

APPROVED

**CITY OF EDMONDS
PLANNING BOARD MINUTES**

July 25, 2012

Chair Lovell called the meeting of the Edmonds Planning Board to order at 7:00 p.m. in the Council Chambers, Public Safety Complex, 250 – 5th Avenue North.

BOARD MEMBERS PRESENT

Philip Lovell, Chair
Valerie Stewart, Vice Chair
Kevin Clarke
Todd Cloutier (arrived at 7:08 p.m.)
Bill Ellis
John Reed
Neil Tibbott

STAFF PRESENT

Kernen Lien, Planner
Karin Noyes, Recorder

READING/APPROVAL OF MINUTES

BOARD MEMBER REED MOVED THAT THE MINUTES OF JULY 11, 2012 BE APPROVED AS AMENDED. BOARD MEMBER CLARKE SECONDED THE MOTION. THE MOTION CARRIED UNANIMOUSLY.

ANNOUNCEMENT OF AGENDA

Chair Lovell announced that the meeting would be recorded and televised on Channel 21 as early as Friday morning.

The agenda was accepted as presented.

AUDIENCE COMMENTS

Roger Hertrich, Edmonds, recalled that at a recent City Council meeting, Chair Lovell expressed the need to better inform the public about what is going on at the Planning Board level. This is particularly important as the Planning Board embarks on their review of the proposed Harbor Square Master Plan. In response to the Board's concern, Mr. Hertrich said he has approached several City Council Members with a request that Planning Board meeting agendas be posted on Channel 21. Currently, Channel 21 only informs the public that information about the Planning Board's agenda is available on the City's website. He suggested the Board approach the Mayor's office with a specific request that their agenda's be published on Channel 21.

Mr. Hertrich expressed concern about the City's recent attempts to enforce the City's tree-cutting regulations. While fines have been assessed in some situations, code enforcement staff has failed to collect the fines. He suggested the City should either eliminate the tree-cutting codes or enforce them and collect fines when a violation occurs.

Natalie Shippen, Edmonds, expressed concern that the public notice for tonight's Planning Board meeting appeared to minimize the importance of the decision the Board and City Council is being asked to make regarding the Harbor Square Master Plan. The agenda notes that "the request is not for a rezone and is not a project level proposal. However, incorporating the Port's Harbor Square Master Plan into the Comprehensive Plan would lay the foundation for a future

rezone and/or development agreement for the Harbor Square property to support a mixed-use, transit-oriented development.” Ms. Shippen expressed concern that this statement seems to be telling the public to not worry about the proposed Comprehensive Plan amendment because nothing will happen for a long-time. She said the City should make it clear that the Port’s Harbor Square Master Plan contains design concepts for redevelopment that includes four and five-story buildings. She reminded the Board that when reviewing rezone proposals, the City would look to the Comprehensive Plan for guidance. Adoption of the Harbor Square Master Plan into the City’s Comprehensive Plan would pave the way for a rezone that would allow four and five-story buildings at Harbor Square.

Eric Livingston, Edmonds, said he is in favor of redeveloping Harbor Square. However, the Port’s proposal of a mixed-use, transit-oriented development is not in the best interests of the citizens of Edmonds. He said that in every conversation he has had regarding the Port’s proposal, with the exception of those directly involved in the proposal, no one really wants 358 condominiums downtown or to have building heights increased to 55 feet. He said it is fortunate that the Port’s proposal to amend the Comprehensive Plan and to allow a rezone that permits an increase of building height to 55 feet will require a rigorous review process. He reminded the Board that, as per the Edmonds Community Development Code (ECDC), the Comprehensive Plan can be amended if:

- **The proposed amendment is consistent with the provisions of the Edmonds Comprehensive Plan and is in the public interest.** Mr. Livingston pointed out that in both strategic planning efforts (in 1994 and 2012) involving public input, there was and still is strong support for developing a public farmer’s market and the most mentioned locations for this concept are the Antique Mall and Harbor Square sites. According to the current Strategic Plan statistics, the public has expressed significant interest in redeveloping both sites with concepts that are more civically-minded rather than tax-revenue-driven.
- **The proposed amendment would not be detrimental to the public interest, health, safety or welfare of the City.** Mr. Livingston commented that allowing between 340 and 716 people to live within 100 yards of a railroad crossing would put residents closest to coal train pollution, noise pollution, and possible safety issues related to children if unsupervised. It is a fact of life that couples living in the units will have children.
- **The proposed amendment would maintain the appropriate balance of land uses within the City.** Mr. Livingston pointed out that the bowl is actually the most densely-populated area of Edmonds and comprises the smallest section of Edmonds proper. He questioned how the proposed development would maintain an appropriate balance of land use. He suggested that focusing on developing other areas of Edmonds that are beginning to develop economically (Perrinville, Five Corners, Westgate and Highway 99) would not only be in compliance with the State’s Growth Management Act (GMA); but in all likelihood would prove to be better sources of future tax revenue.

Mr. Livingston observed that none of the Port’s documents show that any other concepts were discussed during the development process of the current proposal. The only concept discussed was a mixed-use, transit-oriented development. He reminded the Board that public interest has been expressed in the past and is currently being expressed. If the Port’s Harbor Square Master Plan is adopted, it would appear that the public expressions are being ignored again. He entered several documents into the record and asked that the Board deny the Port’s request to amend the Comprehensive Plan.

INTRODUCTION OF THE PORT OF EDMONDS REQUEST TO HAVE THE HARBOR SQUARE MASTER PLAN INCORPORATED INTO THE CITY OF EDMONDS COMPREHENSIVE PLAN

Chair Lovell explained that the Board expects the Harbor Square Master Plan review process to be a very deliberative, detailed and long process. The Board’s goal is to make every attempt to provide up-to-date information to the public regarding the Board’s process and new materials that are available. In addition to information in the media, the City’s website and Channel 21, the Planning Board provides a bi-monthly report to the City Council to brief them in some detail as to what the Board is currently working on. The next report is scheduled to occur on August 6th.

Chair Lovell emphasized that the purpose of this meeting is to allow the staff and Port representatives to introduce the proposed Harbor Square Master Plan to the Board. He said he does not anticipate the Board will deliberate at the conclusion of the presentations. However, they will raise questions and identify additional information they would like the Port and/or staff to provide regarding the proposed master plan.

