



CITY OF KIRKLAND

City Manager's Office

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MEMORANDUM

To: Marilynne Beard, Interim City Manager

From: Ellen Miller Wolfe, Economic Development Manager

Date: June 24, 2010

Subject: City Interests in a Development Agreement for Parkplace

RECOMMENDATION:

City Council provides input on areas of interest it would like staff to consider in the continuing discussions with Touchstone Corporation regarding a development agreement for Parkplace.

BACKGROUND DISCUSSION:

At the request of Touchstone Corporation, the City Council took up the issue of a development agreement for the redevelopment of Parkplace at its May 18, 2010 meeting. At the meeting the Council authorized staff to enter into discussions with Touchstone Corporation and its consultants regarding an agreement. The Council also indicated that it would like to be briefed about the discussions as the process moves forward. This is the first briefing, meant to provide direction to City staff on Council parameters and areas of interest.

Touchstone has provided its areas of interest in the development agreement in the attached outline dated June 23, 2010. In it, Touchstone describes their three main areas of interest - land use entitlements, financial contributions to and from the City, and Technical Implementation of the Project.

City staff recommends that in considering its areas of interest, the Council first think more broadly about its policy and financial goals for when it is considering a development agreement that includes a commitment of future tax revenues from a particular development toward public investments that support that development. This set of parameters will help to guide staff and Council in evaluating future development agreement requests, and will provide future applicants with a measure of certainty about how projects will be evaluated.

Second, please find below some recommendations on areas of interest to guide continuing discussions with Touchstone Corporation:

1. That the agreement be introduced only after completion of design review and City Council approval of zoning.
2. That improvements funded with public monies satisfy the public benefit definition.
3. That project phasing be set out in the agreement, so timing of implementation of publically-funded elements can be best approximated.
4. That staffing needs (land use reviews, building permits, etc) be determined and the cost of any overtime or additional staffing be incorporated in the agreement.

5. That the agreement include a schedule that allows adequate time for project implementation but also enables the City to have flexibility (to amend financial contribution or withdraw from agreement) in the event that the project does not start on time or does not proceed in accordance with the phasing schedule agreed upon.
6. That any changes to project design be filtered through a financial analysis as well as design review*; the former to determine that the changes requested do not adversely affect the anticipated revenue stream, and the latter to insure the integrity of the approved design.
7. That Finance staff have ample opportunity to analyze and respond to revenue forecasts:
 - a. That revenue forecasts take into account anticipated project phasing
 - b. That revenue forecasts distinguish between the construction of different types of commercial space and the taxes associated with them
 - c. That revenue forecasts incorporate time allowance for actual leasing of space
 - d. Other considerations to guarantee accurate projection of revenues
8. That demolition proceed only after assurances are in place that new construction will soon follow.

Staff suggests that work on the development agreement go forward in conjunction with the Supplemental EIS finalization, Design Review Board review, and zoning completion. (A schedule of Planning benchmarks for the Parkplace project is below). The anticipated development agreement discussion schedule will follow these processes with at least one check-in with Council planned for September, and a draft proposal for Council consideration ready in late October/November.

*The triggers for requiring new design review will be established in the DRB approval.

Planning Schedule:

Planning Commission Public Hearing – June 24, 2010
 End of 30-day comment period for DEIS – June 28, 2010
 Planning Commission Study Session – July 22, 2010
 Second Compliance Status Report due to GMHB – August 5, 2010
 Final SEIS issue date – August 20, 2010
 Planning Commission Study Session & Action – August 26, 2010
 City Council Study Session – September 21, 2010
 City Council Action – October 5, 2010
 Compliance Due to GMHB - October 5, 2010
 Compliance Report and Index to the Record Due - October 18, 2010
 Any Objections to a Finding of Compliance Due - October 25, 2010

Kirkland Park Place
Development Agreement Outline 23 June 2010

1. Land Use Entitlements

- a. Vesting discussion of all land use regulations, comprehensive plan, environmental impact statement, zoning code, various building permits, traffic concurrency, project design, etc.
- b. Expedited permit review process; who will do it and what is the fee schedule
- c. Establish streamlined process for minor changes to the project that will be handled administratively; minor needing to be defined
- d. Impact fees vested with short plat; confirm rate schedule for use in fiscal impact report
- e. Monetize City bond requirements for maintenance and vest those amounts
- f. How do City zoning requirements work with and accommodate phasing of the project construction over the 10 year vesting period

2. Financial Benefit/Contribution to and from the City

- a. Fiscal Impact Report to identify amount City would contribute to the project
- b. Sources of funds for the contributions, bonding, grants etc.
- c. Identification of elements of the project that produce a “public benefit” that the contribution could pay for
- d. Clear responsibility for traffic and ROW improvements between Touchstone and City
- e. Discussion of project milestones that facilitate overall development
- f. The public benefit of shared parking requirements for the City; the values, quantities, hours etc.

3. Technical Implementation of the Project

- a. Easements or dedications needed from the City or to the City that may be necessary for street improvements, construction, utilities etc.
- b. Cooperation from the City for storm water treatment, retention, utilities, etc.
- c. Review inspection processes for the development; by City or outside service
- d. Facilitation and or support from the City, if needed, with utility districts etc.
- e. Pedestrian connectivity between the City park and the project, other areas of pedestrian connectivity that may be adjacent to the property