

**AGREEMENT
BETWEEN THE CITY OF OLYMPIA
AND URBAN OLYMPIA 5 LLC**

THIS AGREEMENT (this "Agreement") is entered into this ____ day of _____, 2016, by and between the CITY OF OLYMPIA, a municipal corporation of the State of Washington (the "City") and URBAN OLYMPIA 5 LLC, a limited liability company organized under the laws of the State of Washington (the "Developer") (and together, the "Parties").

WHEREAS, the City issued a Request for Letters of Interest and Qualifications for Predevelopment Activities dated November 23, 2015 (the "RFI/RFQ") with respect to the development of an area between 4th Avenue and 5th Avenue east and west of Water Street in Olympia (the "Water Street Redevelopment Area" or "Area") as part of the City's continuing efforts to revitalize its downtown pursuant to and in accordance with the Community Renewal Law codified at Chapter 35.81 RCW; and

WHEREAS, the Developer submitted a response to the RFI/RFQ and was chosen by the City to assist in the promulgation of a development plan for the Area (the "Area Plan") in accordance with the RFI/RFQ; and

WHEREAS, the RFI/RFQ generally describes the obligations of the Developer and the City in the promulgation of the Area Plan and is attached hereto as **Exhibit B** for guidance in the development of the Area Plan; and

WHEREAS, by this Agreement the Parties intend to set forth more detailed understandings and conditions which will govern, among other things, the scope and content of the Area Plan, the payment by the City of predevelopment costs to the Developer, the coordination of the Area Plan with the City's ongoing downtown planning effort (the "Downtown Strategy"), the process for public participation in and City Council consideration of the Area Plan, and the Developer's exclusive negotiating opportunity to acquire City property within the Area upon acceptance of the Area Plan by the City, and other related terms and conditions.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL PROMISES AND CONDITIONS CONTAINED HEREIN, THE PARTIES AGREE AS FOLLOWS:

I. OBLIGATIONS OF THE DEVELOPER

A. Scope of Work. The Parties agree to and accept the scope of work for predevelopment activities associated with the development of the Area Plan, which is attached hereto and incorporated herein as **Exhibit A** (the "Scope of Work"). The Scope of Work includes the timing and delivery of interim work products, the respective roles and responsibilities of the City and the Developer, opportunities and timelines for participation, review and comment by the public and consideration by the City Council. The Parties agree to work diligently to meet their respective deadlines and to do all things reasonably required to

develop the Area Plan in accordance with the schedule set forth in **Exhibit C** (Water Street Redevelopment Area Anticipated Process and Timeline). In the event that the terms of this Agreement and the Scope of Work are later found to conflict, the terms of the Scope of Work shall control.

B. Area Plan. The objective of the Area Plan is to create a proposed development program, including details on use mix, site design, preliminary ideas on building scale and massing, and development feasibility in a pro forma spreadsheet. The Developer will identify any code changes or public investment necessary or desirable to make development consistent with the Area Plan feasible.

The details, timing, requirements and responsibilities of the Area Plan are more particularly described in the Scope of Work.

C. Downtown Strategy. In addition to the Area Plan being consistent with and in furtherance of the Downtown Strategy, the Developer agrees to actively participate in the development of the Downtown Strategy in accordance with the Scope of Work. The Developer's participation is intended to inform the Downtown Strategy by describing its implications to the Area Plan and by providing insight into market conditions affecting downtown development and investment. The Parties see the parallel development of the Area Plan and the Downtown Strategy as a unique opportunity to integrate market realities and private sector perspectives into planning for the Area and greater downtown.

D. Review and Revision. The Developer shall provide ample opportunity for meaningful comment by the City's Director, Community Planning and Development Department, and its Economic Development Director or their designees (together, the "City Staff") and public participation in the development of the Area Plan to facilitate the building of consensus around the Area Plan. The means by which public review and comment will be solicited and a timeline for completing City Staff comment, public participation, and review of the Area Plan are set forth in the Scope of Work.

II. OBLIGATIONS OF THE CITY

A. City Review. The City commits to the review timelines set forth in the Scope of Work and more particularly in the **Exhibit C** project timeline by City Staff to ensure timely feedback to the Developer. The City also agrees to facilitate and support public participation in the Area Plan development in accordance with the roles and responsibilities, and timelines set forth in the Scope of Work.

B. Council Review. The City will make a reasonable good faith effort to ensure timely review and consideration of the Area Plan by the City Council after review by City Staff consistent with the timeline set forth in the Scope of Work.

C. Predevelopment Funding. The City will provide up to \$25,000 to the Developer in predevelopment matching grant funding for promulgation of the Area Plan and \$10,000 in predevelopment funding to offset the cost of the Developer's participation in the development of

the Downtown Strategy. Such funding will be made available in compliance with the terms of the Scope of Work.

D. Fees. The City agrees to pay for the above predevelopment tasks based on billable hours and expenses up to the limits set forth in Paragraph II C above, in accordance with **Exhibit D** (Thomas Architecture Studio (“TAS”) Schedule of Billing Rates). Urban Olympia 5, LLC shall be responsible for all other expenses associated with this scope of work.

E. Payments For Services. Urban Olympia 5, LLC will invoice the City of Olympia for its share of TAS expenses on a monthly basis. The City may retain up to 10% of the payments until all deliverables as described in the Scope of Work have been provided and accepted by the City. The City of Olympia and Urban Olympia 5, LLC shall jointly retain ownership of all work products unless otherwise noted herein. The Developer may use these work products should they move forward with a project.

III. DEVELOPER’S RIGHT TO ACQUIRE CITY PROPERTY

Upon approval by the City Council of a final Area Plan, the City will identify City property within the Area, if any, that may be offered for sale pursuant to the Area Plan to a private developer. The City agrees that if the City Council approved Area Plan is substantially derived from the Developer’s proposal, then it will negotiate the terms of sale of City property so identified exclusively with the Developer or its assigns for a period of six months, unless extended in writing by the Parties in an Exclusive Negotiation Agreement as described in the Scope of Work. The City also agrees that upon execution of this Agreement, it will not offer for sale any property owned by the City within the Area for six months of the date of this Agreement or until the date of City Council review and action on the proposed Area Plan, whichever is longer. If the City Council rejects the proposed Area Plan or approves an alternate area plan that is not substantially derived from the proposed Area Plan, then the Developer’s right of exclusive negotiation for the purchase of City property in the Area under this provision shall terminate effective as of the date of City Council action. The City will exercise good faith in determining whether an alternate area plan is substantially derived from the proposed Plan by the Developer, but the City’s determination, absent bad faith, will be final.

IV. USE AND OWNERSHIP OF PLANS AND DESIGNS

The City and the Developer shall jointly own all plans, designs and other intellectual property resulting from this Agreement and pertaining to development of the Area Plan as described in the Scope of Work under Section 2.a-d, Section 4.a-e and Section 5, regardless of the extent to which it pays predevelopment costs described above. The City and the Developer shall also jointly own all plans, designs, and other intellectual property created in conjunction with performance of its obligations under this Agreement as described in the Scope of Work under Section 2.e-j and Section 3, pertaining to the Developer’s preferred alternative. The City’s right to use plans, designs, and other intellectual property related to the Developer’s preferred alternative as described above in the previous sentence, however, shall terminate immediately

should the City and the Developer fail to enter a development agreement in furtherance of the Area Plan.

V. DISPUTE RESOLUTION

If at any time during the term of this Agreement, either party determines that the other is failing to cooperate in accordance with its terms, the aggrieved party shall give the other party written notice thereof specifying the basis for its determination, and the parties shall meet and confer in good faith to attempt to resolve any concerns or issues related to such determination. If the parties are not in good faith able to agree to a mutually acceptable resolution with thirty (30) days after such notice is given, the matter shall be subjected to mediation with a neutral, mutually acceptable professional mediator in Olympia, Washington, with such mediation to be completed with sixty (60) days after expiration of the 30-day good faith negotiation period. Each party shall bear one half of the cost of the mediator. Neither party shall exercise any other remedies or take any judicial or administrative action against the other nor issue any public statements concerning its determination or any related issue nor shall either party be in breach of this Agreement during any such 30-day good faith negotiation period so long as they are negotiating in good faith or during the ensuing 60-day mediation period so long as they are cooperating with such mediation process.

