

CITY OF EDMONDS
ECONOMIC DEVELOPMENT COMMISSION
September 17, 2014

The Citizens Economic Development Committee meeting was called to order at 6:01 p.m. by Chair Bruce Witenberg in the Brackett Room, 121 5th Avenue North, Edmonds.

COMMISSIONERS PRESENT

Bruce Witenberg, Chair
Kevin Garrett, Vice Chair
John Dewhirst
Darrol Haug
Roger Hertrich
Nicole Hughes
Nathan Proudfoot
John Rubenkonig (arrived 6:10 p.m.)
Rich Senderoff
Darlene Stern
Douglas Swartz
Finis Tupper
Teresa Wippel (arrived 6:06 p.m.)

COMMISSIONERS ABSENT

Debbie Matteson
Mike Schindler
Doug Purcell

PLANNING BOARD LIAISON

PORT OF EDMONDS LIAISON

Bruce Faires

CITY COUNCIL LIAISON

Councilmember Kristiana Johnson

STAFF PRESENT

Patrick Doherty, Econ. Dev. & Comm. Serv. Dir.
Shane Hope, Development Services Director
Frances Chapin, Cultural Services Manager
Jeannie Dines, Recorder

PUBLIC PRESENT – None

1. OPENING REMARKS - NONE

2. AMENDMENTS TO AGENDA

VICE CHAIR GARRETT MOVED, SECONDED BY COMMISSIONER HAUG, TO AMEND THE AGENDA TO INSERT A NEW ITEM 3.5, A 30 MINUTE PRESENTATION BY MATT SMITH, ECONOMIC ALLIANCE SNOHOMISH COUNTY, REDUCE ITEM 5 FROM 20 MINUTES TO 10 MINUTES, ITEM 6 FROM 20 MINUTES TO 10 MINUTES, ITEM 7 FROM 20 MINUTES TO 15 MINUTES AND ITEM 9 FROM 10 TO 5 MINUTES. MOTION CARRIED UNANIMOUSLY. (Commissioners Wippel and Rubenkonig were not present for the vote.)

3. APPROVAL OF ECONOMIC DEVELOPMENT COMMISSION MINUTES OF AUGUST 20, 2014

COMMISSIONER STERN MOVED, SECONDED BY COMMISSIONER HAUG, TO APPROVE THE MINUTES OF AUGUST 20, 2014. MOTION CARRIED UNANIMOUSLY. (Commissioners Wippel and Rubenkonig were not present for the vote.)

3.5 PRESENTATION BY ECONOMIC ALLIANCE SNOHOMISH COUNTY

Development Services Director Shane Smith introduced Matt Smith, Director, Industry/Resource Development, Economic Alliance Snohomish County (EASC). Mr. Smith provided their mission

statement, “As a regional leader, Economic Alliance Snohomish County exists to be a catalyst for economic vitality resulting in stronger communities, increased job creation, expanded educational opportunities, and improved infrastructure.” Approximately three years ago three organizations, Economic Development Council, Everett Area Chamber of Commerce and South Snohomish County Chamber of Commerce, merged to form the EASC in an effort to create a strong single voice to speak on behalf of the business community within Snohomish County to Olympia, the County Council, local Councils, Washington DC, or any other entity. The EASC is a private, not-for-profit, membership-based organization with approximately 500 members and 70/30% private/public funding. Although they are the voice of the business community, it is the public partnership that makes EASC effective.

