File

AGENDA

Finance and Economic Development Committee Meeting
Tuesday April 14, 2011
6:30 p.m. – 7:30 p.m.
City Hall South Conference Room

1. **Call to Order**
2. **Approval of the March 29, 2011 meeting minutes**
3. **Discussion of the draft Economic Development Plan – 45 minutes**
4. **Discussion of marina District Zoning community open houses – 10 minutes**
5. **Committee member comments – 5 minutes**
6. **Future meetings**

MINUTES – FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE MEETING

March 29, 2011
South Conference Room
21630 11th Avenue South, Des Moines, WA

Council Members
Chair Carman Scott
Matt Pina

City Staff
Tony Piasecki – City Manager
Lorri Ericson – Assistant City Manager
Grant Fredricks – PBPW Director
Robert Ruth – Planning and Dev Svc Manager
Denise Lathrop – Planning Manager
Jason Sullivan – Sr. Planner
Marion Yashino – Economic Dev. Mgr
Joe Dusenbury - Harbormaster

1. Call to Order

Meeting called to order at 5:07 pm

2. Approval of the 2/8 Meeting Minutes, 2/22 Meeting Minutes and 2/24 Meeting Minutes

The above minutes were approved.

3. Debrief of the March 26, 20011 City Council Retreat

Chair Scott felt that the proposed changes were clearly articulated and explained to the council. She also advised that there had been little feedback to date. Councilmember Pina suggested the committee revisit the extra height allowances. Staff outlined a couple of methods – reducing the total square footage allowed, reducing the FAR, detailing view corridors and minimum setbacks between towers were a few suggested. Staff will work on methods to reduce the number of height bonus buildings allowed and bring it back to the committee and council. Councilmember Pina requested that when staff responds to committee and council concerns, they bring forward options to address those concerns. Denise asked the committee to clarify building placement along 7th Avenue as it relates to parking lots. The committee suggested Denise bring this question to the full council for clarification. In closing, Tony asked staff to provide more detailed information on FARs to assist the council to work through the issues.

4. Discussion of the draft Economic Development Plan

This item was tabled until Councilmember Musser could be here.

5. Discussion of state requirement to provide for electric vehicle charging stations in the City's zoning code

Denise explained that HB 1481 requires Washington cities with a population greater than 20,000 to establish provisions related to the siting of electric vehicle infrastructure. Staff asked for direction from the committee on how they would like us to bring the required legislation forward. The State has provided a draft ordinance as a starting point. The committee advised staff to put the ordinance together and bring it back to the committee for initial review then on to the full council.

6. Committee Member Comments

Councilmember Pina asked for an update on the discussion around the Beach Park and its potential. Councilmember Scott updated him on the discussions from the MFC and the joint business plan for the Marina and Beach Park that staff is working on . He also asked about the possibility of straightening out the boundary between Des Moines and Kent along Pac Hwy. Tony advised that had been tried multiple times in the past with no success.

Finally, he suggested that we be ready for some "quick win" suggestions when the Marina District zoning is completed. He asked that we be prepared to move forward on the next item. Grant advised there were 3 items in the queue for when zoning ordinance is completed. They are SEPA checklist infill, a more permanent decision on the downtown parking issue and land use.

7. Future meetings

Next regularly scheduled meeting is Tuesday April 26, 2011 at 5:00 pm. Staff will contact the committee in the hope of establishing an earlier meeting to review the Economic Development plan.

Adjourned at 6:40 p.m.

Respectfully submitted by:
Lorri Ericson, Assistant City Manager

City of Des Moines

Economic Development Strategy

APRIL 2011

Economic Vitality Vision Statement

Des Moines is an economically self-sustaining community that maximizes the potential of its natural assets. Development is encouraged in order to support healthy commercial areas and City services. Successful local business districts are attractive destinations for residents as well as visitors. Developed areas incorporate green space, public art, residential density and visitor appeal, and draw people to work, shop, stay and play in Des Moines.

