Executive Summary

The Skykomish Hotel represents a rare opportunity to redevelop a historic, four-story hotel in the heart of the Town of Skykomish. The hotel is owned by the Town of Skykomish and is currently vacant. The town is offering the property for sale or lease.

Situated in the center of town, the hotel has direct access to US Hwy-2 and benefits from excellent access and visibility and a diverse group of surrounding amenities. The town envisions the site being reinvigorated as an influential hub for commerce and recreation. The property’s Historic-Commercial District zoning combined with its historical significance make it a unique and high-profile rehabilitation opportunity.

PROPERTY QUICK FACTS

| Address:            | Skykomish Hotel  
| 102 Railroad Ave  
| Skykomish, WA 98288 |
| Year Built:        | 1904 |
| Construction:      | Wood |
| Lot Size:          | Approximately 13600 |
| Building Size:     | 12,132sf |
| PIN:               | 7807800465 |
| Zoning:            | Historic/Commercial District |
| Ownership:         | Town of Skykomish |
| Utilities:         | Served by Town water and sewer systems, underground electric service |
| Site Condition:    | Four-story historical Hotel and Restaurant Building requires renovation |
| Transaction:       | Long-term lease or Fee-simple sale |

OFFERING HIGHLIGHTS

- Excellent location within the heart of the Town of Skykomish near US Hwy-2
- Highly unique historical development opportunity
- Nearest hotel space to Stevens Pass Resort
- Excellent retail potential
PURPOSE

The Town of Skykomish is marketing for sale or lease a four-story building (Skykomish Hotel) and property consisting of approximately 13,600 square feet of commercial business space located within the town’s historic-commercial district. Unlike a traditional sale of town-owned property, this RFP approach will provide the Proposer(s) an opportunity to present plans for the use(s) and redevelopment of the property. Prior to final sale or lease, the Skykomish Town Council will consider the disposition of the property after conducting a public hearing and after mutually agreeing upon terms and conditions of reuse and redevelopment of the property through a negotiated contract with the future owner(s) or tenant(s). Please note that a final sales contract or lease must be approved by a public vote of the Skykomish Town Council.

THE PROPERTY

The project site consists of a parcel of land developed with one commercial building. The site is located at 102 Railroad Ave and 5th Street in downtown Skykomish, Washington. The legal description is:

LOTS 6, 7, AND 8 BOCK 4, TOWN OF SKYKOMISH, ACCORDING TO THE PLAT THEREOF RECORDED IN VOLUME 9 OF PLATS, PAGE 35, RECORDS OF KING COUNTY, WASHINGTON; EXCEPT PORTION OF LOT 8, CONVEYED TO THE STATE OF WASHINGTON FOR HIGHWAY PURPOSES BY DEED RECORDED UNDER RECORDING NO. 3019047. SITUATE IN THE COUNTY OF KING, STATE OF WASHINGTON.

HISTORICAL OVERVIEW

The Skykomish Hotel is the keystone of the commercial historic district and culturally significant to the town’s early development as a commercial center and railroad hub for the Great Northern Railway.

D.J. Manning built the Skykomish Hotel in 1904 along the railway at a cost $10,000. An early promotional article in Coast Magazine shortly after the Hotel was built called it “excellent accommodations for those visiting the place to enjoy the magnificent fishing and hunting.” It even had its own electrical plant from nearby Maloney Creek to provide power for the Hotel.
Manning left the hotel to his daughter and son-in-law, Curtis and Anna Manning Brotherton in 1935. Earl Riddle purchased it in 1944 and sold it to Bill Roberts (known as Sweet Pea) in 1965. In the 1960s and 70s, the Hotel was called “Molly Gibson’s” and it featured a bar with live music and dancing. This was a very popular stop for skiers going to Stevens Pass.

Following Bill Roberts’ sudden death in 1979, Bill and Chris Dieffenbach took over ownership and renovated much of the bottom floor. They removed the asbestos shingle siding and lead-based paint from the wood siding underneath.

Don and Gerriann Flynn purchased the Hotel in 1989, sold it to Adam Dopps and Jane Lenzi, in 1997, but received the hotel back a few years later. In 2000 the Flynns’ sold the hotel to Karl Benz. During this time the hotel deteriorated to its current state. Extending north, a one-story babble wing that once contained a bar and banquet room, collapsed and was demolished in 2009. Neglected and in disrepair, the roof no longer protected the building from the elements and rainwater was allowed to continue to damage the interior of the building for over a decade.

During the BNSF Railway’s environmental cleanup, the hotel was picked up and temporarily moved. When it was returned, the building received a new 240/V/400 three-phase underground electrical service connection, new poured concrete foundation, and was connected to the new municipal sewer system. Despite these improvements, the condition of the building continued to decline until the town took over ownership in May of 2015.

