

**CITY OF EDMONDS
ECONOMIC DEVELOPMENT COMMISSION
Special Meeting
February 23, 2015**

The Citizens Economic Development Committee meeting was called to order at 6:00 p.m. by Chair Schindler in the Brackett Room, 121 5th Avenue North, Edmonds.

COMMISSIONERS PRESENT

Michael Schindler, Chair
John Rubenkonig, Vice Chair
Jenny Anttila
John Dewhirst
Darrol Haug
Roger Hertrich (arrived 7:06 p.m.)
Debbie Matteson
Jamie Reece
Rich Senderoff
Darlene Stern
Douglas Swartz
Teresa Wippel
Bruce Witenberg

COMMISSIONERS ABSENT

Julaine Fleetwood
Kevin Garrett
Nicole Hughes

PLANNING BOARD LIAISON

Phil Lovell

ELECTED OFFICIALS PRESENT

Councilmember Lora Petso

PORT OF EDMONDS LIAISON

Bruce Faires

STAFF PRESENT

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

PUBLIC PRESENT

Ron Wambolt
Stephen Clifton

1. CALL TO ORDER AND ROLL CALL OF MEMBERS PRESENT

Chair Schindler advised Commissioners Garrett and Fleetwood have excused absences.

2. AMENDMENTS TO AGENDA

Chair Schindler requested the agenda be amended so that Item 15 followed Item 5.

3. APPROVAL OF EDC MINUTES

COMMISSIONER STERN MOVED, SECONDED BY COMMISSIONER MATTESON, TO APPROVE THE MINUTES OF JANUARY 21, 2015. MOTION CARRIED UNANIMOUSLY. (Commissioner Hertrich was not present for the vote.)

4. OPENING COMMENTS FROM CHAIR MIKE SCHINDLER

Chair Schindler relayed Julaine Fleetwood was appointed to the EDC by Council President Fraley-Monillas. He thanked Commissioners Witenberg and Garrett for their foundational work over the past 18 months as Chair and Vice Chair. The EDC has 10 months to make it apparent to the City Council why the EDC exists, what its purpose is and what it can offer the Council and the City. Subcommittees will be providing pulse reports at each EDC meeting; he urged Commissioners to take their positions seriously and put in the necessary hard work. In response to his inquiry, the Council liaisons have shared their thoughts about the purpose of the EDC. He summarized the EDC has 10 months to give the Council a reason to keep the EDC in place.

5. COMMENTS FROM CO-CHAIR JOHN RUBENKONIG

Vice Chair Rubenkönig thanked Commissioners for serving and encouraged them to present ideas; if their voices are not heard, the opportunity provided by serving on the Commission is wasted. Commissioners are also ambassadors to citizens; a way to bring information to the City. If Commissioners believe the EDC should be extended beyond the sunset date, he encouraged them inform Councilmembers that the EDC is worthwhile.

15. PORT OF EDMONDS UPDATE

Port Commissioner Bruce Faires reported the Channel Marker is moving to Harbor Square Building 2 (formerly occupied by the Mexican restaurant) and will open in March. They are making considerable improvements, enlarging the space and have signed a long lease. Mike Echelbarger made a presentation to the Port Commission regarding the plans for the old Safeway property; he encouraged the EDC to have Mr. Echelbarger make a presentation as their plans have an economic impact.

Mr. Faires reported moorage at the Port is fully occupied; there are spaces available in dry storage. The Port and the Executive Director are members of the Snohomish County Tourism Bureau. After the legislature's decision several years ago to curtailed all funding for tourism promotion, a group developed a proposal that is now in the form of House and Senate bills that would establish an organization funded privately from all businesses in the State that are impacted by tourism; funds will be prioritized and spent by the private organization and are outside the control of the legislature. Under the current proposal, the State Department of Revenue will collect the funds that will be passed onto the private organization. If the bill passes, it would initially generate approximately \$10 million and \$20 million in the future to be spent on tourism promotion in the State.

With regard to the limited time to demonstrate that the EDC is worthwhile, Mr. Faires encouraged the EDC to look at the original mission statement and criteria for EDC activities.

6. ESTABLISH MEETING DECORUM AND REVIEW ROBERT'S RULES OF ORDER

Chair Schindler relayed the EDC will use modified Roberts Rules of Order. To provide some semblance of order and allow voices to be heard, he asked commissioners to be recognized by the chair before speaking.

