

CITY MANAGER WEEKLY UPDATE REPORT ~ KENT MYERS

April 17, 2009

Due to the preparations for the Retreat this Saturday this weekly report is relatively brief. However, I wanted to provide an update on several important issues facing the City.

First of all, the K.O. Erickson Trust Fund Board discussed the Gottschalk's building this week and we invited several representatives from the Downtown Association, Economic Development Council and the City to provide their input. A number of good ideas were suggested for use of the building but we all recognize the challenge to get a tenant in the building during the next several months. The Board did decide to move forward with outside services to assist us in marketing the building for sale and/or lease. Attached is the proposal from Coldwell Banker that recommended a three-prong approach to the building and this proposal was endorsed by the Board.

This week I had an opportunity to meet with Todd McClaskey, owner of the Olympic Lodge Hotel to discuss his future plans for the Oak Street property that he recently acquired. He would eventually like to develop the site possibly for another hotel once financial conditions change and more public and private improvements take place near the site. For example, he is very interested in the future development of the promenade and the ferry terminal improvements. As you know, the Oak Street property is a very important site in our downtown development efforts, and I will continue to work closely with Todd to see if we can encourage his development of the property.

I was also able to meet with the General Manager and the Sales Manager of the Red Lion Hotel to discuss future improvements to their facilities. They plan to repaint their building once financial conditions improve and suggested a letter of support for this painting be sent to their corporate offices.

City staff was also involved in a meeting with County staff and EDC representatives this week to discuss ways we can better promote the opportunity for development in our Eastern UGA. With all of the recent utility improvements in this area, we have a real opportunity to encourage commercial growth in this area, which would really help our future tax base.

The meeting Tuesday evening on the Paint Downtown project was well attended and it appears that this project will be a major success. This is a great example of a citizen-driven project that will have a very visible impact on the appearance on our downtown area. The AIA study served as one of the motivations for getting this project going and, hopefully, we will see other positive outcomes from this study during the coming months.

See you tomorrow for the Council Retreat.

-Kent Myers



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April 15, 2009

K.O. Erickson Trust Fund
% Pat Hyden, Secretary to the Trustees
3005 West 18th Street
Port Angeles WA 98363

Re: Gottschalks Building proposal

Dear Pat and Trustees,

Thank you for the opportunity to meet at your Board Meeting yesterday. It was a pleasure to present our initial thoughts regarding a course of action for your building at 200 West First Street.

In reply to your request for a contract proposal please accept this letter as the next step in that process. To expound upon our initial ideas I propose the following tasks:

1. Enter into a Listing Agreement with Coldwell Banker Uptown Realty to begin the official task of marketing the property for sale in hope of finding a purchaser. The list price of the property must be agreeable to the Trustees and that initial price can be determined shortly. Our brokerage fee for marketing the property would be 5.0% of the sales price due upon close of escrow with the new purchaser. The draft marketing plan presented yesterday would serve as a basis for a final plan to be drawn up shortly.
2. Enter into a Listing Agreement with First Western Properties of Tacoma to act as a professional leasing agency. Their prime task would be to search out and secure a satisfactory tenant for the building. Their fee for this service (to be confirmed and ratified directly with them) is a commission of 6.0% on the value of the first five year lease agreement and a 3.0% fee for a 2nd five year lease extension should that take place. Again, I do not purport to represent the specifics of their proposal but merely generalize at this stage.
3. Begin a review and study of the highest and best use of the property for possible consideration of other courses of action. This initial study will be conducted by me and the leasing agent of First Western Properties. There will be no additional fee for this initial review and recommendation.

I trust that this plan of action will be satisfactory with you. Upon receipt of your approval we will arrange to meet to discuss the listing price for the marketing contract and also arrange for the leasing agent to visit the property and compile their thoughts for your further consideration.

With kindest regards,

Daniel E. Gase, CCIM