VI. ENVIRONMENTAL REVIEW OF AREA PROPERTY

A. Environmental Testing – City Properties. The City agrees to perform environmental characterization and site assessment testing of all City-owned property within the Area at its sole expense.

B. Environmental Testing – Privately Owned Properties. The City shall perform environmental characterization and site assessment testing of all privately owned properties within the Area for which the owner is willing to grant access for this purpose, up to a maximum City cost of \$60,000.00. To the extent that such work cannot be completed within this budget on all such properties, the City will establish priorities for such work in consultation with the Developer.

C. Duty to Provide Testing Results. The City shall complete the environmental testing called for by this section and provide the results to the Developer prior to any negotiation of terms and conditions of the Developer's acquisition of Area property as contemplated by this Agreement.

D. Development of Remediation Plan and Schedule. The City shall develop an environmental remediation plan for those tested sites within the Area Plan which are determined by the City, in consultation with the Developer, to be reasonably likely for development by the Developer and shall provide funds for the implementation of such plan, subject to the following: (1) the total cost to the City for plan development and implementation will not exceed \$120,000.00; (2) the first priority for implementation expenditures will be for remediation of City-owned sites and rights of way; and (3) any remaining City funds will be allocated for

implementation to sites and rights of way determined by the City in consultation with the Developer.

VII. MUTUAL INDEMNITY AND HOLD HARMLESS

A. To the extent allowed by law, the Developer shall protect, defend, indemnify and save harmless the City and its officers, agents, and employees from and against any and all claims, costs and/or losses whatsoever occurring or resulting from the negligent tortious acts or omissions of the Developer and its officers, agents and employees in connection with or in support of the Developer's performance of this Agreement, except for injuries and damages caused by the sole negligence of the City. The Developer will also defend, indemnify, and save harmless the City and its officers, agents and employees from any and against any and all claims made by the Developer's employees arising from their employment with the Developer.

B. To the extent allowed by law, the City shall protect, defend, indemnify and save harmless the Developer and its officers, agents, directors, and employees from and against any and all claims, costs and/or losses whatsoever occurring or resulting from the negligent tortious acts or omissions of the City and its officers, agents and employees in connection with or in support of the City's performance of this Agreement, except for injuries and damages caused by the sole negligence of the Developer.

C. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Developer and the City, its officers, officials, agents, and employees, the Developer's liability, including the duty and cost to defend, hereunder shall be only to the extent of the Developer's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Developer's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

VIII. GOVERNING LAW AND VENUE

This Agreement will be construed and interpreted in accordance with the laws of the State of Washington. Any mediation, arbitration or legal proceeding that arises out of or in connection with this Agreement will be initiated and maintained in Olympia, Washington. Each party consents to jurisdiction and venue in such courts and waives the right to claim that any such court is an inconvenient forum.

IX. NOTICES

Whenever this Agreement provides for notice to be provided by one party to another, such notice shall be in writing and directed to the City Attorney and the Developer at the addresses set forth below, or at such other addresses as to which an addressee party may hereafter give notice to the other party.

If to the City:	Olympia City Attorney Olympia City Hall 601 4 th Avenue East Olympia, WA 98501
With copy to:	Director Community Planning and Development Department Olympia City Hall 601 4 th Avenue East Olympia, WA 98501
If to the Developer:	Urban Olympia 5 LLC Attn: Walker John 407 Adams Street SE, Suite 201 Olympia, WA 98501
With a copy to:	Thomas Architecture Studio Attn: Ron Thomas, AIA, President 109 Capitol Way North Olympia, WA 98501
And with copy to:	Phillips Burgess PLLC Attn: Heather Burgess 724 Columbia Street NW, Suite 320 Olympia, WA 98501

X. COUNTERPARTS

This Agreement may be executed in counterpart originals, each of which shall be deemed original, with the same effect as if the signatures thereto were on the same instrument.

XI. ENTIRE AGREEMENT AND MODIFICATIONS

This Agreement constitutes all of the understandings and agreements of any nature existing between the parties with respect to the development of the Area Plan. Unless otherwise provided for herein, no amendments, changes, alternatives or modifications of this Agreement shall be effective unless they are in writing executed by the City and the Developer.

CITY OF OLYMPIA,
a municipal corporation

By _____
Its _____

URBAN OLYMPIA 5 LLC,
a limited liability company
of the State of Washington

By Wall _____
Its Manager _____

Approved as to form:

By Mark Barber
Its CITY ATTORNEY

**WATER STREET DEVELOPMENT AREA
SCOPE OF WORK
FOR
PREDEVELOPMENT ACTIVITIES**

This scope of work will result in the creation of an Area Plan for the Water Street Redevelopment Area that explores opportunities for new vertical development, public amenities and streetscape improvements. Ultimately, the city and the developer anticipate that predevelopment and planning activities will lead to a public-private development agreement that will coordinate new development with public investment.

The City envisions vibrant mixed-use development in this area bringing more market rate housing, ground floor retail/restaurant space, and perhaps structured parking to the area. Uses should be complementary to the adjacent park and should result in no net reduction in park space.

Following is a detailed list of predevelopment activities that will be undertaken by the Urban Olympia 5, LLC and Thomas Architecture Studio (TAS). Where appropriate for each task, the following has been identified:

- Clarification of deliverables and activities
- Time frame for deliverables and activities
- Participation and/or review by City of Olympia

PREDEVELOPMENT TASKS:

1. PROPERTY ACQUISITION (March 22, 2016 – May 30, 2016):

- a. Coordination between Urban Olympia 5, LLC (the “Developer”) and City representatives regarding previous outreach efforts to property owners within the proposed Area Plan.
- b. Purchase and Sale Agreements or other legal agreements to secure site control (options, joint venture agreements, etc.) for all parcels for which detailed development plans will be provided (preferred alternative). These properties may include City-owned properties.

Urban Olympia 5, LLC will share information it gathers in the property acquisition phase with the City. Should Urban Olympia 5, LLC and the City conclude that site control is not reasonably feasible within the Water Street Redevelopment Area, then only items 2.a through 2.d of the Area Plan, the Downtown Strategy Component (items 4a through 4.e) and the City Review and Public Participation (item 5) of the Scope shall apply.

- 2. AREA PLAN (June - August)** The Area Plan shall include all properties within the WSRA, including the right of way of Water Street, and will show context and connection to the surrounding properties and blocks. Detailed architectural plans will only be completed on those sites for which Urban Olympia 5, LLC has gained site control or for which it intends to pursue an Exclusive Negotiation Agreement. However, the Area Plan will address development and public

realm improvements in the entire Water Street Redevelopment Area.

Phase I of the Area Plan shall consist of up to three alternatives for the following:

- a. Development Program
 - i. Area totals for each use, number of housing units, type of housing units, parking totals and preliminary plans for how parking for the Area Plan will be achieved.
- b. Land Use Code Analysis
 - i. Preliminary review of all constraints & opportunities;
 - ii. Identification of any code departures or variances needed;
 - iii. Outline of Land Use approval process & schedule; and
 - iv. Outline of recommended changes to the development and design regulations to achieve the vision of the Water Street Redevelopment Area as articulated in the Area Plan.
- c. Massing Feasibility Studies (utilizing Sketch Up renderings, in color)
 - i. Depicts building massing based on use.
- d. Site Plan, in color, showing:
 - i. Vehicular and pedestrian access;
 - ii. Circulation to/from parking;
 - iii. Public, semi-public, semi-private, and private spaces; and
 - iv. Linkages to surrounding community.

