25 NORTH WORTHEN STREET REDEVELOPMENT ASSESSMENT

INTEGRATED PLANNING GRANT
FINAL REPORT

Prepared for
CITY OF WENATCHEE
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Project No. 0380.02.01

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FINAL REPORT

The material and data in this report were prepared under the supervision and direction of the undersigned.

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PREFACE

This report summarizes technical analyses conducted to support the City of Wenatchee (the City) in its effort to redevelop the former Public Works Yard located at 25 North Worthen Street. This study has been conducted within the context of the 2004 Waterfront Subarea Plan and coordinated with planning for redevelopment of the Pybus Building and the larger South Node of the waterfront.

The redevelopment assessment is based on the assumption that the City will position the 25 North Worthen Street property for redevelopment by the private sector. To facilitate that effort and minimize the City's risk exposure in a land transaction, the redevelopment assessment seeks to answer the following questions:

- How can contamination issues on the property be addressed?
- How can environmental cleanup actions be funded with minimal impact to City finances?
- What is the range of feasible public amenity enhancements to attract and complement private development of the property?
- How can the City position the property for redevelopment by the private sector?

This redevelopment assessment was funded by a grant from the Washington State Department of Ecology, Toxics Cleanup Program, Integrated Planning Grant Pilot Program (Grant number G1000561). These grants provide funding for local governments to conduct the necessary studies and plan for acquiring and redeveloping underperforming, contaminated property. The grants provide an opportunity to plan for adaptive reuse of a property, integrating economic development, environmental cleanup and restoration, and community benefit. The Integrated Planning Grant Program is funded through the Model Toxics Control Account, which uses revenues from a fee on the first possession of imported hazardous substances in the state to support environmental cleanup, pollution prevention, and waste management efforts.

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ACRONYMS AND ABBREVIATIONS

City	City of Wenatchee
CUL	cleanup levels
E&E	Ecology and Environment, Inc.
Ecology	Washington State Department of Ecology
EIL	environmental impairment liability
FERC	Federal Energy Regulatory Commission
LRF	Local Revitalization Financing
MTCA	Model Toxics Control Act
PAH	polycyclic aromatic hydrocarbon
PUD	Public Utility District
RCW	Revised Code of Washington
SEPA	State Environmental Policy Act (Washington)
SMP	Shoreline Master Program
UST	underground storage tank

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SUMMARY

This summary is not intended as a stand-alone document and must be evaluated in context with the entire document.

The City of Wenatchee (the City) is in the process of revitalizing its Columbia Riverfront consistent with the Waterfront Subarea Plan (adopted in 2004). The City has adapted to a changing economy by transforming the riverfront to accommodate a mix of commercial, industrial, and residential uses set around a public river walkway and open spaces. The former Public Works Yard located at 25 North Worthen Street is a key property in the effort to redevelop the South Node of the waterfront. The Waterfront Subarea Plan envisions development of the South Node into a pedestrian-oriented destination that capitalizes on boating activity on the river and proximity to downtown Wenatchee with a mix of retail, entertainment, commercial, and residential uses. The establishment of the Pybus Market and revitalization of the former Public Works Yard are the next major milestones for the Wenatchee Riverfront.

The Public Works Department has relocated to a new facility on McKittrick Street, creating the opportunity for adaptive reuse of the Worthen Street property. The former Public Works Yard property occupies approximately 3.3 acres between the municipal wastewater treatment plant and the public boat launch at the base of Orondo Avenue. In January 2009, the City hosted a planning charrette with community members to creatively imagine future uses of the property and surrounding area. Building on the vision of the Waterfront Subarea Plan, the most favorably received redevelopment concept involved a hotel and boat moorage on the property and adaptive reuse of the adjacent Pybus Building for a public market. The City and the Port of Chelan County have undertaken a separate, but coordinated, planning process to address the Pybus Building and surrounding properties.

Through the waterfront redevelopment process, the City has developed strong partnerships with the Chelan County Public Utility District (PUD) (which leases and operates the Waterfront Park), the Port of Chelan County, and private developers. All of these stakeholders have critical roles to play in revitalizing the South Node of the Waterfront.

WENATCHEE WATERFRONT REVITALIZATION TIMELINE

- Waterfront Park—Planned and Constructed 1980s
- Apple Capital Loop Trail—Completed 1995
- Waterfront Subarea Plan—Adopted 2004
- Public Works Department move to McKittrick Street—2009
- South Node Planning Charrette—January 2009
- Local Revitalization Financing Ordinance—Adopted August 2009
- Day-Use Moorage—Completed Fall 2009
- Riverside Drive Project—Completed Fall 2009
- Integrated Planning Grant—Awarded June 2010
- Pybus Market Joint Planning with Port and Private Parties—2010–2011
- Wastewater Treatment Plant Odor and Visual Mitigation—Designed 2011, Construction 2012

LOCATION, LOCATION, LOCATION

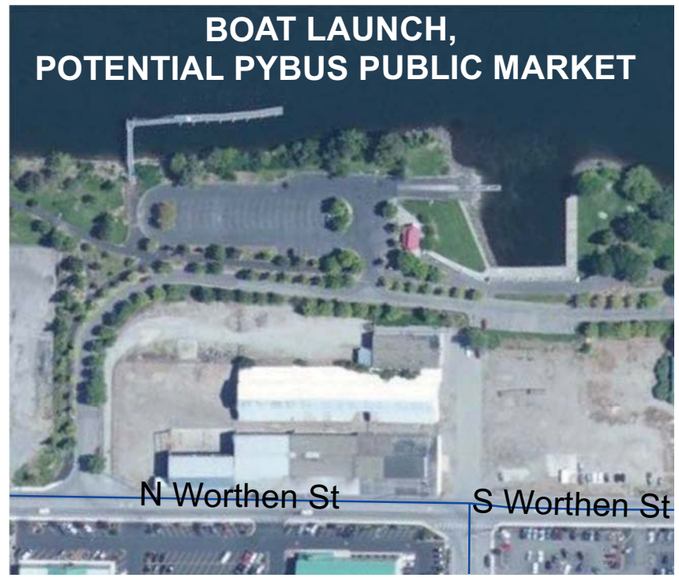
The former Public Works Yard is situated in a key location for redevelopment of the entire South Node of the waterfront (see figure). The property is adjacent to a number of recent public investments, including:

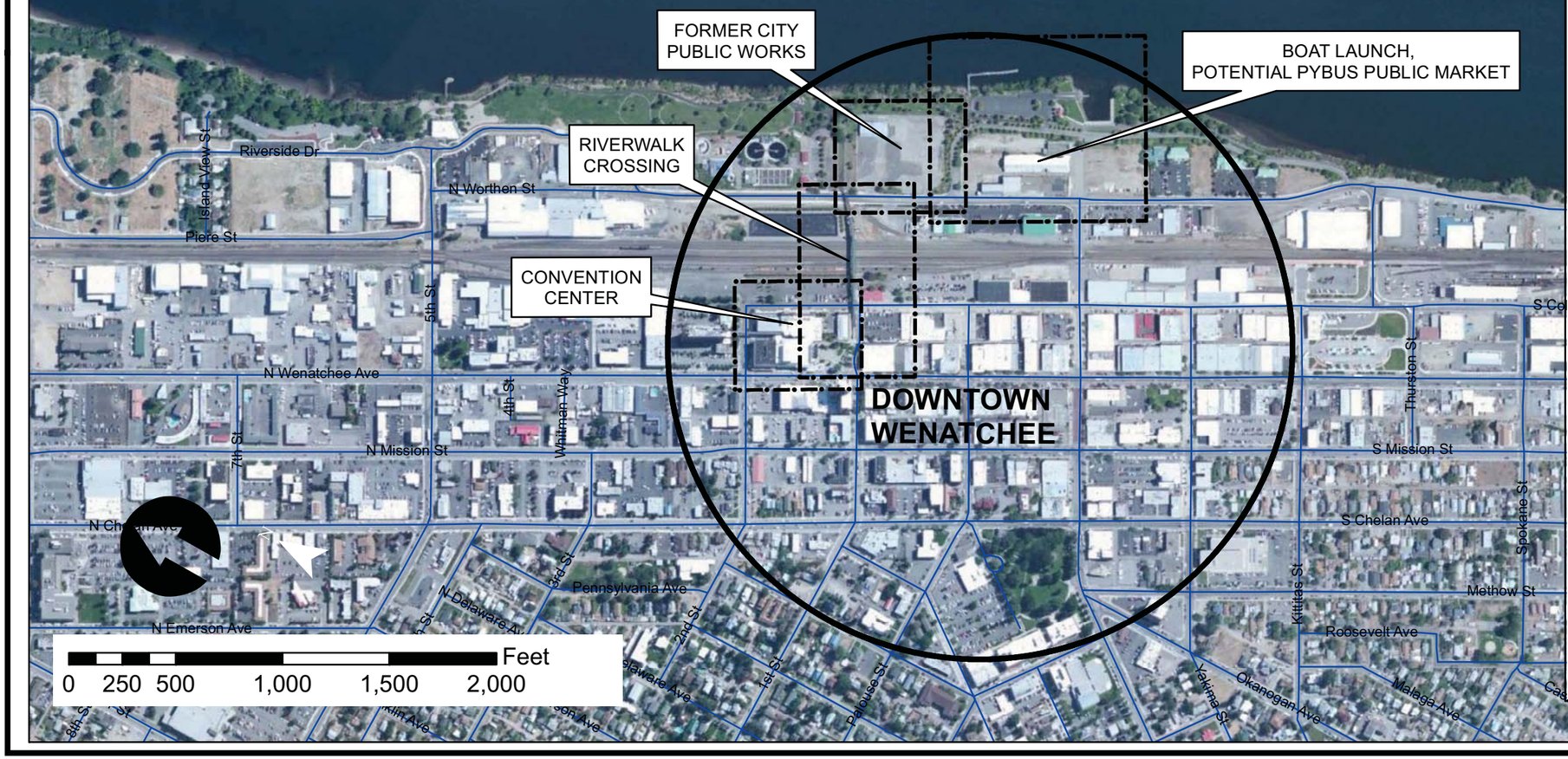
- Riverfront Park with its walking trails, views, and open space
- A public boat launch operated by the Chelan PUD
- A pedestrian bridge connecting downtown to the waterfront that lands on the northern edge of the property
- A day-use boat moorage that provides a unique opportunity to tie up a boat and visit nearby downtown shops and restaurants
- The future Pybus Market, immediately to the south

CONVENTION CENTER

FORMER CITY PUBLIC WORKS SITE

BOAT LAUNCH, POTENTIAL PYBUS PUBLIC MARKET





RIVERWALK CROSSING

ENVIRONMENTAL CONSIDERATIONS

With the support of the Integrated Planning Grant, the City has conducted a Phase I Environmental Site Assessment and a focused field investigation of environmental issues of the property, and developed a strategy to promote cleanup and redevelopment. Historical uses of the former Public Works Yard property have left environmental concerns that are typical of maintenance facilities; however, these are limited in scale and can be addressed through routine measures to allow redevelopment of the property.

Based on existing data, the historical environmental impacts do not pose a significant obstacle to developing the property. Field investigations demonstrate that a portion of the Publics Work yard property is underlain by a former municipal landfill that extended along the river from Orondo Avenue north to 5th Street. The landfill has been capped and most of the area has been redeveloped as the Waterfront Park. With reasonable precautions, the non-landfill portion of the property (Parcel A) can be recorded as a separate lot and redeveloped without requiring extensive actions on the landfill. A limited area of underground polycyclic aromatic hydrocarbon contamination (PAH) in soil has been identified on Parcel A. Sampling indicates that the PAH contamination has not impacted groundwater. This issue can be addressed through redevelopment of the property by capping the area with a building, landscaping, or parking. The environmental characterization effort and recommended remediation actions are described in more detail in section 2 of the report. The Phase I Environmental Site Assessment and the Focused Site Characterization Report are provided in Appendices A and B.

POSITIONING PROPERTY FOR REDEVELOPMENT

The City has made public investments in a number of infrastructure, recreation, and tourism amenities that have positioned the waterfront for redevelopment as a mixed-use activity center. Private investment and increased activity on the waterfront can already be seen in the new residential and office development and recreational use of the parks and boating facilities. The Local Revitalization Financing (LRF) District (a tax increment financing tool), the proposed Pybus Market building, and the wastewater treatment plant projects will continue the trend of public investment to promote private redevelopment in the South Node of the Waterfront.

A redevelopment strategy for the former Public Works property has been developed that builds on these investments and recommends additional incentives to attract private investment to the site.

The key points of the strategy are:

- Separate Parcel A as an approximately 81,000-square-foot non-landfill "development parcel" that could be sold or leased to a prospective purchaser/tenant.[1]

- Mitigate risk for a potential investor or owner. Options include:

  - City retains ownership and liability for Parcel A, while entering into a long-term or capitalized lease of the property.

  - City sells Parcel A and provides an indemnification and liability release to the purchaser for environmental conditions. This indemnification can be mitigated by the City by obtaining regulatory closure from the Washington State Department of Ecology with a "No Further Action" letter obtained through the Voluntary Cleanup Program.

  - City purchases commercial environmental impairment liability insurance that will provide protection against discovery of unknown contaminants on Parcel A, although, because the environmental risk is relatively small on this property, this type of coverage might not be warranted.

  - City could put its historical liability insurance carriers on notice for the presence of an environmental impact in the event it opted to pursue a claim in the future.

- Continue to make infrastructure improvements, on and off property, funded through the LRF district. Options include:

  - Implementing planned improvements to Orondo Avenue.

  - Completing odor control and screening currently under way at the wastewater treatment plant.

  - Developing shared parking in the area north of Parcel A that is underlain by the landfill.

  - Expanding the Riverfront Park amenities to the edge of the new Parcel A boundary. The City is required to make open space improvements in this area as part of an agreement with the Chelan PUD.

[1] Note that Revised Code of Washington (RCW) 58.17.200 and RCW 58.17.205 restrict the offer or sale of divided lots before recording of a final plat.

