Profitable Developments That Can Increase Community Goodwill

May 8, 2018

AAPA Capital Projects Seminar – Norfolk, VA

Moderator:

M. John Vickerman

VICKERMAN
& ASSOCIATES, LLC

Williamsburg, Virginia
Profitable Developments That Can Increase Community Goodwill

May 8, 2018

AAPA Capital Projects Seminar – Norfolk, VA

Introduction & Subject Overview
Introduction of Panel Presenters
Terrie Battuello Presentation
Franc Pigna Presentation
Panel Interview, Questions & Answers
Panel Takeaways
Profitable Developments That Can Increase Community Goodwill

By Nature Ports are Multimodal Complexes that may NOT always be considered "Neighborhood-Friendly"

This Session will explore successful Port Projects that have "Broken the Mold" and offered retail, commercial, entertainment and other public development that are:

Both profitable and fully embraced by it’s community residents...
Profitable Developments That Can Increase Community Goodwill

May 8, 2018 AAPA Capital Projects Seminar – Norfolk, VA

- Introduction & Subject Overview
- Introduction of Panel Presenters
- Terrie Battuello Presentation
- Franc Pigna Presentation
- Panel Interview, Questions & Answers
- Panel Takeaways
“Highest and Best Use” Appraisal Analysis of One of North America’s Most Productive Marine Terminal
Poll of the Top 1000 “Blue Chip” Multinational Shipper Priorities

- Competitive Freight Rate: 38%
- Schedule Reliability & Consistency: 43%
- Transit Time & Speed: 12%
Today’s Logistics Truth:

“The customer wants more and is always willing to pay less for it.”
Cargo Will Flow “*Down River*” to the “*Lowest Cost - Best Service*” Level

The Most Competitive Port Regions will End up with the Cargo

Most of All Be “*Market Driven*”
Keys to a Successful Port & Intermodal Project Development Planning

- Above all be *market driven*.
- Ensure the plan *meets current customer’s needs*: They drive the revenue... Then pursue synergistic future industry trends & opportunities.
- *Maximize the use of existing capabilities first*: Focus on management, operations, information technology and pricing.
- *Finally Invest in new facilities* only after all other practical options have been successfully pursued and explored.
Ms. Terrie Battuello, CECd, Chief of Business and Economic Development
Port of Everett, Washington State

Profitable Developments That Can Increase Community Goodwill
May 8, 2018
AAPA Capital Projects Seminar – Norfolk, VA
Profitable Developments That Can Increase Community Goodwill

May 8, 2018

AAPA Capital Projects Seminar – Norfolk, VA

Mr. Franc J. Pigna
CRE, FRICS CMC
Managing Director
Aegir Port Property Advisers
Profitable Developments That Can Increase Community Goodwill

May 8, 2018                    AAPA Capital Projects Seminar – Norfolk, VA

- Introduction & Subject Overview
- Introduction of Panel Presenters
- Terrie Battuello Presentation
- Franc Pigna Presentation
- Panel Interview, Questions & Answers
- Panel Takeaways
Ms. Terrie Battuello, CECeD, Chief of Business and Economic Development
Port of Everett, Washington State
Capital Projects Seminar – Norfolk, Virginia
Profitable developments to increase community goodwill

Terrie Battuello, CEC, Chief of Business and Economic Development
Port of Everett, Washington State
May 8, 2018
Audience Participation

TEXT YOUR QUESTIONS DURING PRESENTATION
425-420-8330
The Role of the Port

- Economic development
- Job creation
- Tax base expansion
- Access to recreation
Balanced Waterfront: Scorecard

Why not do it?
- Massive capital demands for a competitive terminal operation
- Challenging impaired parcels
- Lack of supporting market presence

Why do it?
- Catalyzes community redevelopment
- Strengthens regional image
- Restores public lands to tax roles
- Promotes environmental sustainability
- Builds community interest/goodwill

TEXT YOUR QUESTIONS TO 425-420-8330 DURING PRESENTATION
Elements for mixed use project:

**MUST HAVES**
- Ripe Opportunity
- Leadership with aligned intent
- Determination
- Community Support

**STEPS**
- Define Opportunity Area
- Develop Key Partnerships
- Research Market Advantages
- Create Vision and Define goals
- Evaluate Feasibility and Identify Incentives
- Invest in infrastructure
- Early Win Strategy
- Community Communication Plan
City of Bremerton, Washington

