

City of Palouse



REQUEST FOR PROPOSALS

SURPLUS PROPERTY SALE

For the Purchase and Redevelopment of the Site at
335 East Main Street
Palouse, WA

Published: July 5, 2018 at <https://www.visitpalouse.com> and the Moscow Daily News

Responses Due: September 5, 2018 by 3:00 PM

Submit Responses to:

Palouse City Hall
East 120 Main Street
P.O Box 248
Palouse, WA 99161

Attention: Kyle Dixon, City Clerk

FOR MORE INFORMATION CONTACT:

Kyle Dixon, City Clerk
509-878-1811
cityclerk@palouse.com

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1. OPPORTUNITY OVERVIEW

The City of Palouse is seeking proposals from qualified purchasers interested in acquiring and developing surplus city land located at 335 East Main Street, Palouse, WA. The total area of the Property is approximately 0.5 acres. The City Council by Resolution 2018-04 declared the Property surplus to its needs on June 26, 2018.

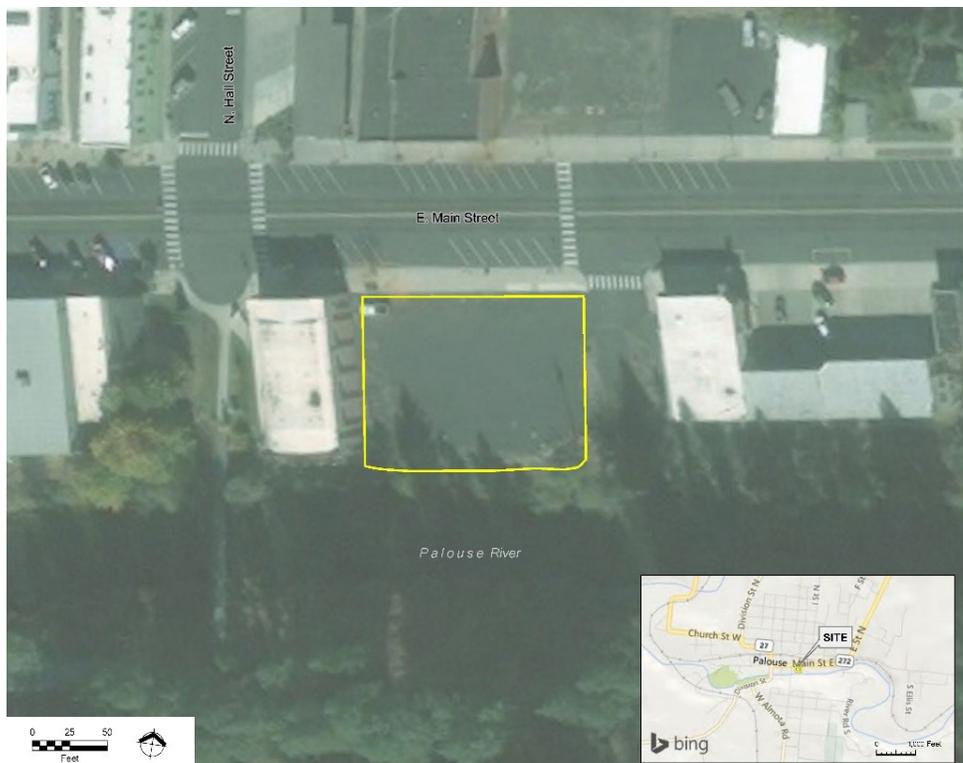
Learn From Experience

The City of Palouse envisions the Property will be developed with a vibrant use that complements the character and existing businesses in its downtown. Uses could include retail, restaurant, cottage industry, or office with residences on upper floors. Other creative uses can also be proposed.

The City desires to see redevelopment occur which achieves the following objectives:

- Contributes economically to the community
- Complements existing downtown uses and buildings
- Increases the number and diversity of local businesses
- Protects the natural resources of the land and Palouse River

Figure 1. Aerial View of the Property



2. PROPERTY OVERVIEW

The Property is located on Main Street in downtown Palouse. Palouse is located in Southeast Washington approximately 15 miles north of both Pullman, Washington and Moscow, Idaho. The city's economy is linked to the university towns of Pullman (Washington State University) and Moscow (University of Idaho) and to the network of small towns located between Spokane and Clarkston. Main Street represents the center of the Palouse community, with over 20 businesses and public buildings, including City Hall, the library, and a public park. The City and local businesses have made significant investments in revitalization of the downtown in the last 20 years. A number of historic buildings have been renovated by new small businesses including restaurants, antique shops, hand craft shops, and an art gallery. Main Street has been rebuilt with broad sidewalks creating a pedestrian-friendly environment with flower pots, decorative lamp posts, and banners. Over a dozen events are hosted every year to activate Main Street, including the annual Spring Hot Rod Gathering, Palouse Days, and Haunted Palouse which collectively draw over 5,000 people per year.