Figure
Development Parcel

City of Wenatchee
Wenatchee, Washington

Legend

- Landfill Boundary (dashed where approximate)
- Measured Landfill Area
- Parcel A
- Chelan County Taxlots

0 50 100
Feet

Source: Aerial photograph obtained from ArcGIS Online/Bing Maps.

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Produced By: J. Schanie
Project: 0380.02

These incentives would increase both the value of the property and its marketability, thereby increasing the likelihood of attracting a developer. These benefits need to be balanced with the cost to the City of implementing the incentives. The incentives align well with the purpose and allowable expenses of the LRF district.

FEASIBILITY OF FUTURE USES

Future uses of the Public Works property have been discussed in the Waterfront Subarea Plan and in the 2009 planning charrette. Options recommended through those public planning efforts include a hotel, boating facility, restaurant, library, retail, and vertical mixed use with residential units in upper floors. All of these uses are potentially feasible for future use of the property.

Under the Integrated Planning Grant, demands for a hotel and for a marine facility were analyzed:

- **Hotel Demand:** Wenatchee is a medical, professional, and tourism hub for North Central Washington. The market demand for lodging has driven new hotel construction in the Wenatchee area in the last few years, adding 189 rooms to the local inventory—a 17 percent increase. This supply is likely to meet demand for standard hotel rooms in the near term. However, there is potential for a boutique hotel to be successful on the property. Boutique hotels serve a higher-end market and could capitalize on the property's unique location on the riverfront and close to downtown and the convention center.

- **Marina/Moorage Demand:** There may be a need for additional moorage facilities, based on the rapid growth in boat ownership in the area and the importance of boating to visitors as indicated in recent surveys conducted by the Chelan PUD and by the Port of Chelan County. However, boating facilities (ramps and moorage) are used only seasonally, generally from May through October. As a result, annual occupancy rates are relatively low, which will likely impact the financial viability of a private facility. The potential for a public facility could be explored in greater detail in an assessment of financial viability that addresses the specifics of funding, operating costs, and potential revenues.

Four conceptual redevelopment options for public amenities to complement a private commercial upland development were explored. The redevelopment options represent a range of area site improvements that enhance public amenities to attract private redevelopment while addressing environmental concerns related to the existing landfill. The options include upland amenities in addition to the moorage options:

- Plaza with a water feature—paved plaza with interactive fountain feature
- Amphitheater—graded area with seating and a stage for music, theater, and enjoying river views
- Calm water moorage—excavation of a portion of the landfill riverbank to create a cove large enough to contain a floating dock similar in scale to the existing day-use moorage.
- Marina in a boat basin—excavation of a substantial portion of the landfill to create a boat basin large enough to contain a marina with slips.

Each of these options has advantages and disadvantages. In general, the lower-risk options involve little or no waste removal. Given that the larger-volume waste-removal options involve work in the immediate vicinity of open water, controls and contingency planning would be substantial. Balancing the cost associated with mitigating these risks against the economic uplift of each option will result in a preliminary selection of the preferred option. At that point, design level analysis of cost and risk will be warranted.

CLEANUP AND REDEVELOPMENT STRATEGY

The strategy for cleanup and redevelopment of the property is based on five distinct, but interconnected, elements. The figure below (Waterfront Cleanup and Redevelopment Strategy) illustrates the relationship of these elements:

1. Explore potential insurance recovery from historical liability insurance carriers.

2. Separate the Public Works Yard portion of the property from the landfill, both from a regulatory perspective and a real property perspective. This will create a "Parcel A" that is not underlain by the landfill. The property boundary should be based on the delineation of the landfill boundary conducted in 2011.

3. Remediate Parcel A through capping and institutional controls in the Voluntary Cleanup Program and seek reimbursement through state grant funding after completion.

4. Conduct a performance assessment of the landfill, which will be necessary to achieve regulatory closure on Parcel A.

5. Establish the framework for a property transaction.

6. Make investments in off-property infrastructure and public amenity enhancements.

These elements support each other to provide a risk management approach to the property that addresses funding, liability protection, and leveraging cleanup to promote redevelopment.

- The funding sources with the greatest potential to support environmental remediation of the property are Remedial Action Grants from the Washington State Model Toxics Control Account.

- A second potentially significant funding source is recovery from historical liability insurance carriers. These funds could be used to offset indemnifications provided to prospective purchasers of the Public Works Yard or from future liability discoveries at the landfill site.

- Environmental liability can be limited by conducting cleanup actions under Ecology's Toxics Cleanup Program and by purchasing forward-looking pollution liability protection

insurance that protects against the discovery of unknown contaminants and future claims from third parties.

- Cleanup is a key strategy for positioning the property for redevelopment. The cost of cleanup tends to have a chilling effect on the willingness of a developer to pursue a project. The City can undertake early cleanup actions on the Public Works Yard to meet the schedule and risk tolerance thresholds of prospective developers. Public partnerships will be essential to transform this property into a community asset that generates jobs and tax revenue and contributes to the revitalization of the Wenatchee waterfront.

WATERFRONT CLEANUP AND REDEVELOPMENT STRATEGY

1. HISTORICAL INSURANCE RECOVERY

RESEARCH HISTORICAL POLICIES
- City records
- Broker records

→ NOTIFY INSURERS OF PUBLIC WORKS CLEANUP

→ PURSUE CLAIM IF WARRANTED
- PLP Letter
- Third Party Liability
- Groundwater Contamination

→ NEGOTIATE SETTLEMENT

2. SEPARATE PUBLIC WORKS YARD FROM LANDFILL

LOT LINE ADJUSTMENT
Create 2 new legal parcels based on landfill boundary delineation

3. CLEANUP OF PUBLIC WORKS YARD THROUGH VOLUNTARY CLEANUP PROGRAM

→ REMEDIAL INVESTIGATION & CLEANUP PLAN
- Soil sampling has been conducted to delineate extent of contamination
- Design cap and soil management plan

→ Ecology Review

→ IMPLEMENT CLEANUP
- Capping (could be part of development)
- Institutional controls
- Soil vapor addressed in future development

→ NO FURTHER ACTION LETTER & REMEDIAL ACTION GRANT
- 50% of costs

4. LANDFILL PERFORMANCE ASSESSMENT

ENVIRONMENTAL ASSESSMENT
Potential Methods to Address Ecology Request for Additional Information
- Physical Performance Assessment
- Risk Assessment Based on Existing Data

→ DECIDE ON FUTURE ACTIONS (*If Needed*)

5. FRAMEWORK FOR PROPERTY TRANSACTION

FEE SIMPLE SALE OR LEASE

RISK MANAGEMENT OPTIONS
a. Provide NFA letter for cleanup
b. City indemnifies purchaser (historical insurance backstop)
c. Pollution Legal Liability policy

6. INFRASTRUCTURE AND PUBLIC AMENITIES

- COMPLETE WASTEWATER TREATMENT PLANT IMPROVEMENTS
- ORONDO AVENUE IMPROVEMENTS
- PARKING LOT ON NORTH SIDE OF FORMER PUBLIC WORKS YARD
- PARK ENHANCEMENTS

1 INTRODUCTION

The City of Wenatchee (City) is beginning a process to redevelop the site of the former Public Works Yard, located at 25 North Worthen Street (see Figure 1-1). This project evolves from the planning and redevelopment of the City's waterfront and aligns with the goals and policies of the Waterfront Subarea Plan adopted in 2004. Historical activities on the property have left residual contamination that will need to be addressed to allow adaptive reuse of the site. Redevelopment of the former Public Works Yard is being coordinated with a number of private and public development projects in the surrounding area that are currently in the planning phase. This redevelopment assessment integrates the environmental, economic, and community aspects of the property to formulate a strategy to promote cleanup and revitalization.

1.1 Public Planning Context

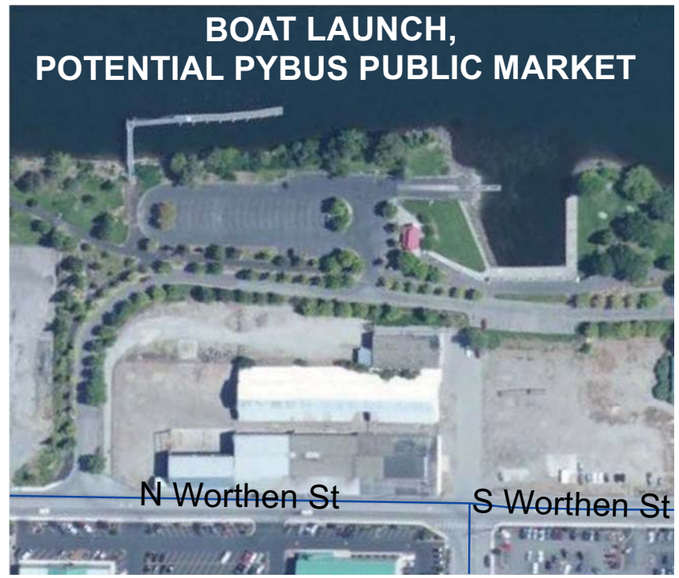
The City has historically been cut off from the Columbia River by railroad tracks and industrial activities. The Waterfront Subarea Plan capitalized on the changing economy of the region to drive transformation of the riverfront to accommodate a modern mix of commercial, light industrial, and residential uses set around a public river walkway and open spaces. Since the adoption of the Waterfront Subarea Plan, the City has made great strides in revitalizing the riverfront. Significant investments have included public street and infrastructure improvements as well as private development of residential and commercial buildings.

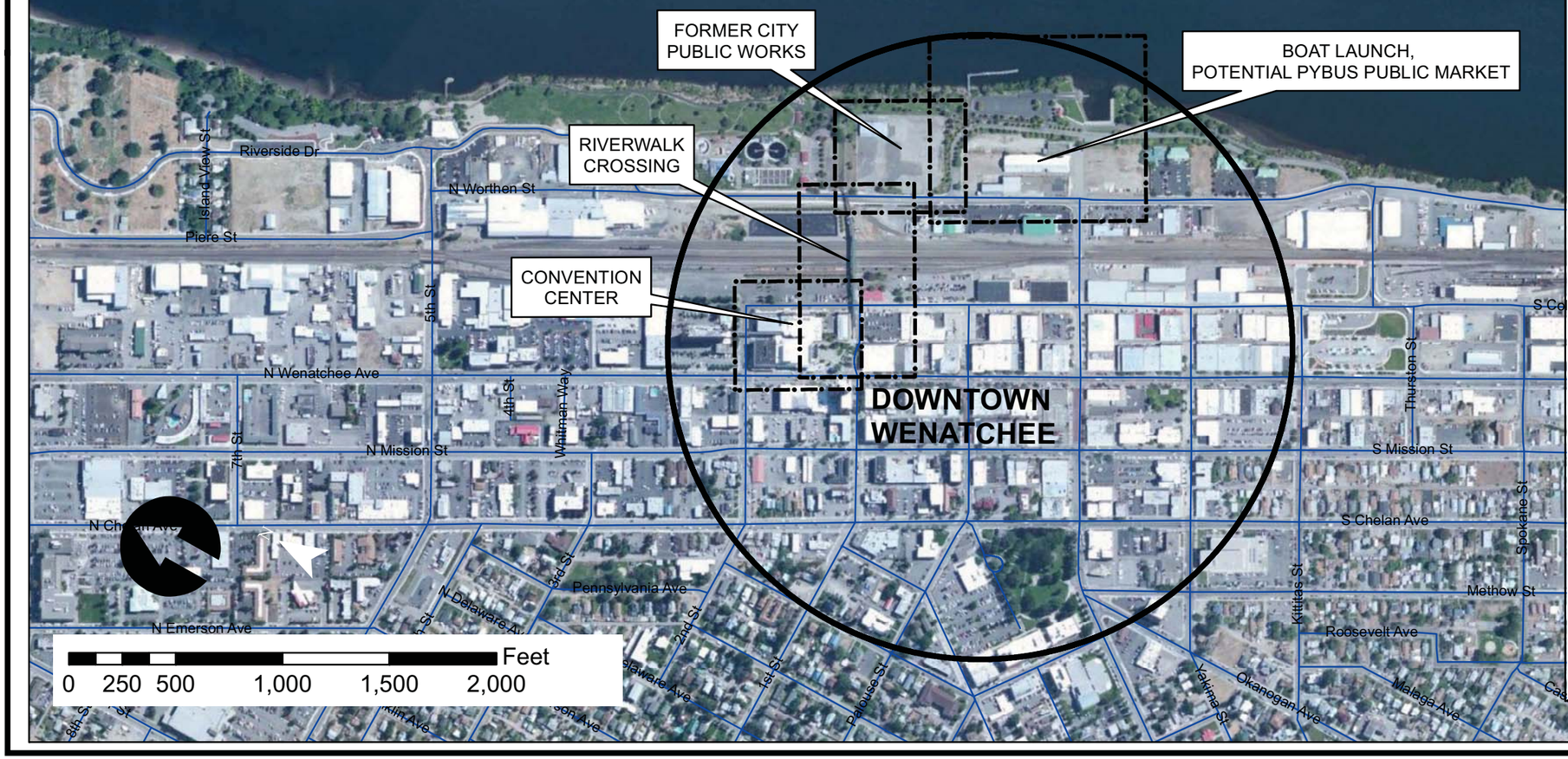
The City is now focusing efforts on redevelopment of the South Node of the waterfront. This area generally extends from 5th Avenue south to Thurston Street and includes the former Public Works Yard, a Chelan PUD public boat launch, the Riverfront Park, the municipal wastewater treatment plant, the Pybus Steel building and other privately owned commercial buildings and warehouses. The South Node connects the historic downtown commercial district with the Columbia River. The Waterfront Subarea Plan designated the South Node for mixed-use commercial, office, residential, and open space uses. A pedestrian overlay zone was established to encourage walkable uses that are compatible with Riverfront Park and fosters connections with the downtown commercial district. The Waterfront Subarea Plan allows specific uses of properties to be determined by the market within that framework.

