

Meeting Notes
Waterfront and Marinship
Economic Subcommittee
April 29, 2009

Attendees: Lewis Shireman, Bill Werner, Ken Pederson, Bruce Huff & Chris Gallagher

Next Meeting: May 6, 2009 2:00 – 4:00 PM Kimber Management

The subcommittee reviewed the topics outlined from the WAM committee that are to be addressed by the Economic Subcommittee. These are 1) Property Owners Costs, 2) Tenants Needs, 3) Revenue Limitations and 4) Market demand. The subcommittee decided to take these topics in reverse order.

Market demand; The property owners on the subcommittee noted that the single greatest industry looking for space in the Marinship is the design industry, including architects, advertising agencies, branding companies and their support partners. The quality of space that this industry demands is increasingly towards better building services.

Revenue Limitations: Since no one on the subcommittee had a clear idea of the meaning of this topic, the subcommittee discussed how space is priced in the area, be it by market demand or quality of space. The property owners agreed that space is primarily priced by quality, not by any industry demand. Quality of space is somewhat derived by demand, however it is further driven by building codes, environmental codes, ADA codes and a host of local state and federal regulations.

Tenant's needs: There was a discussion on what the needs of tenants truly are. There was consensus that, in any property that is properly managed, the tenants are relatively happy with their environment. There was a significant discussion of the infrastructure issues in the Southern and Northern parts of the Marinship and how, if unaddressed, this will lead to great tenant dissatisfaction and most likely greater vacancy rates.

Property Owner's Costs: General costs were discussed in development, redevelopment and code compliance. The costs of improvements and maintenance have doubled in the past decade and obviously rental rates are driven by these costs. The normal "hard" costs of construction (including structural, architectural and site costs) is now close to \$200.00 per square foot, not including the "soft" costs such as city fees and permits, engineering and architectural costs.

Other: There was an extensive discussion on how to ensure that “socially” desired uses remain in the Marinship. In the past, a set of restrictive zoning regulations was implemented and this clearly has not worked for any of the parties. There was some acknowledgement that a combination of reasonable zoning restrictions and the use of market incentives, if properly written and regulated could be a means whereby the arts and maritime industries could be ensured long term viability.