses throughout most of Bellingham's history. In 2005, the Port of Bellingham finalized a purchase of the Georgia Pacific site, some 137+ acres, in exchange for the Port assuming responsibility for remediation of contamination by toxic chemicals associated with the GP's timber processing operations. At present, the Port has planned an ambitious redevelopment of the waterfront which will include mixed land uses, including residential, commercial and light industrial components along with civic uses, recreational areas and facilities to accommodate marine dependent commerce.

The market area is effectively the Bellingham waterfront. The geographic boundaries that define this market area are Bellingham Bay to the southwest, the bluff that rises above Cornwall Avenue and the railroad right of way to the southeast, Squalicum Way to the north and West Holly Street/Eldridge Avenue to the northeast.

The downtown commercial core is located to the immediate east of the subject and onramps for Interstate 5 are located approximately 1 mile to the east of the subject. Western Washington University is located on the bluff to the south of the subject's market area. As mentioned, the subject market area has historically been identified with heavy industry and marine dependent commercial uses. The New Whatcom waterfront plan aims to redevelop the Georgia Pacific site to a mix of residential and commercial uses as well as a number of civic and institutional uses, including an extension of Western Washington University, and recreational uses, including city parks and a public beach.

In conclusion, the subject market area is very well located with regard to the downtown area of Bellingham and the redevelopment of this market area is an ambitious long range plan that will eventually capitalize on the valuable amenity that is the Bellingham waterfront. Market trends at present are being affected by recessionary forces but this is a national phenomenon and not limited to this market area. The future of this area is projected to be positive and eventual developments in this area will likely be well-received by the market providing that the needs of the market are met.

## MARKET AREA MAP



COLUMBIA VALUATION GROUP, INC. – SEATTLE

Seattle

Tacoma

Wenatchee

Yakima Valley

Bellingham

## MARKET ANALYSIS

The subject property consists of 10.8 acres of land located along the Bellingham waterfront. This market area has historically been associated with heavy industrial uses. The Waterfront Development Plan proposes to redevelop these lands toward higher density residential and commercial uses. This land will represent new supply introduced to the downtown area of Bellingham and it is appropriate to consider a timeline for this new area to absorb because it likely exceeds the immediate needs of the market.

Based on our scaled measurements of the site taken from zoning maps and the provided site plans, it appears that approximately 40 percent of the site is subject to lower floor area ratios, between 2 and 4 depending on the incorporation of density bonuses, and 60 percent of the site subject to higher floor area ratios, between 3 and 5, also dependent on density bonuses. The chart following details how much of this area would be allocated toward each density.

<u>Site Specifics:</u>		
10.8 Acres =	470,448	Square Feet
40% @ FAR 2 to 4 =	188,179	Square Feet
60% @ FAR 3 to 5 =	282,269	Square Feet

The chart following shows approximately how much area could be developed on the subject based on three different floor area ratios and three different mix ratios of residential to commercial development. The Waterfront District Permitting Handbook shows that the minimum percentage of commercial use is 20 percent and the minimum percentage of residential use is 35 percent. We have not considered the potential for alternative types of use like institutional or industrial because these uses generally result in a lower land value per square foot than residential and commercial uses. Our model considers the residential component comprising between 40 and 60 percent of the potential developable area and the commercial component occupying the remainder.

For purposes of this analysis, we have assumed the efficiency of prospective residential and commercial buildings to be 85 percent. Equivalent residential units are calculated based on the assumption that the average unit is approximately 700 square feet per unit. The charts following show nine scenarios, ranging from the base to the maximum floor area ratios and with three unit mixes of residential to commercial space ranging from 40 percent to 60 percent.

The charts show that the various scenarios could deliver between approximately 600 and 1,600 residential units and between about 415,000 and 1,100,000 square feet of commercial area. This is a very wide range and the primary question is how much of this potential area could the Bellingham market absorb given typical growth trends inferred from historical data.

### Potential Development Area

	Base FAR	Mid FAR	Max FAR
FAR 2 to 4	2	3	4
Potential Square Footage	376,358	564,538	752,717
FAR 3 to 5	3	4	5
Potential Square Footage	846,806	1,129,075	1,411,344
Total Square Footage	1,223,165	1,693,613	2,164,061

### Base Floor Area Ratio (2 to 3)

Residential %	40%	50%	60%
Residential Area (SF)	489,266	611,582	733,899
Equivalent Residential Units	594	743	891
Commercial %	60%	50%	40%
Gross Commercial Area (SF)	733,899	611,582	489,266
Rentable Commercial Area (SF)	623,814	519,845	415,876

### Midrange Floor Area Ratio (3 to 4)

Residential %	40%	50%	60%
Residential Area (SF)	677,445	846,806	1,016,168
Equivalent Residential Units	823	1,028	1,234
Commercial %	60%	50%	40%
Commercial Area (SF)	1,016,168	846,806	677,445
Rentable Commercial Area (SF)	863,743	719,785	575,828

### Maximum Floor Area Ratio (4 to 5)

Residential %	40%	50%	60%
Residential Area (SF)	865,624	1,082,030	1,298,436
Equivalent Residential Units	1,051	1,314	1,577
Commercial %	60%	50%	40%
Commercial Area (SF)	1,298,436	1,082,030	865,624
Rentable Commercial Area (SF)	1,103,671	919,726	735,781

### Basic Demand

In order to project how long it would require for this new space to absorb, we performed an abbreviated fundamental demand analysis based on available data on the Bellingham market. This data is from the U.S. Census and American Community Surveys and the Whatcom County Real Estate Research Report.

Information taken from the U.S. Census and American Community Surveys is summarized on the following chart. This information includes numerous categories for projecting baseline demand for residential rental units.



**U.S. Census and American Community Survey Data**

<b>Year</b>	<b>2000</b>	<b>2005</b>	<b>2007</b>	<b>2010</b>	<b>2012</b>
Bellingham Population	67,171	69,057	75,418	80,885	80,930
Occupied Housing Units	27,999	32,385	33,913	34,671	33,805
Renter-Occupied Units	14,512	17,383	17,464	18,833	18,186
Rental Percentage	52%	54%	51%	54%	54%
Rental Vacancy Rate	4.6%	4.0%	2.1%	4.7%	3.5%
Imputed Rental Units	15,212	18,107	17,839	19,762	18,846
Rental Units/Person	0.23	0.26	0.24	0.24	0.23
Population Growth Rate per year (2000 to 2010)	1.88%				
Population Growth Rate per year (2000 to 2012)	1.56%				
Population Growth Rate per year (2007 to 2012)	1.42%				

There is some variation among the data due to the different survey methods. The population growth rate between the two censuses was 1.88 percent, compounding annually. Since 2010, all indications are that population growth has tapered significantly. This is most likely attributable to the recession's effects in depressing birth rates and reducing in-migration. Looking forward, we project a return to higher growth rates but lagging the level between 2000 and 2010. We project a stabilized growth rate of 1.7 percent for purposes of the projections in this section.

The data show that the range of rental units per person in the city has ranged between 0.23 and 0.26 units. The data also show that vacancy rates have consistently been below 5 percent and often significantly below. Recent real estate reports indicate that vacancy rates are at very low levels although there are a number of developments currently under construction. Looking forward, due to the low vacancy rates and aging housing stock, we project that a strong demand cycle could support up to 0.29 residential units per person. The baseline scenario is forecast at 0.24 units, the approximate average among the data.

The Whatcom County Real Estate Report is issued annually and covers the Bellingham and Whatcom County markets. In 2010, the Whatcom County Real Estate Report had the most comprehensive survey of commercial space for the Bellingham market, indicating an inventory of 17,557,048 square feet of commercial and office space in the market. In other years of the report, the inventory has varied by up to 15 percent between years based on the quality of data reported and categorization of the types of space. The report from 2010 showed the highest inventory among numerous years of the report. The approximate vacancy rate for that year was 6.4 percent. The population in 2010, based on the U.S. Census, was 80,885. This equates to approximately 217 square feet of commercial space per person in the city. For purposes of this analysis, we project a low rate of 210 square feet of commercial space per person. At the upper end, we project a rate of 230 square feet of space per person. This upper limit considers the potential for a robust demand cycle and the displacement of aging structures by newer more competitive product.

## Subject Competitive Position

Among the primary benefits to the waterfront properties are the following:

- The subject benefits from the waterfront amenity and proximity to downtown Bellingham and recreational areas.
- The infrastructure required for development will be largely paid for by the City and Port of Bellingham, including street and sidewalk construction and utility connections.
- Permitting will be expedited as part of the public-private partnership.
- Residential units will receive \$3,523 in impact fee credits for parks and up to \$1,907 in impact fee credits per P.M. trip generated toward commercial development.
- The development densities available to the waterfront properties are among the highest available in the City of Bellingham.

The primary detriments affecting the waterfront properties are the following:

- The waterfront properties have weak linkage traits both with nearby neighborhoods and regional transportation corridors. The location is geographically isolated from downtown Bellingham by railroad tracks and the elevated viaduct for Chestnut Street. Until a complete neighborhood evolves, any proposed developments will be pioneering.
- The areas to the north remain predominantly industrial with inconsistent development patterns and few signs of investment.
- Another factor affecting the waterfront properties is the likelihood that proposed developments will be required to use pilings in order to achieve adequate structural support. This will result in increased costs that are difficult to quantify without information about soil conditions and the associated costs for constructing this type of foundation.
- There are significant areas located farther to the southwest along the waterfront that could be redeveloped in the future and would compete directly with the subject.

On balance, we conclude that the waterfront properties have a very good competitive position and should compete favorably. The primary competition would be from the existing waterfront developments to the north, the Fairhaven waterfront to the southwest and the downtown area of Bellingham.

