**AGENDA**

**DES MOINES CITY COUNCIL**
**STUDY SESSION**
**City Council Chambers**
**21630 11th Avenue S, Des Moines, Washington**

**September 6, 2018 – 7:00 p.m.**

**CALL TO ORDER**

**PLEDGE OF ALLEGIANCE**

**ROLL CALL**

**COMMENTS FROM THE PUBLIC**
***Note: Comments from the public must be limited to the items of business on the Study Session Agenda per Council Rule 10.*** Please sign in prior to the meeting and limit your comments to three (3) minutes.

**DISCUSSION ITEMS**

ITEM 1: EMERGING ISSUES
- Scoping for the Environmental Review of the Sustainable Airport Master Plan

Page 1 ITEM 2: MARINA REDEVELOPMENT UPDATE

Page 3 ITEM 3: SET A PUBLIC HEARING TO CONSIDER DRAFT ORDINANCE 18-101 RELATED TO THE LANDMARK ON THE SOUND ZONING RECLASSIFICATION
Motion is to set a public hearing on September 27, 2018, or as soon thereafter as the matter may be heard, to consider Draft Ordinance No. 18-101 amending DMMC 18.10.050 (Adoption of official zoning map), to reclassify tax parcel 17220493023 from RM-900B Residential: Multifamily Zone to I-C Institutional Campus Zone for the Landmark on the Sound Property.

**EXECUTIVE SESSION**

**NEXT MEETING DATE**

September 13, 2018 City Council Regular Meeting

**ADJOURNMENT**

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# AGENDA ITEM

BUSINESS OF THE CITY COUNCIL
City of Des Moines, WA

SUBJECT: Marina Redevelopment Update

ATTACHMENTS:

FOR AGENDA OF: September 6, 2018

DEPT. OF ORIGIN: Administration

DATE SUBMITTED: August 29, 2018

CLEARANCES:
[ ] Community Development ____
[ ] Marina ____
[ ] Parks, Recreation & Senior Services ____
[ ] Public Works ____

CHIEF OPERATIONS OFFICER: _____
[ ] Legal ____
[ ] Finance ____
[ ] Courts ____
[ ] Police ____

APPROVED BY CITY MANAGER
FOR SUBMITTAL: _____

**Purpose and Recommendation**

Presentation of Marina Redevelopment Consultants Report for Phase II of the Marina redevelopment work.

**Background**

In summer of 2016, the Port of Seattle initiated a non-competitive grant program for cities in King County to enhance economic development opportunities. The City of Des Moines was awarded one of these grants based on the city's population. Our grant award was for $31,520 and the City matched the grant with an equal amount.

The grant and matching funds were used to procure the services of consultants to review the feasibility of various redevelopment options for the Marina. The Holmes Group (THG), under the leadership of Mr. Robert Holmes, was engaged to do this consulting work. Mr. Holmes engaged several additional consultants to review design feasibility, parking impacts in the downtown, development options and market demand analysis. A summary of the initial feasibility work was provided to the Council on May 18, 2017.

On October 17, 2017, a community open house was held on a donated, for-the-day, Argosy ship moored at the Marina to further discuss Marina development options and to listen to community preferences and concerns. There was significant interest expressed in an all-weather market facility, brew pub, wine bar, and casual dining, as well as some interest in retail shops, a boutique hotel and offices on the marina floor. The most preferred area for development was in the vicinity of the boat storage area, and the area near the Harbor Masters Office. There was also feedback that development could be located elsewhere in the Marina, particularly in the area of the current storage buildings and at the south end of the Marina.

In the fall of 2017, the City Council authorized the Phase II consultant contract with THG to look at the financial feasibility of development and Marina steps in the vicinity of the boat storage area, and to further refine the development concept for the overall marina floor. The Phase II contract is funded by an additional grant from the Port of Seattle.

City staff has been working closely with our consultants. Tonight we look forward to the consulting group presenting to City Council their findings regarding Marina redevelopment options.

**Discussion**
N/A

**Alternatives**
N/A

**Financial Impact**
N/A

**Recommendation**
N/A

# AGENDA ITEM

BUSINESS OF THE CITY COUNCIL
City of Des Moines, WA

SUBJECT: Set a Public Hearing to consider Draft Ordinance 18-101 related to the Landmark on the Sound zoning reclassification.

ATTACHMENTS:
1. Preferred Land Use Map
2. Proposed Zoning Map Amendment

FOR AGENDA OF: September 6, 2018

DEPT. OF ORIGIN: Community Development

DATE SUBMITTED: August 30, 2018

CLEARANCES:
[X] Community Development SMC
[ ] Marina ____
[ ] Parks, Recreation & Senior Services ____
[ ] Public Works ____

CHIEF OPERATIONS OFFICER: DJB

[X] Legal TG
[ ] Finance ____
[ ] Courts ____
[ ] Police ____

APPROVED BY CITY MANAGER
FOR SUBMITTAL: _____

**Purpose and Recommendation**

The purpose of this Agenda Item is for the City Council to set a public hearing date to consider Draft Ordinance No. 18-101 amending Des Moines Municipal Code (DMMC) 18.10.050 (Adoption of official zoning map), to reclassify tax parcel 1722049023 from RM-900B Residential: Multifamily Zone to I-C Institutional Campus Zone for the Landmark on the Sound property. This action will bring the zoning into compliance with the preferred land use for the property in the City's adopted Comprehensive Plan.

**Suggested Motion**

**Motion 1:** "I move to set a public hearing on September 27, 2018, or as soon thereafter as the matter may be heard, to consider Draft Ordinance No. 18-101 amending DMMC 18.10.050 (Adoption of official zoning map), to reclassify tax parcel 1722049023 from RM-900B Residential: Multifamily Zone to I-C Institutional Campus Zone for the Landmark on the Sound property."

**Background**

The Institutional Campus (I-C) Zone was established in 2012 by Ordinance No. 1544. Des Moines Comprehensive Plan policy directed that an Institutional Campus land use designation that supported Highline College's Master Plan be established. In addition to the College, there were other large institutional facilities in the City that serve regional clientele, including Wesley Homes, Judson Park and the Highline School District that required a land use designation and zone that supported their uses, services, operations and facilitated their Master Plan redevelopment plans. There are currently three properties that are zoned I-C: Wesley Homes, Highline College and Judson Park. The Landmark on the Sound site has a Comprehensive Plan preferred land use designation of IC (Refer to Attachment 1), but was not rezoned at that time. The property is currently zoned RM-900B.

Ordinance No. 1701 was enacted on August 23, 2018, amending the permitted uses and associated development regulations in the I-C Institutional Campus Zone. The text code amendments further the vision for the *Des Moines 2035 Comprehensive Plan* by promoting development and redevelopment in a manner that strengthens community sustainability, livability and business vitality. The code amendments to chapter 18.95 DMMC – Institutional Campus and chapter 18.52 – Permitted Uses include modifying the purpose statement for the zone, adding to the list of permitted uses, modifying the master plan requirements, and clarifying other provisions of these sections of the DMMC.

**Discussion**

On May 23, 1018, the City of Des Moines received an application for a zoning reclassification from RM-900B Residential: Multifamily Zone to I-C Institutional Campus Zone for the Landmark on the Sound property (Refer to Attachment 2). As a result, the City Council must consider the application at a public hearing.

The rezone would bring the Landmark property into compliance with the City's Comprehensive Plan Preferred Land Use Designation. This rezone application is a Type IV land use action, and will be considered by the City Council in a quasi-judicial process.

**Alternatives**

The City Council may:

1. Set the public hearing date for September 27, 2018.

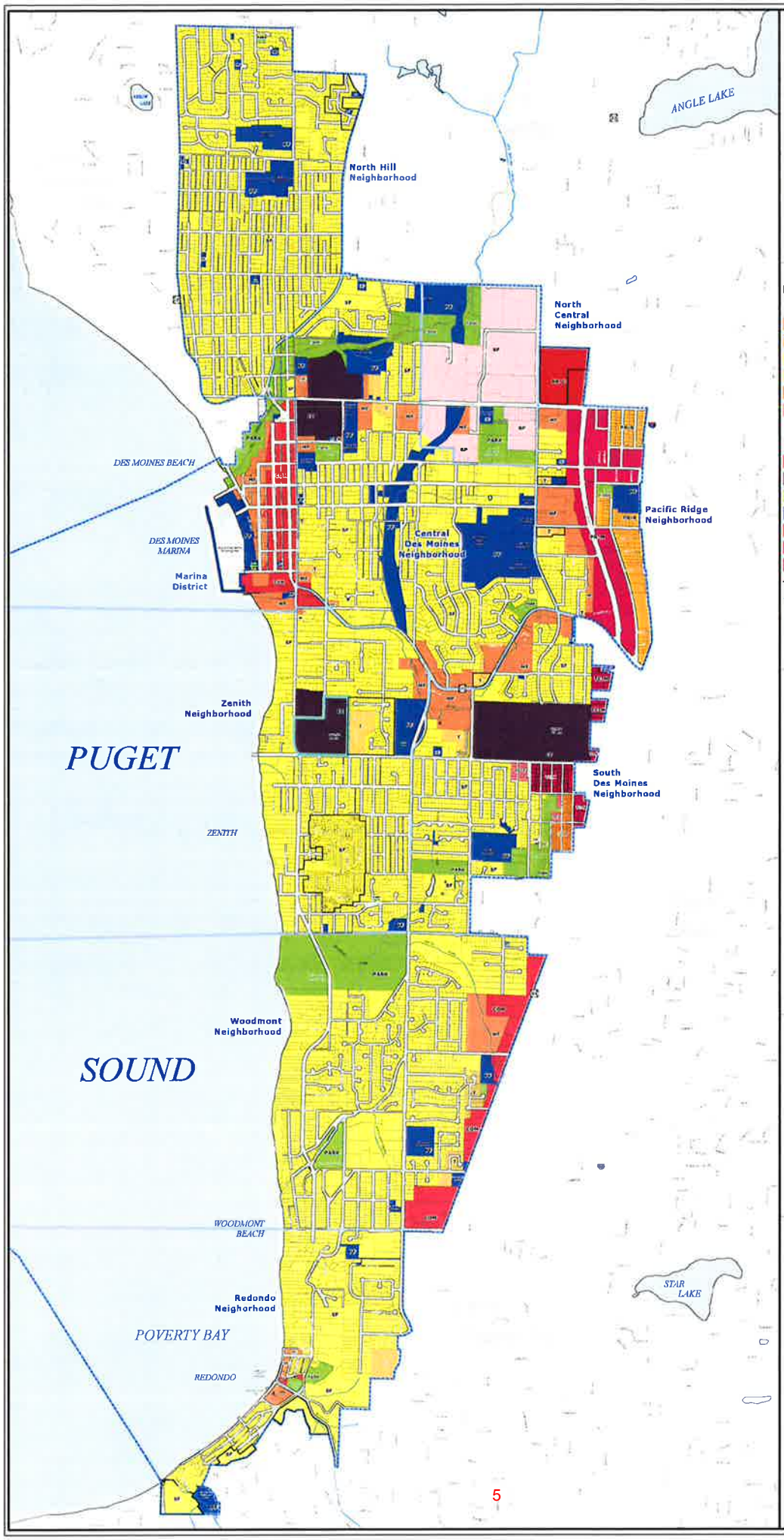
2. Set a different hearing date.

**Financial Impact**

There is no financial impact by setting the public hearing date.

**Recommendation or Conclusion**

Staff recommends that the City Council set a public hearing on September 27, 2018, or as soon thereafter as the matter may be heard, to consider Draft Ordinance No. 18-101.