Mr. Lien explained that this is the first introduction of the Port of Edmonds' request to amend the City's Comprehensive Plan to incorporate the proposed Harbor Square Master Plan. He emphasized that while the plan contains some language on the types of uses to be allowed and building heights, the request is not for a rezone and is not a project level proposal. He said it is important to point out the differences in process between the current Comprehensive Plan amendment proposal and a site-specific rezone and/or development agreement proposal. Site-specific rezones and/or development agreements, which could follow for Harbor Square, are Type IV-B applications that require a quasi-judicial review. Comprehensive Plan amendments are Type V applications that require a legislative review. Quasi-judicial reviews require a higher level of analysis than what is typically required for a legislative review.

Mr. Lien further explained that pursuant to ECDC 20.01.003, Comprehensive Plan amendment are Type V actions, which are legislative decisions made by the City Council under its authority to establish policies and regulations regarding future private and public developments and management of public lands. The framework for Type V actions is provided in ECDC 20.01.001.C, which states that the Planning Board shall hold a public hearing and make a recommendation to the City Council on Type V actions, and the City Council may consider the Planning Board's recommendation in a public hearing. He noted that the City Council has traditionally held public hearings on Comprehensive Plan amendments, and notice of public hearings is required. He noted that no notice of application has been published for the master plan because legislative actions do not require such. However, all application materials associated with the Harbor Square Master Plan Comprehensive Plan amendment have been uploaded to the City's on-line permit system under File Number AMD20110009. These can be accessed through the following link: https://permits.edmonds.wa.us/Citizen/Citizen_Home.aspx?CONID=PT-LIVE&CONNECTION=PERMIT. In addition to sending notices to property owners within 300 feet of the subject property and posting a notice on site as legally required, City staff anticipates purchasing a piece in the local newspaper and publishing an announcement on myedmondsnews.com. He explained that Comprehensive Plan amendments can only occur once per year. The City typically holds public hearings throughout the year on various amendments and then takes formal action, via an ordinance, before the end of the year.

Mr. Lien said that pursuant to ECDC 20.00.050, an amendment to the Comprehensive Plan may be adopted only if the following findings are made:

- The proposed amendment is consistent with the provisions of the Edmonds Comprehensive Plan and is in the public interest.
- The proposed amendment would not be detrimental to the public interest, health, safety or welfare of the City.
- The proposed amendment would maintain the appropriate balance of land uses within the City.

Mr. Lien pointed out that, in the case of an amendment to the Comprehensive Plan Map, the subject parcels must also be physically suitable for the requested land use designation. He advised that the Port is not proposing to change the Comprehensive Plan Map.

Mr. Lien advised that if approved by the City Council, the 11-page Harbor Square Master Plan would be adopted into the Comprehensive Plan by reference. Specifically, the list of adopted elements on Page 17 would be amended to include "Harbor Square Master Plan" in the 7th Bullet under Item 2.

Mr. Lien reviewed that Harbor Square is located within the Downtown/Waterfront Activity Center and the Downtown Master Plan District, which is described as:

"The properties between SR-104 and the railroad, including Harbor Square, the Edmonds Shopping Center (former Safeway site), and extending past the Commuter Rail parking area up to Main Street. This area is appropriate for design-drive master planned development which provides for a mix of uses and takes advantage of its strategic location between the waterfront and downtown. The location of existing taller buildings on the waterfront, and the site's situation at the bottom of 'the Bowl,' could enable a design that provides for higher buildings outside current view corridors. Any development in this area should be oriented to the street fronts, and provide pedestrian-friendly walking areas, especially along Dayton and Main Streets. Development design should also not ignore the railroad side of the properties, since this is an area that provides a 'first impression' of the city from railroad passengers and

visitors to the waterfront. Artwork, landscaping, and modulated building design should be used throughout any development project.”

Mr. Lien noted that more information about the policies and objectives for the Downtown/Waterfront Activity Center and the type of development that should occur in the area are described on Pages 42 through 60 of the Comprehensive Plan. The Board should consider these policies and objectives as they review the Port’s master plan proposal.

Mr. Lien said the Port of Edmonds, acting as lead agency for the Port Commission’s adoption of the Harbor Square Master Plan, issued a Mitigated Determination of Nonsignificance (MDNS) for the plan. The mitigation required in the Port’s MDNS is *“Preparation of a transportation impact analysis report that documents existing conditions, estimates project related changes to local traffic, and describes related impacts and mitigation.”* Mr. Lien pointed out that the City would conduct its own SEPA review for inclusion of the Harbor Square Master Plan into the City’s Comprehensive Plan and issue a SEPA threshold determination before the Planning Board’s public hearing on the proposal.

Mr. Lien reviewed that the Board has been working through the Shoreline Master Program (SMP) update for the last year and a half. During this process, it was noted that portions of the Edmonds Marsh are now being considered shorelines of the state, which means the shoreline jurisdiction extends into Harbor Square. He reminded the Board that the City is required by the State’s Shoreline Management Act (SMA) to “consider all plans made or being made that deal with pertinent shorelines of the state. In response to this requirement, the City has proposed a new Urban Mixed Use III Shoreline Environment for shoreline jurisdictions around the Edmonds Marsh. He recalled that the Board has had considerable discussion about the new environment and has expressed concern that the City was considering the new environment before the Port of Edmonds presented its redevelopment vision to the City. The Board agreed to stall the SMP update to allow the Port time to submit the Harbor Square Master Plan to the City. He summarized that, as the Board considers the Harbor Square Master Plan, they should evaluate it for consistency with the proposed SMP update, as well.

Board Member Reed asked if the Board is required to recommend either approval or denial of the Harbor Square Master Plan as proposed by the Port. Mr. Lien answered that the Board can recommend adoption of the master plan as presented by the Port, denial of the master plan as presented by the Port, or they could recommend approval of a modified master plan. However, it would ultimately be up to the Port to accept the modifications. If the Port does not accept the modifications, they could ask the City to take action on the master plan as proposed. Mr. Lien added that prior to the public hearing, staff would analyze the proposal and make findings on how the plan is consistent or inconsistent with the Comprehensive Plan.