## Subject Capture Projections

For prospective residential developments, it is worthwhile to note that over half of the households in Bellingham are renters (54%) and approximately 49 percent of those households pay at least 35 percent of their household income in gross rent. Approximately 36 percent of the rental units in the market lease for over \$1,000 per month in gross rent (includes utilities). This equates to approximately 6,550 units. A majority of any new units at the subject would be part of this market segment. At the lowest base development densities for the waterfront properties, the new units would increase the size of this market by over 10 percent. Assuming the waterfront parcels would capture a larger proportion of demand than their proportion of the market, new residential units could seek a baseline of about 9 percent of the market (0.1 / 1.1). At the upper end, we project that the capture rate could be 15 percent. This upper end considers the potential for fee-owned condominium sales of portions of the subject, which would not be reflected in the model using only rental units, as well as the potential for newer and higher density types of development like micro-apartments.

For commercial demand, the most recent Whatcom County Real Estate report indicated that there was a statistically insignificant amount of commercial vacancy in the waterfront districts of the Port and in Fairhaven. There has been very low vacancy reported in these areas among any of the WCRER surveys over numerous years. In the Downtown market, the reported vacancy rate for 2012 was 6.7 percent across all types of commercial space. In the 2013 WCRER, the commercial vacancy rate for all of Bellingham was reported at about 5.7 percent. This is a low enough level to accommodate frictional demand as well as supporting the introduction of new space in the market. The total square footage for reported in the 2013 report was approximately 15,500,000 square feet. At the lowest development densities, the subject would represent 2.7 to 4.0 percent of the total commercial space in the Bellingham market, based on this reported inventory. We note that, for the 2010 WCRER, the reported commercial space was larger by almost 2 million square feet.

Considering the very low vacancy rate in the waterfront districts and the relatively low vacancy rate in the Downtown market, we project that the commercial component at the subject could capture up to 20 percent of new commercial demand in the market. This projection considers that the waterfront properties could potentially attract a corporate headquarters or regional offices of a large corporation. At the low end, we project that capture would occur at only half of this rate, at 10 percent.

## Projected Absorption Scenario

The chart on the following page shows our projected absorption scenario based on the upper and lower limits of the fundamental demand and the upper and lower limits of the projected capture rates.

### Projected Absorption Scenarios

		1	2	3	4	5	6	7	8	9	10	
Year	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	TOTAL
Population	82,310	83,709	85,132	86,580	88,051	89,548	91,071	92,619	94,193	95,795	97,423	
Population Growth		1,399	1,423	1,447	1,472	1,497	1,522	1,548	1,575	1,601	1,629	15,113
Residential Demand (Units) - High		406	413	420	427	434	441	449	457	464	472	4,383
Residential Demand (Units) - Low		336	342	347	353	359	365	372	378	384	391	3,627
Commercial Demand (SF) - High		335,825	341,534	347,340	353,245	359,250	365,357	371,568	377,885	384,309	390,842	3,627,154
Commercial Demand (SF) - Low		293,847	298,842	303,922	309,089	314,344	319,687	325,122	330,649	336,270	341,987	3,173,760
Subject Capture - Residential (High)		61	62	63	64	65	66	67	68	70	71	657
Subject Capture - Residential (Low)		30	31	31	32	32	33	33	34	35	35	326
Subject Capture - Commercial (High)		67,165	68,307	69,468	70,649	71,850	73,071	74,314	75,577	76,862	78,168	725,431
Subject Capture - Commercial (Low)		29,385	29,884	30,392	30,909	31,434	31,969	32,512	33,065	33,627	34,199	317,376

#### Assumptions:

Forecast Stabilized Population Growth Rate	1.70%
High Forecast Residential Rental Unit Demand (Units/Person)	0.29
Low Forecast Residential Rental Unit Demand (Units/Person)	0.24
High Forecast Commercial Space Demand (SF/Person)	240
Low Forecast Commercial Space Demand (SF/Person)	210
Residential Capture Rate (High)	15%
Residential Capture Rate (Low)	9%
Commercial Capture Rate (High)	20%
Commercial Capture Rate (Low)	10%



This scenario has obvious limitations due to the number of projections required. Without detailed plans for use mixes and densities, our estimate of fundamental demand relies on broad measures related only to population growth. The model does not consider the relationship of commercial space demand to basic industries, job creation, and employment multiplier effects or disposable income. Numerous factors could affect our projections but they function as a useful guideline for projecting likely absorption scenarios.

The scenario shows that the waterfront properties might expect to capture between 326 and 657 residential units of fundamental demand for residential rental units. Referring back to the projected density charts at the start of this section, this demand would equate to the base density level with the residential component comprising between 40 and 50 percent of the overall development.

For the commercial component, the scenarios show that the waterfront properties might expect to capture between about 320,000 and 725,000 square feet of fundamental demand for commercial space. This is a very wide range but the approximate mid-point would be about 525,000 square feet of space. Referring back to the projected density charts at the start of this section, this demand would equate to the base density level with the commercial component would comprising about 50 percent of the overall development.

Among the most important indications from this model is that there is very little fundamental support for developing the property to the maximum allowable densities. Development to the highest densities would most likely result in a significant oversupply of space to the market and potentially damage other submarkets in the city by attracting tenants away from those areas. On a longer development timeline, the higher densities could start to contribute value but this is speculative. This additional value would be realized as a result of entrepreneurial efforts in devising a compelling and consistently competitive development scheme rather than any intrinsic element attributable to the land. Therefore our absorption projections are for a 10 year timeline.

Based on these indications, we project that there is limited contributory value to the impact fee credits available to the subject beyond the base allowable density. This will be discussed further in the valuation section of this report.

There are a number of scenarios that could hasten the absorption of the land. Among these scenarios is the possibility of a corporate or regional headquarters location that would absorb a large part of the property and provide an immediate source of demand for any surplus parcels. Another possibility is micro-housing developments, which are an increasingly popular type of development in the Seattle metropolitan area. The proximity to Western Washington University would most likely support the market for this housing type. Also possible are artisan craft spaces or small-scale marine trade facilities, both of which are development options that could find a market niche at the subject.

## Conclusion

The market position of the waterfront properties should be good to very good, based on the amenity value of the location proximate to the waterfront, the infrastructure and public spaces that will be developed and the facilitation of any proposed developments by the City and Port of Bellingham.

Based on our analyses and projected absorption scenario, we project that there is fundamental demand to support the equivalent of 600 to 650 residential units and 500,000 to 600,000 square feet of commercial space over the next 10 years. Our projected absorption scenario most closely parallels a use mix of 50 percent residential to 50 percent commercial. While there is significant additional density available for development, there is limited evidence of fundamental demand to support these increased densities. Achieving higher densities would protract the absorption timeline and might not result in a significantly higher value to the underlying land than development to the lower densities with a faster absorption.

## **SITE DESCRIPTION**

Photographs of the subject property appear in the front of this report and a color aerial of the parcels that comprise the subject are included at the end of this section. A site map of the subject that was provided by the Port of Bellingham is located at the end of this section.

### **LOCATION**

The property is located on the Bellingham waterfront, west of the intersection of Bay Street and Chestnut Street. Access to the site is via Roeder Avenue, opposite the intersection with Central Avenue. There are no street addresses associated with the property, to our knowledge. The property is located in Whatcom County Census Tract Number 6.

### **SHAPE AND AREA**

The site contains 10.8 acres total, divided into three tracts containing 0.6 acres, 3.5 acres and 6.4 acres, separated by the road right of way for Granary Avenue, which is assumed will be constructed in conjunction with the proposed development of the subject. The three tracts are individually and collectively irregular in shape.

### **EASEMENTS**

There was no title report provided for this assignment. The subject will be re-platted with streets and utility corridors and any easements or encumbrances will most likely be relocated as part of this process.

### **TOPOGRAPHY AND SOILS**

The topography of the site ranges from level to lightly rolling. The site will be made predominantly level prior to sale. There were no soil surveys or geotechnical reports provided for this assignment. Based on other developments performed by the Port of Bellingham, prospective developments will most likely need to utilize pilings in order to support foundations of future developments.

### **UTILITIES**

All utilities necessary for development will be routed through the subject as part of the future development of the area.

## **ENVIRONMENTAL CONCERNS**

No environmental assessment was provided for this appraisal but the wider area is known to have contamination issues as a result of the industrial history of the area. Remediation of these conditions will be performed in conjunction with the redevelopment of this area. It is a hypothetical assumption of this report that the subject has a Consent Decree in place that will insulate prospective developers from any environmental liability issues.

## **ACCESS AND EXPOSURE**

The property will be served by an internal road network. The main access point to the subject parcels will be from Roeder Avenue, on the south side of the Granary Building that is currently located on the 0.6 acre parcel outlined on the provided site map. The site is currently somewhat geographically isolated from the city street system but there will be a street system installed as part of the proposed redevelopment. The site is highly visible from numerous vantage points around the city and traffic on Roeder Avenue/Chestnut Street. Exposure is rated above average. In terms of accessibility, the site is located adjacent to the downtown area and access will be average to above average.

## **SITE AMENITIES AND OUTSIDE INFLUENCES**

The subject will be located on the Bellingham waterfront, an area that is proposed for redevelopment with mixed residential, commercial and some light industrial uses along with civic uses including an extension of Western Washington University as well as city parks and beaches. Good to excellent quality views should be available to most of the site.

## **SITE IMPROVEMENTS**

Once the redevelopment of the area is complete, there will internal streets with curb and gutters, utilities and stormwater sewers.

## **ZONING**

The site is part of the Waterfront District Urban Village planning area and is specifically zoned Commercial Mixed Use. This zoning designation is meant to accommodate a mix of uses including residential, commercial, recreational and public uses. A wide range of possible uses are legally permitted in this zone.

Height limits are 100 feet in the areas closest to the waterfront and 200 feet along the easternmost portion of the site. In the areas closest to the waterfront, the base floor area ratio is 2 with potential to be increased to 4 by meeting certain requirements to receive bonuses, including meeting LEED standards, providing affordable housing and/or providing public



plazas and open spaces. The easternmost part of the site has a base floor area ratio of 3 with the potential to be increased to 5 through bonuses. There are no setback requirements for proposed buildings.