The front portion of the first floor has three main commercial spaces, each with a separate entry. Encompassing the entire west side of the building, is the restaurant, bar and banquet room. The old Glick Henry’s Drug Store, “The Palm” was located east of this restaurant area and lobby. The storefront has seen many uses over the years including a ski store, quilt shop and other businesses. The floor also contained a hatch door that leads to a large underground crawl space which is rumored to have been used for liquor storage during Prohibition. An open stairway connects the lobby to the second and third floors.
At one time the Hotel was advertised as having as many as fifty rooms, but this almost certainly included rooms in the rooming house addition that once stood north of the building and spaces on the fourth floor. During the 1940s-50s, the fourth floor was used as a bunkhouse, where men could rent a bed for $2.00 a night. Later it was converted into a three-bedroom apartment. The hotel rooms are on the second and third floors. There were 13 hotel rooms on the second floor and 14 on the third floor, with two bath and shower rooms on each floor. Several rooms were joined together to form larger ones.

CURRENT HOTEL CONDITIONS

Through the period of neglect and abandonment, the Hotel has not been maintained and exhibits many signs of deterioration, mostly as a result of water damage from the condition of the roof. The Hotel will require significant retrofitting and upgrades to comply with current codes and to restore functionality. The full scope of required improvements depends heavily on the proposed use but it is expected that the hotel will need substantial work to bring the hotel up to a current building, safety and energy minimums. The most urgent repairs needing to be addressed is the roof, siding and balcony.
BUILDING LAYOUT

Note that the first floor diagram shows the north addition before it was demolished as shown in 2009 “Skykomish Hotel: Evaluation of Skykomish Hotel for Proposed Move” by WJE 2009.0017. Copies can be sent by request.
CONTINUITY AND DESIGN PRINCIPLES

The location of the Skykomish Hotel in downtown Skykomish provides a unique opportunity for the redevelopment of an existing character of an historic building. The proposal will need to identify how the use(s) of the building and renovations/alterations to the building will complement and enhance the existing downtown area. Proposer(s) are encouraged to refer to various planning documents including the Town of Skykomish’s Comprehensive Plan, and other documents included in the RFP packet. The design should include conceptual architectural renderings of the building’s interior and exterior, provisions for ingress and egress of tenants and visitors to the building including commercial delivery, if applicable, and provisions for tenant and visitor parking. The Proposer(s) must be able to demonstrate how the building and proposed uses of the property will function within the Historic-Commercial District.

HISTORIC-COMMERCIAL DISTRICT

The Town of Skykomish developed the historic-commercial district to increase awareness and appreciation for the historic heritage of Skykomish and its role in the westward expansion of the Great Northern Railroad. The preservation and restoration of these buildings are integral to the identity of the community and are valuable assets, both economically and aesthetically to the town and its citizens.

The historic-commercial zoning designation is intended to promote a broad mix of retail stores, office uses, service establishments and wholesale businesses, offering commodities and services required by the residents and visitors to the town while preserving the unique historical and architectural characteristics of the buildings in the district.

OTHER USES ALLOWED IN THE HISTORIC-COMMERCIAL DISTRICT INCLUDE:

- Hotel/Motel
- Retail
- Restaurant/Food Production
- Winery/Brewery
- Gift Shops
- Recreation Tour Center
- Education
- Residential
- Tasting Room
- Museums
- Theaters
- Ski Rental
- Daycare
- Galleries
- Amusement
- General Office Space
HISTORIC PRESERVATION/LANDMARK OVERVIEW

Historic preservation in the Town is governed by an Interlocal Agreement for Landmark Services with King County. The Town’s Design Review Board and the County’s Historic Preservation Program work together for designation and general oversight of a landmark and to review any request that seeks to modify the landmark. Per County and Town regulations, no significant feature may be altered regardless of whether a building permit is required, unless a Certificate of Appropriateness (COA) is awarded.

The designation documents specific to the Skykomish Hotel also prohibit any new structure, building, road, intensive landscaping or fence construction within the parcel unless a COA is first obtained. As part of this process, the proposed redevelopment will need to preserve, to the extent possible, designated features of significance including the entire exterior of the building. According to the King County Historic Preservation Program, the Landmarks Commission uses The Secretary of Interior’s Standards for the Treatment of Historic Properties and companion guides to inform the COA design review process. The Commission acknowledges that in order to prolong a historic landmark, changes are often needed and considering the following four factors when reviewing COA applications:

• The extent of impact on the historic property;
• The reasonableness of the alteration in light of other alternatives available;
• The extent alteration is necessary to meet the requirements of law; and
• The extent alteration is necessary to achieve a reasonable economic return