Board Member Reed asked if the only amendment required to the Comprehensive Plan is adding “Harbor Square Master Plan” on Page 17, or if the plan would also be referenced in the Downtown/Waterfront Element on Pages 42 through 60. Mr. Lien said staff is currently recommending that the plan be adopted by reference on Page 17, but the Board could decide to adopt the actual master plan into the Comprehensive Plan.

Board Member Reed asked if the Port has completed a transportation impact analysis for the proposed master plan. Mr. Lien said a transportation technical report was done in conjunction with the Port’s SEPA analysis, but the higher level of review provided by a transportation impact analysis is not required as part of a Comprehensive Plan amendment application. He cautioned that the renderings provided in the proposed master plan illustrate the type of development that could occur on site, and more detailed information would be required as part of any site-specific rezone or development agreement proposal.

Chair Lovell asked if it is possible for the Board to recommend the Port incorporate the concept of a public/private partnership into their master plan proposal. Mr. Lien said public/private partnership opportunities could be considered as part of a future development agreement application. Chair Lovell asked if it would be appropriate for the Board to recommend the Port enter into a development agreement with the City that would include certain mitigation such as public amenities above and beyond what a developer is typically required to provide. Mr. Lien observed that the Port’s application for a Comprehensive Plan amendment envisions going down this road at some point in the future, but not as part of the current proposal. He agreed to research this topic and report back to the Board.

Chair Lovell summarized that the Board’s charge is to review the proposed Harbor Square Master Plan based on the three criteria contained in the Comprehensive Plan. They are not to consider potential rezones or development agreements at this

time. Mr. Lien added that the Board should also review the proposal for consistency with the goals and objectives for the Downtown/Waterfront Activity Center found on Pages 42 through 60 of the Comprehensive Plan.

Vice Chair Stewart asked if a soil analysis has been done for the Harbor Square site. Mr. Lien said that some soil analysis has been done on surrounding properties; and Keeley O'Connell, Friends of the Edmonds Marsh, recently provided a presentation about how the Edmonds Marsh was filled over the years to create the surrounding developed properties. He said it is likely that the soils on the Harbor Square site are similar to properties across the street that have been studied.

Bob McChesney, Executive Director, Port of Edmonds, thanked the Board for the opportunity to present the Harbor Square Master Plan and discuss some of the important elements and issues that may be of interest to the Board as they deliberate on its merits. He said the Port believes the plan is good, with many tangible benefits for the community. He introduced key members of the Harbor Square Planning Team, including Chief Planner Bill Trimm, Design Architect John Owen, and Real Estate Economist Greg Easton. Commissioners Block and Orvis were also present, along with the Port's Attorney, Brad Cattle.

Mr. McChesney said their purpose is to present the Harbor Square Master Plan that was adopted and approved by the Port Commission on June 25th. He reported that the Port has prepared an application that meets and exceeds the City's procedural requirements for Comprehensive Plan amendments and is pleased to have an opportunity to share the key elements of the plan with the Planning Board prior to the statutorily-required public hearing to be scheduled in August. He explained that their presentation would address the highlights of the master plan, including the process used to prepare the plan and the significant economic outcomes associated with implementing the plan. He said the Port looks forward to discussing the plan with the Board, addressing any questions the Board has and continuing through the City's process of adopting the master plan into the City's Comprehensive Plan.

Mr. McChesney said the Port's overarching goal is to amend the Port of Edmonds Master Plan and the City of Edmonds Comprehensive Plan with an economically feasible, environmentally responsible and high-quality designed redevelopment plan for Harbor Square. He said the Port believes its application is solid and represents the work and thoughtful ideas of some really smart people and community leaders who have volunteered their time to help develop the best plan for future redevelopment at Harbor Square. The proposal reflects a balance of interests and a package of compromises that are intended to create a lively new urban neighborhood that is economically responsible and a benefit to the entire Edmonds community. He said the proposed master plan represents the initial action of putting this critical patch of the Edmonds front yard on a sustainable path to the future.

Mr. McChesney reviewed that the Harbor Square Master Plan process has taken over three years and has been methodical, open, inclusive and transparent. In response to people who have asked why the Port has embarked upon this enterprise, Mr. McChesney advised that the primary empowerment of the Port is economic development, which is a somewhat vague concept. In the Port's view, economic development means planning for the future, having a conversation with the community and the City about economic vitality, and identifying the opportunities and constraints that frame the question. The Port believes its plan for Harbor Square does exactly that. He said most thoughtful citizens in the community have come to the realization that something must be done. The City's budget is in peril, and essential services the community depends on may be in jeopardy. He emphasized that future generations depend on what the community does now. With these circumstances in mind, Mr. McChesney commented that most people will easily concede to the reality that economic development is necessary for healthy sustainability (work, live, play and shop). However, he recognized that aesthetics and environmental values are also critically important elements.

Mr. McChesney stressed the need for realistic and attainable plans to achieve the community goals, policies and plans as set forth in the Comprehensive Plan. The issue that must be addressed is how best to responsibly grow while respecting the present and future values of the community. The Port firmly believes that the Harbor Square Master Plan provides the opportunity for a future well-designed, pedestrian-oriented development that gives people what they want without destroying what they value most about the great town of Edmonds. The Port is prepared to make this case, and they believe they have the right answer.

Mr. McChesney said it is important to understand what a Comprehensive Plan amendment is. Without prejudice to the Board's recommendation, achieving a Comprehensive Plan amendment is simply an "enablement" device. It is not an

entitlement to do anything. It won't result in an immediate building permit. The site-specific, detailed design features will be determined as the process continues. But without a Comprehensive Plan amendment, the process will be stopped.

Bill Trimm, FAICP, explained that an extensive public participation process was used to prepare the Harbor Square Master Plan, starting in November 2009 with a redevelopment analysis report prepared by LMN and Berk Associates to determine the general potential massing for future redevelopment of the site. The report identified the following key findings:

- The existing 1980 contract rezone hinders redevelopment through prohibition of residential uses, as well as limiting the height to 35 feet.
- The Harbor Square zoning regulations need to be revised to allow mixed use development and greater height limits to be competitive with current practices for mixed-use development.
- Redevelopment of the site would result in increased tax revenue from property tax, sales tax, and tax on new construction.
- The master plan should identify a new configuration and image for Harbor Square, using a taller approach to building height.