Parking requirements include 0.5 parking spaces for studio apartments, 0.75 spaces for 1-bedroom units and 1 space for a 2-bedroom unit. Commercial and institutional uses require 1 parking space per 500 square feet of gross building area. Bicycle parking is also required. For residential uses, there is a minimum of 2 long term parking spaces required or 0.5 long-term spaces per bedroom and studio unit, whichever is greater, and 2 short term spaces, or 1 per 20 residential units, whichever is greater. Commercial uses require a minimum of 2 long term spaces, or 1 per 12,000 square feet of gross floor area, whichever is greater, and 2 short term spaces, or 1 per 5,000 square feet of gross building area, whichever is greater.

## ASSESSED VALUATION

The subject appears to be a portion of a single tax parcel but this is difficult to ascertain because the plat maps are very convoluted along the waterfront areas. The chart below details the assessed value of the tax parcel that we believe contains the subject. There are no taxes on the property because it is owned by a municipal entity.

Parcel Number	Size (SF)	Size (Acres)	Assessed Value - Land	Assessed Value - Bldg.	Assessed Value - Total
3802255220210002	730,937	16.78	\$4,297,910	\$0	\$4,297,910



Site Area

## DATA ANALYSIS AND VALUATION INTRODUCTION

Analysis and valuation of the subject property involves determining the highest and best use of the site, estimating the value for the subject by current appraisal theory, and reconciling to a final estimate of value.

The first step in valuation and analysis is determining the highest and best use of the site. The four criteria highest and best use must meet are: Legal permissibility, physical possibility, financial feasibility, and maximum productivity. Two types of analyses were made in determining the highest and best use. The first is highest and best use of the site as if currently vacant; the second is highest and best use if developed as proposed.

Three approaches to value form the foundation for current appraisal theory: the cost approach, the sales comparison approach, and the income capitalization approach.

### **Cost Approach**

The cost approach is based upon the principle that the informed purchaser would pay no more than the cost to produce a substitute property with the same utility as the subject property. It is particularly applicable when the property being appraised involves relatively new improvements that represent the highest and best use for the land or when relatively unique or specialized improvements are located on the site and for which there exists no comparable properties on the market.

### **Sales Comparison Approach**

The sales comparison approach utilizes process paid in actual market transactions of similar properties to estimate the value of the subject. This appraisal technique is dependent upon utilizing truly comparable sales data that have occurred near enough in time to reflect market conditions relative to the time period of the subject appraisal.

### **Income Approach**

The income capitalization approach is widely applied in appraising income producing properties. Anticipated present and future net operating income, as well as any future reversions, are discounted to a present worth figure through the capitalization process. This approach also relies upon market data to establish current market rents and expenses levels to arrive at an expected net operating income. This approach typically is not applicable in the appraisal of unimproved land.

The resulting indications of value from the three approaches are correlated into a final estimate of value. It is not always possible or practical to use all three approaches to value. The nature of the property being appraised, and the amount, quality, and type of data available dictates the use of each of the approaches.

The subject property consists of 10.8 acres of waterfront land that is proposed for mixed-use development. As such, the sales comparison approach is the most market typical method for valuing this type of property and no other approaches are as reliable. The As Is value of the site has been developed using a discounted cash flow analysis.



## HIGHEST AND BEST USE ANALYSIS

*The Appraisal of Real Estate*, 14<sup>th</sup> edition, published by the *Appraisal Institute* defines Highest and Best Use as:

*The reasonably probable use of property that results in the highest value.*

The highest and best use of a property is concluded after the four criteria are applied and various alternative uses are eliminated. The remaining use that fulfills all four criteria is the highest and best use. These criteria include: legally permissible, physically possible, financially feasible, and maximally productive.

### AS VACANT

The subject site is large and level and located along the Bellingham waterfront. The zoning is assumed to be mixed-use and accommodating to a mix of uses, including residential and commercial floor area ratios and height limits that allow for a wide range of development options. From a financial feasibility perspective, as a vacant site, this is typically inferred from the pricing of comparable properties in the market. In terms of maximally productive use, the mixed use zoning allows for a variety of potential developments that would meet the needs of the market. The maximally productive use of the subject will have to combine a mix of uses that mesh with the urban character of the market and attract a broad range of users for commercial, residential and civic developments. In conclusion, the highest and best use of the subject is for a mix of uses that accommodate a wide array of market demands and capitalize on the extensive proposed amenities.

## SALES COMPARISON APPROACH

The sales comparison approach is an examination of the property's value based on the comparison of similar properties that have sold, are listed for sale, have purchase options, or have offers to purchase. Like the cost approach, the sales comparison approach is based on the principle of substitution, which indicates that when a property is replaceable in the market, its value would be no greater than the cost of acquiring an equally desirable substitute property, assuming no costly delay in acquiring the substitute property. The following steps in the sales comparison approach are typically used to reach an estimate of value:

1. Recent sales of similar vacant sites and finished lots were found in the immediate and general area of the subject land.
2. The market data gathered was verified as factual, accurate, and reflective of arm's-length transactions.
3. The most consistent unit of comparison was selected based on consideration of the market data, and a comparative analysis was then developed.
4. The comparables were directly compared with the subject land based on the unit of comparison, and adjustments were made to the sales.
5. The various indications of market value resulting from this process are reconciled into a conclusion of the retail value of the subject's lots.

The economic principle of substitution applies to the sales comparison approach. The value of a property that can be replaced in the market tends to be set by the cost of acquiring an equally desirable substitute property. The sales comparison approach is usually given greatest weight when sufficient comparable sales are available to allow for the value patterns in the market to be developed. When the sales are reasonably well confirmed, the comparison process can be carried out with confidence.

## SITE VALUATION

Based on our analyses, we have valued the subject property based on economic sized parcels, estimated at 1.08 acres each, of which there would be 10. This does not conform precisely with the sizes of each parcel but offers a reasonable benchmark for valuing the site. After concluding a retail value for each of these economic parcels, the subsequent sale of these parcels over a projected absorption period is modeled using a discounted cash flow analysis to arrive at a bulk value

A search was conducted for sales of sites with similar development potential and/or similar view amenities. The included comparables are the best indication of value for the subject site as retail-sized portions. Most of the sales are situated in the immediate market area of the subject and have similar development potential as the subject. Following are a summary table, location map, plat maps, and photographs of each comparable property.

# LAND SALES SUMMARY TABLE

*Former Georgia Pacific Site, Bellingham Waterfront - West Corner of Chestnut and Cornwall, Bellingham, Washington*

Sale	Location	Sale Date	Adjusted Sale Price	Land Size (SF)	Price per SF	Zoning	Shape	Topography	View
1 Parcel(s):	11th and Mill Streets, Bellingham 370201092140, -103145, -103140, -102135, -102130, -094135, -093145	Listing 1.25 yrs.	\$4,800,000	48,000	\$100.00	Urban Village	Rectangle	Sloped	Bay, island
2 Parcel(s):	3613-3701 Consolidation Avenue, Bellingham 380331461144, -472150	Listing (2 mos.) 7/1/2013	\$659,900 \$415,000	27,443	\$24.05 \$15.12	Urban Village	Rectangle	Level	Territorial
3 Parcel(s):	109 South Samish Way, Bellingham 380331442120	Pending 12/22/2009	\$1,500,000 \$1,300,000	50,043	\$29.97 \$25.98	Urban Village	Rectangle	Level	Territorial
4 Parcel(s):	705-09 32nd Street, Bellingham 370306320388, -308376, -319376	Pending	\$986,000	58,000	\$17.00	Multifamily Residential	Rectangle	Rolling	Territorial
5 Parcel(s):	218 North Samish Way, Bellingham 380331450235	1/3/2014	\$355,000	20,776	\$17.09	Urban Village	Irregular	Level	Territorial
6 Parcel(s):	NEC 13th Street & Harris Avenue 370201176105	4/24/2013	\$355,000	11,850	\$29.96	Urban Village	Rectangle	Level	Bay, island
7 Parcel(s):	1507 D Street, Bellingham 380330043374, -033379, -039371, -040387, -048379	6/18/2012	\$676,000	39,490	\$17.12	Multifamily Residential	Rectangle	Sloping; Above Grade	Bay, island
8 Parcel(s):	1029 22nd Street, Bellingham 370201518188	4/18/2012	\$375,000	20,000	\$18.75	Multifamily Residential	Rectangle	Slight Slope	Territorial
<b>Subject</b>	<b>Georgia Pacific site, Bellingham Waterfront W Corner of Cornwall and Chestnut</b>	<b>5/21/2014</b>	<b>–</b>	<b>~47,000 SF parcels</b>	<b>–</b>	<b>Commercial Mixed-Use</b>	<b>Irregular</b>	<b>Level</b>	<b>Expansive city and bay</b>