CONVENTION CENTER

FORMER CITY PUBLIC WORKS SITE

BOAT LAUNCH, POTENTIAL PYBUS PUBLIC MARKET





RIVERWALK CROSSING

To create an opportunity for redevelopment, the City relocated the Public Works Yard to a new facility. In 2009, the City hosted a planning charrette with community members to creatively imagine future uses of the former Public Works Yard and surrounding area. The community confirmed that the goals and planning guidelines of the Waterfront Subarea Plan were still relevant and appropriate. The most favorably received redevelopment concept involved a hotel and boat moorage on the property and conversion of the adjacent Pybus building into a public market (see Figure 1-2).

Former Public Works Yard Property Facts

Size—Approximately 3.3 acres
Zoning—Waterfront Mixed Use, Waterfront Pedestrian Overlay
Shoreline Designation—Urban (1977 Shoreline Master Program [SMP])
Waterfront (Draft SMP Update, June 2009)
Utilities—Served by municipal water and sewer lines
Public Amenities—Adjacent to Waterfront Park, pedestrian bridge to downtown, public boat launch, and railroad museum
Financial Incentives—Located in Local Revitalization Financing (LRF) district

Moorage

MARINA

HOTEL

LIBRARY
W/ PARKING
BELOW
CONDOS
ABOVE

RESTAURANT
PY BUS PUB

MARKET

FOOD
BANK

COMMERCIAL
OR
ANTHONY'S

COVERED PARKING

STAGE COACH

Wortnen St

Orondo Ave

Railroad

Ped. Bridge

1.2 Building on Foundation for Revitalization

The City and its partners have made significant investments to implement the vision of the Waterfront Subarea Plan and to revitalize the South Node in particular (see text box below). The former Public Works property greatly benefits from these improvements, including:

- Riverfront Park—Developed by the Chelan PUD, includes over 30 acres of open space, 1.1 miles of waterfront trails, and the popular miniature Riverfront Railway.

- Public Boat Launch—Two-lane launch with short-term parking and protected boat basin. Operated by the Chelan PUD.

- Pedestrian Bridge—Provides a safe and short walking connection between downtown and the waterfront. The waterfront end of the bridge lands on the northern edge of the Public Works property.

- Day-Use Boat Moorage—This public moorage provides a unique opportunity to tie up a boat in the Rocky Reach Reservoir and visit nearby downtown shops and restaurants.

WENATCHEE WATERFRONT REVITALIZATION TIMELINE

- Waterfront Park—Planned and Constructed 1980s
- Apple Capital Loop Trail—Completed 1995
- Waterfront Subarea Plan—Adopted 2004
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- South Node Planning Charrette—January 2009
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- Riverside Drive Project—Completed Fall 2009
- Integrated Planning Grant—Awarded June 2010
- Pybus Market Joint Planning with Port and Private Parties—2010-2011
- Wastewater Treatment Plant Odor and Visual Mitigation—Designed 2011, Construction 2012

1.3 Coordination with Other Development Opportunities

Adaptive reuse of the former Public Works property is an exceptional opportunity for the City to demonstrate commitment to the redevelopment of the waterfront and to leverage private investment. The site is one of several properties with imminent redevelopment potential. Public investment in planning and cleanup of the former Public Works Yard is key to attracting private investment and is helping realize the value embedded in this prime location. Ongoing projects such as the wastewater treatment plant enhancements have contributed to this value.

LRF District—The City has designated the South Node of the waterfront as an LRF district. The LRF program authorizes cities and counties to create "revitalization areas" and allows certain increases in local sales and use tax revenues and local property tax revenues generated from the revitalization area, additional funds from other local public sources, and a state contribution to be used for payment of bonds issued for financing local public improvements in the revitalization area. The goal of this creative state financing tool is to further attract private investment and to support redevelopment of the waterfront.

Pybus Building—The Port of Chelan County recently acquired the Pybus Steel Building and has begun developing plans with the City and private developers to redevelop the historic industrial warehouse into a public market (see Figure 1-3). Such markets are important community gathering and economic revitalization tools in many other communities. The concept is to renovate the building to house an anchor tenant such as a restaurant and create stalls for local farmers and artisans. The market will contain the local food bank and increase access to fresh local produce for needy families. The City has obtained $1.5 million in federal funding for this project.

Commercial/Residential Development—Private developers own several properties adjacent to the former Public Works Yard and the Pybus Market building. These developers are formulating plans for mixed-use developments that will leverage and complement the public investment in the area.

These projects are mutually supporting and should create a critical mass of activity in this portion of the waterfront to create sustained economic and community benefit. Public investment in this area is positioned to be leveraged many times over by private investment, resulting in increased tax base and job creation.

RIVER / PARK VIEWS

PRESERVE VIEW CORRIDOR

PRESERVE VIEW CORRIDOR

COLUMBIA RIVER

RIVER VIEWS.

WATER'S EDGE.

SLOPED BANK.

RAMP

DOCK

EXIST. REST-ROOM.

RIP RAP & SEA WALL

EXISTING RIVER-FRONT PARK

EXISTING PARKING

LAND DEDICATED TO RIVER FRONT PARK

PARKING/TURN-AROUND.

PARKING

POOL DECK ABOVE

HOTEL (APPROX. 90 - 120 ROOMS).

MAIN DOOR

HOTEL PARKING

HOTEL ENTRY

DROP-OFF PORTE COCHERE

RIVER ROAD

RESIDENTIAL DEVELOPMENT SITE - 15-60 UNITS & ASSOC. PARKING.

PARKING/LOAD, TURN-AROUND

EXISTING BUILDING.

EXISTING BUILDING

PLAZA/TRUCK VENDOR PARKING FOR OUTDOOR MARKET

PARKING

6'-8' DROP TOWARDS RIVER

ENTRY PLAZA/ TURN-AROUND, PARKING

MIXED USE BLDG.
- OFFICE, RETAIL
- RESTAURANTS
- SHOPS.

PARKING

ENTRY.

ENTRY

ENTRY

SOUTH WORTHEN STREET.

MAIN ENTRY

ENTRY CORRIDOR & PARKING.

GROUND FLR.

JUN. 21 SUNRISE.

DEC. 21 SUNRISE.

DEC. 21 SUNSET

0' 60' 120' 180' 360'

SCALE: 1" = 60'

VIEWS TO MISSION RIDGE SKI AREA.

NOTE: SHARED PARKING AREA ARRANGEMENTS MAY BE NEEDED ON WEEKEND FARMERS MARKET DATES TO HANDLE LARGE MARKET DAY VISITOR NUMBERS.

PYBUS PUBLIC MARKET CONCEPT

NOV. 18, 2010 D. WRIGHT

BCRA

2 ENVIRONMENTAL AND PHYSICAL CONDITIONS

This section summarizes the existing environmental conditions of the former Public Works Yard and appropriate remedies to facilitate unrestricted development of the property. A number of environmental studies have been conducted on the property, including:

- Soil Investigation. 1981. Prepared by Budinger & Associates.
- Targeted Brownfield Assessment. 2000. Prepared by Ecology and Environment, Inc. (E&E).
- Draft Phase I Environmental Site Assessment. 2010. Prepared by Maul Foster & Alongi, Inc. (MFA).
- Focused Site Characterization. 2011. Prepared by MFA.

2.1 Site Characteristics

The property is currently paved and all former buildings have been removed. In general, the property slopes gently to the west-northwest with a steep bank down to the Columbia River. The property is bordered by the Riverfront Railroad and the municipal wastewater treatment plant to the north, North Worthen Street to the west, and the Pybus Building to the south. Generally, mixed-use and commercial businesses surround the property.

The former Public Works Yard is partially underlain by a closed municipal landfill (see Figure 2-1). A municipal landfill operated on the bank of the Columbia River from approximately 1950 to 1970. This landfill extended approximately from Orondo Avenue north to 5th Street. Based on exploratory site excavations, geophysical investigation, and anecdotal reports, the landfill underlies the northern and eastern portions of the property and extends under the Waterfront Park. The western side of the property is not underlain by the landfill.

Figure 2-1
Site Features

City of Wenatchee
Wenatchee, Washington

Legend

- Sample Location
- Test Pit
- Geoprobe Boring
- Monitoring Wells
- Soil Gas Samples
- Geoprobe Boring
- Landfill Boundary (dashed where approximate)
- Measured Landfill Area
- Former UST
- Oil Water Separator
- Chelan County Taxlots

0 50 100
Feet

Source: Aerial photograph obtained from ArcGIS Online/Bing Maps.

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Produced By: J. Schanie
Project: 0380.02

2.2 Past Property Uses

According to historical sources and personal interviews, the Public Works Yard property was undeveloped until the 1930s or the 1950s, when landfill operations began. Landfilling, including municipal refuse and incinerated material, took place at the property through approximately the early 1970s. In the 1950s the City constructed a public works facility at the property that was used for general equipment maintenance and repair. The public works facility also maintained fueling operations with associated underground storage tanks (USTs) that were decommissioned and removed in 1994. A heating oil UST was also used at the property and has been removed.

The property was used for sand and gravel mining in conjunction with refuse landfilling in the 1960s. In the 1980s, the eastern and southern portions of the property were converted into the public park space, which is still in place today. Public works operations at the property ceased in approximately 2009, and all three structures on site were demolished.

2.3 Environmental Assessment

Redevelopment activities are likely to be focused on the western portion of the property that is not underlain by the former municipal landfill. For the purposes of this report, assessment of environmental conditions will focus on the non-landfill "Parcel A" (see Figure 2-2). For more extensive and detailed information on environmental conditions, see the Phase I Environmental Site Assessment and the Focused Site Characterization Report, respectively. Soil and groundwater samples that have been collected on the property identified a few locations with contaminants above state cleanup levels (CULs) on Parcel A.

- Soil Issues

In general, soil is not highly impacted in the non-landfill portion of the property. Elevated concentrations of arsenic and carcinogenic polycyclic aromatic hydrocarbons (cPAHs) were identified in subsurface soils. Arsenic was detected throughout the Property at levels above the estimated natural background value. However, there was only one exceedance of the Model Toxics Control Act (MTCA) Method A soil cleanup levels for unrestricted land use on the non-landfill portion of the Property. Polycyclic aromatic hydrocarbons (PAHs) above cleanup levels were identified in one location at 8 to 12 feet below ground surface. In 2011, MFA conducted additional sampling to delineate the vertical and horizontal extent of PAH exceedance. Beryllium was detected just above the CUL at four locations, but as these concentrations are below the natural background concentration for Eastern Washington no remedial action is required.

Path: X:\0380.02\Projects\Fig2-2_Development Parcel.mxd

Print Date: 11/17/2011

Approved By: K. Rostlund

Produced By: J. Schanie

Project: 0380.02

Figure 2-2
Development Parcel

City of Wenatchee
Wenatchee, Washington

Legend

- Landfill Boundary (dashed where approximate)
- Measured Landfill Area
- Parcel A
- Chelan County Taxlots

0 50 100

Feet

Source: Aerial photograph obtained from ArcGIS Online/Bing Maps.

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Another location investigated by MFA in 2010 where gray stained soil was present did not contain chemicals above CULs and would not require removal or special handling.

- Groundwater Issues

Groundwater was tested at two locations on Parcel A and found to contain metals and a few organic chemicals above state CULs. The impacts appear to be due to groundwater migration from the landfill. A potable water well would likely be prohibited on Parcel A because of the contaminants in groundwater and the proximity to the landfill. However, since the site is served by municipal water, this issue should not encumber future development.

- Soil Vapor

Field screening of soil gas conducted in 2010 indicates the presence of volatile organic compounds and combustible gases on the western portion of the property due to the proximity of the landfill. The presence of the gases and the proximity to the landfill will require vapor mitigation during construction.

2.4 Environmental Remedies

The City and MFA have reviewed site conditions and future use potential of the property with the Washington State Department of Ecology (Ecology) Toxics Cleanup Program and have identified an expedient approach to position the property for redevelopment.

The regulatory approach to cleanup and redevelopment of the property is to create two legal parcels based on the extent of the former landfill (see Figure 2-2):

1. The filled area on the north and east side (Parcel B), and

2. The non-landfill area adjacent to Worthen Street (Parcel A).

The approximately 81,000-square-foot Parcel A can be adaptively reused following routine environmental precautions. The remaining landfill area (Parcel B) could be developed as shared parking for either the future use of the site or for additional park user parking.

The environmental remedy can be tailored to the future land use to provide a cost-effective and protective solution. Cleanup actions on the property that may be needed include:

- Establish a cap and implement institutional controls through a deed restriction and soil management plan. Capping could include a building, paving, or landscaping [e.g., 6 feet of clean soil, 1 foot of clean soil underlain by a demarcation layer]). A standard soil management plan may also be needed to provide guidelines for special handling of soil excavated after construction for utilities or other purposes. The cost of preparing the soil management plan (SMP) and restrictive covenant is approximately $15,000, and the implementation would likely be marginal relative to future site grading and building construction.
- Installation of a vapor barrier or venting system in the foundation of future buildings to properly address potential for migration of gases that are characteristic of active biodegradation of refuse from the nearby landfill. Typically the cost implications to building construction might add $3.25 to $3.75 per square foot (2011 dollars) for an installed and tested vapor control system.
- Institutional controls, such as deed restrictions that preclude development of groundwater wells on the property. Since the site is served by municipal water, this should not be a practical encumbrance.

To reach regulatory closure and provide assurances typically requested by lenders, these actions should be conducted under Ecology's oversight through the Voluntary Cleanup Program.

