

## **PORT COMMISSION OF THE PORT OF EDMONDS**

### **MINUTES OF SPECIAL MEETING**

**March 5, 2009**

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#### **Commissioners Present**

Bruce Faires, President  
Mary Lou Block, Vice President  
Marianne Burkhart, Secretary  
Fred Gouge  
Jim Orvis

#### **Staff Present**

Chris Keuss, Executive Director  
Marla Kempf, Deputy Director

#### **Others Present**

Karin Noyes, Recorder  
Mark Hinshaw, LMN Architects

#### **CALL TO ORDER**

Commission President Faires called the meeting to order at 9:00 a.m.

#### **HARBOR SQUARE BUSINESS COMPLEX MASTER PLAN**

Mr. Keuss briefly reviewed the history of recent property redevelopment planning that took place for the Harbor Square property, as well as property located to the north. Participants included representatives from the City of Edmonds, the Port of Edmonds and property owners. He introduced Mark Hinshaw, LMN Architects, who was present to review the alternatives that were created as a result of the redevelopment planning.

Mr. Hinshaw referred to the three alternatives that were initially created as part of the redevelopment exercise, as well as the preferred alternative. He emphasized that much has changed since the preferred alternative was identified. He reviewed that all three initial alternatives represented a scaling up of square footage in all categories: residential, office and residential. Alternative C identified the most intense form of development, as well as the most open space. Because it identified two pedestrian crossings over the railroad tracks, more infrastructure improvements would be required. Mr. Hinshaw explained that since the entire area on both sides of Dayton Street was studied as a whole, the exercise never identified the amount of square footage that could be accommodated at Harbor Square. However, he estimated that since Harbor Square represents about 2/3 of the study area, it could be assumed that approximately 2/3 of the potential development would take place at Harbor Square (about 500 residential units, 60,000 square feet of office space, and 70,000 square feet of retail space).

As part of their special meeting discussion, the Commission specifically discussed the following:

- The Commission discussed the option of hiring a consultant to do an independent economic analysis of just the Harbor Square property. It was noted that economic development is one of the Port's missions. Therefore, it

would behoove the Commission to gain a clear understanding of the jobs that would be created as a result of redevelopment, as well as the tax revenue that would result.

- The Commission discussed that it would be appropriate for the Port to move forward with a master plan that involves only the Harbor Square property, which would allow them more flexibility to maximize their redevelopment efforts. It was noted that much of the public concern was related to the properties on the north side of Dayton Street, and several people indicated they were not so concerned about what is redeveloped on the Harbor Square property.
- The Commission acknowledged that it is not likely the Edmonds Crossing Project would move forward in the foreseeable future, and this change must be considered as part of any master planning effort for Harbor Square. Having the transit station located within close proximity to Harbor Square could have a significant impact on its future uses. It was noted that transit projects may be eligible for federal funding, which may allow them to move forward in the near future.
- The Commission discussed that when the initial master plan exercise was done, most commercial developers assumed the economy would continue to grow at the same rate. That was not the case; and even when the economy emerges from the crisis, the world will be different. It was noted that many market economists have indicated that there is already an adequate supply of office space in the region and in the county to meet the needs for the next 10 to 15 years. The Commission suggested that creating residential units at Harbor Square could also increase the need for office space since residents may want to live and work in this same area.
- It was noted that there are two facilities at Harbor Square (Harbor Inn and Harbor Square Athletic Club) that are performing well, and it was agreed the master plan effort and the economic analysis should consider the option of allowing these two facilities to continue to operate in their current configuration for at least 15 to 20 years. They agreed that the athletic club contributes to the concept of developing residential opportunities at Harbor Square by providing a valuable service to the residents.
- The Commission discussed that the future economy would not likely accommodate the borrowing capacity that was previously allowed. Therefore, it is highly unlikely that redevelopment of the site would not occur all at one time. The Commission agreed that the master plan should identify a phased approach that would allow the Port to relocate current tenants to other buildings as the reconstruction work moves forward.
- The Commission agreed that while reconstruction of the property would probably not occur for at least a few years, it would be appropriate to move forward with the process now. It was discussed that once more details are available regarding the master plan and the phasing process, it would be appropriate to publish a Request for Interest (RFI). This could be followed by a narrower Request for Qualifications (RFQ). When the master plan reaches its final stage, the Commission could publish a Request for Proposals (RFP).
- Mr. Hinshaw recommended the Commissioners visit a variety of communities that have created successful mixed-use developments, and the Commission agreed it would be appropriate to visit these sites. They asked Mr. Keuss to arrange a tour for the Commission, and Mr. Hinshaw agreed to provide a list of potential sites to visit.
- Mr. Hinshaw advised that the Cascade Land Conservancy has been supporting a proposal before the legislature that would set a minimum density of 50 units per acre in areas surrounding transit centers, and the current preferred alternative would be consistent with this proposal. The Commission directed staff to find out more information regarding this proposal.
- The Commission acknowledged there is a group of citizens in the City who are adamantly opposed to the concept of raising the building height in the downtown or on the waterfront. However, it is not likely that the property could be redeveloped to its highest and best use unless the height limit restrictions are relaxed. They agreed it would be advantageous to clearly educate the public regarding the consequences of maintaining the existing height

