

OFFERING MEMORANDUM

1001 HILTON AVE

Food Processing and Cold Storage Facility with Marine Dock on Bellingham Bay, Bellingham, WA



WATERFRONTINDUSTRIAL.COM

km Kidder Mathews

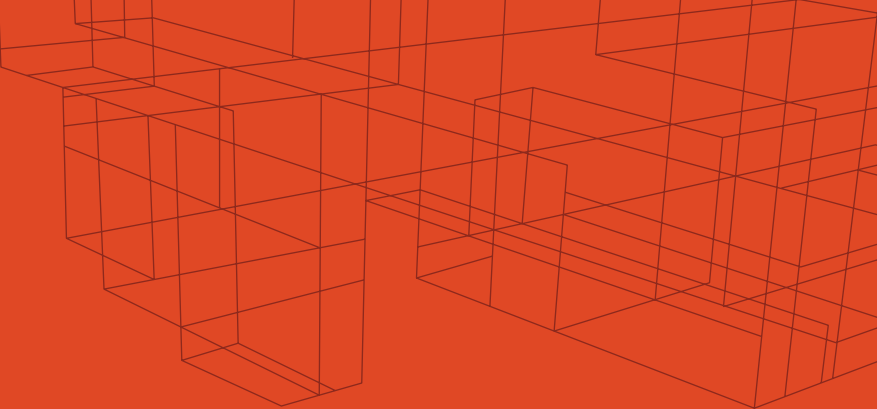


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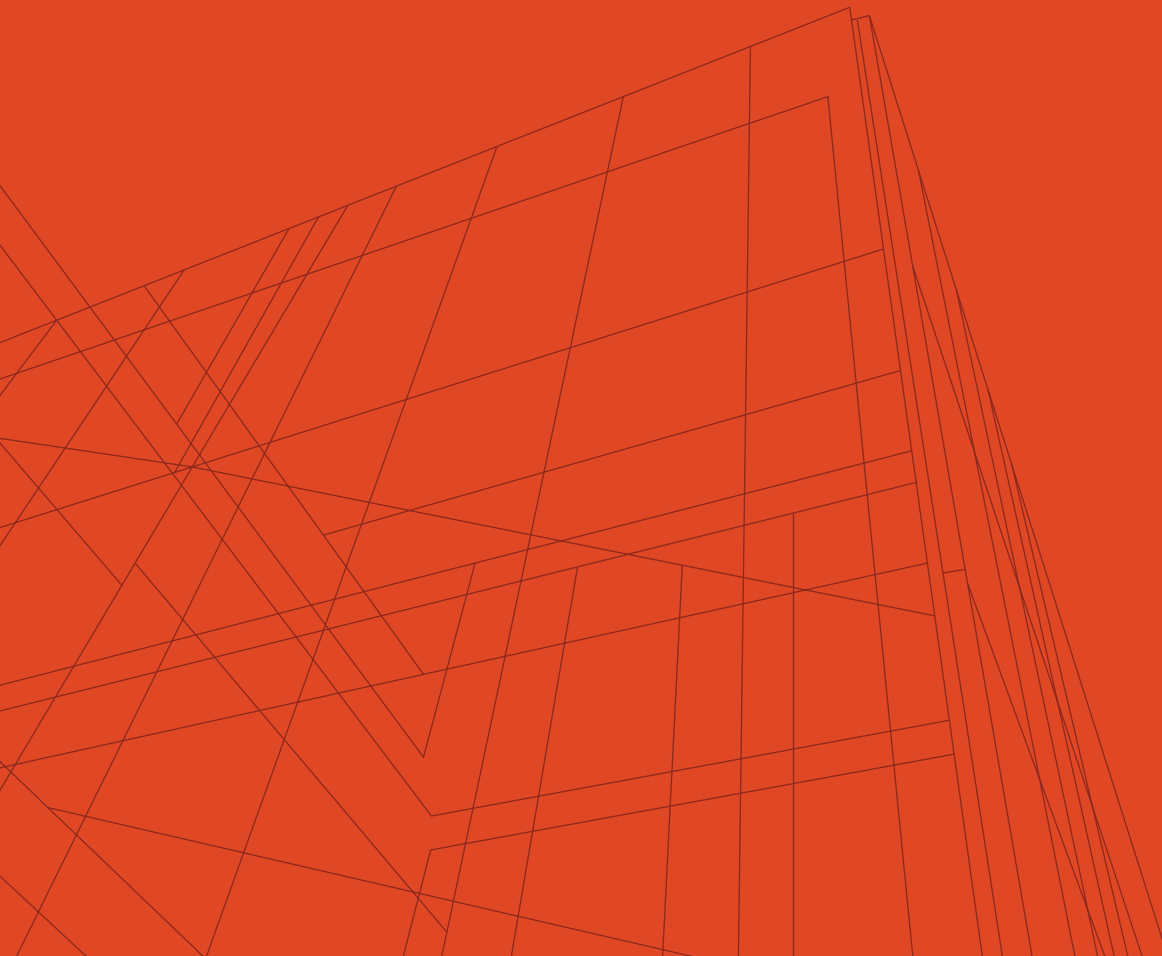
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This information has been secured from sources we believe to be reliable. We make no representations or warranties, expressed or implied, as to the accuracy of the information. References to square footage or age are approximate. Recipient of this report must verify the information and bears all risk for any inaccuracies.

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OFFERING SUMMARY

MARINE INDUSTRIAL PROPERTY ON BELLINGHAM BAY

Kidder Mathews is offering for sale an office / food processing-cold storage property on the I & J Street Waterway of Bellingham Bay.

PROPERTY DETAILS

35,100 SF of improvements

14,600 SF production area

4,400 SF office area

10,400 SF cold storage building

5,700 SF dry warehouse

Land Area / Ground Lease

2.89 AC (125,888 SF)

On ground lease with Port of Bellingham through Oct 2069 (including lease options)

Ground lease with the port originated in 1952

Marine Dock

168 lineal feet adjacent to improvements

3,700 SF

Dock will be replaced by the Port of Bellingham to be completed in June, 2025. See section 03 of OM for more information

Zoning

City Center Zoning Overlay

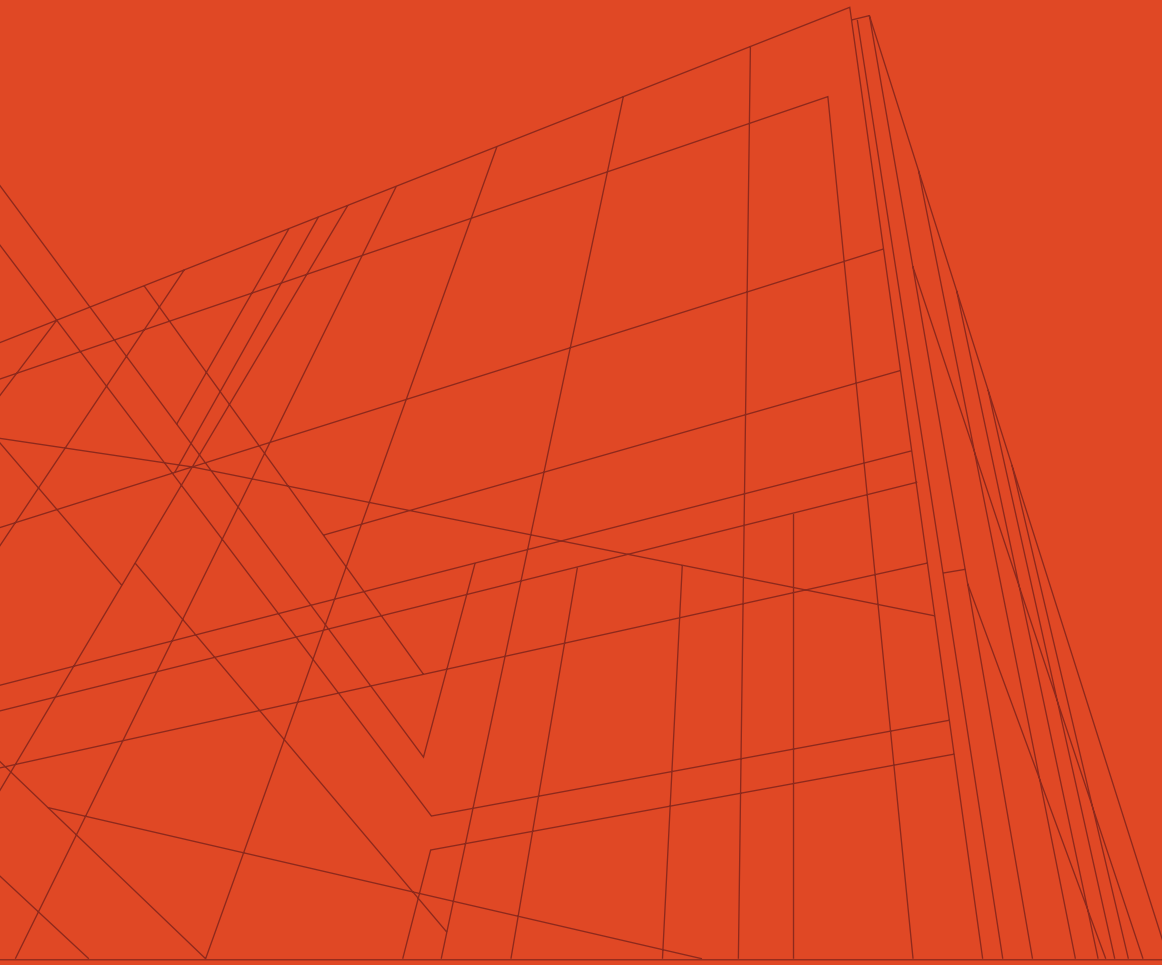
Waterfront District Urban Village Area 6

