

CITY COUNCIL AGENDA ITEM
CITY OF SHORELINE, WASHINGTON

AGENDA TITLE: Public Hearing Adoption of Resolution No. 333 establishing a Community Renewal Area (CRA) for Aurora Square Area
DEPARTMENT: Economic Development
PRESENTED BY: Dan Eernisse, Economic Development Manager
ACTION: <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution <input type="checkbox"/> Motion <input type="checkbox"/> Discussion

PROBLEM/ISSUE STATEMENT:

At Council's August 13, 2012, meeting, Staff proposed that Council consider establishing the Aurora Square area as a *Community Renewal Area* (CRA) in need of economic renewal. After considering the presentation, Council instructed staff to advertise for a public hearing for tonight's meeting and prepare a resolution to create a CRA for the Aurora Square area. Resolution No. 333¹ demonstrates that Aurora Square qualifies to be designated as a CRA, and it instructs staff to begin work on a Community Renewal Plan (the CRA Plan) for Council to consider in the future. Once the CRA and the CRA Plan are adopted, the City gains a toolkit of powers designed to help it facilitate renewal in partnership with private enterprise.

RESOURCE/FINANCIAL IMPACT:

Once the CRA is established, the Office of Economic Development estimates that additional staff time and consultant expense will be necessary to draft a comprehensive CRA Plan. Funds for launching work on the CRA Plan are currently allocated in the 2012 budget, and a one-time \$25,000 budget request has been made for expenses incurred completing the Plan in 2013. Any major expenditure beyond these allocations would need to be proposed to the City Manager and City Council.

RECOMMENDATION

Staff recommends adoption of Resolution No 333 establishing the Aurora Square Area as a Community Renewal Area and launching work on a Community Renewal Plan.

Approved By: City Manager: **DT** City Attorney: **FC**

¹ Hearing notice referenced an implementing ordinance but only a resolution is required.

INTRODUCTION

Washington law RCW Chapter 35.81 gives powers for cities to use specifically in areas that are demonstrated to need community renewal project or projects. In order for a city to exercise these powers, it must designate a *Community Renewal Area* (CRA) along with a *Community Renewal Plan* (CRA Plan) that defines how renewal will take place. According to the definitions in RCW 35.81.015, Aurora Square suffers from several indicators that qualify it as economically “blighted” and in need of renewal. By designating Aurora Square as a CRA, the Council makes clear that economic renewal is in the public interest, that city resources can be devoted to design and carry out a CRA Plan, and that the city intends to partner with private enterprise to rejuvenate Aurora Square.

DISCUSSION

The Aurora Square Area

RCW 35.81.050 requires that in order for the City to exercise any of the powers of a CRA, the Council must first adopt an ordinance or resolution declaring that one or more blighted areas exist in the City and that the rehabilitation and/or redevelopment of such area is in the interest of the welfare of the residents of the City.

Staff is recommending that Council form a CRA for the Shoreline commercial properties and the adjacent right-of-way referred to collectively as the Aurora Square area, or simply as Aurora Square. In reality, no formal designation as “Aurora Square” is shared by the entire area other than in this CRA discussion. A map of the 70+ acre area is provided as Attachment A, Exhibit 1.

The area currently includes soft-goods retailers (Sears, Marshall’s, Big Lots, Pier 1, etc.), the destination grocer Central Market, restaurants (Denny’s, Shake ‘n’ Go Burgers, Super China Buffet, etc.), bank branches (US Bank, Bank of America), the NW School for Hearing-impaired Children, and the regional headquarters for Washington State Department of Transportation. No residences are in the Aurora Square area.

Attachment B depicts that in addition to the city-owned right-of-way, ten separate owners currently own property in the designated area.

Aurora Square Qualifications as a Community Renewal Area

The term “blighted area” is defined as an area that “substantially impairs or arrests the sound growth of the city.” As defined in RCW 35.81.015, and discussed previously in the August 13th staff report, the CRA declaration would be justified by several factors that hamper the economic health of Aurora Square:

1. “Arrangement . . . and age of buildings”
 - a. The arrangement of the Sears buildings creates a physical barrier between the north and south shopping areas.
 - b. All buildings on site are over 25 years old; the Sears building is 45 years old, and the WSDOT building is 34 years old.

