



CITY OF KIRKLAND

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MEMORANDUM

To: Marilynne Beard, Interim City Manager

From: Ellen Miller-Wolfe, Economic Developer Manager

Date: May 6, 2010

Subject: Touchstone Corporation Request to Begin Discussions Regarding a Development Agreement

RECOMMENDATION:

That the City Council authorizes staff to enter into discussions with Touchstone Corporation and its consultants regarding a development agreement for the redevelopment of Parkplace, seeking input from Council as the process moves forward and authorize funding in the amount of \$20,000 for specialized legal and financial consulting services.

BACKGROUND:

Abbreviated Project History

In July, 2007, the City passed a resolution that, among other things, indicated the Council would be open to considering a development agreement for Parkplace subject to the processing of a Private Amendment Request (PAR) and only after zoning was in place. The resolution went on to enumerate that any financial participation by the City would require the demonstration of sufficient public benefit by Touchstone that could be funded underwrite by new revenue generated by the project including revenues from construction sales tax; increased property tax; admissions tax; etc.

Design review on the project is expected to conclude this summer. Supplements to the Environmental Impact Statement also are projected to be finished at that time with subsequent adoption of zoning or ratification of existing zoning anticipated by Planning Commission and Council in the fall.

Touchstone Request

In April, 2010, Touchstone Corporation approached the City and requested that discussions move forward regarding a development agreement. Touchstone would like the development agreement to address financial and logistical issues. Touchstone is suggesting a fall date for completion of the development agreement in conjunction with the conclusion of the Design Review Board process and zoning approval. A copy of a letter from Touchstone Development is attached to this memo.

Possible Council Considerations

Consulting services to assist the City in the analysis of the financial feasibility of the project together with specialized legal services to work on the development agreement will be required. A fiscal note is attached recommending use of the Council Special Projects Reserve to cover these preliminary expenditures.

The Council may want to suggest some areas of analysis that should be undertaken along with the financial feasibility study. These might include a complete analysis of phasing to properly understand impacts, revenue streams and whether critical mass is achieved in each phase to ensure financial success. The Council also may wish to outline a process for moving forward including opportunities for public involvement. It is suggested that the first Council meeting in July could serve as a Parkplace study session.



May 7, 2010

RE: Kirkland Parkplace

Members of the City Council,

The Parkplace project is now under design review and we hope to begin construction as soon as practicable. It is typical, for a project of this size, to execute a development agreement with the City, which creates a framework for cooperation on financial, logistical and other aspects of the project. Furthermore, our initial conversations with the City when we acquired the project contemplated just such an agreement.

Given the timelines we are working toward, and our increasing certainty with respect to design specifics of the project, it makes sense to begin the work on a development agreement now.

We respectfully ask that you authorize City staff to begin work with us on this agreement. We would be happy to work with staff to update you periodically on its progress, with the intent of submitting it for your final review in the fall of 2010.

We look forward to working with you and staff on this essential component of moving the Parkplace project to fruition.

Best regards,

A handwritten signature in blue ink, appearing to read "D. Howe".

Douglas Howe



FISCAL NOTE

CITY OF KIRKLAND

Source of Request							
Ellen Miller-Wolfe, Economic Development Manager							
Description of Request							
Request for \$20,000 from the Council Special Projects Reserve for specialized legal and financial consulting services related to the Parkplace development agreement.							
Legality/City Policy Basis							
Fiscal Impact							
One-time use of \$20,000 of the Council Special Projects Reserve. The reserve is able to fully fund this request.							
Recommended Funding Source(s)							
Reserve	Description	2010 Est End Balance	Prior Auth. 2009-10 Uses	Prior Auth. 2009-10 Additions	Amount This Request	Revised 2010 End Balance	2010 Target
	Council Special Projects Reserve	271,960	116,676	80,000	20,000	215,284	247,900
2009-2010 Prior Authorized Uses of this reserve include: \$2,000 for Council Retreat facilitator, \$26,000 for federal lobbyist services, \$25,000 for Neighborhood Connections program, \$20,000 for Hopelink's relocation, \$13,770 for the Flexpass alternative program, \$5,000 for Council requested special investigation, \$12,506 for the Bank of America review, and \$12,400 for Medical Transport consultant fee. 2009-10 Prior Authorized Additions include: \$80,000 transfer from General Fund approved by Council on April 20, 2010.							
Revenue/Exp Savings							
Other Source							
Other Information							
Prepared By	Neil Kruse, Senior Financial Analyst				Date	May 7, 2010	