Mixed Use / Marine Trade designated area



\$8,000,000

SALE PRICE



PROPERTY DETAILS

Section 02

PROPERTY DETAILS

The 1001 Hilton Avenue property is sited on Hilton Avenue and the I & J Street Waterway, on Bellingham Bay, Bellingham, WA. The property is located within Bellingham's marine industrial region which includes an array of marine oriented companies such as ship builders, public marinas such as Squalicum Harbor marina, cruise terminals, shipping terminals, and the Alaska Ferry terminal.

Ground Lease Land Area	126,000 SF / 2.89 AC
Gross Building Area	35,100 SF

NET BUILDING DIMENSIONS

	Width	Length	SF	Height	CU FT
Refresh Slacking Area	61.5	20	1,230		
Fillet Line Area	17	75.5	1,284		
General Production / Target Batch Area	61.5	55.5	3,413		
Saw Line/ Rollstock Room	68	50	3,400		
Cold Storage Freezer	97	97	9,409	13	122,317
Refrigerated Storage	23	38	874	17	14,858
Auxiliary Production (Tuna Room)	26	48	1,248		
Shipping/ Truck Bay Area	23	30	690		
Plant Office Space	14	21.5	301		
Test Kitchen/ QA Lab	14	21.5	301		
Maintenance Shop	18.5	40	740		
Dry Warehouse Storage	49.5	99.6	4,930		
Net Plant Area			30,000		

DOCK AND WATERWAY

Fixed Dock	168 linear FT (see section 03 regarding new dock)
Waterway Depth at Dock	Approximately 17 FT at mean low-low tide





PROPERTY DETAILS

GENERAL DESCRIPTION

The property has been operated as a seafood processing facility by Bornstein Seafoods, a family-owned firm founded in 1934. Their Bellingham facility processed and packaged all manner of fish and shellfish products.

Note: Our offering data room contains detailed information regarding various improved elements that comprise the offered property. The improved property, fee owned, components of the include:

Production area	14,600 SF
Office Space	4,400 SF
Cold Storage	10,400 SF
Dry Warehouse	5,700 SF

In 2020 the ownership conducted significant improvements to the property, converting the operation from wet seafood processing to food processing at a cost of \$1.1 million. Improvements / repairs included roof repair and partial replacement, upgraded electrical, test kitchen and fryer exhaust systems, recovering production walls to comply with BRCS Global Food Safety Standards, finish production area floors and drains to the same standard, and repaired or replaced piping in the cold storage area.

UTILITIES

Power: main panel 277/480 volt, 3-phase, 800 amps

Power utility: Puget Sound Energy

Sewer and water: Supplied by City of Bellingham

Process effluent: All the effluent water is captured and pumped to a central hydro sieve and then released into the city sewer system.



PROPERTY DETAILS

GROUND LEASE PROPERTY

1001 Hilton Avenue is sited on 126,000 sq. ft. / 2.89 acre site leased from the Port of Bellingham since 1952 by Bornstein Seafoods. The current lease includes the ground lease only, at \$7,774 month, until the dock component of the property is rebuilt (see Section 03) after which an additional \$700 monthly charge will take effect, and the total monthly lease amount will then be \$8,564, which includes a 12.83% leasehold excise tax.

The current lease term expires October 2039, however with extension options the outside expiration date is October 2069. There's a full lease schedule in the offering data room, where we've imputed 3% CPI increases as set forth in the lease, and a present value factor based on a 6% overall discount rate.

The dock described above is on a separate co-terminus lease agreement and is owned by the Port of Bellingham. The dock is currently scheduled for full replacement, including the adjacent wharf area and seawall, paid for by the Port of Bellingham, with an estimated completion date of May 2025. During construction, dock lease payments are suspended.

Both the full ground lease and dock lease documents are also located in the offering data room. Assumption of the ground lease is subject to the approval of the Port of Bellingham.

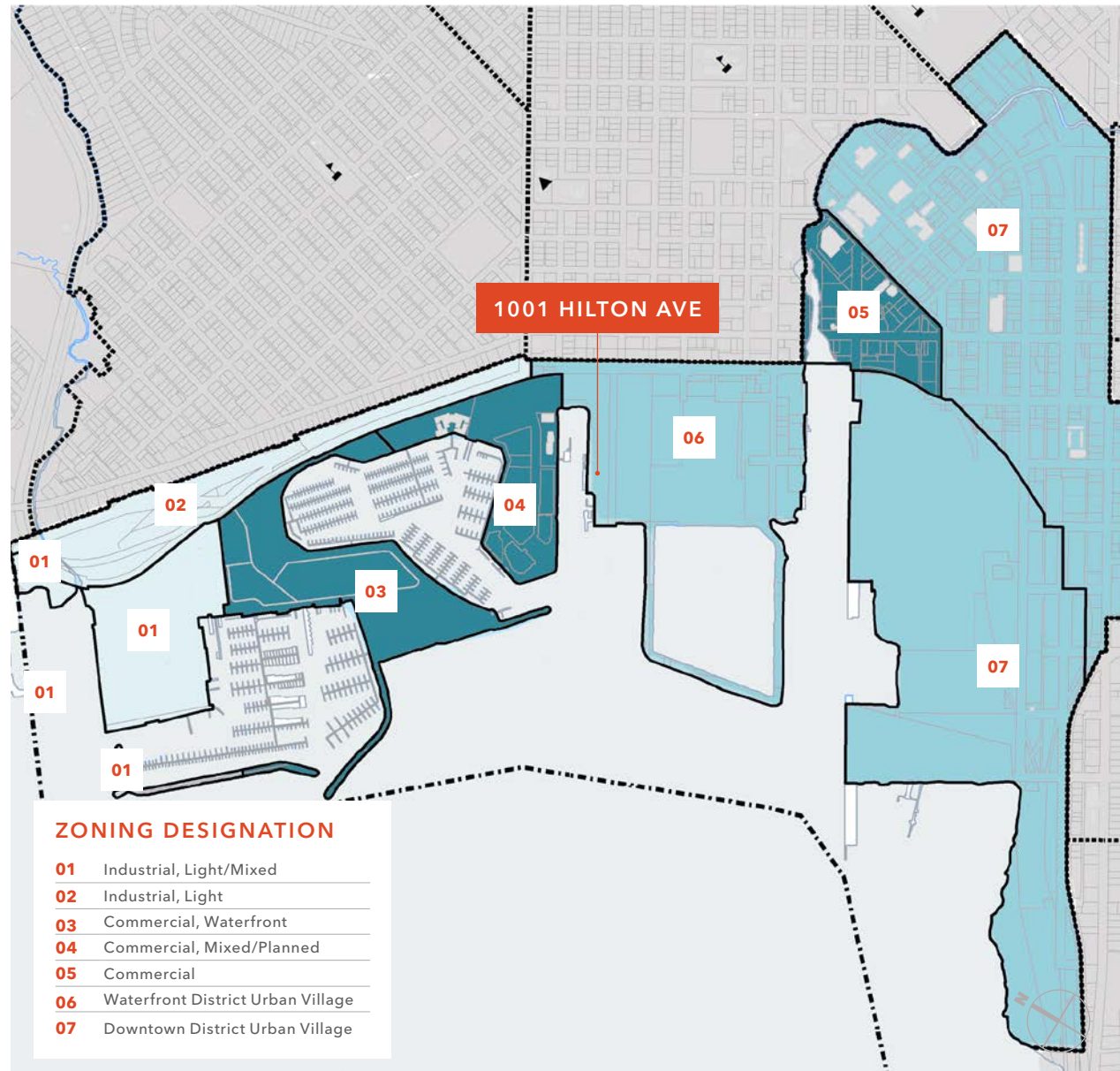
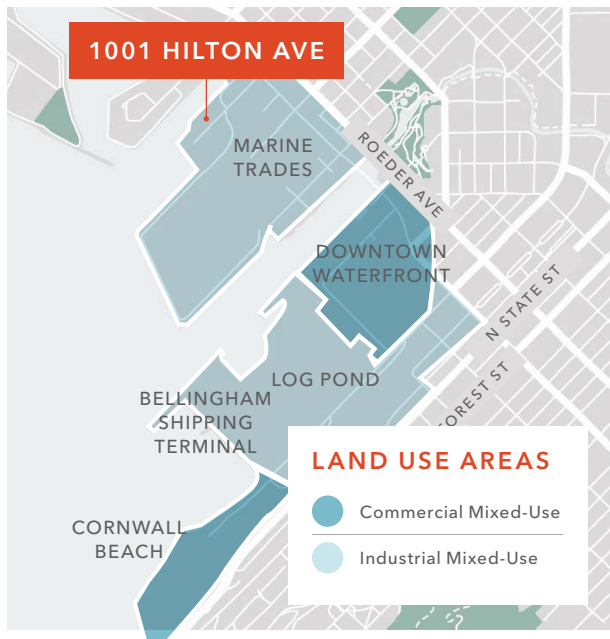