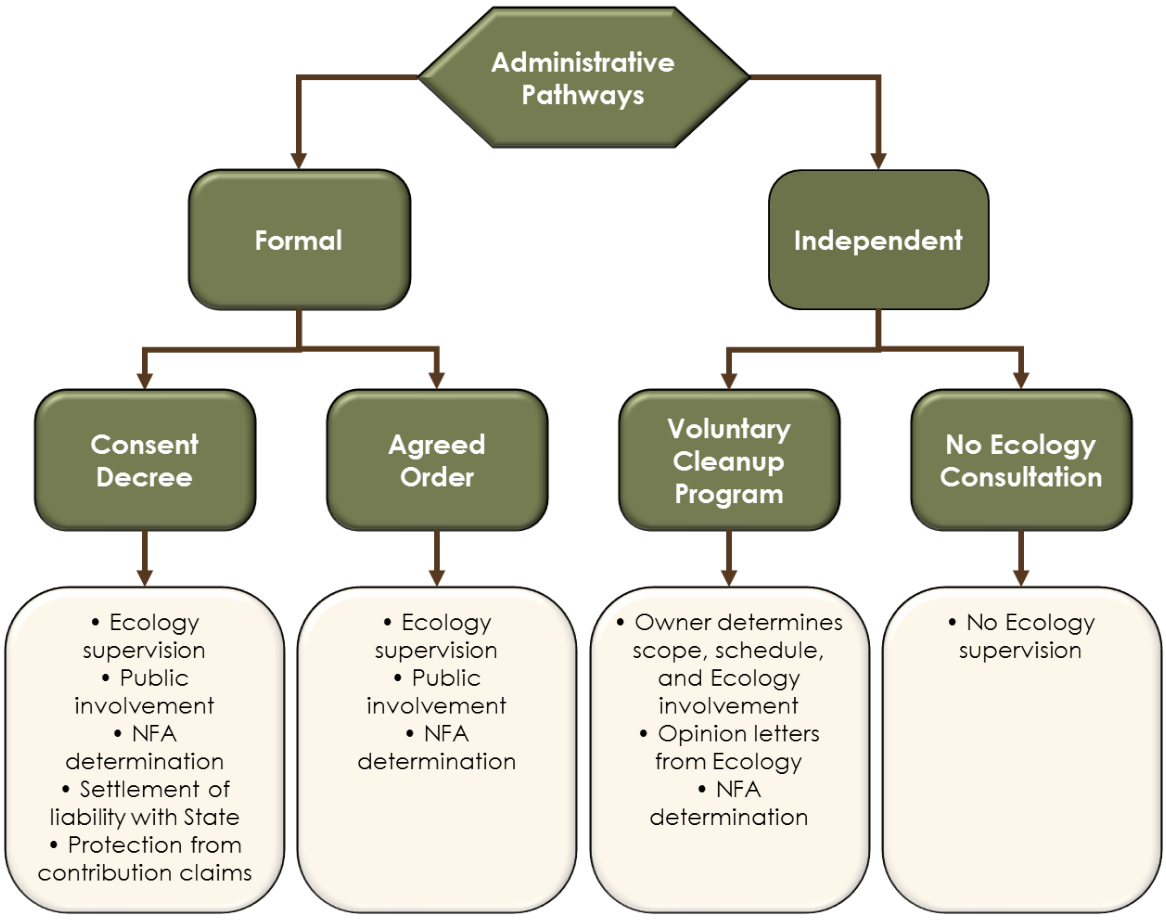
2.5 Administrative Pathways to Completing Cleanup

Ecology provides two administrative paths to manage site cleanup: the formal process and the independent process (see Figure 2-3). The goal of each of these pathways is to reach closure of the cleanup process. The legal protections provided by the pathways vary, so the choice of path directly impacts future liability and risk. The choice of administrative pathway is also linked to potential funding sources because of applicant eligibility criteria. For example, local governments that pursue cleanup through the Voluntary Cleanup Program are able to obtain Ecology Remedial Action Grants to reimburse costs only after the process is completed and a No Further Action letter is issued.

The **formal process** involves Ecology oversight through legal instruments of Consent Decrees and Agreed Orders. The formal process is typically employed for large or complicated sites with multiple contaminants in different media. Under the formal process, the scope and schedule of work are negotiated with Ecology. The formal process requires extensive Ecology

staff review and public involvement in cleanup decisions. The benefit of the formal process is that it leads to settlement of liability with the state and protection from third-party claims. The disadvantage of the formal process is that it takes, on average, approximately ten months longer than the independent process and entails significantly higher administrative costs.

Figure 2-3 Cleanup Administrative Pathways



The **independent process** allows property owners to conduct cleanup with limited Ecology oversight and approval. Following completion of the cleanup, the property owner reports to Ecology the remedial actions conducted, and the agency determines whether the actions fulfill the legal and regulatory requirements.

The Voluntary Cleanup Program under the independent pathway allows the property owner to determine the level of Ecology's involvement in the process. Under the Voluntary Cleanup Program, the property owner can obtain opinion letters from Ecology at various points in the cleanup process

to determine the sufficiency of plans to meet legal and regulatory requirements. Upon completion of cleanup, a No Further Action letter can be obtained. Through the opinion letters and the No Further Action letter, the Voluntary Cleanup Program provides greater legal comfort than the fully independent pathway. However, it does not provide liability protection such as that provided by the formal pathway.

3 POSITIONING THE PROPERTY FOR REDEVELOPMENT

The City has made public investments in a number of infrastructure, recreation, and tourism amenities that have positioned the waterfront for redevelopment as a mixed-use activity center. Private investment and increased activity on the waterfront can already be seen in the new residential and office development and recreational use of the parks and boating facilities. The LRF district (a tax increment financing tool), the proposed Pybus Market building, and the wastewater treatment plant projects will continue the trend of public investment to promote private redevelopment in the South Node of the Waterfront.

A redevelopment strategy for the former Public Works property has been developed that builds on these investments and recommends additional incentives to attract private investment to the site. Environmental and regulatory analysis conducted under the Integrated Planning Grant indicates that the approximately 81,000-square-foot Parcel A could be sold or leased to a prospective purchaser/tenant and developed following routine precautions.[2] The City would maintain ownership of the remaining area and develop it for parking and open space uses to complement the adjacent private development.

The real estate market is still recovering from the recent economic downturn. Private investors and financial institutions continue to be very conservative and risk-averse regarding real estate development projects. These market

[2] Note that RCW 58.17.200 and RCW 58.17.205 restrict the offer or sale of divided lots before recording of a final plat.

conditions, combined with the environmental concerns on the property, make it critically important for the City to strategically position the property for redevelopment.

3.1 Incentives to Attract Private Investment

The development community seeks certainty and predictability to minimize risk when considering an investment. Potential incentives to attract a developer to the former Public Works Yard fall into three categories: managing risk for the purchaser/tenant, providing needed infrastructure, and creating regulatory certainty.

3.1.1 Risk Management

A strategy to define and limit the risk of environmental liability that would be assumed by a prospective purchaser is key to facilitating a transaction for this property. Through discussions with Ecology, the City has identified an environmental approach to allow redevelopment of Parcel A.

The City can provide certainty around that approach by entering Parcel A into the Voluntary Cleanup Program, conducting remedial actions to address soil contamination, and requesting a No Further Action letter from Ecology. This approach effectively provides a prospective developer with a cleanup bill of health for the property and certification from the state. A future developer would likely be required to institute environmental controls such as installing a vapor barrier for a future building, implementing a soil management plan, and maintaining a deed restriction on the use of groundwater for consumption.

The City could also provide an indemnification and liability release to the prospective purchaser for historical contamination. There are potential legal limitations for a municipality to provide indemnification for environmental contamination. This issue would require further review by the City's legal counsel. The indemnification could be captured in a contractual agreement with the purchaser. This action could be taken independently or as a complement to the cleanup planning described previously.

Ann additional risk management alternative is the possibility of purchasing environmental impairment liability (EIL) insurance, or pollution liability insurance. EIL insurance typically protects the insured against pollution-related losses associated with previously unknown conditions, including cleanup costs and third-party property damage or bodily injury claims. A stand-alone EIL policy covering risks associated with preexisting conditions typically has a maximum policy period of ten years. The premiums for these policies depends on a number of factors, including level of contamination,

types of contaminates, extent of the remedy, cost of the cleanup, and certainty regarding longer-term tailing liability. An EIL policy may be worth exploring for this property; however, because the level of contamination and subsequent remedy is relatively small, the premium associated with this type of coverage might not be warranted.

Table 3-1. Summary of Potential Risk Management Incentives

City Investment: Parcel A	Benefit to Prospective Purchaser
— Enter into Ecology Voluntary Cleanup Program. — Obtain No Further Action letter from Ecology for soil issues in Parcel A.	— Provides certainty that Ecology approves of environmental approach. — Effectively reduces costs that would need to be carried by prospective purchaser to reach regulatory closure on the property. $$$ Real Value
— City provides an indemnification and liability release to the developer for historical contamination in Parcel A.	— Reduces risk associated with potentially discovering unknown contamination during construction. $$$ Real Value
— City purchases EIL insurance for the property.	— Reduces the tailing environmental liability risk that will remain after the remedial action is completed. $$ Real Value

Real Value
$ Brings value over traditional model.
$$ Brings significant value and long-term operating and maintenance cost reduction to site development.
$$$ Brings greatest value and risk reduction and enhances the ability to secure more attractive financing.

3.1.2 Infrastructure

As stated previously, the City has made significant investments in infrastructure that enhance the development potential of this property and the waterfront in general. Several additional off-property infrastructure improvements have been identified to make the property more attractive for commercial redevelopment. Some of these improvements have been identified in previous planning efforts and are already planned for construction. These include improvements to Orondo Avenue, allowing a left turn from Wenatchee Avenue, and wastewater treatment plant odor control and screening enhancements currently under way. Additionally, the City can provide public infrastructure on or adjacent to the property to improve marketability. This could include the following:

Parking—The City could develop parking north of Parcel A on property that is underlain by the landfill (see Figure 2-2). The parking lot would act as a protective cap over the landfill and as a complementary real estate asset. This would allow the prospective developer to benefit from use of that land without taking on the environmental risk and liability associated with the landfill. The parking lot could be maintained and managed either by the City or by the developer.

Open Space Amenities—The City could expand the Riverfront Park amenities to the edge of the "development parcel" boundary. The City is required through an agreement with the Chelan PUD to provide additional open space to the park. These improvements could serve both as public open space and as a cap to minimize risk of exposure to landfill contaminants. This is a common tool used by local governments to promote development. A typical private developer concern with such projects is the standard of maintenance by the City.

Table 3-2. Summary of Potential Infrastructure Incentives

City Investment	Benefit to Prospective Purchaser
— Design, permit, and construct off-property improvements, including Orondo Avenue access and wastewater treatment plant odor control and screening, which is under way.	— Improves access to property and entire South Node. — Reduces aesthetic impacts of proximity to wastewater treatment plant. $$ Real Value
— Design, permit, and construct a parking lot on the northwest corner of the property (underlain by landfill) and lease the area to the developer.	— Provides use of off-property land that complements development and contributes to meeting parking requirements. $$ Real Value
— City designs and constructs open space improvements on the eastern portion of property underlain by landfill.	— Provides amenity that complements development and adds value to property. $$ Real Value

Real Value
$ Brings value over traditional model.
$$ Brings significant value and long-term operating and maintenance cost reduction to site development.
$$$ Brings greatest value and risk reduction and enhances the ability to secure more attractive financing.

3.1.3 Regulatory

The City should initiate a boundary line adjustment process to create Parcel A as a separate and distinct property. This new parcel would be located outside the 200-foot shoreline jurisdiction, so future development on it would not be required to obtain a Shoreline Substantial Development Permit. Completing this process provides certainty and clear authorization to offer or sell the new parcel.

Future development of the property may require State Environmental Policy Act (SEPA) review. Redevelopment of the property may be able to proceed under the SEPA review conducted for the Waterfront Subarea Plan. If a new SEPA is required, the City should be able to conduct the review process based on a schematic plan with sufficient design detail. It is assumed that only a SEPA checklist review would be required, since the future use envisioned is consistent with the City Comprehensive Plan, Waterfront Subarea Plan, and zoning ordinance. With that review complete, a future developer would need to apply only to the City for permits that can be processed administratively without public review periods. This shorter and more certain permitting process would make the property more attractive for a future developer.

Table 3-3. Summary of Potential Regulatory Incentives

City Investment	Benefit to Prospective Purchaser
— Secure the necessary lot line adjustment to legally create the non-landfill Parcel A.	— Provides greater certainty with a development ready parcel. — $$$ Real Value
— Draft schematic plan for property and prepare and review SEPA checklist based on conceptual future use (*if project not already covered by Waterfront Subarea Plan SEPA*)	— Provides greater regulatory certainty and expedited permitting timeframe. $$$ Real Value

Real Value
$ Brings value over traditional model.
$$ Brings significant value and long-term operating and maintenance cost reduction to site development.
$$$ Brings greatest value and risk reduction and enhances the ability to secure more attractive financing.

4 MARKET ANALYSIS OF REDEVELOPMENT OPTIONS

Future uses of the Public Works property have been discussed in the Waterfront Subarea Plan and in the 2009 planning charrette. Options recommended through those public planning efforts included a hotel, boating facility, restaurant, library, retail, and vertical mixed use with residential units in upper floors. This redevelopment assessment focused on the potential for lodging through private-sector investment and the possible creation of a publicly operated small boat facility as an amenity to provide additional access to the water and create a destination. This section of the report addresses the market potential for these options.

4.1 Marina / Moorage Demand

4.1.1 Recreational Boating Trends and Forecasts

The Washington State Department of Licensing maintains a database of boats registered in the State of Washington. Washington State law says that all recreational vessels over 16 feet in length must be registered, while motor vessels less than 16 feet in length must also be registered if the motor is 10 horsepower or more. Vessels exempt from registration include motor vessels less than 16 feet and with a motor of less than 10 horsepower, and sailboats less than 16 feet in length. However, any boat used on federal waters must be registered, regardless of other exemptions. Federal waters include Puget Sound, Hood Canal, Lake Washington, Lake Union, Lake Sammamish, Columbia River, Snake River, Lake Washington Ship Canal, Capitol Lake, Pend Oreille River, Walla Walla River, Yakima River, and other bodies of water affected by the ebb and flow of the tide and on or bordering federal land. Finally, vessels powered solely by human means are exempt, regardless of where they are used.