7. PRESENTATION BY DOUG SPEE ON POST OFFICE PROPERTY

Development Services Director Shane Hope explained Mr. Spee's building is a great example of mixed use in the downtown area and incorporates things the EDC, City Council and public are interested in. She acknowledged it was not easy to develop a design for the site.

Doug Spee explained he came to Edmonds 1992, bought a couple houses on 3rd and Bell Streets and built a mixed use building in 2001; it took him 3 years to get permit. When he learned the post office was for sale, he made an offer and purchased the site and began discussing a lease agreement with the post office due to their desire to reduce the post office from 8,000 to 4,000 square feet. As the development code required commercial, his original permit was a classic mixed use in phase 1 with only the post office as a commercial tenant. The site is very commercial on Main Street but morphs mid-block into residential.

He discussed potential code amendments with the Planning Board so that the first phase would make more sense. After approximately a year, the Council approved three of the five amendments including extending the designated street frontage into BD2. As a result the post office will be located where the designated street frontage is required on the ground level and there will be ground level residential near Bell Street where there is a more residential feel.

When the development code changes were approved, a process that took two years, he submitted an application. Their initial design was 34 feet because his architect thought the additional height would be approved because they were keeping the post office in the same location. When that design was rejected, the structure was changed to concrete floors and wood on the top floor to fit within the 30-foot height limit. There are no deviations from the development code.

He considered a hotel for phase 2; one of the hotel chains provided him their design template and work began on a concept. When bad press spread about the design, he stopped working on it for a while. A few months ago his architect began working on a phase 2 design that is within code; a classic mixed use building, sharing the garage opening but with separate parking for commercial and residential, 26 apartments, and 3 commercial tenants approximately 2,600 square feet each including a restaurant on the Main Street side with garage-type doors that open onto sidewalk. An Irish pub, Paddy Coins, is a potential tenant.

He displayed a preliminary Main Street elevation where there is a 6-foot slope, 2 floors of residential above commercial and an open seating area. He noted the City's height limits result in boxy cubes; his goal was modulation to create interest and avoid empty storefronts. This building will also have concrete floors and cantilevered decks. He anticipated a March 1, 2016 opening. With regard to a hotel, he reported the Hotel Group in Edmonds said he needed another floor in order for a brand name, 65-room hotel to pencil. He provided the following information in response to Commission questions:

- Phase 1: 42 units, 850-1500 square feet, similar to the building at 3rd & Bell
- Phase 2: 26 units, some smaller units so more affordable, 700-1900 square feet, nice mix of tenants. Did not want to do Ballard/Redmond tiny apartments.
- No water table issues in underground parking
- Main Street elevation has 6-foot slope to the corner
- Described how restaurant relates to sidewalk
- 17 commercial parking stalls in phase 1 which is more than the code requires, 24-25 total when phase 2 completed.
- Separate parking for residential and commercial. Secure residential building and parking
- Mail drop off on passenger side
- Phase 1 will take 18 months, phase 2 will take 15 months
- Do not know who the commercial tenants will be except for the restaurant
- His next project will be reactivating a project in Redmond
- This is an example of how a 3-story building can be built within code but it is expensive
- With concrete structure, all walls are non-bearing, can change configuration within units (with the exception of the top floor)

- Differences between Edmonds and Redmond: Redmond allows 85 feet and provides developers an opportunity to discuss a project with a planner to determine whether it meets code; that process does not exist in Edmonds. He recommended the City giving planners more authority to sit down with a developer and have an open discussion. Preliminary drawings are very expensive. Impact fees are very high in Redmond, \$10,000/unit.

Commissioners expressed appreciation for Mr. Spee’s long term view and his tenacity, and said his building will be a great addition to the City. Mr. Spee invited Commissioners to contact him at Edmonds2020@gmail.com or visit BUS Construction at 3rd and Bell. He summarized his experience with City staff has great once he had a permit.

8. REVIEW THE POWERS AND DUTIES OF THE CITIZENS ECONOMIC DEVELOPMENT COMMISSION

Economic Development & Community Services Director Patrick Doherty explained as an appointed body, Commissioners are all officials of the City and are required to have Open Public Meetings Act (OPMA) training. One of the biggest issues is a quorum of the group engaging in discussion outside a noticed meeting which is a violation of the OPMA. He clarified “meeting” also includes email and cautioned Commissioners not to reply-all to emails they receive to avoid entering into a dialogue. He will email the PowerPoint created by the State and he requested Commissioners email him or Ms. Cruz when they have completed the training.