Phase II of the Area Plan will include a preferred alternative for any property that Urban Olympia 5, LLC controls or for which it intends to pursue an Exclusive Negotiation Agreement as follows:

- e. Floor Plans, black & white, showing:
 - i. Common areas;
 - ii. Typical unit sizes; and
 - iii. Circulation systems (stairs & elevators).
- f. Building Elevations, in color, showing:
 - i. Major building massing and materials; and
 - ii. Preliminary study of exterior colors and signage.
- g. Sketch Up Rendering, in color, showing:
 - i. Site development;
 - ii. Building massing;
 - iii. Architectural features; and
 - iv. Preliminary color ideas.
- h. Building/Site Cross Section(s), Black & White, showing:
 - i. Building heights;
 - ii. Preliminary structural ideas; and
 - iii. Relationship to surrounding context.
- i. Energy Efficiency Measures:
 - i. Preliminary target for LEED designation to be sought;
 - ii. List of energy efficiency measures to be investigated; and
 - iii. Energy use intensity estimates.
- j. Sea Level Rise:

- i. Accommodate at least two feet of sea level rise above flood insurance rate map base flood elevation in compliance with FEMA flood requirements.
 - k. Project narrative and implementation steps:
 - i. The Area Plan shall include a project narrative that describes the project objectives, development approach and anticipated implementation steps, including anticipated development phasing for both public and private improvements.
- 3. DEVELOPMENT PRO FORMA (August) (Preferred alternative, for those properties which Urban Olympia 5, LLC controls on for which it intends to seek an Exclusive Negotiation Agreement):**
- a. Preparation of a Predevelopment Cost Estimate in a spreadsheet format for the preferred alternative;
 - b. Cost estimates for all public realm improvements;
 - c. Sources and uses spreadsheet;
 - d. Development pro forma in spreadsheet format;
 - e. Identification of any proposed shared parking needs and costs to the City; and
 - f. Project financial analysis including funding gaps and remedies.
- 4. PARTICIPATION IN DOWNTOWN STRATEGY (On going throughout the Predevelopment Phase):**
- a. Participation in Public Workshops (budget 4 workshops);
 - b. Coordination meetings with City’s consultant team (budget 4 meetings);
 - c. Share graphics, as they are developed, with Downtown Strategy team;
 - d. Solicit input/feedback from Downtown Strategy team that might influence the Water Street Area Plan; and
 - e. Provide feedback regarding potential impacts on development feasibility of proposed changes in development regulations.
- 5. CITY REVIEW AND PUBLIC PARTICIPATION (June – September):**
- a. City & Design/Development Team Meetings (every 2 weeks): opportunities for City staff, as identified in the Agreement, to review the on-going progress on the deliverables outlined above; and
 - b. Public meetings (3 meetings budgeted)
 - i. First meeting: TAS will solicit public input on the Area Plan Alternatives included in items 2a through 2d;
 - ii. Second meeting: TAS will share alternative site plans and dependent upon feasibility as determined in item 2 above, building plans, building massing, Sketch Up Renderings and solicit public feedback;
 - iii. City will be asked to assist with securing a venue for the public meetings;
 - iv. City will be asked to take the lead on sending out the public invitations;
 - v. City staff will be asked to assist in preparing the venue for the public meetings;
 - vi. TAS and Urban Olympia 5, LLC will facilitate the public meetings. City staff

- participation in facilitating the public meetings will also be welcomed;
- vii. The City will provide summary meeting notes and TSA with provide descriptions of how comments were addressed in revised plans; and
 - viii. Third Meeting: TSA and Urban Olympia 5, LLC shall present final plans to City Council for their consideration.

NEXT STEPS:

The City expects this contract to result in the City and the Developer entering into an Exclusive Negotiation Agreement (ENA) if City property is proposed to be sold to the Developer by the City. During this time, the City will work with the Developer to finalize a specific, feasible development proposal that can be implemented through a public-private partnership, and to codify that development proposal in a development and/or disposition agreement (DDA) that will result in new development on the site. General steps are as follows:

1. **Develop Scope of Work for ENA period.** Following completion of the Area Plan the Developer and the City may choose to enter into an ENA. During this ENA period the City would agree to not entertain other offers for the property or to otherwise participate in development projects within the WSRA.
2. **Create DDA/implementation framework.** The DDA framework will be built around a proposed development budget (sources and uses). The Developer will work with the City to create an implementation framework that will identify: (1) funding sources for any needed public infrastructure investments (open space, streetscape improvements, parking, etc.); and (2) funding sources for all private development. After negotiations, the framework will be codified as a DDA. Materials for this task may include letters of interest from lenders, letters of reference from past lenders, and confidential disclosure of project financials. If applicable, the Developer should outline the purchase price offered including expectations of public financial participation and conditions and limitations pertaining to environmental remediation.

END OF SCOPE OF WORK

EXHIBIT B

REQUEST FOR PROPOSALS
Downtown Olympia
Water Street Redevelopment Area



Offered by: The City of Olympia

Issued: July 31, 2015

Submissions Due: No later than 4:00 pm | October 9, 2015

Deliver in Person:

City of Olympia
601 4th Avenue E
Olympia, WA
98507-1967
Attention: Renee Sunde

Deliver by Mail:

City of Olympia
PO Box 1967
Olympia, WA 98507-1967
Attention: Renee Sunde

Email:

CRA@ci.olympia.wa.us

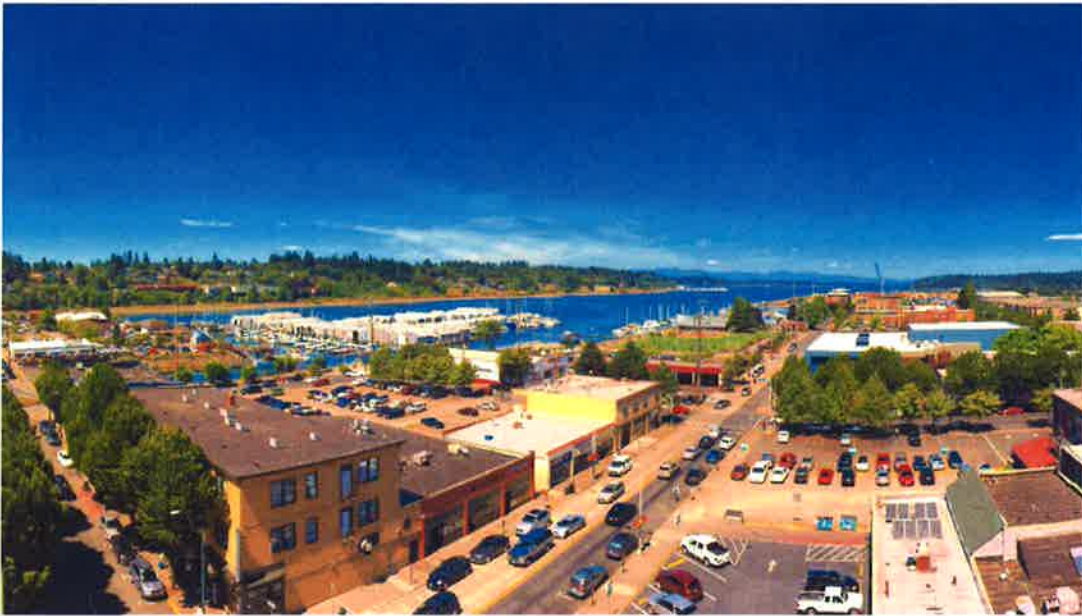


EXHIBIT B

REQUEST FOR PROPOSALS Downtown Olympia Water Street Redevelopment Area



The City of Olympia is seeking proposals to partner in mixed-use development in downtown Olympia. For its first redevelopment project, the City has targeted an area that totals approximately one acre between 4th Avenue and 5th Avenue east and west of Water Street – the Water Street Redevelopment Area. The City is seeking qualifications and proposals to partner in one or more mixed-use projects, to include residential, commercial/office/retail, and parking.

