

CITY OF EDMONDS
ECONOMIC DEVELOPMENT COMMISSION
July 20, 2011

The Citizens Economic Development Committee meeting was called to order at 6:02 p.m. by Chair Frank Yamamoto in the Brackett Room, 121 5th Avenue North, Edmonds.

COMMISSIONERS PRESENT

Paul Anderson
Stacy Gardea
Don Hall
Darrol Haug
Mary Monfort
Beatrice O'Rourke
Evan Pierce
David Schaefer
Rich Senderoff
Evelyn Wellington (arrived 6:14 p.m.)
Frank Yamamoto
Marianne Zagorski

COMMISSIONERS ABSENT

Tim Crosby
Bruce Faires
Kerry St. Clair Ayers
Bruce Witenberg
Rebecca Wolfe

PLANNING BOARD LIAISON

Kristiana Johnson

ELECTED OFFICIALS PRESENT

Councilmember Diane Buckshnis

STAFF PRESENT

Stephen Clifton, Community Services/Economic
Development Director
Cindi Cruz, Executive Assistant
Rob Chave, Planning Manager
Frances Chapin, Cultural Services Manager
Jeannie Dines, Recorder

1. INTRODUCTION AND COMMENTS BY CHAIR

Chair Yamamoto identified the two new members of the Commission, Evelyn Wellington, who replaces Betty Larman, and Tim Crosby, who replaces Rob VanTassel. In response to a question regarding the process for publicizing vacancies, Mr. Clifton explained the Councilmember who appointed the original Commissioner appointed their replacements from the citizens who responded to the vacancy announcement. Councilmember Petso appointed Ms. Wellington and Council President Peterson appointed Mr. Crosby.

2. AMENDMENTS TO AGENDA

Chair Yamamoto advised the Planning Board's proposed changes to the BD zone would be added to agenda item 4a.

At Commissioner Zagorski's request, the formation of a Communications Subcommittee was added to the agenda under Miscellaneous.

3. APPROVAL OF ECONOMIC DEVELOPMENT COMMISSION MINUTES OF JUNE 15, 2011

COMMISSIONER ZAGORSKI MOVED TO APPROVE THE MINUTES OF JUNE 15, 2011. COMMISSIONER O'ROURKE SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY. (Commissioner Wellington was not present for the vote.)

4. REPORTS FROM SUBGROUPS

a. Land Use Updates on Westgate & Five Corners and BD Zoning

Planning Board Recommended BD Zoning Changes

Planning Director Rob Chave reported the Planning Board held a public hearing and adopted their recommendations. The recommendations will be forwarded to the City Council next Tuesday for a public hearing. He invited the EDC to endorse the Planning Board's recommendations.

Mr. Chave explained the amendments do not dramatically change the downtown BD zones; they are intended to update the BD zoning. The downtown zoning was changed in 2006 as a follow-up to the 2004-2005 Comprehensive Plan amendments. Those changes were made at approximately the same time as the economic downturn and there has been no development activity to judge the impact of those changes on downtown development. During the Planning Board process, there was feedback from at least one property owner who was trying to make the downtown zoning work on his property.

Mr. Chave reviewed the four proposed amendments:

- 1) **Designated street front and commercial depth requirements.** There is currently a 30-foot commercial depth requirement in BD1; the commercial depth requirement in other downtown zones is 60 feet. The proposed amendment creates a standard depth requirement throughout the BD zones of 45 feet.
- 2) **Uses in the BD1 (Retail Core) zone.** The Planning Board's recommendation is to emphasize service and retail uses in first 45 feet of the BD1 zone by not allowing office uses to be located in the first 45 feet. The definition of a service business is a business providing a product or service to the public. He clarified real estate offices and financial institutions are considered service businesses. A brokerage would be considered primarily office; existing office uses in the BD1 zone are grandfathered.

Discussion followed regarding tweaking the definition to dissuade banks; small downtown buildings that are not conducive to banks; avoiding bank drive-throughs downtown; restricting the retail core to goods, services and restaurants; the Planning Board's reluctance to single out banks as a restricted use; limited incentive to replace building in the BD1 zone due to rents from existing businesses; defining service businesses as a business exchanging a product for money; the desire to expand retail in the BD1 and the negative impact of offices on the retail core.