Mr. Trimm said the Port built on the initial redevelopment analysis report (Phase 1) by embarking on the public outreach (Phase 2) portion of the master plan process. The LMN/Berk Associates Report was presented to the public, and public open houses were held in October 2009 and May 2010. At those meetings, the public indicated that the future plan should:

- Provide for a mixture of uses.
- Provide for a variety of housing needs, including affordable housing.
- Present creative ideas to address building heights over 35 feet.
- Provide increased revenue to the City of Edmonds.
- Avoid replicating the type of waterfront development that has occurred in eastside communities along Lake Washington.

Mr. Trimm advised that during the summer of 2010, the Port engaged Makers Architecture and Urban Design to be part of the design team to move the master plan forward. Makers' first step was to clearly understand the Port's overarching goal to amend their master plan and the City of Edmonds Comprehensive Plan with an economically feasible, environmentally responsible, and high-quality designed redevelopment plan for Harbor Square.

Mr. Trimm reviewed that the design team presented the Port's master plan process to the City of Edmonds Economic Development Commission and Planning Board in October of 2010, and invited them to participate on the 14-member Steering Committee, which was made up of representatives from the Port of Edmonds, the Town of Woodway, the Edmonds Economic Development Commission, the Edmonds Planning Board, Harbor Square Tenants and various community leaders. Stephen Clifton, Edmonds Community Development/Economic Development Director attended each of the meetings to observe. The purpose of the Steering Committee was to determine what goals and principles should be used to guide the preparation of the redevelopment plan that would meet the Port's stated project goal. At their first meeting on December 10, 2010, the Steering Committee had a general discussion about what they felt were the community's key issues and values that should be reflected in the master plan. They particularly discussed:

- What the mixture of uses should be?
- How the uses and the configuration of the land uses should connect to the waterfront and downtown?
- How they can ensure that the design principles of the master plan are solid and address building height and articulation and ensure the streets are well-designed and pedestrian-oriented with a focus on Dayton Street, which is a key connection between the downtown and the waterfront.

Mr. Trimm said the design team used these comments to prepare two schematic drawings that were presented to the Steering Committee for comment at their second meeting. Also at the second meeting, the Steering Committee members were invited to participate in a visual preference survey of various types of buildings, landscaping, streetscape, etc. A viewsshed analysis that was prepared by graduate students from the University of Washington was also presented. The Steering Committee determined that Scheme 2 would serve as the foundation for future development of the Harbor Square Master Plan.

Mr. Trimm reported that at their third Steering Committee meeting on April 4, 2011, the design team presented a revised schematic based on comments from the previous meeting. The Steering Committee requested the following changes:

- Decrease the building height on Dayton Street from 55 to 45 feet. Any development above 35 feet should be stepped back one foot for each additional foot in height.
- Increase the sidewalk width from 12 to 15 feet to provide for street trees, artwork, etc. and to allow the retail uses to spill out onto the sidewalk.
- Make sure there is appropriate space for public areas such as plazas and provide a gateway element at the intersection of SR-104 and Dayton Street.

Mr. Trimm advised that the schematic drawing was updated once again and presented to the Port Commission on May 9, 2011, at which time the Commission directed the design team to present the plan to the public. As directed by the Commission, the design team met with the Economic Development Commission on May 12, 2011, to solicit additional feedback regarding the draft master plan. At that time, the Economic Development Commission formally validated the Port's planning process and encouraged them to continue moving the plan forward through the City and Port review processes. A public open house was held on June 9, 2011; a mostly positive comments were received from those who participated. A series of different design images reflected in the plan were presented, and those in attendance were invited to comment on each one.

Mr. Trimm announced that in March of 2012 the Harbor Square Master Plan was revised further and presented to the Port Commission. Members of the Steering Committee were present to provide their thoughts regarding the plan, as well. The Port Commission authorized staff to move forward with preparation of the environmental documents required to formally adopt the Harbor Square Master Plan into the City's Comprehensive Plan. The Port acted as the lead agency for the SEPA review, and a MDNS was issued. He noted that the City would also conduct a SEPA review as part of their review of the proposed Comprehensive Plan amendment. He emphasized that the current proposal is a non-project action, which is the first phase of Harbor Square redevelopment. The second phase will include a site-specific proposal with additional environmental review and a transportation analysis report.

Mr. Trimm provided a diagram to illustrate the Harbor Square Master Planning process. He explained that after the Planning Board has reviewed the proposal, conducted a public hearing and forwarded a recommendation to the City Council, the City Council would also conduct a public hearing and make a final decision on the proposed Comprehensive Plan amendment. Anticipating formal adoption of the proposed master plan, the next phase would be for the Port to market the plan to the development community, which is when the public/private partnership option could come into play.

John Owen, Makers Architecture/Urban Design, pointed out that an Edmonds Comprehensive Plan's Long-Term Action Strategy calls for redeveloping the area from the east side of SR-104 to the railroad tracks, from Harbor Square to Main Street, according to a mixed-use master plan. He emphasized that, throughout the master plan process, the design team consulted with and tried to build upon goals and policies outlined in the City's Comprehensive Plan. To emphasize the Port's commitment to the community, the proposed master plan incorporates the following key Comprehensive Plan policies to guide future development:

- E.1 – Ensure that the downtown waterfront area continues – and builds upon – its function as a key identity element for the Edmonds Community.
- E.5 – Extend downtown westward and connect it to the shoreline by encouraging mixed-use development and pedestrian-oriented amenities and streetscape improvements, particularly along Dayton and Main Streets. Development in this area should draw on historical design elements found in the historic center of Edmonds to ensure an architectural tie throughout the downtown area.
- E.8 – Improve and encourage economic development opportunities by providing space for local businesses and cottage industries and undertaking supporting public improvement projects.