The City expects this RFP will result in the City and the selected development team entering into an Exclusive Negotiation Agreement (ENA) during which predevelopment and due diligence activities can occur. During the period of the ENA, the development team will have access to \$35,000 in predevelopment funds to offset some of the cost of planning and predevelopment activities.

This opportunity for partnership comes at an exciting time in downtown Olympia. The City has invested millions of dollars in downtown, including a new City Hall, rebuilding a significant portion of its waterfront boardwalk, renovating its performing arts center and building a new children's museum. These investments are paying dividends; several significant private sector projects are either under construction or recently completed that will add to downtown's vibrancy. These projects include several adaptive reuse projects that convert vacant office space to mixed-use buildings, and one new six-story 138-unit apartment building with structured parking and 7,000 square feet of ground floor retail. Local lending partners also recognize this opportunity, with Thurston First Bank recently announcing a \$10,000,000 loan pool directed at downtown redevelopment.

Enhancing the livability and vibrancy of downtown is one of the City of Olympia's highest priorities. The City's recently updated Comprehensive Plan sets forth the City's overall vision for downtown. Some key elements of that vision describe downtown as:

- A social, cultural and economic center of the region
- An attractive place to live, work and play
- A complete neighborhood with a mix of office, retail and residential uses – including 25% of the City's future residential growth (about 5,000 people)
- A place that contains public art, significant landscaping, and public spaces throughout

To help to ensure that these goals are met, the City is currently initiating a Downtown Strategy that will provide market research and urban design concepts to support development in the Water Street Redevelopment Area. As part of this process, the City will employ an urban design team to explore retail and housing opportunities in downtown, consider needed street and sidewalk improvements, examine view protection standards and design standards, evaluate State Environmental Policy Act thresholds and exemptions, and lead a public involvement process. The City will encourage the selected development

EXHIBIT B

partner to participate in the Strategy, providing critical market-backed feedback to the design team about approaches to these issues. The design team, in turn, will be asked to comment on and incorporate development proposals for the Water Street Redevelopment Area into their work products.

The City is serious about achieving successful public-private partnerships, and has already taken several steps to prepare to welcome a development partner:

- The City has retained the National Development Council (NDC) to provide technical assistance related to development finance. The NDC is expert in economic and housing development and brings years of experience and expertise to the table in helping local governments work effectively with private sector partners. In particular NDC brings expertise about federal resources such as New Market Tax Credits, Brownfields Economic Development Initiative, and Low Income Housing Tax Credits. NDC has also partnered with the City to create the Grow Olympia Fund to assist small business expansion and is providing underwriting services for a \$1,500,000 Section 108 Guaranteed Loan Fund.
- The City has established a community redevelopment tool known as a Community Renewal Area (CRA - Chapter 35.81 Revised Code of Washington) to incent reinvestment in underdeveloped and blighted properties. The CRA covers all of downtown Olympia, including the Water Street Redevelopment Area.
- Recent community engagement forums indicate strong support for this process and the right redevelopment project(s) in our downtown.

The City seeks a development partner(s) that understands the City's objectives and wants to create a project(s) that enhances the existing downtown and contributes to the social, environmental and economic health of the community, setting the bar for new development in our downtown.

The RFP that follows summarizes the opportunity, including market area characteristics, site location and characteristics, downtown profile, site profile, zoning and parking, environmental issues, and potential City incentives. It details submission requirements and the process for reviewing proposals.

We look forward to reviewing your RFP submission. If you have any questions or need further information, please contact Renee Sunde, Economic Development Director with the City, at 360.753. 8591 or cra@ci.olympia.wa.us.

Sincerely,

STEVEN HALL

City Manager

EXHIBIT B

OLYMPIA AND THE DOWNTOWN AREA

Population and Location

Olympia is the capital of the State of Washington and the County seat of Thurston County. It sits on the picturesque southern-most shore of Puget Sound. The City has a nationally recognized reputation as one the most livable cities in the U.S. It has an estimated 2014 population of about 50,000 and projected growth of approximately 50% over the next 20 years. Thurston County had an estimated population of 256,000 in 2012 and a projected population of 370,600 in 2035. A strong and highly educated public employment base, combined with a vibrant economy and excellent schools, create an environment that engenders a strong sense of community and an excellent long-term economic outlook.

Olympia has easy access to three vibrant metropolitan areas with Seattle (60 miles north), Portland, Oregon (100 miles south), and Vancouver, BC (200 miles north). Residents can enjoy a range of activities, including biking, sailing, fishing, skiing, and hiking, all within a short driving distance. The beautiful setting and the strong sense of community make Olympia a desirable location to live, work and play. Residents have easy access to many world-class natural areas including: the Washington coast, San Juan Islands, Olympic National Park, Mt. St. Helens National Monument, Mt. Rainier National Park, Nisqually National Wildlife Refuge, and numerous wilderness areas in the surrounding forest lands all within a few hours' drive. Additionally, there are numerous beaches, local parks, golf courses, tennis facilities, and walking trails closer to home.

Along with its award winning public school system, there are three institutions of higher learning including St. Martin's University, The Evergreen State College and South Puget Sound Community College that add to the local economy and local quality of life.

Downtown Olympia

Downtown Olympia is the historic urban hub of Southern Puget Sound, with an emphasis on cultural, entertainment, and recreational opportunities naturally associated with its role as the economic center of the region. Olympia is waterfront-oriented, with a modern seaport, marinas, recreational uses, public boardwalk and outstanding views. Downtown Olympia is home to the Washington State Capitol, state and county government, with associated political, administrative, professional, and tourist activities. It is also an historic area, with much of the state's and region's past reflected in the layout, design, and character of its buildings.

Our vision for downtown Olympia is a neighborhood where residents contribute to a vital and safe city center, where ownership and use of cars is a choice, not a necessity, and where dense housing encourages sustaining use of land and supports full use of alternative transportation modes.

EXHIBIT B

The local colleges and universities contribute to the active social and entertainment scene in our downtown. Four downtown theaters host live shows, movies and concerts nearly every night of the week. Restaurants are full and several new ones have successfully launched in the past year. There's always something going on in downtown Olympia.

Amenities in Downtown Olympia

This RFP presents an extraordinary opportunity to develop an important downtown project in an area that includes the following amenities:

- A historic downtown
- An active employment and activity center
- The Dash -- a free shuttle bus connecting the Capitol Campus with Downtown Olympia
- Over 400 local restaurants, shops, and services
- A full service grocery store
- The second largest farmer's market in the state
- Several theaters, including the Washington Center for the Performing Arts
- Percival Landing, the waterfront boardwalk, that connects to a trail running along the shore of much of Budd Inlet
- Sylvester Park, Heritage Park, Artesian Commons and Fountain Park
- The Transit Center
- The State Capital Campus
- The Olympia Center
- The Hands on Children's Museum
- The WET Center (science center)
- Views of Budd Inlet, the Olympic Mountains, Mount Rainier, Capitol Lake, Heritage Park, and the State Capitol

DEVELOPMENT OPPORTUNITY

The City is committed to promoting high quality downtown redevelopment and is looking for partner(s) to make it happen. The City is willing to put its resources into project(s) that meet public objectives.

The Water Street Redevelopment Area

The City seeks redevelopment proposals for projects within the Water Street Redevelopment Area and adjoining areas. The City is most interested in near-term redevelopment proposals in the area shown in Figure 1 below. At the same time, the City is interested in longer-term visions for the surrounding properties, and seeks to understand the proposer's vision that can be implemented in phases and coordinated with investments in public amenities and streetscape improvements.