Chair Schindler explained the powers and duties of the EDC are contained in the Board and Commission’s section of the City’s website. In June 2009 the City Council passed Ordinance 3735, which amended the Edmonds City Code, Title 10, adding a new Chapter 10.75 Citizens Economic Development Commission. The Commission is empowered to advise and make recommendations to the Mayor and City Council, and as appropriate to the Planning Commission, Architectural Design Board or other Boards or Commissions of the City on such matters as may be specifically referred to the Commission by the Mayor or City Council including but not limited to:

- Determining new strategies for economic development within the City of Edmonds
- Identifying new sources of revenue as a direct result of economic development projects for the consideration of the City Council

The Commission shall deliver an annual report to the City Council in written and oral form on or about the first meeting in December of every year.

Chair Schindler advised the final draft of annual report was prepared by Commissioners Witenberg and Garrett and will be presented to the Council in March. Commissioner Haug asked whether the report would be circulated for input by Commissioners. Chair Schindler answered no, it will be available to view but not for comment. He said the subcommittees’ pulse reports would be used in the future to prepare the final report. Commissioner Senderoff cautioned against the report including any editorialized comments that did not reflect the entire Commission’s view.

9. REVIEW OF SUBCOMMITTEE PURPOSES

Vice Chair Rubenkonig recalled the subcommittees have been modified over the years. The current subcommittees are:

- Tourism and Visitor Services
- Business Districts Enhancement (originally Land Use and Business Incentives)
- Strategic Action Plan Implementation

Vice Chair Rubenkönig referred to the list of subcommittee assignments. He cautioned against more than seven Commissioners serving on any one subcommittee because that constitutes a quorum and requires the meeting be noticed as a public meeting.

Mr. Doherty cautioned about Commissioners visiting a subcommittee meeting due to the quorum issue. He suggested Commissioners email staff before attending an another subcommittee's meeting. Commissioner Matteson requested a list of EDC members, phone and emails.

Commissioner Witenberg described the Business Districts Enhance Subcommittee's purview: land use, business incentives, areas that are prime for redevelopment, input regarding the Comprehensive Plan Economic Development Element, and streamlining the permitting process. In response to Mr. Spee's comments, Commissioner Senderoff suggested the subcommittee discuss the role of the Planning Department in the concept development stage.

Commission Dewhirst described the Tourism and Visitor Service Subcommittee's role: 1) identify and study activities and services that bring visitors to Edmonds and expand activities/services for residents so they spend more time in the City and in the process spend more money, 2) since the EDC has no money, identify ways to accomplish things such as partnerships, and 3) advertise Edmonds.

Commissioner Haug explained the idea of Strategic Action Plan originated with the EDC. With the assistance of a consultant, the City Council, Planning Board and EDC reviewed information and refined the plan that was ultimately adopted by the City Council. The City hired a consultant who is working with the leads to identify issues, what is moving forward/stalled, etc. The consultant will provide a report next month that will be the foundation for moving forward. The City Council also approved funding for software to track SAP elements. The SAP Implementation Subcommittee will reflect on what the consultant did, roadblocks/opportunity, what is moving forward/stalled and begin to assess the EDC's role.

Vice Chair Rubenkönig summarized the duties of the subcommittees include:

- Writing white papers
- Researching merits of new sources of revenue
- Lobbying on official and endorsed EDC proposed sources to Council
- Being an ambassador, seek out potential for new actions to pursue or merits of ideas
- Exploring ideas, determining if they are worthwhile to pursue and if so, presenting them at the monthly EDC meeting.

10. SUBCOMMITTEE ASSIGNMENTS

Chair Schindler advised Commissioners who were not previously on a committee were assigned to a subcommittee. Commissioners interested in changing subcommittees were invited to inform Vice Chair Rubenkönig or him.

11. THREE AREAS OF FOCUS FOR COMMISSION AS A WHOLE

Chair Schindler relayed the three areas of focus for the EDC:

- Tourism
- Redevelopment (identifying under-performing properties and assisting with improving performance)
- Attracting new business

The EDC's primary goal is the economic sustainability of Edmonds – what can the EDC present/advise/suggest that will add to the economic sustainability of Edmonds.

