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CITY OF GIG HARBOR REACHES AGREEMENT TO MOVE VILLAGE AT HARBOR HILL PROJECT FORWARD

City and Olympic Property Group Reach Settlement on Gig Harbor North Mixed-Use Development

GIG HARBOR, WA (SEPTEMBER 15, 2020) – The City of Gig Harbor is pleased to announce the resolution of a lawsuit with project proponents (Harbor Hill) for a new mixed-use development located in the Gig Harbor North neighborhood. The settlement will see the resumption of the project, known as the Village at Harbor Hill, which began in November 2017.

The suit began with concerns over Gig Harbor Ordinance 1401, passed by Gig Harbor City Council in December 2018. The ordinance set new traffic impact fees based on the city's updated transportation element, and the project proponents were concerned the rise in fees would make continuation of the project financially impractical. Traffic impact fees cover the mitigation of a project's anticipated effect on the streets, roads and sidewalks required to access a new development, and are calculated through a formula that looks to predict future daily usage.

In reaching the settlement, Harbor Hill will save approximately \$1.1 million in fees, while still addressing several long-term concerns on traffic and accessibility from the City. Both parties reached a satisfactory agreement involving streetlights, safe pedestrian crossings and ADA accessibility, along with potential for future residential zoning.

In order to bring about the settlement, the City and Harbor Hill arrived at four main agreements:

- 1) The project will use the general "Shopping Center" trip generation rate in order to calculate the traffic impact fees.
- 2) Harbor Hill will replace any City streetlight removed during construction with a replacement that meets the City's standards. Additionally, Harbor Hill will make a payment to the City in order to re-lamp, repair or replace other streetlights elsewhere along the City's street frontage.
- 3) Harbor Hill is set to install Rectangular Rapid Flash Beacons (RRFB's) on the two new roundabout legs that will be constructed for the project site. Harbor Hill will also make a payment to the City in order to install RRFB's and make ADA accessibility improvements on or near the project site.

- 4) Harbor Hill will be able to apply for land use approvals for a residential development on the Residential Use Tract (as permitted under the existing zoning). However, permits will not be issued for construction of any residential structure until Phase One of the project is complete. Phase One is also required to include the grocery store as a key element. At least 10% of any residential units developed will be offered at affordable housing rates to those with household incomes at or below 70% of Pierce County's average median income.

Of the agreement, Mayor Kit Kuhn remarked, "This is a great outcome for the residents of Gig Harbor North, and a great example of working in partnership with developments and projects to consider the long-term impacts on the community, and actively plan for smart growth within our City."

Rayonier (previously OPG) representative Jon Rose remarked, "This was a productive and respectful process that included give and take from both parties. We thank the Mayor and the City for the good faith manner in which they approached our discussions. We are excited for the chance to find a new grocer to anchor the site and complete the vision for Harbor Hill."

"The Harbor Hill neighborhood is absolutely primed to add another grocer," Rose continued, "and our partners are searching hard for a suitable grocer for the project. Once found, we can begin working with the City to bring the project to fruition."

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About the City of Gig Harbor

Gig Harbor is located just across the Narrows Bridge from Tacoma in a quaint harbor with Mount Rainier rising above the mouth of its entrance. Though only six square miles and roughly 11,000 citizens, the Greater Gig Harbor area is home to nearly 65,000 surrounding residents in neighborhoods and rural areas. The city grows to twice the size during the day with visitors from the surrounding area, and features three shopping districts, a hospital, Costco and an active retail core. The City runs its own water enterprise and a wastewater treatment plant for sewer needs. Gig Harbor also features the city's own police department as well as boasting 19 parks. Learn more at: www.cityofgigharbor.net.

About Harbor Hill LLC:

Harbor Hill LLC is a wholly-owned subsidiary of Rayonier (NYSE:RYN). Rayonier is a leading timberland real estate investment trust with assets located in some of the most productive softwood timber growing regions in the United States and New Zealand. We own, lease, or manage approximately 2.7 million acres of timberlands. We are more than trees because we recognize that our 90+ years of success in the timberland industry comes from our people, an empowering culture, and the courage to constantly challenge "the way it's always been done." Get to know us at www.rayonier.com.