Chelan County has experienced a sustained increase in the number of recreational boats since 1990. Boats up to 26 feet in length are easily trailered, and in most markets, boats that are longer than 26 feet typically require wet moorage.

The number of registered and unregistered boats in Chelan County increased from 4,776 in 1990 to 9,282 in 2009, or 3.6 percent per year (see Table 4-1). This was **more** than double the growth in population, which increased 1.7 percent between 1990 and 2009.

Table 4-1. Chelan County Boat Trends

Year	Registered				Not Registered	Total
	20 ft & Less	21-40 ft	Over 40 ft	Total		
1990	2,912	418	2	3,332	1,444	4,776
1991	3,068	423	1	3,492	1,650	5,142
1992	3,320	446	2	3,768	1,794	5,562
1993	3,544	459	3	4,006	1,927	5,933
1994	3,541	495	5	4,041	2,217	6,258
1995	3,721	508	5	4,234	2,416	6,650
1996	3,682	541	5	4,228	1,931	6,159
1997	3,581	560	4	4,145	2,087	6,232
1998	3,723	581	3	4,307	2,253	6,560
1999	3,697	588	5	4,290	2,553	6,843
2000	4,018	629	5	4,652	2,360	7,012
2001	4,014	661	5	4,680	2,332	7,012
2002	4,054	682	6	4,742	2,595	7,337
2003	3,837	677	10	4,524	3,141	7,665
2004	3,819	686	9	4,514	3,134	7,648
2005	3,890	733	12	4,635	3,498	8,133
2006	3,961	780	14	4,755	3,862	8,617
2007	3,961	814	10	4,785	4,084	8,869
2008	3,975	839	13	4,827	4,304	9,131
2009	4,012	886	14	4,912	4,370	9,282
Compound Annual Growth Rate						
1990-2000	3.3%	4.2%	9.6%	3.4%	5.0%	3.9%
2000-2009	0.0%	3.9%	12.1%	0.6%	7.1%	3.2%
1990-2009	1.7%	4.0%	10.8%	2.1%	6.0%	3.6%

Source: Washington State Department of Licensing, September 2010.
Prepared by: BST Associates, September 2010.

Growth was strong for boats over 20 feet and unregistered (hand-powered) boats:

- The number of registered boats up to 20 feet long increased at 1.7 percent per year, which was equal to the rate of population growth in Chelan County. However, this size range did not experience any growth between 2000 and 2009.
- The number of registered boats between 21 and 40 feet in length grew at 4.0 percent per year. Growth was consistent between 1990 and 2000 and 2000 and 2009.
- The number of registered boats over 40 feet in length grew at 10.8 percent per year, albeit from a very low base in 1990 (just two boats). Growth was faster for these boats from 2000 to 2009 than in 1990 to 2000. Most of these boats are maintained in Lake Chelan.
- The number of unregistered boats (hand-powered boats such as kayaks, canoes, rowboats, etc.) grew at 6.0 percent per year.

The number of registered and unregistered boats in Chelan County apparently was not impacted by the economic recession, since there was no downturn in any category by size/type through 2009.

As shown in Table 4-2, Chelan County has increased its share of boats (over 20 feet long) in Washington State from 1.1 percent in 1990 to 1.5 percent in 2009, a gain of 0.4 percent market share.

However, Chelan County's share of North-Central Washington (Adams, Chelan, Douglas, Grant, and Okanogan counties) registered boats decreased from 48.3 percent in 1990 to 43.5 percent in 2009. The rate of growth in registered boats over 20 feet in Chelan County was exceeded by three of the four other counties in North-Central Washington: Okanogan increased at 4.5 percent, Douglas at 5.0 percent, and Grant at 5.7 percent between 1990 and 2009.

Table 4-2. Chelan County Share of Registered Boats 21 Feet and Longer

	Over 20 Feet		All Boats	
Year	NC Washington	Washington	NC Washington	Washington
1990	48.3%	1.1%	33.6%	1.6%
1991	45.9%	1.0%	33.4%	1.6%
1992	46.2%	1.1%	33.6%	1.6%
1993	45.0%	1.1%	33.8%	1.6%
1994	46.0%	1.2%	33.6%	1.6%
1995	45.4%	1.2%	33.8%	1.6%
1996	46.6%	1.2%	33.7%	1.6%
1997	47.5%	1.3%	33.2%	1.6%
1998	47.9%	1.3%	33.5%	1.6%
1999	47.3%	1.3%	33.6%	1.6%
2000	46.7%	1.3%	33.6%	1.6%
2001	46.5%	1.3%	33.6%	1.6%
2002	46.2%	1.3%	32.3%	1.5%
2003	47.1%	1.3%	32.0%	1.5%
2004	47.0%	1.4%	32.6%	1.6%
2005	46.4%	1.4%	32.1%	1.6%
2006	45.8%	1.4%	31.7%	1.5%
2007	44.4%	1.4%	31.3%	1.5%
2008	44.4%	1.5%	31.0%	1.5%
2009	43.5%	1.5%	30.5%	1.5%

Source: Washington State Department of Licensing, September 2010.
Prepared by: BST Associates, September 2010.

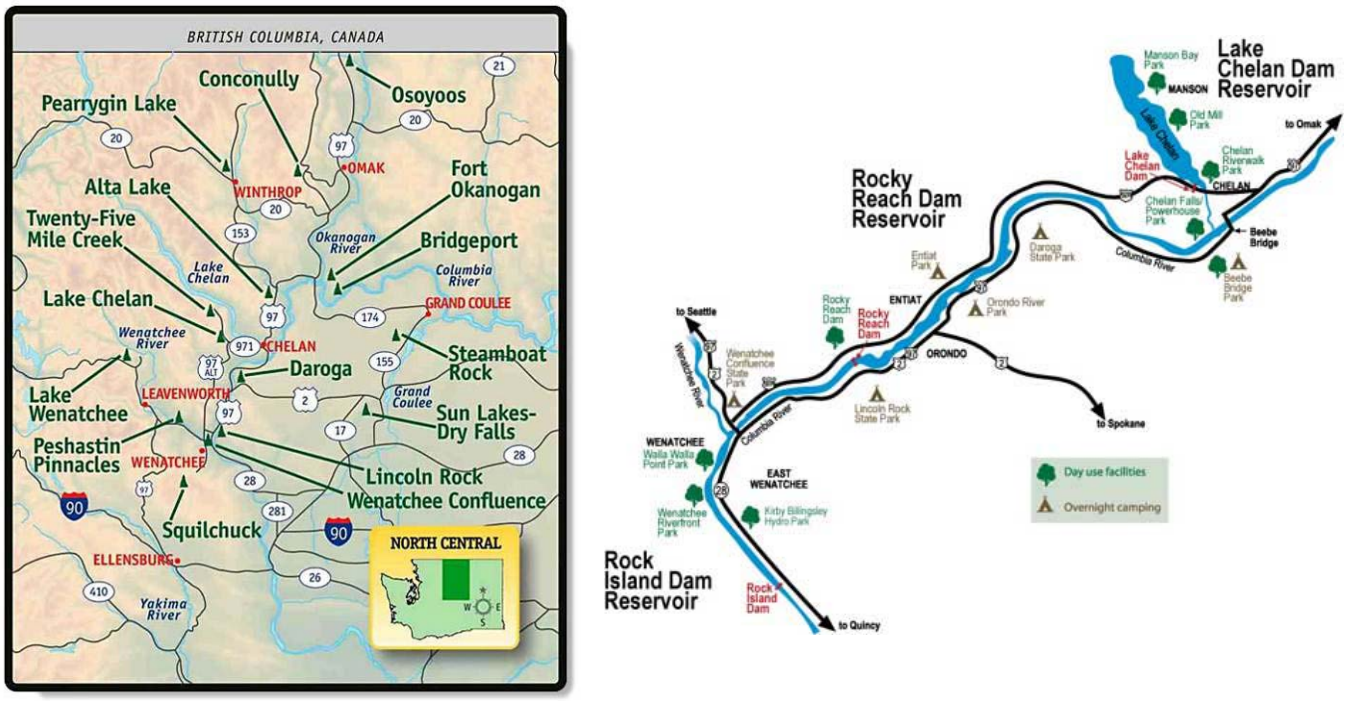
Approximately 85 percent of the boats kept in Chelan County are owned by residents of Chelan County. The remaining boat owners live primarily in Western Washington (especially King County) but there are also some owners from other parts of eastern Washington and from out of state as well.

Growth in boat ownership is expected to advance at a rate the same as or faster than the expected population rate in the next ten years.

4.1.2 Area Boating Facilities

The boating facilities in and near Wenatchee are provided by the City, the Washington State Park Commission, and the Chelan PUD No. 1. These facilities consist primarily of boat ramps with adjoining or adjacent short-term moorage. It is important to note that the dams preclude in-water boating connections between different reservoirs. These facilities are presented in Figure 4-1.

Figure 4-1. Boating facilities owned by Washington State Parks and Chelan PUD No. 1 in and near Wenatchee



4.1.3 Utilization and Need for Additional Boating Facilities

Washington State Parks reports the number of overnight boat moorage tenants at their facilities. As shown in Table 4-3, there were 2,094 overnight users at Lincoln Rock, 857 at Lake Chelan Park, and 5,145 at Twenty-Five Mile on Lake Chelan (based on the average monthly use in 2008, 2009, and January through June 2010). Use typically begins in May, builds through the summer peak (June, July, and August) and declines in the fall.

Table 4-3. Average Annual Overnight Moorage at Washington State Parks in Chelan County

Month	Lincoln Rock	Lake Chelan	Twenty-Five Mile Creek
Jan	-	-	-
Feb	-	-	-
Mar	-	-	-
Apr	-	-	-
May	99	-	809
Jun	387	205	1,187
Jul	884	324	1,233
Aug	654	328	1,278
Sep	70	-	636
Oct	1	-	1
Nov	-	-	-
Dec	-	-	-
Total	2,094	857	5,145
Percent by Month			
Jan	0.0%	0.0%	0.0%
Feb	0.0%	0.0%	0.0%
Mar	0.0%	0.0%	0.0%
Apr	0.0%	0.0%	0.0%
May	4.7%	0.0%	15.7%
Jun	18.5%	23.9%	23.1%
Jul	42.2%	37.8%	24.0%
Aug	31.2%	38.3%	24.8%
Sep	3.3%	0.0%	12.4%
Oct	0.0%	0.0%	0.0%
Nov	0.0%	0.0%	0.0%
Dec	0.0%	0.0%	0.0%
Total	100.0%	100.0%	100.0%

Note: Monthly averages for 2008 through 2010 (January through June)
Source: Washington State Parks and Recreation Commission

A two-lane boat ramp, boarding float, and boat-trailer parking are available near the day-use area at Wenatchee Confluence State Park. The charge for the ramp is $5 per use. Anecdotal evidence suggests that this ramp generally is not congested.

The Manson Parks and Recreation District operates Manson Bay Marina & Park on Lake Chelan, which consists of a new 32-slip marina with moorage featuring water and electricity hookups. Day-use docks are also available. A floating breakwater provides a wave barrier for the moored boats. The Parks District reports that Manson Bay Marina has utilization rates similar to those at the state parks:

- April (starting on the 17th)/May—around 15%
- June—41%
- July/August—more than 90%
- September—45%

Lake Chelan represents a different market than the Rock Island Dam reservoir because the water gets warmer at Lake Chelan and there are significantly more second homes in Chelan than along the Rock Island Dam reservoir. These patterns of overnight occupancy at Manson Bay would likely serve as an upper bound for potential use of the proposed facility in Wenatchee.

The Chelan PUD does not collect statistics on boat use at its facilities. However, the PUD undertook recreation studies as a part of its Federal Energy Regulatory Commission (FERC) relicensing program for Rocky Reach in 2000 and 2001. These use patterns are expected to be similar at the project site in Wenatchee.

According to the FERC relicensing reports for Rocky Reach Dam, there is a stated need for additional boating facilities in the Rocky Reach area:[3]

> Motor boating is the second most popular reason visitors come to the Rocky Reach Project area. Visitors appear to be satisfied with boating in the Project area, although surveys indicated needs for more docks and better docks. Surveys indicated some concerns, especially by water skiers, regarding too many people.
>
> Comparisons of watercraft activity in the Rocky Reach Reservoir with recommended standards indicate that average watercraft activity is below capacity standards, although the number of watercraft may exceed recommended capacity standards within certain reaches during busy holiday weekends. If boating activity continues to increase, as expected, future watercraft activity in Rocky Reach Reservoir will likely exceed standards within certain reaches during busy peak-season weekends and holidays, especially when considering the growth in residential homes with docks along the Rocky Reach Reservoir.
>
> Based on field monitoring and studies, there appears to be need for **additional boat ramp capacity** at Entiat Park to meet future peak-season weekend demands. Potential needs for non-motorized boating

[3] Source: Recreation Needs Forecast and Analysis, Final Rocky Reach Hydroelectric Project, FERC September 21, 2001, prepared for: Public Utility District No. 1 of Chelan County by: Howe Consulting, Inc. and Duke Engineering & Services, Inc.

opportunities have been expressed by the IAC, State Parks and local trails groups and should be considered in future park planning efforts.

Visitor survey responses indicated some desires for more docks and better docking facilities at all recreation sites that have boating facilities, except for Chelan Falls Park.

The Chelan PUD ramps can become congested during summer weekends and nights, which are the prime times of use for local residents, who engage in water-skiing, water-tubing, and wakeboarding. Fishing is also an important use at these facilities by local residents but most of this activity occurs in the morning (generally before 8:00 a.m.).

The Chelan PUD facilities are provided without a charge. Anecdotal information suggests that imposition of a charge could limit participation by local residents.

The Port of Chelan County recently completed a survey of visitors to Chelan County. The report[4] found that boating was an important part of the trip for 20 percent of the visitors. Further differentiation showed that 37 percent of visitors in Lake Chelan went on a boat, 9 percent in Leavenworth, and 15 percent in Wenatchee.

Activities on the Visit. The survey results show visitors partaking in a wide diversity of activities, with shopping, outdoor recreation, and a sightseeing/driving tour being the most popular.

