

AGENDA

Finance and Economic Development Committee Meeting

Tuesday, November 19th, 2013

5:30 p.m. – 7:00 p.m.

South Conference Room

- 1. Call to Order**
- 2. Approval of the October 29, 2013, meeting minutes**
- 3. Parking and Business Improvement Area**
- 4. 2014 Work Plan - Update**
- 5. Commercial Space requirements in Mixed Use within the Marina District**

MINUTES – FINANCE AND ECONOMIC DEVELOPMENT COMMITTEE MEETING

October 29, 2013

Police Department Meeting Room

Des Moines, WA

Council Members

Chair Matt Pina

Carmen Scott

Jeanette Burrage

Guest

Leonard Krepel, Benison Capital Partners

Bob McGarvey, Botera Properties LLC

Terry Jensen

Randy Hoffma,

Karen Hoffman,

City Staff

Tony Piasecki – City Manager

Lorri Ericson – Assistant City Manager

Denise Lathrop – Community Development Mgr

Paula Henderson – Finance Director

Marion Yoshino – Economic Development Mgr

Grant Fredricks – Consultant

1. Call to Order

The meeting was called to order at 5:35 by Chair Matt Pina

2. Approval of the October 8th, 2013 Meeting Minutes

Minutes approved as amended.

3. Marina District Zoning Discussion

Mr. Hoffman spoke about the vacant property between 22211 Marine View Dr. and 22229 Marine View Dr. They had planned a mixed use development with condominiums and retail, but feel in the current economy the height restriction of 35' on along with the parking requirements cause this to be problematic. In addition, raising the height behind their property to 45' eliminated the possibility of building penthouses with views. Their request is to have the height limit raised on Marine View Dr. to 45' so they can take advantage of the extra parking they will have by using two floors of parking as still be able to offer penthouses with water views on the top floor. Discussion ensued.

Mr. Krepel, representing the Benison Capital Company spoke about the need for the height requirements for the property he represents to be increased to 55' from Marine View Dr. in order to accommodate both retail on the ground floor (example he gave was that a CVS Drugstore requires 25' ceilings for their retail floor) and to allow for enough apartments or condominiums to make that portion pencil out as well.

ED Manager Marion Yoshino read a letter from Tryg Fortun who owns the vacant property located on the corner of Marine View Drive and S. 226th St. requesting the height limit be increased to 45' from Marine View Dr.

The committee discussed the requests.

4. B&O Tax Model Discussion

City Manager Piasecki distributed a white paper supplied by ED Yoshino outlining the details of Kent, Bellevue and Seattle's Square Footage Business and Occupation Tax. He also related his conversation with Panatoni Development as to how this could potentially affect the occupancy of the Des Moines Creek Business Park. Discussion ensued. This discussion was tabled until we receive an official response from Panatoni and have a better understanding of what kinds of businesses they will be targeting. It will be important to ensure that we receive the necessary income from the development of this property without negatively impacting businesses' desire to locate there.

5. Future Meeting

Next meeting is November 26, 2013 5:00-7:00 p.m. in the South Conference room.

Adjourned at 7:08 p.m.

Respectfully submitted by:

Lorri Ericson, Assistant City Manager

DRAFT

Economic Development Memorandum November 2013

City of Des Moines

Parking and Business Improvement Areas

Creating a Parking and Business Improvement Area (PBIA) in the City of Des Moines is a consideration that arose when Councilmember Burrage asked Economic Development staff to research an inquiry in a citizen letter, asking what lead to the economic revitalization of Columbia City. That Seattle neighborhood has had good success with the PBIA model, which has provided organization and structure for revitalization efforts.

Other notable cities which have used this model are Olympia, which created a PBIA in 2005, as well as Poulsbo, which implemented a BIA – Business Improvement Area – in 1989. Spokane, Tacoma, and four other cities are listed by the Municipal Research and Services Center of Washington as having PBIA's or BIA's.