EXHIBIT B

Figure 1. Water Street Redevelopment Area



The Water Street Redevelopment area consists of 1.09 acres of public and privately owned property adjacent to the City's waterfront. This area plays a crucial role in linking community activity centers to the north and south in Percival Landing and Heritage Park as well as the east and west in the core of Downtown and Fountain Block. The City sees this area as a key area for redevelopment of downtown that will have substantial positive impact on the immediately surrounding properties as well as the broader downtown.

Nearly all of the property owners have already been involved in conversations with the City regarding redevelopment, and are willing participants in a partnership or land consolidation to allow redevelopment in the area. The City expects that proposers will reach out to property owners as they prepare their responses. (Contact information is available upon request.) The City is prepared to assist the selected proposer with site consolidation, as needed and appropriate.

Development Requirements and Objectives

The City envisions vibrant mixed-use development in this area bringing more market rate housing, ground floor retail/restaurant space, and perhaps structured parking to the area. The City wants to encourage development that is truly beautiful and is of an architectural and urban design quality that befits this extraordinary location and sets the standard for future development.

- **Residential.** The residential component of the project may either be rental or owner occupied. Condominiums or other for sale units are highly desirable as are projects creating market-rate housing. The unit characteristics are left to

EXHIBIT B

the development team to determine. Mixed income projects will also be considered.

- **Retail/Commercial.** Projects proposed along the City's Pedestrian A Streets (Section 18.16) must include a retail/commercial component, and the developer may determine how to address the inclusion of this project component in a manner consistent with the City's land development regulations. Uses should be complementary to the adjacent park and may, for example, include restaurants, coffee shops, cafes, ice cream/frozen yogurt/gelato parlors, retail, and other uses that enhance the park experience.
- **Parking.** The RFP encourages the development team to consider a variety of ways of meeting the project's parking needs. The City's land development regulations (OMC 18.38.160 C) do not require that parking be provided for new residential buildings (or portions of buildings that are residential projects) in downtown or for small commercial projects (less than 3,000 square feet). Further, existing buildings are exempt from parking requirements (except for bicycle parking). Projects that include over 3,000 square feet of gross commercial leasable area are required to meet vehicle parking and bicycle parking standards for the commercial space.
- **New development on city-owned property (on the west side of Water Street).** Development will be limited to a maximum of two stories and will require the second floor to be stepped back from the park. First floors should be as transparent as possible to facilitate the visual connection between Water Street and the park. Uses should be complementary to the park and may, by way of example, include restaurants, coffee shops, cafes, ice cream/frozen yogurt/gelato parlors, retail and other uses that enhance the park experience. The base zoning height limit in the Urban Waterfront – 35 zoning district is 35 feet and Urban Waterfront –H-65 zoning district is 65 feet. Properties within the Urban Waterfront Housing Zoning District are limited to a maximum of one floor area ratio of non-residential development. See Section 18.06.60, 80 and 100 for more information about allowed uses, building heights and other development regulations.
- **Construction Standards – Alternative Materials and Methods.** The provisions of chapter 16.05 may be used to design and construct mixed-use apartment buildings as an alternative to complying with the Olympia Building and Construction Regulations. Six-story buildings complying with this chapter may be designed and constructed so that the first story and second story of a structure are constructed of Type IA Construction, and the remaining stories of Type VA construction. Please see [Olympia Municipal Code 16.05](#) for code alternative details.

The City has a long-standing commitment to maintain a vibrant park space on the Heritage Fountain Block (west side of Water Street). The City will consider acquiring the private property on the west side of Water Street to consolidate ownership of the block and expand the park and will also consider private development proposals in this area that meet the intent of this RFP. This year, the City plans to raze its two buildings on the west side of Water Street. The City seeks

EXHIBIT B

proposals that result in no reduction of park acreage from what presently exists on the Fountain Block.

Proposed development must complement the existing amenities of the area and create new ones. For example, with Heritage Park to the south and Percival Landing to the north, this segment of Water Street plays a critical role in linking two vital areas. Development teams should consider Water Street itself to be part of the overall project site and integral to the project design. The City encourages developers to think creatively about how to enhance this connection using the existing street or the area now comprised of the street.

The existing buildings on the west side of Water Street turn their back on the park property. The City seeks proposals that strengthen the connection between Water Street and the park both physically through appropriate architectural and urban design elements and operationally through uses that enhance or complement the adjoining park use. The City will consider proposals that further connect indoor and outdoor space through exterior elements.

There are a number of viable businesses located in the Water Street Redevelopment Area and the City encourages developers to view them as assets and potential future tenants in any new development. Downtown has an eclectic mix of more than 400 unique independent retailers, restaurants, and service businesses; developers are also encouraged to look for opportunities to enhance this mix.

On the east side of Water Street, the City envisions intensive mixed-use development similar in scale to the 123 4th Avenue project located one block to the east. That project is a seven story, 138-unit apartment building with 7,000 square feet of ground floor commercial and 120 parking stalls currently under construction. This project is in pre-leasing and according to the leasing agent response has been overwhelming. Given the height restrictions on the property to the west, properties on the east side of Water Street could enjoy spectacular views to the north, south, and west.

SITE DETAILS

Utilities

Utilities are available to most sites in downtown.

Environmental and Geotechnical Findings

- **Environmental Investigation:** Phase I/II Environmental Characterizations have been completed for some of the sites and are available for review.
- **Flood:** Review the FEMA Flood Insurance Rate Map for downtown Olympia for flood zone information. Sea level rise issues will be addressed through the development review process.

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Site Control

As noted, possible redevelopment sites are owned by both the City and private property owners. The majority of the owners of the private property included in the Water Street Redevelopment Area have agreed to have their property included in this RFP. Their contact information is available upon request. Respondents are encouraged to coordinate with private property owners to the extent their properties are included in their project proposal. The City has established relationships with many of the property owners within downtown and may be willing to help coordinate and facilitate contacts, land assembly and development agreements.

Design Review

The RFP offers an opportunity to develop an attractive building in Olympia's historic downtown area and will be subject to the City's design review regulations including sections 18.100, 105, 110 and 120 as well as section 18.16 Pedestrian Street Overlay District, however, projects will be expected to exceed these standards. The City anticipates that this signature project will set a very high standard for all future development through the use of high quality durable materials, timeless design principles and a sensitivity to the context of Olympia's downtown. Designs that respect the historic nature of downtown are encouraged.

Heritage Register

Some of the buildings within the CRA are listed on the State and National Historic Register. Alteration and/or demolition of the building must comply with the requirements of Olympia Municipal Code 18.05 and 18.12.

Appraisal Information

The City has recent appraisals for some of the properties that it owns. This information will be made available to interested parties upon request.

PRE-DEVELOPMENT ACTIVITIES AND FUNDING

The City expects this RFP to result in the City and the selected development team entering into an Exclusive Negotiation Agreement (ENA) during which predevelopment activities can occur. During this time, the City will work with the developer to create a specific, feasible development proposal that can be implemented through a public-private partnership, and to codify that development proposal in a development and / or disposition agreement (DDA) that will result in new development on the site. General steps of the ENA period are as follows:

- **Develop Scope of Work for ENA period.** A scope of work will guide all predevelopment work during the period of the ENA. The scope will be negotiated with the successful respondent; its activities will lead to refinement of all elements of the development program, and will be approved by City Council. The scope of work will include milestones, timelines, and descriptions of deliverable products in order to receive predevelopment funds (described in more detail below).

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- **Coordinate with Downtown Strategy.** The Downtown Strategy will address issues relevant to site development, including transportation connectivity and open space provision in the area. Plans for the Water Street Redevelopment Area should both influence and respond to the Downtown Strategy. Key deliverables will be defined in the ENA, however, they will generally include the development team providing market backed feedback to the design team on approaches to key tasks in the Downtown Strategy such as design standards and view protection standards as well as redevelopment concepts for adjoining areas to the north and west of the Water Street Redevelopment Area.
- **Define development program and conceptual design.** The developer will be expected to provide information on a preliminary development program, including details on use mix, preliminary ideas on building scale and massing, and development feasibility in a pro forma spreadsheet. The developer should identify any code changes necessary to accommodate the proposed project or to make a project feasible. Drawings and plans should include the following:
 - Shared parking needs and costs
 - The building footprint, parking, and location of vehicular and pedestrian access
 - Conceptual elevations and renderings that take into account the design guidelines.
 - A cross section showing a typical structure.
 - A typical floor plan
 - Pedestrian circulation and access to the surrounding community
 - Architectural features and elements
 - Anticipated energy efficiency measures and LEED designation to be sought

Note: Additional visualizations will be required at later stages of the selection process.

