REQUEST FOR PROPOSALS

Skagit County Transfer of Development Rights (TDR) Market and Economic Analysis

Overview
The purpose of this study is to analyze the market for development rights to consider the viability and inform the potential design of a transfer of development rights (TDR) program in Skagit County. The study will include a willingness to pay analysis for buyers of development rights based on residual land value, a valuation analysis of development rights from a variety of sending sites, and recommend exchange rates based on development bonuses and program parameters established by Skagit County.

Background and Current Situation
Skagit County is evaluating development of an interjurisdictional transfer of development rights (TDR) program. A Skagit TDR program would be a voluntary, incentive-based, and market-driven tool to transfer development rights from working natural resource lands and environmentally sensitive areas to cities and other urban or selected rural areas where growth is desired and appropriate.

The project has two integral phases—Phase 1 explores establishment of the TDR program itself, and Phase 2 focuses on an in-depth site-specific analysis of redevelopment opportunities in the City of Burlington’s commercial core as a means to stimulate demand for TDR. Additionally, Skagit County is interested in evaluating a select number of potential TDR receiving sites in unincorporated Skagit County, including the non-municipal Bayview Ridge Urban Growth Area which falls under County land use jurisdiction.

Numerous local partners are involved in the TDR project, including representatives of agriculture, forestry, conservation, development, and cities and towns. The County is receiving technical and policy assistance from Forterra and from the Washington State Department of Commerce’s Regional TDR Program manager.

Objectives and Scope of Work
A key element of the TDR project is an economic analysis of the market for development rights to inform the design of a transfer of a development rights (TDR) program in Skagit County. This RFP seeks to identify qualified candidates to perform that economic analysis. The preliminary scope for the analysis is as follows:
**Task 1: TDR Program Considerations**

a) Assess market demand for several development types (e.g. residential, commercial or industrial, and mixed-use) allowable in potential urban and rural TDR receiving areas (TBD by Skagit County) in near-term and long-term based on current and expected rents.
   o **Objective:** understand which receiving areas will provide greatest demand for TDR credits.

b) Assess absorption capacity of proposed receiving areas and whether capacity might limit TDR success.
   o **Objective:** understanding whether supply and demand quantities need to be adjusted on a programmatic level.

c) Identify concerns and areas of risk for the program from a market perspective (i.e. limited growth capacity; limited demand, etc.)
   o **Objective:** inform program design to ensure it is aligned with the greatest potential for participation.

d) Assess potential for positive or negative market or economic interactions with Skagit County’s Farmland Legacy (PDR) Program, and identify mechanisms to ensure the programs would be complementary. *(Please provide a stand-alone cost estimate for this sub-task)*
   o **Objective:** identify ways to maximize respective effectiveness of each program.

**Task 1 Deliverables**

1. Project kick-off meeting with Skagit County, City, and Forterra staff to discuss TDR program parameters, intent, and confirm study design.
2. Periodic check-ins with TDR economic analysis review team (Skagit County, City, Forterra).
3. Draft and final technical memoranda summarizing findings with technical addendum to include pro forma analyses
4. Meeting to discuss draft findings prior to final memo.

**Task 2: Determine Market-Based Exchange Rates**

a) Analyze residual land value of four to six prototypical developments (e.g. residential, commercial or industrial, and mixed-use allowable in Burlington’s, other cities’, or Skagit County’s proposed receiving areas - TBD by Skagit County). Development type examples that may be analyzed include:
## Task 1 Deliverables

1. **RA Category**
   - Commercial
   - Residential
   - Mixed Use

<table>
<thead>
<tr>
<th>RA Category</th>
<th>Commercial</th>
<th>Residential</th>
<th>Mixed Use</th>
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<tbody>
<tr>
<td>City</td>
<td>X*</td>
<td>X (density bonus)</td>
<td>X*</td>
</tr>
<tr>
<td>Bayview Ridge UGA</td>
<td>X*</td>
<td>X (density bonus)</td>
<td>X*</td>
</tr>
<tr>
<td>Industrial</td>
<td>X* (Industrial)</td>
<td></td>
<td></td>
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<tr>
<td>Rural Residential</td>
<td>X</td>
<td>X (density bonus or upzone)</td>
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*Involving some increment of increased Commercial or Industrial development intensity, reduced cost, or other conversion commodity.