It is important to note that the structure of a PBIA is straightforward and simple. It is a board organized and funded by the business community itself, without the legal complexities of a 501(c) 6. It would lend itself well to resolving the parking dilemma for the Marina and the Marina District. Marina District parcel sizes are often too small to accommodate the required surface parking, and structured parking is prohibitively expensive, forestalling development. The PBIA could be used to fund a parking garage (partially or completely) on the Marina floor, and as well as a parking lot on Marine View Dr. or elsewhere. Thus the PBIA could provide a solution to this long-term development challenge for the Marina and Marina District.

The PBIA could also be further used to create way finding signs (a frequent request of Des Moines businesses), a façade-improvement matching fund, or other downtown amenities as business owners prefer.

Updated 01/2013

Parking and Business Improvement Areas

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Introduction

A parking and business improvement area (PBIA) is designed to aid general economic development and to facilitate merchant and business cooperation. It is a local self-help funding mechanism that allows businesses and property owners within a defined area to establish a special assessment district. Funds raised can be used to provide management, services, facilities, and programs to the district. In Washington PBIAs are authorized by statute. Several cities have code provisions for PBIAs, but many appear not to be active.

Statutory Authorization

- [Ch. 35.87A RCW](#) authorizes counties, cities, and towns to establish, after a petition submitted by businesses within the area, or by resolution adopted by the legislative body, a parking and business improvement area for the purposes set forth in [RCW 35.87A.010](#).
- Establishment of business improvement areas in some Washington cities has been controversial. The authority of a city to utilize the statutory authority in [Ch. 35.87A RCW](#) to establish a PBIA has been upheld in [Seattle v. Rogers Clothing for Men, Inc.](#), 114 Wn.2d 213 (1990).

What Can a Parking and Business Improvement Area Do?

The activities in a parking and business improvement area are financed through a special assessment that is imposed on businesses, multifamily residential developments, and mixed-use developments located within the geographic boundaries of the area. The assessments can be used to finance: construction, acquisition, or maintenance of parking facilities in the area; decoration of public areas; promotion of public events in public places in the area; furnishing of music in any public place in the area; provision of maintenance and security of common public areas; or management, planning, and promotion of the area, including the promotion of retail trade activities in the area.

How Is a PBIA Formed?

Initiative or Resolution

A parking and business improvement area may be established by either having:

- The owners of property located within the geographic boundaries of the proposed parking and business improvement submit an initiation petition to the legislative authority of the local government having jurisdiction over the area; or
- The legislative authority of the local government passes an initiation resolution to create the parking and business improvement area.

Contents of Initiative or Resolution for PBIA

- A description of the boundaries of the proposed area;

- The proposed uses and projects to which the proposed special assessment revenues shall be put and total estimated cost; and
- The estimated rate of levy of special assessment with a proposed breakdown by class of business and multifamily residential or mixed-use project if such classification is to be used.
- Under RCW 35.87A.010(1), the petition must be signed by the operators responsible for 60 percent of the assessments by businesses and multifamily residential or mixed-use projects within the area.

Note: There is an apparent discrepancy/inconsistency between the 60 percent requirement for petitions under RCW 35.87A.010(1) and the 50 percent requirement under RCW 35.87A.030. MRSC legal consultants advise that the 60 percent requirement in RCW 35.87A.010 be used because that requirement is contained within the more recently amended section and is arguably in the more specific provision. Since there is some uncertainty in trying to reconcile these statutory provisions, the safer course is to go with the higher 60 percent threshold to avoid a challenge.

Hearing on Creating a PBI

The legislative authority of the local government, after receiving a valid initiation petition from the property owners or after passage of an initiation resolution, must adopt a resolution of intention to establish a parking and business improvement area.

- During the public hearing process for the establishment of a parking and business improvement area, the legislative authority of the local government may change the geographic boundaries of the proposed area.
- The legislative authority of the local government must provide notice and give the public at least 15 days, after the proposed boundary change, for the public input.
- Proceedings shall terminate if protest is made by businesses and residential operators in the proposed area which would pay a majority of the proposed special assessments.

