

**CITY OF EDMONDS
MINUTES OF JOINT MEETING OF THE
PLANNING BOARD
AND
CITIZENS ECONOMIC DEVELOPMENT COMMISSION**

December 9, 2009

The Edmonds Planning Board/Citizens Economic Development Commission began at 6:00 p.m. in the City of Edmonds Council Chambers, 250 – 5th Avenue North, Edmonds, Wa 98020.

BOARD MEMBERS PRESENT

Philip Lovell, Vice Chair
Cary Guenther
John Reed
Judith Works
Kevin Clarke
Valerie Stewart

BOARD MEMBERS ABSENT

Michael Bowman, Chair
Jim Young

STAFF PRESENT

Stephen Clifton, Community Services/Economic Development Director
Rob Chave, Planning Division Manager
Cindi Cruz, Executive Assistant
Karin Noyes, Recorder

COMMISSIONERS PRESENT

Frank Yamamoto, Chair
Marianne Burkhart
Bruce Faires
Stacy Gardea
Don Hall
Darrol Haug
Betty Larman
Beatrice O'Rourke
Evan Pierce
Kerry St. Clair Ayers
David Schaefer
Rich Senderoff
Bill Vance
Bruce Witenberg
Rebecca Wolfe

COMMISSIONERS ABSENT

Michael Bowman
Rob VanTassell

ANNOUNCEMENT OF AGENDA

As requested by the Commission and Board, Mr. Clifton stated he extended invitations to the Cities of Mountlake Terrace, Lynnwood and Bothell, asking for representatives of each to present information on their efforts related to economic development. He introduced Terrie Battuello, Bothell Assistant City Manager/Economic Development Director; John Caulfield Mountlake Terrace City Manager; and David Kleitsch, Lynnwood Economic Development Director, who would each provide a 20-minute presentation. The Commission and Board would have an opportunity to ask questions following the presentations.

PRESENTATION BY LYNNWOOD REPRESENTATIVE

David Kleitsch, City of Lynnwood, Economic Development Director, provided a brief overview of the history of the City of Lynnwood, particularly illustrating how it has grown and changed since the early 1900's. He explained that in 2000, the Lynnwood City Council made the decision to actively pursue economic development. Their goal was to go back to a community-focused development approach. He referred to Ordinance 2320, which outlines the City of Lynnwood's goals and objectives for economic development. It identifies and codifies all of the factors the City believes are important for

successful economic development. It also provides 14 policy priorities for the City to pursue. He emphasized that this document made his job much easier, and the City was able to move forward fairly quickly.

Mr. Kleitsch advised that the Office of Economic Development was established in 2001, and he immediately started working with the City Council to advance the concept of an economic development action plan to identify what the City wants to accomplish. It defined implementation strategies and provided a development timeline matrix to monitor performance. The first phase of the plan involved community profiling, and a consultant was hired to conduct a full community attribute assessment. Staff also interacted with various stakeholder groups and conducted focus groups to develop a list of strengths, weaknesses, attributes and opportunities, and a Key Issues Report was prepared to clearly identify the community's concerns. Phase 2 of the plan involved gathering information from the Key Issues Report and stakeholder interviews to prepare draft findings and recommendations, which were presented at a series of community meetings. Once the community outreach process was completed, a final report was prepared and adopted by the Lynnwood City Council in November of 2004. He noted that throughout the process, staff provided information memorandums to the City Council to update them on their progress. The policy makers were kept in the loop so they were well versed and comfortable with what was presented in the final plan. He cautioned that it was very important to involve both the public and the City Council throughout the entire process.

Mr. Kleitsch shared examples of the goals contained in Lynnwood's Economic Development Action Plan. He explained that in order to implement the goals and strategies, they identified areas for growth and created catalyst projects to make it happen such as freeway improvements, transit improvements, rezoning, and looking at opportunities to link transit zones to the City Center. He said the action plan also includes a strategy for economic development on Highway 99, which involves different types of mixed-use zones, linking the neighborhoods to the commercial activity centers, working with Community Transit to advance mixed-use development in conjunction with their bus rapid transit program, coordinating the high-density nodes with bus rapid transit, changing land use designations and improving development regulations to enhance redevelopment opportunities along the highway.

Mr. Kleitsch said their economic development program also includes a strategy for branding and marketing the City. They have a strong website, using an outside contractor as their host. The website allows for interactive communication, as well. He advised that they have branded Lynnwood as "a place to start your regional vacation." They are encouraging people to stay in Lynnwood and experience the North Puget Sound area at a more affordable price. He emphasized that once a city implements a marketing or branding strategy, it is important that they stick with it and monitor its success.