# City of Des Moines

## Comprehensive Plan

## Preferred Land Use

**Designations**

- RESIDENTIAL
- MF - Multifamily
- PR-R - Pacific Ridge Residential
- SF - Single Family
- T - Townhome
- TC-R - Transit Community Residential
- TC-T - Transit Community Townhome
- COMMERCIAL/NON RES
- BP - Business Park
- COM - Commercial
- IC - Institutional Campus
- PARK - Park
- PF - Public Facility
- PR-C - Pacific Ridge Commercial
- PR-M - Pacific Ridge Mixed
- TC-M - Transit Community Mixed
- Des Moines City Limits
- Streams
- Neighborhood Planning Areas
- PUD *See Plan For Density*

***CITY OF DES MOINES COMPREHENSIVE PLAN MAP SERIES***

*This map series is intended for general planning purposes related to the City of Des Moines Comprehensive Plan*

**Enacting Ordinances**

| ORDINANCE, YEAR |
|---|
| Ord. 1551, 2012 |
| Ord. 1528, 2011 |
| Ord. 1499, 2010 |
| Ord. 1469, 2009 |
| Ord. 1425, 2008 |
| Ord. 1376, 2006 |
| Ord. 1232, 2003 |
| Ord. 1265, 2000 |
| Ord. 1238, 1999 |
| Ord. 1176, 1996 |
| Ord. 1160, 1995 |

**Planning, Building & Public Works**
21630 11th Ave S, Suite D
Des Moines, WA 98198-6398
PHONE: (206) 870-7576 * FAX: (206) 870-6544
WEB: http://www.desmoineswa.gov

*File: CompPlan.mxd*
*Map Generated: Aug 28, 2018*
*©2013 City of Des Moines GIS*

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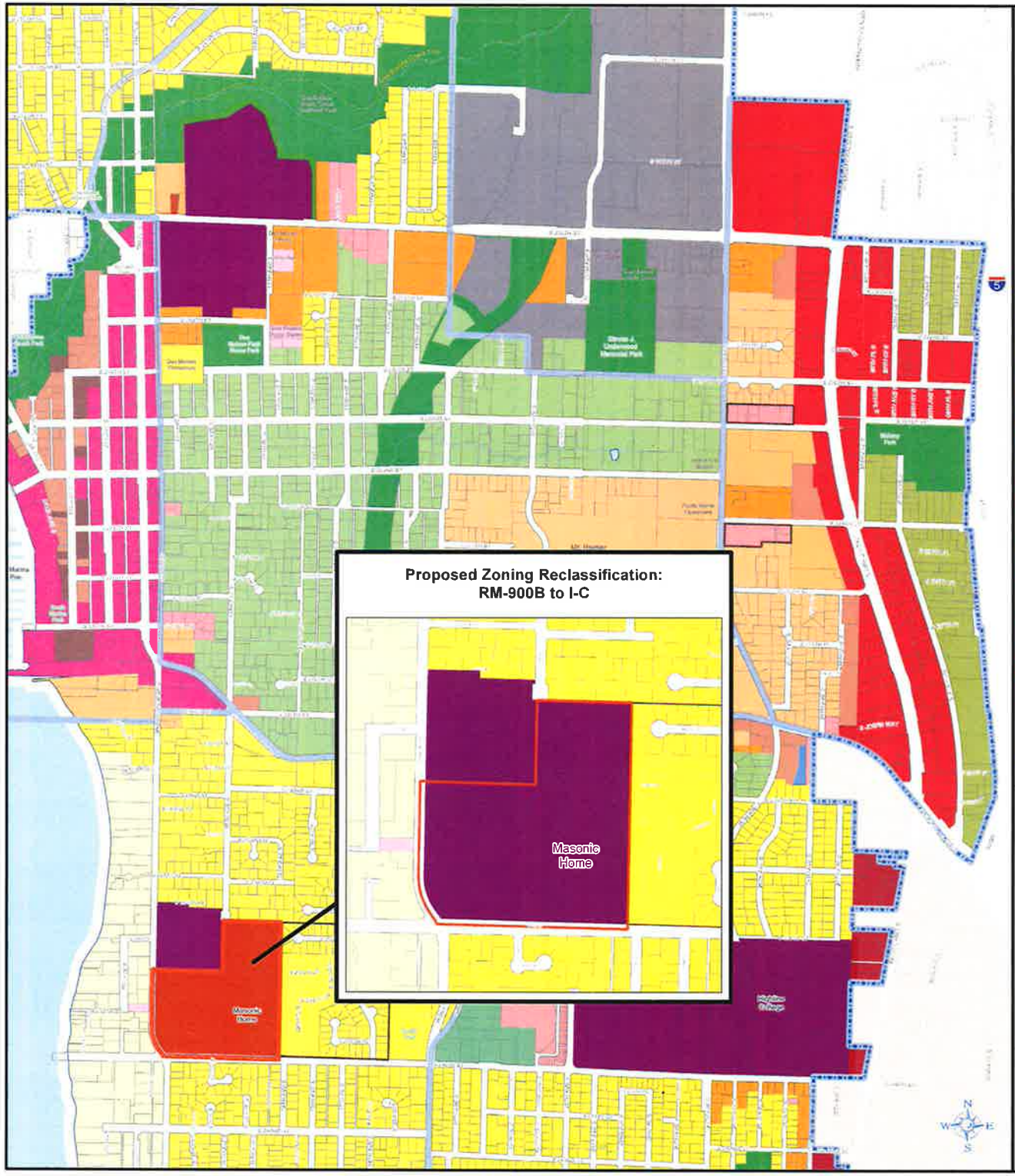
Attachment 2




# City of Des Moines

## Current Zoning

- R-SE Residential: Suburban Estates
- R-SR Residential: Suburban Residential
- RS-15000 Residential: Single Family 15,000
- RS-9600 Residential: Single Family 9600
- RS-8400 Residential: Single Family 8400
- RS-7200 Residential: Single Family 7200
- RA-3600 Residential: Attached Townhouse & Duplex
- RM-2400 Residential: Multifamily 2400
- RM-1800 Residential: Multifamily 1800
- RM-900A Residential: Multifamily 900
- RM-900B Restricted Service
- RM-900 Multifamily 900
- N-C Neighborhood Commercial
- B-C Community Business
- D-C Downtown Commercial
- B-P Business Park
- H-C Highway Commercial
- I-C Institutional Campus
- T-C Transit Community
- PR-R Pacific Ridge Residential
- PR-C Pacific Ridge Commercial
- Des Moines City Limits
- Streams
- Neighborhood Planning Areas
- PUD *See Plan For Density*

## Enacting Ordinances

| *Description* | *Ordinance* | *Effective Date* |
|---|---|---|
| Adoption of digital zoning map | 1235 | May 5, 1999 |
| Renaming of zones | 1237 | May 17, 1999 |
| Business Park (B-P) rezone | 1261 | June 21, 2000 |
| Pacific Ridge rezone | 1267 | July 25, 2000 |
| Redondo Riviera annexation | 1270 | September 1, 2000 |
| Adoption of GIS maps | 1289 | October 11, 2001 |
| Mitchell/Chamlian rezone | 1372 | January 11, 2006 |
| Redondo rezone | 1397 | March 7, 2007 |
| Crestwood Park | 1420 | December 6, 2007 |
| Granville rezone | 1431 | June 26, 2008 |
| Sea Mar rezone | 1520 | October 13, 2011 |
| Barton rezone | 1546 | July 26, 2012 |
| Addition of I-C zone | 1563 | March 28, 2013 |
| Pacific Ridge rezone | 1576 | September 12, 2013 |
| Addition of T-C Zone | 1601 | June 26, 2014 |
| Addition of W-C Zone | 1618-A | March 17, 2015 |
| Blueberry Lane Rezone | 1660 | September 8, 2016 |
| S 216th Street Rezone | 1663 | October 13, 2016 |

**Planning, Building & Public Works**
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Des Moines, WA 98198-6398
PHONE: (206) 870-7576 * FAX: (206) 870-6544
WEB: http://www.desmoineswa.gov

*Map Generated: Aug 27, 2018* *©2018 City of Des Moines GIS*

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# CITY COUNCIL STUDY SESSION

## Speaker Sign-Up Sheet

September 5, 2018

| | NAME (PLEASE PRINT) | ADDRESS | TOPIC | PHONE/E-MAIL ADDRESS |
|---|---|---|---|---|
| X | JC Harris | Des Moines | SAMP | |
| X | Sheila Brush | Des Moines | SAMP | |
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THG LLC

THE CONCORD GROUP

skylab

# DES MOINES MARINA FEASIBILITY STUDY PHASE 2 WORK

**PRESENTATION TO:**
**DES MOINES CITY COUNCIL / September 6, 2018**
THG / The Concord Group / Skylab

# AGENDA

Team introduction and scope of work

Review key findings

Discuss development strategies

Next steps

Q&A/open discussion

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Team introduction and scope of work

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# OVERVIEW

## PROJECT PARTNERSHIP

- Port of Seattle
- City of Des Moines

## THE PROJECT TEAM

- THG
- The Concord Group
- Skylab

## SCOPE OF WORK

- Update land use market analysis
- Develop concept plans for Marina Steps public amenity
- Financial feasibility analysis
- Identify strategy for Phase 1 development

# AGENDA

Team introduction and scope of work

Review key findings

Discuss development strategies

Next steps

Q&A/open discussion

# PHASE I WORK: KEY TAKEAWAYS

- Opportunity to develop various land uses given demand and supply trends, site location
  - Strong regional trends for residential and hotel
    - Tukwila hotel/apartments, SeaTac hotels
- Some constraints to development, including building height restriction (35') and minimizing impact on view corridors
- Potential to incorporate public amenities (i.e. Marina Steps, enhanced plaza) into development plans
  - Opportunity to enhance connectivity between Marina, downtown, Beach Park



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# PHASE I WORK: DEVELOPMENT SCENARIOS

## BASELINE

- Development concentrated in north, potential parcel on south end
- Boatyard remains in current location
- Up to 240,000 developable square feet

## NORTH CONCENTRATION

- Development in contiguous zone entirely in north end
- Boatyard moves to south end
- Up to 240,000 developable square feet

## MULTI-NODAL

- Development concentrated on both ends
- Boatyard remains in current location
- Up to 330,000 developable square feet



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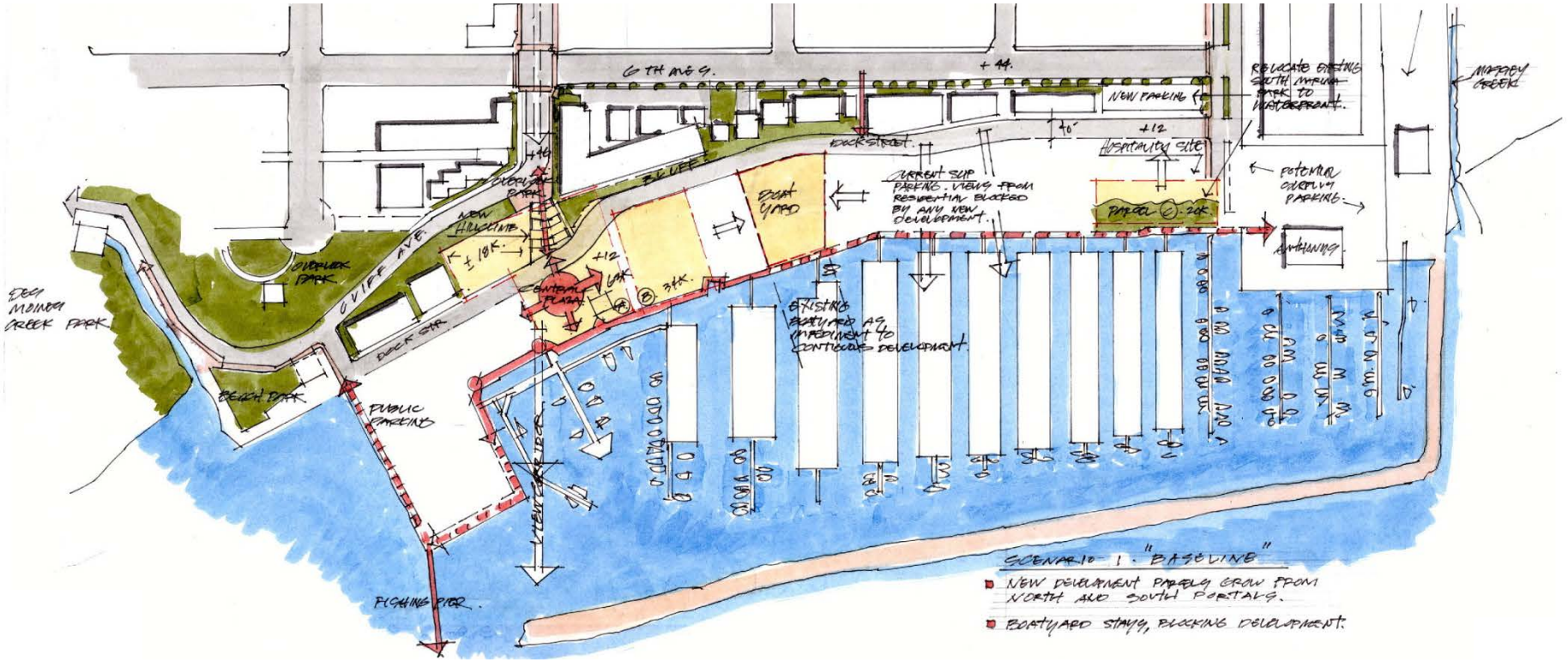
# PHASE I WORK: BASELINE SCENARIO