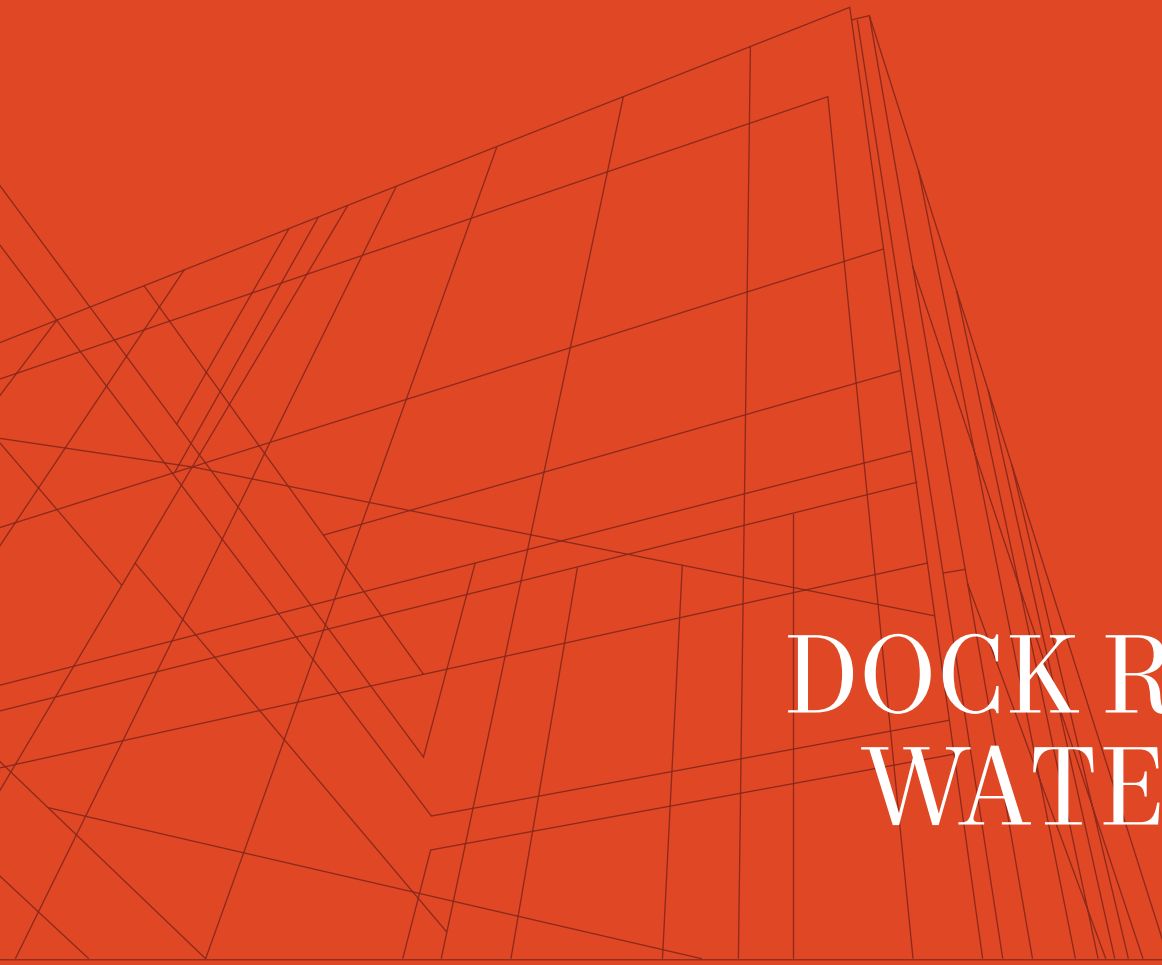
ZONING

1001 Hilton Avenue property is located within Bellingham's City Center Neighborhood zoning overlay and specifically in Area 6 of the Waterfront District Urban Village, and within Area 6 the property is in the Industrial Mixed Use / Marine Trade designated area.

The Industrial Mixed Use / Marine Trade area restricts uses to primarily marine industrial and general industrial uses, but does allow some ancillary commercial uses such as restaurants and bars, community centers, automotive repair, and private clubs.

Full allowable use table located in offering data room.





DOCK REPLACEMENT & WATERWAY CLEANUP

In 2019 the Washington State Department of Ecology (“Ecology”) finalized a Cleanup Action Plan (CAP) that includes the I & J Street Waterway that required the Port of Bellingham and Bornstein Seafoods to design a cleanup action plan for the subject site.

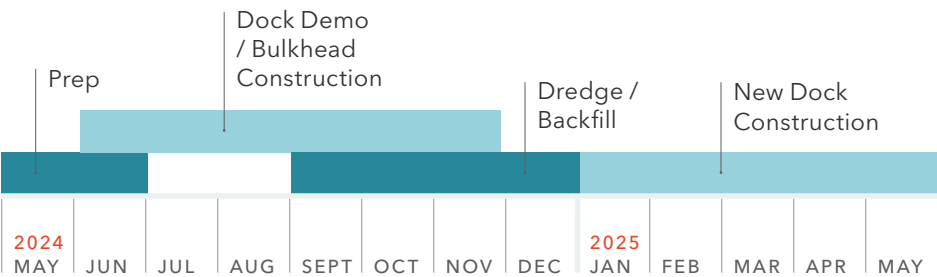
The plan includes:

Dredging about 18,000 cubic yards of contaminated sediment to 22’ depth

Installation of a sheet-pile seawall adjacent to the Borstein property

Replacement of existing dock structure

The Port of Bellingham has contracted for this dredging, seawall and dock work which began in June. The dredging of the adjacent waterway, demolition of the existing dock, and installing a new sheet-pile seawall and dock, including in the subject leasehold, to be completed on / about June 1, 2025. The dredging is a component of a Department of Ecology Clean-up Action Plan for I & J Street Waterway. The total project is scheduled for completion June 2025.



The final settlement agreement is located in Section 3 in the offering data room.