Economic Development Policy Statement

"Creating a Financially Sustainable Des Moines"

For the year 2011, the City of Des Moines has positioned itself to grow with a multi-faceted approach to improving the local economy. The City has made a formal and explicit commitment to economic development, and the City Council and staff at all levels are aware of agreed-upon action steps and each individual's role as a part of a coordinated team effort.

The plan reflects a commitment to improving economic conditions through:

- easing regulation and restrictions
- pro-active outreach to investors and developers
- encouraging high-economic-impact development such as tourism
- promoting the City by attracting local populations to patronize Des Moines businesses

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I. REGULATORY ENVIRONMENT

1. **Staff and Services: A Customer Service Climate**

- **Current goals: Building Department Review, Install and Implement on-line permitting system**
- **Long range goals: Continuous Performance Improvement, Competitive Regulatory Presence**

2. **Facilitating City Development: Zoning and Development Code Review**

- **Current goals: Marina District Code Revisions, Improvements in Development Regulations**
- **Long-range goals: Designated Subarea Land Use & Code Revisions - North Des Moines, Pacific Ridge, Pacific Highway South, Redondo; Anticipating Redevelopment Opportunities**

3. **Code Enforcement: Transition from complaint-driven to proactive enforcement in support of neighborhoods and businesses.**

II. INFRASTRUCTURE INVESTMENT

1. **Current Projects:**

- **Water System Upgrade**
- **Beach Park Auditorium**
- **Business Park Site Development, Transportation & Other Improvements**
- **Gateway at 216th and Marine View Drive**
- **Marina and Beach Park Redevelopment Plan**

2. **Mid to Long-Range Improvements:**

- **Beach Park Complete Renovation**
- **Marina Amenity Development**
- **Additional Gateway Opportunities –**
  216th & Pacific Highway, 272nd & Pacific Highway,
  Kent-Des Moines Rd & Pacific Highway, Kent-Des Moines Rd and Marine View Dr.
- **Light Rail Alignment & Station Planning**
- **SR-509 Freeway Extension** connection to I-5

III. SUPPORT & OUTREACH ACTIVITIES

1. **Growing Local Business: Business Retention and Expansion**

- **Non-Profit & Volunteer Support Mechanisms**
- **Small Business Development Center**
- **Marketing Campaigns to target populations**

2. **Marketing the City**

- **Promotional Materials**
- **International Outreach – EB-5 program**
- **Digital Marketing Mediums – City Website, Seattle Southside, NWProperty.net, Channel 21, Social Media**
- **Comprehensive Signage and Way Finding Program**

3. **Recruiting Companies and Investors**

- **Marina District – Hospitality, Entertainment, Specialty Retail Sectors**
- **Business Park – Retail, Light Industrial, Office Sectors**
- **Pacific Ridge – High Density Transit-Oriented Mixed Use, Auto-dependent Commercial**

IV. MEASURING PERFORMANCE IMPROVEMENT

I. REGULATORY ENVIRONMENT

Staff and Services: A Customer Service Climate

Current Goals:

Building Department Review will improve customer service orientation of the City's business, development, inspection, and permitting services. Continuing to improve relations with and service businesses and developers throughout the permitting process can build confidence, and strengthen the City's image as a good place to do business.

The new on-line permit processing software "Bitco Permit Trax" will modernize the antiquated current system and provide a platform that will give customers the convenience of accessing forms and permit status via internet.

Long Range Goals:

Continuous performance improvement

- **Conduct regular surveys** to gather feedback from the business community - some of the recent results are incorporated in this economic development plan.
- **Assist customers** who have applied for permits and licenses to gather feedback and suggestions on process improvement (ombudsman)
- **Conduct roundtable forums** that include developers, realtors and property owners on a regularly scheduled basis

Competitive Regulatory Presence

Maintain a balance of moderate regulatory flexibility so that the City's development and building regulations are not perceived as excessively strict or lenient when compared to surrounding cities.