Ordinance Establishing PBI

If the legislative authority, following the hearing, decides to establish the proposed area, it adopts an ordinance to that effect. The ordinance is to contain the following information:

- The number, date and title of the resolution of intention pursuant to which it was adopted;
- The time and place the hearing was held concerning the formation of such area;
- The description of the boundaries of such area;
- A statement that the businesses and multifamily residential or mixed-use projects in the area established by the ordinance shall be subject to the provisions of the special assessments authorized by RCW 35.87A.010;
- The initial or additional rate or levy of special assessment to be imposed with a breakdown by classification of business and multifamily residential or mixed-use project, if such classification is used; and
- A statement that a parking and business improvement area has been established.
- The uses to which the special assessment revenue shall be put. Uses must conform to the uses as declared in the initiation petition presented pursuant to RCW 35.87A.030.

Administration of PBI

- The legislative authority has sole discretion as to how the revenue derived from the special assessments is to be used.
- The legislative authority may appoint existing advisory boards or commissions to make recommendations as to its use, or a new advisory board or commission may be created for the purpose
- The legislative authority may contract with a chamber of commerce or other similar business association operating primarily within the boundaries of the legislative authority to administer the operation of a parking and business improvement area,.

Active PBIs

- Aberdeen Municipal Code Ch. 3.100 - Downtown Parking and Business Improvement District
- Olympia

- Olympia Ordinance No. 6375 (PDF) - Establishes a Parking and Business Improvement Area; levies special assessments on the businesses within the area; provides for the deposit of revenues in a special account; and provides for administration agreements, passed 01/15/2005
- Parking & Business Improvement Area Board
- Olympia RFP for PBIA Marketing Campaign Proposal (PDF), 10/2008
- Poulso - Historic Downtown Poulso Association
 - Poulso Ordinance No. 89-04 (PDF) - Forms a business improvement area within the Downtown Poulso Area, passed 02/15/1989
 - Historic Downtown Poulso Association Fund (PDF) - Excerpt from 2013 Poulso Budget on the Historic Downtown Business Improvement Area Association (BIAA)
 - Poulso Downtown Parking Advisory Committee
- Richland - Uptown and Downtown BIAs
 - Uptown Shopping Center
 - Richland Ordinance No. 29-03 (PDF) - Establishes an Uptown Business Improvement District, passed 07/2003
 - Richland Ordinance No. 32-03 (PDF) - Establishes an Uptown Business Improvement District Fund, passed 08/2003
 - Richland Ordinance No. 03-07 (PDF) - Establishes a Downtown Business Improvement District, passed 02/2007
- Seattle - Broadway, Chinatown/International District, Columbia City, Downtown, Pioneer Square, University District, and West Seattle BIAs
 - Support for Business Districts, Seattle Office of Economic Development - Includes:
 - Tools for Business Districts
 - Create a Thriving Business District: A Guide to City and Neighborhood Business District Resources, 2007 Fifth Edition
 - Parking and Business Improvement Area Handbook (PDF)
 - Seattle Ordinance No. 123714 - Establishes a Seattle Tourism Business Improvement Area, passed 09/26/2011
 - Seattle to Establish Dedicated Fund for Tourism Marketing, *Seattle City News Release*, 07/12/2011
 - Seattle Resolution No. 29965 - Intention to establish a Downtown Parking and Business Improvement Area, and fixing a date and place for a hearing, passed 06/1999
 - Seattle Ordinance No. 119541 - Establishes a Downtown Parking and Business Improvement Area, passed 07/1999
 - Seattle Resolution No. 30389 - Adopts updated policies regarding the establishment and management of Parking and Business Improvement Areas (BIAs), passed 09/2001
- Spokane Downtown Spokane - See About the Business Improvement District
 - Spokane Municipal Code Ch. 4.31 - Parking and Business Improvement District
- Tacoma Downtown Business Improvement Area - Administered by the Local Development Council
- Wenatchee Municipal Code Ch. 5.98 - Parking and Business Improvement Area
- Yakima Committee for Downtown Yakima - Downtown Yakima Business Improvement District (DYBID)
 - Downtown Yakima Business Improvement District and Initiation Petition (PDF), 2008 Management Plan Prepared by the Committee for Downtown Yakima, 01/2008
 - Resolution No. R-2008-114 (PDF) - Provides for dissolution of the previously established Parking and Business Improvement Area Number One with the intent of considering a petition to creating a new Downtown BIA
 - Yakima Ordinance No. 2001-36 (PDF), passed 08/2001 - Initiates the reformation of a parking and business improvement area in the North Front Street area of downtown Yakima, and establishing special assessments for certain uses and projects within such parking and business improvement area, passed 08/2001
 - Yakima Resolution No. R-2009-171 (PDF) - Authorizes the city manager to execute the Committee for Downtown Yakima agreement for professional and ambassador services for the City of Yakima to provide maintenance, management and safety ambassador services in the Downtown Yakima Public Improvement District (DYBID) - Includes contract