THE NEW DOCK WILL INCLUDE

Approximately 168’ in length

Dock width to shore approximately 24’ to access apron which is an additional 14’ to shore

Waterway depth at dock will average about 22’; $\pm 17'$ at mean low-low tide

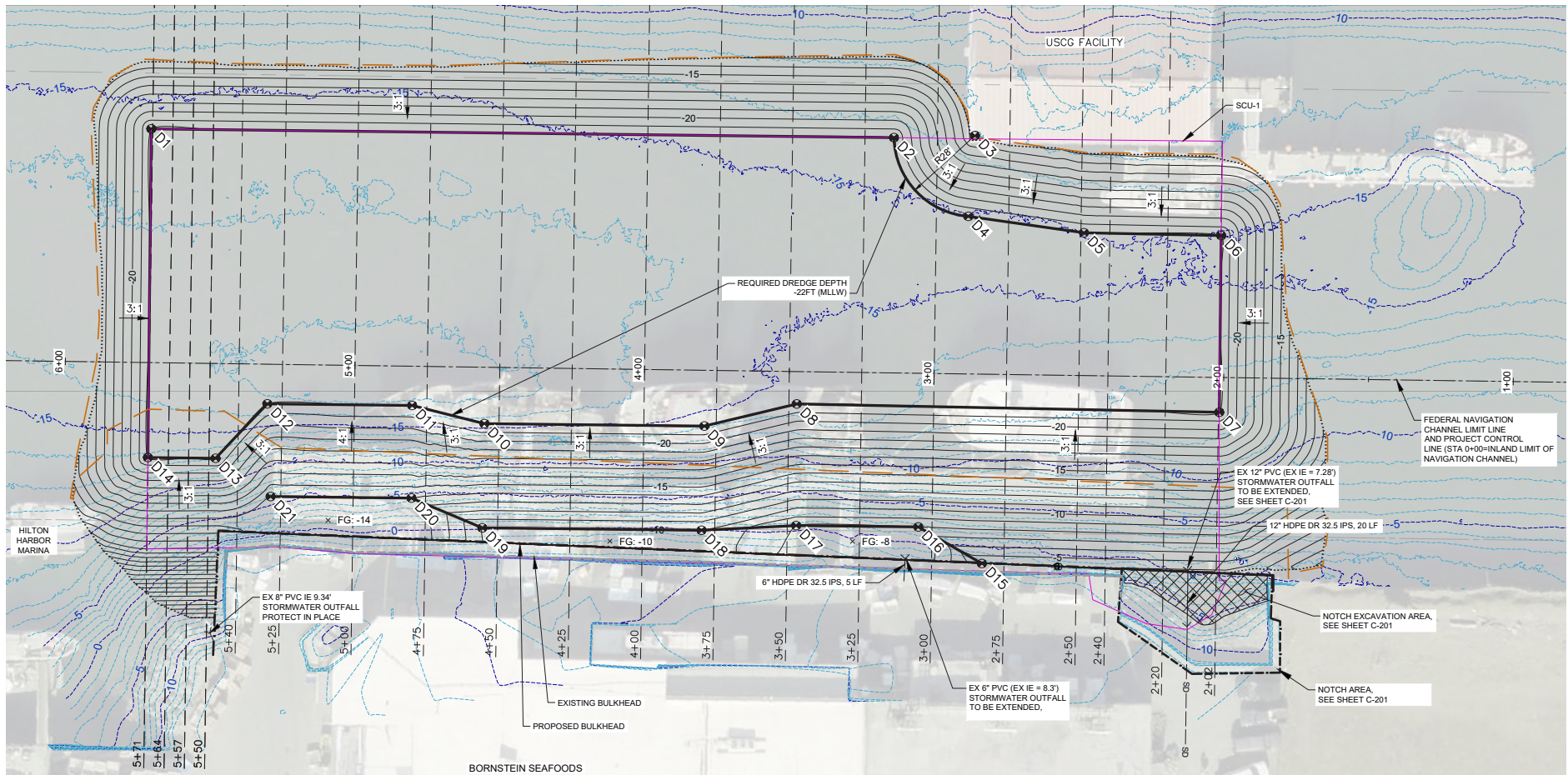
Steel pile construction with concrete deck surface

Live load capacity of dock - 300 lbs / SF

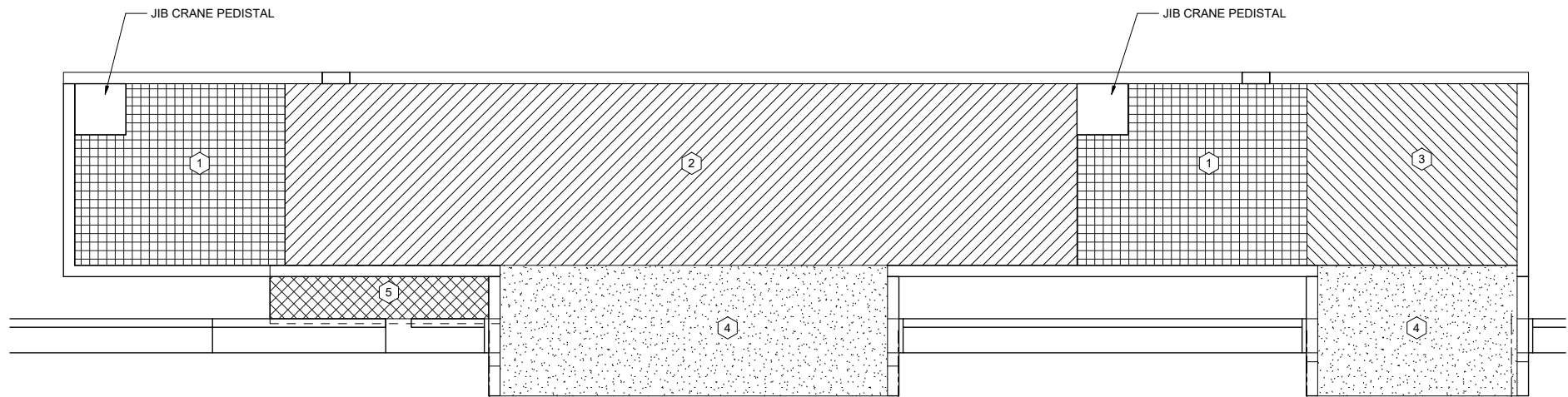
1 Jib Crane with 3,500 lb. lift capacity; area reserved for future 2nd Jib Crane

Detailed dredging and dock plans located in offering data room.