2. "Defective or inadequate street layout"
 - a. Aurora Square doesn't have adequate road or pedestrian connections to break the site down into manageable units.
 - b. No east/west through-streets are present.
 - c. The only north/south through-street, Westminster Way N, is exceptionally wide with 100' of ROW. It functionally acts as an off-ramp from Aurora Ave N to Westminster Way N rather than as a connector between the east and west sides of the Aurora Square site, effectively isolating the Joshua Green triangle from the rest of the site.
 - d. Finally, motorists travelling southbound on Westminster Way N find that it surprisingly does not connect to the rest of the street grid.
3. "Excessive land coverage"
 - a. Aurora Square has a high percentage of impervious surface with very little landscaping.
 - b. A high percentage of the impervious surface at Aurora Square is devoted to surface parking, much of which is poorly located and seldom used.
4. "Diversity of ownership" and "faulty lot layout in relation to size, adequacy, accessibility or usefulness"
 - a. Aurora Square has 10 property owners
 - b. Aurora Square has no center-wide cooperative agreement, so a cohesive response to opportunities is extremely challenging.
5. "Substantially impairs or arrests the sound growth of the municipality or its environs"
 - a. Aurora Square and Aurora Village are the two established large scale shopping centers in Shoreline. Aurora Square is 6 ½ times less efficient at generating sales tax revenues to support city services.
 - b. Since no buildings have been built on the Aurora Square site in the past 25 years, the improvement property tax revenue is minimal. For example, the combined property tax paid for building improvements on the Sears, Central Market, and the Joshua Green sites is approximately \$10 per year.
 - c. Four buildings on site have been vacant for a number of years, providing no contribution in revenue, service, or community building to the City of Shoreline.
6. "Is detrimental...to the public ...welfare...in its present condition and use"
 - a. Aurora Square is not delivering on its potential to be the only large-scale, walkable shopping center in Shoreline, causing our citizens to experience and spend their money outside of Shoreline.
 - b. Outstanding retailers currently are located on site, but their success is in spite of the area's economic blight rather than because of the synergies and anchored retail center should provide.
 - c. A renewed Aurora Square could provide entertainment and restaurant options that do not currently exist in Shoreline.

Community Renewal Plan (CRA Plan) and Powers

Staff has intentionally delayed detailed planning until the CRA is created, since it is in the act of designating a CRA that the City is provided the appropriate context in which such planning can be accomplished. Should the Council decide that the toolkit provided by a CRA is valuable and designate Aurora Square as a CRA, then the next step would

be to direct staff to create a Community Renewal Plan (CRA Plan) that would state how the City will partner with private enterprise to achieve renewal in the Aurora Square CRA.

The CRA Plan would likely utilize some or all of the CRA powers made available to cities by Washington law (RCW 35.81.070):

1. To undertake and carry out community renewal projects within the City, to make and execute contracts to carry out the renewal projects and to disseminate community renewal information.
2. To provide, arrange or contract for the repair of streets, roads, public utilities or other facilities.
3. In connection with a community renewal project, to install, construct, and reconstruct streets, utilities, parks, playgrounds, and other public improvements.
4. To provide financial or technical assistance, using available public or private funds, to a person or public body for the purpose of creating or retaining jobs.
5. To contract with a person or public body to provide financial assistance, authorized by RCW 35.81, to property owners and tenants impacted by the implementation of the community renewal plan and to provide incentives to property owners and tenants to encourage them to locate in the community renewal area after adoption of the community renewal plan.
6. To apply for, and accept, loans, grants, contributions any other form of financial assistance from the federal government, the state, county, or other public body, or from any sources, public or private, for the purposes of RCW 35.81.
7. To make plans necessary to carry out the purposes of the CRA.
8. Acquire, with the approval of the City Council, real property for the purposes of community renewal project. Should the City find it necessary to acquire additional property, the City would act in the public interest as a typical buyer, using a negotiated purchase agreement. In addition, RCW 35.81 prescribes that cities that acquire property for economic renewal in CRAs need to do so with the intention of returning the property to the private sector as soon as is reasonable. The City already owns a great deal of right-of-way that it can use to help renew Aurora Square.