The Property is currently vacant and shovel ready for development. The rectangular parcel is relatively flat and has access and views to the Palouse River. The riverbank has been planted with native vegetation by the Palouse Conservation District. The Palouse Health Center has renovated a historic masonry building on the west side of the Property. Bagott Motors is located on the east side of the Property across an alley located within a street right of way. The Palouse Caboose restaurant opened in 2015 and is located on the north side of Main Street across from the Property.

Property Details

Address: 335 East Main Street, Palouse WA 99161

Property Location: The Property is located in downtown Palouse on the corner of Main and J Streets. The Palouse River borders the Property to the south.

Tax ID Number: 1-0780-00-01-02-0002; 03-0000; 04-0000

Legal Description: Lots 3 and 4, and a portion of Lot 2, Blk 1, Wiley's Addition to Palouse

Size: 14,700 square feet.

Zoning: Commercial (COM)

Zone Intent: To allow a maximum flexibility and diversity of uses in order to improve economic vitality and serve the needs of surrounding residents.

Permitted Uses: Permitted Uses include retail and office uses, restaurants, visitor lodging, personal service establishments and residential uses on the upper floors.

Building Dimension Requirements:

- Height Maximum: 35 feet or two stories
- Setbacks:
 - No setback is required for nonresidential commercial uses except on a corner lot. Minimum setback shall be 10 feet in such circumstances
 - Residential uses shall have a front yard setback of 20 feet, 10 feet for rear yards, and five feet for side yards except on a corner lot where the setback shall be 15 feet.
- Bulk Requirements. Residential uses only shall have maximum lot coverage 48 percent
- Buffering: Commercial properties across a river from an R1 or R2 zoning district have additional buffering requirements.

See <http://www.codepublishing.com/wa/palouse/> for entire code.

Shorelines

Development of land within 200 feet of the Ordinary High Water Mark of the Palouse River must comply with the provisions of the City of Palouse Shoreline Master Program. The Property is within an area designated as High Intensity. This is the most flexible use designation and generally allows uses permitted in the Commercial zoning district. Development of the Property will require a Shoreline Substantial Development Permit from the City of Palouse. A copy of the Shoreline Master Program can be obtained from City Hall.

Critical Areas

The Property is located within the 100 year floodplain of the Palouse River. Development will need to meet the requirements of the City's Floodplain Construction and Use Regulations (Palouse Municipal Code Chapter 15.36). These include elevating the bottom floor to at least 1 foot above 100-year flood elevation or certified flood-proofing of buildings.

Environmental Conditions

The Property has a long history of previous uses including a fueling station and blacksmith shop. These past uses resulted in releases of petroleum products and other hazardous substances. The City of Palouse took a proactive role to clean up these historical impacts. In 2012, the City contracted to excavate impacted soil from the Property to a depth of approximately 8 feet below ground surface (see the Cleanup Completion Report for details). The excavation was backfilled and compacted in 12-inch lifts. Oxygen releasing compound was mixed into the backfill to promote natural breakdown of residual impacts in soil and groundwater. The clean backfill materially effectively caps and contains residual impacts and the Property is now ready for redevelopment.

To monitor the long-term effectiveness of the cleanup, three monitoring wells were installed on the Property: two along the top of the riverbank and one along Main Street. Concentrations of contaminants in groundwater have reduced since the soil cleanup was conducted. Two of the wells now meet cleanup levels for petroleum hydrocarbons. Petroleum concentrations in Monitoring Well 3 (in the southwest corner of the Property) have declined but are still above cleanup levels.

Risk Management

To limit liability for environmental impacts, the City entered into a Consent Decree with the Washington State Department of Ecology to conduct the cleanup. The Consent Decree is a settlement of liability that protects the City from potential enforcement actions by the State and from third party lawsuits related to the historic environmental impacts. A Consent Decree is the highest level of environmental liability protection provided by the State of Washington. These protections are transferable with the Property. The Consent Decree is provided with the Due Diligence materials.

The cleanup actions, along with restrictions set by the environmental covenant, have created a Property that is safe for redevelopment and has reduced the possibility for exposure.

Restrictive Covenant

A restrictive covenant has been recorded on the Property that includes a number of provisions to manage the risk associated with the residual impacts, these include:

- All uses permitted by City Zoning Code allowed.
- Uses must continue to maintain the cap over impacted soil and must not exacerbate contamination
- No groundwater may be taken for domestic use from the Property.
- Soil three feet below ground surface and deeper should be considered potentially contaminated. Excavation and handling of that soil will need to comply with a Site Management Plan.
- Regular monitoring of the groundwater wells is required to continue until concentrations of contaminants of concern are below cleanup levels for four consecutive monitoring events.

