

LANGABEER & TULL, P.S.

Attorneys at Law

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City of Bellingham
Planning

Richard J. Langabeer
Robert M. Tull
Dannon C. Traxler
Christina A. Farnham

EMAIL: info@langabeertull.com
HAND DELIVERED

March 21, 2011

Jeff Thomas, Director
Planning & Community Development Department
210 Lottie Street
Bellingham, WA 98225

Re: PDC2005-00008 SUB2005-00024 WET2005-00026
VAR2005-00008 SEP2005-00029

Dear Mr. Thomas:

We are writing on behalf of Greenbriar Northwest Associates (GBNWA) in response to the City's letters dated October 29, 2010, November 30, 2010, and March 1, 2011. In particular, the City's March 1, 2011 letter requires that GBNWA either submit a third amendment to the Agreement between GBNWA and the City of Bellingham (Agreement) or propose revisions to the Agreement for the City's review and response.

As we have discussed in the past a variety of realities affect the completion of the SEPA process. After review of the agreements, the City's letters, and the most recent City proposal for completion of the Environmental Impact Statement, we wish to direct you to Section 3.3 of GBNWA's binding Agreement with the City which states as follows: "If the Applicant objects (to any expense beyond that specified as the original contract sum), the Applicant may meet with the City and discuss the projected expense and any alternatives to said expenditure."

In an October 29, 2010 letter to the City, GBNWA formally objected, to the proposed requirements and funding timeline revisions set forth in the City's letter of November 30, 2010. At this time, we are invoking our right under the Agreement and requesting a meeting with the City to discuss alternative expenditures and appropriate revisions to the Agreement. We trust that this request to meet to discuss revisions, a right guaranteed by contract, and our proposed revisions in this letter will suffice as the "substantial step" requested by the City in its March 1st letter.

At our meeting, we propose to discuss specific revisions to the Agreement based on the following:

The most recent proposal from the City based on ESA Adolfson's recommendations is over five times more (from \$50,000 to \$262,067) than the original ESA Adolfson bid submitted at the beginning of this process, even though the scope of the issues for the project has not changed. In the preparation of the draft and for the work done since then, there may be elements that have called for expanded efforts by the consultants. However, those efforts have been made and the reports have been submitted. In light of clear history of the project, the original contract sums after proposal undoubtedly relied upon knowledge of the issues and the controversial

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nature of the proposal. Therefore, we propose revising the Agreement to reflect a significant reduction in the amount of ESA Adolfson's future costs.

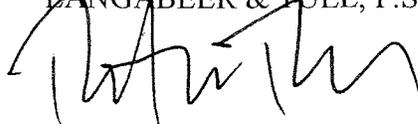
In addition, the City's estimated costs have gone from \$25,000 to \$80,000 with very little accounting to show the actual work performed in the past or explanation as to the necessity for such an increase in future costs. We are unable to justify this increase without much more information, and therefore propose revising the Agreement to significantly decrease the City's future expenditures.

GBNWA again requests that the City and GBNWA meet as soon as feasible to determine the most efficient way of revising the Agreement and producing a final document. Under GBNWA's Agreement with the City, GBNWA clearly has the right to meet with the City to discuss the projected expense and any alternatives to the most recent proposed expenditures before proposing more detailed revisions to the Agreement. We believe it is important to discuss the elements of the proposal from ESA as well as the City's approach to controlling its own costs in this matter, and we understand that some negotiation may be in order.

Following those discussions we may be able to refocus the consultant's next steps and greatly reduce the funding requirements. We think it would be useful also to meet with ESA in due course to explore their basis for their estimates. We are particularly concerned because it seems that nearly all of the work outlined by ESA's original scope of work seems to have been performed. It is our impression from discussions with ESA staff that ESA has already reviewed and responded to the comments received in response to the Draft EIS, which means that we should be very close to production of a final document. It is unclear why such a dramatic cost increase is necessary at this late stage.

Again the original contract anticipated a controversial project for which extensive environmental review had already been nearly completed. In addition, the current City revision proposal calls for a drastic change (increase) in the amount of cash deposit required to be on hand. This request is unacceptable to GMNWA and should be revised. The issue of timing and amount of funding is of great importance to the applicants, therefore a meeting with the City is in order as guaranteed by contract. We assume that this letter satisfies the City's March 1st request that a substantial step be taken in this process by March 30, 2011 and that the City will be contacting us to schedule a meeting as soon as possible.

Very truly yours,
LANGABEER & TULL, P.S.



Robert M. Tull

cc: clients
Mayor Pike
Joan Hoisington