DREDGING PLAN



DOCK CAPACITY



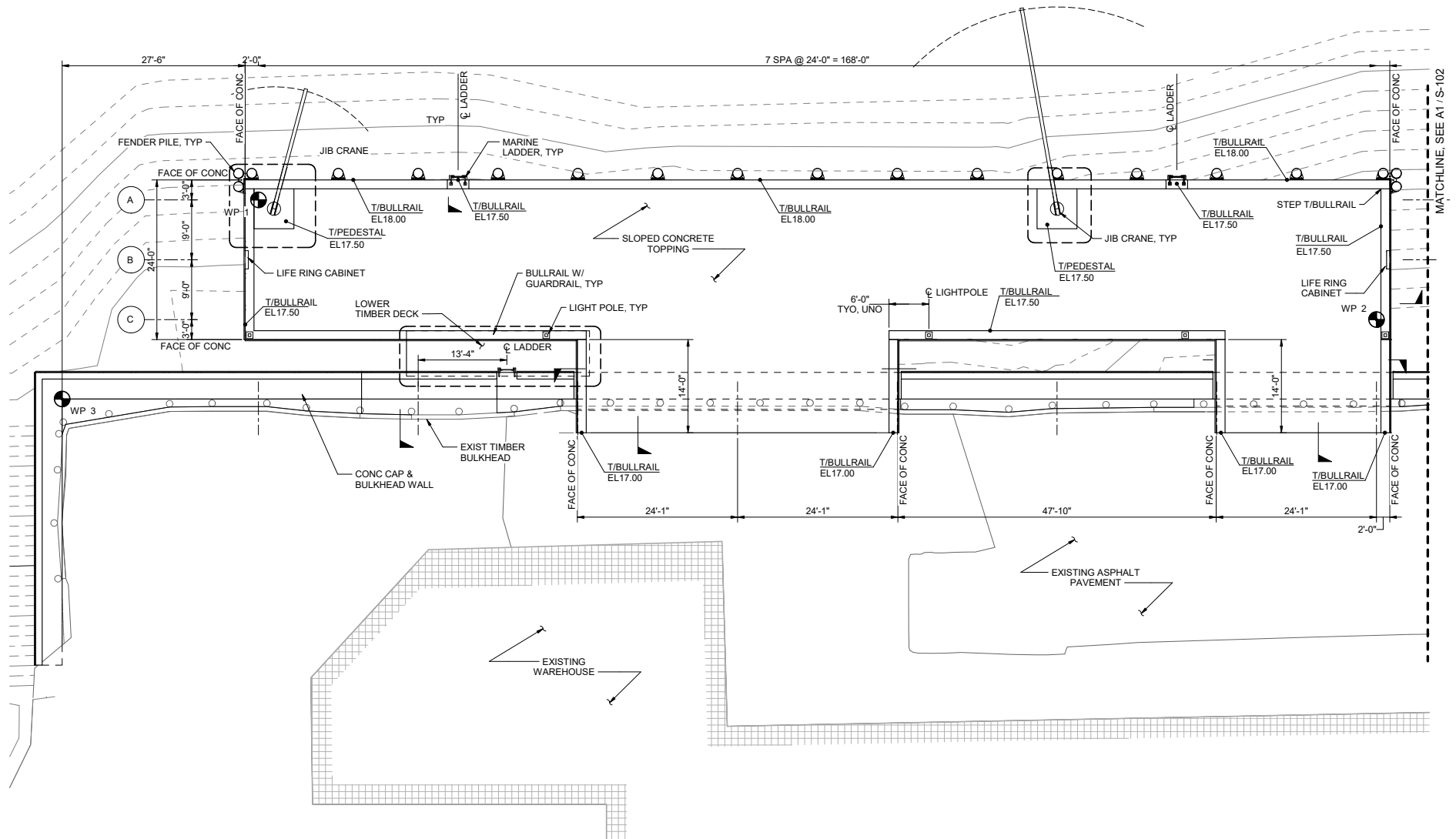
SUPERIMPOSED VERTICAL LOAD KEY LEGEND

LOAD AREA	PATTERN	LOCATION	UNIFORM LIVE [PSF]	SUPERIMPOSED UNIFORM DEAD [PSF]	CONCENTRATED LIVE LOADS ²	
					FORK LIFT	MOBILE CRANE
1	[Grid Pattern]	DOCK	300	-	YES	NO
2	[Diagonal Lines]	HEAVY LOAD DOCK	300	-	YES	YES
3	[Diagonal Lines]	ICE HOUSE	400	200	NO	NO
4	[Stippled Pattern]	APPROACH APRON	300	-	YES	YES ¹
5	[Cross-hatch Pattern]	LOWER PLATFORM	100	-	NO	NO

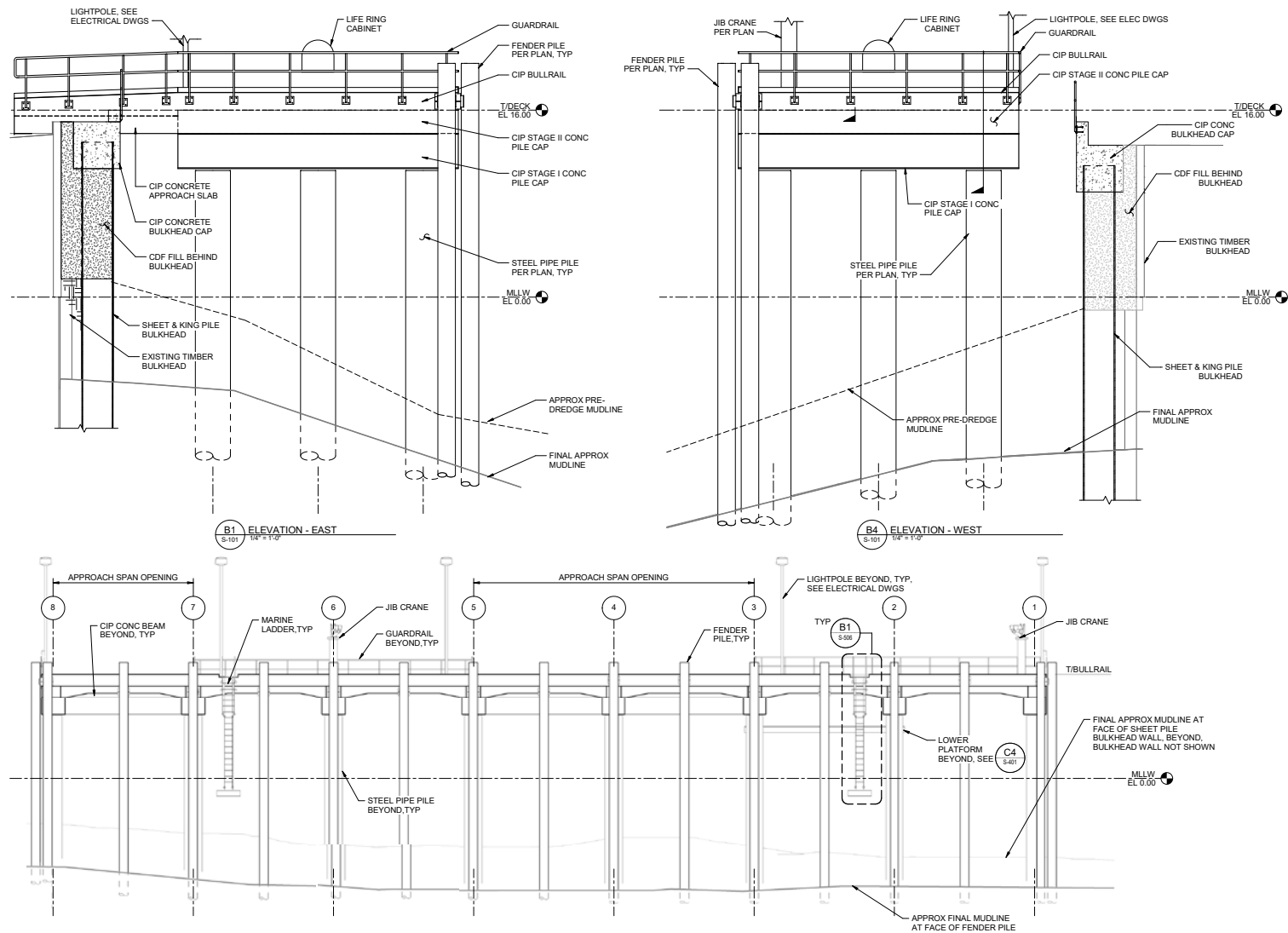
1. TRAVELING MOBILE TRUCK CRANE ONLY, NO OUTRIGGER LOADS.

