



Kirkland Parkplace

Touchstone Corporation
LMNARCHITECTS
HEWITT Architects Inc. PLANNING COMMISSION MEETING MARCH 27 2008

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TAB1: EXECUTIVE SUMMARY

Touchstone Corporation
2025 First Avenue, Suite 790
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March 18th, 2008

City of Kirkland Planning Commission
123 Fifth Avenue
Kirkland, WA
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Dear Members of the Commission,

Our proposed mixed-use re-development of Kirkland Park Place is a complex and evolving project. We recognize that thoughtfully weighing in on our proposed Comprehensive Plan Amendment will require a significant amount of engagement and work on your part, and for this, we thank you in advance. Please know in return, that we too are fully engaged and have worked hard to respond and adapt to as much of the broad community feedback as we can.

It all boils down to this: our Comprehensive Plan Amendment seeks a height increase on some parts of the property, and zero setbacks on less than 20% of the perimeter, in order to fund the following:

- Higher than required average setbacks, including 60ft along the park
- 45% open space within the project (of which 25% is pedestrian open space)
- 3,500 underground parking spaces available to the city evenings and weekends
- A critical mass of retail to revitalize the downtown and “activate” the open space.

These are considerable and complex tradeoffs. In this package, we are trying to strike a balance between providing you with all the history and information about this project that can help you grapple with its complexity, and keeping the framework straightforward and simple. The first part of the package you hold is structured as follows:

- A short history of the project’s genesis and design evolution
- A brief economic overview from the developer’s and the city’s perspectives
- A matrix showing our mixed-use development proposal alongside the existing development.

This is followed by more depth on each of these topic areas, particularly the design evolution, some of the highlights of the design as it stands today, and an impact analysis of draft design standards for our Comprehensive Plan Amendment request.

Please know that we have made our best faith effort to reconcile all the goals of the City of Kirkland and its residents, but that the mixed-use development can not proceed in a “smaller” version. We need the Comprehensive Plan Amendments that we have requested. We hope that you will find that the benefits of what can be done on this wonderful 12 acre site justify the increased height of office that helps make the project financially secure.

Sincerely,

Douglas Howe

Project Genesis and Evolution

The Kirkland Park Place mixed-use development plan has its genesis in the Kirkland Downtown Strategic Plan of 2001. This document is the result of significant thought and community input about what would be best for Downtown Kirkland. Some of the needs articulated in the Downtown Strategic Plan that are addressed in our mixed-use development are:

- Need for additional downtown parking, particularly evenings and weekends in the summer,
- Need for public, “active” open space that draws people in as a destination. Examples of public, “active” open space include: space with human-scale storefronts, lots of people, things to look at and do, cafes, water-features, nooks, public art, shade and weather covers, as well as sunny places to sit,
- Need for strong pedestrian connections to Peter Kirk Park and adjoining streets,
- Need for additional office space so that office tenants have a place to grow, and still keep jobs in Kirkland,
- Need for future development at Kirkland Park Place to be “urban” in character,
- Need for improved alternative transit connections (which is also enabled by the additional office workers),
- Need to strengthen the existing downtown retail. Bob Gibbs (who helped create the Downtown Plan) says that a critical mass of 300,000 SF is required within 4-6 minutes walk to achieve this complement, and be a true retail “destination”.

Our original development proposal sought to achieve these objectives. Since then, it has been significantly refined and strengthened as a result of an extensive community outreach and input process. Our community outreach has included:

- Three community open house meetings to describe the project and get feedback from a broad range of constituents
- Six Design Review Board meetings to help guide the building massing and open space proposal with resident development specialists
- Targeted meetings with several neighborhood associations to understand their specific concerns, needs and suggestions
- Several meetings and conversations with the Kirkland Chamber of Commerce and the Kirkland Downtown Association to understand the needs and concerns of existing retail and office businesses
- A full-time dedicated member of our team to work with existing tenants at Kirkland Park Place to minimize the impact of relocating/ coming back after construction on their businesses
- Hundreds of posts to our website and letters to us and to the City

We have taken all of this input very seriously in crafting and refining our plan. Our architectural and open space teams have been working in tandem to evolve the design in a way that is responsive, and meets the global objectives of the City and of its community members. While such a process creates challenges at times to reconcile diverse requirements, the creative solutions that have emerged have made our proposal stronger and better.

Now we present to you the package of benefits and tradeoffs as one whole. The section of this package on design evolution provides significantly more detail so you can trace the path to this global and comprehensive proposal.