CASE 1 DISINVESTED REAL ESTATE
Opportunity Situation

World War II Era Navy Town

- Rural mall development gutted main street
- Built with its back to the waterfront
- Industrial history not embraced
- Crisis of community confidence
- False starts based on disconnected vision and silver bullet theory
Catalyst Events

- Aligned/determined leadership sustained over time
- Ripe real estate opportunities
- Walkable scale
- Realization of unique story
- Trend toward town center development

Positive Actions

- Sustained public commitment
- True partnering (risk and reward)
- Authentic story
- Realistic Expectation
- A focused approach
Public Investment

- Utilities infrastructure
- Marina
- Conference center
- Fast Ferries
- Dinner Theatre
- New parks
- Condos
- Government building
- Road improvement
- Wayfinding
Public Funding

- Municipal capital projects
- Port of Bremerton
- Government facilities
- Utilities rates
- State Public Facilities District
- Homeland Security
- State and Federal Transportation
- National Endowment for the Arts
- HUD Economic Development
Development Catalyzed

- Fine dining restaurant
- Hotel
- Housing
- Retail
- Business start ups
- Art district
- Improved regional image
- Private investment
- 20 years in making
Lessons Learned

- Build on the authentic place
- Be strategic about intensity of messaging
- Keep it connected
- Private partners/business are key to traffic generation
- Never give up
City of Bothell, Washington

CASE 2 REALIGNMENT OPPORTUNITY

Sammamish Slough
Opportunity Situation

- 100-year old logging community
- Strong urban fabric
- More jobs than people
- Location close to major commuting corridors
- High cost of living in adjacent cities

Downtown Bothell
Catalyst Events

- Decaying main street
- State highway toll
- University of Washington branch campus
- School district vacating major 18 acre property downtown
- Strongly aligned pro-growth leadership following a lengthy no-growth leadership
What WE did right!

- Leveraged catalysts
- Aligned community intent
- Major investments
- Partnering opportunities
- Reinforced milestone wins
- Developer outreach
- Developer-centric culture and process
- Remained agile but persistent
- Staffed project

Plan with Specific Objectives
Public Investment

- Subarea Plan & Master Utilities Plan
- Abatement program
- Addressed Clean Up
- L.I.F.T. (tax increment)
- Acquisition by city of key sites
- City Hall
- New park
- Road and utilities improvement
- Wayfinding Signage
- Historic Overlay and Community Benefit (P3)
- Daylighted underground culvert
Public Funding Sources

- National Historical Preservation
- Utilities capital
- Brownfields Planning Grants
- State Remedial Action Grants
- Dedicated one-time revenues, (permit or excise tax funds)
- Transportation Improvement Program
- Federal Highway Administration
Lessons Learned

- Financial plan equally important to subarea plan
- Federal acquisition regulations
- Solvent sites require early action
- Second deal never as good as the first
- Cost of stopping mid-project to redesign can be more costly
- Don’t divide the retail
- Vision without funding is hallucination
- Voted levy requires strong tangible benefits
- Marathon not a sprint

Bothell Entry Wayfinding

TEXT QUESTIONS TO 425-420-8330
Economic Growth Catalyst

- McMenamin’s Resort destination
- 600+ new residential units
- New retail/business
- New City Center
- Improved Brand: citywide property value
- Strengthened business retention and recruiting
- Strengthened university brand creating a more youthful image

Develop continues to springboard with new projects, and district redevelopment expands out from center
THE POP
Bothell, WA

PROJECT DETAILS
UNITS
122

COMMERCIAL SPACE
12,500 SF

NEW STANDOUT IN DOWNTOWN BOTHELL
Port of Everett, Washington

CASE 3  REALIGNMENT OPPORTUNITY
Opportunity Situation

- Prime location available for the first time ever
- Growth demand in second tier cities
- Completed remediation
- Previous efforts to develop ripened opportunity
Catalyst Events

- Prime location never before available as mixed use
- Vacant due to clean up
- Completed remediation
- Extreme low apartment vacancy w/high market demand
- Strong partnering with city at all levels and complimentary goals
- Savvy legislative body with direct commercial development experience
Done right!