2. YES OR NO INDICATES IF LOAD APPLIES TO THE IDENTIFIED AREAS, SEE S-002 FOR LOADS.

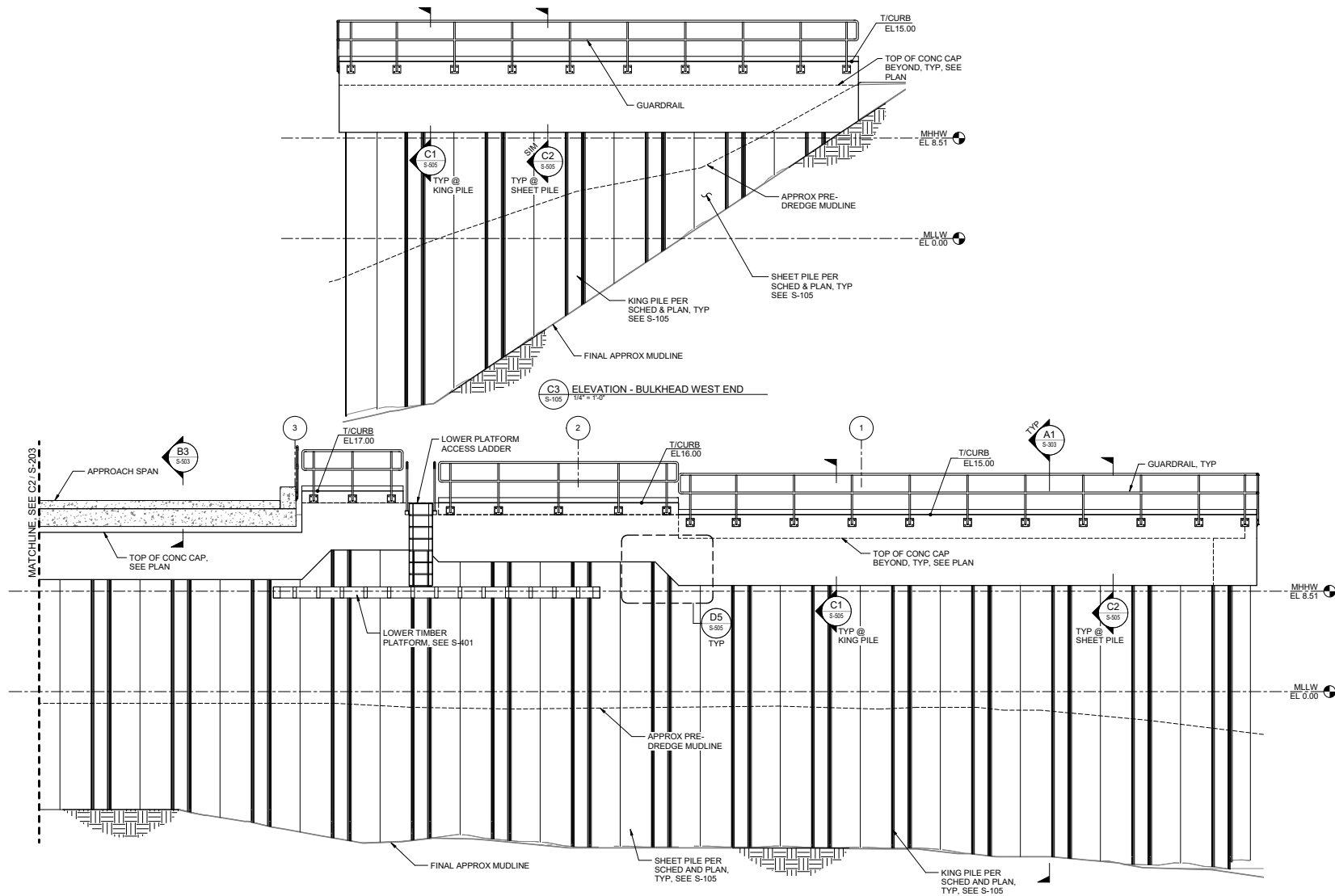
SURFACE FEATURES PLAN - DOCK



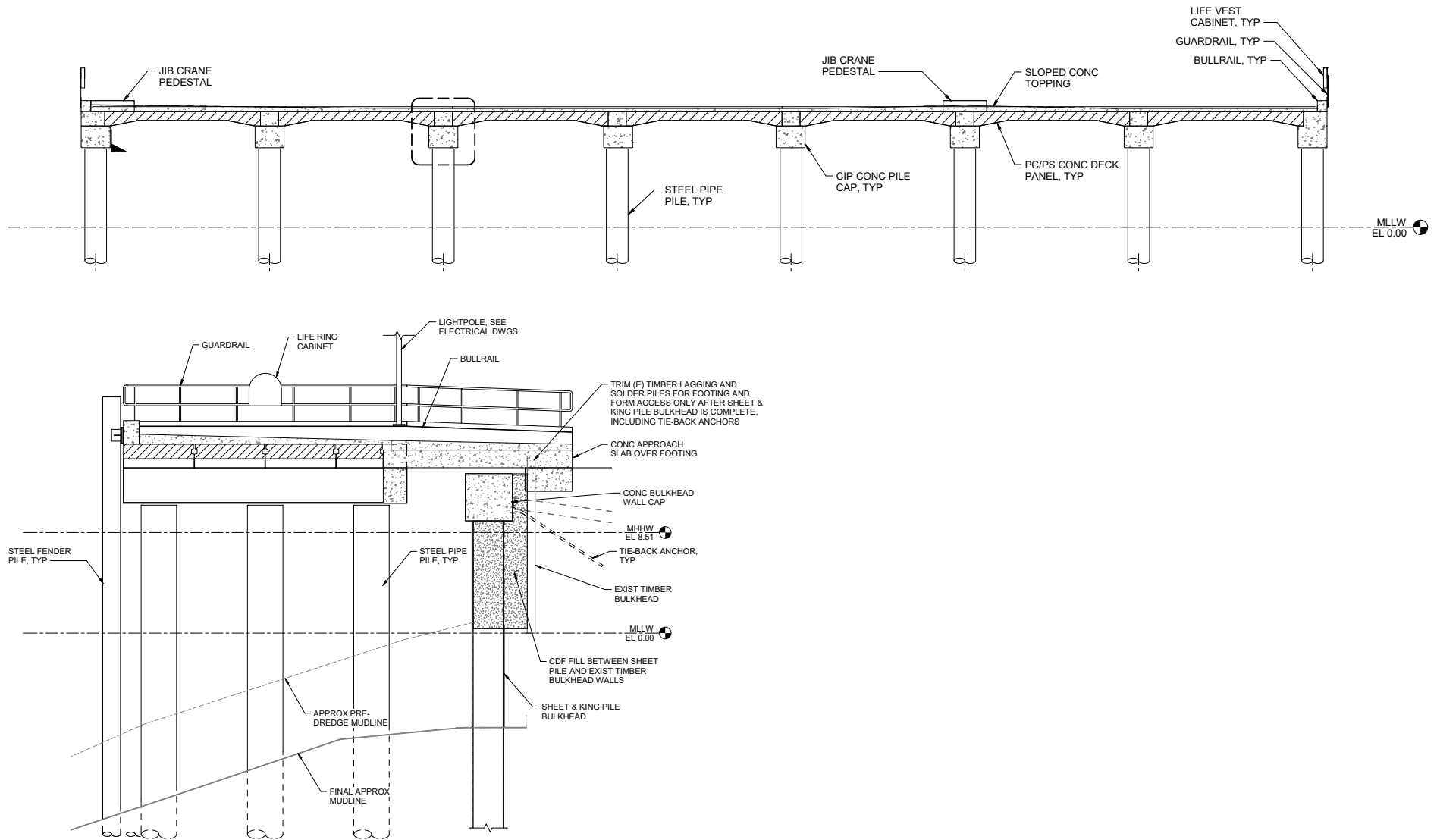
ELEVATIONS - DOCK

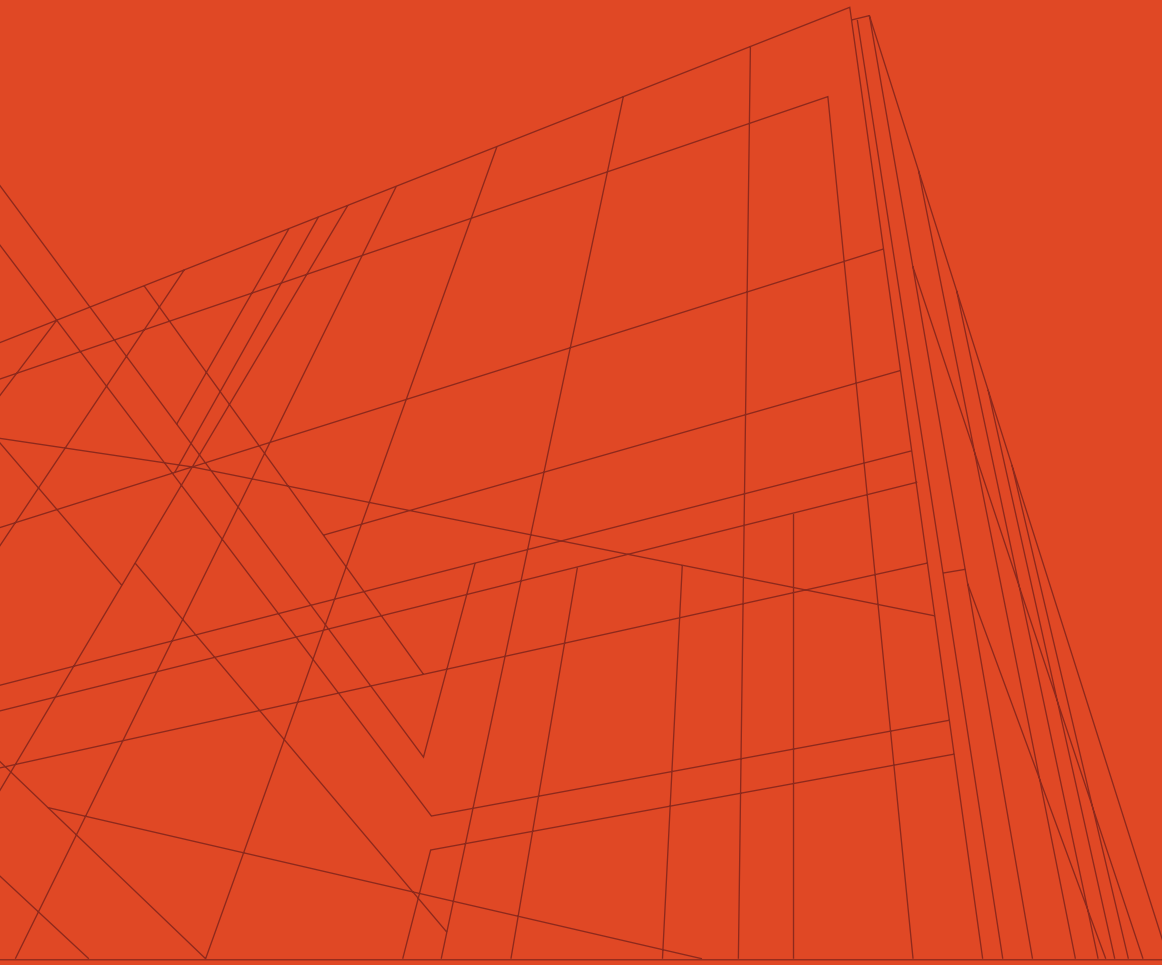


ELEVATIONS - BULKHEAD



SECTIONS





PORT OF BELLINGHAM

Section 04

THE PORT OF BELLINGHAM

The Port of Bellingham owns and manages many properties where Marine Trades businesses operate. It is making significant investments to upgrade Whatcom County's working waterfront infrastructure and promote economic growth.

SIGNIFICANT PROJECTS THAT ARE PLANNED OR HAVE BEEN RECENTLY COMPLETED

Hilton Avenue

Developing a new boat building facility and in-water infrastructure for All American Marine expansion.

Bellingham Shipping Terminal

Dredging to increase navigation depth.

Repairing the main pier and warehouse roofs.

Expanding upland work areas and improving utility services.

Structural upgrades to rail span and stub pier.

Enhancing sales and marketing efforts.

C-Street Terminal and Whatcom Waterway

Removing derelict structures and cleaning up contamination.

Building a new barge terminal with modern facilities.

Upgrading utilities, removing overhead power lines, and improving stormwater systems and parking.

Squalicum Waterway

Collaborating with the Army Corps of Engineers for maintenance dredging.

Squalicum Harbors

Promoting harbor facilities and increasing commercial fishing vessel occupancy.

Performing structural repairs to commercial fishing piers.

Revitalizing commercial fishing storage lockers (Weblockers).

PORT OF BELLINGHAM MARINE INDUSTRY

Marine trades are a vital component of the regional economy. According to a report by the Center for Economic and Business Research at Western Washington University, marine trades create or support 6,033 jobs, accounting for 7% of Whatcom County's total workforce.

BELLINGHAM'S MARINE TRADES INCLUDE:

Shipwrights: Manufacturing, boat yards, shipyards, boat storage

Boat Services and Outfitters: Marine supplies, sails, rigging, fuel, repair services, dive services

Boat Sales and Brokers: Tours and charter companies, boating clubs

Commercial Fishing: Fishermen, fish buyers, processors, aquaculture services

Transportation Services: Tug and barge, ferry, shipping/receiving, cold storage, warehousing



BELLINGHAM SHIPPING TERMINAL MODERNIZATION

Specializing in break bulk and clean bulk cargos, the Bellingham Shipping Terminal (BST) offers 1,250 feet of dock space, over 85,000 square feet of covered storage, and 35 acres of available upland, BST offers a full range of marine terminal services and serves as a long-term lay-up facility for various large ocean-going vessels.

CONSTRUCTION ACTIVITIES