Mr. Owen provided a table that illustrates the results of the economic analysis that was done to determine the number of units and square footage that could be provided by each of two schematic drawings. He said the Steering Committee determined that Scheme 2 should be refined to become the preferred alternative. He referred to the updated Scheme 2 and once again emphasized that the drawing does not illustrate a proposed development. It is intended to illustrate how the site could be

developed, how the parking and access requirements could be met, how development could conform to the setback requirements in the proposed SMP, and how the site could be redeveloped incrementally. Although the schematic drawing is not an actual development proposal, it illustrates that a mixed-use development would be a viable and practical form of development at Harbor Square.

Mr. Owen commented that the Comprehensive Plan states that because there are larger buildings on the waterfront, the Harbor Square property may be an appropriate place for taller buildings. The design team reviewed a very extensive viewshed analysis from very specific locations throughout the bowl area that was prepared by graduate students from the University of Washington. The intent of the analysis was to illustrate how structures 55-feet in height at Harbor Square would impact public views from upland areas. He invited the Board Members and interested citizens to review the viewshed analysis, which is available via the City's website. He said the analysis concluded that a 55-foot height limit would not block views from public viewpoints. However, in some cases, the new buildings would be visible.

Mr. Owen said the proposed master plan also addresses the following aesthetic policies contained in the Comprehensive Plan:

- E.14 – Reinforce Edmonds' attractive, small-town, pedestrian-oriented character. Height limits that reinforce and require pedestrian-scale development are an important part of this quality of life, and should be implemented through zoning regulations and design guidelines.
- E.17 – Provide pedestrian-oriented amenities for citizens and visitors throughout the downtown waterfront area.
- E.19 – Coordinate new building design with old structure restoration and renovation.
- E.21 – Provide lighting for streets and public areas that is designed to promote comfort, security and aesthetic beauty.
- E.22 – Building design should discourage automobile access and curb cuts that interfere with pedestrian activity and break up the streetscape.

Mr. Owen reviewed that the proposed Master Plan includes the following elements to address key policies in the Edmonds Comprehensive Plan:

Visual Preference

- Development at Harbor Square should be consistent with the look and feel of downtown and attempt to accommodate both the historical character of older buildings and the newer building techniques.
- Development should be of a northwest traditional style with a stone base, timber/wood materials and glass.

Height and Bulk

- Buildings should be no higher than 55 feet above grade except for roof-top equipment and special architectural features that do not block significant view.
- All structures above 35 feet in height should not diminish the "human scale" experience of pedestrians on Dayton Street or decrease sunlight on the street. Buildings over 35feet should be setback at least one foot horizontally away from Dayton Street for every one foot in height above 35 feet. This would result in no significant additional sun shading or perception of a taller building by a pedestrian on Dayton Street.

Design: Street Orientation

- Uses on Dayton Street should be pedestrian oriented.
- The ground floor of buildings fronting on Dayton Street should feature pedestrian-oriented facades and uses.
- Sidewalks on Dayton Street should be at least 15-feetwide.
- The site frontage along SR-104 should feature either pedestrian-oriented facades or landscaping sufficient to screen the majority of building facades and all parking areas.
- There should be a pedestrian path along the entire SR-104 frontage.

Design: Small-Scale Buildings

- All buildings should employ horizontal and vertical articulation and other architectural methods to maintain the small scale of downtown Edmonds.
- Articulation should be designed to reduce the scale of buildings so that the horizontal module is no greater than 60 feet in width. This would be consistent with downtown Edmonds' historic 60-foot lot pattern and traditional architecture.

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- Buildings over 35 feet in height should be horizontally articulated.

Mr. Owen provided a drawing looking westward on Dayton Street to illustrate pedestrian-oriented retail development, landscape buffers, street trees, upper story setbacks, and 15-foot sidewalks. He also provided a sketch to illustrate building size and the passageway from Dayton Street and SR-104 to the Edmonds Marsh. He summarized that the master plan will guide any future projects to be consistent with the Comprehensive Plan, the design guidelines, and zoning regulations.

Greg Easton, Property Counselors, said he is a economic consultant who specializes in issues related to land use and facility development. He briefly reviewed the projects he has recently worked on in Edmonds, Seattle and Everett. He said he was hired by the Port of Edmonds to review the economic feasibility of maintaining, improving or redeveloping the Harbor Square site. He said the economic criterion used to make this determination was the highest and best use of the property as reflected in the residual land value of the different options. He said the study done by Berk and Associates in 2009 considered three scenarios:

- Maintaining the existing buildings in their current condition would result in an estimated residual land value of \$8.8 million.
- Redeveloping the site based on the current 35-foot height limit would result in an estimated residual land value of \$7.9 million.
- Redeveloping the site with a combination of building heights up to a maximum of five stories would result in an estimated residual land value of \$10.9 million.

Mr. Easton summarized that redeveloping the site based on current zoning would result in a lower residual land value than maintaining the existing buildings in their current conditions. Therefore, there would be no incentive for redeveloping the properties. Retaining the existing buildings would create more value to the Port. There would be incentive to redevelop the property if additional height of up to five stories is allowed because the residual land value of this option would exceed that of maintaining the existing buildings. Mr. Easton provided a graph to illustrate the anticipated net income, development cost, entrepreneurial return, and residual land value for each of the three options, which come into play when determining whether or not a redevelopment scenario is feasible.

Mr. Easton said he explored the following types of development throughout the region:

- Two and three-story residential, commercial and/or mixed use buildings are typical scenarios. This type of building is a relatively low-cost form of development that is typically served by surface parking. It can generally support rents that are affordable in most markets in the region.
- Five-story development that is wood-frame construction over one or two floors of concrete typically provides for structured underground parking. The current building code only allows a maximum of five floors for this building type, which offers construction efficiencies and allows a developer to spread the cost of the land over more units. This type of development is supportable in urban and close-in suburban markets and can be found in communities very much like Edmonds.
- Concrete and steel buildings are the most costly to construct, and are typically only feasible at 12 floors or higher. Structured parking would be provided, but this type of development is only supportable in urban markets.

Mr. Easton summarized that the character of development and current demographics of the Edmonds community would support the higher density of development reflected in the wood-frame/concrete building type, but a height limit greater than 35 feet would be required to justify tearing down and replacing the existing improvements with new structures.