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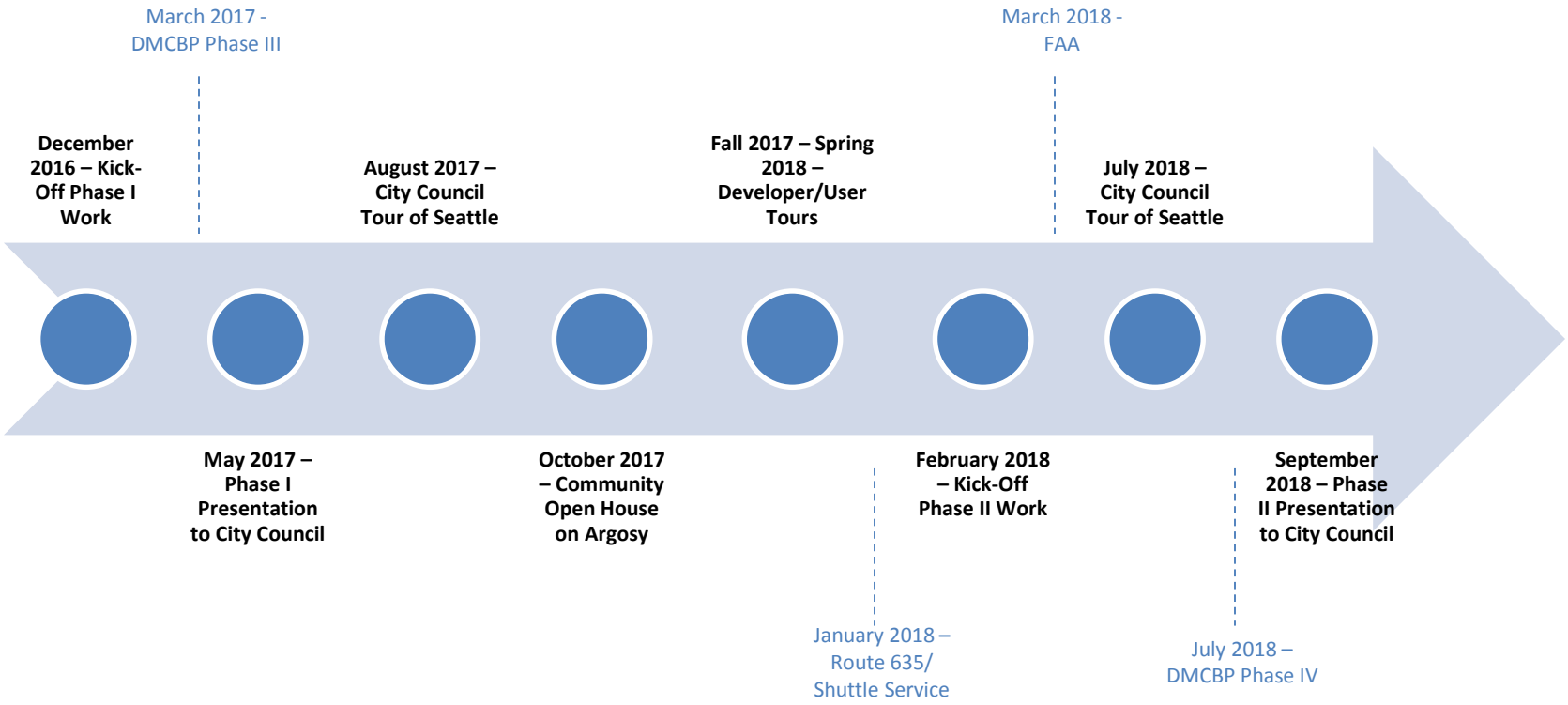
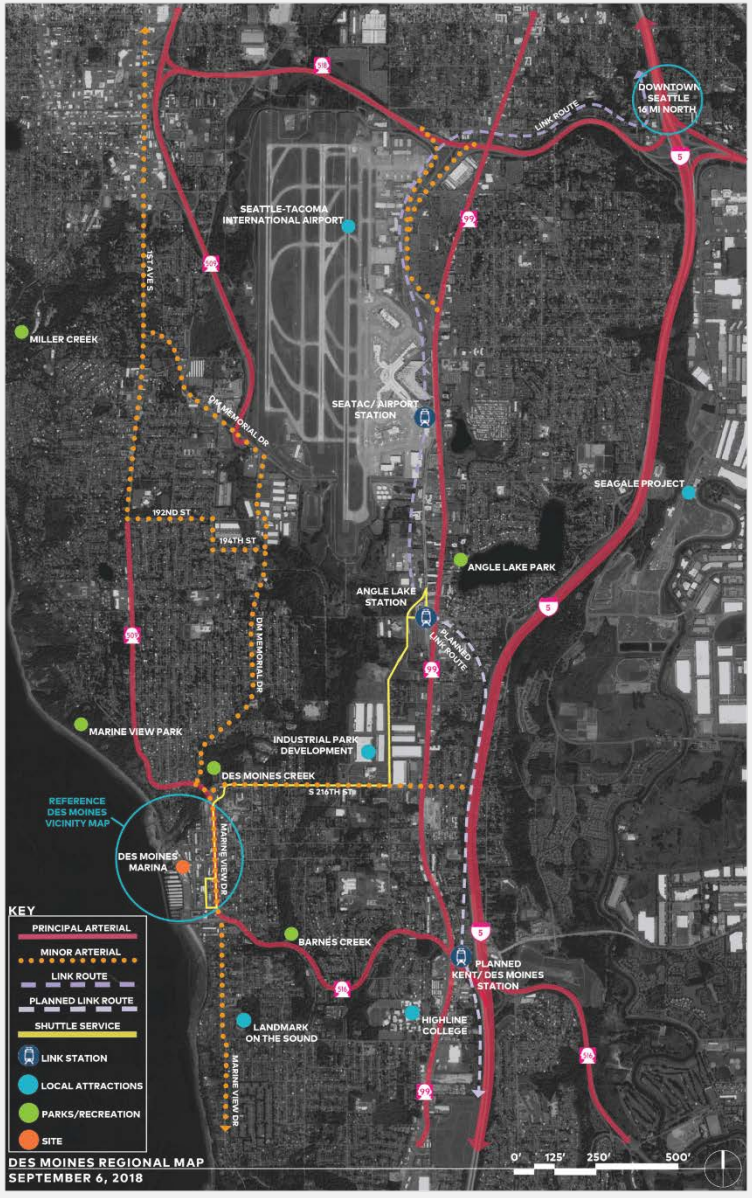
# PHASE I WORK: TIMELINE SINCE LAST MEETING



# REGIONAL CONTEXT



# KEY REGIONAL TRENDS

Significant development activity in the metro area

SEATTLE | NEWS | SEATTLE CONSTRUCTION NEWS

## Seattle remains the crane capitol of the US

*Seattle's been No. 1 for a minute*

By Sarah Anne Lloyd | @sarahannelloyd | Jul 24, 2018, 11:15am PDT

SHARE

Oksana Perkins/Shutterstock

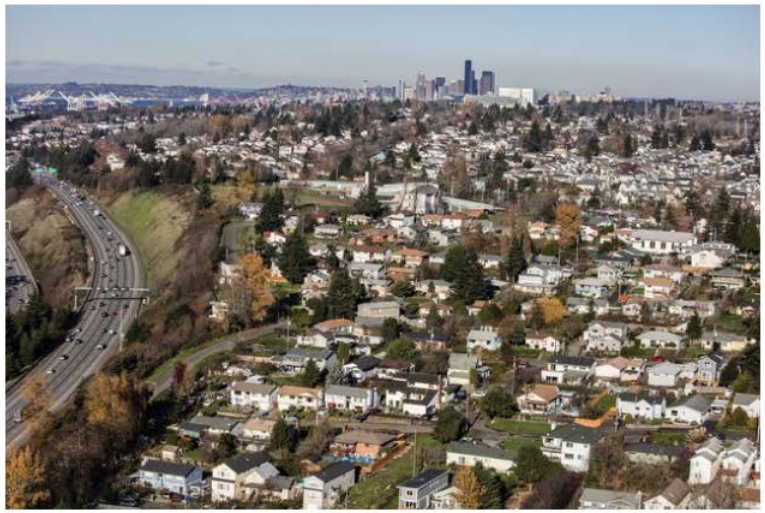
# KEY REGIONAL TRENDS

One of the strongest housing markets in the country

Business | Local News | Real Estate

## Seattle-area home-price growth from current boom has surpassed last decade's bubble

Originally published April 24, 2018 at 6:39 am | *Updated May 8, 2018 at 2:30 pm*



1 of 2 *Single-family home costs across the metro area grew 12.7 percent in February from the year before. Pictured here is the south end of Seattle's Beacon Hill neighborhood, looking toward downtown. (Steve Ringman/The Seattle Times)*

**Single-family home prices in the Seattle metro area have grown faster than anywhere else in the country for the last year and a half, with no sign of slowing even though prices have been surging for six years.**



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# KEY REGIONAL TRENDS

And one of the top real estate investment areas in the country

URBANLAND

INDUSTRY SECTORS | CAPITAL MARKETS | TRENDS | SUSTAINABILITY | DEVELOPMENT | PLANNIN

Urban Land > Market Trends > *Emerging Trends 2018:* Seattle Is Top Market for Investment, Development

## *Emerging Trends 2018:* Seattle Is Top Market for Investment, Development

By Leslie Braunstein
October 26, 2017

Text Size: A A A

Print Email Share Facebook LinkedIn Twitter

**U.S. Markets to Watch: Overall Real Estate Prospects**

| | Investment | Development |
|---|---|---|
| 1 Seattle (2, 1) | 3.74 | 3.74 |
| 2 Austin (3, 2) | 3.69 | 3.61 |
| 3 Salt Lake City (1, 10) | 3.79 | 3.42 |
| 4 Raleigh/Durham (4, 4) | 3.65 | 3.56 |
| 5 Dallas/Fort Worth (6, 5) | 3.62 | 3.52 |
| 6 Fort Lauderdale (16, 3) | 3.54 | 3.57 |
| 7 Los Angeles (8, 8) | 3.61 | 3.45 |
| 8 San Jose (11, 9) | 3.60 | 3.43 |
| 9 Nashville (5, 13) | 3.63 | 3.41 |
| 10 Boston (9, 14) | 3.61 | 3.38 |
| 11 Miami (18, 6) | 3.53 | 3.46 |
| 12 Charlotte (12, 16) | 3.59 | 3.37 |
| 13 Portland, OR (7, 20) | 3.62 | 3.33 |
| 14 Charleston (17, 12) | 3.54 | 3.41 |

| | Investment | Development |
|---|---|---|
| 40 New York–other boroughs (43, 35) | 3.29 | 3.14 |
| 41 Palm Beach (45, 36) | 3.28 | 3.14 |
| 42 Chicago (35, 49) | 3.34 | 3.03 |
| 43 Long Island (56, 33) | 3.15 | 3.18 |
| 44 Columbus (53, 37) | 3.21 | 3.13 |
| 45 Richmond (48, 41) | 3.25 | 3.08 |
| 46 New York–Manhattan (37, 55) | 3.33 | 3.00 |
| 47 Sacramento (42, 51) | 3.29 | 3.01 |
| 48 Washington, DC–MD suburbs (40, 56) | 3.30 | 2.99 |
| 49 Birmingham (50, 42) | 3.22 | 3.07 |
| 50 Westchester, NY/Fairfield, CT (46, 58) | 3.26 | 2.94 |
| 51 Jacksonville (59, 45) | 3.09 | 3.05 |
| 52 Cape Coral/Fort Myers/Naples (60, 47) | 3.07 | 3.05 |
| 53 St. Louis (49, 65) | 3.24 | 2.87 |



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# KEY REGIONAL TRENDS

Supported by one of the nation's fastest-growing economies

Menu

SEATTLEWEEKLY

Subscribe Now

News & Comment Opinion Arts & Culture Eat Drink Toke Sports Calendar Marketplace Classes