STAKEHOLDER OUTREACH

Staff has contacted all of the ten property owners in Aurora Square in writing. Staff has also met or spoken on the phone with representatives of several of the properties to better explain the CRA process. Property owners have been encouraged to attend and/or provide written comment.

The City has received a letter from the attorney for the Northwest School for Hearing Impaired Children (Attachment C) requesting that they be excluded from the CRA. Staff has discussed the letter with the school's staff. The School's staff has indicated that they are not opposed to the CRA, but do not anticipate a need or desire to redevelop their property. Although this may be the case, staff would recommend that Council not remove the property at this time, but rather when the Council takes action to adopt the CRA plan, that Council consider action at that time to exclude the school's property if the plan is not in the best interest of the school. City staff will consult with the school's

staff as the CRA plan is developed so that they have the option of determining if the plan is of benefit or in their best interest.

If Council decides that they would like to exclude the Northwest School from the CRA at this time, Council can direct staff to remove the school from the map in their motion adopting Resolution No. 333.

COUNCIL GOALS ADDRESSED

The creation of a CRA at Aurora Square will promote the Council's Goal 1: Strengthen Shoreline's economic base. The City Council adopted a comprehensive Economic Development Strategy in January of 2012 that specifically calls out the need to improve Aurora Square as one of the city-shaping place-making opportunities in Shoreline.

RESOURCE/FINANCIAL IMPACT:

Once the CRA is established, the Office of Economic Development estimates that additional staff time and consultant expense will be necessary to draft a comprehensive CRA Plan. Funds for launching work on the CRA Plan are currently allocated in the 2012 budget, and a one-time \$25,000 budget request has been made for expenses incurred completing the Plan in 2013. Any major expenditure beyond these allocations would need to be proposed to the City Manager and City Council.

RECOMMENDATION

Staff recommends adoption of Resolution No. 333 establishing the Aurora Square Area as a Community Renewal Area and launching work on a Community Renewal Plan.

Attachments:

Attachment A: Resolution No. 333

Exhibit 1 – Aurora Square Area Map

Attachment B: The Aurora Square Area Owners

Attachment C: Letter from Northwest School for Hearing Impaired Children

RESOLUTION NO. 333

A RESOLUTION OF THE CITY OF SHORELINE, WASHINGTON DETERMINING THAT THE PROPERTY WITHIN THE CITY, KNOWN GENERALLY AS AURORA SQUARE BOUNDED BY AURORA AVE. N., N 155TH ST, WESTMINSTER WAY N., FREMONT AVE. N, DAYTON AVE. N. AND DAYTON AVE. N. AND N. 160TH ST BE DESIGNATED AS A COMMUNITY RENEWAL AREA SUITABLE FOR A COMMUNITY RENEWAL PROJECT OR PROJECTS; AND DIRECTING THAT A COMMUNITY RENEWAL PLAN BE PREPARED FOR THE AREA

WHEREAS, under Chapter 35.81 RCW (the "Community Renewal Act") the City is authorized to undertake certain community renewal activities within areas of the City designated as "blighted"; and

WHEREAS, the City of Shoreline , Washington, desires to encourage and assist with the redevelopment of an approximately 70-acre parcel of property within the City known generally as Aurora Square; now, therefore

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SHORELINE, WASHINGTON AS FOLLOWS:

Section 1. Findings. The City makes the following findings:

A. The property depicted in Exhibit 1 attached hereto and incorporated by reference herein (hereafter "Aurora Square") is a blighted area as defined in RCW 35.81.010(2) in following respects:

1. "Arrangement . . . and age of buildings"
 - a. The arrangement of the Sears buildings creates a physical barrier between the north and south shopping areas.
 - b. All buildings on site are over 25 years old; the Sears building is 45 years old, and the WSDOT building is 34 years old.
2. "Defective or inadequate street layout"
 - a. Aurora Square does not have adequate road or pedestrian connections to break the site down into manageable units.
 - b. No east/west through-streets are present.
 - c. The only north/south through-street, Westminster Way N, is exceptionally wide with 100' of ROW. It functionally acts as an off-ramp from Aurora Ave N to Westminster Way N rather than as a connector between the east and west sides of the Aurora Square site, effectively isolating the Joshua Green triangle from the rest of the site.

