

Fifth Street Redevelopment Options



February 21, 2023
Dan Frazier
David Lodge

Why are we here?

On November 21, 2022, the Board of Commissioners closed the RFP process without selecting a developer and directed staff to propose a range of options for next steps in Fifth Street redevelopment process.

This presentation will cover the range of options including the process involved in developing the options, and how each option addressed the established project goals

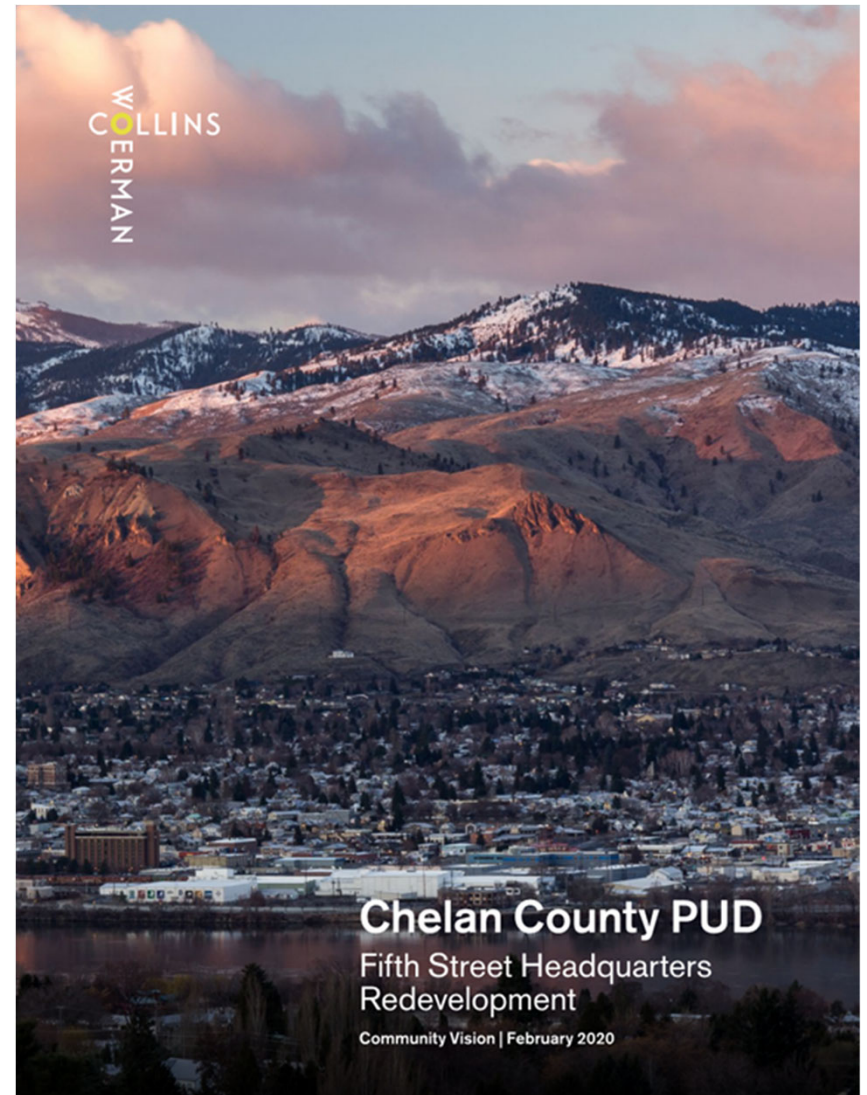


Project Goal

Overall Project Goal

Provide a redevelopment outcome that balances the following parameters:

1. Consistency with the community vision for the site
2. Promotes timely redevelopment
3. Provides the best value to PUD customer-owners
4. Takes into account the resources required for success



Development of Options



Activities Since Nov 21st

- Met with local appraiser to update values from 2018 appraisal
- Met with YMCA to discuss various deal points and timing of a potential land sale
- Met with Music Theatre of Wenatchee (MTW) to discuss parking needs
- Reconvened stakeholder group to help with development and review of options

Options for Next Steps

1. Postpone action
2. List for sale
3. Market with broker
4. Develop anchor use
5. Full development



Option 1 - Postpone Action

Summary: Delay action and wait for more favorable market conditions. Explore tenant options. Explore interim uses for the site (Green space, Public parking, etc.) Pursue required site remediation activities in the interim.

Pros:

- Allows PUD to time action with more favorable market conditions
- Allows time to conduct site remediation
- Provides potential interim uses

Cons:

- Delays redevelopment activities
- Inconsistent with commitment not to leave the site empty

Option 2 – List For Sale

Summary: List property for sale without restriction. Allow the market to drive redevelopment outcomes.

Pros:

- Lowest level of staff time commitment
- Lowest level of financial commitment

Cons:

- Delays redevelopment activities
- No control over outcome or schedule
- Inconsistent with commitment to meet community vision
- Potentially negative land value with existing buildings and site conditions

Option 3 – Market Property with Broker

Summary: Hire a real estate broker to market property to developers with PUD evaluating and controlling sales. Creates opportunities for a master developer to take on project or multiple developers to take on specific parcels. Anticipates some level of financial investment depending on interest.

Pros:

- Retain some control of outcome to meet community vision
- Less resource commitment than subsequent options
- Potential to realize market value

Cons:

- Potential long delay in current market

Option 4 – Develop Anchor Uses

Summary: Establishes a 2-phase approach to property redevelopment:

Phase 1:

- Negotiate purchase-and-sale agreements with YMCA and Music Theatre of Wenatchee (MTW) to establish anchor uses for site
- Anticipates investment in site improvements (demolition, circulation, utilities) to enable final development for anchors

Phase 2:

- Use a broker to actively market the remaining parcels after mitigating unknowns and risk (similar to Option 3)
- May find a master developer to take on the entire project or create opportunities for multiple developers

Option 4 – Develop Anchor Uses

Pros:

- Consistent with community vision
- Ability to start work shortly after PUD move-out
- Establishes “anchor use” significantly improving ability to market remaining parcels
- Endorses uses with demonstrated level of community support
- Creates opportunities for local developers to participate
- Mitigates risks and unknowns identified during RFP process

Cons:

- Significant staff time and financial investment required
- Unknown level of financial return
- Relies on successful completion of nonprofit fundraising efforts

Option 5 – Full Development

Summary: Partner with Port and City to take on full development with the possibility of maintaining ownership or selling upon completion

Pros:

- Complete control of outcome and timing
- Does not rely on developers or current market conditions

Cons:

- Potentially keeps property in Public ownership
- Highest level of staff time, financial investment, and risk

Staff Recommendation

Considering how each option addresses the stated project goal, staff recommends commencing with Option 4, Phase 1 and conducting further evaluation of Phase 2.

Staff would enter into negotiations with the YMCA and MTW and report progress to the Commission during the second quarter of 2023.

Questions



Public Comment



Next Steps

Motion by Commission directing staff to work on one or more options as presented

Or

Request staff to provide additional information and return in two weeks for further Commission direction