



**Anderson & Middleton**

## Grays Harbor Marine Industrial Site Offering Memorandum



### Site Quick Facts

<b>LOCATION:</b>	Grays Harbor, Washington
<b>SIZE:</b>	93.1 total acres 76.9 acres upland land area 16.2 acres submerged land area
<b>DESCRIPTION:</b>	Over 1,700 linear feet of deep water frontage
<b>RAIL ACCESS:</b>	Adjacent to Puget Sound & Pacific Railroad (PSAP) rail line that is part of the national network
<b>ZONING:</b>	Industrial, Waterfront Overlay
<b>PRICING:</b>	Unlisted
<b>OFFERS:</b>	Offers reviewed as they are submitted. Owner is open to a joint venture agreement, ground lease or outright sale.

HEARTLAND



# Executive Summary

**The Anderson & Middleton Grays Harbor Marine Industrial Site** ("Site") represents a rare opportunity to develop one of the last large-parcel, deep-water access sites on the Pacific Coast. The Site offers nearly 80 upland acres that benefit from close proximity to regional highway, rail and marine transportation infrastructure that connect the Site on the regional, national, and international level. With its size and connectivity, the Site can accommodate a wide range of industrial uses looking to access global markets. The Owner will consider a wide variety of transaction structures including an outright sale, a ground lease, or a joint venture.



# Site Details

## SITE OVERVIEW

The Site encompasses 76.9 upland acres (93.1 total acres) of waterfront industrial land in the City of Hoquiam, Grays County, Washington. Hoquiam is located along Grays Harbor, just inland from the Pacific Ocean coastline. The majority of the Site is vacant and unimproved, with the exception of an approximately 10,000 SF office building that was originally constructed in 1965 and added onto in the early 1980's. The building is currently vacant.



PARCEL ID	TOTAL ACRES*	UPLAND ACRES	SUBMERGED ACRES
1a	13.7	13.7	-
1b	1.4	1.4	-
2a	3.8	3.8	-
2b	36.9	34.0	2.8
3	28.7	21.8	6.9
4	8.7	2.2	6.5
<b>TOTAL</b>	<b>93.1</b>	<b>76.9</b>	<b>16.2</b>

\* Acreage source Berglund, Schmidt, & Assoc.  
Parcel assignment based on assessor parcel outlines.



Existing Building

Historically, the Site has accommodated lumber activities including the milling and storage of logs. Additionally, a marine shipping terminal was previously located on the Site to facilitate direct ship-to-shore transport of timber. Since the 1960's, the Site has been used primarily for log sorting and storage. In 2010 the Washington Department of Transportation ("WSDOT") conducted a Draft Environmental Impact Statement ("DEIS") of the Site as a potential location for its SR-520 pontoon production facility. The information contained in the DEIS analysis is available to interested parties through the Virtual Deal Room .

The Site is situated between the Port of Grays Harbor's ("Port") operating facilities and has over 1,700 linear feet of frontage adjacent to Grays Harbor's deep-water shipping channel. This channel is approximately 36-feet deep at its lowest levels. This channel is regularly maintained by the Army Corp of Engineers and was last dredged in 2013. Adjacent to the east is a vacant 45 acre Port owned property, known as Industrial Development District 1 ("IDD-1"). Directly to the west of the Site there are low-intensity industrial uses, the Port's Terminal 3 (0.7 miles), and the Port's Bowerman Field airport (1.4 miles). The Port's Terminals 1, 2 and 4 are located to a little more than a mile to the east.

The Site is large enough to accommodate a wide variety of industrial uses, without the cost and difficulty of assembling multiple parcels under different ownerships. The Site is well-suited for development, with relatively flat topography across the entirety of the Site—the elevation ranges from 10 to 16 feet above the mean lower low water level.





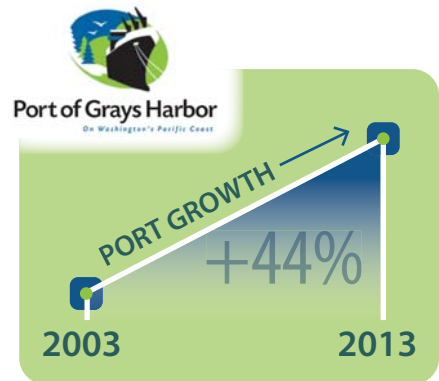
# Market Context and Site Connectivity

## MARKET CONTEXT

The Port of Grays Harbor has experienced significant growth over the past decade. The total value of goods passing through the Port has grown at a compounded annual rate of over 44% from 2003 to 2013, this compares to 6% growth across all Washington State deep-water ports.