He provided several statistics with regard to the North Puget Sound Manufacturing Corridor in Snohomish County compared to other counties in the State:

- 1st in aerospace manufacturing jobs
- 1st in concentration of manufacturing jobs
- 2nd in number of tech based jobs
- 1st in advanced manufacturing
- 2012 wages = \$13.5 billion
- 2011-2012 aerospace manufacturing, electronics manufacturing and life sciences employment resulted in 21,000 new direct and indirect jobs
- These new jobs produced an additional \$1.67 billion in wages, bringing \$13.5 billion, a 12% growth over 2011
- Every Boeing job creates 1.2 additional jobs

He provided a pie chart of 2012 consumer spending - \$11 billion (wages for all Snohomish County employment in 2012 equaled \$13.488 billion with consumer expenditures of \$10.844 billion):

- Housing – 33.6%
- Apparel and services – 3.4%
- Transportation – 16.5%
- Healthcare – 6.7%
- Entertainment – 5.1%
- Education – 2.4%
- Cash Contributions – 4.3%
- Insurance and pensions – 10.6%
- Other 3.4%
- Food – 12.8% (7.5% at home, 5.2% away from home)
- Personal Care – 1.2%

He provided graphs of trends in Snohomish County 2010-2013 for retail sales and wages, residential building permits and employment. He commented on the area’s dependence on Boeing, noting fewer people will work for aerospace in ten years due advances in technology.

Key industry sectors include advanced manufacturing, aerospace, business and financial services, clean & biotechnology, construction, healthcare, maritime and marine, retail and tourism. The EASC is working on a diversification strategy for Snohomish County. He described 3D printing/additive manufacturing where the print media is changed to a liquid metal or plastic that creates a 3D print. In the next six years:

- Population projected to grow over 7%
- Employment projected to grow 8% yielding 66,000 new jobs
- Continued real estate boom, a 53% increase in residential building permits in 2013
- Limited availability of developed commercial/industrial space

He provided 2014-2015 strategic goals the EASC will pursue to ensure Snohomish County is regarded as a national leader in economic development:

- Market the region
- Attract new investment
- Improve quality of place
- Respond to employer needs
- Connect regional leaders
- Engage the community

He identified key initiatives:

Education

Growing University Center of North Puget Sound (WSU & EvCC)

Evolving and regional STEM network K-20 pipeline, advanced materials institute

Infrastructure and Transportation

Investment in multimodal transportation

Investment in at-grade railroad separation

Port of Everett capital investment

Edmonds is well represented on the EASC Board of Trustees by Dave Earling. City of Edmonds; Jim Orvis, Port of Edmonds; Jean Hernandez, Edmonds Community College; David Jaffe, Swedish-Edmonds and Doug Purcell. Mr. Smith responded to questions regarding establishing incubator spaces and the 3D printing lab at Edmonds Community College.

4. TOURISM SUBGROUP UPDATE

Commissioners Rubenkönig reported the subgroup's next meeting is October 9; he hopes to have a draft proposal for a downtown restroom.

Economic Development & Community Services Director Patrick Doherty relayed the City is taking steps this week to creation a new tourism website, VisitEdmonds.com, which will also include a new arts culture and events calendar that will provide information as well as links to other websites and be interactive with social media. The intent is for the VisitEdmonds website to have the look and feel of a tourism website rather than the existing City-appearance of the website. Discussion followed regarding links, the calendar function and a potential future module that would allow ticket purchases.

5. BUSINESS DISTRICTS ENHANCEMENT SUBGROUP

Mr. Doherty reported on progress on business incentives to attract new businesses, expand existing businesses and attract development. He referred to Commissioner Senderoff's research of incentives in other cities including the multi-family tax exemption incentive enabled by the State legislature. In areas where redevelopment is desirable but redevelopment has been slow to occur, the multi-family tax exemption allows an 8-12 year exemption from property taxes on the residential improvement value of either a residential or mixed use building to be offered to the developer. It does not exempt increases in the land value or commercial value in a mixed use building. That exemption could be considered for Highway 99 and Westgate.

Many states allow tax increment financing that can be used to construct infrastructure, etc. to assist businesses which Washington State's Constitution does not allow. Washington State does allow the Community Renewal Act (formerly Urban Renewal Act) for areas that are deemed blighted. The Community Renewal Act area opens a tool chest of options for areas the City Council designates as blighted; blight has a broad definition including dilapidated buildings as well as strange property shapes, lacking infrastructure, etc. There is interest in exploring whether any areas fit that description and may be reasonable to recommend such as certain segments of Highway 99. He acknowledged it is not something

to be done lightly and commented on Federal Way's political sensitivity to identifying an area as blighted. The subgroup also discussed incentive programs that are administered at the State level and ways for the City to inform/assist the business community with those programs.