limit. They further agreed that, as part of the master plan strategy, the Port should help the public understand that the current code offers no motivation to redevelop the property. Otherwise, the property would likely remain as it currently exists.

- The Commission recognized the need for an open public process as the master plan moves forward. However, they agreed that it would be more appropriate to complete the economic study and the initial master plan prior to embarking on a significant public outreach program. It was noted that once the initial work has been completed, the Commission would have more concrete plans and data to present to the public for review and comment. The Commission summarized that they have a great deal of work to do before they have baseline information to present to the public, and they should start the work as soon as possible.
- The Commission referred to a study that was recently published by the Washington State Department of Transportation (WSDOT), which identifies proposed plans for the antique mall property. The plan calls for the construction of a parking garage that would serve as the holding lanes for the ferry, as well as provide parking for a mixture of uses that would also be constructed on the property. It was noted that Bob Gregg has announced that he is in the process of finalizing an agreement with WSDOT to jointly develop his property (Skippers) and the adjacent property to the south that is owned by WSDOT. The Commission directed staff to contact WSDOT and Mr. Gregg to find out more information about their redevelopment plans.
- The Commission emphasized that the master plan must take the water table into account in order to avoid flooding situations in the future.
- The Commission reviewed that the Harbor Square Athletic Club owner previously made a presentation to the Commission regarding his plan to replace the two outdoor tennis courts with an aquatics center. In addition, the City is working with a consultant to create a plan for a major aquatics facility, and the Harbor Square site is one of the sites being considered. It was noted that because of the existing water table and the current height restrictions, the Harbor Square site does not appear to be a viable location for a regional aquatics facility. It was discussed that a regional aquatics center would require a significant amount of parking, which would have to be provided on the surface. The Commission generally agreed that an aquatics center could be located elsewhere in the City, but the Harbor Square property is unique and involves some difficult construction situations.
- It was discussed that the Port could move forward with master planning and the economic analysis at the same time. Once this work is completed by mid summer, the Port would have a clear picture of what the issues might be so they could develop a strategy for gaining public support for the proposal. It was agreed the economic analysis would be based on the assumption that the property would be developed into 300 to 600 residential units, 50,000 to 90,000 square feet of office space, and 50,000 to 80,000 square feet of retail space. The economic analysis should also provide an economic forecast based on the existing code constraints and the likelihood that the property would remain undeveloped unless changes are made. They agreed it is important to have economic data to support their future requests for change.
- The Commission discussed the timeline for submitting an updated master plan to the City for adoption into their Comprehensive Plan. Staff was directed to contact the City to find out when a Comprehensive Plan amendment would have to be submitted to the City for consideration and approval in 2010.
- The Commission agreed that a new master plan proposal would require that the open space be reconfigured. They discussed that it might be more appropriate to place the retail space near Dayton Street, with open space provided in the center of the property to serve the residential component of the project. Commissioner Orvis noted that general public open space is provided on the west side of the railroad tracks. If they want the project to become an economic benefit for the City and the Port, their first consideration must be for the tenants they want to attract to live in the buildings.