COMPARABLE LAND SALES MAP

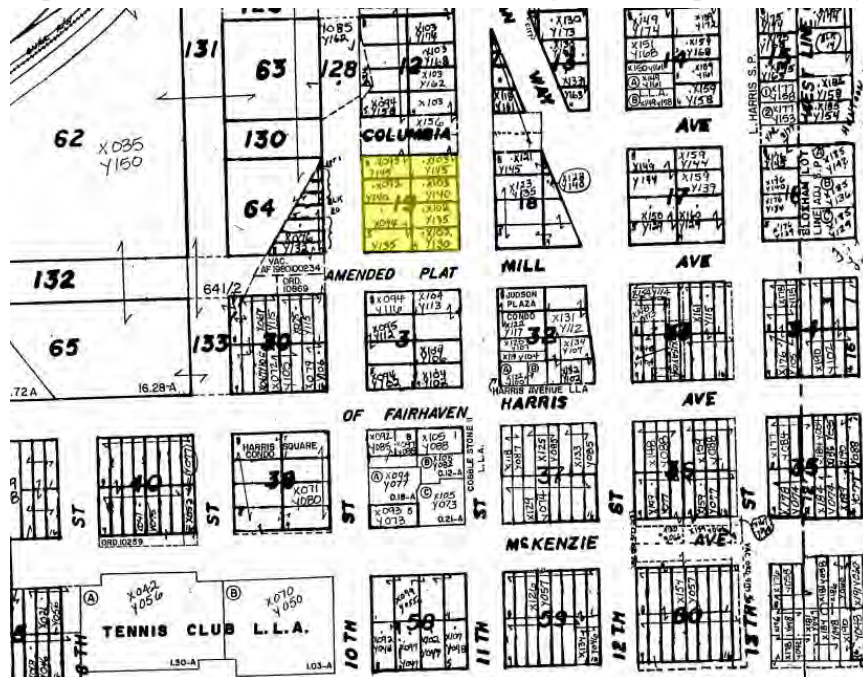




## COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



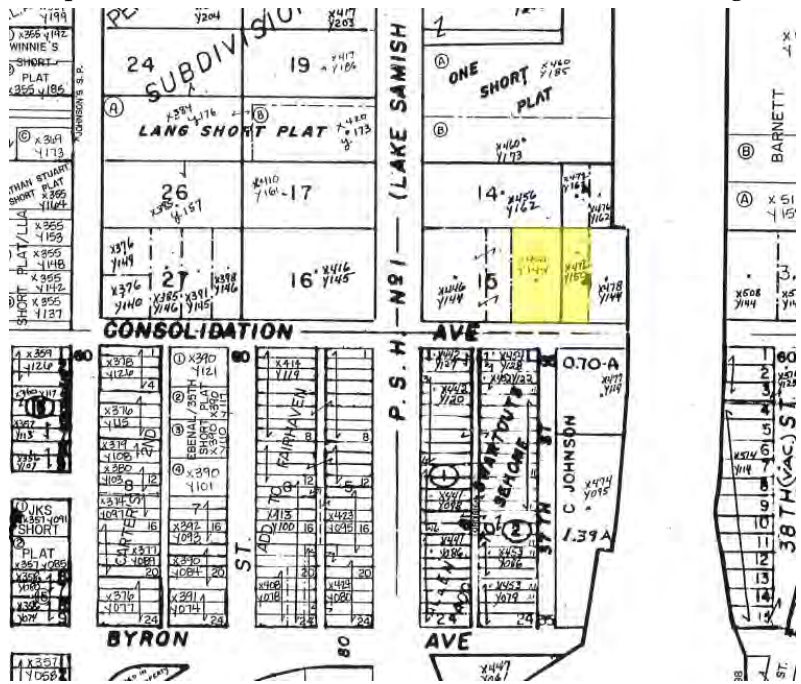
Comparable 1 – 11th and Mill Streets, Bellingham (comparable at right)



COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



Comparable 2 – 3613-3701 Consolidation Avenue, Bellingham

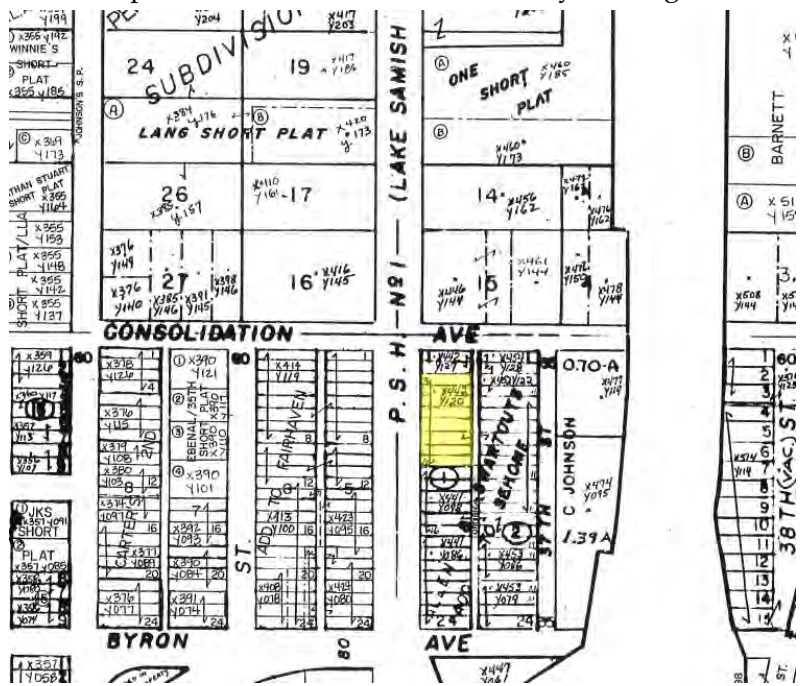




COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



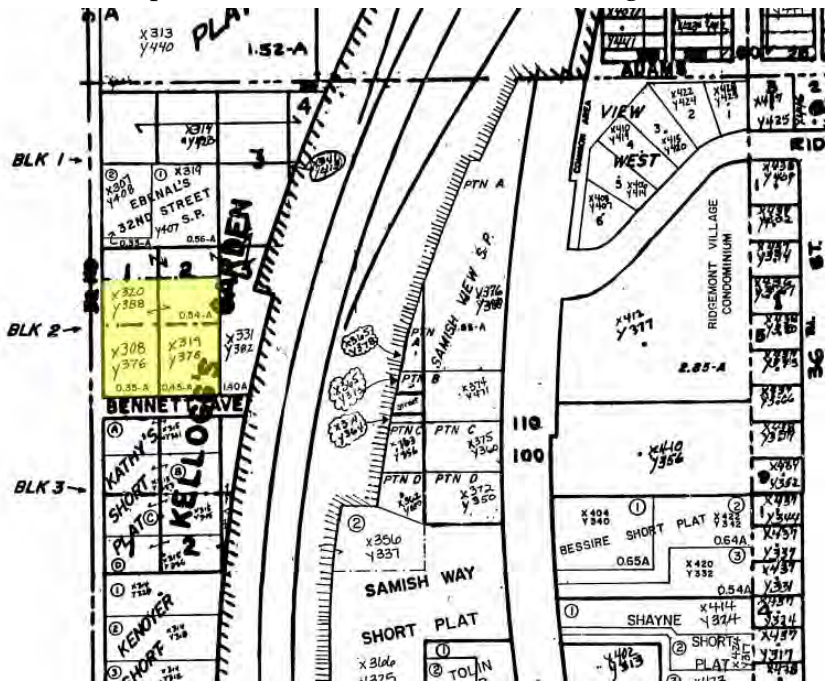
Comparable 3 – 109 South Samish Way, Bellingham



COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



Comparable 4 – 705-09 32nd Street, Bellingham

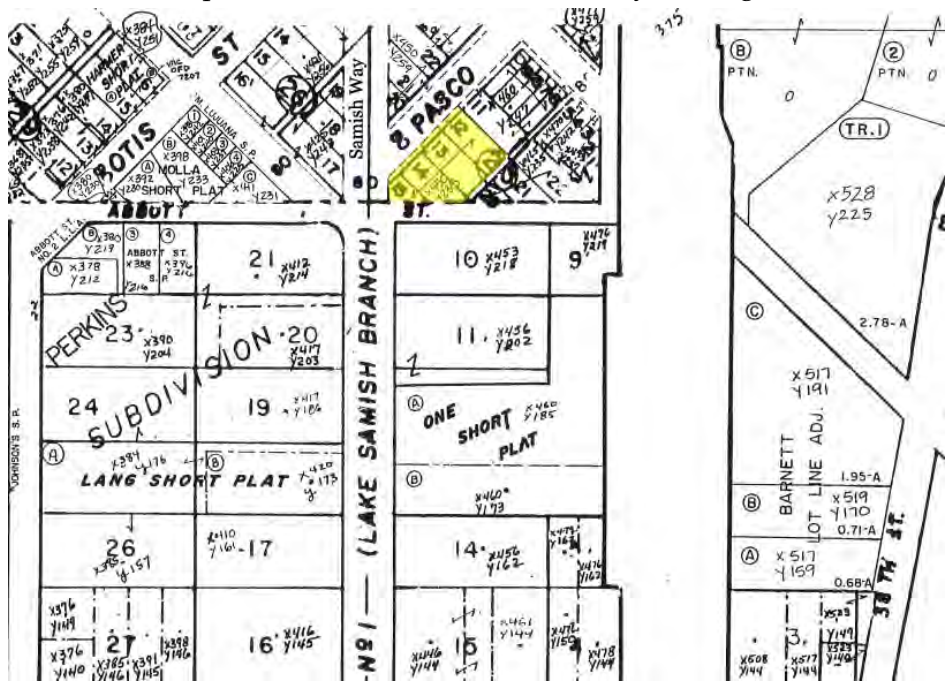




COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



Comparable 5 – 218 North Samish Way, Bellingham

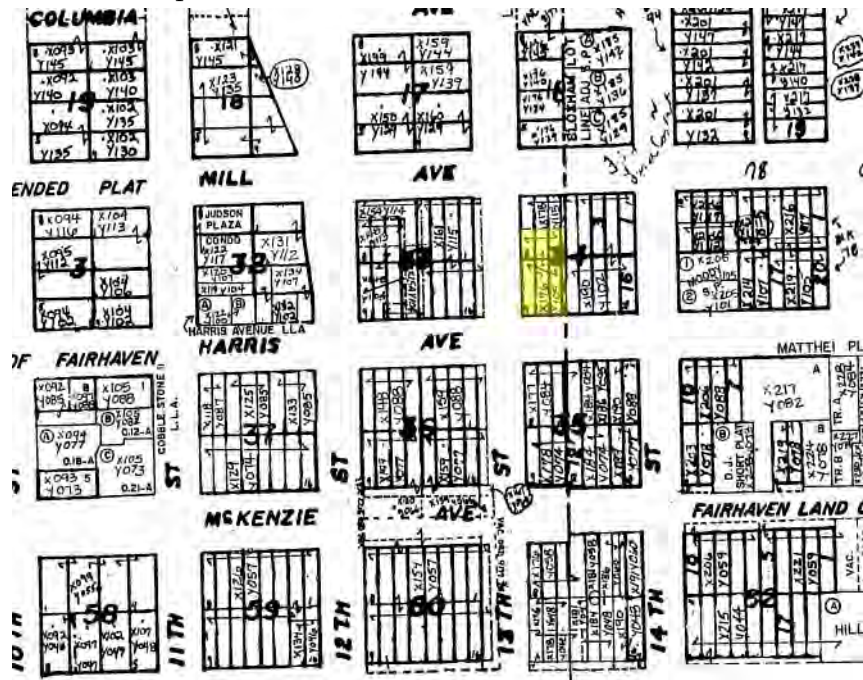




# COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



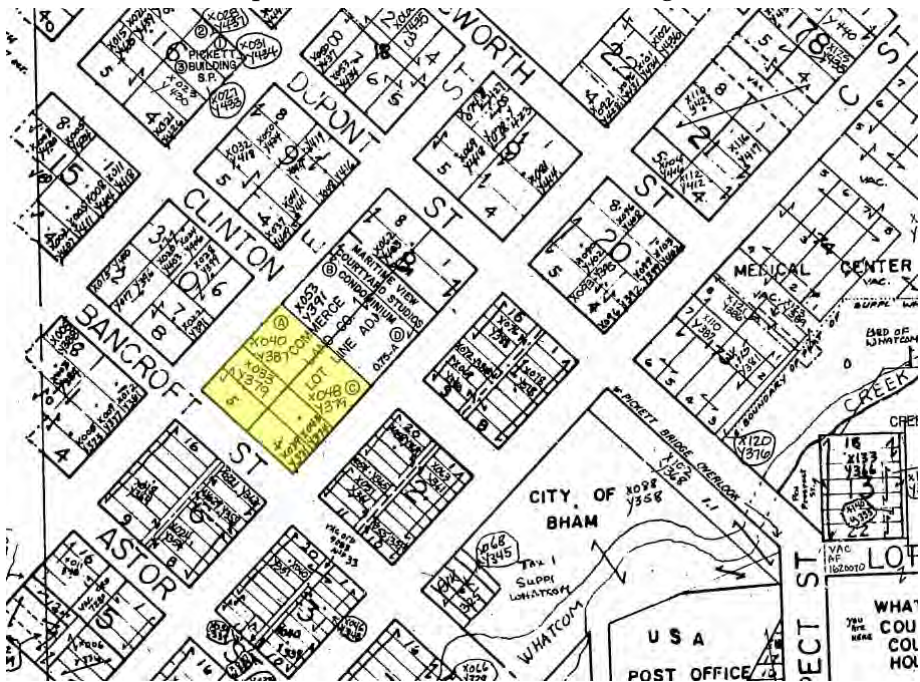
Comparable 6 – NEC 13th Street & Harris Avenue



COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



Comparable 7 – 1507 D Street, Bellingham





COMPARABLE LAND SALE PHOTOGRAPHS AND PLAT MAPS



Comparable 8 – 1029 22nd Street, Bellingham



## DISCUSSION OF COMPARABLE SALES

**Comparable 1 (\$100.00/SF)** is the current listing of a 48,000 square foot site zoned for mixed-use developments in the Fairhaven neighborhood. This site is currently used as a parking lot and is located immediately to the east of a site that is currently under development with a mixed-use project. This property has been on the market for 1.25 years with no price reductions. While there have been some parties interested in this property, no offers have been formally presented, based on comments from the listing agent.

**Comparable 2 (\$24.05/SF)** is the current listing of a 27,443 square foot mixed-use zoned site along the Samish Way corridor. This property is located on a secondary arterial, a short distance to the east of Samish Way. This site is currently improved with a rented single-family residence. Preliminary drawings prepared for this site show a potential for 32 units with surface parking. The seller of this property purchased the property last year for \$415,000 and also owns the property to the immediate west, which is also listed for sale.

**Comparable 3 (\$29.97/SF)** is the pending sale of a 50,043 square foot site with mixed-use zoning located along the Samish Way corridor. This site was formerly used as a restaurant and the building remains but is in fair condition. This property has been under contract for a protracted period while the prospective buyer goes through feasibility analysis. The buyer is reportedly a national drugstore chain with strong credit.

**Comparable 4 (\$17.00/SF)** is the pending sale of a 58,000 square foot multifamily development site located in the Happy Valley neighborhood. This property was on the market for only 7 days prior to being placed under contract. While the exact pending price was not disclosed, based on some of the numbers offered by the listing agent, it appears that this property sold at list price or possibly slightly higher. This property is improved with two rental houses that are in fair condition. Preliminary drawings indicate that this site could accommodate 58 units.

**Comparable 5 (\$17.09/SF)** is the January 2014 sale of a 20,776 square foot site zoned for mixed use development along the Samish Way corridor. This is an irregularly shaped site with a narrow frontage onto Samish Way and longer frontage along two other secondary arterials. The buyer of this site reportedly plans to develop the site with a small retail building.

**Comparable 6 (\$29.96/SF)** is the April 2013 sale of an 11,850 square foot site zoned for mixed-use development in the Fairhaven neighborhood. This property is currently used as a parking lot. The buyer of this site reportedly plans to develop an apartment project but the timeline for this development is unknown.

**Comparable 7 (\$17.12/SF)** is the June 2012 sale of a 39,490 square foot site zoned for multifamily development in the Lettered Streets neighborhood to the east of the waterfront. This site was



formerly permitted for an apartment development and the buyers of this site plan to develop a similar type of project. This was a bank-owned site at the time of sale.

**Comparable 8 (\$18.75/SF)** is the April 2012 sale of a 20,000 square foot site in the Happy Valley neighborhood that is zoned for multifamily development. This property was improved with a single family residence at the time of sale that has since been demolished. This sale included permits for developing the property with an apartment building.

## UNIT VALUE CONCLUSION

The comparable sales and listings indicate a range of unit values between \$17.00 and \$100.00 per square foot. The listing at \$100.00 per square foot is the clear outlier and excepting this comparable narrows the range to between about \$17.00 and \$30.00 per square foot. The comparables all have similar development potential as the subject but lack the waterfront location and other amenities that are assumed for the purposes of this analysis. Alternately, the comparables are all located in neighborhoods that are built-out and offer commercial and residential synergy while the subject's location is pioneering and it will take a number of years for a similar level of synergy to develop.

In the course of this assignment, we interviewed a number of realtors for their opinions of the retail values for the sites that will comprise the subject. These opinions were uniformly in the range of \$25 to \$30 per square foot, depending on the orientation with the waterfront and the size of the parcels. As a base value for the land, we conclude to a value of \$27.50 per square foot. This conclusion aligns with the unit values for land located in other Urban Village areas of the Bellingham market. The locations are typically available for traffic impact credits ranging from 22 to 50 percent. Our conclusion of a unit value for the site includes the value of these credits at the high end of this range. Additional value allocable to these impact fee credits is discussed following.

## IMPACT FEE CREDIT VALUE

In addition to the value of the underlying site value, there is value allocable to the credits toward impact fees that are part of the value of the site. As concluded in the Market Analysis section of this report, the impact fee credits available to the site beyond the base allowable density are speculative and it is unlikely a buyer would pay a premium for credits that might not demonstrate value for a number of years into the future, if at all. The chart following shows the value allocable to the impact credits at the base density and based on three use configurations of 40 to 60 percent residential to commercial. We note that our concluded value for the site at \$27.50 per square foot is based on comparables with Urban Village type zoning that are eligible for the reduced levels of traffic impact fees at approximately 50 percent of the current rate. Therefore, we project that the traffic impact fees, which have a maximum value of \$1,907 per P.M. trip generated, would only have a contributory value of \$954 per P.M. trip.

The traffic impact fee schedule is complicated and requires numerous assumptions in order to project the contributory value. For purposes of this analysis, we project a mix of commercial uses at 70 percent office, 15 percent specialty retail and 15 percent food types of uses. The chart shows the associated trip generation for these types of uses.

<u>Impact Fee Credits</u>	<u>Assumed Commercial Use Mix and Associated Trip Generation</u>	
\$3,523 per residential unit	70% Office	1.49 Trips/1,000 SF
\$954 per peak PM trip	15% Specialty Retail	2.71 Trips/1,000 SF
	15% Food Uses	4.9 Trips/1,000 SF

	Residential Units	Impact Fee Credits	Commercial Trips	Traffic Impact Credits	Total Credit Value	Credit Value (\$/SF)
<b>Base Floor Area Ratio (2 to 3)</b>						
Residential-Commercial 40%-60%	594	\$2,093,045	1,363	\$1,299,355	\$3,392,400	\$7.21
Residential-Commercial 50%-50%	743	\$2,616,306	1,136	\$1,082,796	\$3,699,102	\$7.86
Residential-Commercial 60%-40%	891	\$3,139,567	908	\$866,237	\$4,005,804	\$8.51

As discussed in the Market Analysis, our projected absorption aligns closest with a 50-50 mix of commercial and residential development. The associated value for these credits would equate to \$7.86 per square foot of site area. We have rounded this up to a contributory value of \$8.00 per square foot. Adding this to the concluded base unit value of \$27.50 per square foot results in a unit value of \$35.50 per square foot.

## VALUE CONCLUSION – ECONOMIC UNIT

Based on the comparable sales, the most likely parcel size would be in the range of 0.75 to 1.00 acres. These parcel sizes are typically constrained by the original platting of blocks and the limits of assembling contiguous ownerships. Developers generally prefer larger parcels for high-density residential and mixed-use developments, provided that there is sufficient demand to support the development, because larger sites allow for a variety of development configurations and economies of scale in the construction costs.

The projected absorption timeline developed in the Market Analysis section of this report indicates an absorption period of 10 years. This equates to economic units of approximately 1.08 acres each (10.8 acres / 10 years), or 47,045 square feet. This is very close to the typical development size seen in the market.

Applying the concluded unit value of \$35.50 per square foot, which includes an allocation for the impact fee credits, to the assumed site sizes of 47,045 square feet results in a value per parcel of \$1,670,098, rounded to \$1,670,000. This is the base retail value for each 1.08 acre parcel that is assumed to sell at the rate of 1 per year over a 10 year absorption period.