The Hotel’s historic designation makes certain incentives available to the property owner. These include:

• Eligibility for grant funds for building rehabilitation through the King County Landmarks and Heritage Program Office (other potential funding sources are identified on the last few pages of this RFP)
• Eligibility for technical assistance from the King County Landmarks and Heritage Commission
• Eligibility for historic site marker

TIMETABLE

The sale or lease and subsequent preservation/redevelopment of this property are considered a high priority for Town Council. Proposals to preserve or redevelop the Skykomish Hotel must address necessary roof, siding and balcony repairs and include a timeline for completion. Efforts to preserve the structure should begin immediately following the contract award and proceed through construction and occupancy in a timely and uninterrupted manner.
QUALIFICATIONS

Those interested in responding to this RFP must have a sound understanding of the goals of this solicitation and the financial resources necessary to satisfactorily complete the work.

PROPOSAL

The proposed development of this property will need to reflect the highest and best possible use(s) for this building. Proposals will also need to consider planning elements which address the historic-commercial district including the Town’s zoning and historic preservation requirements. Each proposer should identify existing constraints to the conceived development use(s) of the building and how the constraints will be addressed.

PROPOSAL REQUIREMENTS

The proposal should have all information necessary for the Town of Skykomish to evaluate the expertise and qualifications of the Proposer in developing the property as outlined in this RFP. Each proposal shall be limited to twenty (20) typewritten pages excluding illustrative material which shall be included as appendices. All information included in any submitted proposal(s) shall be considered public record only after an interim agreement has been reached between the Town of Skykomish and the selected Proposer. Therefore, any material which is deemed proprietary by the Proposer(s) must be clearly and prominently noted at the time of submission. Financial data and other proprietary information should be identified and separated within the proposal, preferably in an appendix.

Proposals must include all information and documentation listed below:

- Team
  - Name of company (or business entity) submitting proposal. In the case of a team submission, the lead company or business entity must be clearly noted;
  - Type of business entity (i.e. corporation or partnership, etc.);
  - Place(s) of incorporation;
  - Name, location and telephone number of the Proposer’s representative to contact regarding all matters;
  - Federal Tax Identification Number and/or copy of business license;
  - Qualifications of key personnel;
- Project concept and description of the proposed use
  - Proposed project timeline
  - Project anticipated costs
- Transaction terms
  - A non-binding purchase price or lease arrangement for the property;
  - Feasibility period
  - Earnest money deposit
  - Anticipated close/lease commencement
  - Anticipated contingencies
- Any and all addenda if applicable, signed.
COUNCIL APPROVAL PROCESS

Upon receipt and staff review of initial responses, the Town will coordinate an initial phase of negotiation with qualified candidates. At the end of the initial negotiation phase the Town will narrow candidates down to a shortlist and enter into final negotiations with no more than three (3) candidates. At such time these proposals will be brought before the Town Council to evaluate and select a final buyer/lessee for the Hotel.

LIMITATIONS

The property is subject to a one year right of redemption period per RCW 6.23.020.

The Hotel is offered in an “AS-IS” condition with all faults, without representations or warranties of any kind or nature. Nothing contained in this RFP should be construed as a representation by any person as to the future possibilities or performance of the Property. Potential Lessees should conduct their own due diligence.

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

INSURANCE & INDEMNITY REQUIREMENTS FOR LEASE AGREEMENTS

Please request Town General Insurance and Indemnity Requirements memo for more information.

PROPOSAL SUBMISSION

Two (2) paper copies, sealed in an envelope or package should be mailed or delivered to Skykomish Town Hall Office, 119 North Fourth Street, Skykomish, WA 98288 by 3:00 pm local time, Monday July 1, 2015. Proposal submission packets should be prominently marked “Skykomish Hotel RFP”. Late proposals will not be accepted. Faxed proposals will not be accepted. The Town of Skykomish reserves the right to reject any and all proposals for any reason at any time during this RFP process. The Town of Skykomish further reserves the right to waive any submittal informalities in the proposal document.

All communications or inquiries regarding this opportunity or any other matters relating to this letter should be directed to Tony Grider at mayorgrider@frontier.com, PO Box 119 North Fourth Street, Skykomish, WA 98288. Phone: 360-677-2388. Site visits will be arranged upon request. Please provide at least three (3) business days notice if possible.
OTHER CONSIDERATIONS

SKYKOMISH ECONOMIC DEVELOPMENT, RECREATION AND NATURAL RESOURCE CONSERVATION INITIATIVE

The identities of communities in the Skykomish Valley are linked to the rich history of the Native American culture, the railroads, and to natural resources which include the Skykomish River, a state-designated scenic river and the lush Cascade Mountain forest. Just 70 miles from Seattle and the urban areas of Puget Sound separate and these picturesque and recreational areas along Highway 2 National Stevens Pass Scenic Byway and the historic Great Northern Railroad line. Tourists frequently travel this corridor and drive through Skykomish as they make their way to Stevens Pass Recreational Area or visit Leavenworth.