Facilitating City Development: Zoning and Code Review

Current Goals: Facilitate Development of the Marina District

Review height restrictions, and consider removing other requirements, to encourage high-density development in the commercial district of the Marina District. Large-scale

hotel, office, and residential projects are key to creating a vibrant commercial and economic center.

A 'Hotel District' redevelopment plan is an ideal fit for downtown Des Moines, particularly along 7th Avenue. The area offers available undeveloped parcels, Puget Sound and mountain views, waterfront amenities, and close proximity to both Sea-Tac Airport and downtown Seattle. While residential and office developments bring economic benefits, tourism generates a greater economic impact with more discretionary spending. Encouraging development of upscale boutique hotels, with premium views and underground parking, can create a ripple effect that will move out to surrounding properties, raising values and encouraging high-end retail and an attractive developed environment.

Develop Marina District streetscapes to strengthen sense of place and attract users

Take aggressive facade improvement action for the Marina District with initial emphasis on along Marine View Drive. Work with landlords and tenants to encourage improve appearance where redevelopment is not yet possible, such as awnings, flowerpots, fresh paint, and permanent signage. Keep moving forward with the inspirations from Storefront Studio project. There are already examples of clear improvement since those illustrations were done. An appealing face for the City is **essential** to attracting shoppers, visitors and **new business investment**. Pursue possibility of Community Development Block Grant funding and other sources to use as matching funds for private investments.

Supply and maintain flags and flowerpots, along Marine View Drive, S. 223rd and S. 227th - at City expense or co-ordinate support with businesses and organizations such as Rotary, Destination Des Moines.

Long-Range Goals:

Designated Subarea Zoning Revisions & Land Use Changes –

North Des Moines – Rezone arterial parcels to commercial, increasing City's limited availability of commercial property. Increasing the supply of quality commercially zoned properties is essential to increasing commercial development in the City. A number of existing vacant properties exist along key transportation networks have been impacted by the development of the 3rd Runway. The City should review the area to determine if there are opportunities to encourage family wage jobs and business activity in the City.

Pacific Ridge - The Pacific Ridge commercial zones are intended to produce a pedestrian-oriented, urban environment to support a residential community with supplementary mixed use. In order to attract development projects, code restrictions should be reconsidered, including encouraging auto-oriented development – however this may require changes to the neighborhood improvement plan and the comprehensive plan. Current one-story uses such as single-story retail, fast food and gas stations are not encouraged.

Pacific Highway South – Address zoning changes that would allow properties to be more competitive for prospective investment and development projects and to be more compatible with the City of Kent's Midway zoning.

Redondo – Consider the creation of parking improvements to encourage utilization of Gentry Square store site and Redondo commercial properties.

Anticipate Redevelopment Opportunities

Wesley Homes renovation may necessitate a change in height restrictions and other regulations.

Des Moines Elementary School redevelopment may also require changes to code – note current zoning is not commercial. If the school surpluses this site, there are opportunities for adaptive reuse such as an arts center, artists' lofts and incubator businesses.

Highline Community College - consider the creation of a public facilities or major institutional zone to facilitate further redevelopment of the campus. The current zoning classification is Residential Single Family which limits development options.

Code enforcement

Adding an assistant officer would allow a transition from complaint-driven to proactive enforcement, and boost the appearance of commercial business districts.

II. INFRASTRUCTURE INVESTMENT

Current Projects:

- **Water System Upgrade for Marina District**
  Replacement work is planned for summer 2011.

- **Beach Park Auditorium Renovation**
  $1 million renovation will be completed by August 2011.

- **DM Creek Business Park - Transportation & Other Improvements**
  The Port has consolidated its ownership of the 89-acre Des Moines Creek Business Park site, and the City has acquired from the Port rights of way required to construct frontage improvements. By this fall, the City and Port hope to complete full entitlement of the site, allowing development to begin once the property is leased. The development entitlement builds on a conceptual master plan and EIS prepared earlier.
  Once the development requirements are confirmed through the site entitlement process, with remaining obligations reduced to writing in a Second Development Agreement, the property can be marketed as "shovel ready," and the development time will be shortened from the original two to three years to under 12 months.
  The City is also exploring the feasibility of acquiring control of the southern 27 acres for use as destination retail. The Port of Seattle is offering the City a five-year option on a lease agreement for this portion, and the Council will be deciding upon this offer in 2011 based on a retail feasibility study.
  The City will also be working with the Port and City Council to expand planning for Port owned property to the west to include the surplus SR509 right of way and Port-owned 25 acres to the west.