## AS IS VALUE - BULK VALUE

The bulk value of the 10 assumed parcels at the subject, each approximately 1.08 acres in size and absorbing over the next 10 years, is detailed in this section. This analysis has been performed using a discounted cash flow analysis to model the absorption over time.

### Absorption Analysis

Based on the analyses in the Market Analysis section of this report, we project a 10-year absorption schedule. We project the first sale would occur immediately and is shown on the discounted cash flow analysis as a presale and is not subject to discounting.

The other assumptions underpinning the DCF are enumerated following:

- Closing costs and costs of sale are estimated at 3 percent for closing costs and 4 percent for sale commissions.
- Developer's overhead is estimated at 2 percent of sales.
- The discount rate applied is 16 percent and this rate includes an allocation for profit. This rate is based on the rates reported by the *PriceWaterhouseCooper Real Estate Survey* of institutional land developers. This survey shows discount rates for land development in the range of 18 to 22 percent but these are typically for much larger developments than the subject. These developments also typically require the developer to construct most of the infrastructure and to develop the property without the level of facilitation offered by the City and Port of Bellingham for the development of the subject. These factors support a lower discount rate.
- The sale price for the units appreciates at a rate of 5 percent per year. This rate emphasizes that, as the amenities in the area develop, the Bellingham waterfront will become a very desirable location. For the near term, land values would likely appreciate apace with other land in the market area, which is emerging from a protracted depressed period. Over the longer term, as the neighborhood materializes, this appreciation will likely outpace other areas in the city. The stabilized appreciation rate of 5 percent compounding annually over a 10 year absorption period reflects this projected trend.

A copy of the discounted cash flow analysis is included on the following page.

## Bulk Value - Discounted Cash Flow Analysis

### Summary of Market Supported Assumptions

Total Parcels	10
Average Price	\$1,670,000
Absorption per Year	1
Annual Discount Rate (%)	16.00%
Closing Costs	3.00% of sales
Sales Commissions	4.00% of sales
Dev. Overhead	2.00% of sales
Presales	1
Annual Appreciation Rate	5.00%

### Summary of Results

<b>Net Present Value</b>	\$9,699,466
NPV per Unit	\$969,947
Gross Retail Sellout	\$16,700,000
NPV as % of GRS	58.1%
Commission & Holding Costs	\$1,807,593
Total Sellout Time (Years)	9

<u>Year</u>	<u>Presales</u>	1	2	3	4	5	6	7	8	9
Cumulative Sales	1.0	2.0	3.0	4.0	5.0	6.0	7.0	8.0	9.0	10.0
Cumulative Dollar Sales	\$1,670,000	\$3,340,000	\$5,093,500	\$6,934,675	\$8,867,909	\$10,897,804	\$13,029,194	\$15,267,154	\$17,617,012	\$20,084,362
Unsold Inventory	9.0	8.0	7.0	6.0	5.0	4.0	3.0	2.0	1.0	0.0
Unit Sales	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Dollar Sales	\$1,670,000	\$1,670,000	\$1,670,000	\$1,670,000	\$1,670,000	\$1,670,000	\$1,670,000	\$1,670,000	\$1,670,000	\$1,670,000
Appreciation	\$0	\$0	\$83,500	\$171,175	\$263,234	\$359,895	\$461,390	\$567,960	\$679,858	\$797,351
Total Dollar Sales	\$1,670,000	\$1,670,000	\$1,753,500	\$1,841,175	\$1,933,234	\$2,029,895	\$2,131,390	\$2,237,960	\$2,349,858	\$2,467,351
Impact Fee Credit Value										
Closing Costs	\$50,100	\$50,100	\$52,605	\$55,235	\$57,997	\$60,897	\$63,942	\$67,139	\$70,496	\$74,021
Sales Commissions	\$66,800	\$66,800	\$70,140	\$73,647	\$77,329	\$81,196	\$85,256	\$89,518	\$93,994	\$98,694
Dev. Overhead	\$33,400	\$33,400	\$35,070	\$36,824	\$38,665	\$40,598	\$42,628	\$44,759	\$46,997	\$49,347
Net Cash Flows	\$1,519,700	\$1,519,700	\$1,595,685	\$1,675,469	\$1,759,243	\$1,847,205	\$1,939,565	\$2,036,543	\$2,138,371	\$2,245,289
Monthly Discount Factor		0.862	0.743	0.641	0.552	0.476	0.410	0.354	0.305	0.263
Discounted Cash Flows	\$1,519,700	\$1,310,086	\$1,185,854	\$1,073,402	\$971,614	\$879,478	\$796,079	\$720,589	\$652,257	\$590,405



## AS IS VALUE CONCLUSION – DEVELOPMENT LAND

The subject is assumed to consist of 10 economic parcels of approximately 1.08 acres, each with a concluded value of \$1,670,000. The projected absorption period of 10 years results in a bulk discounted value of \$9,699,466, which is rounded to **\$9,700,000**. This is the concluded As Is Value for the subject site as of May 21, 2014.

## RECONCILIATION AND FINAL VALUE OPINION

Reconciliation is the process of assigning, or placing various levels of emphasis to each of the different approaches used in the appraisal report. Typically, this process considers the quality and quantity of information available in the various approaches to determine which approach or combination of approaches is the most relevant to the final value of the subject. Considerations include the reliability of data and the acceptability of the various valuation approaches within the particular industry, market area, or property type.

The subject is land that is suitable for mixed-use development. The sales comparison approach was applied to determine the retail value of the individual parcels that comprise the subject and the bulk discounted value was determined using a discounted cash flow analysis. Individual findings of each approach indicated the following opinions of value for the subject:

### VALUE INDICATIONS AS OF MAY 21, 2014

#### Retail Site Value – 1.08 Acres Assumed Site Sizes

Cost Approach	Not Developed
Income Capitalization Approach	Not Developed
Sales Comparison Approach	\$1,670,000

#### Bulk Discounted / As Is Value – 10.8 Acre Site, 10 Assumed Parcels

Discounted Cash Flow Analysis	\$9,700,000
-------------------------------	-------------

#### Sales Comparison Approach

For the sales comparison approach, listings and sales of development land were analyzed in order to determine a retail value for the parcels that comprise the subject. The findings of this analysis were then analyzed with a discounted cash flow analysis in order to derive an As Is Value for the entire site. Sole weight is allocated to these approaches.

## VALUE CONCLUSION

On the basis of the discussion and analyses included in this report, with sole emphasis on the sales comparison approach, our concluded opinion of value for the subject, as of May 21, 2014, is:

**Fee Simple Estate – Bellingham Waterfront Development Land – May 21, 2014**

**NINE MILLION SEVEN HUNDRED THOUSAND DOLLARS**

**\$9,700,000**

This value conclusion is based on numerous hypothetical conditions that are outlined at the beginning of this report. These conditions include, but are not limited to, that the site is not affected by any environmental contamination and that the sites are serviced by utilities and street networks. It is essential that these conditions be reviewed and understood within the context of this valuation because the effect on value could be significant.

Exhibit I:

Whatcom County Assessor Records



**Whatcom County Assessor & Treasurer****Property Search Results > 53361 PORT OF BELLINGHAM for Year 2013 - 2014****Property****Account**

Property ID: 53361 Legal Description: NEW WHATCOM TIDELANDS  
TISSUE RESERVE AREA-SUBJ  
TO RESERVATION OF CERTAIN  
RIGHTS REC AF 2050103046

Geographic ID: 3802255220210002 Agent Code:

Type: Real

Tax Area: 0109 - BELLINGHAM 501 AH LIFT Land Use Code 91

Open Space: N DFL N

Historic Property: N Remodel Property: N

Multi-Family Redevelopment: N

Township: T38N Section: 25

Range: R02E

**Location**

Address: 411 W CHESTNUT ST  
BELLINGHAM, WA Mapsco:

Neighborhood: 5410650500 Map ID:

Neighborhood CD: 5410650500

**Owner**

Name: PORT OF BELLINGHAM Owner ID: 89437

Mailing Address: PO BOX 1677  
BELLINGHAM, WA 98227-1677 % Ownership: 100.0000000000%


Exemptions: EX

**Pay Tax Due**

There is currently No Amount Due on this property.

**Taxes and Assessment Details**

Property Tax Information as of 06/04/2014

Amount Due if Paid on:  **NOTE:** If you plan to submit payment on a future date, make sure you enter the date and click **RECALCULATE** to obtain the correct total amount due.

Click on "Statement Details" to expand or collapse a tax statement.

Year	Statement ID	First Half Base Amt.	Second Half Base Amt.	Penalty	Interest	Base Paid	Amount Due
▶ Statement Details							
2014	33372	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>
▶ Statement Details							
2013	33738	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	<b>\$0.00</b>

**Values**

(+) Improvement Homesite Value: + \$0

(+) Improvement Non-Homesite Value: + \$0

(+) Land Homesite Value: + \$0

(+) Land Non-Homesite Value: + \$4,297,910

(+) Curr Use (HS): + \$0 \$0

(+) Curr Use (NHS): + \$0 \$0

-----

(=) Market Value: = \$4,297,910

(-) Productivity Loss: - \$0

(=) Subtotal:	=	\$4,297,910
(+) Senior Appraised Value:	+	\$0
(+) Non-Senior Appraised Value:	+	\$4,297,910
(=) Total Appraised Value:	=	\$4,297,910
(-) Senior Exemption Loss:	-	\$0
(-) Exemption Loss:	-	\$4,297,910
(=) Taxable Value:	=	\$0