- d. Finally, motorists travelling southbound on Westminster Way N find that it surprisingly does not connect to the rest of the street grid.
 3. "Excessive land coverage"
 - a. Aurora Square has a high percentage of impervious surface with very little landscaping.
 - b. A high percentage of the impervious surface at Aurora Square is devoted to surface parking, much of which is poorly located and seldom used.
 4. "Diversity of ownership" and "faulty lot layout in relation to size, adequacy, accessibility or usefulness"
 - a. Aurora Square has 10 property owners
 - b. Aurora Square has no center-wide cooperative agreement, so a cohesive response to opportunities is extremely challenging.
 5. "Substantially impairs or arrests the sound growth of the municipality or its environs"
 - a. Aurora Square and Aurora Village are the two established large scale shopping centers in Shoreline. Aurora Square is 6 ½ times less efficient at generating sales tax revenues to support city services.
 - b. Since no buildings have been built on the Aurora Square site in the past 25 years, the improvement property tax revenue is minimal. For example, the combined property tax paid for building improvements on the Sears, Central Market, and the Joshua Green sites is approximately \$10 per year.
 - c. Four buildings on site have been vacant for a number of years, providing no contribution in revenue, service, or community building to the City of Shoreline.
 6. "Detrimental...to the public ...welfare...in its present condition and use"
 - a. Aurora Square is not delivering on its potential to be the only large-scale, walkable shopping center in Shoreline, causing our citizens to experience and spend their money outside of Shoreline.
 - b. Outstanding retailers currently are located on site, but their success is in spite of the area's economic blight rather than because of the synergies and anchored retail center should provide.
 - c. A renewed Aurora Square could provide entertainment and restaurant options that do not currently exist in Shoreline.
- B. The rehabilitation, redevelopment, or a combination thereof, of Aurora Square is necessary in the interest of the public welfare of the residents of the City of Shoreline.

Section 2. Community Renewal Agency. Pursuant to RCW 35.81.150, the City Council elects to have the Council exercise community renewal project powers under Chapter 35.81 RCW, and authorizes the City Manager to:

- A. prepare a community renewal plan for Aurora Square for approval by the City Council and to coordinate and administer the approved plan;

B. undertake and carry out community renewal projects for Aurora Square as approved in the renewal plan, including appraisals, title searches, surveys, studies and other preliminary plans and work necessary to undertake community renewal projects;

C. acquire, own, lease, encumber and sell real or personal property as designated in the community renewal plan and consistent with the procedures of SMC 2.60, 3.50 and 3.55; provided, use of eminent domain is not authorized by this resolution and must be approved by future ordinance of the Council declaring that the acquisition is for a community renewal project approved in the renewal plan and establishing public use and necessity for the property interests condemned; and

D. disseminate community renewal information.

ADOPTED BY THE CITY COUNCIL ON SEPTEMBER 4, 2012.