Mr. Kleitsch summarized that their program has been successful because they asked the community for input, and they are currently working to address their weaknesses and market their strengths. They hired a consulting firm in 2007 to work with them on their branding campaign. He explained that the purpose of a branding program is to ensure community pride and to attract new businesses to the area. However, it is also important to offer people who want to come to the community a facilitated permit process. This requires upgrading internal systems to accommodate economic development investments in the community. He concluded in order to have a successful citywide branding program, it is important to be consistent with the message and follow through with the promises that are made.

PRESENTATION BY MOUNTLAKE TERRACE REPRESENTATIVE

John Caulfield, City Manager, Mountlake Terrace, provided background information and history regarding the City of Mountlake Terrace. He specifically noted that Mountlake Terrace used to be a much more vibrant city before Interstate 5 was constructed right through the middle of it. He pointed out that if this same thing were to happen today, there would have been quite a bit of mitigation and amenities provided to the community. That was not the case and the City of Mountlake Terrace has been paying the price for the past 40 years. However, there are also numerous opportunities for the future. For example, between now and 2030 they anticipate an additional 84,891 jobs and 89,701 households in area. They know the growth will come, and the Mountlake Terrace City Council made the decision that they wanted to have some control over the growth that takes place in their City. He shared some statistics about the City of Mountlake Terrace, particularly noting that the City ranks 10th of 50 Puget Sound cities in average annual wage of jobs, and they have a low crime rate. He also emphasized that every residential property in Mountlake Terrace is within ¼ mile of a bus stop.

Mr. Caulfield explained that economic development discussions have taken place in the City of Mountlake Terrace for decades, and good analysis has been done in the past. However, nothing was done until 2006 when the City Council decided they needed to seriously move forward with implementation of an economic development program. At that time, they directed staff to prepare a work plan for creating economic development strategies to redevelop the downtown area of their city. They emphasized that they wanted the new plan to be community driven. They also wanted it to be completed by the end of 2006, which was a very aggressive timeline given the high level of community outreach they wanted to include.

Mr. Caulfield said the City Council identified economic development as a key goal, and they recognized the need to broaden and diversify the City's revenue base. While the commercial areas comprised about 25% of the land mass, they were only providing about 10% of the funding. The residential community was funding most of the government services. They also recognized a need to provide efficient implementation tools such as zoning codes, design standards, planned action ordinances, impact fees, etc. They agreed it was important to build on community assets and improve the quality of life across a wide range of community assets. He provided examples of development that has occurred since the plan was adopted. He noted that while not a lot of redevelopment has occurred in the town center area, it is ready for redevelopment when the economy improves. He also provided examples of development that occurred based on previous code standards.

Mr. Caulfield shared the process used by the City of Mountlake Terrace to create their Town Center Plan. He emphasized that the public involvement process and schedule was outlined at the early stage of the process, and it included numerous opportunities such as community roundtables, developer forums, visual preference surveys and design workshops. The City Council made a commitment to provide the necessary resources at the staff and planning commission levels.

In addition to public involvement, Mr. Caulfield said the City staff also gathered, reviewed and summarized previous documents on the City's downtown and collected information about downtown planning from other cities in the area. The City Council and Planning Commission took a bus tour of key downtowns in Puget Sound, and an extensive website was set up. The results of the roundtable discussions were published and the design charette work was synthesized. If it would have been financially possible, the City Council would also have visited communities in other states where there are good examples of economic development and downtown revitalization.

Mr. Caulfield referred to a Tipping Point Analysis that identified the different points at which projects would pencil out in the various zones in the Town Center Area. This information was shared with the community up front and factored into the decision making process. They did not want to develop a plan that looked good on paper but was feasibility impossible to implement. He briefly shared some of the elements of the Town Center Vision which includes buildings up to 7 stories high in some zones. He emphasized that one of the key components of the plan is to protect residential neighborhoods and create a more walkable community. The plan envisions the Town Center as an enjoyable place to be with restaurants and coffee shops, neighborhood retail, and a mixture of other uses. It envisions attractive buildings stepped back to allow the sun, gathering spaces, street trees, and recognizable differences amongst the building districts. Once built out, they expect the Town Center Area to accommodate an additional 1,415 more jobs, 297,300 square feet of retail, 267,700 square feet of office, 737 new housing units, and 1,621 residents.