The community of Skykomish developed a “Vision for the Future of Skykomish” (copies available upon request) which is to promote economic development, increase business opportunities and enhance local quality of life by encouraging tourist-related activities and the growth of recreational access for activities such as biking, hiking, fishing, skiing, kayaking, camping, etc. in and along the Skykomish Valley. This vision was used as the model for the “Skykomish Initiative.” This is an effort to revitalize and enhance the local economy through a combination of land conservation with enhanced outdoor recreation opportunities and redeveloping the historic downtown of the Town of Skykomish.

Partners of the Skykomish Initiative include King County, the US Forest Service, Forterra, Alpine Lakes Protection Society, Washington Trails Association, Evergreen Mountain Bike Alliance, and the Skykomish Environmental Institute.

PROSPECTIVE SOURCES OF FUNDING

Due to historic nature of the Hotel and the range of prospective uses outside funding may be available to assist with the cost of rehabilitation and/or operation of the property.

4CULTURE  http://www.4culture.org/apply/landmarks/index.htm

4Culture offers a range of grants and funding opportunities to support and preserve King County’s shared heritage. In particular, the 4Culture’s Landmarks Capital program provides funding for “bricks and mortar” projects that preserve designated landmarks. Funding can be used for design, materials, and labor for rehabilitation projects, and can range from $3,000 - $30,000.
HERITAGE CAPITAL PROJECTS FUND  http://www.washingtonhistory.org/support/heritage/capitalprojectsfund/

Nonprofit organizations, local government agencies, tribal governments and public development authorities can apply for funding to support heritage capital projects. Funding will reimburse 33% of eligible costs, and the grantees must provide at least a 67% match. The property must be held a minimum of 13 years beyond project completion and must provide significant public benefit in the form of heritage interpretation and preservation. The minimum project cost must exceed $25,000 and the grant will not exceed $1,000,000.

NATIONAL TRUST PRESERVATION FUNDS  http://www.preservationnation.org/resources/find-funding/preservation-funds-guidelines-eligibility.html

The National Trust Preservation Funds offer grants to public agencies and nonprofit organizations in support of preservation projects. Applicants must be capable of matching the grant amount dollar for dollar, and may be used towards planning activities or education efforts focused on preservation. Grants range from $2,500 to $5,000.

TAX INCENTIVES

FEDERAL REHABILITATION TAX CREDIT  http://www.nps.gov/tps/tax-incentives.htm

A 20% federal income tax credit is granted for the rehabilitation costs of any certified historic structure for commercial use. Generally, only costs that are directly related to the upkeep or improvement of structural and/or architectural features qualify for the calculations for the 20% tax credit. All rehabilitation work must meet the Secretary of the Interior’s Standards for Rehabilitation, as determined by the National Park Service.

SPECIAL VALUATION FOR HISTORIC PROPERTIES  http://www.seattle.gov/neighborhoods/preservation/incentives_state.htm

For a 10 year special valuation period, costs of rehabilitation are deducted from the assessed value of the property and property taxes will not reflect significant renovations made to the property. The Landmarks Board must approve all expenses and the rehabilitation must be equal in cost to at least 25% of the present assessed value of the property.

CURRENT USE TAXATION  http://www.kingcounty.gov/property/historic-preservation/resources-links.aspx

This program allows a designated landmark owner to receive a property tax adjustment that reflects a property’s “current use” as opposed to the “highest and best use” of the land. Landmark owners can receive a 50% or more reduction in taxable value for the property in “current use.”

ADDITIONAL INFORMATION UPON REQUEST:

- “Skykomish Hotel: Evaluation of Skykomish Hotel for Proposed Move” by Wiss, Janney, Elstner Associates, Inc for AECOM #2009.0017, March 11, 2009. Document reports inspection of hotel structure and includes structural framing configurations and identification of deterioration or distress to hotel structural framing before the building was moved in the BNSF Remediation.
• American Sunset Living LLC Site Visit of Skykomish Hotel, January 29, 2014. Email attachment PDF of photos documenting the condition of the inside of the building.
• Town of Skykomish Comprehensive Plan 2015
• Memo of Insurance & Indemnity Requirements For Lease Agreements
• “Investors Property Services, Inc v. Town of Skykomish,” (Case No. 12-2-06975-1 SEA). Notify Public Records at King County Superior Court for more information: http://www.kingcounty.gov/courts/Clerk/Records/Copies%20of%20documents.aspx

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