#### Map List

Map No.	Map Area
1	Whole section
2	NE Quarter
3	NW Quarter
5	SE Quarter

#### Taxing Jurisdiction

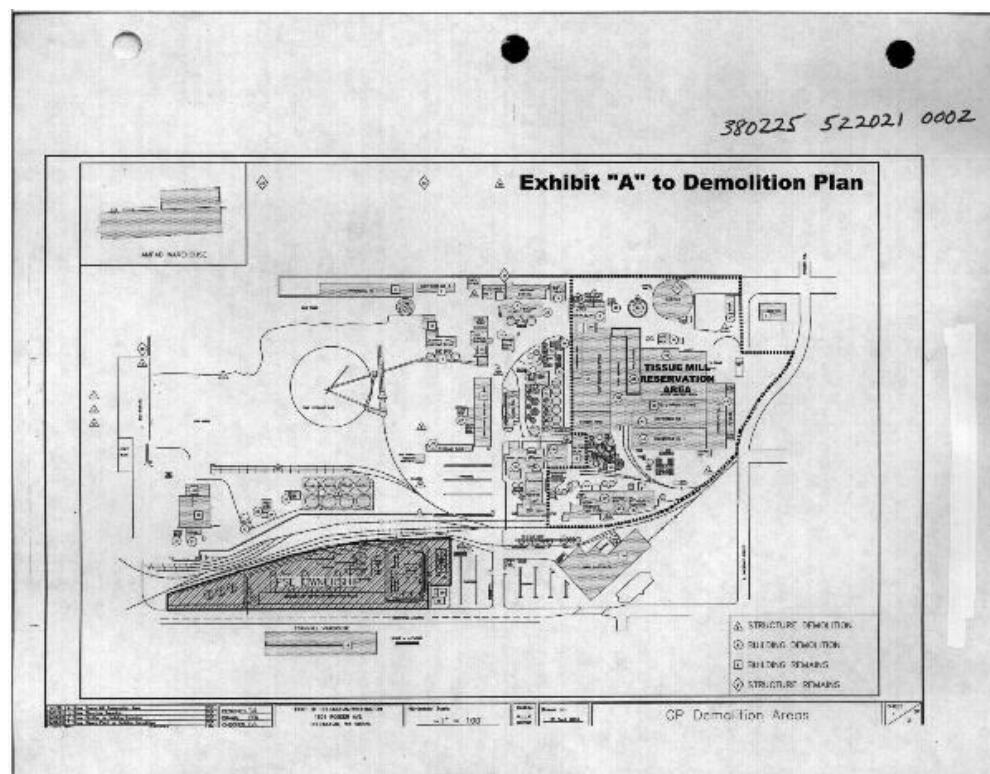
Owner: PORT OF BELLINGHAM  
% Ownership: 100.000000000000%  
Total Value: \$4,297,910  
Tax Area: 0109 - BELLINGHAM 501 AH LIFT

Levy Code	Description	Levy Rate	Appraised Value	Taxable Value	Estimated Tax	
BH01BOND	CITY OF BELLINGHAM 2001 BOND	0.0000000000	\$4,297,910	\$0	\$0.00	
BHAH	CITY OF BELLINGHAM AFF HSG	0.1169037338	\$4,297,910	\$0	\$0.00	
BHFP	CITY OF BELLINGHAM FIRE PENSION	0.2249900129	\$4,297,910	\$0	\$0.00	
BHGEN	CITY OF BELLINGHAM GENERAL FUND	1.6163438811	\$4,297,910	\$0	\$0.00	
BHGW3	CITY OF BELLINGHAM GREENWAYS III	0.5394900397	\$4,297,910	\$0	\$0.00	
BHRDA	CITY OF BELLINGHAM RDA	0.0038419641	\$4,297,910	\$0	\$0.00	
CFL	CONSERVATION FUTURES	0.0431269009	\$4,297,910	\$0	\$0.00	
FCZDL	FLOOD CONTROL ZONE	0.1388336157	\$4,297,910	\$0	\$0.00	
PTBOND	PORT OF BELLINGHAM GO BOND	0.0549286263	\$4,297,910	\$0	\$0.00	
PTGEN	PORT OF BELLINGHAM GENERAL FUND	0.2335740908	\$4,297,910	\$0	\$0.00	
PTRDA	PORT OF BELLINGHAM RDA	0.0002118638	\$4,297,910	\$0	\$0.00	
SD501B	BELLINGHAM SCHOOL #501 BOND	1.3775545130	\$4,297,910	\$0	\$0.00	
SD501CP	BELLINGHAM #501 CAPITAL PROJECTS	0.6057763110	\$4,297,910	\$0	\$0.00	
SD501MO	BELLINGHAM SCHOOL #501 M&O	2.5017285334	\$4,297,910	\$0	\$0.00	
WA	WA STATE GENERAL FUND	2.6164263372	\$4,297,910	\$0	\$0.00	
WAREF	WA STATE REFUND FUND	0.0000000000	\$4,297,910	\$0	\$0.00	
WCCE	COUNTY CURRENT EXPENSE	1.1132362078	\$4,297,910	\$0	\$0.00	
WCCT	COUNTY COMBINED TREATMENT	0.0124999999	\$4,297,910	\$0	\$0.00	
WCDD	COUNTY DEVELOPMENTAL DISABILITY	0.0124999999	\$4,297,910	\$0	\$0.00	
WCER	COUNTY ELECTION RESERVE	0.0152030518	\$4,297,910	\$0	\$0.00	
WCVR	COUNTY VETERANS RELIEF	0.0112499999	\$4,297,910	\$0	\$0.00	
AHBH13	AFFORDABLE HOUSING BHAM	0.2338074677	\$4,297,910	\$0	\$0.00	
Total Tax Rate:		11.4722271507				
				Taxes w/Current Exemptions:	\$0.00	
				Taxes w/o Exemptions:	\$49,306.58	

#### Improvement / Building

#### Property Image

This property contains TIFF images. Click on the button(s) to download the full image (which may contain multiple pages).



#### Land

#	Type	Description	Acres	Sqft	Eff Front	Eff Depth	Market Value	Prod. Value
1	9130	INDUSTRIAL	16.7800	730937.00	0.00	0.00	\$4,297,910	\$0

#### Roll Value History

Year	Improvements	Land Market	Current Use	Total Appraised	Taxable Value
2014	N/A	N/A	N/A	N/A	N/A
2013	\$0	\$4,297,910	\$0	\$4,297,910	\$0
2012	\$0	\$4,297,910	\$0	\$4,297,910	\$0
2011	\$0	\$4,297,910	\$0	\$4,297,910	\$0
2010	\$0	\$4,297,910	\$0	\$4,297,910	\$0

#### Deed and Sales History

#### Payout Agreement

No payout information available..



This website is under active development. Some functionality is not yet available and data is not guaranteed.  
[Assessor Home Page](#) [Treasurer Home Page](#) [Full County Map](#) [Disclaimer](#) [Privacy Policy](#)

## Exhibit II:

### Client's List of Assumptions and Conditions

### **Assumptions for Waterfront District Initial Development Area Appraisal:**

**Site:** Initial 10.8 acres at the northern end of the Downtown Waterfront, shown on attached Exhibit A.

The properties shall be appraised with the following assumptions:

1. **Fee Simple Land Sale:** The property will be sold to one developer in one or more parcels over the next several years. The appraisal should reflect the 2014 land value.
2. **Site Conditions and Environmental Cleanup :** This is a former industrial site. Prior to 2008 the Site was an industrial facility and had been used for various industrial operations for the preceding 70 years. Therefore, like many former industrial sites, it has a number of below ground features consistent with a historic industrial property. Soil and groundwater at the site have been identified to contain various levels of contamination consistent with historic industrial operations. Existing site conditions and associated environmental remediation are presented below:
  - a. Historic Below Ground Industrial Artifacts. As typical of a former long used industrial site, it is anticipated that underground piping, vaults, conduits, piling and other artifact structures will be encountered. There is no reliable mapping of these anticipated artifacts. The cost of dealing with these industrial artifacts will be borne by the Developer Entity. It is anticipated that a Developer Entity will design a project to minimize the costs of dealing with these industrial artifacts.
  - b. Historic Environmental Contamination. Consistent with historic industrial operations, soil and groundwater at the Site have been identified to contain various levels of contamination. The Site has been the subject of a remedial action supervised by the Washington State Department of Ecology. The remedial action consisted of (i) testing of the soils and groundwater and (ii) developing a remedial plan protective of both human health and the environment. That plan includes (i) some focused excavation and removal of heavily contaminated soils, (ii) isolation of the rest of the soils on the Site (presumed to be lightly contaminated) with a physical cap over the site and restrictions placed on use of the ground water of the Site. Much of the Site is already capped with building foundations and asphalt parking areas.
  - c. Consent Decree with Ecology. The approved remedial plan will be the subject of a formal Consent Decree whereby the Port agrees to undertake the remedial plan and the Department of Ecology agrees to settle any environmental liability. Under Washington law a Consent Decree also provides protection against any third party claims. The Port will be responsible for implementing the remedial plan and will indemnify any purchaser for any activity required under the remedial plan or any



failure of the remedial plan. The Consent Decree will contain a “soils management plan” which will provide direction on handling soils excavated from the site as part of non-remedial construction projects (for example the soil excavated as part of a building foundation will need to be properly tested before removal from the Site and, if contaminated, disposed of in accordance with law).

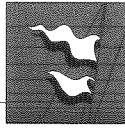
- d. Restrictive Covenant: The Development Entity will be responsible for compliance with the environmental covenants (including Ecology notification requirements, maintaining integrity of environmental caps, and materials management) during the development and with any liability arising from violation thereof. For example, if the cap is disturbed it will have to be replaced as part of the construction process. The cap may consist of a building foundation, an asphalt parking lot, soil and landscaping over a separation membrane, a street or a gravel layer over the top of a separation membrane. The cost of complying with the restrictive covenant will be borne by the Developer Entity. It is anticipated that a Developer Entity will design a project to minimize the costs of dealing with these requirements.
3. **Development Regulations**: The Sub-area Plan, development regulations and Planned Action Ordinance adopted in December, 2013 will govern development of the site. The appraisal should reflect the development character, allowable uses, density, height limits, reduced parking requirements and other entitlements described in the following documents, available for review on the City of Bellingham website:  
<http://www.cob.org/services/planning/waterfront/index.aspx>
  - Waterfront district Sub-area Plan (December, 2013)
  - Waterfront District Development Regulations (December, 2013)
  - Waterfront District Design Standards (December, 2013)
  - Waterfront District Planned Action Ordinance (December, 2013)
  - Shoreline Master Program (December, 2013 amendment)
  - Waterfront District Permit Handbook (2014)
4. **Permit Process**: It is assumed that the City and Port will work together with the developer to expedite the development permit process as described in the Waterfront Permit Handbook. This streamlined process includes predictable environmental review and application of the State Environmental Policy Act (SEPA) mitigation requirements described in the approved Environmental Impact Statement and SEPA Planned Action Ordinance adopted for this site.
5. **Infrastructure**: All provisions of the Interlocal Agreement for Facilities dated 12.18.13 will be implemented. Specifically, it is assumed that the City of Bellingham will construct the

Whatcom Waterway Park, the first phase of the Commercial Street Green park, Granary and Bloedel Avenue through the site, and interim Laurel Street to Cornwall Avenue plus associated utilities over the next several years in conjunction with site development.