The Restrictive Covenant is provided with the Due Diligence materials.

Construction Considerations

- Construction can begin as soon as permits are issued. The groundwater monitoring can continue even after a building is constructed and occupied. Monitoring wells are located on the edge of the Property to minimize impacts to future construction.
- Standard techniques apply for site grading and vertical construction.
- Backfill was compacted in 12-inch lifts and provides a stable surface. Standard geotechnical assessment should be conducted for any specific development to understand whether any special construction techniques are needed.
- Soil deeper than 3 feet below ground surface will need to be managed according to the Site Management Plan (provided with the Due Diligence materials).

Maintenance and Monitoring Requirements

Current frequency of groundwater monitoring is annual. The most recent groundwater monitoring report is provided with the Due Diligence Materials.

- Once cleanup levels met in Monitoring Well 3, it is recommended that monitoring be conducted quarterly to achieve the standard of 4 consecutive sampling events below cleanup levels that would allow the Department of Ecology to determine that monitoring is no longer needed.
- Groundwater monitoring cost is approximately \$7,500 per event, and includes sampling, laboratory analyses, reporting to the Washington State Department of Ecology, and investigation-derived waste handling.

Market Overview

Successful redevelopment of the Property will depend on an accurate assessment of the local and regional market opportunities and challenges. As a relatively small market, the economy of Palouse is inherently linked to the nearby larger cities of Pullman and Moscow as well as to the network of small towns in the region. The demographics of the Palouse market are characterized by moderate population growth in the region and a relatively steady population level in the city. The influence of the universities of Washington State and Idaho is reflected in the relatively high percentage of adults with advanced degrees. The universities also contribute to relatively low levels of unemployment in Palouse through direct jobs and support of business and technology parks in Pullman and Moscow.

The scenic beauty, natural resources, and rich history of the Palouse region support a strong tourism and recreation economy that provides revenue and employment with potential to grow in the future. In the city, niche retail businesses focused on antiques and handcrafted art and goods are creating a brand and identity that are revitalizing the downtown commercial area. These businesses provide services that are not replicated in larger shopping centers and that capitalize on the unique experience of shopping in a small historic downtown atmosphere.

An analysis of the redevelopment potential of the Property conducted by E.D. Hovee and Company (Hovee, 2009) makes the observation that substantial sales leakage is occurring in Palouse, where residents travel outside the local community to make purchases and recommends that sales leakage is most likely to be recaptured if the shopping district continues to build on its inherent advantages of attractiveness, walkability, and unique character.

3. DEVELOPMENT CONCEPT

The City conducted a public planning effort focused on redevelopment of the Property in 2009-10. The resulting Palouse Brownfield Integrated Cleanup & Redevelopment Plan identified the following objectives for the future use of the Property:

- Contribute economically to the community
- Complement the existing downtown uses and buildings
- Increase the number and diversity of local businesses
- Protect the natural resources of the land and Palouse river

There are a range of potential uses for the Property that can meet these guiding principles and that received support through the public planning process:

Retail: Popular ideas have included a boutique shop, tourism center, restaurant, brewpub or winery. New retail uses should complement existing businesses and fit the emerging model of providing unique experiences that cannot be replicated in large shopping centers.

Office: Office space for private companies or public agencies would expand opportunities to live and work in Palouse and increase the number of people downtown during the day to support restaurants and institutions like the volunteer fire department.

Cottage Craft Industry: A number of successful artisans work in the Palouse region using light industrial tools and techniques to handcraft and repair products like custom cars, radios, and custom farm equipment.

Accommodation/Housing: There is a need for overnight accommodation for visitors and tourists in Palouse. There is also a need for senior housing. The location of the Palouse Health Center next to the Property makes this an attractive location for some type of senior or assisted housing.

Mixed Use: These uses could be combined in a building on the Property, with a business use on the first floor and residential use above. A mixed use building conforms with the historical character of other downtown buildings.

4. TERMS AND CONDITIONS OF PROPERTY TRANSFER

The City will negotiate the specifics terms of a purchase and sale contract with the selected developer. The contract will contain covenant(s) limiting development on the property to that which has been approved. The description of the project, drawings, and timeline, as refined through the negotiation process, will constitute the “Development Plan” and will be included as an exhibit to the contract. There may also be a deferred purchase price deed of trust and promissory note executed, the terms of which will be negotiated prior as part of the purchase and sale contract.