The Port's strong growth is due to its ability to handle a diversified cargo mix and its competitive location for shipping to the Pacific Rim. Grays Harbor is the Pacific Coast's closest deep-water port to the Pacific Rim, reducing transit time to this region by at least one day relative to other Pacific Coast shipping options. Businesses recognize the cost savings associated with the Port's competitive advantage and this has enabled the Port to attract a disproportionate amount of users.

In order to better position itself for future economic growth, the County has begun to shift from a reliance on its timber industry to a more diversified commercial base. To encourage this diversification, the State, County and Port offer a variety of tax, financing and employee training incentives, detailed below.



- **Industrial Revenue Bonds:** *Low interest rate, tax-exempt bonds for private companies to finance property acquisition, machinery and equipment, design, consulting, legal, accounting and financing expenditures.*
- **Sales and Use Tax Exemptions:** *County provides tax exemptions for buildings, equipment and machinery used in manufacturing.*
- **B & O Tax Credits:** *Manufacturers and technology firms locating in Grays Harbor County are eligible for a credit against the State's B&O tax.*
- **Employee Training Incentives:** *Subsidies available for training for new companies.*
- **Fast Track Permitting:** *Permits and licenses can usually be approved within 60-90 days from the time the company submits a completed application.*
- **Site Development Assistance:** *A new company can benefit from state-financed infrastructure funds that can lower the cost of providing access to roads, rail, water, sewer, utilities or other works needed for industrial development.*

## SITE CONNECTIVITY

The Site is adjacent to marine, rail, and truck transportation arteries that connect it with international markets. Properties with this combination of transportation connections are very rare in the Grays Harbor area and in the Pacific Northwest in general. The connections, combined with the acreage, help make the Site a unique opportunity among the deep water ports in Washington.



### Rail Access

The Puget Sound and Pacific ("PSAP") short-line railroad runs adjacent to the Site's northern boundary. This railroad is owned by Genesee & Wyoming and operates daily on 60 miles of track in the County. The PSAP interchanges with both the Burlington Northern and Union Pacific Railroads, connecting Grays Harbor to destinations throughout the region and the United States. The PSAP recently added a second loop system to

accommodate excess demand at Terminals 1, 2 & 4. A similar loop system could be established to connect the Site and the Port's IDD-1 property to the PSAP system.

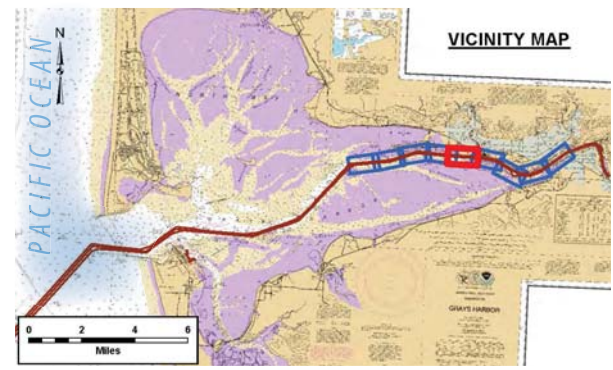
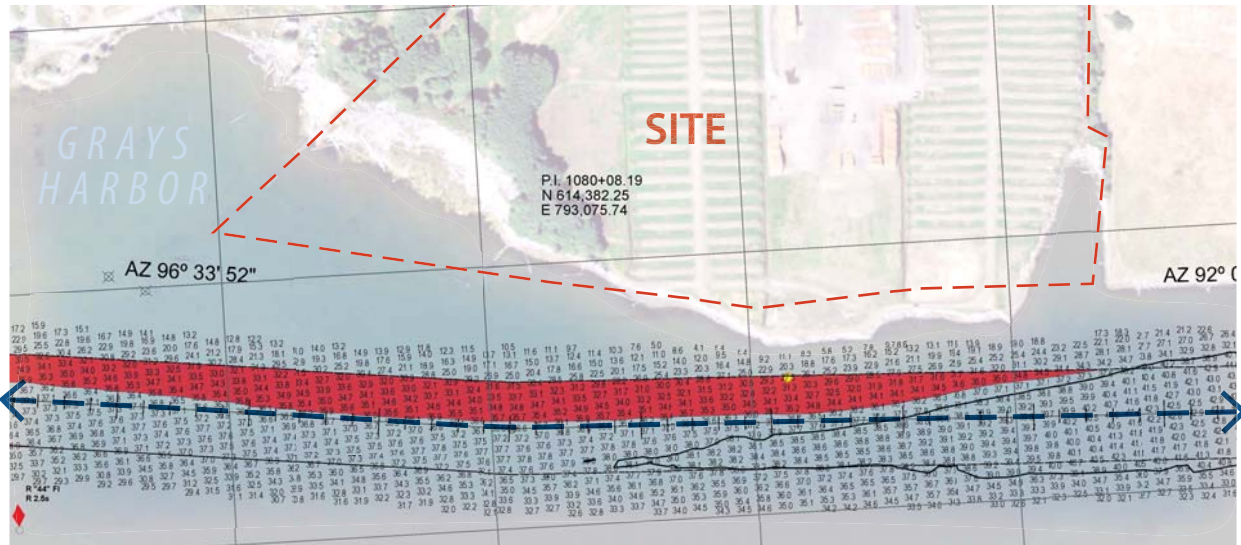
**Marine Access**