Cargo transportation was among the various regional industries driving wage and employment growth in King County. Photo via PxHere

LABOR

## King County Employment Continues to Rise



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# KEY REGIONAL TRENDS

## Attracting more and more in-migration

Gene Balk / FYI Guy

### Seattle just one of 5 big metros last year that had more people move here than leave, census data show

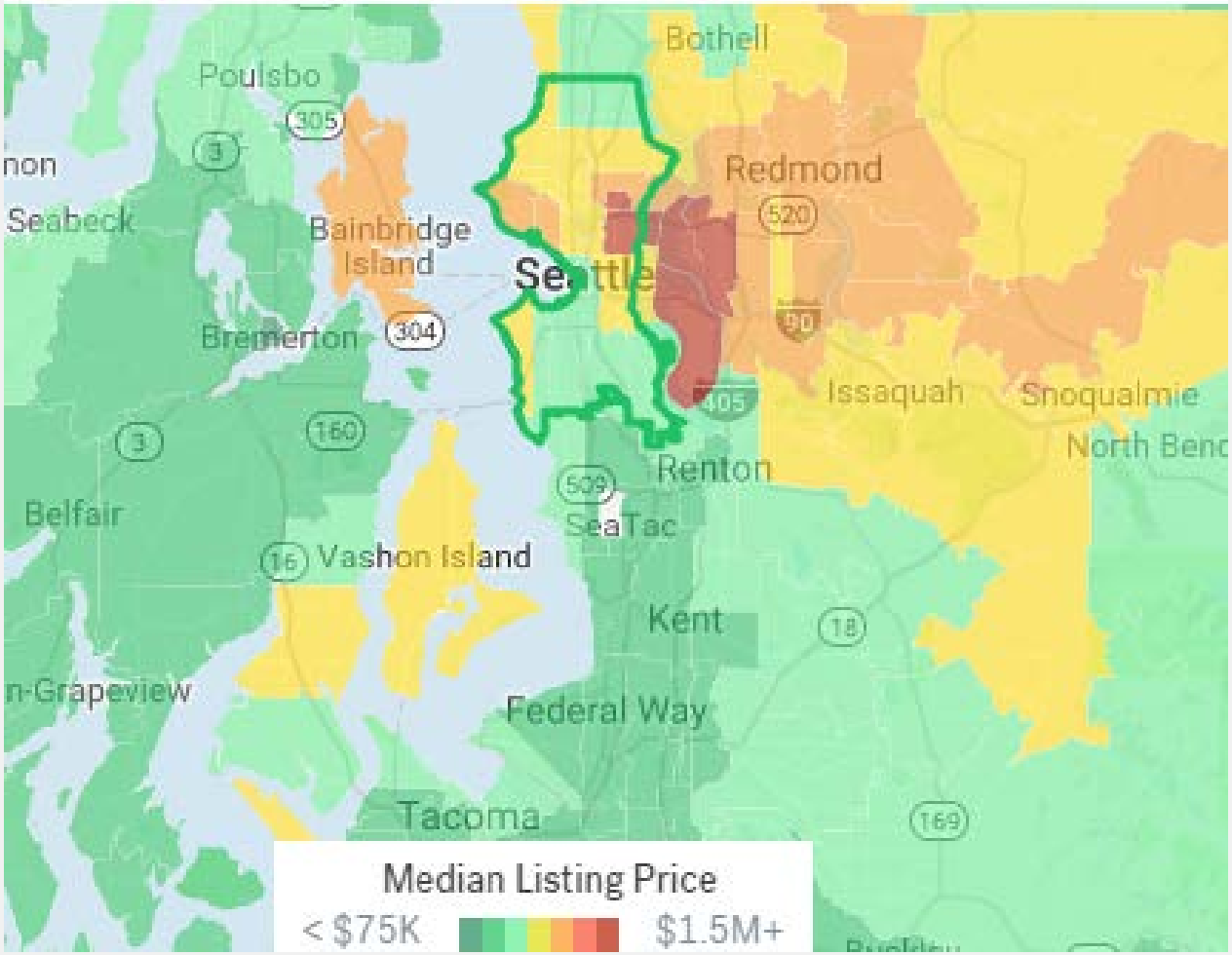
Originally published March 26, 2018 at 6:00 am | *Updated March 27, 2018 at 5:13 pm*

*Growth in Seattle's South Lake Union, Amazon's corporate headquarters, has fueled a job and population boom here. (Erika Schultz / The Seattle Times)*

**Seattle is the only metro area outside of the Sunbelt that had more people move in from other parts of the country than move away. San Francisco was among the metros that carried a net loss of 24,000 domestic movers.**

# KEY REGIONAL TRENDS

South King County remains a value area in the metro



# KEY REGIONAL TRENDS

With relatively good access to major employment nodes

# LOCAL CONTEXT

# KEY LOCAL TRENDS

DMCBP Phase IV fully leased – over net new 3,500-4,000 direct jobs expected

# KEY LOCAL TRENDS

## New shuttle service from Angle Lake to downtown

### Route 635 Des Moines Community Shuttle

**FARES**

Regular Metro fares apply.
Peak times: 6 - 9 am and 3 - 6 pm.

| | |
|---|---|
| **Adults** (19 and older) Off Peak | $2.50 |
| **Adults** (19 and older) Peak | $2.75 |
| **ORCA Lift** Fare,* all times | $1.50 |
| **Youth** (6-18 yrs), all times | $1.50 |
| **RRFP cardholders** (registered seniors, Medicare, disabled), all times | $1.00 |
| **Children** (thru age 5), all times | Four may ride free with person paying adult fare |

*income qualified

**TO** Des Moines Marina District

| Angle Lake Station | 24th Ave S S 216th St | 7th Ave S S 226th St |
|---|---|---|
| 5:21 | 5:24 | 5:29 |
| 5:41 | 5:44 | 5:49 |
| 5:56 | 5:59 | 6:04 |
| 6:11 | 6:14 | 6:20 |
| 6:26 | 6:29 | 6:35 |
| 6:41 | 6:44 | 6:50 |
| 6:56 | 6:59 | 7:05 |
| 7:12 | 7:15 | 7:22 |
| 7:28 | 7:31 | 7:38 |
| 7:49 | 7:52 | 7:59 |
| 8:05 | 8:08 | 8:14 |
| 8:22 | 8:25 | 8:31 |
| 8:37 | 8:40 | 8:46 |
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| **2:30** | **2:33** | **2:40** |
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| **5:43** | **5:46** | **5:54** |
| **6:00** | **6:03** | **6:10** |
| **6:15** | **6:18** | **6:25** |
| **6:29** | **6:32** | **6:39** |
| **6:44** | **6:47** | **6:54** |

**TO** Angle Lake Station

| 7th Ave S S 226th St | 24th Ave S S 216th St | Angle Lake Station |
|---|---|---|
| 5:29 | 5:36 | 5:41 |
| 5:49 | 5:57 | 6:02 |
| 6:04 | 6:12 | 6:17 |
| 6:20 | 6:29 | 6:34 |
| 6:35 | 6:44 | 6:49 |
| 6:50 | 6:59 | 7:04 |
| 7:05 | 7:15 | 7:20 |
| 7:22 | 7:32 | 7:37 |
| 7:38 | 7:48 | 7:53 |
| 7:59 | 8:09 | 8:14 |
| 8:14 | 8:22 | 8:27 |
| 8:31 | 8:39 | 8:44 |
| 8:46 | 8:54 | 8:59 |
| 9:01 | 9:09 | 9:14 |
| **2:12** | **2:20** | **2:25** |
| **2:27** | **2:35** | **2:40** |
| **2:40** | **2:48** | **2:53** |
| **2:55** | **3:03** | **3:08** |
| **3:10** | **3:18** | **3:23** |
| **3:25** | **3:34** | **3:39** |
| **3:40** | **3:49** | **3:54** |
| **3:57** | **4:06** | **4:11** |
| **4:12** | **4:21** | **4:26** |
| **4:30** | **4:39** | **4:44** |
| **4:49** | **4:58** | **5:03** |
| **5:07** | **5:16** | **5:21** |
| **5:22** | **5:30** | **5:35** |
| **5:40** | **5:48** | **5:53** |
| **5:54** | **6:02** | **6:07** |
| **6:10** | **6:18** | **6:23** |
| **6:25** | **6:32** | **6:37** |
| **6:39** | **6:46** | **6:51** |

AM – Lighter Type **PM – Darker Type**
Shaded areas on schedules indicate peak hour trips.

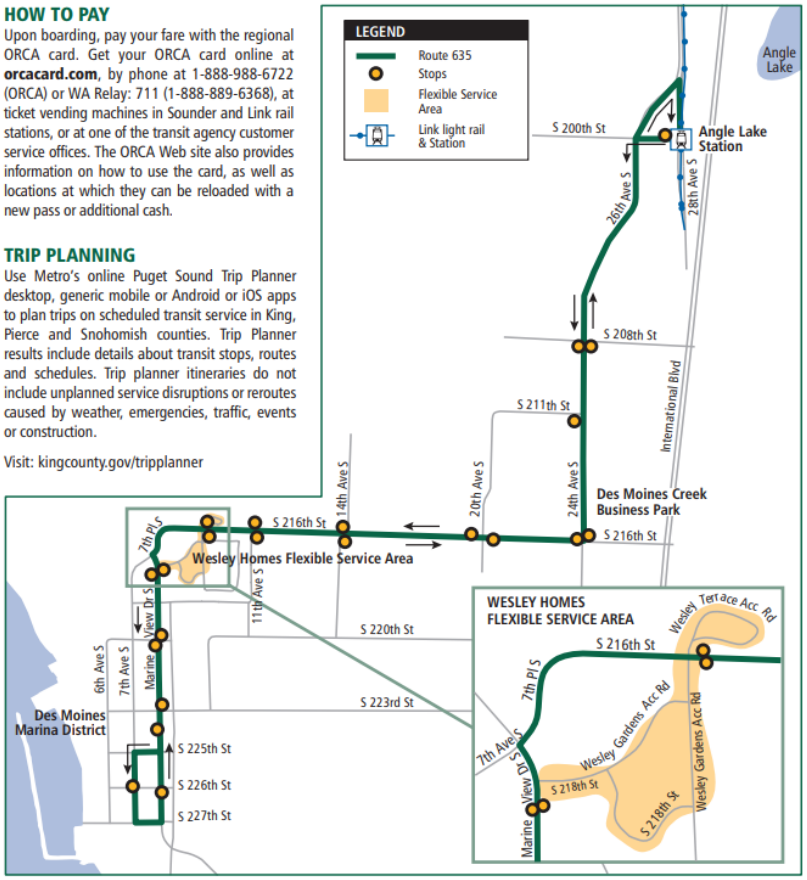
**HOW TO PAY**

Upon boarding, pay your fare with the regional ORCA card. Get your ORCA card online at **orcacard.com**, by phone at 1-888-988-6722 (ORCA) or WA Relay: 711 (1-888-889-6368), at ticket vending machines in Sounder and Link rail stations, or at one of the transit agency customer service offices. The ORCA Web site also provides information on how to use the card, as well as locations at which they can be reloaded with a new pass or additional cash.

**TRIP PLANNING**

Use Metro's online Puget Sound Trip Planner desktop, generic mobile or Android or iOS apps to plan trips on scheduled transit service in King, Pierce and Snohomish counties. Trip Planner results include details about transit stops, routes and schedules. Trip planner itineraries do not include unplanned service disruptions or reroutes caused by weather, emergencies, traffic, events or construction.