- Shopping (54%)
- Outdoor recreation (48%)
- Sightseeing/driving tour (47%)
- Visiting winery (41%)
- Hiking (34%)
- Family event (31%)
- Historical/cultural site (26%)

[4] Source: Chelan County Visitor Research 2009/2010 prepared for Port of Chelan County by RRC Associates, Inc.

- Festival/event (22%)
- Boat ride (20%)

4.1.4 Preliminary Conclusions on Moorage Demand

The preliminary conclusion on demand for moorage facilities at the project site is that there may be a need for additional moorage facilities, based on the rapid growth in boat ownership in the area and the importance of boating to visitors, as indicated by surveys conducted by the Chelan PUD in 2000/2001 and the Port of Chelan County in 2009/2010.

However, boating facilities (ramps and moorage) are used only seasonally, beginning in May and ending in early October. As a result, annual occupancy rates are relatively low, which will likely impact the financial viability of the proposed facility. In addition, most of the boating facilities available in the Wenatchee area are provided free to the public. Charging a fee for use of the proposed moorage facilities could curtail demand. These issues should be explored in greater detail in an assessment of the financial viability of moorage at the site.

4.2 Hotel Demand

4.2.1 Lodging Trends in Chelan County

As shown in Table 4-4, Wenatchee has consistently accounted for 22 percent to 25 percent of the lodging market generated in Chelan County (based on lodging tax receipts), and approximately 0.7 percent of the lodging revenues in Washington State.

Lodging revenues grew at a compound annual growth rate of 3.9 percent in Wenatchee from 2003 through 2009, which is slightly slower than the growth in Chelan county as a whole (5.0 percent) and Washington State (4.8 percent).

Lodging revenues at Wenatchee fell significantly in 2009 (by 11.6 percent) as a result of the economic recession. The decline in 2009 at Wenatchee was greater than in Chelan County as a whole (down 3.5 percent) and Washington State (down 3.7 percent).

Chelan County has consistently had a 3 percent +/- market share of lodging receipts in Washington State, indicating that the county is growing at approximately the same rate as the state overall.

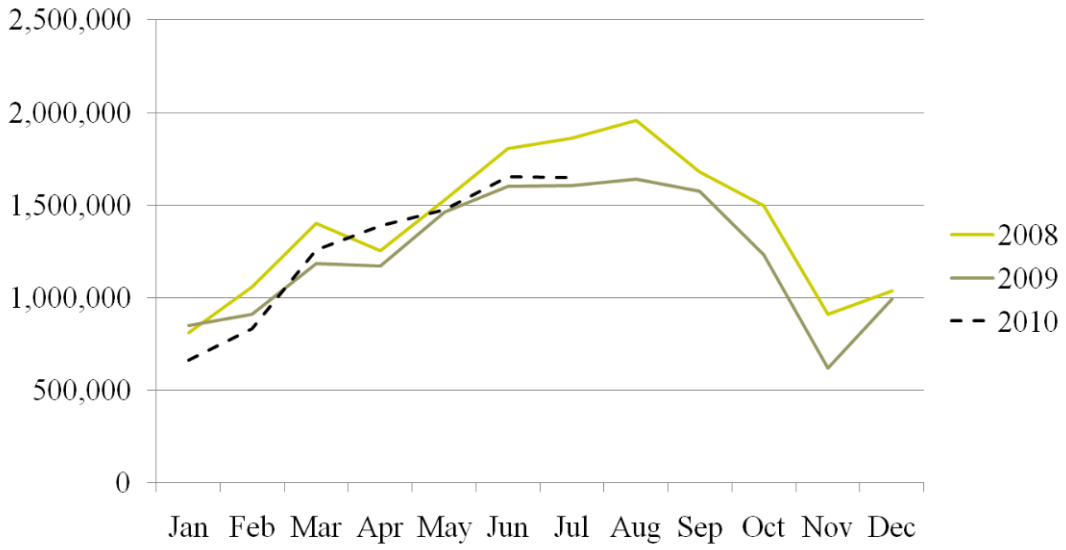
As shown in Figure 4-2, lodging receipts in Wenatchee are relatively consistent with statewide trends with activity building in January to the peak season between May and September. Activity peaks in July and August then falls through November, with a slight uptick in December (Christmas).

Table 4-4. Estimated Gross Lodging Revenues: Wenatchee, Chelan County, and Washington State (2003 to 2009)

Year	Wenatchee	% Chelan County	% Washington State	Chelan County	% Washington State	Washington State
2003	11,803,306	24.4%	0.71%	48,321,244	2.90%	1,667,849,197
2004	12,556,505	24.6%	0.76%	51,075,093	3.10%	1,649,672,225
2005	12,576,475	24.2%	0.68%	51,867,927	2.82%	1,839,836,176
2006	14,443,113	24.5%	0.70%	59,046,333	2.88%	2,049,991,851
2007	16,484,757	24.9%	0.73%	66,230,860	2.94%	2,253,149,205
2008	16,800,890	25.0%	0.73%	67,261,540	2.93%	2,292,697,513
2009	14,846,764	22.9%	0.67%	64,916,503	2.94%	2,207,550,437
Compound Annual Growth Rate						
2003-9	3.9%			5.0%		4.8%
2008-9	-11.6%			-3.5%		-3.7%

Note: Based on the lodging tax, monthly revenues have a two-month lag.
Source: State of Washington Department of Revenue

Figure 4-2. Monthly Trends of Lodging Revenues in Wenatchee



Source: State of Washington Department of Revenue

According to a feasibility report for lodging[5] on the project site conducted in July 2007, the Wenatchee lodging market is split relatively evenly between the commercial/government sector (32 percent), the leisure market (34 percent) and the group market (33 percent). This distribution is expected to be accurate for lodging revenues in 2010.

4.2.2 Competitive Facilities

According to the Wenatchee Business Journal, there are currently 1,348 rooms in the Wenatchee area. This includes two new hotels, the Comfort Suites at the Park (85 rooms) and the Springhill Suites (109 rooms). These two hotels, which were completed in 2009/2010, increased the area's inventory by 16.8 percent.

The 85-room Comfort Suites at the Park hotel, which is located at 195 E. Penny Road, opened in September 2009. The new three-story, 43,225-square-foot hotel is an all suite product that is designed to compete with the Marriott and Hampton brands.

The Springhill Suites, which is located at 1730 N Wenatchee Avenue, opened in March 2010. The 62,675-square-foot, four-story hotel cost around $13 million to build and brings the latest model of the Marriott brand to Wenatchee.

Before these new additions, three hotels were built in Wenatchee in the 1990s, the last one in 1997:

- Best Western Heritage Inn (now LaQuinta Inn & Suites) in 1993
- Holiday Inn Express in 1996
- Comfort Inn in 1997

4.2.3 Project Site Features

The project site advantages and disadvantages that were presented in the 2007 hotel feasibility report are still considered valid. Site advantages include:

- Good visibility to the downtown area, the Columbia River, and the surrounding area.

[5] Source: Hotel Market Share Analysis by Kennedy & Mohn, P.S., for InnSight Hotel Management Group, July 2007.

- Within several blocks of downtown Wenatchee and Wenatchee Avenue.
- Close to hospitals and government offices.
- Views of the Columbia River should be possible from the upper levels of hotel.
- Would be the only Wenatchee hotel located along the banks of the Columbia River.
- Will be the closest Wenatchee hotel to Mission Ridge.
- Within walking distance of the Orondo Boat Basin and Apple Capital Loop Trail.
- Proximate to the Coast Wenatchee Hotel and Wenatchee Convention Center, the Performing Arts Center, and the pedestrian sky bridge.
- Convenient to other planned riverfront residential and public amenity projects.
- Convenient to the Events Center and proposed public market.

Site disadvantages include:

- Close to Burlington Northern Railway, which sometimes temporarily blocks traffic on Orondo Avenue.
- Currently, no eastbound turns allowed for southbound travelers from Wenatchee Avenue—will need to redirect southbound travelers to access Orondo Avenue from Chelan Avenue.
- Current industrial character of the surrounding neighborhood.
- Odors from the adjacent sewage treatment plant will need to be minimized. Wastewater treatment plant "hiding in plain sight" project that is under way will address this concern.

The site appears to be suitable for lodging development.

4.2.4 Preliminary Conclusions on Lodging Demand

The primary concern for hotel development at this time is the recent addition of 189 rooms to the Wenatchee area's inventory, amounting to a 17 percent increase. The 2007 hotel report cautioned on absorption if more than one hotel were developed:

> Although the addition of new rooms to the market and the planned Event Center is expected to induce some new demand that might not be staying in the area, in our opinion, the addition of more than one hotel to the Wenatchee lodging market within a year or two of each other would create an oversupply of rooms which could negatively impact overall market performance.
>
> Should more than one of the proposed hotels open within the projection period, market occupancy rates would likely be lower and the period of time required for the new hotels to reach a stabilized level of performance could be expected to be longer. Developers are cautioned to periodically review the status of other hotel projects before proceeding.

However, the existing supply of lodging in Wenatchee targets primarily the low- and moderate-priced markets. As a result, there is a shortage of higher-end (or boutique) hotels. These are typically smaller specialty hotels with a design that engenders warmth, style, and intimacy and a focus on additional personal services and amenities for its guests. The professional and medical industries that are growing in the Wenatchee area have the potential to support a boutique hotel.

5 FEASIBILITY ANALYSIS OF PUBLIC AMENITIES

As stated previously, there are a number of public amenities around the former Public Works Yard that make it a prime location for redevelopment. These include the Riverfront Park, the public boat launch, day-use moorage, the pedestrian bridge to downtown, and the proposed Pybus Market. As part of the redevelopment assessment, the potential for additional public amenities on the waterfront side of the Public Works property was explored. These amenities are potential options that could be funded by the LRF but that have not been approved by the City for design or construction at this stage.

Four conceptual options for public amenity enhancements were assessed that represent a range of improvements that both enhance public amenities to attract private redevelopment and address environmental concerns related to the existing landfill.

- Plaza with a water feature
- Amphitheater
- Calm water moorage
- Marina in a boat basin

5.1 Plaza with Water Feature

Water features such as fountains and spray parks can be very effective amenities that create a destination feature and a draw both for tourists and for local families. These features can provide multiple functions, including public art, recreation for children and adults, and, when the water is turned off, a public plaza. Water parks can become iconic locations on a city waterfront, as they have in Bremerton, Tacoma, and Portland. The linear waterfront trail connection would be realigned through the property to create space for the plaza (see Figure 5-1).

Considerations

The water feature plaza concept would maintain the existing cap on the landfill. Limited additional environmental investigation[6] and few or no remedial actions are expected to be required to support development of this amenity. A possible exception is landfill cap enhancements in foot-traffic areas.

Establishing a plan of action that is environmentally protective (e.g., confirming that exposure will not occur via increased access), designing and implementing any cap enhancements, and monitoring and maintaining the cap would likely be approved by Ecology's Toxics Cleanup Program as an interim action.

Providing adequate parking to support the water feature plaza would be critical to its success. There is potential to share parking with the Riverfront Railway, the boat launch, and the proposed Pybus public market.

Planned improvements for the wastewater treatment plant, including screening and odor control, will be very important in ensuring that the plaza is an enjoyable space for crowds to gather and spend time.

Public Benefit: Water features are very popular with children and families, as has been seen at the Wenatchee Rotary Park Splash Pad. A water fountain or play feature would provide a unique amenity to a potential hotel. The water feature would provide a recreation draw during summer days that would complement the proposed Pybus public market and would align well with planning goals of the pedestrian overlay zone.

Maintenance and Operation: The pumps and pipes of a water feature require regular maintenance. The level of maintenance would vary, depending on the complexity and scale of the water feature. Maintenance and monitoring of the landfill would likely be required as well.

Permitting: The property is currently zoned Waterfront Mixed Use. A public plaza is a permitted use under this zoning. The project is located within the jurisdiction of the Shoreline Management Act. The property is located in an area designated as Urban in the current SMP, dated 1975. In the draft SMP update dated June 2009, it is designated as Waterfront. In the current SMP, parks are considered water-dependent uses. In the draft SMP update, parks are identified as water enjoyment uses and are a permitted use in the Waterfront designation. Under both SMPs, the plaza should be

[6] For all options, confirming the existing cap thickness in all areas where public access is envisioned will be necessary. This is expected to be a straightforward exercise involving small, shallow excavations on a grid, or similar.

considered a permitted use, requiring a shoreline substantial development permit.

For this and the remaining options described below, an agreed order and/or consent decree with Ecology would provide the City with the greatest liability protection and certainty through the Model Toxics Control Act (MTCA) cleanup process. However, that needs to be taken in context with the overall regulatory approach to the property development.

Risk: This option is the lowest level of uncertainty relative to the landfill because the option envisions minimal grading and little or no waste handling and disposal.

Cost: Potentially the lowest-cost option.

5.2 Amphitheater

The amphitheater option envisions grading a portion of the river side of the property to create a bowl for stadium-style seating, with a stage at the bottom (see Figure 5-2). The amphitheater would provide a location for outdoor music, theater performances, and seating to enjoy river views. The property could include power for amplified sound and lights. The linear waterfront trail connection would be realigned through the property to create space for the amphitheater.

The scale of the amphitheater is a fundamentally important design consideration. The scale will be driven by the types of uses envisioned for the facility, the availability of parking to support event crowds, and the physical constraints of the property. The amphitheater shown in Figure 5-2 covers approximately 12,500 square feet and could hold roughly 750 to 1,000 people for events.

As with the water feature plaza option, development of shared parking to support the amphitheater would be essential to its success. Implementation of the planned odor control and buffering improvements to the wastewater treatment plant will also be important in making an attractive gathering space.

Considerations

As with all options involving waste removal, excavation of a portion of the landfill would require additional environmental investigation to characterize the material that would be removed and to refine a plan for disposal and a new engineered cap. The excavation and capping likely would be reviewed by Ecology's Toxics Cleanup Program as an interim action.