- Opened project office
- Aligned community intent w/guidelines
- Leveraged prior planning work product
- Created a vision that incorporated site history and culture (branding)
- Committed visibly to major investments
- Producing easy to understand shovel-ready opportunities; worked with specialized brokers where needed

- Market research and developer outreach
- Financial plan backing vision w/ financial ROI guidelines
- Concentrated in 2-3 year phases
- Unified plan with clear environmental design
- Negotiating to accomplish commercially viable deals
- Transparency and annual open houses
Public Investment

- Voluntary and negotiated clean ups
- Planned Development Overlay
- Development Agreement/ Design Guidelines
- Planned Action EIS and Master Utilities Plan
- Sub division and Shoreline Permits
- Major infrastructure and open space
- District Stormwater Treatment
- Performance center (Weyerhaeuser)
- Center building and new Yacht Basin
- Bulkheads and guest docks
Public Funding Sources

- Brownfields Planning Grants
- State Remedial Action Grants
- Dedicating business operations revenues
- Water sport and recreation grants (RCO, BIG)
- Revenue from CRE sales and ground leases
- City Multifamily Tax Exemption for market rate housing (8 years)
- Tax Exempt 6320 Non-Profit Benefit Corporation
Expected Catalytic Economic Growth

- Pays for 25% of upland public access and marina improvements in addition to self funding project
- $8.9 million in state and local tax generated
- 660 units of market housing
- 1.5 million total square foot mixed use including 400,000 sf office and 63,000 sf retail/restaurants
- 2,075 jobs
- Complements marina operations
- Improved regional identity
- Impacting citywide property value, demand
Lessons Learning...so far

- Connect name with place
- Site construction coordination is complicated! Sea level rise is a big deal!
- Make your vision big enough for everyone to share.
- It's not over until the ribbon is cut.
- Be willing to take as many chances as you expect others to take
- Federal permits take longer than your wildest dreams
On the Boards

Snohomish County North
Metro Everett: Light rail transit center
MARYSVILLE/ ARLINGTON MANUFACTURING INDUSTRIAL COORIDOR

- 4,000 ACRES
- 10 year state tax exemption new industrial facilities
- <1 hour south BC, Canada
- BNSF mainline access
- Interstate access
- Airport adjacent
- Highly trained workforce/university
- Affordable vibrant Life style

TEXT YOUR QUESTIONS TO 425-420-8330
Scorecard

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Bremerton</td>
<td>Took time</td>
<td>Skeptics</td>
<td>Developed</td>
<td>Nope</td>
<td>Yes</td>
</tr>
<tr>
<td>Bothell</td>
<td>Yes!</td>
<td>Mixed</td>
<td>Yes</td>
<td>Yes!</td>
<td>No</td>
</tr>
<tr>
<td>Everett</td>
<td>Yes</td>
<td>Mixed</td>
<td>Yes</td>
<td>Emerging</td>
<td>Yes</td>
</tr>
<tr>
<td>Metro Everett</td>
<td>Getting there</td>
<td>Emerging</td>
<td>Yes</td>
<td>Emerging</td>
<td>Yes</td>
</tr>
<tr>
<td>Marysville</td>
<td>Waiting</td>
<td>Mixed</td>
<td>Emerging</td>
<td>Emerging</td>
<td>Yes</td>
</tr>
</tbody>
</table>

Recap:

- Ripe Opportunity
- Leadership
- Aligned Intent
- Determination
- Community Support
- Momentum
- Evidence of Success (wins)

- Define Opportunity Area
- Develop Key Partnerships
- Research Market
- Create Vision and Define goals
- Evaluate Feasibility and Identify Incentives
- Infrastructure to Support Vision
- Early Win Strategy
- Community Progress Reports
Thank you

Terrie Battuello, CEcD, Port of Everett Chief of Business & Economic Development
425-388-0614 OR 425-420-8330
terrieb@portofeverett.com
Profitable Developments That Can Increase Community Goodwill

May 8, 2018                    AAPA Capital Projects Seminar – Norfolk, VA

- Introduction & Subject Overview
- Introduction of Panel Presenters
- Terrie Battuello Presentation
- Franc Pigna Presentation
- Panel Interview, Questions & Answers
- Panel Takeaways
Profitable Developments That Can Increase Community Goodwill

May 8, 2018
AAPA Capital Projects Seminar – Norfolk, VA

Introduction & Subject Overview
Introduction of Panel Presenters
Terrie Battuello Presentation
Franc Pigna Presentation
Panel Interview, Questions & Answers
Panel Takeaways
Profitable Developments That Can Increase Community Goodwill

May 8, 2018                    AAPA Capital Projects Seminar – Norfolk, VA

Introduction & Subject Overview

Introduction of Panel Presenters

Terrie Battuello Presentation

Franc Pigna Presentation

Panel Interview, Questions & Answers

Panel Takeaways
Profitable Developments That Can Increase Community Goodwill

May 8, 2018
AAPA Capital Projects Seminar – Norfolk, VA

Thank You