Visit: kingcounty.gov/tripplanner

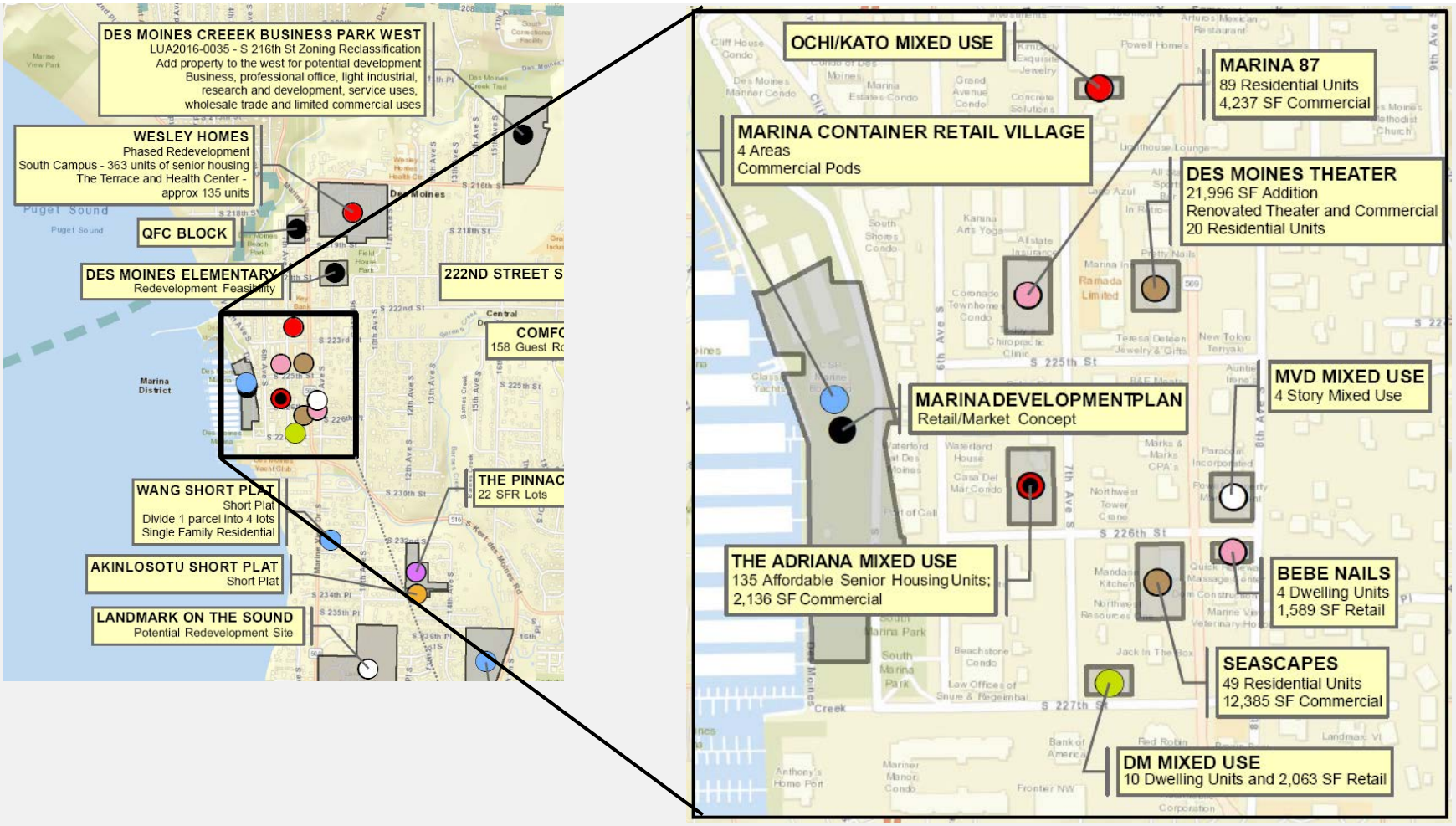


# KEY LOCAL TRENDS

Potential redevelopment of Landmark on the Sound

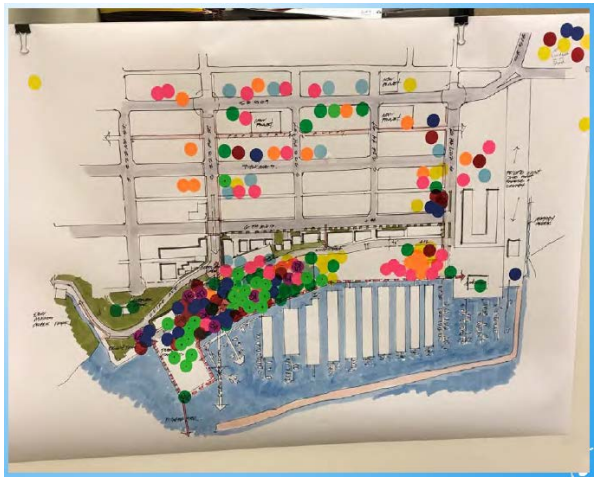
# KEY LOCAL TRENDS

## And development activity in and around downtown



# COMMUNITY INPUT

- October 2017 Open House – 200+ attendees
- Support for various uses on Marina floor, especially an all-weather market, casual dining, and brew pub
- Interest for development clustered around north end of Marina/Harbormaster House
- Followed up with tours with City Council



# DEVELOPER INPUT

- Toured 12+ developers around City and Marina
- Public connector such as the Marina Steps would be catalyst to interest private developers
- Readily available interest for residential development (as function of regional market demand)
- Potential interest from hotel developer looking at new small-scale 'inn' concept
- Potential interest from brewpub
- Potential interest from mixed-use developers

# MARKET ANALYSIS SUMMARY

| | Residential (Attached) | | Commercial (Lease) | | |
|---|---|---|---|---|---|
| | **Rental** | **For-Sale** | **Office** | **Retail** | **Hotel** |
| **Regional Trends (last 5 years)** | Very Strong | Strong | Moderate | Moderate/Weak | Strong |
| **Des Moines Market (current supply)** | Dated product, mostly 1970s/1980s vintage | Dated product, mostly 1970s/1980s vintage | Dated product, small tenants | Dated product, small centers | Mostly dated product, new Sheraton |
| **Key Demand Drivers** | Employment growth; Millenial and empty nester preferences; amenities | Pent-up demand, especially from move-down/empty nesters; site-specific opportunities | Office-using employment growth; executive preferences | Household and income growth; consumer preferences | Employment growth; leisure trends; airport traffic; visibility |
| **Pipeline - Supply Forecast (future supply)** | Moderate supply | Minimal supply | Moderate supply, some large conceptual projects | Minimal supply, some large conceptual projects | Significant supply |



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# SITE OPPORTUNITIES

- Water
- Views
- Parking options
- Large parcel, contiguous City ownership
- Proximity to downtown, Beach Park

# SITE ANALYSIS: MARINA

# POTENTIAL PUBLIC AMENITIES

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# POTENTIAL PUBLIC AMENITIES: MARINA STEPS

# POTENTIAL PUBLIC AMENITIES: MARINA STEPS

Why build the Steps?

- ✓ Connects waterfront with Downtown
- ✓ Public amenity
- ✓ Attracts locals and tourists
- ✓ Catalyst for private investment and development
- ✓ Could be integrated with other community-desired aspects, such as food/beverage options with unique location, Marina parking



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# POTENTIAL PUBLIC AMENITIES: MARINA STEPS

Potential Design

- Team worked through various designs in consultation with City staff
- Chose design that could be built as a stand-alone amenity or be integrated with simultaneous private development
- Worked with Geotech and cost estimator consultants to understand foundation requirements and costs



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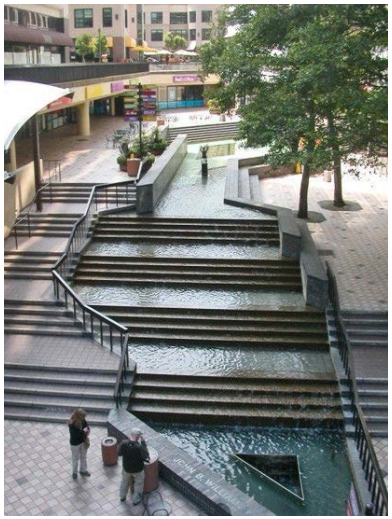
# POTENTIAL PUBLIC AMENITIES: MARINA STEPS

# POTENTIAL PUBLIC AMENITIES: MARINA STEPS



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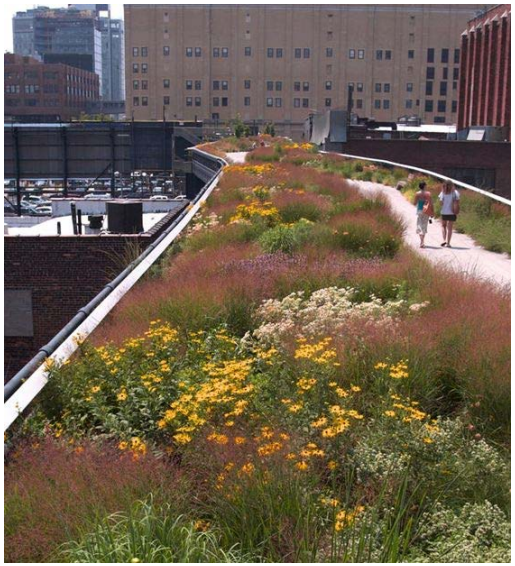
# POTENTIAL PUBLIC AMENITIES: ROOF GARDENS



# AGENDA

Team introduction and scope of work

Review key findings

Discuss development strategies

Next steps

Q&A/open discussion

# ISSUES TO CONSIDER

- City's goals
  - Public access
  - Working marina
  - Revenue-generating
  - Mix of uses
  - Human scale
  - Assets for the community
  - Destination location
- Market-based demand
  - Current vs future
- Site constraints and strengths
- Phasing/timing
- Early phase successes
- Critical mass / activate



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# DEVELOPMENT STRATEGY

- Create vision
- Identify early-phase focus
- Determine how to best leverage City assets
- Parking strategy and other elements that can help catalyze private development
- Identify tenants and partners

# DEVELOPMENT: POTENTIAL VISION

# DEVELOPMENT: EARLY-PHASE OPPORTUNITY

# DEVELOPMENT: MARINA STEPS

- Engaged cost estimator
- Cost estimates (assume 30% soft costs on hard costs):
  - Option 1 – without elevator: $2.5 - $3.0 million
  - Option 2 – with elevator: $3.5 - $4.1 million

# DEVELOPMENT: EARLY-PHASE OPPORTUNITY

- Marina Steps creates opportunity for private development parcels to north and south of stairs
  - North parcel (A) – 18,000 s.f. (with potential to increase if go into right of way)
  - South parcel (B) – 13,000 s.f. (with potential to increase southwards)
- At 2.5 FAR, up to 78,000 s.f. of developable space
  - Up to 35' tall, wouldn't block existing views
  - Could be integrated into design/development of Steps



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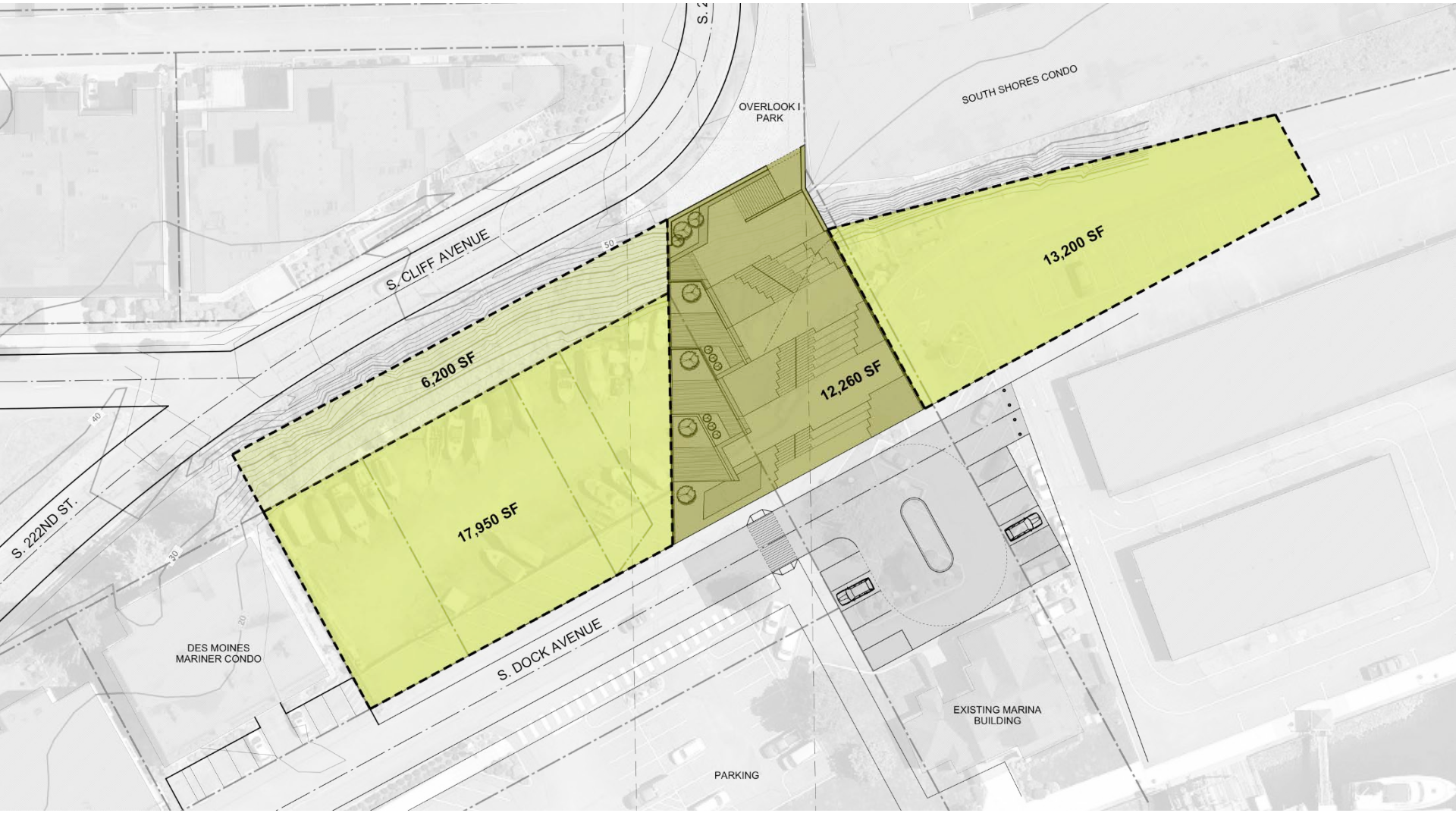
# DEVELOPMENT: EARLY-PHASE OPPORTUNITY



