Port of Vancouver USA

AAPA Port Real Estate Issues Workshop

SEPTEMBER 18, 2018 – SEATTLE, WA

MIKE SCHILLER, DIRECTOR – BUSINESS DEVELOPMENT
LOWER COLUMBIA RIVER
PORT OF VANCOUVER USA

• 800 acres of operating port
• 600 acres of future development
• 700 acres (plus) mitigation/habitat restoration
2017 Cargo:
• 7.5 million metric tons of cargo moved across docks
• 392 vessel calls
• 65,398 rail cars

Revenue Generated:
• 50% marine
• 30% industrial / commercial
• 10% taxes
• 10% other (grants, etc.)

Tax Levy:
• Tax levy held steady at $9-10 million since 2012
  – $98 per year for property valued at $324,000.
BENEFITING THE COMMUNITY

The port is a driving force for economic growth in Clark County and Vancouver.

• 3,238 direct jobs
• 2,658 induced jobs
• 2,759 indirect jobs
• 11,547 jobs by users of our maritime facilities.
• Port developing 10 acres of prime riverfront land
• Boise Paper sold adjacent 33-acres to Gramor Development for their waterfront project
• Construction almost complete on city’s new 7 acre park and trail
Conceptual Development Plan Overview

PROPOSED LAND USES

AREA - 10.37 ACRES
BLOCK A - MIXED USE OFFICE
BLOCK B - MIXED USE / RETAIL
BLOCK C - MIXED USE / RESIDENTIAL
BLOCK D - HOSPITALITY
OVERWATER PIER
TERMINAL 1 BUILDING MARKETPLACE
OPEN SPACE / PUBLIC PLAZA AREA
COLUMBIA RIVER RENAISSANCE TRAIL

PROPOSED MASTER PLAN PROGRAM - BUILD OUT

<table>
<thead>
<tr>
<th>Development Type</th>
<th>Proposed Amount</th>
<th>Target SF</th>
<th>Unit</th>
<th>%</th>
<th>Blocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terminal 1 Renovation, &quot;Marketplace&quot;</td>
<td>25,000</td>
<td></td>
<td></td>
<td>4%</td>
<td>Pier Area</td>
</tr>
<tr>
<td>Office Buildings</td>
<td>200,000</td>
<td></td>
<td></td>
<td>21%</td>
<td>A,B,C,D</td>
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<tr>
<td>Retail (including restaurant)</td>
<td>62,000</td>
<td></td>
<td></td>
<td>6%</td>
<td>A,B,C,D</td>
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<tr>
<td>Hotel</td>
<td>105,500</td>
<td>160 rooms</td>
<td></td>
<td>12%</td>
<td>D</td>
</tr>
<tr>
<td>Residential: Apartments</td>
<td>245,500</td>
<td>355 units</td>
<td></td>
<td>25%</td>
<td>A,B,C</td>
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<td><strong>SUBTOTAL GSF</strong></td>
<td><strong>638,000</strong></td>
<td></td>
<td></td>
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<tr>
<td>Parking</td>
<td>310,500</td>
<td>808 stalls</td>
<td></td>
<td>32%</td>
<td>All</td>
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<tr>
<td><strong>TOTAL DEVELOPABLE AREA</strong></td>
<td><strong>948,500 SF</strong></td>
<td></td>
<td></td>
<td>100%</td>
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Key Topics in Terminal 1 Development

- Involving the community in stakeholder discussions
  - Conducted many open houses to gather input
- Working with the city, state, and adjacent developers
  - Have three leases in T1 currently
  - Securing tenants while complete development plan
- Attracting commercial investment
  - Issued two RFP’s for site development
- Managing development expenses
  - Sequencing capital to meet development needs
- Preserving the community’s legacy
  - Valued waterfront parcel in port’s and community’s mind
Port’s Development Partners

- **Vesta Hospitality, hotel developer**
  - AC Hotel by Marriott
  - 160 rooms and 160 parking lot

- **Current tenant: Warehouse ‘23**
  - Restaurant, event space and catering

- **Mixed-use developer**
  - Residential, retail and commercial office space
TERMINAL 1 HOTEL

Vesta Hospitality – Hotel Developer

- AC by Marriott Hotel
- Approximately 160 rooms and 160 parking spaces
- Demolition of Columbia Shores Building
- Hotel groundbreaking
- LEED Gold building
T1 Hotel / Developer Topics

- Negotiating a Lease
  - Key items involved:
    - Environmental ground issues
    - CMMP / SWMP
    - Design topics centered around look and LEED
    - View considerations
    - Surrounding development
      - Construction laydown
      - Parking
    - Managing conditions precedent to complete lease
Ground Conditions

- Ensure you have a leasable (legal) lot
- The port did a boundary line adjustment to create a legal lot for T1 Hotel
- Completing a short plat process to create legal lots for site development
- Understand the ground characteristics
- Contaminated media management plan
- Stormwater management plan
- Environmental conditions (caps, orders, assessments) of planned lease
- Soil stabilization to support development
Design Standards

- Port decided to guide building design through a design standards exhibit in the lease rather than through CC&Rs.
- These standards outlined how the development would be tied together through common design elements and are administered by a review committee.
- One key aspect involved incorporating LEED elements into the building and neighborhood design.
- Goal is to create a LEED Gold development.
- Additional expense for both the port and developers.
T1 Hotel View Corridor
View Corridor

- The hotel developer required clear sight lines from the hotel to the Columbia River
- Port agreed to development restrictions and coordination with hotel for building in view area.
- This view corridor is over Washington State owned land administered by the state Department of Natural Resources. The port manages on behalf of the DNR through a Port Management Agreement
- The port and hotel developer are jointly creating a vision for the site
Creating the Development Vision

- Creating a vision for the entire site – involving:
  - Road and accessibility layout
  - Building envelopes
  - Public spaces
  - Public art
  - Terminal 1 Marketplace
Terminal 1 Features

- Green space for public activities
- Bike and walking trails
- Renovated amphitheater
- Vendors selling local goods
- Restaurants
- Craft breweries and wineries
- Local, fresh foods
- Public access/river views
- Visual history of the port and Vancouver area
- Local and regional art
- Reclaiming components of the historic structure into a new marketplace
Conclusion

- Manage the design standards – speak clearly and consistently
- Maintain good relations with adjacent developers and permitting agencies
- Manage the time it takes to complete the conditions precedent
- Complete your development actions quickly (CAM, development, utilities) basically developing while negotiating – increases risk
- Involve the developer(s) in the vision
OUR LEGACY

• Birthplace of the Port of Vancouver

• Vital link between downtown Vancouver, the waterfront park and Columbia Waterfront LLC, Fort Vancouver

• Entrance to our community