Commissioner Senderoff explained several of the incentives he identified were incentives offered by the cities of Snohomish and Auburn. The subgroup discussed researching those cities' success with the incentives and providing information about potential business incentives on the City's website. His original goal was to develop a list of local incentives that covered a broad range of issues. With regard to a building façade improvement program, funding would need to be approved by the City Council; there could be a request to include funds in the budget. Discussion followed regarding ability to waive fees for development in certain areas or certain categories of development, and a publically funded building façade improvement program.

6. STRATEGIC PLAN SUBGROUP UPDATE

Commissioner Haug reported the subgroup (Commissioners Proudfoot, Senderoff, Tupper and he) along with Mr. Doherty discussed tracking of strategic plan items and he demonstrated software that could be used for tracking. The strategic plan has been loaded into the software and consideration is being given to how it can be used to monitor the strategic planning process while the consultant is in place and in the future. Software used by San Carlos, California, to track their strategic plan identifies when an element will be accomplished, who is responsible, the status, and any comments; the software under consideration does the same thing.

Mr. Doherty reported strategic plan consultant Cynthia Berne plans to provide an update to the Working Group on October 8 and to the City Council on October 14. In the first quarter 2015 she will present an updated Strategic Action Plan that will include technical updates to the 86 items.

Mr. Doherty explained Ms. Berne has identified the primary lead for most of the 86 items and has had an in-person discussion with each lead. There is not a primary lead and/or the primary lead is not willing to be the lead for 4-5 of the 86 items. For the approximately five items that are particularly complex/convoluted, Ms. Berne will develop a draft roadmap of next steps. That roadway will also serve as a template for creating roadmaps for the other items.

Discussion followed regarding cost of the software (\$5,000 or less), ability to use the software on a trial basis, decision package in the 2015 budget to purchase the tracking software, and budget issues due to recent receipt of \$1.76 million bill from Fire District 1 for union negotiated back pay for 2013-2014.

7. UPDATES ON SHORELINE MASTER PROGRAM (SMP), HIGHWAY 99 ZONING CHANGES AND DEFINITION OF LOT OF RECORD

Mr. Doherty explained the SMP, Highway 99 zoning changes and definition of lot of record are being reviewed by the City Council.

Shoreline Master Program

Mr. Doherty explained there are no issues with the majority of the SMP; the biggest issue is related to the change to the shoreline jurisdiction that creates the need for setbacks and buffers from the Edmonds Marsh. Staff's and Mayor's recommendation is a 50-foot setback from the ordinary high water mark (OHWM); several constituencies in the City and some Councilmembers are interested in a 150-foot setback including establishing the 150-foot setback as an interim for 2 years. A 150-foot setback is viewed negatively by the Port as well as Chevron.

Port Commissioner Bruce Faires provided the Port's perspective: the SMP was established in 1971 with certain safeguards so it could not become a tool that public entities used to force zoning-like restrictive regulations. With any new shoreline regulations, the SMP requires there be no net loss to the environment as well as requires science to support any increase in the environmental protection. Chevron's and the Port's position is they can live with a 50-foot setback as it will not greatly impact economic development. A 150-foot setback would have a tremendous impact on Harbor Square including making most of the buildings nonconforming. The Port's understanding is there is no science to support the 150-foot setback. If City imposes a 150 buffer/setback, the Port will pursue an appeal to the Department of Ecology as well as via a legal process. The Port's environmental and legal advisors have said the Port will win because the City does not have a reason based on science to expand the setback.

Vice Chair Garrett raised a point of order that the discussion was straying from an update on the SMP. He suggested deferring debate on the merits to a future agenda.