Mr. Clifton referred to a policy in the adopted 2006 Economic Development Plan regarding the implementation of a retail core area in the downtown. He suggested the EDC could recommend support for that provision with a proviso that the definition of service be narrowed.

Planning Board Member Kristiana Johnson explained the Planning Board was originally asked to consider restricting uses in the BD1 zone to retail or restaurant/food-related uses. An inventory of businesses found there were a few offices and medical offices in the BD1 and fewer vacancies than originally believed (9%). The Planning Board discussed the value of beauty salons and other services, and there was some testimony in support of services businesses as well as and support

for not allowing offices. The code combines finance, insurance and real estate. The Planning Board recommended eliminating office use in the BD1; existing office uses can remain. There are currently two banks in the BD1, at the corner of Dayton & 5th and Bank of America.

Discussion followed regarding Edmonds as a coastal town with shops for tourists; shoppers' interest retail, restaurants, art galleries, etc. not service; the goal of creating a stronger retail core and a desire to narrow the definition of service.

COMMISSIONER ZAGORSKI MOVED THAT THE EDC EXPRESS SUPPORT FOR THE PLANNING BOARD'S RECOMMENDATION AND REQUEST THE CITY COUNCIL NARROW THE DEFINITION OF SERVICE. COMMISSIONER SENDEROFF SECONDED THE MOTION.

Discussion continued regarding asking the Planning Board to define service to make it more restrictive; clarifying exclusions such as not allowing banks or financial services in the BD1; the existing definition that combines finance, insurance and real estate; adopting the Planning Board recommendation and directing the Planning Board to further define service; restricting uses to those that generate revenue to the City; and limiting businesses in the BD1 zone to those that exchange products and services for money.

Mr. Clifton suggested the EDC support the Planning Board's recommendation and then the Planning Board and EDC work together to better define service.

COMMISSIONER ZAGORSKI WITHDREW HER MOTION WITH THE AGREEMENT OF THE SECOND.

COMMISSIONER ZAGORSKI MOVED THAT THE EDC SUPPORT THE PLANNING BOARD'S RECOMMENDATION. COMMISSIONER HALL SECONDED THE MOTION.

FRIENDLY AMENDMENT BY COMMISSIONER SENDEROFF, ACCEPTED BY COMMISSIONERS ZAGORSKI AND HALL: TO HAVE THE PLANNING BOARD FURTHER CONSIDER HOW SERVICE IS DEFINED.

Following a brief discussion, the motion in its entirety was restated as follows:

THAT THE EDC SUPPORT THE PLANNING BOARD'S RECOMMENDATION AND TO HAVE THE PLANNING BOARD FURTHER CONSIDER HOW SERVICE IS DEFINED.

MOTION CARRIED UNANIMOUSLY.

Mr. Chave continued his review of the amendments proposed by the Planning Board:

- 3) **Step-back Requirement.** Currently the BD1 zone does not have a stepback requirement but there is a step-back requirement in the other BD zones. The Planning Board recommended eliminating the step-back requirement and relying on the height limits and design standards. There was testimony from developers working on projects downtown who are finding it difficult to comply with the step-back requirement and provide a pleasing design on the street.
- 4) **Development Agreement.** A development agreement would require a Planning Board process and a City Council process. To use a development agreement, a project would be required to meet at least two of the following three criteria: 1) achieve at least a LEED Gold or equivalent level of green building certification, 2) incorporate one or more uses designed to further the City's economic development goals (such as a hotel, post office, farmers market, or space for artists), and 3) include enhanced public space and amenities.

Discussion followed regarding the public process associated with development agreements, the Council's adoption of findings that a project meets the criteria to use a development agreement, the proposed 35-foot height limit via a development agreement, the Planning Board's consensus that the required 15-foot step-back would result in a poor design, the Planning Board's decision to rely on existing design standards and the Architectural Design Board to avoid flat-faced buildings, attractive buildings downtown that are flat-faced, importance of materials and design to define a building's façade, further defining the list of desired uses for a development agreement, the stage of design when a development agreement would be proposed (conceptual, 30% design), and flexibility and creative design allowed via a development agreement that would enhance economic development.