6. **Impact Fee Credits:** The Parks and Traffic Impact Fee credits described in Section 9 a. and b. of the 12.16.13 Waterfront district Development Agreement will apply to this site. No Park Impact Fees will be assessed for residential development on the site, resulting in a parks impact fee reduction of \$3,523 per residential unit . The Traffic Impact Fee credit described in Section 9.a. of the Development Agreement will be used to off-set City of Bellingham Traffic Impact Fees for all commercial, offices, Institutional and Industrial development. This will reduce development fees by \$1,907 per pm peak hour trip for commercial development. Normal City of Bellingham Traffic Impact Fee rates will apply to residential development, assuming that the traffic impact fee reductions associated with a designated Urban Village will apply to this site.

Exhibit III:

Letter of Engagement



# PORT OF BELLINGHAM

*Washington State*

May 1, 2014

John Bryan, Appraiser  
Columbia Valuation Group, Inc.  
2402 Northwest 195<sup>th</sup> Place  
Shoreline, WA 98177

**RE: Bellingham Waterfront appraisal update**

Dear John,

The Port is in need of an update to the appraisal prepared by your office, CVG File No. 09-188, dated June 10, 2009. The assumptions and specific site for this update are attached.

Prior to proceeding, please provide a cost estimate and approximate completion date.

Sincerely,

PORT OF BELLINGHAM

Shirley McFearin, Managing Broker  
Director of Real Estate

**Subject:** RE: Bellingham Waterfront appraisal update  
**From:** "Ilahi, Terry" <terryi@portofbellingham.com>  
**Date:** 5/6/2014 2:28 PM  
**To:** 'John Bryan' <jbryan@cvgseattle.com>  
**CC:** "McFearn, Shirley" <ShirleyM@portofbellingham.com>

John,

Thank you for your email. Please proceed and use purchase order number 44960 for this assignment.

Best Regards,

Terry

Terry Ilahi  
Port of Bellingham  
Real Estate Account Representative  
360-715-7375  
360-676-2500 ext 328

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**From:** John Bryan [mailto:jbryan@cvgseattle.com]  
**Sent:** Tuesday, May 06, 2014 1:43 PM  
**To:** Ilahi, Terry  
**Subject:** Re: Bellingham Waterfront appraisal update

Hi Terry,

After reviewing the provided documentation, we could do \$3,800 and deliver by the end of May. There will obviously be more questions that come up through the process and we appreciate your assistance in answering these questions thus far.

Thank you for your consideration and we look forward to working with you.

Sincerely,

John Bryan, Appraiser  
Columbia Valuation Group, Inc.  
206.364.8580 Office  
206.817.4516 Cell  
206.364.8556 Fax  
On 5/1/2014 11:27 AM, Ilahi, Terry wrote:

Good morning John,

Please see the attached documents related to appraisal update:

- 1- Letter requesting a cost estimate and completion date
- 2- Initial Development Offering appraisal assumptions
- 3- Site map

Please contact me should you have any questions.

Best Regards,

Terry



Terry Ilahi  
Port of Bellingham  
Real Estate Account Representative  
1801 Roeder Avenue  
PO Box 1677  
Bellingham, WA 98227  
Direct: 360-715-7375  
Fax: 360-671-6411

***This email and related attachments and any response may be subject to public disclosure under State law.***

Exhibit IV:

Appraisers' Qualifications

## QUALIFICATIONS

John C. Bryan

### EDUCATION

---

State University of New York at Albany — Bachelor of Arts, English  
University of Washington – Certificate of Construction Management

Appraisal Institute – General Applications  
Appraisal Institute – Advanced Sales Comparison and Cost Approaches  
Appraisal Institute – Advanced Concepts and Case Studies  
Appraisal Institute – Advanced Income Capitalization  
Appraisal Institute – Uniform Appraisal Standards for Federal Land Acquisitions  
Appraisal Institute – Analysis of Operating Expenses  
International Right of Way Association 401 – Appraisal of Partial Acquisitions  
Uniform Standards of Professional Appraisal Practice  
State of Virginia Right of Way Consultant Seminars  
State of Washington Right of Way Consultant Seminars

### PROFESSIONAL DESIGNATION

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General Certified Appraiser, License No. 1101826  
Formerly Licensed as Real Estate Salesperson

### EXPERIENCE

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2007 to Present – Real Estate Appraiser - Columbia Valuation Group

2002 to 2007 – Real Estate Appraiser - PGP Valuation

1998 to 2002 – Right of Way Acquisition Agent

### TYPICAL ASSIGNMENTS

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- Industrial buildings, single and multi-tenant
- Retail developments, ranging from freestanding single-tenant buildings to neighborhood shopping centers with outparcels
- Office buildings, ranging from freestanding single tenant to small midrise
- Residential and commercial plats; planned unit developments
- Apartments, condominiums, townhouse and mixed-use buildings
- Agricultural and resource properties
- Golf courses and country clubs
- Right of way appraisal, including complex damages
- Tidelands, waterfront and submerged lands
- Across-the-fence valuations, including rail corridors

REAA 860

JOHN C BRYAN  
2402 NW 195TH PLACE  
SHORELINE WA 98177

STATE OF WASHINGTON

CERTIFIED GENERAL REAL ESTATE APPRAISER

JOHN C BRYAN  
2402 NW 195TH PLACE  
SHORELINE WA 98177



CERT/LIC NO.  
1101826

EXP. DATE  
07/26/2014

*John Hilt*  
Director

STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION

THIS CERTIFIES THAT THE PERSON NAMED HEREON IS AUTHORIZED, AS PROVIDED BY LAW, AS A

CERTIFIED GENERAL REAL ESTATE APPRAISER

JOHN C BRYAN  
2402 NW 195TH PLACE  
SHORELINE WA 98177



Cert/Lic No.  
1101826

Issued Date  
05/04/2007

Expiration Date  
07/26/2014

*John Hilt*  
Director

## PRINCIPAL QUALIFICATIONS

Kevin H. McAuliffe, MAI

### EDUCATION

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Western Michigan University — Graduate Studies in Regional Planning  
Western Michigan University — Bachelor of Arts in Geography / Urban Planning  
American Institute of Real Estate Appraisal — Real Estate Appraisal Principles  
American Institute of Real Estate Appraisal — Basic Valuation Procedures  
American Institute of Real Estate Appraisal — Capitalization Theory and Techniques, Part A  
American Institute of Real Estate Appraisal — Capitalization Theory and Techniques, Part B  
American Institute of Real Estate Appraisal — Case Studies in Real Estate Valuation  
American Institute of Real Estate Appraisal — Standards of Professional Practice  
American Institute of Real Estate Appraisal — Valuation Analysis and Report Writing  
American Institute of Real Estate Appraisal, The Appraisal Institute and The International Right of Way Association — Uniform Standards of Professional Appraisal Practice (USPAP), Discounted Cash Flow Analysis; Investment Analysis; Applied Sales Comparison Approach; Appraising for Pension Funds; Subdivision Analysis; Rates, Ratios, and Reasonableness; Comprehensive Appraisal Workshop; FIRREA, Overview and Practical Application; Environmental Assessment and Audits; Easement Valuation; 1031 Tax Deferred Exchanging; Technical Inspection of Real Estate; The Appraiser as an Expert Witness; Fair Lending; Attacking and Defending an Appraisal in Litigation; Litigation Skills for the Appraiser; Standards of Professional Practice-Part C; Internet Search Strategies for Real Estate Appraising; Appraisal of Nonconforming Uses; GIS Applications for Real Estate; Income Valuation of Small Mixed Use Properties; Scope of Work; Real Estate Fraud; Operating Expenses; Small Hotel Valuation; Business Value and Going Concern Value; Analyzing Distressed Real Estate; Partial Interest Valuation, Divided and Undivided; Washington State Planning and Land Use Seminar; Appraising Vineyards and Wineries; and Uniform Appraisal Standards for Federal Land Acquisitions (Yellow Book)

### PROFESSIONAL DESIGNATION

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Member Appraisal Institute, MAI  
General Certified Appraiser, Washington State

### EXPERIENCE

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Columbia Valuation Group, Inc. - Seattle, Seattle, WA, *Founding Principal*  
1992 - Current

Seafirst Bank, Seattle, WA, *Assistant Vice President and Senior Appraisal Officer* — Real estate advisory and appraisal services  
1986- 1992

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COLUMBIA VALUATION GROUP, INC. - SEATTLE

Seattle

Tacoma

Wenatchee

Yakima Valley

Bellingham



# STATE OF WASHINGTON

DEPARTMENT OF LICENSING – BUSINESS AND PROFESSIONS DIVISION



THIS CERTIFIES THAT THE PERSON NAMED HEREON IS AUTHORIZED, AS PROVIDED BY LAW, AS A  
CERTIFIED GENERAL REAL ESTATE APPRAISER

KEVIN H MCAULIFFE  
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SHORELINE WA 98177

**Cert/Lic No.**  
1100752

**Issued Date**  
12/11/1991

**Expiration Date**  
05/25/2015

*John Hilt*  
Director