Councilmember Johnson relayed the Council held a public hearing on the SMP last night. The setback for the Harbor Square area is proposed to be interim for two years. The Council plans to take action on the SMP by the end of the year.

Commissioner Senderoff requested the record reflect he did not agree with the perspective or assertions made by Mr. Faires.

Highway 99 Zoning Changes

Mr. Doherty reported efforts have focused on:

- Existing requirement for at least two floors of commercial before residential is allowed above
 - The Planning Board recommended no commercial requirement, with a one year pilot
 - Council agreed to reduce the commercial requirement from two floors to one floor
- Parking regulations
 - Planning Board recommended parking ratios based on use
 - Council preferred to retain the existing parking ratios

An ordinance implementing the above will be prepared and presented to the Council in the future. Discussion followed regarding zoning regulations in Shoreline, Shoreline and Lynnwood's Highway 99 parking regulation and the difficulty attracting development to Highway 99 when the zoning is in flux.

Definition of Lot of Record

Mr. Doherty explained many lots predate the City's first subdivision code adopted in 1956 and the City's regulations are not clear with regard to lots of record. The proposal is to establish a formal definition of a lot of record. He clarified establishing a definition of a lot of record does not mean every lot of record is developable; zoning, critical area regulations, etc. must still be met.

8. COUNCIL LIAISONS' COMMENTS

Councilmember Johnson reported the mayor and councils in Snohomish County cities and town have been meeting with the Economic Alliance Snohomish County to discuss a joint legislative agenda. She agreed it was important to have one message/voice to the legislature; chief among those priorities is transportation. At yesterday's meeting, the Council authorized the Mayor to sign contracts for the Transportation Element update and the SR-104 study. The emphasis of the SR-104 study will be Westgate and will answer questions about circulation, parking and access management. She hoped to incorporate that information into the Westgate Plan. The Council will have a study session on the Westgate Plan on September 23 followed by a public hearing on October 7. She invited commissioners to the Edmonds Downtown Business Improvement District's October 24 luncheon in the Brackett Room to launch their new Ed! campaign.

9. **PLANNING BOARD UPDATE** – None

10. **PORT OF EDMONDS UPDATE**

Port Commissioner Bruce Faires reported the exterior of the Jacobsen's Marine building has been completed; work continues on the interior. They plan to occupy the building in early October and have a grand opening November 1. With the exception of space for one building/structure across the street south of Anthony's, the Port property on the west side of the tracks is basically built out. He reported the Port Commission is also reviewing its annual budget.

11. **MISCELLANEOUS**

Chair Witenberg announced Commissioners Matteson, Schindler and Purcell have excused absences. He announced Gail Sarvis has resigned from the EDC and thanked her for her service. She was appointed by Mayor Earling and he will appoint her successor. Chair Witenberg advised next month David Jaffe, Swedish-Edmonds Hospital, will make a 30-45 minute presentation. He asked whether Commissioners were interested in a discussion about economic development as it relates to SMP. There was no interest expressed by Commissioners. Councilmember Johnson and Port Commissioner Faires offered to speak with Commissioners individually if they wished.

Commissioner Proudfoot announced his resignation from the EDC due to a scheduling conflict. He was appointed by Councilmember Bloom and she will appoint his successor. Chair Witenberg thanked him for his service.

12. **AUDIENCE COMMENTS**

Darrol Haug, Edmonds, explained on May 4, 2009, the City Council adopted Ordinance 3735 establishing the EDC following a determination that the City had a revenue problem, not an expense problem. The EDC was charged with looking at all forms of economic development to generate revenue for City with the goal of a financially sustainable budget to avoid a levy to increase taxes. As a citizen, especially in light of the large bill from Fire District 1, he urged the EDC to examine everything that impacts economic development from the perspective of revenue generated to the City.

13. **ADJOURN**

With no further business, the meeting was adjourned at 7:56 p.m.