12. REVIEW OF COMMISSIONER ASSIGNMENTS FOR MARCH

Chair Schindler urged Commissioners to complete their assignments:

- Commissioners to identify a Student Representative for the Commission per Code 10.03
 - Age 18-25 live in Edmonds or attend an Edmonds School.
 - Submit student name to Mayor's office
- Subcommittees identify their top two projects, what generational demographics they are targeting, and plan to report in March
- Answer at March meeting how subcommittee projects will improve, 1) tourism, 2) economic sustainability, and/or 3) attract new/retain existing businesses to Edmonds
- Speakers or topics like to see
 - Chamber will make a presentation in March
- Business Districts Enhancements (BDE) and Tourism Subcommittees identify how or what projects the Implementation Subcommittee can assist with and get that to the subcommittee by month end

Discussion followed regarding the importance of giving the Student Representative an assignment/task and encouraging him/her to interact with the EDC, economic development that targets the 18-30 age group who have money to spend, inviting a high school DECA group/service group to talk to the EDC about what is missing in Edmonds, inviting a high school class to think about sustainability and make a presentation to the EDC, engaging the 18-25 demographic in the redevelopment of senior center into community center via the SAP Implementation Subcommittee, and doing the legwork now for a high school project next year.

13. COUNCIL LIAISONS' COMMENTS

Councilmember Petso reported:

1. The EDC's annual report is due the first meeting in December. If the Council extends the Commission's sunset date, she suggested changing the annual report due date to March 1 as the Council is very busy in December with the budget, etc.
2. Citizens have expressed concern about noticing of subcommittee meetings. She read from the Attorney General's website: "While an argument can be made that committee may be required to give notice only for those meetings where it takes testimony or public comment or exercises decision making authority for the governing body, it would be prudent for committees to conduct all their business in open meetings." She suggested an easy way to address the issue of a quorum and complying with OPMA was to notice all subcommittee meetings.
3. The Council will be discussing the Economic Development Element during a study session tomorrow. Comprehensive Plan Elements are usually very general concepts; she relayed concern the Economic Development Element seems like a work plan. As the Economic Development Element is not a required element, she suggested the Commission consider whether to include it in the Comprehensive Plan or to adopt an Economic Development Action Plan.

14. PLANNING BOARD UPDATE

Planning Board Chair Phil Lovell provided an update on the Planning Board's activities:

- January 28 – No meeting due to lack of a quorum
- February 11 meeting

- Reviewed Economic Development Element
 - Tendency by Planning Board Members to include things in the element that would be more appropriate for the Strategic Action Plan
 - The goal is to make the Comprehensive Plan general, conceptual, universal and a basis for more detailed plans.
 - Discussed improving the City's economic sustainability by reducing energy costs. There is a growing awareness that a lot of the City's economic sustainability is dependent on its physical status –facilities, buildings, land use and infrastructure
- Discussed Transportation Plan including its relationship with the CIP and CFP
- Extended agenda
 - February 25 – Open house on Comprehensive Plan in the Brackett Room
 - Future meetings will include discussion regarding the Tree Code, Cultural and Urban Design Elements, Critical Areas Ordinance, and continued review of the Transportation, Economic Development and Land Use Elements
 - June 10 – Planning Board public hearing on the Comprehensive Plan

16. MISCELLANEOUS

Commissioner Anttila inquired about the Tree Code. Mr. Doherty explained the Tree Board made a recommendation regarding the Tree Code. Review and recommendation by the Planning Board is required for any change to City's development regulations.

Commissioner Senderoff remarked a lot of trees are being cut in his neighborhood and he wondered if it was due to fear of upcoming changes in the Tree Code.

17. AUDIENCE COMMENTS

Ron Wambolt, Edmonds, reported he attended the Council interviews for the vacant Council position. Councilmember Petso asked for suggestions about reducing retail leakage; there were few good answers. Big box stores in surrounding communities and the internet make it difficult for small businesses. He noted the change in 2009 to designation sales tax collection was beneficial to the City; the City receives the sales tax for products that are ordered on the internet and delivered. The City's Finance Director has assured him the City is receiving the tax from those items. Mr. Wambolt suggested items that cannot be purchased in the City be purchased and delivered by a business operating elsewhere in Washington so that the City collects the sales tax. In response to a question, Mr. Doherty clarified the sales tax on vehicles is collected where the paperwork is signed.

18. ADJOURN

With no further business, the meeting was adjourned at 7:53 p.m.