Access to the Site from the Pacific Ocean is through the Grays Harbor navigation channel. Twin jetties secure the mouth of the harbor with a deep draft 22-mile channel that stretches from the Pacific Ocean to the city of Aberdeen. The average channel depth is 36-feet at lowest tide up to the major Port of Grays Harbor docks. The deep draft channel is dredged annually by the US Army Corp of Engineers ("ACE"). The ACE will be deepening the channel to 38-feet in 2017.

The Site's 1,700 linear feet of frontage along the Grays Harbor deep-water navigation channel make it a potential site for a marine terminal docking facility. While the Site does not currently have a docking facility, it has historically accommodated this use. The Site is located approximately 14 miles or 1.5 hours from the Pacific Ocean.



**Grays Harbor Navigation Channel**



### *Vehicular Access*

Trucks have easy access to SR-101 which connects with US-12, a four-lane highway that links the area with I-5. The Site is approximately 51 miles from I-5, with a travel time of approximately an hour. WSDOT conducted an extensive transportation study as part of its pontoon project EIS which concluded that the significant truck traffic related to the project would have only a minor effect on the area's vehicular operations.



# Permitting Status & Environmental

## ZONING

The Site is located in Hoquiam's Industrial Zone, which accommodates a variety of light and heavy industrial uses, including:

- *Heavy and light manufacturing*
- *Processing*
- *Fabrication and assembly of products and materials*
- *Warehousing*
- *Storage*
- *Transport facilities*
- *Marine-related uses*

The Site is also located in the waterfront district overlay. This overlay recognizes the unique character of the waterfront area in Hoquiam and allows a wide variety of development along the shoreline. The use of waterfront property can range from industrial to residential development in a planned unit development. The city will work towards compatibility among the waterfront development and also to allow public access to the shoreline to the extent possible.



## UTILITIES

Water is supplied by the City of Hoquiam and located in both 5th and 8th Streets with 8-inch mains. At the time of the PIE report<sup>1</sup>, City staff reported approximately 2 million gallons of potable water per day, and that water pressure is not a concern in the vicinity of the Site. In addition, there is a 48-inch industrial line on the west side of the Hoquiam River that has capacity for 12 million gallons per day- it would need to be extended by approximately 0.8 miles to reach the Site.

Sewer is provided and managed by City of Hoquiam Public Works Department, and is located near the Site. There is an existing 10-inch main that drains to a nearby pump station on the adjacent Port property to the east.

Electricity is provided by Grays Harbor Public Utility District ("PUD"). Approximately 60 percent of the PUD electric power is received from the Bonneville Power Administration, and the remaining power comes from a variety of sources, including wind farms and natural gas-fired combustion turbines. Power lines run along the northern boundary of the Site.

Stormwater is currently routed through a series of ditches and culverts which ultimately run into Grays Harbor. Stormwater regulations set forth by the Department of Ecology and the 2005 Stormwater Management Manual for Western Washington will dictate the required stormwater management system for a development on the Site.

## PERMITTING AND ENVIRONMENTAL STATUS

Any substantial development of the Site will be required to comply with the State Environmental Policy Act ("SEPA"). The City of Hoquiam will likely act as the Lead Agency for environmental review and project permitting, but the developer will be responsible for obtaining state and federal permits as well as local permits in order to develop the Site.

In addition, a Joint Aquatic Resources Permit Application ("JARPA") will be required for any development of the Site. The JARPA, a multi-jurisdictional permit form, is used by local jurisdiction to determine issuance of permits

<sup>1</sup> In October 2011 the Owner had an in-depth review of the Site's utility systems completed by Pacific International Engineering (PIE). Much of the information included in this section is drawn from PIE's findings.

for proposals within their Shoreline Master Program jurisdiction. There has already been some JARPA work done on the Site for the replacement of three tide gates.