Public Benefit: Waterfront concerts, plays, and other events could potentially draw large audiences to the South Node of the waterfront. Events at the amphitheater would provide added value to a potential hotel, complement the proposed Pybus public market, and align well with planning goals of the pedestrian overlay zone.

Maintenance and Operation: The amphitheater would require minimal maintenance of the physical facility, but programming events to use the space will be critical to success and require time and effort of skilled staff. Maintenance and monitoring of the landfill cap likely would be required as well.

Permitting: The amphitheater is a use similar to an auditorium, which is a permitted use under current Waterfront Mixed Use zoning. As described for the water feature plaza, under the current SMP and the draft SMP update this use should be considered a public park amenity and a permitted use that requires a shoreline substantial development permit.

Risk: Since the amphitheater would involve excavation of landfill material to create a bowl, this option involves inherent risk. This risk would be minimized through additional environmental sampling to characterize the excavated material. The property would require overexcavation and covering with an engineered cap to control risk of exposure to soil vapor and leachate, and to eliminate direct-contact risks.

Cost: The excavation and disposal of landfill material is the primary cost driver. Cost will vary, based on scale of the amphitheater and on the design of seating (grass or concrete rows).

5.3 Calm Water Moorage

This option includes excavation of a portion of the landfill to create a cove large enough to contain a floating moorage similar in scale to the existing day-use moorage (see Figure 5-3). The objective of this option is to create moorage out of the main current of the Columbia River. Anecdotal reports indicate that the existing day-use moorage is difficult for boaters to use because of the strong current. This option additionally provides for removal of a portion of the landfill material that may currently pose a potential contamination risk to the Columbia River. The linear waterfront trail connection would be realigned through the property to create space for the moorage basin.

Considerations

Design considerations for the moorage include the following:

- Length of floating dock: 317 feet.
- Provides moorage for 12 to 14 ski boats inboard of float and 12 to 14 outboard.
- Length of gangway ramp: 55 feet.
- Width of basin between dock and land for boat maneuvering: 50 feet.
- Depth of excavation: 10 feet below low water, to allow boating during low-water periods and limit need for future maintenance dredging.
- Bank treatment: There is a range of alternatives for design of the new riverbank. Each alternative would likely require an engineered cap and possibly a groundwater control system:[7]
  - Gradual slope. This could include a grassy area designed for public access and riparian habitat enhancement. A gradual slope would require converting a wide swath of existing upland.
  - Steep slope. This may require armoring for stabilization and could preclude public use of the slope.
  - Wall. A vertical wall of sheet pile or other material would consume the least amount of land in the transition between upland and boat basin. It would be necessary to study the potential effects of wave refraction on the wall to determine feasibility.

Public Benefit: Additional moorage would expand opportunities for boaters to visit shops and restaurants in downtown and on the waterfront. This feature would enhance recreational opportunities and promote synergy between downtown businesses and waterfront activities. An assessment of demand for boating facilities in Wenatchee and Chelan County conducted for this redevelopment planning effort found that there may be a need for additional moorage facilities because of the rapid growth in boat ownership in the area and the importance of boating to visitors, based on surveys

[7] Groundwater controls, if required, are expected to be passive in nature; active controls would likely be cost prohibitive. Passive examples include geosynthetic barriers on the interior face of the wall to create a low-flow zone behind the wall (i.e., in the landfill area). In this way groundwater would be partially deflected, rather than flowing through the waste.

conducted by the Chelan PUD in 2000/2001 and the Port of Chelan County in 2009/2010.

Maintenance and Operation: The moorage maintenance and operations would be similar to those of the existing day-use moorage. No attendant staff is anticipated. Security of vessels, fishing gear, and water ski/wakeboard equipment may be a concern for boaters tying up and walking to downtown shops and restaurants. Cap maintenance and monitoring would be required. If groundwater controls are a part of the remedy, groundwater monitoring likely will be an ongoing monitoring requirement.

Permitting: Marinas are a permitted use under current Waterfront Mixed Use zoning. The project would require a shoreline substantial development permit. The project would also require a state Hydraulic Project Approval, federal Clean Water Act Section 404 and Rivers and Harbors Act Section 10 permit, which would trigger Endangered Species Act Section 7 consultation. The treatment of the riverbank will have important implications for mitigation. The bank could potentially be designed to improve habitat, but if the slope is hardened with riprap, off-site mitigation may be required.

Risk: The moorage involves excavation of landfill material at the interface with the river. This poses engineering challenges to prevent exposure of aquatic organisms to contaminants. The excavation would require sheet pile or other controls to mitigate that threat, as well as dewatering and on-site or off-site treatment before disposal of material. The waterfront portion of the property would require overexcavation and covering with an engineered cap to control risk of exposure to soil vapor and leachate, and to avoid direct contact with waste.

There is a financial risk involved in this option. Based on use of other facilities in Chelan County, ramps and moorage are used only seasonally during the year, beginning in May and ending in early October. Therefore, annual occupancy rates are relatively low, which likely will impact the financial viability of the proposed facility. There are nearby boating facilities that do not charge for use, which would also drive down any likely user fees.

Cost: The excavation and disposal of landfill material is the primary cost driver. Cost will vary based on scale of the boat basin, construction method, and design of engineering controls for landfill management.

5.4 Marina in Boat Basin

This option includes excavation of a substantial portion of the landfill to create a boat basin large enough to contain a marina with slips (see Figure 5-4). The objectives of this option are to create a large boating facility unique to the Rock Island Dam Reservoir and to remove a large amount of landfill

material that may pose a risk to the Columbia River. The linear waterfront trail connection would be realigned through the property to create space for the moorage basin.

Considerations

The conceptual design maintains the existing subsurface riprap and rubble berm that was built to separate the former landfill from the Columbia River.[8] The potential for reuse of this berm will require additional investigation to assess feasibility. Issues of concern with the berm include:

- The potential that the material in the berm contains elevated concentrations of contaminants to which the river would be exposed by creation of the boat basin
- Structural integrity of the berm
- Hydraulic dynamics of the boat basin

Design considerations for the marina include the following:

- Slip size: 10 feet by 25 feet, designed for ski boats
- Number of slips: 22 slips inboard of main float and limited moorage outboard
- Length of floating dock: 370 feet
- Length of gangway ramp: 158 feet
- Width of basin between dock and land for boat maneuvering: 90 feet
- Depth of excavation: 10 feet below low water, to allow boating during low-water periods and limit the need for future maintenance dredging
- Bank treatment and possibly groundwater controls as discussed in the calm water moorage option

[8] The materials and condition of the subsurface berm are unknown. The feasibility of using this material "as is" is expected to be low. More plausible is the possibility of "recycling" this material; after excavation of the berm, wastes would be separated, and the riprap and rubble (if inert, e.g., concrete) would be reinstalled as an engineered structure.

Public Benefit: Additional moorage would expand opportunities for boaters to visit shops and restaurants in downtown and on the waterfront. This feature would enhance recreational opportunities and promote synergy between downtown businesses and waterfront activities. An assessment of demand for boating facilities in Wenatchee and Chelan County conducted for this redevelopment planning effort found that there may be a need for additional moorage facilities because of the rapid growth in boat ownership in the area and the importance of boating to visitors, based on surveys conducted by the Chelan PUD in 2000/2001 and the Port of Chelan County in 2009/2010.

Maintenance and Operation: The moorage and cap maintenance and operations would be similar to those of the existing day-use moorage. No attendant staff is anticipated. As with the calm water moorage option, security of vessels and gear may be a concern for boaters.

Permitting: Marinas are a permitted use under current Waterfront Mixed Use zoning. The project would require a shoreline substantial development permit. The shoreline jurisdiction boundary is 200 feet from the ordinary high water mark; excavation of the boat basin will move that jurisdiction west far enough to include the potential hotel location. This change would require the potential hotel development to obtain a shoreline substantial development permit, if the marina was constructed first. A hotel is considered a water-related use in the current SMP and a water enjoyment use in the draft SMP update. Under both the current SMP and the draft SMP update, the hotel should be eligible for a shoreline substantial development permit and should not require a conditional use permit.

The project would also require a state Hydraulic Project Approval, federal Clean Water Act Section 404 and Rivers and Harbors Act Section 10 permit, which would trigger Endangered Species Act Section 7 consultation. As with the calm water moorage option, it will be necessary to consider implications for salmon habitat mitigation. Although the basin will create additional shallow water, the National Marine Fisheries Service likely will consider the operation of boats in the basin a negative net impact to critical habitat.

Risk: The moorage involves excavation of landfill material at the interface with the river, with the resultant risks described for the calm water moorage option. Since the volume of landfill material is larger than in the calm water moorage option, the risk is proportionately larger.

There is a financial risk involved in this option. Based on use of other facilities in Chelan County, ramps and moorage are used only briefly during the year, beginning in May and ending in early October. Therefore, annual occupancy rates are relatively low, which likely will impact the financial viability of the proposed facility.

Because this facility would be a new and unique feature in the reservoir, it is difficult to predict the future intensity of use. The Rock Island Reservoir has fewer amenities, such as beaches, campgrounds, and waterfront commercial operations, than the upstream and downstream reservoirs. This may limit the attractiveness for boaters to leave vessels in the Rock Island Reservoir for extended periods. Use of the marina by hotel visitors could provide a base of demand. Likewise, upland facilities associated with the hotel may enhance the use of the marina.

Cost Range: The excavation and disposal of landfill material is the primary cost driver. Cost will vary, based on scale of the boat basin, construction method, and design of engineering controls for landfill management.

5.5 Summary of Public Amenity Options

Each of the options summarized above has advantages and disadvantages (see Table 5-1). In general, the lower-risk options involve little or no waste removal. Given that the larger-volume waste-removal options involve work in the immediate vicinity of open water, controls and contingency planning would be substantial. Balancing the cost associated with mitigating these risks against the economic uplift of each option will result in a preliminary selection of the preferred option. At that point, detailed analysis of cost and risk will be warranted.

Table 5-1. Feasibility Assessment of Public Amenity Options

Public Amenity Option	Public Benefit	Maintenance &Operations	Permitting	Risk	Cost
Plaza with Water Feature	High—Artistic visual appeal, Recreation potential, multi-functional	Medium—Water system requires regular maintenance	Routine—complies with existing plans and land use regulations. No federal permits required	Low—No excavation of contaminated material.	Range--$500 K to $1.2 M
Amphitheater	High—Unique feature in the area for outdoor events, multi-functional	Medium—Facility could be designed for minimal maintenance, but programming events will be key to success	Routine—complies with existing plans and land use regulations. No federal permits required	Low—Could require excavation of contaminated material and installation of engineered controls	Range--$370 K to $1.7 M
Calm Water Moorage	High—Enhances river-based recreation opportunities and promotes connection between waterfront and downtown	Medium—No attendant staff. Maintenance and monitoring of the re-contoured bank will be needed.	Complex—Marinas are permitted under local zoning. State and federal permits would be required for in-water work.	Medium—Involves excavation of landfill material at the interface with the river. Financial risk will be based on expectations for returns.	Order of magnitude estimate over $7 M. Driven largely by the costs of excavation and disposal.
Marina in Boat Basin	High—Enhances river-based recreation opportunities and promotes connection between waterfront and downtown	High—No attendant staff. Maintenance and monitoring of the re-contoured bank will be needed.	Complex—Marinas are permitted under local zoning. State and federal permits would be required for in-water work.	High—Involves excavation of landfill material at the interface with the river. Greater risk than Calm Water Moorage because volume of material excavated is larger. Financial risk will be based on expectations for returns.	Order of magnitude estimate over $15 M. Driven largely by the costs of excavation and disposal.

COLUMBIA RIVER

EXISTING DAY USE MOORAGE

SPRAYING/PLAY FOUNTAIN

PUBLIC WALKWAY

HOTEL PLAZA

Boundary

Landfill

POOL

PROPOSED HOTEL

SHORELINE JURISDICTION

NORTH WO

MAUL FOSTER ALONGI
971.544.2139 (phone) | www.maulfoster.com

Property Line

0 80' 160'

Figure 5-1
Plaza with Water Feature

Wenatchee Landfill Redevelopment
Wenatchee, Washington

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COLUMBIA RIVER

EXISTING DAY USE MOORAGE

AMPHITHEATER

PUBLIC WALKWAY

HOTEL PLAZA

Boundary

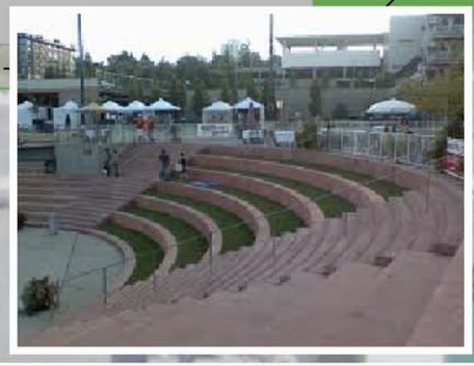
Landfill

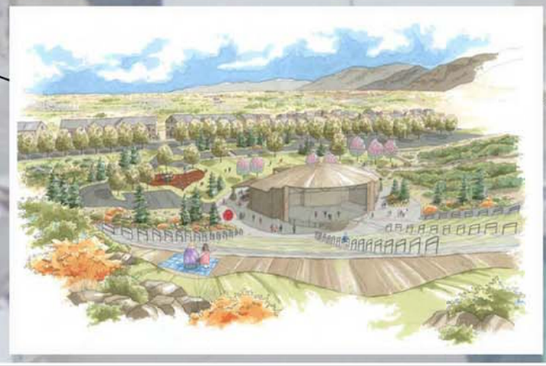
POOL

PROPOSED HOTEL

SHORELINE JURISDICTION

NORTH





MAUL FOSTER ALONGI
971.544.2139 (phone) | www.maulfoster.com

Property Line

0 80' 160'

Figure 5-2
Amphitheater

Public Works Yard
Redevelopment
Wenatchee, Washington

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Property Line

0 80' 160'

Figure 5-3
Calm Water Moorage

Wenatchee Landfill
Redevelopment
Wenatchee, Washington

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COLUMBIA RIVER

EXISTING DAY USE MOORAGE

BERM

24 SLIP MARINA

10'x25' SLIP (TYP.)