- **Gateway at 216th and Marine View Drive**
  The gateway project at 216th is in progress, in conjunction with the development of the Des Moines Creek Business Park, with the design completed and right-of-way plan approved by the City Council. The Port paid $2.24 million to the City to acquire all of the interior rights of way and deeded streets, plus deeded over two acres of needed right-of-way along 24th Avenue S and S. 216th Street, to facilitate the Gateway project. The City should acquire the remaining rights-of-way by the end of the year. At that time, the City will be in a competitive position for federal and state grants and loans to build out the 24th Avenue S phase of the Gateway project.

- **Marina Amenity Development**
  Now that the Marina renovation is complete, opportunities are available for food cart, bike and kayak rental, and other small vendors on the Marina floor.

Mid- to Long Range Improvement Projects:

- **Beach Park Complete Building Renovation**
  Additional utility tax to finance completion of the Beach Park renovation is under consideration as a fall 2011 ballot measure for voters to decide. Outreach to cultural organizations can support the campaign and build awareness.

- **Marina Redevelopment Plan**
  A consultant has been engaged to explore commercial development opportunities on the Marina floor.

- **Additional Gateway Opportunities –**
  S 216th & Pacific Highway, S 272nd & Pacific Highway, Kent-Des Moines Rd. & Pacific Highway, Kent-Des Moines Rd. and Marine View Dr. . S 216th & Marine View Dr., and S 223rd & Marine View Dr. all present opportunities to create attractive entry points. Enhancements such as signs, public art and roundabouts can be considered.

- **Light Rail Alignment**
  Direct the Sound Transit planning process so future light rail alignment is in keeping with City's interests.

- **Seek out public art opportunities** in City infrastructure. Use the City's unique heritage to create interpretive contributions. Incorporate decorative elements that are thematic, artistic, distinctive, and authentic. Possibilities include: fences along the Marine View Drive Bridge, water towers, gateway signage, sides of City buildings. Consultants hired for capital projects should engage early on with the Arts Commission, public, and City Council, before the decision making process is begun, to allow input on artistic emphases.

- **Facilitate the completion of the SR-509 freeway extension**
  When completed this will greatly increase the property value of the DMCBP, and stimulate growth throughout the City and surrounding areas. It is important to continue civic and political support to encourage the funding and construction of the connection of 509 and I-5.

III. SUPPORT & OUTREACH ACTIVITIES

Work to retain and expand existing base of businesses

Business retention and expansion (BRE) is often the recommended first priority of any economic development plan.

Foster strong **support mechanisms** for the business community

It is important to acknowledge that community groups play an important role in supporting economic activity in the City, including:
Destination Des Moines, Des Moines Farmers' Market, Des Moines Rotary, Des Moines Legacy Foundation, SW King County Chamber of Commerce, the Small Business Development Center, South King County Economic Development Initiative, Seattle South Side, and the Highline School District.
These organizations provide various types of support, both direct and indirect, and bring the residents and the business community together. Supporting these volunteer efforts, through monetary or in-kind contributions, ensures a healthy community and builds community pride as well as boosting economic activity. It is important for the City to be aware of volunteer efforts, particularly when regulations may create obstacles for events and activities.
Some great events that promote the City include: the Poverty Bay Wine Festival, Car Shows, the Waterland Parade, Squidman Aquathon, Strongman Competition, Poverty Bay Arts Festival, 4th of July Fireworks Over Des Moines, and Poverty Bay Blues & Brews.