Commissioner Senderoff suggested the City Council direct the EDC and/or the Planning Board to further define the list of desired uses for a development agreement.

COMMISSIONER HALL MOVED THAT THE EDC SUPPORT THE PLANNING BOARD'S RECOMMENDATIONS 1, 3 AND 4. COMMISSIONER ZAGORSKI SECONDED THE MOTION.

Councilmember Buckshnis encouraged Commissioners to attend the City Council meeting to express their support for the amendments. Many citizens fear development agreements are a slippery slope to allowing taller buildings. Mr. Clifton commented one of reasons for the cap on height with a development agreement is to ensure buildings do not exceed 35 feet and also allow flexibility for a developer to make a project feasible.

Commissioner Hall recognized the astronomical economic impact of a hotel downtown. He urged Commissioners to email or attend the City Council meeting to comment on the economic impact that the amendments could have on downtown.

Commissioner Senderoff commented he is conservative with regard to heights but he recognizes the need to promote local tourism. Local tourism requires a downtown hotel and height is one of the challenges associated with locating a hotel downtown.

MOTION CARRIED UNANIMOUSLY.

With regard to Five Corners and Westgate, Mr. Clifton reported the two alternatives prepared by the UW students and recommended by the EDC were presented to the City Council; the Council voted to move both concepts through the Planning Board process. He anticipated the UW will have a draft form-based code prepared within next month.

Mr. Clifton reported the Highway 99 Task Force has been discussing the creation of a CG3 zone to provide a transition between the more intensive CG zone and the residential zone. Staff plans to work with Cascade Land Conservancy and the UW on transit oriented development within ½ mile of the Swift stations.

b. Strategic Planning and Visioning Update

Mr. Clifton reported the City Council approved a Professional Services Agreement with Beckwith and Associates. Task 13 of the Statement of Work was amended to include community prioritization of services, capital projects and initiatives. The schedule was also amended to start after Labor Day.

Mr. Clifton requested the EDC review the schedule and put dates for retreats on their calendars. The first retreat will be to refine the scope of work and the schedule.

Commissioner Zagorski pointed out two of the retreats are scheduled after the EDC sunsets at the end of 2011. Mr. Clifton recognized there will need to be a discussion regarding extending the EDC sunset date.

c. Technology Update on Fiber and Website

Commissioner Haug reported fiber is proceeding on schedule and new revenues have begun to arrive. A governmental agency is in process of approving a contract that will add revenue. The current breakeven point is April 2015; the governmental agency contract may improve the breakeven point.

Commissioner Haug reported the Appellant Court recently approved the City's right to sell its excess capacity. That decision helps Edmonds as well as other cities. The court decision also opens the door to any company who was hesitant about committing to Edmonds before the court decision. After the court decision was announced, a commercial customer contacted the City indicating their interest in working out the final details to proceed. The City is also working with a second commercial customer. Funds are being pursued to connect the Edmonds Center for the Arts.

Commissioner Senderoff inquired about Swedish-Edmonds. Commissioner Haug explained they are interested but they are committed to other providers. It is likely the City will provide a backup strategy and hopefully a primary strategy in the future.

Commissioner Haug reported the City's new website is spectacular. The update improves navigation and the look and feel of the website. Documents on the website are also being updated. Mr. Clifton commented updating the website has been very time consuming due to the layers and links. The involvement of staff in the update has saved the City a great deal of money. He assured the updated website will be very user friendly.

d. Tourism

Commissioner Zagorski reported the Tourism Subcommittee meets the 4th Monday of each month at 8:30 a.m. in the Brackett Room. Last month Mr. Clifton updated the subcommittee regarding what staff has done over the past several years to market Edmonds, provided a financial report for 2011 and reported on efforts to install a sign on I-5 directing drivers to Edmonds. Natalie Shippen attended the meeting and recommended the City form a beautification committee.

Commissioner Zagorski reported Chair Yamamoto and she were invited to participate in a meeting with representatives from the City, the Edmonds School District, the Chamber of Commerce, sports organizations, Lynnwood, a private sector company that designs, builds and finances fields, and the Snohomish County Tourism Bureau Sports Marketing Director regarding sports tourism and the Old Woodway High School fields. The School District's original estimate to renovate the fields was \$12 million; the cost is now estimated to be closer to \$4-6 million. The meeting focused on renting the fields to attract people to the area. She relayed field rent for \$70-80/hour. The private sector developer said they can finance the fields; it typically takes 6-8 years for the fields to pay for themselves. The School District has \$500,000 for field renovation.