Board Member Ellis asked if the economic analysis studies are available as part of the materials the Port provided to the City. Mr. Easton said his analysis is based on the Port's previous economic studies and his experience in other communities. He said he did not submit a formal report, but he could provide additional documentation as requested by the Board. Board Member Ellis said he would like an explanation of the concepts of residual land value and entrepreneurial return, as well as information that was used to arrive at those figures. Mr. Easton explained that his work was based on the Berk and Associates study, which was provided to the City as part of the Port's application. The other materials he provided were prepared for illustrative purposes, but he agreed to provide supporting documentation.

Mr. McChesney emphasized that the Port's goal is to achieve economic feasibility. The LMN and Berk and Associates study that was completed in December 2009 was intended to be a bulk analysis to point the Port in the right direction. Since that time, McCauley Associates, a Member of the Appraisal Institute (MAI), was hired to do additional consulting work. This report is also available for the Board and public's review. He said Mr. Easton was hired to perform a peer review of the previous reports, and that was the focus of his presentation.

Mr. McChesney said that, unlike private sector developers who try to develop concepts to maximize their financial return, the Port has tried to identify the minimum amount of development that has to occur at Harbor Square sometime in the future in order to achieve economic feasibility sufficient to attract a private sector partner and/or investor. He emphasized that the Port does not anticipate being the prime developer of the Harbor Square site, and they believe the Harbor Square Master Plan is a good and thorough plan that contemplates five stories as the minimum necessary to accomplish feasibility.

Mr. McChesney pointed out that the application material included the McCauley and Associates and Berk and Associates reports, which were thoroughly vetted during public meetings conducted by the Port. However, the Port could engage in more analysis and provide additional information at the request of the Board. He said the Port and its representatives are available to answer additional questions regarding economic feasibility, which is fundamental to the Port's current proposal. Mr. Lien acknowledged that the Port's application included the economic analysis reports, but they were inadvertently left out of the materials posted on the City's website. He agreed to post these reports as soon as possible.

Mr. McChesney specifically asked Board Member Ellis to identify specific information he would like the Port to provide. Board Member Ellis said he would like information about the underlying assumptions that went into the economic analysis, which resulted in the Port's decision to request additional height up to five-stories. Mr. McChesney answered that this information is contained in the McCauley and Berk Associates studies, as well as the peer review conducted by Mr. Easton.

Mr. McChesney thanked the Planning Board for listening to the Port's presentation. He said the Port believes the proposed plan is good, and they look forward to having more discussion and a public hearing to review the plan and how it is consistent with criteria outlined in the Comprehensive Plan as follows:

- **The proposed amendment is consistent with the provisions of the Edmonds Comprehensive Plan and is in the public interest.** Mr. McChesney noted that the Harbor Square Master Plan would enable a distinctive mixed-use, transit-oriented neighborhood that is a gateway entrance to the City and anchors the western edge of downtown. It would also offer active pedestrian streets for additional retail and cultural events and link downtown to the waterfront. The City would receive economic benefit through increased revenues, and the plan would result in enhanced environmental protections related to the Edmonds Marsh and site.
- **The proposed amendment would not be detrimental to the public interest, health, safety or welfare of the City.** Mr. McChesney said the Harbor Square Master Plan would provide for housing, employment, and cultural/recreational activities, promote walkable environments, provide economic benefits to help fund City services, and provide environmental enhancements.
- **The proposed amendment would maintain the appropriate balance of land uses within the City.** Mr. McChesney said the Harbor Square Master Plan would enable a downtown legacy project that contributes to a "sense of place," provide increased revenue to support City services, and set a standard of quality for future waterfront improvements.

Mr. McChesney said the Port anticipates that a public hearing regarding their proposed Comprehensive Plan amendment would be scheduled as soon as possible. He explained that approval of the Comprehensive Plan amendment would enable the conversation to continue. However, he acknowledged that much more process and work would be necessary to move the Harbor Square Master Plan into the entitlement phase. He asked that the Board review the Port's application as expeditiously as possible and recommend approval to the City Council.

THE BOARD RECESSED THE MEETING FOR A SHORT BREAK FROM 8:35 TO 8:45 P.M.

Chair Lovell reiterated that this is the Board's first meeting regarding the Port's proposed Comprehensive Plan amendment to incorporate the Harbor Square Master Plan. He recalled that when the Board reviewed the Firdale Village Comprehensive

Plan amendment a few years ago, they got sidetracked into discussions that were outside the realm of the proposed amendment. He cautioned the Board against doing the same with the Port's proposed Comprehensive Plan amendment. He said that as the Board continues their review of the proposed amendment, they would continue to collect both written and oral comments from the public. He summarized that the Board would like more information from the staff and/or the Port regarding the following:

- Keeley O'Connell, Friends of the Edmonds Marsh, recently provided a presentation to the Board regarding the group's goals and action plan for the marsh. The Board invited her to provide input during their review of the Harbor Square Master Plan. At that meeting, Board Member Reed brought up the need for the proposed Harbor Square Master Plan and the proposed Shoreline Master Program (SMP) to be consistent, particularly related to height limits and buffer and setback requirements from the marsh. He said the Board would specifically like to know what the Port is proposing for setbacks for buildings and impervious surfaces.
- Several citizens have commented that the taller buildings proposed in the master plan would block views. He suggested it would be helpful for the Port to provide more detail about the impact the proposed master plan could have on public view corridors from 2nd, 3rd, 4th, and 5th Avenues. The Board would also like an opinion from the City's legal counsel as to the requirements for protecting private views. While he does not believe there are code provisions to protect private views, public view corridors are an element of the Comprehensive Plan and must be considered. He recalled the viewshed analysis indicates that the proposed redevelopment at Harbor Square would not even be visible from some uphill properties. He suggested the Port provide a graphic illustration to identify these properties.
- When considering opportunities for mixed-use development, it is important to have a clear understanding about whether these units would be condominiums or if they would be rental units. He noted that transit-oriented and/or affordable housing does not necessarily translate into condominiums.
- If a parking garage is being considered as a potential option for redevelopment, the Port should provide additional information about where this facility would be located.
- Drainage is a major concern in the area, and the City's Engineering Department is working to address the problem. The Capital Improvement Plan identifies funding for a floodplain study and engineering solutions for drainage. It would be helpful to know what drainage issues could be addressed by the Harbor Square redevelopment. The Port should provide specific information about how implementation of the proposed master plan would help reduce the flooding caused by Shellebarger Creek.
- Several years ago, local high school students presented their ideas for the downtown/waterfront area, which were well done and attracted a lot of interest. He suggested the Port provide these examples for the Board's information. Mr. Lien said he could provide this information.