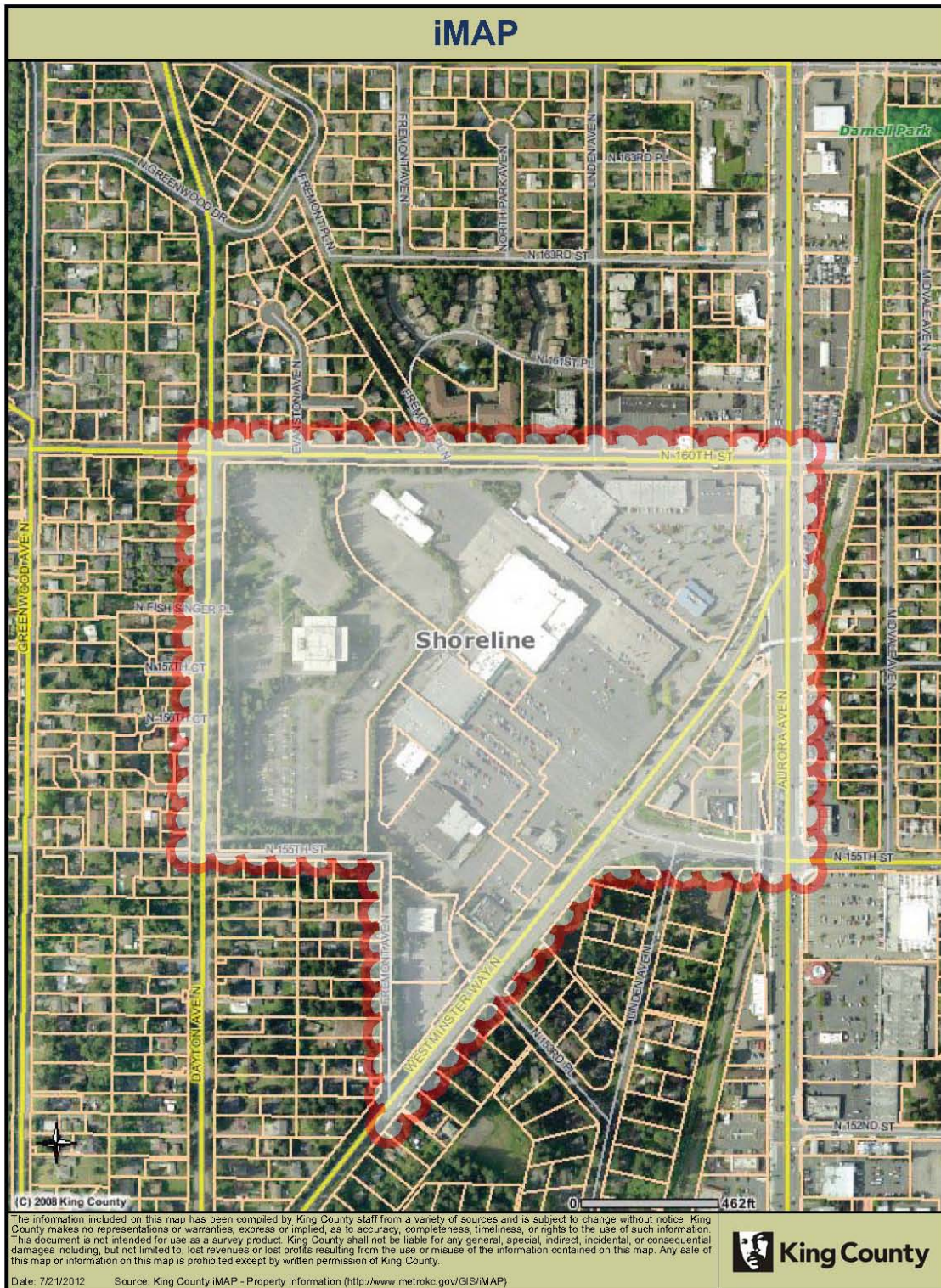
Mayor Keith McGlashan

ATTEST:

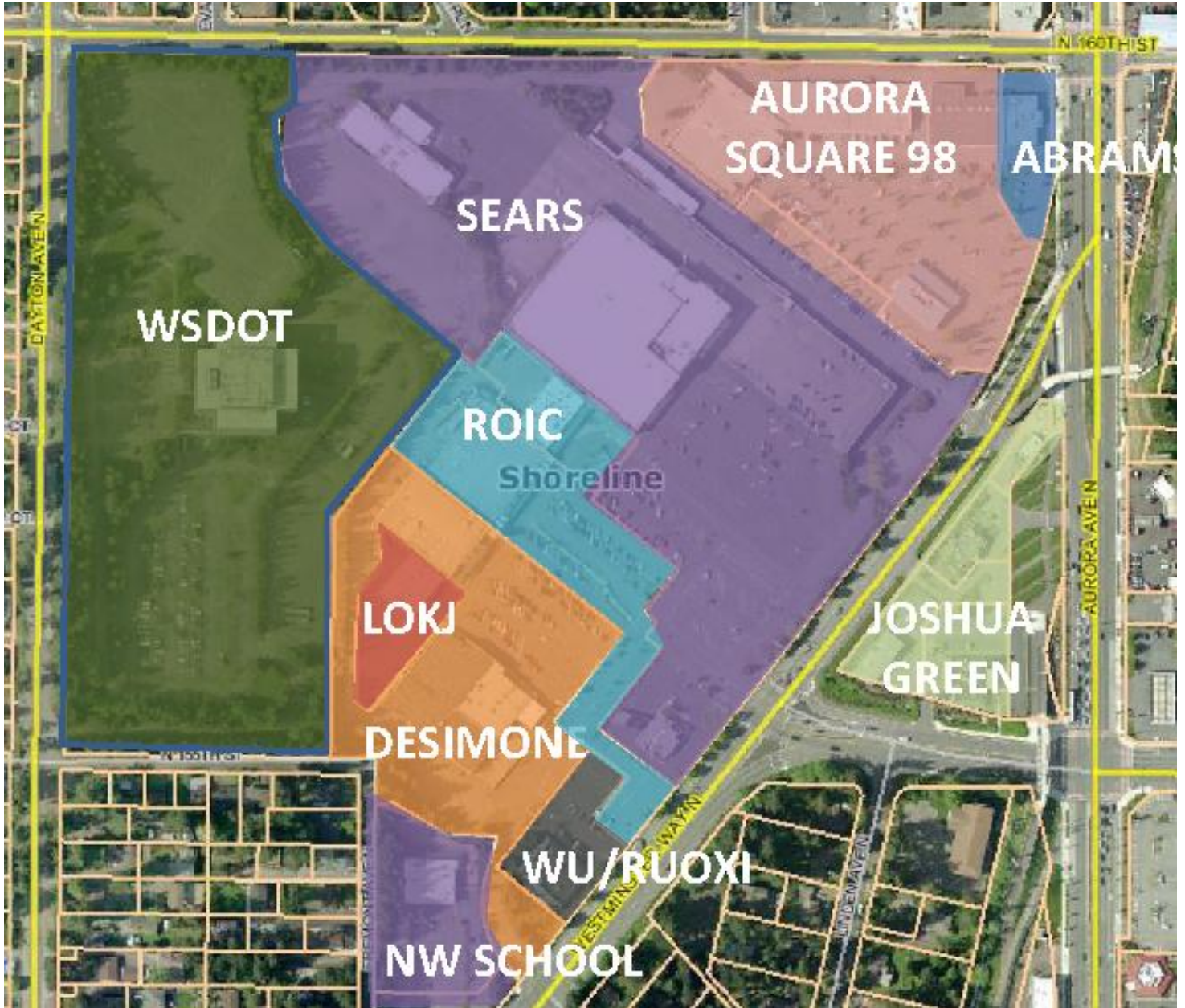
Scott Passey
City Clerk

The Aurora Square Area

Attachment A Exhibit 1



Attachment B - Aurora Square Owners



HB
HANSON BAKER
ATTORNEYS

John E. Hanson, Retired
John M. Baker (1945-2001)
Linda M. Youngs, Retired

Magnus Andersson
Joseph C. Calmes
Andrée R. Chicha
Betty L. Drumheller
Timothy J. Graham
Jennifer T. Karol*
John T. Ludlow
Merrilee A. MacLean
Rachel L. Merrill
Aaron M. Neilson
Joshua Rosenstein
*Also admitted in Oregon

August 20, 2012

*ADVANCE COPY via email to
deernissee@shorelinewa.gov*

Dan Eernissee
CITY OF SHORELINE
17500 Midvale Avenue North
Shoreline, WA 98133

rmerrill@hansonbaker.com

**Re: 15303 Westminster Way N, Shoreline, Washington
Community Renewal Area Proposal**

Dear Dan:

Thank you for taking the time to meet with Karen, Peggy and myself earlier this month. We appreciated learning more about the City's intentions with the proposed Community Renewal Area ("CRA") and how a CRA might work with Aurora Square. While it sounds like the CRA is well intentioned and may have a beneficial impact on retailers in the area, Northwest School For Hearing-Impaired Children ("Northwest School") is hereby asking to opt out of the CRA at this time. The CRA's purposes and goals simply do not connect to the mission and plans of the School. Nonetheless, Northwest School Wishes you the best in this endeavor.

If you have any questions, please feel free to call or email. Again, thank you for your time.

Very truly yours,

HANSON BAKER LUDLOW
DRUMHELLER P.S.



Rachel L. Merrill

cc: Karen Appelman