If the selected developer fails to reach agreement with the City on the terms of the various contract documents within a reasonable time period, determined by the City, the City may reject the development proposal and re-advertise the property or enter into direct negotiations with one of the other qualified respondents to the RFP.



The negotiated purchase and sale contract, all associated documents and the corresponding legislation for disposition is subject to approval by City Council.

The City has identified the following key terms for transfer of the Property.

The proposed redevelopment project must comply with all local, state and federal rules and statutes necessary to obtain development permits and approvals.

While acquisition price is important, the City prioritizes the timely redevelopment of the Property. Sale of the Property will be contingent on meeting established development timelines.

The City expects the prospective purchaser has conducted its own due diligence of the Property and absent any written understandings to the contrary accepts the Property as is.

The successful respondent must have a thorough understanding of environmental conditions and constraints of the Property. The City prefers the successful respondent will undertake and accept future ongoing ground-water monitoring obligations.

General Terms

This RFP is not a contract or a commitment of any kind by the City and does not commit the City to enter into a purchase and sale agreement.

Rejection of Responses

The City, at its sole discretion, reserves the right: (i) to accept or reject, in whole or in any part, proposals to this RFP, (ii) to request new proposals, (iii) to waive any immaterial defects and irregularities in the proposals, (iv) to reissue the RFP, or (v) to not proceed with any part of the procurement process.

Public Disclosure

All proposals may be subject to public disclosure. Revised Code of Washington, Chapter 42.17, provides that public records are subject to public inspection and copying unless specifically exempted. The proposer recognizes and agrees that the City will not be responsible or liable in any way for any losses that the respondent may suffer from the disclosure of information or materials to third parties, nor for any use of information or materials by third parties.

Responsibility for Cost

The City shall not be liable for any costs incurred by respondents in the preparation or submission of a proposal or participation in the RFP process.

5. SUBMITTAL REQUIREMENTS

Responses must address the following elements in sufficient detail to allow the City to identify the most responsive submittal.

- A. Development Concept Narrative.** Prepare a narrative description of the type of project envisioned for the Property in sufficient detail to help the City understand the use, quality, density of the proposed redevelopment project. Concept sketches are encouraged but are not required. Discuss any public amenities, if any, included in your development concept.
- B. Purchaser and Development Team.** Provide background information of the purchaser(s) and other key members of your team as appropriate. Provide past project examples and explain the team's capacity to perform the anticipated property development. Brownfield redevelopment experience, if any, should be highlighted.
- C. References.** Provide contact information of three (3) references that can speak to your team's track record, expertise, and capabilities. Contact information should include the name, title, entity, telephone number, email and relationship to your firm.
- D. Environmental Responsibilities.** State your team's acceptance or approach to on-going ground water monitoring and other environmental requirements.
- E. Project Timeline.** Describe major project milestones including construction drawings, building permit application, groundbreaking, and project completion.
- F. Project Financing:** Outline the team's financial capacity and anticipated plan of finance for the project, including the level of co-investment, third party equity, and debt.
- G. Purchase Offer.** Submit the minimum offer price for the Property.

Respondents must submit their proposal by September 5, 2018 at 3:00 PM to Kyle Dixon, City Clerk at City Hall or cityclerk@palouse.com

6. PROPOSAL REVIEW AND SELECTION PROCESS

The City Brownfield Advisory Committee will review proposals to ensure they are complete and responsive to the RFP. The advisory committee will review, evaluate and rank responses based on the following weighting system.

Category	Points
1. Development Concept and Timing	40
2. Strength and Capability of Team	40
3. Project Financing	10
4. Offer Price	10
Total	100

At the Committee’s discretion, applicants may be asked to attend an in-person interview, open to the public, to present themselves and the project and answer questions from the committee.

Respondents will be informed by September 14, 2018 as to whether or not they will be invited to participate in an interview.

After the evaluation process is complete, the Committee shall make its recommendation to the Palouse City Council. Following an advertised public meeting the City Council shall make a selection and provide direction to the Mayor and City Attorney to negotiate and draft a purchase and sale agreement.

7. DUE DILIGENCE MATERIALS

The following due diligence materials are available at the City Clerk’s office during working hours or online at <https://www.visitpalouse.com>

- Property Title Report
- City of Palouse, Title 17.04; Zoning
- City of Palouse, Title.17.24; Critical Areas
- City of Palouse Shoreline Master Program
- Market Study 2009. E.D. Hovee and Company, 2009
- Existing Conditions Report; MFA, November 11, 2009.
- Integrated Planning Grant Report; MFA, October 2010
- Environmental Reports
 - Cleanup Completion Report
 - Site Management Plan
 - Latest Ground Water Monitoring Results
 - Consent Decree
 - Environmental Restrictive Covenant