Mr. Caulfield briefly reviewed all of the steps the City of Mountlake Terrace has already accomplished during a very short period of time to implement their plan. He emphasized that the City Council is not allowing their current plan to sit on the shelf. He noted that the plan takes advantage of the new Mountlake Terrace Transit Center at Interstate 5 and 236th Street, the Mountlake Terrace "Flyer" Freeway Station, and the proposed Civic Campus design. He announced that the City of Mountlake Terrace's citizen involvement program received an award from the American Planning Association. He summarized that the City now has all the plans in place to move forward with redevelopment. He provided a map showing the redevelopment activity that has occurred over the past few years, and noted that there are currently 4 or 5 projects in the works in the downtown and they have received an incredible amount of interest given the difficult economic times. This increased activity is a reflection of the changes the City Council has made to adapt to the current development climate. He concluded his presentation by emphasizing that Mountlake Terrace's best days are not behind them, they are in front of them.

PRESENTATION BY BOTHELL REPRESENTATIVE

Terrie Battuello, Assistant City Manager/Economic Development Director, Bothell, said she spent the evening prior to the meeting walking around downtown Edmonds. She found it to be a beautiful City and said it is clear the citizens have a lot of pride in their community. She emphasized that it's important for the local government to have the support and commitment of their citizens in order to bring plans to life. It is also important to have a clear understanding of how to involve private partners in the redevelopment process, as well as other agencies.

Ms. Battuello shared the process the City of Bothell used to create an economic development program, which started with the development of a strategic roadmap and inventory of the community needs. Next, the City Council reviewed a list of projects that had previously been promised to the citizens and identified which ones they would and would not pursue. She pointed out that this was a very critical time for Bothell because the University of Washington had announced plans to triple the size of their Bothell Campus, and the Northshore School District had made the decision to vacate their properties in downtown Bothell. In addition, discussions were taking place about the possibility of SR-520 becoming a toll road, which would have placed additional pressure on SR-522, which runs through Bothell.

Ms. Battuello said that once the strategic roadmap was finalized, the City's comprehensive plan, budget and other planning documents were updated to be consistent with the roadmap. She noted the City of Bothell received an award from the Federal Government for this work. The City also realigned their staff to better implement the projects that were identified as priorities, and an economic development division was formed. Their management team consisted of individuals who had extensive experience in downtown revitalization. She emphasized that the City Council hired people they trusted and then trusted the people they hired. It was important to choose the right people for their team and then utilize their skills and experience to implement the City's plan. She added that the Bothell City Council set aggressive goals and targets for implementing the economic development plan, and they stayed committed to the program.

Ms. Battuello summarized the following approaches that worked well for the City of Bothell in implementing their economic development plan:

- **Be Nimble.** Use flexible tactics to support the current environment.
- **Communicate.** Constantly remind and reinforce the community and City Council of the goals.
- **Roles.** The legislators (city council) are responsible for making policy and deciding what will happen, and the administration (staff) is responsible for implementing the adopted policies and plans.
- **Influence.** Increase influence by participating in the region and leveraging assets to bring partners to the table.
- **Persistence.** Doggedly pursue the targets that have been set.

Ms. Battuello shared that Bothell's downtown revitalization plan focuses on the historic aspects of the City. The Sammamish River was the original landing for the Mosquito Fleet and was called Bothell Landing. Their goal is to reconnect the City to its heritage, which is something the City of Edmonds could do, as well. They should consider opportunities for connecting their downtown to the waterfront aspect. She observed that only three blocks of Main Street in Bothell are part of the original grid of the City. However, a future road project will offer an opportunity for the City to build upon the original fabric of the community.

Ms. Battuello described some of the features of their revitalization plan, which includes street changes, higher density, etc. She said they have a clear understanding of the current market demand and what part of the market they hope to capture in the future. They anticipate that an additional 600 housing units would be constructed on the properties the City currently owns in downtown Bothell, along with 100,000 square feet of additional retail space. They are currently searching for anchor tenants to support these future development projects. They are currently working with a potential anchor tenant for the Anderson Building (previously owned by the Northshore School District) and are hoping that the site would be remodeled to accommodate a conference center and boutique-type hotel. They are considering a boulevard approach as part of future changes to SR-527. The roadway would be relocated one block to the south to create a smooth flow of traffic and extend Main Street so the grid of the City can function better.

Ms. Battuello said it was important for the City of Bothell to create a “brand” that tells the history or story of the City. She noted that Edmonds also has a lot of lovely places and great facilities that are disconnected from each other. They need to figure out a way to bring their story together.