# DEVELOPMENT STRATEGIES

## SELL SPECIFIC PARCEL

- Marina includes +/-29 acres, possible sale of no more than 1-2 acres
  - First phase opportunity is currently boat storage
- Likely to attract most developer interest
- Sales proceeds can help pay for Marina Steps and/or other public amenities

## GROUND LEASE LAND

- Likely to reduce developer interest
- More common for some land uses (i.e. hotel)
- Many different options, can get complicated
- Payments can help to offset debt costs for public amenities

## PUBLIC-PRIVATE PARTERNSHIP

- Won't interest all developers
- Can take many different forms, can get complicated
- City brings land, regulatory authority, and bonding capacity, private developers bring their expertise in getting things financed and built



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# DEVELOPMENT POTENTIAL BY LAND USE

| | Residential (Attached) | | Commercial (Lease) | | |
|---|---|---|---|---|---|
| | **Rental** | **For-Sale** | **Office** | **Retail** | **Hotel** |
| **Site Potential** | Strong | Strong | Moderate | Moderate | Moderate |
| **Likely Type** | Flats<br>Mixed-Use | Condo (flats)<br>Townhome (2-3 story)<br>Live/Work | Finance/insurance/<br>real estate (FIRE)<br>Professional services<br>Medical<br>Co-working | Boat-oriented shop<br>Restaurant<br>Coffee<br>Destination | Extended stay<br>Boutique |
| **Rent/Sales Range** | $2.25-$2.50/s.f. (mo.) | $450-$600/s.f. | $20-$30/s.f. NNN (ann) | $20-$30/s.f. NNN (ann) | $140-$160/night (ADR) |
| **Financial Model - Key Assumptions** | | | | | |
| Avg Rent/Price | $2.25/s.f. (mo.) | $525/s.f. | $25/s.f. NNN (ann) | $25/s.f. NNN (ann) | $150/night (ADR) |
| Avg Occupancy (stabilized) | 95% | n/a | 90% | 90% | 70% |
| Cap Rate | 5.00% | n/a | 6.00% | 6.50% | 7.00% |
| Total Construction Cost per Net S.F (Hard, Soft, Finance) | $292 | $325 | $258 | $219 | $379 |
| Density/FAR | 70.0 | 40.0 | 2.5 | 0.7 | 100.0 |

# DEVELOPMENT STRATEGY: SELL SPECIFIC PARCEL

Values depend on many factors, including:

- Land use and resulting lease/sales values
- Development capacity based on zoning and other constraints
- Construction costs
- Parking
- Investor interest
- Market norms and trends



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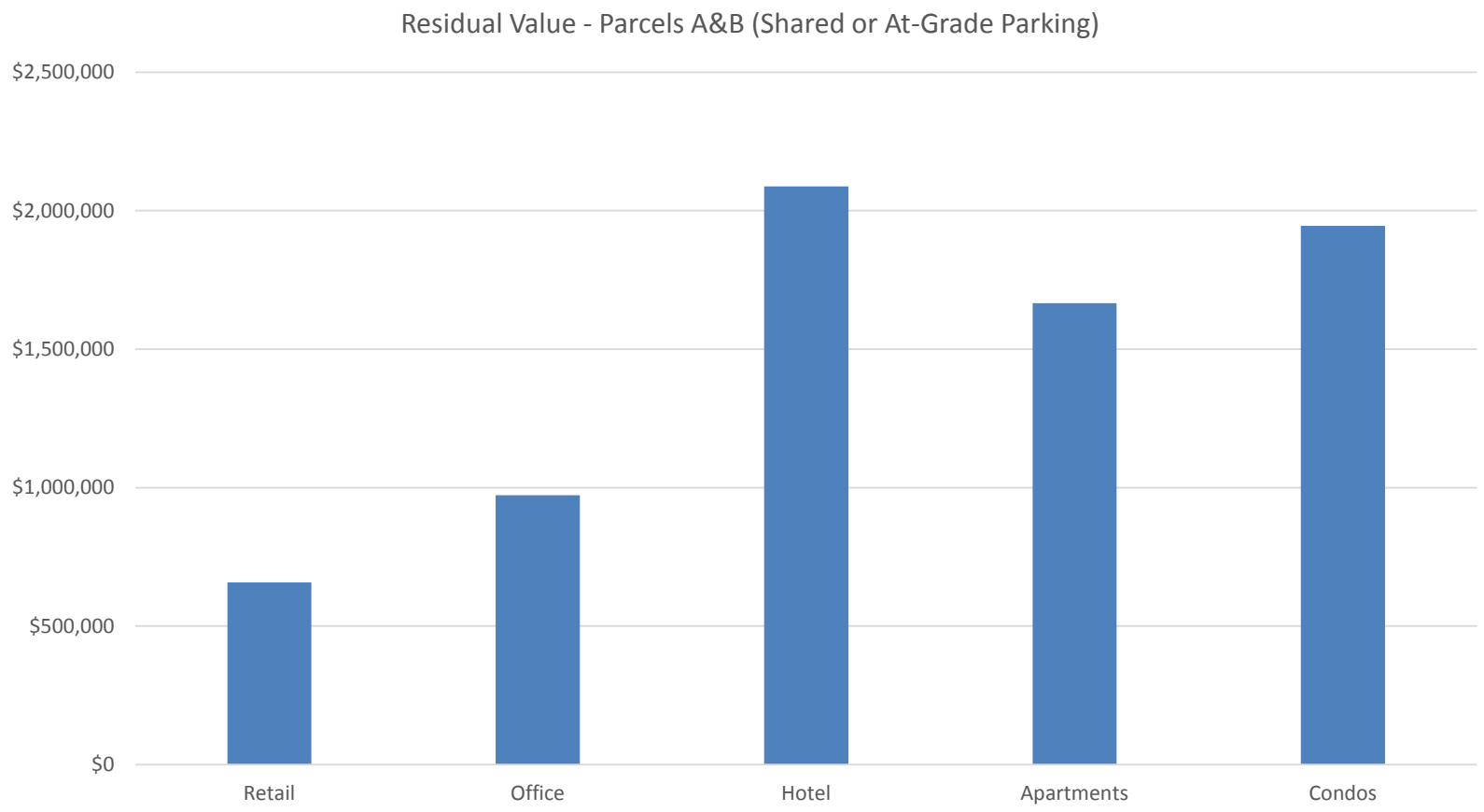
# DEVELOPMENT STRATEGY: SELL SPECIFIC PARCEL

- Depending on resulting densities, land uses under consideration projected to yield between $900,000 – $2.9 million per acre
- Highest values for hotel and residential uses
- Land values highly sensitive to assumptions
- Parking is significant component – these values assume either shared parking with Marina or at-grade/tuck-under parking
    - Below-grade or other structured parking would introduce significant cost increase and resulting lower land values (and potentially negative land values)
- At 0.72 acres for 2 parcels next to stairs = potential combined land value of between $660,000 and $2.1 million

# DEVELOPMENT STRATEGY: SELL SPECIFIC PARCEL



# DEVELOPMENT STRATEGY: GROUND LEASE LAND

- Ground leases not common for many development deals
  - Most commonly associated with hotel development
- Developers and their capital partners will typically want long timeframes (i.e. 99 years)
- Leases don't typically begin until revenue earned (and often ramped up in initial phase)
- Need to consider time value of money (i.e. discount future payments)

# DEVELOPMENT STRATEGY: GROUND LEASE LAND

- Ground leases can be determined on basis of:
  - % of determined/appraised land value
  - % of revenue
  - Other fixed rent amount or hybrid method
- At 5% of land value and discount rate of 6%, would take approximately 30 years to equal current sales values



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# DEVELOPMENT STRATEGY: PUBLIC-PRIVATE PARTNERSHIP

- Opportunity to leverage City assets and capabilities with private-sector development expertise
- Can take many different forms
- Can include modest or incremental incentives

Example: City provides land, private developer builds Marina Steps and adjacent private development

- City gets public amenity potentially at reduced out-of-pocket cost
- Developer gets control of larger site and ability to better integrate uses and leverage development costs

# DEVELOPMENT: PARKING STRATEGY

- No existing parking spaces taken out for siting early-phase development
- Utilize existing surface parking to help incentivize early-phase development
- Parking costs can kill development deals – typical cost per stall is ~$30,000 for above-ground and ~$50,000 for below-grade
- Parking on small sites can also leave too little leasable/saleable space left over
- Look into integrating parking into Marina Steps development
- Potential to build structured parking later on as Marina is developed
- Financial partners often will require developers to have dedicated parking – they don't want their investments to be under-parked



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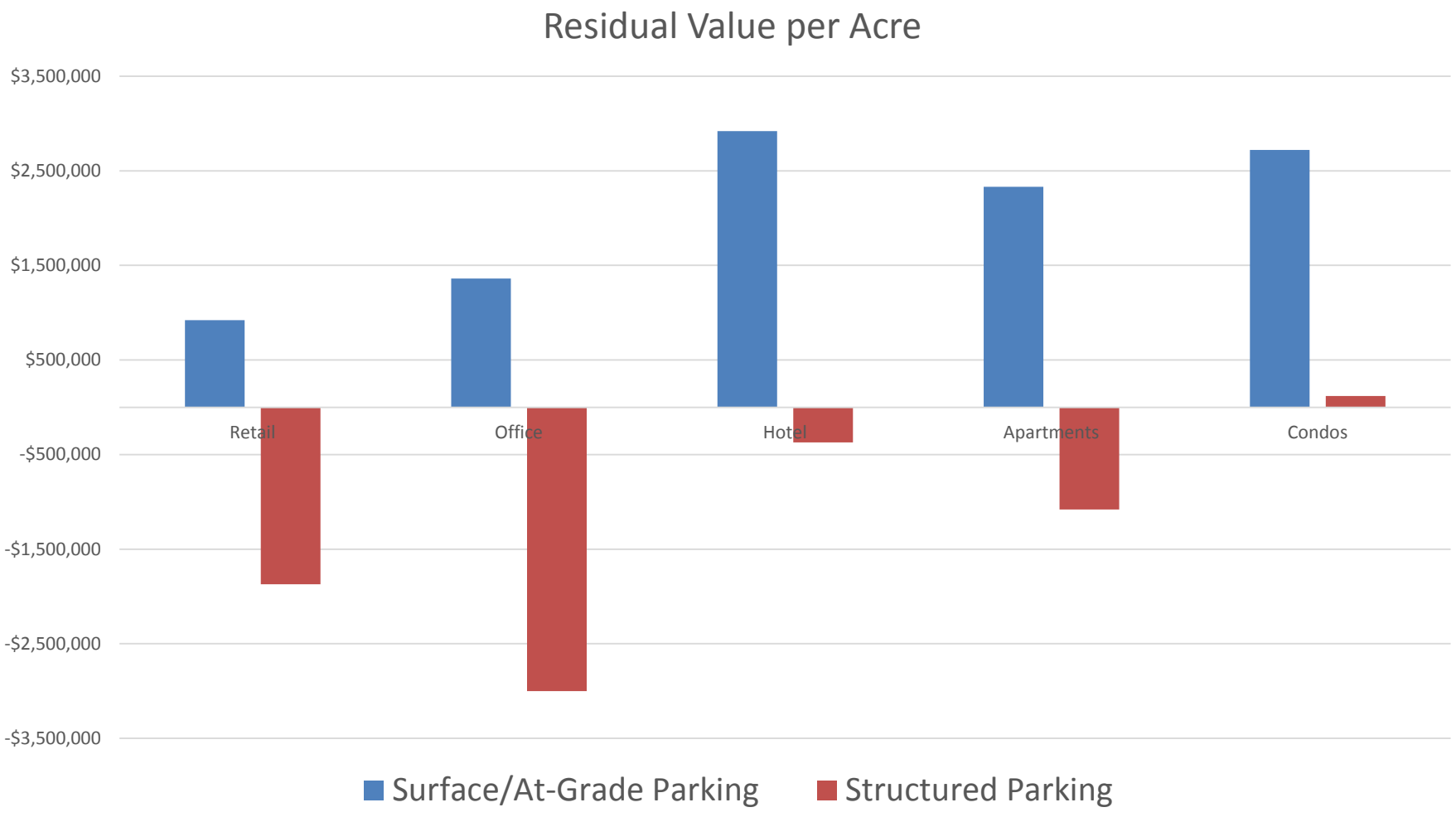
# DEVELOPMENT: PARKING STRATEGY