- **Create DDA / implementation framework.** The DDA framework will be built around a proposed development budget (sources and uses). The developer will work with the City to create an implementation framework that will identify (1) funding sources for any needed public infrastructure investments (open space, streetscape improvements, etc); (2) funding sources for all private development. After negotiations, the framework will be codified as a DDA. Materials for this task may include letters of interest from a lender, letters of reference from past lenders, confidential disclosure of project financials. If applicable, the developer should outline the purchase price offered including expectations of public financial participation and conditions and limitations pertaining to environmental remediation.

The City understands that the complexities of site consolidation and planning, including participation in a public process through the Downtown Strategy, add unusual costs and activities for a development team. At the same time, the City sees significant public benefit from the creation of a thoughtful implementation

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strategy that coordinates public and private investment. Given this situation, the City is prepared to offer predevelopment funds to offset some of the publicly-imposed costs during the period of the ENA, as follows:

- The City will provide up to **\$25,000** in predevelopment matching grant funding for a negotiated, defined scope of work (outlined in sketch form above).
- As noted above, the City retain an urban design team to lead a Downtown Strategy, and expects development plans to be coordinated with this Strategy. The City will offer up to **\$10,000** in predevelopment funding to its development partner to offset the cost of the development partner's participation in this process.
- The City will also provide technical assistance to the selected development team through its urban design team and its relationship with the NDC in a manner to be defined in the ENA.

Note: All plans, drawings, illustrations, reports and studies prepared in support of the work described in the ENA will be owned by the City.

Development Agreement

The project design documents generated in the ENA period are intended to be used to develop a formal Development Agreement or other legally binding contract between the City and the development team. Additional financial and other materials will be requested during the period of the ENA to support negotiation of a Development Agreement.

CITY INCENTIVES AND PROGRAMS

The City expects that an implementable development plan for the Area may need public support. The City may offer one or more of the following incentives to the selected developer(s) depending on the benefit to the community from the proposed redevelopment project(s):

- City owned property within the Water Street Redevelopment Area and elsewhere in Downtown (see attached map of City owned property);
- Residential property tax exemption (**See OMC 5.86 for exemption requirements**);
- Priority permitting. A priority permit review process will apply to the development for a downtown mixed-use housing project. The City will prioritize the project and a project ombudsman will assist with developer/City relations and communication.
- Joint or shared development of a parking facility;
- Other property sales or trades;
- Loans through the City's Section 108 Loan Program, The City of Olympia has recently established a Section 108 Loan program. This loan program can be used to stimulate economic development activity within the City in a manner consistent with the Department of Housing and Urban Development's standards. A mixed-use project within the CRA could potentially be eligible for a Section 108 Loan up to \$1,500,000.
- Grow Olympia Fund and Grow America Fund;

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- Infrastructure and frontage improvements;
 - Assistance with land assembly, including reconfiguration of streets ; and
 - Remediation of contaminated soil.
- Public finance technical assistance through the NDC and design assistance through the City's urban design team.

PROPOSAL REQUIREMENTS AND PREFERENCES

The City is interested in entertaining project proposals that will result in projects that are both market feasible and beautiful. The most desirable project will be a mixed-use building or residential building depending upon the location and ideally will include market rate housing. The project design is an important aspect of the selection process, however, the City recognizes that market viability is equally important. The City also recognizes that that any work done prior to the ENA will be very conceptual in nature. The City anticipates negotiating an Exclusive Negotiation Agreement and a development agreement or other legal instrument with the selected partner(s) that will contractually establish the project design.

Requirements for Proposal Responses

1. Identify and describe the developer, including developer's name, corporation name (if applicable) or business name, addresses, telephone numbers, fax numbers, e-mail addresses, and the name of the primary project contact.
2. Identify each person or entity involved with the project team, including development partners, technical partners (architects, engineers, others), and briefly describe their respective roles, including:
 - Information regarding the team member's experience and qualifications.
 - Resume of key team members.
 - Example projects that the team or key team members have been involved with.
3. Demonstrate financial capacity of developer and development partners, including guarantors.
4. Describe the developer's relevant project experience for up to 5 projects. The City is most interested in current or recently completed projects. Projects described must illustrate the developer's experience with construction projects similar in scope and size to the proposed project. The City is interested in assessing the developer's experience in participating with public private partnerships. Submit photos or drawings and the following information, for projects used to demonstrate experience:

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- Project name and location
 - Description of project size and scope, including the number of units and unit type (e.g., 20 studios; 25 1-bdrm).
 - Total project cost and approach to project financing including sources of funds, amount of debt, equity and public participation, along with square footage costs for apartments, condos, and retail.
 - Date project conception, date project started construction and date construction completed.
 - Challenges and obstacles addressed during the development and construction process.
 - Other types of public financial participation (provide your capital stack).
 - Name of the developer's project manager and contact information.
 - Name of the architect and contact information.
 - Name of the construction manager or general contractor and contact information.
 - Contact name and information of the primary public official who worked with the developer on the project.
5. Briefly describe experience or strategy for marketing and managing urban redevelopment projects including approaches to public participation.
6. The City understands that many details of the development proposal will be determined through the period of the ENA. In this proposal, please provide your best thinking, in narrative form, about your initial concepts for each of the following:
- The anticipated target market for the project.
 - Approach to Transportation Demand Management and facilitation of the use of alternative modes of transportation.
 - Approach to mixed use projects including residential, retail, and parking, including the estimate of the approximate amount of square footage for each component and the number of stories anticipated.
 - A site plan showing the location of key project elements and preliminary building footprints.
 - Description of likely approach to project financing, including expectations of public participation.
 - A statement regarding the developer's willingness to participate in the predevelopment activities as described above.

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PREFERENCES

The City would prefer that respondents demonstrate how their proposal will address each of the objectives below in their written and graphic materials:

1. **Community Benefit** – Projects that leverage limited public resources to achieve long-term measurable community benefits, significant levels of private sector investment and are based in the realities of the market.
2. **Innovative and Effective Approaches to Public Involvement** – Development processes that engage the community in a highly collaborative and proactive process that uses public input to shape the final project.
3. **Impactful Projects** – Proposals that will have a lasting impact on nearby properties and the entire downtown.
4. **High Quality Design** – Proposals that are extraordinarily well designed, sensitive to the surrounding context and use timeless, durable and high quality materials.
5. **Property Owner Participation** – Responses that demonstrate participation or authorization by affected property owners.
6. **Timeliness** – Projects that are positioned to move forward in the near term and commit to significant milestones.
7. **Partnership** – Respondents with a demonstrated capacity to partner with the City, property owners and the community and a proven ability to develop high quality projects.
8. **Comprehensive Plan Implementation** –
 - a. Treat the urban waterfront and vistas as priceless assets by enhancing access, protecting view corridors, and expanding usable open space.
 - b. Stimulate private investment in residential and commercial development, increasing downtown Olympia's retail and commercial vitality.
 - c. Create or enhance town squares framed by commercial or civic buildings, pocket parks, plazas and other small public or private spaces in downtown.
 - d. Develop highly walkable communities.
 - e. Include public art and public spaces.
 - f. Encourage intensive residential and commercial development.
 - g. Enhance landscaping with trees, planters and baskets, banners, community gardens and other decorative improvements.
 - h. Encourage development that caters to a regional market.
 - i. Enhance the sustainability of our community and downtown.
 - j. Encourage the use of alternative modes of transportation including biking, walking and transit.
9. **Sustainability** – Projects pursuing LEED Gold or higher certification are preferred.