Articles

- Business Improvement Districts, by Lawrence O. Houstoun, Jr, Urban Land Institute, 2003 (Available through MRSC Library Loan)
- Business Improvement Districts and Innovative Service Delivery (PDF), by Jerry Mitchell Professor, School of Public Affairs, Baruch College, The City University of New York, 1999
- Business Improvement Districts and Urban Entertainment and Cultural Centers (PDF), by Lawrence O. Houstoun, Jr., AICP, American Planning Association, January 1999 *v/a* Council of Development Finance Agencies

- [Downtowns and BIDs Can Do More to Face the Recession](#) (PDF), by Lawrence O. Houstoun, Jr., *Downtown Idea Exchange*, August 15, 2009
- *Is a BID Feasible in Your Town? 10 Questions to Ponder*, by Donna Ann Harris, *Main Street News*, April 2007 (Available through [MRSC Library Loan](#))
- [Organizing a Successful Downtown Revitalization Program Using the Main Street Approach](#) (PDF), Washington State Main Street Program, Washington State Department of Archaeology and Historic Preservation
- *Turning Downtowns Around: Business Improvement Districts*, by Beth Humstone, *Planning Commissioners Journal*, Summer 2010 (Available through [MRSC Library Loan](#))
- [Why Business Improvement Districts Work](#), by Heather MacDonald, Manhattan Institute for Public Policy Research *Civic Bulletin* No. 4, May 1996

Finance and Economic Development Committee
Possible Work Program Items

1. State Required Comprehensive Plan Update – 2014 major update
 - a. North Central Neighborhood Element
 - b. Economic Development Element (new)
 - c. Urban Center designation
2. Facilitate and support the implementation of large scale development projects such as:
 - a. Des Moines Creek Business Park
 - b. Artemis
 - c. Barcelona
 - d. House of Art
 - e. Landmark on the Sound rezoning and redevelopment
 - f. Wesley Homes rezoning and re-development
 - g. Large scale Marina/Beach Park Development
3. Pacific Highway South Corridor (*Kent Des Moines Road to South 272nd Street*)
4. Planning on the South 216th Street corridor (*15th Avenue South to 24th Avenue South*)
5. B&O Tax Model
6. Business Attraction Program
7. Parking /Business Improvement Area Options
8. Subdivision Code (Title 17)
9. Park Impact Fee
10. PUD Code

PBPW Department 2014 Work Program and Staff Resources

Existing staff may be able to complete Items 1, 2 and 3 in 2014 *without additional resources beyond the end of 2013*, but most certainly will not have the capacity to work on Items 4 – 13 because of :

- Current and on-going project and development related services
- The State required 2014 Comprehensive Plan update.
- Work programs for other Council Committees (Marijuana regulations, tree cutting/preservation policies, Street Standards Update, etc.)
- DMMC Reorganization
- Sound Transit FWTE Draft EIS involvement
- DMCBP implementation
- An extensive Capital Improvement Program

Council will need to be clear on its economic development-related policy and development regulation priorities and disciplined on staying focused on the most strategic City issues.