Commissioner Zagorski explained the current design for the Old Woodway High School includes lighted synthetic turf soccer fields and baseball diamond, refurbishing the tennis courts and a walking path around the edge. The School District plans to get better measurements and the private sector developer will provide a better estimates prior to the next meeting. Councilmember Buckshnis suggested revenue

bonds as a possible funding source. Chair Yamamoto commented there are several possible revenue sources.

Commissioner Zagorski reported Parks & Recreation Director Carrie Hite, Chair Yamamoto, Edmonds School District Executive Director Marla Miller and she met with the Snohomish County Tourism Bureau Sports Marketing Director. The Marketing Director plans to return to Edmonds to visit existing sites in Edmonds and to discuss their potential use.

Planning Board Member Johnson relayed that the Planning Board also serves as the Parks & Recreation Board. She offered to ask whether any of the members were interested in going on the tour.

Chair Yamamoto reported Carl Zapora, South Snohomish County Commission for Health, made a presentation to the Chamber's Economic Development Committee. The Commission for Health is accepting funding proposals for health and wellness programs serving South Snohomish County. Chair Yamamoto relayed he scheduled a meeting with a person Mr. Zapora recommended as well as with Ms. Miller. Ms. Miller and the City's former Park Director Brian McIntosh developed a concept for renovating the Old Woodway High School fields that can be used to seek funding. There is also interest in making improvements to the Civic Playfield.

Commissioner Zagorski commented on the number of visitors and revenue that can be generated via tournaments.

Planning Board Member Johnson asked whether Public Works has considered an application to the South Snohomish County Commission for Health for bicycle and/or pedestrian projects. Cultural Services Manager Frances Chapin relayed the first round of applications are program related.

Commissioner Senderoff relayed the owners of the Rose House at 6th & Main are still interested in moving the house because the property is more valuable without the house. This is important to economic development because it would free up valuable downtown property as well as save a historic house.

Planning Board Report

Board Member Johnson reported on a presentation made to the Board by Parks & Recreation Director Carrie Hite regarding the recent groundbreaking on the Interurban Trail held Tuesday, updates to Yost Pool and the goal to have it break even, and her research of revenue generating opportunity related to recreation such as a fee for parking at Brackett's Landing for the underwater dive park and vendors in parks and/or at events. Board Member Johnson suggested Ms. Hite make a presentation to the EDC.

Board Member Johnson reported over the summer the Planning Board will be reviewing the Shoreline Master Program. That will affect Harbor Square because the definition of a wetland is being changed.

5. PRIORITIZATION OF FUTURE AGENDA TOPICS

Extending the EDC sunset date was added to a future agenda.

6. MISCELLANEOUS

Commissioner Pierce asked whether the City had been approached about purchasing the 5.5 acre Burnstead property. Mr. Clifton answered he was not aware of that proposal.

Commissioner Zagorski proposed developing a Communication Subcommittee to communicate with citizens regarding issues such as the strategic plan, Westgate, Five Corners, etc.

COMMISSIONER ZAGORSKI MOVED THAT THE EDC DEVELOP A COMMUNICATION SUBCOMMITTEE. COMMISSIONER O'ROURKE SECONDED THE MOTION. MOTION CARRIED UNANIMOUSLY.

Commissioners Gardea, O'Rourke, Zagorski and Senderoff volunteered to participate on the committee.

Mr. Clifton reported the Panera Bread permit has been issued. Swedish-Edmonds has submitted an application for a 3-story cancer care facility on their campus and there are plans for additional buildings in the future. The Kruger Clinic found property within the medical activity center and they are conducting a feasibility study. The Main Street project is moving forward. Staff has met with businesses between 5th and 6th and an engineering firm is developing conceptual plans. He suggested Commissioners watch Ms. Hite's presentation to the City Council last night regarding the Old Milltown courtyard and submit comments to the Council.

7. AUDIENCE COMMENTS – NONE

8. ADJOURN

With no further business, the meeting was adjourned at 8:00 p.m.