QUESTION AND ANSWER PERIOD

Commissioner Wolfe asked which market segment Bothell plans to attract with their proposed new boutique hotel and conference center. Ms. Battuello explained that most of the hotels in Bothell are geared towards the business community, but the new hotel is intended to be a destination. The City of Bothell has a strong tourism program, and they anticipate approximately 1,000 visitors per day to the facility. The hotel would serve as the anchor tenant, and Bothell staff has worked hard to recruit a variety of tenants for the historic building. They anticipate the facility would house a variety of uses such as a restaurant, spa, theater, music stage, lecture space, wedding facilities, etc.

Commissioner Faires asked Mr. Caulfield to describe the process the City of Mountlake Terrace used to incorporate the need to diversify the revenue base into their downtown revitalization plans. Mr. Caulfield explained that because Mountlake Terrace does not have a lot of sales tax revenue, they rely heavily on property taxes, which are paid primarily by the residential property owners. The City found that their commercial properties were underutilized, and they attempted to address this issue in their plans. During the community roundtable discussions, consultants were present to run numbers for the various ideas and proposals that were brought forth to identify whether or not they would be feasible. They also identified how much revenue would be generated by each idea. He emphasized that while one of the City’s goals was to diversify the tax base, their driving goal was to improve the community and the quality of life of their residents. He cautioned against chasing sales tax as the main goal of an economic development plan. It is important to find a good balance. Mountlake Terrace’s goal is to attract the kinds of businesses that will generate additional revenue, but also provide services that the citizens are currently going elsewhere to obtain.

Commissioner Faires asked if Mountlake Terrace was able to quantify a new development’s contribution to the City’s revenue base. Mr. Caulfield answered that their process included a financial analysis because it was important for the City to know that the proposed plan would be feasible and the development opportunities identified in the plan could pencil out.

Board Member Clarke asked what square foot land value was used for the proforma assessment. Ms. Battuello emphasized that the proforma merely identified what a developer would be willing to pay for the land under the existing zoning. Mr. Kleitsch explained that Lynnwood’s front end proforma analysis was based on speculation, but a follow-up analysis showed the tipping point at about \$68 per square foot, and developers would not likely be interested in redeveloping the properties until they reach this value. While their current code language allows surface parking because it is less costly, the market analysis prior to the recession indicated that property values were reaching the point where structure parking would have been feasible.

Commissioner Larman asked the presenters to share more about the catalysts behind their economic development programs and how they gained community support for their visions. Mr. Kleitsch said the community of Lynnwood wanted a place that was seen as their downtown, and they wanted a gathering place to identify the City. In addition, it was clear that the Puget Sound Regional Council’s growth targets for Lynnwood would require them to accommodate additional residents or risk losing transportation money. They determined they wanted to address both of these issues.

Mr. Caulfield said Mountlake Terrace’s effort started with their City Council. Citizens were communicating to them the need to do something, and their leadership has been phenomenal. While they City Council Members attended many of the community meetings, they did not get involved in the discussions. Instead, they listened, observed and allowed the citizens to freely share their ideas. The information gathered at the community meetings was presented to the Planning Commission who made a recommendation to the City Council. While the City Council did not agree with every concept identified in the recommendation, they found a balance of consensus based on the input they received from the public. They were recently asked to consider changes to the plan, and they were uniform in their decision to keep it the same. They felt that in light of the extensive community involvement that went into the original plan, it should be very difficult to make changes. They reemphasized the need to nurture and encourage implementation of the plan into the future.

Ms. Battuello said the City of Bothell started their process by identifying their strengths, weaknesses, and opportunities. They inventoried their assets and collected extensive public input. She emphasized that the Bothell City Council was courageous in making decisions and steadfast in their commitment to implement the plan. They have also been predictable. She cautioned that when a city asks developers to make significant investments in their community, the leadership must be predictable and do what they say they are going to do even if it is hard.

Commissioner Burkhart asked Ms. Battuello to share more about Bothell's process for purchasing property in their downtown area. Ms. Battuello answered that the Northshore School District surplussed 18 acres to the City of Bothell because they felt confident the City would use the property for the best benefit of the community. The remaining 7 acres were needed as right-of-way for the road project. While eminent domain was used to acquire the right-of-way property, the City was able to negotiate agreements with all property owners.

Commissioner Pierce asked if Bothell purchased the property from the school district using the competitive bid process or if they negotiated directly with the district. Ms. Battuello answered that the acquisition was the result of negotiations between the school district and the City with no competition from outside buyers. She emphasized that the school district is a partner in making sure the community remains healthy. Mr. Kleitsch pointed out that Washington State has some of the most conservative eminent domain laws in the country. A city cannot purchase property using eminent domain and then sell it to a private developer.