Ensure the requirements for event permits are not so burdensome that events cease or relocate. Each local organization should have a "point person" at the City to assure citizen volunteer efforts are facilitated, consider specific small budget allocations where necessary.

Small Business Development Center Des Moines is extremely fortunate to have a subsidized SBDC where businesses can get free professional assistance in basic areas. The Center is not utilized to the degree that it could be, and businesses must be further educated and encouraged to take advantage of the free services.

Start Zone offers business assistance, in conjunction with the Small Business Development Center, for start-ups and emerging enterprise.

Marketing Campaigns can be created to pockets of dense population surrounding the City, such as Highline Community College (18,000) SeaTac Airport employees (16,000) Highline School District employees (2700), Alaska Airlines employees (8,000), and airport hotel guests (10,000?). If partnerships are created and a regular monthly

marketing campaign is initiated, these populations could be brought to Des Moines' businesses for entertainment, shopping, and recreation. A seasonal theme could be highlighted for each month, and local events and activities could support the promotion. A campaign would not only boost the business districts but serve as a selling point for recruiting additional businesses.

Market and Promote the City

Raise the City's profile among developers and employers through every avenue, including the cultivation of individual relationships and marketing efforts to groups such as the Master Builders Association.

Recognize and encourage **foreign investor** interest in Des Moines.

Foreign investor outreach shows promise as American real estate is currently perceived as relatively inexpensive, and the timing is good to capitalize on this interest for the benefit of the City.

The federal EB-5 program allows foreign nationals to obtain visas to live in the United States in exchange for investment. This program has potential to fund new large-scale development projects.

The City now has **promotional materials** in Chinese as well as English, and a Chinese link has been created on the City home page to emphasize the City's commitment to and support for investors from that country.

Use **digital marketing mediums** wherever opportunities are presented

The stock of professional quality photographs and spectacular scenery available to the City is an excellent basis for a promotional website. Use revolving slides of waterfront and scenic locations to build and promote City identity.

Seattle Southside Visitors Service provides on-line and other opportunities for promotion of the City.

NWProperty.net is a paid service which lists available commercial properties, providing internet visibility and exposure to commercial realtors.

Channel 21 programming is a free medium that can be used by the business community to encourage residents to buy locally.

Social media such as Facebook and Twitter are becoming increasing effective tools for advertising and updating people about events.

Define Des Moines' boundaries through signage and way finding

Signs leading from I-5 down to the Marina represent an opportunity to reach out to hundreds of thousands of motorists and build name recognition. Commit to way-finding signs that lead visitors along Kent-Des Moines Road into the City.

Des Moines Creek Business Park is another opportune location for signage, as well as a community electronic reader board at the QFC.

The kiosk project by the Des Moines Rotary provides way-finding to local businesses, and can be pursued in additional locations.

Recruit Companies and Investors

Target and Recruit appropriate businesses for each City commercial area:

Marina District - Work with existing property owners and developers to create a development plan that centers around the **hospitality sector**, and integrates **boutique hotels** with complementary elements such as **specialty retail, artisan shops, art galleries, entertainment, upscale pizzeria and restaurant sector**.

Business Park – After completion of consultant retail study, work to recruit appropriate retailers for southern third of development. A major tenant is currently considering occupying north 37 acres. The Port of Seattle is planning air cargo-related businesses to fill the central third. Work to encourage the Port to include 25-acre area to the west as part of business park. (Consider this area for "green energy" cluster depending on tenant mix).

Pacific Ridge – Encourage high-density residential, hotel, and auto-dependent commercial development.

Redondo – Optimize use of available commercial zoning.

IV. MEASURING PERFORMANCE IMPROVEMENT

DRAFT PERFORMANCE MEASURES

	2009	2010
TAXES		
• Sales Tax Collections	$1,690,594	$1,892,735
• B&O Tax Collections	$579,160	$627,465
• Real Estate Excise Tax Collections	$388,836	$325,477
Total City Assessed Value	$3,267,951,672	$2,758,796,983
Total No. of Businesses	1,160	1,026
Building Permits Issued	339	227