# DEVELOPMENT: PARKING STRATEGY

# DEVELOPMENT: IDENTIFY TENANTS AND PARTNERS

- Office users (i.e. GSA, Port, co-working)
- Brewpub
- Hotel/Inn developer



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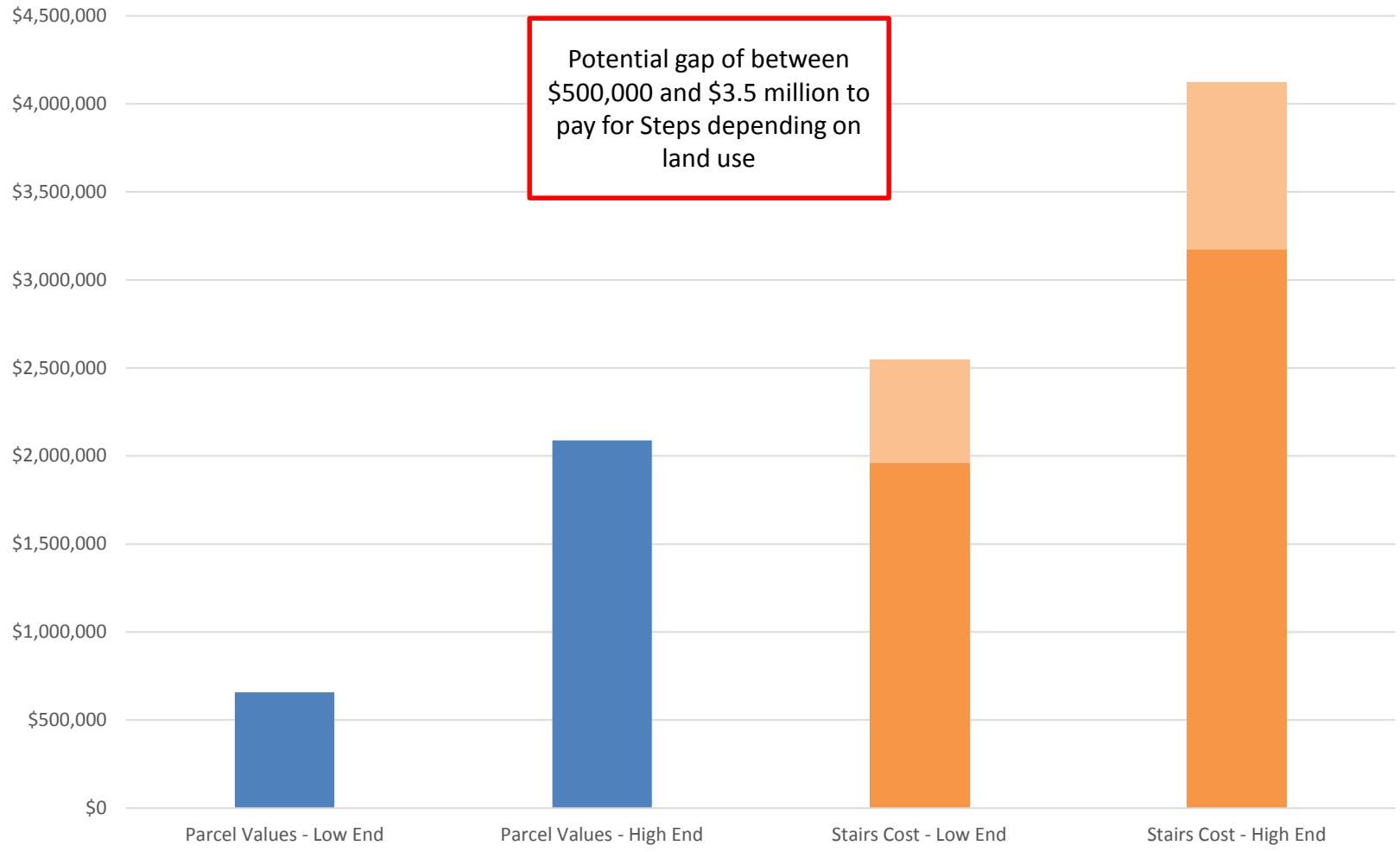
# DEVELOPMENT STRATEGY: FINANCIAL



# DEVELOPMENT STRATEGY: RECOMMENDATIONS

- Utilize Marina Steps as catalyst to incentivize private development
- Allow for use of existing shared parking for private development concepts
- Find interested private developer to partner with on design and development of steps and adjacent parcels
- Fill 'gap' to build Steps:
    - Bonds
    - Public Private Partnership
    - Port



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# AGENDA

Team introduction and scope of work

Review key findings

Discuss development strategies

Next steps

Q&A/open discussion



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# NEXT STEPS

- Determine allowable uses
- Identify preferred development strategy and potential partners
- Design Marina Steps (refine costs, constructability)
- Prepare Requests for Proposals (proactively work with users/tenants and developers)
- Draft sources and uses/finance plan
- Waterside analysis
- Workplan timeline with assigned responsibilities

# AGENDA

Team introduction and scope of work

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Q&A/open discussion

# Q&A

Jerry Farmer

# Marina Redevelopment Context

- 2012 – Marina & Beach Park Development Plan
- 2017 – Phase 1 Consultant Study – Design Feasibility
- 2017 – Community Open House for Marina Redevelopment Options aboard Argosy Boat
- 2018 - Phase 2 Consultant Study – Financial Feasibility

# 2012 Marina & Beach Park Redevelopment

- Community participation
  - Berk Consultants
  - Councilmember Musser was Liaison
- Came up with a number of recommendations that parallel our current recommendations, including
  - Boutique Hotel
  - Mixed – Use Development (Retail/Office)
  - Stairway (with elevator) Connection to Cliff Avenue
  - Restaurant
- Focus was on long term land lease with some consideration of selling small portion of Marina land

# 2012 Marina and Beach Park Redevelopment

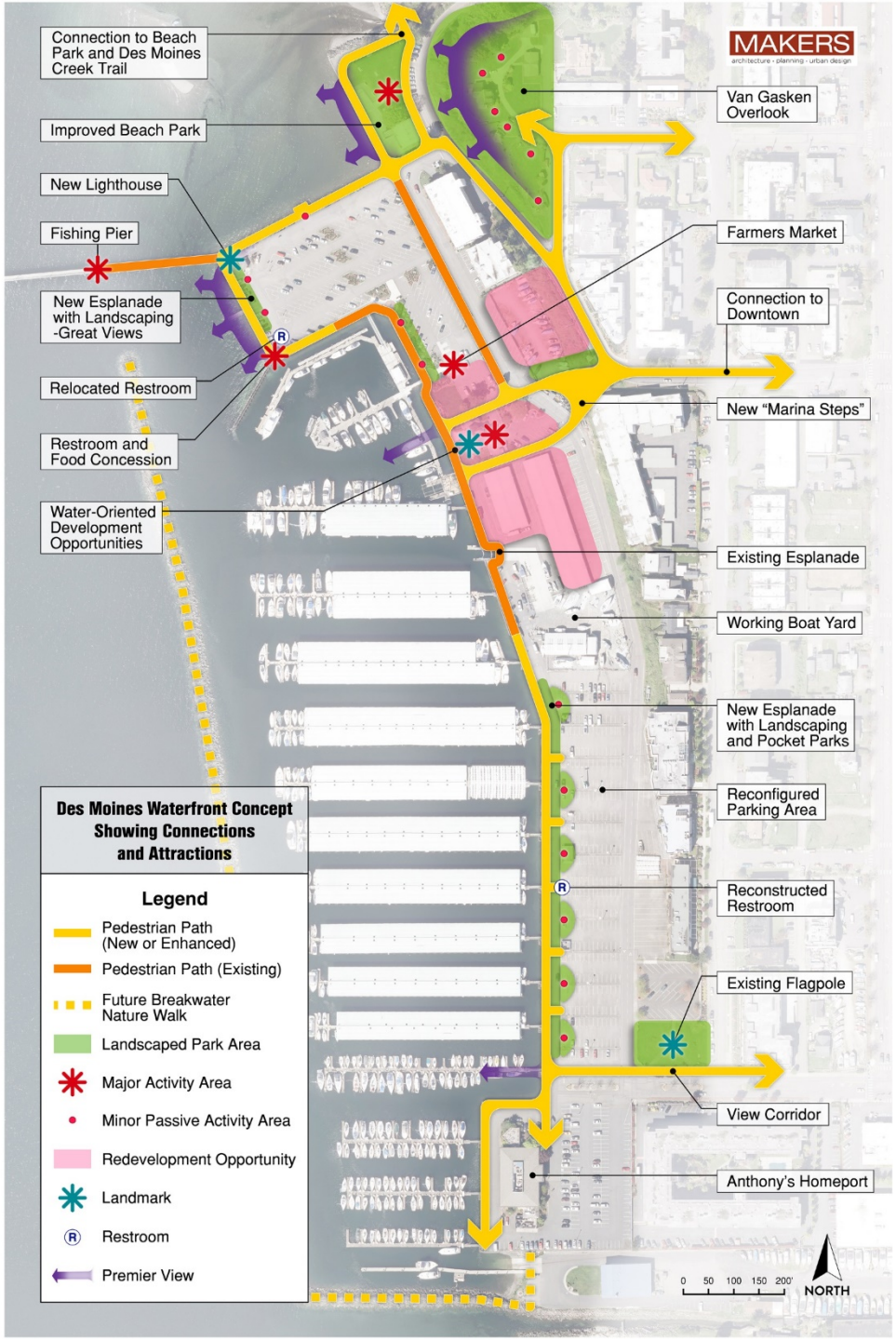
- City formulated and issued an RFP
- Received very poor response from Developers
- In the end, the City did not move forward with any of the RFP responses
- To the degree we have been able we have built upon this earlier work

# Current Context – What Has Changed

- Different national macroeconomic circumstances
  - Reduction and stabilization of cost of capital = interest rate
- Regional competitive advantage
  - Especially cost of land
  - Growth in region and South King County
- 4,000-5,000 new jobs at the Business Park
- Opening of the Angle Lake Station
- Opening of 24th/28th roadway improvements
- Metro multi-modal shuttle service

# Current Context – What Has Changed

- Transportation Improvements
  - Light Rail extension to Highline College and south
  - 509 Gateway Project
- Active development in the downtown; Theater
- Infrastructure Investment
- Investment in Public Space
- Integration of the public space/infrastructure to establish development patterns