The Shoreline Substantial Development Permit ("SSDP") requires Ecology concurrence prior to permit issuance, and is required for any work occurring at or within two hundred feet of a regulated water body. The City Shoreline Administrator would process and issue any substantial development application proposed within shoreline jurisdiction that is defined as a permitted use under City Code and Master Program.

## **WETLANDS**

An analysis was conducted by Eco-Land that determined that the Site does not have significant wetlands in its central portion. A copy of this opinion may be viewed in the Virtual Deal Room. Further wetland evaluation is likely needed prior to securing permits and a mitigation strategy may be necessary.

## **CULTURAL RESOURCES**

The Site contains archaeological remnants of a Native American tribal fish trap complex, with most traps at a depth of approximately 20 feet. Development of the Site would require a consultation process with the State Historic Preservation Office. After initial research conducted by the Owner it is not expected that these cultural resources will present a large impediment to development. The Owner has been advised by an archaeological expert that the fish traps should be left in-place, rather than excavated, to avoid damage to the traps. Additionally, a study concluded that the depth of the fish weirs will not prevent construction on the Site.

Pursuant to Section 106 of the National Historic Preservation Act, once a specific development project is defined for the Site, an Area of Potential Effects ("APE") must be defined. A formal consultation process designed to help avoid, minimize, or mitigate adverse effects on historic properties must occur between the federal agency, the State Historic Preservation Office ("SHPO"), affected tribes, and any other applicable consulting parties.



# Offers, Contact Information, Disclaimers

## OFFERS

Offers should include background information about your organization, your anticipated use, and at a minimum the following key terms; price, feasibility period, earnest money, and timeline related to feasibility waiver and closing. For ground leases the Owner seeks a 7% return or equivalent thereof. Additionally, the Owner is open to joint venture transaction structures. Offers can be emailed to the Heartland Transaction Team at the contact information below.

## TRANSACTION TEAM CONTACT INFORMATION

### HEARTLAND

**Matt Anderson**

(206) 682-2500

[manderson@htland.com](mailto:manderson@htland.com)

**Matt Hoffman**

(206) 682-2500

[mhoffman@htland.com](mailto:mhoffman@htland.com)

## CONFIDENTIAL OFFERING MEMORANDUM

### DISCLAIMERS

*Anderson & Middleton Company ("Owner") has engaged Heartland LLC, ("Heartland") as real estate advisor and broker on an exclusive basis in connection with the sale of the Grays Harbor Marine Industrial Site ("Site") located at the termination of Eight Street at Earley Industrial Way in Hoquiam, Washington.*

*This Confidential Offering Memorandum ("Memorandum") is being delivered to a limited number of parties who may be interested in the Site. By acceptance hereof, each recipient agrees not to reproduce or use in whole or in part the information contained herein, or any other information that is not already public, and to use this Memorandum only for the purpose of evaluating the offering made hereby.*

*This Memorandum has been prepared based partly upon information furnished by the Owner, which has reviewed it and authorized its use for the purpose and in the manner described above. Neither the Owner, Heartland LLC, nor its shareholders, partners or affiliates, make any representations or warranties with regard to the accuracy or completeness of the information contained herein.*

*Heartland LLC has conducted a limited review of the information contained in this Memorandum, but has not independently verified the accuracy or completeness thereof. Heartland LLC does not represent or warrant the accuracy or completeness of the information contained in this Memorandum. Nothing contained in this Memorandum should be construed as a representation by any person as to the future possibilities or performance of the Site. Potential buyers should conduct their own due diligence.*

**ANY COMMISSION PAID TO A BROKER REPRESENTING THE BUYER WILL BE PAID BY THE BUYER. NO FINDER'S FEES, COMMISSIONS, EXPENSES OR OTHER COMPENSATION WILL BE PAID BY HEARTLAND OR SELLER TO AGENTS, CONSULTANTS, ADVISORS OR OTHER INTERMEDIARIES OF ANY INTERESTED PARTY.**

*The Owner expressly reserves the right, at its sole discretion, to reject any or all expressions of interest or offers to purchase the Site, and / or to terminate discussions with any entity at any time with or without notice which may arise as a result of review of this Offering Memorandum. The Owner shall have no legal commitment or obligation to any entity reviewing this Memorandum or making an offer to purchase the Site unless and until written agreement(s) for the purchase of the Site have been fully executed, delivered, and approved by the Owner and any conditions to the Owner's obligations therein have been satisfied or waived.*

**Interested buyers should be aware that the Site is offered in an "AS-IS" CONDITION WITH ALL FAULTS, WITHOUT REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE.**