The limited planning and engineering staffs will be almost completely committed to environmental and design review, and permitting and inspecting projects already in the pipeline.

Two large dormant building projects (Barcelona and House of Art) are expected to move forward. Some commercial projects will be sold and new investors will require City help. Every large project developer will ask for DMMC changes to improve their project and its financial viability.

The following projects are expected to require substantial staff effort:

- (1) The Marina District including the Marina dock repairs, parking, and Marina floor will require attention to support existing businesses, facilitate new large scale development, address long term parking needs, and continue Beach Park rehabilitation.
- (2) The Artemis Hotel will require significant planning, building, and engineering attention until it opens in two years.
- (3) Wesley Homes is expected to finally move forward on their substantial re-development plans.
- (4) Rezoning and redevelopment of Landmark on the Sound is expected to require staff effort.
- (5) Planning on the S. 216th Street corridor will be needed.
- (6) Four or five subdivisions (Blueberry Lane, Crestwood Park, Highline View Estates, and Pacific Heights) will resume in response to increasing housing demand.
- (7) The Barnes Creek Trail (old 509 ROW) will require planning and engineering support.
- (8) Neighborhood issues and residential development regulations cannot be ignored.
- (9) On-going planning and grant efforts on Marina District Wayfinding, SEPA Infill Exemptions for Marina District and Pacific Highway, and design guidelines review will need to be suspended or deferred.

Economic Development Memorandum November 2013

City of Des Moines

Marina District Commercial Space Requirement

A property owner along 7th Avenue in the Des Moines Marina District has been working with a well-regarded senior living provider named Village Concepts to develop several vacant parcels. Accommodating the commercial space requirement has proven to be a development obstacle. As there are many vacant commercial spaces currently in Des Moines, and the traffic count is low along 7th Avenue, little or no rental revenue can be expected from the commercial space portion of the project. This cost is a liability that the builder cannot overcome.

Other prospective buyers of real estate listings, as well as property owners, have expressed the same concern. With some parcels, the challenge is that it is simply not possible to accommodate both the parking requirement and the commercial space requirement given the physical limitations of the lot size, as both uses are competing for space with the residential portion of a mixed use project.

By reducing or eliminating the commercial space requirement for the developments along 7th Avenue, new projects could be built that would add to the residential population, and therefore customer base, to patronize business and existing commercial spaces in the area. Given the current overabundance of commercial space in the Marina District this would better balance the proportions of residential and commercial uses.

The applicable portion of the DMMC, Chapter 18.27.030, is as follows:

9) Mixed use development shall conform to the following limitations and standards:

(a) Mixed use structures shall contain area for retail trade or personal and business services, at street level as follows:

(i) Pedestrian access from the public sidewalk to the retail trade or personal and business services shall be provided;

(ii) A minimum of 60 percent of the street level floor area shall be occupied by retail trade or personal and business services;

(iii) A minimum of 75 percent of the street level building frontage adjacent to public right(s)-of-way shall contain floor area for retail trade or personal and business services uses; and

- (iv) Building space allocated for retail trade or personal and business service uses at the street level shall have a minimum gross interior depth dimension of 55 feet measured perpendicular to the property line abutting the public street(s) serving the site.
- (b) The city manager or designee is authorized to consider and approve up to a 20 percent reduction of the bulk requirements specified in subsection (9)(a) of this section when a development proposal incorporates on-site parking substantially at street floor level for retail trade or personal and business service uses and the city manager or designee determines that the proposed reduction(s) does not compromise, interrupt, or interfere with the desired functionality of the building or the continuity of city pedestrian-oriented design goals in the general area and pedestrian access to the site from the public sidewalk or right-of-way.
- (c) Mixed use developments shall comply with all the requirements of chapter 18.45 DMMC, except for private recreational requirements established by DMMC 18.45.020(2).
- (d) A detached structure that contains residential uses and does not meet the requirements for mixed use structures is prohibited. [Ord. 1514 § 4, 2011; Ord. 1493 § 2, 2010; Ord. 1237 § 3, 1999; Ord. 1104 § 3, 1994.]