Board Member Clarke observed that all of the recent office buildings developed in Lynnwood have been financial failures and do not produce enough profit to return construction costs and land values. There are numerous vacant office buildings along the Interstate 5 Corridor, as well. He asked the presenters to share where they anticipate the economic engines necessary for future redevelopment will come from. Mr. Kleitsch said he would not paint such a dire picture of office buildings in Lynnwood. Many of them were flipped during the peak of the market at incredibly high prices, but they have been successful in improving occupancy rates over the recent months. The City of Lynnwood is working to attract professional businesses and their employees to the City. The strength of these buildings will drive up rents, making development more feasible. He recognized that developments will need tenants and users in order to be successful, and these will come from the overall strength of the Puget Sound economy in the future. When the economy recovers, he predicted rents would increase once again. He noted that most of the businesses that have located in Lynnwood have done so because they want to be close to their employees who favor Lynnwood as a place to live because housing is more affordable.

Mr. Caulfield observed that economic cycles go up and down, and Mountlake Terrace is looking at the current economic situation as an opportunity. Their town center focus is not on additional commercial office space. Instead, they are interested in neighborhood retail projects and housing. He stressed the importance of cities being prepared so they are able to take advantage of improvements in the economy.

Ms. Battuello agreed that, at the current time, there is a significant amount of vacant office space. However, offices projects are still being developed in Bothell, and they are getting filled up. She pointed out that four business parks were constructed in Bothell after the last recession in 1985.

Board Member Lovell asked each of the presenters to identify the primary force that made their plans move forward. Mr. Caulfield answered that the momentum was started by the City Council. They trusted in the process and stuck to the plan. They also relied heavily on the staff who had been through similar processes before. The City Council was nervous about opening the public process, but they were pleasantly surprised at the number of citizens who participated. He summarized that it is important to Mountlake Terrace that Edmonds succeed in their economic development efforts. The types of issues they all face do not end at the municipal boundaries.

Ms. Battuello stressed the importance of making sure there is room for everyone in the process. The City would receive more buy in from the public if they feel they were part of the process. The best deals are forged under fire, and the more the community gets together, the more they will believe in the plan when the going gets tough.

Mr. Kleitsch again said the Puget Sound Regional Council's growth projections and the community's desire for a city center were driving factors behind Lynnwood's economic development plan. In addition, a group of developers saw potential opportunities for redevelopment and stepped up with financial support and leadership to convince the City Council to move

forward with the necessary plans for creating a vision for the City and putting in place development and zoning regulations to implement the plan.

Commissioner Senderoff observed that all three stressed the importance of city council and community involvement. Economic development staff was also an important element in each of the plans. He asked the presenters to share information about how much of their city budgets are devoted to economic development. Mr. Kleitsch said Lynnwood has a fully-staffed Economic Development Department and an annual budget of about \$350,000, which is a small fraction of the City's budget. At this time, the economic development department is working to get new development and investment and increase the City's revenues, and the City Council and community have acknowledged the importance of their efforts.

Mr. Caulfield advised that Mountlake Terrace does not have a stand-alone Economic Development Department, but economic development is a high priority of the City. The Community Services/Economic Development Director spearheads the City's economic development activities, and they have been able to accomplish their goals by using their existing resources. The City Council recognizes they could accomplish more if they had a stand-alone Economic Development Director, but there is no funding available at this time.

Ms. Battuello said her responsibilities are dedicated to economic development, and she has an annual budget of \$230,000. However, the Community Development Department is spearheading the Downtown Revitalization Plan, and the City Manger has worked on the Utility Master Plan, etc. She summarized that it takes all departments to accomplish full implementation of their plans, as well as a precision focus on the goals.

Mr. Kleitsch agreed it is important to work in tandem with the planners, code enforcement, city council etc. They do not need a large Economic Development Department because they have other resources within the City. He said his first years at Lynnwood were spent building a facilitating culture. For example, they conducted a permit audit and changed some of their regulatory approaches to facilitate development applications. He summarized that all departments need to work together.

Mr. Clifton expressed thanks on behalf of the Mayor, the City Council, the Commission and the Board for each of the presenters taking the time to share their knowledge and experience. The information they provided is valuable and would be shared on Channel 21 for the community to view, as well. He advised that additional questions of the Commission and Board could be sent to him and he would forward them to the appropriate individuals for a response.

ADJOURNMENT

The meeting was adjourned at 7:52 p.m.