Financial Summary

The Kirkland Park Place mixed-use development is a significant project by any measure. The site is 12 acres in downtown Kirkland, the project development and construction budget is nearly 1 Billion dollars, and will take 4-5 years to build, not including the land acquisition and entitlement process. It's important, when this much is at stake, to make sure it works financially for everyone.

1. For the existing Downtown core and Downtown Businesses
 300,000 SF of retail is the critical mass required to make the project a successful retail destination that can have a spillover effect to invigorate the downtown core.

The retail at the current Kirkland Park Place has struggled since the project was originally developed and many tenants have difficulty making their current rents. When Touchstone acquired the property, we had to immediately inject half a million dollars in deferred maintenance just to make the property safe.

The proposed mixed-used development will have a mixture of local, regional and national businesses that complement (rather than compete with) the existing downtown and share foot traffic and parking with the existing core.

2. For Touchstone Corporation and our financial partners
 The costs and risks associated with our mixed-use development are significant. Our current carry on the property is \$400,000 per month lower than our basic investment threshold. Furthermore, in the darkening economic climate, it becomes all the more important to hedge the cost and risk of retail, underground parking, hotel and significant open space with (more reliable) office that is also easier to stabilize after construction. The chart below shows how the amount of office space helps Touchstone reassure our investment partners and reduce the risk of some of the other "investments" that we are making in this project.

Annual Revenue Percentages by Use

	End of Y1	End of Y2	End of Y3	End of Y4	End of Y5	End of Y6	End of Y7	End of Y8	End of Y9	TOTAL
Office	85.7%	82.2%	79.5%	77.3%	75.6%	73.9%	72.4%	72.5%	72.5%	76.6%
Retail	6.8%	9.5%	11.9%	14.2%	16.2%	18.1%	19.7%	19.7%	19.7%	15.2%
Hotel	7.5%	8.3%	8.6%	8.5%	8.2%	8.0%	7.8%	7.8%	7.8%	8.2%
TOTAL	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

We need 1,8 million square feet, including 1,2 million square feet of office to make this project viable.

3. Benefits to the City
 Clearly, the City of Kirkland also needs benefits in order to approve our comprehensive plan amendment. We have listed some of the aesthetic and qualitative benefits above, but here are some of the quantifiable financial benefits to the city, as research by Northern Economics Inc. (All numbers in 2008 dollars.)

- After a redeveloped Kirkland Parkplace is stabilized (in 2014) the City and its residents will realize an increase of more than \$2.1 million in total fiscal benefits annually compared to the project's current revenue-generating status
- \$1.3 million of that annual total (above) represents revenues that will go directly to the City's general fund
- Total sales tax revenue alone will bring in more than \$1.1 million per year for the City in a redeveloped Kirkland Parkplace; the project currently generates less than \$159,000 annually in sales tax revenues
- In addition, the more than 1 million square feet of Class A office space would attract and retain desirable high-tech companies to the city and, in so doing, position some 5,000 additional office workers in proximity to Kirkland's downtown retail core



Existing Conditions vs. Mixed Use Development

		Existing Development	Mixed-Use Development
zoning data	FAR	0.5	3.5
	Lot coverage: buildings	35%	60%
	Lot coverage: parking lots	40%	0%
	Lot coverage: roads and street parking	15%	20%
	Lot coverage: public open space	10%	25%
	max building height	67 ft (5 stories)	113 ft (8 stories)
	average setback from property line	10 ft	25 ft
human and pedestrian benefits	number of pedestrian connections to adjacent streets	3	9
	qualitative evaluation of connection to Peter Kirk Park	paths through Peter Kirk Park connect with building edges or parking lots	paths through Peter Kirk Park connect with restaurants, low velocity (pedestrian friendly) streets and open spaces within the development
	Number of retail establishments	45	82
	Number of restaurants	5	10
	Other features available to Kirkland residents	parking	“active” public open space, play fountain, public art, parking, theatre, proximal work opportunities
benefits to city infrastructure	# surface parking spots	750	84
	total # parking spots	750	3500
	projected available parking spots for non office workers between 10am and 3pm	650	900
	projected available parking spots for non office workers between 4pm and 9am + weekends	750	3500
	projected fungible improvements in bus service	same	yes, bus frequencies can double at rush hour
	projected increase in revenue to downtown businesses	same	10-20%
	projected tax revenue for the city of Kirkland*	\$159,000	\$1,100,000

*Note: All numbers in 2008 uninflected dollars: data courtesy Northern Economics Inc.

TAB2: EXISTING AND PROPOSED MIXED-USE DEVELOPMENT

EXISTING DEVELOPMENT

MIXED-USE DEVELOPMENT

DRB HISTORY

EXISTING CONDITIONS SITE AERIAL