   - Objective: inform willingness to pay analysis based on likely development scenarios.

b) Assemble market revenue data for each receiving area category for analysis against estimated development costs representative of receiving areas.

   - Objective: inform willingness to pay analysis based on revenue projections.

c) Produce a range of theoretical willingness-to-pay for TDR credits (per bonus unit TBD by Skagit County).

   - Objective: inform demand side of exchange rate calculations.

d) Estimate a range of development right values from identified sending areas (TBD by Skagit County) using a variety of proxy data including, but not limited to, appraisals, comp sales from other TDR programs, vacant land sales, assessor data, and current use taxation data.

   - Objective: inform development right pricing for exchange rate calculations.

e) Recommend exchange rates appropriate to each type of receiving area derived from willingness-to-pay analyses (c) and estimated development right values (d).

f) Interview 3-6 developers representative of the identified receiving areas to discuss the viability of the receiving sites, the bonuses, and recommended exchange rates.

   - Objective: gather input from practitioners about how program mechanics can be designed to encourage developer participation and ground-truth willingness to pay, bonuses offered, and exchange rate estimates.

### Task 2 Deliverables

1. Draft findings from willingness-to-pay analysis in receiving areas.
2. Draft estimates and detailed description of methodology for sending area development right values.
3. Draft exchange rates appropriate to each type of sending/receiving area combination.
Budget

The budget available for the Skagit TDR market analysis is in the range of $35,000.

Proposal Submission

Submittals are due no later than 12:00 pm (Noon) on Monday, December 17, 2012 to:

Skagit County Planning & Development Services
Attn: Kirk Johnson
1800 Continental Place
Mount Vernon, WA  98273
kirkj@co.skagit.wa.us

All proposers shall submit 5 hard copies of the proposal, and one electronic copy, by the deadline. It is the proposers’ responsibility to deliver proposals to the specified location prior to the deadline. Skagit County Planning & Development Services is not responsible for lost or misdirected submittals or those delivered after the deadline.

Questions regarding this RFP may be directed to Kirk Johnson at kirkj@co.skagit.wa.us or (360) 336-9410, ext. 5916.

Timeline

The market and economic analysis is expected to begin in early 2013 and to be completed by December 31, 2013. It will occur in coordination with other elements of the TDR project, specifically including the Burlington Commercial Core Redevelopment Analysis that will be progressing through 2013.

Proposal Requirements

Required elements of proposal:

- Cover letter containing consultant’s firm name, address, phone number, and identifying the primary contact person within the firm for the proposal.
- Description of the consultant’s approach to the Scope of Work, including any tasks necessary to accomplish the Scope of Work and any additional work the consultant would recommend based on their expertise.
- Description of the consultant’s qualifications and experience, clearly illustrating the consultant’s ability and skills in the following areas:
Market and economic analysis related to TDR program viability and development, specifically including the ability to conduct:

- a willingness to pay analysis for buyers of development rights based on residual land value,
- a valuation analysis of development rights from a variety of sending sites, and
- recommended exchange rates based on development bonuses and program parameters established by Skagit County.

- Identify key personnel who will be assigned to the project and their qualifications.
- List, for reference purposes, similar projects that were completed by key personnel who will be assigned to this project.
- Statement that the team of key personnel presented in the proposal will remain in place for the duration of the project.
- Proposed project schedule including total project time and significant milestones.
- Fee estimate per task and total fee estimated on a time and materials not-to-exceed basis.
- Any additional information that would reflect the consultant’s ability to successfully complete the project described herein.

