

DATE: January 16, 2015  
TO: Keith Stahley and Renee Sunde  
FROM: Lorelei Juntunen  
SUBJECT: SUMMARY OF STAFF REVIEW AND RECOMENDATIONS

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The City of Olympia created a review committee that includes city staff and representatives from ECONorthwest, Pacifica Law Group, and the National Development Council to evaluate responses to a request for letters of interest and qualifications for predevelopment activities in the Water Street Redevelopment Area. The city's intention is to select the development team that can best partner with the city to generate new private development in a vibrant mixed-use area with market rate housing and ground floor retail space. The new development must complement active use of the adjacent public park. The committee's review serves as input to staff's recommendation to Council regarding which development team is best positioned to implement this redevelopment vision.

Responses to the City's request for letters of interest were due on December 9, 2015. The City received two responses, both of which met the requirements of the City's request, from the Lou Development Team and the Urban Olympia Team. The review committee then interviewed each team on January 15, 2016.

Based on the written responses and the interviews, the review committee recommends **the Urban Olympia Team** for this project. This memorandum summarizes the committee's review supporting this recommendation.

Exhibit 1 provides an overview of the written proposal responses, organized according to the requested content in the city's request for letters of interest and qualifications.

**Exhibit 1: Overview of Written Responses**

	<b>Lou Development, LLC</b>	<b>The Urban Olympia Team</b>
Principal / Primary Contact	Steven Lou (Principal) Kerry Hu (Primary Contact)	Walker John
Additional team members and roles	EB-5 Regional Center (WWU): secure EB-5 funding for project  Andrew Clapham & Assoc, LLC: Construction Manager  Architects: Zhejiang South Design and Studio 19 Architects  General Contractor: Chinn Construction	Architect / urban designer: Ron Thomas  Civil Engineer: Parametrix  Landscape Architects: Glander and Associates  Other team members cover full range of engineering and geotech, interior design, a building envelop specialist, and an archaeologist
Example projects	<b>123 4<sup>th</sup> (Olympia)</b> \$32 million mixed use building with 138 residential units and 7600 sf commercial. Currently under construction.  <b>Pacific Village Project (Lacey)</b> \$35 million, 13 acre development with 16 residential buildings and 256 units.  <b>SeaTac Airport Hyatts Project (SeaTac)</b> \$100 million project that includes two new hotels.	<b>Thurston First Bank Building (Olympia)</b> \$1.75 million renovation of downtown Sears building to a mixed use building with 19 units of residential above 3 new commercial spaces.  <b>321 Lofts (Olympia)</b> \$4 million residential construction with 36 units.  <b>Campus Lofts and Townhomes (Olympia)</b> \$3.5 million adaptive re-use of office building to 36 apartments. Currently under construction.  **Team also provided additional examples not summarized here
Strategy for marketing and managing projects, including public involvement	“Lou Development’s strategy for all development projects is to build and hold for long-term growth, hire the best local team to manage properties.”	Spend very little on marketing; focus instead on quality product and character.  Work with The Rants Group for residential leasing and Caldwell Banker for commercial leasing.  Seek early input from all project stakeholders, including public input through open house.

In general, the Walker John written proposal provided more complete responses to the requested information in the request for letters of interest, including more detailed project examples.

The Lou Development response included some example site plans, identifying how a possible hotel and other mixed-use development could be situated on the site. These site plans were not a required part of the response, and were describes as “preliminary ideas” for discussion with the City.

After reviewing the written responses, the review committee, together with Mayor Pro Tem Jones, interviewed both development teams to explore the fit, or alignment, with the city’s vision for the redevelopment of the area and approach to public-private partnership. The interview was informal and conversational, and explored the teams’ approaches to public

involvement, initial ideas for the use of the site, and ideas for making the partnership with the city more successful.

The request for letters of interest and qualifications outlined a set of criteria. The committee evaluated the two teams against those criteria, based on the development teams’ proposals and these interviews. Exhibit 2 provides an overview of an evaluation of the two teams against those criteria.

**Exhibit 2. Evaluation of Written and Interview Responses Against Criteria**

Criteria	Lou Development, LLC	The Urban Olympia Team
Success in developing urban redevelopment projects	The team clearly has this experience with many successful and well-designed projects. However, their experience is generally at a much larger scale than is envisioned for these properties. The focus on using EB-5 funding drives toward uses such as hotels that may not be a good fit for the Water Street sites.	The team has developed projects that are well-integrated into the existing urban fabric and respectful of community priorities. Their past project experience is at a variety of scales from smaller infill projects to larger mixed use development.
Quality of representative projects	Example projects were high quality, well-designed projects. However, the review committee felt that the suggested development form and mix of uses for this site, as well as many of the example projects provided in the proposal, were at a larger scale than might be appropriate for these sites.	Examples in the written proposal response were generally high quality, positive examples of urban development. The Pavilion in Puyallup, which is a community gathering space that opens onto an adjacent park, was particularly relevant. In the interview, the team shared ideas for connecting the sites with a “linear park” through the site, and also provided examples of development on just portions of the property, if it is not possible to gain complete site control. The review committee appreciated the creativity in these responses.
Qualifications of project team and key project manager	The team has successfully delivered on many projects.	The team has successfully delivered on many projects.
Prior development experience in the Thurston County Area	Yes – 123 4 <sup>th</sup> is an example.	Yes, including an entirely local team
Experience in partnering with public sector in redevelopment projects	Unclear whether the team has accessed public financing directly in past projects, but they certainly have experience working through public processes and working with staff in Olympia successfully on 123 4 <sup>th</sup> .	The team has completed a range of public and private projects, and they have experience working through public processes that involve community participation and working with staff in Olympia successfully. It is unclear whether Walker John has directly accessed public financing in other projects, though other members of the team have certainly worked with publicly-financed projects.

In summary, while both teams could be excellent partners with the city, for the properties in the Water Street Redevelopment Area, the review committee felt that the Walker John team’s

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written and interview responses were a better overall match. The team's response and example projects were:

- Creative and respected site context
- Flexible and pragmatic in considering alternatives if control of the entire area is not possible,
- Thoughtful in approach to public involvement and partnership with the city
- Understanding of the local political context and attitudes toward planning and development issues

The review committee recommends Walker John for this project.