- The Commission recalled that one of the initial alternatives identified two pedestrian crossings over the railroad tracks. It was noted that in order to fund an overpass as part of the redevelopment project, the height limit would likely have to be increased to allow a greater number of residential units. They agreed a pedestrian crossing would be desirable, and it was pointed out that Burlington Northern Santa Fe and Sound Transit have both indicated support for an overpass. They discussed various options for its location.

The Commission expressed their desire to move forward with the master plan process as quickly as possible. They identified the following timetable for the work to proceed:

- **April through June 2009** – Hire a consultant to conduct an economic analysis of the Harbor Square site and a consultant to prepare a master plan proposal that could eventually be submitted to the City for inclusion in their Comprehensive Plan in 2010.
- **July 2009** – Publish a Request for Interest, inviting developers to contact the Port regarding their interest in redeveloping the Harbor Square property.
- **October 2009** – Publish a Request for Qualifications from interested developers.
- **November 2009** – Publish a Request for Proposals, inviting a select group of developers to submit proposals for potential redevelopment.
- **December 2009** – Submit an updated Master Plan for Harbor Square to the City asking that the Comprehensive Plan be amended in 2010 to incorporate the new Master Plan.

Mr. Keuss advised that the Harbor Square Property Manager just notified him that a potential tenant is interested in leasing space in Building 5, but they want to lock up the space for five years. He questioned how this would impact the Commission's plan to move forward with redevelopment of the property. The Commission agreed it would be appropriate for the Port to enter into a 5-year lease, recognizing they may have to negotiate with the tenant in the future to relocate to a different space to accommodate redevelopment plans.

The Commission agreed the end result of the master plan process should be a Harbor Square Master Plan that is economically feasible, provides a limited mixture of uses, and is transit oriented. It was agreed the plan should identify a phased in approach that allows revenue producing tenants to stay in place as long as possible. They summarized that the end result of the consultant work should be a baseline plan with financial data to support it. They directed staff to prepare a final timeline and start the process for hiring a consultant. The final timeline and consultant recommendations could be presented to the Commission for review and approval at their March 30<sup>th</sup> business meeting.

**REDEVELOPMENT PROPOSAL FOR PORT PROPERTY LOCATED ON THE EAST SIDE OF ADMIRAL WAY (SITE OF THE FORMERLY PROPOSED JACOBSEN'S MARINE BUILDING)**

Mr. Keuss announced that Bob Ford, 3 Square Feet LLC, has expressed an interest in redeveloping the property where Jacobsen's Marine had previously proposed a building. Staff forwarded Mr. Ford a Letter of Intent form along with the Port's standard lease form, and requested that he return it as soon as possible. On March 4<sup>th</sup>, Mr. Ford indicated to staff that he is very interested in developing this site, and one possible option would two, 10,000 square foot buildings next to each other with a small plaza area in between. Mr. Ford understands there would be a parking requirement associated with the development, and he knows that the existing height limit is 30 feet. He said he informed Mr. Ford that the next step in the process is to submit a formal Letter of Intent, which he agreed to do.

Mr. Keuss suggested the Commission might want to consider the option of constructing a parking garage on the west side of the tracks that could be connected to the Harbor Square Business Complex to provide parking for the mixture of uses that might result from redevelopment. The Commission agreed it would make sense to at least consider the

option. It was noted that the Port has design guidelines and a design review process that would apply to any new development that occurs on Port property.

The Commission agreed that if Mr. Ford decides to move forward with his redevelopment proposal, it would be appropriate to require him to compensate the Port for legal fees if he decides to pull out of the agreement late in the process. It was noted that the lease that was prepared by the Port Attorney for Jacobsen's Marine could be used as a template for the new lease agreement.