91 FEET

2:1 SIDESLOPE

PUBLIC WALKWAY

Boundary

Landfill

PROPOSED HOTEL

SHORELINE JURISDICTION

NORTH WORTHEN STREET

MAUL FOSTER ALONGI
971.544.2139 (phone) | www.maulfoster.com

Property Line

0 80' 160'

Figure 5-4
Marina in Boat Basin

Wenatchee Landfill Redevelopment
Wenatchee, Washington

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6 GO FORWARD STRATEGY

The following describes a strategy for the City to position the former Public Works Yard for cleanup and redevelopment. This strategy has been preliminarily vetted with Ecology's Toxics Cleanup Program. The strategy is illustrated in Figure 6-1.

The strategy for cleanup and redevelopment of the property is based on six key elements:

1. Explore potential for claims against historical insurance policies.
2. Separate the non-landfill portion of the property from the landfill, creating a new lot of record (Parcel A).
3. Conduct remediation of Parcel A through the Voluntary Cleanup Program.
4. Conduct a performance assessment of the former municipal landfill.
5. Establish a framework for property transaction and redevelopment.
6. Make public investments in off-property infrastructure and public amenities.

These elements support each other to provide a risk management approach to the property that addresses funding, liability protection, and leveraging cleanup to promote redevelopment:

- Funding sources with the greatest potential to support environmental remediation of the property are claims against the City's historical general liability policies and Remedial Action Grants from the Washington State Model Toxics Control Account. It is critical for the City to carefully manage the project to maximize the potential funds from these sources. In this redevelopment strategy, the City would fund a limited soil cleanup on the property and a future developer would fund the institutional controls such as a soil vapor barrier.

- Environmental liability can be limited by conducting cleanup actions under Ecology's Voluntary Cleanup Program and by purchasing insurance policies that protect against unknown contaminants and claims from third parties.

- Conducting cleanup actions on the property can be driven by the City to meet the schedule and risk-tolerance thresholds of prospective developers of the property. The cost of cleanup typically makes the private-market redevelopment of these sites financially infeasible. Public partnerships will be essential to transform this property into a community asset that generates jobs and tax revenue and contributes to the revitalization of the Wenatchee waterfront.

6.1 Insurance Recovery

There is an opportunity to pursue funds to support environmental investigation and cleanup on the Public Works Yard and the landfill through claims on liability insurance carriers that provided coverage to the City and site operators. Before the early 1980s, general commercial liability policies did not contain exclusions for liabilities caused by environmental damage. Therefore, cost recovery may be pursued from historical insurance policies that were in place when pollution occurred and that covered the property owner, operator, or other potentially liable parties.

Historical insurance recovery requires a commitment of time and resources, but is becoming a standard industry practice. It should be noted that liability insurance claims for environmental damage to a property are not actions against the site owner or operator (the City in this case), nor do they impact current or future insurance premiums. These are claims for damages that occurred in the past and that were covered by liability policies for which coverage premiums were paid.

There are two types of claims that can be submitted:

- Defense—this covers costs of site investigation and feasibility study of cleanup options as defense against a liability. Historically, the defense coverage was typically unlimited.

- Indemnification—this covers the cost of implementing remedial actions. Generally there was a limit to indemnification, but claims against policies over multiple years can be added together.

The process for making claims on historical insurance policies involves:

- Find the Policies—documentation could be physical copies of the insurance policies. These may be stored in archives of the City or the City's insurance broker. Secondary evidence, including letters regarding a claim or proof of insurance certificates with the policy number, can also be sufficient. At this point, the City

has identified their insurance broker from the period of landfill operation, but not the policy documents.

- Notify the Insurers—the City should put insurers on notice that the City is conducting cleanup of the Public Works Yard and submit copies of key documents of the process. All documented costs accumulated following the notification are potentially recoverable in a claim. In the future, the City can decide whether to tender a claim for cost recovery on the Public Works Yard, the landfill, or both.

- Trigger the Policies—to substantiate a claim, a third-party liability must be documented. Policies generally contain an owned-property exclusion. Contamination of groundwater, which is owned by the state, constitutes a third-party liability. It is often necessary to demonstrate a pressing liability to make a claim. Receipt of a letter from Ecology identifying the City as a Potentially Liable Party or a lawsuit by a third party (such as a future developer) would demonstrate the liability. If the Public Works Yard were to be separated from the former municipal landfill, there would be no known third-party liability for the yard, at least not at this time.

- Negotiate Settlement with the Insurer—key points for this negotiation include:

  - City can apply for state Remedial Action Grant to cover half the cleanup costs and negotiate for insurance to pay the other half. This means the City has no out of pocket costs and the insurer is settling for half their potential liability. Note, insurance recovery is not deducted from eligible Remedial Action Grant costs, but contribution from third parties is deducted.

  - City should not agree to release an insurer or buy back all their policies, unless they understand the entire property portfolio risk for the municipality for which a carrier provided coverage.

6.2 Separate Public Works Yard from Landfill

A foundational element of the cleanup and redevelopment strategy is to separate the Public Works Yard into two parcels, based on the extent of the former landfill:

1. The non-landfill area adjacent to Worthen Street (Parcel A); and

2. The filled area on the north and east sides (Parcel B).

The approximately 81,000-square-foot non-landfill area could be sold to a prospective purchaser and developed following routine environmental precautions. The remaining landfill area can be developed as parking and open space uses that complement the future private development.

Field investigation of the property indicates that contaminants associated with the landfill are not present in soil under the Public Works Yard (Parcel A). Landfill contaminants are present in groundwater, but MTCA provides a liability exclusion for groundwater plumes that originate off-property (Revised Code of Washington 70.105D.020(17)(iv)). Ecology has given informal support for separating the Public Works Yard from the landfill for the purposes of conducting cleanup.

Separating the Public Works Yard from the landfill will involve two major steps: refining the boundary of the landfill and creating two new legal lots.

The boundary of the landfill has been evaluated on the site, using test pits and geophysical methods. The landfill boundary confirmed by these investigations will support a lot line adjustment and cleanup planning.

Through a boundary lot line adjustment, the City can create two legal tax parcels that would allow another party to purchase the Public Works Yard (Parcel A) as a separate and distinct property.

6.3 Voluntary Cleanup Program

The Voluntary Cleanup Program provides an administrative pathway in which the City maintains control over the scope and schedule of remedial actions and requests as much or as little oversight from Ecology as they like. The Voluntary Cleanup Program is designed to process sites that pose relatively minor environmental risk and have straightforward cleanup actions. Based on discussions with Ecology staff, it appears that the process of investigation and cleanup of the Public Works Yard (Parcel A) (separate from the landfill) can be conducted in an expedited manner. The steps of the cleanup process for Parcel A would include:

- Focused sampling to delineate the extent of soil contamination that requires excavation and continued monitoring of elevation of groundwater to confirm understanding of flow direction. Note that this has been completed and documented in the Focused Site Characterization report (MFA, 2011).

- Provide Ecology an opportunity to review and issue an opinion letter on the adequacy of the contamination investigation and characterization (optional, but recommended).

- Develop a cleanup plan that likely will include capping the contaminated area with clean soil, paving or a building, along with institutional controls such as a soil management plan and restriction on groundwater use.

- Provide Ecology an opportunity to review and issue an opinion letter on the adequacy of the cleanup plan (optional, but recommended).

- Implement the cleanup plan. Note that, to provide cost savings capping could be coordinated with site grading for future development.

- Request a No Further Action letter for soil contamination only (not groundwater). After receiving a No Further Action letter, the City would be eligible to seek a Remedial Action Grant for reimbursement of 50 percent of eligible costs, up to $200,000 ($300,000 if City qualifies as an economically disadvantaged community).

Note that the issuance of a No Further Action letter does not provide a legal settlement of liability with the state. The No Further Action letter, however, is highly valued by lenders and developers as the standard documentation of an Ecology-approved cleanup action. Liability protections the City could provide a future developer are discussed in Section 6.2.6.

6.4 Landfill Performance Assessment

In their regulatory role, Ecology staff have stated that, to allow the Public Works Yard to proceed through the cleanup process as a site[9] separate from the landfill (Parcel B), they would like additional analysis of the former landfill conducted. The prescriptive cleanup remedy for landfills is closure in place. At this time, MFA has been able to compile only limited documentation on the capping of the former landfill. With only this limited information it is not possible to determine if the landfill closure met standards. Ecology has requested additional information on the existing soil cap over the landfill and assessment of potential for groundwater

[9] In MTCA, a contaminated "site" is defined by the extent of contamination, not by property boundaries (RCW 70.105D.020(5)).

contamination migration. Conducting additional analysis on the landfill would create a risk to the City in that they may encounter a level of contamination that creates an actionable liability.

MFA proposes that a reasonable approach to meeting Ecology's request is to conduct a Physical Performance Assessment of the landfill cap. This would involve further research to compile and review construction specifications, as built reports, and any other documentation of the management of the landfill conducted to support creation of the Riverfront Park. A field survey of the former landfill would also be conducted to confirm the thickness and condition of clay cap and soil cover and the presence and condition of soil air vents. The findings of the Physical Performance Assessment would be documented to provide an evaluation of the effectiveness of the existing protective measures. If deemed necessary, an assessment of risk of exposure to groundwater contamination could also be conducted, based on existing data collected as part of the Targeted Brownfield Assessment.

6.5 Framework for Property Transaction

It is likely that a future developer of the Public Works Yard (Parcel A) would require some form of liability protection before investing in the property. There are several options for the City to provide risk protection to prospective purchasers under a fee simple sale. Conducting the cleanup action and obtaining a No Further Action letter would greatly reduce the potential cost of environmental liability associated with the site, but legally it would remain. The City could provide an indemnification to the prospective purchaser for environmental liability. This indemnification could be supported by historical insurance coverage in the event that a future claim is made. The City could also purchase a pollution legal liability policy. These policies protect against unknown contamination and third-party claims. Premiums are likely to range from $20-35,000, and the typical term of a policy is five to ten years.

Another option is for the City to maintain ownership of the property and provide a developer with a long-term lease. The lease could be based on conventional terms or capitalized. The advantage of this approach is that the liability for historical environmental contamination is retained by the City and not transferred to the developer. The disadvantage is that it can be challenging to secure funding for construction projects under lease agreements since the lender will not be able to securitize the property.

Table 6-1 Comparison of Risk Management Options

Risk Management Tool	Advantages	Disadvantages
No Further Action Letter—City provides documentation from Ecology that cleanup meets regulatory standards.	Widely recognized and accepted by lenders for underwriting purposes.	Does not provide legal settlement of liability.
Indemnification—City contractually indemnifies developer for historical environmental liabilities.	High level of protection for developer. If historical insurance found, it provides a financial resource to support the City in the event of a future claim.	
Pollution Legal Liability Insurance—provides protection against unknown contaminants and third-party claims.	Reduces risk for tailing environmental liability. Purchase of environmental insurance is an eligible cost for Remedial Action Grants.	Policies typically available for five- to ten-year term.

6.6 Infrastructure and Public Amenities

The City should continue to use the resources of the LRF district to make investments in infrastructure and public amenities. These investments provide value that extends beyond the former Public Works Yard to the entire South Node. The key investments include:

- Complete odor control and screening enhancements under way at the wastewater treatment plant.
- Improvements to Orondo Avenue to improve the streetscape and provide left-turn access from Wenatchee Avenue.
- Develop a public parking lot on the north side of the Public Works Yard on property that is underlain by the landfill (Parcel B).
- Expand the waterfront park amenities to the edge of Parcel A. The options for these amenities could range from a passive green space to a plaza with water features to a boat moorage facility. The City is required under an agreement with the Chelan County PUD to expand the park to compensate for encroachments in other locations.

City of Wenatchee

WATERFRONT CLEANUP AND REDEVELOPMENT STRATEGY

Figure 6-1

1. HISTORICAL INSURANCE RECOVERY

RESEARCH HISTORICAL POLICIES
- City records
- Broker records

→ NOTIFY INSURERS OF PUBLIC WORKS CLEANUP

→ PURSUE CLAIM IF WARRANTED
- PLP Letter
- Third Party Liability
- Groundwater Contamination

→ NEGOTIATE SETTLEMENT

2. SEPARATE PUBLIC WORKS YARD FROM LANDFILL

LOT LINE ADJUSTMENT
Create 2 new legal parcels based on landfill boundary delineation

3. CLEANUP OF PUBLIC WORKS YARD THROUGH VOLUNTARY CLEANUP PROGRAM

→ REMEDIAL INVESTIGATION & CLEANUP PLAN
- Soil sampling has been conducted to delineate extent of contamination
- Design cap and soil management plan

→ Ecology Review

→ IMPLEMENT CLEANUP
- Capping (could be part of development)
- Institutional controls
- Soil vapor addressed in future development

→ NO FURTHER ACTION LETTER & REMEDIAL ACTION GRANT
- 50% of costs

4. LANDFILL PERFORMANCE ASSESSMENT

ENVIRONMENTAL ASSESSMENT
Potential Methods to Address Ecology Request for Additional Information
- Physical Performance Assessment
- Risk Assessment Based on Existing Data

→ DECIDE ON FUTURE ACTIONS (*If Needed*)

5. FRAMEWORK FOR PROPERTY TRANSACTION

FEE SIMPLE SALE OR LEASE

RISK MANAGEMENT OPTIONS
a. Provide NFA letter for cleanup
b. City indemnifies purchaser (historical insurance backstop)
c. Pollution Legal Liability policy

6. INFRASTRUCTURE AND PUBLIC AMENITIES

- COMPLETE WASTEWATER TREATMENT PLANT IMPROVEMENTS
- ORONDO AVENUE IMPROVEMENTS
- PARKING LOT ON NORTH SIDE OF FORMER PUBLIC WORKS YARD
- PARK ENHANCEMENTS

LIMITATIONS

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