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EVALUATION AND SELECTION

Evaluation Criteria

Evaluation of RFP responses will be based upon the following:

1. Developer Experience:
 - Success in developing urban redevelopment projects.
 - Quality of representative projects.
 - Qualifications of project team and key project managers.
 - Financial capacity.
 - Experience in partnering with the public sector in redevelopment projects.
2. Proposal Requirements and Preferences:
 - Degree to which the preliminary development concept and site design meets the RFP requirements and preferences.
 - Market targeted (housing type, retail & parking).
 - Demonstrated market viability.
 - Proposed public participation process and demonstrated experience facilitating public involvement processes.

The City anticipates using an open house to allow respondents to this solicitation to present their proposals to community members and respond to questions from the community. Additional public process will be required as part of the consideration of an exclusive negotiation agreement and development agreement.

The City anticipates entering into exclusive negotiations with a developer following the initial screening and evaluation process. All projects will be reviewed and approved through the City's normal development review processes.

General Provisions and Conditions

The City reserves the right to:

- Reject any and all responses.
- Negotiate with more than one redevelopment partner.
- Waive minor irregularities in a response.
- Cancel, revise, or extend this solicitation.
- Request additional information on any response beyond that required by this RFP.
- Modify the selection process set forth in this RFP upon written notification to all respondents who have not been rejected at the time of modification.

EXHIBIT B

SELECTION

The City shall have the final decision on whether to move forward with a development team or not.

PRE-SUBMISSION CONFERENCE

Two pre-submission conferences will be offered. The first on August 13th and the second on August 20th, both meetings will be held at 1:00 p.m. in Room 207 at the Olympia City Hall 601 4th Avenue East, Olympia, Washington. The purpose of the conference is to answer questions about the Water Street Redevelopment Area RFP. Attendance by a representative of each proposer is encouraged but not mandatory. A walking tour of downtown and key sites will be conducted following this session. Please contact Keith Stahley 360.753.8227 or kstahley@ci.olympia.wa.us, for directions or questions.

SUBMISSION REQUIREMENTS AND SCHEDULE

Interested developers must submit 1 paper copy of the response to the RFP, including a letter of interest outlining response requirements and preferences and 1 electronic copy. Limit the responses to no more than 20 pages. The City will become owner of all submitted materials and will not pay any costs related to any responses to the RFP.

Submissions from short-listed proposers will be posted on the City's webpage in advance of an open house presentation and interview. Additional financial information may be requested from short-listed proposers.

The City reserves the right to modify the timeline and to issue addenda to this document.

RFP Action	Approximate Completion
Issue Request For Proposals	July 31, 2015
Pre-submission conference and tour #1	August 13, 2015
Pre-submission conference and tour #2	August 20, 2015
Release of RFP Addendum (if necessary)	August 27, 2015
RFP responses due	October 9, 2015
Notification of Short-Listed Proposers	October 20, 2015
Open House Presentations / Interview	October 29, 2015
Presentations City Council	November 10, 2015
Select respondent(s) to enter negotiations	November 24, 2015

Selected developer(s) will be invited to give a presentation on all aspects of the proposal, including design concepts, development cost, financial capacity/lender commitments, terms of site acquisition, and implementation schedule to City Council and the community.

EXHIBIT B

CONTACT INFORMATION

City of Olympia:

Renee Sunde, Economic Development Director

360.753.8591

cra@ci.olympia.wa.us

Exhibits:

Exhibits available upon request. To obtain an electronic copy of this information please email cra@ci.olympia.wa.us

- Exhibit A: Phase I and Phase II Environmental Characterization
- Exhibit B: Parcel-specific taxable value information
- Exhibit C: Map of City Owned Property

EXHIBIT B

**REQUEST FOR LETTERS OF INTEREST
AND QUALIFICATIONS FOR
PREDEVELOPMENT ACTIVITIES
Downtown Olympia
Water Street Redevelopment Area**



Offered by: The City of Olympia.

Issued: November 23, 2015

Letters of Interest Due:
No later than 4:00 pm
December 15, 2015

Deliver in Person:

Deliver by Mail:

City of Olympia
601 4th Avenue E
Olympia, WA 98507-1967
Attention: Renee Sunde
www.ci.olympia.wa.us

City of Olympia
PO Box 1967
Olympia, WA 98507-1967
Attention: Renée Sunde
www.ci.olympia.wa.us



EXHIBIT B

REQUEST FOR LETTERS OF INTEREST AND QUALIFICATIONS FOR PREDEVELOPMENT ACTIVITIES Downtown Olympia Water Street Redevelopment Area



The City of Olympia has targeted an area that totals approximately one acre between 4th Avenue and 5th Avenue east and west of Water Street – the Water Street Redevelopment Area (the Area) – for redevelopment. The City of Olympia released a request for proposals (RFP) in July of 2015 for developers interested in the area, and is now replacing that RFP in full with this Request for Letters of Interest and Qualifications (hereafter "letters of interest").

Based on feedback from potential development interests and a detailed review of the opportunities for consolidation of property in the Area, the City has revised its approach to soliciting partners. Through our review, we have learned that teaming with a qualified developer is likely to enhance development of a market sensitive plan and property consolidation, and are therefore seeking letters of interest to partner in one or more mixed-use projects, to include residential, commercial/office/retail, and parking. The City is prepared to share in the cost of ongoing due diligence and predevelopment activities, as described in the remainder of this document.

This opportunity for partnership comes at an exciting time in downtown Olympia. Enhancing the livability and vibrancy of downtown is one of the City of Olympia's highest priorities. The City is serious about achieving successful public-private partnerships, and has already taken several steps to prepare to welcome a development partner:

- The City has retained the National Development Council (NDC) to provide technical assistance related to development finance. The NDC is expert in economic and housing development and brings expertise about federal resources such as New Market Tax Credits, Brownfields Economic Development Initiative, and Low Income Housing Tax Credits.
- The City has established a community redevelopment tool known as a Community Renewal Area (CRA - Chapter 35.81 Revised Code of Washington) to incent reinvestment in underdeveloped and blighted properties. The CRA covers all of downtown Olympia, including the Water Street Redevelopment Area.

The City seeks a development partner(s) that understands the City's objectives and wants to create a project that enhances the existing downtown and contributes to the social, environmental and economic health of the community, setting the bar for new development in our downtown.

We look forward to reviewing your letter of interest. If you have any questions or need further information, please contact Renée Sunde, Economic Development Director with the City, at (360) 753 - 8591 or cra@ci.olympia.wa.us.

Sincerely,

STEVEN HALL
City Manager

EXHIBIT B

OVERVIEW OF DEVELOPMENT OPPORTUNITY

The City seeks letters of interest and qualifications for predevelopment activities in the Water Street Redevelopment Area (the Area), shown in Figure 1 below. The City is committed to promoting high quality downtown redevelopment and is looking for a partner to make it happen. The Water Street Redevelopment area consists of 1.09 acres of public and privately owned property adjacent to the City's waterfront.

Figure 1. Water Street Redevelopment Area



Descriptions of the desired development form included in the previously issued RFP have not changed. The City envisions vibrant mixed-use development in this area bringing more market rate housing, ground floor retail/restaurant space, and perhaps structured parking to the area. It remains particularly important to develop the west side of Water Street in a way that supports active public park use at the adjacent Heritage Square Park. Further, the RFP's description of the site itself, (utilities, environmental, and geotechnical findings, etc.) remain valid and should be considered in this response.

Last, the description of City resources available to support the development opportunity included in the original RFP remain valid, though it should be noted that the City is additionally in the process of finalizing grant funding that can be used to further characterize any environmental contamination on the site (\$140,000).