Modernization Project (\$27.5 Million)

Main Dock Fortification: Enhanced to support heavy cargo and equipment.

Increased Navigation Depth: Accommodates a wider range of cargo.

Stormwater Management: State-of-the-art system to protect Puget Sound.

Job Creation: Family-wage jobs throughout the region.

Funding: Supported by a \$6.85 million federal grant.

Safety and Efficiency Enhancements

Overhead Power Lines Removal: Improves safety and efficiency.

Underground Power Extension: Allows cargo vessels to use electricity instead of diesel, reducing greenhouse gas emissions and improving air quality.

Future Improvements

Barge ramp addition

Wharf strengthening

Rail access restoration

Historic contamination cleanup





FUTURE CARGO PROSPECTS

Breakbulk Cargo: Non-standard size goods such as cars, manufacturing equipment, food products, and construction equipment.

2022 Statistics: Washington ports handled 55.5 billion tons of non-containerized cargo worth \$36.5 billion.

2024 Navigation Depth Increase: Will make Bellingham a viable alternative for importing automobiles and other breakbulk products.

CONTAINER SHIP LIMITATION

Navigation Depth: Bellingham Shipping Terminal's depth (34 feet) is insufficient for large container ships which require at least 42 feet.

RAILROAD TRACK USAGE

Current Status: No connection to BNSF's railroad network.

Future Plans: Port is pursuing federal grants to support the rail connection, enhancing efficiency and reducing road congestion.

MIXED-USE DEVELOPMENT

Vision: Integrating marine trades with public spaces, affordable housing, and job opportunities for a vibrant waterfront.

Community Support: Over 6,000 jobs in Whatcom County are created or supported by marine trades.

LONG-TERM VISION

Ongoing Cleanup and Improvements: Maximizing job-creating potential with infrastructure enhancements.

Future Development: Light industrial buildings as buffers and a rail connection reestablishment.

SECURED GRANTS

\$6.85 Million Grant (Fall 2020)

Purpose: Further rehabilitation of the Shipping Terminal wharf and job restoration.

Projects: Central Terminal structural replacement, utility work, stormwater system installation, and maintenance dredging.

REGIONAL ECONOMIC IMPORTANCE

Job Creation: Over 6,000 jobs in Whatcom County (7% of the total workforce).

Economic Impact: Washington State maritime industries contribute nearly \$46 billion and over 170,000 jobs.

2022 Cargo Statistics: 55.5 billion tons of non-containerized cargo worth \$36.5 billion handled by Washington ports.

PORT OF BELLINGHAM

LEGEND

- Federal Channel
- ▨ Dock Areas
- ▧ Marine Trade Area

Whatcom Waterway Site

- Remaining Areas Requiring Cleanup
- Areas Cleaned up in 2016
- Areas Cleaned up by Natural Processes