Board Member Clarke recalled that, as per the Comprehensive Plan, the Board must review the proposed Master Plan and make a recommendation on whether or not it would be in the public interest, if it would be detrimental to the public health, safety and welfare, and if it would maintain an appropriate balance of land use in the City. He provided a brief history of the Harbor Square site, which was rezoned (contract) in 1980 to create commercially-zoned land in this portion of the downtown. He noted that the contract rezone specifically does not allow residential uses because the design was to attract businesses to locate in this portion of downtown to create an economic base for Edmonds. He said it is important to understand that the developer leased the land from the Port of Edmonds for a length of time of approximately 80 years so the improvements could be amortized over a long-period of time. It was the developer's intent to maintain the current configuration of Harbor Square for decades. Until very recently, there had been no proposals to redevelop Harbor Square to any other configuration, with the exception of recent hotel and athletic club expansions.

Board Member Clarke referred to a 2009 history of Harbor Square, which was prepared three years after the Port purchased the buildings and settled a lawsuit. The history makes no mention of Harbor Square redevelopment. Instead, it talks about a four-year capital improvement plan to improve and maintain Harbor Square. He asked the Port to identify the exact meeting where the Commission decided to move forward with a redevelopment proposal for Harbor Square. He also asked for

information about how and when the Commission decided it would be appropriate to tear down the existing buildings and redevelop the site. He specifically asked for minutes from these meetings.

Board Member Clarke said he also needs more information to understand the economic equation. From his understanding, the Port was sued by the ground lease tenant because of contamination on the site. The lawsuit created a need for the Port to clean up the property at a cost of about \$2 million. In 2006, the Port Commission, in public minutes, indicated that the lawsuit had been settled and the Port agreed to pay \$13.5 million to purchase the buildings. The Port now owns all of the buildings at Harbor Square except the Harbor Inn, and they have always owned the land the buildings are located on. He said the Port obtained a \$10 million, 10-year loan from Cascade Bank at a very high interest rate to purchase the buildings. It now appears the Port is having a hard time paying the debt service for the loan, and a substantial balloon payment of \$8.5 million is due in 2016. From his understanding, the Port is concerned about how they will repay the loan based on current operation of the buildings. He questioned why the Port would pay so much for the buildings if they are not worth anything and they are going to tear them down. He noted that the financial feasibility of the proposed master plan, with buildings up to 55 feet in height, is just under \$10 million, which is less than the \$13.5 million the Port paid to purchase the buildings. This figure does not recognize the land value. The Port already owned the land and was charging rent to tenants. He requested that the Port provide documentation that demonstrates why the Port paid \$13.5 million and explains what the interest rate is on the \$10 million loan, could the existing buildings ever become financially feasible, and does the Port believe the asset must be sold to a private developer in order to recoup moneys spent with respect to the lawsuit and having to purchase the buildings.

Board Member Clarke observed that, throughout their entire history, the Port has been a steward of public lands rather than a developer. The ground lease is a good example of being a steward, and the Port had no risk in developing the buildings. Now it seems the Port would be financially upside down using any of the three development scenarios identified in the financial analysis. He commented that redevelopment of Harbor Square appears to be motivated by debt created by purchasing the buildings rather than by a desire to serve a public interest. He pointed out that the public owns the Harbor Square property, and they should be responsible for deciding its long-term future. Once the land is sold to a private developer, the public would no longer have control of the property. He emphasized that the Harbor Square site is the largest piece of publicly-owned property in Edmonds. He questioned the public interest in spinning the property out to gain a financial wholeness as a result of redevelopment of the buildings.

Board Member Clarke commented that he cannot make the numbers in the financial analysis jive. He would like to see the actual work product in the analyst's file to show how the spreadsheet was created to come up with the final numbers. He said he wants to understand why there is no public record that the Port even considered alternative land uses such as a public market or a land swap with the Senior Center. The current Senior Center property is one of the most valuable parcels on the waterfront, yet it is currently underdeveloped. The Senior Center could be relocated to the Harbor Square site, and the property could be redeveloped to serve a public use. He said he has not seen any dialogue or proposal for creative development concepts beyond the five-story, mixed-use development proposed in the Port's master plan.

Board Member Clarke referred to Page 2 of the proposed Harbor Square Master Plan, which makes reference to the following City Council goal: *"Promote downtown Edmonds as a setting for retail, office, entertainment and associated businesses supported by nearby residents and the larger Edmonds community, and is a destination for visitors from throughout the region."* He said he sees no tourists from throughout the region wanting to come to Harbor Square because of something unique created as a result of the proposed Master Plan. He also noted that, as per the Comprehensive Plan, residential development was proposed to be east of SR-104, along 2nd, 3rd, 4th and 5th Avenues where most of the higher-density residential development has been constructed.

Board Member Clarke said that while the Port has emphasized that redevelopment of Harbor Square as per the proposed Master Plan would result in additional revenue to the City, the same argument could be made for any redevelopment regardless of whether it is three or five stories. He expressed concern about allowing residential development at Harbor Square, which is one of the few commercial parcels in the downtown that is large enough to produce general commercial uses that will enable the City's economic base to grow and provide jobs and synergy for other businesses that exist in the downtown. Again, he said he would like more information about why a public market was not considered as an alternative use for the site, particularly recognizing the demand for public markets in the greater Puget Sound area.

Vice Chair Stewart thanked the Steering Committee for putting a lot of thought and time into the process. She said she enjoyed reading the packet submitted by the Port, which included comments from the Steering Committee. She commented that the Steering Committee worked hard to cover as many issues as possible.

Vice Chair Stewart said it would be helpful to have visual information to depict how the proposed redevelopment would be different than the existing development. She noted that there is currently a lot of impervious surfaces on the site, and the proposed master plan calls for restoring the ecology of the area and enhancing the marsh and its function. She said she assumes this means there would be less impervious surface. She asked for more information about the process for determining the number of parking spaces required for the site. She recalled that in many urban areas that have the advantage of being close to transit opportunities, the trend is to encourage residents to not have cars as much as possible. One option for accomplishing this goal would be to eliminate the minimum parking requirement. She asked what other alternatives the Port has considered for parking other than a stacked parking garage. She acknowledged that stacked parking would be better than surface parking because the footprint would be smaller.