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LETTER OF INTEREST REQUIREMENTS AND PREFERENCES

Requirements for Responses

1. Identify and describe the developer, including developer's name, corporation name (if applicable) or business name, addresses, telephone numbers, e-mail addresses, and the name of the primary project contact.
2. Identify each person or entity involved with the project team as it is currently conceived and known, including development partners (if any), technical partners (architects, engineers, others). Please briefly describe their respective roles, including:
 - Information regarding the team member's experience and qualifications.
 - Resume of key team members.
 - Example projects with which the team or key team members have been involved.
3. Briefly describe the developer's relevant project experience for up to five projects. If available, please include examples of projects in Olympia or Thurston County. The City is most interested in current or recently completed projects. The City is interested in assessing the developer's experience in participating with public private partnerships, and projects of similar scale and complexity to a potential Water Street Redevelopment. Submit photos or drawings and the following information, for projects used to demonstrate experience:
 - Project name and location
 - Description of project size and scope, including the number of units and unit type (e.g., 20 studios; 25 1-bdrm) and square footage costs for apartments, condos, and retail.
 - Total project cost and a summary of approach to project financing. This could include descriptions of sources of funds, amount of debt, equity and public participation.
 - Challenges and obstacles addressed during the development and construction process.
 - Name of the architect and contact information.
 - Name of the construction manager or general contractor and contact information.
 - If applicable, the contact name and information of the primary public official who worked with the developer on the project.
4. Briefly describe experience or strategy for marketing and managing urban redevelopment projects including approaches to public participation.

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PRE-DEVELOPMENT ACTIVITIES AND FUNDING

The City expects the selected development team to work closely with the City in the coming months to undertake development due diligence, site consolidation, and conceptual development planning work. In this period of due diligence, the development team will work closely with City staff to determine whether a partnership might lead to a viable project, and to complete the elements of a full development proposal that will provide the foundation for a possible development agreement for a public-private partnership.

Specifically, the selected development team will:

- **Develop scope of work for deliverables associated with City contribution to predevelopment costs.** The scope of work will clarify the goals of the due diligence period, define roles and responsibilities for City and consultant staff as well as for the development team, and set milestones, timelines, and descriptions of deliverable products in order to receive predevelopment funds (described in more detail below). It will outline any appropriate opportunities for public engagement. The scope of work will include a development program and conceptual design, as described in a bullet below, as well as a preliminary look at financing mechanisms and capacity for implementation.
- **Coordinate with Downtown Strategy.** The Downtown Strategy will address issues relevant to site development, including transportation connectivity and open space provision in the area. Plans for the Water Street Redevelopment Area should both influence and respond to the Downtown Strategy.
- **Define development program and conceptual design.** The developer will be expected to provide information on a preliminary development program, including details on use mix, preliminary ideas on building scale and massing, and development feasibility in a pro forma spreadsheet. The developer should identify any code changes necessary to accommodate the proposed project or to make a project feasible. Drawings and plans should include the following:
 - Shared parking needs and costs
 - The building footprint, parking, and location of vehicular and pedestrian access
 - Conceptual elevations and renderings that take into account the design guidelines
 - A cross section showing a typical structure
 - A typical floor plan
 - Pedestrian circulation and access to the surrounding community
 - Architectural features and elements
 - Anticipated energy efficiency measures and LEED designation to be sought

The City understands that the complexities of site consolidation and planning, including participation in a public process through the Downtown Strategy, add unusual costs and activities for a development team. At the same time, the City

EXHIBIT B

sees significant public benefit from the creation of a thoughtful implementation strategy that coordinates public and private investment. Given this situation, the City is prepared to offer predevelopment funds to offset some of the publicly-imposed costs during the period of due diligence, as follows:

- The City will provide up to **\$25,000** in predevelopment matching grant funding for a defined scope of work (outlined in sketch form above).
- As noted above, the City retains an urban design team to lead a Downtown Strategy, and expects development plans to be coordinated with this Strategy. The City will offer up to **\$10,000** in predevelopment funding to its development partner to offset the cost of the development partner's participation in this process.
- The City will also provide technical assistance to the selected development team through its urban design team and its relationship with the NDC during the due diligence period. The City may also contribute to additional environmental due diligence.

Note: All plans, drawings, illustrations, reports and studies prepared in support of the work created during the period of due diligence will be owned by the City.

Upon completion of the due diligence period and acceptance by the City of the delivered development program and conceptual design, the City intends to negotiate a development agreement with the selected team during an exclusive negotiating period leading to a public/private partnership to implement the program and design. If due diligence and site consolidation proceed in a way that is feasible for the selected developer and beneficial to the City, the project design documents generated in this process may provide the foundation for a formal Development Agreement or other legally binding contract between the City and the development team.

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EVALUATION AND SELECTION

Evaluation Criteria

Evaluation of RFP responses will be based upon documented developer experience, as follows:

- Success in developing urban redevelopment projects
- Quality of representative projects
- Qualifications of project team and key project managers
- Prior development experience in the Thurston County Area
- Experience in partnering with the public sector in redevelopment projects

General Provisions and Conditions

The City reserves the right to:

- Reject any and all responses.
- Negotiate with more than one redevelopment partner.
- Waive minor irregularities in a response.
- Cancel, revise, or extend this solicitation.
- Request additional information on any response beyond that required by this RFP.
- Modify the selection process set forth in this RFP upon written notification to all respondents who have not been rejected at the time of modification.

The City shall have the final decision on whether to move forward with a development team or not.

SUBMISSION REQUIREMENTS AND SCHEDULE

Interested developers must submit 1 paper copy of the response to the RFP, including a letter of interest outlining response requirements and preferences and 1 electronic copy. The City will become owner of all submitted materials and will not pay any costs related to any responses to the letter of interest.

Submissions from short-listed proposers will be posted on the City's webpage in advance of an open house presentation and interview. Additional financial information may be requested from short-listed proposers.

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The City reserves the right to modify the timeline and to issue addenda to this document.

Action	Approximate Completion
Issue Request For Letters of Interest	November 23, 2015
Responses due	December 15, 2015

CONTACT INFORMATION

City of Olympia:

Renée Sunde
Economic Development Director
(360) 753 - 8591
cra@ci.olympia.wa.us

Exhibit C

Water Street Redevelopment Area Anticipated Process and Timeline

1. Approval of a Preliminary Development Agreement and Scope of Work March 22, 2016

This phase involves reviewing the selection team's recommendation with the CERC and City Council approval of the Preliminary Development Agreement and Scope of Work.

2. Preparation and Approval of an Area Plan March 22, 2016 to September 20, 2016

Responsibility of the development partner as detailed in the Agreement and Scope of Work including opportunities for public participation in the development of the Area Plan.

3. Adoption of Exclusive Negotiation Agreement September 20th to November 15th

If any property is to be sold the City may enter into an Exclusive Negotiation Agreement with the developer.

4. Adoption of a Final Development Agreement or Purchase and Sale Agreement (PSA) November 15th to December 13, 2016

Depending on the Area Plan this may require the city committing to a PSA or development agreement and possibly agreeing to take certain actions such as closing streets or alleys, purchasing property, developing parking, provision of parks or other steps identified in the Area Plan.

5. Adoption of a Community Renewal Area Plan December 13, 2016

Adoption of a Community Renewal Area Plan as provided in Chapter 35.81 of the Revised Code of Washington.

All times included herein are estimates the actual timing of the project will vary depending on scheduling, negotiations and other mitigating factors.



EXHIBIT D

2016
THOMAS ARCHITECTURE STUDIO
BILLING RATES

STAFF POSITION	HOURLY BILLING RATE
PRINCIPAL	\$190/HR
PROJECT MANAGER	\$100/HR
PROJECT ARCHITECT	\$100/HR
INTERN ARCHITECT	\$75/HR
CAD/RENDERING SUPPORT	\$75/HR
ADMINISTRATIVE SUPPORT	\$60/HR