Tentative Schedule

The following schedule contains major milestones of the selection process and may be modified as a result of consultant proposals and contract negotiations.

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
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<tbody>
<tr>
<td>12/17/12</td>
<td>RFP Submittal Deadline</td>
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<tr>
<td>1/14 – 1/18/13</td>
<td>Consultant Interviews</td>
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<tr>
<td>1/18/13</td>
<td>Selection of Preferred Candidate</td>
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<tr>
<td>2/20/13</td>
<td>Contract Executed by all Parties</td>
</tr>
<tr>
<td>2/20/13</td>
<td>Project Start</td>
</tr>
<tr>
<td>6/15/13</td>
<td>Draft analysis completed</td>
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<tr>
<td>12/31/13</td>
<td>Project Completion</td>
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Selection Process:

The following process will be used to select the consultant for the TDR market analysis:

1. Proposals received by the deadline will be reviewed to ensure that each has met the minimum submission requirements outlined in this RFP. Proposals that do not meet these minimum requirements will be rejected.
2. The qualifications of each consultant firm and its team members, the approach to be taken by the consultant, the scope of services, the firm’s references, and the proposed fee, will be reviewed by a selection committee comprised of representatives from Skagit County, Forterra, and participating cities.

3. Some or all of the consultants may be invited to take part in a preliminary interview process that will include a brief presentation by the consultant and a question and answer session with the selection committee.

4. The selection committee will evaluate proposals and interviews, consult references, and make a final selection decision.

Right to Reject Proposals:

Skagit County reserves the right to:

1. Amend the Request for Proposal.
2. Reject any and or all proposals at any time without penalty.
3. Not award a contract for the services.
4. Award a contract for only a portion of the work described herein, or broaden the scope beyond what has been described.
5. Waive any irregularities or informalities in any proposal.

Right to Withdraw Proposals

Consultants may withdraw a proposal which has been submitted at any time up to the proposal closing date and time. To accomplish this, a written request signed by an authorized representative of the consultant must be submitted to Skagit County Planning and Development Services. After withdrawing a previously submitted proposal, the consultant may submit another proposal at any time up to the proposal closing date and time.

Cost of Preparation of Proposal

Skagit County shall not be liable for any costs incurred in the preparation, printing, interview, or negotiation process.

Available Background Information

- Skagit County TDR project website: www.skagitcounty.net/tdr
- Contract 20120130 between Skagit County and the Washington State Department of Commerce. Go to: Contract/Amendment Search and enter C20120130
• **Skagit County Countywide Planning Policies and Comprehensive Plan policies** that support creation of, provide guidance to, or would be furthered by a Skagit TDR program

• **Burlington Agricultural Heritage Density Credit Program implementing regulations:**

• **Demand for & Value of Density (Heritage) Credits**, prepared for Skagitonians to Preserve Farmland, City of Burlington, and Skagit County Planning Department, Thomas/Lane & Associates, Bill Mundy & Associates, June 2009

• **Transfer of Development Rights: A Feasibility Study for Skagit County WA, Ag Prospects, October 15, 2006**

• **Skagit County Farmland Legacy Program website information**

• **Envision Skagit Citizen Committee report** (including recommendations on developing a TDR program, see pages 8, 15-16, 21, 31)

If you experience any difficulties accessing these documents, please contact Linda Christensen, lindac@co.skagit.wa.us, (360) 336-9410, ext. 7620.

This RFP is issued in accordance with the Washington State Department of Commerce, through funds provided by a National Estuary Program Puget Sound Watershed Protection and Restoration Grant through the Environmental Protection Agency. Agreement No. 12-63401-005 binds every subcontract to follow all applicable terms of Agreement No. 12-634001-005. Consultants may access a copy of this contract by searching in the contracting records on www.skagitcounty.net, Contract No. C20120130.