MAKERS
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Connection to Beach Park and Des Moines Creek Trail
Improved Beach Park
New Lighthouse
Fishing Pier
New Esplanade with Landscaping -Great Views
Relocated Restroom
Restroom and Food Concession
Water-Oriented Development Opportunities
Van Gasken Overlook
Farmers Market
Connection to Downtown
New "Marina Steps"
Existing Esplanade
Working Boat Yard
New Esplanade with Landscaping and Pocket Parks
Reconfigured Parking Area
Reconstructed Restroom
Existing Flagpole
View Corridor
Anthony's Homeport
Des Moines Waterfront Concept Showing Connections and Attractions
Legend
Pedestrian Path (New or Enhanced)
Pedestrian Path (Existing)
Future Breakwater Nature Walk
Landscaped Park Area
Major Activity Area
Minor Passive Activity Area
Redevelopment Opportunity
Landmark
Restroom
Premier View
0 50 100 150 200'
NORTH

MAKERS
architecture · planning · urban design
Des Moines Waterfront
Concept Plan
Legend
Potential
Redevelopment Sites
0 50 100 150 200'
NORTH

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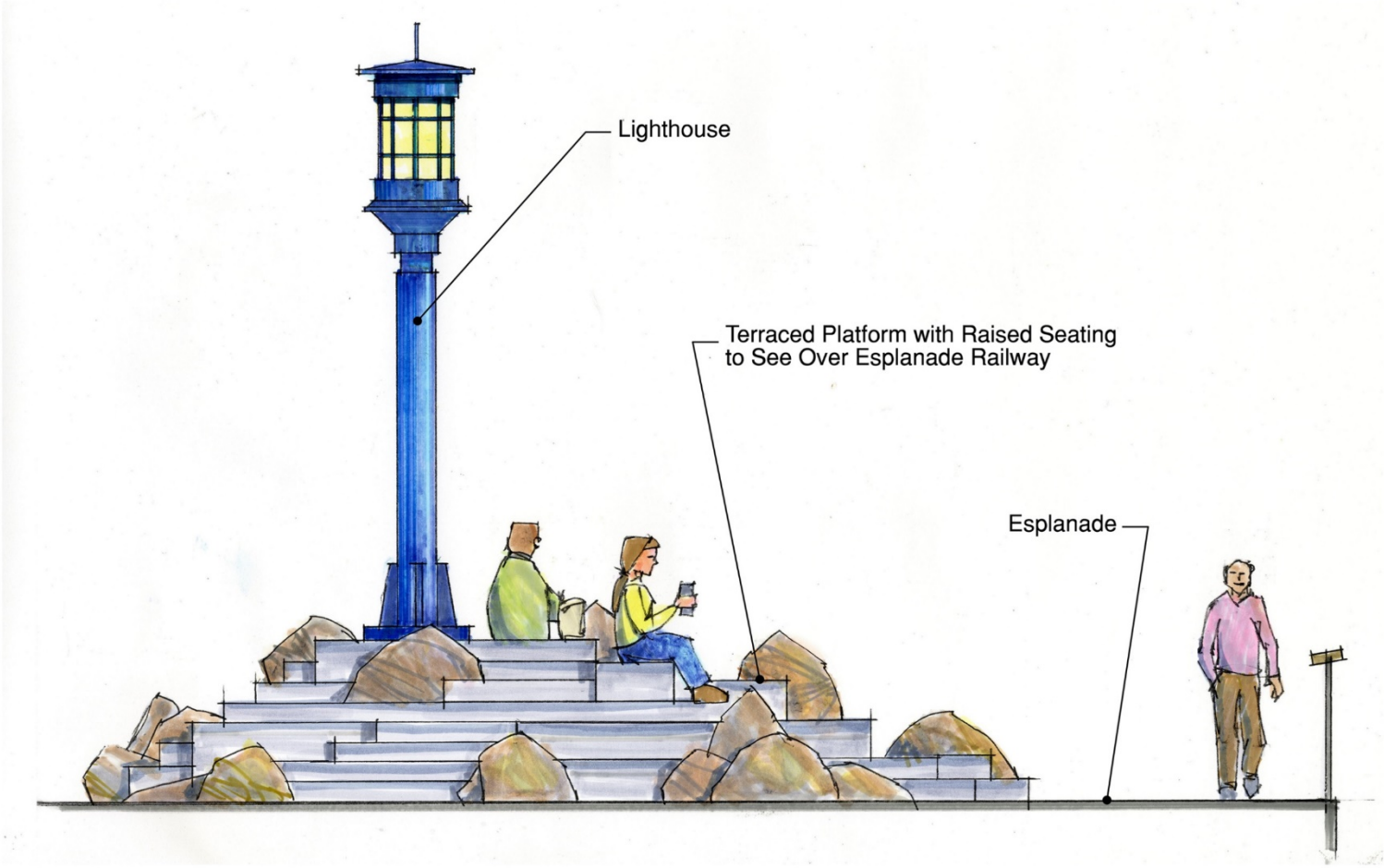
Paved View Deck
Shelter / Stage for Performances, Ceremonies, Retain Van Gasken House Character
Van Gasken Park Filled to Protect Cultural Resources
Repurpose Garage Pad for Parking
New Cul-de-sac / Turn-a-round
New ADA Compliant Pathway
S 222nd
5th Ave Repurposed to Park Edge
Leveled Terraces Provide "Rooms" for Different Activities (e.g.: children's play, gardens, etc.)
Cliff Ave
Panels Describing Site's Native American History
Access to Existing Residential Garage
NORTH

Van Gasken Overlook
Des Moines Creek Trail
Enhanced Shoreline
Potential Habitat Restoration
Walkway to Van Gasken Overlook and Downtown
Activity Area - Playground / Water Feature
Improved Park Entrance
Steps to Beach
To Marina


Lighthouse
Terraced Platform with Raised Seating
to See Over Esplanade Railway
Esplanade

KPG

KPG

Quarterdeck
COMING SOON

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Seating Mound
Parking Lot Access
Restroom
Seating / Picnic
Plaza Seating
Des Moines Waterfront
Esplanade Concept Plan
0 20 40 60 80
NORTH

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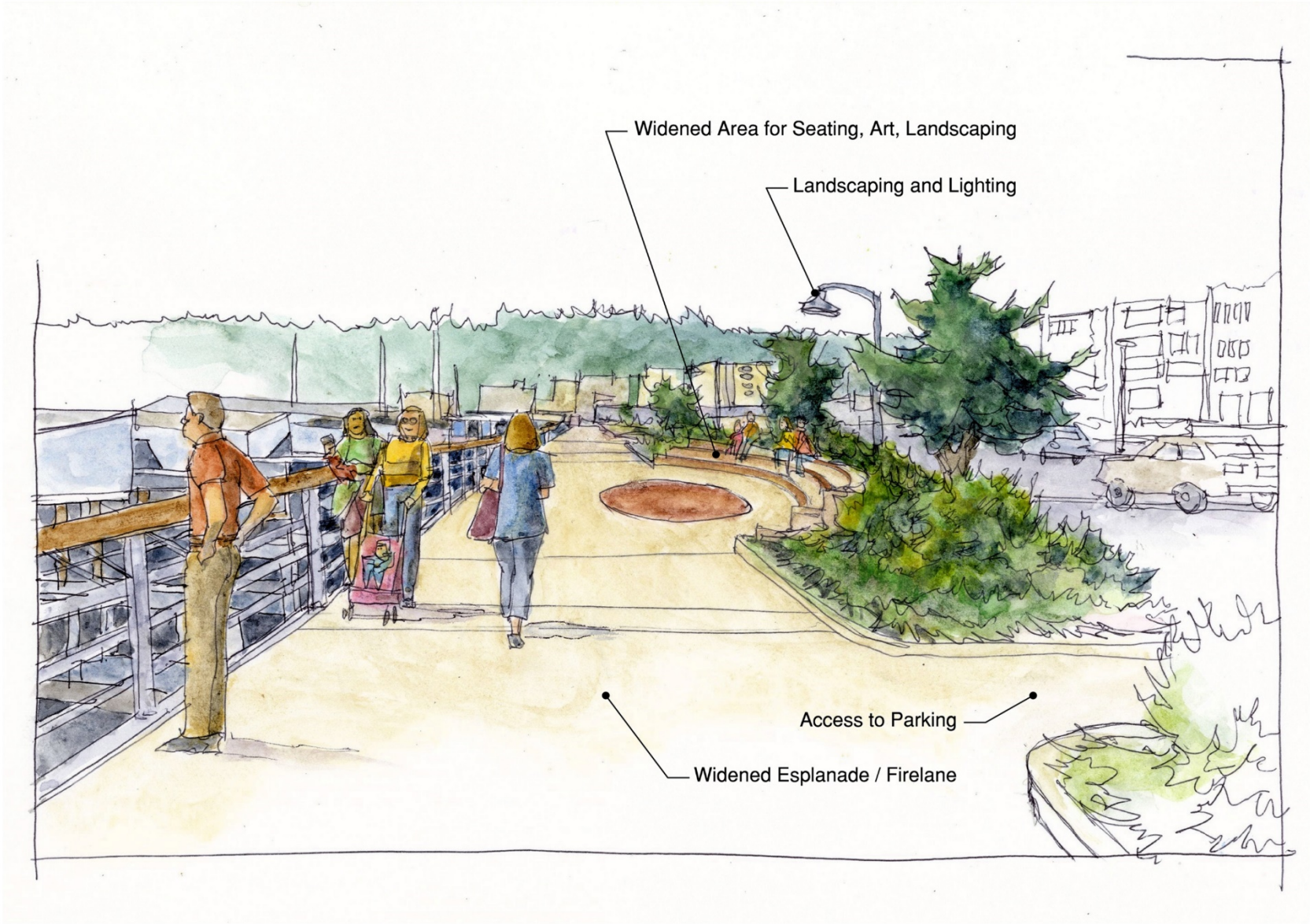
Seating Mound
Parking Lot Access
Restroom
Seating / Picnic
Plaza Seating
Proposed Parking Lot Circulation
Des Moines Waterfront
Esplanade Concept Plan
0 20 40 60 80
NORTH


Widened Area for Seating, Art, Landscaping
Landscaping and Lighting
Access to Parking
Widened Esplanade / Firelane

MAKERS
architecture · planning · urban design
Des Moines Waterfront
Concept Plan
Legend
Potential
Redevelopment Sites
0 50 100 150 200'
NORTH

# Lesson #1: Plan your project's first phase as if you won't do another phase again

ROBERT J. HOLMES

It's well known that the first phase of a mixed-use project sets the theme, tone and quality level for the whole development. But what if the first phase was all that ever got built? Changes in the financing, regultory, or supply/demand environment can and do change dramatically, and project planners need to think about the first phase as a 'stand-alone' development in and of itself. Essentially, the core planning principles must all be applied to this first phase – it must work out financially without needing cash flows from later phases, and it should have the right elements to establish 'critical mass' from the outset. We'll look at three case studies that illustrate this lesson in greater detail.

## Build to Stand Alone

Harbor Steps was first envisioned as a 4-Tower mixed-use residential community in downtown Seattle. The centerpiece was a private park, loosely modeled after the Spanish Steps in Rome. At the time of the project's planning, the neighborhood was rundown with little residential. Financing was difficult, if not impossible, to find. Because of the difficulty of financing, the untested nature of this neighborhood for housing and the sheer size of the project, a decision was made to phase it over time.

The first phase, then perceived as the most risky, had to be designed and built in a way that it would 'stand alone' and work even if there were never any additional phases. This meant that the project's first phase would have to include concierge services, an athletic facility, sufficient parking, and retail services to work on its own (or in the case of the retail work with the existing retail already in place in the neighborhood) – and not rely on these amenities being delivered in future phases. Critically, the decision was made to construct Harbor Steps Park in this first phase, so as to link the project with the downtown and to help provide the 'sizzle' and the community excitement that this park and connection had finally arrived.

The construction of Harbor Steps Park in the first phase, and the need to include all of the amenities, was a burden on the budget and a challenge to finance. However, these elements provided the platform for success of this and subsequent phases. The remaining phases were brought on quickly given the rental success achieved in phase one and the resulting confidence of the developer and lenders.

*Before and after development of Harbor Steps*

## Establish Critical Mass

Tremblant, a year-round resort in the Laurentian mountain range of Quebec, underwent significant redevelopment when Intrawest purchased the property. Besides building new ski lifts and amenities, the plan was to develop a car-free pedestrian resort village at the foot of the mountain.

Planned as a multi-phase development, the challenge of this project was in creating enough retail and commercial 'critical mass' in the first phase to attract and entertain visitors. Tourists did not care so much what was coming in the future – what mattered was what was there in that