#### **NEW EDMONDS YACHT CLUB (EYC) BUILDING CONSTRUCTION**

Mr. Keuss advised that as the EYC moves forward with construction of their new building, he is planning to convert visitor parking to the north into permit parking. The Commission agreed with this plan. He said he expects some complaints from tenants once the construction fences are put in place.

#### **BURLINGTON NORTHERN SANTA FE (BNSF) PROJECT UPDATE**

Mr. Keuss reported that Edmonds Mayor Haakenson recently sent a very terse letter to BNSF regarding the poor way they are treating the City and Port of Edmonds. Mayor Haakenson has been in contact with the Regional Director for the area, and they will meet in the near future to talk about how the BNSF project would impact the Edmonds Marsh. Mayor Haakenson has recommended that impacts to the west side of the railroad tracks should be discussed as a separate issue, and he plans to schedule a meeting as soon as possible. Commissioner Faires suggested the Commission and Port staff take action to make sure this meeting moves forward since the impacts to the Port would be significant. The remainder of the Commission concurred.

#### **UPDATE ON POINT WELLS PROPERTY**

Commissioner Block reported that she and Mr. Keuss attended the Snohomish County Planning Commission's public hearing regarding the Point Wells Draft Environmental Impact Statement. In their presentation, they discussed the concept of keeping marinas as a possible use for the Point Wells site. The Planning Commission listened to their comments with a lot of interest. She reported that she attended the Planning Commission's last meeting on March 3<sup>rd</sup> where they reacted to the comments that were provided at the public hearing. The Planning Commission indicated that a marina would be a great use for the property, and a representative for the developer of the property approached her after the meeting to say they have a real interest in pursuing the option, as well. They expressed a desire to meet with stakeholders to discuss the option further.

The Commission agreed it would be appropriate to raise this issue at their March 9<sup>th</sup> business meeting. They further agreed to discuss the possibility of re-establishing the Point Wells Planning Committee, which would include representatives from the Port and the Town of Woodway. Commissioner Burkhart said the Woodway Town Council was pleased with the Port's support regarding Point Wells. She suggested the Commission consider holding an annual joint meeting with the Woodway Town Council. She said she was amazed at the positive reception the Commission is receiving from the Town Council, which indicates that the relationship between the two groups is improving.

#### **EXECUTIVE DIRECTOR SELECTION PROCESS**

Commissioner Block reported that she was recently notified by Woodway Mayor Nichols that Council Member Bill Anderson would participate on the Port's Executive Director Interview Panel. She thanked the Port for inviting the Woodway Town Council to participate in this important decision.

#### **WASHINGTON PUBLIC PORT ASSOCIATION (WPPA) LEGISLATIVE COMMITTEE**

Commissioner Orvis referred to the list he forwarded to each of them regarding the issues he plans to raise at the next WPPA Legislative Committee Meeting. The Commissioners did not add any additional items to the list.

### **SPECIAL EXECUTIVE SESSION**

At 11:15 a.m. Commission President Bruce Faires convened the Special Meeting of the Port Commission. He thereupon announced the Commission would be recessing into Executive Session for the purpose of evaluating the qualifications of candidates for public employment.

The Special Executive Session meeting was conducted at 11:16 a.m. to evaluate the qualifications of candidates of the position of Executive Director of the Port. Those present included all five Commissioners and Mr. Keuss. The Commission reconvened to public session at 11:27 a.m. No action was taken and no announcement was made.

The special meeting reconvened at 11:28 a.m. The Commission discussed the recommendation by the screening committee to ask the semi-finalists for the Executive Director's position questions that they would respond to in writing. The Commission appeared to favor that no written questions be submitted but that two questions would be submitted to the semi-finalists candidates for them to respond to when they appeared before the interview board.

### **ADJOURNMENT**

The special meeting was adjourned at 11:30 a.m.

Respectfully submitted,

Marianne Burkhart  
Port Commission Secretary