Other Cleanup Site

- Central Waterfront Site
- I & J Waterway Site

Bellingham Bay

WHATCOM
WATERWAY SITE
BOUNDARY

1001 HILTON AVE

I & J STREET WATERWAY

I & J
WATERWAY
SITE

MARINE
TRADES AREA

ASB

CENTRAL
WATERFRONT
SITE

OUTER WHATCOM WATERWAY

INNER WHATCOM WATERWAY

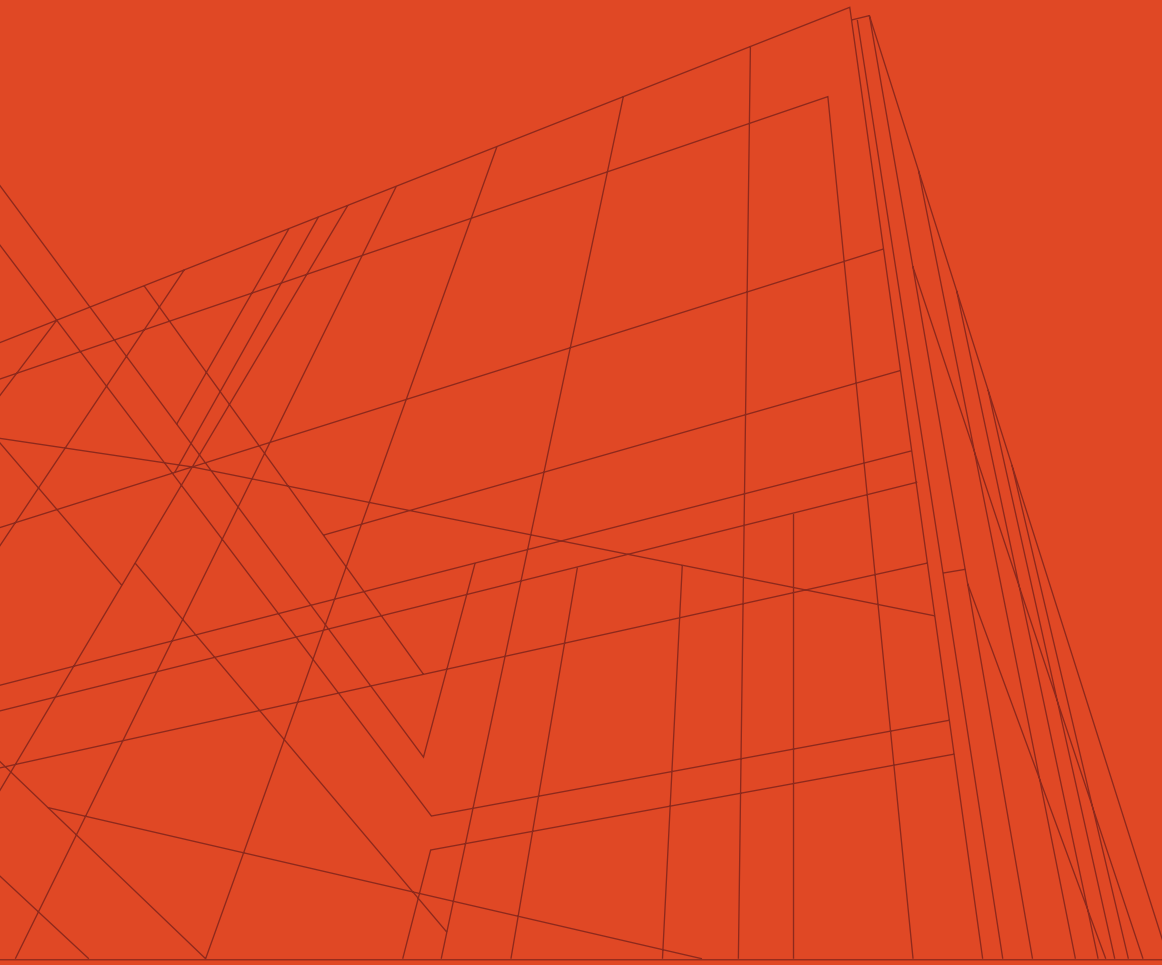
BST DOCK

RAIL SPAN

GP DOCK

BELLINGHAM
SHIPPING
TERMINAL

CORNWALL AVE



LOCATION OVERVIEW



Bellingham is the county seat of Whatcom County in Washington state. Located 21 miles south of the US–Canada border, it is situated between Vancouver, British Columbia (52 miles to the northwest), and Seattle (90 miles to the south).

As of the 2020 census, Bellingham had a population of 91,482, with an estimated population of 94,720 in 2023. The city is home to Western Washington University, Bellingham International Airport, and the southern terminus of the Alaska Marine

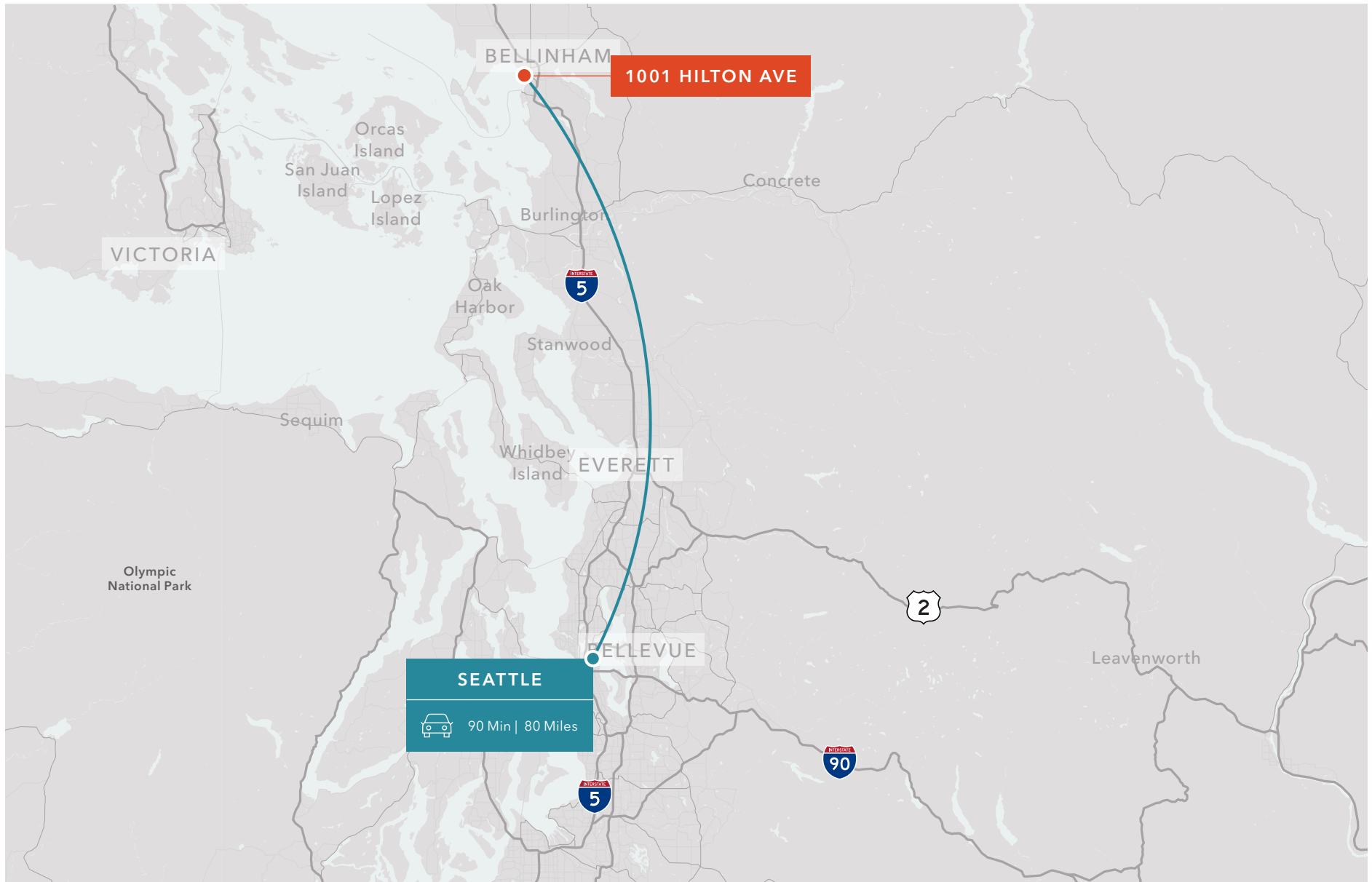
Highway. Bellingham is notable for being the northernmost city in the contiguous United States with a population exceeding 90,000.

Source: Wikipedia.org



1001 HILTON AVE

LOCATION OVERVIEW



LARGEST EMPLOYERS

	Type of Business	# of Employees	Percentage
PeaceHealth St. Joseph Medical Center	Health Care	3,116	2.79%
Lummi	Corporation	2,083	1.87%
Western Washington University	University	2,060	1.84%
Bellingham School District	Education	1,423	1.27%
BP Cherry Point Refinery	Oil and Gas	975	0.87%
City of Bellingham	Government	936	0.84%
Whatcom County	Government	918	0.82%
Matrix Service	Petroleum	870	0.78%
Ferndale School District	Education	847	0.76%
LTI, Inc.	Transport of liquid- and dry-bulk commodities	557	0.50%
Total employers		13,785	12.34%



Source: Wikipedia.org



WESTERN WASHINGTON UNIVERSITY

Established in 1893

200+ undergraduate programs

40+ graduate programs

250+ student organizations and clubs

90% Western alumni are employed or continuing their education within six months of graduation

Top master's-granting institution in the Pacific Northwest for 23 years in a row

200+ academic programs

99% of classes taught by faculty, not graduate assistants

74% of Western's faculty hold the highest degree in their field

17:1 student to faculty ratio

26 is the average class size

73% of the classes have 30 or fewer students

4.32 years is the average time to degree

135,000+ graduates living and working around the world



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