Vice Chair Stewart expressed concern that there is not enough in the plan to reflect sustainable design. She suggested the Port pay more attention to the open space and what they can do to address water and energy conservation even more. She suggested they also consider incorporating sustainability programs such as an environmental learning center in conjunction with the marsh. She expressed her belief that the marsh is one of the City's greatest assets to attract tourists.

Vice Chair Stewart asked for more information from the Port regarding the future of the Harbor Square Athletic Club. Mr. McChesney replied that it has always been anticipated in the master plan that the athletic club would remain at Harbor Square. It has been discussed in conceptual representations that the club could be relocated to the far western perimeter of the site near the railroad tracks, and the Port has had discussions with the owners about this potential scenario. Port Attorney, Brad Cattle, emphasized that the athletic club has a current lease that would allow them to remain in their existing location. It would be up to the property owners whether or not the lease is modified to allow the facility to be relocated at some point in the future. Vice Chair Stewart commented that the athletic club is a beautiful facility, and tearing it down for redevelopment would not be a sustainable approach. She questioned the desirability of placing the athletic club next to the railroad tracks. She suggested the Port consider opportunities to use existing foundations and repurpose materials from buildings that are torn down.

Vice Chair Stewart said she is also concerned about the bulk and scale of the proposed development, and she questioned the appropriateness of diminishing the view of the marsh to accommodate five-story buildings. She said she would like the Port and/or staff to provide a definition for "pedestrian scale." She said she does not envision five-story buildings to be "pedestrian scale." Although the goal of the Comprehensive Plan is to connect the downtown and waterfront, she is concerned that the location of the treatment plant and the existing topography would discourage this connection. She summarized that she would like more facts to support the Port's conclusions.

Board Member Cloutier commented that the Port was very thorough when describing how the proposed Harbor Square Master Plan is consistent with the land use goals and policies found in the Comprehensive Plan. However, the proposal does not address how the master plan would be consistent with the Sustainability Element of the Comprehensive Plan. He emphasized that the master plan must be consistent with this element, as well.

Board Member Cloutier pointed out that one significant change, in addition to height, is the Port's proposal to allow residential uses in a zone that is currently limited to commercial uses. He asked for additional direction from staff as to whether or not the Comprehensive Plan would allow residential development at Harbor Square.

Board Member Reed thanked the Port for the tremendous amount of material they provided to help the Board understand how they got where they are. He noted that excerpts from various public meetings conducted by the Port were also provided as part of the application package to help the Board understand how the master plan progressed and why certain concepts were rejected and accepted.

Board Member Reed suggested that some of the language in the proposed master plan may not be relevant to the Comprehensive Plan and could be eliminated to avoid confusion and conflict. However, he commented that the narrative that explains in detail how the master plan is consistent with the Comprehensive Plan is helpful. He recalled that at a previous

meeting, a member of the audience asked why an EIS was not required for the proposed Comprehensive Plan amendment. He said it would be helpful to have more information about the Port's SEPA review and how they reached a mitigated determination of nonsignificance (MDNS). He recalled that the City issued a Determination of Significance (DS) for the Antique Mall, which required the property owner to submit an EIS. He said it is important for the public to have a clear understanding about the differences between the Port's SEPA determination for the Comprehensive Plan amendment, the City's potential SEPA determination for the Comprehensive Plan amendment, and the City's recent SEPA determination for the Antique Mall.

Board Member Reed pointed out that Attachment 1 includes a litany about the characteristics of the Port's proposed concepts including number of units, types of uses, square footage, and varying building heights. The Port's master plan has morphed into a 55-foot height limit for the entire site, with the exception that for buildings above 35 feet there is a one-foot step back required for each additional foot of height over 35 feet. He suggested the Board may need to recommend a change to the master plan to make it consistent with the Port's concepts and the SEPA checklist. He said he would also like more information about the 90% impervious surface and four acres of open space that is discussed in the SEPA Checklist.

Board Member Clarke questioned how the Port or the City could perform an economic analysis on the proposal without having clear information about where the Harbor Square Athletic Club would be located. He commented that without this information and specific information about the current lease agreement between the Port and the athletic club, it would be impossible to accurately calculate the land value. He suggested the Port should provide an economic analysis for two potential scenarios: the athletic club being relocated and the athletic club remaining in its current location.

REVIEW OF EXTENDED AGENDA

The Commission did not discuss their extended agenda.

PLANNING BOARD CHAIR COMMENTS

Chair Lovell reminded the Board that the sixth Strategic Planning Retreat is scheduled for July 31st. He also reported that Mayor Earling informed him that he received four applications for the vacant Planning Board position. The Mayor has interviewed all four candidates and will make a recommendation to the Council soon.

PLANNING BOARD MEMBER COMMENTS

Board Member Clarke reported that he attended the first meeting of the reconvened Citizens Economic Development Commission as a liaison from the Board. He said he was impressed with the caliber of the volunteers. It is a great group that is looking to do positive things. Stephen Clifton, Community Services/Economic Development Director, will provide leadership to get positive momentum going to consider alternatives for improved economic activity in the City.

Board Member Clarke advised that he would also represent the Board as a judge at the upcoming sandcastle competition.

Vice Chair Stewart reported on her attendance at a recent King County Builder's Council meeting where representatives from Issaquah described their recent reorganization process, which combines several (planning building, engineering, and public works) departments into a single development services department to facilitate an integrated design approach. It was pointed out that developers are seeking certainty about the types of permits that will be required, the cost of the permits, and how long the review processes will take. The reorganization is intended to streamline planning and building functions in an effort to attract development opportunities. An oversight manager would be appointed to make sure the process moves forward in a timely and efficient manner. She said she found the approach interesting, and she was able to meet with some builders and share the City of Edmonds' desire to be more progressive in their process, as well.

ADJOURNMENT

The Board meeting was adjourned at 9:30 p.m.

APPROVED